



# 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

#### *Summary*

The present report provides a review of the financial situation of the United Nations as at 30 September 2023 and an update to the information presented in the previous report of the Secretary-General ([A/77/530/Add.1](#)).

The report is focused primarily on four financial indicators relating to the operations of the regular budget, peacekeeping operations and international tribunals: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to troop- and police-contributing Member States for peacekeeping operations.

In its resolution [76/272](#), the General Assembly decided to use \$100 million of unspent funds from the 2021 regular budget to be credited to Member States to increase, on an exceptional basis and without setting a precedent, the Working Capital Fund. While the decision to increase the regular budget liquidity reserves enhances the measures at the disposal of the Organization to mitigate the impact of future financial crises on its operations, it remains imperative to address late and non-payment of contributions for a more durable solution to the liquidity problems. Despite 2023 starting with a healthy cash balance and more Member States paying in full earlier in the year, collections have trailed estimates throughout the year, resulting in only 63.9 per cent of the total budget having been collected as at the end of September. This is the lowest collection rate in the past five years. Liquidity pressures have been exacerbated in the third quarter of 2023 owing to the continuing shifts in payment patterns of some Member States, combined with the increase in post adjustments for international Professional staff and actual vacancy rates becoming lower than the approved vacancy rates. The Secretary-General has had to impose temporary restrictions on hiring since mid-July to manage the evolving liquidity crisis and supplement them with partial restrictions on non-post spending since late September, in order to mitigate the risk of disruptions in the payment of salaries, entitlements and other legal obligations to third parties. The collections in the last quarter of 2023 will significantly determine the outlook, not only for 2023, but also



for the following year. Such spending restrictions have a negative impact on budget management, programme delivery and mandate implementation, despite the efforts of programme managers to mitigate their negative impact.

In respect of peacekeeping operations, the General Assembly, in its resolution [73/307](#), requested the Secretary-General to issue assessment letters for the full budget period and decided to remove the restriction on cross-borrowing among active missions for three years, in order to improve the liquidity for peacekeeping operations and facilitate the timely settlement of dues to troop- and police-contributing countries. In its resolution [76/272](#), the Assembly directed the use of the Peacekeeping Reserve 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 Assembly also extended cross-borrowing among active missions for an additional five years. However, during the 2022/23 period, the combined cash balance of all active peacekeeping operations reached one of the lowest levels in recent years and became insufficient to settle the quarterly dues for contingent-owned equipment for payment in June 2023.

The decision of the Security Council relating to the closure of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) may also reduce the ability to pool cash from active peacekeeping operations. For the past few years, MINUSMA has been the main lender of cash for active missions. As a closing mission, it will no longer be able to participate in the cash pooling arrangement to lend or to borrow.

The month-by-month position of overall cash balances for the international tribunals has remained positive over the past three years. The General Assembly, in resolution [76/272](#), 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, in full compliance with the Financial Regulations and Rules of the United Nations. This surplus cash is likely to be a lifeline for regular budget operations in the last quarter of 2023 and potentially in the future.

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 the 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 and budget implementation throughout the year. Member States communicating or pledging the timing of their payments is also critical for improving predictability of payments and, therefore, the effective financial management of our Organization. The Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner, as well as to providing information to Member States with the utmost transparency. The final outcome for 2023 will depend on whether those Member States that have not yet paid in full meet their obligations to the Organization in a timely manner.

## 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/Add.1) and a review of financial indicators as at 30 September 2023, the cut-off date for reporting, compared with the situation as at 30 September 2022.

2. In the present report, the financial situation of the United Nations is considered on the basis of four main indicators used to measure the financial health of the Organization: assessments issued, unpaid assessed contributions, available cash resources and the Organization's outstanding payments to troop- and police-contributing Member States for peacekeeping operations.

## II. Review of the financial situation as at 30 September 2023

3. The Secretary-General has continued to actively engage with Member States on the liquidity situation of the Organization. The decisions in General Assembly resolution 76/272 were an important step in addressing the calls by the Secretary-General for some structural adjustments to address the systemic problems that have an impact on the financial situation of the United Nations. While these structural adjustments have been helpful, it is apparent that they are not enough and the overall financial stability depends on timely and predictable payments by Member States. The present report provides an update of the situation as at 30 September 2023.

### A. Regular budget

4. 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 activities as planned, which, in turn, hampers programme delivery and mandate implementation.

