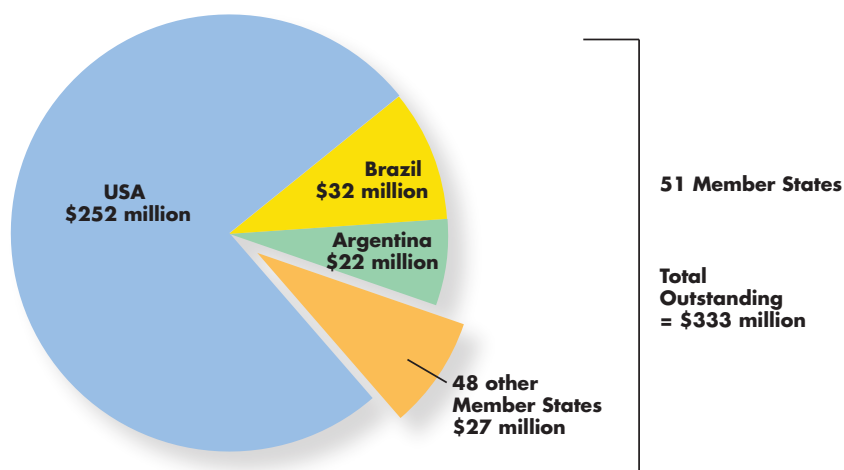


## Regular Budget Assessments Outstanding at 31 December 2005

(US\$ millions)



Regular Budget — Financial Position at 31 December (US\$ millions)			
	2004	2005	Difference
Assessments	1,483	1,828	345
Payments received	1,568	1,852	284
Unpaid assessments	357	333	(24)

# Financial Analysis

## Introduction

This section provides succinct analysis of the results as reported in the attached set of financial statements. As such, the analysis pertains to increases or decreases in the 2004-2005 biennium, as compared to the previous biennium, except for peacekeeping operations and the Office of the United Nations High Commissioner for Refugees, which are on a 12-month cycle. Comments are in the same sequence as the financial statements themselves.

## United Nations

Statements I and II are overall summaries for presentation purposes only, bearing in mind that the resources in underlying funds cannot be co-mingled.

Statement IV shows regular budget expenditures by part and by section for the 2004-2005 biennium, compared to the budget. Overall spending of US\$ 3,612 million was 98.8 per cent of the total appropriation of US\$ 3,656 million. Detailed explanations of variances are included in the performance reports submitted to the General Assembly.

Statement VI for technical cooperation activities shows increased income of 18 per cent and increased expenditures of only 6 per cent, resulting in higher closing fund balances. This is a timing difference, as the funds received are expected to be utilized by projects in the 2006-2007 biennium.

Statement VII for general trust funds shows that for the first time in the history of the United Nations, donor contributions exceeded US\$ 1 billion. Donors provided increased support spread across the spectrum of the Organization's activities. In absolute terms, the largest contributions were for human rights and humanitarian funds; emergency relief operations; and for the UN Fund for International Partnership.

Statement VIII accounts for the Tax Equalization Fund, which was established by the General Assembly to equalize the net pay of staff members irrespective of their national tax obligations. Applying this principle, credits are given to Member States, and the United States is charged for taxes it levies on UN staff salaries. At the end of 2005, the residual balance due to the United States increased to US\$ 97 million, and the balance in favour of other Member States decreased to US\$ 12 million.

Statement IX shows capital expenditures of US\$ 69 million compared to US\$ 16 million in the previous biennium. Expenditures were mainly for security projects (US\$ 46 million) and the Capital Master Plan (US\$ 21 million).

Statement X summarizes activities for all other special funds, including funds held in trust for staff health plans and compensation awards, and special accounts for programme support costs. Funds held in trust accounts are managed conservatively to retain reserves, which totaled US\$ 328 million at the end of 2005. Programme support accounts are utilized in support of extra-budgetary activities, and related reserves rose to US\$ 133 million at the end of 2005.

### Peacekeeping operations

Peacekeeping operations follow a twelve-month cycle, from 1 July to 30 June of the following year.

