United Nations Nations Unies

INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

TO: Heads of Departments/Offices, Special Political
A: Missions (as per Distribution List)

DATE: 24 February 2025

REFERENCE: DMSPC-2025-00477

THROUGH:

FROM: Chandramouli Ramanathan
DE: Assistant Secretary-General, Controller

SUBJECT: **Managing the 2025 regular budget liquidity crisis**
OBJET:

1. In continuation of the Secretary-General's letter of 7 February 2025 to Member States (attached), I am writing to apprise you of the arrangements for managing the liquidity situation for the 2025 regular budget operations, including for special political missions.

2. As previously communicated by the Under-Secretary-General for Management Strategy, Policy and Compliance, spending restrictions will apply during 2025 as we do not have enough liquidity to fully implement the approved budget for 2025. Our assessment is that, without spending restrictions, we could run out of cash for regular budget operations by September and may not be able to meet our payment obligations in full through the rest of the year. We were able to successfully avert a payment default in 2024 because we restricted spending; however, we nearly ran out of cash in December even after borrowing $130 million from the cash of closed tribunals, which Member States have allowed only as a last resort.

3. During 2025, we will need to both slow down and reduce spending as soon as possible. As mentioned in the Secretary-General's letter to Member States, we are aiming for a spending reduction of approximately $400 million (compared to $345 million in 2024) until we have certainty that we will have enough cash to meet our obligations through December. Therefore, we are restricting the allotments for each Department, Office or Special Political Mission, to an amount lower than the approved budget. Unlike 2024, there will be no exceptions for any entity or budget section, including oversight bodies. You are requested to plan and execute your programme of work within the reduced allotment, while also observing all the guidelines for spending restrictions outlined in this memorandum including in annex-1.

4. The allotments for post and other staff costs being given now take into account the approved vacancy rates for your entity, recosting for posts and some elements of other staff costs, and the actual expenditures during November and December last year. These allotments do not include recosting for non-post expenses in most cases, especially where post costs are too high to meet the spending reduction target.

5. *Departments and Offices whose vacancy rates are currently lower than the approved average vacancy rates are not permitted to increase the number of their staff.* The (average) approved vacancy rate is 11.1% for Professional staff, and 9.1% for General Service staff. Those with rates higher than the approved average rate are allowed to hire but only as long as their vacancy rates do not fall below the average. In all cases, entities should stay within their combined financial allotment for post and non-post expenses. Special political missions should be guided by similar considerations based on their individual approved vacancy rates. Please see annex-1 for more details about hiring restrictions.

6. Spending restrictions will constrain our ability to support and service intergovernmental meetings across duty stations. The Chef de Cabinet has assured the President of the General Assembly that we will continue to make every effort to mitigate the potential impact of spending restrictions on our ability to support Member States and implement our mandates. *Each Head of Entity has to determine the choice of activities that will mitigate the negative impact on programme delivery and on Member States, while being guided by the measures outlined in the Secretary-General's letter and in this memorandum*. If your activity has a dependency on other entities, kindly liaise with such entities to ensure a coordinated response.

7. The Secretary-General's letter outlines the restrictions that will be implemented globally, such as restricting official travel, postponing purchases of goods and services, minimizing hiring of consultants and experts, suspending many construction and maintenance projects, lowering utility bills, etc. The Chef de Cabinet has advised the President of the General Assembly in his letter of 21 February 2025 (attached) about the spending restrictions being implemented at UN Headquarters that may directly impact Member States and their intergovernmental deliberations. Offices away from Headquarters, and Regional Commissions are also encouraged to communicate the spending restrictions in their respective duty stations.

8. The Secretary-General has directed senior managers to brief Member States about the potential impacts of spending restrictions for Member States. Should you require the support of any of the Departments in UNHQ for such briefings, please do reach out to my Office to coordinate and/or assist.

9. We have briefed, and will continue to brief, the Staff Management Committee about the liquidity situation as well as our efforts to mitigate the impact on staff. ASG/OHR and I would be available to assist you in any briefings that you may organize locally. We will also organize a global town hall briefing if helpful.

