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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2013

Report of the Secretary-General

Summary

The present report provides information on the updated financial position of 25 closed peacekeeping missions as at 30 June 2013. Of those missions, 5 had net cash deficits owing to outstanding payments of assessed contributions, while 20 had net cash surpluses available for credit to Member States totalling \$47.0 million.

The report also presents proposals for the consideration of the General Assembly to address the issue of outstanding amounts due to Member States in respect of closed peacekeeping missions, as requested by the Assembly in its resolution [65/293](#), as well as the cash requirements of active peacekeeping operations.



Abbreviations

MINUGUA	Military Observer Group of the United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURSO	United Nations Mission for the Referendum in Western Sahara
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observer Mission in Angola
ONUB	United Nations Operation in Burundi
ONUCA	United Nations Observer Group in Central America
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMISET	United Nations Mission of Support in East Timor
UNMISS	United Nations Mission in South Sudan
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOT	United Nations Mission of Observers in Tajikistan
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces

UNPREDEP	United Nations Preventive Deployment Force
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
WFP	World Food Programme

I. Introduction

1. The present report provides updated information on the financial position of the following closed peacekeeping missions for which final performance reports have been issued: MINUGUA, MINURCA, ONUB, ONUCA and ONUSAL, ONUMOZ, UNAMSIL and UNOMSIL, UNAVEM and MONUA, UNIIMOG, UNIKOM, UNMEE, UNMIBH, UNMIH, UNMLT, UNMOT, UNOMIG, UNOMIL, UNOMUR and UNAMIR, UNOSOM, UNPF, UNPREDEP, UNSMIH, UNTMIH and MIPONUH, UNTAC, UNTAES and Civilian Police Support Group, UNTAET and UNMISSET and UNTAG. Further information is provided in annex I.

2. As at 30 June 2013, 20 of the 25 peacekeeping missions covered in the present report had cash surpluses available for credit to Member States, which totalled \$46,983,000, as set out in table 1.

Table 1

Consolidated net cash position of ONUB, ONUCA/ONUSAL, ONUMOZ, UNAMSIL/UNOMSIL, UNAVEM/MONUA, UNIIMOG, UNIKOM, UNMEE, UNMIBH, UNMIH, UNMLT, UNMOT, UNOMIG, UNOMIL, UNOMUR/UNAMIR, UNPF, UNPREDEP, UNTAES/Civilian Police Support Group, UNTAET/UNMISSET and UNTAG as at 30 June 2013

(Thousands of United States dollars)

Cash assets	179 492
Less: other liabilities	132 509
Net cash available for credit to Member States as at 30 June 2013	46 983

3. The variation of the net cash available for credit to Member States from 30 June 2012 to 30 June 2013 is presented in table 2.

Table 2

Variation of net cash available for credit to Member States from 30 June 2012 to 30 June 2013

(Thousands of United States dollars)

Net cash available, 30 June 2012	28 188
Reimbursement of loans from active peacekeeping missions:	
UNSMIS	3 000
UNMIK	3 500
MINURSO	3 500
Cash surplus from newly closed peacekeeping mission (UNOMIG)	428
Interest income and other/miscellaneous income	1 228
Contributions received from Member States	7 139
Net cash available, 30 June 2013	46 983

4. The composition of the net cash balance of \$46,983,000 is broken down by mission in table 3.

Table 3

Closed peacekeeping missions with net cash balances as at 30 June 2013

(Thousands of United States dollars)

ONUB	1 294
ONUCA/ONUSAL	207
ONUMOZ	54
UNAMSIL/UNOMSIL	860
UNAVEM/MONUA	9 487
UNIIMOG	150
UNIKOM	106
UNMEE	1 877
UNMIBH	564
UNMIH	10 590
UNMLT	3
UNMOT	101
UNOMIG	428
UNOMIL	161
UNOMUR/UNAMIR	10 278
UNPF	7 851
UNPREDEP	419
UNTAES/Civilian Police Support Group	457
UNTAET/UNMISSET	1 776
UNTAG	320
Total	46 983

