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

Report of the Fifth Committee

Rapporteur: Mr. Ernesto C. GARRIDO (Philippines)

1. At its 1583rd to 1585th meetings, held on 25 and 26 October 1973, the Fifth Committee considered agenda item 84, entitled "Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions". The Committee had before it the report of the Committee on Contributions 1/ containing the draft resolution which was recommended to the General Assembly for adoption.

2. In introducing the report of the Committee on Contributions, its Chairman stated that, in its general review of the scale of assessments, the Committee had implemented the General Assembly's directives in resolutions 2961 B, C and D (XXVII) relating to the maximum contribution, to the allowance formula for low per capita income and to the minimum rate of assessment. It had also included in the scale rates of assessment for the German Democratic Republic, the Federal Republic of Germany and the Bahamas, the three new Members admitted to the Organization on 18 September 1973. Throughout its review of the scale, based on national income statistics for 1969/1971, the Committee had borne in mind the basic principle of capacity to pay and the General Assembly's request for the special attention to be given to the developing countries. The Committee had found that the national income statistics for 1969/1971 showed that both national income and per capita income had in many cases increased considerably over the preceding three years and that, during that period, there had also been substantial price changes. The Committee had taken into account the effect on national income of differential changes in price levels in relation to exchange rates in order to ensure that the rates of assessment recommended reflected actual changes in relative capacity to pay. Accordingly, the Committee had made adjustments for inordinately high price

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1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 11 (A/9011 and Corr.1 and Add.1).

changes in individual cases. The Committee had also moderated the assessment rates of those Member States that had to use a large portion of their foreign exchange earnings for the servicing of foreign debts, and had recommended the continuation for the 1974-1976 triennium of the Secretary-General's authority to accept payment of contributions in currencies other than United States dollars. Furthermore, in response to appeals the Committee had considered the effects on the economies of countries that had suffered major natural disasters and made reductions in their assessments. Referring to the allowance formula for low per capita income, he explained that many variants of the existing formula had been examined so as to adjust it to changing world economic conditions, as called for by the General Assembly. The Committee had concluded that the most effective way of providing progressive relief in the scale would be to raise the upper limit to \$1,500 and to increase the maximum reduction to 60 per cent. As directed by the General Assembly, the Committee on Contributions had reduced the maximum contribution to 25 per cent, using for that purpose, to the extent necessary, the percentage contributions of the new Member States, ensuring at the same time that there was no increase in the rate of assessment of any Member State as a result of the reduction. The Committee had also reduced the minimum rate of assessment to 0.02 per cent, which now applied to 70 Member States. The implementation of the per capita ceiling principle, he explained, had had only a negligible effect on the proposed scale and had caused only minor reductions in the assessment rates of two Member States. This was due to the fact that the Governments of Canada, Denmark and Sweden had decided, without breach of the per capita ceiling principle, to forego the benefits they would have derived from its application. The scale recommended for 1974-1976 showed a number of increases, but the assessment rates of the majority of Members had been reduced. In this connexion, he emphasized that the proposed increases had been subject to careful scrutiny to ensure that they were fully supported by available data and had been mitigated to the extent compatible with the basic principle of capacity to pay. In reply to questions raised in the course of the debate, the Chairman of the Committee on Contributions emphasized various points covered in his introductory statement and explained that the Committee had based its work on the statistics submitted to the United Nations by the Member States themselves. The General Assembly, in resolution 1373 (XIV), had recognized the practical difficulties in a general disclosure of the basic statistical data, but had endorsed the suggestion of the Committee on Contributions that the data pertaining to the assessment of any Member State should on request be made available to that Member.

3. In the course of the discussion in the Fifth Committee, many delegations paid tribute to the way in which the Committee on Contributions had carried out its difficult task of drawing up an equitable scale of assessment and expressed their support of its recommendations. They expressed their satisfaction with the Committee's implementation of last year's General Assembly directives and with the attention given to developing countries in drawing up the proposed scale. In giving support to the results of the work of the Committee on Contributions, some delegations also stressed that a continuing review was required of the methods and procedures followed by the Committee in order to take account of changing world economic conditions, the effect of these changes on developing countries and the impact of recent currency changes, particularly in terms of converting national income into United States dollars.

