

**Sixty-eighth session**

Agenda item 136

Improving the financial situation of the United Nations**Improving the financial situation of the United Nations****Report of the Secretary-General***Summary*

The present report reviews the financial situation of the United Nations as at 1 October 2013 and provides an update to the information presented in the previous report of the Secretary-General ([A/67/522/Add.1](#)).

The report discusses the financial strength of the Organization on the basis of four main financial indicators: assessments issued, unpaid assessments, available cash resources, and the Organization's outstanding payments to Member States.

Overall financial indicators for 2013 were generally positive, with notable increases in the number of Member States meeting their obligations in full across all categories. The level of outstanding payments to Member States is projected to decrease considerably by the end of 2013 as a result of efforts by the Secretariat to streamline and expedite the related payment process. However, while cash balances will be positive for peacekeeping operations, the international tribunals and the capital master plan at year-end, regular budget cash was at a low level at 1 October 2013. The final regular budget cash position will depend on incoming contributions in the final months of the year.

In spite of the notable increase in the number of Member States that have paid their obligations to the Organization in full, a significant amount of assessments still remains unpaid. Given the limited reserves available, the financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.



I. Introduction

1. The present report updates the information on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report ([A/67/522/Add.1](#)). It reviews the financial indicators as at 1 October 2013 and a comparison is made with the situation as at 5 October 2012 (see [A/67/522](#)).

2. In the present report, the financial situation of the United Nations is considered on the basis of four main financial indicators that have been used to measure the strength of the Organization: assessments issued, unpaid assessments, available cash resources, and the Organization's outstanding payments to Member States.

II. Review of the financial situation as at 1 October 2013

3. The financial situation as at 1 October 2013 reflects increases in the level of assessments for the regular budget, peacekeeping operations and the international tribunals. No new assessments were issued for the capital master plan in 2012 or 2013. As at 1 October 2013, unpaid assessments were higher for the regular budget and peacekeeping operations, and lower for the international tribunals and the capital master plan, compared with the situation as at 5 October 2012. The level of outstanding payments to Member States is projected to decrease considerably by the end of 2013 as a result of efforts by the Secretariat to streamline and expedite the related payment process. Overall, the financial indicators for 2013 were positive, although the level of cash available for the regular budget continues to be a concern, and will largely depend on incoming contributions in the remaining months of the year.

A. Regular budget

4. Assessments for the regular budget for 2013 were higher than those for 2012, by \$194 million. Unpaid assessments at 1 October 2013 were higher by \$90 million than unpaid assessments at 5 October 2012, with outstanding amounts of \$945 million and \$855 million, respectively.

5. As at 1 October 2013, 134 Member States had paid their regular budget assessments in full, five more than at 5 October 2012. The Secretary-General wishes to thank the 134 Member States that have honoured their obligations for the regular budget in full and urges the remaining 59 Member States to follow their example.

6. The amount of \$945 million that remained outstanding at 1 October 2013 was highly concentrated, with 94 per cent owed by three Member States, and 6 per cent by the remaining Member States. The final picture for 2013 will depend in large part on the action taken by those Member States in the coming months.

7. Cash resources for the regular budget under the General Fund also include the Working Capital Fund and the Special Account. There was a shortfall in regular budget cash at the end of 2012, which was fully covered by the Working Capital Fund.

8. In reviewing the cash situation in 2013, it should be recalled that only a portion of the regular budget recosting for 2012 has been approved and that consideration of the remaining requirements has been deferred until the end of 2013. In addition, the General Assembly authorized the use of the Working Capital Fund as a cash-flow bridging mechanism to cover expenditures for repair works relating to storm Sandy pending the receipt of insurance settlements. However, it has not been necessary so far to utilize the Working Capital Fund for this purpose.

9. At 1 October 2013, regular budget cash amounted to \$55 million, excluding the Working Capital Fund and the Special Account (\$150 million and \$259 million, respectively). Taking into account the reserves, the total cash now available of \$464 million is not enough to cover disbursements through the end of the year, which are projected at about \$620 million. The cash position will continue to be monitored closely. The final situation will depend on incoming contributions in the final months of the year.

B. Peacekeeping operations

10. The changing demand for peacekeeping activities makes it difficult to predict financial outcomes. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December; assessments are issued separately for each operation; and, since assessment letters can be issued only until the end of the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of those factors complicate a comparison between peacekeeping operations and the regular budget.

11. The amount of unpaid assessments for peacekeeping operations at 1 October 2013 was \$3.4 billion, reflecting an increase from the outstanding amount of \$1.9 billion at 5 October 2012. While the level of unpaid peacekeeping assessments has increased considerably in 2013, this is directly related to the overall increase in peacekeeping assessments in 2013, as a portion of the 2012/2013 fiscal year assessments could only be issued in January 2013. Following the decision on the new scale of assessments, peacekeeping assessments for the period from January to June 2013 were issued in January 2013. Assessments for the 2013/2014 period were also issued in July 2013. On a positive note, the level of unpaid assessments as at 1 October 2013 represents 35 per cent of total peacekeeping assessments in 2013, compared to 40 per cent one year ago.

