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Chair: Mr. Taalas (Finland)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 10.10 a.m.

Agenda item 136: Improving the financial situation of the United Nations (*continued*) (A/68/524/Add.1)

1. **Mr. Takasu** (Under-Secretary-General for Management), accompanying his statement with a digital slide presentation, said that he would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and outstanding payments to Member States. Overall, those financial indicators were generally sound, although there were some areas which still needed to be watched carefully.

2. Regular budget assessments had been issued at approximately the same level in 2013 and 2014, while assessments for the tribunals in 2014 were significantly below the 2013 level. The level of peacekeeping assessments in 2013 reflected the timing of the adoption of the new scale of assessments for 2013-2015, as it had not been possible to issue a significant portion of the assessments for the peacekeeping fiscal year 2012/13 until after the decision on the scale of assessments in December 2012.

3. Cash balances were positive across all categories, with the exception of the regular budget, where the last quarter of the year continued to show significant tightening of the cash level. However, regular budget cash reserves had thus far been sufficient to cover the shortfalls experienced in late 2013.

4. With regard to troop costs and contingent-owned equipment, by the end of 2013 there had been a reduction in the level of outstanding payments to Member States compared to the previous year. The Secretariat would continue to make every effort to expedite outstanding payments to Member States.

5. Assessments for the regular budget had been issued at a level of approximately \$2.6 billion in both 2013 and 2014. However, payments received by 30 April 2014 were higher, at \$1.68 billion, than at the same date in 2013. Unpaid assessed contributions as at 30 April 2014 had amounted to \$1.39 billion, \$13 million below the level unpaid as at 30 April 2013.

6. By the end of 2013, 146 Member States had paid their regular budget assessments in full, three more than in 2012. He urged all other Member States to pay their assessed contributions in full as soon as possible.

7. There had been a significant reduction in outstanding assessments during the last quarter of 2013. Unpaid assessments were largely accounted for by a few Member States, and the final outcome for 2014 would largely depend on actions taken by those Member States. However, the differences in the financial years of Member States, and the timing of the related national legislative processes, might cause timing issues for some Member States. By 30 April 2014, 79 Member States had paid their assessments to the regular budget in full, more than by 30 April 2013.

8. Cash resources available for the regular budget under the General Fund included the Working Capital Fund, authorized at \$150 million by the General Assembly, and the Special Account. After the use of \$26.6 million to finance a shortfall in the 2012-2013 regular budget, the Special Account was currently at a reduced level of \$234 million. Cash shortfalls in the last three months of 2013 had been covered by the Working Capital Fund in October and November, and by the Special Account during December. As at 31 December 2013 there had been a \$31 million shortfall in the regular budget, fully covered by the Working Capital Fund.

9. The regular budget cash position had significantly improved by 30 April 2014. However, if previous-year trends continued, regular budget cash would experience some tightening in the last quarter of the year. In addition, in April 2014, General Assembly resolution 68/247 B had authorized the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism to address possible cash flow challenges relating to the capital master plan, including associated costs, until the sixty-ninth session, which would add pressure to the overall cash position of the General Fund. The Secretariat would continue to monitor the cash position closely and keep the General Assembly informed. It had thus far not been necessary to utilize the Working Capital Fund. The final cash position at the end of 2014 would largely depend on further payments by Member States.

10. A comparison between the financial situation relating to peacekeeping operations and that relating to the regular budget and the tribunals was complicated by the fact that peacekeeping had a different financial basis and a different financial period to the regular budget, from July to June; that following-year assessments were issued separately for each operation; and that assessment letters were issued for different

periods throughout the year, as they were issued only through the mandate period approved by the Security Council for each mission.

11. The total amount outstanding for peacekeeping operations at the end of 2013 had been \$2.2 billion, compared with \$1.3 billion outstanding at the end of 2012. The level of unpaid assessments at the end of 2013 was attributable to the fact that a significant portion of the assessments for 2012/13 had been issued only in 2013, after the decision on the new scale of assessments in December 2012. By 30 April 2014, the level of unpaid assessments had fallen to \$1.5 billion, the same level as a year earlier.

