

ARTICLE 17 (2)

CONTENTS

	<i>Paragraphs</i>
Text of Article 17 (2)	
Introductory Note	1
I. General Survey	2—6
II. Analytical Summary of Practice	7—65
A. Basis for determining capacity to pay	7—10
1. Terms of reference	7
2. Statistical information	8—9
3. Use of comparative estimates of national income	10
**4. Factors to be taken into account to avoid anomalous assessments	
B. Upper and lower limits on contributions	11—12
1. Over-all maximum ceiling	11
**2. <i>Per capita</i> ceiling	
**3. Minimum assessment	
4. Minimum contribution for new Members for the year of admission	12
C. Revision of scales of assessments	13—16
**D. Relative merits of the percentage system and the unit system of assessment	
E. Extent to which expenses have been shared by non-member States	17
F. The Working Capital Fund	18—20
**G. Adjustment of accounts with Member States and non-member States	
H. Membership of the Committee on Contributions	21
**1. Appointment of members	
2. Substitute members	21
I. Apportionment of the expenses of the United Nations Emergency Force	22—39
J. Apportionment of the expenses of the United Nations Operation in the Congo	40—55
K. United Nations bonds	56—57
L. The question of whether certain expenditures authorized by the General Assembly constituted “expenses of the Organization” within the meaning of Article 17 (2)	58—60
M. Financing of United Nations peace-keeping operations	61—65

TEXT OF ARTICLE 17 (2)

The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly.

INTRODUCTORY NOTE

1. The structure of the present study follows that of previous studies of Article 17 (2) in the *Repertory* and its *Supplements Nos. 1* and *2*. Material beyond the period under review has been included on the United Nations Emergency Force (UNEF) in the Middle East in order to bring the question of its financing to a conclusion. The Force was terminated in 1967.¹ New sections have been added on the apportionment of the expenses of the United Nations Operation in the Congo, on United Nations bonds, on the question of whether certain expenditures authorized by the General Assembly constituted "expenses of the Organization" within the meaning of Article 17 (2), and on the financing of United Nations peace-keeping operations.

I. GENERAL SURVEY

2. During the period under review, the original terms of reference of the Committee on Contributions continued to apply. A further directive was laid down in General Assembly resolution 1927 (XVIII), in which the Committee was requested "in calculating rates of assessment, to give due attention to the developing countries in view of their special economic and financial problems". The Committee sought to comply with that request within the principles already laid down by the General Assembly for the conduct of its work.²

3. The Committee on Contributions submitted annual reports to the General Assembly. Those reports were considered by the Fifth Committee of the Assembly, each year except at the nineteenth session of the General Assembly when, because of the circumstance prevailing at that session, the Committee's report was not considered. The reports of the Fifth Committee and the draft resolutions attached thereto were in turn considered and voted on by the General Assembly in plenary. At the twentieth session of the Assembly, the Committee on Contributions' reports to the nineteenth and twentieth sessions were considered together.

¹ See paras. 22–39 below and under Article 17 (1), paras. 31–37, above.

² See G A (XIX) Suppl. No. 10, para. 24.

4. The Committee on Contributions continued to recommend, and the Assembly to approve, scales of assessments for three-year periods. Further action was taken to reduce, in accordance with General Assembly directives, the contribution of the largest contributor. The problems associated with comparing national income statistics, based on differing concepts of economic activity, were the object of a thorough examination during the period under review. It was also decided to make available to any Member State, on request, the information used by the Committee in establishing that Member's rate of assessment.

5. The Committee recommended and the Assembly approved a procedure for apportioning the expenses of the Organization when the scale of assessments totalled either more or less than 100 per cent. The Assembly also continued, in general, to approve a rate of assessment for new Member States for the year of admission equal to one-ninth of the percentage assessment of the new Member State.

6. Non-member States continued to contribute to the expenses of certain United Nations activities. During the period under review, two bodies were added to those already receiving contributions from non-members.³

³ See para. 17 below.

II. ANALYTICAL SUMMARY OF PRACTICE

A. Basis for determining capacity to pay

1. TERMS OF REFERENCE

7. At its eighteenth session, under resolution 1927 (XVIII), the General Assembly requested the

Committee on Contributions, in calculating rates of assessment, to give attention to the developing countries in view of their special economic and financial problems. The General Assembly subsequently, under resolution 2118 (XX), noted with appreciation the action taken by the Committee to

meet that request and requested the Committee to continue its efforts to give due attention to the situation of those countries.

2. STATISTICAL INFORMATION

8. In response to a request contained in General Assembly resolution 1308 B (XIII) to consider an arrangement which would enable representatives of Member States, on request, to acquaint themselves with the statistical and other information at the Committee's disposal, the Committee on Contributions had noted⁴ the practical difficulties in the way of general disclosure of the information in question, but recommended that arrangements should be made to make available to any individual Member State, on request, all the statistical and other factual information pertaining to its assessment. The Assembly subsequently, under resolution 1373 B (XIV), noted the Committee's suggestion with approval.

