



UNITED NATIONS GENERAL ASSEMBLY

COMMITTEE ON CONTRIBUTIONS
Thirty-fifth session
New York



Distr.
RESTRICTED

A/CN.2/R.337
28 April 1975

ORIGINAL: ENGLISH

COLLECTION OF CONTRIBUTIONS

Report of the Secretary-General

1. The terms of reference of the Committee on Contributions call for the Committee to advise the General Assembly in regard to the application of Article 19 of the Charter. That Article provides as follows:

"A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."

2. At the present time six Member States, Bolivia, Chad, the Dominican Republic, Haiti, Nicaragua and Paraguay, are in arrears in the payment of their assessed contributions within the terms of Article 19. As may be seen from the statement annexed to this document (annex I), the arrears of four States relate to both the United Nations regular budget and to the United Nations Emergency Force (1973), including the United Nations Disengagement Observer Force. In the latter connexion and in accordance with the terms of Regulations 5.3 and 5.4 of the Financial Regulations of the United Nations, only unpaid assessments covering appropriations apportioned for the financing of the Force for the period from 25 October 1973 to 24 April 1974 can be considered to be in arrears within the terms of Article 19.^{1/}

3. On 6 February 1975, the Controller informed the six Members of the status of their contributions and of the minimum payment required to reduce their arrears below the limit specified under Article 19 of the Charter. The text of the Controller's letter is reproduced in annex II to this report.

^{1/} The Secretary-General's communication, by which he informed Member States of their commitments in respect of the Force for the period 25 October 1973 to 24 April 1974 (in compliance with Financial Regulation 5.3), was transmitted to all such States on 19 December 1973. Under the terms of Financial Regulation 5.4, contributions for the foregoing period became due and payable in mid-January 1974, with any unpaid balances on 1 January 1975 considered to be in arrears.

4. In past years the Committee has included a paragraph in its report to the effect that (a) it had taken note of the report of the Secretary-General which showed that at the conclusion of its session certain specified Member States were in arrears in the payment of their contributions within the terms of Article 19 of the Charter; and (b) that it had authorized its Chairman to issue an addendum to the Committee's report at a later date, if necessary. Thus, at the twenty-seventh session of the General Assembly in 1972, the Chairman of the Committee on Contributions arranged for the issuance of an addendum to the Committee's report^{2/} in which it was stated that the Member States previously listed as being in arrears within the terms of Article 19 had since reduced those arrears below the limit prescribed by that Article.
5. In view of the likelihood that the six States enumerated in paragraph 2 above will have paid, prior to the opening on 2 September 1975 of the seventh special session of the General Assembly, at least the ~~small~~ minimum amounts required to reduce their arrears below the prescribed limit, the Committee may wish to follow the procedure outlined above once again in reporting on the status of Article 19 of the Charter to the General Assembly at ~~the~~ ^{the} next session.

Arrangements for the payment of contributions in currencies
other than United States dollars

6. On the recommendation of the Committee on Contributions, the General Assembly by resolution 3062 (XXVIII), paragraph (c), of 9 November 1973, authorized the Secretary-General to accept, at his discretion and after consultation with the Committee on Contributions, a portion of the contributions of Member States for the calendar years 1974, 1975 and 1976 in currencies other than United States dollars. It was also the unanimous decision of the Fifth Committee to include the following paragraph in its report^{3/} to the General Assembly at its twenty-eighth session in 1973:

"A number of delegations attached importance to the arrangements made by the Secretary-General for the acceptance of part of the contributions of Member States in currencies other than United States dollars and to the fact that priority for payment in each currency required for the financing of the United Nations expenditures was given to the country whose currency it was. They supported the recommended continuation of such arrangements for the period 1974-1976 and expressed the hope that the range of acceptable currencies could be widened."

^{2/} Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 11 (A/3711).

^{3/} Official Records of the General Assembly, Twenty-eighth Session, Annexe agenda item 84, document A/9292, para. 12.

