



Fourth special session

FINANCING OF UNITED NATIONS PEACE-KEEPING OPERATIONS

Report of the Working Group on the Examination
of the Administrative and Budgetary Procedures
of the United Nations

Rapporteur: Mr. V.A. Hamdani (Pakistan)

1. The Working Group on the Examination of the Administrative and Budgetary Procedures of the United Nations^{1/} held eighteen meetings between 29 January and 29 March 1963 to consider the matters referred to it for study in terms of General Assembly resolution 1854 B (XVII) of 19 December 1962.
2. The Working Group elected Chief S.O. Adebo (Nigeria), Chairman; Mr. R. Quijano (Argentina), Vice-Chairman; and Mr. V.A. Hamdani (Pakistan), Rapporteur.
3. In considering the organization of work, the Working Group recognized that its task consisted of two parts: the first part corresponded to operative paragraph 1 of resolution 1854 B (XVII), in which the General Assembly decided that the Working Group should study, in consultation as appropriate with the Advisory Committee on Administrative and Budgetary Questions and the Committee on Contributions, special methods for financing peace-keeping operations of the United Nations involving heavy expenditures, such as those for the Congo and the Middle East, including a possible special scale of assessments; the second part would correspond to operative paragraph 4 of the same resolution in which the General Assembly requested the Working Group to study the situation arising from the arrears of some Member States

^{1/} Originally established in terms of General Assembly resolution 1620 (XV) of 21 April 1961 and composed of representatives of the following fifteen States: Brazil, Bulgaria, Canada, China, France, India, Italy, Japan, Mexico, Nigeria, Sweden, Union of Soviet Socialist Republics, United Arab Republic, United Kingdom of Great Britain and Northern Ireland and United States of America. Re-established in terms of General Assembly resolution 1854 B (XVII) of 19 December 1962 with its membership increased to twenty-one by the addition of the representatives of the following six States: Argentina, Australia, Cameroon, Mongolia, Netherlands and Pakistan.

in their payment of contributions for financing peace-keeping operations and to recommend, within the letter and spirit of the Charter of the United Nations, arrangements to bring up to date such payments, having in mind the relative economic positions of such Member States. It was agreed to consider the two parts separately.

A. SPECIAL METHODS FOR FINANCING PEACE-KEEPING OPERATIONS INVOLVING HEAVY EXPENDITURE

Terms of reference

4. In terms of operative paragraphs 1, 2 and 3 of resolution 1854 B (XVII) the Working Group was requested:

(a) To study, in consultation as appropriate with the Advisory Committee on Administrative and Budgetary Questions and the Committee on Contributions, special methods for financing peace-keeping operations of the United Nations involving heavy expenditures, such as those for the Congo and the Middle East, including a possible special scale of assessments;

(b) To take into account in its study the criteria for the sharing of the costs of peace-keeping operations mentioned in past resolutions of the General Assembly, giving particular attention to the following:

- (i) The references to a special financial responsibility of members of the Security Council, as indicated in General Assembly resolutions 1619 (XV) of 21 April 1961 and 1732 (XVI) of 20 December 1961;
- (ii) Such special factors relating to a particular peace-keeping operation as might be relevant to a variation in the sharing of the costs of the operation;
- (iii) The degree of economic development of each Member State and whether or not a developing State is in receipt of technical assistance from the United Nations;
- (iv) The collective financial responsibility of the Members of the United Nations;

(c) To take into account any criteria proposed by Member States at the seventeenth session of the General Assembly or submitted by them directly to the Working Group.

5. In order to give effect to (b) and (c) above, the Working Group requested the Secretariat to provide a summary of all criteria mentioned in past resolutions and those proposed by Member States at the seventeenth session; it also arranged for the insertion, in the United Nations Journal of 31 January 1963, of an announcement asking those Member States who wished to submit any new criteria to the Working Group to do so as soon as possible, taking into account the time-limit of 31 March 1963 for the submission of the Working Group's own report to the General Assembly.

6. In response to this invitation, the Permanent Representative of Ireland addressed a note to the Working Group transmitting the full text of the statement made on 4 October 1962 by the Minister of External Affairs of Ireland in the general debate at the seventeenth session of the General Assembly^{2/} and calling attention, in particular, to his proposal that the Secretary-General be empowered to borrow in any financial year up to the full amount of the cost of implementing all the decisions of the United Nations in that year.

7. While the Working Group has not in the time at its disposal been able to arrive at any generally agreed recommendation on a special method for the financing of peace-keeping operations, it has been able, as a result of the discussions in the Working Group and of informal consultations during periods of recess agreed to for this purpose, to identify the various individual approaches to the question and to indicate the views of many members on certain principles on which the financing of future peace-keeping operations could appropriately be based.

