



Financial situation of the United Nations

Statement by Angela Kane, Under-Secretary-General for Management

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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 brief you on the current financial situation of the United Nations.

In doing so, I shall focus on four main financial indicators:

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

Chart 1 summarizes the status with respect to assessments at 31 December 2010 and 5 October 2011. **Chart 2** summarizes the status with respect to cash and debt to Member States as of 31 December 2010 and projections to 31 December 2011. Overall, there has been improvement despite the current global financial climate, with projected positive cash balances at year end in all categories and reduction in the level of debt to Member States, even as unpaid assessments have increased slightly in all categories.

Regular budget

Let me turn first to the regular budget. As **Chart 3** shows, both assessments and payments were higher in 2011 than in 2010, by \$249 million and \$184 million respectively. Unpaid assessed contributions amounted to \$867 million on 5 October 2011. This is higher by \$81 million than the \$786 million outstanding on 5 October 2010, which I reported to you one year ago.

Despite the slight increase in unpaid assessments, the number of Member States that had paid their regular budget assessments in full by 5 October 2011 was 131, twelve higher than on 5 October 2010 (see **Chart 4**). The corresponding figure for 31 December 2010 was 137. Payments received after 5 October 2011 result in the addition of Haiti and Belarus to the list of Member States which have paid in full regular budget assessment as of now.

On behalf of the Secretary-General, I should like to thank the 131 Member States (see **Chart 5**) and the two that I just mentioned that have paid their regular budget contributions in full and urge the remaining 59 Member States that have not yet done so to pay their assessed contributions for 2011 in full as soon as possible.

The breakdown of the \$867 million that remained outstanding at 5 October 2011 is shown in **Chart 6**. As you can see, Mr. Chairman, this amount is highly concentrated with 87.4 per cent being owed by a single Member State, 8.1 per cent by 3 other Member states and 4.5 per cent by the remaining Member States. Clearly, the final picture for 2011 will largely depend on the action taken by these countries in the coming months.

Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid, the Working Capital Fund, presently approved at the level of \$150 million by the General Assembly, and the Special Account. **Chart 7** shows the cash resources available at the end of 2010 and at 5 October 2011. The final position will also depend in large measure on the action to be taken by the countries highlighted in **Chart 6**. The month-by-month cash position in 2010-2011 is shown in **Chart 8**, reflecting an anticipated positive cash balance at the end of December 2011, without including the balances in the Working Capital Fund and the Special Account. The final situation is dependent on the action of the major debtors.

Peacekeeping operations

As you know, Mr. Chairman, the unpredictable nature of the demand for peacekeeping activities makes it hard to predict financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and, since assessments can currently 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 the financial situation of peacekeeping operations and those of the regular budget and the tribunals.

The total amount outstanding for peacekeeping operations at 5 October 2011 was \$3.3 billion (see **Chart 9**). This is approximately \$843 million higher than at the end of 2010 and is \$113 million above the level at 5 October 2010. The \$3.3 billion outstanding at 5 October 2011 includes assessments for UNIFIL of approximately \$474 million,

which were issued on 16 September 2011, and are still within the 30 day due period. The distribution of unpaid assessments is reflected in **Chart 10**.

Due to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be more difficult for Member States to keep fully current with assessments. Let me therefore pay special thanks to the 17 Member States, listed in **Chart 11**, which at 5 October 2011 had paid all peacekeeping assessments that were then due and payable. They were Australia, Canada, Cote de Ivoire, Estonia, Finland, Germany, Iceland, Ireland, Liechtenstein, Monaco, Netherlands, New Zealand, Saint Kitts and Nevis, Singapore, Sweden, Switzerland and Thailand. Further, payments received after 5 October 2011 until today result in the addition of Latvia to the list of Member States which have paid their peacekeeping assessments in full.

The cash balance in peacekeeping accounts at 5 October 2011 was about \$4.3 billion (see **Chart 12**). This amount was divided between the accounts of a number of ongoing and closed operations, and the Peacekeeping Reserve Fund. At 5 October 2011, cash in the accounts of active missions totalled approximately \$3.8 billion, the Peacekeeping Reserve Fund had \$143 million and the accounts of closed missions had \$314 million. However, there are restrictions on the use of these resources. In its resolutions on the financing of peacekeeping operations, the General Assembly routinely specifies that no peacekeeping mission shall be financed by borrowing from other active missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use to new operations and the expansion of existing operations. Further, only some of the cash available in the accounts of closed peacekeeping operations is currently available for cross-borrowing, as elaborated later. Further, in its recent resolution (A/RES/65/293), the General Assembly authorized the return of \$180 million from closed peacekeeping missions as at 30 June 2010.

Based on information currently available, we expect that total cash available in peacekeeping accounts at the end of 2011 will total \$3.2 billion, with approximately \$2.8 billion in the accounts of active missions, \$316 million in the accounts of closed missions and \$140 million in the Peacekeeping Reserve Fund (see **Chart 13**). These estimates are based on projected receipts and disbursements.

Of the \$316 million expected to be available in the accounts of closed peacekeeping operations at the end of this year (see **Chart 14**), \$263 million is set aside for amounts to be paid for outstanding liabilities, such as troop and equipment payments and credits to be returned to individual Member States. This leaves \$53 million that is available for possible cross-borrowing by active peacekeeping operations. With decreased liquidity in peacekeeping missions, the need for such cross borrowing in 2011 has increased, though this could also reverse if Member States pay their assessments promptly. So far in 2011, cross borrowing from the accounts of peacekeeping operations has been required for six active missions - MINURSO, UNFICYP, UNMIT, UNMIK, MONUSCO and UNOCI - for a total of \$130 million. By comparison, such cross-borrowings were \$148 million in 2008 for seven active missions, followed by two years

of low levels of cross borrowings of \$49 million in 2009 for four active operations and \$33 million in 2010 for three active missions -MINURSO, UNFICYP and UNMIT.