7. In a communication dated 2 January 1975, the text of which is annexed to the present document (annex III), the Secretary-General informed Member States of the 19 currencies other than United States dollars which it was estimated would be required by the United Nations for the financing of its expenses under the regular budget. The 19 such currencies are listed below:

Austrian schillings	Kenyan shillings
Belgian francs	Lebanese pounds
Chilean escudos	Mexican pesos
Egyptian pounds	Netherlands guilders
Ethiopian dollars	Pakistani rupees
French francs	Pounds sterling
Indian rupees	Swiss francs
Israeli pounds	Syrian pounds
Italian lire	Thailand baht
Jordanian dinar	

8. On the basis of requests received, arrangements were made for payments in 1975 by ten Member States of the equivalent of \$US15.7 million in seven non-United States dollar currencies, as follows:

United Nations regular budget

<u>Currency of payment</u>	<u>Member State</u>	<u>US dollar equivalent</u>
Austrian schillings	Austria	1,522,599
Czechoslovak korunas ^{4/}	Czechoslovakia	25,000
Indian rupees	India	258,970
	Bhutan	56,030
Israeli pounds	Israel	588,314
Italian lire	Italy	600,000
Mexican pesos	Mexico	1,100,000
Pakistani rupees	Pakistan	336,733
	United States of America	80,000
Pounds sterling	United Kingdom of Great Britain and Northern Ireland	11,156,954
		<u>15,724,600</u>

No requests were received for payments in other currencies.

^{4/} Czechoslovak korunas were not included in the list of currencies contained in the Secretary-General's communication of 2 January 1975, owing to the relatively small amount required. Following a request from Czechoslovakia, however, the amount shown was accepted.

9. In arranging for contributions to be made in ^{currencies other than} ~~non~~ United States dollars, ~~agreed~~, the Secretary-General has continued to give absolute priority to each Member State for payment in its own currency. The division of the limited requirement in Indian rupees between India and Bhutan was made in agreement with the Governments concerned. Similarly, arrangements were made for the United States of America to pay only that portion of the Pakistani rupee requirement of the Organization that exceeded the net contribution payable by Pakistan.

10. It might be noted also that at the request of the Government of the United Kingdom of Great Britain and Northern Ireland, arrangements were made to accept the equivalent of \$US 650,000 in pounds sterling in respect of expenses relating to the United Nations Emergency Force (1973), including the United Nations Disengagement Observer Force.

Payments of assessed contributions to the United Nations regular budget

11. As the Committee is aware, the payments pattern of Member States has been such as to pose a serious problem of cash flow during the early months of each year. In an effort to ease the situation to some small extent, the Under-Secretary-General for Administration and Management, in a letter dated 20 November 1974 (^{see} ~~appendix~~ as annex IV to this document), proposed that Member States subscribing to the United Nations ~~Bond~~ ^{Issue} agree to offset against assessed contributions payable in respect of the United Nations regular budget, the interest and repayment of principal due those Member States by the Organization on 15 January 1975.

12. For the information of the Committee, interest payments and repayments of principal on the United Nations bond obligation that have either been offset against assessed contributions or deferred pending the receipt of such contribution total ^{4.6} \$7.1 million.

Annex I

MEMBER STATES WHOSE ARREARS OF CONTRIBUTIONS IN RESPECT OF THE UNITED NATIONS REGULAR BUDGET AND THE UNITED NATIONS EMERGENCY FORCE (1973), INCLUDING THE UNITED NATIONS DISENGAGEMENT OBSERVER FORCE, ON 1 JANUARY 1975 EXCEED THE LIMIT PRESCRIBED UNDER ARTICLE 19 OF THE CHARTER

