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**General Assembly**  
FORTY-FIFTH SESSION  
*Official Records*

FIFTH COMMITTEE  
5th meeting  
held on  
Tuesday, 9 October 1990  
at 10 a.m.  
New York

SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. MAYCOCK (Barbados)  
  
later: Mr. KOULYK (Ukrainian Soviet Socialist Republic)  
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and  
Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued)

AGENDA ITEM 123: JOINT INSPECTION UNIT (continued)

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The meeting was called to order at 10.35 a.m.

AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/45/11)

1. Ms. OLDFELT HJERTONSSON (Sweden), speaking on behalf of the Nordic countries, said that certain basic premises should guide discussions on scale of assessment methodology. One such premise was the principle that the burden of financing the regular budget of the United Nations should be shared equitably. In that connection, the recommendations contained in the report of the Committee on Contributions essentially retained the existing methodology for determining the capacity to pay of Member States. The Nordic countries believed that the approach outlined in the report achieved the goal of distributing the burden equitably among Member States. They concurred with the Committee's recommendation regarding the concept of debt-adjusted income, despite its limitations, although they wondered whether the time had not come to introduce the method of price-adjusted rates of exchange (PARE), while making adjustments for those countries that still had difficulties with that methodology. They supported the Committee's recommendation of an increase in the upper per capita income limit to \$2,600, as well as its recommendation that the statistical base period of 10 years should be retained. They also agreed that the current scheme of limits should be retained and that potential adverse effects should be alleviated through the ad hoc adjustment process. In that connection, they welcomed the Committee's reaffirmation of the need to reduce such adjustments. The criteria outlined for decisions on ad hoc adjustments would increase the credibility of that process among Member States. The Nordic countries agreed that any change in the ceiling and floor rates used in the scale of assessment would require a political decision. The figures given in the annexes could serve as a useful basis for further examination of that important question.

2. Another basic consideration for the Nordic States was the need to place the assessed contributions in perspective. The regular budget of the United Nations was comparatively small; for example, it amounted to only one fifth of the annual education budget of New York City. Moreover, it comprised less than 40 per cent of the total costs of the United Nations, the remaining costs being financed by voluntary contributions. In both relative and absolute terms, the Nordic States' voluntary contributions to United Nations agencies were about seven times their assessed contributions to agency budgets and accounted for nearly 22 per cent of the total voluntary funding raised by the United Nations system. The Nordic countries found it inexplicable that many Member States failed to fulfil their relatively small financial obligations, especially at a time when many new demands were being placed upon the Organization.

3. Finally, the expert status of the Committee on Contributions should be respected.

4. Mrs. MEMIAGHE (Gabon) requested some clarification as to why it had been decided to maintain the gradient for the low per capita income allowance formula at its current level of 85 per cent. While her country had undergone a sharp fall in its per capita income over the past six years, from \$3,930 to \$2,770, it noted that the upper per capita income limit was to be increased to only \$2,600. She was, however, pleased to note the recommendation for retention of the 10-year statistical base period, which would help to stabilize successive scales of assessments.

5. With regard to the observation by the Committee on Contributions that any change in ceiling and floor rates would require a political decision, her Delegation requested further information on the level and implications of such a decision. It endorsed, however, the Committee's decision to recommend to the General Assembly the retention of the scheme of limits in its present form.

6. While taking note of the Committee's choice, among alternative income concepts, of debt-adjusted income, her country wished to know why the concept of income adjusted for sustainable development had not been taken into consideration. In conclusion, it believed that the request addressed to the Statistical Office to continue improving its data bank with regard to alternative income concepts was of fundamental importance.

7. Mr. MISSARY (Yemen) said that his country had recently celebrated the unification of its two formerly separated halves, both of which had previously been recognized by the General Assembly as belonging to the group of least developed countries. It was his delegation's belief that the now-unified country should continue to be accorded the same status, but that view had not been accepted by the Committee on Contributions.

8. Apart from economic and social problems, the new State had to assume the burdens involved in the reorganization of its infrastructure. It was therefore unreasonable that its contribution should be assessed at 0.02 per cent of the regular budget, rather than 0.01 per cent. His country, after all, fulfilled the only criterion relevant to its status as a least developed country, namely, its recognition as such by the General Assembly.

9. Although he recognized the difficulties engendered by the financial crisis of the United Nations, he was confident that any shortfall in the 1991 budget resulting from Yemen's payment of 0.01 per cent rather than 0.02 per cent would be offset by new contributions from Namibia and Liechtenstein. His country was therefore prepared to pay its full contribution, as assessed on two separate States, for 1990 but hoped that its position concerning the contribution for 1991 would be appreciated.

10. Mr. MAJOLI (Italy), speaking on behalf of the twelve States members of the European Community, said that the precise analysis made by the Committee on Contributions in response to General Assembly resolution 44/197 gave the Fifth Committee every reason to allow it to proceed confidently, unhampered by undue restrictions or interference. The Committee on Contributions was an expert body of

(Mr. Majoli, Italy)

the General Assembly, and the General Assembly should not disregard or seek to duplicate the work of its competent expert bodies.

11. The Twelve wished to reaffirm that the capacity to pay remained the fundamental criterion for determining the scale of assessments. In that connection, it agreed with the Committee's recommendation for the retention of the criterion of national income as the basis for determining that capacity. If the recommendations of the Committee were to be endorsed as a whole, the incorporation of a permanent corrective factor in the calculation might prove acceptable. As soon as better comparability of data could be obtained, the inclusion of data on the PARE system might also become an acceptable alternative, but for the time being that seemed premature.