10. Ensuring sufficient cash for all within the reduced financial ceiling depends on all entities respecting their respective financial ceilings. Umoja has been designed to allow payroll to be processed even if the budget allotment is exceeded (based on the current regulatory framework). However, it will prevent all non-post spending immediately for your entity if overall spending exceeds your total allotment. Therefore, we urge you to proactively and regularly monitor both your spending plan and implementation, especially to take account of the impact of your hiring decisions; such impact may not be readily visible unless expenditure projections are updated when hiring decisions are made.

11. We will monitor and review the liquidity situation and apprise you if there is a material change. However, we do not expect such a change until the fourth quarter. Therefore, kindly operate on the assumption that no additional funding will be provided for the whole year. If unexpectedly higher collections present a favourable spending opportunity in the fourth quarter, we will consider allotting additional funds for non-post expenditure that would allow you to improve budget implementation.

12. I would again like to thank you and your teams for working closely with us over the last few years to collectively manage the Organization's liquidity through a difficult period. Based on lessons learned, we have endeavoured to improve the flexibility for programme managers to respond to the liquidity crisis based on their specific circumstances and needs.

13. Member States are aware and cognizant of the recurring liquidity crises and the impact on programme delivery; for example, in the fall session last year, they did not abolish long vacant posts except in a few special political missions and also did not increase the approved vacancy rates. They will be soon considering the Secretary-General's recent proposals in his report A/79/734 on 'Improving the Financial Situation of the Organization'. The report includes some structural changes that can alleviate the severity of the recurring crises, noting that several proposals that could potentially solve the problem have been rejected repeatedly due to principled objections to such solutions.

cc: Ms. Lopez
Ms. Buttenheim

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Ms. Mari Yamashita, Acting Head of Mission, UNMHA

Annex-1
(Spending restrictions)

Allotments

1. Each Department, Office or Special Political Mission is being issued one allotment under a single Fund Centre; the allotment will comprise, as appropriate, a separate amount for the following budget classes: 010-Posts, 015-Other Staff Costs, 020-Compensation:Non-staff, 030-Hospitality, and 100-Operating Expenses[1]. This new allotment and the advance allotment issued towards the end of 2024 *together* represent the maximum allotment that you can expect for your spending during 2025.

2. For budget sections where the resources are shared among multiple entities such as Section 23 (Regular Programme of Technical Cooperation) or Section 33 (Construction, alteration, improvement and major maintenance), separate allotments will be issued for each entity. For Section 33, allotments will be issued only after discussions with the budget recipients to prioritize the most critical projects.

3. You are not authorized to exceed the approved budget ceiling for each of the budget classes; this condition applies to post and other staff costs also. You are however allowed to redistribute between post and non-post budgets within the overall financial ceiling (allotment) as long as the levels approved by the General Assembly are respected. If you estimate that the allotment for post and/or other staff costs needs to be increased beyond the level approved by the General Assembly, through a corresponding reduction in non-post allotment within the overall financial ceiling, you will require the prior approval of OPPFB.

4. You can distribute the allotment under each budget class to multiple fund centres as appropriate for your programme of work. You can also redeploy the allotment under 'Super Class' 100 - Operating Expenses, among the various budget classes under that super class, in line with the ceilings and/or proportions presented in the budget proposals. As always, redeployments across budget classes under super class 100, as well as across sub-programmes would have to be justified as appropriate, with a strong linkage to more effective mandate delivery within the liquidity constraints.

5. Allotments for post costs and other staff costs have been extrapolated based on expenditure levels in November and December and adjusted for recosting (if applicable). Where post costs are anticipated to exceed your appropriation, the allotment has been increased for post costs with a corresponding reduction for non-post costs, even if this results in a larger amount than that approved by the General Assembly for post and other staff costs.

Hiring restrictions

6. The General Assembly has approved an average vacancy rate of 11.1% for Professional staff and above (P+) and 9.1% for General Service and related categories (GS+). The budget for each entity was also approved by the General Assembly taking into account specific vacancy rates based on your actual vacancy rates.