9. During the period under review, efforts to improve the quality, coverage, and comparability of national accounts statistics were continued. The Committee specifically considered the problems of comparability which arose because of conceptual differences between the national income statistics of Member States using the United Nations System of National Accounts on the one hand and those using the Material Product System (MPS) on the other. In that connexion, beginning at its 1961 session, the Committee added to the national income estimates of the countries with centrally planned economies⁵ an estimate of the value of services not included in the net material product. The Committee noted⁶ that some incomparability might remain by taking the net national product, including non-material product, of the socialist countries and the net national product at factor cost of other countries, since, on the basis of the information available, no specific allowance could be made in the case of the socialist countries in respect of such elements as might correspond to indirect taxes in private enterprise economies. In an effort to further improve the degree of comparability between the two systems, the Committee, beginning at its 1964 session, took as its starting point for the scale of assessments for the three-year period 1965–1967 the net national product at market prices of all Member States for the period 1960–1962. In that way the Committee obviated the need to undertake the difficult task of estimating the national income at factor cost of the MPS countries. By using a valuation at market prices for all Member States, it achieved a greater equity among them.⁷

3. USE OF COMPARATIVE ESTIMATES OF NATIONAL INCOME

10. The Committee continued wherever practicable to base its computations of relative capacity to pay on an average of national income

⁴ G A (XIV), Suppl. No. 10, paras. 14–24.

⁵ G A (XVI), Suppl. No. 10, paras. 7 and 8.

⁶ G A (XVII), Suppl. No. 10, para. 9.

⁷ G A (XIX), Suppl. No. 10, paras. 6–17.

estimates for the preceding three-year period. Thus, for example, the Committee's recommendations on the scale of assessments for the years 1965, 1966 and 1967 were based on statistics for the period 1960 to 1962.

**4. FACTORS TO BE TAKEN INTO ACCOUNT TO AVOID ANOMALOUS ASSESSMENTS

B. Upper and lower limits on contributions

1. OVER-ALL MAXIMUM CEILING

11. At its twelfth session, the General Assembly had decided, in principle, in resolution 1137 (XII) that "the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 30 per cent of the total". In compliance with the directives contained in that resolution, the Committee on Contributions recommended reductions, as appropriate, in the assessment of the largest contributor.⁸ That assessment, adopted by the General Assembly under resolution 1308 A (XIII), at 32.51 per cent in the scale of assessments for the financial years 1959, 1960 and 1961, was reduced to 32.02 per cent in the scale adopted by the General Assembly under resolution 1691 A (XVI) for the financial years 1962, 1963 and 1964. A further reduction, to 31.91 per cent, was included in the scale of assessments adopted by the General Assembly under resolution 2118 (XX) for the financial years 1965, 1966 and 1967.

**2. *Per capita* CEILING

**3. MINIMUM ASSESSMENT

4. MINIMUM CONTRIBUTION FOR NEW MEMBERS FOR THE YEAR OF ADMISSION

12. During the period under review the General Assembly continued its practice, begun in 1955, of assessing nearly all new Members at an amount equal to one-ninth of their percentage assessment for the year of admission.

C. Revision of scales of assessments

13. In its report⁹ to the General Assembly at its fourteenth session in 1959, the Committee on Contributions reached the conclusion that in view of the small percentage involved — 0.04 per cent — it should not attempt to adjust the scale to include the new Member State admitted to membership at the thirteenth session. Rather than altering the three-year scale, it recommended that the assessment of the new Member State should be additional to the scale approved by the General Assembly for the financial years 1959, 1960 and 1961, and that the new Member State's contribution should represent miscellaneous income to the United Nations. The

⁸ See also *Repertory Supplement No. 2*, under Article 17 (2), paras. 7 and 8.

⁹ G A (XIV) Suppl. No. 10, paras. 9 and 10.

General Assembly accepted that recommendation in its resolution 1373 A (XIV). In the same resolution, the Assembly provided that the advance to the Working Capital Fund by the new Member State would be 0.04 per cent of the total amount of the Fund and would be carried as an advance additional to the authorized level of the Fund pending the inclusion of the rate of assessment on the scale of 100 per cent. The same procedure was followed with respect to the new Member States admitted during 1960.

14. On the occasion of its next general review of the scale in 1961, the Committee recommended¹⁰ and the General Assembly under resolution 1691 A (XVI) adopted a scale of assessments for the financial years 1962, 1963 and 1964 which integrated the rates of assessment carried additional to the scale of 100 per cent during 1959 and 1960 into a scale totalling 100 per cent for the financial years 1962, 1963 and 1964. That practice was continued in subsequent cases where the admission of a new Member State occurred between triennial general reviews of the scale.

15. Because of the unusual circumstances prevailing at the nineteenth session of the General Assembly, no action was taken on the report¹¹ of the Committee on Contributions to the Assembly at that session. The Committee had recommended a scale for the years 1956, 1966 and 1967 which totalled 100 per cent. In connexion with its decisions on interim financial arrangements and authorizations for 1965, the Assembly in resolution 2004 (XIX) requested Member States to make advance payments towards the expenses of the Organization in amounts not less than 80 per cent of their assessed contributions for the financial year 1964, pending decisions by the General Assembly on the level of appropriations and the scale of assessments for 1965, and subject to such retroactive adjustments as might then be called for.

