Article 19

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Text of Article 19

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

Introductory note

1. As in previous Supplements, the general survey briefly summarizes all those decisions and discussions of the General Assembly carried out during the period under review which referred either explicitly or implicitly to Article 19.

2. The analytical summary of practice contains a summary of General Assembly discussions, relevant decisions and related reports of the Secretary-General concerning the financial crisis at the United Nations and which had a bearing on the interpretation and application of Article 19.

I. General survey

3. During the period under review, a consistent pattern of activities took place with respect to Member States whose contributions to the Organization were in arrears in excess of two years’ assessments (“Article 19 arrears”). Each year, the Secretary-General issued letters to the General Assembly during its regular and resumed sessions, notifying the Assembly of the Member States in Article 19 arrears.1 The Secretary-General also from time to time informed the Assembly that Member States had made sufficient payments to bring their arrears below the amount specified under Article 19.2

4. During each year of the period under review, at the opening of both the regular and resumed sessions, the General Assembly received and noted the information provided by the Secretary-General without taking a formal decision.3 The Assembly likewise acknowledged the Secretary-General’s notifications as to payments made by Member States which had thereby reduced their arrears below Article 19 levels.4 For its part, the Committee on Contributions each year noted the Secretary-General’s report indicating those Member States in Article 19 arrears at the conclusion of the Committee’s session, and authorized the


Secretary-General to issue an addendum to the list if necessary.\(^5\)

5. At the end of 1989, only South Africa remained in Article 19 arrears.\(^6\) At the end of 1990, three Member States, including South Africa, remained in Article 19 arrears.\(^7\) At the end of 1991, two Member States, including South Africa, remained in Article 19 arrears.\(^8\) At the end of 1992, 14 Member States, including South Africa, remained in Article 19 arrears.\(^9\) At the end of 1993, 6 Member States, including South Africa, remained in Article 19 arrears.\(^10\) At the end of 1994, 8 Member States were deemed as being in Article 19 arrears.\(^11\) The Assembly noted, however, that it had not been notified in a timely manner that certain Member States had made sufficient payments to reduce their arrears below the amounts specified in Article 19.\(^12\) The Assembly in 1994 also decided as an exceptional measure that South Africa’s accrued arrears were due to conditions beyond its control and, accordingly, that the question of the applicability of Article 19 related to the loss of voting rights in the General Assembly in this respect would not arise.\(^13\)

\(^5\) GA (44), Suppl. 11, para. 45; GA (45), Suppl. 11, para. 58; GA (46), Suppl. 11, para. 70; GA (47), Suppl. 11, para. 77; GA (48), Suppl. 11, para. 97; and GA (49), Suppl. 11, para. 56. One member of the Committee on Contributions expressed the hope that the “members of the Committee will resist the growing trend to politicize the work of the Committee and thereby endeavour to preserve its expert character. In this regard, it should be stated that the General Assembly is sovereign to adopt, change or reject any technical recommendation by its subsidiary expert organs”. Letter dated 23 May 1990 from Mr. El Ghaouth (Committee member) to the Committee on Contributions, GA (45), Suppl. 11, annex I. Compare statement of Mr. Juppé (France) (A/49/PV.8, p. 16), proposing that “sessions of the Fifth Committee ... be held more closely together in order to ensure better control over our finances, particularly with regard to peacekeeping operations”.

\(^6\) South Africa’s arrearage was of long standing, and its loss of voting rights under Article 19 was effectively redundant given that GA resolution 3207 (XXIX) and its subsequent interpretation by the President of the General Assembly (which was upheld by a majority vote in the Assembly) had led in 1974 to the suspension of participation (but not membership) by South Africa in the Assembly. See Repertory, Supplement No. 5, vol. II, under Article 19, para. 10 (stating that “[w]ith regard to South Africa, the question of the right to vote, in terms of Article 19, was a theoretical one since no delegation had been accredited by it to the General Assembly session and consequently no decision needed to be taken regarding the application of Article 19 with respect to its arrears”). See also Repertory, Supplement No. 6, vol. II, under Article 19, para. 8 (noting that since “[t]hroughout the period under review, South Africa remained in arrears under the terms of Article 19 […] the Secretary-General … included South Africa in his communications to the President of the General Assembly when notifying him of the names of those Member States that were in arrears under the terms of Article 19”, despite South Africa’s prior suspension from participation in the Assembly).

\(^7\) These Member States were Equatorial Guinea, Sao Tome and Principe and South Africa.

\(^8\) These Member States were Equatorial Guinea and South Africa. Although not apparently noted by a separate acknowledgement, Guatemala was removed from the list of Member States in Article 19 arrears prior to the Secretary-General’s notification upon the commencement of the forty-sixth session (A/46/474).

\(^9\) These Member States were: Cambodia, Central African Republic, Chad, Dominican Republic, Equatorial Guinea, Gambia, Haiti, Kenya, Liberia, Mali, Niger, Sao Tome and Principe, Sierra Leone and South Africa.

