


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

DATE: 4 March 2025

REFERENCE: DMSPC-2025-00535

THROUGH:

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

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

OBJET:

1. I am writing in continuation of my memorandum DMSPC-2025-00477 of 24 February 2025 on the above subject.
2. Due to recent developments, we have reassessed the liquidity situation, especially the inflow forecasts. To mitigate the risk of defaulting on payments of legal obligations to personnel and vendors, the Secretary-General has directed us to manage the cash outflows more conservatively and to suspend hiring till the situation is clearer, and to ensure that we end the year within our liquidity reserves (in other words, no debts other than the borrowing from the liquidity reserves).
3. Accordingly, it has been decided that
  - a. *the financial spending ceiling for each entity will be reduced to about 80% of the approved budget including recosting;*
  - b. as explained in paragraph 4 of my memorandum of 24 February, your budget for post and other staff costs will be calculated by taking 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;
  - c. your non-post budget will be the difference between (a) and (b) above.
4. The financial spending ceiling for each special political mission will also be reduced to about 80% of its approved budget. The distribution of post and non-post budgets will also be calculated similar to paragraph 3 above.
5. The hiring restrictions outlined in paragraph 5 of my memorandum of 24 February (and the related paragraphs in Annex-1 of that memorandum) will be superseded by this memorandum. *All hiring for regular budget will be suspended with immediate effect for a minimum of 6 months through the end of August.* Further to her briefing on 3<sup>rd</sup> March, the Under-Secretary-General for Management Strategy, Policy and Compliance has decided that temporary job openings will be allowed during this period provided there is no increase in the post costs for your entity.
6. To minimize the risk of running out of cash, it has also been decided to issue allotments in tranches.

7. The next tranche of allotments, to be issued next week, will include
  - a. allotment for post and other staff costs for the whole year, as per the above calculations;
  - b. about 2/3 of the non-post budget as calculated above;
  - c. the amounts allotted will be net of the advance allotments already issued in December.
8. The balance of the non-post budget (within the overall financial ceiling) will be released only in August, after assessing both cash inflows and outflows.
9. For planning purposes, it is better to assume that no allotments will be issued beyond the 80% ceiling. All other conditions outlined in my memorandum of 24 February remain applicable.
10. We are aware that the 80% ceiling could pose significant challenges for many entities to meet some of their non-discretionary spending for non-post costs. However, we are constrained by the lack of overall liquidity. If the liquidity situation improves or there is greater certainty about the timing and amounts of collections likely to be received, we will endeavour to release additional allotments as soon as possible. However, please do not count on such additional allotments.
11. Nevertheless, if possible, please keep additional spending plans (beyond the 80%) for non-post costs handy in case we are able to release additional funds towards the end of the year. Such spending must be for activities that can be implemented within a reasonable period, in order to mitigate the negative impact on programme delivery caused by the financial ceiling of 80%.
12. We will try our best to maximize the funding that can be made available. My Office is standing by to provide briefings and clarifications as necessary. We will also provide periodic briefings on the financial situation.

cc: Ms. Lopez  
Ms. Buttenheim

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