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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 88th plenary meeting on 19 December 1978, the General Assembly adopted decision 33/430, in paragraph (d) of which it requested the Secretary-General "to provide at the thirty-fourth 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 1979 and 1978;
  - Annex II. United Nations regular budget: estimated withholding by Member States from the regular budget of the United Nations;
  - Annex III. Estimated withholding 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 1979 and 1978;
  - Annex V. United Nations General Fund, Working Capital Fund and Special Accounts: revised estimated statement of cash position for 1979.
3. With regard to annex I, it should be noted, as it has been in the past (documents A/AC.184/1, A/31/37 and A/C.5/33/46) 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. There have been estimated increases in the short-term "A" and "B" deficits since they were last reported to the Fifth Committee in the report of the Secretary-General on the financial situation of the United Nations contained in document A/C.5/33/46 dated 20 November 1978. For the calendar year 1979 (estimated at 30 September 1979), they rose 35.9 per cent and 32 per cent respectively, or from \$135.9 million and \$152.6 million to \$184.7 million and \$201.4 million, representing an over-all increase of \$48.8 million in both the "A" and "B" deficits. On an individual account basis, the United Nations regular budget deficit rose \$4.3 million (\$1.8 million on the bond issue, \$200,000 on the regular programme for technical assistance and \$2.3 million on other budget items), that of UNEF/UNDOF \$9.5 million and that of UNIFIL \$38.4 million. However, these increases, totalling \$52.2 million, were reduced to the \$48.8 million net figure shown above by an offset of interest earned during the year of \$3.4 million.

4. Annex II gives details by activity within the United Nations regular budget of the estimated withholdings of Member States, to which is appended excerpts from the note dated 12 May 1976 from the Controller to the Negotiating Committee on the Financial Emergency of the United Nations. Annex III provides information by Member State for UNEF/UNDOF and UNIFIL withholdings.

5. Annex IV provides a comparative schedule as between 30 September 1978 and 30 September 1979 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, this schedule shows a net increase in the Special Account of \$3.4 million, representing interest earned.

6. Annex V is a cash-flow schedule for the year 1979. 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 \$200,000 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 1978 as an annex to document A/C.5/33/46, the information for the last two months of the year was also estimated and, based on those estimates, a year-end balance of \$1 million was forecast. In fact, on 31 December 1978, there was a positive balance of \$4 million in that account. It should therefore be noted that modest variances in actual collections or expenditures, or both, from those assumed for November and December 1979 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 1979 AND 1978

(Expressed in millions of United States dollars)

	<u>1979</u>	<u>1978</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	67.4	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>84.0</u>	<u>79.7</u>
2. <u>United Nations Emergency Force (UNEF) (1973) and UNDOF</u>		
Amounts Member States have stated are being withheld	<u>52.9</u> a/	<u>43.4</u>
3. <u>United Nations Interim Force in Lebanon (UNIFIL)</u>		
Amounts Member States have stated are being withheld	<u>52.4</u> b/	<u>14.0</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	38.5 c/d/	38.5
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>27.1</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	48.3 c/e/	48.3
Less: Financed from the United Nations bonds	<u>(35.9)</u>	<u>(35.9)</u>
Net obligations incurred in excess of available funds	<u>14.0</u>	<u>14.0</u>
6. <u>Total gross deficit</u>	230.4	178.2
7. <u>Less: Voluntary contributions and pledges to the United Nations Special Account</u>	<u>(45.7)</u> f/g/	<u>(42.3)</u>
8. <u>Net "A" deficit</u>	184.7	135.9
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>201.4</u>	<u>152.6</u>

a/ Estimated cumulative withholdings for UNEF (1973) through 24 July 1979 and UNDOF through 24 October 1979.

b/ Estimated cumulative withholdings for UNIFIL for the period from 19 March 1978 through 31 October 1979.

c/ The amounts shown above include an allowance of \$2.2 million resulting from 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 inducing 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 \$100,000 pledged by a Member State for which payment has 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 1979

AS AT 30 SEPTEMBER 1979

(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	44.4	-	35.4	79.8
Bulgaria	232.1	185.2 <u>a/</u>	40.0	457.3
Byelorussian SSR	680.6	654.2	115.3	1 450.1
China	3 573.1	-	114.2	3 687.3
Cuba	9.3	-	9.7	19.0
Czechoslovakia	1 329.5	-	216.9	1 546.4
Democratic Kampuchea	-	-	70.6 <u>b/</u>	70.6
France	4 367.5 <u>c/</u>	-	-	4 367.5
German Democratic Republic	689.5	805.7	21.4	1 516.6
Hungary	634.8	-	249.1	883.9
India	-	-	47.5	47.5
Mongolia	44.5	-	7.2	51.7
Poland	1 954.5	-	284.0	2 238.5
Portugal	229.0	-	3.7	232.7
Romania	455.7	-	376.1	831.8
South Africa	706.7	-	8 922.6 <u>d/</u>	9 629.3
Ukrainian SSR	2 558.9	1 417.1 <u>e/</u>	434.2	4 410.3
USSR	19 384.4	13 207.8 <u>f/</u>	3 287.7	35 879.9
	<u>36 894.7</u>	<u>16 270.0 <u>g/</u></u>	<u>14 235.7</u>	<u>67 400.4</u>

a/ Excludes \$36,987, being the equivalent of leva accepted in 1978 and 1979 and credited to contributions due to the regular budget, as follows:

1978	\$18,849
1979	<u>18,138</u>
Total	\$36,987

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(continued)

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

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

d/ Includes arrears of contributions through 1979 which South Africa indicates will only be paid upon assurance that its rights are fully restored.

