



General Assembly

Distr.: General
13 October 2014

Original: English

Sixty-ninth session

Agenda item 134

Improving the financial situation of the United Nations

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Report of the Secretary-General

Summary

The present report reviews the financial situation of the United Nations as at 2 October 2014 and provides an update to the information presented in the previous report of the Secretary-General ([A/68/524/Add.1](#)).

The report discusses the financial strength of the Organization on the basis of four main financial indicators: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

Overall financial indicators for 2014 were generally sound, except the regular budget. The level of cash available for the regular budget is currently low and the situation is expected to tighten further towards the year end. The level of outstanding payments to Member States is projected to decrease considerably by the end of 2014 as a result of continuous efforts by the Secretariat to expedite the related payment process. While cash balances will be positive for peacekeeping operations and the international tribunals, cash available for the capital master plan will be exhausted in November 2014, and the Working Capital Fund and the Special Account will be used to bridge any capital master plan cash flow needs. The final regular budget cash position will depend on incoming contributions in the final months of the year.

A significant amount of assessments remains unpaid. Given the limited reserves available, the only way to ensure a more stable financial base for the work of the United Nations is for Member States to meet their financial obligations to the Organization in full and on time.



I. Introduction

1. The present report updates the information on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report ([A/68/524/Add.1](#)). It reviews the financial indicators as at 2 October 2014 and provides a comparison with the situation as at 1 October 2013 (see [A/68/524](#)).

2. In the present report, the financial situation of the United Nations is considered on the basis of four main financial indicators that have been used to measure the strength of the Organization: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

II. Review of the financial situation as at 2 October 2014

3. The financial situation as at 2 October 2014 reflects decreases in the level of assessments for peacekeeping operations and the international tribunals and a slight increase in the level of assessment for the regular budget. No new assessments were issued for the capital master plan in 2013 or 2014. As at 2 October 2014, unpaid assessments were higher for the regular budget and lower for peacekeeping operations and the capital master plan than they were one year ago. Unpaid assessments for the international tribunals remained unchanged compared with the situation as at 1 October 2013. The level of outstanding payments to Member States is projected to decrease considerably by the end of 2014. Overall, the financial indicators for 2014 were positive, although the level of cash available for the regular budget continues to be a major concern, and the final outcome will largely depend on incoming contributions in the remaining months of the year.

A. Regular budget

4. Assessments for the regular budget for 2014 were higher than those for 2013, by \$6 million. Payments received by 2 October 2014 exceeded \$2 billion, higher by \$48 million than the payments received by 1 October 2013. Unpaid assessments at 2 October 2014 were higher by \$92 million than unpaid assessments at 1 October 2013, with outstanding amounts of \$1,037 million and \$945 million, respectively.

5. As at 2 October 2014, 125 Member States had paid their regular budget assessments in full, nine less than at 1 October 2013. The Secretary-General wishes to thank the 125 Member States that have honoured their obligations for the regular budget in full and urges the remaining 68 Member States to follow their example.

6. The amount of \$1,037 million that remained outstanding at 2 October 2014 was highly concentrated among a few Member States. The final financial picture for 2014 will largely depend on the action taken by those Member States in the coming months.

7. Cash resources for the regular budget comprise the General Fund, into which assessed contributions are paid; the Working Capital Fund, authorized periodically by the General Assembly; and the Special Account. At the end of 2013, there was a shortfall of \$31 million, which resulted in a balance of \$119 million in the Working Capital Fund. On 2 October 2014, the regular budget cash amounted to \$35 million,

excluding the Working Capital Fund and the Special Account (\$150 million and \$234 million, respectively). The level of cash available for the regular budget is currently low, and the situation is expected to tighten further towards the year end. Taking into account the reserves, a total of \$419 million cash is currently available.

8. The General Assembly, in resolution 68/247 B, authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges of the capital master plan, including associated costs, until the sixty-ninth session. In addition, the recently approved commitment authority for the United Nations Mission for Ebola Emergency Response (UNMEER) (see resolution 69/3) will draw on regular budget cash. These requirements will add pressure to the overall cash position of the General Fund. While the regular budget cash, including reserves, stands at \$419 million, disbursements through the end of the year are projected at around \$800 million. The cash position will continue to be monitored closely. The final cash position at the end of 2014 will depend largely on payments to be made by Member States in the coming months.

B. Peacekeeping operations

9. The changing demand for peacekeeping activities makes it difficult 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 assessment letters can be issued only until the end of the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of those factors complicate a comparison between peacekeeping operations and the regular budget.

10. The unpaid amount for peacekeeping operations at 2 October 2014 was \$2.6 billion. A total of \$5.8 billion has been assessed for peacekeeping operations in 2014, including \$1 billion in assessments issued on 19 September for the United Nations Interim Force in Lebanon (UNIFIL), the United Nations Mission in Liberia (UNMIL), and the African Union-United Nations Hybrid Operation in Darfur (UNAMID). Contributions received so far in 2014 amount to \$5.5 billion.

11. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. The Secretary-General therefore wishes to express special gratitude to the following 30 Member States, which at 2 October 2014 had paid all peacekeeping assessments that were then due and payable: Australia, Austria, Canada, Costa Rica, Denmark, Egypt, Equatorial Guinea, Finland, the Gambia, Germany, Iceland, Ireland, Japan, Kazakhstan, Latvia, Liechtenstein, Monaco, Montenegro, the Netherlands, New Zealand, the Niger, Nigeria, Samoa, Senegal, Singapore, South Africa, Sweden, Switzerland, Uganda and the United Republic of Tanzania. In addition, Andorra, Israel and the Russian Federation have paid all peacekeeping assessments currently due and payable since the cut-off date.

12. The amount of cash available for peacekeeping operations as at 2 October 2014 was approximately \$4.25 billion, with approximately \$3.8 billion in the accounts of active missions, \$310 million in the accounts of closed missions and \$134 million in the Peacekeeping Reserve Fund.

13. With regard to outstanding payments to Member States, the Secretariat has continued to make every effort towards minimizing the level of those payments. Outstanding payments at the end of 2013 amounted to \$513 million, and it is projected that this amount will decrease to \$501 million by the end of 2014.

14. At 3 October 2014, \$585 million was owed to Member States for troops and formed police units. For contingent-owned equipment claims, \$602 million was owed for active missions and \$86 million for closed missions. Those components add up to roughly \$1.3 billion. The payment situation is as follows:

(a) Payments for troops and formed police units for all missions were current up to July/August 2014, except those for the United Nations Stabilization Mission in Haiti (MINUSTAH), UNAMID, the United Nations Peacekeeping Force in Cyprus (UNFICYP) and UNMIL, owing to insufficient cash availability in the special accounts for those missions. Additional payments for troops/formed police unit costs in the total amount of \$289 million were scheduled for 9 October 2014;

(b) Payments for contingent-owned equipment in the active missions were current up to June 2014 for all missions, with the exception of UNAMID and UNFICYP, which were current up to December 2013, and UNMIL, which was current up to March 2014. Additional payments for contingent-owned equipment for active missions in the total amount of \$169 million were scheduled for 10 October 2014.

15. The Secretary-General remains committed to meeting obligations to Member States that troops and equipment as expeditiously as possible. In that regard, the peacekeeping cash flow situation is being closely monitored to maximize quarterly payments to Member States on the basis of cash and data availability. The Organization continues to depend on Member States honouring their financial obligations in full and on time, and also on the expeditious finalization of memorandums of understanding with troop contributors for the provision of equipment.

C. International tribunals

16. The international tribunals comprise the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals. The level of unpaid assessments for the international tribunals as at 2 October 2014 matched the level one year ago, with \$60 million still outstanding.

17. Nevertheless, as at 2 October 2014, 98 Member States had paid their assessed contributions in full for the international tribunals as well as for the International Residual Mechanism for Criminal Tribunals, which is two more than the level reached at 1 October 2013. The Secretary-General wishes to express his appreciation to the 98 Member States that have met their obligations in full and urges other Member States to pay their contributions to the international tribunals in full and on time.

18. The cash resources available for the international tribunals are currently at positive levels and are expected to remain solid through the year end. The final position will depend on incoming payments from Member States during the final months of 2014.

D. Capital master plan

19. A total of \$1.87 billion was assessed under the special account for the capital master plan. As at 2 October 2014, the bulk of the assessed contributions had been received, with \$0.5 million still outstanding. The remaining cash balance in the capital master plan will have been fully utilized by November 2014. To that end, the General Assembly has authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges including associated costs. A decision will be required on the financing of the capital master plan and the associated costs at the main part of the sixty-ninth session.

20. As at 2 October 2014, 176 Member States had paid their assessments for the capital master plan in full. The Secretary-General wishes to express his gratitude to those 176 Member States and urges the other Member States to make their payments before completion of the capital master plan.

III. Conclusions

21. The Secretary-General wishes to pay special tribute to the 29 Member States that paid all assessments that were due and payable as at 9 October 2014: Andorra, Australia, Austria, Canada, Denmark, Egypt, Equatorial Guinea, Finland, the Gambia, Germany, Iceland, Ireland, Israel, Japan, Kazakhstan, Latvia, Liechtenstein, Monaco, the Netherlands, New Zealand, the Niger, Nigeria, Samoa, Senegal, Singapore, South Africa, Sweden, Switzerland and the United Republic of Tanzania.

22. Cash positions are currently positive for all categories except the regular budget. The regular budget cash is at a low level, and the situation will tighten further in the final months of the year. Capital master plan cash will be exhausted in November, and the Working Capital Fund and the Special Account will be used to bridge any related cash flow needs.

23. Although there are increases in the number of Member States paying in full for the international tribunals and the capital master plan, there are decreases for the regular budget and peacekeeping operations. Unpaid regular budget assessments remain at a significant level and continue to be highly concentrated.

24. On a positive note, the Secretariat was following through on its commitment to continuously monitor incoming peacekeeping cash in order to expedite outstanding payments to Member States. Outstanding payments were projected to decrease to a level of \$501 million by the end of 2014.

25. Given the limited reserves available, the financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.

26. On 9 September 2014, the General Assembly adopted resolution [68/306](#) on the enhancement of the administration and financial functioning of the United Nations. The Secretariat has already taken steps, where possible, to facilitate the opening of bank accounts for permanent missions, and is in the process of concluding a request-for-proposal process for the Secretariat's new banking facility. The Secretariat will keep Member States updated on the new banking arrangements, and will report to the General Assembly as requested in resolution [68/306](#).