



# General Assembly

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### Improving the financial situation of the United Nations

## Financial situation of the United Nations

### Report of the Secretary-General

#### Addendum

#### *Summary*

The present report provides a review of the financial situation of the United Nations as at 31 December 2021 and 2022 and as at 30 April 2022 and 2023 and an update to the information presented in the previous report of the Secretary-General (A/77/530).

The report is focused primarily on four financial indicators: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

The cash situation with regard to the regular budget has seen some improvement following the actions taken by the Secretariat to manage the liquidity situation over the most recent financial periods and some of the measures taken by Member States. Liquidity management has been effective and management tools have been improved in order to deal with liquidity crises in the future. In addition, in June 2022, during the second resumed session of the General Assembly, Member States agreed to a \$100 million increase in the Working Capital Fund, using a part of the surplus returnable in 2023. The Assembly also approved the use of the surplus cash in closed international tribunals accounts to ensure regular budget liquidity, while also approving the return of the surplus cash in closed peacekeeping missions. These measures will allow the Organization to focus on programme delivery instead of liquidity management. Owing to the healthy cash balance at the beginning of 2023, the Secretariat believes that spending restrictions will likely not be needed in 2023 or in 2024, provided that payments are received early in the year. However, as the payment patterns of Member States continue to fluctuate, the Secretariat will carefully monitor the cash flows to ensure that cash shortages do not pose a risk to operations.



The first quarter collections in 2023 stood at 42 per cent, which was the same as in 2022, but lower compared with 43 per cent in 2021 and 50 per cent in both 2020 and 2019. For 2023, although the Organization began the year in a better financial position than it had in recent years, collections at the end of April were trailing projections by \$370 million. The final outcome for 2023 will depend on Member States continuing to meet their financial obligations in full. Efficient programme delivery will also depend on Member States meeting their obligations early in the year and providing notification of the timing of their payment, as doing so will enable the Secretariat to plan its budget spending in anticipation of contributions; such planning is necessary to mitigate the risk of the Secretariat not being able to meet its legal obligations or to implement programmatic activities in a timely manner, as well as to reduce the rush of commitments towards the end of the year.

In respect of peacekeeping operations, the decision of the General Assembly in its resolution [73/307](#) to remove the restriction on cross-borrowing of cash for active missions, along with assessment and collection for non-mandated periods, provided an improvement in the overall liquidity of active peacekeeping operations, including the ability to settle the payments to troop- and police-contributing countries. Payments for troops, formed police units and contingent-owned equipment are current for all active missions except for an amount of \$19 million for the African Union-United Nations Hybrid Operation in Darfur, for which cross-borrowing was not used owing to the risk of a delay in the repayment of loans to the lending mission.

The Secretariat will continue to make every effort to expedite outstanding payments for troops and formed police units, as well as for contingent-owned equipment. The timely settlement of these payments will depend on Member States meeting their financial obligations in full and on time, and on the expeditious finalization of memorandums of understanding with contingent-owned equipment contributors.

The final outcome for 2023 for all operations will depend on Member States meeting their financial obligations. The Secretary-General appreciates the efforts of those Member States that have paid in full and on time and urges the remaining Member States to make every effort to pay their outstanding contributions.

## I. Introduction

1. The present report provides an update on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report (A/77/530) and a review of the financial indicators as at 31 December 2021 and 2022 and as at 30 April 2022 and 2023.

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

## II. Review of the financial situation

3. The Secretary-General has continued to actively engage with Member States on the liquidity situation of the Organization.

4. In 2022, assessments were issued for the regular budget and the international tribunals at lower levels than in the previous year, while assessments for peacekeeping operations were issued at a higher level than in 2021, owing to the adoption of a new triennial peacekeeping scale. At the end of 2022, unpaid assessments were lower for the regular budget but higher for peacekeeping operations compared with the end of 2021. As at 30 April 2023, unpaid assessments were higher for the regular budget and international tribunals than the previous year. For peacekeeping operations, the status of contributions outstanding for the current fiscal year up to 30 April 2023 is currently a cause for concern. The actions taken by Member States in the next two months will determine the final situation for the current fiscal year.

