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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2014

Report of the Secretary-General

Summary

The present report provides information on the updated financial position of 25 closed peacekeeping missions as at 30 June 2014. Of those missions, 5 had net cash deficits owing to outstanding payments of assessed contributions, while 20 had net cash surpluses available for credit to Member States totalling \$59 million.



Abbreviations

| | |
|----------|---|
| MINUGUA | United Nations Verification Mission in Guatemala |
| MINURCA | United Nations Mission in the Central African Republic |
| MINURSO | United Nations Mission for the Referendum in Western Sahara |
| MIPONUH | United Nations Civilian Police Mission in Haiti |
| MONUA | United Nations Observer Mission in Angola |
| MONUSCO | United Nations Organization Stabilization Mission in the Democratic Republic of the Congo |
| ONUB | United Nations Operation in Burundi |
| ONUSCA | United Nations Observer Group in Central America |
| ONUMOZ | United Nations Operation in Mozambique |
| ONUSAL | United Nations Observer Mission in El Salvador |
| UNAMIR | United Nations Assistance Mission for Rwanda |
| UNAMSIL | United Nations Mission in Sierra Leone |
| UNAVEM | United Nations Angola Verification Mission |
| UNDOF | United Nations Disengagement Observer Force |
| UNFICYP | United Nations Peacekeeping Force in Cyprus |
| UNIIMOG | United Nations Iran-Iraq Military Observer Group |
| UNIKOM | United Nations Iraq-Kuwait Observation Mission |
| UNMEE | United Nations Mission in Ethiopia and Eritrea |
| UNMIBH | United Nations Mission in Bosnia and Herzegovina |
| UNMIH | United Nations Mission in Haiti |
| UNMIK | United Nations Interim Administration Mission in Kosovo |
| UNMISSET | United Nations Mission of Support in East Timor |
| UNMLT | United Nations Military Liaison Team in Cambodia |
| UNMOT | United Nations Mission of Observers in Tajikistan |
| UNOMIG | United Nations Observer Mission in Georgia |
| UNOMIL | United Nations Observer Mission in Liberia |
| UNOMSIL | United Nations Observer Mission in Sierra Leone |
| UNOMUR | United Nations Observer Mission Uganda-Rwanda |
| UNOSOM | United Nations Operation in Somalia |
| UNPF | United Nations Peace Forces |
| UNPREDEP | United Nations Preventive Deployment Force |

| | |
|--------|--|
| UNSMIH | United Nations Support Mission in Haiti |
| UNSMIS | United Nations Supervision Mission in the Syrian Arab Republic |
| UNTAC | United Nations Transitional Authority in Cambodia |
| UNTAES | United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium |
| UNTAET | United Nations Transitional Administration in East Timor |
| UNTAG | United Nations Transition Assistance Group |
| UNTMIH | United Nations Transition Mission in Haiti |

I. Introduction

1. At its sixty-sixth, sixty-seventh and sixty-eighth sessions, the General Assembly deferred consideration of the reports on the updated financial position of closed peacekeeping missions. The present report provides updated information on the financial position of the following closed peacekeeping missions for which final performance reports have been issued: MINUGUA, MINURCA, ONUB, ONUCA and ONUSAL, ONUMOZ, UNAMSIL and UNOMSIL, UNAVEM and MONUA, UNIIMOG, UNIKOM, UNMEE, UNMIBH, UNMIH, UNMLT, UNMOT, UNOMIG, UNOMIL, UNOMUR and UNAMIR, UNOSOM, UNPF, UNPREDEP, UNSMIH, UNTMIH and MIPONUH, UNTAC, UNTAES and Civilian Police Support Group, UNTAET and UNMISSET and UNTAG. Further information is provided in annex I.

2. As at 30 June 2014, 20 of the 25 peacekeeping missions covered herein had cash surpluses available for credit to Member States, which totalled \$58,978,000, as set out in table 1.