16. In its report¹² to the General Assembly at its twentieth session, the Committee dealt with the effects on the scale recommended for 1965, 1966 and 1967 of the following changes in membership and other developments that had taken place since its reports to the Assembly at its nineteenth session: six new Members had been admitted to the Organization; Indonesia had announced its decision to withdraw from the Organization with effect from 1 January 1965, and Singapore, which previously formed part of Malaysia, had become an independent State with separate membership in the Organization. The Committee had considered the possibility of adjusting the scale to 100 per cent for the years 1965–1967, but noted the possibility that the withdrawal of a Member State from the United Nations might be “only a temporary phase...” and the further possibility that more new Members might be admitted during the period covered by the scale. It decided that the scale should take account of those considerations and recommended that the expenses of the Organization be apportioned among all Members in

the ratio indicated in the scale, which for 1965 totalled 99.73 per cent and for 1966–1967, 99.82 per cent. The General Assembly in resolution 2118 (XX) accepted that procedure in approving the scale of assessments for the financial years 1965, 1966 and 1967.

****D. Relative merits of the percentage system and the unit system of assessment**

E. Extent to which expenses have been shared by non-member States

17. Non-member States continued to contribute to the United Nations activities listed in the *Reper-tory*.¹³ In addition, during the period under review, non-member States contributed to the expenses of the International Bureau for Declarations of Death¹⁴ and the United Nations Conference on Trade and Development.¹⁵ Other aspects of practice under the present heading remained unchanged.¹⁶

F. The Working Capital Fund

18. The General Assembly at its fourteenth session decided under resolution 1445 (XIV) to increase the level of the Working Capital Fund from \$23.5 million to \$25 million. It also decided under resolution 1448 (XIV) to continue in 1960, under the same conditions, the authorization granted to the Secretary-General under Assembly resolution 1341 (XIII), paragraph 4, to borrow, on payment of normal current rates of interest, cash from special funds and accounts in his custody for purposes which normally related to the Working Capital Fund and to extend the authorization to cover short-term loans from Governments. That decision remained unchanged for the financial year 1961.

19. The Working Capital Fund remained at the \$25 million level for the financial year 1962. The General Assembly decided, however, under resolution 1736 (XVI) to modify the Secretary-General's authority to borrow for purposes normally related to the Working Capital Fund. His authority to seek short-term loans from Governments was replaced by the authority to use the proceeds of loans authorized by the Assembly.¹⁷ The General Assembly reaffirmed that decision each subsequent year through the financial year 1968 under its annual resolution relating to the Working Capital Fund.

20. At its seventeenth session the General Assembly decided under resolution 1863 A (XVII) to establish the Working Capital Fund for the year ending 31 December 1963 at \$40 million and continued the Fund at that level each subsequent year through the financial year 1968.

¹³ See *Reper-tory*, under Article 17 (2), para. 21.

¹⁴ G A resolution 493 (V).

¹⁵ G A resolution 1995 (XIX).

¹⁶ See under Article 17 (2), *Reper-tory*, para. 22; and, *Reper-tory Supplement No. 2*, para. 11.

¹⁷ See also paras. 56 and 57 below.

¹⁰ G A (XVI) Suppl. No. 10, para. 23.

¹¹ G A (XIX), Suppl. No. 10.

¹² G A (XX), Suppl. No. 10, paras. 4 and 20.

****G. Adjustment of accounts with Member States and non-member States**

H. Membership of the Committee on Contributions

****1. APPOINTMENT OF MEMBERS**

2. SUBSTITUTE MEMBERS

21. During the period under review the Committee on Contributions continued to accept the designation of substitutes by appointed members on the understanding that the substitutes would remain in consultation with the members they represented.

I. Apportionment of the expenses of the United Nations Emergency Force

22. At its fourteenth session under resolution 1441 (XIV) the General Assembly authorized the Secretary-General to expend up to a maximum of \$20 million for the continuing operation of the United Nations Emergency Force (UNEF) during 1960 and decided to assess that amount against all Members of the United Nations on the basis of the regular scale of assessments, subject to the following provisions:

(a) Voluntary contributions pledged prior to 31 December 1959 towards expenditures for the Force in 1960 would be applied as a credit to reduce by 50 per cent the contributions of as many Governments of Member States as possible, commencing with those Governments assessed at the minimum percentage of 0.04 per cent and then including, in order, those Governments assessed at the next highest percentages until the total amount of voluntary contributions had been fully applied.

(b) If Governments of Member States did not avail themselves of such credits then the amounts involved would be credited to section 9 of the 1960 budget for the Force.¹⁸

23. That financing procedure was modified somewhat by the General Assembly at its fifteenth session. In resolution 1575 (XV) it authorized the Secretary-General to expend up to a maximum of \$19 million for the continuing operation of UNEF during 1961, and decided to assess that amount against all Member States on the basis of the regular scale of assessments, subject to the following provisions:

(a) Voluntary contributions pledged prior to 31 December 1960 would be applied, at the request of the Member State concerned but prior to 31 March 1961, to reduce by up to 50 per cent:

(i) The assessment for the financial year 1961 of Member States admitted during the fifteenth session of the Assembly;

(ii) The assessment of all other Member States receiving assistance during 1960 under the Expanded Programme of Technical Assistance

(EPTA), commencing with those States assessed at the minimum percentage of 0.04 per cent and then including, in order, those States assessed at the next highest percentages until the total amount of the voluntary contributions had been fully applied;

(b) If Member States did not avail themselves of such credits the amounts involved would be credited to section 9 of the 1961 budget for the Force.¹⁹

24. Fifty per cent reductions in assessed contributions were requested by and accorded to fifty-two Member States in accordance with paragraph (a) above. Certain Member States did not avail themselves of those reductions. As a result, \$249,518.50 was credited to section 9 of the 1961 UNEF budget in accordance with paragraph (b) above.

