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IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS

Analysis of the financial situation of the United Nations

Report of the Secretary-General

I. PREFACE

1. This is a factual report, designed to provide information as requested by the General Assembly in its resolution 47/215 of 23 December 1992.
2. The General Assembly will receive, at its current session, the report of the Independent Advisory Group on United Nations Financing, sponsored by the Ford Foundation, entitled "Financing an Effective United Nations". The report contains many valuable recommendations, which merit careful and thorough review by the General Assembly.
3. The Secretary-General will also elaborate further, either in a second report under the present agenda item, or through the informal machinery of the General Assembly, in the course of the Assembly's consideration of the financial situation of the Organization.

II. INTRODUCTION

4. The General Assembly, in its resolution 47/215, decided to consider in the future the agenda items entitled "Current financial crisis of the United Nations" and "Financial emergency of the United Nations" under one agenda item entitled "Improving the financial situation of the United Nations". It also requested the Secretary-General to submit a report on the financial situation of the Organization no later than 15 November 1993.
5. The present report provides an analysis of the financial situation of the Organization in a manner designed to respond to certain issues addressed by the General Assembly in resolution 47/215, notably in paragraphs 3, 4, 11 and 12. The structure of the report follows paragraph 3 of the resolution, providing information on:

- (a) Arrears and outstanding contributions;
- (b) The cash flow situation of the Organization;
- (c) Additional elements relating to financing.

6. Requests addressed to the Secretary-General in paragraphs 9 and 10 of the resolution, namely, to study United Nations financial and budgetary practices, and to make proposals for possible systems of incentives, will be the subject of a separate report by the Secretary-General at a later date in the current session.

III. ARREARS AND OUTSTANDING CONTRIBUTIONS

A. Payment of assessed contributions to the regular budget

7. At the end of 1992 unpaid assessments to the regular budget totalled 500.4 million United States dollars. On 1 January 1993, additional assessments of \$1,070 million became payable. The percentages of annual regular budget assessed contributions paid as at 30 June and 30 September 1993 are given below, together with the percentages paid as at 30 June, 30 September and 31 December annually since 1986. The table shows no change in the pattern of collections in the first six months of 1993 and a slightly improved, though still below average, collection pattern as at 30 September. It should also be noted that the percentage of current year contributions paid at 31 December 1992 was barely higher than the all-time low of 61 per cent reached the previous year.

| | <u>1986</u> | <u>1987</u> | <u>1988</u> | <u>1989</u> | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>1993</u> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 30 June | 49.6 | 52.0 | 56.5 | 48.0 | 47.9 | 39.7 | 50.9 | 50.9 |
| 30 September | 57.8 | 56.1 | 63.3 | 64.6 | 64.3 | 59.5 | 54.8 | 55.2 |
| 31 December | 70.3 | 63.8 | 66.0 | 66.4 | 65.3 | 61.0 | 61.1 | - |

8. With three months left in 1993, unpaid contributions to the regular budget totalled \$783.8 million, of which \$304.2 million was outstanding for 1992 and prior years and \$479.6 million relates to 1993. The total amount outstanding is the equivalent of 72 per cent of the regular budget assessment for 1993. The status of contributions to the regular budget as at 30 September 1993 is given in annex I to the present report.

9. With the recent increase in membership of the Organization, a larger number of Member States were assessed in 1993 than in previous years. Eighteen Member States paid their 1993 assessments in full within 30 days (Australia, Botswana, Canada, Denmark, Finland, France, Iceland, Ireland, Kuwait, Liechtenstein, Luxembourg, Micronesia (Federated States of), Namibia, Netherlands, New Zealand, Norway, Singapore and Sweden). By 30 September, however, only 62 Member States had paid in full, while 116 Member States, an unprecedented number, still had outstanding contributions. Fifty-nine Member States had made no contributions at all in 1993, a much larger number than before. It appears that a number of

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Member States with relatively lower rates of assessment are experiencing difficulties in making the necessary payments towards their regular budget assessments. A summary of the payment patterns of Member States is given below:

| | |
|--|---------------------------------|
| Made no payment at all | 59 States at 30 September 1993 |
| | 24 States at 30 September 1992 |
| | 37 States at 30 September 1991 |
| Owed more than current year's assessment | 68 States at 30 September 1993 |
| | 60 States at 30 September 1992 |
| | 61 States at 30 September 1991 |
| Had outstanding assessments | 116 States at 30 September 1993 |
| | 93 States at 30 September 1992 |
| | 102 States at 30 September 1991 |
| Paid in full | 62 States at 30 September 1993 |
| | 66 States at 30 September 1992 |
| | 57 States at 30 September 1991 |

