



Financial situation of the United Nations

Statement

by

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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. The Secretary-General continues to actively engage with Member States on the liquidity situation of the Organization and today I will update you on the results of those interactions.

I will first focus on the regular budget, and then I will cover the financial situation of peacekeeping operations and the international tribunals. The cut-off date for today's 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 can see from **Chart 1**, monthly regular budget collections continue to fluctuate significantly each year, making it more difficult to safely commit funds for implementing the budget efficiently or effectively. The large collections towards the last quarter necessitate careful liquidity management to ensure that operations are not disrupted during the year. A healthy cash balance at the start of the year is therefore very important for effective programme delivery.

The first quarter collections were 43% in 2021 and dropped to 42% in the first quarter of 2022 and were also 42% for the first quarter of 2023. By the end of the second quarter, collections were 80% in 2021 and 58% in 2022. Collections in the third quarter are usually the weakest, with an increase from the end of the second quarter by only 3% in 2021 and 14% in 2022. Final collections in 2021 and 2022 were 113% and 102% respectively.

In the last quarter of 2022, we collected \$896 million compared to \$903 million during the same period in 2021. However, in 2022, we collected more in December than November, which was an unwelcome reversal from the pattern of collections in 2021, where larger collections were received in November rather than December. For most of 2022, cumulative monthly collections trailed estimated collections and caught up only at the end of the year. Fortunately, a healthy cash balance at the beginning of the year obviated any need for spending restrictions despite the lag in collections during the year.

Again in 2023, at the end of April, collections have fallen short of our estimate by \$370 million.

As shown in **Chart 2**, the progressively more stringent cash conservation measures in 2020 and early 2021, were effective in reducing the risk of a disruption in operations or of exhausting all liquidity reserves. These measures have resulted in the regular budget cash deficit occurring later each year besides reducing the size of the deficit since 2019. During 2018, borrowing from the Working Capital Fund occurred as early as May. In subsequent years, we have managed to postpone such borrowing until July in 2019, September in 2020 and November in 2021. In recent years, the deepest deficits have been \$488 million in October 2018, \$520 million in November 2019 and \$334 million in December 2020. In 2021 and 2022, we borrowed the full amount of the Working Capital Fund towards the end of the year, but it was not necessary to use either the Special Account or the cash available in closed peacekeeping operations.

Liquidity management has been effective, as shown in **Chart 2**. Management tools have been improved to deal with liquidity crises in the future. In June 2022, during the second resumed session, you agreed to a \$100 million increase in the Working Capital Fund, using a part of the surplus returnable in 2023. The General Assembly also approved the use of the surplus cash in closed Tribunals for regular budget liquidity, while approving the return of the surplus cash in closed peacekeeping missions. These measures will allow us to focus on programme delivery instead of liquidity management and we believe that spending restrictions will not be needed during 2023 and most probably 2024 also. However, we will continue monitoring the cash flows carefully to ensure that cash shortages do not pose a risk to operations.

Chart 3 shows the cash resources available at 31 December 2021 and 2022, and at 30 April 2022 and 2023. Due to large inflows in April and November 2021 and controlled spending, we ended 2021 with a regular budget cash surplus of \$307 million. Since we collected 102% of the assessments in 2022 and did not spend the budget fully, the cash position at the end of 2022 improved slightly relative to 2021. However, even though we started 2023 with a regular budget cash surplus, we are currently not in a better financial position as collections for 2023 so far are lagging behind our projections. We hope that collections pick up soon.

Chart 4 summarizes the status of regular budget assessments at the end of December in 2021 and 2022, and at the end of April in 2022 and 2023. We began 2022 with unpaid assessments of \$434 million. While assessments of \$2.93 billion were issued during the year, the actions taken by Member States during 2022 resulted in payments of

slightly over \$3.0 billion being received. This had the effect of reducing the year-end unpaid assessments to \$330 million, the lowest level since 2016.

Though we began 2023 in a better financial position than recent years, collections at the end of April are trailing not only estimates but also collections for the same period last year. For 2023, assessments were issued at a level of \$2.99 billion, \$56 million more than in 2022. Payments received by 30 April 2023 totaled \$1.5 billion, resulting in an unpaid contribution of \$1.8 billion, compared to \$1.6 billion at the same time in 2022.

As seen in **Chart 5**, 146 Member States had paid their regular budget assessments in full by the end of 2022, seven less than at the end of 2021. By the end of April, 97 Member States had paid in full, one more than the same time last year; I hope the final number of Member States paying in full by the end of the year will also be higher than last year.

I would like to thank the 146 Member States listed in **Chart 6** who paid in full their contributions for 2022.

Chart 7 lists the 53 Member States on the 2023 Honour Roll that paid their regular budget assessments in full within the 30-day period specified in Financial Regulation 3.5. My special thanks to these 53 Member States for paying their assessments in full and on time. The number on the honour roll was also 53 in 2022.

Moving on to **Chart 8**, by 30 April 2023, 97 Member States had paid their assessments to the regular budget in full, one more than the number at the same date last year. I would note that since the cut-off date, Botswana, Guyana, Japan, Tonga, Trinidad and Tobago and the United Arab Emirates have paid their regular budget assessment in full. I would like to thank all 103 Member States.

Next, **Chart 9** provides an overview of the unpaid regular budget assessments as of 30 April 2023, indicating the largest contributions outstanding. Of these, Japan has paid the full amount after the cut-off date.

