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COMMITTEE ON CONTRIBUTIONS
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New York

COLLECTION OF CONTRIBUTIONS

Report of the Secretary-General

1. Under its terms of reference, one of the functions of the Committee on Contributions is to "advise the Assembly in regard to the application of Article 19 of the Charter", which provides as follows:

"A Member of the United Nations which is in arrears in the payment of its financial contribution 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, five Members, namely Bolivia, the Dominican Republic, Haiti, Paraguay and Yemen, are in arrears in the payment of their contribution to the United Nations regular budget within the terms of Article 19 of the Charter.

3. The following table shows for each of the five Members, their arrears of contributions to the United Nations regular budget, the amount of their contributions to that account for the preceding two full years (1969 and 1970), and the amount by which the arrears exceed the contributions due for the two years:

United Nations Regular Budget

	<u>Arrears of contributions</u>	<u>Gross contribution for 1969 and 1970</u>	<u>Excess amount</u>
	\$US	\$US	\$US
1. Bolivia	148,259.00	121,126.00	27,133.00
2. Dominican Republic	165,495.00	121,126.00	44,369.00
3. Haiti	165,495.00	121,126.00	44,343.00
4. Paraguay	151,204.50	121,126.00	30,078.50
5. Yemen	165,750.00	121,126.00	44,624.00

4. On 2 February 1971, the Secretary-General informed the five Members of the status of their contributions and of the minimum payment required to reduce their arrears to the United Nations regular budget below the limit specified in Article 19 of the Charter. The text of the Secretary-General's letter is annexed to the present report (annex I).

5. At its thirtieth session (1970), the Committee on Contributions decided to include in its report to the twenty-fifth session of the General Assembly the following paragraph:^{1/}

"The Committee took note of a report of the Secretary-General which showed that, at the time of the conclusion of its meetings, six Member States, namely, Bolivia, Dahomey, the Dominican Republic, Ecuador, Haiti and Yemen were in arrears in the payment of their contributions to the United Nations regular budget within the terms of Article 19 of the Charter. The Committee decided to authorize the Chairman to issue, at a later date, if necessary, an addendum to the present report on this question."

Under this authority, the Chairman of the Committee on Contributions arranged for the issuance, on 15 September 1970, of an addendum to the Committee's report in which it was stated "that the Member States listed in paragraph 46 of the Committee's report (A/8011) have since made payments in sufficient amount to reduce their arrears of contributions to the United Nations regular budget below the limit specified in Article 19 of the Charter".^{2/}

^{1/} A/8011, paragraph 46.

^{2/} Ibid., Add.1, paragraph 2.

6. Before the opening of the next session of the General Assembly on 21 September 1971 it is likely that the five Members that are at present in arrears in the payment of their contributions to the United Nations regular budget within the terms of Article 19 of the Charter will have paid at least the relatively small minimum amounts required to reduce their arrears to that account below the prescribed limit. The Committee on Contributions may therefore wish to follow the same procedure as last year in reporting on this subject to the General Assembly at its twenty-sixth session.

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

7. On the recommendation of the Committee on Contributions, the General Assembly at its twenty-fifth session (resolution 2654 (XXV), paragraph 1 (c)), authorized the Secretary-General to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the financial years 1971, 1972 and 1973 in currencies other than United States dollars.

8. During the discussion of the Committee on Contributions' report in the Fifth Committee at the twenty-fifth session of the General Assembly, several delegations expressed their support of the recommendation of the Committee on Contributions that the arrangements for payment of contributions in currencies other than United States dollars be extended to the years 1971-1973, and that they be made as comprehensive as possible. In this connexion, the Fifth Committee also decided unanimously to include in its report the following paragraph:^{3/}

"In the context of the factor regarding the ability of Member States to secure foreign currency, and taking into account resolution 2291 (XXII), the Committee recommends that the needs of the Organization in currencies other than the US dollar should be met by giving priority for payments in non-US currencies to the countries whose currencies they may be."

9. The Secretary-General in a communication dated 12 January 1971, the text of which is annexed (annex II), informed Member States of the fifteen currencies in which part payment of the 1971 contributions could be accepted. The currencies

^{3/} A/8183, paragraph 8.

included in the arrangements are those in which substantial or relatively large amounts of United Nations regular budget expenditures are foreseen.

