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Agenda item 67SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF  
THE EXPENSES OF THE UNITED NATIONS:

## REPORT OF THE COMMITTEE ON CONTRIBUTIONS

Report of the Fifth CommitteeRapporteur: Mr. N.A. QUAO (Ghana)

1. The Fifth Committee at its 975th, 976th, 977th, 978th and 982nd meetings held between 14 and 19 December 1962, considered agenda item 67: Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions.<sup>1/</sup> The Committee had before it a draft resolution proposed by the Union of Soviet Socialist Republics (A/C.5/L.732 and Corr.1 and 2) and a note by the Secretariat (A/C.5/L.769) presenting in resolution form the recommendations made by the Committee on Contributions in its report (A/5210).
2. The Chairman of the Committee on Contributions in introducing the report explained that, as directed by the General Assembly, the Committee, at its session in 1962, had reviewed the scale of assessments in the light of the discussion in the Fifth Committee at the sixteenth session and in the light of such further information as had been made available to it. One of the main points raised in the Fifth Committee referred to the action taken by the Committee on Contributions to achieve greater statistical comparability between the national income statistics of Member States using different concepts of national income. At its 1961 session the Committee on Contributions had decided to make adjustments for the fact that while the value of certain services was included in the United Nations

<sup>1/</sup> Official Records of the General Assembly, Seventeenth Session, Supplement No. 10 (A/5210).

System of National Accounts used by a majority of Member States, it was not included in the concept of "net material product" as applied by countries with centrally planned economies. In view of the complexity of the problem, the Committee had moved cautiously in 1961 in making the adjustments it regarded as necessary to achieve better comparability and had sought to mitigate the consequences of those adjustments in the assessments of the Member States principally affected. The Chairman further explained that while national income estimates had been suggested in the Committee's terms of reference as the fairest guide in determining the relative capacity to pay of Member States, it was recognized that they could not be claimed to be an instrument of fine measurement. It was, however, the task of the Committee to achieve the maximum degree of statistical comparability for the purpose of apportioning the expenses of the United Nations broadly according to capacity to pay. It had hoped, before its 1962 session, to have the benefit of a study by an expert group of economist/statisticians to be appointed by the Secretary-General to assist the Secretariat in the preparation of documentation for the Committee. Unfortunately, it had not proved possible to establish the group of experts so that the Committee had not had the benefit of such a study in its deliberations. After consideration of the various aspects of the problem of comparability and of the additional information submitted to it, the Committee had reached the conclusion that wider agreement on all the concepts and calculations would be required before any attempt should be made to make allowance for individual factors. In its report the Committee had recommended, therefore, that the Secretary-General should undertake an expert study of the different systems of national accounting and it hoped to have the results of such a study at its disposal before the next examination of the scale of assessments. Referring to other points raised in the Fifth Committee, the Chairman stated that the Committee on Contributions had once again considered how much weight should be given to temporary dislocation of national economies arising out of the Second World War and to the ability of Members to secure foreign currency. It had found no grounds for departing from its earlier conclusions that the consequences of war dislocations were largely reflected in

the national income figures and that it would not be practicable to make a systematic allowance for the difficulty in securing foreign currency although it might be possible to take that factor into account in arriving at individual assessments. The Committee's recommendations on the assessment of new Member States and other matters before it had been embodied in the note by the Secretariat (A/C.5/L.769).

3. In the course of the discussion, tribute was paid by many delegations to the conscientious way in which the Committee on Contributions had done its work and to the impartiality and objectivity with which it had always carried out its task of establishing the United Nations scale of assessments, whereas others objected to this evaluation.

4. Some delegations could not accept the conclusions reached by the Committee on Contributions on factors specifically mentioned in its terms of reference. They maintained that the consequences of the Second World War were still strongly felt in their countries, which had suffered the loss of millions of lives and material destruction on an unprecedented scale. Furthermore, many Member States were still experiencing acute difficulties in obtaining foreign currency including United States dollars, the currency required for the payment of their contributions to the United Nations.