25. At its sixteenth session, the General Assembly in resolution 1733 (XVI) authorized the Secretary-General to expend, during 1962, at an average monthly rate not to exceed \$1,625,000 for the continuing cost of UNEF and decided to appropriate an amount of \$9.75 million for the operations of UNEF for the period 1 January to 30 June 1962. The \$9.75 million was apportioned among all States Members of the United Nations in accordance with the regular scale of assessments for 1962, subject to the following reductions:

(a) By 80 per cent the assessment of Member States whose contributions to the regular budget ranged from 0.04 per cent to 0.25 per cent, inclusive;

(b) By 80 per cent the assessment of Member States receiving assistance during 1961 under EPTA whose contributions to the regular budget ranged from 0.26 per cent to 1.25 per cent, inclusive;

(c) By 50 per cent the assessment of Member States receiving assistance during 1961 under EPTA whose contributions to the regular budget were 1.26 per cent and above.

26. Under resolution 1733 (XVI), operative paragraph 7, the Assembly also decided to apply voluntary contributions from Member States, remitted as a result of an appeal addressed to them in operative paragraph 5 of the same resolution, to offset the deficit resulting from the implementation of the reductions set out above.

27. At its seventeenth session the General Assembly in resolution 1864 (XVII) authorized the Secretary-General to expend up to 30 June 1963 at an average monthly rate not to exceed \$1,580,000 for the continuing cost of UNEF. Although a total of up to \$19,230,000 was authorized under resolutions 1733 (XVI) and 1864 (XVII) for the period 1 July 1962 to 30 June 1963, there was no appropriation and assessment action. The expenditures incurred were met from the proceeds of United Nations bonds.²⁰

28. At its fourth special session, the General Assembly in resolution 1875 (S-IV) authorized the Secretary-General to expend up to 31 December

¹⁹ See foot-note 18 above.

¹⁸ Section 9 was entitled "Compensation in respect of equipment, material and supplies furnished by Governments to their contingents".

²⁰ For the terms and conditions governing the issue of United Nations bonds, see G A resolutions 1739 (XVI) and 1878 (S-IV).

1963 at an average monthly rate not to exceed \$1,580,000 for the continuing cost of UNEF and decided to appropriate an amount of \$9.5 million for the operations of the Force for the period 1 July to 31 December 1963. The \$9.5 million was apportioned in the following manner:

(a) An amount of \$2.5 million among all Member States in accordance with the regular scale of assessments for 1963;

(b) The balance of \$7 million among all Member States in accordance with the regular scale of assessments for 1963, except that each economically less developed country should be assessed an amount calculated at 45 per cent of its rate under that scale. The term "economically less developed countries" would be applied to all Member States except Australia, Austria, Belgium, the Byelorussian SSR, Canada, Czechoslovakia, Denmark, Finland, France, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Romania, South Africa, Sweden, the Ukrainian SSR, the USSR the United Kingdom and the United States.

29. In order to finance authorized expenditures in excess of the total amount assessed under the resolution, the Assembly recommended that the Member States named under (b) above should make voluntary contributions in addition to their assessments. It also appealed to all other Member States, in a position to assist, to make voluntary contributions or alternatively to forgo having their assessments calculated at the reduced rate.

30. In regard to the voluntary contributions of economically developed Member States, it was further provided that they should be credited to a special account and transferred to the UNEF Special Account as and when an economically less developed country paid its assessed contribution or an equal amount to the latter account. The amount transferred should be the same proportion of the total voluntary contributions as the amount paid by the economically less developed country was of the total assessments on economically less developed countries. Any amount left in the special account for voluntary contributions on 31 December 1965 would revert to the Member States that had made them in proportion to their contributions.

31. Finally, it was provided that voluntary contributions for the period 1 July to 31 December 1963 might be made by any Member State, at its option, in the form of services and supplies acceptable to the Secretary-General. The Member State would not require reimbursement, but would be credited with the fair value thereof as agreed to by it and the Secretary-General.

32. At its eighteenth session, the General Assembly in resolution 1983 (XVIII) decided to appropriate an amount of \$17,750,000 for the operations of UNEF for 1964 and to apportion that amount in the following manner:

(a) An amount of \$2 million among all Member States in accordance with the regular scale of assessments for 1964;

(b) The balance of \$15,750,000 among all Member States in accordance with the regular

scale of assessments for 1964, except that each economically less developed country would be assessed at 42.5 per cent of its rate under that scale.²¹

33. During the nineteenth session of the Assembly normal procedures were suspended as a result of the conflict of views on the non-payment of assessments and the applicability of Article 19 of the Charter. Accordingly, no action was taken in respect of the UNEF budget estimates for 1965. Operation of the Force was continued in that year under the terms of Assembly resolution 2004 (XIX), operative paragraph 1, of 18 February 1965, on general interim financial arrangements and authorizations for 1965. The Secretary-General was authorized by that provision to enter into commitments and to make payments not to exceed, subject to statutory requirements, the corresponding commitments and payments for the year 1964.