Table 1

Consolidated net cash position of ONUB, ONUCA/ONUSAL, ONUMOZ, UNAMSIL/UNOMSIL, UNAVEM/MONUA, UNIIMOG, UNIKOM, UNMEE, UNMIBH, UNMIH, UNMLT, UNMOT, UNOMIG, UNOMIL, UNOMUR/UNAMIR, UNPF, UNPREDEP, UNTAES/Civilian Police Support Group, UNTAET/UNMISSET and UNTAG as at 30 June 2014

(Thousands of United States dollars)

| | |
|--|---------------|
| Cash assets | 183 998 |
| Less: other liabilities | 125 020 |
| Net cash available for credit to Member States as at 30 June 2014 | 58 978 |

3. The variation of the net cash available for credit to Member States from 30 June 2013 to 30 June 2014 is presented in table 2.

Table 2

Variation of net cash available for credit to Member States from 30 June 2013 to 30 June 2014

(Thousands of United States dollars)

| | |
|--|---------------|
| Net cash available, 30 June 2013 | 46 983 |
| Reimbursement of loans from active peacekeeping missions | 46 000 |
| Loans to active missions | (36 000) |
| Interest income and other/miscellaneous income | 1 605 |
| Contributions received from Member States | 390 |
| Net cash available, 30 June 2014 | 58 978 |

4. The composition of the net cash balance of \$58,978,000 is broken down by mission in table 3.

Table 3
Closed peacekeeping missions with net cash balances as at 30 June 2014
 (Thousands of United States dollars)

| | |
|--------------------------------------|---------------|
| ONUB | 1 327 |
| ONUCA/ONUSAL | 216 |
| ONUMOZ | 55 |
| UNAMSIL/UNOMSIL | 920 |
| UNAVEM/MONUA | 10 023 |
| UNIIMOG | 165 |
| UNIKOM | 112 |
| UNMEE | 1 926 |
| UNMIBH | 690 |
| UNMIH | 4 830 |
| UNMLT | 2 |
| UNMOT | 107 |
| UNOMIG | 440 |
| UNOMIL | 171 |
| UNOMUR/UNAMIR | 10 367 |
| UNPF | 24 381 |
| UNPREDEP | 461 |
| UNTAES/Civilian Police Support Group | 493 |
| UNTAET/UNMISSET | 1 958 |
| UNTAG | 334 |
| Total | 58 978 |

5. The amount of \$58,978,000 shown in tables 1, 2 and 3 does not take into account the \$10,816,000 owed by two closed peacekeeping missions (\$7,366,000 by UNSMIH/UNTMIH/MIPONUH and \$3,450,000 by MINURCA) and another \$31,000,000 owed by two active peacekeeping missions (\$9,000,000 by MINURSO and \$22,000,000 by UNMIK), as at June 2014. Upon the repayment of the amount of \$31,000,000 borrowed from active peacekeeping operations, the total cash available would be \$89,978,000. As at 1 December 2014, there was one outstanding loan owed by one active peacekeeping operation (UNMIK) totalling \$5,000,000.

6. Five of the peacekeeping missions covered herein had cash deficits totalling \$86,700,000 as at 30 June 2014, owing to outstanding payments of assessed contributions, as shown in table 4.

Table 4
**Consolidated net cash position of the MINUGUA Military Observer Group,
 MINURCA, UNOSOM, UNSMIH/UNTMIH/MIPONUH and UNTAC as at
 30 June 2014**

(Thousands of United States dollars)

| | |
|-------------------------|-----------------|
| Cash assets | 412 |
| Less: liabilities | (87 112) |
| Net cash deficit | (86 700) |

7. The liabilities of the closed missions in cash deficit in the amount of \$87,112,000 comprise loans amounting to \$23,636,000 owed to closed peacekeeping missions (\$10,816,000) and to the Peacekeeping Reserve Fund (\$12,820,000), in addition to claims owed to troop-contributing countries in the amount of \$63,067,000 (see annex II) and inter-fund balances and other payables in the amount of \$409,000.