5. The amount of \$46,983,000 shown in tables 1 and 3 does not take into account the \$10,816,000 owed by two closed peacekeeping missions (\$7,366,000 by UNSMIH/UNTMIH/MIPONUH and \$3,450,000 by MINURCA) and another \$41,000,000 owed by two active peacekeeping missions (\$13,000,000 by MINURSO and \$28,000,000 by UNMIK), as at 30 June 2013. Upon the repayment of the amount of \$41,000,000 borrowed from active peacekeeping operations, the total cash available would be \$87,983,000. As at 9 December 2013, there was one outstanding loan owed by one active peacekeeping operation (UNMIK) totalling \$17,000,000.

6. Five of the peacekeeping missions covered in the present report had cash deficits totalling \$86,709,000 as at 30 June 2013, owing to outstanding payments of assessed contributions, as shown in table 4.

Table 4

Consolidated net cash position of the MINUGUA Military Observer Group, MINURCA, UNOSOM, UNSMIIH/UNTMIIH/MIPONUH and UNTAC as at 30 June 2013

(Thousands of United States dollars)

Cash assets	410
Less: liabilities	87 119
Net cash deficit	(86 709)

7. The liabilities of the closed missions in cash deficit in the amount of \$87,119,000 include loans amounting to \$23,636,000 owed to closed peacekeeping missions (\$10,816,000) and to the Peacekeeping Reserve Fund (\$12,820,000), as well as claims owed to troop-contributing countries in the amount of \$63,067,000 (see annex II) and inter-fund balances and other payables in the amount of \$416,000.

8. The variation of the net cash deficit from 30 June 2012 to 30 June 2013 is presented in table 5.

Table 5

Variation of net cash deficit of the closed missions in cash deficit from 30 June 2012 to 30 June 2013

(Thousands of United States dollars)

Net cash deficit as at 30 June 2012	(86 719)
Contributions received from Member States	10
Settlement of inter-fund balances	(15)
Contributions or payments received in advance	1
Exchange rate variation for claims certified in a currency other than United States dollars	14
Net cash deficit as at 30 June 2013	(86 709)

9. The cash deficit in the amount \$86,709,000 is broken down by mission in table 6.

Table 6

Closed peacekeeping missions with cash deficits as at 30 June 2013

(Thousands of United States dollars)

MINUGUA Military Observer Group	(124)
MINURCA	(23 823)
UNOSOM	(15 451)
UNSMIIH/UNTMIIH/MIPONUH	(7 273)
UNTAC	(40 038)
Total	(86 709)

II. Outstanding amounts due to Member States in respect of closed missions

10. As requested by the General Assembly in its resolution [65/293](#), the Secretary-General made proposals in his reports on the updated financial position of closed peacekeeping missions as at 30 June 2011 ([A/66/665](#)) and 30 June 2012 ([A/67/739](#)) to address the issue of outstanding amounts due to Member States in respect of closed peacekeeping missions with net cash deficits. In the present report, the Secretary-General is refining a scenario considered by the Fifth Committee in its deliberations during the sixty-seventh session to address that issue, as described below.

11. The Secretary-General is proposing to use a total amount of \$88,393,000, including the net cash balance of \$87,983,000 available in closed peacekeeping missions and the cash balance of \$410,000 in closed missions with cash deficits, to settle the amounts due to Member States, comprising: the claims of troop-contributing countries in closed missions with cash deficits (\$63,067,000), the net surplus in closed missions with cash surpluses (\$87,983,000) and loans to closed missions with cash deficits (\$10,816,000) by reimbursing an equal percentage of the total amount owed to each Member State, as set out in table 7 below.