34. At its twentieth session, in resolution 2115 (XX), the General Assembly decided to appropriate an amount of \$18,911,000 for 1965 and \$15 million for 1966. The method of financing approved for 1965 was as follows:

(a) An amount of \$3,911,000 would be credited against the appropriation from funds contributed on a voluntary basis by a number of Member States in 1965 to restore the solvency of the United Nations;

(b) An amount of \$800,000 would be apportioned among the economically less developed Member States²² according to the scale of assessments approved for 1965;

(c) An amount of \$14,200,000 would be apportioned among the economically developed Member States according to the scale of assessments approved for 1965 plus — in order to meet reserve requirements — an additional 25 per cent of each contributor's apportionment. Those additional contributions would be reimbursable on a *pro rata* basis when the General Assembly determined that all or part of them was no longer needed.

35. In other provisions of that resolution, the General Assembly called on States members of the specialized agencies and of the International Atomic Energy Agency which were not Members of the United Nations to make contributions appropriate to their circumstances; decided that the amounts Member States had advanced for UNEF pursuant to General Assembly resolution 2004 (XIX) of 18 February 1965 should be credited by the Secretary-General to the amounts apportioned against them; and that Member States that had made voluntary contributions to restore the solvency of the United Nations might request the Secretary-General to apply those contributions to the amounts apportioned against them. The same provision was made for contributions in the form of services and supplies as had been made in resolution 1875 (S-IV).²³

²¹ Other provisions of the resolution were identical to those contained in G A resolution 1875 (S-IV).

²² The term was applied in the same manner as in resolution 1875 (S-IV), see para. 28 (b) above.

²³ See para. 31 above.

36. The method of financing approved for 1966 was as follows:

(a) An amount of \$800,000 to be apportioned among the economically less developed Member States according to the scale of assessments approved for 1966;

(b) An amount of \$14,200,000 to be apportioned among the economically developed Member States according to the scale of assessments for 1966 plus an additional 25 per cent each contributor's apportionment for the same purposes and under the same conditions as for 1965. Other provisions for 1966 were the same as those described above for 1965.

37. At its twenty-first session, in resolution 2194 (XXI), the General Assembly approved the revised cost estimates submitted by the Secretary-General for the financial year 1966 in the amount of \$16,146,000 and authorized him to meet the cost of actual requirements over the appropriation of \$15 million, and within the amount of \$16,146,000, by use of the surplus account of UNEF.²⁴ The Assembly further decided to appropriate an amount of \$14 million for the operation of UNEF in 1967 and to apportion that amount as follows:

(a) An amount of \$740,000 for 1967 among the economically less developed Member States²⁵ in the proportions determined by the scale of assessments for 1967.²⁶

(b) An amount of \$13,260,000 for 1967 among the economically developed Member States in the proportions determined by the scale of assessments for 1967, plus an additional 25 per cent of contributor's apportionment, for the same purposes and under the same conditions as for 1965 and 1966.

38. The Assembly again called on States members of the specialized agencies and of IAEA but not Members of the United Nations to make contributions appropriate to their circumstances, and made the same provisions that had been made since 1963 for contributions to take the form of services and supplies.

39. At its twenty-second session, in resolution 2304 A (XXII), the General Assembly took note of the revised cost estimates submitted by the Secretary-General for the financial year 1967 in the amount of \$11,396,000, but took no apportionment action in view of the termination of the Force.²⁷

J. Apportionment of the expenses of the United Nations Operation in the Congo

40. During discussions in the Fifth Committee at the fifteenth session of the General Assembly, various methods for financing the United Nations Operation in the Congo (ONUC) were proposed.

²⁴ See ST/SGB/UNEF/2/Rev. 2 (mimeographed), article IV.

²⁵ See para. 28 (b) above.

²⁶ See G A resolutions 2118 (XX) and 2240 (XXI).

²⁷ See also this *Supplement*, under Article 17 (1), paras. 31-37.

It was suggested²⁸ that the expenses should: (a) be included in the regular budget and apportioned among the Member States in accordance with the 1960 scale of assessments for Members' contributions; (b) be entered in a special account and apportioned among Member States in accordance with the 1960 scale of assessments for Members' contributions to the regular budget, with voluntary contributions being applied to reduce the assessments of those Members with the least capacity to pay who requested a reduction, (c) be met under special agreements concluded, in accordance with Article 43 of the Charter, between the Security Council and the countries providing troops; (d) be borne for the greater part by the permanent members of the Security Council, as having a major responsibility for the maintenance of peace and security; (e) be borne for the greater part by the former administering Power; or (f) be financed entirely out of voluntary contributions.

41. Some representatives stated the intention of their Governments not to contribute to any part of the expenses connected with the United Nations activities in the Congo, which, in their opinion, ran counter to the decisions of the Security Council and the General Assembly and were therefore illegal.

42. On 15 December 1960, the Fifth Committee approved by a roll-call vote of 45 to 15, with 25 abstentions, a draft resolution on the ONUC estimates for 1960 which was subsequently adopted by the General Assembly as its resolution 1583 (XV) on 20 December 1960 by 46 votes to 17, with 24 abstentions.

