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Improving the financial situation of the United Nations

Financial situation of the United Nations

Report of the Secretary-General

Summary

The present report provides a review of the financial situation of the United Nations as at 30 September 2024 and an update to the information presented in the previous report of the Secretary-General ([A/78/524/Add.1](#)).

The report is focused primarily on four financial indicators relating to the operations of the regular budget, peacekeeping operations and international tribunals: assessments issued, unpaid assessments, available cash resources and the Organization's outstanding payments to troop- and police-contributing Member States for peacekeeping operations.

The decision of the General Assembly in its resolution [76/272](#) to increase the Working Capital Fund by \$100 million has enhanced the measures at the disposal of the Organization to mitigate the impact of financial crises on its regular-budget operations. However, the continued and exacerbated liquidity crises illustrate that it remains imperative to address the late payment and non-payment of contributions for a more durable solution to the liquidity problems. The dire situation, with record year-end arrears, made it necessary to start 2024 with stringent cash conservation measures to avoid payment defaults at the end of August. These stringent measures deferred borrowing from the Working Capital Fund until September 2024. It is likely that the Organization will exhaust regular-budget liquidity reserves in 2024. Initially it was forecast that 94.7 per cent of regular-budget assessments would be collected in 2024; this was revised in May to 97.5 per cent due to the greater collection of arrears. This still falls short of the 115 per cent required to execute the regular budget in full and recoup reserves. Collections in the last quarter of 2024 will determine the outlook, not only for 2024, but also for 2025. Spending restrictions have a negative impact on budget management, programme delivery and mandate implementation, despite the efforts of programme managers to mitigate their negative impact.



In respect of peacekeeping operations, the General Assembly, in its resolution [76/272](#), directed the use of the Peacekeeping Reserve 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 Assembly also extended cross-borrowing among active missions for an additional five years. However, during the 2023/24 period, the combined cash balance of all active peacekeeping operations again reached one of the lowest levels in recent years and became insufficient to settle the quarterly dues for contingent-owned equipment for payment in June 2024.

The month-by-month position of overall cash balances for the international tribunals has remained positive over the past three years. The General Assembly, in resolution [76/272](#), 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, in full compliance with the Financial Regulations and Rules of the United Nations. This surplus cash is likely to be a lifeline for regular-budget operations in the quarter of 2024 and potentially in the future.

The financial health of the Organization depends on Member States meeting their financial obligations in full and on time. The full and efficient implementation of the 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 and budget implementation throughout the year. Member States communicating or pledging the timing of their payments is also critical for improving the predictability of payments and, therefore, the effective financial management of the Organization. The Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner, as well as to providing information to Member States with the utmost transparency. The final outcome for 2024 will depend on whether Member States that have not yet paid in full meet their obligations to the Organization in a timely manner.

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/Add.1) and a review of financial indicators as at 30 September 2024, the cut-off date for reporting, compared with the situation as at 30 September 2023.

2. In the present report, the financial situation of the United Nations is considered on the basis of four main indicators used to measure the financial health of the Organization: assessments issued, unpaid assessed contributions, available cash resources and the Organization's outstanding payments to troop- and police-contributing Member States for peacekeeping operations.

II. Review of the financial situation as at 30 September 2024

3. The Secretary-General has continued to actively engage with Member States on the liquidity situation of the Organization. The decisions in General Assembly resolution 76/272 were an important step in addressing the calls by the Secretary-General for some structural adjustments to address the systemic problems that have an impact on the financial situation of the United Nations. While these structural adjustments have been helpful, it is apparent that they are not enough, and the overall financial stability depends on timely and predictable payments by Member States. The Secretary-General will present an updated report on the financial situation during the first resumed part of the seventy-ninth session of the General Assembly, with additional recommendations to help to improve the financial situation of the Organization. The present report provides an update on the situation as at 30 September 2024.

A. Regular budget

4. 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 activities as planned, which, in turn, hampers programme delivery and mandate implementation.