Table 7

Proposed reimbursement to Member States

(Thousands of United States dollars)

A. Cash available

Net surplus in closed missions	46 983
Loans to active missions	41 000
Cash assets in closed missions with cash deficits	410
Total cash available	88 393

B. Proposed reimbursement

	<i>Amount owed</i>	<i>Proposed reimbursement</i>	
		<i>Percentage</i>	<i>Amount</i>
Troop-contributing country claims in closed missions with cash deficits	63 067	55	34 440
Net surplus in closed missions with cash surpluses	87 983	55	48 046
Loans to closed missions with cash deficits ^a	10 816	55	5 907
Total reimbursement	161 866	55	88 393

^aSettlement of this loan will generate an additional surplus to be distributed to Member States.

12. On the basis of the amounts available as at 30 June 2013, each Member State would be reimbursed 55 per cent of the amount owed to them. The above proposal does not include repaying the amount of \$12,820,000 owed to the Peacekeeping Reserve Fund, which is not expected to hinder the ability of the Organization to respond rapidly during the start-up phase of new peacekeeping operations or the

expansion of existing peacekeeping operations and to meet unforeseen and extraordinary expenditure requirements related to peacekeeping, given the past and current usage of the Fund.

13. However, should the General Assembly approve this proposal, a mechanism to address the issue of the cash requirements of active peacekeeping operations would be necessary, as explained below.

III. Cash requirements of the Organization

14. As explained in previous reports of the Secretary-General on the updated financial situation of closed peacekeeping operations ([A/66/665](#) and [A/67/739](#)), as a result of the inherent unpredictability of the receipt of assessed contributions, liquidity in peacekeeping missions is volatile, with the cash surpluses of closed missions currently being used to alleviate cash shortages in active peacekeeping operations. As a result of outstanding assessments in the special accounts of some active missions, there has been a continuing need to borrow from closed missions. Cross-borrowing from closed missions totalled \$51 million as at 30 June 2012 and \$41 million as at 30 June 2013. As at 30 June 2013, cross-borrowing had been carried out for two active peacekeeping missions, MINURSO and UNMIK. As at the same date, the claims of troop-contributing countries that remained unpaid owing to insufficient cash amounted to \$57 million in four active peacekeeping missions, MINURSO, MINUSTAH, UNFICYP and UNMISS. Cross-borrowing of \$30 million from the accounts of closed peacekeeping operations has been required so far during the 2013/14 financial period for MINURSO and UNMIK. In the 2011/12 financial period, the amount required for borrowing from closed missions by active missions peaked at \$93 million in September 2011, while in 2012/13 the peak of \$62 million was reached in July and August 2012; during the first four months of the current period, the amount peaked at \$57 million in August 2013. Borrowings, settlements and peak levels of borrowing from July 2008 to October 2013 are reflected in annexes III and IV.

15. The Secretary-General recognizes that the liquidity of active peacekeeping operations is not directly linked to the issue of cash surpluses in closed missions. However, as shown in annex III, active peacekeeping operations have repeatedly faced liquidity problems due to outstanding assessments that necessitated borrowing. The Secretariat considered the experiences of other United Nations system entities and analysed information collected by the United Nations System Chief Executives Board for Coordination to determine what lessons could be drawn regarding the management of unpaid assessments. The Secretariat faces a relatively unusual situation, as peacekeeping operations are funded almost entirely (99 per cent) from assessed contributions, whereas many of the comparator agencies, funds and programmes rely heavily on voluntary contributions. For instance, the four largest United Nations agencies, funds and programmes, in terms of revenue, are funded entirely from voluntary contributions (UNDP, WFP, UNICEF and UNHCR). In addition, in the case of peacekeeping operations, the contributions are held in separate accounts, thus adding to the complexity of the situation. While cumulatively there is sufficient cash to manage peacekeeping operations, specific peacekeeping missions may have liquidity issues from time to time. It is in this context that the Secretary-General is proposing that the General Assembly authorize temporary borrowing between active peacekeeping missions, which is currently not

permitted according to the terms of Assembly resolutions on the financing of peacekeeping operations. In those resolutions, the Assembly emphasizes that no peacekeeping mission shall be financed by borrowing funds from other active peacekeeping missions. This new mechanism of cross-borrowing between active peacekeeping operations will not affect the operations of any active peacekeeping missions, as past data show that the temporary needs for such cross-borrowing have consistently been minor in comparison with the total cash position of all active missions at any given time.

