



**Financial situation of the United Nations**  
**Statement**  
**by**  
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**Management Strategy, Policy and Compliance**

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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 2 December 2020 and 17 March 2021 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 we have been briefing you regularly, the liquidity situation has been worsening in recent years with cash deficits occurring earlier in the year, deficits running deeper, liquidity reserves being exhausted and year-end arrears setting new records. Chart 1(a) shows the continuing pattern of uneven collection of regular budget assessments during each year, as well as across the years. Both in 2019 and 2020, collections amounted to 50% of the year's assessment by the end of the first quarter. By the end of the second quarter, collections were 62% in 2019 and 70% in 2020. Collections in the third quarter are usually the weakest, with only 6% in 2019 and 1% in 2020. In both years, 24% was collected only in the last quarter. In 2020, \$387 million was collected in December, compared to \$145 million in 2019.

We started 2021 with a drop in collections in the first quarter to only 43% compared to 50% in the last two years. Thankfully, many Member States responded positively to the Secretary-General's appeal in mid-March and collections by the end of April have spiked to 76%, with a collection of \$1 billion during April.

The unpredictability of collections as well as the large collections in the last quarter of each year necessitate careful liquidity management to ensure that operations are not disrupted during the year, especially for the opening of the General Assembly debate and the mandated high-level meetings in the fall, due to regular budget cash deficits.

Chart 1(b) shows the impact of liquidity management, including the alignment of programme delivery based on liquidity constraints, on the monthly cash balances as well as on the use of the liquidity reserves. In 2018, the cash deficit occurred as early as May. In 2019, due to the numerous cash-conservation measures initiated early in the year, the first borrowing for the year could be pushed back to July. In 2020, we pushed back the first borrowing

even further to September, due to the grave liquidity crisis confronting us.

In 2018, both the Working Capital Fund and the Special account were exhausted when the cash deficit peaked in October to \$488 million, necessitating a borrowing of \$135 million from closed peacekeeping missions. However, in November 2019, despite the measures taken early in the year to align expenditures with liquidity forecasts, we surpassed that record with a cash deficit of \$520 million, coming very close to exhausting the closed peacekeeping cash also, and forcing additional extra-ordinary cost containment measures to avert a more serious liquidity crisis. 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 a record level of arrears of \$711 million. Poor collections as early as February forced more stringent cash-conservation measures, including the suspension of all hiring for regular budget operations, and postponement of non-post expenses wherever feasible. Despite the postponement of several cash payments to UN partners, and the delays in expenses due to the pandemic, we still had to borrow \$100 million from closed peacekeeping missions in December. The peak deficit was, however, contained at \$334 million, as shown by the red dotted line in the Chart.

The Chart reflects the impact of cash saving measures 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 2** shows the cash resources available as at 31 December 2019 and 2020, and as at 30 April 2020 and 2021. At the end of 2020, the regular budget cash shortfall was reduced to \$160 million,

compared to the deficit of \$332 million at the end of 2019, by postponing cash outflows for many commitments for 2020. The recurring receipt of large amounts of contributions in the last few days of the year, combined with the uncertainty about such receipts, hinders the timely allocation of resources to mandated activities and necessitates rushed commitments of funds to mitigate the negative impact on programme delivery. The cash position at the end of April 2021 has improved to \$1.4 billion, largely due to the significant inflow of collections in April and controlled spending from the beginning of the year.

**Chart 3** summarizes the status of regular budget assessments as at 31 December of 2019 and 2020, and 30 April of 2020 and 2021. In 2021, assessments were issued at a level of \$2.96 billion, that is \$88 million above the level in 2020. Payments received by 30 April 2021 totalled approximately \$2.3 billion. The unpaid assessed contributions at 30 April 2021 amounted to \$1.4 billion compared to \$1.8 billion for the same period in 2020. The Chart also reflects the rapid increase of arrears from \$529 million at the beginning of 2019, to \$711 million in 2020 and \$808 million by the beginning of 2021. Not only have the liquidity reserves, currently \$357 million, been eroded by the significantly higher arrears, we are also unable to collect the full assessments for each year, for the proper and full implementation of the budget.

As seen in **Chart 4**, 144 Member States had paid their regular budget assessments in full by the end of 2020, two fewer than at the end of 2019. I would like to thank those 144 Member States which are listed in **Chart 5**.

