



Financial situation of the United Nations

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Thank you, Mr. Chairman for giving me this opportunity to update you on the current financial situation of the United Nations since I last briefed in October 2013.

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

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

Chart 1 summarizes the status of these indicators at 31 December 2012 and 2013, and at 30 April 2013 and 2014. Overall, these financial indicators are generally sound, although there are some few areas which still need to be closely monitored.

Regular budget assessments were issued at approximately the same level in 2013 and 2014. The assessments for the tribunals in 2014 were significantly below the 2013 level. As regards peacekeeping, the level of assessments in 2013 mainly reflects the timing of the decision on the new scale of assessment, as a significant portion of the assessments for peacekeeping fiscal year 2012/2013 could only be issued in 2013 after the decision on the scale of assessment for 2013-2015 in December 2012.

Cash balances were positive across all categories, with the exception of the regular budget, where the last quarter of the year continues to show significant tightening in the cash level. However, regular budget cash reserves proved adequate to cover the shortfalls experienced once again in late 2013.

As regards troop costs and contingent-owned equipment, by the end of 2013 there was an improvement in reducing the level of outstanding payments to Member States compared to the previous year. The Secretariat continues to make every effort to expedite outstanding payments to Member States in 2014.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Assessments were issued at a level of approximately \$2.6 billion in both 2013 and 2014. However, payments received by 30 April are higher at \$1.68 billion in 2014, compared to the \$1.53 billion received by the same date in 2013. Unpaid assessed contributions at 30 April 2014 amounted to \$1.39 billion, which is \$13 million below the level unpaid at 30 April 2013.

I am pleased to announce that 146 Member States had paid their regular budget assessments in full by the end of 2013. This is three more than in 2012 (see **Chart 3**). On behalf of the Secretary-General, I would like to thank these Member States, which are listed in **Chart 4**, and urge all the other Member States to pay their assessed contributions in full as soon as possible.

Chart 5 shows the breakdown of the amounts that remained outstanding at 1 October 2013 and at 31 December 2013. As you can see, there was a significant reduction in the outstanding assessments during the last quarter of 2013. Looking at the breakdown at 30 April 2014, a large portion of the unpaid assessments continued to be concentrated among few Member States (see **Chart 6**). The final outcome for 2014 will depend in large measure by actions taken by these Member States. Here we must acknowledge the differences in financial year of Member States, and the timing of the related national legislative processes, which may cause timing issues for prompt payment by some Member States.

At 30 April 2014, 79 Member States had paid their assessments to the regular budget in full (see **Chart 7**), 3 more than the level reached at 30 April 2013. Again, let me thank these 79 Member States for their support for the work of the Organization and urge other Member States to follow their example.

Cash resources available for the regular budget under the General Fund include the Working Capital Fund, authorized at \$150 million by the General Assembly, and the Special Account. After the use of \$26.6 million to finance the 2012-2013 regular budget, the Special Account is currently at a reduced level of \$234 million. **Chart 8** shows the cash resources available at 2013 year-end and at 30 April. There were cash shortfalls in the last three months of 2013. These were covered by the Working Capital Fund in October and November, and also by the Special Account during December. The final position at 31 December 2013 reflected a \$31 million shortfall in regular budget, which was fully covered by the Working Capital Fund.

The regular budget cash position had significantly improved by 30 April this year. We are grateful to the Member States for making contributions at the beginning of the year. However, if the trend of previous years continues, the regular budget cash will face some tightening in the last quarter of the year. The month-by-month cash position in 2013-2014 is shown in **Chart 9**. In addition, in April this year, resolution 68/247 B authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges of the CMP including associate costs until the 69th Session. This will add pressure to the

overall cash position of the General Fund. We will continue to monitor the cash position closely and will keep the General Assembly informed. As you note, as at 30 April 2014, it has not so far been necessary to utilize the Working Capital Fund. The final cash position at the end of 2014 will depend largely on the payments to be made by the Member States in coming months.

Peacekeeping operations

Mr. Chairman, peacekeeping has a different financial period from regular budget from July to June. In the following year assessments are issued separately for each operation; and, since assessments letters are issued only 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 2013 was \$2.2 billion, reflecting an increase compared to the \$1.3 billion outstanding at the end of 2012 (see **Chart 10**). The level of unpaid assessments at the end of 2013 is directly related to the level of peacekeeping assessments in 2013. A significant portion of the assessments for peacekeeping fiscal year 2012/2013 was only issued in 2013 after the decision on the new scale of assessment in December 2012. By 30 April 2014, the level of unpaid assessments had reduced to \$1.5 billion, at the same level one year ago.

In **Chart 11**, the total outstanding assessments at the end of 2013 reflected a considerable decrease from the level at 1 October 2013. **Chart 12** shows the breakdown of unpaid assessment among Member States on 30 April 2014. As you can see, the unpaid assessments continue to be concentrated among few Member States. Here again we must acknowledge the differences in financial year of Member States, and the timing of the related national legislative processes. This is a particular challenge for peacekeeping operations, because letters of assessment are issued throughout the year for different missions whenever the Security Council renews the respective mandates. Further, last year proved an additional challenge, as a considerable portion of the 2012/2013 fiscal year assessment could only be issued in 2013.

Due to all these challenges, we fully appreciate the difficulties Member States face to keep current with peacekeeping assessments. On 31 December 2013, 21 Member States had paid all peacekeeping assessments in full (see **Chart 13**). More recently, on 30 April 2014, the number of Member States that had paid all peacekeeping assessments was 23 (**Chart 14**). This is why we are particularly grateful to those Member States in the chart.

