



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. Since you were last briefed in May, the Secretary-General has written to all Member States on 31 August 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 and each year, the situation becomes more dire than the year before. As of 30 September 2020, the regular budget cash deficit reached \$106 million, thereby necessitating borrowing from the Working Capital Fund. This year also, we will potentially exhaust all regular budget liquidity reserves, despite the numerous measures we have undertaken to reduce expenditures to align them with available liquidity.

The effectiveness of the cash conservation measures is also evident in this chart. Even though cash inflows in the first half of the year have remained largely similar, cash deficits are occurring later each year because expenditures are being tightly controlled including hiring of staff. 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 and until September this year through cash conservation measures. In the last two years, the deepest deficits have been in October of 2018 and November of 2019. Due to the expenditure controls throughout this year, our deepest deficit will most likely be in December. Even with current tight spending levels, we are likely to end the year, based on the anticipated collection, with a deficit which cannot be fully covered by the regular budget liquidity reserves. In November, we anticipate having to use closed peacekeeping operations' cash to meet our legal obligations to staff and vendors. If we do not continue to manage both hiring and non-post expenses, we could potentially run out of cash to pay vendors in December, if the anticipated contributions are not received.

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, 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.

Chart 2 summarizes the status of regular budget assessments as at 30 September 2019 and 2020. In 2020, assessments were issued at a level of \$2.87 billion, \$18 million above the level in 2019. Payments received by 30 September 2020 totalled \$2.08 billion, \$91 million more than around the same time last year. However, a part of this payment relates to delayed payment of 2019 contributions only received this year. At the end of September, the collections were \$185 million less than anticipated at this time.

As seen in **Chart 3**, 124 Member States have paid their regular budget assessments in full by 30 September 2020, compared to 127 Member States

one year earlier. I would like to thank those 124 Member States which are listed in **Chart 4** for their regular budget contributions, including those who have also paid a partial advance for 2021.

Chart 5 shows the 69 Member States who are yet to pay their assessments to the regular budget in full as of 30 September 2020, three more than last year. I would note that since the cut-off date, the Republic of Seychelles has paid in full, bringing the count of fully paid Member States to 125.

Chart 6 provides a comparative view of the largest outstanding assessments for the regular budget as of 30 September 2019 and 2020.

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 7 shows the status of peacekeeping assessments and collections during 2020. Assessments during 2020 totalled \$5.2 billion, with \$4.4 billion of it being assessed in July for the fiscal year 2020/21 for mandated periods. The collections as of 30 September 2020 improved to \$5.8 billion, the total amount outstanding at 30 September 2020 is \$2.8 billion, compared to \$3.8 billion one year ago.

As shown in **Chart 8**, at 30 September 2020, 38 Member States had paid all peacekeeping assessments in full. This was ten more than at 30 September 2019. I would like to pay tribute to these Member States for their efforts. Since the cut-off date, Denmark, New Zealand and Spain have also paid their assessments in full.

Chart 9 provides an overview of outstanding amounts by peacekeeping operation. As seen in the chart, the \$2.8 billion outstanding as at 30 September 2020 comprises \$2.3 billion owed for active missions and \$425 million for closed missions. For active missions, out of \$2.3 billion, \$1.7 billion relates to 2020 assessments, while \$593 million relates to assessments in 2019 and prior.

Chart 10 shows the unpaid peacekeeping assessments as of 30 September 2020 by Member States. For comparison, the chart also lists

amounts outstanding from these Member States as of 30 September 2019. 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.

Chart 11 shows the impact of this General Assembly decision. In July 2020, an amount of \$2.5 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 continue to improve the overall liquidity of active peacekeeping operations.

Chart 12 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 13 Member States for their additional payments to all peacekeeping operations.

Chart 13 shows the status of peacekeeping cash over the last three years. As of 30 September 2020, the cash balance consisted of approximately \$3.9 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.

As **Chart 14** shows, as at 30 September 2020, \$357 million was owed to Member States for troops and formed police units. This is compared to \$6 million as of 10 October 2019. For contingent-owned equipment claims, \$495 million was owed for active missions which is compared to \$64 million as of 10 October 2019 and \$86 million for closed missions.

Payments for troops/formed police unit costs are current for all missions up to 30 June 2020 except UNAMID that was paid up to 31 December 2019. Contingent-owned equipment for active missions are settled to 31 March 2020 except for UNAMID that was paid up to 31 December 2019. In view of the recent payments by Member States, we anticipate making ad-hoc COE payments of approximately \$192 million for arrears with the exception of UNAMID.

Chart 15 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 2020.

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 16** provides details on the situation of the Tribunals. As seen in the chart, the total contributions outstanding for the Tribunals as of 30 September 2020 are \$58 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 2020.

As of 30 September 2020, 182 Member States for ICTR, 163 Member States for ICTY, and 107 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 17 shows the overall situation as of 30 September 2020, where 106 Member States had paid their assessed contributions in full for all the

Tribunals, two more than at 30 September 2019. Since the cut-off date, the Syrian Arab Republic has also paid their tribunal assessments in full.

Chart 18 provides the breakdown of unpaid tribunals assessments as of 30 September 2020, with the largest contributions outstanding. For comparison purposes the chart also lists amounts outstanding from these Member States at 30 September 2019.

Next, **Chart 19** 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 2020 will depend on Member States continuing to honour their financial obligations to the Tribunals.

Conclusion

In conclusion, **Chart 20** 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. Unpaid assessments for the regular budget are higher this year but lower for peacekeeping operations and tribunals compared to a similar period last year.

Chart 21 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 \$852 million compared to \$928 million at 30 September 2019, this amount includes amounts not yet considered due and payable until December.

Chart 22 gives you the very latest information on payments as of today, 8 October 2020. 38 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.

Thank you.