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 10**, the total amount outstanding for peacekeeping operations at the end of April 2023 is \$2.8 billion compared to \$2.1 billion at the end of both June 2022 and the year before. Assessments for the current PK fiscal year were issued at a level of \$6.3 billion compared to \$6.2 billion for the previous fiscal year. The collections for the current fiscal year up to April amounted to only \$5.6 billion, resulting in the increase of the outstanding assessments. The actions taken by Member States in the next two months will determine the final situation of the current fiscal year.

Chart 11 provides an overview of unpaid assessments by peacekeeping operation. As seen in the chart, the \$2.8 billion outstanding at 30 April comprises \$2.3 billion owed for active missions and \$516 million for closed missions. For active missions, out of \$2.3 billion, \$1.8 billion relates to the current fiscal year while \$531 million relates to assessments in prior fiscal periods.

As shown in **Chart 12**, by 31 December 2022, 51 Member States had paid all peacekeeping assessments that were due and payable. This was five less compared to 31 December 2021. I thank the Member States listed in Chart 12.

Chart 13 shows the list of the 62 Member States who had paid all peacekeeping assessments due and payable by 30 April 2023, 11 more than the same date last year. I would note that since the cut-off date, Guyana has paid its peacekeeping assessments in full. I would like to thank these Member States for their efforts.

Chart 14 shows the breakdown of unpaid peacekeeping assessments as of 30 April 2023.

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, subject to the availability of rates of assessment for applicable years, 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 15 shows the impact of this General Assembly decision. In July 2022, \$2.5 billion was assessed for peacekeeping operations for the ‘non-mandated’ period through 30 June 2023. Chart 15(a) shows the amounts paid voluntarily by Member States against these assessments for ‘non-mandated’ periods for 3 fiscal years. 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 has assisted with the overall liquidity which in turn has helped settle dues to troop/police contributing countries.

Chart 15(b) summarizes the advance collections for ‘non-mandated’ periods. The impact of this decision since implementation can be seen in the table below the graph. With the exception of the 2021/22 fiscal year which was a transition fiscal year as it was based on two different triennial scales, the table shows that non-mandated assessments ranged between \$2.4 billion to \$2.5 billion and against this amount, advance collections between \$300 million to \$500 million were received. These advance collections provided positive liquidity to peacekeeping and allowed the Organization to become current in its obligations to troop/police contributing countries.

Chart 16 presents the assessed contributions for each of the past nine financial periods and the level of unpaid assessments as of 30 June. The trend shows that unpaid

assessments, as a percentage of the assessments, have been increasing in each of the last four financial periods. With only two months remaining in the current fiscal year, the unpaid contribution to assessment percentage is 36%. To reach the level at the end of 2021/2022, at least another \$550 million is needed. Without the prompt and decisive action of Member States to address the historical unpredictability and delays in the receipt of assessed contributions, peacekeeping missions will be unable to effectively implement their mandates. It is therefore crucial that Member States meet their financial obligations in full and on time in order for this situation to be addressed.

Chart 17 shows the status of peacekeeping cash over the last three years. As of 30 April 2023, the cash balance consisted of approximately \$1.5 billion in the accounts of active missions, closed missions, and the Peacekeeping Reserve Fund. As a mechanism to ease the liquidity problems, the General Assembly, in resolution 76/272, directed the use of the Peacekeeping Reserve Fund as the first choice for borrowing for active peacekeeping operations, retaining \$40 million to support new missions and the expansion of existing missions as originally intended for the Fund. The chart shows the drawdown of the Peacekeeping Reserve Fund from July 2022 as it became the first lender for active missions requiring cash infusion.

As **Chart 18** shows, as of 30 April 2023, the total liabilities for payments to Member States for contingent-owned equipment amounted to \$19 million for African Union-United Nations Hybrid Operation in Darfur (UNAMID). Following the decision of Member States in General Assembly resolution 76/280 to settle the long outstanding dues for closed peacekeeping missions, the outstanding dues have come down from \$86 million to \$42 million. Some Member States have provided their instructions and the balance of \$42 million will be settled as soon as the requisite instructions are received from the respective Member States.

Payments for troops/formed police unit costs are current for all missions up to 31 March 2023. Contingent-owned equipment for active missions have been paid up to 31 March 2023 except for UNAMID that was paid up to 31 December 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. Therefore, 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 19**, shows the breakdown of payables to Member States, for the \$19 million due for UNAMID at the end of April.

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 past four budget periods, 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.

International Tribunals

Moving on to the international tribunals, **Chart 20** provides details on the situation of the Tribunals. As seen in the chart, the total contribution outstanding for the Tribunals as of 30 April 2023 was \$93 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 2023.

Chart 21 shows the overall situation as of 30 April 2023, where 84 Member States have paid their assessed contributions in full for all the Tribunals compared to 73 Member States at 30 April 2022. Since the cut-off date, Guyana, Japan and Tonga have also paid their tribunal assessments 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 22 provides the breakdown of unpaid tribunal assessments as of 30 April 2023.

Next, **Chart 23** shows the monthly 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 2023 will depend on Member States continuing to honour their financial obligations to the Tribunals. In resolution 76/272, the General Assembly also decided that surplus cash in closed Tribunals can be used for regular budget liquidity, if needed, from January 2023, since the surplus cash from closed peacekeeping missions will not be available after March 2023.

Conclusion

In conclusion, **Chart 24** gives you an overview of the financial situation for all three categories of operations, as well as the evolution of the outstanding payments to troop/police contributing countries for active peacekeeping operations.

Chart 25 gives you the latest information on assessments. As of today, 4 May 2023, 49 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 Secretariat continues to be fully committed to working with Member States towards achieving this objective. I would like to remind Member States that information about the timing of their payment is very valuable for the Secretariat in planning its spending.

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.