\(^10\) These Member States were: Burkina Faso, Equatorial Guinea, Liberia, Sao Tome and Principe, Somalia and South Africa.

\(^11\) These Member States were: Chad, Dominican Republic, Equatorial Guinea, Guinea-Bissau, Liberia, Sao Tome and Principe, Somalia and Yugoslavia.

\(^12\) This was noted by the President of the General Assembly (A/48/PV.103, pp. 1 and 2). The President stated that the Assembly had through an oversight not been notified of the relevant payments of Haiti and Solomon Islands, observing that these Member States had indicated that if they had been allowed to vote in the interim before the notification was made (i.e., during the 101st plenary meeting), they would have voted in favour of draft resolution A/48/L.60 (Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982).

\(^13\) GA resolution 48/258 A, para. 8. This exemption was noted in a letter from the Secretary-General to the President of the General Assembly (A/49/400).
6. During the period under review, the Organization’s financial crisis continued, with the unprecedented and exponential growth of peacekeeping operations contributing significantly to the difficulties posed by arrearages. The Organization’s continued financial problems were often blamed on the failure of Member States to pay their assessed contributions and accrued arrears on time or, in some cases, at all. Specific reference was sometimes made in such assertions to separate arrearages in peacekeeping assessments. The Charter or legal obligation to pay all assessments was often invoked, including specifically with reference to Article 19 of the Charter or legal obligation to pay all assessments was often invoked, including specifically with reference to Article 19.

14 Report of the Secretary-General entitled “The financial situation of the United Nations: proposals to address the problems of today and tomorrow” (A/46/600/Add.1), paras. 7 and 15 (noting, inter alia, that the pattern of payments in 1991 was “much worse” than in “recent years”, with the outstanding amount as of 31 October 1991 being equal to more than half of the budget assessment for 1991). For further information on the parameters of the financial crisis and the proposals made by the Secretary-General to address it, see A/46/600 and Add.2 and 3, A/48/503, A/48/945, GA (49), Suppl. 1, p. 13, and A/46/765. See also statement of Mr. Cardenas (Argentina) (A/49/PV.86, pp. 17-20). Certain Member States expressed doubt as to whether “crisis” was the appropriate description of the Organization’s financial situation. See statements of Mr. Remirez de Estenoz (Cuba) (A/49/PV.86, p. 21) and Mr. Michalski (United States of America) (A/C.5/48/SR.66, paras. 43 and 44). See also A/48/460 (note by the Secretary-General transmitting report prepared by the Independent Advisory Group on United Nations Financing, which the Ford Foundation had sponsored), annex, para. 25 (observing that, as at 31 December 1992, unpaid assessments (mostly unpaid dues from prior years) equalled 42 per cent of the Organization’s regular budget for 1992).

15 A/46/600/Add.1, paras. 2, 9 and 44, and A/48/565 (report of the Secretary-General commenting on the report of the Independent Advisory Group on United Nations Financing) (A/48/460), annex, para. 37 (noting that in 1989, there were six United Nations peacekeeping missions with a budget of $600 million, while in 1993 there were 16 missions with a budget of over $3 billion). Some Member States observed that the peacekeeping budget had grown to become many times the size of the regular budget. See statements of Mr. Wang Xuexian (China) (A/49/PV.85, p. 9), Mr. Flores Olea (Mexico) (ibid., p. 16), Mr. Karsgaard (Canada) (A/49/PV.86, p. 9) and Mr. Mabilangan (Philippines) (ibid., p. 25). As at 30 November 1994, the Organization’s unpaid assessments amounted to $2 billion, $1.5 billion of which was in respect of peacekeeping operations. See statement of Mr. Mabilangan (Philippines) (ibid., p. 25).
to peacekeeping. Some Member States distinguished between Member States having a genuine inability to pay due to economic or other adverse circumstances, and those which were simply unwilling to pay. The particular difficulties faced by troop-contributing Member States in the face of shortfalls in contributions was often noted.

7. While the basic functions of the United Nations were financed by the regular budget during the period under review, peacekeeping operations were largely financed by separate, mandatory assessments, and under review, peacekeeping operations were largely financed by voluntary contributions. While the Secretary-General found that this tripartite division was “broadly valid”, and the Independent Advisory Group on United Nations Financing advised that it be maintained, some Member States asserted the need to balance peacekeeping operations with development operations.

8. The Organization’s financial regulations required Member States to pay assessments in full within 30 days of receiving letters of assessment, so that the official billing date of 1 January required payment to be made by 31 January. The difficulty experienced by some Member States, including large contributors, in coordinating payment on this schedule with their budgetary cycles was noted. The inadequacy of

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19 Statements of Mr. Rahman (Bangladesh) (A/49/PV.20, p. 13), Mr. Jayakumar (Singapore) (A/49/PV.55, pp. 15 and 16), Mr. Chew (Singapore) (A/49/PV.86, p. 7), Mr. Lamamra (Algeria) (speaking on behalf of the Group of 77 and China) (A/C.5/49/SR.27, para. 12) and Mr. Michalski (United States) (A/C.5/49/SR.66, para. 41).

