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FINANCIAL EMERGENCY OF THE UNITED NATIONS

Analysis of the financial situation of the United Nations

Report of the Secretary-General

1. At its 102nd plenary meeting on 14 December 1977, the General Assembly adopted resolution 32/104, paragraph 6 of which requested the Secretary-General to provide, at the thirty-third session, detailed information regarding the extent, rate of increase and composition of the deficit of the Organization, as well as voluntary contributions received from Member States and other sources;".

2. Annexes I through V of the present report supply the information requested. They are entitled as follows:

- Annex I. Comparative analysis of the short-term deficit of the United Nations as at 30 September 1978 and 1977;
- Annex II. United Nations regular budget: estimated withholdings by Member States from the regular budget of the United Nations;
- Annex III. Estimated withholdings by certain Member States which they have stated to be for reasons of principle: United Nations Emergency Force (UNEF) and United Nations Disengagement Observer Force (UNDOF) and United Nations Interim Force in Lebanon (UNIFIL);
- Annex IV. United Nations Special Account voluntary contributions as at 30 September 1978 and 1977;
- Annex V. United Nations General Fund, Working Capital Fund and Special Accounts: revised estimated statement of cash position for 1978.

3. With regard to annex I, it should be noted, as it has been in the past (documents A/AC.184/1 and A/31/37) that the "B" deficit is the "A" deficit plus the amount which some Member States feel is to be paid or credited from "surplus

accounts" to Member States that paid contributions to UNEF (1956) and ONUC. It should also be pointed out that in annex I only one column of figures for the "B" deficit for 1977 has been provided for comparison with the deficit in 1978. It should be noted that no changes occurred during the year in item 9 of the analysis. There have been estimated increases in the short-term "A" and "B" deficits since they were last reported to the Fifth Committee in conference room paper A/C.5/32/CRP.5 dated 2 November 1977. For the calendar year 1978 (estimated at 30 September 1978), they rose 31.2 per cent and 26.9 per cent respectively, or from \$103.6 million and \$120.3 million to \$135.9 million and \$152.6 million, representing an over-all increase of \$32.3 million in both the "A" and "B" deficits. On an individual account basis, the United Nations regular budget deficit rose \$10.7 million and that of UNEF/UNDOF \$13.2 million, while the UNIFIL deficit was \$14.0 million (in respect of the period 19 March to 18 September 1978). However, these increases, totalling \$37.9 million, were reduced to the \$32.3 million net figure shown above by offsets of additional interest earned of \$5 million and a reduction of \$0.6 million in UNEF (1956) and ONUC payables due to variations in currency exchange rates.

4. Annex II gives details by activity within the United Nations regular budget of the estimated withholdings of Member States. Annex III provides information by Member State for UNEF/UNDOF and UNIFIL withholdings.

5. Annex IV provides a comparative schedule as between 30 September 1977 and 30 September 1978 of voluntary contributions from Member States and other sources of income to the United Nations Special Account. Although there have been no new contributions by Member States and these voluntary contributions (paid or pledged) were reduced in 1978 by a write-off of \$250,000, this schedule shows a net increase in the Special Account of \$5 million. This increase resulted from interest earned of \$5.3 million.

6. Annex V is a cash-flow schedule for the year 1978. Through 31 October, the figures provided are actual, but for the last two months of the year they are estimated. It is anticipated that there will be a balance of \$1.0 million in this account at year-end. In this connexion, however, it should be pointed out that in the cash-flow schedule presented to the General Assembly in November 1977 as an annex to conference room paper A/C.5/32/CRP.5, the information for the last four months of the year was estimated and, based on those estimates, a year-end deficit of \$2.8 million was forecasted. In fact, on 31 December 1977, there was a positive balance of \$1 million in this account. While only two months of the schedule presented in annex V to the present report are based on estimates, it should be noted that modest variances in actual collections or expenditures, or both, from those assumed for November and December 1978 could lead to a slightly higher balance than anticipated or even to a small deficit at year-end.