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4. A few delegations expressed reservations concerning the scale recommended by the Committee on Contributions. Referring to the reduction of the United States assessment rate to 25 per cent, some delegations stated that the ceiling on the maximum contribution violated the basic principle of capacity to pay, and that the percentage contributions for new Members should have served to reduce the contributions of all Member States and not just the largest contributor. Other delegations questioned the equity of the reductions made in the assessment rates of highly industrialized countries with strong economies, while those of less highly developed countries, in some cases faced with strikes and other economic difficulties, had been increased. They regretted that no statistics had been given on national and per capita income which might help to understand the underlying reasons for the proposed changes in the scale. One delegation could not accept the large percentage increase in its assessment rate, which it considered was not justified by its per capita and national income, a major proportion of which was spent on economic development and planning as in other developing countries. If the unjustifiably high assessment rate for his country could not be reviewed by the Committee on Contributions, his delegation, he stated, would have to vote against the scale.

5. In connexion with the changes made by the Committee on Contributions in the low per capita allowance formula, many delegations welcomed its decision to raise the upper limit for allowance to \$1,500 and to increase the maximum allowance to 60 per cent. Other delegations pointed out that the upper limit of \$1,000 per capita, when first fixed in 1946, would in current prices be equivalent to \$2,000. They considered, therefore, that it would have been more in keeping with world economic realities to raise the upper limit for allowance to that level. Several delegations also emphasized that the Committee on Contributions should periodically review the elements of the allowance formula in the light of the continuing changes in the world economic situation.

6. In general, delegations endorsed the practices followed by the Committee on Contributions in establishing the scale of assessments. In particular, satisfaction was expressed with the special attention given by the Committee to the implications of noticeable price changes in relation to exchange rates and to the problem of foreign indebtedness. Certain delegations also expressed their gratitude for the sympathetic consideration given by the Committee on Contributions to the effects of natural catastrophies on the economies of their countries and for the corresponding downward adjustments in their rates of assessments. Such factors and circumstances were all elements of the system of assessment that the Committee on Contributions was urged to take into account in future reviews of the scale.

7. In connexion with the statistical material used by the Committee on Contributions as a basis for its work and the improvement in the available data, as reported by the Committee, the hope was expressed that all Member States would make efforts to provide as comprehensive data as possible, and that in time all countries would use the same system of national accounts to permit full comparability.

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8. At the 1583rd meeting of the Fifth Committee, the representative of Brazil introduced a proposal (A/C.5/L.1119), sponsored by Argentina, Brazil, Colombia, Ghana, Mexico and the Philippines, for the inclusion of the following paragraph in the report of the Fifth Committee:

"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."

9. In this connexion the representative of Brazil explained that circumstances had changed considerably, since the per capita ceiling principle was first adopted in 1948. The substantial lowering of the maximum assessment since then raised the question if it was still valid to prescribe that the per capita contribution of no Member State should exceed the per capita contribution of the largest contributor. Referring to the decision of the Governments of Canada, Denmark and Sweden to forgo the benefits from the application of the per capita ceiling principle, he noted that, as a result, only two Member States had been affected by its application in the scale for 1974-1976. In future scales, it was likely that more Member States would have the protection of the per capita ceiling. The resulting reductions in the assessments of high per capita income countries would mean increases in the assessments of others. For these reasons, his delegation had joined with other delegations in requesting the Committee on Contributions to re-examine the per capita ceiling principle as suggested in its report.

10. In the discussion which followed, a number of delegations spoke in favour of the proposed re-examination of the per capita ceiling principle. Some delegations considered that this principle had no justification and should be eliminated since it contravened the basic principle of capacity to pay and gave unfair advantage to wealthy countries. Other delegations, while not opposed to the proposed study, attached importance to the per capita ceiling principle and felt that it should be maintained. In their view, the principle should remain as one of the guidelines for the establishment of the scale and Governments affected by its application should have the option to waive it voluntarily. Several delegations expressed appreciation of the example set by Canada, Denmark and Sweden, and hoped that other Governments would also forgo the benefits they might derive from the future application of the per capita ceiling principle. One delegation, while not prepared to waive the application of the principle, offered to make a voluntary contribution corresponding to the benefit his Government might derive from its future application. It was also suggested that the proposed study be postponed until 1975, since its outcome would only apply to future scales.