20 Statements of Mr. Thanarajasingam (Thailand) (A/49/PV.85, p. 5), Mr. Wang Xuexian (China) (ibid., p. 9), Mr. Flores Olea (Mexico) (ibid., p. 16), Mr. Keating (New Zealand) (ibid., p. 19), Mr. Tejera-Paris (Venezuela) (A/49/PV.86, p. 4), Mr. Karsgaard (Canada) (ibid., p. 8), Mr. Ansari (India) (ibid., p. 15), Mr. Remirez de Estenoz (Cuba) (ibid., p. 21), Mr. Larrain (Chile) (ibid., p. 22), Mr. Mahilangan (Philippines) (ibid., p. 25), Mr. Pashovski (Bulgaria) (ibid., p. 26), Mr. Goicochea (Cuba) (A/C.5/48/SR.25, para. 42) and Mr. Ndoboli (Uganda) (ibid., para. 61).

21 A/46/600/Add.1, para. 12, A/48/565, para. 50, observing that in early October 1993, the Organization owed approximately $605 million to troop-contributing countries, despite borrowings from the Peacekeeping Reserve Fund owing to delays in the payment of assessed contributions; and statements of Mr. Juppé (France) (A/49/PV.8, p. 16), Mr. Graf zu Rantzau (Germany) (speaking on behalf of the European Union, Austria and Hungary) (A/49/PV.85, p. 3), Mr. Haakonsen (Denmark) (speaking on behalf of the Nordic countries) (ibid., p. 10), Mr. Chew (Singapore) (A/49/PV.86, p. 7), Mr. Braithwaite (Australia) (ibid., p. 12), Mr. Ansari (India) (ibid., p. 16), Mr. Pashovski (Bulgaria) (ibid., p. 26), Mr. Francis (Australia) (speaking on behalf of Australia, Canada and New Zealand) (A/C.5/48/SR.20, para. 4), Mr. Muthaura (Kenya) (A/C.5/48/SR.24, para. 50) and Mr. Sharp (Australia) (A/C.5/48/SR.66, para. 45).

22 See A/48/460, annex, para. 92.
Article 19 as a sufficient deterrent to late payments was also noted.30

9. The largest contributor had since 1990 paid its dues almost in full, although in 1993 it still owed $240 million in past arrears, which it was paying off in annual instalments of about $40 million.31 The particular burdens of ex-Soviet and Eastern European Member States were noted,32 as were those of relatively new Member States, particularly those that had joined the Organization after the last major review of the assessment system, in 1973.33 In 1993, it was noted that the Russian Federation, Belarus and Ukraine, which together were expected to pay 11 per cent of the regular budget, had paid only a small portion of this amount since the middle of 1991, and had during this time paid no peacekeeping dues.34

10. Belarus and Ukraine obtained temporary relief from the application of Article 19 through General Assembly resolution 48/472, but requested relocation to group C.35 The question of the placement of these two Member States was described as a “very delicate and difficult matter”.36 The lack of similar treatment for the Czech Republic and Slovakia was noted.37 A request

their national budget cycles (A/48/565, para. 24). See also A/48/460, annex, para. 35.30 See A/48/460, annex, para. 32.31 A/48/460, annex, para. 26. The arrears of the largest contributor had at their height represented around 80 per cent of the Organization’s internal indebtedness, while in 1993 they accounted for less than 50 per cent.32 Statements of Sir David Hannay (United Kingdom) (A/49/PV.85, p. 14), Mr. Baumanis (Lithuania) (A/49/PV.86, pp. 13 and 14), Mr. Zlenko (Ukraine) (ibid., pp. 23 and 24), Mr. Rovensky (Czech Republic) (ibid., p. 27) and Mr. Beyaev (Belarus) (A/C.5/49/SR.27, paras. 30-32).33 Statement of Sir David Hannay (United Kingdom) (A/49/PV.85, p. 14).34 See A/48/460, annex, para. 27.

Temporary relief was provided as an “exceptional measure” by the Fifth Committee (see decision 48/472) on the grounds that the arrears of Belarus and Ukraine were beyond their control pursuant to the terms of Article 19 (2) (see GA (48), annexes, a.i. 138 (A/48/807/Add.1, paras. 4-6 and A/C.5/48/SR.45, paras. 20 and 21). This exceptional relief was also approved by the Fifth Committee for 1995 (see decision 49/470). See also statements of Mr. Kravchanka (Belarus) (A/48/PV.9, p. 29), Mr. Zlenko (Ukraine) (A/49/PV.86, p. 24) and Mr. Beyaev (Belarus) (A/C.5/49/SR.27, paras. 30-32).36 Statement of Mr. Kabir (Bangladesh) (A/C.5/48/SR.45, para. 18).37 Statements of Ms. Holland (United Kingdom) (A/C.5/48/SR.45, para. 22) and Mr. Grant (United States) (ibid., para. 23).