Annex I

COMPARATIVE ANALYSIS OF THE SHORT-TERM DEFICIT OF THE UNITED NATIONS
AS AT 30 SEPTEMBER 1978 AND 1977

(In millions of United States dollars)

	<u>1978</u>	<u>1977</u>
	<u>"A" deficit</u>	<u>"B" deficit</u>
1. <u>Regular budget and Working Capital Fund</u>		
a. Amounts withheld by Member States which, because of positions of principle have not participated in the financing of certain regular budget items (annex II)	63.1	63.1
b. Special account for assessed contributions unpaid pursuant to General Assembly resolution 3049 C (XXVII)	<u>16.6</u>	<u>16.6</u>
Subtotal	<u>79.7</u>	<u>69</u>
2. <u>United Nations Emergency Force (UNEF) (1973) and UNDOF</u>		
Amounts Member States have stated are being withheld (annex III)	<u>43.4 a/</u>	<u>43.4 a/</u>
3. <u>United Nations Interim Force in Lebanon (UNIFIL)</u>		
Amounts Member States have stated are being withheld (annex III)	<u>14 b/</u>	<u>14 b/</u>
4. <u>United Nations Emergency Force (UNEF) (1956)</u>		
Conditional voluntary contributions received; repayable to Governments	0.6	0.6
Obligations incurred in excess of assessed contributions, voluntary contributions and miscellaneous income available	<u>38.5 c/ d/</u>	<u>38.5 c/ d/</u>
Less: Financed from the United Nations bonds	(8.1)	(8.1)
Financed from the United Nations Special Account, General Assembly resolution 2115 (XX)	<u>(3.9)</u>	<u>(3.9)</u>
Net obligations incurred in excess of available funds	<u>27.1</u>	<u>27.6</u>
5. <u>United Nations Operation in the Congo (ONUC)</u>		
Conditional voluntary contributions received; repayable to Governments	1.6	1.6
Obligations incurred in excess of assessed contributions, voluntary contributions and miscellaneous income available	<u>48.3 c/ e/</u>	<u>48.3 c/ e/</u>
Less: Financed from the United Nations bonds	<u>(35.9)</u>	<u>(35.9)</u>
Net obligations incurred in excess of available funds	<u>14</u>	<u>14.1</u>
6. <u>Total gross deficit</u>	178.2	140.9
7. <u>Less: Voluntary contributions and pledges to the United Nations Special Account (annex IV)</u>	<u>42.3 f/ g/</u>	<u>42.3 f/ g/</u>
8. <u>Net "A" deficit</u>	<u>135.9</u>	103.6
9. <u>Add: Amounts to be repaid or credited to Member States from surplus accounts for contributions to:</u>		
UNEF (1956)	1.1	1.1
ONUC	<u>15.6</u>	<u>15.6</u>
10. <u>Net "B" deficit</u>	<u>152.6</u>	<u>120.3</u>

(foot-notes on following page)

a/ Estimated cumulative withholdings for UNEF (1973) and UNDOF through 24 October 1978.

b/ No provision has been made for the possible withholdings for the UNIFIL mandate period 19 September 1978 through 19 January 1979 or the additional amount of \$6.9 million appropriated for the period 19 March to 18 September 1978 under General Assembly resolution 33/14 of 3 November 1978.

c/ The amounts shown above include an allowance of \$2.2 million for currency translations.

d/ The above amounts for UNEF (1956) have taken into consideration the claims received from Governments but not yet accepted by the United Nations and estimates for provisions in respect of reimbursable costs for which no claims have yet been received from Governments.

e/ Provision has been made in the above table for reimbursable costs for which claims have been received but not accepted and for the estimated claims for services supplied by Governments to ONUC.

f/ Excludes \$10 million received for the purposes of General Assembly resolution 3049 A (XXVII) which was contributed with the expectation of including other Member States to make voluntary contributions of sufficient amount to arrive at a total solution of the financial problems of the Organization.

g/ Includes \$0.1 million pledged by two Member States for which payments have not yet been received.

