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Improving the financial situation of the United Nations

Financial situation of the United Nations

Report of the Secretary-General

Addendum

Summary

The present report provides a review of the financial situation of the United Nations as at 31 December 2022 and 2023 and as at 30 April 2023 and 2024 and an update to the information presented in the previous report of the Secretary-General ([A/78/524](#)).

The report is focused primarily on four financial indicators: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to Member States.

The cash situation with regard to the regular budget continues to fluctuate. Despite 2023 starting with a healthy cash balance and more Member States paying in full earlier in the year, collections trailed estimates each quarter and throughout the year except for November, making it the lowest collection rate in the past five years in almost every quarter. Liquidity pressures were exacerbated in the third quarter of 2023 owing to the continuing shifts in payment patterns of some Member States, combined with the increase in post adjustments for international Professional staff and actual vacancy rates becoming lower than the approved vacancy rates. The Secretary-General imposed temporary restrictions on hiring in mid-July to manage the evolving liquidity crisis and supplemented them with partial restrictions on non-post spending in late September, in order to mitigate the risk of disruptions to the payment of salaries, entitlements and other legal obligations to third parties. The delays in payment of contributions, which necessitated those spending restrictions, have had a negative impact on budget management, programme delivery and mandate implementation, despite the efforts of programme managers to mitigate their negative impact. Collections in the last quarter of 2023 resulted in only 82.3 per cent of the total budget having been collected at the end of the year. This was the lowest collection rate in the past five years, with arrears at a record level of \$859 million.



As a result, 2024 began with nearly all of the Organization's cash reserves exhausted, despite the decision of the General Assembly in its resolution [76/272](#) to increase the working capital fund by \$100 million from January 2023. This decision to increase the regular budget liquidity reserves was intended to enhance the measures at the disposal of the Organization to mitigate the impact of future financial crises on its operations but it was not enough, and it is clear that it remains imperative to address late and non-payment of contributions and other feasible options for a more durable solution to the liquidity problems. Collections at the end of April were almost 72 per cent and have exceeded our projections but this is partially a result of the collection of arrears. The end of 2024 could be potentially as bad as or worse than 2023, unless the collections for the year significantly exceed the average over the past five years.

In respect of peacekeeping operations, the decision of the General Assembly in its resolution [73/307](#) to remove the restriction on cross-borrowing of cash for active missions, along with assessment and collection for non-mandated periods, provided an improvement in the overall liquidity of active peacekeeping operations, including the ability to settle the payments to troop- and police-contributing countries. Payments for troops, formed police units and contingent-owned equipment are current for all active missions. However, the percentage of contributions outstanding has been increasing steadily, forcing a delay in the issuance of allotments for peacekeeping operations during the current fiscal year. Unless collections improve significantly in the current quarter, payments to troop- and police-contributing countries for contingent-owned equipment due in June may again be delayed this year, as in 2023; peacekeeping operations may also be impacted in 2024/25 unless collections improve.

The final outcome for 2024 for all operations will depend on Member States meeting their financial obligations. The Secretary-General appreciates the efforts of those Member States that have paid in full and on time and urges the remaining Member States to make every effort to pay their outstanding contributions. The end of 2024 could be potentially as bad as or worse than 2023 for regular budget operations, unless collections in 2024 significantly exceed the average for the past five years.

I. Introduction

1. The present report provides an update on the financial situation of the United Nations presented to the General Assembly by the Secretary-General in his previous report ([A/78/524](#)) and a review of the financial indicators as at 31 December 2022 and 2023 and as at 30 April 2023 and 2024.

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

II. Review of the financial situation

3. The Secretary-General has continued to actively engage with Member States on the liquidity situation of the Organization.

4. In 2023, assessments were issued for the peacekeeping operations and the international tribunals at lower levels than in the previous year, while assessments for the regular budget was issued at a higher level than in 2022. At the end of 2023, unpaid assessments were lower for the peacekeeping operations, although higher as a percentage of the assessments; the unpaid assessments were higher for the regular budget and international tribunals as compared with the end of 2022. As at 30 April 2024, unpaid assessments were lower for all categories than in the previous year. The actions taken by Member States in May and June will determine the final situation for the current peacekeeping fiscal year.

5. At the end of 2023, the liquidity reserves of the regular budget were nearly exhausted, despite the increase in the Working Capital Fund by \$100 million from January 2023. Some individual peacekeeping operations continue to face cash shortages during certain periods of the year. Although the General Assembly welcomed the continued management of the cash resources of the active peacekeeping operations as a pool and approved the use of the Peacekeeping Reserve Fund as an additional liquidity mechanism, the Organization still depends on Member States to meet their financial obligations in full and on time.

