



## **Financial situation of the United Nations**

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

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Mr. Chairman,

I am pleased to present you the current financial situation of the United Nations. At the outset, on behalf of the Secretary-General, I would like to express our deep appreciation to all Member States you represent for serious effort for full and prompt payment to the UN under financial constraint at home.

I shall discuss four categories of assessed contributions; regular budget, peacekeeping, tribunals and Capital Master Plan.

These will be presented on main financial indicators:

- (a) Amounts of assessed contributions
- (b) Unpaid assessed contributions
- (c) Available cash
- (d) Outstanding Payments to Member States.

**Chart 1** summarizes the status with respect to assessments at 31 December 2011 and 5 October 2012, the cut off date for reporting. (PKO amounts for 2012 cover only until December 2012, which is based on the current scale.)

**Chart 2** summarizes the status with respect to cash as of 31 December 2011 and as of 5 October 2012. For outstanding payments to Member States, comparison is made at the end of 2011 and projections for 31 December 2012. Overall, financial indicators for 2012 are generally positive and sound. The level of outstanding payments to Member States is projected to decrease at year-end. Cash balances are projected to be positive for peacekeeping, the tribunals, and the capital master plan. However, the level of cash for the regular budget is facing pressure in the final months of the year and largely depends on incoming contributions at the year-end.

### Regular budget

As **Chart 3** shows, assessments were slightly lower and payments received were higher in 2012 than in 2011 by \$112 million. Unpaid assessed contributions amounted to \$855 million on 5 October 2012. This is lower by \$12 million than the \$867 million outstanding on 5 October 2011, last year's cut-off date for the presentation.

By 5 October 2012, 129 Member States had paid their regular budget assessments in full, two lower than the level of 5 October 2011 (131 as seen in **Chart 4**). At 31 December 2011 the corresponding figure was 143.

We are grateful to those 129 Member States (see **Chart 5**) that have paid their regular budget contributions in full by now. We urge the remaining 63 Member States that have not yet done so to pay their assessed contributions in full as soon as possible.

The breakdown of the \$855 million that remained outstanding at 5 October 2012 is shown in **Chart 6**. As you can see, this amount is highly concentrated with few Member States. Clearly, the final financial picture for 2012 will largely depend on the action taken by these Member States in the coming months.

Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid, the Working Capital Fund at the level of \$150 million set by the General Assembly, and the Special Account. As shown in **Chart 7**, cash resources available at the end of 2011 and at 5 October 2012 were \$94 million and \$149 million respectively, excluding the Working Capital Fund and the Special Account. The month-by-month regular budget cash position in 2011-2012 is shown in **Chart 8**. Regular budget cash position is expected to be tight at the end of 2012, as disbursements for the last quarter of the year are projected to amount to around \$776 million. The final situation will clearly depend on the action taken by the Member States referred to earlier in **Chart 6**.

### Peacekeeping operations

The changing 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 calendar year; assessments are issued separately for each operation; and, since assessment letters can 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 peacekeeping operations and regular budget.

The total amount outstanding for peacekeeping operations at 5 October 2012 is \$1.85 billion (see **Chart 9**), reflecting a decrease of \$775 million from the amount at the end of 2011. The current level of unpaid assessments is, in part, related to a lower level

of peacekeeping assessments for July 2012/June 2013 fiscal year, pending approval of a new scale of assessments for 2013.

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 gratitude to the 32 Member States, listed in **Chart 10**, which at 11 October 2012 had paid all peacekeeping assessments that were then due and payable. They were Australia, Austria, Burkina Faso, Canada, China, Costa Rica, Cote d'Ivoire, Czech Republic, Denmark, Finland, Germany, Iceland, Ireland, Israel, Kazakhstan, Kenya, Latvia, Libya, Malawi, Monaco, Netherlands, New Zealand, Niger, Norway, the Republic of Korea, the Republic of Moldova, Russian Federation, Singapore, South Africa, Sweden, Switzerland and the United Republic of Tanzania. The list of unpaid peacekeeping assessments is shown in **Chart 11**. Here we acknowledge the differences in financial year of Member States, which causes timing issue for prompt payment by some Member States.

The total cash available for peacekeeping at 5 October 2012 was approximately \$3.7 billion. **Chart 12** shows the breakdown of this amount among active missions with approximately \$3.2 billion, closed missions with \$351 million and the Peacekeeping Reserve Fund with \$130 million.

As regards to outstanding payments to Member States, when we reported to you in May, we had projected the Organization's outstanding payments to Member States providing troops, police and equipment to peacekeeping operations at \$678 million. Based on revised projections, the amount outstanding at the end of 2012 is expected to be around \$512 million, which is lower than both the amount projected in May, and the actual outstanding of \$529 million at 31 December 2011 (**see Chart 13**).