8. The variation of the net cash deficit from 30 June 2013 to 30 June 2014 is presented in table 5.

Table 5
**Variation of net cash deficit of the closed missions in cash deficit from 30 June
 2013 to 30 June 2014**

(Thousands of United States dollars)

| | |
|--|-----------------|
| Net cash deficit as at 30 June 2013 | (86 709) |
| Contributions received from Member States | 15 |
| Settlement of inter-fund balances | (6) |
| Net cash deficit as at 30 June 2014 | (86 700) |

9. The cash deficit in the amount of \$86,700,000 is broken down by mission in table 6.

Table 6
Closed peacekeeping missions with cash deficits as at 30 June 2014

(Thousands of United States dollars)

| | |
|---------------------------------|-----------------|
| MINUGUA Military Observer Group | (124) |
| MINURCA | (23 817) |
| UNOSOM | (15 448) |
| UNSMIH/UNTMIH/MIPONUH | (7 272) |
| UNTAC | (40 039) |
| Total | (86 700) |

II. Cash requirements of the Organization

10. As explained in previous reports of the Secretary-General on the updated financial situation of closed peacekeeping operations (A/66/665, A/67/739 and A/68/666), as a result of the inherent unpredictability of the receipt of assessed contributions, liquidity in peacekeeping missions is volatile, with the cash surpluses of closed missions currently being used to alleviate cash shortages in active peacekeeping operations. As a result of outstanding assessments in the special accounts of some active missions, there has been a continuing need to borrow from closed missions. While there has been some improvement in recent years, a significant level of cross-borrowing is still required. Cross-borrowing from closed missions totalled \$51 million as at 30 June 2012, \$41 million as at 30 June 2013 and \$31 million as at 30 June 2014. As at 30 June 2014, cross-borrowing had been carried out for two active peacekeeping missions, MINURSO and UNMIK. As at the same date, the claims of troop-contributing countries that remained unpaid owing to insufficient cash amounted to \$81 million in four active peacekeeping missions, MINURSO, MONUSCO, UNFICYP and UNDOF. Cross-borrowing of \$12 million from the accounts of closed peacekeeping operations has been required to date during the 2014/15 financial period for UNFICYP and MINURSO. In the 2011/12 financial period, the amount required for borrowing from closed missions by active missions peaked at \$93 million in September 2011, while in 2012/13 the peak of \$62 million was reached in July and August 2012. In the 2013/14 period, the amount peaked at \$57 million in August 2013. In the first four months of the current period, the amount peaked at \$43 million in August and September 2014. Borrowings, settlements and peak levels of borrowing from July 2009 to November 2014 are reflected in annexes III and IV.

11. The Secretary-General recognizes that the liquidity of active peacekeeping operations is not directly linked to the issue of cash surpluses in closed missions. As shown in annex III, however, active peacekeeping operations have repeatedly faced liquidity problems owing to outstanding assessments that necessitated borrowing. Notably, in the case of peacekeeping operations, the contributions are held in separate accounts, adding to the complexity of the situation. While cumulatively there is sufficient cash to manage peacekeeping operations, specific peacekeeping missions may have liquidity issues from time to time. It is in this context that the Secretary-General is proposing that the General Assembly authorize temporary borrowing between active peacekeeping missions, which is currently not permitted according to the terms of Assembly resolutions on the financing of peacekeeping operations. In those resolutions, the Assembly emphasizes that no peacekeeping mission is to be financed by borrowing funds from other active peacekeeping missions. This new mechanism of cross-borrowing between active peacekeeping operations will not affect the operations of any active peacekeeping missions, given that past data show that the temporary needs for such cross-borrowing have consistently been minor in comparison with the total cash position of all active missions at any given time.