5. At the end of 2022, aggregate cash balances were positive for all categories of operations. Some individual peacekeeping operations regularly face cash shortages during certain periods of the year. Although the General Assembly welcomed the continued management of the cash resources of the active peacekeeping operations as a pool and approved the use of the Peacekeeping Reserve Fund as an additional liquidity mechanism, the Organization still depends on Member States to meet their financial obligations in full and on time.

6. With regard to troop costs and the cost of contingent-owned equipment, the level of outstanding payments to Member States was lower at the end of 2022 owing to cash pooling and advance payments received and, as at 30 April 2023, the levels were lower compared with those as at 30 April 2022. By 30 April 2023, the total liabilities for payments to Member States for contingent-owned equipment amounted to \$19 million for the African Union-United Nations Hybrid Operation in Darfur and \$42 million for closed peacekeeping missions; the latter amount is either in the process of being paid or awaiting instructions from the respective Member States regarding disbursement.

### A. Regular budget

7. Predictability in the timing and amount of collections from Member States is critical for managing the Organization's cash outflows and planning spending. As monthly regular budget collections continue to fluctuate significantly each year, it makes it more difficult to safely commit funds for implementing the budget efficiently or effectively. This challenging financial situation, coupled with the receipt of large contributions at the end of the calendar year, necessitates careful liquidity

management through the alignment of expenditure with cash inflows throughout the year so as to ensure that operations are not disrupted. This prevents the Secretariat from fully executing hiring plans and planned activities, which, in turn, hampers programme delivery and mandate implementation.

8. First quarter collections were approximately 43 per cent in 2021, while the comparative figure fell slightly in 2022 and 2023 to 42 per cent. At the end of the second quarter, collections were 80 per cent in 2021 and 58 per cent in 2022. Collections in the third quarter are usually the weakest; they were only 3 per cent in 2021 and 14 per cent in 2022. By the end of 2021, total collections amounted to 113 per cent of the year's annual assessment, whereas, in 2022, it was 103 per cent. In the final quarter of 2022, \$896 million was collected, compared with \$903 million for the same period in 2021. In 2022, December receipts exceeded those of November in an unwelcome reversal of the pattern of collections seen in 2021.

9. The progressively stringent cash measures introduced in 2018 have been effective in reducing the risks of both a disruption in operations and an exhaustion of all liquidity reserves. Those measures have resulted in the regular budget cash deficit occurring later each year, in addition to reducing the size of the deficit since 2019. During 2018, borrowing from the Working Capital Fund occurred as early as May. In subsequent years, the Organization has managed to postpone such borrowing until July in 2019, September in 2020 and November in 2021; in 2022, it had to borrow in September. In recent years, the deepest deficits have been \$488 million in October 2018, \$520 million in November 2019 and \$334 million in December 2020. In 2021 and 2022, the Organization borrowed the full amount of the Working Capital Fund towards the end of the year, but it was not necessary to use either the Special Account or the cash available in closed peacekeeping operations.

10. During its second resumed session, the General Assembly, in its resolution [76/272](#), approved an increase in the Working Capital Fund using a portion of the unspent funds from the 2021 regular budget, which would have been returnable to Member States in 2023. The Assembly also approved the use of the surplus in closed international tribunals accounts, as needed, to cover temporary liquidity shortfalls of the regular budget, while also approving the return of surplus cash in closed peacekeeping missions to Member States.

11. After reaching an unprecedented level of unpaid assessments amounting to \$808 million at the end of 2020, the level of unpaid assessments had fallen to \$434 million by the end of 2021 and \$330 million by the end of 2022, the lowest level since 2016. In 2023, assessments were issued at a level of \$2.99 billion, \$56 million higher than the level in 2022. Although the year started with the Organization in a slightly better financial situation than in previous years, this positive trend has been reversed and contributions received so far for 2023 are lagging behind projections. Payments received by 30 April 2023 totalled approximately \$1.5 billion. The unpaid assessed contributions as at 30 April 2023 were \$253 million more than as at 30 April 2022, indicating a problematic trend in payments for the regular budget in 2023 and a weaker financial position compared with 2022.

12. By the end of 2022, 146 Member States had paid their regular budget assessments in full, representing a decline from the 153 Member States having done so by the end of 2021. The Secretary-General wishes to thank the 146 Member States that honoured their obligations to the regular budget in full by 31 December 2022 and invites other Member States to follow their example.