10. The general principles and the terms and conditions for payment of contributions in non-United States currencies are the same as those established for prior years in consultation with the Chairman of the Committee on Contributions.

11. On the basis of the replies received from Member States as to the currencies in which they would wish to effect payment and taking into account the United Nations estimated expenditures in each currency, arrangements have been made to accept from Member States in 1971 the amounts shown in the annexed statement (annex III).

12. The interest expressed by Member States in making payment of contributions in currencies other than United States dollars was limited to eight of the acceptable currencies listed in the Secretary-General's communication of 12 January 1971. It was found that the requests of Member States to pay in the currencies specified could be met within the estimated requirements of the Organization, with the exception of Indian rupees and Pakistan rupees. The Governments of India and Pakistan had asked to pay the maximum amounts acceptable by the United Nations in their respective currencies and certain other Members had also expressed an interest in making payment in these currencies. Taking into account the Fifth Committee's directive referred to in paragraph 8 above, and the fact that the United Nations needs in Indian rupees and Pakistan rupees were appreciably below the budget assessment of India and Pakistan respectively, each was allowed to pay in its own currency the total amount required by the United Nations. The allocation to the two Governments of the limited amounts required in their respective currencies was considered to be in conformity with the Fifth Committee's directive "That the need of the Organization in currencies other than US dollars should be met by giving priority for payments in non-US currencies to the countries whose currencies they may be".

13. If the amounts required by the United Nations in Pakistan rupees (\$330,000) and Indian rupees (\$180,000) had been allocated to all the Members that had expressed an interest in paying in these currencies, proportionately to their rates of assessment, Pakistan would have paid in its own currency the equivalent of \$2,500 and India's share of Indian rupees would have been the equivalent of

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\$5,700. An allocation proportionately to the assessment rate of the Members that had asked to pay in these currencies would therefore not appear to have complied with the Fifth Committee's directive.

14. In order that the arrangements for payment of contributions in non-United States currencies may be equitable to all Member States, certain general rules may however be required for the interpretation of "giving priority" as directed by the Fifth Committee. The question may be asked if "giving priority" should be interpreted to mean:

(i) That a Member should be entitled to pay up to its total contribution in its own currency before any allocation for payment in that currency could be made to other Members.

(ii) That a Member should be entitled to pay in its own currency a "substantial" portion of the amount required by the United Nations and that other interested Members should also be allowed to pay a pro-rata share of the total. If so, it would be necessary to define what could be considered a "substantial" portion, and this again might depend on the size of the Member's contribution as compared to the United Nations needs in its currency.

15. The Secretary-General would appreciate the views of the Committee on Contributions on the general guidelines that might be followed in making arrangements for the payment of part of the Member States' contributions in currencies other than United States dollars, and in particular in the implementation of the Fifth Committee's directive quoted in paragraph 8 above.

Annex I

LETTER DATED 2 FEBRUARY 1971 FROM THE SECRETARY-GENERAL ADDRESSED
TO THE PERMANENT REPRESENTATIVE OF BOLIVIA, DOMINICAN REPUBLIC,
GUINEA, HAITI, PARAGUAY, YEMEN

Sir,

I have the honour to enclose for your information a statement showing your Government's arrears of assessed contributions to the United Nations Regular Budget.

In view of the provisions of the relevant Article of the Charter, and the Financial Regulations of the United Nations, I would ask you to bring to the attention of your Government the importance of arranging for the settlement of its arrears. In this connexion, I wish to inform you that, while the entire amount of arrears is due and payable, under the limit prescribed in Article 19 of the Charter a minimum payment of \$ is required to reduce your Government's arrears to the United Nations Regular Budget below the gross contributions due from it to that account for the preceding two full years (1969 and 1970).

You may also wish to bring to the attention of your Government that the Committee on Contributions, which is scheduled to open its next session on 20 April 1971, would normally, in compliance with its statutory function, make reference in its report to the General Assembly concerning the application of Article 19 of the Charter.

Accept, Sir, the assurances of my highest consideration.

