



Financial situation of the United Nations

Statement by Yukio Takasu, Under-Secretary-General for Management

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Mr. Chairman, Thank you for this opportunity to update you on the current financial situation of the United Nations since I last briefed in October 2014. In addition to the presentation, there is also a handout which has been made available – this can be picked up in the room.

Today, 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 overall status of these indicators at 31 December 2013 and 2014, and at 30 April 2014 and 2015. Overall, these financial indicators are generally sound and positive, although there are some areas which still need to be closely monitored in 2015.

At the end of 2014, unpaid assessments were lower than end of the previous year in all areas, except the regular budget. Cash balances were positive for peacekeeping and the tribunals at the end of 2014, but the regular budget and CMP cash position showed tightness, which I had forecasted when I briefed you in October last year. The regular budget cash reserves covered these shortfalls.

More recently, at the end of April 2015, unpaid assessments were higher for the regular budget and peacekeeping operations, and lower for tribunals, compared to one year ago. Cash balances are currently positive for the regular budget, peacekeeping operations, and the tribunals. In the first resumed session, the General Assembly made an important decision to solve the issue of CMP shortfall by financing the associate costs.

As regards troop costs and contingent-owned equipment, the level of outstanding payments to Member States was higher at the end of 2014 compared to the previous year.

However, the amount outstanding was considerably reduced by the end of the first quarter of 2015. The Secretariat will continue to make every effort to expedite outstanding payments to Member States in 2015.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Both assessments issued, and payments received by 30 April, the cut-off date of this presentation, were higher in 2015 than 2014, by \$159 million, and \$58 million respectively. Unpaid assessed contributions amounted to \$1.57 billion at 30 April 2015, which is \$175 million higher than the year before.

I am pleased that 144 Member States had paid their regular budget assessments in full by the end of 2014. This is 2 lower than the number in 2013 (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 were outstanding when I briefed you in October 2014 and the position at 31 December 2014. As you can see, there was a significant reduction during the last quarter of 2014. More recently on 30 April 2015, a large portion of the unpaid assessments continued to be concentrated among few Member States (see **Chart 6**). The final outcome for 2015 will depend on actions taken by these Member States in large. Here we 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 2015, 84 Member States had paid their assessments to the regular budget in full (see **Chart 7**), five more than the number on 30 April 2014. Again, let me thank these 84 Member States for their prompt payment in 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, and the Special Account. **Chart 8** shows the cash resources available at year-end and at 30 April for 2014 and 2015. There were cash shortfalls in the last months of 2014. These were covered by the Working Capital Fund in September through December, and also by the Special Account during November. The final position at 31 December 2014 reflected an \$81 million cash shortfall under the regular budget, which was fully covered by the Working Capital Fund.

The regular budget cash position had improved by 30 April this year, thanks to contributions from Member States. However, if the trend of previous years is repeated, the regular budget cash will experience tightening in the last quarter of the year. In the first resumed session, the General Assembly, in its resolution 69/274, decided to fund the final shortfall of the CMP, by financing through transfer of \$154.9 million from the General Fund (including \$36.6 million from the Special Account). The related transactions and transfers will be effected later this year. Thus, regular budget reserves

will be reduced to \$348.4 million (\$150 million of WCF and \$198.4 million of Special Account)

The month-by-month cash position in 2013-2015 is reflected in **Chart 9**. While the month-end cash position is shown reflecting tightness in the last quarter, the daily situation is more complicated. Regular budget shortfall reached \$174 million during early November 2014, \$162 million in mid-November 2014 and \$136 million at the end of January 2015. The final cash position towards the end of 2015 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. Assessments are issued separately for each operation; and, since assessment 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 of the financial situation of peacekeeping operations with other budgets.

The total unpaid assessment for peacekeeping operations at the end of 2014 was \$1.28 billion, reflecting a significant decrease of \$916 million compared to the \$2.2 billion outstanding at the end of the previous year (see **Chart 10**). As of 30 April 2015, new assessments of \$2.2 billion had been issued and the level of unpaid assessments amounted to \$2 billion.

Chart 11 shows the breakdown of unpaid assessment on 30 April 2015. The unpaid assessments continue to be concentrated among few Member States. Here again we 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.

Given all these challenges, we greatly appreciate the efforts Member States are making to keep current with peacekeeping assessments. By 31 December 2014, 27 Member States had paid all peacekeeping assessments in full (see **Chart 12**). Let me thank these 27 Member States in the chart. (**Chart 13**) More recently, on 30 April 2015, 23 Member States had paid all peacekeeping assessments in full, despite a considerable challenge to pay by the cut-off date of 30 April when assessments were last issued only on 1 April. I would like to pay special tribute to those 23 Member States in the chart for their exceptional efforts.