Debt to Member States

When we reported to you in May, we had projected the Organization's debt to Member States providing troops and equipment to peacekeeping operations at \$568 million. Based on revised projections, it now appears that the amount outstanding at the end of 2011 will be some \$448 million, which is lower than the projection made in May, and also below the amount of \$539 million outstanding at 31 December 2010 (see **Chart 15**). New obligations in 2011 are up, due mainly to the one-time supplemental payment to troop-contributing countries decided by the General Assembly in its resolution 65/289 and deployment of military contingent to the newly established mission in UNISFA, partly offset by a reduction of military personnel in UNMIL and a reduction of police personnel in UNMIT (see **Chart 16**). **Chart 17** sets out the \$598 million owed to troop and police contributing countries at 11 October 2011.

Payments of troop obligations were broadly current up to August 2011 for 10 active missions with liabilities for troop and Formed Police Unit (FPU) costs, except for MINURSO, UNFICYP and UNMIL, due to insufficient cash in the special account for these missions. Payments for contingent-owned equipment are current up to June 2011 for all missions except for the three missions mentioned earlier. I would also like to reassure troop contributors that my colleagues and I will continue to monitor and review the peacekeeping operations cash flow situation constantly, with a view to maximizing the quarterly payments based on the cash that is available.

For our part, Mr. Chairman, the Secretary-General is committed to meeting the Organization's obligations to Member States providing troops and equipment to peacekeeping operations as expeditiously as possible. To do so, however, we depend on Member States to meet their financial obligations to the United Nations in full and on time, and on the finalization of MOUs with troop contributors for provision of equipment.

International tribunals

The financial position of the international tribunals for Rwanda and the former Yugoslavia has improved slightly overall (see **Chart 18**) with more payments received compared to 5 October 2010, even though the unpaid assessments have gone up by \$6 million. The number of Member States paying their assessed contributions for both international tribunals in full by 5 October 2011 has also increased to 93, five more than on 5 October 2010. On behalf of the Secretary-General, let me express our sincere thanks to the 93 Member States that have met their financial obligations to the tribunals in full (see **Chart 19**) and urge other Member States to follow their example.

The final financial position of the tribunals will obviously depend on the payment of assessed contributions by Member States (see **Chart 20**) during the balance of this year. The breakdown of unpaid assessed contributions for the tribunals (see **Chart 21**) also shows a high degree of concentration, with one Member State accounting for 64 per cent of the total, 4 Member States accounting for 18 per cent, and the remaining Member States accounting for 18 per cent. A lot will depend, therefore, on the action to be taken by these Member States.

Chart 22 shows cash flow figures for the tribunals for 2010 and 2011. If recent trends continue, the tribunals should end the year with positive cash balances. Once again, however, the actual outcome depends on Member States meeting their financial obligations to the tribunals in full and in a timely fashion.

Capital master plan

The total budget for the Capital Master Plan project of \$1.9 billion was approved by the General Assembly on 22 December 2006.

In accordance with the General Assembly resolution, 180 member states are under the multi-year payments system and 12 Member States have opted for one-time payment. As of 5 October 2011, payments totalling \$1.8 billion have been made against assessments due and payable, with \$88 million still outstanding (see **Chart 23**). Cash balances through year-end 2011 are projected in **Chart 24**.

I should like to thank the 124 Member States (see **Chart 25**) that have paid in full their Capital Master Plan assessments as of 5 October 2011. In order to ensure the timely execution of the project, I would urge all Member States to pay their assessed contributions to the capital master plan in full and on time.

Conclusions

In conclusion, Mr. Chairman, let me first pay special tribute to those 18 Member States that had paid in full all assessments that were due and payable as of yesterday 10 October 2011 (see **Chart 26**). These were Australia, Canada, Cote d'Ivoire, Estonia, Finland, Germany, Iceland, Ireland, Latvia, Liechtenstein, Monaco, the Netherlands, New Zealand, Saint Kitts and Nevis, Singapore, Sweden, Switzerland and Thailand.

As I indicated at the beginning of this statement, Mr. Chairman, the financial indicators for 2011 show improvement in some areas, despite the current global financial climate (see **Chart 27**).

Cash positions are projected to be positive at year-end for all funds, although the final outcome will be dependent on last quarter contributions.

As regards the level of debt to Member States, this is projected to decrease to \$448 million at the end of this year, compared to \$539 million at the end of 2010. This is a significant improvement.

Unpaid assessments reflect increased levels compared to last year for all categories but the number of Member States meeting their obligations in full is higher than one year ago in all categories.

Despite the improvement in the number of Member States that have paid their assessments, amounts outstanding continue to be concentrated among a few Member States for most categories. However, for peacekeeping operations, there has been a reduction in the degree of concentration over recent years.

In conclusion, Mr. Chairman, in order to maintain the financial health of the organization, it remains as critical as ever for Member States to meet their financial obligations to the United Nations in full and on time and, on behalf of the Secretary-General, let me urge all Member States to endeavour to do so, while acknowledging the improvement in some areas despite the current global financial climate.

As in the past, Mr. Chairman, the substance of these remarks will be reflected in an official document to be issued shortly.

Thank you very much Mr. Chairman.

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