11. Some delegations were gratified to note that 70 Member States had benefited from the reduction of the minimum rate of assessment to 0.02 per cent.

12. A number of delegations attached importance to the arrangements made by the Secretary-General for the acceptance of part of the contributions of Member States in currencies other than United States dollars and to the fact that priority for payment in each currency required for the financing of United Nations expenditures was given to the country whose currency it was. They supported the recommended continuation of such arrangements for the period 1974-1976 and expressed the hope that the range of acceptable currencies could be widened.

13. At the 1584th meeting, the representative of Spain, supported by Venezuela, proposed the insertion in the draft recommended by the Committee on Contributions, 2/ after the opening words "The General Assembly", of a preambular paragraph, reading:

"Noting with appreciation the report of the Committee on Contributions contained in document A/9011".

14. At the same meeting, the representative of Ghana formally proposed that the factor "temporary dislocation of national economies arising out of the Second World War", which was no longer relevant, be deleted from the terms of reference of the Committee on Contributions. In this connexion, the Chairman of that Committee confirmed that the factor referred to by the representative of Ghana was, in fact, obsolete and was no longer taken into account in the establishment of the scale.

#### DECISIONS OF THE COMMITTEE

15. At its 1584th meeting, the Fifth Committee decided, without objection, to insert in the draft resolution recommended by the Committee on Contributions in its report, 3/ the preambular paragraph as proposed by Spain and Venezuela (see paragraph 13 above). The draft resolution recommended by the Committee on Contributions, as orally amended, was adopted by 79 votes to 1, with 1 abstention (see paragraph 18 below).

16. At its 1584th meeting, the Committee also decided, without objection, to recommend that the General Assembly should delete from the terms of reference of the Committee on Contributions the provision concerning the "temporary dislocation of national economies arising out of the Second World War" as proposed by Ghana (see paragraphs 14 above and 19 below).

17. At the same meeting, the Committee also decided, without objection, to its report the paragraph (A/C.5/L.1119) proposed by Argentina, Brazil, Colombia, Ghana, Mexico and the Philippines (see paragraph 8 above).

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2/ Ibid., para. 74.

3/ Ibid.

RECOMMENDATIONS OF THE FIFTH COMMITTEE

18. The Fifth Committee 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,

Noting with appreciation the report of the Committee on Contributions, 4/

Resolves that:

(a) The scale of assessments for Member States' contributions to the United Nations budget for the financial years 1974, 1975 and 1976 shall be as follows:

<u>Member State</u>	<u>Per cent</u>
Afghanistan . . . . .	0.02
Albania . . . . .	0.02
Algeria . . . . .	0.08
Argentina . . . . .	0.83
Australia . . . . .	1.44
Austria . . . . .	0.56
Bahamas . . . . .	0.02
Bahrain . . . . .	0.02
Barbados . . . . .	0.02
Belgium . . . . .	1.05
Bhutan . . . . .	0.02
Bolivia . . . . .	0.02
Botswana . . . . .	0.02
Brazil . . . . .	0.77
Bulgaria . . . . .	0.14
Burma . . . . .	0.03
Burundi . . . . .	0.02
Byelorussian Soviet Socialist Republic . . . . .	0.46
Cameroon . . . . .	0.02
Canada . . . . .	3.18
Central African Republic . . . . .	0.02
Chad . . . . .	0.02
Chile . . . . .	0.14
China . . . . .	5.50

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4/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 11 (A/9011 and Corr.1 and Add.1).

