



Financial situation of the United Nations

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Thank you, Mr. Chairman and, through you, let me also thank the members of the Fifth Committee for giving me this opportunity to update you on the current financial situation of the United Nations after I last briefed in October 2012.

For today's briefing, I shall focus on four financial indicators:

- (a) Assessments issued
- (b) Unpaid assessed contributions
- (c) Available cash resources
- (d) Outstanding payments to Member States.

Chart 1 summarizes the status of these indicators at 31 December 2011, at 31 December 2012, and more recently at 30 April 2013. Overall, these financial indicators are generally positive, although there are some areas, which need to be closely monitored in 2013. At the end of 2012, unpaid assessments were lower in all areas, except the tribunals. Cash balances were positive across all categories, with the exception of the regular budget. However, the Working Capital Fund adequately covered the shortfall in regular budget cash at year-end.

As regards troop costs and contingent-owned equipment, by the end of 2012 there was a slight improvement in the level of outstanding payments to Member States compared to the previous year. The Secretariat continues to make every effort to expedite outstanding payments to Member States.

Regular budget

Let me turn first to the regular budget (see **Chart 2**). Assessments were slightly lower in 2012 than in 2011 by \$3 million. Unpaid assessed contributions were considerably lower at 31 December 2012, decreasing to \$327 million, compared to \$454 million at 31 December 2011. This is a decrease of \$127 million.

For 2013, regular budget assessments have been issued at a level of \$2.6 billion. Payments received by 30 April 2013 amounted to \$1.5 billion, and \$1.4 billion is currently outstanding for the regular budget for prior year and 2013.

At the end of 2012, 143 Member States had paid their regular budget assessments in full, matching the level reached the year before (see **Chart 3**). On behalf of the Secretary-General, I would like to thank these Member States, which are listed in **Chart 4**, and urge all the other Member States to pay their assessed contributions in full as soon as possible.

Chart 5 shows the breakdown of the amounts that remained outstanding at 5 October 2012 and at year-end. As you can see, there was a significant reduction in the outstanding assessments during the last quarter of 2012. As at 30 April 2013, the large portion of the outstanding \$1.4 billion was owed by five Member States (see **Chart 6**). The final outcome for 2013 will depend in large measure by actions taken by these Member States. Here we must acknowledge the differences in financial year of Member States, and the timing of the related national legislative processes, which may cause timing issues for prompt payment by some Member States.

At 30 April 2013, 76 Member States had paid their assessments to the regular budget in full (see **Chart 7**), which is 16 lower than the number achieved at 7 May 2012, the cut-off date for last year's presentation. Again, let me thank these 76 Member States for their support for the work of the Organization and urge other Member States to follow their example.

Cash resources available for the regular budget under the General Fund include the Working Capital Fund, authorized at \$150 million by the General Assembly, and the Special Account. **Chart 8** shows the cash resources available at the end of 2011 and 2012, and more recently, at 30 April 2013. There was a \$35 million shortfall in regular budget cash at the end of 2012, which was fully covered by the Working Capital Fund. The regular budget cash position had significantly improved by 30 April 2013 due to the receipt of contributions at the beginning of the year, with expenditure to be spread throughout the year. However, if the trend of the previous year continues, the cash position will face a cyclical downward in the second half of the year. It should be stressed that we expect much tighter cash flow towards the end of the year than previous years. Because first of all, we were given only portion of recosting for 2012 and the remaining portion was deferred until the end of 2013. Secondly, the Assembly authorized the use of the Working Capital Fund as a cash flow bridging mechanism to cover expenditures for repair works related to storm Sandy pending the receipt of insurance settlements. All these factors will stress the cash position of the regular budget in the second half of 2013. We will monitor cash position closely and report to the General Assembly on a regular basis. As you note, as at 30 April 2013, it has not so far been necessary to utilize the Working Capital Fund.

The month-by-month cash position in 2012-2013 is shown in **Chart 9**. The final cash position at the end of 2013 will depend largely on the payments to be made by the Member States in coming months.

Peacekeeping operations

Mr. Chairman, peacekeeping has a different financial period from regular budget; assessments are issued separately for each operation; and, since assessments letters are issued only 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 the financial situation of peacekeeping operations and those of the regular budget and the tribunals.

The total amount outstanding for peacekeeping operations at the end of 2012 was \$1.33 billion, reflecting a decrease of \$1.3 billion from the \$2.63 billion outstanding at the end of 2011 (see **Chart 10**). The year-end decrease in unpaid assessments was, in part, related to a lower level of assessments for the July 2012/June 2013 fiscal year, because letters of assessment were pending approval of a new scale for 2013. As at 30 April 2013, new assessments of \$3.5 billion had been issued, and the total balance outstanding amounted to \$1.5 billion.

In Chart 11 the total outstanding assessment at the end of 2012 reflected a considerable decrease from the level at 5 October 2012. More recently, at 30 April 2013, the large portion of the \$1.52 billion unpaid assessments were among five Member States (see **Chart 12**). I acknowledge that the UK payment was received after the cut-off date. Here again we must acknowledge the differences in financial year of Member States, and the timing of the related national legislative processes. This is a particular challenge for peacekeeping operations, because letters of assessment are issued throughout the year for different missions whenever the Security Council renews the respective mandates.

