



## **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 2 October 2014, 31 December 2014 and 2 October 2015, the cut-off date for reporting.

**Chart 2** summarizes the status with respect to cash held as of 2 October 2014, 31 December 2014, and 2 October 2015, followed by an overview of outstanding payments to Member States in 2014, and projections for 31 December 2015.

Overall, financial indicators for 2015 are generally sound and positive, except for the cash position of the regular budget. Regular budget cash is currently exhausted and reserves are being drawn upon. Severe cash problems will be experienced in the final months, unless sufficient contributions are received. 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. As always, 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 2015 than in 2014, by \$159 million and \$217 million respectively. On 2 October 2015, unpaid assessments amounted to \$1,053 million, which was also slightly above the level outstanding in 2014, by 16 million.

By 2 October 2015, 128 Member States had paid their regular budget assessments in full, three more than the number on 2 October 2014 (125 as seen in **Chart 4**), and 16 less than the 144 at 31 December 2014.

We would like to thank those 128 Member States (see **Chart 5**) that have paid their regular budget contributions in full by now. We urge the remaining 65 Member States that have not yet done so to pay their assessed contributions in full as soon as possible.

The breakdown of the roughly \$1 billion that remained outstanding at 2 October 2015 is shown in **Chart 6**. As you can see, this amount is highly concentrated among few Member States. The final financial picture for 2015 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. **Chart 7** shows the cash positions at 31 December 2013 and 2014, and at 2 October in 2014 and 2015. As you can see from the chart, there was a shortfall of \$81 million in regular budget cash at the end of 2014, which was fully covered by the Working Capital Fund. On 2 October 2015, the cash shortfall was \$73 million, also covered by the Working Capital Fund. The Special Account level is now at a level of \$199 million. Taking into account the reserves, a total of \$276 million cash was available at 2 October.

This cash position already takes into account a number of transactions effected in accordance with resolution 69/274. As you will recall, in April 2015 the General Assembly authorized the transfer of \$154.9 million from the General Fund to finance the final shortfall of the CMP. A total of \$109.9 million has been transferred to the CMP, which includes \$36.6 million from the Special Account in accordance with the resolution. The remaining \$45 million will be financed and transferred in the context of the next regular budget assessment under the General Fund.

The month-by-month regular budget cash position in 2013-2015 is shown in **Chart 8**. When I briefed you in May, I had pointed out that regular budget would experience tightening as we draw closer to the end of the year. The regular budget has experienced cash shortfalls beginning in August this year, which were alleviated by incoming contributions in September. However, more severe cash problems will arise in the final months, unless sufficient contributions are received. We will continue to monitor the cash position closely

and will keep the General Assembly informed. Clearly, the final cash position at the end of 2015 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 based on applicable scale of assessment periods 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 2015 is approximately \$1.5 billion (see **Chart 9**). A total of \$6.2 billion has been assessed for peacekeeping operations in 2015. Contributions received so far in 2015 amount to approximately \$6 billion, almost matching the amounts assessed this year.

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year and the differences in financial fiscal year of Member States, we understand that it can be more difficult for Member States to keep fully current with assessments. On 2 October 2015, 23 Member States had paid all peacekeeping assessments in full (**Chart 10**). These were Australia, Canada, Denmark, Finland, Germany, Iceland, Ireland, Israel, Japan, Kazakhstan, Liechtenstein, Monaco, Montenegro, Netherlands, New Zealand, Norway, Samoa, Senegal, Sierra Leone, Singapore, Sweden, Thailand and the United Republic of Tanzania. I would like to pay special tribute to those 23 Member States in the chart for their efforts.

The list of unpaid peacekeeping assessments is shown in **Chart 11** (as noted in the chart, Italy has since made additional payments after the cut-off date).

The total cash available for peacekeeping at 2 October 2015 was approximately \$4.3 billion including the Peacekeeping Reserve account. **Chart 12** shows the breakdown of this amount among active missions with approximately \$3.9 billion, closed missions with \$255 million, and the Peacekeeping Reserve Fund with \$139 million.