5. At the start of 2024, unpaid assessments stood at \$859 million, \$529 million higher than at the start of 2023. Assessments were issued in 2024 at a level of \$3,220 million, \$231 million higher than in 2023. The Secretary-General wrote to Member States in January 2024, informing them that the Organization had 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 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 in order to reduce and slow expenditure until there was more clarity on collections. With no cash conservation measures, the Secretariat anticipated that the Organization would run

out of all cash, including 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.

6. Collections amounted to \$134 million more than anticipated in the first quarter of 2024 and \$178 million more than anticipated by the end of the second quarter. Payments were still ahead of estimated collections by \$58 million at the end of the third quarter. The full amount of the Working Capital Fund had had to be borrowed in September as collections that month did not materialize, and the Secretariat will likely need to borrow the full amount from the Special Account in October, leaving only about \$130 million of surplus cash in the closed international tribunals accounts as a last liquidity buffer. As at 30 September 2024, contributions received totalled \$2.58 billion, \$605 million higher than the amount received as at 30 September 2023. Collections in 2024 by the end of September were 78.1 per cent of the year's assessment compared with 64.0 per cent in 2023. Unpaid contributions as at 30 September 2024 stood at \$1.50 billion, \$155 million higher than as at 30 September 2023.

7. The final outcome for the year will be heavily dependent on the timing and amount of collections in the fourth quarter. The amount of collections will determine whether the year-end arrears will be higher or lower than the previous year, while the timing of collections will determine whether the maximum cash deficit for the year will reach a new record after 2023. It will also be important to receive more collections in November than in December, similar to 2019 and 2021, as a pattern of earlier collections reduces uncertainty for last-quarter spending. It also enables the Organization to spend the monies more fully, in line with the budget, than when it is only received in the last month, such as \$636 million in December 2022 or, even worse, towards the last weeks or days of the year, as in 2020 when more than \$300 million was received in the last 10 days of the year.

8. Stringent cash conservation measures were effective during the past few years in increasing liquidity for ensuring business continuity and reducing the risk of disruptions by exhausting all liquidity reserves. During those years, the regular-budget cash deficit occurred later each year owing to these measures. The first borrowing occurred in May in 2018 and subsequently in July 2019, in September 2020 and in November 2021. In 2022, the Organization borrowed from the Working Capital Fund in September, but in 2023 it borrowed from the Fund earlier, in August, and in 2024 it borrowed from the Fund in September. While maximum borrowing has been reducing since 2019, in 2023, despite the increase in the Fund, all liquidity reserves were exhausted and the same is possible for 2024. Spending restrictions in the past few years may have averted a cash crisis and a disruption of operations; however, they have had a negative impact on budget implementation and mandate delivery. Several activities and outputs were either postponed or cancelled. In 2021, despite relaxing the restrictions on hiring and spending in May, the Organization saw the lowest rate of budget implementation since 2010. In 2022, no spending restrictions were necessary, and the implementation rate was nearly 99.3 per cent. In 2023, temporary hiring restrictions were imposed in mid-July and non-post spending was partially curtailed in late September. Unfortunately, the collections did not materialize, and restrictions were put in place immediately in January 2024. These restrictions will obviously have a detrimental effect on programme and mandate delivery, although programme managers are striving to mitigate the impact, especially on the work of intergovernmental bodies. The decision of Member States in 2023, on an exceptional basis, to increase the Working Capital Fund by \$100 million was timely and helpful, but the current situation illustrates that it does not fully overcome delays or lack of predictability in payments by Member States.

9. As at 30 September 2024, 141 Member States had paid their regular-budget contributions in full, 4 more than as at 30 September 2023. The Secretary-General wishes to thank the Member States that have honoured their obligations with regard to the regular budget in full and urges the remaining Member States to follow their example. The final outcome for 2024 will depend on the action taken by Member States that have not paid their regular-budget contributions or have not paid them in full. In total, 142 Member States paid their contributions in full in 2023 and 146 in 2022.

