

Financial situation of the United Nations
Statement
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Mr. Chairman, Distinguished delegates,

I thank you for this opportunity to present to you the current financial situation of the United Nations. Since I briefed you last October, the Secretary-General has written to all Member States on 27 January and 31 March 2020 about the ongoing liquidity crisis of the Organization, in relation to the regular budget and peacekeeping operations.

Today, I will focus first on the regular budget, and then I will cover the financial situation of peacekeeping operations and the international tribunals. The cut-off date for this presentation is 30 April, but I will update you on developments in recent days as well. The presentation and my statement will be made available on the website of the Fifth Committee.

Regular budget

As you see from **Chart 1**, the regular budget has been facing severe liquidity issues in recent years. **Chart A** illustrates that not only do regular budget cash deficits begin in the first half of the year itself but that both the working capital fund and the special account are exhausted by September, forcing regular budget operations to continue by borrowing cash from closed peacekeeping operations. The charts also show that we have relied on

borrowings from the Working Capital Fund, Special Account and closed peacekeeping missions in 15 of the 24 months in 2018 and 2019.

In October 2018, we reached a deficit of \$488 million, the largest of the decade at that point of time, despite many expenditure controls that we had put in place, forcing us to borrow nearly \$135 million from closed peacekeeping operations. However, in November 2019, we surpassed that record with a deficit of \$520 million, coming very close to exhausting the closed peacekeeping cash also. In 2019, as you may recall, we took a number of significant measures from January to align expenditures with projected cash inflows. Without these steps, our cash shortfall may have been as high as \$600 million in October. Notwithstanding these measures, in early-October, we had to impose additional extra-ordinary cost containment measures to avert a more serious liquidity crisis, including a potential disruption of the opening of the General Assembly debate and the mandated high-level meetings in the fall. In both years, we ended the year with nearly all regular budget liquidity reserves exhausted, thus starting the new year with hardly any liquidity buffer.

We started 2020 with good collections in January, which allowed us to ease some of the containment measures, but contributions started trailing estimates significantly in February and March reaching a gap of nearly \$220 million, due to adverse shifts in payment patterns. This forced us to implement additional cash conservation measures, including the temporary suspension of all hiring for regular budget operations; the Secretary-General also had to issue an appeal to Member States to pay their contributions quickly and to confirm their plans for payments. By the end of April, the first quarter deficit was partly alleviated but the collections were still trailing behind estimates by \$81 million; the forecasts through the end of September also have considerable uncertainties.

Chart A also reflects the impact of cash saving measures being implemented from the beginning of the year, in both 2019 and 2020, in an effort to adapt spending based on liquidity forecasts to ensure that operations in the third and fourth quarters are not disrupted by exhausting all liquidity reserves, including closed peacekeeping cash.

Chart B on this slide shows the monthly collection trend which highlights the very low collections between June and October each year, causing the record cash deficits in October/November despite cash saving measures. The trend of collections in 2020, including a gap of \$81 million

by the end of April, points to a repetition of 2018 and 2019, reinforcing the practice of having to manage our programme delivery based on liquidity constraints. The collections so far are not adequate to overcome the increase in arrears at the end of last year. The timing and amounts of payments for many of the pending contributions are also not yet confirmed. Therefore, the situation in the last quarter of 2020 could potentially be worse than last year, adding to the existing challenges in mandate delivery.

Chart 2 shows the cash resources available as at 31 December 2018 and 2019, and as at 30 April 2019 and 2020. At the end of 2019, the regular budget cash shortfall was \$332 million, despite postponing cash outflows for many commitments for 2019, without which the deficit could have been over \$500 million. The cash position at the end of April 2020 has improved to \$661 million, largely due to the continuing and additional cash conservation measures taken by the Secretariat with a view to providing liquidity for the historically precarious period through October.

Chart 3 summarizes the status of regular budget assessments as at 31 December of 2018 and 2019, and 30 April of 2019 and 2020. In 2020, assessments were issued at a level of \$2.87 billion, that is \$18 million above the level in 2019. Payments received by 30 April 2020 totalled approximately \$1.8 billion and included the receipt of payments which had been delayed in the final quarter of 2019. Despite this, unpaid assessed contributions at 30 April 2020 were \$99 million higher than the same period in 2019.

As seen in **Chart 4**, 146 Member States had paid their regular budget assessments in full by the end of 2019, six fewer than at the end of 2018. I would like to thank those 146 Member States which are listed in **Chart 5**.

Moving on to **Chart 6**, as at 30 April 2020, 87 Member States had paid their assessments to the regular budget in full, two fewer than at the same date last year.

Next, **Chart 7** provides an overview of the unpaid regular budget assessments as of 30 April 2020, indicating the largest contributions outstanding. I would note that since the cut-off date, China has paid in full.

Peacekeeping operations

As seen in **Chart 8**, the total amount outstanding for peacekeeping operations at the end of 2019 was \$3.4 billion. By 30 April 2020, new assessments had been issued at a level of \$665 million, and payments received amounted to \$1.8 billion. As of 30 April, \$2.2 billion was outstanding. This includes unpaid assessments of \$97 million for UNAMID, which as of the cut-off date, falls within the 30-day period.

Chart 9 provides an overview of outstanding amounts by peacekeeping operation. As seen in the chart, the \$2.2 billion outstanding as at 30 April comprises \$1.8 billion owed for active missions and \$398 million for closed missions. For active missions, out of \$1.8 billion, \$340 million relates to 2020 assessments, while \$1.5 billion relates to assessments in 2019 and prior years.