7. *Departments and Offices whose current vacancy rate is lower than the approved average vacancy rate for any one category of staff are not permitted to increase the number of staff in that category until their vacancy rate is at least equal to the approved average rate*. If one category has a vacancy rate higher than the approved average for that category, you are permitted to hire for that category but only without increasing the total number of staff across both categories and provided the overall allotment

[1] 100-Operating Expenses is a budget 'super class' comprising several budget classes.

for your entity will not be exceeded. If the vacancy rate is higher than the average approved rate for both categories, hiring is permitted for both categories as long as the vacancy rate remains higher than the average approved rate for the respective categories; however, the overall allotment for your entity cannot be exceeded. The following table illustrates the hiring restrictions; these do not apply to special political missions which are covered separately in paragraph 8.

If P+ vacancy rate is	If GS+ vacancy rate is	Hire P+	Hire GS+	Additional conditions
<= 11.1%	<= 9.1%	No*	No*	
> 11.1%	<= 9.1%	Yes	No*	• Total number of P+, GS+ remains the same. AND • P+ vacancy rate will not fall below 11.1% after hiring, AND • Overall financial allotment will not be exceeded
<= 11.1%	> 9.1%	No*	Yes	• Total number of P+, GS+ remains the same. AND • GS+ vacancy rate will not fall below 9.1% after hiring, AND • Overall financial allotment will not be exceeded
>11.1%	>9.1%	Yes	Yes	• Vacancy rate will not fall below 11.1% or 9.1% respectively for the two categories. • Overall financial allotment will not be exceeded

* promotions/SPAs allowed, provided number of staff is not increased and overall financial allotment will not be exceeded.

8. For Special Political Missions, the General Assembly approves the overall resources for each mission without expressly approving any specific vacancy rate. However, each SPM budget report specifies the vacancy rates for International, NPO and GS staff which form the basis for its budget. Therefore, the hiring restrictions for each SPM will be guided by the mission-specific vacancy rates for each category, similar to the table in paragraph 7 above. If the current vacancy rate is below the approved rate for any category, you are not permitted to increase the number of staff in that category until their vacancy rate is at least equal to the approved rate. You can hire for those categories where the current rate is higher than the approved rate, but only if such hiring does not bring the vacancy rate below the approved rate; nevertheless, in all scenarios, you cannot exceed the overall financial allotment for the mission and should also take into account any impact of the updated salary scales, post adjustment and other personnel entitlements that occurred after the budgeted vacancy rates were finalized. OPPFB/FOFD can be contacted for any assistance in this regard, especially by missions with very high vacancy rates.

9. In December 2024, the General Assembly reiterated its request to the Secretary-General "to undertake pre-posting of job openings irrespective of the liquidity situation of the Organisation and to proactively approach pre-posting of vacancies in order to be in a position to expeditiously proceed to the appointment of the selected candidates and complete onboarding actions". Accordingly, you can continue to process recruitments so that the final selection can be done quickly if the liquidity situation allows. You are not required to seek any approvals for hiring as long as the conditions outlined above are respected.

10. Inspira will continue to prevent the final selection for regular budget posts unless the post has been unblocked in advance. As at present, you can write to the Inspira team directly at bhatnagar1@un.org requesting them to unblock those posts (with Umoja post # for each post) that you plan to recruit against. To minimize the burden on the Inspira team, it would be appreciated if you group your requests

