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Held at Headquarters, New York, on Tuesday, 11 October 2011, at 10 a.m.

Chair: Mr. Tommo Monthe . . . . (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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The meeting was called to order at 10.05 a.m.

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

1. Ms. Kane (Under-Secretary-General for Management), accompanying her statement with a digital slide presentation, said that she would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States. Despite the global financial climate, the overall financial situation of the United Nations had improved in 2011, with projected positive cash balances at year end in all categories and reduction in the level of debt to Member States, even as unpaid assessments had increased slightly in all categories.

2. As to the regular budget, she noted that the level of assessments and payments had both been higher in 2011 than in 2010, by $249 million and $184 million respectively. Unpaid assessed contributions had amounted to $867 million as at 5 October 2011, compared to $786 million a year earlier. As at 5 October 2011, 131 Member States, 12 more than on 5 October 2010, had paid their regular budget assessments in full. She urged the remaining Member States to pay their assessed contributions for 2011 as soon as possible. Of the total of $867 million outstanding as at 5 October 2011, 87 per cent had been owed by a single Member State, 8 per cent by three other Member States and 5 per cent by the remaining Member States. The final picture for 2011 would depend on action taken by those States in the months that followed.

3. 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. As at 5 October 2011, the total cash resources available had stood at $584 million, compared to $813 million on 31 December 2010. According to the projections, there would be a positive cash balance at the end of December 2011, but the final position would depend on action by the major contributors.

4. A number of factors made it difficult to predict financial outcomes for peacekeeping activities: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued through the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the international tribunals.

5. The total amount outstanding for peacekeeping operations as at 5 October 2011 had been $3.3 billion, approximately $843 million higher than at the end of 2010 and $113 million above the level as at 5 October 2010. That amount included assessments for the United Nations Interim Force in Lebanon (UNIFIL), totalling some $474 million, which had been issued recently and were still within the 30-day due period. Owing to the unpredictable levels and timing of peacekeeping assessments, it could be more difficult for Member States to keep fully current with their payments. The 17 Member States that had paid all their peacekeeping assessments as at 5 October 2011 and the one Member State that had subsequently paid in full therefore deserved special thanks.

6. The cash balance in peacekeeping accounts had stood at some $4.3 billion as at 5 October 2011. That amount was divided among the accounts of a number of ongoing and closed operations and the Peacekeeping Reserve Fund, but there were restrictions on its use. The General Assembly routinely specified that no peacekeeping mission should be financed by borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. Further, only some of the cash available in the accounts of closed peacekeeping operations was available for borrowing. Moreover, in its resolution 65/293, the General Assembly had authorized the return to Member States of $180 million from closed peacekeeping budgets as at 30 June 2010.

7. According to current estimates, a total of $3.2 billion would be available in peacekeeping accounts at the end of 2011, with approximately $2.8 billion in the accounts of active missions, $316 million in the accounts of closed missions and $140 million in the Peacekeeping Reserve Fund.

8. Of the $316 million expected to be available in the accounts of closed missions at the end of 2011, $263 million had been set aside for payment of

outstanding liabilities, such as troop and equipment payments and credits to be returned to Member States. That left only $53 million available for cross-borrowing by active peacekeeping operations. With decreased liquidity in peacekeeping missions, the need for such cross-borrowing had increased in 2011. That trend could reverse, however, if Member States were to pay their assessments promptly. Compared to 2008, when cross-borrowing from the accounts of closed missions had been required for seven active operations in the amount of $148 million, in 2011 cross-borrowing had been required for six active operations, namely the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFYCIP), the United Nations Integrated Mission in Timor-Leste (UNMIT), the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and the United Nations Operation in Côte d'Ivoire (UNOCI), for a total of $130 million.

9. Revised projections of the Organization's debt to Member States suggested that the amount outstanding would total some $448 million at the end of 2011, which was lower than the projection of $568 million made in May and the amount of $539 million outstanding as at 31 December 2010. New obligations had increased in 2011, mainly due to the one-time time supplemental payment to troop-contributing countries authorized by the General Assembly in its resolution 65/289 and the deployment of a military contingent in the United Nations Interim Security Force for Abyei (UNISFA), but had been partly offset by a reduction of military personnel in United Nations Mission in Liberia (UNMIL) and a reduction of police personnel in UNMIT.

10. Payments in respect of troop obligations had been more or less current up to August 2011 for all active missions, with the exception of MINURSO, UNFICYP and UNMIL, due to insufficient cash in the special account for those missions. Payments in respect of contingent-owned equipment were current up to June 2011, except for the three missions she had just mentioned. The Secretariat would continue to monitor the situation and would maximize the quarterly payments according to the cash available. The Secretary-General was committed to meeting the Organization's obligations to troop and equipment contributors as expeditiously as possible. To that end, Member States must meet their financial obligations to the United Nations in full and on time and the relevant memorandums of understanding must be finalized.

11. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had improved slightly in 2011, even though unpaid assessments had increased by $6 million. As at 5 October 2011, 94 Member States had paid their assessed contributions in full, six more than as at 5 October 2010. She urged the remaining Member States to follow their example. The breakdown of unpaid assessed contributions showed that one Member State accounted for 64 per cent of the total, four Member States accounted for 18 per cent and the remaining Member States accounted for 18 per cent. If recent trends continued, the Tribunals would end the year with positive cash balances. Once again, however, the actual outcome would depend on Member States meeting their financial obligations in full and on time.

12. Recalling that the Assembly had approved a total budget of $1.9 billion for the capital master plan, she said that 180 Member States were under the multi-year payment system, while 12 Member States had opted for one-time payment. As at 5 October 2011, payments totalling $1.8 billion had been made, with $88 million still outstanding. She thanked the 124 Member States that had paid their capital master plan assessments and urged all Member States to pay their assessed contributions in full and on time to ensure the timely implementation of the plan.

13. In conclusion, she paid special tribute to the 18 Member States that had paid in full all assessments due and payable by 10 October 2011. The financial indicators for 2011 showed improvement in some areas: cash positions were projected to be positive at year-end for all funds, although the final outcome would depend on contributions made in the last quarter. Debt to Member States was projected to decrease significantly compared to the level at the end of 2010. Although unpaid assessments had increased compared to a year earlier, the number of Member States that had met their obligations in full had increased for all budget categories. Amounts outstanding continued to be highly concentrated with a few Member States for all budget categories except peacekeeping, for which the degree of concentration had declined in recent years.

14. In order to maintain the financial health of the Organization, it remained as critical as ever for Member States to meet their financial obligations in full and on time, despite the difficult global financial situation.

The meeting rose at 10.30 a.m.