



Financial situation of the United Nations

Statement

by

Bettina Tucci Bartsiotas, Assistant Secretary-General, Controller

Fifth Committee of the General Assembly at its 71st session

5 October 2016

Madam Chair,

I am pleased to present to 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 that you represent, for the continued efforts to fulfil obligations to the UN despite the continued financial constraints we face.

I shall discuss four 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 as of 2 October 2015, 31 December 2015 and 30 September 2016, the cut-off date for reporting.

Chart 2 summarizes the status with respect to cash held as of 2 October 2015, 31 December 2015, and 30 September 2016, followed by an overview of outstanding payments to Member States in 2015, and projections for 31 December 2016.

Overall, the Organization is financially sound. The financial indicators for 2016 remain generally sound and positive, except for the cash position of the regular budget. Regular budget cash is currently exhausted and reserves are also almost exhausted. Severe cash problems will be experienced in the final months of 2016, unless sufficient contributions are received. The final outcome will largely depend on incoming contributions in the remaining months of the year.

Cash balances are 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, projections reflect a decrease in the year-end level of outstanding payments to Member States.

Regular budget

As **Chart 3** shows, both assessments and payments received were lower in 2016 than in 2015, by \$222 million and \$360 million respectively. On 30 September 2016, unpaid assessments amounted to \$1,189 million, which was above the level outstanding in 2015, by \$136 million.

New rates of assessment went into effect on 1 January 2016. By 30 September 2016, 126 Member States had paid their regular budget assessments in full, two less than the number on 2 October 2015 (128 as seen in **Chart 4**), and 16 less than the 142 at 31 December 2015.

We would like to thank those 126 Member States (see **Chart 5**) that have paid their regular budget contributions in full. We urge the remaining 67 Member States that have not yet done so to pay their assessed contributions in full as soon as possible.

The breakdown of the \$1.2 billion that remained outstanding at 30 September 2016 is shown in **Chart 6**. As you can see, this amount is highly concentrated among a few Member States. The final financial picture for 2016 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 currently at a level of \$201 million. **Chart 7** shows the cash position at the end of recent years. The chart also shows the current cash position, and compares to the situation previously reported for 2 October 2014 and 2015. As you can see from the chart, there were increasing shortfalls of \$31 million, \$81 million and \$217 million reported at the end of 2013, 2014 and 2015 respectively. These shortfalls were fully covered by the Working Capital Fund and Special Account. On 30 September 2016, the cash shortfall was \$344 million, which was covered by the Working Capital Fund and Special Account. Taking into account the reserves, a total of \$7 million cash was available at 30 September 2016.

The month-by-month regular budget cash position in 2014-2016 is shown in **Chart 8**. When you were last briefed in May, it had been indicated that the regular budget would experience tightening as we draw closer to the end of the year. The regular budget has experienced increasing cash shortfalls in July, August and September this year. 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 2016 will depend largely on the payments to be made by the Member States in coming months.

The level of reserves (both Working Capital Fund and Special Account) is sufficient to cover only 6 weeks of regular budget operation. At 30 September, these reserves were almost exhausted, with only \$7 million remaining. Consequently, it would be prudent to review the adequacy of the level of reserves, in light of the pattern of payments of Member States and the level of commitment authority.

However, despite the liquidity problems that the Organization is facing for the regular budget, as noted by the Board of Auditors report on Volume 1,” the financial health of the UN as a whole remains sound as it has sufficient assets overall to meet both short-term and longer-term liabilities”.

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 30 September 2016 is approximately \$2.3 billion (see **Chart 9**). A total of \$10.3 billion has been assessed for peacekeeping operations in 2016. Contributions received so far in 2016 amount to approximately \$8.9 billion.

