

# **REPORT OF THE COMMITTEE ON CONTRIBUTIONS**

**GENERAL ASSEMBLY**

OFFICIAL RECORDS: TWENTY-NINTH SESSION

SUPPLEMENT No.11 (A/9611)



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## I. MEMBERSHIP OF THE COMMITTEE

1. The thirty-fourth session of the Committee on Contributions was held at United Nations Headquarters from 30 April to 13 May 1974. The following members were present:

Syed Amjad Ali  
Mr. Joseph Quao Cleland  
Mr. Richard V. Hennes  
Mr. Angus J. Matheson  
Mr. S. Meyer Falcón  
Mr. Takeshi Naito  
Mr. Michel Rougé  
Mr. V. S. Safronchuk  
Mr. David Silveira da Mota  
Mr. Jozsef Tardos  
Miss K. Whalley

2. Mr. Hussein Nur Elmi, a member of the Committee, tendered his resignation on 10 April 1974 and, as a consequence, was not present at the session.

3. Mr. Wang Wei-tsai, another member of the Committee, was unable to attend the session and suggested that Mr. Wang Lien-sheng represent him. The Committee accepted this suggestion with the understanding that the substitute member would remain in consultation with the member he represented. The importance of elected members attending sessions in person was again emphasized by the Committee.

4. The Committee re-elected Syed Amjad Ali Chairman and Mr. Silveira da Mota Vice-Chairman.

## II. MATTERS CONSIDERED AT THE SESSION

5. At its 2164th plenary meeting, on 9 November 1973, the General Assembly endorsed a decision of 26 October 1973 1/ by which the Fifth Committee had requested the Committee on Contributions to re-examine the question of the per capita ceiling principle and to submit its conclusions and recommendations thereon to the Assembly at its twenty-ninth session. The Committee accordingly re-examined this question.

6. The Committee also considered the problem of price changes and exchange rates, the rates of assessment of certain non-member States, the collection of contributions and certain matters related to its work at its next session.

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1/ Official Records of the General Assembly, Twenty-eighth Session, Annexes, agenda item 84, document A/9292, para. 17.

### III. THE PER CAPITA CEILING PRINCIPLE

7. In its report to the General Assembly at its twenty-eighth session, the Committee on Contributions drew attention to positions taken by Canada, Denmark and Sweden to the effect that, without breach of the per capita ceiling principle, those Governments had decided to forgo the benefits they would have derived from its application as a result of the lowering of the maximum contribution to 25 per cent. <sup>2/</sup> Thus the rates of assessment in the 1974-1976 scale of only two Member States, Kuwait and the United Arab Emirates, had been affected by the principle, those rates being somewhat lower than they would otherwise have been. The Committee suggested that the General Assembly might wish to consider whether the changed situation brought about by the reduction of the maximum contribution might not warrant re-examination of the per capita ceiling principle at a subsequent session. <sup>3/</sup>

8. After a full debate on the subject, the Fifth Committee decided to include the following paragraph in its report:

"In connexion with paragraph 35 of document A/9011, the Fifth Committee requests the Committee on Contributions to re-examine the question of the per capita ceiling principle and submit its conclusions and recommendations thereon to the General Assembly at its twenty-ninth session." <sup>4/</sup>

9. As a preliminary step in its re-examination of the per capita ceiling principle, the Committee on Contributions reviewed the history of the principle in some detail.

10. It was recalled that the per capita ceiling principle was established by the General Assembly in its resolution 238 (III) of 18 November 1948, at a time when the highest assessment was 39.89 per cent, and that the Assembly recognized "that in normal times the per capita contribution of any Member should not exceed the per capita contribution of the Member which bears the highest assessment". The General Assembly, in resolution 665 (VII) of 5 December 1952 decided that "from 1 January 1954, the assessment of the largest contributor shall not exceed one third of total assessments against Members". At the same time, it deferred further action to implement fully the per capita ceiling principle until new Members were admitted or until substantial improvement in the economic capacity of existing Members permitted the adjustments to be gradually absorbed in the scale. The latter decision was reaffirmed by the General Assembly in resolution 876 A (IX) of 4 December 1954, which provided that the percentage contributions of those Members

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<sup>2/</sup> Ibid., Twenty-eighth Session, Supplement No. 11 (A/9011 and Corr.1 and Add.1), para. 34.