5. At the start of 2023, unpaid assessments stood at \$330 million, \$104 million lower than at the start of 2022. Assessments were issued in 2023 at a level of \$2,989 million, \$55 million higher than in 2022. While the year began with a healthy cash position, collections have trailed estimates throughout the year. Collections in the first quarter of the year were lower than estimates by \$18 million. By the end of the second quarter, collections were lagging by \$69 million. Although collections were lagging, no cash conservation measures were introduced because the year had started with a healthy cash balance. However, by mid-July, it became apparent that the liquidity situation was deteriorating more than anticipated, owing to shifts in payment patterns of some Member States, the impact of the increase in post adjustments for international Professional staff and the drop in actual vacancy rates relative to approved vacancy rates. Therefore, the Secretary-General decided to impose temporary hiring restrictions as a prudent measure to manage the evolving situation. However, the volume of collections continued to trail estimates significantly in the third quarter. The full amount of the Working Capital Fund had to be borrowed in August to ensure sufficient liquidity to meet payroll obligations. Unfortunately, collections in September did not materialize to the level anticipated,

with the gap in collections widening to \$216 million by the end of September. As a result, the Secretariat will need to borrow the full amount from the Special Account in October, leaving only about \$130 million of surplus cash in the closed international tribunals accounts as a last liquidity buffer. As at 30 September 2023, contributions received totalled \$1.97 billion, \$227 million less than the amount received as at 30 September 2022. Collections in 2023 by the end of September were only 63.9 per cent of the year's assessment compared to 71.9 per cent in 2022, and represented the lowest collection rate at the end of September in the past five years. The unpaid contributions as at 30 September 2023 stood at \$1.35 billion, \$178 million higher than as at 30 September 2022.

6. The final outcome for the year will be heavily dependent on the timing and amount of collections in the fourth quarter. The amount of collections will determine whether the year-end arrears will be higher or lower than the previous year, while the timing of collections will determine whether the maximum cash deficit for the year will reach a new record after 2019. It will also be important to receive more collections in November than in December, similar to 2019 and 2021, as a pattern of earlier collections reduces uncertainty for last quarter spending. It also enables the Organization to spend the monies more fully, in line with the budget, than when it is only received in the last month, such as \$636 million in December 2022 or, even worse, towards the last weeks or days of the year, as in 2020 when more than \$300 million was received in the last 10 days of the year.

7. Stringent cash conservation measures were effective during the past few years in increasing liquidity for ensuring business continuity and reducing the risk of disruptions by exhausting all liquidity reserves, including the surplus cash of closed peacekeeping missions. During those years, the regular budget cash deficit occurred later each year owing to these measures. The first borrowing occurred in May in 2018 and subsequently in July 2019, in September 2020 and in November 2021. In 2022, the Organization borrowed from the Working Capital Fund in September, but in 2023 it borrowed from the Working Capital Fund earlier, in August. While the maximum borrowing has been reducing since 2019, in 2023 a reversal of that trend is expected; despite the increase in the Working Capital Fund, all liquidity reserves and potentially even the surplus cash in the closed international tribunals accounts may still be exhausted. Spending restrictions in the past few years may have averted a cash crisis and a disruption of operations; however, they have had a negative impact on budget implementation and mandate delivery. Several activities and outputs were either postponed or cancelled. In 2021, despite relaxing the restrictions on hiring and spending in May, the Organization saw the lowest rate of budget implementation since 2010. In 2022, no spending restrictions were necessary, and the implementation rate was nearly 99.3 per cent. Unfortunately, in 2023, temporary hiring restrictions have had to be imposed since mid-July and non-post spending has also been partially curtailed since late September. These restrictions will obviously have a detrimental effect on programme and mandate delivery, although programme managers are striving to mitigate the impact, especially on the work of intergovernmental bodies. The decision of Member States, on an exceptional basis, to increase the Working Capital Fund by \$100 million was timely and helpful, but the current situation illustrates that it does not fully overcome delays or lack of predictability in payments by Member States.

8. As at 30 September 2023, 137 Member States had paid their regular budget contributions in full, six more than as at 30 September 2022. More Member States had paid their contributions in full between May and August in 2023 than at any time since 2001. The Secretary-General wishes to thank the Member States that have honoured their obligations with regard to the regular budget in full and urges the remaining Member States to follow their example. The final outcome for 2023 will

depend on the action taken by Member States that have not paid their regular budget contributions or have not paid them in full. In total, 146 Member States paid their contributions in full in 2022 and 153 in 2021, the highest since 2010.