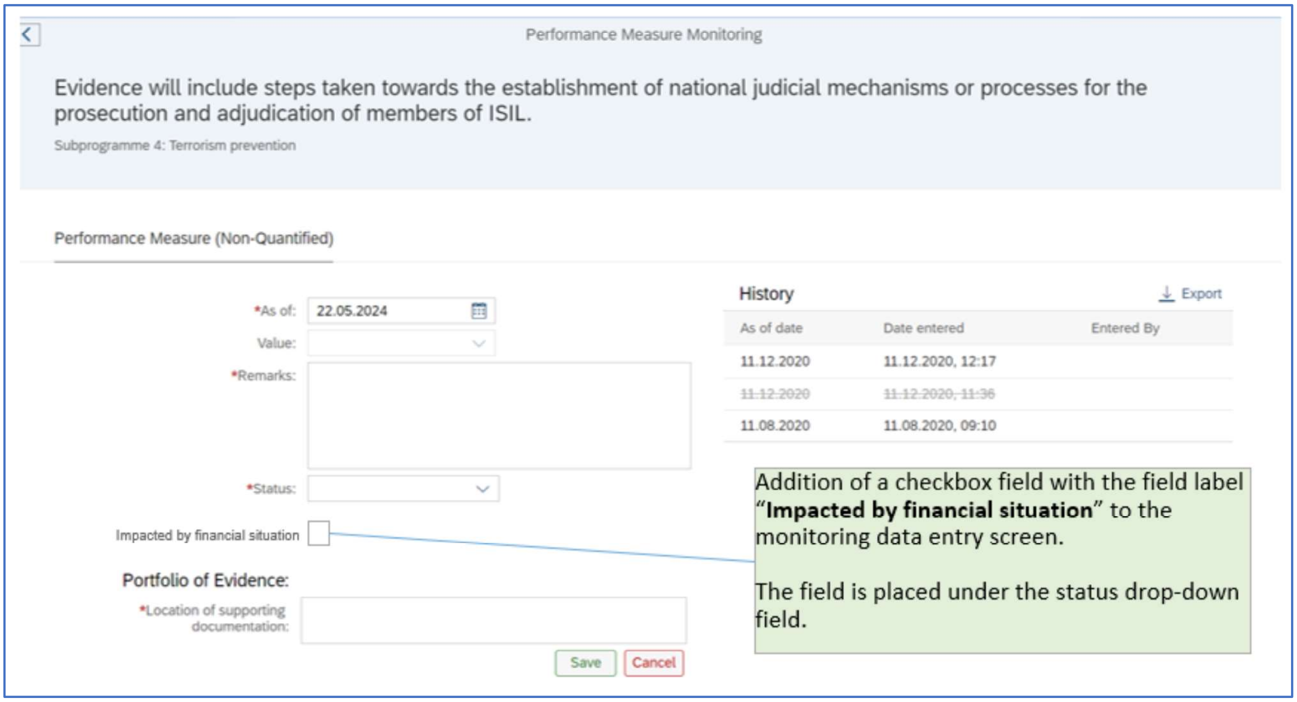
periodically if feasible. Unblocking posts also allows OPPFB's liquidity management team to monitor the likely demand for cash for staff who are onboarded.

Other spending restrictions

11. As already outlined in the Secretary-General's letter of 7 February to Member States,
    a. official travel should be limited to the most essential activities;
    b. purchases of goods and services should be postponed, unless absolutely critical;
    c. hiring of consultants and experts should be minimized; and
    d. repairs and maintenance activities could be delayed if feasible and warranted by the non-availability of liquidity.
12. Additionally, construction projects would be suspended, except where the slowing down of major construction projects would result in significant future additional expenses. Energy-saving and other measures to reduce utility bills and curtail expenses on managing facilities should be explored.
13. Non-essential security expenses should be curtailed as long as they do not impact the safety of premises, assets and personnel and delegates.

Monitoring spending

14. The Financial Regulations require that funds must be reserved through a pre-commitment in Umoja before incurring any legal obligations. It would be prudent to reserve funds early, through pre-commitments, for all non-discretionary spending such as rent, utilities, etc. to provide a more realistic view of the funding constraints for other spending. This will also help us to better forecast the cash needs globally, to optimize the release of cash.
15. Charges payable to (internal) service providers such as for information and communications technology, conferencing, office space, etc. must be paid when they become due. Kindly ensure that necessary funds are reserved for such payments. OICT's charges for personal computing package, telephony, etc., which are based on headcount, are likely to be recovered periodically through payroll, if possible globally from April onwards(separate communication will follow in this regard).
16. Programme managers are required to monitor and report on the impact of the liquidity constraints on their programme delivery while recognizing that some impacts may not be readily apparent. This is important to minimize the risk of future budget reductions if we are unable to explain the impact of reduced funding.
17. To help track the impact of liquidity constraints on program implementation, the Umoja Strategic Management Application's (SMA) monitoring application enables you to identify results (i.e., Results/Expected Accomplishments/Deliverables/Outputs) that have been affected. This will provide you with an entity-wide overview of the number of results that have been impacted, and in turn allow the Organization to assess the Secretariat-wide impact and respond to requests of this nature from Member States. This will reduce the need for ad-hoc requests for this type of information that you may have received otherwise.
18. The functionality in the SMA monitoring application appears as a checkbox in the existing performance monitoring entry screen, as shown in the figure below:


