



Financial situation of the United Nations

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

Fifth Committee of the General Assembly at its second resumed 65th session

12 May 2011

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 2009 and 2010. The picture that these present is that the overall financial situation has improved. Although assessments were higher by \$3.5 billion, unpaid assessments rose by only \$0.6 billion. Cash on hand is up by \$0.8 billion mainly in peacekeeping.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Assessments and payments were both lower in 2010 than in 2009, by \$333 million and \$431 million respectively. Unpaid assessed contributions were higher by \$16 million at \$351 million on 31 December 2010, compared to \$335 million on 31 December 2009.

On a positive note, I am pleased to announce that 138 Member States had paid their regular budget assessments in full by the end of 2010. This is two more than in 2009

(see **Chart 3**). On behalf of the Secretary-General, I should like to thank these Member States listed in **Chart 4** and urge all the other Member States to pay their assessed contributions in full as soon as possible.

The breakdown of the \$351 million that remained outstanding at 31 December 2010 is shown in **Chart 5**. As you can see, Mr. Chairman, this amount is highly concentrated with over 99 per cent being owed by five Member States and approximately one per cent relating to the remaining 49 Member States.

As of 10 May 2011, a total of 86 Member States had paid their assessments to the regular budget in full, eleven more than the level achieved by 10 May 2010 (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.

The financial position of the regular budget at 10 May 2011 (see **Chart 7**) as compared to 10 May 2010 reflects the net result of both higher assessments and lower payments received. Unpaid assessed contributions were \$366 million higher on 10 May 2011 than a year earlier. There was an increase of \$249 million in the regular budget assessment for 2011, while payments received by 10 May 2011 were \$101 million lower than on 10 May 2010. The breakdown of the \$1.3 billion outstanding on 10 May 2011 is shown in **Chart 8**. This amount is also very highly concentrated, with 11 countries accounting for over 96 per cent of the total. Clearly, the final outcome for 2011 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 2010 and at 10 May 2011. The positive change for the regular budget is due to a net increase in year to date receipts over expenditures.

The month-by-month cash position in 2010-2011 is shown in **Chart 10**. The projected cash balance at the end of December 2011 is lower than in December 2009 mainly because the assessments issued during the period 2010-2011 were \$330 million less than the amount appropriated. The final position will depend in large measure on the action to be taken by the eleven 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 2010 was just under \$2.5 billion, reflecting an increase of \$608 million from the amount of \$1.85 billion outstanding at the end of 2009 (see **Chart 11**). However, this increase in outstanding was significantly lower than the increase of over \$3.9 billion in assessments during 2010, due to the nearly \$2.3 billion higher payments received during 2010 compared to 2009. The breakdown of the outstanding assessments of nearly \$2.5 billion at the end of 2010 is shown in **Chart 12**; approximately eighty-three per cent was owed by nine Member States.

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 27 Member States listed in **Chart 13** that had paid all peacekeeping assessments that were due and payable on 31 December 2010. They were Armenia, Australia, Austria, Burkina Faso, Canada, Chad, Cyprus, Eritrea, Finland, Georgia, Germany, Ghana, Haiti, Ireland, Israel, Kazakhstan, Lesotho, Monaco, Mongolia, Netherlands, New Zealand, Norway, Republic of Moldova, Singapore, South Africa, Sweden and Switzerland.

Although cash available for peacekeeping at the end of 2010 was over \$3.2 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 14** shows the breakdown of peacekeeping cash at the end of 2010 between active missions with \$2,674 million, closed missions with \$414 million, and the Peacekeeping Reserve Fund with \$141 million.

The financial position of peacekeeping operations at 10 May 2011 shows improvement (see **Chart 15**). New assessments of over \$1.6 billion had been issued by that date. Against this, contributions of over \$2.4 billion were received, reducing the amount outstanding from over \$2.4 billion to about \$1.7 billion. Out of the total owed for peacekeeping operations as of 10 May 2011, approximately 80 per cent relates to seven Member States (See **Chart 16**).

The current situation reflects an improvement from one year ago, and from the end 2010 situation. In this context, let me pay special tribute to the 31 Member States that had paid all peacekeeping assessments that were due and payable on 10 May 2011 (see **Chart 17**). These were Australia, Austria, Azerbaijan, Belize, Burkina Faso, Canada, Costa Rica, Croatia, Democratic People's Rep. of Korea, Denmark, Estonia,

Finland, Georgia, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Luxembourg, Monaco, Montenegro, Netherlands, New Zealand, Norway, Singapore, Slovakia, South Africa, Sweden, Switzerland and United Republic of Tanzania. Further, payments received after 10 May 2011 result in the addition of Jordan 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 2011 will amount to over \$2.4 billion, with approximately \$2.1 billion in the accounts of active missions, \$193 million in the accounts of closed missions and \$140 million in the Peacekeeping Reserve Fund (see **Chart 18**). These estimates are based on projected receipts and disbursements and on the Secretary General's proposed distribution of cash balances in closed peacekeeping operations.

