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SUMMARY RECORD OF THE 17th MEETING

Chairman: Mr. AL-MASRI (Syrian Arab Republic)

Chairman of the Advisory Committee on Administrative and Budaetarv Guestions: Mr. MSELLE

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 123: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991 (continued) (A/44/6/Rev.1, A/44/7, A/44/16)

1. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that the preparation of the programme budget outline, despite some shortcomings and the oversimplified method used to calculate the preliminary estimates, had played a positive role in the establishment of the programme budget. In particular, although a number of reservations had to be entered on that score, it was to be noted that the proposed expenditure increase was relatively limited. The expansion of programme elements was also a positive development, facilitating a better utilisation of resources and more effective avoidance of duplication and overlapping. The most important point, however, was that the intergovernmental organs and the Secretariat of the United Nations were now giving very close attention to the problems and shortcomings of programme and resource planning and, in a constructive manner, seeking means of correcting them.

2. It should not be concluded, however, that his delegation was unconcerned by the problems arising from the lack of acceptable methods and procedures for the preparation and consideration of the outline, the delays in formulating procedures to govern the utilization and operation of the contingency fund, or the conservatism of the Secretariat, whose efforts to contain the proposed programme budget strictly within the limits of the preliminary estimates had been less than persistent.

3. What worried his delegation were not so much the $1,300,000 requested over and above the preliminary estimates as the fact that a unanimously adopted decision of principle was being ignored. Corrective action should be taken when approving the proposed programme budget: the preliminary resource estimate and the amount set aside for the contingency fundiere ceiling figures which should on no account be exceeded. The reasons for strictly applying that rule were twofold: first, if precedents - even isolated ones - were tolerated, the new budgetary process became meaningless, not'to mention the fact that requests for funds to cover additional expenses had never been a sign of efficiency: and, second, it was well known that all United Nations budget proposals, in fact, contained a number of flaws and unused possibilities whose correction or utilisation, if only in part, would release sufficient resources to meet unforeseen requirements.

4. His delegation endorsed without reservation all the recommendations made by CPC in connection with the proposed programme budget and the new budgetary process. It considered that those recommendations would contribute greatly towards enhancing the efficiency of the administrative and financial functioning of the United Nations. It also approved the recommendations of ACABQ on the proposed programme budget while regretting their lack of vigour in certain cases; for example, the figure of $6,898,800 proposed by way of reduction in the expenditure estimates was altogether inadequate.

AGENDA ITEM 129: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/44/11 and Add.1)

5. Mr. BOUR (France), speaking on behalf of the Twelve States members of the European Community, said that while the wisdom and competence of the Committee on Contributions had enabled the General Assembly in 1988, for the first time, to adopt the scale of assessments without a vote, Member States in turn had a duty to discharge their obligations under Article 17, paragraph 2, of the Charter.

6. With regard to the methodology for determining the scale, the Twelve continued to uphold the principle of capacity to pay but noted that the introduction of selective elements in response to requests by certain Member States had made calculations more complex, whereas it was in fact in everyone's interest to promote greater simplicity. The concept of national income formed the basis of the methodology, but the five alternative income concepts considered by the Committee on Contributions did not appear, even in that body's view, to be sufficiently developed conceptually. The States members of the European Community could, in principle, accept an improvement of the definition of national income if it were accompanied by a simplification of the methodology or, in other words, by the elimination of the various adjustments currently employed.

7. So far as the constituent elements of the current methodology were concerned, the Twelve favoured the maintenance of a statistical base period of 10 years, which was a guarantee of stability and, hence, of equity. With regard to adjustments for high levels of external indebtedness, availability of reliable data was of the essence and the Committee on Contributions was therefore right to continue studying the issue within the context of its discussion on the definition of national income. Noting that that Committee had deferred its decision on a recommendation for a low per capita income allowance formula, the Twelve suggested that it should continue to consider that issue on the basis of the study requested from the Secretariat. As for the question of ceiling and floor rates, the Twelve did not favour an adjustment as a result of which the scale would become an even less faithful reflection of Member States' capacity to pay. In considering the issue, the Committee on Contributions should bear in mind that, as emerged from annex III to its report (A/44/11), contributions to the United Nations varied considerably in terms of percentage share of national income.

8. The scheme to avoid excessive variations of individual rates of assessment between successive scales had effects on the methodology as a whole and was unlikely to simplify it. The Twelve considered that the statistical base period should suffice to absorb the impact of variations in economic conditions. As to ad hoc adjustments, the Committee on Contributions remained in the best position to judge their merits, taking into account the principles set forth in General Assembly resolution 43/223 B and on condition that such adjustments did not exceed the total number of points offered voluntarily by States.

9. The States members of the European Community considered that the Committee on Contributions should pursue its efforts to obtain reliable and homogeneous data and should continue to examine various possibilities of improving the methodology for

(Mr. Bour, France)

-culating contributions with a view to submitting specific proposals to the General Assembly at a later stage.

10. Mr. LIBAS (Philippines) said that the report of the Committee on Contributions responded to the request made by many delegations at the forty-third session for greater transparency in the methodology used in calculating assessments. Of the three alternative income concepts which the Committee had decided to study more closely, particular attention should be paid to the concept of debt-adjusted income because of the tremendous negative impact of foreign debt on national income and disposable income, and thus on capacity to pay. It was to be hoped that once the Committee was in possession of more reliable and complete data on foreign debt, it would be better able to refine the methodology for reflecting the debt factor when determining national income.