Performance Measure Monitoring
Evidence will include steps taken towards the establishment of national judicial mechanisms or processes for the prosecution and adjudication of members of ISIL.
Subprogramme 4: Terrorism prevention
Performance Measure (Non-Quantified)
*As of: 22.05.2024
Value:
*Remarks:
*Status:
Impacted by financial situation
Portfolio of Evidence:
*Location of supporting documentation:
Save
Cancel
History
Export
As of date
Date entered
Entered By
11.12.2020
11.12.2020, 12:17
~~11.12.2020~~
~~11.12.2020, 11:36~~
11.08.2020
11.08.2020, 09:10
Addition of a checkbox field with the field label "**Impacted by financial situation**" to the monitoring data entry screen.
The field is placed under the status drop-down field.

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EXECUTIVE OFFICE OF THE SECRETARY-GENERAL
CABINET DU SECRETAIRE GENERAL

21 February 2025

Dear Mr. President,

I write further to the letter from the Secretary-General of 7 February 2025 addressed to all Member States of the United Nations regarding the liquidity crisis in the regular and peacekeeping budgets and the risk it poses to our ability to deliver on mandates.

As noted by the Secretary-General in his letter, without spending restrictions imposed from the start of the year we will not be able to meet our payment obligations for regular budget operations all the way from September to December. We therefore have to conserve cash now to avoid disruptions later. This requires all Secretariat entities to manage within a further reduced regular budget spending ceiling. To this end, hiring restrictions are again in place and official travel and the hiring of consultants and experts will be minimized. Purchases of goods and services will also be postponed, and construction projects and repairs and maintenance will be delayed except where the slowing down of major construction projects would result in significant future additional expenses.

Additionally, the measures that were implemented last year by the Department of Operational Support, the Department of Safety and Security, the Department of Global Communications and the Department for General Assembly and Conference Management to execute their work within the reduced spending ceilings will need to continue with further necessary restrictive measures added due to the deterioration of the liquidity situation.

In the Annex to the present letter, please find the consolidated overview of these measures which is not exhaustive but again highlights those measures that may have a direct impact on Member States and their intergovernmental deliberations at United Nations Headquarters in New York. The relevant United Nations Offices at Geneva, Vienna and Nairobi will communicate further on the implementation of the spending restrictions in their respective duty station.

His Excellency
Mr. Philemon Yang
President of the General Assembly
New York

I wish to assure you that we will continue to make every effort to mitigate the potential impact on our ability to support Member States and implement our mandates. We will continue to closely monitor the cash situation and the impact on our efforts to deliver our mandates and adjust our spending restrictions as the situation improves or worsens.

Irrespective of these measures, which are necessitated by the current financial situation, I wish to assure you of our firm commitment to supporting the work of the General Assembly and all mandated intergovernmental meetings taking place at United Nations Headquarters.

Please accept, Mr. President, the assurances of my highest consideration.

E. Courtenay Rattray
Chef de Cabinet

ANNEX – Economy Measures in response to the financial situation (effective February 2025)

Access to United Nations Headquarters complex

- The hours of operation of the vehicular gate located at 42nd Street of 7 a.m. to 11 a.m. remain in effect.

- All staff and Delegates must now enter via the 46th Street entrance, which will be open from 7 a.m. to 7 p.m. The staff entrance at 42nd Street will be closed; exit will still be possible via the revolving gate at 42nd Street.

- The Pass and ID Office will remain open from 9 a.m. to 2 p.m. daily.

