



Financial situation of the United Nations

Statement by Angela Kane, Under-Secretary-General for Management

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Thank you Mr. Chairman and, through you, let me also thank the members of the Fifth Committee for giving me this opportunity to brief you on the current financial situation of the United Nations.

In doing so, I shall focus on four main financial indicators:

- (a) Assessments issued
- (b) Unpaid assessed contributions
- (c) Available cash resources
- (d) Debt to Member States.

Chart 1 summarizes the status with respect to assessments at 31 December 2009 and as at 5 October 2010. **Chart 2** summarizes the status with respect to cash and debt to Member States as of 31 December 2009 and projections to 31 December 2010. The picture that these present is mixed, although there has been some improvement in some areas.

Regular budget

Let me turn first to the regular budget (see **Chart 3**). Assessments and payments were both lower in 2010 than in 2009, by \$332 million and \$371 million respectively. Unpaid assessed contributions amounted to \$787 million on 5 October 2010. This is lower by \$43 million than the \$830 million outstanding on 13 October 2009, which I reported to you almost one year ago.

The number of Member States that had paid their regular budget assessments in full by 5 October 2010 was 119, one lower than on 13 October 2009 (see **Chart 4**). The corresponding figure for 31 December 2009 was 136.

On behalf of the Secretary-General, I should like to thank the 119 Member States (see **Chart 5**) that have paid their regular budget contributions in full and urge the remaining 73 Member States that have not yet done so to pay their assessed contributions for 2010 in full as soon as possible.

The breakdown of the \$787 million that remained outstanding at 5 October 2010 is shown in **Chart 6**. As you can see, Mr. Chairman, this amount is highly concentrated with 88 per cent being owed by a single Member State, 9 per cent by 4 other Member states and 3 per cent by the remaining Member States. Clearly, the final picture for 2010 will largely depend on the action taken by these countries in the coming months.

Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid, the Working Capital Fund, presently approved at the level of \$150 million by the General Assembly, and the Special Account. **Chart 7** shows the cash resources available at the end of 2009 and at 5 October 2010. The final position will also depend in large measure on the action to be taken by the countries highlighted in **Chart 6**. The month-by-month cash position in 2009-2010 is shown in **Chart 8**, reflecting an anticipated positive cash balance at the end of December 2010. The final situation is dependent on the action of the major contributors.

Peacekeeping operations

As you know, Mr. Chairman, the unpredictable nature of the demand for peacekeeping activities makes it hard to predict financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and, since assessments can currently only be issued 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 between the financial situation of peacekeeping operations and those of the regular budget and the tribunals.

The total amount outstanding for peacekeeping operations at 5 October 2010 was \$3.2 billion (see **Chart 9**). This is approximately \$1.3 billion higher than at the end of 2009 and is \$1.1 billion above the level at 13 October 2009. The \$3.2 billion outstanding at 5 October 2010 includes assessments for UNMIL of approximately \$408 million, which were recently issued on 29 September 2010, and are still within the 30 day due period. The higher level of unpaid peacekeeping assessments is also partly related to the higher level of assessments in 2010, amounting to \$9.5 billion as compared to \$5.7 billion in 2009. Notably, peacekeeping assessments for the last half of the 09/10 fiscal year could only be issued in January 2010 after the Assembly's decision on the new rates

of assessment in December 2009. The distribution of unpaid assessments is reflected in **Chart 10**.

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be more difficult for Member States to keep fully current with assessments. Let me therefore pay special thanks to the 11 Member States, listed in **Chart 11**, which at 5 October 2010 had paid all peacekeeping assessments that were then outstanding, due and payable. They were Australia, Azerbaijan, Canada, Chad, Democratic Republic of Congo, Denmark, Germany, Liechtenstein, South Africa, Switzerland and United Republic of Tanzania. Further, payments received after 5 October 2010 result in the addition of the Netherlands and Singapore to the list of Member States which have paid in full peacekeeping assessments as of now.

The cash balance in peacekeeping accounts at 5 October 2010 was some \$4.5 billion (see **Chart 12**). This amount was divided between the accounts of a number of ongoing and closed operations, and the Peacekeeping Reserve Fund. However, there are restrictions on the use of these resources. In its resolutions on the financing of peacekeeping operations, the General Assembly routinely specifies that no peacekeeping mission shall be financed by borrowing from other active missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use to new operations and the expansion of existing operations. Further, only some of the cash available in the accounts of closed peacekeeping operations is currently available for cross-borrowing. At 5 October 2010, cash in the accounts of active missions totalled approximately \$3.9 billion, the Peacekeeping Reserve Fund had \$141 million and the accounts of closed missions had \$433 million.

Based on information currently available, we expect that total cash available in peacekeeping accounts at the end of 2010 will total \$3.4 billion, with approximately \$2.8 billion in the accounts of active missions, \$435 million in the accounts of closed missions and \$141 million in the Peacekeeping Reserve Fund (see **Chart 13**). These estimates are based on projected receipts and disbursements.

Of the \$435 million expected to be available in the accounts of closed peacekeeping operations at the end of this year (see **Chart 14**), \$192 million is set aside for amounts to be paid for outstanding liabilities, such as troop and equipment payments and credits to be returned to individual Member States. This leaves \$243 million that is available for possible cross-borrowing by active peacekeeping operations, as well as for other accounts, including the regular budget and the international tribunals. With increased liquidity in peacekeeping missions, the need for such cross borrowing in recent years has declined, though this trend could also reverse, given the inherent unpredictability of receipts. For your information, cross-borrowing from the accounts of closed peacekeeping operations was required in 2008 for seven active operations for a total of \$148 million. In 2009 cross borrowing was for four active operations-- MINURSO, UNOCI, UNOMIG and UNMIT-- for a total of \$49 million. So far in 2010, cross-borrowing from the accounts of peacekeeping operations has been required for two active missions—MINURSO and UNMIT—for a total of \$29 million.