11. Member States were divided over the formulation of the Organization’s scale of assessments, with some in favour of the existing scale39 and others urging changes.40 Some Member States stated that the time had arrived to consider the scales of assessment in a political context.41 Some Member States considered that any inequity in the scale of assessments did not affect the obligation to pay once the scale had been adopted,42 or that reforms would be ineffective at ending the financial crisis if Member States were unwilling to pay what they already owed.43 It was conversely suggested that full and timely payment depended on a fair assessment.44 The Secretary-General supported the Independent Advisory Group’s recommendation that the recently adopted consensus procedure for budget approval be continued in future years, as it was essential to maintaining the confidence in the Organization of large contributors.45

A/49/PV.85, p. 14).

Statement of Mr. Kravchanka (Belarus) (A/48/PV.9, p. 29), Mr. Zlenko (Ukraine) (A/49/PV.86, p. 24) and Mr. Beyaev (Belarus) (A/C.5/49/SR.27, paras. 30-32).

Statement of Mr. Kabir (Bangladesh) (A/C.5/48/SR.45, para. 18).

Statements of Ms. Holland (United Kingdom) (A/C.5/48/SR.45, para. 22) and Mr. Grant (United States) (ibid., para. 23).

Letter from the Permanent Representative of Iraq to the President of the General Assembly (A/C.5/49/39).

Statements of Mr. Wang Xuexian (China) (A/49/PV.85, p. 9), Mr. Chew (Singapore) (A/49/PV.86, p. 7) and Mr. Mabilangan (Philippines) (ibid., p. 25).

Statements of Mr. Juppé (France) (A/49/PV.8, p. 16), Sir David Hannay (United Kingdom) (A/49/PV.85, p. 14), Mr. Keating (New Zealand) (ibid., p. 19), Mr. Muthaura (Kenya) (ibid., p. 2), Mr. Baumanis (Lithuania) (ibid., pp. 13 and 14), Mr. Lavrov (Russian Federation) (ibid., pp. 14 and 15), Mr. Zlenko (Ukraine) (ibid., pp. 23 and 24), Mr. Pushkovski (Bulgaria) (ibid., p. 26), Mr. Rovensky (Czech Republic) (ibid., pp. 26 and 27) and Mr. Blukis (Latvia) (A/C.5/48/SR.66, para. 52).

Statement of Mr. Haakonsen (Denmark) (speaking on behalf of the Nordic countries) (A/49/PV.85, p. 11).

Statement of Mr. Pibulsonggram (Thailand) (A/49/PV.85, p. 21).

Statement of Mr. Mumbengegwi (Zimbabwe) (A/49/PV.85, pp. 15 and 16), Mr. Flores (Uruguay) (ibid., p. 23), Mr. Muthaura (Kenya) (A/49/PV.86, p. 3), Mr. Tejera-Paris (Venezuela) (ibid., p. 4), Mr. Karsgaard (Canada) (ibid., p. 8), Mr. Ansari (India) (ibid., p. 16) and Miss Pena (Mexico) (A/C.5/48/SR.66, para. 50).

Statement of Mr. Lavrov (Russian Federation) (A/49/PV.86, p. 5).

A/48/565, para. 11. See also A/48/460, annex, paras. 19 and 20.

A/49/PV.85, para. 9), Mr. Muthaura (Kenya) (ibid., p. 2), Mr. Baumanis (Lithuania) (ibid., pp. 13 and 14), Mr. Lavrov (Russian Federation) (ibid., pp. 14 and 15), Mr. Zlenko (Ukraine) (ibid., pp. 23 and 24), Mr. Pushkovski (Bulgaria) (ibid., p. 26), Mr. Rovensky (Czech Republic) (ibid., pp. 26 and 27) and Mr. Blukis (Latvia) (A/C.5/48/SR.66, para. 52).

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Statement of Mr. Mumbengegwi (Zimbabwe) (A/49/PV.85, pp. 15 and 16), Mr. Flores (Uruguay) (ibid., p. 23), Mr. Muthaura (Kenya) (A/49/PV.86, p. 3), Mr. Tejera-Paris (Venezuela) (ibid., p. 4), Mr. Karsgaard (Canada) (ibid., p. 8), Mr. Ansari (India) (ibid., p. 16) and Miss Pena (Mexico) (A/C.5/48/SR.66, para. 50).

Statement of Mr. Lavrov (Russian Federation) (A/49/PV.86, p. 5).

