



Financial situation of the United Nations

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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 2015. 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 2014 and 2015, and at 30 April 2015 and 2016. Overall, these financial indicators remain generally sound and positive, although there are some areas which still need to be closely monitored in 2016.

At the end of 2015, unpaid assessments were lower than the end of the previous year in all areas, except the tribunals. Cash balances were positive for peacekeeping, tribunals and CMP at the end of 2015, but the regular budget continued to show a pattern of tightness in the last quarter, 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 2016, unpaid assessments were lower in all categories except peacekeeping operations compared to one year ago. The increase in unpaid peacekeeping assessments in 2016 is directly related to the increase in peacekeeping assessments in 2016, as half of the peacekeeping assessments for the 2015/2016 fiscal year could only be issued after adoption of the new scale in December 2015. Cash balances are currently positive for all areas, however regular budget cash is expected to again tighten towards the end of the year.

As regards troop costs and contingent-owned equipment, the level of outstanding payments to Member States was slightly lower at the end of 2015 compared to the

previous year. The Secretariat will continue to make every effort to expedite outstanding payments to Member States in 2016.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Both assessments issued, and payments received by 30 April, were lower in 2016 than in 2015. Unpaid assessed contributions amounted to \$1.4 billion at 30 April 2016, which is \$163 million lower than one year ago.

I am pleased that 142 Member States had paid their regular budget assessments in full by the end of 2015. This is two lower than the number in 2014 (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 remaining 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 2015 and the position at 31 December 2015. As you can see, there was a significant reduction during the last quarter of 2015. More recently on 30 April 2016, a large portion of the unpaid assessments continued to be concentrated among few Member States (see **Chart 6**). The final outcome for 2016 will largely depend on actions taken by these Member States. 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.

By 30 April 2016, 79 Member States had paid their assessments to the regular budget in full (see **Chart 7**), five lower than by 30 April 2015. Again, let me thank these 79 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 and the Special Account. **Chart 8** shows the cash resources available at year-end and at 30 April for 2015 and 2016. There were cash shortfalls in the last months of 2015, which were covered by the reserves. The final position at 31 December 2015 reflected a \$217 million cash shortfall under the regular budget, which was covered by the Working Capital Fund and the Special Account. The regular budget cash position had improved by 30 April this year, thanks to contributions from Member States.

The month-by-month cash position in 2014-2016 is reflected in **Chart 9**. As you will recall, in April 2015 the General Assembly authorized the transfer of \$154.9 million from the General Fund to finance the final shortfall of the CMP. An initial transfer of \$73.3 million was made in mid-2015 from the regular budget, and \$36.6 million was also transferred from the Special Account in accordance with the resolution. The remaining \$45 million was financed in the context of the 2016 regular budget assessment and has been transferred to CMP earlier this year.

As seen in the graph, the regular budget shortfall reached \$113 million in October 2015. With Umoja rollout at UNHQs in November 2015, Tax Equalization Fund cash is segregated from the regular budget cash. Accordingly, the Regular Budget shortfall dropped to \$217 million at the end of 2015, despite additional contributions made in November.

In 2016, the regular budget cash will continue to face pressure given the current reduced level of reserves resulting from General Assembly decisions on use of Special Account in recent years, as well General Assembly action to finance a significant level of activities with commitment authority (without assessment) during biennium 2016-17. The final cash position towards the end of 2016 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, running from 1 July to 30 June instead of the calendar year. 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 2015 was \$976 million, reflecting a decrease of \$306 million compared to the \$1.28 billion outstanding at the end of the previous year (see **Chart 10**). As of 30 April 2016, new assessments of \$3.9 billion had been issued and the level of unpaid assessments amounted to \$2.4 billion. The increased level of peacekeeping assessments in the first few months of 2016 is the result of the increase of assessment for the second half of peacekeeping fiscal year 2015/2016, following adoption of the new scale of assessments for 2016 at the end of 2015.