5. A number of delegations commented specifically on the treatment of taxation in the national income estimates which formed the basis of the scale of assessments. They held that it would have been preferable to obtain the expert study on all the technical problems involved that was now requested before attempting to adjust the national income estimates of the countries with centrally planned economies. In their opinion, the comparability of the national income aggregates of Member States was impaired by the different treatment of taxes in the national incomes of the Member States when valued at factor costs, and that this difference in treatment was to the disadvantage of Member States using the "net material product" system of national accounts. According to this view, the Committee on Contributions should have based the assessments on the national incomes of all Member States valued at market prices.

6. It was also stated that the Committee on Contributions had, since 1947, systematically recommended decreases in the levels of assessments of the United States and other Western countries, while the assessments of the socialist countries had been drastically increased during the same period, despite the fact that the membership of the Organization had more than doubled. These increases were unjust and excessive and the fact that the United Nations assessments were also used as a basis for establishing the rates of contribution to the specialized agencies made the consequences even more serious. The reduction in the United States assessment to 32.02 per cent was particularly surprising since the payment of its contribution in dollars presented no problem and it derived substantial advantage from the fact that the United Nations had its Headquarters in New York. Furthermore, if based on the official statistics and on ability to pay, the assessment should be as high as 38.5 per cent.

7. Referring to the United States assessment, the representative of the USSR, in introducing his delegation's draft resolution, stated that the main reason for the progressive shifting of the burden of contributions to the Soviet Union and other Eastern countries was the decision of the General Assembly (resolution 1137 (XII)) to adopt a maximum contribution of 30 per cent for the largest contributor. The USSR draft resolution (A/C.5/L.732 and Corr.1 and 2) read as follows:

"The General Assembly,

"Recalling its resolution 14 A (I) of 13 February 1946,

"Confirming the principles set out in paragraph 13 of section 2 of chapter IX of the report of the Preparatory Commission of the United Nations, adopted in terms of paragraph 3 of the above-mentioned resolution that the expenses of the Organization should broadly be apportioned in accordance with ability to pay, and also the main factors to be taken into account in order to prevent anomalous assessments arising from the comparative estimation of national income, namely:

- (a) Comparative income per head of population;
- (b) Temporary dislocation of national economies arising out of the Second World War;
- (c) The ability of Members to secure foreign currency,

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"1. Decides to rescind the relevant provisions of resolution 238 (III) of 18 November 1948, 665 (VII) of 5 December 1952 and 1137 (XII) of 14 October 1957 regarding the apportionment of the expenses of the United Nations among its Members and the fixing of the maximum contribution of any one Member State;

"2. Requests the Committee on Contributions to submit to the eighteenth session of the General Assembly a revised scale of contributions for 1964 and subsequent years taking into account the abolition of the upper ceiling for the contribution of any one Member State."

8. In the course of the discussion, several delegations strongly supported the USSR draft resolution. They were of the opinion that the principle of a ceiling on the assessment of the highest contributor should be abolished because it conflicted with what they regarded as the fundamental principle that the scale of assessments should be established in accordance with certain specific factors as referred to in the USSR draft resolution.

9. Other delegations expressed their support of the Committee on Contributions' recommendations. They pointed out that at the previous session, certain delegations had charged that the Committee on Contributions had not given proper consideration to the statistics of the countries with centrally planned economies and consequently had assessed them too high. In order to assure that there was no serious inequity in the scale of assessments, the General Assembly had asked the Committee on Contributions to review the scale in the light of the discussion in the Fifth Committee at the sixteenth session and in the light of such further information as might be made available to it. Some delegations regretted that - because of the failure of the USSR to participate - it had not been possible to establish the proposed group of economist/statisticians to study the problem of comparability, which would have facilitated the Committee's task. They supported the Committee's conclusion that until there was greater agreement on all the concepts and calculations involved, no adjustments for individual factors should be attempted. They welcomed the Committee's recommendation that the Secretary-General should undertake an expert study of different systems of national accounting in order to obtain advice on all relevant problems of statistical comparability before the next examination of the scale of assessments. Agreement was also expressed with the conclusion reached by the Committee on Contributions that current national income statistics made sufficient allowance for any dislocations arising out of the Second World War that might still persist. That