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

1967	\$530,000
1970	250,000
1977	160,500
Total	<u>\$1,040,500</u>

f/ Excludes \$5,339,500 being the equivalent of roubles accepted in 1976, 1977 and 1979 and credited to contributions due to the regular budget, as follows:

1976	\$2,600,000
1977	1,239,500
1978	0
1979	<u>1,500,000</u>
Total	<u>\$5,339,500</u>

g/ See appendix.

Appendix

EXCERPT FROM A NOTE DATED 12 MAY 1976 FROM THE CONTROLLER TO  
THE NEGOTIATING COMMITTEE ON THE FINANCIAL EMERGENCY OF THE  
UNITED NATIONS REGARDING THE REGULAR PROGRAMME OF TECHNICAL  
ASSISTANCE

Tenders of payment in non-convertible currencies  
and acceptance of such currencies

24. Regulation 5.5 of the Financial Regulations states that "annual contributions shall be assessed and paid in United States dollars". General Assembly resolution 3062 (XXVIII), on the scale of assessments for the apportionment of expenses of the United Nations for 1974, 1975 and 1976 states, in subparagraph (c) "Notwithstanding the terms of regulation 5.5 of the Financial Regulations of the United Nations, the Secretary-General shall be empowered to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the financial years 1974, 1975 and 1976 in currencies other than United States dollars". Similar statements have been made in other resolutions relating to the financing of the regular budget. In the exercise of his option under subparagraph (c), the Secretary-General has accepted only such amounts in other currencies as may be utilized by the United Nations for the financing of its activities.

25. Over the past several years, certain Member States have proffered their shares of assessed contributions for the regular programme of technical assistance in non-convertible currencies, contending that the regular budget should not be used to finance technical assistance activities, but that only voluntary contributions should be used for this purpose. Five such Member States have made available for the period 1963 to 1975 the equivalent in national currencies of an estimated \$16.08 million which has been deposited by them in bank accounts which they opened. Of this amount, \$0.88 million has been accepted by the United Nations from one Member State, leaving an estimated balance of \$15.2 million in these bank accounts.

26. Between 1963 and 1971 the Secretary-General, while attempting where possible, to utilize non-convertible currency in the regular programme of technical assistance, had only limited success as is evidenced by the relatively small amount that could be accepted by him from the Governments concerned. During that period, the Secretary-General considered that, even if he could not utilize available non-convertible currencies, it would be preferable to utilize other currencies to implement the programme rather than to allow a part of it to remain undelivered, and thus the regular programme, to a degree, contributed to the liquid cash problem.

27. Since 1972, however, the Secretary-General has administered the regular programme in such a way as to minimize the direct contribution of the programme

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to the liquidity problem. Authorizations to spend regular programme funds were restricted to those amounts which were being provided in United States dollars, plus specific amounts for which it was anticipated that non-convertible currencies could be utilized. As a result, approximately \$1.1 million could not be programmed, and was consequently surrendered in the performance reports in each of the years 1972 and 1973. In this connexion, however, the Secretary-General wishes to point out that the unutilized portion of any appropriation under the regular budget must be credited, in dollars, to the assessments of all Member States at the end of each financial period, as part of the distribution of surplus. In so far as funds have not been provided in dollars the liquidity problem of the United Nations is increased, since the Secretary-General is required to give credit in a currency which is not available to him.

28. In the biennium 1974/75 the Secretary-General was able substantially to increase his programming in non-convertible currencies thereby minimizing the extent to which the deficit was increased during the biennium. While he was not able to utilize the entire amount placed at his disposal, as is evidenced by the surrender of \$0.56 million in the final performance report for 1974/75 and the subsequent release of \$0.17 million as part of the unencumbered balance in the financial report and accounts for the biennium, nevertheless, the Secretary-General was able to enter into commitments in these currencies in an amount of \$1.83 million of which the largest part is expected to be liquidated in 1976. As these commitments are liquidated additional amounts may be accepted from the Member States concerned which will thereby retard the rate at which the deficit is growing.

29. Further efforts are being made in the biennium 1976/77 to utilize non-convertible currencies which are expected to lead to further acceptance of assessed contributions in these currencies by the Secretary-General.