8. For the guidance of the General Assembly this report, under the immediately following heading (para. 9), sets forth, in the order in which they were submitted, a series of individual positions taken by certain members or groups of members. These positions cover, as the case may be, either ONUC and UNEF alone, or any future operations of a similar nature, or all operations including ONUC and UNEF from an effective date to be determined by the General Assembly. Under a subsequent heading (para. 10) the report, with reference to the above-mentioned positions and

2/ Official Records of the General Assembly, Seventeenth Session, Plenary Meetings, 1142nd meeting.

the various reactions to them, presents the views of members on certain principles on which the financing of future peace-keeping operations could appropriately be based. This is followed by a section (paras. 11-23) indicating the different views of members on the manner in which these principles should be applied. In a concluding section under part A of the report (para. 24), an indication is given of the various views expressed in regard to possible ad hoc approaches to the financing of the current peace-keeping operations, ONUC and UNEF.

Positions taken by members or groups of members of the Working Group

9. Positions taken by individual members or groups of members are set forth below in the order in which they were submitted.

I. Bulgaria, Mongolia and Union of Soviet Socialist Republics^{3/}

(1) Expenses incurred in the maintenance of the United Nations Emergency Force in the Middle East and in the United Nations operations in the Congo cannot be imposed as binding upon the States Members of the United Nations without a corresponding decision of the Security Council. Under the United Nations Charter only the Security Council has the right to take action involving the use of armed force on behalf of the United Nations (Articles 11, 12, 24, 42, 43 and 48). In particular, it also rests with the Security Council to define all conditions pertaining to the financing of operations connected with the use of United Nations armed forces for the maintenance of international peace and security. The General Assembly has no right under any circumstances to arrogate to itself any functions belonging to the exclusive jurisdiction of the Security Council in matters relating to the organization and conduct of such operations, including their financing. All attempts to circumvent the Security Council in these matters constitute an inadmissible violation of the Charter and of one of its fundamental provisions - the principle of the unanimity of the permanent members of the Security Council in the adoption of decisions.

(2) The United Nations armed forces for the Middle East were created in contravention of the United Nations Charter and in circumvention of the

^{3/} A/AC.113/5, 12 and 15.

Security Council. The United Nations operations in the Congo were carried out in violation of the Security Council's decisions and in circumvention of the Security Council and consequently in violation of the United Nations Charter. Accordingly, the financing of these operations cannot be regarded as an obligation resting on the States Members of the United Nations under the terms of the Charter. Similarly, the advisory opinion of the International Court on this matter, an opinion which is incorrect and incompatible with the Charter, does not and cannot create any obligations of any kind for States. Nor does General Assembly resolution 1854 (XVII) on the acceptance of this opinion in any way affect the substance of the question.

(3) The United Nations operations in the Middle East and the Congo were necessitated by the aggressive acts of the colonial Powers and both these operations and especially the United Nations operations in the Congo have become protracted and have involved the Organization in considerable expenditure. The blame for this lies exclusively with the colonial Powers and their accomplices, whose aims have nothing in common with the maintenance of international peace and security, and the only equitable solution must be one whereby those Powers alone would assume the entire material responsibility connected with the United Nations operations in the Middle East and the Congo.

(4) With regard to methods of financing in the future possible peace-keeping operations by United Nations armed forces, for the reasons set forth above there is no necessity whatsoever for these matters to be considered either in the Working Group or in the General Assembly, since under the Charter they can be decided only by the Security Council in each individual case; this is clear, in particular, from Articles 43, 48 and 49 of the Charter.

(5) For these reasons, the delegations of Bulgaria, Mongolia and the USSR opposed the adoption of any recommendations based on the assumption that questions relating to the use of armed forces in the name of the United Nations, including questions of their financing, can be decided outside the Security Council, and also of recommendations based on the recognition as binding on States Members of the United Nations of decisions on these matters adopted in circumvention of the Security Council and in contravention of the United Nations Charter. Accordingly, the three delegations opposed, in particular,

the positions and proposals set forth in the statements by the United States, United Kingdom, Canadian and other representatives, and also the proposals in documents A/AC.113/2 (Canada), A/AC.113/3 (Argentina, Brazil and Mexico), A/AC.113/18 (Argentina, Brazil, Cameroon, India, Nigeria, Pakistan and United Arab Republic), and A/AC.113/19 (Argentina, Brazil, Cameroon, India, Nigeria and Pakistan).

II. Canada^{4/}

(1) There is a collective financial responsibility for all members to finance all United Nations activities, including peace-keeping operations.

