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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1962

The United Nations financial position and prospects

Report of the Fifth Committee

Rapporteur: Mr. Antonio ARRAIZ (Venezuela)

1. At the 906th to 910th meetings, held between 16 and 19 December 1961, the records of which contain the positions taken by delegations both in their statements and in their explanations of vote, the Fifth Committee considered the subject of the financial position and prospects of the Organization. The Committee had before it the text of a statement made by the Acting Secretary-General at its 899th meeting (A/C.5/907).
2. At the 906th meeting, the representative of Tunisia introduced a draft resolution (A/C.5/L.709) submitted by Denmark, Ethiopia, the Federation of Malaya, Netherlands, Norway, Pakistan, Tunisia and Yugoslavia, to which Canada was subsequently added as sponsor (A/C.5/L.709/Add.1). The text read as follows:

"The General Assembly,

"Having taken note of the statement of the Acting Secretary-General concerning the United Nations Financial Position and Prospects (A/C.5/907),

"Bearing in mind the activities and programmes of work of the Organization that have been approved by the General Assembly,

"Recognizing that the ability of the Organization to discharge its responsibilities and to implement its programmes requires it to have adequate and assured financial resources,

"Authorizes the Acting Secretary-General to issue United Nations bonds in accordance with the terms and conditions set forth in the annex hereunder, 1/

"Further authorizes the Acting Secretary-General, subject to such decisions as the General Assembly may hereafter adopt, to utilize the proceeds from the sale of such bonds for purposes normally related to the Working Capital Fund,

"Decides to include in the regular budget of the Organization annually beginning with the budget for the year 1963 an amount sufficient to pay the interest charges on such bonds and the instalments of principal due on such bonds."

3. The representative of the Soviet Union, supported by the representatives of Hungary, Poland and Romania, maintained that it would be out of order for the Committee to consider the draft resolution under agenda item 54. For an important proposal of that kind, which constituted an additional item, the procedure laid down in rule 15 of the rules of procedure should have been followed.

4. The Chairman of the Committee ruled that the subject of the draft resolution came under agenda item 54. It could not be deemed an additional item; accordingly rule 15 did not apply.

5. The representative of the Soviet Union appealed against the Chairman's ruling and his appeal was put to the vote. The appeal was rejected by 40 votes to 13, with 15 abstentions.

6. At the 910th meeting, the sponsors of the nine-Power draft resolution accepted an amendment proposed by Chile whereby a new fourth preambular paragraph would be inserted, reading as follows:

"Considering that under exceptional circumstances, extraordinary financial measures are required and that such measures should not be deemed a precedent for the future financing of the expenses of the United Nations."

7. At the same meeting, Brazil submitted orally the following draft resolution:

"The General Assembly,

"Bearing in mind General Assembly resolution a/ (XVI) of

1961,

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1/ The text of the annex was identical with that of the annex attached to the draft resolution recommended to the General Assembly in paragraph ... below.

a/ On the subject of the United Nations financial position and prospects.

"Recalling resolution b/ (XVI) and without prejudging whether the amortization of the United Nations bonds issue constitutes 'expenses of the Organization' in the sense of Article 17.2 of the Charter,

"Bearing in mind further the sacrifices that were and are being made by the less developed Member States in order to contribute to the financing of United Nations expenditures,

"1. Decides that the contributions to the regular budget of the Organization relating to the amortization of those amounts of the United Nations bonds that have been or may be employed to meet or reimburse advancements made to the United Nations to defray its expenditures for peace-keeping operations, will be subject to the following reductions:

"(a) of 80 per cent in the case of Member States whose contributions range from .04 per cent to .25 per cent inclusive;

"(b) of 80 per cent in the case of Member States that received assistance during the previous year under the Expanded Programme of Technical Assistance, and whose contributions range from .26 per cent and above;

"(c) of 50 per cent in the case of Member States that received assistance during the previous year under the Expanded Programme of Technical Assistance, whose contributions are 1.26 and above;

"2. Urges the permanent members of the Security Council to make sizeable contributions to the section of the regular budget of the Organization relating to the reimbursement mentioned in operative paragraph 1;

"3. Appeals to all Member States who are in a position to assist to make voluntary contributions to help the reimbursement through the regular budget of the Organization of the interest charges on such United Nations bonds and the instalments of principal due on such bonds."

8. The representative of Brazil subsequently withdrew his delegation's draft resolution, explaining that he did so in a desire to facilitate the solution which a majority of the Committee seemed to favour.

9. At the 910th meeting, the representative of the Soviet Union requested a separate vote on the last operative paragraph of the revised nine-Power draft resolution. Objection having been made to the request for division, the

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b/ On the subject of the administrative and budgetary procedures of the United Nations (Advisory Opinion of the International Court of Justice).

Committee rejected, by a roll-call vote of 40 to 15, with 21 abstentions, the Soviet Union motion for a division of the vote. The voting was as follows:

In favour: Albania; Argentina, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, France, Hungary, Mongolia, Poland, Portugal, Romania, South Africa, Spain, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.

Against: Australia, Austria, Burma, Canada, Ceylon, Chile, Colombia, Cyprus, Denmark, Ecuador, Ethiopia, Federation of Malaya, Finland, Ghana, Greece, Guatemala, Iceland, Iran, Ireland, Israel, Italy, Japan, Lebanon, Liberia, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Panama, Peru, Sierra Leone, Sweden, Thailand, Tunisia, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

Abstaining: Afghanistan, Belgium, Brazil, Cambodia, China, Congo (Leopoldville), Guinea, India, Indonesia, Iraq, Mali, Mexico, Morocco, Nepal, Philippines, Saudi Arabia, Somalia, Sudan, Turkey, United Arab Republic, Yemen.