## B. Peacekeeping operations

9. Peacekeeping operations have a different financial period, running from 1 July to 30 June rather than by calendar year, and assessments are issued separately for each operation for the period for which the mandate has been approved by the Security Council. In accordance with regulation 3.5 of the Financial Regulations and Rules of the United Nations, contributions for peacekeeping are due and payable in full within 30 days of receipt of assessment letters. In its resolution [73/307](#), the General Assembly decided, after considering the proposals of the Secretary-General to improve the financial situation of the United Nations (see [A/73/809](#)), that the Secretary-General should issue assessment letters for peacekeeping operations for the full budget period, including the estimated budget for the period for which the mandate has not yet been approved by the Security Council, with the understanding that the amount is considered due within 30 days of the effective date of the extension of the mandate.

10. As at 30 September 2023, approximately \$3.6 billion had been assessed for peacekeeping operations for the 2023/24 fiscal year and total contributions received amounted to approximately \$2.6 billion. Also, as at 30 September 2023, the unpaid amount for peacekeeping operations was approximately \$3.3 billion, compared with \$3.7 billion as at 30 September 2022.

11. The review of unpaid peacekeeping assessments by operation shows that the outstanding \$3.3 billion as at 30 September 2023 comprised approximately \$2.8 billion owed for active missions and \$509 million for closed missions. For active missions, \$1.9 billion related to assessments for the 2023/24 period, while approximately \$822 million related to assessments issued for the 2022/23 period or earlier.

12. At the start of the 2023/24 financial period, the Secretary-General wrote to Member States to caution that the Organization would have a reserve of only one month for active peacekeeping operations if it were to pay the outstanding dues for contingent-owned equipment in July 2023. He indicated that year-end arrears had increased from \$2,113 million in June 2022 to \$2,272 million at the end of June 2023, which amounted to 36 per cent of the assessment for 2022/23. He further expressed concern that the Organization would be forced to delay payments to troop- and police-contributing countries to avert disruptions in peacekeeping operations, thus resulting in dues increasing from \$19 million to \$224 million at the end of June. He reiterated his appeal for a lasting solution and for Member States to make their payments as early as possible.

13. The Secretary-General wishes to pay tribute to the 41 Member States that, as at 30 September 2023, had paid all peacekeeping assessments in full. This number was two less than as at 30 September 2022.

14. The amount assessed in July 2023 for the “non-mandated”<sup>1</sup> period through 30 June 2024 was \$2.8 billion. Subsequent to the issuance of the assessments, Member States voluntarily made early payments for non-mandated periods of \$76 million in July, \$601 million in August and \$6 million in September 2023.

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<sup>1</sup> This refers to the period for which General Assembly resolution [73/307](#) had authorized the Secretary-General to issue assessment letters for the period for which the Security Council had not yet extended the mandate of the mission.

Together with the decision of the Assembly in its resolution [73/307](#) to remove the restriction on cross-borrowing of cash for active missions, the assessment and collection for non-mandated periods had a positive impact on the overall liquidity of peacekeeping operations that helped in the settlement of dues to troop- and police-contributing countries.

15. Fourteen Member States have paid in full for the assessment period from 1 July 2023 to 30 June 2024, including the non-mandated period. The Secretary-General would like to thank those Member States for their additional payments to all peacekeeping operations.

16. The cash available for peacekeeping operations at 30 September 2023 totalled approximately \$2.2 billion in the accounts of active missions, closed missions and the Peacekeeping Reserve Fund. The Financial Regulations and Rules of the United Nations restrict the use of the Peacekeeping Reserve Fund to new operations and the expansion of existing operations. As a mechanism to ease the liquidity problems of peacekeeping operations, the General Assembly, in 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](#) (subsequently extended in resolution [76/272](#)).

17. In previous years, the cash in closed peacekeeping operations was temporarily used for the regular budget and was a lifeline for continuing regular budget operations. However, following the implementation of General Assembly resolution [76/280](#), this resource for additional liquidity will no longer be available owing to the return of such cash to Member States during 2023. Instead, in accordance with Assembly resolution [76/272](#), the surplus in closed international tribunals accounts could be used as a last resort to cover temporary liquidity shortfalls of the regular budget, in full compliance with the Financial Regulations and Rules of the United Nations.