	<u>ASSESSMENTS PAYABLE</u>			<u>A R R E A R S</u>			<u>EXCESS OF ARREARS OVER ASSESSMENT</u>
	<u>REGULAR BUDGET a/</u>	<u>UNEP (1973) b/</u>	<u>TOTAL</u>	<u>REGULAR BUDGET c/</u>	<u>UNEP (1973)</u>	<u>TOTAL</u>	
	\$	\$	\$	\$	\$	\$	\$
1. Bolivia	138,975.00	1,202.00	140,177.00	153,910.05	1,202.00	155,112.05	14,935.05
2. Chad	138,975.00	600.00	139,575.00	143,734.76	600.00	144,334.76	4,759.76
3. Dominican Republic	138,975.00	1,202.00	140,177.00	203,910.00	-	203,910.00	63,733.00
4. Haiti	138,975.00	600.00	139,575.00	172,128.59	600.00	172,728.59	33,153.59
5. Nicaragua	138,975.00	1,202.00	140,177.00	192,261.25	-	192,261.25	52,084.25
6. Paraguay	138,975.00	1,202.00	140,177.00	203,909.50	1,202.00	205,111.50	64,934.50

a/ Gross assessment for the years 1973 and 1974.

b/ Initial assessment for the period from 25 October 1973 to 24 April 1974.

c/ Net contribution payable.

Annex II

LETTER DATED 6 FEBRUARY 1975 FROM THE ASSISTANT SECRETARY-GENERAL FOR FINANCIAL SERVICES ADDRESSED TO THE PERMANENT REPRESENTATIVES OF BOLIVIA, CHAD, DOMINICAN REPUBLIC, HAITI, NICARAGUA AND PARAGUAY

Sir,

I have the honour to refer to the Secretary-General's communications No. FI 323(3) of 12 December 1974 and No. FI 311(1) of 2 January 1975 informing you of your Government's commitments for 1975, as well as arrears for prior years in respect of the United Nations Emergency Force - 1973 (including the United Nations Disengagement Observer Force) and the United Nations regular budget.

Article 19 of the United Nations Charter reads as follows:

"A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."

In light of that Article and of the provisions of the Financial Regulations of the United Nations, as approved by the General Assembly, may I ask you to draw the attention of your Government to the importance of liquidating its arrear contributions at the earliest possible date.

For For your ready reference a statement is attached showing the contributions owing by your Government. Under the terms of the Financial Regulations of the United Nations, these contributions are immediately due and payable. However, a minimum payment of (US\$) would reduce your Government's arrears below the gross contribution due the United Nations for the years 1973 and 1974, and bring it within the limit prescribed by Article 19 of the Charter.

May I ask you also to draw the attention of your Government to a statutory function of the Committee on Contributions under which the Committee, in its report to the General Assembly, normally makes reference to Member States who are in arrears on the payment of their contributions at the time the Committee concludes its session. Since the Committee is scheduled to convene

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on 6 May 1975, meeting for a period of two weeks, your Government may wish to arrange for payment of its arrear contributions before that time.

Accept, Sir, the assurances of my highest consideration.

(Signed)

Helmut DEBATIN
Assistant Secretary-General
for Financial Services

Annex III

EXTRACT FROM THE SECRETARY-GENERAL'S COMMUNICATION DATED 2 JANUARY 1975
TO ALL MEMBER STATES CONCERNING ARRANGEMENTS FOR THE PAYMENT OF 1975
CONTRIBUTIONS IN CURRENCIES OTHER THAN UNITED STATES DOLLARS

Under the provisions of paragraph (c) of its resolution 3062 (XXVIII), the General Assembly authorized the Secretary-General to accept a portion of the contributions of Member States for the years 1974, 1975 and 1976 in currencies other than United States dollars. The non-US currencies in which it is estimated that substantial amounts will be required by the United Nations for the financing of its expenses in 1975 follow:

Austrian schillings	Mexican pesos
Chilean escudos	Netherlands guilders
Ethiopian dollars	Pounds sterling
Kenyan shillings	Swiss francs
Lebanese pounds	Thailand baht

In addition, it is estimated that a limited amount will also be required in the following currencies:

Belgian francs	Italian lire
Egyptian pounds	Jordanian dinar
French francs	Pakistan rupees
Indian rupees	Syrian pounds
Israeli pounds	

Should Member States wish to make payment of their contributions in one or more of the foregoing currencies, notification to that effect will be required no later than 15 February 1975. At the same time, the maximum amount that the Government wishes to remit in each currency should be indicated, together with the approximate date of payment.