conclusion had been accepted by the General Assembly as far back as 1951. As regards foreign exchange difficulties, it was noted that it had been taken into account in arriving at individual assessments. Furthermore, facilities were afforded to all Member States to pay part of their contribution in currencies other than United States dollars and efforts were being made to expand the existing arrangements.

10. A number of delegations stated that they could not accept the draft resolution submitted by the USSR, the major aim of which was to rescind the ceiling on the maximum contribution to be paid by any one Member. The principle of the ceiling had been included in the original terms of reference of the Committee on Contributions as contained in the Preparatory Commission's report<sup>2/</sup> and adopted at the first part of the first session of the General Assembly (resolution 14 A (I)). The General Assembly had thus recognized from the beginning that in an Organization of sovereign equals, no Member State should bear an unduly high proportion of the cost. Although capacity to pay was the principal factor, the size of the membership was also an important consideration. With the increase in the membership of the Organization from 51 in 1946 to 110 at the present time, the assessment for the United States had by General Assembly decision been gradually reduced from 39.89 per cent to the present assessment of 32.02, and should in principle under General Assembly resolution 1137 (XII) not exceed 30 per cent.

11. Other delegations, while not supporting the USSR draft resolution, would favour an examination of the various guiding principles for the establishment of the scale as suggested in paragraph 12 of the Committee on Contributions' report (A/5210). It was emphasized that these principles had been evolved over the years and it was important not to upset the delicate balance achieved. In this connexion, the view was expressed that in giving effect to General Assembly resolutions under which the Committee on Contributions was asked to give special attention to lower per capita income countries and to implement the ceiling and per capita ceiling principles, attention should also be given to the middle income countries which were not protected by these directives.

12. The Committee agreed unanimously that if as a result of further expert study, and of information from Member States, adjustments seemed warranted, the Committee on Contributions could be relied upon to recognize that these should be made and that the Committee should be requested to report to the eighteenth session of the General Assembly with any recommendations for revisions of the scale of assessments that might be warranted.

<sup>2/</sup> Report of the Preparatory Commission of the United Nations (PC/20) chapter IX, section 2, paragraphs 13 and 14.

It was hoped therefore that in a spirit of co-operation, a text could be agreed upon for consideration in the Fifth Committee's report which would reflect the consensus of opinion in the Committee.

13. After a further exchange of views, the representative of the USSR, in response to an appeal by the representative of Mali, decided in the interest of co-operation to withdraw the USSR draft resolution (A/C.5/L.732 and Corr.1 and 2), on his understanding, shared by other delegations, that the matter would be referred to the Committee on Contributions for consideration. Several delegations pointed out that they could not agree to the USSR draft resolution as such being referred to the Committee on Contributions for consideration, but that they would not object to it being referred to the Committee as part of the Fifth Committee's report.

14. The Chairman of the Fifth Committee, in summing up the discussion, stated that, while some delegations supported the USSR draft resolution which had been withdrawn on the understanding that the matter would be referred to the Committee on Contributions, others felt that no attempt should be made to formulate certain of the Fifth Committee's directives without consideration being given to all the elements involved. He suggested that the Secretariat should consult with the interested delegations in the preparation of a text that might be generally acceptable to the Committee.

#### Contribution of New Members for Year of Admission

15. The representative of the United Kingdom, referring to the proportion of the contribution paid by other new Member States for the year of admission, suggested, and at the 978th meeting formally proposed, that the four new Members (Mauritania, Mongolia, Sierra Leone and Tanganyika) now under consideration, should contribute for the year 1961, one ninth of their assessment for the full year, instead of one sixth as recommended by the Committee on Contributions.