A/48/565, para. 11. See also A/48/460, annex, paras. 19 and 20.
Chapter IV. The General Assembly

II. Analytical summary of practice

A. Peacekeeping assessments and arrearages

12. Except for two peacekeeping operations financed from the regular budget, and a third (the United Nations Peacekeeping Force in Cyprus) funded in part by voluntary contributions, most of the costs of peacekeeping operations were separately budgeted, so that operation-specific assessments were levied at different times of year.46 In 1992, five new peacekeeping operations were undertaken,47 so that by 1993 there were 13 such missions in the field being supported by 10 separate assessments.48 The disadvantages of this system were noted, including delays in receiving payment,49 the need to start each mission from scratch rather than through a pre-existing, common system,50 and the sending of uncoordinated assessments that often did not match national budgetary cycles.51 Arrears could exist for any of the individual operations.52

13. Peacekeeping assessments were based on a formula founded on the regular-budget scale of assessments, but, pursuant to an ad hoc system established in 1973,53 Member States were divided into four categories: group A, consisting of the five permanent members of the Security Council, who were expected to make up any deficit and thus paid somewhat more than their regular-budget rate; group B, consisting of developed Member States assessed at their regular-budget rates; group C, consisting of economically less-developed Member States assessed at 20 per cent of their regular-budget rate; and group D, consisting of the least-developed Member States assessed at 10 per cent of their regular-budget rate.54 It was suggested that this system be reviewed,55 and the Independent Advisory Group questioned the proper composition of group C.56 Support for the existing system was expressed by some Member States, however.57 A ceiling percentage rate

46 A/48/565, para. 6. See also A/48/460, annex, paras. 64 and 66.
47 See A/48/460, annex, paras. 64 and 69.
48 A/48/565, paras. 45-48 (expressing favour for the recommendation of the Independent Advisory Group on United Nations Financing). Similar favour was noted by some Member States (see statement of Mr. Francis (Australia) (speaking on behalf of Australia, Canada and New Zealand) in the Fifth Committee (A/C.5/48/SR.20, para. 9). See also A/48/460, annex, paras. 64 and 78-82 (recommending consideration of a unified peacekeeping budget financed by a single annual assessment).
49 See A/48/460, para. 67 (observing that only 36 per cent of peacekeeping dues were paid in the first three months of a mission).
50 Ibid., paras. 68 and 69.
51 A/48/565, para. 45 (noting that in 1993 there were 16 peacekeeping operations financed by separate assessments, with at least 32 budget reviews undertaken in any 12-month period); and statements of Mr. Flores Olea (Mexico) (A/49/PV.85, p. 16), Mr. Muthaura (Kenya) (A/49/PV.86, p. 2), Mr. Mabilangan (Philippines) (ibid., p. 25) and Mr. Pibulsonggram (Thailand) (A/C.5/49/SR.7, para. 29). See also A/48/460, annex, para. 70 (noting the difficulties faced by Member States to process and comply with separate assessments arriving at different times of the year).
52 See statement of Mr. Boin (France) in the Fifth Committee (A/C.5/49/SR.31, para. 22).
53 A/48/565, para. 7 (noting that the scale of peacekeeping assessments recognized the “special responsibility” of the permanent members of the Security Council established by GA resolution 3101 (XXVIII)). The differences between the procedures used in handling the regular and peacekeeping budgets were recognized prior to 1973, however. Statement of Mr. Wibisono (Indonesia) (A/49/PV.86), p. 11 (noting in this respect GA resolution 1974 (S-IIV)).
54 See A/48/460, annex, paras. 85 and 86.
55 Statements of Mr. Owada (Japan) (A/49/PV.86, p. 6), Mr. Karsgaard (Canada) (ibid., p. 10), Mr. Braithwaite (Australia) (ibid., p. 12), Mr. Zlenko (Ukraine) (ibid., p. 24), Mr. Goumenny (Ukraine) (A/C.5/48/SR.66, para. 51), Mr. Blukis (Latvia) (ibid., para. 52) and Mr. Beyaev (Belarus) (A/C.5/49/SR.27, paras. 30-32).
56 A/48/565, para. 45 (stating that the placement of Member States into groups rests with the General Assembly). See also A/48/460, annex, paras. 87 and 88 (recommending that criteria be changed so as to move a number of Member States from group C to group B, thereby quintupling their peacekeeping assessments and slightly lowering the rates of GROUP A members).
57 Statements of Mr. Sardenberg (Brazil) (A/49/PV.85, p. 13), Mr. Flores Olea (Mexico) (ibid., p. 18), Mr. Pibulsonggram (Thailand) (ibid., p. 21), Mr. Tejera-Paris (Venezuela) (A/49/PV.86, p. 4), Mr. Ansari (India) (ibid., p. 16), Mr. Remirez de Estenoz (Cuba) (ibid., p. 21), Mr. Larrain (Chile) (ibid., p. 22), Mr. Mabilangan (Philippines) (ibid., p. 25) and Mr. Pibulsonggram (Thailand)
14. In a number of resolutions, the General Assembly expressed concern about the deteriorating financial situation with regard to peacekeeping activities due to overdue payments by Member States of their assessments, particularly Member States in arrears, and also bore in mind the special responsibilities of the permanent members of the Security Council with respect to the financing of peacekeeping operations. It was, however, noted elsewhere that the attribution to the permanent members of the Security Council of the costs of rebates to new United Nations Member States in the milieu of greatly expanded peacekeeping operations had been a cause for complaint.

15. Many Member States invoked the special responsibility of permanent members of the Security Council to fund peacekeeping operations. Some Member States also questioned whether arrearages should disqualify a Member State from membership of the Security Council.

