



Financial situation of the United Nations
Statement
by
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Mr. Chairman, Distinguished delegates,

I thank you for this opportunity to present to you the current financial situation of the United Nations. The Secretary-General has continued to draw the attention of Member States to the deepening liquidity crisis of the Organization in recent years, 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(a)**, monthly regular budget collections continue to fluctuate significantly each year, making it more difficult to implement the budget efficiently or effectively. The large collections towards the end of the year, especially in December, pose significant challenges as they leave too little time to use the funds as originally planned. This year, after a slow start with a deficit of \$199 million at the end of the first quarter relative to our estimates, collections picked up significantly in April, following an appeal from the Secretary-General. We ended the third

quarter with \$139 million more collections than our estimates. We now await the outcome of the fourth quarter and hope that the collection pattern will revert to more collections in November than in December. The collections in the fourth quarter will also determine whether, and how much, the year-end arrears go down relative to last year's record of \$808 million.

As shown in Chart 1(b), the progressively more stringent cash conservation measures in 2020 and early 2021 have been effective in reducing the risk of a disruption in operations or of exhausting all liquidity reserves including the closed peacekeeping cash. Each year, the regular budget cash deficit has been occurring later in the year due to these measures, while the size of the deficit has also been coming down since 2019. While we borrowed from the Working Capital Fund as early as May in 2018, we were able to postpone the borrowing until July in 2019, until September in 2020, and have not borrowed so far this year. In the last three years, the largest deficits have been \$488 million in October 2018, \$520 million in November 2019 and \$334 million in December 2020. Even though cash inflows in the first half of the year have remained largely similar (and gone up in 2021), cash deficits are occurring later each year because expenditures are being tightly controlled, particularly due to restrictions on hiring of staff.

While these measures may have averted a cash crisis and a disruption of operations, the tight expenditure controls are hampering, and will continue to hamper, budget implementation and mandate delivery. Several activities and outputs are being either postponed or cancelled and these will be reflected in the performance reports. The ongoing financial uncertainty continues to compel budget management based on liquidity rather than programme delivery. The limitations on transfers of funds across budget sections and budget classes, constrain our ability to mitigate the impact of liquidity on mandate delivery. This year, despite the relaxation in the restrictions on hiring and spending in May, after the record collections in April, we are likely to see the lowest rate of budget implementation since 2010. This will translate into a large return of unspent funds that will also negatively impact the liquidity for the 2023 budget. Without adequate liquidity, we cannot spend the budget in full; what we do not spend has to be returned to Member States later, and such return of funds creates a liquidity shortage in the year in which they are returned. This vicious circle of a liquidity shortage creating more such shortages, will create systemic under-performance in mandate delivery, unless the underlying issues are addressed.

Chart 2 shows the cash resources available as at 30 September and 31 December 2020, and as at 30 September 2021. Due to large inflows in April and controlled spending till May 2021, regular budget cash remains positive at the end of September, compared to a deficit at the same time last year. At the end of 2020, the regular budget cash shortfall was reduced to \$160 million. The fourth quarter collections in 2021 will determine whether the shortfall will be greater or lesser this year.

Chart 3 summarizes the status of regular budget assessments as at 30 September 2020 and 8 October 2021. In 2021, assessments were issued at a level of \$2.96 billion, \$88 million above the level in 2020. Payments received by 8 October 2021 totalled \$2.51 billion, \$427 million more than around the same time last year. The Chart also reflects a reduction in unpaid assessments from \$1.5 billion as of 30 September 2020 to \$1.3 billion as of 8 October 2021. As mentioned earlier, at the end of September, the collections were \$139 million more than anticipated at this time due to the large collections in April. Collections in the final quarter remain critical for the outcome of 2021 and it is essential that we collect more than 100 percent this year to reduce record level arrears.

As seen in **Chart 4**, 130 Member States have paid their regular budget assessments in full by 8 October 2021, compared to 124 Member States as of 30 September 2020. I would like to thank those 130 Member States which are listed in **Chart 5** for their regular budget contributions, including those who have also paid a partial advance for 2022.

Chart 6 shows the 63 Member States who are yet to pay their assessments to the regular budget in full as of 8 October 2021, six less than September last year. I would note that since the cut-off date, Belarus has paid in full, bringing the count of fully paid Member States to 131.

Chart 7 provides a comparative view of the largest outstanding assessments for the regular budget as of 30 September 2020 and 8 October 2021.

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 2021. Assessments during 2021 totalled \$3.8 billion, with \$2.7 billion of it being assessed in July for the fiscal year 2021/22 for mandated periods. Since the peacekeeping scales of assessment effective January 2022 are yet to be approved, the assessments for the fiscal year 2021/22 have been issued only for the period until 31 December 2021. The collections as of 8 October 2021 amounted to \$4.8 billion and the total amount outstanding as at 8 October 2021 is \$2.2 billion, compared to \$2.8 billion as at 30 September 2020.

As shown in **Chart 9**, at 8 October 2021, 48 Member States had paid all peacekeeping assessments in full. This was ten more than at 30 September 2020. I would like to pay tribute to these Member States for their efforts. Since the cut-off date, Botswana and Lithuania have also paid their assessments in full.