General building operations

- Room temperatures will be lowered to reduce heating outlays (from 72°F to 70°F).
- Non-critical construction in the United Nations Headquarters Complex will be postponed.
- All equipment purchases or replacements will be stopped, except those that are operationally critical, e.g., ICT equipment, building infrastructure equipment and other necessary supplies. Some preventative maintenance may need to be deferred.
- All overtime needs associated with compound maintenance activities are under review. Planned overtime work, including construction work, may be rescheduled to take place during regular working hours, which could cause disturbances.

Meetings and interpretation services

- Meetings and events in conference rooms may be held only on weekdays and during the official meeting hours of 10 a.m. to 6 p.m.

- Requests for meetings and events to take place in conference rooms before 10 a.m. or after 6 p.m. on weekdays, or at any time on weekends, cannot be accommodated.

- Non-calendar meetings and events may be held in conference rooms between 1 p.m. and 3 p.m. only on a full cost-recovery basis and provided that no physical, technical or structural changes are made to the conference rooms.

- It should be noted that interpretation services provided by the Department for General Assembly and Conference Management are available only for meetings held from 10 a.m. to 1 p.m. and from 3 to 6 p.m.

- Bodies entitled to meet “as required” will be provided with interpretation services strictly on an “if available” basis. Any other requests for interpretation on an “if available” basis, including those for the meetings of regional groups or other major groupings, will be considered only after requests for interpretation for meetings with “as required” status have been accommodated.

- No more than a total of 55 meetings funded through the regular budget, including those of the General Assembly and the Security Council, can be provided with interpretation services in a given week.

- All meeting bodies with a session of 10 meetings or more are to reduce their number of meetings by at least 10% and adjust their programmes of work accordingly.

- No parallel formal meetings of the same calendar meeting body, with or without interpretation services, can be accommodated, regardless of entitlement.

- Any intergovernmental decision to implement a new mandate within existing budgetary resources will be subject to the availability of adequate cash resources.

Special events (exhibits, receptions)

- Special events outside of working hours at United Nations Headquarters, such as exhibit installations and openings, or functions in the Delegates' Dining Room, can be supported only on a full cost-recovery basis and must be held in spaces available outside of conference rooms.

Documentation

- Timely issuance of parliamentary documentation in the mandated languages will be significantly impacted. Nonetheless, every effort will be made to have documents issued before the respective meeting.

- Agreed word counts will be strictly enforced, and, as a general rule, no waiver requests will be accommodated.

- All author departments will be asked to reduce the length of their reports by 10%, i.e., the wordcount of this year's report should be at least 10% lower than the wordcount of the previous year's report.

- Overnight processing of documents will continue to be minimized, and the timeframe for turning around draft resolutions of the General Assembly will remain at 96 hours (4 working days), starting on the day after submission for processing.

- The issuance of verbatim records of the General Assembly and Security Council and other bodies with such entitlements will incur significant delays; verbatim records will continue to be processed as funding and capacity allows.

- The issuance of summary records will incur significant delays; summary records will continue to be processed as funding and capacity allows.

- The issuance of treaties and publications will incur significant delays; treaties and publications will continue to be processed as funding and capacity allows.

- The issuance of non-parliamentary documents will incur significant delays; non-parliamentary documents will continue to be processed as funding and capacity allows.

- Annexes of more than 2,000 words, submitted with Member States' communications for issuance as an official document, will be issued in the languages of submission only. All communications may incur significant delays and will be processed as funding and capacity allows.

Journal of the United Nations

- All inputs to the *Journal of the United Nations* must be received for processing by 4 p.m. Information received after that deadline will be published during the working hours of the Journal Unit on the following working day.

Registration

- The registration of diplomatic mission staff will take place only during normal working hours, which may result in delays during peak periods.

Meetings coverage

- There will be limited or no coverage of some meetings (this applies to all meetings covered by UNTV, Webcast/UNWeb TV and UN Photo).

- When multiple concurrent meetings are taking place, the Department of Global Communications (DGC) may not be able to provide speaker-by-speaker meeting coverage. In these cases, "one-shot" summaries (a shorter story summarizing the meeting without quoting all the speakers) will be provided instead. Only "one-shot" summaries will be provided for the meetings of all six Main Committees of the General Assembly.