B. Proposed responses to financial crisis and arrearages

1. Proposals in respect of Article 19

16. Some Member States urged a more rigorous application of Article 19 and its related regulations. Suggestions were made in this respect that terms such as “arrears” be clarified, that Article 19 be interpreted to cover late payments without amending the Article itself, and that the two-year limit on arrearages be maintained by curtailing regulations that...
de facto allowed for three years of Article 19 arrearages without loss of voting rights. Some Member States expressed concerns about a more restrictive approach to Article 19 or urged that further obstacles not be placed on the ability of Member States to pay their contributions.

2. High-level working group

17. A consensus was found to exist in 1994 with regard to the formation of a high-level, open-ended working group operating under the chairmanship of the President of the Assembly. The proposed tasks of this working group, or even of some differently constituted group with the same mission, included the achievement of full and timely payment of assessed contributions and arrears and the improvement of the Organization’s budgetary process and methods of assessment for the purpose of ensuring a viable financial basis for the Organization.

3. Proposals for incentive systems

18. The Secretary-General and some Member States proposed that incentive schemes be considered to encourage payment, in particular early payment, by Member States. He noted that in other organizations in the United Nations system, such incentives generally involved a distribution of interest income to Member States that rewarded Member States that paid their contributions early. The Secretary-General and some Member States disapproved of the payment of budgetary savings or other surpluses to Member States that had not paid out such funds, and especially to those Member States with outstanding assessments. Other Member States noted concerns about the use of incentives. It was also suggested that incentives be

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67 Statements of Mr. Wibisono (Indonesia) (A/49/PV.86, p. 11), Mr. Braithwaite (Australia) (ibid., p. 12) and Mr. Francis (Australia) (speaking on behalf of Australia, Canada and New Zealand) (A/C.5/48/SR.20, para. 7).
68 Statement of Mr. Zlenko (Ukraine) (A/49/PV.86, p. 23).
69 Statement of Mr. Baumanis (Lithuania) (A/49/PV.86, p. 14).
70 Statement of Mr. Essy (President of the General Assembly) (A/49/PV.86, pp. 27 and 28) (noting that he would continue his consultations with a view to achieving the bases of a consensus for consideration of a draft resolution establishing the working group). See also statements of Mr. Graf zu Rantzau (Germany) (speaking on behalf of the European Union, Austria and Hungary) (A/49/PV.85, p. 4), Mr. Sardenberg (Brazil) (ibid., p. 12), Mr. Keating (New Zealand) (ibid., p. 20), Mr. Karsgaard (Canada) (A/49/PV.86, pp. 8 and 10), Mr. Lavrov (Russian Federation) (ibid., p. 15), Mr. Mwaungulu (Malawi) (ibid., p. 17), Mr. Cardenas (Argentina) (ibid., pp. 19 and 20), Mr. Larraín (Chile) (ibid., p. 22), Mr. Zlenko (Ukraine) (ibid., p. 23), Mr. Mabilangan (Philippines) (ibid., p. 26), Mr. Pashovski (Bulgaria) (ibid., p. 26) and Mr. Rovensky (Czech Republic) (ibid., p. 27).
71 See statement of Mr. Flores Olea (Mexico) (A/49/PV.85, p. 17).
72 Statements of Mr. Juppé (France) (A/49/PV.8, p. 16), Mr. Graf zu Rantzau (Germany) (speaking on behalf of the European Union, Austria and Hungary) (A/49/PV.85, p. 43), Mr. Sardenberg (Brazil) (ibid., p. 12) and Mr. Karsgaard (Canada) (A/49/PV.86, p. 10).
73 Statements of Mr. Graf zu Rantzau (Germany) (speaking on behalf of the European Union, Austria and Hungary) (A/49/PV.85, p. 4), Mr. Flores Olea (Mexico) (ibid., p. 17), Mr. Karsgaard (Canada) (A/49/PV.86, p. 10), Mr. Mabilangan (Philippines) (ibid., p. 26), Mr. Pashovski (Bulgaria) (ibid., p. 26) and Mr. Rovensky (Czech Republic) (ibid., p. 27).
74 A/46/600/Add.1, para. 23, and statements of Mr. Graf zu Rantzau (Germany) (speaking on behalf of the European Union, Austria and Hungary) (A/49/PV.85, p. 3), Mr. Thanarajasingam (Thailand) (ibid., p. 5), Sir David Hannay (United Kingdom) (ibid., p. 14), Mr. Keating (New Zealand) (ibid., p. 19), Mr. Karsgaard (Canada) (A/49/PV.86, pp. 8 and 9), Mr. Braithwaite (Australia) (ibid., p. 12), Mr. Ansari (India) (ibid., p. 15) and Mr. Ericksson Fogh (Sweden) (speaking on behalf of the Nordic countries) (A/C.5/48/SR.66, para. 33).
75 A/46/600/Add.1, para. 23.
76 A/46/600/Add.1, paras. 29 and 35; A/48/565, para. 31 (finding recommendation of the Independent Advisory Group on United Nations Financing to be useful but requiring further elaboration and a technical analysis of its implications); and statements of Mr. Karsgaard (Canada) (A/49/PV.86, p. 9), Mr. Francis (Australia) (speaking on behalf of Australia, Canada and New Zealand) (A/C.5/48/SR.20, para. 8), Mr. Merifield (Canada) (A/C.5/48/SR.66, para. 47) and Mr. Lian (Norway) (speaking on behalf of the Nordic countries) (A/C.5/49/SR.27, para. 41). See also A/48/460, para. 42 (recommendating that budgetary surpluses owed to Member States in regular-budget arrears be paid instead into the Working Capital Fund and commensurately credited to the accounts of those Member States).
77 Statement of Mr. Tejera-Paris (Venezuela) (A/49/PV.86, p. 4).
used in place of punitive measures where Article 19 had not been triggered.\textsuperscript{78}