13. More recently, as at 30 April 2023, 97 Member States had paid their assessments to the regular budget in full, 1 more than had done so as at the same date in 2022. Of those Member States, 53 had paid their assessments on time within the 30-day due period, the same number as in 2022. The Secretary-General wishes to pay tribute to

those 97 Member States for their support for the work of the Organization and urges all other Member States to pay their assessed contributions in full and as soon as possible.

## **B. Peacekeeping operations**

14. Peacekeeping operations have a different financial period than that of the regular budget, running from 1 July to 30 June rather than from 1 January to 31 December, and assessments are issued separately for each operation.

15. At the end of the 2021/22 fiscal year, unpaid assessments for peacekeeping operations amounted to \$2.1 billion, similar to the amount that was outstanding at the end of 2020/21. Assessments in the 2022/23 fiscal year were issued at a level of \$6.3 billion compared with \$6.2 billion in the previous fiscal year. The collections for the current fiscal year up to 30 April 2023 amounted to \$5.6 billion. As at 30 April 2023, the level of unpaid assessments was \$2.8 billion. The actions taken by Member States in the next two months will determine the final situation for the 2022/23 fiscal year. The outstanding amount of \$2.8 billion comprised \$2.3 billion owed for active missions and approximately \$0.5 billion owed for closed missions. For active missions, \$1.8 billion related to amounts due for the current fiscal year, while \$0.5 billion related to assessments issued in prior fiscal years.

16. By 31 December 2022, 51 Member States had paid all assessments due and payable, 5 fewer than the 56 that had done so as at 31 December 2021. The Secretary-General wishes to give special thanks to those 51 Member States for their payments.

17. As at 30 April 2023, the number of Member States that had paid all due and payable peacekeeping assessments was 62, compared with 51 as at 30 April 2022. The Secretary-General would like to pay special tribute to those 62 Member States for their efforts.

18. Since the adoption of General Assembly resolution [73/307](#), in July 2019, assessment letters have been issued for peacekeeping operations for the full budget period approved by the Assembly, including the estimated budget for the period for which the mandate has not yet been approved by the Security Council, with the understanding that this amount is considered due within 30 days of the effective date of the extension of the mandate of a peacekeeping operation. With the exception of the 2021/22 fiscal year, which was a transition fiscal year as it was based on two different triennial scales, the assessments for periods for which the mandate had not yet been extended ranged between \$2.4 billion and \$2.5 billion and, against that amount, advance collections of between \$300 million and \$500 million were received. Those advance collections provided positive liquidity for peacekeeping operations and allowed the Organization to become current in meeting its obligations to troop- and police-contributing countries.

19. The level of peacekeeping assessments fluctuates as operations cease or are downsized. The trend in the level of unpaid assessments at the end of the past four financial periods is very concerning. Unpaid assessments have risen from 22 per cent of the assessment for the 2018/19 fiscal year to 28 per cent for the 2021/22 fiscal year. As at 30 April 2023, the percentage of unpaid assessments stood at 36 per cent. Without the positive action of Member States, the overall liquidity of peacekeeping operations will hinder the Organization's ability to effectively and efficiently execute its mandate and settle dues owed to troop- and police- contributing countries in a timely manner.

20. The cash available for peacekeeping operations as at 31 December 2022 totalled approximately \$2.7 billion in the accounts of active missions, closed missions and the

Peacekeeping Reserve Fund. By 30 April 2023, the available cash had declined to approximately \$1.5 billion. The Financial Regulations and Rules of the United Nations restrict the use of the Fund to new operations and the expansion of existing operations. As a mechanism to ease the liquidity problems, the General Assembly, in its resolution [76/272](#), directed the use of the Fund as the first choice for borrowing for active peacekeeping operations, retaining \$40 million to support new missions and the expansion of existing missions as originally intended for the Fund. The cash of each mission is delineated in a separate account as directed by the Assembly, and cross-mission borrowing is used when needed, on the basis of Assembly resolution [73/307](#).

21. When cash reserves in individual operations are insufficient to cover operating costs, reimbursements to troop- and police-contributing countries tend to be delayed. The amount owed for troops, formed police units and contingent-owned equipment totalled \$112 million at the end of 2022, reflecting a decrease of \$26 million from the \$138 million outstanding at the end of 2021, due in part to the decision of the General Assembly, in its resolution [73/307](#), to allow cross-borrowing across active peacekeeping operations.