B. Payment of assessed contributions to peace-keeping operations

10. There are currently 11 peace-keeping operations financed by assessed contributions: the United Nations Disengagement Observer Force (UNDOF); the United Nations Interim Force in Lebanon (UNIFIL); the United Nations Angola Verification Mission (UNAVEM II); the United Nations Iraq-Kuwait Observation Mission (UNIKOM); the United Nations Mission for the Referendum in Western Sahara (MINURSO); the United Nations Observer Mission in El Salvador (ONUSAL); the United Nations Transitional Authority in Cambodia (UNTAC); the United Nations Protection Force (UNPROFOR); the United Nations Operation in Somalia (UNOSOM); the United Nations Operation in Mozambique (ONUMOZ); and the United Nations Force in Cyprus (UNFICYP), which is financed in part from assessed contributions with effect from 15 June 1993. There are contributions outstanding for three recently completed peace-keeping operations, the United Nations Advance Mission in Cambodia (UNAMIC), the United Nations Observer Group in Central America (ONUCA) and the United Nations Angola Verification Mission (UNAVEM I); these balances have been consolidated into UNTAC, ONUSAL and UNAVEM II respectively. In addition, outstanding contributions are still being sought in relation to two other recently completed peace-keeping operations for which the accounts are still open, the United Nations Iran-Iraq Military Observer Group (UNIIMOG) and the United Nations Transitional Assistance Group (UNTAG).

11. The following table provides information, updated through 30 September 1993, on balances due, assessments and collections in relation to each United Nations peace-keeping operation financed through assessments. The starting point is 30 September 1992, so as to provide for a full year of information and to maintain continuity with tables provided in earlier reports of the Secretary-General on this subject:

| | Balance due 30 Sept. 1992 | Assessments since Sept. 1992 | | Collected Oct. 1992- Sept. 1993 | Balance due 30 Sept. 1993 | (Amount assessed in Sept. 1993) |
|-------------------------------------|------------------------------|---------------------------------|---------|---------------------------------------|------------------------------|---------------------------------------|
| | | Period | Amount | | | |
| (Millions of United States dollars) | | | | | | |
| UNDOF | 20.3 | 12/92-11/93 | 34.9 | 30.9 | 24.3 | - |
| UNIFIL | 227.4 | 8/92-1/94 | 215.5 | 209.4 | 233.5 | - |
| UNAVEM <u>a/</u> | 23.6 | 11/92-9/93 | 34.3 | 24.9 | 33.0 | 9.6 |
| UNIKOM | 32.0 | 11/92-10/93 | 47.8 | 48.7 | 31.1 | 9.3 |
| MINURSO | 21.1 | None | - | 0.7 | 20.4 | - |
| ONUSAL <u>b/</u> | 25.9 | 11/92-11/93 | 27.0 | 19.2 | 33.7 | 15.0 |
| UNTAC <u>c/</u> | 226.1 | 11/92-8/93 | 636.1 | 584.1 | 278.1 | 85.0 |
| UNPROFOR | 64.2 | 10/92-9/93 | 808.1 | 444.0 | 428.3 | 340.4 |
| UNOSOM | - | 5/92-10/93 | 596.1 | 285.4 | 310.5 | 187.4 |
| ONUMOZ | - | 10/92-10/93 | 193.5 | 94.6 | 98.9 | 53.2 |
| UNIIMOG | 1.1 | None | - | 0.2 | 0.9 | - |
| UNTAG | 2.3 | None | - | - | 2.3 | - |
| UNFICYP | - | 6/93-12/93 | 8.5 | 1.3 | 7.2 | 8.5 |
| Total | 644.0 | | 2 601.8 | 1 743.4 | 1 502.4 | 708.4 |

a/ Includes UNAVEM I.

b/ Includes ONUCA.

c/ Includes UNAMIC.

