



Financial situation of the United Nations

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

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Madam Chairman, Thank you for this opportunity to update you on the current financial situation of the United Nations since I last briefed in October 2016. 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 2015 and 2016, and at 30 April 2016 and 2017. Overall, these financial indicators remain generally sound and positive, although there are some areas which still need to be closely monitored in 2017.

At the end of 2016, unpaid assessments were lower for regular budget and the tribunals, but higher for peacekeeping operations than the end of the previous year. 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 were positive for peacekeeping and tribunals at the end of 2016, 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.

More recently, at the end of April 2017, unpaid assessments were lower in all categories compared to one year ago. 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 lower at the end of 2016 compared to the previous year.

The Secretariat will continue to make every effort to expedite outstanding payments to Member States in 2017.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Assessments were issued in 2017 at a level of \$2.578 billion, reflecting \$29 million higher than in 2016. Payments received by 30 April 2017 amounted to \$1.6 billion. Unpaid assessed contributions at 30 April 2017 amounted to \$1.4 billion, lower than one year ago by \$8 million.

I am pleased that 145 Member States had paid their regular budget assessments in full by the end of 2016. This is three higher than the number at the end of 2015 (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 2016 and the position at 31 December 2016. As you can see, there was a significant reduction during the last quarter of 2016. More recently on 30 April 2017, a large portion of the unpaid assessments continued to be concentrated among few Member States (see **Chart 6**). I would like to update the Committee that one of the Member States (Italy) listed in the chart has already paid in full since the cut-off date of 30 April. The final outcome for 2017 will largely depend on actions taken by the other Member States. Here we acknowledge the differences in financial year of Member States and the related national processes, which may cause timing issues for prompt payment by some Member States.

By 30 April 2017, 92 Member States had paid their assessments to the regular budget in full, 13 more than the number on 30 April 2016 (see **Chart 7**). This is a significant improvement due to the efforts by many Member States - let me thank these 92 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 2016 and 2017. There were cash shortfalls in the last months of 2016, which were covered by the Working Capital Fund and the Special Account, and through cross-borrowing from other accounts. The final position at 31 December 2016 reflected a \$123 million cash shortfall under the regular budget, which was covered by the Working Capital Fund. 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 2015-2017 is reflected in **Chart 9**. Currently, the regular budget cash position is positive, due to the contributions received from Member States in 2017 so far. However, 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 as 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 2017 will depend largely on the payments to be made by the Member States in coming months.

Peacekeeping operations

Madam 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 amount outstanding for peacekeeping operations at the end of 2016 was \$1.8 billion, reflecting an increase of \$826 million, compared to the \$976 million outstanding at the end of the previous year (see **Chart 10**). The amounts of assessments in 2016 are related to the timing of peacekeeping assessments following the adoption of the new scale of assessments for 2016. More recently, as of 30 April 2017, new assessments of \$1.2 billion had been issued and the level of unpaid assessments was reduced to under \$1.7 billion. This amount includes assessments of \$396 million issued just last week following the extension of the mandates for MONUSCO and MINUSTAH.

Chart 11 shows the breakdown of unpaid assessments on 30 April 2017, which continue to reflect some concentration among few Member States. Here again we acknowledge the differences in financial year of Member States, and the timing of the related national 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 2016, 24 Member States had paid all peacekeeping assessments in full (see **Chart 12**). Let me thank these 24 Member States in the chart. (**Chart 13**) More recently on 30 April 2017, this number had doubled, reflecting 48 Member States which had paid all peacekeeping assessments in full. I would like to pay special tribute to those 48 Member States in the chart for their efforts.

Although the total cash available for peacekeeping (including the reserve) at the end of 2016 amounted to approximately \$4.1 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 2016 consisted of \$3.8 billion in the accounts of active missions, \$211 million in closed missions accounts, and the Peacekeeping Reserve Fund with \$138 million.

As regards outstanding payments to Member States (see **Chart 15**), the total amount owed at the end of 2016 was \$808 million, reflecting a decrease from the \$824 million owed at the start of the year. We will continue to accelerate payments and reduce the amount owed for troops, formed-police units and contingent-owned equipment.

Chart 16 shows the breakdown of the \$777 million owed at 31 March 2017, consisting of \$225 million for troops and formed police units, \$466 million for COE claims for active missions, and \$86 million for COE claims for closed missions. The total amount owed is projected to be \$804 million at the end of this year. The Secretariat will continue to make every effort to keep reimbursement current. **Chart 17** shows the breakdown by Member State as at 31 March 2017.

Madam 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 remains sound. As seen in **Chart 18**, the outstanding assessments for tribunals decreased to \$40 million at the end of 2016, compared to the \$65 million a year earlier.

As at 31 December 2016, 116 Member States had paid their assessed contributions for the international tribunals in full. This is 9 more than at the end of 2015. Let me express sincere thanks to those 116 Member States listed in **Chart 19** and urge other Member States to follow their example.

Looking at the more recent picture at 30 April 2017, a total of \$91 million remained outstanding (see **Chart 20**). I would like to update the Committee that payments have been received after the 30 April cut-off date from 2 Member States listed in the chart - \$2.9 million from the United States and \$4 million from Italy. As shown in **Chart 21**, as at 30 April 2017, 64 Member States had paid all their assessed contributions to the tribunals and the International Residual Mechanism in full. This is 12 more than one year ago. The month-by-month position of cash balances for the tribunals was positive in 2015, 2016 and 2017 (see **Chart 22**). Once again, the final outcome of 2017 depends on Member States continuing to honour their financial obligations to the tribunals.

Conclusions

In conclusion, Madam Chairman, let me pay special tribute to the Member States in **Chart 23** that currently have paid in full all assessments for the Regular Budget, Peacekeeping Operations and the International Tribunals that are due and payable. I

recognize and thank the tremendous efforts being made by those Member States to meet all their obligations.

These were Andorra, Angola, Australia, Austria, Benin, Bhutan, Bosnia and Herzegovina, Brunei Darussalam, Canada, China, Denmark, Estonia, Finland, Georgia, Germany, Hungary, Iceland, India, Ireland, Italy, Japan, Kazakhstan, Kuwait, Kyrgyzstan, Liberia, Liechtenstein, Mali, Monaco, Myanmar, Netherlands, New Zealand, Senegal, Singapore, Slovenia, Solomon Islands, South Africa, Spain, Sweden, and Switzerland. This is a total of 39 Member States.

Chart 24 summarizes the key points. Currently, the UN financial situation is generally sound. Due to the efforts of many Member States to expedite payments, there are increases in the number of Member States meeting their obligations in full to every category, compared to one year ago.

Unpaid assessments are currently lower in all categories compared to one year ago. However, unpaid regular budget assessments continue to be highly concentrated, and the final position of the regular budget for 2017 depends on action by the remaining Member States.

The experience of the last few years reflects that the last quarter continues to be a very difficult period for regular budget cash. It was again necessary to significantly draw on regular budget cash reserves (both Working Capital Fund and Special Account) during the final months of 2016. Last year, these reserves proved insufficient, and it was necessary to cross-borrow from other accounts. We believe that the time has come to review the level of regular budget reserves in light of this experience.

The overall UN cash situation is currently positive for all categories at 30 April 2017. 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.

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.

As always, Madam 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.