Statement I shows income and expenditures for combined peacekeeping operations. Overall expenditures rose substantially by 39 per cent from US\$ 2,934 million in 2004 to US\$ 4,074 million in 2005. This surge was due to expanded peacekeeping operations in Africa, with MONUC (Congo) alone accounting for expenditures of US\$ 941 million. The main changes in expenditures of missions are shown in the table below, together with total 2005 expenditures.

Mission Expenditures (US\$ in millions)		
	Increase (decrease) in 2005	Total 2005
MONUC — expansion	276	941
UNMIL <sup>a)</sup>	236	784
UNOCI <sup>a)</sup>	264	347
MINUSTAH <sup>a)</sup>	343	377
ONUB <sup>a)</sup>	264	304
UNMIS — start up	219	219
UNAMSIL <sup>b)</sup>	(197)	275
UNMISSET <sup>b)</sup>	(123)	82
	1,282	3,329
All others — net	(142)	745
<b>Increase in overall expenditures</b>	<b>1,140</b>	<b>4,074</b>

The details of fiscal 2005 expenditures by mission and a comparison to its budget are shown in Schedule 1.1 of the financial statements.

a) These missions started during fiscal 2004, and fiscal 2005 expenditures reflect a full year's operations.

b) These missions were starting to wind down in fiscal 2005.

Statement II shows assets and liabilities for combined peacekeeping operations. Cash in the active missions was sufficient for operating requirements and for timely reimbursement to countries that had provided troops or formed police units, except for UNMIK (Kosovo), MINURSO (Western Sahara) and UNMOGIP (India/Pakistan). In addition, cash shortages continued for a number of closed missions, including UNOSOM (Somalia), UNTAC (Cambodia) and MINURCA (Central African Republic), as well as the two earliest peacekeeping missions — UNEF (Egypt) and ONUC (Congo).

### **International Criminal Tribunal for Rwanda**

Statement I shows expenditures that were 21 per cent higher compared to the previous biennium, mainly as a result of higher staffing costs.

Statement II shows an improved cash position as loans outstanding at the end of 2003 of US\$ 28 million were paid off. Higher payments by Member States towards their assessments were responsible for the turnaround.

### **International Criminal Tribunal for the former Yugoslavia**

Statement I shows that expenditures were only 6 per cent higher compared to the previous biennium, with higher staff costs offset by decreases in the other categories.

Statement II shows a much improved cash position, as loans outstanding at the end of 2003 of US\$ 48 million were paid off, and closing cash at the end of 2005 totaled US\$ 46 million. Higher payments by Member States towards their assessments were responsible for the turnaround.

### **United Nations Office on Drugs and Crime**

In addition to the expenditures accounted for under the United Nations Drug Control Programme, support for the drug programme is provided through the regular budget of the United Nations, which incurred expenditures of US\$ 21 million in the 2004-2005 biennium compared to US\$ 18 million in the previous biennium.

Statement I shows that voluntary contributions increased by 19 per cent to US\$ 133 million from US\$ 112 million in the previous biennium, with marked differences in contributions for special and general purpose funds. Increases continued for special purpose funds, and programme expenditures also rose, reflecting higher levels of programme delivery. On the other hand, contributions for general purpose funds remained relatively flat for the biennium, and as expenditures rose, a number of actions were taken to contain cost increases and arrest the decline in the liquidity position. At the end of 2005, closing reserves for all funds showed a small decline to US\$ 74 million from US\$ 75 million at the end of the previous biennium. Total cash on hand was also US\$ 74 million.

### **United Nations Environment Programme**

In addition to the expenditures accounted for under the United Nations Environment Programme, support for the environment programme is provided through the regular budget of the United Nations, which incurred expenditures of US\$ 11 million in the 2004-2005 biennium as compared to US\$ 9 million in the previous biennium.

Statement I shows that overall income grew by 22 per cent to US\$ 519 million in the 2004-2005 biennium, compared to US\$ 424 million in the previous biennium. Expenditures also rose significantly — by 36 per cent to US\$ 511 million — reflecting increased utilization of available funds. The overall liquidity position remained satisfactory, with total cash on hand at the end of 2005 increasing slightly to US\$ 245 million.

