



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 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 operations, the tribunals and the Capital Master Plan.

Over the presentation I will highlight 4 main financial indicators for each category:

- (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 as of 1 October 2013, 31 December 2013 and 2 October 2014, the cut-off date for reporting. Peacekeeping amounts for 2014 include the new assessments issued on 19 September 2014, which total to almost \$1 billion for UNIFIL, UNMIL and UNAMID.

Chart 2 summarizes the status with respect to cash held as of 1 October 2013, 31 December 2013, and 2 October 2014. Regarding outstanding payments to Member States, the comparison is made with the situation in 2013 and projections for 31 December 2014. Overall, financial indicators for 2014 are generally sound except the regular budget. The level of cash available for the regular budget is currently low and the situation is expected to tighten further towards the year-end. 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 operations and the tribunals. CMP cash will be exhausted in November, and the Working Capital Fund and the Special Account will be used to bridge CMP cash flow needs. As I committed, the Secretariat

is making every effort to process payments for TCC and COE expeditiously, and as a result the level of outstanding payments to Member States is projected to decrease by year-end.

Regular budget

As **Chart 3** shows, both assessments and payments received were higher in 2014 than in 2013. In October 2014, unpaid assessed contributions amounted to slightly above \$1 billion. This is \$92 million higher than the \$945 million outstanding on 1 October 2013.

By 2 October 2014, 125 Member States had paid their regular budget assessments in full, nine less than 1 October 2013 (134 as seen in **Chart 4**), and 21 less than the 146 at 31 December 2013.

We would like to thank those 125 Member States (see **Chart 5**) that have paid their regular budget contributions in full by now. We urge the remaining 68 Member States that have not yet done so to pay their assessed contributions in full as soon as possible. Two of these (Cote d'Ivoire and Serbia) have already paid since the October 2 cut-off date.

The breakdown of the roughly \$1 billion that remained outstanding at 2 October 2014 is shown in **Chart 6**. As you can see, this amount is highly concentrated with few Member States. Clearly, the final financial picture for 2014 will largely depend on the action taken by these Member States in the coming months. I would like to inform the Committee that since the cut-off date of 2 October, we have received payment of \$83.2 million from the United States.

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 2013, which was fully covered by the Working Capital Fund. The \$31 million shortfall resulted in a balance of \$119 million in the Working Capital Fund at year-end 2013. On 2 October 2014, the regular budget cash amounted to \$35 million, excluding the Working Capital Fund and Special Account (\$150 million and \$234 million respectively). The reduced level of the Special Account takes into account the General Assembly decision to authorize the use of \$26.6 million from the Special Account as a credit to the General Fund. Taking into account the reserves, a total of \$419 million cash is currently available.

The month-by-month regular budget cash position in 2013-2014 is shown in **Chart 8**. When I briefed you last May, I had pointed out that regular budget would face some tightening in the last quarter of the year. In April this year, resolution 68/247 B authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges of the CMP including associated costs until a decision of financing associated costs is made during the main session of the 69th General Assembly. In addition, the recently approved commitment authority for UNMEER will draw on the regular budget cash. These requirements will add pressure to the overall cash position of the General Fund. While the regular budget cash, including reserves, stands currently at \$419 million, disbursements through the end of the year are projected at

around \$800 million. We will continue to monitor the cash position closely and will keep the General Assembly informed. The final cash position at the end of 2014 will depend largely on the payments to be made by the Member States in coming months.

Peacekeeping operations

The changing demand for peacekeeping activities makes it hard to predict financial requirements. 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 2 October 2014 is \$2.6 billion (see **Chart 9**). A total of \$5.8 billion has been assessed for peacekeeping operations in 2014, including \$1 billion in assessments for UNIFIL, UNMIL, and UNAMID issued on 19 September 2014. Contributions received so far in 2014 amount to \$5.5 billion.

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 30 Member States, listed in **Chart 10**, which at 2 October 2014 had paid all peacekeeping assessments that were then due and payable. They were Australia, Austria, Canada, Costa Rica, Denmark, Egypt, Equatorial Guinea, Finland, Gambia, Germany, Iceland, Ireland, Japan, Kazakhstan, Latvia, Liechtenstein, Monaco, Montenegro, Netherlands, New Zealand, Niger, Nigeria, Samoa, Senegal, Singapore, South Africa, Sweden, Switzerland, Uganda, and the United Republic of Tanzania. In addition, 3 more Member States (Andorra, Israel, and the Russian Federation) have paid all peacekeeping assessments currently due and payable since October 2.

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. As I just mentioned, the Russian Federation have made payment since October 2 in the amount of \$121.7 million for all peacekeeping assessments due and payable (more than 30 days old).

The total cash available for peacekeeping at 2 October 2014 was approximately \$4.25 billion including the Peacekeeping reserve account. **Chart 12** shows the breakdown of this amount among active missions with approximately \$3.8 billion, closed missions with \$310 million and the Peacekeeping Reserve Fund with \$134 million.