- UNTV will operate with reduced core capacity.

- Security Council stakeouts will not be staffed with a second person (an audio technician). Instead of a boom microphone, fixed microphones will be used, which may not pick up all the questions from the press. Weekend Council consultations that go on to unexpected open meetings may not be covered by UNTV, Webcast/UN Web TV or UN Photo.

- Services to Member States and media in terms of the provision of audiovisual materials and support will be reduced. Photos and videos may not be captioned, published or distributed to the requesting parties on the same day when there are multiple meetings/events occurring that day.

Webcasting services

- Webcast coverage will be limited to the numbered plenary meetings of the General Assembly, the Security Council, ECOSOC and the Human Rights Council, and meetings where funding has been approved and allocated to DGC in the 2025 budget. Any other meetings will be covered on a cost-recovery basis only.

Public Outreach

- Translation work will be reduced, including for all major thematic websites and events.

- Production work across campaigns for global and local channels, including campaigns countering misinformation, will be reduced.

- Press releases and meeting coverage will be in English and French only. There will be no provision of the mandated coverage in the other four official languages (20 approved positions will not be filled).

Media monitoring

- Access to audience insights, breaking news and social media trends will be limited.

- Reporting, insights and analysis of public sentiment and KPIs around key UN messages, messages from the Secretary-General and campaigns across digital platforms will be reduced.

United Nations Digital Library and research resources

- Access to the electronic resources of the United Nations Digital Library by all users globally will be reduced.
- The United Nations Data Diplomacy platform and the United Nations Research Commons project by the Dag Hammarskjöld Library (DHL) will be postponed.
- There will be a decrease in subscription-based databases and resources, including reduced access to 49 main service providers (for example, Wiley and Jeune Afrique).
- Services in the DHL offered to Delegates will be reduced, including assistance with accessing resources and research support.
- DHL Research Guides and UN FAQs online, with a record of 2.5 million views per year, will not be available in all six official languages.
- Plans to create a generative artificial intelligence model to help Delegates search through 80 years of UN information and data have been cancelled.

Language training

- The number of language classes available to Delegates will be reduced.

THE SECRETARY-GENERAL

7 February 2025

Excellency,

I am writing to convey my concern regarding the liquidity crisis facing our Organization and the risk it poses to our ability to deliver on mandates and to serve people in need around the globe.

You are all familiar with the core problems: not all Member States pay in full, and many Member States also do not pay on time. Year-end arrears remain high, eroding liquidity reserves that are meant to bridge intra-year cash shortages. Late payments, especially large payments in the last months or even weeks of the year, exacerbate planning for cash outflows. This leaves insufficient time within which to implement mandates and to undertake expenditures. The problem is then compounded by us being requested to return unspent funds to Member States – including to those who did not pay in full – even though we do not have the cash to give back. So, the liquidity crisis deepens. This harmful sequel plays out repeatedly. I have very limited tools to mitigate the negative impact on mandate implementation and mandates or to stop the vicious cycle. Only one of the last seven years has passed without the need for spending restrictions.

I have fast tracked my next report on *"Improving the financial situation of the Organization"*. The report is currently being considered by the Advisory Committee on Administrative and Budgetary Questions and will be shared for your consideration in March. The proposals build on our engagements with Member States over the past few years. I appeal to you to consider the proposals carefully and positively.

In the meantime, I am constrained to again announce cash conservation measures for the 2025 regular budget operations. We have started 2025 with our Working Capital Fund largely depleted by $760 million of unpaid assessments. We continue to face significant uncertainty surrounding when and how much we will receive from Member States during the year. Starting 2025, we depend even more than in the past on the timely receipt of payments by the two largest contributors who are responsible for 42 per cent of the regular budget assessments and almost half of the peacekeeping budget assessments. Their payment pattern increases the intra-year gap between cash inflows and outflows; our liquidity reserves cannot cope, and the troop and police-contributing countries bear an unfair burden. Without spending restrictions imposed from the start of the year, we will not be able to meet our payment obligations for regular budget operations all the way from September to December. For us, inaction is not an option. We have to conserve cash now to avoid disruptions later.