6. With regard to troop costs and the cost of contingent-owned equipment, by the end of 2023 and by the end of April 2024, all outstanding payments to Member States for active operations had been paid in full thanks to cash pooling and advance payments received. The only remaining amount due to Member States was \$30 million for closed peacekeeping missions, pending instructions from the respective Member States regarding disbursement. The payments due in June 2024 will depend on collections in May and June, with the current levels of collections falling short of the liquidity needs to settle the claims in full.

A. Regular budget

7. Predictability in the timing and amount of collections from Member States is critical for managing the Organization's cash outflows and planning spending. As monthly regular budget collections continue to fluctuate significantly each year, it makes it more difficult to safely commit funds for implementing the budget efficiently or effectively. This challenging financial situation, coupled with the receipt of large contributions at the end of the calendar year, necessitates careful liquidity management through the alignment of expenditure with cash inflows throughout the

year so as to ensure that operations are not disrupted. This prevents the Secretariat from fully executing hiring plans and planned activities, which, in turn, hampers programme delivery and mandate implementation.

8. The cash conservation measures introduced in 2018 and intensified progressively thereafter until mid-2021 had been effective in reducing the risks of disruption to operations. Those measures resulted in the regular budget cash deficit occurring later each year, in addition to reducing the size of the deficit since 2019. During 2018, borrowing from the Working Capital Fund occurred as early as May. In subsequent years, the Organization has managed to postpone such borrowing until July in 2019, September in 2020 and November in 2021; in 2022, it had to borrow in September. The deepest deficits, \$488 million in October 2018 and \$520 million in November 2019, had been reduced to \$334 million by December 2020. In 2021 and 2022, the Organization borrowed the full amount of the Working Capital Fund towards the end of the year, but it was not necessary to use either the Special Account or the cash available in closed peacekeeping operations.

9. During its second resumed session, the General Assembly, in its resolution [76/272](#), approved an increase in the Working Capital Fund using a portion of the unspent funds from the 2021 regular budget, which would have been returnable to Member States in 2023. The Assembly also approved the use of the surplus in closed international tribunals accounts, as needed, to cover temporary liquidity shortfalls of the regular budget, while also approving the return of surplus cash in closed peacekeeping missions to Member States.

10. Unfortunately, despite the above measures, the liquidity situation deteriorated during 2023, with collections trailing estimates for most of the year. In 2023, assessments were issued at a level of \$2.99 billion, \$55 million higher than the level in 2022. Although the year started with the Organization in a slightly better financial situation than in previous years, the year ended with \$859 million outstanding, a new record for unpaid assessments, eclipsing the previous record of \$808 million at the end of 2020. By July 2023, as the liquidity for regular budget operations remained highly uncertain and unpredictable, the Organization was forced to implement the temporary suspension on hiring and also to curtail non-post spending by September to ensure adequate liquidity for the payment of salaries, allowances to staff and other personnel, as well as commitments to vendors. The Organization had to borrow from the Working Capital Fund in August and from the Special Account in October. By the end of the year, the Working Capital Fund was fully exhausted, and the Special Account was nearly depleted.

11. By the end of 2023, 142 Member States had paid their regular budget assessments in full, representing a decline from the 146 Member States having done so by the end of 2022. The Secretary-General wishes to thank the 142 Member States that honoured their obligations to the regular budget in full by 31 December 2023 and invites other Member States to follow their example.

12. As highlighted in the letter of the Secretary-General to Member States dated 25 January 2024, the Organization started 2024 with only approximately \$60 million in cash, making it even more vulnerable to adverse changes in payment patterns. In addition, the Organization had to return \$114 million as credits to Member States as part of the 2024 assessments, which meant that it would collect less than the budget approved for 2024, even if all Member States paid in full in 2024. The depletion of the regular budget liquidity reserves at the end of 2023 therefore necessitated imposing more stringent cash conservation measures for 2024 from the very beginning of the year. With no cash conservation measures, the Secretariat anticipated that the Organization would run out of all cash, including the liquidity reserves, by August 2024. Every Secretariat entity was therefore asked to plan and execute its programme of work

within a reduced ceiling so that available cash could be rationed to enable uninterrupted operations within the reduced ceiling caused by lower cash inflows.

13. Payments received by 30 April 2024 totalled approximately \$2.4 billion. A total of 105 Member States had paid their assessments to the regular budget in full, 8 more than at the same date in 2023. Of those Member States, 51 had paid their assessments on time within the 30-day due period, 2 fewer than in 2023. The Secretary-General wishes to pay tribute to those 105 Member States for their support for the work of the Organization and urges all other Member States to pay their assessed contributions in full and as soon as possible.