(2) The scale of assessment applicable to the regular budget, which makes extensive allowances for the position of countries with low capacity to pay, may equitably be applied to peace-keeping as well as regular budget expenses, except in circumstances when peace-keeping expenses are so heavy as to merit provision of additional relief to those developing countries which are understandably preoccupied with pressing problems of economic and social development. Any special scale which may be applied to meet such expenses should not involve special factors or criteria, political or otherwise, which do not normally enter into the calculation of the regular scale of assessment and which would have the effect of arbitrarily allocating among certain Member States more or less interest in, and financial responsibility for, United Nations peace-keeping operations.

(3) In respect of duly-approved peace-keeping operations involving armed military forces, there should be agreement in advance on what procedures are to be followed and on how expenditures shall be apportioned among Member States. To this end, the following special administrative and legislative procedures should apply:

(a) The financial implications of any operation which involves expenses in excess of those covered by the annual resolution relating to unforeseen and extraordinary expenses should be brought to the attention of the General Assembly at the earliest possible time. If the General Assembly is in regular session at the time of the initiating decision, the Assembly should be aware of and deal with the financial implications before the end of that session. When initiating decisions are taken by the Security Council at a time when the General Assembly is not in session, the latter should be convened as soon as possible, either in a special session or in an emergency special session depending on the circumstances.

(b) In considering the financial implications of the peace-keeping operation, the General Assembly would need to act as follows:

- (i) Examine the cost estimates prepared by the Secretary-General;
- (ii) Give the necessary authority to the Secretary-General to enter into financial commitments in accordance with the estimates as approved;
- (iii) Decide upon the details of the method whereby the expenses are to be met.

(c) There should be appropriate accounting procedures for peace-keeping operations, including the possibility of special accounts.

(4) In the light of the considerations above, the following special method is proposed for the financing of peace-keeping operations involving military forces and equipment:

(a) A certain predetermined level of expenses in one year for each peace-keeping operation involving military forces and equipment would be financed under the scale of assessments used to apportion the costs of the regular budget. An appropriate level might be \$10 million for each duly approved peace-keeping operation.

(b) Expenses in any future year in excess of \$10 million for each peace-keeping operation, but which are less than, for example, \$75 million, should be financed according to a special peace-keeping scale of assessments based on capacity to pay as expressed in terms of national income.

(c) Commitments for expenses to be incurred in any one year for each peace-keeping operation above \$75 million or higher than \$125 million for total peace-keeping operations would require authorization by the General Assembly and adoption of special ad hoc financial arrangements.

III. United States of America^{5/}

(1) The acceptance by the General Assembly at its seventeenth session - by a vote of 76 to 17, with 8 abstentions - of the advisory opinion of the International Court of Justice of 20 July 1962 established that the costs of UNEF and ONUC assessed by the General Assembly against Member States were expenses of the Organization within the meaning of Article 17 of the Charter. It is accordingly clear that the General Assembly, and not the Security Council, is the appropriate body to apportion among Member States expenses of peace-keeping operations such as those for ONUC and UNEF, and that such apportionment by the General Assembly creates binding legal obligations on Member States to pay amounts assessed against them. The opinion of the Court and its acceptance by the General Assembly disposed of the contentions of Bulgaria, Mongolia, and the Union of Soviet Socialist Republics, made before the Court, at the seventeenth session of the General Assembly and in the Working Group concerning the interpretation of the Charter.

(2) There is a strong prima facie case for financing peace-keeping operations according to the scale considered equitable for other expenses of the Organization. The regular scale does take into account relative capacity to pay and makes substantial adjustments for low per capita income countries, beyond what would be called for by comparative national income figures.

(3) The so-called ceiling applied to the United States percentage in the regular scale is not an exception to the general principles of cost-sharing adopted by the General Assembly - indeed, it is one of those general principles, as is the allowance made for countries with a low per capita income.

(4) While voluntary contributions may have had considerable value as an adjunct to an assessment of a portion of peace-keeping expenses, there is merit in relying upon voluntary contributions only if a sizable number of Governments join in making such contributions.

(5) In the foreseeable future no single formula or simple set of principles or criteria can be applied to any and all peace-keeping operations. The method of financing of each peace-keeping operation should be dealt with as it occurs, learning from each operation what may be desirable for the future and adjusting each solution to the particular facts of the case.

(6) In present circumstances, the first requirement is to reach agreement on the method whereby the current peace-keeping operations, ONUC and UNEF, are to be financed. According to the best estimates, the costs of these operations for the last half of 1963 should not exceed \$40-50 million. The methods adopted need not constitute any pattern for the future.