16. The mechanism to trigger borrowing from one active mission to another would be the same as the mechanism that is currently in place for borrowing from closed peacekeeping missions; such cross-borrowing would be based on a regular review of the forecasted cash requirements of each peacekeeping mission and the anticipated receipt of contributions, and would be authorized by the Controller on a case-by-case basis. Such cross-borrowing would also be settled immediately when the cash situation of the borrowing mission improved.

17. The proposed limits and conditions for such cross-borrowing would be as follows:

(a) A decision to resort to cross-borrowing would be taken by the Controller in each case on the basis of a constant review of the liquidity situation of each active peacekeeping operation;

(b) Each loan would be limited to the minimum amount necessary to ensure the liquidity of the borrowing mission for the ensuing month, within a limit of \$100 million, representing 1.3 per cent of the total approved resources for peacekeeping operations for the period from 1 July 2013 to 30 June 2014. The limit of \$100 million is based on the borrowing requirements from the closed peacekeeping missions over the past three financial periods, which peaked at \$93 million in September 2011, as well as the shortage of cash experienced at the time of the quarterly reimbursement of troop-contributing countries, as presented in annex V.

18. In computing the liquidity requirements, any contractual obligations to personnel and vendors will be factored in, as is the case at present, as well as the reimbursement of claims to troop-contributing countries. The framework for cross-borrowing will be as follows:

(a) Each loan shall be repaid as soon as the liquidity situation of the borrowing mission allows repayment, even if repayment is possible for only a part of the loan, so that such cross-borrowing shall be for the minimum amount and time necessary;

(b) In each case the selection of the lending mission shall be based on which mission, given its liquidity situation both at the time and forecast for the following month has the most latitude to lend without affecting its own operation;

(c) No interest would be charged on such inter-mission borrowings, as is the current practice, as charging such interest for brief periods of time and minimal amounts would represent additional administrative tasks with limited benefits, since interest charged to the borrowing missions would be treated as expenditure, reducing the balances to be credited to all Member States, even those that have paid their full contributions on time;

(d) Every quarter, the Office of Programme Planning, Budget and Accounts would make available online a summary of the borrowings across active missions, the overall cash position and the level of arrears of Member States to ensure that the level of assessments in arrears is not worsening in comparison with past financial periods under the current mechanism. Member States would continue to be actively reminded of the extent of their outstanding assessments.

19. The Secretary-General would closely monitor the new mechanism and report on its operation, including any adjustments needed, in future reports on the overview of the financing of the United Nations peacekeeping operations.

20. As an alternative, the Secretary-General proposes the establishment of a working capital fund to address the cash requirement of active peacekeeping operations, as suggested in the report of the Advisory Committee on Administrative and Budgetary Questions (A/67/837). The establishment of a working capital fund for peacekeeping operations would require an amendment to the Financial Regulations and Rules of the United Nations, which would be submitted for the approval of the General Assembly. The proposed regulations for such a fund would broadly follow those of the current regulations and rules that address the working capital fund for the United Nations programme budget, subject to the following:

(a) The advances from Member States would be based on the scale of assessments applicable to peacekeeping operations;

(b) The purpose of the working capital fund would be exclusively to resolve the liquidity issues of active peacekeeping operations.

21. The use of the fund would follow the same working mechanism as highlighted above in the context of cross-borrowing between active missions. The following options could be considered for its financing:

(a) Member States could be assessed a one-time amount of \$100 million;

(b) An amount of \$100 million could be transferred from the unencumbered balance of active peacekeeping operations for the financial period 2012/13.