12. The mechanism to trigger borrowing from one active mission to another would be the same as the mechanism that is currently in place for borrowing from closed peacekeeping missions; such cross-borrowing would be based on a regular review of the forecasted cash requirements of each peacekeeping mission and the anticipated receipt of contributions, and would be authorized by the Controller on a case-by-

case basis. Such cross-borrowing would also be settled immediately when the cash situation of the borrowing mission improved.

13. The proposed limits and conditions for such cross-borrowing would be as follows:

(a) A decision to resort to cross-borrowing would be taken by the Controller in each case on the basis of a constant review of the liquidity situation of each active peacekeeping operation;

(b) Each loan would be limited to the minimum amount necessary to ensure the liquidity of the borrowing mission for the ensuing month, within a limit of \$100 million, representing 1.4 per cent of the total approved resources for peacekeeping operations for the period from 1 July 2014 to 30 June 2015. The limit of \$100 million is based on the borrowing requirements from the closed peacekeeping missions over the past three financial periods, which peaked at \$93 million in September 2011, and the shortage of cash usually experienced at the time of the quarterly reimbursement of troop-contributing countries.

14. In computing the liquidity requirements, any contractual obligations to personnel and vendors will be factored in, as is the case at present, as well as the reimbursement of claims to troop-contributing countries. The framework for cross-borrowing will be as follows:

(a) Each loan shall be repaid as soon as the liquidity situation of the borrowing mission allows repayment, even if repayment is possible for only a part of the loan, so that such cross-borrowing shall be for the minimum amount and time necessary;

(b) In each case the selection of the lending mission shall be based on which mission, given its liquidity situation both at the time and forecast for the following month, has the most latitude to lend without affecting its own operation;

(c) No interest would be charged on such inter-mission borrowings, as is the current practice, given that charging such interest for brief periods of time and minimal amounts would represent additional administrative tasks with limited benefits, since interest charged to the borrowing missions would be treated as expenditure, reducing the balances to be credited to all Member States, even those that have paid their full contributions on time;

(d) Every quarter, the Office of Programme Planning, Budget and Accounts would make available online a summary of the borrowings across active missions, the overall cash position and the level of arrears of Member States to ensure that the level of assessments in arrears is not worsening in comparison with past financial periods under the current mechanism. Member States would continue to be actively reminded of the extent of their outstanding assessments.

15. The Secretary-General would closely monitor the new mechanism and report on its operation, including any adjustments needed, in future reports on the overview of the financing of the United Nations peacekeeping operations.

16. As an alternative, the Secretary-General proposes the establishment of a working capital fund to address the cash requirement of active peacekeeping operations. Such establishment would require an amendment to the Financial Regulations and Rules of the United Nations, which would be submitted for the

approval of the General Assembly. The proposed regulations for such a fund would broadly follow those of the current regulations and rules that address the working capital fund for the United Nations programme budget, subject to the following:

(a) The advances from Member States would be based on the scale of assessments applicable to peacekeeping operations;

(b) The purpose of the fund would be exclusively to resolve the liquidity issues of active peacekeeping operations.

17. The use of the fund would follow the same working mechanism as highlighted above in the context of cross-borrowing between active missions. The following options could be considered for its financing:

(a) Member States could be assessed a one-time amount of \$100 million;

(b) An amount of \$100 million could be transferred from the unencumbered balance of active peacekeeping operations for the financial period 2013/14.