Chart 10 provides an overview of outstanding amounts by peacekeeping operation. As seen in the chart, the \$2.2 billion outstanding as at 8 October 2021 comprises \$1.8 billion owed for active missions and \$400 million for closed missions. For active missions, out of \$1.8 billion, \$1.1 billion relates to 2021 assessments, while \$655 million relates to assessments in 2020 and prior.

Chart 11 shows the unpaid peacekeeping assessments as of 8 October 2021 by Member States. For comparison, the chart also lists amounts outstanding from these Member States as of 30 September 2020. Before moving to the next chart, I would like you to recollect that, in its resolution 73/307, the General Assembly decided that the Secretary-General should issue assessments for peacekeeping operations for the full budget period, including the period for which the mandate has not yet been approved by the Security Council, with the understanding that the ‘advance’ assessment will be considered due within 30 days of the effective date of the extension of the mandate. However, as this peacekeeping fiscal year spans a scale period, assessments could only be issued through 31 December 2021.

Chart 12 shows the impact of this General Assembly decision. In July 2021, an amount of \$381 million was assessed for peacekeeping operations for the ‘non-mandated’ period through to 31 December 2021. Comparatively, such assessments for ‘non-mandated’ periods were \$2.37 billion for 2019/20 and \$2.47 billion for 2020/21; the lower amount for

2021/22 is due to the non-availability of scales for Jan-June 2022. 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 continue to improve the overall liquidity of active peacekeeping operations. As of 8 October 2021, pending the General Assembly approval of the 2022-2024 scale of assessment and based on provisional estimates, Member States have made advance payments totalling \$84 million for the period January to June 2022. I would like to take this opportunity to thank the Member States who have reached out for provisional amounts based on the current scale, as this is important for overall liquidity which helps settle dues to Troop and /Police Contributing Countries.

Chart 13 shows those Member States that have paid in full for the period to 31 December 2021 including the non-mandated period. I would like to thank these 25 Member States for their additional payments to all peacekeeping operations.

Chart 14 shows the status of peacekeeping cash over the last three years. As of 30 September 2021, the cash balance consisted of approximately \$2.6 billion in the accounts of active missions, closed missions, and the Peacekeeping Reserve Fund. The use of the Peacekeeping Reserve Fund is restricted to new operations and expansion of existing operations, as stipulated in the Financial Regulations. The cash of each mission is delineated in a separate account as directed by the General Assembly and cross-mission borrowing is resorted to when needed, based on the GA resolution cited earlier. The cash in closed peacekeeping operations is temporarily used for the regular budget as mentioned earlier and has been a lifeline for continuing regular budget operations.

As **Chart 15** shows, as at 30 September 2021, the total liabilities for payments to Member States for troops, formed police units and contingent-owned equipment amounted to \$88 million for active peacekeeping operations and \$86 million for closed peacekeeping missions.

Payments for Contingent-owned equipment and troops/formed police unit costs are settled for all missions up to 30 June 2021 except UNAMID that was paid up to 30 September 2020. In resolution 73/307, while approving the management of the cash of active peacekeeping operations as

a pool, the General Assembly also requested the Secretary-General to ensure that mandate implementation of the lending mission is not negatively impacted. Consequently, as a closing mission, UNAMID was not given a loan from the cash pool of active peacekeeping operations due to the risk of delays in repayment of loans.

Chart 16 shows the breakdown of the overall amount owed for troop and formed police units and for contingent-owned equipment to Member States as at 30 September 2021.

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 are being 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 17** provides details on the situation of the Tribunals. As seen in the chart, the total contributions outstanding for the Tribunals as of 8 October 2021 are \$59 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 2021. 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 18 shows the overall situation as of 8 October 2021, where 111 Member States had paid their assessed contributions in full for all the Tribunals, five more than at 30 September 2020. Since the cut-off date, Belarus has also paid their tribunal assessments in full.

Chart 19 provides the breakdown of unpaid tribunals assessments as of 8 October 2021, with the largest contributions outstanding. For comparison purposes the chart also lists amounts outstanding from these Member States at 30 September 2020.

Next, **Chart 20** 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 2021 will depend on Member States continuing to honour their financial obligations to the Tribunals.

Conclusion

In conclusion, **Chart 21** 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 at the end of the third quarter for comparison purposes. Unpaid assessments for the regular budget and peacekeeping operations are lower this year but higher for tribunals compared to a similar period last year.

The Chart also 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 outstanding payments to Member States amounted to \$174 million compared to \$353 million at 30 September 2020; of this, only \$88 million related to active peacekeeping operations and these could not be settled due to the risk of cross-borrowing for a closing mission like UNAMID.

Chart 22 gives you the very latest information on payments as of today, 19 October 2021, 47 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 throughout 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. The Secretary-General will be providing an updated report, in this session, on the implementation of Resolution 73/307 on improving the financial situation of the Organization, and trusts that

Member States will consider his proposals carefully in order to arrest the trend of systemic under-performance on mandate delivery under regular budget operations due to the lack of adequate liquidity reserves compounded by structural weaknesses in budget management capabilities.

Thank you.