18. With regard to outstanding payments to Member States, as at 30 September 2023, \$37 million was owed for contingent-owned equipment claims for active missions, \$11 million was owed for contingent-owned equipment claims for the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and \$30 million was owed for contingent-owned equipment claims for closed missions. This was a marked improvement from the situation as at 30 June 2023, when \$205 million of contingent-owned equipment claims for active peacekeeping operations could not be settled owing to cash shortages, when the collective cash balance of active operations reached the lowest level in many years. As at 30 September 2023, payments for contingent-owned equipment and troop and formed police unit costs were current for all missions up to 30 June 2023, except for MINUSMA, which was current up to 31 March 2023, and UNAMID, which was current up to 31 March 2021. In its resolution [73/307](#), the General Assembly approved the management of the cash balances of all active peacekeeping operations as a pool and it also requested the Secretary-General to ensure that mandate implementation by the lending mission was not negatively impacted (subsequently extended in resolution [76/272](#)). As closing missions, MINUSMA and UNAMID have not been given any loans from the cash pool of active peacekeeping operations owing to the risk of delays in the repayment of loans. The \$30 million remaining as outstanding payments to Member States for closed missions will be settled, in accordance with Assembly resolution [76/280](#), upon the receipt of instructions from the respective Member States.

19. The Secretary-General remains committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible, as the cash situation permits. In this regard, the Secretariat will continue to monitor the peacekeeping cash flow closely and maximize payments on the basis of available cash and data. To do so, however, the Organization depends on Member States honouring 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.

### C. International tribunals

20. As at 30 September 2023, unpaid assessments for the international tribunals amounted to \$60 million, \$5 million more than the previous year. This amount comprises \$6 million owed for the International Criminal Tribunal for Rwanda, \$21 million owed for the International Tribunal for the Former Yugoslavia and \$33 million owed for the International Residual Mechanism for Criminal Tribunals.

21. As at 30 September 2023, 111 Member States had paid their assessed contributions for all tribunal operations in full, which is 4 more than as at 30 September 2022. The Secretary-General wishes to thank those 111 Member States for their financial support to the international tribunals and urges other Member States to pay their contributions as soon as possible.

22. The month-by-month position of overall cash balances for the tribunals was positive over the past three years. The final outcome for 2023 will depend on Member States continuing to honour their financial obligations during the remaining months of the year. The General Assembly noted in its resolution [76/272](#) the possibility of using the surplus in closed international tribunal accounts as a last resort to cover temporary liquidity shortfalls of the regular budget. This may be a lifeline for regular budget operations in 2023 and in the future.

## III. Conclusions

23. The Secretary-General wishes to pay special tribute to the 40 Member States that have paid all their assessments that were due and payable in full at the time of reporting, namely: Algeria, Armenia, Australia, Austria, Bahrain, Barbados, Brunei Darussalam, Bulgaria, Canada, Chad, Croatia, Czechia, Ethiopia, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Mozambique, Netherlands (Kingdom of the), New Zealand, Norway, Poland, Rwanda, Samoa, Senegal, Sierra Leone, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tuvalu and Uzbekistan.

24. 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 its 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 cash flow throughout the year. Member States agreed to a \$100 million increase in the Working Capital Fund from January 2023, using a part of the \$279 million surplus returnable in 2023. The General Assembly also noted the possibility of using the surplus cash in closed international tribunals accounts as a last resort to cover temporary liquidity shortfalls of regular budget operations, while also separately approving the return of the surplus cash in closed peacekeeping missions. The Assembly also approved the continued use of cash pooling for active missions for an additional five years, as well as the use of a part of

the Peacekeeping Reserve Fund for liquidity management for peacekeeping operations.

25. Despite these measures, spending restrictions have become necessary for regular budget operations since July 2023 and payments for contingent-owned equipment claims could not be settled in full in June 2023. Such liquidity constraints divert the Organization's focus from programme delivery to liquidity management. The Secretariat will continue to monitor the cash flows carefully and reach out to Member States to mitigate the potential risk to operations resulting from cash shortages.

26. The Secretary-General would again like to stress 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 to mitigate risks of disruption from shifts in payment patterns of Member States. However, sound financial management, efficient budget implementation and effective mandate delivery depend on the liquidity situation.

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