IV. Actions to be taken by the General Assembly

22. **The actions to be taken by the General Assembly are:**

(a) **To take note of the present report;**

(b) **To consider the Secretary-General's proposals for the settlement of the outstanding amounts due to Member States in respect of closed peacekeeping missions;**

(c) **To consider the Secretary-General's proposals to address the cash requirements of active peacekeeping operations;**

(d) **To allow the retention of the net cash balance of \$47.0 million available in 20 closed peacekeeping missions if no new mechanism is approved to address the cash requirements of active peacekeeping operations.**

Annex I

Unpaid assessments, accounts payable to Member States and other liabilities of closed peacekeeping missions as at 30 June 2013

(Thousands of United States dollars)

<i>Mission</i>	<i>Unpaid assessments</i>	<i>Accounts payable to Member States^a</i>	<i>Other liabilities</i>
MINUGUA Military Observer Group	144	–	124
MINURCA	35 545	7 480	16 388
ONUB	109	1 293	50
ONUCA/ONUSAL	251	1 301	2
ONUMOZ	16 682	325	1
UNAMSIL/UNOMSIL	662	9 240	12
UNAVEM/MONUA	34 891	5 491	5
UNIIMOG	9	1 744	2
UNIKOM	517	1 148	7
UNMEE	142	1 681	55
UNMIBH	33 939	4 633	7
UNMIH	13	32 241	5
UNMLT	–	6	22
UNMOT	1	1 020	1
UNOMIG	3 802	1 722	3
UNOMIL	3	1 681	2
UNOMUR/UNAMIR	1 271	5 967	5
UNOSOM	57 810	15 560	–
UNPF	131 680	47 391	12
UNPREDEP	1 236	6 217	5
UNSMIH/UNTMIH/MIPONUH	19 389	114	7 366
UNTAC	40 445	40 087	–
UNTAES/Civilian Police Support Group	8 720	4 931	5
UNTAET/UNMISSET	27 294	2 160	10
UNTAG	8	2 104	2
Total	414 563	195 537	24 091

^a Inclusive of amounts owed to troop-contributing countries for contingent-owned equipment, as well as credits to Member States from unencumbered balances pending instructions on their disposition.