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year and the differences in financial fiscal years of Member States, we understand that it can be more difficult for Member States to keep fully current with assessments. On 30 September 2016, 25 Member States had paid all peacekeeping assessments in full (**Chart 10**). These were Armenia, Australia, Benin, Canada, Chad, China, Cote d’Ivoire, Denmark, Georgia, Germany, Ireland, Israel, Kyrgyzstan, Latvia, Liechtenstein, Micronesia, Monaco, Netherlands, New Zealand, Saint Kitts and Nevis, Senegal, Sierra Leone, Singapore, Sweden and Switzerland. I would like to pay special tribute to those 25 Member States in the chart for their efforts.

The list of unpaid peacekeeping assessments is shown in **Chart 11**.

The total cash available for peacekeeping at 30 September 2016 was approximately \$5 billion including the Peacekeeping Reserve account. **Chart 12** shows the breakdown of this amount among active missions with approximately \$4.7 billion, closed missions with \$198 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 \$824 million at the end of 2015, and it is projected that this amount will decrease further to \$713 million by the end of this year (see **Chart 13**).

Chart 14 shows the breakdown of outstanding payments at the end of 2014 and 2015 and at present, and the projections for the end of 2016. As of 30 September, \$126 million was owed to Member States for troops and formed police units. As regards to contingent-owned equipment claims, \$376 million was owed for active missions and \$86 million for closed missions. These components add up to \$588 million, reflecting a significant reduction in the amounts owed.

Chart 15 shows the breakdown of the \$588 million owed to troop, police and equipment contributing countries as at 30 September 2016.

For our part, Madam Chair, 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 the 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 remains generally sound in 2016 (see **Chart 16**). On 30 September 2016, unpaid assessments for tribunals amounted to \$55 million, which is lower, by \$14 million, than the amount outstanding on 2 October 2015.

By 30 September 2016, 101 Member States had paid their assessed contributions to both tribunals and the International Residual Mechanism in full, which is seven more than the number in 2015. Let me express our sincere appreciation to those 101 Member States listed **Chart 17** and urge other Member States to follow their example.

Once again, the final outcome of 2016 will depend on Member States continuing to honour their financial obligations during the remaining months of 2016 (see **Chart 18**). The breakdown of unpaid assessed contributions for the tribunals is shown in **Chart 19**. The final position will depend on the action taken by these Member States.

Chart 20 shows month-by-month position of cash balances for the international tribunals in 2014, 2015 and 2016. 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 30 September 2016, the bulk of the assessed contributions had been received, with \$49,716 still outstanding (see **Chart 21**). At the time of financing of the capital master plan, the costs were apportioned to 192 Member States, with the amount currently outstanding due from four Member States.

Conclusions

In conclusion, Madam Chair, let me pay particular tribute to the 25 Member States that had paid their assessments that were due and payable in full as of 30 September 2016 (see **Chart 22**). These were Armenia, Australia, Benin, Canada, Chad, China, Cote d'Ivoire, Denmark, Georgia, Germany, Ireland, Israel, Kyrgyzstan, Latvia, Liechtenstein, Micronesia, Monaco, Netherlands, New Zealand, Saint Kitts and Nevis, Senegal, Sierra Leone, Singapore, Sweden and Switzerland.

Chart 23 summarizes the key points. Cash positions are currently positive for all categories. Regular budget cash is at very low levels, and regular budget reserves (Working Capital Fund and the Special Account) are almost exhausted. More severe cash problems will be experienced in the final months of the year, unless sufficient contributions are received.

Currently, unpaid regular budget assessments remain at a significant level. New rates of assessment went into effect in 2016, and I would like to thank the 126 Member States which have already paid in full for the regular budget. I would like to urge the remaining 67 Member States to pay their regular budget contribution in full as soon as possible.

The Secretariat continues to make every effort to expedite outstanding payments to Member States (TCC/COE) based on the level of peacekeeping cash. The level of outstanding payments to Member States (TCC/COE) is currently \$588 million, reflecting a significant decrease.

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.

Thank you very much, Madam Chair.