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year, we fully appreciate difficulties for Member States to keep always current with assessments. At 31 December 2012, 37 Member States had paid all peacekeeping assessments, which is eight more than the number reached at the end of 2011 (see **Chart 13**). Let me therefore pay special thanks to those 37 countries in the chart.

As at 30 April 2013, the number of Member States that had paid all peacekeeping assessments was 32 (see **Chart 14**). I would like to pay special tribute to those 32 countries in the chart.

Although the cash available for peacekeeping at the end of 2012 was over \$2.7 billion, it was divided among the separate accounts maintained for each peacekeeping operation and there are restrictions on the use of this cash among missions. In its resolutions on the financing of peacekeeping operations, the General Assembly has specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use only to new operations and expansions of existing operations. **Chart 15** shows the breakdown of peacekeeping cash, which at the end of 2012 consisted of around \$2.27 billion in the accounts of active missions, \$338 million in closed missions accounts, and the Peacekeeping Reserve Fund with \$125 million.

As regards outstanding payments to Member States (see **Chart 16**), the amount owed for troops, formed-police units and contingent-owned equipment at 31 December 2012 was \$525 million, reflecting a decrease from the \$529 million owed at the start of the year. The amount outstanding at the end of 2013 is expected to further decrease to \$496 million.

Chart 17 shows the breakdown of outstanding payments. At 30 April 2013, \$308 million was owed to Member States for troops and formed police units, \$351 million was owed for contingent-owned equipment claims for active missions, and \$86 million was owed for COE claims for closed missions. In addition, \$64 million was owed for letters of assist, and \$1 million for death and disability claims (-for a total of \$810 million). By the end of 2013, the outstanding payments (excluding letters of assist and disability claims) are expected to go down to \$496 million.

Chart 18 shows the breakdown of \$810 million owed to troop, police and equipment contributing countries as at 30 April 2013.

For our part, Mr. Chairman, the Secretary-General is committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible as cash situation permits. I would like to reassure you that we monitor peacekeeping cash flow situation constantly, and as a matter of priority we try to maximize the quarterly payments based on the available cash and data. To do so, we depend on Member States meeting their financial obligations to the UN 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 international tribunals at the end of 2012 reflected a slightly higher level of unpaid assessments compared to the year before. As shown in **Chart 19** the outstanding amount at the end of 2012 was \$36 million compared to the amount at the end of 2011 of \$27 million. You will recall that the International Residual Mechanism was assessed for the first time in 2012.

Chart 20 shows the breakdown of the total unpaid amount at 5 October 2012 and the situation at the end of 2012, which had significantly improved due to last quarter contributions. While unpaid assessments decreased from \$63 million at 5 October 2012 to \$36 million at end 2012.

The number of Member States paying their assessed contributions for the international tribunals in full by the end of 2012 was 104, one less than the level reached at the end of 2011. On behalf of the Secretary-General, let me express our sincere thanks to those 104 Member States listed in **Chart 21** and urge other Member States to follow their example.

Looking at the more recent picture, at 30 April 2013 outstanding assessments amounted to \$178 million (see **Chart 22**). By this date, 41 Member States had paid their assessed contributions to both tribunals and the International Residual Mechanism for Criminal Tribunals in full. As shown in **Chart 23** month-by-month position of cash

balances for the tribunals was positive in 2012 and 2013. Once again, the final outcome of 2013 depends on Member States continuing to honour their financial obligations to the tribunals.

Capital Master Plan

A total of \$1.87 billion was assessed under the special account for the Capital Master Plan. As of 30 April 2013, the bulk of the assessed contributions had been received, with \$3 million still outstanding (see **Chart 24**). Cash balances for the Capital Master Plan are shown in **Chart 25**.

As of 30 April 2013, 158 Member States had paid their Capital Master Plan assessments in full (see **Chart 26**). I should like to thank these Member States and I would urge other Member States to make payment before completion of the CMP.

Conclusions

In conclusion, Mr. Chairman, let me first pay special tribute to 29 Member States in **Chart 27** that had paid in full all assessments for the Regular Budget, Peacekeeping Operations, the International Tribunals, and the Capital Master Plan. These were Andorra, Australia, Austria, Canada, Costa Rica, Czech Republic, Denmark, Finland, Georgia, Germany, Iceland, Ireland, Israel, Italy, Kuwait, Latvia, Lesotho, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Republic of Korea, Saint Lucia, Singapore, South Africa, Sweden, Switzerland and the United Republic of Tanzania. We are really grateful.

Chart 28 summarizes the key points. The financial situation at the end of 2012 was healthy thanks to the positive efforts by many Member States. Unpaid assessments were lower at the end of 2012, compared to the end of 2011 for all categories except the tribunals. We are grateful to Member States for the strong financial commitment despite severe financial constraints at home. The level of outstanding payments to Member States also reflected improvement at the end of 2012, and will decrease to \$496 million at the end of 2013. The Secretariat is making every effort to expedite outstanding payments to Member States, and will continue to do so.

The cash situation is currently positive for all categories. However, the regular budget situation will be tighter towards the end of the year due to several reasons. The Secretariat will continue to monitor closely and will strive prudent financial management of resources.

As always, Mr. Chairman, the financial health of our Organization depends 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.