Chart 11 shows the breakdown of unpaid assessments on 30 April 2016, which 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 2015, 30 Member States had paid all peacekeeping assessments in full (see **Chart 12**). Let me thank these 30 Member States in the chart. (**Chart 13**) More recently on 30 April 2016, 40 Member States had paid all peacekeeping assessments in full, despite a considerable challenge to pay by the cut-off date of 30 April. I would like to pay special tribute to those 40 Member States in the chart for their exceptional efforts to expedite payment.

Although the total cash available for peacekeeping (including the reserve) at the end of 2015 amounted to almost \$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 2015 consisted of approximately \$2.6 billion in the accounts of active missions, \$217 million in closed missions accounts, and the Peacekeeping Reserve Fund with \$139 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 at the end of 2015 was \$824 million.

Chart 16 shows the breakdown of outstanding payments at 31 March 2016, with \$261 million owed for troops and formed police units, \$480 million for COE claims for active missions, and \$86 million for COE claims for closed missions, totaling to \$827 million. We will continue to keep reimbursement current and the total amount owed is projected to decrease to \$818 million by the end of this year. **Chart 17** shows the breakdown by Member State as at 31 March 2016.

Mr. Chairman, the Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible as the cash situation permits. I would like to reassure you that we monitor the peacekeeping cash flow situation continuously, and 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 for the tribunals at the end of 2015 reflected a higher level of unpaid assessments compared to the end of 2014. As shown in **Chart 18** the outstanding amount at the end of 2015 had increased to \$65 million from the \$40 million one year before.

Chart 19 shows the breakdown of the outstanding tribunal amounts. At the end of the year, unpaid assessments had decreased to \$65 million, from the \$69 million on 2 October 2015.

107 Member States had paid their assessed contributions for the international tribunals in full by the end of 2015. Let me express sincere thanks to those 107 Member States listed in **Chart 20** and urge other Member States to follow their example.

Looking at the more recent picture, on 30 April 2016 outstanding assessments amounted to \$93 million (see **Chart 21**). By 30 April 2016, 52 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 2014, 2015 and 2016. Once again, the final outcome of 2016

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 2016, the bulk of the assessed contributions had been received, with \$0.2 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 2016, 185 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 7 Member States to make a special effort to make their assessed payment so that we can make clean closure of the CMP accounts.

CMP cash balance is currently positive. As I mentioned earlier, the General Assembly had approved the financing the final shortfall of the CMP through transfer of \$154.9 million from the General Fund. In this context, the final \$45 million was assessed in the context of the 2016 regular budget financing, and the funds were transferred from the General Fund to CMP earlier this year. This completes the transfers from the General Fund.

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 - 4 May.

These were Australia, Bosnia and Herzegovina, Bulgaria, Canada, China, Cote d'Ivoire, Czech Republic, Estonia, Finland, Georgia, Germany, Hungary, Iceland, Ireland, Israel, Italy, Japan, Kazakhstan, Kuwait, Latvia, Lesotho, Liberia, Liechtenstein, Luxembourg, Mali, Monaco, Netherlands, New Zealand, Republic of Korea, Samoa, Senegal, Singapore, Slovakia, Sweden and Switzerland. This is a total of 35 Member States.

Chart 27 summarizes the key points. The financial situation is generally sound, with unpaid regular budget assessments reflecting lower levels at year-end 2015 compared to year-end 2014. Unpaid regular budget assessments are also lower at 30 April 2016 compared to one year ago.

The last quarter of the year continues to be a difficult period for regular budget cash. It was necessary to draw on regular budget cash reserves during the final months of 2015.

The overall UN cash situation is currently positive for all categories at 30 April 2016. 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 cash is expected to again tighten towards the end of this year. The Secretariat will continue to monitor the cash flow closely and to ensure tight financial management. The level of reserves (both Working Capital Fund and Special Account) is to cover only 6 weeks of regular budget operation. It will be prudent to review the adequacy of the level of reserves, in light of pattern of payment of member states and high level of commitment authority.

An increased number of Member States are making timely contributions to peacekeeping operation, and the Secretariat is making every effort to expedite outstanding payments for troops and formed police units, and COE claims. The level of outstanding payments to Member States is projected to decrease to \$818 million at the end of 2016.

The overall number of Member States which have paid all assessments due and payable reflects an increase at 35 Member States compared to 22 Member States one year ago.

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.