12. The foregoing table shows that assessments levied for peace-keeping operations since the start of the forty-seventh session of the General Assembly in September 1992 are two-and-one-half times the 1993 assessment for the regular budget. The unpaid balance at 30 September 1993 is more than double the unpaid balance for peace-keeping a year ago and is also almost double the amount due for the regular budget.

13. A factor contributing to the magnitude of the unpaid assessments at 30 September 1993 is the fact that, as noted in the table above, assessments in respect of eight of the operations, and totalling \$708.4 million, were issued only in September 1993, immediately following action by the resumed forty-seventh session of the General Assembly.

C. Overall

14. The overall level of outstanding assessed contributions to the regular budget and for assessed peace-keeping operations exceeded two billion dollars at 30 September 1993. The continuing increase in unpaid contributions is illustrated below:

15. Annex II to the present report provides a listing of the outstanding contributions from Member States, totalling \$2,286.2 million at 30 September 1993. At the time of preparation of the present report, contributions received in the first two weeks of October totalled \$593.7 million (regular budget \$235.8 million, peace-keeping \$357.9 million). At 14 October 1993, therefore, the total amount unpaid was \$1,692.5 million (regular budget \$548 million, peace-keeping \$1,144.5 million). Updated reports on the status of contributions will be made available to the General Assembly as the forty-eighth session proceeds.

IV. THE CASH FLOW SITUATION OF THE ORGANIZATION

16. The cash flow situation of the Organization remains critical. In his last report to the General Assembly (A/C.5/47/13/Add.1 of 24 June 1993), the Secretary-General noted that the only solution was for Member States to improve their payment patterns above those then foreseen. In this connection, after cash balances had declined further in July and August, resulting in cash depletion, certain Member States made payments in September in amounts larger than had been expected. Concerted efforts will continue to be needed in the balance of the year if cash depletion is not to occur again.

17. Annex III contains a comparison, month by month, of regular budget receipts and disbursements over the past five years. It shows that available cash balances in the combined General Fund (comprising the regular budget, the Special Account and the Working Capital Fund) vary widely from month to month. Usable cash balances at the end of a month are often insufficient to meet the needs of the following month. In 1993 cash was depleted at the beginning of the year and again in August. Borrowing from peace-keeping funds was required for a total of 46 days in January and August/September, with a maximum amount of \$15 million. Cash balances were minimal in March and September and are expected to be so again in December. In only four months of the year was there sufficient cash on hand to meet the requirements of the following month in full.

18. As regards peace-keeping, accurate cash flow projections for all but the most stable of operations are virtually impossible to make with any degree of accuracy. Several of the missions are breaking new ground for the Organization; operational requirements are subject to constant change, leading to budgetary and cash flow variances; and experience has shown that the pattern of payments by Member States is not susceptible to accurate forecasting. Consequently, no attempt is made to project peace-keeping cash flow for the balance of the year.

19. In practice, the collection of peace-keeping contributions has fallen far short of requirements. Cash management, therefore, has been dominated by the need to maintain sufficient funds on hand to meet immediate operational needs. As a result, payments to troop-contributing countries have inevitably been delayed.

20. Not every peace-keeping operation was fully solvent throughout the year, even after delaying payments to troop-contributing countries. Five of the operations, in Angola (UNAVEM), El Salvador (ONUSAL), Iraq/Kuwait (UNIKOM), Cambodia (UNTAC) and the former Yugoslavia (UNPROFOR), have had to borrow funds at one time or another during the year, as follows:

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| | <u>Number of days of borrowing required</u> | <u>Maximum amount</u> (Millions of dollars) |
|----------|---|--|
| UNAVEM | 273 | 40 |
| ONUSAL | 233 | 10 |
| UNIKOM | 156 | 12 |
| UNTAC | 88 | 63 |
| UNPROFOR | 5 | 5 |

21. The funds borrowed to meet the above needs (which in the case of UNAVEM have persisted throughout the year) came from the Peace-keeping Reserve Fund, from the regular budget (at a time when funds were available) and from two completed missions, Namibia (UNTAG) and Iran/Iraq (UNIIMOG), both of which have cash temporarily available pending the settlement of outstanding obligations and claims. Repayments were made as soon as funds became available. At 30 September, a total amount of \$80.7 million was owed by UNAVEM, ONUSAL and UNTAC to the Peace-keeping Reserve Fund, UNTAG and UNIIMOG.

22. Some of the causes of the financial difficulties demonstrated in the present section of the report are discussed in more detail in the following section.