22. By 30 April 2023, only \$19 million was owed to Member States in relation to contingent-owned equipment claims. In its resolution [73/307](#), while it approved the management of the cash of active peacekeeping operations as a pool, the General Assembly also requested that the Secretary-General ensure that the mandate implementation of the lending mission was not negatively impacted. Therefore, closing missions, such as the African Union-United Nations Hybrid Operation in Darfur, are not normally granted a loan from the cash pool, in order to reduce the risk of a negative impact on the mandate delivery of the lending missions owing to a delay in the repayment of loans.

23. By its resolution [76/280](#), the General Assembly approved the return of the cash available in 24 closed peacekeeping missions with cash surplus balances, excluding only cash necessary to cover claims of troop- and police-contributing countries in those missions, to Member States that had paid their assessed contributions in full to the closed peacekeeping missions as of 31 December 2022, based on the scale applicable to each mission's last assessment. By the end of April 2023, claims for contingent-owned equipment in long-closed missions had been settled with Member States, while claims in the amount of \$42 million are either being settled or awaiting instructions from the respective Member States.

24. In 2018 and 2019, the surplus cash in the aforementioned closed missions was a lifeline for the regular budget after all cash in the regular budget and the reserve accounts of the Working Capital Fund and the Special Account had been exhausted. With regard to the return of cash surplus balances to Member States, \$135 million was distributed among the 183 Member States that had paid their contributions in full to the closed missions by 31 December 2022. By the end of April 2023, 26 Member States had provided instructions as to the disposition of their share of the credits valued at \$25.8 million.

25. The Secretary-General remains committed to meeting the Organization's obligations to Member States providing troops and equipment as expeditiously as possible, as its cash situation permits. In this regard, the peacekeeping cash-flow situation is monitored continuously, and the Organization attaches high priority to maximizing the quarterly payments on the basis of available cash and data. To effect those payments, the United Nations depends on Member States meeting their financial obligations in full and on time, as well as on the expeditious finalization of memorandums of understanding with contributors of contingent-owned equipment. With regard to the budget periods 2019/20 onward, the General Assembly decisions

in resolution [73/307](#) to allow cross-borrowing and to issue assessment letters for the full budget period have improved the settlement of obligations to Member States.

### C. International tribunals

26. As at 30 April 2023, unpaid assessments for the international tribunals amounted to \$93 million, comprising \$67 million owed for the International Residual Mechanism for Criminal Tribunals, \$21 million owed for the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and \$5 million owed for the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994.

27. As at 30 April 2023, 84 Member States, compared with 73 Member States in 2022, had paid in full for all three tribunals, namely the International Residual Mechanism for Criminal Tribunals (last assessed in 2023), the International Tribunal for the Former Yugoslavia (last assessed in 2018) and the International Criminal Tribunal for Rwanda (last assessed in 2016).

28. The monthly position of cash balances for the tribunals has been positive over the past three years. The final outcome for 2023 will depend on Member States continuing to honour their financial obligations to the tribunals. In its resolution [76/272](#), the General Assembly noted the possibility of using the surplus in closed international tribunals accounts as a last resort to cover temporary liquidity shortfalls of the regular budget.

## III. Conclusions

29. The Secretary-General wishes to pay special tribute to the 52 Member States that have paid all assessments that were due and payable as at the time of reporting, namely: Algeria, Armenia, Austria, Azerbaijan, Bahrain, Barbados, Belgium, Botswana, Bulgaria, Canada, Chad, Cyprus, Czechia, Egypt, Eritrea, Estonia, Ethiopia, Finland, France, Germany, Guyana, Hungary, Iceland, Ireland, Italy, Jamaica, Japan, Kazakhstan, Latvia, Liechtenstein, Luxembourg, Morocco, Netherlands (Kingdom of the), New Zealand, Nicaragua, Norway, Poland, Qatar, Samoa, San Marino, Senegal, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Tonga, Tuvalu, Uzbekistan and Zambia.

30. The financial health of the Organization continues to depend 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. The Secretariat would also like to emphasize the importance of Member States communicating or pledging the timing of their payments, as this is critical for effective financial management of the Organization. The Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner and to providing information to Member States with the utmost transparency and will continue to carefully monitor cash flows for all operations to mitigate risks of disruption from shifts in payment patterns of Member States.