### **UN-Habitat**

In addition to the expenditures accounted for under the United Nations Human Settlements Programme, support for the human settlements programme is provided through the regular budget of the United Nations, which incurred expenditures of US\$ 16 million in the 2004-2005 biennium as compared to US\$ 14 million in the previous biennium.

Statement I shows that voluntary contributions increased significantly during the 2004-2005 biennium. The total reached an all-time high of US\$ 197 million as compared to US\$ 76 million in the previous biennium. Of the total income received, US\$ 176 million was special purpose funds, and only US\$ 21 million was general purpose funds. The continuing imbalance between the two remains a major challenge for UN-Habitat. Expenditures did not keep pace with the higher level of contributions, and closing reserves at the end of 2005 totaled US\$ 88 million as compared to US\$ 29 million previously. The overall liquidity position improved, with total cash on hand more than doubling to US\$ 129 million at the end of 2005.

### **United Nations Relief and Works Agency for Palestine Refugees in the Near East**

Statement I shows that total income received under UNRWA's regular budget for the 2004-2005 biennium was US\$ 721 million, including US\$ 35 million from the regular budget of the United Nations. Expenditures totaled US\$ 709 million, and closing reserves totaled US\$ 59 million at the end of 2005. Non-regular budget funds had a total income of US\$ 299 million and expenditures of US\$ 271 million, and ended 2005 with closing reserves of US\$ 109 million. The overall liquidity position was satisfactory with total cash on hand of US\$ 178 million as compared to US\$ 141 million at the end of the previous biennium.

### **Office of the United Nations High Commissioner for Refugees**

The financial statements of UNHCR are prepared on a 12-month calendar year basis.

Statement I shows that during 2005 voluntary contributions increased by 15 per cent to US\$ 1,135 million, including US\$ 39 million from the regular budget of the United Nations. As income fell short of funds originally programmed, spending cuts were instituted during 2005. In addition, a strengthening US dollar resulted in currency losses of US\$ 36 million compared to gains of US\$ 7 million in the previous year. Total expenditures came in at US\$ 1,145 million, which resulted in a reduction in closing reserves to US\$ 133 million. Cash on hand at the end of 2005 decreased to US\$ 133 million from US\$ 147 million at the end of the previous biennium.

### **International Trade Centre**

Approximately half of the Centre's activities are financed by voluntary contributions and the other half by assessments on the United Nations and WTO in equal shares.

Overall income in the 2004-2005 biennium increased by 32 per cent to US\$ 117 million. Expenditures also increased by 24 per cent as the Centre launched a number of new programmes, established alliances with new partners, enhanced its tool kit of products and services and made improvements to its business processes. The liquidity position of ITC remained satisfactory with cash on hand of US\$ 38 million at the end of 2005 compared to US\$ 27 million at the end of the previous biennium.

### **United Nations University**

Statement I shows total income during the 2004-2005 biennium of US\$ 73 million, compared to US\$ 75 million in the preceding biennium. Included in the current biennium was interest income of US\$ 18 million and a gain on sale of securities of US\$ 13 million, compared to interest income of US\$ 19 million and a loss on sale of securities of US\$ 14 million in the previous biennium. Income during the previous biennium had been boosted by currency revaluation gains of US\$ 35 million. Expenditures rose to US\$ 81 million, and closing reserves fell US\$ 5 million to US\$ 300 million, including US\$ 279 million for the Endowment Fund. Cash and investments in the Endowment Fund at the end of 2005 totaled US\$ 272 million, which had a market value of US\$ 303 million. This was a slight increase over the end of 2003 levels, when the Endowment Fund had cash and investments of US\$ 263 million with a market value of US\$ 274 million.

### **United Nations Institute for Training and Research**

Statement I shows that voluntary contributions for the 2004-2005 biennium increased by 88 per cent to US\$ 27 million, with increases for both the general and special purpose funds. Expenditures also increased from new projects established during the 2004-2005 biennium. By the end of 2005, the liquidity position of UNITAR had improved, with cash on hand of US\$ 14 million as compared to US\$ 7 million at the end of the previous biennium.