Member States replying affirmatively by 15 February 1975, will be advised as soon as possible thereafter of specific amounts that may be remitted in indicated currencies and of the bank accounts to which deposits should be made. It will be appreciated, of course, that the extent to which the wishes of Member States can be accommodated will depend on the level of estimated expenditures to be incurred by the

United Nations in currencies other than United States dollars, and that this, in turn, is directly affected by the date such currencies are made available.

As in past years, the payment of contributions in currencies other than United States dollars will be subject to the conditions enumerated in the following paragraphs.

It is a general condition of acceptance that all currencies remitted for effecting payments of contributions are transferable funds which can be used for all expenditures incurred by the United Nations within the country in whose currency payment is made without further negotiation within the exchange regulations of the countries concerned.

The dollar equivalent of contributions paid in currencies other than United States dollars will be calculated at the most favourable rate of exchange effective on the date of payment and available to the United Nations. However, if at any time during the year following the date of payment of contributions in non-US currencies there should occur a reduction in the exchange value of an allocated currency in terms of United States dollars, Member States will be required to make payment to cover the exchange variations as of the effective date of the change in rate unless the Organization was able to expend the currency before that date.

Annex IV

LETTER DATED 20 NOVEMBER 1974 FROM THE UNDER-SECRETARY-GENERAL FOR ADMINISTRATION AND MANAGEMENT TO THOSE MEMBER STATES WHOSE INTEREST AND REPAYMENT OF PRINCIPAL ON THE UNITED NATIONS BOND ISSUE TOTAL \$10,000 OR OVER

Sir,

As you are aware, despite all efforts to establish lines of action which might lead to the resolution of the financial difficulties of the Organization, the financial situation of the United Nations continues to pose a serious problem.

The problem is two-fold: the size of the short-term deficit of the Organization - caused largely by the withholding of contributions by certain Members - has depleted its Working Capital Fund and the lateness of the payment of contributions by many Members to the regular budget result in very difficult cash flow problems.

Your Government will recall that United Nations Financial Regulation 5.4 provides that assessed contributions are due and payable 30 days after the Secretary-General has notified the Member States of their shares of the budget of the Organization. This means that these amounts are normally due and payable in full by mid-February, but delays in payments continue. The General Assembly has not only urged all Members to pay their future contributions on time but has also requested Member States to make voluntary contributions, as a matter of urgency, for the purpose of clearing up the past financial difficulties of the United Nations and especially for resolving the short-term deficit of the Organization. Despite these appeals, however, the twin problems which I have mentioned have not, thus far, been corrected.

The United Nations expects to have an especially serious cash flow problem during the early months of 1975. One element of this cash shortage problem could, however, be mitigated somewhat with the co-operation of those Governments which purchased United Nations bonds. The principal and interest on these bonds is due and payable on 15 January of each year. If your Government and the other Governments whose payments are due at that time can agree to the offsetting of these repayments against the assessed contributions which become payable to the United Nations at approximately the same time, it will ease our January cash

flow problem by about \$8.5 million. It may be noted that one major purchaser of bonds has permitted this offsetting since the beginning of repayments and states that it intends to continue to do so.

I propose therefore that, unless Your Excellency's Government advises to the contrary prior to 1 January 1975, a credit in the amount of \$, which is the amount that will be then due for the repayment of principal and interest on the United Nations bonds owned by your Government, should be applied as a credit against your assessed contributions. When the payment from your Government is made, which becomes due and payable about mid-February, it should, of course, be reduced accordingly. The Secretary-General thanks you in advance for the co-operation of Your Excellency's Government.

~~Accept, Sir, the assurance of my highest considerations~~

(Signed)

George F. DAVIDSON
Under-Secretary-General
for Administration and Management