As regards to outstanding payments to Member States, the Secretariat has continued to make every effort towards minimizing the level of outstanding payments. Outstanding payments at the end of 2013 amounted to \$513 million, and it is projected that this amount will go down to \$501 million by the end of this year (see **Chart 13**).

Chart 14 shows the breakdown of outstanding payments. At 3 October, \$585 million was owed to Member States for troops and formed police units. For contingent-owned equipment claims, \$602 million was owed for active missions and \$86 million for closed missions. These components add up to roughly \$1.3 billion. The Secretariat is monitoring the peacekeeping cash with a view to making payments whenever possible. Payments are now being processed, and by tomorrow the outstanding payments will be reduced from \$1.3 billion to \$815 million. We expect further reductions by year-end to a level of \$501 million.

Chart 15 shows the breakdown of the \$1.3 billion owed to troop, police and equipment contributing countries as at 3 October 2014.

For our part, Mr. Chairman, the Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as the cash situation permits. I would like to reassure you that we will continue to monitor peacekeeping cash flow situation constantly, and try to maximize the quarterly payments based on the available cash and data 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 remained roughly the same compared to 1 October 2013. Unpaid assessments for tribunals amounted to \$60 million on 2 October 2014, matching the level on 1 October 2013 (see **Chart 16**).

On a positive note, the number of Member States paying their assessed contributions for the international tribunals in full on 2 October 2014 was 98, which is two more than the number reached on 1 October 2013. Let me express our sincere appreciation to those 98 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 2014 (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 2013 and 2014. 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 2 October 2014, the bulk (99.9%) of the assessed contributions had been received, with \$0.5 million still outstanding (see **Chart 21**). Cash balances for the Capital

Master Plan are shown in **Chart 22**. The remaining CMP cash balance will be fully utilized in November. As I mentioned earlier, the General Assembly has authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges resulting from the financing of the CMP associated costs and secondary data centre expenditures (\$154.8 million) until the General Assembly makes the decision on financing those cumulative costs during the main session of the 69th General Assembly. Such arrangement cannot last longer before the Working Capital Fund is to be exhausted. The Secretariat looks forward to a definitive decision by the General Assembly on this issue as soon as possible at this main session to keep the solvency of regular budget.

Mr. Chairman, over the years, Member States have strongly supported the project, and this is shown by the number of Member States which have paid in full for the project. As of 2 October 2014, 176 Member States had paid their Capital Master Plan assessments in full (see **Chart 23**). I should like to thank these Member States.

Conclusions

In conclusion, Mr. Chairman, let me pay particular tribute to the 29 Member States that had paid their assessments that were due and payable in full as of 9 October 2014 (see **Chart 24**). These were Andorra, Australia, Austria, Canada, Denmark, Egypt, Equatorial Guinea, Finland, Gambia, Germany, Iceland, Ireland, Israel, Japan, Kazakhstan, Latvia, Liechtenstein, Monaco, Netherlands, New Zealand, Niger, Nigeria, Samoa, Senegal, 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 currently positive for all categories except the regular budget. Regular budget cash is currently at a low level, and the situation will tighten further in the final months of the year. CMP cash will be exhausted in November. The Working Capital Fund and the Special Account will be used to bridge CMP cash flow needs.

Unpaid regular budget assessments remain at a significant level and continue to be highly concentrated. The final position of the regular budget will depend on incoming contributions in these last months of the year.

Although there are increases in the number of Member States paying in full for the international tribunals and CMP, there are decreases for the regular budget and peacekeeping.

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 \$501 million at the end of 2014.

Given the limited reserves available, the financial health of the 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.

Mr. Chairman, before concluding, I would like to recall the resolution 68/306, which was adopted last month on Enhancement of the administration and financial functioning of the United Nations. In that resolution, the General Assembly requested the Secretary-General to review and report to the General Assembly any impediments or obstacles with respect to the accounts opened by the Permanent Missions of Member and Observer States or their staff in the City of New York and its impact on the adequate functioning of their offices. Also it requested the Secretary-General to report to the General Assembly on the financial relations of the Secretariat with the banking institutions in the City of New York, and also to provide Member and Observer States with information on alternative options regarding banking services in the City of New York so as to enable them and their Permanent Missions to adequately manage and maintain their accounts, assessed budgetary contributions, voluntary contributions, transfers and other financial responsibilities directly related to their membership in the United Nations.

I fully understand that this issue has serious financial and operational implications for those affected. I also recognize the critical importance of supporting Permanent Missions and their staff. As an immediate solution, the Secretariat has facilitated the opening of bank accounts for Permanent Missions with the United Nations Federal Credit Union. More than 30 Permanent Missions now have UNFCU accounts. Also I would like to mention that the Secretariat is in the process of concluding a Request for Proposal for the Secretariat's new banking facility. We will update Member States on our new banking arrangements in the near future and we will report to the General Assembly as requested in the resolution 68/306.

Thank you very much, Mr. Chairman.