

**Financial situation of the United Nations**  
**Statement**  
**by**  
**Catherine Pollard, Under-Secretary-General**  
**Management Strategy, Policy and Compliance**

Fifth Committee of the General Assembly at its 74th session  
11 October 2019

Mr. Chairman, Distinguished delegates,

I thank you for this opportunity to present to you the current financial situation of the United Nations. Since you were last briefed in May, the Secretary-General has written to all Member States on 2 August, 4 October and followed up again on 10 October, about the deepening liquidity crisis of the Organization, especially in relation to the regular budget operations.

Today, I will focus first on the regular budget, and then I will cover the financial situation of peacekeeping operations and the international tribunals. The presentation and my statement will be made available on the website of the Fifth Committee.

Regular budget

As you can see from **Chart 1**, the regular budget has been facing severe liquidity issues in recent years, with a growing downward trend whereby, each year, the situation becomes more dire than the year before. The cash deficits occur earlier in the year, linger longer and run deeper. For the second successive year, we have exhausted all regular budget liquidity reserves, despite several measures we had taken to reduce expenditures to align them with available liquidity.

As of October 9, 2019, the regular budget cash deficit reached its deepest in the year at \$386 million, thereby exhausting the \$150 million from the Working Capital Fund as well as the \$203 million from the Special Account, and borrowing \$33 million from the closed peacekeeping missions.

We had started borrowing from the Working Capital Fund in July, and we had to borrow from the Special Account as well in August. By late September, we had to borrow from closed peacekeeping missions, as regular budget cash reserves were so severely depleted that we risked problems with payroll payments or defaults in vendor payments. By the end of October, we are poised to surpass last year's record cash deficit of \$488 million, and risk exhausting the closed peacekeeping cash reserves also.

**Chart 2** summarizes the status of regular budget assessments as at 4 October 2019 compared to 30 September 2018. In 2019, assessments were issued at a level of \$2.85 billion, the highest for the decade, and \$362 million above the level in 2018. The higher assessment in the second year of the biennium is largely in line with the pattern of assessments for biennial budgets, where the budgetary methodology creates a tendency for assessments to lag behind appropriations and expenditures. Payments received by 4 October 2019 totalled \$1.99 billion, \$61 million more than around the same time last year. However, payments received represent only 70% of the assessments compared to 78% at this time last year, resulting in a gap of nearly \$230 million. Consequently, the unpaid assessed contributions as at 4 October 2019 are higher than last year by \$299 million, and amount to \$1.4 billion.

As seen in **Chart 3**, 128 Member States have paid their regular budget assessments in full by 4 October 2019, compared to 141 Member States at the end of September 2018. I would like to thank those 128 Member States which are listed in **Chart 4** for their regular budget contributions, including those who have also paid a partial advance for 2020.

**Chart 5 shows the** 65 Member States who are yet to pay their assessments to the regular budget in full as of 4 October 2019, 13 more than at 30 September last year. I would note that since the cut-off date, Mozambique, Sri Lanka and the Syrian Arab Republic have paid in full, bringing the count of fully paid Member States to 131.

**Chart 6** provides a comparative view of the largest outstanding assessments for the regular budget as of 30 September 2018 and 4 October 2019.

**Chart 7** highlights the regular budget liquidity crisis this year. We have about \$955 million of unspent funds from the biennial budget for 2018-2019, comprising about \$464 million of post-related expenses and about \$491 million of non-post expenses, including commitment authorities and unforeseen and extraordinary expenses. Despite slowing down hiring from early in the year and also curtailing several non-post expenditures, we have barely enough liquidity to pay the post costs for October, even by using the balance of about \$147 million still available from closed peacekeeping missions. As we confront the worst liquidity crisis in recent years, we risk starting November with not enough cash to cover even payrolls and uncertainty about paying vendors on time.

To fully expend the budget, the Organization would need to collect at least \$808 million within the last quarter. However, there is significant uncertainty about the amount and timing of the payment of the remaining assessments. While nearly half of the unspent budget is for post related expenses which cannot be postponed, the remaining \$491 million also include non-post expenses that cannot be deferred without significant impact on mandate delivery. The large, unspent non-post budget also reflects the impact of postponing such expenditures through out the year in an effort to conserve cash to meet the salary and other urgent costs. The ongoing financial uncertainty relating to collections compels expenditure management based on liquidity rather than programme delivery. The use of average vacancy rates, and limitations on transfers of funds across budget sections and budget classes, exacerbate the resource management problems. Cumulatively, these problems undermine mandate delivery and go against our efforts to focus less on inputs and more on results. Unless these structural and liquidity issues are addressed expeditiously, our work and our reforms will be at increasing risk.

### Peacekeeping operations

As you know, peacekeeping has a different financial period from the regular budget, running from 1 July to 30 June rather than the calendar year.

**Chart 8** shows the status of peacekeeping assessments and collections during 2019. Assessments during 2019 totalled nearly \$8 billion, with nearly half of it being assessed in July for the fiscal year 2019/20. As the collections as of 4 October 2019 lagged behind at \$5.7 billion, the total amount outstanding as at 4 October 2019 is \$3.7 billion, compared to \$1.5 billion as at 31 December 2018.

As shown in **Chart 9**, at 4 October 2019, 30 Member States had paid all peacekeeping assessments in full. This was 11 less than at 30 September 2018. I would like to pay tribute to these Member States for their efforts. Since the cut-off date, Austria, Cuba, Cyprus, Hungary, India, Monaco and Tuvalu have also paid their assessments in full.

**Chart 10** provides an overview of outstanding amounts by peacekeeping operation. As seen in the chart, the \$3.7 billion outstanding as at 4 October comprises \$3.3 billion owed for active missions and \$409 million for closed missions. For active missions, out of \$3.3 billion, \$2.8 billion relates to 2019 assessments, while \$500 million relates to assessments in 2018 and prior.