V. ADDITIONAL ELEMENTS RELATING TO FINANCING

23. In paragraph 3 of its resolution 47/215, the General Assembly invited the Secretary-General to provide information on possible additional elements that would enable Member States to be fully apprised of the various aspects of the financing of United Nations activities. In response, the Secretary-General proposes to draw attention to:

- (a) The situation regarding assessments;
- (b) The reserves of the Organization;
- (c) The situation regarding troop-contributing countries.

A. The situation regarding assessments

24. There has been an increasing trend in recent months whereby the Secretary-General is authorized to incur peace-keeping expenditures, but is not concurrently given the corresponding authority immediately to levy assessments on Member States. The result is to put increased strain on the Organization's reserves, thereby rendering its financial situation even more difficult.

25. The problem is attributable in large part to the difficulty in compressing the process of budget preparation and review of 11 active peace-keeping operations (by the Secretariat, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly) into a very short time-frame. This is particularly true when the budget for a new mandate period must be built upon the results of a performance report of an expiring mandate period and data

at the required level of quality are not readily available. Under the circumstances, the Secretary-General is frequently authorized to maintain the operation at a certain approved level, while appropriations, assessments and collections from Member States follow later. Issues related to financing of peace-keeping, including the question of timing, have been raised by the Advisory Committee in its report on administrative and budgetary aspects of the financing of United Nations peace-keeping operations (A/47/990), which has been endorsed by the General Assembly. The Secretary-General is to address the issue at the current session under agenda item 138.

26. Further pressure was placed on the financial reserves of the Organization by the pattern of assessments outlined below. In each case, authority to assess was granted by the General Assembly in mid-September 1993, considerably after the start of the period to which the assessment related, and the issuance of the letters of assessment took additional time:

| | <u>Date of assessment letter</u> | <u>Period in 1993 covered</u> |
|----------|----------------------------------|-------------------------------|
| UNPROFOR | 16 September | April to September |
| UNOSOM | 20 September | May to October |
| UNTAC | 22 September | May to August |
| ONUSAL | 23 September | June to November |
| UNIKOM | 27 September | May to October |
| ONUMOZ | 28 September | July to October |
| UNFICYP | 29 September | June to December |
| UNAVEM | 30 September | March to September |

27. An additional factor adding to the complications of peace-keeping assessments and tending to exacerbate the cash flow problem is the relatively short period covered by each assessment. Uncertainties related to each operation result in short mandate periods as well as wide variations in budgeted and assessed levels. One result of the short periods of assessment, however, has been a considerable increase in the number of assessment letters. During the year ended 30 September 1993, it is estimated that over 4,250 assessment letters were issued, reflecting 24 different assessment periods for active peace-keeping operations and for the regular budget.

28. It should be noted that assessments have not been made beyond August 1993 for UNTAC, beyond September 1993 for UNAVEM and UNPROFOR or beyond October 1993 for UNOSOM and ONUMOZ. Should the Security Council extend the mandates of some or all of the missions, substantial additional assessments will be required for peace-keeping operations before the end of the year.

B. The reserves of the Organization

29. The financial reserves placed at the disposal of the Organization amount to \$672.6 million. The main elements of the reserves, which are described in annex IV, are the Working Capital Fund, the Special Account, certain amounts of budgetary surpluses that have been retained as a result of the suspension of financial regulations and the Peace-keeping Reserve Fund.

30. At 30 September 1993 unpaid assessed contributions amounted to over \$2,200 million, an amount that is far in excess of the available reserves. When unpaid contributions exceed reserves to this extent, there is insufficient cash to meet cash needs for the remainder of each current assessment period (e.g. until the end of the year in the regular budget), debts cannot be paid in full, including the debt to troop-contributing countries, and, of course, there is no cash to replenish the reserves in full. The gap between the reserves and the total amount owing illustrates clearly the financial difficulties of the Organization.