4. Proposals for disincentive or penalty systems

19. The Secretary-General and some Member States proposed that penalties or disincentives be considered for Member States that were late in paying contributions\textsuperscript{79} and, in particular, that interest be charged on unpaid contributions.\textsuperscript{80} The Secretary-General noted that in other organizations in the United Nations system, penalty schemes involved the imposition of interest charges on late payments, and that those organizations which charged interest had the greatest success in collecting contributions promptly.\textsuperscript{81}

20. The Secretary-General proposed that interest be charged at commercial rates, calculated quarterly, to Member States which did not pay their assessed contributions (for example, those for the regular budget, the Working Capital Fund or peacekeeping operations) within 60 days after issuance of a letter of assessment.\textsuperscript{82} He further proposed that such interest charges be applied to outstanding contributions, whether for prior or current periods,\textsuperscript{83} and that owed interest be counted as an additional assessed contribution for the purposes of Article 19.\textsuperscript{84} The Secretary-General pointed out that interest earned in this manner would apply to the relevant account (for example, the regular budget or peacekeeping), and would reduce the net amount to be assessed on all Member States in subsequent assessment periods.\textsuperscript{85}

21. The Secretary-General stated in 1993 that it appeared that support had grown for interest charges in recent years.\textsuperscript{86} Some Member States, however, stated that special provisions were necessary to accommodate the needs of least-developed Member States and those otherwise economically unable to pay.\textsuperscript{87} Other Member States noted more general concerns about disincentives or the charging of interest.\textsuperscript{88}

5. Proposals in respect of billing, reserves and borrowing as concerned arrearages

22. Some Member States stated their support for simplified and more effective billing procedures.\textsuperscript{89} The Independent Advisory Group proposed, and some Member States expressed support for, a system of multiple instalments to replace the existing, single-instalment system.\textsuperscript{90} Other Member States expressed a lack of support for a multiple-instalment system, or at least for its implementation before the question of

\textsuperscript{78} Statement of Mr. Braithwaite (Australia) (A/49/PV.86, p. 12).
\textsuperscript{79} Statements of Sir David Hannay (United Kingdom) (A/49/PV.85, p. 14), Mr. Keating (New Zealand) (ibid., p. 19) and Mr. Ansari (India) (A/49/PV.86, p. 15).
\textsuperscript{80} A/46/600/Add.1, paras. 5, 23 and 26; A/48/565, paras. 5, 19 and 20 (noting prior such proposals by the Secretary-General); and statements of Mr. Jayakumar (Singapore) (A/49/PV.55, p. 16), Mr. Graf zu Rantzau (Germany) (speaking on behalf of the European Union, Austria and Hungary) (A/49/PV.85, p. 3), Mr. Thanarajasingam (Thailand) (ibid., p. 5), Mr. Haakonsen (Denmark) (speaking on behalf of the Nordic countries) (ibid., p. 10), Mr. Keating (New Zealand) (ibid., p. 19), Mr. Chew (Singapore) (A/49/PV.86, p. 7), Mr. Karsgaard (Canada) (ibid., pp. 8 and 9), Mr. Braithwaite (Australia) (ibid., p. 12), Mr. Larrain (Chile) (ibid., p. 22), Mr. Francis (Australia) (speaking on behalf of Australia, Canada and New Zealand) (A/C.5/48/SR.20, para. 7), Mr. Elzimait (Egypt) (A/C.5/48/SR.25, para. 58), Mr. Boin (France) (A/C.5/48/SR.66, para. 36) and Mr. Clavijo (Colombia) (ibid., para. 53). See also A/48/460, annex, para. 34 (supporting the use of interest charges).
\textsuperscript{81} A/46/600/Add.1, para. 23, and A/48/565, para. 21.
\textsuperscript{82} A/46/600/Add.1, paras. 24 and 25.
\textsuperscript{83} Ibid., para. 24.
\textsuperscript{84} Ibid., para. 25.
\textsuperscript{85} Ibid., para. 26.
\textsuperscript{86} A/48/565, para. 22 (finding the rise in support to be suggested by views expressed by delegations in the Fifth Committee at the forty-seventh session).
\textsuperscript{87} Statements of Mr. Jayakumar (Singapore) (A/49/PV.55, p. 16), Mr. Thanarajasingam (Thailand) (A/49/PV.85, p. 5), Mr. Keating (New Zealand) (ibid., p. 19), Mr. Chew (Singapore) (A/49/PV.86, p. 7), Mr. Ansari (India) (ibid., pp. 15 and 16), Mr. Larrain (Chile) (ibid., p. 22) and Mr. Elzimait (Egypt) (A/C.5/48/SR.25, para. 58).
\textsuperscript{88} Statements of Mr. Tejera-Paris (Venezuela) (A/49/PV.86, p. 4), Mr. Zlenko (Ukraine) (ibid., p. 23), Mr. Swetja (Indonesia) (A/C.5/48/SR.25, para. 54), Mr. Modisane (Botswana) (ibid., para. 66), Mr. Michalski (United States) (A/C.5/48/SR.66, para. 44) and Mr. Goumenny (Ukraine) (ibid., para. 51).
\textsuperscript{89} Statements of Mr. Thanarajasingam (Thailand) (A/49/PV.85, p. 5), Mr. Haakonsen (Denmark) (speaking on behalf of the Nordic countries) (ibid., p. 10), Mr. Francis (Australia) (speaking on behalf of Australia, Canada and New Zealand) (A/C.5/48/SR.20, para. 7), Mr. Elzimait (Egypt) (A/C.5/48/SR.25, para. 58), Mr. Boin (France) (A/C.5/48/SR.66, para. 36) and Mr. Clavijo (Colombia) (ibid., para. 53). See also A/48/460, annex, paras. 33-36 (suggesting the institution of a quarterly assessment and payment system).
arrears was resolved. 91 The Secretary-General considered this suggestion feasible only if adopted as part of other reforms that ensured adequate cash reserves at all times of the year. 92 The Secretary-General pointed out that the quarterly instalment plan would not guarantee that late-paying Member States would now pay quarterly in a full and timely manner. 93

