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Chair: Mr. Bhattarai (Nepal)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

Contents

Agenda item 136: Improving the financial situation of the United Nations

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The meeting was called to order at 10.10 a.m.

Agenda item 136: Improving the financial situation of the United Nations

1. **Mr. Takasu** (Under-Secretary-General for Management), accompanying his statement with a digital slide presentation, said that he would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and outstanding payments to Member States in respect of four budget categories: the regular budget, peacekeeping, the international tribunals, and the capital master plan. Overall, those financial indicators were sound, with the exception of the regular budget, where cash was exhausted and reserves were being used. Severe cash problems would be experienced in November and December 2015 unless sufficient contributions were received. The final outcome would largely depend on incoming contributions in the weeks ahead.

2. Cash balances were projected to be positive for peacekeeping operations and the tribunals. The Secretariat was making every effort to process payments for troop- and police-contributing countries and contingent-owned equipment expeditiously, and as a result the level of outstanding payments to Member States was projected to decrease by year-end.

3. Both assessments and payments received had been higher in 2015 than in 2014, by \$159 million and \$217 million respectively. On the 2 October 2015 cut-off date, unpaid assessments had amounted to \$1,053 million, \$16 million higher than in 2014. By that date, 128 Member States had paid their regular budget assessments in full, with two more having paid since. He urged the remaining Member States to pay their assessed contributions in full as soon as possible. Outstanding contributions were concentrated among a few Member States, whose actions in the months ahead would largely determine the final financial picture for 2015.

4. Cash resources for the regular budget comprised the General Fund, into which assessed contributions were paid, the Working Capital Fund, which had been approved at a level of \$150 million by the General Assembly, and the Special Account. The regular budget cash shortfalls of \$81 million at the end of 2014 and \$73 million as at 2 October 2015 had been covered from the Working Capital Fund. The level of the

Special Account, whose use as a reserve had been authorized by the General Assembly, was \$199 million. Including the reserves, a total of \$276 million in cash had been available as at 2 October 2015. Given that approximately \$220 million was needed every month, contributions from Member States would be necessary in the weeks ahead to provide cash for the rest of the year.

5. The cash position took into account a number of transactions effected in accordance with resolution 69/274 A, in which the General Assembly had authorized the transfer of \$154.9 million from the General Fund to finance the final shortfall in the capital master plan. A total of \$109.9 million had been transferred, including \$36.6 million from the Special Account in accordance with the resolution. The remaining \$45 million would be financed and transferred in the context of the next regular budget assessment under the General Fund.

6. Since August 2015 payments for the regular budget had not kept up with expenditure. The shortfalls had been alleviated by incoming contributions in September, but more severe problems would arise in November and December unless sufficient contributions were received. The Secretariat would continue to monitor the cash position closely and would keep the General Assembly informed. The final cash position at the end of 2015 would depend largely on payments from Member States.

7. Owing to the changing demand for peacekeeping activities, it was more difficult to forecast financial requirements for peacekeeping than it was for the regular budget, under which expenditure was more predictable. In addition, peacekeeping operations had a different financial period, from 1 July to 30 June rather than the calendar year. Moreover, separate assessments were issued for each operation, and, since assessments could only be issued for the mandate period authorized by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated payments by Member States and comparison between peacekeeping operations and the regular budget.

8. As at 2 October 2015 the total amount outstanding for peacekeeping operations had been \$1.5 billion. A total of \$6.2 billion had been assessed for peacekeeping operations in 2015. Contributions received so far in 2015 amounted to approximately

\$6 billion, almost matching the amounts assessed that year.

9. It was difficult for Member States to keep fully current with peacekeeping assessments owing to the unpredictable amounts and timing of such assessments throughout the year and the differences in the financial year from mission to mission. He expressed his gratitude to the 25 Member States that had paid their peacekeeping assessments in full. As at 2 October 2015, approximately \$4.3 billion had been available for peacekeeping: active missions with \$3.9 billion, closed missions with \$250 million, and the Peacekeeping Reserve Fund with \$139 million.

10. The Secretariat continued to make every effort to minimize the level of outstanding payments to Member States that provided troops and equipment. While some \$779 million had been outstanding at the end of 2014, that amount was projected to go down to \$577 million by the end of 2015. As at 2 October 2015, \$314 million had been owed to troop- and police-contributing countries, and \$638 million for contingent-owned equipment claims for active missions and \$86 million for closed missions. Since then, the Secretariat had made a payment of \$441 million, reducing the outstanding amount to \$597 million, and expected further reductions by the end of 2015. The Secretary-General was committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible. The Secretariat would monitor the peacekeeping cash flow situation constantly with a view to maximizing payments, but depended on Member States' meeting their financial obligations and on the expeditious finalization of memorandums of understanding with contributors of troops and contingent-owned equipment.

11. The financial position of the two international tribunals and the International Residual Mechanism for Criminal Tribunals remained generally sound. As at 2 October 2015, the unpaid assessments had totalled \$69 million, slightly more than in 2014. He expressed his appreciation to the 95 Member States that had paid their assessed contributions in full and urged others to follow their example. The cash position was currently positive, and was expected to remain solid through year-end, although the final outcome would depend on Member States' continuing to honour their financial obligations over the remaining months of 2015.

12. A total of \$1.87 billion had been assessed for the capital master plan. As at 2 October 2015, the bulk of the assessed contributions had been paid, with only \$300,000 still outstanding. The plan had experienced cash shortfalls, mainly as a result of the associated costs. In April 2015, the Committee had decided on the arrangements for financing the final shortfall. He thanked the many Member States that had paid their capital master plan assessments in full, a reflection of the strong support for the project.

13. He paid tribute to the 24 Member States that had paid all assessments in full as at 15 October 2015. Given the limited reserves available, he urged Member States to meet their financial obligations in full and on time.

14. The Chair said that the statement by the Under-Secretary-General for Management would be issued as a report of the Secretary-General on the financial situation of the Organization under agenda item 136.*

The meeting rose at 10.30 a.m.

* Subsequently circulated as document A/70/433.