12. For the sake of stability, the Twelve continued to support the retention of the 10-year statistical base period. They were also willing to consider an increase in the upper limit of the low per capita income allowance to \$2,600, as it might help to equalize the contributory burden of Member States.

13. With respect to the difficult question of the scheme of limits, the Twelve thought that the percentage limits proposed by the Committee were fair enough. As for ad hoc adjustments, they wished to reiterate that the whole process depended entirely on the willingness of some Member States voluntarily to provide points to be distributed among other States that would otherwise suffer adverse consequences. Increasing the upper limit of the low per capita income allowance should help to reduce ad hoc adjustments to a minimum. Establishing that decisions on such adjustments should be taken by the Committee as a whole and should relate only to exceptional circumstances would guarantee the clarity and fairness of the process. The Twelve supported the adoption of the criteria recommended by the Committee in paragraphs 40 to 43 of its report.

14. The Twelve had no objections to the Committee's suggestions regarding the 1990 and 1991 assessments of the new Member States. The same was true of the representations made by some Member States and other matters mentioned in the report.

15. Mr. KALBITZER (Germany) said that, following the accession of the German Democratic Republic to the Federal Republic of Germany, his country would accept the obligations of the former German Democratic Republic concerning its payments to the regular budget of the United Nations for 1991. It would therefore be grateful if, in the forthcoming resolution concerning the scale of assessments, Member States would agree to the inclusion of the following paragraph:

"In compliance with the current methodology, and based on the available statistics and economic data of the Federal Republic of Germany and the German Democratic Republic, the 1991 contribution of Germany to the 1991 programme budget of the United Nations is assessed at 9.36 per cent."

16. Mr. ZAHID (Morocco) said that the implementation of the recommendation of the Committee on Contributions to increase the upper limit of the low per capita income allowance to \$2,600 while maintaining the 85 per cent gradient could benefit 19 low per capita income countries. Since it also would have very little effect on overall assessments, his delegation supported the Committee's recommendation. It also favoured a relatively long statistical base period of between 7 and 10 years. It agreed with the Committee that any changes in the ceiling and floor rates would require a political decision and it wished to reaffirm its stance that the floor rates should not be changed, since the economic position of the least developed countries had deteriorated, not improved.

17. The Committee's concept of debt-adjusted income was intended to take into account the different debt portfolios and varying repayment periods of each country; it would be calculated from national income after deduction of debt repayments. If such were the case and if the Committee's proposal made it possible to assess the capacity to pay more accurately, his delegation might support its recommendation.

18. The Committee had been unable to finish its examination of alternative income concepts and other questions, and his delegation wished to encourage it to do so during its next session.

19. Mr. Koulyk (Ukrainian Soviet Socialist Republic) took the Chair.

20. Mr. JU Kuilin (China) said that the Committee on Contributions had produced a reliable basis for the methodology required to establish the next scale of assessments. Although the use of ceiling and floor rates, and of a scheme of limits, did not necessarily conform to the universally accepted principle of capacity to pay, practice had shown that such adjustments were useful provided that the basic determining factor continued to be the actual capacity of Member States to pay, based on their national incomes. At the same time, it was important that the scale should as far as possible be clear, transparent and stable. His delegation felt that stability would be maintained by retention of the current relief gradient and the 10-year statistical base period and believed that the increase in the upper per capita income limit would help to offset some of the problems encountered by developing countries.

21. His delegation favoured the continued application of ad hoc adjustments to the machine scale and endorsed the criteria for such application contained in the Committee's report. In particular, it supported the criterion whereby Committee members should be excluded from discussions concerning downward adjustments of the machine rates of countries of which they were nationals. Given its ad hoc nature, the adjustment process should be applied with flexibility.

22. His delegation agreed with the conclusions of the Committee following its study of alternative income concepts and conversion rates. While the alternatives presented could, to some extent, correct distortions in income, only widely accepted and objectively applicable concepts should be adopted. Debt adjustment should continue to be a factor in the methodology with, in the case of heavily

(Mr. Ju Kuilin, China)

indebted countries, the actual amount of debt service replacing the assumed proportion of 12 per cent of total debt.

23. The request of certain Member States for more detailed communication between them and the Committee on Contributions was quite understandable. However, his delegation believed that no communication should in any way compromise the Committee's status as an expert body or its authority to determine the factors used in the scale.

24. In conclusion, it was his hope that all Member States would, while making joint efforts to improve the methodology for establishing the scale of assessments, fully honour their own commitments by paying their assessed contributions on time, in order to ensure the proper functioning of the Organization and the enhancement of its role.

AGENDA ITEM 123: JOINT INSPECTION UNIT (continued) (A/45/34, 117 and 441)

25. Mrs. MEMIAGHE (Gabon) said that the Joint Inspection Unit appeared to have produced a very thorough report. With respect to the Unit's work programme for 1990, contained in document A/45/117, her delegation was particularly supportive of item 1 (f), concerning the co-ordination of activities related to early warning of possible refugee flows. In that context, it felt that the United Nations agencies concerned should work more closely with Member States in helping them to meet the needs of refugees and, with the help of non-governmental organizations, promote self-sufficiency projects in order to avoid host countries being overwhelmed. In countries bordering on areas of conflict which might provoke flows of refugees, any existing reception infrastructure should be strengthened.

26. Item 2 (d), concerning technology transfer and the United Nations system, was also of great importance for her country, which endorsed the decision to conduct a study on the subject. It suggested that Member States should be kept informed on a regular basis of each step taken in the conduct of the study and of any future decisions which might be taken.

The meeting rose at 11.45 a.m.