



Financial situation of the United Nations

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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 the continued effort to fulfil obligations to the UN despite the continued financial constraints we face.

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 5 October 2012, at 31 December 2012 and 1 October 2013, the cut off date for reporting. Peacekeeping amounts for 2013 were affected by the timing of the issuance of letters of assessment resulting from the decision on the new scale of assessments, which I will explain later.

Chart 2 summarizes the status with respect to cash as of 5 October 2012, at 31 December 2012, and as of 1 October 2013. For outstanding payments to Member States, comparison is made with the situation in 2012 and projections for 31 December 2013. Overall, financial indicators for 2013 are generally positive. However, the level of cash available for the regular budget continues to be a concern, and the final outcome will largely depend on incoming contributions in the remaining months of the year. Cash balances are projected to be positive for peacekeeping and the tribunals. While CMP cash will also be positive through year-end, the project will run out of cash by the end of April

of 2014, as which point there will need to be a decision by the General Assembly on the financing for 2014. As we promised, the Secretariat is making great effort to streamline and expedite the process of payments for TCC and COE, and as a result the level of outstanding payments to Member States is projected to decrease considerably by year-end.

Regular budget

As **Chart 3** shows, assessments were slightly higher and payments received were lower in 2013 than in 2012. Unpaid assessed contributions amounted to \$945 million on 1 October 2013. This is \$90 million higher than the \$855 million outstanding on 5 October 2012, last year's cut-off date for the presentation.

By 1 October 2013, 134 Member States had paid their regular budget assessments in full, five higher than the level of 5 October 2012 (129 as seen in **Chart 4**). At 31 December 2012 the corresponding figure was 143.

We are grateful to those 134 Member States (see **Chart 5**) that have paid their regular budget contributions in full by now. We urge the remaining 59 Member States that have not yet done so to pay their assessed contributions in full as soon as possible.

The breakdown of the \$945 million that remained outstanding at 1 October 2013 is shown in **Chart 6**. As you can see, this amount is highly concentrated with few Member States. Clearly, the final financial picture for 2013 will largely depend on the action taken by these Member States in the coming months.

Cash resources for the regular budget under the General Fund, to which assessed contributions are paid, include the Working Capital Fund at the level of \$150 million set by the General Assembly, and the Special Account. As shown in **Chart 7**, there was a shortfall in regular budget cash at the end of 2012, which was fully covered by the Working Capital Fund. The \$35 million shortfall resulted in a balance of \$115 million in the Working Capital Fund at year-end 2012. At 1 October 2013, regular budget cash amounted to \$55 million, excluding the Working Capital Fund and Special Account (\$150 million and \$259 million respectively). Taking into account the reserves, the total cash now available of \$464 million is not enough to cover disbursements through the end of the year, which are projected at about \$620 million.

The month-by-month regular budget cash position in 2012-2013 is shown in **Chart 8**. When I briefed you in May, we had looked at the trend. I had already pointed out that we could expect the cash situation to be extremely tight in the final months of the year, since we were given only portion of recosting for 2012 and the remaining portion was deferred until the end of 2013. Also, the Assembly authorized the use of the Working Capital Fund as a cash flow bridging mechanism to cover expenditures for repair works related to storm Sandy pending the receipt of insurance settlements. However, it has not been necessary so far to utilize the Working Capital Fund for this purpose. We will

continue to monitor the cash position closely. The final situation will depend on incoming contributions in the final months.

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 1 October 2013 is \$3.4 billion (see **Chart 9**), reflecting an increase of \$2.1 billion from the amount at the end of 2012. The current level of unpaid assessments is mainly related to the significant level of peacekeeping assessments issued in 2013. Following the decision on the new scale of assessments, the assessments for the period from January to June 2013 were issued in January 2013. Assessments for the 2013/2014 period were also issued in July 2013.