(7) In the light of the present financial circumstances of the United Nations, and until these circumstances show improvement, the United States Government is not prepared to commit itself to contributions for peace-keeping operations in excess of its normal regular scale percentage of 32.02 per cent. In particular, the United States will oppose any special scale of assessments for UNEF and ONUC for the last six months of 1963 which would involve an assessment percentage for the United States in excess of 32.02 per cent.

(8) The United States would be prepared to pay an assessment of 32.02 per cent if the General Assembly decides to apply the regular scale in the case of ONUC and UNEF for the balance of 1963. In the event that the possibility

of financing these two operations by some combination of assessed and voluntary contributions is considered by the General Assembly, the United States reserves its position on the payment of any amount over and above its regular share. There remains the possibility of financing ONUC and UNEF costs for the last half of 1963 by the same method currently being used, i.e. from the proceeds of the United Nations bond issue. If a substantial amount of the remainder of the bond issue is sold, it should be possible to finance the balance of ONUC and UNEF costs on the regular scale of assessments.

(9) The ability of the United States to consider any other method of financing thus far proposed would depend on the degree of progress made in the improvement of the financial position of the United Nations, particularly in regard to the payment of arrears on past assessments and subscriptions to the United Nations bond issue. Without prejudice to its future position, the United States suggests that, in addition to the other ad hoc approaches proposed in the course of the Working Group's deliberations, attention be given to the following possible aspects:

- (a) The financing from the miscellaneous income of the United Nations of unassessed amounts under the ad hoc approaches;
- (b) An arrangement whereby developed countries would be permitted to contribute some part of their total contribution, however arrived at, in the form of un-reimbursed goods and services acceptable to the Secretary-General for a peace-keeping operation;
- (c) If the Organization were at some future time to consider a special scale of assessments providing for increased mandatory assessments for developed countries, the creation of a special mechanism giving an increased voice to developed countries in the decision to apply such a scale.

IV. Argentina, Brazil, Cameroon, India, Nigeria, Pakistan and United Arab Republic 6/

(1) In the case of future peace-keeping operations, a special method of financing should apply to all expenses incurred by the Organization which are not provided for in the regular budget and which, subject to the

exceptions listed in the following paragraph, total more than \$5 million in any financial year.

- (2) The special method should not apply to the expenses of a peace-keeping operation or operations the financing of which is provided for:
 - (a) Under Chapter VII of the Charter of the United Nations;
 - (b) By common agreement of the interested parties approved by the Organization;
 - (c) By voluntary contributions covering part or whole of the expenses;
 - (d) By the acceptance by a Member State or Member States of meeting the expenses, on behalf of the United Nations, of part or whole of the expenses.
- (3) The special method should be based on the following criteria, taken as a whole:
 - (a) The individual capacity of Member States to pay;
 - (b) The difference between the capacity of each Member State to pay when contributing to the regular budget of the Organization and its capacity to pay when peace-keeping operations involving heavy expenditures are concerned;
 - (c) The principle of increasing the share of certain Member States and decreasing the share of certain other Member States according to the magnitude of the expenditures involved;
 - (d) The greater responsibility for peace-keeping expenditures of the permanent members of the Security Council in recognition of their primary responsibility in respect of the maintenance of international peace and security;
 - (e) The principle that developed Member States are more capable economically and financially of meeting the expenses of peace-keeping operations involving heavy expenditures while developing Member States are considered less capable;
 - (f) Special consideration of the situation of a Member State or Member States, victims of acts that led to a peace-keeping operation, including the possibility of total exemption for them in the apportionment of expenses;

(g) Appropriate consideration of the situation of a Member State or Member States when the General Assembly determines that they are responsible for acts that led to a peace-keeping operation.

(4) Unless in the view of the General Assembly any future peace-keeping operation involving heavy expenditures necessitates a different or ad hoc method and without prejudice to the financial consequences of any consideration which might be given to the situation of a Member State or Member States which may be victims of acts that led to a peace-keeping operation or of a Member State or Member States whom the General Assembly may hold responsible for such acts, the total expenses of peace-keeping operations involving heavy expenditures, in any financial year as defined in the first and second paragraphs above, should be apportioned according to the following formula:

(a) Up to 50 per cent of the next \$20 million after the initial amount of \$5 million should be shared by all Member States according to the regular scale of assessment; and the remaining 50 per cent should be shared by permanent members of the Security Council and developed Member States according to the same scale duly rectified.

(b) Up to 25 per cent of the next \$25 million should be shared by all Member States according to the regular scale of assessment; up to 5 per cent by the permanent members of the Security Council according to the regular scale of assessment duly rectified; and up to 70 per cent by the developed Member States and the permanent members of the Security Council, according to the regular scale of assessment duly rectified.