31. While the Working Capital Fund is the primary source of reserve capital in respect of the regular budget, its level (\$100 million, less amounts required to meet unforeseen expenditures) has not been changed since 1982. The level of the Fund currently authorized is equivalent to 8.2 per cent of the regular budget appropriation for 1993. This constitutes a funding capacity for only one month of expenditures. If peace-keeping is added, the Working Capital Fund represents only 2.6 per cent. In 1963, when the level of the Fund was raised from \$25 million to \$40 million, that level rose from 29 per cent of regular budget expenditures to 43 per cent. In 1981, the Working Capital Fund was still at a level of \$40 million, but at that time represented only 6 per cent of the regular budget expenditures. It was consequently increased to its present level of \$100 million, which in 1982 represented 13.3 per cent of regular budget expenditures. The table below shows the evolution of the Working Capital Fund as a percentage of regular budget expenditures:

32. In an earlier report to the General Assembly (A/46/600/Add.1), the Secretary-General proposed that the Working Capital Fund should be set at a higher level, in order to provide an adequate level of financing to the Organization prior to the time at which Member States might reasonably be expected to pay their assessments.

33. Since the beginning of 1993, the Working Capital Fund has been supplemented by the Peace-keeping Reserve Fund. The purpose of this Fund is to provide a cash flow mechanism to finance unforeseen and extraordinary expenses related to peace-keeping missions and to finance budgetary appropriations, including start-up costs, approved by the General Assembly for new, expanded or renewed peace-keeping operations pending the collection of assessed contributions. Its level has been set at \$150 million, to be financed in part by transfer of balances from two completed peace-keeping missions (UNTAG and UNIIMOG) and in part by transfer from unused balances from the biennium 1986-1987 in the General Fund (regular budget).

34. At 30 September 1993, cash had been transferred from UNTAG and UNIIMOG balances to the extent of \$64.2 million. Interest income in an amount of \$0.4 million had also been earned. Against this total, the Fund had been used to provide interim cash flow facilities for three ongoing peace-keeping missions (ONUSAL, UNAVEM and UNTAC), which otherwise would have incurred cash depletion. The amounts loaned for that purpose amounted to \$59.7 million, leaving a cash balance of \$4.9 million in the Peace-keeping Reserve Fund.

35. It should be noted that, as at 30 September 1993, the General Fund was not yet in a position to transfer the amount of \$85.8 million to the Peace-keeping Reserve Fund from the unused balances mentioned in paragraph 33, owing to lack of liquid resources in the General Fund. This transfer can be made only when the liquidity situation in the General Fund permits.

36. The Working Capital Fund and the Peace-keeping Reserve Fund, at their present effective levels, together provide funding equivalent to 4.3 per cent of combined regular budget and peace-keeping appropriations. This corresponds to just over two weeks of expenditures.

C. The situation regarding troop-contributing countries

37. Both the low level of reserves available and the delays in the assessment and collection of contributions from Member States for peace-keeping operations have resulted in certain operations being unable to meet their obligations. At 30 September 1993, unpaid debts to Member States who have participated in United Nations peace-keeping operations under agreements that provided for reimbursements by the Organization for the services rendered, mainly for the provision of troops, amount to some \$605 million. This amount is considerably in excess of the amount due at the same date in previous years, as may be seen from the following table. This demonstrates yet again that the troop-contributing countries continue to bear the burden of the effect of the shortfall in payment of assessed contributions for peace-keeping operations. However, the Secretary-General anticipates that he will be able to make certain payments to troop-contributing countries in the coming weeks as a result of contributions recently received.

VI. CONCLUSION

38. During 1993, aware that the United Nations was required to operate on an unprecedented scale without adequate reserves and that delays in the payment of contributions might have a crippling effect on the Organization's capacity to continue its operations, the Secretary-General has personally intervened at high levels to seek timely payments from Member States. He has also addressed the General Assembly, warning of the dire effects that would follow should the Organization run out of money.

39. The volume and complexity of United Nations operations, both in respect of the regular budget and on account of peace-keeping, are now so great that there are few, if any, contingency measures that could be taken to substitute for the single operational imperative of United Nations financing, namely, that Member States must pay their assessed contributions in full and on time.