12. Total outstanding assessments at the end of 2013 reflected a considerable decrease from the level as at 1 October 2013. A few Member States continued to be largely responsible for the unpaid assessments. However, account must be taken of the differences in the financial years of Member States, and the timing of the related national legislative processes, especially since letters of assessment were issued throughout the year for different missions, whenever the Security Council renewed the respective mandates. Further, 2012/13 had proved an additional challenge, as it had not been possible to issue a considerable portion of the assessments until 2013.

13. As at 31 December 2013, all peacekeeping assessments had been paid in full by 21 Member States, and as at 30 April 2014, by 23. Although \$4.1 billion had been available for peacekeeping at the end of 2013 — \$3.6 billion in the accounts of active missions, \$360 million in closed mission accounts, and \$128 million in the Peacekeeping Reserve Fund — the General Assembly had decided to maintain separate accounts for each peacekeeping operation. In its resolutions on the financing of peacekeeping operations, the General Assembly had specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and expansions of existing operations only.

14. With regard to outstanding payments to Member States, the Secretariat had made efforts to accelerate payments and reduce the amount owed for troops, formed police units and contingent-owned equipment. The total outstanding had fallen from \$745 million on 30 April 2013 to \$513 million on 31 December 2013.

While outstanding payments had totalled \$804 million at the end of April 2014 — \$307 million for troops and formed police units, \$304 million for contingent-owned equipment for active missions, and \$86 million for contingent-owned equipment for closed missions, it was expected to decrease further by the end of 2014 to \$500 million.

15. The Secretary-General attached high priority to meeting obligations to Member States providing troops and equipment as expeditiously as possible, as the cash situation permitted. The Secretariat monitored the cash flow situation continuously, and maximized the quarterly payments based on the cash available. That was dependent on Member States' meeting their financial obligations in full and on time, and also on the expeditious finalization of memorandums of understanding with troop contributors for the provision of equipment.

16. The financial position of the international tribunals at the end of 2013 showed a higher level of unpaid assessments than a year earlier: \$54 million at the end of 2013 compared with \$36 million at the end of 2012. However, at year end 2013 nine more States had paid their assessed contributions for the tribunals than at the end of 2012.

17. As at 30 April 2014, outstanding assessments had amounted to \$149 million, an improvement of \$29 million over April 2013, with 54 Member States having paid in full their assessed contributions to both tribunals and the International Residual Mechanism for Criminal Tribunals. The month-by-month cash balances of the tribunals had been positive in 2013 and 2014. Once again, the final outcome in 2014 depended on Member States' continuing to honour their financial obligations to the tribunals.

18. A total of \$1.87 billion had been assessed under the special account for the capital master plan. As at 30 April 2014, the bulk of the assessed contributions had been received, with \$0.7 million still outstanding. The remaining cash balance for the capital master plan, the final stages of which were on schedule, would be fully utilized in coming months.

19. Regarding the use of the Working Capital Fund and the Special Account on an exceptional basis as a bridging mechanism, the Secretariat looked forward to a decision on that matter by the General Assembly at its sixty-ninth session, as the current arrangement could not be prolonged. The very strong support given

to the project by Member States was evidenced by the fact that 174 Member States had paid their capital master plan assessments in full.

20. In conclusion, he paid tribute to those Member States that were up to date in the payment of their assessments for the regular budget, peacekeeping, the international tribunals and the capital master plan. The Secretary-General acknowledged the tremendous efforts being made by many Member States to meet all their obligations to the United Nations in a timely manner.

21. The financial situation at the end of 2013 had been generally sound owing to the continued positive efforts of many Member States. But it had again been necessary to draw on regular budget cash reserves, the Working Capital Fund and the Special Account, during the last quarter of 2013. In 2013 there had been an increase in the number of Member States paying in full for the regular budget, but unpaid assessments remained at a significant level, and continued to be highly concentrated.

22. The Organization was on a sound financial base, with a positive cash situation in all categories, while the level of outstanding payments to Member States reflected an improvement. However, the regular budget required careful monitoring, especially towards the end of the year.

23. As always, the financial health of the Organization depended on Member States' meeting their financial obligations in full and on time. On behalf of the Secretary-General, he urged all Member States to continue to endeavour to do so.

The meeting rose at 10.30 a.m.