(c) Up to 5 per cent of the next \$50 million should be shared by all Member States according to the regular scale of assessment; up to 5 per cent by the permanent members of the Security Council according to the regular scale of assessment duly rectified; and up to 90 per cent

by the developed Member States and the permanent members of the Security Council, according to the regular scale of assessment duly rectified.

(d) The excess over \$100 million should be apportioned according to an ad hoc scale of assessment.

(5) Finally, in order to institutionalize and encourage voluntary contributions towards the costs of peace-keeping operations, a voluntary peace-keeping fund should be created towards which contributions would be welcome.

V. United Kingdom of Great Britain and Northern Ireland^{7/}

(1) The study of financing methods cannot be isolated from political realities if the United Nations is to have the capacity to act effectively in future for the maintenance of peace and security. The General Assembly would face an immediate task of financing existing operations if these were to continue, even on a reduced scale, up to the end of 1963. Bearing in mind the position understandably taken by the United States of America in regard to its assessment percentage, the following ad hoc basis of financing should be adopted for UNEF and ONUC expenses to be incurred during the relevant period ending 31 December 1963, such method to apply only to the period in question and to be regarded neither as a precedent for the future nor as prejudicing the position of any Member State in respect of arrangements in the longer term:

(a) An initial amount of a maximum of \$10 million per operation should be apportioned in accordance with the scale of assessment applicable to the regular budget;

(b) For the balance of the costs of each of the operations, the regular scale should be modified by halving the percentages of all Member States covered by the appropriate United Nations definition of "under-developed areas" and which undertake to pay promptly their peace-keeping assessment for 1963;

(c) The shortfall left by such modification of the regular percentages of certain Member States should be met by means of a recommendation by the General Assembly to all Member States, assessed at their regular percentage unmodified, that they should make voluntary contributions to the relevant accounts in accordance broadly with their relative capacities to pay.

(2) The ad hoc approach for 1963 proposed above should be coupled with the establishment of guide-lines for special methods of financing costly peace-keeping operations in the future, which should offer a satisfactory compromise between present conflicting viewpoints of Member States and meet to some extent the different preoccupations of all. For this purpose, the following ideas deserved the most careful consideration:

(a) The General Assembly should approach by stages the financing of a given major peace-keeping operation in the future, because this will enable the Organization to make sure that, at each stage, the scale of action envisaged is within its financial capacity;

(b) In the first stage, an initial and limited amount of expenditure should be authorized and these expenses should be apportioned by mandatory assessment on all Member States in accordance with an agreed scale of percentages;

(c) If this proved insufficient, the Assembly could authorize a further limited amount of expenditure, on the understanding that all those Member States which had voted in favour or which had abstained on an original authorization would thereby be deemed to have pledged themselves to make additional contributions on an appropriate proportionate basis;

(d) If still further funds were required to continue the operation, the question of financing would have reached a third stage, at which those relatively few Member States on whom most of the costs would fall could justly expect a greater say in the methods of financing to be

adopted. This could be provided by the Assembly's establishing a special financing committee, perhaps not unlike the present Working Group, and by agreeing to consider only such recommendations as the committee put forward by a majority of at least two thirds of its members. The five permanent members of the Security Council would be represented on the committee and, if all the five permanent members concurred, the committee could recommend financing the third stage wholly by compulsory assessment. In that event, the regular scale might be used for apportioning the first \$5 million and the remainder might be apportioned on a special scale in which the five permanent members would share 25 per cent of the total among themselves, as well as joining with all others in contributing to the remainder at their regular percentages and helping to cover the shortfall resulting from a 50 per cent modification in the percentage shares of countries in the under-developed areas;

(e) If a case should arise where, at the third stage, the concurrence of all five permanent members could not be obtained in the special financing committee, the committee could only recommend (by at least a two-thirds majority) the raising of funds by compulsory assessment to a limited extent, and on a somewhat different basis under which part of the costs would be covered through pledged contributions from those members not voting against the committee's recommendation.