Annex III

ESTIMATED WITHHOLDING 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 1979

(In thousands of United States dollars)

	<u>UNEF and UNDOF</u>	<u>UNIFIL</u>
Albania	18.2	3.9
Algeria	-	40.0
Benin	8.9	1.8
Bulgaria	15.9	56.1
Byelorussian SSR	392.2	823.1
China	34 024.0	12 897.6
Cuba	-	44.0
Czechoslovakia	239.8	1 686.4
Democratic Kampuchea	18.1	-
Democratic Yemen	3.9	1.9
German Democratic Republic	1 259.7	2 670.2
Iraq	68.5	32.0
Hungary	-	132.3
Lao People's Democratic Republic	-	1.9
Libyan Arab Jamahiriya	143.3	64.1
Mongolia	6.9	3.9
Poland	-	2 790.6
South Africa a/	2 292.5	843.1
Syrian Arab Republic	21.2	7.9
Ukrainian SSR	1 426.7	3 071.7
Viet Nam	9.9	11.9
USSR	12 938.6	27 202.4
Yemen	8.9	-
	<u>52 897.2</u>	<u>52 386.8</u>

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



Annex IV

UNITED NATIONS SPECIAL ACCOUNT  
VOLUNTARY CONTRIBUTIONS AS AT 30 SEPTEMBER 1979 AND 1978  
(Expressed in United States dollars)

	Received pursuant to resolution 2053A (XX)	Received pursuant to resolution 3049 A (XXVII)	1979 <u>Total</u>	1978 <u>Total</u>
<b>Member States Voluntary contributions:</b>				
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	20 000
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 <sup>b/</sup>	12 500 000	12 500 000
Kuwait	250 000	-	250 000	250 000
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 <sup>a/</sup>	100 000 <sup>a/</sup>
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
<b>Amount received pursuant to General Assembly resolutions 2053 A (XX) and 3049 A (XXVII)</b>	<u>26 313 224</u>	<u>11 250 000</u>	37 563 224	37 563 224
<b>Less: Contributions received from Japan pursuant to resolution 3049 A (XXVII) <sup>b/</sup></b>		10 000 000		
<b>Amount appropriated for UNEP pursuant to resolution 2115 II (XX)</b>		<u>3 911 000</u>	<u>13 911 000</u>	<u>13 911 000</u>
<b>Total</b>			23 652 224	23 652 224
<b>Add: Interest earned, public contributions and other income</b>			<u>22 072 248 <sup>c/</sup></u>	<u>18 690 008 <sup>c/</sup></u>
<b>Balance of United Nations Special Account applied to the short-term deficit</b>			<u>45 724 472</u>	<u>42 342 232</u>

<sup>a/</sup> Represents pledges made in 1965 which are still outstanding.

<sup>b/</sup> This \$10 million was 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.

<sup>c/</sup> Excludes interest earned with effect from 1978 in respect of the \$10.0 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 1979 a/

(Expressed in millions of United States dollars)

	31 January 1979 (actual)	28 February 1979 (actual)	31 March 1979 (actual)	30 April 1979 (actual)	31 May 1979 (actual)	30 June 1979 (actual)	31 July 1979 (actual)	31 August 1979 (actual)	30 September 1979 (actual)	31 October 1979 (actual)	30 November 1979 (estimated)	31 December 1979 (estimated)
Net adjusted cash at banks, on hand and invested at 1 January 1979	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>	<u>(4.0)</u>
Income, regular budget:												
Assessed contributions	36.2	67.9	106.8	142.3	165.4	247.4	271.2	377.4	394.2	396.8	467.3	503.6
Miscellaneous income	<u>1.1</u>	<u>2.2</u>	<u>3.4</u>	<u>4.5</u>	<u>5.6</u>	<u>7.0</u>	<u>7.9</u>	<u>8.2</u>	<u>8.9</u>	<u>11.3</u>	<u>12.4</u>	<u>13.6</u>
Total income, regular budget	<u>37.3</u>	<u>70.1</u>	<u>110.2</u>	<u>146.8</u>	<u>171.0</u>	<u>254.4</u>	<u>279.1</u>	<u>385.6</u>	<u>403.1</u>	<u>408.1</u>	<u>479.7</u>	<u>517.2</u>
Total cash available	<u>33.3</u>	<u>66.1</u>	<u>106.2</u>	<u>142.8</u>	<u>167.0</u>	<u>250.4</u>	<u>275.1</u>	<u>381.6</u>	<u>399.1</u>	<u>404.1</u>	<u>475.7</u>	<u>513.2</u>
Less: Disbursements in settlement of 1979 and prior years' obligations	<u>43.0</u>	<u>74.2</u>	<u>131.7</u>	<u>166.4</u>	<u>200.8</u>	<u>241.5</u>	<u>281.9</u>	<u>325.6</u>	<u>361.9</u>	<u>412.7</u>	<u>462.2</u>	<u>513.4</u>
Net cash at banks, on hand and invested end of period	<u>(9.7)</u>	<u>(8.1)</u>	<u>(25.5)</u>	<u>(23.6)</u>	<u>(33.8)</u>	<u>8.9</u>	<u>(6.8)</u>	<u>56.0</u>	<u>37.2</u>	<u>(8.6)</u>	<u>13.5</u>	<u>(0.2)</u>

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, and the interest earned thereon, estimated at \$1.9 million.