14. First quarter collections stood at 42 per cent in 2022 and 2023 and have increased to 52 per cent in 2024. By the end of the second quarter, collections stood at 58 per cent in both 2022 and 2023, and that level has already been exceeded in 2024. The unpaid assessed contributions as at 30 April 2024 were \$1.7 billion, compared with \$1.8 billion as at 30 April 2023. The higher amount of collections included contributions received against the record-breaking level of arrears at the beginning of 2024 and a few Member States paying earlier than anticipated. In the last quarter of 2023, we collected \$548 million compared with \$896 million during the same period in 2022. Final collections in 2022 and 2023 were 102 per cent and 82 per cent, respectively. The final collections for 2024 have to be approximately 105 per cent in order to enable the Secretariat to execute the 2024 programme budget in full, which is much higher than the average of approximately 97 per cent over the past five years.

B. Peacekeeping operations

15. Peacekeeping operations have a different financial period from that of the regular budget, running from 1 July to 30 June rather than from 1 January to 31 December, and assessments are issued separately for each operation.

16. At the end of the 2022/23 fiscal year, unpaid assessments for peacekeeping operations amounted to \$2.3 billion, \$0.2 billion more than the amount that was outstanding at the end of 2021/22. As at 30 April 2024, assessments for the 2023/24 fiscal year were issued at a level of \$6.0 billion compared with \$6.3 billion for the previous fiscal year. Collections for the current fiscal year up to 30 April 2024 amounted to \$5.6 billion. As at 30 April 2024, the level of unpaid assessments was \$2.6 billion. The actions taken by Member States in May and June will determine the final situation for the 2023/24 fiscal year. The outstanding amount of \$2.6 billion comprised \$2.1 billion owed for active missions and approximately \$0.5 billion owed for closed missions. For active missions, \$1.8 billion related to amounts due for the current fiscal year, while \$0.4 billion related to assessments issued in prior fiscal years.

17. The level of peacekeeping assessments fluctuates as operations cease or are downsized. The trend in the level of unpaid assessments at the end of the past five financial periods is very concerning. Unpaid assessments have risen from 22 per cent of the assessment for the 2018/19 fiscal year to 28 per cent for the 2022/23 fiscal year. As at 30 April 2024, the percentage of unpaid assessments stood at 36 per cent. Without the positive action of Member States, the overall liquidity of peacekeeping operations will hinder the Organization's ability to effectively and efficiently execute its mandate and settle dues owed to troop- and police-contributing countries in a timely manner.

18. By 31 December 2023, 50 Member States had paid all assessments due and payable, compared with 51 Member States that had done so at 31 December 2022. The Secretary-General wishes to give special thanks to those 50 Member States for their payments.

19. As at 30 April 2024, the number of Member States that had paid all due and payable peacekeeping assessments was 47, compared with 62 as at 30 April 2023. The Secretary-General would like to pay special tribute to those 47 Member States for their efforts.

20. Since the adoption of General Assembly resolution [73/307](#), in July 2019, assessment letters have been issued for peacekeeping operations for the full budget period approved by the Assembly, including the estimated budget for the period for which the mandate has not yet been approved by the Security Council, with the understanding that this amount is considered due within 30 days of the effective date of the extension of the mandate of a peacekeeping operation. With the exception of the 2021/22 fiscal year, which was a transition fiscal year as it was based on two different triennial scales, the assessments for periods for which the mandate had not yet been extended ranged between \$2.4 billion and \$2.8 billion and, against that amount, advance collections of between \$300 million and \$750 million were received. Those advance collections provided positive liquidity for peacekeeping operations and allowed the Organization to become current in meeting its obligations to troop- and police-contributing countries.

21. The cash available for peacekeeping operations as at 31 December 2023 totalled approximately \$2.3 billion in the accounts of active missions, closed missions and the Peacekeeping Reserve Fund. By 30 April 2024, the available cash had declined to approximately \$1.4 billion. The Financial Regulations and Rules of the United Nations restrict the use of the Peacekeeping Reserve Fund to new operations and the expansion of existing operations. As a mechanism to ease the liquidity problems, the General Assembly, in its resolution [76/272](#), directed the use of the Fund as the first choice for borrowing for active peacekeeping operations, retaining \$40 million to support new missions and the expansion of existing missions as originally intended for the Fund. The cash of each mission is delineated in a separate account as directed by the Assembly, and cross-mission borrowing is used when needed, on the basis of Assembly resolution [73/307](#).