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 2010 was \$539 million, reflecting a decrease from the \$787 million owed at the start of the year. New obligations are projected to decrease slightly in 2011 compared to 2010, primarily reflecting the closing of MINURCAT, reduction of military personnel in UNMIL, and the reduction of police personnel in UNMIT, partly offset by increased deployment of military and police personnel in UNAMID and deployment of additional military contingent and formed police units in MINUSTAH.

By the end of 2011, it is projected that debt will increase slightly to \$568 million. This takes into account projected new obligations of \$2.0 billion and projected payments of just under \$2.0 billion. As at 30 April 2011, the amount owed was \$728 million, of which 50% is owed to 8 Member States (**See Chart 20**).

Payments for troops and formed police unit costs are current up to February 2011 for all 11 missions with liabilities for troop and FPU costs. (**See Chart 21**). Payments for contingent-owned equipment are current up to December 2010 for all missions with liabilities for COE, except for UNFICYP, due to insufficient cash level in the special account for the mission. Projected payments for 2011 are dependent on timely finalization of MOUs. At the end of April 2011, out of 366 MOUs for all peacekeeping missions, 32 (8.7%) 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 improved slightly in 2010. As indicated in **Chart 22**, outstanding assessments for the two tribunals decreased from \$37 million at the end of 2009 to \$27 million at the end of 2010.

The breakdown of the \$27 million owed at end 2010 is shown in **Chart 23**. As indicated therein, the outstanding amounts for the tribunals are also highly concentrated, with three Member States accounting for nearly 63 per cent of the total.

The number of Member States paying their assessed contributions for both international tribunals in full by the end of 2010 was 98, seven less from the level at the end of 2009. On behalf of the Secretary-General, let me express our sincere thanks to those 98 Member States listed in **Chart 24** and urge other Member States to follow their example.

The tribunals' financial situation has remained largely unchanged in 2011 (see **Chart 25**). 61 Member States had paid their assessed contributions to both tribunals in full by 10 May 2011 matching the levels attained by 10 May 2010. Further, payments received after 10 May 2011 result in the addition of two Member States (United Kingdom and Syrian Arab Republic) to the list of Member States which have paid in full tribunal assessments as of now. Unpaid assessments at 10 May 2011 amount to \$133 million, reflecting a higher level than the unpaid amount of \$63 million at 10 May 2010. Nevertheless, based on current projections, the tribunals should end 2011 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 10 May 2011, 186 Member States have made payments which totalled \$1.7 billion, with \$116 million currently outstanding. Cash balances for the CMP are projected through year end 2011 in **Chart 28**.

In addition to the cost of the project, the General Assembly approved the establishment of a 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 10 May 2011, 179 Member States have already made payments for the working capital reserve fund which totalled \$44.9 million. (See **Chart 29**)

As of 10 May 2011, 92 Member States have paid in full as set out in **Chart 30**, while another 95 Member States have made partial payments. Regrettably, 5 Member States have not yet made any payments to the Capital Master Plan. The breakdown of the outstanding amount of \$116 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 10 May 2011 (See **Chart 32**). These were Australia, Austria, Azerbaijan, Burkina Faso, Canada, Costa Rica, Croatia, Democratic People's Republic of Korea, Denmark, Estonia, Finland, Georgia, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Luxembourg, Monaco, Montenegro, Netherlands, New Zealand, Norway, Singapore, Slovakia, South Africa, Sweden and Switzerland.

There were some encouraging signs of progress in the financial position of the organization in 2010 (See **Chart 33**). On a positive note, the number of Member States that are meeting their financial obligation in full has improved. At 10 May 2011, the number of Member States paid in full is above levels of one year ago across all funds except for the Capital Master Plan where the current year level matches that from one year ago. While I am particularly heartened by the increase in the number of Member States that have paid their financial obligation in full as at 10 May 2011, a significant level of outstanding assessments remains, and a few Member States account for the bulk of these amounts. Clearly, the final outcome for 2011 will depend in large measure on action to be taken by these particular Member States. I am also pleased to report that for peacekeeping, payments for troops and formed police unit costs are current up to February 2011 and payments for contingent-owned equipment are current up to December 2010 for all missions except UNFICYP.

As always, Mr. Chairman, the financial health of our Organization depends on Member States meeting their financial obligations in full and on time.

Thank you.

* * * * *