VI. Other positions

Some delegations which did not subscribe to all the elements in the positions described above put forward their own proposals for the financing of peace-keeping operations involving heavy expenditures. These proposals included a number of elements in the positions already described and are to a large extent reflected below in the section dealing with individual views on the application of basic principles. The delegation of Sweden, furthermore, made a separate statement (A/AC.113/SR.15) on certain aspects of the

guide-lines for future peace-keeping operations proposed by the United Kingdom in paragraph 9 V (2) above. Verbatim texts of the statements involved are available in the following documents which have been issued as part of the records of the Working Group:

A/AC.113/3	Argentina, Brazil and Mexico
A/AC.113/6	China
A/AC.113/9	Nigeria
A/AC.113/11	Sweden
A/AC.113/13	Netherlands
A/AC.113/14	Italy
A/AC.113/16	United Arab Republic
A/AC.113/21	Australia
A/AC.113/25	Japan

Views on certain principles

10. Many members of the Working Group expressed the view that the financing of future peace-keeping operations could appropriately be based on the following:

- (1) The financing of United Nations operations for the maintenance of peace and security is the collective responsibility of all States Members of the Organization.
- (2) The expenses of such operations should be apportioned among the Member States to the extent that they are not covered by voluntary contributions or by some other agreed arrangement of the kind referred to above.
- (3) To the extent that the expenses were not covered by other means, the apportionment among the States Members of the United Nations should be effected with due regard to their relative capacity to pay.
- (4) To this effect, a certain initial segment of the net costs should be assessed on all Member States on the basis of the scale applicable to the regular budget.

(5) The balance to be apportioned should be shared, within reasonable limits, in accordance with a special scale which would serve to reduce the financial burden on Member States less capable of bearing the financial burden when heavy expenditures are involved.

(6) In respect of all duly approved peace-keeping operations, there should be agreement in advance on procedures along the lines proposed by the representative of Canada in paragraph 9 II (3) above.

Individual views on the application of the basic principles

11. Of the members whose views are reflected in paragraph 10 above, a number expressed differing individual views, as given under the headings which follow, on the manner in which certain of these principles or aspects thereof should be applied.

Voluntary contributions

12. Many members agreed that voluntary contributions towards the costs of peace-keeping operations should be encouraged and that such contributions should be applied in the first instance to the amount to be apportioned amongst Member States. At the same time it was stressed that, in principle, there should be no reliance on voluntary contributions and that at most they should be complementary and additional to a system based on mandatory assessments. In one view, voluntary contributions should be forthcoming in the first instance and in the order indicated from States having a special interest in the question which led to United Nations intervention and from permanent members of the Security Council.

13. A number of members were in favour of the establishment of a voluntary peace-keeping fund. In one case it was suggested that contributions might be made to such a fund by Member States as well as from non-governmental and other sources, including private individuals. Certain other members either opposed the idea on the grounds that it would encourage excessive reliance on voluntary contributions as an indispensable factor in any method of financing or questioned whether it was desirable or practicable. It was also suggested that in any event the General Assembly might wish to have the matter studied further, with respect inter alia to the manner in which such a fund might be administered.

Extent of initial segment of costs to be financed by apportionment on regular scale of assessments

14. The initial segment of net peace-keeping costs, not provided for in the regular budget, to be apportioned amongst all Member States in accordance with the scale applicable to the regular budget was variously described as follows:

- (a) Expenses per operation in any financial year up to an amount expressed as a percentage of the regular budget of the particular year; in this respect percentages ranging from five to ten were mentioned;
- (b) Expenses per operation^{8/} in any financial year up to an amount of \$10 million or, in the view of one member, \$20 million;
- (c) Expenses of all operations up to a total of \$5 million in any financial year.

15. Both the concept of a maximum of \$10 million per operation under (b) above and the concept of a total of \$5 million for all operations in any financial year under (c) received substantial support in different quarters.

Main factors determining the nature of a possible special scale

16. Many members agreed that above a certain predetermined level net expenses might be apportioned on the basis of a special scale which, while reflecting the principle of collective responsibility, would reduce the financial burden on Members with a limited capacity to pay, with a corresponding increase in the shares of the balance of the membership, according broadly to their capacities to pay. The proposals put forward by the representatives of Argentina, Brazil, Cameroon, India, Nigeria, Pakistan and the United Arab Republic, while based on the principle of collective responsibility, involved the following additional factors:

- (a) The greater obligation of the permanent members of the Security Council to contribute towards peace-keeping costs in recognition of their primary responsibility for the maintenance of international peace and security;

^{8/} In one case the type of peace-keeping operation to which a special method of financing should apply was further qualified as one involving armed forces and equipment.

(b) Special consideration of the situation of a Member State or Member States, victims of acts that led to a peace-keeping operation, including total exemption in the apportionment of expenses;

(c) Appropriate consideration of the situation of a Member State or Member States when the General Assembly determines that they are responsible for acts that led to a peace-keeping operation.