Annex II

Outstanding claims in closed missions with cash deficits as at 30 June 2013

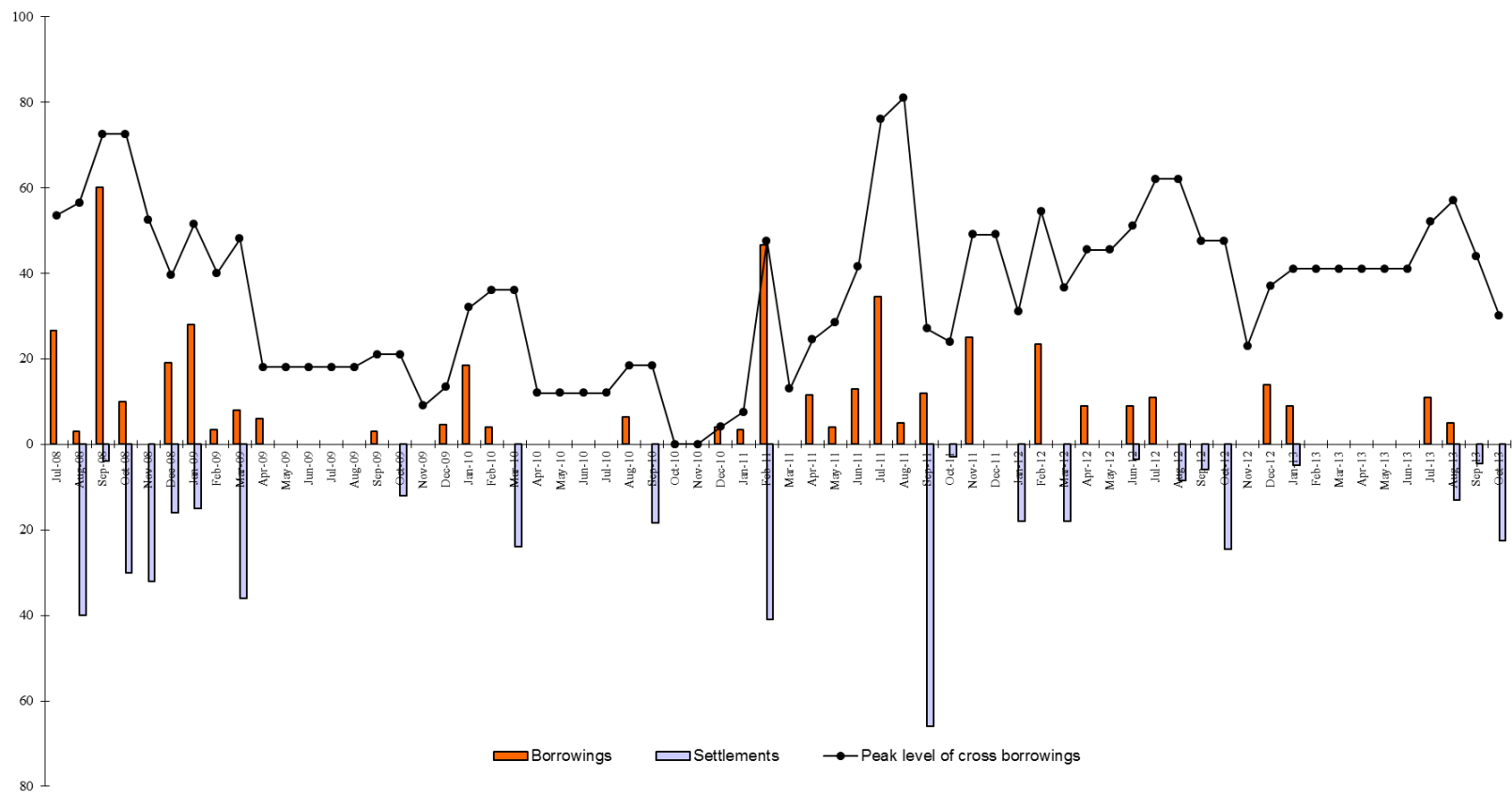
(Thousands of United States dollars)

	<i>Contingent-owned equipment</i>	<i>Letters of assist</i>	<i>Total</i>
MINURCA	7 477	3	7 480
UNOSOM	12 425	3 065	15 490
UNSMIH/UNTMIH/MIPONUH	–	114	114
UNTAC	21 897	18 086	39 983
Total	41 799	21 268	63 067

Annex III

Borrowings by active missions from closed peacekeeping missions, 1 July 2008 to 28 October 2013

(Millions of United States dollars)



Annex IV

Borrowings, settlements and peak levels of cross-borrowing by active missions from closed missions, 1 July 2008 to 28 October 2013

(Millions of United States dollars)