43. Under that resolution, the General Assembly recognized that the expenses involved in the United Nations Operation in the Congo for 1960 constituted "expenses of the Organization" within the meaning of Article 17 (2) of the Charter, and that the assessment thereof against Member States established a binding legal obligation on those States to pay their assessed shares. It noted with appreciation the willingness of certain Members not to request reimbursement for the cost of the air transport facilities they had provided to move troops and supplies to the Congo, and that additional financial assistance had been pledged voluntarily which would enable a reduction to be made in the level of assessment of those Members having the least capacity to pay. The Assembly decided, *inter alia*, to establish an *ad hoc* account for the expenses of the United Nations in the Congo; approved the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the total 1960 requirements should be held to \$60 million; noted that the waiver of airlift costs announced by certain Governments would reduce the level of expenses to \$48.5 million; and decided that that amount should be apportioned among the Member States on the basis of the regular scale of assessments subject to reductions, within the amount of voluntary contributions, of up to 50 per cent for Member States which were admitted during the fifteenth session of the General Assembly and for other States which received assistance during 1960 under EPTA. The Assembly also called on the former administering Power of the Republic of the Congo (Leopoldville)

²⁸ See G A (XVI), Suppl. No. 1, p. 56.

to make a substantial contribution which would be applied to reduce further the assessment of those Member States.

44. In respect of costs to be incurred beyond 31 December 1960, the General Assembly in resolution 1590 (XV) initially authorized the Secretary-General, pending action to be taken at the resumed fifteenth session early in 1961 on the method of financing, to enter into commitments up to a total of \$24 million for the period 1 January to 31 March 1961.

45. On 3 April 1961, while the question of financing was still under consideration, the General Assembly, in resolution 1595 (XV), further authorized the Secretary-General to continue until 21 April 1961 to incur commitments not to exceed \$8 million a month.

46. As a result of its deliberations during its resumed fifteenth session, the General Assembly on 21 April 1961 adopted resolution 1619 (XV).

47. Under that resolution, the Assembly recognized that the extraordinary expenses for the United Nations Operation in the Congo were essentially different in nature from the expenses of the Organization under the regular budget and that therefore a different procedure was required for meeting them; and that the permanent members of the Security Council had a special responsibility for the maintenance of international peace and security and therefore for contributing to the financing of peace and security operations. It noted with appreciation the intention declared by certain Member States to make substantial voluntary contributions, and decided: (a) to open an *ad hoc* account for the expenses of the United Nations Operation in the Congo for 1961; (b) to appropriate an amount of \$100 million for the operations of the United Nations in the Congo from 1 January to 31 October 1961; and (c) to apportion that amount as expenses of the Organization among Member States in accordance with the scale of assessment for the regular budget, except that assessment of Member States whose contributions to the regular budget ranged from 0.04 per cent to 0.25 per cent and of Member States receiving assistance during 1960 under EPTA, whose contributions to the regular budget ranged from 0.26 per cent to 1.25 per cent inclusive, would be reduced by 80 per cent, and the assessment of Member States receiving assistance during 1960 under EPTA, whose contributions to the regular budget were 1.26 per cent and above would be reduced by 50 per cent, pending the establishment of a different scale of assessment to defray the extraordinary expenses of the Organization resulting from those operations.

48. In its resolution 1633 (XVI) of 30 October 1961, the Assembly authorized the Secretariat to continue to incur commitments for ONUC until 31 December 1961 at a level not to exceed \$10 million per month pending action to be taken later at the sixteenth session.

49. Under resolution 1732 (XVI) of 20 December 1961, the General Assembly decided:

(a) To authorize the Secretary-General to expend during 1962 at an average monthly rate not to exceed \$10 million;

(b) To appropriate \$80 million for the period 1 November 1961 to 30 June 1962;

(c) To apportion as expenses of the Organization the amount of \$80 million among the Member States in accordance with the scale of assessments for the regular budget, subject to the same reductions as laid down in resolution 1619 (XV) of 21 April 1961.²⁹

50. In order to offset the deficit resulting from the reductions to be granted, the permanent members of the Security Council were again urged to make sizable additional contributions, an appeal was made to all Member States in a position to assist to make voluntary contributions, and the Government of Belgium was called on to make a substantial contribution.

51. At its seventeenth session, under resolution 1865 (XVII), the General Assembly authorized the Secretary-General to expend up to 30 June 1963 at an average monthly rate not to exceed \$10 million for the continuing cost of ONUC. However, pending consideration, at its fourth special session, of the report of the Working Group established under resolution 1854 B (XVII) to study special methods for financing United Nations peace-keeping operations involving heavy expenditures, the Assembly did not appropriate the total amount involved. Thus, under resolution 1865 (XVII), a total expenditure of \$120,000,000 had been authorized for the period 1 July 1962 to 30 June 1963. But since there was no appropriation and assessment action, the expenditures incurred had to be met from the proceeds of United Nations bonds.³⁰

52. At its fourth special session from 14 May to 27 June 1963, the General Assembly, under resolution 1876 (S-IV) of 27 June 1963:

(a) Authorized the Secretary-General to expend up to 31 December 1963 at an average monthly rate not to exceed \$5.5 million;

(b) Appropriated an amount of \$33 million for the period 1 July to 31 December 1963; and

(c) Apportioned the latter amount in the following manner: (i) \$3 million among all Member States in accordance with the regular scale of assessments for 1963; and (ii) the balance of \$30 million among all Member States in accordance with the regular scale of assessments for 1963, except that each economically less developed country would be assessed at 45 per cent of its rate under the regular scale of assessments for 1963.

53. In order to finance authorized expenditures in excess of the total amount assessed, the Assembly recommended that economically developed Member States should make voluntary contributions in addition to their assessments, under conditions and circumstances identical to those laid down in the case of the 1963 cost estimates and financing for UNEF in resolution 1875 (S-IV) of 27 June 1963.³¹ The Assembly also appealed to all other Member

²⁹ See para. 47 above.