As regards to outstanding payments to Member States, the Secretariat continues to make every effort towards minimizing the level of outstanding payments. Outstanding payments amounted to \$779 million at the end of 2014, and it is projected that this amount will go down further to \$577 million by the end of this year (see **Chart 13**).

**Chart 14** shows the breakdown of outstanding payments at the end of 2014 and at present, and the projections for the end of 2015. As of 2 October, \$314 million was owed to Member States for troops and formed police units. As regards to contingent-owned equipment claims, \$638 million was owed for active missions and \$86 million for closed missions. These components add up to slightly above \$1 billion. The Secretariat is continuously reviewing peacekeeping cash levels, and additional payments of \$441 million

were made on 9 October. With these payments, the outstanding amount was reduced from \$1 billion to \$597 million on 9 October. We expect further reductions by the end of the year, to a level of \$577 million.

**Chart 15** shows the breakdown of the \$1 billion owed to troop, police and equipment contributing countries as at 2 October 2015.

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 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

Turning to international tribunals, the overall financial position of the two tribunals and the International Residual Mechanism remain generally sound in 2015 (see **Chart 16**). On 2 October 2015, unpaid assessments for tribunals amounted to \$69 million, which is higher, by \$9 million, than the amount outstanding on 2 October 2014.

By 2 October 2015, 94 Member States had paid their assessed contributions to both tribunals and the International Residual Mechanism in full, which is four less than the number in 2014. Let me express our sincere appreciation to those 94 Member States listed **Chart 17** and urge other Member States to follow their example.

Once again, the final outcome of 2015 will depend on Member States continuing to honour their financial obligations during the remaining months of 2015 (see **Chart 18**). The breakdown of unpaid assessed contributions for the tribunals is shown in **Chart 19**. A lot will depend on the action taken by these Member States.

**Chart 20** shows month-by-month position of cash balances for international tribunals in 2013, 2014 and 2015. 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 2015, the bulk of the assessed contributions had been received, with \$0.3 million still outstanding (see **Chart 21**).

Cash balances for the Capital Master Plan are shown in **Chart 22**. You will recall that the CMP had experienced cash shortfalls since December 2014. In April this year, the General Assembly decided on the arrangements to finance the final shortfall. In accordance

with resolution 69/274 which authorized the transfer of \$154.9 million from the General Fund to the CMP, a total of \$109.9 million has been transferred so far (\$36.6 million from the Special Account and \$73.2 million from balance of the biennium 2012-13), with the remaining \$45 million to be financed and transferred in the context of the next regular budget assessment under the General Fund.

Mr. Chairman, over the years, Member States have extended full support to the project, and this is shown by the number of Member States which have paid in full for the project. As of 2 October 2015, 183 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 24 Member States that had paid their assessments that were due and payable in full as of 15 October 2015 (see **Chart 24**). These were Australia, Canada, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Israel, Japan, Liechtenstein, Luxembourg, Monaco, Montenegro, Netherlands, New Zealand, Norway, Samoa, Senegal, Sierra Leone, Singapore, Sweden, Thailand and the United Republic of Tanzania.

**Chart 25** summarizes the key points. Cash positions are currently positive for all categories except the regular budget. Regular budget cash is currently exhausted, and reserves are already being drawn upon. More severe cash problems will be experienced in the final months of the year, unless sufficient contributions are received. Although there is an increase in the number of Member States paying in full for the regular budget, unpaid regular budget assessments remain at a significant level and continue to be highly concentrated.

The Secretariat continues to make every effort to expedite outstanding payments to Member States (TCC/COE) based on the level of peacekeeping cash. Payments were made during the month of September, and again on Oct 9. The level of outstanding payments to Member States (TCC/COE) is projected to further decrease to \$577 million at the end of 2015.

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,

In closing, I would like to draw the attention of Member States that due to the work on Umoja in the coming week, which is the period when this Committee will hold its general discussion on the UN financial situation, the online contributions portal will not be updated. However, it will still be available for historic information.

Thank you very much, Mr. Chairman.

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