<sup>3/</sup> Ibid., para. 35.

<sup>4/</sup> Ibid., Twenty-eighth Session, Annexes, agenda item 84, document A/9292, para. 8.

subject to the per capita principle would be frozen against any increase over the level approved for the 1955 budget until they reached per capita parity with the highest contributor, and that downward adjustments would occur when the conditions cited in resolution 665 (VII) had been fulfilled or when changes in relative national incomes warranted lower assessments.

11. The General Assembly, by resolution 995 (X) of 14 December 1955, admitted 16 new States to United Nations membership. As a result, the Assembly, in resolution 1087 (XI) of 21 December 1956, approved a revised scale of assessments for 1956 and 1957 which incorporated the adjustments required to implement fully, for the first time, the per capita ceiling principle in respect of the rates of assessment for Canada, New Zealand and Sweden. The principle continued to be applied to Canada in the 1958 scale; to Canada and New Zealand in the 1959-1961 scale; to Canada in the 1962-1964 and 1965-1967 scales, to Kuwait in the 1968-1970 scale; to Kuwait and Sweden in the 1971-1973 scale; and, because of the waivers by Canada, Denmark and Sweden, to only two Members, Kuwait and the United Arab Emirates in the 1974-1976 scale.

12. For its examination of the per capita ceiling principle, the Committee next studied certain statistical projections and trends with a view to obtaining a perspective of changes in the relative capacity to pay of Member States. Despite the admittedly tentative nature of those projections, the Committee was able to gain valuable insight as to the relative impact on Member States of the drastic changes which have been taking place in the world economic scene and of the continuing consequences of the reduction in the maximum contribution to 25 per cent. The Committee found, for example, that it was probable that the rates of assessment of some eight to nine Member States would be affected by the per capita ceiling principle in the 1977-1979 scale, as compared with five in the 1974-1976 scale and a maximum of three in scales for the preceding 26 years. The Committee also found it likely that the number of countries benefiting from that principle in future scales would continue to increase.

13. The Committee considered the implications of maintaining the per capita ceiling principle in the face of the significant changes in national economies that had occurred over the past 25 years and of the reduction in the maximum contribution to 25 per cent. It reached the self-evident conclusion that, as a growing number of countries with strong economies and high per capita incomes were called upon to contribute to the expenses of the Organization at lower and lower rates in relation to their capacity to pay, a concomitantly greater burden would of necessity be placed on States in the median or low per capita income groups. One member felt that the per capita ceiling principle should be examined in conjunction with other criteria affecting capacity to pay.

14. It was the view of the Committee that to apply the per capita ceiling principle under the circumstances described above would be to lead to substantial deviations from the basic principle of capacity to pay. The Committee was of the opinion, therefore, that the per capita ceiling principle could no longer be held to be equitable and was unanimous in recommending its abolition in terms of the scales of assessment commencing with the 1977-1979 triennium.



#### IV. EFFECT OF ECONOMIC CHANGES

15. During its re-examination of the per capita ceiling principle, the Committee on Contributions also addressed itself to the probable consequences for the next scale of assessments of the exceptionally wide-ranging relative changes that had occurred in the national economies of many Member States - both developed and developing. Within that context, it recalled the provision, under rule 160 of the rules of procedure of the General Assembly, that the scale of assessments, when once fixed by the Assembly, should not be subject to a general revision for at least three years unless it was clear that there had been substantial changes in relative capacity to pay. The Committee noted that the changes in relative capacity to pay of Member States would give rise to very steep individual increases in the next triennial scale and explored at some length the advisability of recommending, as a transitional measure, the establishment of a revised scale of assessments for one or possibly two two-year periods commencing with the year 1976. Aware, however, of the uncertainty of the statistical material at hand (data for 1973 were available for very few Member States), as well as of the advantages of continuing to base the scale on a three-year period, which allows for a more reliable averaging of economic changes, the Committee concluded that it would be premature for it to recommend a general review of the scale prior to the availability of comprehensive data for the years 1972-1974 and that it was preferable to retain a scale of assessments based on a three-year period. In arriving at that conclusion, the Committee was also influenced by the understanding that the expectations of Member States had been based upon the recently adopted 1974-1976 scale of assessments and that those expectations ought not to be disturbed.