³⁰ See G A resolution 1739 (XVI) and paras. 56 and 57 below.

³¹ See paras. 28–31 above.

States in a position to assist to make similar voluntary contributions or, alternatively, to forgo having their assessments calculated at the reduced rate.

54. In respect of the final period, 1 January to 30 June 1964, the General Assembly, under resolution 1885 (XVIII) of 18 October 1963, decided:

(a) To authorize the Secretary-General to expend up to \$18.2 million;

(b) To appropriate \$15 million, the Government of the Republic of the Congo (Leopoldville) having undertaken to defray expenses which could be paid for in Congolese currency in the amount of \$3.2 million;³²

(c) To apportion the amount of \$15 million in the following manner: (i) \$3 million among all Member States in accordance with the regular scale of assessments for 1964 and (ii) the balance of \$12 million among all Member States in accordance with the same scale, except that each economically less developed country would be assessed at a maximum of 45 per cent of its rate under the regular scale of assessments for 1964.

55. The Assembly also decided that in connexion with any necessary expenditures after 30 June 1964 relating to the disposal of United Nations-owned equipment and supplies and the termination of ONUC, including the closing of the accounts, the Secretary-General with the concurrence of the Advisory Committee on Administrative and Budgetary Questions, would be authorized to utilize, to the extent required, any balance remaining in the *ad hoc* ONUC account as at 30 June 1964 and, notwithstanding the provisions of rule 111.9 of the Financial Rules of the United Nations, the proceeds from the sale or other disposition after 30 June 1964 of United Nations-owned property. The Assembly again appealed for voluntary contributions.

K. United Nations bonds

56. At the 899th meeting of the Fifth Committee on 11 December 1961, the Acting Secretary-General informed the Committee that the United Nations would face imminent bankruptcy, if effective action was not taken promptly to ensure the earliest possible payment of current and, particularly, of arrear assessments in order to settle outstanding obligations, improve the cash position and provide needed financing for approved continuing activities.³³ The General Assembly subsequently authorized the Secretary-General under resolution 1739 (XVI) to issue United Nations bonds and provided for their repayment by including annually in the regular budget an amount sufficient to pay the interest charges and instalments of principal. The Secretary-General was also authorized to utilize the proceeds from the sale of the bonds for purposes normally related to the Working Capital Fund.³⁴ The Assembly considered that, in the circumstances existing at the time, extraordinary financial measures were required and that such measures should not

be considered as a precedent for financing future expenses of the United Nations. Delegations opposing the adoption of the resolution maintained that its purpose was to build up a fund for peacekeeping operations and as such, was contrary to Article 17, which concerned only the regular expenses of the United Nations. Those delegations further maintained that peace-keeping operations were properly financed by special agreements concluded under the provisions of Article 43. Other delegations maintained that Article 17 contained nothing to prevent the Assembly from choosing unusual methods of raising funds, provided it observed the principle of collective responsibility. That principle had been observed in the resolution, since the repayment of the bonds was to be included annually in the regular budget of the United Nations. Those opposing the resolution also drew attention to paragraph 7 of its annex which, they considered, laid down conditions under which the bonds could be sold to States not Members of the United Nations or to official institutions of such States or to non-profit institutions or associations. That provision was held to be contrary to the Charter, since the Charter provided that the expenses of the Organization could be financed only by its Members.³⁵

57. At its fourth special session, under resolution 1878 (S-IV) the General Assembly decided to amend paragraph 8 of the annex to its resolution 1739 (XVI) in order to extend the period during which bonds could be sold from 31 December 1962 to 31 December 1963. At the eighteenth session, under resolution 1989 (XVIII) the General Assembly decided to extend the period until 31 December 1964.³⁶ No bonds were sold after that time.

L. The question of whether certain expenditures authorized by the General Assembly constitute "expenses of the Organization" within the meaning of Article 17 (2)

58. In discussion in the Fifth Committee at the sixteenth session of the General Assembly³⁷ of the question of whether certain expenditures authorized by the General Assembly constituted "expenses of the Organization" within the meaning of Article 17 (2), it became clear that differences of opinion in respect to the financing of the expenses of the United Nations military operations in the Middle East and in the Congo were based in part on certain legal issues. In general, some delegations argued that the expenses of UNEF and ONUC were expenses of the Organization within the meaning of Article 17 (2), that they should be borne by the Members as apportioned by the General Assembly and that there was a binding obligation on all Members to

³⁵ For text of statements, see G A (XVI), Annexes, a.i. 54, A/C.5/907 and A/5076; G A (XVI), Plen., 1086th mtg., paras. 211-264; *ibid.*, 5th Com., 906th to 910th mtgs. For discussion of other aspects of the expenses of peace-keeping operations, see this *Supplement*, under Articles 11, 24, 43 and 48.

³⁶ Bonds were sold only to Governments or official institutions of Governments.

³⁷ G A (XVI), 5th Com., 888th, 980th, 891st, 897th and 899th mtgs.

³² See G A (XVIII), Annexes, a.i. 59, A/C.5/983.

³³ G A (XVI), Annexes, a.i. 54, A/C.5/907.