All Permanent Representatives of Member States
to the United Nations
New York

In 2024, we did not collect enough cash to recoup our liquidity reserves. We collected more than 15 per cent in December; however, this was too late for us to be able to implement mandates properly. With only 92 per cent of the budget implemented, nearly $270 million of the unspent budget would have to be returned in 2026, triggering another liquidity crisis. Returning money we could not spend because we did not collect it compounds liquidity problems.

We barely avoided disruptions in salary and vendor payments in 2024, as we almost exhausted even the surplus cash from closed tribunals, which Member States had authorized to be used as a last resort only. This is likely to happen again this year.

Against this backdrop of large arrears, depleted liquidity reserves, unpredictable inflows, a large intra-year liquidity gap between cash inflows and outflows and the imperative to conserve cash to avert a bigger crisis in 2026, I am constrained to impose restrictions with a view to reducing spending by about $400 million, unless collections pick up significantly and early enough to ease such restrictions.

Hiring restrictions are inevitable because personnel costs constitute the largest part of the budget. Unfortunately, hiring restrictions undermine gender and geographic representation goals and weaken the effectiveness of our operations.

But hiring restrictions cannot bridge the liquidity gap in full or on time. Restrictions on non-post spending are also unavoidable if we are to ensure liquidity for operations. Official travel and the hiring of consultants and experts will be minimized. Purchases of goods and services will be postponed and construction projects and repairs and maintenance will be delayed.

As I have stressed, structural weaknesses in our budgetary process inhibit the management of liquidity. We are unable to issue assessments for new mandates arising during a budget period. We cannot redeploy funds from post budget lines to non-post budget lines to hire contractual personnel temporarily to improve mandate implementation negatively impacted by hiring restrictions. We cannot reassign funds from those who are not likely to spend, to those who need them more urgently. These rigidities compound the negative impact of unpredictable cash flows on our ability to execute our budgets in an efficient manner. They also undermine our operational and programmatic activities, as mandate implementation is driven by the availability of cash and not by planning.

These restrictions will constrain our ability to support and service intergovernmental meetings across duty stations. I am directing senior managers to brief you in detail about the potential impacts. We will also monitor the progress of cash inflows and outflows and brief you periodically.

I want to also draw your attention to the weakening liquidity situation for peacekeeping operations. You will recall that the United Nations General Assembly had approved a few measures in 2019 and 2022 to improve liquidity for peacekeeping operations. We were allowed to issue advance assessment letters for the full budget period without waiting for mandate extension, cash of active operations could be pooled when needed and we could borrow a major part of the peacekeeping reserve fund to improve liquidity. These measures have undoubtedly helped operations and also allowed us to settle, in a more timely manner, claims for troops/police units and for contingent-owned equipment.

Peacekeeping budgets and assessments have been declining, but outstanding assessments have not. With more than a quarter of the assessments not being collected, we will continue to experience more severe liquidity pressure for peacekeeping operations.

In June of both 2023 and 2024, we were unable to pay claims for contingent-owned equipment. In June 2024, even payments for troops and police became very risky; with record low levels of cash left, we faced a high risk of defaulting in payments to vendors. For the budget years 2023/24 and 2024/25, we have been compelled to slow down expenses in an effort to avoid payment defaults.

Peacekeeping operations continue to adjust spending based on projected cash availability. The very low cumulative cash balance of all missions at the beginning of July 2024 has exacerbated the liquidity problems because cash pooling is not viable when all missions have low cash balances. Most probably, we will be unable to settle the claims for contingent-owned equipment for the third time in a row in June 2025. We are also worried about our ability to pay for troops and police in June. But slowing down spending impacts mandate delivery.

We are unable to implement mandates fully or properly both for regular budget and peacekeeping operations. Inefficiencies are increasing as we grapple with fluctuating liquidity situations that hinder proper planning and the execution of mandates.

I appeal again to all Member States to pay in full and on time and thank those who have been doing so. I appeal to you to find common ground to resolving this problem more durably when considering the proposals in my report on *"Improving the Financial Situation of the Organization"*.

Please accept, Excellency, the assurances of my highest consideration.

António Guterres