



Financial situation of the United Nations

Statement by Angela Kane, Under-Secretary-General for Management

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Thank you Mr. Chairman and, through you, let me also thank the members of the Fifth Committee for giving me this opportunity to brief you on the current financial situation of the United Nations.

In doing so, I shall focus on four main financial indicators:

- (a) Assessments issued
- (b) Unpaid assessed contributions
- (c) Available cash resources
- (d) Debt to Member States.

Chart 1 summarizes the status of these indicators at 31 December 2008 and 2009. The picture that these present is mixed, although there has been some improvement in some areas.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Assessments and payments were both higher in 2009 than in 2008, by \$619 million and \$690 million respectively. Unpaid assessed contributions were lower by \$82 million at \$335 million on 31 December 2009, compared to \$417 million on 31 December 2008.

However, only 136 Member States had paid their regular budget assessments in full by the end of 2009. This is ten less than in 2008 (see **Chart 3**). On behalf of the

Secretary-General, I should like to thank these Member States - which are listed in **Chart 4** - and urge all Member States that have not yet done so to date to pay their assessed contributions in full as soon as possible.

The breakdown of the \$335 million that remained outstanding at 31 December 2009 is shown in **Chart 5**. As you can see, Mr. Chairman, this amount is highly concentrated with 88 per cent being owed by just one Member State, 6 per cent by another two Member States, and 6 per cent relating to the remaining 53 Member States.

A total of 74 Member States had paid their assessments to the regular budget in full by 30 April 2010, two less than the level achieved by 30 April 2009 (see **Chart 6**). Again, on behalf of the Secretary-General let me thank these Member States for their support for the work of the Organization and urge other Member States to follow their example. Further, payments received after 30 April 2010 resulted in the addition of Turkey and the United Kingdom to the list of Member States which have paid in full regular budget assessments as of now.

The financial position of the regular budget at 30 April 2010 (see **Chart 7**) as compared to 30 April 2009 reflects the net result of both lower assessments and payments received. Unpaid assessed contributions were \$395 million lower on 30 April 2010 than a year earlier. There was a decrease of \$333 million in the regular budget assessment for 2010, while payments received by 30 April 2010 were only \$20 million lower than on 30 April 2009. The breakdown of the \$1 billion outstanding on 30 April 2010 is shown in **Chart 8**. This amount is also very highly concentrated, with 9 countries accounting for over 94 per cent of the total. Clearly, the final outcome for 2010 will depend in large measure on action to be taken by these particular Member States.

Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid, the Working Capital Fund, authorized periodically by the General Assembly, and the Special Account. **Chart 9** shows the cash resources available at the end of 2009 and at 30 April 2010. The positive change for the regular budget is due to a net increase in payments in the first quarter of the year over expenditures. The modest increase in the Special Account is due to accumulated interest credited to the fund.

The month-by-month cash position in 2009-2010 is shown in **Chart 10**. The final position will depend in large measure on the action to be taken by the nine countries that I have referred to earlier in **Chart 8**.

Peacekeeping operations

As you know, Mr. Chairman, the unpredictable nature of the demand for peacekeeping activities makes it very difficult to predict financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation;

and, since assessments can currently only be issued through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of these factors complicate a comparison between the financial situation of peacekeeping operations and those of the regular budget and the tribunals.

The total amount outstanding for peacekeeping operations at the end of 2009 was just under \$1.9 billion, reflecting a decrease of \$1.0 billion from the amount of \$2.8 billion outstanding at the end of 2008. Approximately two-thirds of the \$1.9 billion outstanding at the end of 2009 was owed by two Member States (See **Chart 11**).

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be more difficult for Member States to keep fully current with assessments. Let me therefore pay special thanks to the 38 Member States, listed in **Chart 12** that had paid all peacekeeping assessments that were due and payable on 31 December 2009. They were Australia, Austria, Azerbaijan, Bolivia, Bosnia and Herzegovina, Bulgaria, Burkina Faso, Canada, Congo, Croatia, the Czech Republic, Denmark, Eritrea, Estonia, Finland, Georgia, Germany, Iceland, Ireland, Italy, Kazakhstan, Latvia, Liechtenstein, Madagascar, Monaco, Netherlands, New Zealand, Norway, Pakistan, Romania, Russian Federation, Singapore, Slovakia, Slovenia, South Africa, Sweden, Switzerland, and Tajikistan.