17. The reaction to these three factors on the part of other members favouring a special scale was as follows:

(a) On the question of the special obligation of permanent members of the Security Council one member was in agreement; a second member, while preferring as a matter of principle an arrangement embodying fully the collective responsibility of all Member States, saw no objection in practice, provided the Member States involved were in agreement; a third member suggested that if these Member States were to have such a special responsibility it would not be unreasonable for them to be given more opportunity to influence decisions relating to financing methods; some other members could not agree that the special position which the five Member States occupied in the Security Council should be construed to imply that they have greater financial responsibilities than other States;

(b) The representative of China suggested an amendment to the wording of sub-paragraphs (4)(b) and (4)(c) of the proposals submitted by Argentina, Brazil, Cameroon, India, Nigeria, Pakistan and the United Arab Republic (see para. 9 IV above). In terms of this amendment the wording "and the permanent members of the Security Council" would read "including those which are permanent members of the Security Council". The sponsors of the proposals indicated that they would be willing to give careful consideration to these amendments, should the stage be reached of giving consideration to the proposals with a view to its adoption by the Working Group;

(c) In respect of the concept that special consideration might be given to the situation of Member States victims of acts leading to a peace-keeping operation, a measure of agreement on this principle was apparent; however, certain members stated that the problem should be approached objectively

on the basis of the reduced capacity to pay of the States involved; some other members opposed the concept on the grounds that it would be impractical to introduce a political criterion of this nature or that it would derogate from the principle of collective responsibility;

(d) For similar reasons and the fact that such a course was considered impractical, some members opposed the suggestion that Member States found to be responsible for acts leading to a peace-keeping operation should be required to pay a larger share of the costs.

18. Other aspects of a possible special scale on which a number of different concepts were put forward were:

(a) The interpretation of the term "capacity to pay";

(b) Criteria for the identification of countries to be granted reductions on the grounds of their limited capacity to pay.

19. In respect of the interpretation to be given to the term "capacity to pay", collective responsibility requires that each Member State should make a maximum contribution in relation to its ability to pay. This means that no Member State should be asked to bear a share that is disproportionate or inequitable as compared with the share of others. The proper expression of capacity to pay would be a sliding scale with different percentages in much the same way as the scale applicable to the regular budget involves percentages which vary from country to country. The strict application of the principle of capacity to pay would require a revision of regular scale procedures regarding the upper and lower limits. A reduction for under-developed countries with a low per capita income would also be justifiable. In this context, a number of members expressed the view that the extent of the reductions envisaged in terms of the seven-Power proposal would be excessive; some suggested that the limit of reductions should be 50 per cent of any individual assessment on the regular scale.

20. As to the criteria to be applied for the identification of Member States which under a special scale should be granted reductions as compared to their share under the regular scale, the following proposals were made:

(a) The special method recommended by the representatives of Argentina, Brazil, Cameroon, India, Nigeria, Pakistan and the United Arab Republic,

in addition to providing for the greater financial obligation of the permanent members of the Security Council, involved a grouping of Member States, with the assistance of the Committee on Contributions, into developed countries and developing countries, taking into account, inter alia, the following elements:

- (i) Per capita income;
- (ii) The insufficiency of national savings for the maintenance of full employment and development;
- (iii) The balance of payments situation.

21. A related approach, favoured by a number of other members, was that it would be sufficient to describe the countries with the greatest development problems in much the same way as the United Nations has in practice characterized the so-called "under-developed" countries, i.e. in very broad terms, as Africa excluding South Africa, Asia excluding Japan, the Middle East and America excluding the United States and Canada, it being recognized that there will always be borderline cases outside this working formula. Both the above-mentioned formulae involved a departure, generally welcomed from that advanced by certain other members, in terms of which the receipt or non-receipt of United Nations technical assistance would be the decisive factor. In this regard, it had been pointed out that it was true that countries which receive any significant amount of technical assistance generally have pressing problems of economic and social development, but that it did not follow that a country not receiving such assistance had no such problems. Furthermore, there was no necessary relationship between the receipt of technical assistance and capacity to pay towards peace-keeping costs. The economic conditions of countries receiving technical assistance also varied considerably.

22. A further view was that the sharing of costs on the basis of capacity to pay should not be approached by dividing the membership of the United Nations into two categories since this would create unnecessary and insoluble problems. It would be sufficient to recognize that when the cost of a peace-keeping operation goes beyond a certain point, there are countries in under-developed areas which cannot reasonably be expected to contribute to heavy peace-keeping costs at their regular scale percentages. The proper solution in such a case would be the

construction of a sliding scale with different percentages which would take into account that some Members are more capable economically and financially of meeting the expenses of peace-keeping operations involving heavy expenditures, while other Members are to be considered less capable.