**Chart 14** shows the breakdown of outstanding payments. At the beginning of October 2012, \$349 million was owed to Member States for troops and formed police units, \$ 550 million was owed for contingent-owned equipment claims for active missions, \$86 million was owed for COE claims for closed missions under old methodology. In addition, we owe \$76 million for letters of assist, and \$1 million for death and disability claims. (In total, \$1,062 million) We are making substantial payments in the next few days. By 16 October 2012, the amounts owed for troops and formed police units and COE for active missions will be current up to August except three missions. By the end of 2012, we estimated in total \$512 million, still high but a decrease of \$17 million from one year earlier. The actual level of payments, as always, will depend on Member States meeting their obligations to the United Nations.

**Chart 15** shows the breakdown of over \$1 billion owed to troop, police and equipment contributing countries as at 1 October 2012. As I explained, this total will be reduced to \$460 million by 16 October.

For our part, Mr. Chairman, the Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as

possible. I would like to reassure you that we monitor peacekeeping cash flow situation constantly, and try to maximize the quarterly payments based on the available cash as priority.

To do so, however, we depend on Member States meeting their financial obligations to the United Nations in full and on time, and also on the expeditious finalization of MOUs with troop contributors for provision of equipment.

### International tribunals

The financial position for international tribunals, which includes the newly established International Residual Mechanism, reflected slightly higher unpaid assessments at 5 October 2012, compared to 5 October 2011. As shown in **Chart 16**, unpaid assessments for tribunals amounted to \$63 million on 5 October 2012.

Nevertheless, a total of 95 Member States paid their assessed contributions in full for both international tribunals and the International Residual Mechanism by 5 October 2012, which is two higher than the level reached at 5 October 2011. Let me express our sincere appreciation again to those 95 Member States that have met their obligations in full (see **Chart 17**) and urge other Member States to pay their contributions to the international tribunals in full and on time.

The final financial position of the tribunals will depend on Member States continuing to honour their financial obligations over the remaining months of 2012 (see **Chart 18**). The breakdown of unpaid assessed contributions for the tribunals is shown in **Chart 19**. A lot will depend on payment to be made by these Member States.

**Chart 20** shows cash flow figures for the tribunals for 2011 and 2012. The cash position is currently positive; however, the actual outcome depends also on Member States meeting their financial obligations to the tribunals in full and in a timely manner.

### Capital Master Plan

A total of \$1.87 billion was assessed under the special account for the Capital Master Plan. In accordance with arrangements for financing of the capital master plan, 180 Member States were under the multi-year payments system and 12 Member States opted for one-time payment. As of 5 October 2012, payments totalling above \$1.86 billion have been made against assessments, with \$4.6 million still outstanding (see **Chart 21**). As the result, cash balances for CMP remain solid as shown in **Chart 22**.

I should like to thank those 149 Member States (see **Chart 23**) that have paid their Capital Master Plan assessments in full. In order to ensure the timely execution of the project, I would urge other Member States to follow their example.

## Conclusions

In conclusion, Mr. Chairman, let me pay particular tribute to the 31 Member States that had paid in full entire assessments that were due and payable as of 11 October 2012 (see **Chart 24**). These were Australia, Austria, Burkina Faso, Canada, China, Costa Rica, Cote d'Ivoire, Czech Republic, Denmark, Finland, Germany, Iceland, Ireland, Israel, Kazakhstan, Kenya, Latvia, Libya, Malawi, Monaco, Netherlands, New Zealand, Niger, Norway, the Republic of Korea, the Republic of Moldova, Singapore, South Africa, Sweden, Switzerland and the United Republic of Tanzania.

Key points on the financial situation are summarized on **Chart 25**.

Cash positions are projected to be positive and sound at year-end for all funds except the regular budget. Regular budget is expected to be facing pressure at the end of the year. The final outcome will depend on last quarter contributions. Therefore the Secretariat would appreciate those Member States meeting their obligations as soon as possible.

Outstanding payments to Member States are projected to decrease to \$512 million at the end of 2012. In this regard, The Secretariat is making every effort to expedite outstanding payments to Member States.

Unpaid assessments reflect decreases compared to last year across all categories, except the international tribunals. The number of Member States meeting their obligations is higher, with 31 Member States as of today, compared to 18 Member States last year.

In spite of notable increase in the number of Member States that have made full payment, a significant amount of assessments still remains unpaid. 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 very much, Mr. Chairman.