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SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF
THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS

Report of the Fifth Committee

Rapporteur: Mr. Raouf BOUDJAKDJI (Algeria)

1. The Fifth Committee, at its 1045th and 1046th meetings held on 20 and 21 November 1963, considered agenda item 62: Scale of assessments for the apportionment of the expenses of the United Nations: Report of the Committee on Contributions. It had before it the report of the Committee on Contributions (A/5510), a draft resolution proposed by the United Arab Republic and Yugoslavia (A/C.5/L.806) and a report by the Secretary-General on the Collection of Contributions as at 16 September 1963 (A/C.5/985 and Add.1).
2. The Chairman of the Committee on Contributions, in introducing the report, recalled that under resolution 1870 (XVII) the General Assembly had requested the Committee to make recommendations concerning possible revisions in the scale of assessments, in the light of the results of an expert study of different systems of national accounting which the Secretary-General was to undertake. The General Assembly and the Committee on Contributions had long been concerned with the problem of improving the comparability of the two main systems of national accounting; namely, the United Nations System of National Accounts (SNA) and the Material Product System (MPS). The Secretary-General's report to the Committee on Contributions on the first phase of the expert study, which had been initiated by consultations with four experts from Czechoslovakia, Hungary, the United Kingdom and the United States showed that progress had been made in the comparison of the two systems. In the light of the expert study, the Committee on Contributions had

reviewed the information submitted by Member States and in two cases, Czechoslovakia and Hungary, had recommended a downward revision of their assessments with retroactive effect to the years 1962 and 1963. Referring to the assessment of the Member States admitted to the Organization at the seventeenth session and at the fourth special session, the Chairman explained that since the Committee on Contributions was required to undertake a general review of the scale in 1964, it had decided not to integrate the rates for the new Members in the existing scale at the present time. With regard to the contributions of the new Members for their year of admission, the Committee on Contributions had suggested that if the General Assembly should decide to make an exception to the rule and fix their contributions at less than one-third of the contribution for the full year, the reduced contribution should not be less than one-ninth. In conclusion, he called on Member States to provide the Committee with as complete statistical data as possible to assist it in its review of the scale at its session in 1964.

3. In introducing the draft resolution proposed by the United Arab Republic and Yugoslavia (A/C.5/L.806), the representative of the United Arab Republic explained that the difference between the draft resolution recommended by the Committee on Contributions and the one now presented was mainly a question of form. In the opinion of the sponsors, a scale of assessments should be recommended every three years and in the interim the recommendations should be limited to changes in the scale. They had incorporated in the draft text the recommendations of the Committee on Contributions on the assessments of Czechoslovakia and Hungary and of the new Member States. Certain Members and groups of Members were not completely satisfied with the existing scale of assessments and the Committee on Contributions was endeavouring to achieve greater comparability in the statistical data used as a guide in determining the assessments of Member States. It was also important that the developing countries, in view of their special economic and financial problems, receive due consideration in the calculation of rates of assessment and that a directive be given to the Committee on Contributions to that effect. As guidance to the Committee and to assist it in its work, the following two paragraphs (9 and 10) had therefore been included in the proposed draft resolution:

"In calculating rates of assessment, the Committee on Contributions is requested to give due attention to the developing countries in view of their special economic and financial problems;

"The Secretary-General is requested to transmit to the Committee on Contributions the record of the discussions of the scale of assessments at the eighteenth session of the General Assembly together with the report of the Fifth Committee on that subject."

With reference to operative paragraph 4 in which a blank had been left for the proportion to be contributed by Algeria, Burundi, Jamaica, Rwanda, Trinidad and Tobago and Uganda for their year of admission, he suggested that unless there were other proposals the recommendations of the Committee on Contributions be endorsed by the insertion of the words "one ninth" in the fourth line, which would then read "an amount equal to one ninth of their percentage assessment".

4. In the course of the discussion, the recommendations by the Committee on Contributions received general support. Several delegations expressed satisfaction with the progress made in the study of the important and difficult problem of the comparability of the national income statistics of Member States. It was hoped that progress would continue in this field, and that the Committee on Contributions for its next review of the scale would take into account the conclusions of the expert consultants, as well as the work of the Conference of European Statisticians. It was also suggested that the Committee might consider the possibility of using as a guide net national product at market prices, instead of national income estimates at factor cost as used at present.

5. With reference to paragraph 9 of the proposed draft resolution (A/C.5/L.806), it was pointed out that the problems of the developing countries had always been given special consideration by the Committee on Contributions in accordance with previous General Assembly directives. It would therefore be more correct and more in line with previous practice to request the Committee to "continue" to give due attention to these countries. In reply, it was stated that the sponsors recognized that the situation of the developing countries had always been taken into account in drawing up the scale of assessments, but that there were new elements in the situation which should be weighed. As the text of the proposed draft resolution was the result of consultations among a large number of delegations, and in fact represented a compromise text, it was hoped that it could be accepted by the Fifth Committee without amendment.

6. With regard to the terms of reference of the Committee on Contributions, it was stressed by some delegations that in arriving at the scale of assessments, the Committee should continue to have regard to the main factors specifically mentioned therein, namely, comparative income per head of population, temporary dislocation of national economies arising out of the Second World War and the ability of Member States to secure foreign currency. They could not accept the conclusion that the effects of the Second World War on the economies of countries were fully reflected in the national income estimates. They maintained that allowance should continue to be made for the fact that a certain proportion of the national income was still used in some countries to cover expenses arising out of the war. The difficulty experienced by many Member States in obtaining foreign currency should also be given greater weight. A formula to make allowance for this factor might, it was suggested, be developed by calculating coefficients based on the relationship between the proceeds, in convertible currencies, from exports on the one hand and national income per capita on the other. In addition, the Committee on Contributions might review the question of the ceiling on the highest contribution which in principle was to apply only "in normal times". The view was also expressed that the ceiling principle should apply only to the scale for the apportionment of the administrative expenses of the Organization.