<u>Member State</u>	<u>Per cent</u>
Colombia . . . . .	0.16
Congo. . . . .	0.02
Costa Rica . . . . .	0.02
Cuba . . . . .	0.11
Cyprus . . . . .	0.02
Czechoslovakia . . . . .	0.89
Dahomey. . . . .	0.02
Democratic Yemen . . . . .	0.02
Denmark. . . . .	0.63
Dominican Republic . . . . .	0.02
Ecuador. . . . .	0.02
Egypt. . . . .	0.12
El Salvador. . . . .	0.02
Equatorial Guinea. . . . .	0.02
Ethiopia . . . . .	0.02
Fiji . . . . .	0.02
Finland. . . . .	0.42
France . . . . .	5.86
Gabon. . . . .	0.02
Gambia . . . . .	0.02
German Democratic Republic . . . . .	1.22
Germany, Federal Republic of . . . . .	7.10
Ghana. . . . .	0.04
Greece . . . . .	0.32
Guatemala. . . . .	0.03
Guinea . . . . .	0.02
Guyana . . . . .	0.02
Haiti. . . . .	0.02
Honduras . . . . .	0.02
Hungary. . . . .	0.33
Iceland. . . . .	0.02
India. . . . .	1.20
Indonesia. . . . .	0.19
Iran . . . . .	0.20
Iraq . . . . .	0.05
Ireland. . . . .	0.15
Israel . . . . .	0.21
Italy. . . . .	3.60
Ivory Coast. . . . .	0.02
Jamaica. . . . .	0.02
Japan. . . . .	7.15
Jordan . . . . .	0.02
Kenya. . . . .	0.02
Khmer Republic . . . . .	0.02
Kuwait . . . . .	0.09
Laos . . . . .	0.02
Lebanon. . . . .	0.03
Lesotho. . . . .	0.02

<u>Member State</u>	<u>Per cent</u>
Liberia . . . . .	0.02
Libyan Arab Republic . . . . .	0.11
Luxembourg . . . . .	0.04
Madagascar . . . . .	0.02
Malawi . . . . .	0.02
Malaysia . . . . .	0.07
Maldives . . . . .	0.02
Mali . . . . .	0.02
Malta . . . . .	0.02
Mauritania . . . . .	0.02
Mauritius . . . . .	0.02
Mexico . . . . .	0.86
Mongolia . . . . .	0.02
Morocco . . . . .	0.06
Nepal . . . . .	0.02
Netherlands . . . . .	1.24
New Zealand . . . . .	0.28
Nicaragua . . . . .	0.02
Niger . . . . .	0.02
Nigeria . . . . .	0.10
Norway . . . . .	0.43
Oman . . . . .	0.02
Pakistan . . . . .	0.14
Panama . . . . .	0.02
Paraguay . . . . .	0.02
Peru . . . . .	0.07
Philippines . . . . .	0.18
Poland . . . . .	1.26
Portugal . . . . .	0.15
Qatar . . . . .	0.02
Romania . . . . .	0.30
Rwanda . . . . .	0.02
Saudi Arabia . . . . .	0.06
Senegal . . . . .	0.02
Sierra Leone . . . . .	0.02
Singapore . . . . .	0.04
Somalia . . . . .	0.02
South Africa . . . . .	0.50
Spain . . . . .	0.99
Sri Lanka . . . . .	0.03
Sudan . . . . .	0.02
Swaziland . . . . .	0.02
Sweden . . . . .	1.30
Syrian Arab Republic . . . . .	0.02
Thailand . . . . .	0.11
Togo . . . . .	0.02
Trinidad and Tobago . . . . .	0.02
Tunisia . . . . .	0.02

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<u>Member State</u>	<u>Per cent</u>
Turkey . . . . .	0.29
Uganda . . . . .	0.02
Ukrainian Soviet Socialist Republic . . . . .	1.71
Union of Soviet Socialist Republics . . . . .	12.97
United Arab Emirates . . . . .	0.02
United Kingdom of Great Britain and Northern Ireland . . . . .	5.31
United Republic of Tanzania . . . . .	0.02
United States of America . . . . .	25.00
Upper Volta . . . . .	0.02
Uruguay . . . . .	0.06
Venezuela . . . . .	0.32
Yemen . . . . .	0.02
Yugoslavia . . . . .	0.34
Zaire . . . . .	0.02
Zambia . . . . .	0.02
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	100.00

