



Security Council

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UNITED NATIONS
COMPENSATION COMMISSION
GOVERNING COUNCIL

PRIORITY OF PAYMENT AND PAYMENT MECHANISM
Guiding Principles

Decision taken by the Governing Council of the United Nations
Compensation Commission at its 41st meeting,
held in Geneva on 23 March 1994

1. In striving to resolve the question of how to allocate the funding available to pay awards to claimants within each category of claims as well as how to allocate available funding among the various categories of claims, Governing Council has been guided by the following basic principles:
 - A. The Compensation Commission should ensure that similarly situated claimants within each category of claims are treated equally, to the extent feasible, regardless of the chronological order in which their claims are decided;
 - B. Claimants with claims in the three categories of urgent claims (categories "A", "B" and "C") shall receive priority of treatment, including at both the processing and the payment stages, in accordance with the prior decisions and statements of the Government Council.

Payment Mechanism

2. Payment of an initial amount of US\$2,500 (or the principal amount of the award, if less) will be made to each successful claimant in categories "A", "B" and "C".

_*/ Decisions of the Governing Council of the United Nations Compensation Commission are now being issued under the symbol S/AC.26/Dec.

3. Such payments in respect of successful claimants in categories "A", "B" and "C" will be made by the Compensation Commission to Governments as awards in each category are confirmed by the Governing Council.
4. Such payments will begin when sufficient funds have been accumulated in the Compensation Fund to make payment on all claims approved in the first instalments in categories "A", "B" and "C". Subsequent such payments will also be made when sufficient funds have been accumulated in the Compensation Fund to make payment on all approved claims, within each instalment.

Allocation of Funds

5. For an initial period, successful claimants in categories "A", "B" and "C" will receive all funds available in the Compensation Fund for paying claims, until each has received payment of the initial amount referenced in paragraph 2 above.
6. After the payments in paragraph 2 have been made, the funds available to the Commission for the payment of claims will be allocated as follows:

The Executive Secretary will transfer funds to each appropriate Government in respect of approved claims in all categories. Such transfers will be made when there are funds in the Compensation Fund at least sufficient to make a minimum payment of US\$5000 (or the unpaid principal amount of the award, if less) in respect of each approved claim. Amounts transferred in addition to this minimum of US\$5000 payment will be proportional to the ratio between the unpaid balance of approved claims submitted by that Government and the unpaid balance of all approved claims.
7. The Compensation Commission will retain an adequate operating reserve consisting of an amount sufficient to cover at least one year's operating expenses.

Revision of the System

8. The Governing Council will monitor the payment system and make revisions wherever and whenever needed in order that the mechanism may evolve and adjust to ongoing circumstances, including the amounts available in the Fund for the payment of claims.
9. If there are insufficient funds to make payments in accordance with the mechanism outlined above, the Governing Council, keeping in mind the principles stated in paragraph 1 above, may decide on how to distribute any limited funds available. In particular, this should not exclude the possibility of distributing the amounts stated in paragraphs 2 and 6 above by successive payments.

Transparency

10. Distribution of compensation will be the responsibility of each Government concerned.