**Chart 11** shows the unpaid peacekeeping assessments as of 4 October 2019 by Member States. For comparison, the chart also lists amounts outstanding from these Member States as of 30 September 2018.

In its resolution 73/307, the General Assembly decided, after deliberating the Secretary-General's proposals (A/73/809) to improve the financial situation of the United Nations, that the Secretary-General should issue assessment for peacekeeping operations for the full budget period, including the estimated budget for the period for which the mandate has not yet been approved by the Security Council, with the understanding that this amount is considered due within 30 days of the effective date of the extension of a peacekeeping operation's mandate.

**Chart 12** shows the impact of this General Assembly decision. In July 2019, an amount of \$2.4 billion was assessed for peacekeeping operations for the 'non-mandated' period. This chart shows the amounts paid voluntarily by Member States against these assessments. Together with the General Assembly decision in resolution 73/307 to remove the restriction on cross-borrowing of cash for active missions, the assessment and collection for non-mandated periods represent an improvement in the overall liquidity of active peacekeeping operations.

**Chart 13** shows those Member States that have paid in full for the entire peacekeeping year including the non-mandated period. I would like to thank these 10 Member States for their additional payments to all peacekeeping operations. I would also like to thank Canada for paying in full for 12 out of 13 peacekeeping operations.

**Chart 14** shows the status of peacekeeping cash over the last 3 years. As of 9 October, the cash balance consisted of approximately \$2 billion in the accounts of active missions, closed missions, and the Peacekeeping Reserve Fund. Cash of each mission is delineated in a separate account as directed by the General Assembly; similarly, the use of the Peacekeeping Reserve Fund is restricted to new operations and expansion of existing operations.

As **Chart 15** shows, as at 10 October 2019, \$6 million was owed to Member States for troops and formed police units. For contingent-owned equipment claims, \$64 million was owed for active missions and \$86 million for closed missions.

Payments for troops/formed police unit costs are current for all missions up to July 2019 except MINUJUSTH. Contingent-owned equipment for active missions are current up to June 2019 except for MONUSCO, UNAMID, UNFICYP, UNISFA and MINURSO which are current up to March 2019, and MINUJUSTH, which is current up to December 2018.

**Chart 16**, shows the breakdown of the overall amount owed for troop and formed police units and for contingent-owned equipment by Member State as at 10 October 2019.

**Chart 17** reflects the impact of the recent decisions of the General Assembly to allow cross-borrowing (or cash pooling) across active missions and also assess for a full year. For the quarterly payment cycle for September 2019, the chart shows that, without such cash pooling and annual assessment, the outstanding payables to Member States would have been \$285 million. With the new measures, the outstanding is only \$70 million, due to the ability to cross-borrow nearly \$215 million.

The Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible,

as the cash situation permits. I would like to reassure you that we monitor the peacekeeping cash flow situation continuously, and attach high priority to maximize the quarterly payments based on the available cash and data. To do so, we also depend on the expeditious finalization of MOUs with contingent-owned equipment contributors. As requested by the General Assembly in resolution 73/307, quarterly briefings will be organized for Member States on the status of these reimbursements and the actions taken for their timely settlement.

### International Tribunals

Moving on to international tribunals, **Chart 18** provides details on the situation of the Tribunals. As seen in the chart, the total contributions outstanding for the Tribunals as of 4 October 2019 are \$76 million. This includes amounts outstanding for ICTR, which was last assessed in 2016, for ICTY, which was last assessed in 2018, and the MICT which was assessed in 2019.

As of 4 October 2019, 176 Member States for ICTR, 144 Member States for ICTY, and 110 Member States for MICT had paid in full. I would like to thank all Member States for their financial support to the Tribunals and urge those Member States with pending assessments to complete their payments as soon as possible.

**Chart 19** shows the overall situation as of 4 October 2019, where 106 Member States had paid their assessed contributions in full for all the Tribunals, compared to only 58 Member States as of 30 September 2018. Since the cut-off date, the Syrian Arab Republic has also paid their tribunal assessments in full.

**Chart 20** provides the breakdown of unpaid tribunals assessments as of 4 October 2019, with the largest contributions outstanding. For comparison purposes the chart also lists amounts outstanding from these Member States as of 30 September 2018.

Next, **Chart 21** shows the month-by-month position of the overall cash balances for the tribunals over the last three years. The cash position is currently positive. However, the final outcome of 2019 will depend on Member States continuing to honour their financial obligations to the Tribunals.

## Conclusion

In conclusion, **Chart 22** summarizes the status of assessments and unpaid assessments for each of the three categories of operations at the end of the last two years as well as around the end of the third quarter. Unpaid assessments for all three categories are higher this year compared to a similar period last year.

**Chart 23** provides an overview of the evolution of the cash situation for all three categories of operations, as well as the evolution of the outstanding payments to troop/police contributing countries for active peacekeeping operations. The improvement in the settlement of reimbursements to T/PCCs in October 2019 is a reflection of the impact of the recent General Assembly decision to approve the Secretary-General's proposals to allow cross-borrowing of cash for active operations and assessing for a full year without waiting for mandate extension.

**Chart 24** gives you the very latest information on payments as of today, 11 October 2019. 35 Member States have paid all their assessments in full. On behalf of the Secretary-General, I would like to express my deep appreciation to these Member States.

As always, Mr Chairman, the financial health of the Organization depends on Member States meeting their financial obligations in full and on time. The full and efficient implementation of our programme of work depends on the financial support of Member States through the adoption of realistic budget levels and the provision of timely contributions to ensure a stable and predictable financial situation through out the year. For our part, the Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner, and to provide information to Member States with utmost transparency.

Thank you.