III. Actions to be taken by the General Assembly

18. **The actions to be taken by the General Assembly are:**

(a) **To take note of the present report;**

(b) **To consider the proposals of the Secretary-General to address the cash requirements of active peacekeeping operations;**

(c) **To allow the retention of the net cash balance of \$59 million available in 20 closed peacekeeping missions if no new mechanism is approved to address the cash requirements of active peacekeeping operations.**

Annex I

Unpaid assessments, accounts payable to Member States and other liabilities of closed peacekeeping missions as at 30 June 2014

(Thousands of United States dollars)

| <i>Mission</i> | <i>Unpaid assessments</i> | <i>Accounts payable to Member States^a</i> | <i>Other liabilities</i> |
|--------------------------------------|---------------------------|--|--------------------------|
| MINUGUA Military Observer Group | 144 | – | 124 |
| MINURCA | 35 538 | 7 480 | 16 382 |
| ONUB | 104 | 971 | 1 |
| ONUCA/ONUSAL | 250 | 1 241 | – |
| ONUMUZ | 16 682 | 313 | – |
| UNAMSIL/UNOMSIL | 650 | 5 995 | – |
| UNAVEM/MONUA | 34 882 | 5 254 | – |
| UNIIMOG | 93 | 1 666 | – |
| UNIKOM | 4 | 966 | – |
| UNMEE | 517 | 1 300 | 37 |
| UNMIBH | 33 838 | 4 451 | 5 |
| UNMIH | 11 | 32 000 | – |
| UNMLT | – | 3 | – |
| UNMOT | 3 799 | 982 | – |
| UNOMIG | – | 1 026 | – |
| UNOMIL | 3 | 1 617 | – |
| UNOMUR/UNAMIR | 1 268 | 5 713 | – |
| UNOSOM | 57 803 | 15 560 | – |
| UNPF | 131 636 | 46 775 | – |
| UNPREDEP | 1 235 | 6 080 | – |
| UNSMIH/UNTMIH/MIPONUH | 19 388 | 114 | 7 366 |
| UNTAC | 40 445 | 40 086 | – |
| UNTAES/Civilian Police Support Group | 8 717 | 4 742 | – |
| UNTAET/UNMISSET | 27 136 | 1 864 | – |
| UNTAG | 8 | 2 018 | – |
| Total | 414 151 | 188 217 | 23 915 |

^a Inclusive of amounts owed to troop-contributing countries for contingent-owned equipment, as well as credits to Member States from unencumbered balances pending instructions on their disposition.