Although cash available for peacekeeping at the end of 2009 was over \$2.3 billion, this was divided between the separate accounts maintained for each peacekeeping operation and there are restrictions on the use of this cash. In its resolutions on the financing of peacekeeping operations, the General Assembly has specified that no peacekeeping mission shall be financed by borrowing from other active peacekeeping missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use only to new operations and expansions of existing operations. **Chart 13** shows the breakdown of peacekeeping cash at the end of 2009 between active missions, with \$1,728 million, closed missions, with \$457 million, and the Peacekeeping Reserve Fund, with a balance available of \$142 million.

The financial position of peacekeeping operations at 30 April 2010 shows improvement (see **Chart 14**). New assessments of over \$3.3 billion had been issued by that date. Against this, contributions of over \$3.9 billion were received, reducing the amount outstanding from over \$1.8 billion to under \$1.3 billion. Out of the total owed for peacekeeping operations as of 30 April 2010, approximately 72 per cent relates to six Member States (See **Chart 15**).

The current situation reflects an improvement from one year ago, and from the end 2009 situation. In this context, let me pay special tribute to the 24 Member States that had paid all peacekeeping assessments that were due and payable on 30 April 2010 (see **Chart 16**). These were Australia, Austria, Bulgaria, Burkina Faso, Canada, Cuba, Finland, France, Germany, Iceland, Ireland, Kazakhstan, Latvia, Liechtenstein, Monaco, New Zealand, Netherlands, Norway, Russian Federation, Singapore, Slovakia, South Africa, Sweden and Switzerland. Further, payments received after 30 April 2010 result in

the addition of Croatia and Denmark to the list of Member States which have paid in full peacekeeping assessments as of now.

Based on information currently available, we expect that total cash available in peacekeeping accounts at the end of 2010 will amount to about \$2.9 billion, with approximately \$2.4 billion in the accounts of active missions, \$412 million in the accounts of closed missions and \$141 million in the Peacekeeping Reserve Fund (see **Chart 17**). These estimates are based on projected receipts and disbursements and on the proposed retention of cash balances in closed peacekeeping operations.

Of the \$412 million expected to be available in the accounts of closed peacekeeping operations at the end of this year (see **Chart 18**), \$218 million relates to amounts to be paid for outstanding liabilities such as troop and equipment payments. This leaves only \$194 million freely available for possible cross-borrowing for other accounts, including the regular budget, the international tribunals and active peacekeeping operations. Cross-borrowing from the accounts of closed peacekeeping operations was required in 2009 for four active operations (MINURSO, UNOCI, UNOMIG and UNMIT).

Debt to Member States

As indicated in **Chart 19**, the amount owed for Troops and Formed-Police Units and Contingent-Owned Equipment at 31 December 2009 was \$775 million, reflecting an increase from the \$429 million owed at the start of the year. New obligations are projected to increase in 2010 compared to 2009, primarily reflecting the planned increased deployment of military and police personnel in UNAMID, and the deployment of additional military contingent and formed police units in MINUSTAH. These increases will be partially offset by reductions in the deployed military strength of UNIFIL and UNMIL.

By the end of 2010, it is projected that debt will reduce to \$525 million. This takes into account projected new obligations of \$2.1 billion and projected payments of just under \$2.4 billion. As at 30 April 2010, the amount owed was \$750 million, of which approximately 60% is owed to 10 Member States (**See Chart 20**).