16. At the same time the Committee emphasized that the national economies of many Member States had changed to such an extent that the application of the basic principle of capacity to pay would call for steep increases in rates of assessment in the next scale despite the operation of the Committee's practice of mitigating drastic shifts between scales.

## V. OTHER MATTERS CONSIDERED BY THE COMMITTEE

### A. Price changes and exchange rates

17. At its sessions in 1971 5/ and 1972, 6/ the Committee on Contributions studied the problem of taking into account differential price changes in relation to exchange rates. During its general review of the scale of assessments for 1974-1976 in 1973, the Committee continued to follow the practice of paying particular attention to the effect of noticeable differential changes in price levels in relation to exchange rates in individual cases in order to moderate the impact of inordinate sharp price movements on national income data. The Committee is of the view that the magnitude of economic changes that have taken place since its last review of the scale warrants a further study of the ways of taking this factor into account and intends to return to this matter at its next session. By the same token, the Committee requested the Secretariat to prepare, for the purposes of the next general review of the scale, such statistical data as would enable it, inter alia, to divide the value aggregate into volume and price subcomponents, after the conversion of the national currency figures into dollars, and to give special attention to the international reserves and external public debt position related to items in the current account of the balance of payments and to indices of export and import value, price and volume and terms of trade for developing and developed countries.

### B. Assessment of non-member States

18. The General Assembly, in paragraph 29 of resolution 1995 (XIX) of 30 December 1964, provided that the expenses of the United Nations Conference on Trade and Development (UNCTAD), its subsidiary bodies and its secretariat should be borne by the regular budget of the United Nations, which should include a separate budgetary provision for such expenses. It was further stated in the resolution that, in accordance with the practice followed by the United Nations in similar cases, arrangements should be made for assessments on States not Members of the United Nations which participated in UNCTAD.

19. Having considered, in the light of the foregoing resolution, the participation of Guinea-Bissau in the activities of UNCTAD, the Committee recommends that Guinea-Bissau be called upon to contribute towards the expenses of UNCTAD for the years 1974, 1975 and 1976 at the rate of 0.02 per cent.

20. At its 2169th plenary meeting, on 16 November 1973, the General Assembly approved a recommendation of the Fifth Committee that "the States non-members of the United Nations to be invited to participate in the Third United Nations Conference on the Law of the Sea be invited to give consideration to contributing to the expenses of the Conference on the basis of the rates determined for this purpose by the General Assembly". 7/

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5/ Ibid., Twenty-sixth Session, Supplement No. 11 (A/8411).

6/ Ibid., Twenty-seventh Session, Supplement No. 11 (A/8711).

7/ Ibid., Twenty-eighth Session, Annexes, agenda item 79, document A/9319, para. 16.

21. In resolution 3062 (XXVIII) of 9 November 1973, the General Assembly approved rates of assessment for 1974-1976 for the contributions of the following non-member States towards the expenses of activities in which they participate:

	<u>Percentage rates for 1974-1976</u>
Bangladesh . . . . .	0.10
Democratic People's Republic of Korea . . . . .	0.07
Holy See . . . . .	0.02
Liechtenstein . . . . .	0.02
Monaco . . . . .	0.02
Republic of Korea . . . . .	0.11
Republic of Viet-Nam . . . . .	0.06
San Marino . . . . .	0.02
Switzerland . . . . .	0.82

In the event that these non-member States decide to contribute to the expenses of the Third United Nations Conference on the Law of the Sea, the Committee believes it appropriate that the rates specified above be utilized for the purpose.

22. The Committee understands that invitations to attend and to contribute to the expenses of the Conference are still under consideration by Guinea-Bissau, Nauru, Tonga and Western Samoa. Should those invitations be accepted, the Committee recommends an assessment for each of these non-member States at the rate of 0.02 per cent.