³⁴ See paras. 18-20 above.

pay their assessed shares or subject themselves to the possibility of losing their voting rights by the application of Article 19. Other delegations rejected that contention, arguing that the procedure laid down in Article 17 (2) and in Article 19 applied only to the "administrative" or "regular" expenses of the Organization, that other arrangements must be made for financing operations for the maintenance of peace and security and that the Assembly had no power to appropriate funds for peace-keeping operations, since that was the exclusive prerogative of the Security Council.

59. In order to obtain authoritative legal guidance on the obligations of Member States under the Charter, the General Assembly, under resolution 1731 (XVI), decided to submit the question to the International Court of Justice for an advisory opinion. In broad terms, delegations supporting the submission of the question to the Court felt that the conflicting interpretations given to the question constituted a legal issue and that the International Court of Justice was the most appropriate organ of the United Nations to consider it and express an opinion on it. Those delegations objecting to the submission of the question to the Court were of the opinion that the issue was strictly a political one which was adequately dealt with under Articles 11, 43 and 48 of the Charter. It was their view that those Articles empowered only the Security Council to take any action bearing on the maintenance of international peace and security.

60. The International Court of Justice delivered its advisory opinion on 20 July 1962.³⁸ It was the opinion of the Court, by nine votes to five, that the expenditures authorized by the General Assembly with respect to the United Nations operations in the Congo and in the Middle East constituted "expenses of the Organization" within the meaning of Article 17 (2) of the Charter. The Court considered that the text of Article 17 (2) led to the simple conclusion that "expenses of the Organization" were the amounts paid to defray the costs of carrying out the purposes of the Organization. The purposes of the Organization as set forth under Article 1 (1) and (2) of the Charter pointed to the goal of international peace and security and friendly relations. The Court had examined the resolutions authorizing the expenditures in question in relation to those purposes. On 19 December 1962, the General Assembly under resolution 1854 A (XVII) accepted the opinion of the Court by 76 votes to 17, with 8 abstentions. The delegations which objected to the Court's decision maintained that it was in contravention of the Charter and, as such, had no binding force.³⁹

M. Financing of the United Nations peace-keeping operations

61. At its fifteenth session, under resolution 1620 (XV), the General Assembly, having in mind that the maintenance of peace and security was among

³⁸ Certain expenses of the United Nations (Article 17, para. 2, of the Charter) Advisory Opinion of 20 July 1962: ICJ Reports 1962, page 151.

³⁹ See G A (XVII), Plen., 1199th mtg., para. 65.

the main purposes of the United Nations, and recognizing that in order to fulfil that purpose it needed to have at its disposal adequate financial resources and generally recognized procedures for dealing with the financial problems resulting from peace-keeping activities, appointed a Working Group of Fifteen on the Examination of the Administrative and Budgetary Procedures of the United Nations to consider and report to it at its sixteenth session on methods for covering the cost of peace-keeping operations; and on the relationship between such methods and the existing administrative and budgetary procedures of the Organization.

62. It was on the recommendation of the Working Group, in its report to the Assembly at its sixteenth session,⁴⁰ that the Assembly decided, under resolution 1731 (XVI), to ask the International Court of Justice for legal guidance on whether the expenditures incurred under its various resolutions relating to peace-keeping in the Congo and in the Middle East constituted expenses of the Organization within the meaning of Article 17 (2).

63. At its seventeenth session, under resolution 1854 (XVII), the General Assembly accepted the opinion of the Court that the expenditures in question did constitute "expenses of the Organization" within the meaning of Article 17 (2), decided to re-establish the Working Group on the Examination of the Administrative and Budgetary Procedures of the United Nations to study special methods for financing peace-keeping operations involving heavy expenditures such as those for the Congo and the Middle East, and increased the membership of the Committee from fifteen to twenty-one.

64. On the recommendation of the re-established Working Group,⁴¹ the General Assembly, at its fourth special session adopted resolution 1874 (S-IV) in which it affirmed that the following principles, *inter alia*, would serve as guidelines for sharing the costs of future peace-keeping operations involving heavy expenditures:

(a) The financing of peace-keeping operations is the collective responsibility of all States Members of the United Nations;

(b) The economically more developed countries are in a position to make larger contributions than the economically less developed countries which have a relatively limited capacity to contribute towards peace-keeping operations involving heavy expenditures;

(c) Without prejudice to the principle of collective responsibility, every effort should be made to encourage voluntary contributions from Member States;

(d) The permanent members of the Security Council have special responsibilities for the maintenance of peace and security which should be borne in mind in connexion with their contributions to the financing of peace and security operations;

(e) Where circumstances warrant, the General Assembly should give special consideration to the

⁴⁰ G A (XVI), Annexes, a.i. 62, A/4971.

⁴¹ G A (S-IV), Annexes, a.i. 7, A/5407.

situation of any Member States which are victims of, and those which are otherwise involved in, the events or actions leading to a peace-keeping operation.

65. In order to avoid a confrontation at its nineteenth session on the question of the applicability of Article 19 to the costs of the two peace-keeping operations, in the Congo and in the Middle East, the General Assembly decided to adopt a number

of resolutions on a non-objection basis.⁴² Thus, at its 1330th plenary meeting, under resolution 2006 (XIX), it decided to establish a Special Committee on Peace-keeping Operations to undertake a comprehensive review of the whole question of peace-keeping operations in all their aspects, including ways of overcoming the financial difficulties of the Organization.

⁴² See this *Supplement* under Article 19.