Payments for troops and formed police unit costs are current up to February 2010 for all active missions except MINURSO, due to insufficient cash in the special account for the mission (**See Chart 21**). Payments for contingent-owned equipment are current up to December 2009 for all active missions except for MINURSO and UNMIK, due to insufficient cash levels for these missions. Projected payments for 2010 are dependent on timely finalization of MOUs. At the end of April 2010, out of 380 MOUs for all peacekeeping missions, 85 (22%) were yet to be finalized. Naturally, the actual level of payments will also depend on Member States meeting their financial obligations to the United Nations.

International tribunals

The financial position of the international tribunals for Rwanda and the former Yugoslavia worsened in 2009. As indicated in **Chart 22**, outstanding assessments for the two tribunals increased from \$26 million at end 2008 to \$37 million at the end of 2009. However, I must also mention that a payment of \$15.5 million was received for the tribunals a few days after year –end 2009, prior to the issuance of 2010 assessments for the tribunals.

The breakdown of this \$37 million owed at end 2009 is shown in **Chart 23**. As indicated therein, the outstanding amounts for the tribunals are also highly concentrated, with two Member States accounting for more than 81 per cent of the total. A lot will depend, therefore, on the action to be taken by these Member States.

The number of Member States paying their assessed contributions for both international tribunals in full by the end of 2009 was 105, matching the level at the end of 2008. On behalf of the Secretary-General, let me express our sincere thanks to those 105 Member States - that are listed in **Chart 24** - and urge other Member States to follow their example.

The tribunals situation has improved in 2010 (see **Chart 25**). Twelve more Member States had paid their assessed contributions to both tribunals in full by 30 April 2010 than by the same date one year ago. In addition, unpaid assessments at 30 April 2010 amount to \$86 million, reflecting a lower level than the unpaid amount of \$158 million at 30 April 2009. Based on current projections, the tribunals should continue this current trend and end 2010 with positive cash balances (see **Chart 26**). Once again, however, the actual outcome depends on Member States continuing to honour their financial obligations to the tribunals.

Capital master plan

The total budget for the Capital Master Plan project of \$1.9 billion was approved by the General Assembly on 22 December 2006 (**See Chart 27**). Two options were approved by the General Assembly to fund the remainder of the project:

- One time assessment where Member States settle their total CMP assessments in full in 2007, based on the 2007 rates of assessment.
- Multi year assessment where member states make equal payments over five years based on the rates of assessment for 2007.

Twelve Member States have opted for one time payment, and the remaining 180 Member States are under the multi year payments system. As of 30 April 2010, 186 Member States have made payments which totalled \$1.4 billion, with \$117 million

currently outstanding. In addition, a number of Member States which did not opt for one time payment have nevertheless made advance payments totalling to \$59 million. Cash balances for the CMP are projected through year end 2010 in **Chart 28**.

In addition to the cost of project, the General Assembly approved the establishment of the working capital reserve of \$45 million. This working capital reserve is to be funded from the advances from the Member States and is apportioned at the rates of assessment for 2007. As of 30 April 2010, 174 Member States have already made payments for the working capital reserve which totalled \$44.9 million. (See **Chart 29**)

As of 30 April 2010, 88 Member States have paid in full as set out in **Chart 30**, while another 98 Member States have made partial payments. Regrettably, 6 Member States have not yet made any payments to the Capital Master Plan. The amount outstanding of \$117 million is set out in **Chart 31**.

Conclusions

In conclusion, Mr. Chairman, let me first pay special tribute to those Member States that had paid in full all assessments for the Regular Budget, the International Tribunals, the Peacekeeping Operations and the Capital Master Plan that were due and payable as at 30 April 2010 (**See Chart 32**). These were Australia, Austria, Bulgaria, Burkina Faso, Canada, Finland, France, Germany, Iceland, Ireland, Kazakhstan, Latvia, Liechtenstein, Monaco, New Zealand, Netherlands, Norway, Russian Federation, Singapore, South Africa, Sweden and Switzerland. In addition, while today's presentation was prepared based on payments received as of 30 April, I would also note that subsequent payments received result in the addition of Croatia and Denmark to the list of Member States which have paid in full all assessments as of now.