23. During its consideration of the question of assessments of non-member States, the Committee, bearing in mind the remarks contained in its report to the General Assembly at its twenty-eighth session, 8/ discussed the desirability of establishing uniform regulations to govern the contributions of non-member States to the expenses of all activities, including conferences, in which they participated. The Committee felt that the subject was one which it might usefully study at its thirty-fifth session in 1975.

### C. Collection of contributions

24. In accordance with its terms of reference, one of the functions of the Committee on Contributions is "to consider and report to the General Assembly on the action to be taken if Members fall into default with their contributions" and to "advise the Assembly in regard to the application of Article 19 of the Charter". 9/

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8/ Ibid., Twenty-eighth Session, Supplement No. 11 (A/9011 and Corr.1 and Add.1), para. 61. The Committee drew the attention of the General Assembly to the possibility of using the rates of assessment which it had recommended for the contributions of certain non-member States towards the expenses of the specific activities in which they participated, or for any other United Nations activities in which such States might participate and to which they might be required to contribute.

9/ Ibid., annex.

25. The Committee took note of the fact that at the time of the opening of its session no Members were in arrears in the payment of their contributions to the United Nations regular budget within the terms of Article 19 of the Charter.

26. In resolution 3062 (XXVIII) the General Assembly authorized the Secretary-General, as in previous years, to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the years 1974, 1975 and 1976 in currencies other than United States dollars.

27. At its current session, the Committee considered a report of the Secretary-General on the arrangements made for payments by Member States of 1974 contributions in currencies other than United States dollars. The report showed that seven Member States had availed themselves of the opportunity to pay the equivalent of \$10.9 million in six of the 16 non-United States dollar currencies acceptable to the Organization. The Committee noted that the Secretary-General had continued to give absolute priority to each Member State for payment in its own currency.

28. During its discussion of the question of the collection of contributions, the Committee also considered the problem of delays in the payment of contributions by Member States. It recalled that the General Assembly, in resolution 3049 A (XXVII) of 19 December 1972, had urged all Member States to review their payments pattern of contributions to the United Nations regular budget with a view to paying future contributions on time. In order to ameliorate the financial situation of the Organization, the Committee hopes that Member States will endeavour to pay their contributions as soon as possible.

#### D. Scales of contributions of specialized agencies

29. Bearing in mind requests received from specialized agencies in connexion with their scales of assessment, the Committee intends to examine, at its next session, the nature of the material and advice it normally makes available in responding to these requests.

#### E. Date of the next session of the Committee

30. The Committee decided to open its next session at United Nations Headquarters on 6 May 1975.

## VI. RECOMMENDATIONS OF THE COMMITTEE ON CONTRIBUTIONS

31. The Committee on Contributions recommends to the General Assembly the adoption of the following draft resolutions:

### Scale of assessments for the apportionment of the expenses of the United Nations

#### A

##### The General Assembly,

Recalling its resolutions 238 (III) of 18 November 1948, 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1137 (XII) of 14 October 1957 and 2961 D (XXVII) of 13 December 1972,

Recalling further the decision of the Fifth Committee 10/ which it endorsed at its 2164th plenary meeting, on 9 November 1973,

Noting the recommendation of the Committee on Contributions on the per capita ceiling principle, as contained in the report on its thirty-fourth session, 11/

Decides to abolish the per capita ceiling principle in the formulation and establishment of rates of assessment, commencing with the scale for the 1977-1979 triennium.

#### . B

##### The General Assembly

Resolves that, subject to rule 160 of the rules of procedure of the General Assembly, Guinea-Bissau, which is not a Member of the United Nations but which participates in the activities of the United Nations Conference on Trade and Development, shall be called upon to contribute towards the 1974, 1975 and 1976 expenses of the Conference at the rate of 0.02 per cent.

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10/ Ibid., Twenty-eighth Session, Annexes, agenda item 84, document A/9292, para. 17.

11/ Ibid., Twenty-ninth Session, Supplement No. 11 (A/9611).

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