Annex II

UNITED NATIONS REGULAR BUDGET

ESTIMATED WITHHOLDING BY MEMBER STATES FROM
 THE REGULAR BUDGET OF THE UNITED NATIONS

Projected to 31 December 1978
as at 30 September 1978

(In thousands of United States dollars)

	<u>Bond issue</u>	<u>Regular programme of technical assistance</u>	<u>Other budget items</u>	<u>Total</u>
Albania	43.6	-	34.1	77.7
Bulgaria	220.3	187.3 a/	40	447.6
Byelorussian SSR	646.1	604.5	106.6	1 357.2
China	3 110.8	-	114.2	3 225
Cuba	217.6	-	42.4	260
Czechoslovakia	1 258.9	-	216.9	1 475.8
Democratic Kampuchea	-	-	70.6 b/	70.6
France	4 367.5 c/	-	-	4 367.5
German Democratic Republic	577.6	644.4	3.4	1 225.4
Hungary	607	-	249.2	856.2
India	-	-	47.6	47.6
Mongolia	43.6	-	7.2	50.8
Poland	1 837.7	-	284	2 121.7
Portugal	213.1	-	3.7	216.8
Romania	435.5	-	376.2	811.7
South Africa	671.4	-	6 958.1 d/	7 629.5
Ukrainian SSR	2 430.3	1 231.5 e/	403.5	4 065.3
USSR	18 409.4	13 371.1 f/	3 054.3	34 834.8
	<u>35 090.4</u>	<u>16 038.8</u>	<u>12 012</u>	<u>63 141.2</u>

a/ Excludes \$18,849, being the equivalent of leva accepted in 1978 and credited to contributions due to the regular budget.

b/ Represents arrears of contributions for periods preceding 17 April 1975, which obligations Democratic Kampuchea states it does not recognize.

(foot-notes continued on following page)

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(continued)

c/ Withholding relates to the years 1963 through 1971 only.

d/ Includes arrears of contributions through 1978, which South Africa states will only be paid upon assurance that its rights are fully restored.

e/ Excludes \$1,040,500, being the equivalent of rouble accepted in 1968, 1970 and 1977 and credited to contributions due to the regular budget.

f/ Excludes \$3,839,500 being the equivalent of rouble accepted in 1976 and 1977 and credited to contributions due to the regular budget.

Annex III

ESTIMATED WITHHOLDINGS BY CERTAIN MEMBER STATES WHICH
 THEY HAVE STATED TO BE FOR REASONS OF PRINCIPLE:
 UNITED NATIONS EMERGENCY FORCE (UNEF) AND UNITED NATIONS
 DISENGAGEMENT OBSERVER FORCE (UNDOF) AND UNITED NATIONS
 INTERIM FORCE IN LEBANON (UNIFIL)

As at 30 September 1978

(In thousands of United States dollars)

	<u>UNEF and UNDOF</u>	<u>UNIFIL</u>
Albania	16.7	1.1
Algeria	-	10.8
Benin	-	0.5
Bulgaria	13.6	15.1
Byelorussian SSR	317.8	220.3
China	29 058.7	3 451.1
Cuba	-	11.8
Czechoslovakia	166.7	451.3
Democratic Kampuchea	16.7	-
Democratic Yemen	3.3	0.5
German Democratic Republic	-	714.5
Iraq	56.2	8.6
Hungary	-	35.5
Lao People's Democratic Republic	-	0.5
Libyan Arab Jamahiriya	118.7	17.2
Mongolia	-	1.1
Poland	-	746.7
South Africa <u>a/</u>	1 967.8	225.6
Syria	18.2	2.2
Ukrainian SSR	1 185.1	821.9
USSR	10 474.3	7 278.7
Yemen	8.2	-
	<u>43 422</u>	<u>14 015</u>

a/ It is assumed that South Africa's position on UNIFIL will be similar to that relating to the budget and to UNEF and UNDOF.

Annex IV

UNITED NATIONS SPECIAL ACCOUNT

VOLUNTARY CONTRIBUTIONS AS AT 30 SEPTEMBER 1978 AND 1977

(In United States Dollars)