(Signed) B.R. TURNER
Controller

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Annex II

COMMUNICATION DATED 12 JANUARY 1971 FROM THE
SECRETARY-GENERAL TO ALL MEMBER STATES

Sir,

The Secretary-General of the United Nations presents his compliments to the Minister for Foreign Affairs of ... and has the honour to refer to Financial Regulation 5.3 under which he is required, after the General Assembly has adopted the budget and determined the amount of the Working Capital Fund, to transmit the relevant documents to Member States and inform them of their commitments.

In compliance with this regulation, the Secretary-General has the honour to transmit the documents listed in the annex to this letter and to state that the contribution of His Excellency's Government to the United Nations regular budget for the financial year 1971 amounts to

Under Financial Regulation 5.4, contributions shall be considered due and payable within thirty days of the receipt of the Secretary-General's communication informing Member States of their commitments. During the twenty-fifth session of the General Assembly, the Secretary-General has on several occasions called attention to the increasing financial difficulties of the Organization. In view of these difficulties it is particularly important that all Member States make every effort to arrange for payment at the earliest possible date of the contributions due for 1971 as well as any contributions outstanding for prior years.

Under subparagraph (c) of General Assembly resolution 2654 (XXV), the Secretary-General was authorized to accept a portion of the contributions of Member States for the years 1971, 1972 and 1973 in currencies other than United States dollars.

The non-United States currencies in which it is estimated that substantial amounts will be required by the United Nations for the financing of expenditures in 1971, are the following:

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

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In addition a limited amount is estimated to be required in the following currencies:

Belgian francs
French francs
Indian rupees

Lebanese pounds
Pakistan rupees
Syrian pounds

It will, therefore, be possible to accept payment of part of the contributions of Member States for 1971 in the above currencies. If Member States should wish to effect payment in respect of their 1971 contributions in one or more of these currencies, it would be appreciated if notification to that effect could be received as soon as possible and in any event not later than 15 February 1971. At the same time, indication should be given of the maximum amount that the Government would wish to remit in each of the currencies selected for payment, and the approximate date by which such remittance or remittances could be expected.

Member States which have replied affirmatively prior to 15 February 1971 will be advised as soon as possible thereafter of the specific amounts that may be remitted in the currencies indicated by them and the bank accounts to which deposit should be made. It will, of course, be appreciated that the extent to which the wishes expressed by Member States can in fact be accommodated will be dependent on estimated United Nations expenditures in non-United States currencies and that these, in turn, will be directly affected by the promptness with which such currencies are made available.

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

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

The dollar equivalent of contribution payments 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 for conversion of dollars into the respective currencies.

If at any time during the year following the date of payment of contributions in non-United States currencies there should occur a reduction in the exchange value of an allocated currency in terms of United States dollars, Member States may be required, upon notification, to make payment to cover the exchange variations as from the effective date of the change in rate.

Payments in dollars of the contributions to the United Nations Regular Budget should be credited to:

United Nations No. 1 Account
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

12 January 1971

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Amounts allocated for payment of contributions in currencies
 other than United States dollars for 1971

<u>Currency of payment</u>	<u>Member State</u>	<u>Equivalent United States dollars</u>
<u>Belgian francs</u>	Luxembourg	73,348
<u>Chilean escudos</u>	Austria	\$250,000
	France	<u>\$1,000,000</u>
		1,250,000
<u>Czechoslovak crowns^{a/}</u>	Czechoslovakia	30,000
<u>Ethiopian dollars</u>	Poland	130,000
<u>Indian rupees</u>	India	180,000
<u>Israeli pounds</u>	Israel	\$200,000 ^{b/}
	United States of America	<u>\$800,000</u>
		1,000,000
<u>Pakistan rupees</u>	Pakistan	330,000
<u>Pounds sterling</u>	Guyana	\$62,712
	United Kingdom	<u>\$6,723,475</u>
		6,786,187
<u>Syrian pounds</u>	Poland	200,000
		<u><u>\$9,979,535</u></u>

^{a/} Czechoslovak crowns were not included in the Secretary-General's list of acceptable currencies. The arrangements for payment were made at the request of Czechoslovakia and the amount represents the total United Nations needs in that currency.

^{b/} In addition, Israel has paid in 1971 the equivalent of \$200,000 representing the amount payable under the 1970 arrangement.