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year, we understand that it can be more difficult for Member States to keep fully current with assessments. Let me therefore express special gratitude to the 33 Member States, listed in **Chart 10**, which at 1 October 2013 had paid all peacekeeping assessments that were then due and payable. They were Antigua and Barbuda, Australia, Austria, Canada, Congo, Costa Rica, Cote d'Ivoire, Cuba, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Latvia, Liechtenstein, Malawi, Netherlands, New Zealand, Nigeria, Norway, the Republic of Korea, Saint Lucia, Samoa, Senegal, Sierra Leone, Singapore, South Africa, Sweden, Switzerland, Thailand, Tuvalu 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. **I must also mention significant payment received (\$144 million from China) subsequent to the cut-off date used for Chart 11.** While the overall level of unpaid PKO assessments has increased considerably in 2013, this is largely related to the increase in assessments in 2013, as a portion of the 2012/2013 fiscal year assessments could only be issued in January 2013. Positively, the level of unpaid assessments as at 1 October 2013 represents 35 per cent of total PKO assessments in 2013, compared to 40 per cent one year ago.

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 \$3.4 billion, closed missions with \$291 million and the Peacekeeping Reserve Fund with \$82 million.

As regards to outstanding payments to Member States, this is an area which the Secretariat has placed great effort towards minimizing the level of outstanding payments. Outstanding payments at the end of 2012 amounted to \$525 million, and it is projected that this will reduce to \$423 million by the end of this year (see **Chart 13**).

Chart 14 shows the breakdown of outstanding payments. Currently, \$267 million is owed for troops and formed police units. For contingent-owned equipment claims, \$442 million is owed for active missions and \$86 million for closed missions. In addition, we owe \$66 million for letters of assist, and \$1 million for death and disability claims (in total, \$862 million). We expect reductions by year-end in the level outstanding to Member States for troops and formed police units, as well as for contingent-owned equipment claims. 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 the \$862 million owed to troop, police and equipment contributing countries as at 1 October 2013.

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 the two international tribunals and the International Residual Mechanism reflected some improvement at 1 October 2013, compared to 5 October 2012. As shown in **Chart 16**, unpaid assessments for tribunals amounted to \$60 million on 1 October 2013, \$3 million less than the level on 5 October 2012.

A total of 96 Member States paid their assessed contributions in full for both international tribunals and the International Residual Mechanism by 1 October 2013, one more than at 5 October 2012. Let me express our sincere appreciation again to those 96 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 2013 (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 2012 and 2013. The cash position is currently positive, and is expected to remain solid through the year-end.

Capital Master Plan

A total of \$1.87 billion was assessed under the special account for the Capital Master Plan. As of 1 October 2013, the bulk of the assessed contributions had been received, with \$1.6 million still outstanding (see **Chart 21**). As a result, cash balances for CMP have remained solid so far as shown in **Chart 22**. However, this cash will be exhausted by the end of April in 2014, and a decision will need to be made on the CMP financing and the associated costs.

As of 1 October 2013, 166 Member States had paid their Capital Master Plan assessments in full (see **Chart 23**). I should like to thank these Member States and I would urge other Member States to make payment before completion of the CMP.

Conclusions

In conclusion, Mr. Chairman, let me pay particular tribute to the 33 Member States that had paid in full entire assessments that were due and payable as of 9 October 2013 (see **Chart 24**). These were Antigua and Barbuda, Australia, Austria, Canada, Congo, Costa Rica, Cote d'Ivoire, Cuba, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Latvia, Liechtenstein, Malawi, Netherlands, New Zealand, Nigeria, Norway, the Republic of Korea, Saint Lucia, Samoa, Senegal, Sierra Leone, Singapore, South Africa, Sweden, Switzerland, Thailand, Tuvalu and the United Republic of Tanzania.

Key points on the financial situation are summarized on **Chart 25**. It has to be mentioned that the number of Member States meeting their full obligations continues to improve. For the regular budget, by now, 134 Member States have paid in full, well above the 129 Member States at this time last year. However, a significant level of unpaid regular budget contributions is concentrated among the remaining Member States.

While cash positions are projected to be positive at year-end for peacekeeping, the tribunals and the CMP, the situation is quite tight for the regular budget. Regular budget cash is at a low level, and projected expenditure through year-end of \$620 million will exceed the level of reserves. The final position will depend on incoming contributions in these last months of the year.

More positively, the Secretariat is following through on its commitment to monitor incoming peacekeeping cash in order to expedite outstanding payments to Member States. These are projected to decrease to a level of \$423 million at the end of 2013.

In spite of notable increases in the number of Member States that have made full payment, a significant amount of assessments still remains unpaid. There are limited reserves available to the Organization. The financial health of our Organization continues to depend 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.