22. In the past, before the above-mentioned decisions of the General Assembly in resolutions [73/307](#) and [76/272](#), reimbursements to troop- and police-contributing countries tended to be delayed when cash reserves in individual operations were insufficient to cover operating costs. In June 2023, such a situation recurred, with payments of claims related to contingent-owned equipment being delayed. In July 2023, the Secretary-General wrote to Member States to express his concern regarding the deeply alarming liquidity situation for peacekeeping operations and the risk that it was posing to the Organization's ability to deliver on mandates. Peacekeeping operations were requested to slow down some spending to avoid a recurrence of the June 2023 situation of inability to settle such obligations on time. Following the collections for new assessments issued in July, there were no outstanding obligations to Member States for active missions by the end of December 2023. There were also no outstanding obligations to Member States for active missions at 30 April 2024. The collections in May and June will determine whether the obligations due in June 2024 can be settled in full.

23. By its resolution [76/280](#), the General Assembly approved the return of the cash available in 24 closed peacekeeping missions with cash surplus balances, excluding only cash necessary to cover claims of troop- and police-contributing countries in those missions, to Member States that had paid their assessed contributions in full to the closed peacekeeping missions as at 31 December 2022, based on the scale applicable to each mission's last assessment. By the end of April 2024, claims for contingent-owned equipment in long-closed missions had been settled with Member States, while for claims in the amount of \$30 million, instructions were pending from the respective Member States.

24. The Secretary-General remains committed to meeting the Organization's obligations to Member States providing troops and equipment as expeditiously as possible, as its cash situation permits. In this regard, the peacekeeping cash-flow situation is monitored continuously, and the Organization attaches high priority to maximizing the quarterly payments on the basis of available cash and data. To effect those payments, the United Nations depends on Member States meeting their financial obligations in full and on time, as well as on the expeditious finalization of memorandums of understanding with contributors of contingent-owned equipment. With regard to the budget periods 2019/20 onward, the General Assembly decisions in resolution [73/307](#) to allow cross-borrowing and to issue assessment letters for the full budget period have improved the settlement of obligations to Member States.

C. International tribunals

25. As at 30 April 2024, unpaid assessments for the international tribunals amounted to \$73 million, comprising \$47 million owed for the International Residual Mechanism for Criminal Tribunals, \$21 million owed for the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 and \$5 million owed for the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994.

26. As at 30 April 2024, 83 Member States, compared with 84 Member States in 2023, had paid in full for all three tribunals, namely, the International Residual Mechanism for Criminal Tribunals (last assessed in 2024), the International Tribunal for the Former Yugoslavia (last assessed in 2018) and the International Criminal Tribunal for Rwanda (last assessed in 2016).

27. The monthly position of cash balances for the tribunals has been positive over the past three years. The final outcome for 2024 will depend on Member States continuing to honour their financial obligations to the tribunals. In its resolution [76/272](#), the General Assembly noted the possibility of using the surplus in closed international tribunals accounts as a last resort to cover temporary liquidity shortfalls of the regular budget. The cash surplus of the international tribunals remains a critical lifeline for regular budget operations and nearly prevented the default in November 2023 on the payment of salaries. The liquidity for regular budget implementation in 2024 also relies on the availability of this surplus as a last resort.

III. Conclusions

28. The Secretary-General wishes to pay special tribute to the 48 Member States that have paid all assessments that were due and payable as at the time of reporting, namely: Algeria, Armenia, Australia, Austria, Bahrain, Barbados, Bhutan, Botswana, Bulgaria, Canada, Chad, Colombia, Czechia, Equatorial Guinea, Ethiopia, Finland, Gambia, Germany, Hungary, Iceland, Ireland, Italy, Japan, Kiribati, Latvia, Liechtenstein, Monaco, Mongolia, Nauru, Netherlands (Kingdom of the), New Zealand, Norway, Poland, Qatar, Rwanda, Senegal, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Trinidad and Tobago, Tunisia, Tuvalu, United Kingdom of Great Britain and Northern Ireland, Uzbekistan and Zimbabwe.

29. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time. The full and efficient

implementation of our programme of work depends on the financial support of Member States through the adoption of realistic budget levels and the provision of timely contributions to ensure a stable and predictable financial situation throughout the year. The Organization can solve the liquidity crisis only with the support of Member States, especially by meeting their financial obligations in full and in a predictable and timely manner. The Secretary-General has urged Member States repeatedly to revisit his past proposals and review the liquidity challenges holistically. Their previous decisions have increased the liquidity for regular budget and peacekeeping operations but more is needed to prevent cyclical liquidity shortages, especially for regular budget operations. Among other things, the structural challenge of returning funds that could not be spent owing to liquidity shortages, including to Member States that have not paid their assessments, needs to be addressed.