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ANNEX III

General Fund cash flow (usable cash), including Working Capital Fund
and Special Account

January 1989-December 1993 a/, b/

(In millions of United States dollars)

| Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|------|----------------------------------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|-------|
| 1989 | Opening balance | 63.4 | 193.7 | 266.2 | 225.7 | 193.5 | 145.8 | 132.0 | 127.4 | 61.9 | 79.7 | 105.9 | 45.4 |
| | Income | 179.0 | 127.1 | 35.6 | 43.5 | 21.6 | 47.6 | 46.5 | 15.7 | 83.1 | 78.9 | 10.1 | 75.4 |
| | Disbursements | 48.7 | 54.6 | 76.1 | 75.7 | 69.3 | 61.4 | 51.1 | 81.2 | 65.3 | 52.7 | 70.6 | 98.6 |
| | Closing balance | 193.7 | 266.2 | 225.7 | 193.5 | 145.8 | 132.0 | 127.4 | 61.9 | 79.7 | 105.9 | 45.4 | 22.2 |
| 1990 | Opening balance | 22.2 | 156.9 | 172.6 | 191.9 | 156.1 | 98.5 | 65.7 | 0.4 | 117.4 | 63.4 | 43.4 | 156.1 |
| | Income | 192.4 | 87.5 | 80.3 | 36.4 | 5.2 | 52.7 | 11.5 | 194.4 | 23.6 | 50.5 | 188.3 | 13.1 |
| | Disbursements | 57.7 | 71.8 | 61.0 | 72.2 | 62.8 | 85.5 | 76.8 | 77.4 | 77.6 | 70.5 | 75.6 | 121.7 |
| | Closing balance | 156.9 | 172.6 | 191.9 | 156.1 | 98.5 | 65.7 | 0.4 | 117.4 | 63.4 | 43.4 | 156.1 | 47.5 |
| 1991 | Opening balance | 47.5 | 112.4 | 91.3 | 70.3 | 74.2 | (0.5) | (3.9) | 46.3 | (11.4) | 15.8 | 90.4 | 9.9 |
| | Income | 140.9 | 68.4 | 53.4 | 88.7 | 17.7 | 57.1 | 140.8 | 18.1 | 87.9 | 202.2 | 6.4 | 90.6 |
| | Disbursements | 76.0 | 89.5 | 74.4 | 84.8 | 92.4 | 60.5 | 90.6 | 95.8 | 85.7 | 82.6 | 86.9 | 40.4 |
| | Peace-keeping loans <u>c/</u> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.0 | 25.0 | (45.0) | 0.0 | 10.0 |
| 1992 | Closing balance | 112.4 | 91.3 | 70.3 | 74.2 | (0.5) | (3.9) | 46.3 | (11.4) | 15.8 | 90.4 | 9.9 | 70.1 |
| | Opening balance | 70.1 | 165.2 | 121.6 | 101.3 | 71.5 | 4.6 | 105.9 | 59.5 | 10.4 | (9.3) | 77.7 | (9.9) |
| | Income | 231.1 | 41.7 | 70.8 | 50.2 | 17.0 | 171.4 | 37.1 | 28.9 | 25.0 | 254.5 | 5.1 | 78.2 |
| | Disbursements | 126.0 | 85.3 | 91.1 | 80.0 | 83.9 | 70.1 | 83.5 | 103.0 | 79.7 | 107.5 | 92.7 | 80.7 |
| | Peace-keeping loans <u>c/</u> | (10.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 25.0 | 35.0 | (60.0) | 0.0 | 10.0 |
| | Closing balance | 165.2 | 121.6 | 101.3 | 71.5 | 4.6 | 105.9 | 59.5 | 10.4 | (9.3) | 77.7 | (9.9) | (2.4) |

| Year | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|-------------------------------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|---------|
| 1993 | | | | | | | | | | | | | |
| Opening balance | (2.4) | 53.0 | 82.4 | 12.1 | 168.7 | 177.3 | 141.1 | 85.9 | 0.1 | 6.1 | 157.1 | 49.1 | |
| Income <u>d/</u> | 184.6 | 126.5 | 37.0 | 246.8 | 48.6 | 53.4 | 30.0 | 9.2 | 71.0 | 258.0 | 150.0 | 67.0 | 1 147.1 |
| Disbursements <u>e/</u> | 119.2 | 97.1 | 107.3 | 90.2 | 40.0 | 89.6 | 85.2 | 110.0 | 50.0 | 107.0 | 123.0 | 111.0 | 1 129.6 |
| Peace-keeping loans <u>c/</u> | (10.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 15.0 | (15.0) | 0.0 | 0.0 | 0.0 | (10.0) |
| Closing balance | 53.0 | 82.4 | 12.1 | 168.7 | 177.3 | 141.1 | 85.9 | 0.1 | 6.1 | 157.1 | 49.1 | 5.1 | |

a/ Actual disbursements include net changes in other assets and liabilities.

b/ Usable cash excludes approximately \$25.0 million (10 million reserved contribution and \$15 million cash held in overseas offices and non-convertible currencies), which is restricted or not readily accessible.

c/ Short-term borrowing by the General Fund from peace-keeping to meet emergency cash needs.

d/ Includes actual receipts for January to September and projects for October to December 1993.

e/ Includes actual disbursements for January to August and projections for September to December 1993.