Although the total cash available for peacekeeping (including the reserve) at the end of 2014 was \$4.3 billion, this amount is segregated in accordance with the General Assembly's decision to maintain separate accounts for each operation. The General Assembly has specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. The use of the Peacekeeping Reserve Fund is restricted only to new operations and expansions of existing operations. **Chart 14** shows

the breakdown of peacekeeping cash, which at the end of 2014 consisted of \$3.84 billion in the accounts of active missions, \$294 million in closed missions accounts, and the Peacekeeping Reserve Fund with \$138 million.

As regards outstanding payments to Member States (see **Chart 15**), we will continue to accelerate payments and reduce the amount owed for troops, formed-police units and contingent-owned equipment. The total amount owed was \$779 million at the end 2014, and it is projected to decrease to \$561 million by the end of this year.

Chart 16 shows the breakdown of outstanding payments; at 31 March 2015, \$153 million for troops and formed police units, \$414 million for COE claims for active missions, and \$86 million for COE claims for closed missions. These components total to \$653 million. As I mentioned, by the end of this year it is projected that these will reduce to \$561 million. **Chart 17** shows the breakdown by Member State as at 31 March 2015.

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 we attach high priority to maximize the quarterly payments based on the available cash and data. To do so, we depend on Member States meeting their financial obligations in full and on time, and also on the expeditious finalization of MOUs with COE contributors.

International tribunals

The financial position of the international tribunals improved in 2014. As indicated in **Chart 18**, outstanding assessments for the tribunals fell from \$54 million to \$40 million at the end of 2014.

Chart 19 shows the breakdown of the outstanding tribunal amounts. At the end of the year, unpaid assessments had decreased to \$40 million, from the \$60 million on 2 October 2014.

The number of Member States paying their assessed contributions for the international tribunals in full by the end of 2014 was 112. Let me express sincere thanks to those 112 Member States listed in **Chart 20** and urge other Member States to follow their example.

Looking at the more recent picture, on 30 April 2015 outstanding assessments amounted to \$128 million (see **Chart 21**). By 30 April 2015, 57 Member States had paid their assessed contributions to both tribunals and the International Residual Mechanism in full. As shown in **Chart 22**, month-by-month position of cash balances for the tribunals was positive in 2013, 2014 and 2015. Once again, the final outcome of 2015 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 2015, the bulk of the assessed contributions had been received, with \$0.5 million still outstanding (see **Chart 23**). Over the years, Member States have extended strong support to the project, and this is manifested by the number of Member States which have paid in full for the project. As of 30 April 2015, 180 Member States had paid their Capital Master Plan assessments in full (see **Chart 24**). I should like to thank these Member States. At the same time, I would like to urge the remaining 12 Member States to make a special effort to make their assessed payment as soon as possible so that we can make clean closure of the book.

The CMP has been experiencing cash shortfalls since December 2014 as shown in **Chart 25**. The deficit has been bridged by the Working Capital Fund on an exceptional basis. We are grateful to the members of the Fifth Committee for the decision of financing the final shortfall of the CMP through transfer of \$154.9 million from the General Fund. After the approved transactions and transfers are effected, we will be able to complete CMP account fully balanced.

Conclusions

In conclusion, Mr. Chairman, let me pay special tribute to the Member States in **Chart 26** 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 and thank the tremendous efforts being made by those Member States to meet all their obligations by today - 6 May. These were Austria, Canada, China, Estonia, Finland, Georgia, Germany, Hungary, Iceland, Ireland, Israel, Japan, Latvia, Liechtenstein, Monaco, Netherlands, New Zealand, Samoa, Senegal, Singapore, South Africa and Sweden. This is a total of 22 Member States.

Chart 27 summarizes the key points. The financial situation at the end of 2014 was generally sound. However, it was necessary to draw on regular budget cash reserves, both Working Capital Fund and Special Account, during the last months of 2014.

There has been an increase in the number of Member States paying in full for the regular budget in 2015 compared to one year ago. However, unpaid assessments remain at a significant level and continue to be highly concentrated.

The overall cash situation is sound and positive for all categories at 30 April 2015. This is the result of the continued efforts by many Member States, to which I would like to express our deep appreciation.

However, the regular budget situation is expected to tighten again towards the end of the year. In recent years, the UN had to resort to regular budget reserves (the Working Capital Fund and Special Account) to manage expenditure requirements, particularly most heavily towards the end of the year. The Secretariat will continue to closely monitor the cash flow and ensure prudent financial management of resources.

The level of outstanding payments to Member States which contribute troop, police and equipment is projected to decrease to \$561 million at the end of 2015. The Secretariat will continue to make every effort to expedite outstanding payments to Member States.

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.