The Fifth Committee unanimously agreed to the proposed reduction in the rates of contributions of the new Members for their year of admission, which was in line with the reductions granted to all Members admitted to the Organization since 1955.

#### Collection of Contributions in currencies other than US Dollars

16. The Committee took note of Chapter VII of the Committee on Contributions' report (A/5210) on its study of the arrangements for facilitating the payment of Member States' contributions in currencies other than US dollars. It welcomed any further arrangements that would broaden the present range and amounts of acceptable currencies and thereby facilitate the payment of Member States' contributions. It was emphasized, however, that in any such arrangements, it would be necessary to safeguard the United Nations against exchange losses, and that the acceptance of inconvertible currencies for which the Organization could find no use and arrangements that would prove uneconomical must at all times be avoided.

Decisions of the Fifth Committee

17. At the 982nd meeting, a note by the Chairman (A/C.5/L.775) presented a text in resolution form for consideration by the Fifth Committee as a possible basis for decision. The note incorporated (a) the recommendations made by the Committee on Contributions in its report (A/5210) as amended by the decision taken at the 978th meeting on the basis for the assessment of Mauritania, Mongolia, Sierra Leone and Tanganyika in respect of the year of their admission, and (b) a number of informal suggestions of various members of the Committee.
18. The Committee decided to vote on the draft resolution contained in the note by the Chairman (A/C.5/L.775).

The draft resolution was voted on as a whole and was adopted unanimously.

19. Accordingly, the Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

DRAFT RESOLUTION

SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE  
EXPENSES OF THE UNITED NATIONS

The General Assembly,

Having considered the report of the Committee on Contributions (A/5210),

1. Resolves that the rates of assessment for Mauritania, Mongolia, Sierra Leone and Tanganyika shall be as follows:

	<u>Per cent</u>
Mauritania	0.04
Mongolia	0.04
Sierra Leone	0.04
Tanganyika	0.04

These rates shall be in addition to the scale of assessments for 1962, 1963 and 1964 of 100 per cent contained in paragraph 1 of resolution 1691 A (XVI) of 18 December 1961 and shall be applied to the same basis of assessment as for other Member States;

2. Resolves that, in view of the fact that Sierra Leone became a Member of the United Nations on 27 September 1961, Mauritania and Mongolia on 27 October 1961, and Tanganyika on 14 December 1961, these States shall

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contribute for the year of admission an amount equal to one ninth of their percentage assessment for 1962 applied to the net budget for 1961;

3. Resolves that the joint assessment of 0.30 per cent for Syria and the United Arab Republic in the scale of assessments for 1962-1964 contained in paragraph 1 of resolution 1691 A (XVI) shall be divided between these two States as follows:

	<u>Per cent</u>
Syria	0.05
United Arab Republic	0.25

4. Resolves that the advances to the Working Capital Fund by Mauritania, Mongolia, Sierra Leone and Tanganyika, under regulation 5.8 of the Financial Regulations of the United Nations, shall for each of these States be 0.04 per cent of the total amount of the Fund and that these advances shall be carried as additional to the authorized level of the Fund, pending the inclusion of the rates of assessments of the four new Members in the scale of 100 per cent;

5. Requests the Secretary-General to undertake an expert study of different systems of national accounting with a view to obtaining advice on all relevant problems of comparability arising in the preparation of statistical material for the Committee on Contributions' use when it further examines the scale of assessments;

6. Invites the Secretary-General to transmit to the Committee on Contributions the record of the discussions and the report of the Fifth Committee at the seventeenth session on the scale of assessments;

7. Requests the Committee on Contributions, in the light of the results of the expert study provided for in paragraph 5 above and of all information from Members which may be made available to it, to report to the eighteenth session of the General Assembly with any recommendations concerning possible revisions in the scale of assessments as may appear warranted.