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## PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975 AND MID-TERM PLAN FOR THE PERIOD 1974-1977

### The financial situation of the United Nations

#### Report of the Secretary-General

1. The General Assembly, in its resolution 3049 A (XXVII), adopted at the 2116th plenary meeting on 19 December 1973, requested the Secretary-General to submit a report to the Assembly at its twenty-eighth session on the financial situation of the United Nations.
2. Pursuant to several specific requests of the General Assembly contained in resolution 3049 A (XXVII), the Secretary-General took the following formal actions:
  - (a) He addressed a communication to Member States on 5 January 1973 requesting payment of the 1973 contributions to the regular budget. This letter transmitted the text of General Assembly resolution 3049 A (XXVII) and, referring to paragraph 1 of that resolution, requested all Member States to arrange for the payment of their contributions to the regular budget for 1973 at the earliest possible date, as well as payments on arrears of contributions due for prior years.
  - (b) On 20 July 1973, the Secretary-General addressed a special note to the Governments of Member States in connexion with paragraphs 1 to 6 inclusive of resolution 3049 A (XXVII), in which he, inter alia:
    - (i) Expressed the hope that all Member States would give priority to making timely payment of their assessed contributions;
    - (ii) Solicited suggestions from Member States for amendments to the Financial Regulations of the United Nations or to other instructions or procedures, which would have as their objective the achievement of a steady and timely cash flow in the payment of assessed contributions to the Organization, and also stated that some Member States had expressed the belief that there should be financial incentives for exceptionally prompt payment and that there should be deterrents for late payments as well;

- (iii) Stated that the Special Account (requested by the General Assembly under paragraph 3 of resolution 3049 A (XXVII)) had been established and, referring to the General Assembly's appeal, expressed the hope that all Member and non-Member States would make appropriate voluntary contributions promptly in order to make it possible to eliminate the short-term deficit of the Organization during 1973.

An appropriate communication was also addressed to non-Member States.

(c) The Secretary-General took the actions with respect to the accounts of the United Nations requested by the General Assembly under resolution 3049 C (XXVII).

3. In resolution 3049 A (XXVII), paragraph 1, all Member States were urged to review their payments pattern on contributions to the regular budget of the United Nations with a view to paying future contributions on time. In response to the appeal by the General Assembly and by the Secretary-General, a number of Member States paid their 1973 contributions at dates somewhat earlier than in 1972, but the total of contributions thus received were not much higher than in 1972. Nevertheless, these efforts have been much appreciated by the Secretary-General and have helped in meeting the expenses of the Organization, particularly during the first half of the year and, now again, in the months of November and December. Moreover, the Secretary-General has received assurances from a number of the Members that they are further reviewing their payments pattern and, in a number of instances, intend to seek the necessary authority to make payments at the time specified by the Financial Regulations.

4. With respect to the Secretary-General's communication soliciting suggestions from Member States concerning proposals for amendments to regulations or instructions with respect to a steady and timely flow of cash (as requested by the General Assembly under paragraph 2 of resolution 3049 A (XXVII)), only five comments were received. Of these, three suggested that the financial plight of the Organization could not be separated from its political problems and, accordingly, they did not believe that the answer was likely to be found in technical or procedural devices. Only one substantive suggestion was made. It was that, in order to encourage Member States to make payment of future contributions on time, a summary of contributions outstanding for the current year and for prior years would be helpful. The suggestion would involve publication and distribution of this data to all Member States on a quarterly basis, for example, at the end of March, June, September and December of each year. Such information is, of course, kept by the Organization for its own management and control purposes, but is not made available in published form.

5. Based on the few replies received by the Secretary-General, it would not appear that there is any substantial support for changing the provisions of the Financial Regulations in this regard. The Secretary-General would appreciate any guidance the General Assembly might wish to give him on this matter.

6. As indicated above, the Special Account for voluntary contributions was established promptly. One Member State, the United Arab Emirates, has made a voluntary contribution to this Special Account in the amount of \$1 million. Another

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Member State, Japan, announced at the 2127th plenary meeting of the General Assembly that it was ready to seek the approval of its legislative body at the earliest opportunity for a voluntary contribution of \$10 million to help solve the financial problems of the United Nations. Another major contributor has again expressed its willingness to help resolve the Organization's deficit, but continues to express the belief that the underlying cause of the present financial crisis must be resolved and that only if the basic principle of collective financial responsibility, as set forth in Article 17, paragraph 2, of the United Nations Charter, is fully honoured can the current situation be remedied and not recur. There have been, in addition, a number of other Members who have either indicated their intention to announce voluntary contributions at an appropriate time or who have indicated that their Governments are giving serious consideration to the matter.

7. The Secretary-General and his colleagues have explored various other ways of encouraging voluntary contributions from Member States. In his statement to the Fifth Committee on 28 September 1973, 1/ the Secretary-General referred to the probability (which has since been confirmed by the decision of the General Assembly) 2/ that the new scale of contributions to be adopted for 1974-1976 would result in a general reduction in the percentage contribution of most Member States and an actual reduction in the dollar contribution of a substantial number of Member States. Further, the revaluation of a large number of national currencies in relation to the United States dollar will mean that some Member States will pay less, in terms of their own national currencies, for the United States dollars in which their contributions are normally payable. The Secretary-General suggested at that time that Member States which find that they will derive a windfall benefit from these factors and will be required to spend less of their national currencies on their contributions for 1974 and 1975 as compared to 1973, might consider making a contribution of the amount of their saving towards the elimination of the continuing deficit in response to the urgent appeal made by the General Assembly last year.

8. During the debate in the Fifth Committee which followed the Secretary-General's statement, a number of delegations indicated their approval of the suggestion which he made at that time. As soon as the General Assembly has approved the regular budget for the biennium 1974-1975 and the Member States are in a position to know the amount of their assessed contribution for these two years, it is the Secretary-General's intention, subject to the concurrence of the General Assembly, to follow up on this matter.

9. Through initiatives such as those referred to in the preceding paragraphs, the Secretary-General has continued his efforts to find a satisfactory solution to the financial difficulties of the Organization. To this date, the concerted and reciprocal action of Member States which is required to achieve the total goal of elimination of the accumulated deficit has not yet materialized. However, it is the

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1/ A/C.5/1526.

2/ See General Assembly resolution 3062 (XXVIII).

continuing belief of the Secretary-General that the spirit of co-operation and the sense of collective responsibility now being manifested in all quarters, particularly and most recently with respect to the establishment and the financing of the United Nations Emergency Force in 1973, will eventually bring about conditions which will make it possible to eliminate the past deficit of the Organization.

10. Various possibilities for resolving other aspects of the financial difficulties of the Organization have been explored. Although a number of obstacles to agreement have been removed, the key ingredient necessary for the solution of these aspects of the Organization's financial problems has not yet been found, namely, the way to eliminate completely the withholding of contributions assessed upon Member States by the General Assembly. This was the key objective which the Special Committee on the Financial Situation of the United Nations, under the Chairmanship of Ambassador Algard of Norway, sought unsuccessfully to attain a year ago. The Secretary-General continues to hope that the General Assembly itself may be able to make further suggestions and prevail upon its Members to resolve satisfactorily this aspect of the problem.

11. The Secretary-General will continue his efforts to attempt to place the past, present and future finances of the Organization on a sounder footing.

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