23. The Secretary-General’s resort to the use of reserve funds in the face of shortfalls in contributions had led to their depletion during the period under review. With respect to peacekeeping, use was made of surplus funds existing for certain peacekeeping operations to cover the needs of other operations. 95 The Secretary-General provisionally agreed with a recommendation of the Independent Advisory Group that the similar use of peacekeeping funds to cover regular budget deficits be stopped. 96

24. The Secretary-General proposed an increase in the size of the Working Capital Fund to cover delays in the receipt of contributions, 97 although he stated that any change should not relate to “abnormal” difficulties in the collection of contributions, and should be financed by an assessment on all Member States. 98 It was suggested that an increase in the authorized level of the Working Capital Fund would not effect an increase in payments or in the actual amount of money deposited in the Fund. 99 Some States expressed concern that increases in the Working Capital Fund or the peacekeeping reserves would penalize punctual Member States by making them pay an additional assessment if the general problem with arrears was not also resolved. 100

25. Following the Secretary-General’s proposal that a peacekeeping reserve fund be established to meet start-up costs incurred between an operation’s approval by the Security Council and receipt of assessed contributions, 101 the General Assembly established a revolving fund for this purpose. 102 During the period under review, the Secretary-General also proposed the establishment of: (a) a humanitarian revolving fund, to be financed by a one-time assessment on Member States using the regular-budget scale of assessments; 103 and (b) a United Nations peace endowment fund, to be financed by the General Assembly using the scale of operations applied in respect of peacekeeping operations. 104

26. The Secretary-General proposed that the United Nations be given authorization to borrow money commercially once internal borrowing options had been exhausted, while also noting that the General Assembly had repeatedly declined such authorization...
in the past.\textsuperscript{105} The Secretary-General noted the previously raised objection that outside borrowing would further burden all Member States, and suggested that if interest were charged to Member States in arrears, these sums thereby due could match those owed on the commercial loans made necessary by the arrears.\textsuperscript{106} Disapproving views were registered in the Fifth Committee.\textsuperscript{107}

\textsuperscript{105} A/46/600/Add.1, paras. 48-52 (observing that several United Nations specialized agencies both possessed and used such authority) and A/48/565, paras. 32-34 (reiterating the Secretary-General’s position). See also A/48/460, annex, para. 46 (recommending that the United Nations not be given authority to borrow).

\textsuperscript{106} A/46/600/Add.1, para. 51 and A/48/565, paras. 33 and 34.

\textsuperscript{107} Statements of Mr. Francis (Australia) in the Fifth Committee (speaking on behalf of Australia, Canada and New Zealand) (A/C.5/48/SR.20, para. 8), Mr. Swetja (Indonesia) (A/C.5/48/SR.25, para. 54), Mr. Elzimaity (Egypt) (ibid., para. 58), Mr. Ndoboli (Uganda) (ibid., para. 62) and Mr. Michalski (United States) (A/C.5/48/SR.66, para. 44).