As shown in **Chart 10**, at 31 December 2019, 41 Member States had paid all peacekeeping assessments in full. That was four less compared to 31 December 2018.

Chart 11 shows the data as of 30 April 2019 and 2020. 42 Member States had paid all peacekeeping assessments in full compared to 45 at the same time last year. Since the cut-off date, Bahrain, China, Italy, Luxembourg, Monaco and the United Kingdom have also paid all peacekeeping assessments due and payable. I would like to pay tribute to these Member States for their efforts.

Chart 12 shows the breakdown of unpaid peacekeeping assessments as of 30 April 2020, with the largest contributions outstanding.

Before moving to the next chart, I would like you to recollect that, last year, in its resolution 73/307, the General Assembly decided that the Secretary-General should issue assessments for peacekeeping operations for the full budget period, including the period for which the mandate has not yet been approved by the Security Council, with the understanding that the 'advance' assessment will be considered due within 30 days of the effective date of the extension of the mandate.

Chart 13 shows the impact of this General Assembly decision. In July 2019, an amount of \$2.4 billion was assessed for peacekeeping operations for the ‘non-mandated’ period. This chart shows the amounts paid voluntarily by Member States against these assessments. Together with the General Assembly decision in resolution 73/307 to remove the restriction on cross-borrowing of cash for active missions, the assessment and collection for non-mandated periods represent an improvement in the overall liquidity of active peacekeeping operations.

Chart 14 shows those Member States that have paid in full for the entire peacekeeping year based on assessments issued in July 2019 including the non-mandated period. I would like to thank these 25 Member States for their additional payments to all peacekeeping operations.

Chart 15 shows the status of peacekeeping cash over the last 3 years. As of 30 April, the cash balance consisted of approximately \$2.4 billion in the accounts of active missions, closed missions, and the Peacekeeping Reserve Fund. The use of the Peacekeeping Reserve Fund is restricted to new operations and expansion of existing operations, as stipulated in the Financial Regulations. The cash of each mission is delineated in a separate account as directed by the General Assembly and cross-mission borrowing is resorted to when needed, based on the GA resolution cited earlier. The cash in closed peacekeeping operations is used both for borrowings for active peacekeeping operations and for the regular budget as mentioned earlier.

As **Chart 16** shows, as at 30 April 2020, the total liabilities for payments to Member States for troops, formed police units and contingent-owned equipment amounted to \$1,124 million, of which \$597 million becomes due only in June during the quarterly payment cycle. Of the \$527 million already due for payment by end of March, \$86 million relates to closed peacekeeping missions, leaving a balance of \$441 million for active peacekeeping operations.

Payments for troops/formed police unit costs are current for all missions up to November 2019 except UNAMID. Contingent-owned equipment for active missions are paid up to September 2019 except for UNAMID.

Aided by the recent collections of assessed contributions, totalling just over one billion dollars in April, following the Secretary-General’s appeal, all the payments for troops, formed police units and contingent-owned

equipment for active operations payable by March, will be paid next week except for UNAMID.

The next chart, **Chart 17**, shows the breakdown of payables to Member States, for the \$441 million due for active peacekeeping operations at the end of April. The chart also shows a similar breakdown, by Member States, for the estimated amount that would become payable in June. Collections in May and June this year would determine how much of this amount could be paid by the end of June.

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 contingent-owned equipment contributors.

During the fiscal year starting July 2019, the General Assembly decision to allow cash-pooling among active peacekeeping operations has been instrumental in the payment of dues of T/PCCs earlier than in the past. However, as indicated in the Secretary-General's report (A/73/809) on improving the financial situation, this mechanism would not be adequate to settle all the payments on time.

International Tribunals

Moving on to international tribunals, **Chart 18** provides details on the situation of the Tribunals. As seen in the chart, the total contributions outstanding for the Tribunals as of 30 April 2020 was \$83 million. This includes amounts outstanding for ICTR, which was last assessed in 2016, for ICTY, which was last assessed in 2018, and the most recent assessment for MICT, which was assessed in 2020.

As of 30 April 2020, 182 Member States for ICTR, 160 Member States for ICTY, and 70 Member States had paid in full for MICT. I would note that since the cut-off date, Bhutan has paid in full. I would like to thank all Member States for their financial support to the Tribunals and urge those

Member States with pending assessments to complete their payments as soon as possible.

Chart 19 shows the overall situation as of 30 April 2020, where 70 Member States had paid their assessed contributions in full for all the Tribunals.

Chart 20 provides the breakdown of unpaid tribunals assessments as of 30 April 2020, with the largest contributions outstanding.

Next, **Chart 21** shows the month-by-month position of the overall cash balances for the tribunals over the last three years. The cash position is currently positive. However, the final outcome of 2020 will depend on Member States continuing to honour their financial obligations to the Tribunals.

Conclusion

In conclusion, **Chart 22** gives you an overview of the entire financial situation, and **Chart 23** gives you the very latest information on payments. As of today, 7 May 2020, 43 Member States have paid all their assessments in full. On behalf of the Secretary-General, I would like to express my deep appreciation to these Member States.

As always, Mr. Chairman, the financial health of the Organization depends on Member States meeting their financial obligations in full and on time. The full and efficient implementation of our programme of work depends on the financial support of Member States through the adoption of realistic budget levels and the provision of timely contributions to ensure a stable and predictable financial situation throughout the year. For our part, the Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner, and to provide information to Member States with utmost transparency.

Thank you.