	<u>Received pursuant to resolution 2053 A (XX)</u>	<u>Received pursuant to resolution 3049 A (XXVII)</u>	<u>1978 total</u>	<u>1977 total</u>
Member States voluntary contributions:				
Canada	3 871 769	-	3 871 769	3 871 769
Denmark	987 766	-	987 766	987 766
Egypt	50 000	-	50 000	50 000
Finland	507 865	-	507 865	507 865
France	3 900 000	-	3 900 000	3 900 000
Ghana	20 000	-	20 000 a/	20 000 a/
Greece	50 000	-	50 000	50 000
Iceland	80 000	-	80 000	80 000
Italy	1 499 755	-	1 499 755	1 499 755
Jamaica	10 000	-	10 000	10 000
Japan	2 500 000	10 000 000	12 500 000	12 500 000
Kuwait	250 000	-	250 000	500 000
Liberia	8 000	-	8 000	8 000
Mali	4 990	-	4 990	4 990
Malta	9 000	-	9 000	9 000
Nigeria	20 000	-	20 000	20 000
Norway	678 136	-	678 136	678 136
Saudi Arabia	-	250 000	250 000	250 000
Sudan	100 000	-	100 000 a/	100 000 a/
Sweden	2 000 000	-	2 000 000	2 000 000
Tunisia	5 000	-	5 000	5 000
Uganda	19 000	-	19 000	19 000
United Arab Emirates	-	1 000 000	1 000 000	1 000 000
United Kingdom of Great Britain and Northern Ireland	9 527 943	-	9 527 943	9 527 943
Yugoslavia	100 000	-	100 000	100 000
Zaire	100 000	-	100 000	100 000
Zambia	14 000	-	14 000	14 000
Amount received pursuant to General Assembly resolutions 2053 A (XX) and 3049 A (XXVII)	<u>26 313 224</u>	<u>11 250 000</u>	37 563 224	37 813 224
Less: Contributions received from Japan pursuant to resolution 3049 A (XXVII) b/ Amount appropriated for UNEF pursuant to resolution 2115 II (XX)		10 000 000 <u>3 911 000</u>	<u>13 911 000</u>	<u>13 911 000</u>
Total			23 652 224	23 902 224
Add: Interest earned, public contributions and other income			<u>18 690 008 c/</u>	<u>13 361 427</u>
Balance of United Nations Special Account applied to the short-term deficit b/			<u>42 342 232</u>	<u>37 263 651</u>

a/ Represents pledges made in 1965 which are still outstanding: Ghana (\$20,000) and Sudan (\$100,000).

b/ Excludes \$10 million received for the purposes of General Assembly resolution 3049 A (XXVII), which was contributed with the expectation of inducing other Member States to make voluntary contribution.

c/ Excludes interest earned during 1978 in respect of the \$10 million Japanese contribution received pursuant to General Assembly resolution 3049 A (XXVII). However, included in this figure, is interest earned on investments being retained herein pending a final disposition at the end of the biennium.

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Annex V

UNITED NATIONS GENERAL FUND, WORKING CAPITAL FUND AND SPECIAL ACCOUNTS:
 REVISED ESTIMATED STATEMENT OF CASH POSITION FOR 1978 a/

(In millions of United States dollars)

	31 January 1978 (actual)	28 February 1978 (actual)	31 March 1978 (actual)	30 April 1978 (actual)	31 May 1978 (actual)	30 June 1978 (actual)	31 July 1978 (actual)	31 August 1978 (actual)	30 September 1978 (actual)	31 October 1978 (actual)	30 November 1978 (estimated)	31 December 1978 (estimated)
Net adjusted cash at banks, on hand and invested at 1 January 1978	1	1	1	1	1	1	1	1	1	1	1	1
Income, regular budget:												
Assessed contributions	24.7	90	126.2	193.4	239.6	286.8	321.1	322.2	357.3	358.1	389.2	416.8
Miscellaneous income	0.8	1.8	2.9	3.3	4.1	6.2	7	7.8	8.5	9.4	10.3	11.2
Total income, regular budget	25.5	91.8	129.1	196.7	243.7	293	328.1	330	365.8	367.5	399.5	428
Total cash available	26.5	92.8	130.1	197.7	244.7	294	329.1	331	366.8	368.5	400.5	429
Less: Disbursements in settlement of 1978 and prior years' obligations	44.7	79.2	101.7	137.5	168.9	211.3	246.3	281.2	317.8	354.2	390	428
Net cash at banks, on hand and invested end of period	(18.2)	13.6	28.4	60.2	75.8	82.7	82.8	49.8	49	14.3	10.5	1

a/ Excludes \$10 million received for the purposes of General Assembly resolution 3049 A (XXVII), which was contributed with the expectation of inducing other Member States to make voluntary contributions of sufficient amount to arrive at a total solution of the financial problems of the Organization. The \$0.6 million of interest earned on this \$10 million from 1 January to 30 September 1978 has also been excluded.