23. In terms of the views advanced by the representatives of Argentina, Brazil, Cameroon, India, Nigeria, Pakistan and the United Arab Republic, the Committee on Contributions would be requested to report to the General Assembly on the grouping of Member States between "developed" and "developing" countries. The General Assembly would thereupon examine the situation of Member States in their relationship to those groups. While there was no disagreement with the idea that the Committee on Contributions should assist in the construction of a special scale, the view was expressed that that Committee should not be asked to group Member States into categories which are hard to define and that, furthermore, it would be impractical and undesirable for the General Assembly to conduct an examination of the economic and financial situation of a Member State to determine whether it is "developed" or "developing".

Possibility of an ad hoc approach to the financing of ONUC and UNEF

24. The representative of the United States of America, as indicated in paragraph 9 III (6) above, expressed the view that as a first requirement it would be necessary to resort to an ad hoc method for the financing of ONUC and UNEF for the last six months of 1963. A number of other members agreed that an ad hoc approach might be necessary, while considering that this should be linked with some longer-term arrangement for future financing; however, certain of these suggested that assessments for ONUC and UNEF cover the period beginning 1 July 1962. The representative of the United Kingdom proposed a specific ad hoc method, as described in paragraph 9 V (1) above, for the relevant period ending 31 December 1963. Another member indicated support for the principles underlying this method. The representative of the United States stated that, if consideration were given to the United Kingdom proposal, there should also be considered certain other suggestions for ad hoc financing arrangements mentioned in paragraph 9 III (9) above, including the possible use of the miscellaneous income

of the Organization and the possible payment of portions of contributions in goods and services.

B. ARREARS IN THE PAYMENT OF CONTRIBUTIONS FOR THE FINANCING OF PEACE-KEEPING OPERATIONS

Terms of reference

25. In terms of operative paragraph 4 of resolution 1854 B (XVII), the Working Group was requested to study the situation arising from the arrears of some Member States in their payment of contributions for financing peace-keeping operations and to recommend, within the letter and spirit of the Charter of the United Nations, arrangements designed to bring up to date such payments, having in mind the relative economic positions of such Member States.

Positions taken by Member States

26. The representatives of Argentina, Brazil, Cameroon, India, Nigeria and Pakistan submitted a paper in the following terms:^{9/}

(1) The General Assembly has emphasized that in making suggestions for the collection of arrears the letter and the spirit of the United Nations Charter should be respected, and attention should be paid to the relative economic positions of such Member States.

(2) At present fifty-seven Member States are in arrears in respect of their assessed contributions for payment to the UNEF special account, and sixty-seven in respect of the Congo ad hoc account. Some of these Member States object to making payments to meet the expenses of these peace-keeping operations on political grounds, while others have found it difficult to make payments owing to their peculiar economic and financial problems.

(3) The over-all situation shows the following facets:

(a) The present difficult financial situation of the Organization as a whole;

(b) The financial difficulties which certain Member States face in paying in a lump sum their accumulated arrears;

(c) The consequences of the adoption by the General Assembly of its resolution 1854 (XVII).

(4) During the period after the adoption of resolution 1854 (XVII), some Member States have already paid their arrears. It is greatly to be hoped that other Member States that continue to be in arrears will pay theirs, disregarding other factors, as soon as their respective constitutional and financial arrangements can be processed, and, pending these arrangements, will make an announcement of their intention to do so; Member States who are in arrears and object to making payments to meet the expenses of these peace-keeping operations on political or juridical grounds are invited nevertheless to make a special effort towards solving the financial difficulties of the Organization by making this payment.

(5) The magnitude of the accumulated arrears on the UNEF and ONUC accounts may create special problems, as regards immediate payment in full, for any Member States who may have financial difficulties. The Secretary-General is invited to commence immediately an examination of the situation and in consultation with any such Member States work out arrangements with them as to the most appropriate modalities within the letter and the spirit of the Charter of the United Nations, including the possibility of payment of arrears by instalments, for bringing the payments on these two accounts up to date as soon as possible. The Secretary-General is also invited to submit a preliminary report on this subject to the forthcoming special session of the General Assembly, and to report in full to the eighteenth session of the General Assembly concerning the progress which has been made in the payment of arrears and any recommendations he might have for improving the situation if it is not yet satisfactory.

27. Apart from the six sponsors of the proposals, the representatives of Australia, Canada, China, Italy, Japan, Mexico, the Netherlands, Sweden, the United Kingdom and the United States expressed their agreement with these proposals as a useful basis for further progress on this matter in accordance with the provisions of the Charter; the representatives of Bulgaria, Mongolia and the USSR expressed their opposition for the reasons mentioned in paragraph 9 I above. The United Arab Republic reserved fully its position in regard to the contents of document A/AC.113/19.