Annex II

Outstanding claims in closed missions with cash deficits as at 30 June 2014

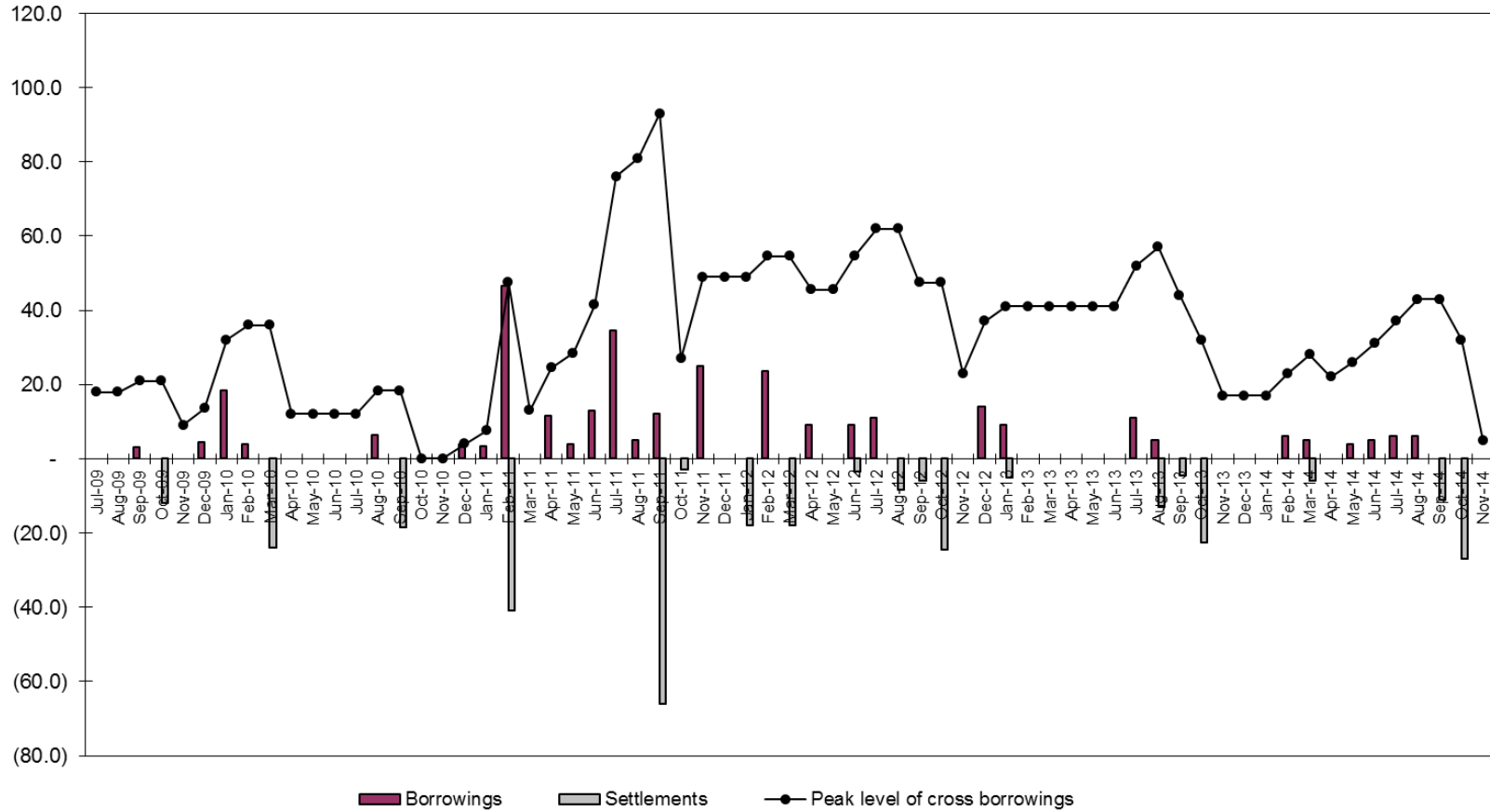
(Thousands of United States dollars)

| | <i>Contingent-owned equipment</i> | <i>Letters of assist</i> | <i>Total</i> |
|-----------------------|---------------------------------------|--------------------------|---------------|
| MINURCA | 7 477 | 3 | 7 480 |
| UNOSOM | 12 425 | 3 065 | 15 490 |
| UNSMIH/UNTMIH/MIPONUH | – | 114 | 114 |
| UNTAC | 21 897 | 18 086 | 39 983 |
| Total | 41 799 | 21 268 | 63 067 |

Annex III

Borrowings by active missions from closed peacekeeping missions, 1 July 2009 to 30 November 2014

(Millions of United States dollars)



Annex IV [[ch]]**Borrowings, settlements and peak levels of cross-borrowing by active missions from closed missions, 1 July 2009 to 30 November 2014**

(Millions of United States dollars)