Debt to Member States

When we reported to you in May, we had projected the Organization's debt to Member States providing troops and equipment to peacekeeping operations to \$525 million. Based on revised projections, it now appears that the amount outstanding at the end of 2010 will be some \$430 million, which is lower than the projection made in May, and also below the amount of \$775 million outstanding at 31 December 2009 (see **Chart 15**). New obligations in 2010 are up, due mainly to the deployment of troops in UNAMID and deployment of additional military contingent and formed police units in MINUSTAH, partly offset by the reduction in the deployed military strength of UNIFIL and UNMIL (see **Chart 16**). **Chart 17** sets out the \$541 million owed at 8 October 2010 and further detailed information is also available at the back of this conference room.

Payments of troop obligations were broadly current up to August 2010 for all active missions. Payments for contingent-owned equipment are current up to June 2010 for all active missions as well. This is a significant improvement from the situation one year ago. I would also like to reassure troop contributors that my colleagues and I will continue to monitor and review the peacekeeping operations cash flow situation constantly, with a view to maximizing the quarterly payments based on the cash that is available.

For our part, Mr. Chairman, the Secretary-General is committed to meeting the Organization's obligations to Member States providing troops and equipment to peacekeeping operations as expeditiously as possible. To do so, however, we depend on Member States to meet their financial obligations to the United Nations in full and on time, and on the finalization of MOUs with troop contributors for provision of equipment.

International tribunals

The financial position of the international tribunals for Rwanda and the former Yugoslavia has improved slightly (see **Chart 18**). Assessments in 2010 are lower than those in 2009 and the amount outstanding is lower as well by \$13 million.

The number of Member States paying their assessed contributions for both international tribunals in full by 5 October 2010 was 88, five more than on 13 October 2009. On behalf of the Secretary-General, let me express our sincere thanks to the 88 Member States that have met their financial obligations to the tribunals in full (see **Chart 19**) and urge other Member States to follow their example.

The final financial position of the tribunals will obviously depend on the payment of assessed contributions by Member States (see **Chart 20**) during the balance of this year. The breakdown of unpaid assessed contributions for the tribunals (see **Chart 21**) also shows a high degree of concentration, with one Member State accounting for 68 per cent of the total, 3 Member States accounting for 16 per cent, and the remaining Member States accounting for 16 per cent. A lot will depend, therefore, on the action to be taken by these Member States.

Chart 22 shows cash flow figures for the tribunals for 2009 and 2010. If recent trends continue, the tribunals should end the year with positive cash balances. Once again, however, the actual outcome depends on Member States meeting their financial obligations to the tribunals in full and in a timely fashion.

Capital master plan

The total budget for the Capital Master Plan project of \$1.9 billion was approved by the General Assembly on 22 December 2006.

In accordance with the General Assembly resolution, 180 member states are under the multi year payments system and 12 Member States have opted for one time payment. As of 5 October 2010, payments totalling \$1.4 billion have been made against assessments due and payable, with \$84 million still outstanding (**See Chart 23**). In addition, a number of Member States which did not opt for one-time payment have nevertheless made advance payments. Cash balances through year-end 2010 are projected in **Chart 24**.

I should like to thank the 113 Member States (see **Chart 25**) that have paid in full their Capital Master Plan assessments as of 5 October 2010. In order to ensure the timely execution of the project, I would urge all Member States to pay their assessed contributions to the capital master plan in full and on time.

Conclusions

In conclusion, Mr. Chairman, in this time of global financial crisis, let me first pay special tribute to those 12 Member States that had paid in full all assessments that were due and payable as of yesterday 11 October 2010 (see **Chart 26**). These were Australia, Azerbaijan, Canada, Democratic Republic of Congo, Denmark, Germany, Liechtenstein, the Netherlands, Singapore, Switzerland, South Africa and the United Republic of Tanzania.

As I indicated at the beginning of this statement, Mr. Chairman, the financial indicators for 2010 are mixed (see **Chart 27**).

Cash positions are projected to be positive at year-end for all funds, although the final outcome will be dependant on last quarter contributions.

As regards the level of debt to Member States, this is projected to decrease to \$430 million at the end of this year, compared to the level of \$775 million at the end of 2009. This is a significant improvement.

Unpaid assessments reflect decreased levels compared to one year ago for all categories, except for peacekeeping operations. In the case of peacekeeping operations, the increase in unpaid assessments is directly related to the higher level of assessments in 2010, as assessments for the last half of the 09/10 peacekeeping fiscal year could only be issued at the start of 2010 after the Assembly's decision on new rates of assessment.

Despite some improvement in the level of unpaid assessments, amounts outstanding continue to be highly concentrated among a few Member States for most categories. For peacekeeping operations, there has been some gradual reduction in the degree of concentration over recent years.

When I last presented the financial situation of the Organization in May of this year, I announced the launch of an initiative to provide Member States with updated online information on the status of contributions. I would like to express my appreciation for the very positive reaction to this initiative. More than 100 Member States are registered users of the online portal, and I encourage the remaining Member States to utilize this means of accessing the status of contributions.

In conclusion, Mr. Chairman, in order to maintain financial health of the organization, it remains as critical as ever for Member States to meet their financial obligations to the United Nations in full and on time and, on behalf of the Secretary-General, let me urge all Member States to endeavour to do so.

As in the past, Mr. Chairman, the substance of these remarks will be reflected in an official document to be issued shortly.

Thank you very much Mr. Chairman.

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