B. Peacekeeping operations

10. Peacekeeping operations have a different financial period, running from 1 July to 30 June rather than by calendar year, and assessments are issued separately for each operation for the period for which the mandate has been approved by the Security Council. In accordance with regulation 3.5 of the Financial Regulations and Rules of the United Nations, contributions for peacekeeping are due and payable in full within 30 days of receipt of assessment letters. In its resolution [73/307](#), the General Assembly decided, after considering the proposals of the Secretary-General to improve the financial situation of the United Nations (see [A/73/809](#)), that the Secretary-General should issue assessment letters for peacekeeping operations for the full budget period, including the estimated budget for the period for which the mandate has not yet been approved by the Security Council, with the understanding that the amount is considered due within 30 days of the effective date of the extension of the mandate.

11. As at 30 September 2024, approximately \$2.5 billion had been assessed for peacekeeping operations for the 2024/25 fiscal year and total contributions received amounted to approximately \$2.7 billion, including amounts owed for previous fiscal years. The lower level of assessments issued for the period is attributable to: (a) operations with effective mandates that could not be issued beyond 31 December 2024 due to the absence of a scale of assessment for 2025; and (b) assessments that could not be fully issued for operations awaiting the extension of a Security Council mandate. Also, as at 30 September 2024, the unpaid amount for peacekeeping operations was approximately \$1.8 billion.

12. The review of unpaid peacekeeping assessments by operation shows that the outstanding \$1.8 billion as at 30 September 2024 comprised approximately \$1.3 billion owed for active missions and \$487 million for closed missions. For active missions, \$835 million related to assessments for the 2024/25 period, while approximately \$510 million related to assessments issued for the 2023/24 period or earlier.

13. In July 2024, the Secretary-General wrote to Member States again to provide an update on the financial condition of the Organization. He indicated that, in June 2023 and June 2024, the combined cash had hit an all-time low, putting operations at risk. Year-end arrears reached 25.8 per cent in June 2024 and would have been almost 33 per cent if 7.1 per cent had not been received in the last two working days of the budget period. The low amount of cash forced the Organization to delay payments to troop- and police-contributing countries for contingent-owned equipment to avert disruptions in peacekeeping operations, thus resulting in dues of \$171 million at the end of June 2024. The Secretary-General also informed Member States that, for the first time in many years, peacekeeping operations had been advised to monitor their cash daily and adjust spending based on cash availability. For most peacekeeping operations, this will be an added burden in delivering their mandates in difficult circumstances. He reiterated his appeal for a lasting solution and for Member States to make their payments as early as possible.

14. The Secretary-General wishes to pay tribute to the 59 Member States that, as at 30 September 2024, had paid all peacekeeping assessments in full. This number was 18 more than as at 30 September 2023.

15. The amount assessed in July 2024 for the “non-mandated”¹ period through 31 December 2024 was \$634 million. Subsequent to the issuance of the assessments, Member States voluntarily made early payments for non-mandated periods of \$17.4 million in July, \$115.8 million in August and \$26.4 million in September 2024. Together with the decision of the Assembly in its resolution [73/307](#) to remove the restriction on cross-borrowing of cash for active missions, the assessment and collection for non-mandated periods had a positive impact on the overall liquidity of peacekeeping operations that helped in the settlement of dues to troop- and police-contributing countries.

16. Twenty-nine Member States have paid in full for the assessment period from 1 July 2024 to 31 December 2024, including the non-mandated period. The Secretary-General would like to thank those Member States for their additional payments to all peacekeeping operations.

17. The cash available for peacekeeping operations at 30 September 2024 totalled approximately \$2.3 billion in the accounts of active missions, closed missions and the Peacekeeping Reserve Fund. 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 of peacekeeping operations, 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. On the basis of resolution [73/307](#), as extended in resolution [76/272](#), the cash of each mission is delineated in a separate account as directed by the Assembly, and cross-mission borrowing is used when needed. The Assembly also approved the management of the cash balances of all active peacekeeping operations as a pool and requested the Secretary-General to ensure that mandate implementation by the lending mission was not negatively affected.