| <i>Month</i> | <i>Borrowings</i> | <i>Settlements</i> | <i>Balance</i> | <i>Peak level</i> | <i>Month</i> | <i>Borrowings</i> | <i>Settlements</i> | <i>Balance</i> | <i>Peak level</i> | <i>Month</i> | <i>Borrowings</i> | <i>Settlements</i> | <i>Balance</i> | <i>Peak level</i> |
|----------------|-------------------|--------------------|----------------|-------------------|----------------|-------------------|--------------------|----------------|-------------------|----------------|-------------------|--------------------|----------------|-------------------|
| July 2009 | – | – | 18.0 | 18.0 | July 2011 | 34.5 | – | 76.0 | 76.0 | July 2013 | 11.0 | – | 52.0 | 52.0 |
| August 2009 | – | – | 18.0 | 18.0 | August 2011 | 5.0 | – | 81.0 | 81.0 | August 2013 | 5.0 | (13.0) | 44.0 | 57.0 |
| September 2009 | 3.0 | – | 21.0 | 21.0 | September 2011 | 12.0 | (66.0) | 27.0 | 93.0 | September 2013 | – | (4.5) | 39.5 | 44.0 |
| October 2009 | – | (12.0) | 9.0 | 21.0 | October 2011 | – | (3.0) | 24.0 | 27.0 | October 2013 | – | (22.5) | 17.0 | 32.0 |
| November 2009 | – | – | 9.0 | 9.0 | November 2011 | 25.0 | – | 49.0 | 49.0 | November 2013 | – | – | 17.0 | 17.0 |
| December 2009 | 4.5 | – | 13.5 | 13.5 | December 2011 | – | – | 49.0 | 49.0 | December 2013 | – | – | 17.0 | 17.0 |
| January 2010 | 18.5 | – | 32.0 | 32.0 | January 2012 | – | (18.0) | 31.0 | 49.0 | January 2014 | – | – | 17.0 | 17.0 |
| February 2010 | 4.0 | – | 36.0 | 36.0 | February 2012 | 23.5 | – | 54.5 | 54.5 | February 2014 | 6.0 | – | 23.0 | 23.0 |
| March 2010 | – | (24.0) | 12.0 | 36.0 | March 2012 | – | (18.0) | 36.5 | 54.5 | March 2014 | 5.0 | (6.0) | 22.0 | 28.0 |
| April 2010 | – | – | 12.0 | 12.0 | April 2012 | 9.0 | – | 45.5 | 45.5 | April 2014 | – | – | 22.0 | 22.0 |
| May 2010 | – | – | 12.0 | 12.0 | May 2012 | – | – | 45.5 | 45.5 | May 2014 | 4.0 | – | 26.0 | 26.0 |
| June 2010 | – | – | 12.0 | 12.0 | June 2012 | 9.0 | (3.5) | 51.0 | 54.5 | June 2014 | 5.0 | – | 31.0 | 31.0 |
| July 2010 | – | – | 12.0 | 12.0 | July 2012 | 11.0 | – | 62.0 | 62.0 | July 2014 | 6.0 | – | 37.0 | 37.0 |
| August 2010 | 6.4 | – | 18.4 | 18.4 | August 2012 | – | (8.5) | 53.5 | 62.0 | August 2014 | 6.0 | – | 43.0 | 43.0 |
| September 2010 | – | (18.4) | – | 18.4 | September 2012 | – | (6.0) | 47.5 | 47.5 | September 2014 | – | (11.0) | 32.0 | 43.0 |
| October 2010 | – | – | – | – | October 2012 | – | (24.5) | 23.0 | 47.5 | October 2014 | – | (27.0) | 5.0 | 32.0 |
| November 2010 | – | – | – | – | November 2012 | – | – | 23.0 | 23.0 | November 2014 | – | – | 5.0 | 5.0 |
| December 2010 | 4.0 | – | 4.0 | 4.0 | December 2012 | 14.0 | – | 37.0 | 37.0 | | | | | |
| January 2011 | 3.5 | – | 7.5 | 7.5 | January 2013 | 9.0 | (5.0) | 41.0 | 41.0 | | | | | |
| February 2011 | 46.5 | (41.0) | 13.0 | 47.5 | February 2013 | – | – | 41.0 | 41.0 | | | | | |
| March 2011 | – | – | 13.0 | 13.0 | March 2013 | – | – | 41.0 | 41.0 | | | | | |
| April 2011 | 11.5 | – | 24.5 | 24.5 | April 2013 | – | – | 41.0 | 41.0 | | | | | |
| May 2011 | 4.0 | – | 28.5 | 28.5 | May 2012 | – | – | 45.5 | 45.5 | | | | | |
| June 2011 | 13.0 | – | 41.5 | 41.5 | June 2012 | 9.0 | (3.5) | 51.0 | 54.5 | | | | | |