ANNEX IV

Note on the financial reserves of the United Nations

1. The financial reserves of the United Nations consist of the Working Capital Fund, the Special Account, the results of the suspension of particular financial regulations, which have enabled the Organization to retain budgetary savings in certain accounts, and the Peace-keeping Reserve Fund. The contribution of each component to the total balance of \$672.6 million is described in the following paragraphs. The bulk of the funds comprising the reserves have been advanced and are not available in cash.

2. The Working Capital Fund was established in 1946 to provide advances necessary to finance budgetary appropriations, pending the receipt of contributions, and to finance unforeseen and extraordinary expenses pending appropriation action by the General Assembly. The level of the Fund has been set at \$100 million for the biennium 1992-1993. During the current year, advances to meet unforeseen and extraordinary expenses totalled \$5.9 million at 30 September, leaving a balance of \$94.1 million in the Fund to finance budgetary appropriations, pending receipt of assessed contributions.

3. The United Nations Special Account was established in 1965 to receive voluntary contributions to solve the financial difficulties of the Organization. Twenty-nine Member States a/ responded to appeals made by the Secretary-General and the General Assembly in subsequent years, with contributions in a total amount of \$48.7 million. Interest and other income has accumulated in the Account over the years and its level stands at \$143.8 million at 30 September 1993.

4. As a further step, the General Assembly has decided on several occasions to suspend financial regulations 4.3, 4.4, and 5.2 (d) in respect of the regular budget (for 1972, and for the bienniums 1980-1981, 1982-1983, 1984-1985 and 1986-1987), in respect of United Nations Emergency Force (UNEF)/UNDOF (from 1978 to 1989 and again in 1992) and UNIFIL (since 1979). When these regulations are suspended, budgetary surpluses remaining at the end of the financial periods concerned are retained by the Organization on a temporary basis, rather than being returned to Member States. Total amounts of budgetary surpluses retained to date are \$214.8 million in the regular budget, \$64.9 million for UNEF/UNDOF and \$90.4 million for UNIFIL. As discussed in the following paragraph, part of the amount retained in respect of the regular budget is to be transferred to the Peace-keeping Reserve Fund as soon as circumstances permit.

5. The Peace-keeping Reserve Fund was established in accordance with General Assembly resolution 47/217 of 23 December 1992. Its nominal level is \$150 million, of which \$64.2 million has been transferred in cash from residual balances in two completed peace-keeping operations (UNTAG and UNIIMOG) and \$85.8 million is to be transferred from retained regular budget surpluses described in the previous paragraph. This latter transfer is to be made in cash when the liquidity position of the General Fund (regular budget) permits. The Fund has also earned \$0.4 million in interest income.

6. Of the total amount of reserves related to the General Fund, namely the Working Capital Fund (\$94.1 million), the Special Account (\$143.8 million) and a part of the balances retained as a result of the suspension of financial regulations (\$214.8 million), the whole amount had been advanced to and utilized by the General Fund at 30 September 1993, except for \$10 million in a restricted account and \$16.6 million in cash in the Special Account at that date. As regards the reserves attributable to peace-keeping, amounts retained in respect of UNIFIL and UNDOF (\$155.3 million) were being utilized by those two operations. As regards the reserves attributable to the Peace-keeping Reserve Fund (\$64.6 million), the whole amount had been advanced to other peace-keeping operations, with the exception of a cash balance of \$4.9 million at 30 September.

Notes

a/ Member States that have made voluntary contributions to the Special Account are: Bulgaria, Canada, China, Denmark, Egypt, Finland, Ghana, Greece, Iceland, Italy, Jamaica, Japan, Kuwait, Liberia, Mali, Malta, Nigeria, Norway, Saudi Arabia, Sweden, Togo, Tunisia, Uganda, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, Yugoslavia, Zaire and Zambia.
