



General Assembly

Distr.
GENERALA/39/622
31 October 1984

ORIGINAL: ENGLISH

Thirty-ninth session
Agenda item 111

FINANCIAL EMERGENCY OF THE UNITED NATIONS

Analysis of the financial situation of the United NationsReport of the Advisory Committee on Administrative
and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial emergency of the United Nations, contained in document A/C.5/39/10 and Corr.1. The report was prepared pursuant to General Assembly resolution 38/228 of 20 December 1983.

2. Section I of the report contains an accounting for the proceeds from the sale of postage stamps on the conservation and protection of nature. The stamps were issued in response to an invitation by the General Assembly in resolution 35/113 of 10 December 1980. In accordance with resolution 38/228, one half of the net revenue from the issue has been allocated to the United Nations Environment Programme (UNEP) to contribute to the financing of projects which promote the conservation and protection of nature and endangered species. An amount of \$624,897, representing the remaining half of the net revenue, has been placed in the United Nations Special Account.

3. Section II of the report, supported by annexes II to VII, discusses the rate of payment of assessed contributions; the effect of the suspension of the provisions of financial regulations 5.2 (d), 4.3 and 4.4 for the biennia 1980-1981 and 1982-1983; the extent, rate of increase and composition of the deficit; and voluntary contributions received from Member States. The Secretary-General's conclusions are contained in paragraph 10. Included among the annexes is one (annex III) which shows, for the first time, the general fund cash flow on a monthly basis for the years 1982 to 1984. This annex reveals a negative cash position as at 30 September 1984.

4. In addition to document A/C.5/39/10, the Financial Emergency has been brought to the attention of the General Assembly by the Secretary-General. In his statement to the Fifth Committee at its 13th meeting, on 18 October 1984, he urged that this issue move to the forefront in the consciousness of Member States.

5. As regards delays in payment of assessed contributions to the regular budget, document A/C.5/39/10 and Corr.1, like the reports of the past two years (A/C.5/37/15 and Corr.1 and A/C.5/38/9 and Corr.1 and Add.1), makes reference to Financial Regulation 5.4, which provides that contributions are considered due and payable in full within 30 days of the receipt of the communication from the Secretary-General informing Member States of their commitments. However, paragraph 5 of the report of the Secretary-General discloses that, as at 30 September 1984, only 47.7 per cent of the assessed contributions for the year 1984 had been paid. The Advisory Committee was informed that this was the lowest rate of collection through 30 September in the history of the United Nations. In paragraph 10, the Secretary-General concludes, in regard to payments of contributions, that "this situation cannot continue".

6. With reference to the suspension of the provisions of Financial Regulations 5.2 (d), 4.3 and 4.4, discussed in paragraph 7 of the Secretary-General's report, the Advisory Committee was informed that the final amount to be retained in accordance with General Assembly resolution 36/116 B is estimated at about \$40 million, taking into account savings anticipated at 31 December 1984 in the liquidation of prior years' obligations. While these balances will be used, in effect, to increase the working capital of the Organization, the Advisory Committee notes that they were not sufficient to avoid the need for the Secretary-General to borrow from the account relating to peace-keeping activities at 30 September 1984 in order to meet cash requirements.

7. The withholding of contributions, in accordance with positions of principle of certain Member States, is the largest contributory factor to the short-term deficit of the Organization. The deficit is projected to reach \$356 million by 31 December 1984 (see A/C.5/39/10 and Corr.1, para. 8). The composition of the deficit is shown in annex IV. While amounts withheld from peace-keeping operations make up the largest part of the deficit, the Advisory Committee notes that the deficit on the regular budget and Working Capital Fund amounts to \$109.8 million, which is greater than the balance of the Working Capital Fund (\$100 million). The Committee sought clarification on the apparent easing of the rate of increase in the short-term deficit in 1984, as shown in annex V as corrected, and in paragraph 8 of A/C.5/39/10 and Corr.1. The Committee was informed that, as footnoted in the corrected annex V, the projected increase in the withholdings shown for UNIFIL in 1984 covered only the six-month mandate period from 19 April to 18 October 1984. Had the recent extension of the mandate of UNIFIL been taken into account (and assuming that there would be no significant change, either in the budget level of UNIFIL or in the pattern of withholdings) the figure reported for the short-term deficit in 1984 would have been proportionately higher. 1/

8. The report of the Secretary-General concludes that, "should the financial situation of the Organization show no improvement during 1985, it will be necessary to consider possible revisions to the financial regulations as well as a further

suspension of Financial Regulations 5.2 (d), 4.3 and 4.4" (A/C.5/39/10 and Corr.1, para. 10). The Advisory Committee shares the concerns of the Secretary-General. The Committee recalls that a comprehensive analysis of the financial situation was made at the thirty-sixth session of the General Assembly on the basis of reports by the Secretary-General (A/C.5/36/28 and Corr.1-3) and by the Advisory Committee (A/36/701). The Committee is of the view that a further examination of the issues raised in those two reports would provide a useful basis for further consideration of measures to alleviate the financial situation.

Notes

1/ A similar situation arose last year. The 1983 deficit was estimated at \$326.4 million (A/C.5/38/9), but finally reached \$343.2 million, largely because of an increase of \$18.1 million in the deficit for UNIFIL between the time that document A/C.5/38/9 was prepared and the end of the year.