7. Other delegations felt that reconstruction and the alleviation of the devastating effects of the Second World War had now been completed in most countries. The gap between the per capita income of the economically developed and under-developed countries continued, however, to widen, a tendency which was so disturbing that the United Nations had decided to convene a special Conference on Trade and Development in 1964. In the course of the discussion of the various factors to be taken into account by the Committee on Contributions in arriving at the scale of assessments and the weight to be given to each of these factors, the warning was given that a modification of any of the guiding principles might upset the delicate balance that had been achieved over the years.

8. In arriving at the rates of assessments for the new Member States, the Committee on Contributions had made allowance for the fact that, in the case of Algeria, national income estimates for the base period 1957-1959 would not reflect the country's current capacity to pay. The Committee had emphasized however that the assessment recommended would not necessarily determine the level for future years. The representative of Algeria drew attention to the various factors affecting the economy of his country and to the enormous task of rehabilitation and economic reconversion with which it was faced and which, he stated, would absorb the country's limited resources. National income statistics were not readily available, but it was known that the per capita income was one of the lowest in the world, estimated at \$26 in certain regions regarded as relatively prosperous. Furthermore, such figures as were available on national income showed a decline from some \$2,000 million in 1959 to \$1,200 million in 1963. It was probable therefore that when the necessary statistics became available they would justify a reduction in the assessment of Algeria to the minimum of 0.04 per cent.

9. During the discussion, other delegations, whose views are summarized in the records of the Fifth Committee, advanced arguments for a reduction in their assessments - China, Chile (1046th meeting). Other delegations referred to statements made by them during the general debate on the budget estimates for 1964 (agenda item 58) in which they had explained their positions with regard to the apportionment of the expenses of the United Nations: Bulgaria (1030th meeting), Byelorussian Soviet Socialist Republic (1028th meeting), Union of Soviet Socialist Republics (1022nd meeting).

10. At the close of the discussion, the draft resolution (A/C.5/L.806) proposed by the United Arab Republic and Yugoslavia, with the words "one ninth" inserted in operative paragraph 4, was adopted unanimously by the Fifth Committee.

RECOMMENDATION OF THE FIFTH COMMITTEE

11. The Fifth Committee therefore recommends to the General Assembly the adoption of the following 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 Contribution,^{1/}

Resolves that:

1. The rates of assessment for Czechoslovakia and Hungary for 1964 established in paragraph 1 of General Assembly resolution 1691 A (XVI) of 18 December 1961 shall be decreased for Czechoslovakia to 1.04 per cent and for Hungary to 0.51 per cent;

2. The rates of assessment for the States admitted to membership in the United Nations at the seventeenth and the fourth special sessions of the General Assembly for 1964 shall be as follows:

Algeria	0.10
Burundi	0.04
Jamaica	0.05
Kuwait	0.04
Rwanda	0.04
Trinidad and Tobago	0.04
Uganda	0.04

and these rates shall be added to the scale of assessments for 1964;

3. For the year 1963, the rates of assessment for the States admitted to membership in the United Nations at the seventeenth session of the General Assembly shall be as follows:

<u>Member States</u>	<u>Per cent</u>
Algeria	0.10
Burundi	0.04
Jamaica	0.05
Rwanda	0.04
Trinidad and Tobago	0.04
Uganda	0.04

These rates shall be in addition to the scale of assessments for 1963 under General Assembly resolutions 1691 A (XVI) and 1870 (XVII) and shall be applied to the same basis of assessment as for other Member States;

^{1/} Official Records of the General Assembly, Eighteenth Session, Supplement No. 10 (A/5510).

4. Burundi, Jamaica, Rwanda and Trinidad and Tobago, which became Members of the United Nations on 18 September 1962, and Algeria and Uganda, which became Members on 8 and 25 October 1962 respectively, shall contribute for the year of admission an amount equal to one ninth of their percentage assessment for 1963 applied to the net budget for 1962;

5. Kuwait, which became a Member of the United Nations on 14 May 1963, shall contribute for the year of admission one half of its percentage assessment for 1964 applied to the net budget for 1963;

6. The reductions in the rates of assessment for Czechoslovakia (0.13 per cent) and Hungary (0.05 per cent) for 1964 shall also apply to their contributions to the United Nations regular budget for 1962 and 1963 and the resulting credits to the two States shall, notwithstanding regulation 5.2 (c) of the Financial Regulations of the United Nations, be derived from the contributions to be made by new Member States for the years 1962 and 1963 under paragraphs 3, 4 and 5 above;

7. Under financial regulation 5.8, Algeria, Burundi, Jamaica, Kuwait, Rwanda, Trinidad and Tobago, and Uganda shall make advances to the Working Capital Fund corresponding to the 1964 rates of assessments for these States applied to the amount of the Fund for 1964, as established in paragraph 1 of General Assembly resolution _____ (XVIII), such advances to be carried as additional to the authorized level of the Fund, pending the inclusion of the rates of assessments for the new Member States in a scale of 100 per cent;

8. The reductions in the advances to the Working Capital Fund of Czechoslovakia and Hungary, resulting from the downward revision in their rates of assessment for 1964, shall constitute a reduction in the amount carried as additional to the authorized level of the Fund in respect of the advances to the Fund by new Member States under paragraph 7 above;

9. In calculating rates of assessment, the Committee on Contributions is requested to give due attention to the developing countries in view of their special economic and financial problems;

10. The Secretary-General is requested to transmit to the Committee on Contributions the record of the discussions of the scale of assessments at the eighteenth session of the General Assembly, together with the report of the Fifth Committee on that subject.