18. With regard to outstanding payments to Member States, as at 30 September 2024, there were no amounts outstanding for active peacekeeping operations. This was a marked improvement from the situation as at 30 June 2024, when \$171 million of contingent-owned equipment claims for active peacekeeping operations could not be settled owing to cash shortages, when the collective cash balance of active operations reached the lowest level in many years. The \$30 million remaining as outstanding payments to Member States for closed missions will be settled, in accordance with Assembly resolution [76/280](#), upon receipt of instructions from the respective Member States.

19. The Secretary-General remains committed to meeting obligations to Member States providing troops and equipment as expeditiously as possible, as the cash situation permits. In this regard, the Secretariat will continue to monitor the peacekeeping cash flow closely and maximize payments on the basis of available cash and data. To do so, however, the Organization depends on Member States honouring 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.

¹ This refers to the period for which General Assembly resolution [73/307](#) had authorized the Secretary-General to issue assessment letters for the period for which the Security Council had not yet extended the mandate of the mission.

C. International tribunals

20. As at 30 September 2024, unpaid assessments for the international tribunals amounted to \$55 million, \$5 million less than the previous year. This amount comprises \$5 million owed for the International Criminal Tribunal for Rwanda, \$21 million owed for the International Tribunal for the Former Yugoslavia and \$29 million owed for the International Residual Mechanism for Criminal Tribunals.

21. As at 30 September 2024, 116 Member States had paid their assessed contributions for all tribunal operations in full, which is 5 more than as at 30 September 2023. The Secretary-General wishes to thank those 116 Member States for their financial support to the international tribunals and urges other Member States to pay their contributions as soon as possible.

22. The month-by-month position of overall cash balances for the tribunals was positive over the past three years. The final outcome for 2024 will depend on Member States continuing to honour their financial obligations during the remaining months of the year. The General Assembly noted in its resolution [76/272](#) the possibility of using the surplus in closed international tribunal accounts as a last resort to cover temporary liquidity shortfalls of the regular budget. This may be a lifeline for regular-budget operations in 2024 and in the future.

III. Conclusions

23. The Secretary-General wishes to pay special tribute to the 58 Member States that have paid all their assessments that were due and payable in full at the time of reporting, namely: Algeria, Armenia, Australia, Austria, Bahamas, Bahrain, Barbados, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chad, Croatia, Cyprus, Czechia, Democratic Republic of the Congo, Equatorial Guinea, Finland, France, Gabon, Gambia, Georgia, Germany, Hungary, Iceland, Indonesia, Ireland, Italy, Jamaica, Japan, Kiribati, Latvia, Liechtenstein, Luxembourg, Malaysia, Micronesia (Federated States of), Monaco, Mozambique, Netherlands (Kingdom of the), New Zealand, Niger, Norway, Papua New Guinea, Poland, Portugal, Republic of Korea, Samoa, San Marino, Senegal, Singapore, Slovakia, Spain, Sweden, Switzerland, Thailand, Tonga, Tuvalu and United Kingdom of Great Britain and Northern Ireland.

24. 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 its 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 cash flow throughout the year. The General Assembly noted the possibility of using the surplus cash in closed international tribunals accounts as a last resort to cover temporary liquidity shortfalls of regular-budget operations. The Assembly also approved the continued use of cash pooling for active missions for an additional five years, as well as the use of a part of the Peacekeeping Reserve Fund for liquidity management for peacekeeping operations.

25. Despite these measures, spending restrictions have become necessary for regular-budget and peacekeeping operations, and payments for contingent-owned equipment claims could not be settled in full in June 2023 and June 2024. Such liquidity constraints divert the Organization's focus from programme delivery to liquidity management. The Secretariat will continue to monitor the cash flows carefully and reach out to Member States to mitigate the potential risk to operations resulting from cash shortages.

26. The Secretary-General would again like to stress the importance of Member States communicating or pledging the timing of their payments, as this is critical for effective financial management of the Organization. The Secretariat is committed to using the resources entrusted to it in a cost-effective and efficient manner and to providing information to Member States with the utmost transparency and will continue to carefully monitor cash flows to mitigate risks of disruption from shifts in payment patterns of Member States. However, sound financial management, efficient budget implementation and effective mandate delivery depend on the liquidity.