11. The lo-year statistical base period gave a fairly accurate picture of the economic situation of most Member States. A shorter period would not provide the necessary stability and continuity, while a longer period would negate the effect of economic fluctuations and make it difficult to pinpoint changes. As far as the low per capita income allowance formula was concerned, it was quite possible that an upward adjustment of the upper per capita income limit would have to be made because of changing world economic conditions and the increase in average per capita income. Member States ought perhaps to consider whether the relief gradient should be correspondingly adjusted.

12. While the effects of the scheme to avoid excessive variations of individual rates of assessment between successive scales might be unimportant when considered in isolation, they became significant when combined with the effects of other elements of the methodology. A clearer picture of the interrelationship between the scheme and other aspects of the methodology should be obtained before any changes were made. Lastly, although it was unrealistic to expect that ad hoc adjustments would be completely eliminated, all Member States hoped to minimize their application. Some flexibility was necessary, but it should be accompanied by greater transparency.

13. Mr. OGURA (Japan) noted that his country's assessment under the current scale - 11.38 per cent - was the second highest. As United Nations activities expanded, particularly in the area of peace-keeping, Member States had to bear an increasingly heavy financial burden. Accordingly, they wanted the methodology used in calculating assessments to be both fair and stable. The review undertaken by the Committee on Contributions must therefore be based on solid, reliable data and draw upon the best expertise available. Then the Committee's recommendations must be respected by all Member States.

14. Capacity to pay, the fundamental criterion of the scale, was determined on the basis of national income. His delegation urged alternative income concepts should be studied extremely carefully so that the concept chosen would be more complete and stable. His delegation associated itself with those advocating the retention of the lo-year statistical base period, for the reasons indicated in the

(Mr. Ogura, Japan)

Commi ttee's report) moreover) the period hud been introduced only in 1983, It was also too early to revise the scheme to avoid excessive variations of individual rates of assessment between successive scales, which had been applied oniy since 1986. As the world economy was still fluctuating, the elimination of that scheme would create budgetary problems for Member States, which in turn would make timely payment of contributions more dif f icult.

15. In conclusion, he pointed out that the apportionment of the expenses of the United Nations did not always reflect the status of Member States under the Charter of the Organization. For example, Member States which were permanent members of the Security Council enjoyed privileges that ought to entail special obligations, particularly of a financial nature.

16. Ms. OLDFELT HJERTONSSON (Sweden), speaking on behalf of the Nordic countries, recalled that in 1988 the General Assembly had requested ● he Committee on Contributions to undertake a comprehensive review of all aspects of the existing methodology for determining the scale of assessments, As the General Assembly had given detailed guidelines on that subject, the Fifth Committee should adopt a brief resolution thereon, particularly since the Committee on Contributions needed additional time to look into the questions raised by the previous year 's resolution. The Nordic countries had nevertheless hoped that the Committee might submit concrete proposals on tho many issues that had been identified as problem areas.

17. The report of the Committee on Contributions gave a clear picture of the current methodology for determining tho scale of assessments. It was to be regretted, however, that. the Committee had been unable to present any conclusions as to the appropriate length of the statistical base period.

18. The Committee on Contributions had found that further studies were needed in order to roach conclusions about the utility of alternative income concepts, particularly with regard to national disposable income, debt-adjusted income and income adjusted for price-adjusted rates of exchange (PARE). The Nordic countries looked forward to the Committee's conclusions on that question, which would he submitted to the General Assembly in 1990.

19. The Secretariat. had not been in a position to carry out the study which had been requested on adjustment Eor high levels of external indebtedness because of the unavailability of reliable data on loan stocks. She therefore welcomed the fact that the joiut working group composed of representatives of IMF, the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the Bank for International Settlements would carry out the study during the fourth quarter of 1989.

20. The idea of a more even apportionment of financial obligations among Member States had been discussed for years. It was therefore unfortunate that the Committee had chosen not. to discuss the possibility of adjusting ceiling and floor rates. A more even apportionment of assessments would make the United Nations less dependent. on any single Member State and would reflect more accurately the fact that the Organization was the instrument of all countries.

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(Ms. Oldfelt Hiertonsson, Sweden)

21. It would indeed be difficult to devise a methodology that made all ad adjustments superfluous, but such adjustments ought to be minimised.

22. Mr. OSELLA (Argentina) said he hoped that the study of the concepts mentioned in General Assembly resolution 43/223 B would be carried out so that the new methodology for determining the scale of assessments would correspond to the fundamental criterion of capacity to pay. In the same resolution, the General Assembly had reguested the Committee on Contributions to consider the possible use of other factors.

23. Of the various criteria considered, debt-adjusted income was important and should be kept under review so that it could be reflected in national income. The scale of assessments should in fact reflect general trends in the world economy: however, much remained to be done if the financial burden of Member States was to be contained in the future, given the seriousness of the economic and financial situation of certain regions. His delegation welcomed the study of other criteria, such as price-adjusted rates of exchange (PARE). Finally, in elaborating a new methodology, a shortening of the statistical base period should be considered so that every country's real capacity to pay could be determine? more accurately.

The meetinu rose at 11.35 a.m.