#### Decisions and recommendation of the Committee

10. At its 910th meeting, the Committee adopted by a roll-call vote of 45 to 11, with 21 abstentions, the revised nine-Power draft resolution. The voting was as follows:

In favour: Argentina, Australia, Burma, Canada, Ceylon, Chile, Colombia, Cyprus, Denmark, Ethiopia, Federation of Malaya, Finland, Ghana, Guatemala, Guinea, Iceland, Indonesia, Iran, Ireland, Israel, Italy, Japan, Lebanon, Liberia, Mali, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Sierra Leone, Sweden, Thailand, Tunisia, Turkey, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Yugoslavia.

- Against: Albania, Bulgaria, Byelorussian Soviet Socialist Republic, Czechoslovakia, France, Hungary, Mongolia, Poland, Romania, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics.
- Abstaining: Afghanistan, Austria, Belgium, Brazil, Cambodia, China, Congo (Leopoldville), Ecuador, Greece, India, Iraq, Mexico, Philippines, Portugal, Saudi Arabia, Somalia, South Africa, Spain, Sudan, United Arab Republic, Yemen.

Recommendation of the Fifth Committee

11. The Fifth Committee therefore recommends to the General Assembly the adoption of the following draft resolution:

THE UNITED NATIONS FINANCIAL POSITION AND PROSPECTS

The General Assembly,

Having taken note of the statement of the Acting Secretary-General concerning the United Nations Financial Position and Prospects (A/C.5/907),

Bearing in mind the activities and programmes of work of the Organization that have been approved by the General Assembly,

Recognizing that the ability of the Organization to discharge its responsibilities and to implement its programmes requires it to have adequate and assured financial resources,

Considering that, under existing circumstances, extraordinary financial measures are required and that such measures should not be deemed a precedent for the future financing of the expenses of the United Nations,

1. Authorizes the Acting Secretary-General to issue United Nations bonds in accordance with the terms and conditions set forth in the annex hereunder;

2. Further authorizes the Acting Secretary-General, subject to such decisions as the General Assembly may hereafter adopt, to utilize the proceeds from the sale of such bonds for purposes normally related to the Working Capital Fund;

3. Decides to include in the regular budget of the Organization annually beginning with the budget for the year 1963 an amount sufficient to pay the interest charges on such bonds and the instalments of principal due on such bonds.

#### ANNEX

1. The aggregate principal amount of the United Nations Bonds authorized under General Assembly resolution (hereinafter called the Bonds) shall be limited to the equivalent of Two Hundred Million United States Dollars (\$US200,000,000).
2. Bonds may be issued expressed in United States dollars (hereinafter called dollars) and in such other currencies as the Secretary-General shall determine. Principal of and interest on any Bond shall be payable in the currency in which such Bond is expressed.
3. In order to determine the dollar equivalent, for the purpose of paragraph 1 above, of any Bond which has been issued expressed in a currency other than dollars, the principal amount of such Bond shall be translated, as of the date on which such Bond shall be sold or agreed to be sold, into dollars at such rates as the Secretary-General, after consultation with the Managing Director of the International Monetary Fund, shall determine.
4. The Bonds shall bear interest at the rate of two per centum (2 per cent) per annum, payable annually, on the principal amount thereof outstanding and unpaid from time to time.
5. The principal amount of each Bond shall be repayable in twenty-five (25) annual instalments in accordance with the following table:

	Per cent
At the end of the first year	3.1
At the end of the second year	3.2
At the end of the third year	3.2
At the end of the fourth year	3.3
At the end of the fifth year	3.4
At the end of the sixth year	3.4
At the end of the seventh year	3.6
At the end of the eighth year	3.6

	Per cent
At the end of the ninth year	3.6
At the end of the tenth year	3.7
At the end of the eleventh year	3.8
At the end of the twelfth year	3.9
At the end of the thirteenth year	4.0
At the end of the fourteenth year	4.0
At the end of the fifteenth year	4.2
At the end of the sixteenth year	4.2
At the end of the seventeenth year	4.2
At the end of the eighteenth year	4.4
At the end of the nineteenth year	4.5
At the end of the twentieth year	4.5
At the end of the twenty-first year	4.7
At the end of the twenty-second year	4.7
At the end of the twenty-third year	4.8
At the end of the twenty-fourth year	4.9
At the end of the twenty-fifth year	5.1
	<hr/> 100.0 <hr/>

6. The United Nations may at any time prepay at par all or part of the principal amount of the Bonds remaining outstanding and unpaid. Partial prepayments shall be applied equally and ratably to all the Bonds outstanding and shall be credited against annual instalments of repayments in inverse order of maturity.

7. The Bonds shall be offered to States Members of the United Nations, of the specialized agencies, and of the International Atomic Energy Agency, and to the official institutions of such members, and, if the Secretary-General, with the concurrence of the Advisory Committee on Administrative and Budgetary Questions, shall so determine, to non-profit institutions or associations.

8. The Bonds may be sold in whole or in part from time to time until 31 December 1962; provided, however, that the Secretary-General may, at any time on or before that date, enter agreements to sell Bonds for delivery after that date and on or before 31 December 1963.

9. The Secretary-General shall, after consultation with the Advisory Committee on Administrative and Budgetary Questions, from time to time issue such regulations, not inconsistent with the foregoing paragraphs, and take any and all such further action as may be necessary to carry out the purpose of the resolution.

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