(b) Subject to rule 162 of the rules of procedure of the General Assembly, the scale of assessments given in paragraph (a) above shall be reviewed by the Committee on Contributions in 1976, when a report shall be submitted for the consideration of the Assembly at its thirty-first session;

(c) Notwithstanding the terms of regulation 5.5 of the Financial Regulations of the United Nations, the Secretary-General shall be empowered 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 financial years 1974, 1975 and 1976 in currencies other than United States dollars;

(d) For the financial year 1973, the Bahamas, the German Democratic Republic and the Federal Republic of Germany, which became Members of the United Nations on 18 September 1973, shall contribute amounts equal to one third of 0.02 per cent, 1.22 per cent and 7.10 per cent, respectively, applied to the same basis of assessment for 1973 as for other Member States;

(e) Notwithstanding the provisions of resolution 2654 (XXV), paragraph (d), the amount that the Federal Republic of Germany is called upon to contribute towards the 1973 expenses of the United Nations activities in which it participated before admission to membership shall be reduced by one third;

(f) Subject to rule 162 of the rules of procedure of the General Assembly, States which are not Members of the United Nations but which participate in certain of its activities shall be called upon to contribute towards the 1974, 1975 and 1976 expenses of such activities on the basis of the following rates:

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<u>Non-member State</u>	<u>Per cent</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

the following countries being called upon to contribute:

(i) To the International Court of Justice:

Liechtenstein,  
San Marino,  
Switzerland;

(ii) To the international control of narcotic drugs:

Liechtenstein,  
Monaco,  
Republic of Korea,  
Republic of Viet-Nam,  
Switzerland;

(iii) To the Economic Commission for Asia and the Far East:

Bangladesh,  
Republic of Korea,  
Republic of Viet-Nam;

(iv) To the Economic Commission for Europe:

Switzerland;

(v) To the United Nations Conference on Trade and Development:

Bangladesh,  
Democratic People's Republic of Korea,  
Holy See,  
Liechtenstein,  
Monaco,  
Republic of Korea,  
Republic of Viet-Nam,  
San Marino,  
Switzerland;

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(vi) To the United Nations Industrial Development Organization:

Bangladesh,  
Holy See,  
Liechtenstein,  
Monaco,  
Republic of Korea,  
Republic of Viet-Nam,  
Switzerland;

(g) Bangladesh shall be called upon to contribute towards the 1973 expenses of the United Nations activities in which it had participated from the dates indicated below at the following rates:

	<u>Date of participation</u>		<u>Rate for 1973</u>
United Nations Conference on Trade and Development	21 May	1972	0.15 per cent
United Nations Industrial Development Organization	11 December	1972	0.15 per cent
Economic Commission for Asia and the Far East	19 April	1973	3/4 of 0.15 per cent

(h) The German Democratic Republic, which became a member of the Economic Commission for Europe on 4 January 1973 and has participated in the United Nations Conference on Trade and Development since 22 February 1973, shall be called upon to contribute towards the 1973 expenses of these United Nations activities at the rate 1.40 per cent, but the amount thus calculated shall be reduced by the fraction of one third established for its contribution to the United Nations budget for 1973 as a Member of the United Nations under paragraph (d) of the present resolution;

(i) The Democratic People's Republic of Korea, which became a member of the United Nations Conference on Trade and Development on 23 July 1973, shall be called upon to contribute towards the 1973 expenses of the Conference at the rate of half of 0.07 per cent;

(j) Notwithstanding the provision of General Assembly resolution 2654 (XXV), paragraph (a), the contribution of Pakistan for 1973 shall be reduced by the amounts that Bangladesh is called upon to contribute towards the 1973 expenses of the United Nations activities in which it participates as established under paragraph (g) of the present resolution.

19. The Fifth Committee also recommends that the General Assembly should delete from the terms of reference of the Committee on Contributions the provision concerning the "temporary dislocation of national economies arising out of the Second World War".

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