Although the cash available for peacekeeping at the end of 2013 was \$4.1 billion, the General Assembly decided to maintain the separate accounts for each peacekeeping operation. In its resolutions on the financing of peacekeeping operations, the General Assembly has specified that no peacekeeping mission should 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 15** shows the breakdown of peacekeeping cash, which at the

end of 2013 consisted of around \$3.6 billion in the accounts of active missions, \$360 million in closed missions accounts, and the Peacekeeping Reserve Fund with \$128 million.

As regards outstanding payments to Member States (see **Chart 16**), we made efforts to accelerate payments and reduce the amount owed for troops, formed-police units and contingent-owned equipment. The amount was reduced from \$745 million on 30 April to \$513 million on 31 December 2013. The amount outstanding at the end of 2014 is expected to further decrease to \$500 million.

Chart 17 shows the breakdown of outstanding payments. At 30 April 2014, \$307 million was owed to Member States for troops and formed police units, \$411 million was owed for contingent-owned equipment claims for active missions, and \$86 million was owed for COE claims for closed missions. These components total to \$804 million at 30 April 2014, and as I mentioned earlier, by the end of this year it is projected that these will reduce to \$500 million.

Chart 18 shows the breakdown of \$804 million owed to troop, police and equipment contributing countries as at 30 April 2014.

For our part, Mr. Chairman, the Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible as cash situation permits. I would like to reassure you that we monitor peacekeeping cash flow situation constantly, and as a matter of priority we try to maximize the quarterly payments based on the available cash and data. To do so, we depend on Member States meeting their financial obligations to the UN in full and on time, and also on the expeditious finalization of MOUs with troop contributors for provision of equipment.

International tribunals

The financial position for international tribunals at the end of 2013 reflected higher level of unpaid assessments compared to a year earlier. The outstanding tribunals balance at the end of 2013 was \$54 million compared to \$36 million at the end of 2012 (see **Chart 19**).

Chart 20 shows the breakdown of the outstanding tribunal amounts as at 1 October 2013, and the situation at the end of 2013 which had improved slightly due to last quarter contributions. At the end of the year, unpaid assessments had decreased to \$54 million, from the \$60 million on 1 October 2013.

On a positive note, the number of Member States paying their assessed contributions for the international tribunals in full by the end of 2013 was 113, nine more than the level reached at the end of 2012. On behalf of the Secretary-General, let me express our sincere thanks to those 113 Member States listed in **Chart 21** and urge other Member States to follow their example.

Looking at the more recent picture, on 30 April 2014 outstanding assessments amounted to \$149 million, which is lower by \$29 million than the \$178 million on 30 April 2013 (see **Chart 22**). By 30 April 2014, 54 Member States had paid their assessed contributions to both tribunals and the International Residual Mechanism for Criminal Tribunals in full. This is 13 more than a year earlier. As shown in **Chart 23** month-by-month position of cash balances for the tribunals was positive in 2013 and 2014. Once again, the final outcome of 2014 depends on Member States continuing to honour their financial obligations to the tribunals.

Capital Master Plan

A total of \$1.87 billion was assessed under the special account for the Capital Master Plan. As of 30 April 2014, the bulk of the assessed contributions had been received, with \$0.7 million still outstanding (see **Chart 24**). Cash balances for the Capital Master Plan are shown in **Chart 25**. The remaining CMP cash balance will be fully utilized in coming months. As I mentioned earlier, the General Assembly has authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges including associated costs. The Secretariat looks forward to a decision by the General Assembly on this issue at its sixty-ninth session.

Mr. Chairman, over the years, Member States have acted to support the project, and this is shown by the number of Member States which have paid in full for the project. As of 30 April 2014, 174 Member States had paid their Capital Master Plan assessments in full (see **Chart 26**). I should like to thank these Member States.

Conclusions

In conclusion, Mr. Chairman, let me first pay special tribute to the Member States in **Chart 27** that currently have paid in full all assessments for the Regular Budget, Peacekeeping Operations, the International Tribunals, and the Capital Master Plan that are due and payable. I recognize the tremendous efforts being taken by many Member States to meet all their obligations to the United Nations, and I would like to thank all Member States which have paid all assessments by today's date - 6 May. These were Australia, Austria, Brunei Darussalam, Canada, Denmark, Equatorial Guinea, Finland, Germany, Hungary, Iceland, Ireland, Israel, Japan, Latvia, Liechtenstein, Netherlands, New Zealand, Norway, Samoa, Senegal, Singapore, Sweden, Switzerland, Timor-Leste, Turkmenistan and the United Republic of Tanzania. This is a total of 26 Member States.

Chart 28 summarizes the key points. The financial situation at the end of 2013 was generally sound thanks to the continued positive efforts by many Member States. It was again necessary to draw on regular budget cash reserves, both Working Capital Fund and Special Account, during the last quarter of 2013. While there was an increase in the number of Member States paying in full for the regular budget in 2013, unpaid assessments remain at a significant level and continue to be highly concentrated.

The overall cash situation is positive for all categories as of 30 April 2014. We are on a solid financial base. However, the regular budget situation is expected to tighten

again towards the end of this year. In addition to any regular budget cash shortfalls, the Working Capital Fund and Special Account will need to address CMP cash flow challenges as well through 2014. The Secretariat will continue to monitor the situation closely and will keep the General Assemble informed.

The level of outstanding payments that the UN owes to Member States also reflected improvement at the end of 2013, and will further decrease to \$500 million at the end of 2014. As shown in **Chart 19**, the Secretariat is making every effort to expedite outstanding payments to Member States, and will continue to do so.

As always, Mr. Chairman, the financial health of our Organization depends on Member States meeting their financial obligations in full and on time. On behalf of the Secretary-General, let me urge all Member States to continue to endeavour to do so.

Thank you.