There were some encouraging signs of progress in the financial position of the Organization (**See Chart 33**). There was some improvement in the end 2009 situation as compared to end 2008. In addition, unpaid assessments are currently lower across all categories than one year ago. Total outstanding contributions at 30 April 2010 are \$1 billion below the 30 April 2009 level. Nevertheless, a few countries continue to account for the bulk of the amounts still outstanding (**See Charts 8, 15, 23, and 31**).

As regards debt to Member States, payments for troops and formed police unit costs are current up to February 2010 for all active missions, except MINURSO. Payments for contingent-owned equipment are current up to December 2009 for all active missions, except for MINURSO and UNMIK.

While I am particularly heartened by these signs of progress, cash shortages continue to affect a few peacekeeping missions. Cross-borrowing from the accounts of closed peacekeeping missions was required in 2009 for MINURSO, UNOCI, UNOMIG, and UNMIT.

As always, Mr. Chairman, the financial health of our Organization depends on Member States meeting their financial obligations in full and on time. The Secretariat continues to be fully committed to working with Member States towards facilitating this end. Accordingly, I am pleased to announce the launch of an online portal for Member States to access information on the Status of Contributions.

In December 1975, the General Assembly decided that the Secretary-General should provide Member States, on a biannual basis, with information, for each Member State, on the amounts assessed, paid and owed to the regular budget and on continuing operations for which there is a special assessment. Semi-annual reports on the status of contributions were issued during the period 1976 -1986, quarterly reports were issued during the period 1987-1988, and monthly reports from 1989 to present.

With the growth in the number of funds covered by assessed contributions and the increases in United Nations membership, the standard report grew from under 20 pages issued on a quarterly basis in 1976 to more than 200 pages currently issued on a monthly basis. In order to better deal with the current scope and to ensure that the status of contributions is available to Member States in a more timely, comprehensive, and useful manner, online information on the status of contributions, updated based on daily receipts, is being made available through an internet based online portal.

With the launch of the online portal, status of contributions information will be available much more quickly, as it will be updated online daily, instead of only being available after issuance of a monthly report. Not only will the same information as the monthly reports be available, in addition there will be other reports at various aggregation levels. All this online information will be delivered much more efficiently, in comparison to the costs of producing more than 2400 pages annually for the static standard report.

Upon accessing the portal, Member States will immediately have an overview of the status of contributions, covering the regular budget, the tribunals, the capital master plan, and peacekeeping operations. There will also be a breakdown by funds within these categories, with debt to active and inactive peacekeeping missions separately identified.

Member States can choose from three main reports, by Member State, by Fund, or a Full Overview.

- The Report by Member State shows to a detailed situation for all Member States, reflecting beginning balances, assessments in 2010, collections and credits applied in 2010, with the current amounts outstanding broken between prior and current year. Any Member State can be selected in order to see the specific situation of that Member State.
- The Report by Fund shows to the regular budget situation in the same format as that used for the current monthly reports. Member States can choose any operation and the report will be generated for that operation. In the case of peacekeeping

operations, consistent with the standard format, the reports include the categorization of amounts outstanding for each assessment.

- Finally, the Full Overview Report will generate another detailed view of the situation by Member State for each of the main categories, the regular budget, peacekeeping operations, the tribunals, and the capital master plan.

All of these reports are downloadable into excel or pdf format. In addition, each Member State will have access to drill down capability for their own information – this will allow a specific Member State to view its assessments, payments and credits applied, as well as credits or overpayments which are available for disposition based on the instructions from that Member State.

Mr. Chairman, there are 48 different funds covered. Some are active, while others are closed peacekeeping operations. Assessments are issued on nearly a monthly basis for active peacekeeping operations. Payments are received daily. I believe that this online portal will greatly facilitate Member States access to updated status of contributions information. The status of contributions portal is available on the internet at <https://soc.un.org>. The site can also be accessed from deleGATE at www.un.int under the restricted content menu. User registration forms to access the site will be made available to delegations next week. As always, I assure you that I – and my team - stand ready to work with Member States towards the financial strengthening of the Organization.

Thank you.

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