Moving on to **Chart 6**, as at 30 April 2021, 98 Member States had paid their assessments to the regular budget in full, 11 more than at the same date last year. I would like to note that, since the cut-off date, Chile has also paid its regular budget contributions in full.

Next, **Chart 7** provides an overview of the unpaid regular budget assessments as of 30 April 2021, indicating the largest contributions outstanding. I would note that since the cut-off date, Brazil has paid another \$1.7 million of its 2020 contributions.

### Peacekeeping operations

As you know, peacekeeping has a different financial period from the regular budget, running from 1 July to 30 June rather than the calendar year.

As seen in **Chart 8**, the total amount outstanding for peacekeeping operations at the end of 2020 was \$3.2 billion, compared to \$3.4 billion at the end of 2019. By 30 April 2021, new assessments had been issued at a level of \$804 million, and payments received amounted to \$1.5 billion. As of 30 April 2021, \$2.5 billion was outstanding, approximately \$254 million more than the same period last year.

**Chart 9** provides an overview of outstanding amounts by peacekeeping operation. As seen in the chart, the \$2.5 billion outstanding as at 30 April comprises \$2.1 billion owed for active missions and \$412 million for closed missions. For active missions, out of \$2.1 billion, \$320 million relates to 2021 assessments, while \$1.8 billion relates to assessments in 2020 and prior years.

As shown in **Chart 10**, at 31 December 2020, 47 Member States had paid all peacekeeping assessments in full. This was six more compared to 31 December 2019.

**Chart 11** shows the list of the 53 Member States who had paid all peacekeeping assessments in full, as of 30 April 2021, as well as the 42 member States who had paid in full, last year, as of 30 April 2020. 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 2021, with the largest contributions outstanding.

Before moving to the next chart, I would like you to recollect that, in its resolution 73/307, the General Assembly decided that the Secretary-General should issue assessment letters 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 2020, an amount of 2.5 billion was assessed for peacekeeping operations for the ‘non-mandated’ period. This chart shows the amounts paid voluntarily by Member States against these assessments. The chart also reflects the increase in the amounts paid voluntarily by Member States for 2020/21 compared to the budget period 2019/20 when the arrangement was first introduced. Together with the General Assembly decision in resolution 73/307 to approve the management of the cash balances of all active peacekeeping operations as a pool while maintaining the balances in separate funds for each mission, 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 2020 including for the non-mandated period. I would like to thank these 37 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 2021, the cash balance consisted of

approximately \$2.2 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 only 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 2021 the total liabilities for payments to Member States for troops, formed police units and contingent-owned equipment amounted to \$65 million for active peacekeeping operations and \$86 million for closed peacekeeping missions.

Payments for troops/formed police unit costs are current for all missions up to December 2020 except UNAMID that was paid up to 30 September 2020. Contingent-owned equipment for active missions are paid up to 31 December 2020 except for UNAMID that was paid up to 31 March 2020. In resolution 73/307, while approving the management of the cash of active peacekeeping operations as a pool, the General Assembly also requested the Secretary-General to ensure that mandate implementation of the lending mission is not negatively impacted. Closing missions such as UNAMID are not normally given a loan from the cash pool of active peacekeeping operations due to the risk of delays in repayment of loans.

The next chart, **Chart 17**, shows the breakdown of payables to Member States, for the \$65 million due for active peacekeeping operations at the end of April.

The estimated amount that would become payable in June is \$535 million. 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.

Mr. Khare, Under-Secretary-General for Operational Support, will be providing a more detailed briefing next week on the status of reimbursements to troop- and police-contributing countries, as requested in resolution 73/307.

During the budget periods 2019/20 and 2020/21, the General Assembly's decision to allow cash-pooling among active peacekeeping operations has been instrumental in the earlier payment of dues of troop- and police-contributing countries 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 contribution outstanding for the Tribunals as of 30 April 2021 was \$86 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 in 2021.

As of 30 April 2021, 182 Member States had paid in full for ICTR, 167 Member States for ICTY, and 77 Member States for MICT. 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 2021, where 76 Member States had paid their assessed contributions in full for all the Tribunals. I would note that since the cut-off date, Djibouti has paid in full.

**Chart 20** provides the breakdown of unpaid tribunals assessments as of 30 April 2021, 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 2021 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 for all three categories of operations, as well as the evolution of the outstanding payments to troop- and police-contributing countries for active peacekeeping operations.

**Chart 23** gives you the very latest information on payments. As of today, 7 May 2021, 47 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.

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