<i>Month</i>	<i>Borrowings</i>	<i>Settlements</i>	<i>Balance</i>	<i>Peak level</i>	<i>Month</i>	<i>Borrowings</i>	<i>Settlements</i>	<i>Balance</i>	<i>Peak level</i>	<i>Month</i>	<i>Borrowings</i>	<i>Settlements</i>	<i>Balance</i>	<i>Peak level</i>
July 2008	26.5	–	53.5	53.5	July 2010	–	–	12.0	12.0	July 2012	11.0	–	62.0	62.0
August 2008	3.0	(40.0)	16.5	56.5	August 2010	6.4	–	18.4	18.4	August 2012	–	(8.5)	53.5	62.0
September 2008	60.0	(4.0)	72.5	72.5	September 2010	–	(18.4)	–	18.4	September 2012	–	(6.0)	47.5	47.5
October 2008	10.0	(30.0)	52.5	72.5	October 2010	–	–	–	–	October 2012	–	(24.5)	23.0	47.5
November 2008	–	(32.0)	20.5	52.5	November 2010	–	–	–	–	November 2012	–	–	23.0	23.0
December 2008	19.0	(16.0)	23.5	39.5	December 2010	4.0	–	4.0	4.0	December 2012	14.0	–	37.0	37.0
January 2009	28.0	(15.0)	36.5	51.5	January 2011	3.5	–	7.5	7.5	January 2013	9.0	(5.0)	41.0	41.0
February 2009	3.5	–	40.0	40.0	February 2011	46.5	(41.0)	13.0	47.5	February 2013	–	–	41.0	41.0
March 2009	8.0	(36.0)	12.0	48.0	March 2011	–	–	13.0	13.0	March 2013	–	–	41.0	41.0
April 2009	6.0	–	18.0	18.0	April 2011	11.5	–	24.5	24.5	April 2013	–	–	41.0	41.0
May 2009	–	–	18.0	18.0	May 2011	4.0	–	28.5	28.5	May 2013	–	–	41.0	41.0
June 2009	–	–	18.0	18.0	June 2011	13.0	–	41.5	41.5	June 2013	–	–	41.0	41.0
July 2009	–	–	18.0	18.0	July 2011	34.5	–	76.0	76.0	July 2013	11.0	–	52.0	52.0
August 2009	–	–	18.0	18.0	August 2011	5.0	–	81.0	81.0	August 2013	5.0	(13.0)	44.0	57.0
September 2009	3.0	–	21.0	21.0	September 2011	12.0	(66.0)	27.0	93.0	September 2013	–	(4.5)	39.5	44.0
October 2009	–	(12.0)	9.0	21.0	October 2011	–	(3.0)	24.0	27.0	October 2013	–	(22.5)	17.0	30.0
November 2009	–	–	9.0	9.0	November 2011	25.0	–	49.0	49.0					
December 2009	4.5	–	13.5	13.5	December 2011	–	–	49.0	49.0					
January 2010	18.5	–	32.0	32.0	January 2012	–	(18.0)	31.0	49.0					
February 2010	4.0	–	36.0	36.0	February 2012	23.5	–	54.5	54.5					
March 2010	–	(24.0)	12.0	36.0	March 2012	–	(18.0)	36.5	54.5					
April 2010	–	–	12.0	12.0	April 2012	9.0	–	45.5	45.5					
May 2010	–	–	12.0	12.0	May 2012	–	–	45.5	45.5					
June 2010	–	–	12.0	12.0	June 2012	9.0	(3.5)	51.0	54.5					

Annex V**Shortage of cash in active peacekeeping missions at the time of the quarterly reimbursement of troop-contributing countries**

(Thousands of United States dollars)

	<i>2011/12</i>				<i>2012/13</i>				<i>2013/14</i>
	<i>October 2011</i>	<i>December 2011</i>	<i>March 2012</i>	<i>June 2012</i>	<i>October 2012</i>	<i>December 2012</i>	<i>March 2013</i>	<i>June 2013</i>	<i>October 2013</i>
Amounts unpaid for troops/formed police units and contingent-owned equipment/self-sustainment	54 395.0	36 192.8	19 253.5	43 366.8	20 531.6	68 398.3	22 590.9	57 327.7	1 178.9
Loans from closed peacekeeping missions	27 000.0	35 000.0	53 500.0	51 500.0	31 000.0	23 000.0	32 000.0	41 000.0	30 000.0
Total cash shortage	81 395.0	71 192.8	72 753.5	94 866.8	51 531.6	91 398.3	54 590.9	98 327.7	31 178.9