12. Owing to the unpredictable amount and timing of peacekeeping assessments throughout the year, it can be difficult for Member States to keep fully current with them. The Secretary-General therefore wishes to express special gratitude to the 33 Member States that at 1 October 2013 had paid all peacekeeping assessments that were then due and payable.

13. The amount of cash available for peacekeeping operations as at 1 October 2013 was approximately \$3.7 billion, with approximately \$3.4 billion in the accounts of active missions, \$291 million in the accounts of closed missions and \$82 million in the Peacekeeping Reserve Fund.

14. As regards outstanding payments to Member States, the Secretariat has dedicated great effort towards minimizing the level of payments outstanding,

through streamlining and expediting the payment process. By the end of 2013, the level is projected to decrease to \$423 million, below the level of \$525 million at the end of 2012, and also well below the \$862 million outstanding as at 1 October 2013. The amount outstanding at 1 October 2013 consists of \$267 million owed for troops and formed police units, \$442 million for contingent-owned equipment claims for active missions, \$86 million for contingent-owned equipment claims for closed missions under the old methodology, \$66 million for letters of assist and \$1 million for death and disability claims.

15. As at 1 October 2013, payments for troops and formed police units for active missions were current up to July/August 2013, except those for the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP), the United Nations Mission in South Sudan (UNMISS), the United Nations Mission in Liberia (UNMIL), and the United Nations Interim Security Force for Abyei (UNISFA), owing to insufficient cash availability in the special accounts for those missions. The amounts owed for contingent-owned equipment in the active missions were current up to March 2013, with the exception of MINURSO, UNFICYP, UNMISS and the United Nations Stabilization Mission in Haiti (MINUSTAH), again owing to insufficient cash in the special accounts for those missions.

16. The Secretary-General remains committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible and, in this regard, wishes to reassure Member States that the peacekeeping cash flow situation is being closely monitored. Although it is a priority to maximize quarterly payments to Member States on the basis of cash availability, the Organization continues to depend on Member States honouring their financial obligations in full and on time, and also on the speedy finalization of memorandums of understanding with troop contributors for the provision of equipment.

C. International tribunals

17. The international tribunals comprise the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals. The overall unpaid assessments for the international tribunals reflected a lower level at 1 October 2013, with \$60 million still outstanding, compared to the outstanding amount of \$63 million at 5 October 2012.

18. As at 1 October 2013, 96 Member States had paid their assessed contributions in full for the international tribunals, which is one more than at 5 October 2012. The Secretary-General wishes to express his appreciation to the 96 Member States that have met their obligations in full and urges other Member States to pay their contributions to the international tribunals in full and on time.

19. The cash resources available for the international tribunals are currently at positive levels, and are expected to remain so through year-end. The final position will depend on incoming payments from Member States during the final months of 2013.

D. Capital master plan

20. A total of \$1.87 billion was assessed under the special account for the capital master plan. As at 1 October 2013, the bulk of the assessed contributions had been received, with \$1.6 million still outstanding. As a result, cash balances have remained positive so far. However, this cash will be exhausted by the end of April 2014, and a decision will be required on the financing of the capital master plan and the associated costs.

21. As at 1 October 2013, 166 Member States had paid their assessments for the capital master plan in full. The Secretary-General wishes to express his gratitude to those 166 Member States and urges the other Member States to make their payments before completion of the capital master plan.

III. Conclusions

22. Notably, the number of Member States meeting their full obligations continues to improve. The Secretary-General wishes to pay special tribute to the 33 Member States that had paid all assessments that were due and payable as at 9 October 2013. These are Antigua and Barbuda, Australia, Austria, Canada, Congo, Costa Rica, Côte d'Ivoire, Cuba, Denmark, Finland, Germany, Hungary, Iceland, Ireland, Latvia, Liechtenstein, Malawi, Netherlands, New Zealand, Nigeria, Norway, Republic of Korea, Saint Lucia, Samoa, Senegal, Sierra Leone, Singapore, South Africa, Sweden, Switzerland, Thailand, Tuvalu and United Republic of Tanzania. Payments received after 9 October 2013 result in the addition of Georgia to the list. Other Member States are urged to follow the example of these countries.

23. For the regular budget, as at 1 October 2013, 134 Member States had paid in full, well above the level of 129 Member States one year ago. However, a significant level of unpaid regular budget contributions was concentrated among the remaining Member States.

24. While cash positions were projected to be positive at year-end for peacekeeping, the tribunals and the capital master plan, the regular budget cash was at a low level at 1 October 2013. Projected regular budget expenditure through year-end would exceed the level of reserves. Consequently, the final position will depend on incoming contributions in the final months of the year.

25. On a positive note, the Secretariat was following through on its commitment to monitor incoming peacekeeping cash in order to expedite outstanding payments to Member States. These were projected to decrease to a level of \$423 million by the end of 2013.

26. In spite of notable increases in the number of Member States that have made full payment, a significant amount of assessments still remains unpaid. Given the limited reserves available, the financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time.