



SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. FONTAINE-ORTIZ (Cuba)

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

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 109: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/41/5, vols. I, II and III and Corr.1, A/41/5/Add.1 and Add.1/Corr.1, Add.2 and Add.2/Corr.1, and Add.3-9, A/41/402 and Corr.1, A/41/632)

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1. Mr. MURRAY (United Kingdom), speaking on behalf of the 12 States members of the European Community, said that the item before the Committee was of real importance, as evidenced by the adoption at the previous session of resolution 40/238. The auditors' reports were, in essence, a financial and managerial evaluation of all the decisions taken over the years by the Fifth Committee and its counterparts in other organizations. As such, they deserved the closest attention.

2. The introduction of a synthesis of the auditors' observations (A/41/402) was welcome. At future sessions, it would be helpful if the synthesis could identify the reasons for weaknesses and the remedies recommended.

3. A number of disturbing general themes emerged from the reports, such as the frequently unsatisfactory nature of the response of the administration of the organization concerned to the auditors' observations. The observations were often ignored or their significance minimized. His delegation agreed with the Advisory Committee that the physical layout of the reports, in which the views of administrations were presented last, was unsatisfactory. It was incumbent upon administrations in all organizations to ensure that the Financial Regulations and Rules were adhered to.

(Mr. Murray, United Kingdom)

4. A second general theme was the high incidence of elementary shortcomings. His delegation failed to comprehend how, for example, the Office of the United Nations High Commissioner for Refugees (UNHCR) could dispatch millions of dollars worth of goods to the field without any record of receipt, or how practically every UNDP project examined by the auditors displayed flaws in conception, planning and execution. Every effort must be made to correct slipshod administrative and financial practices.

5. The Twelve were disturbed to note the misinterpretation by the United Nations Administration of an earlier recommendation concerning the need to seek the concurrence of ACABQ for transfers between appropriation sections. Financial rule 104.4 should be amended to make it clear that the prior concurrence of ACABQ was needed. The problem testified to the inadequacy of the programme performance report. The occurrence of fraud and the apparently differing treatment of the various cases were disquieting. The Secretary-General should take swift, firm and even-handed action.

6. The auditors' observations gave cause for concern. At a time of financial pressure, it was particularly important for the problems identified to be speedily rectified, not brushed aside. It was the responsibility of the Committee and of the governing bodies of other organizations to follow up the remedial action which must be taken.

7. Mr. INZKO (Austria) said that the work of the Board of Auditors and of ACABQ made an essential contribution to the effective use of the Organization's limited resources. Sound financial management was all the more important in view of the current crisis.

8. Certain decisions by the Administration of the United Nations were puzzling, for example, the differing treatment accorded staff members involved in fraud. The frequent violations of financial regulation 4.5, concerning transfers between sections, were perturbing, as were the violations of General Assembly resolutions 1798 (XVII) and 37/237, concerning travel and subsistence for Member States and the employment of former staff members in receipt of a pension, respectively. The case of UNICEF was the most deplorable since its attention had already been drawn to such violations. His delegation requested full explanations by the administrations concerned of why the Financial Regulations and General Assembly resolutions had repeatedly been disregarded, and why no remedial action was being taken.

9. Austria shared the concern of the Board over the poor management of expendable and non-expendable property. The Board should provide details of the losses that had actually occurred. There was a need to improve financial management in general.

10. Where fraud had been clearly established, disciplinary action should be taken and the sum involved recovered without delay. His delegation failed to understand the differing treatment meted out to staff, in the interests of morale and the Organization's image, offences must be dealt with seriously and consistently.

(Mr. Inzko, Austria)

11. With reference to UNICEF and the United Nations University, emoluments paid to former staff members in excess of \$12,000 - the limit stipulated in General Assembly resolution 37/237 - should be recovered. The irregular payments made by UNICEF in the form of rental subsidies, repatriation and education grants, and home leave travel should also be recovered. UNDP, too, should recover the sums incorrectly paid to its staff members and the sums it had lost through fraud. The Committee should be informed by the end of November of the progress made in recovering the various sums outstanding.

12. In view of the current financial crisis, it was of particular importance for confidence in the United Nations system to be restored. The Organization must spend the amounts entrusted to it with care in accordance with the letter and spirit of the Charter. Only then would it be possible to mobilize additional support.

13. Mr. KOULIK (Ukrainian Soviet Socialist Republic) said that the reports of the Board of Auditors should set the tone for the Fifth Committee's discussions, for through them delegations could gain a broader understanding of how the finances of the United Nations system were put to use, and to what effect. His delegation favoured an enhanced role for the Board in tightening financial discipline and uncovering and putting a stop to the illegitimate or negligent use of funds.

14. The current reports were a welcome improvement on earlier ones. The auditors had clearly managed to take up more issues and go more thoroughly into matters than in the past. A number of United Nations bodies, unfortunately, still gave rise to remarks about financial impropriety, mismanagement and even fraud and forgery. At a time when the Organization was in severe financial straits, such cases were absolutely inadmissible.

15. Once again, the auditors had found inadequate control being exercised over budgetary outlays. Overspending of \$4.6 million in 11 of 34 budget sections had been covered by transferring funds between budget sections without the prior consent of ACABQ, which was a violation of financial rule 104.4. The Administration was trying once again to make out that such transfers were essential. His delegation called for strict adherence to the financial rules, which meant securing prior approval from the Advisory Committee. The auditors had discovered similar lapses in budget control in the United Nations Office at Geneva, the Economic Commissions and in UNCTAD and UNDP. Serious oversights had also occurred in the use of overtime funds, which had been overspent by \$600,000 without proper approval from the Controller.

16. Despite past remarks by the auditors, the United Nations had not instituted proper checks on expendable and non-expendable property; as a result, lost and stolen equipment amounting to \$3.9 million had had to be written off.

17. There might be valid reasons for such shortcomings as those, but the instances of fraud and presumptive fraud mentioned in paragraphs 224 to 232 of the Board's report (A/41/5, vol. I) could have occurred only with the connivance of the budget

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(Mr. Koulik, Ukrainian SSR)

services or units directly responsible for local outlays. The Internal Audit Division had done well to uncover those cases, and the discovery showed, in turn, that the Division was getting better. But as the Advisory Committee rightly said (A/41/632, para. 33), deliberate misappropriation of United Nations funds was a very serious offence and the disciplinary action it merited must be swift. His delegation agreed with the Advisory Committee that the Internal Audit Service needed to be strengthened. One means of doing so would be to appoint a professional auditor as its head. As far as his delegation was aware, the Service had not had a qualified auditor as a chief for the past 15 years.

18. If he dwelt upon the auditors' criticisms of UNDP, UNICEF, UNITAR and UNEP, he would risk repeating comments made by many delegations over the years. To prevent discussion of the audit reports from turning into a routine, pointless exercise, the format of the debate needed to be changed. For a start, it might be wise to return to the suggestion that audited financial statements should be discussed only in off-budget years. The Fifth Committee's experience with such arrangements was that issues were analysed more thoroughly and the relevant reports were assembled in less haste and with more care. The change would have substantial administrative implications, but he believed the need for a proper review of the United Nations accounts justified taking the suggestion seriously.

19. Finally, he expressed agreement with the comments of the Chairman of ACABQ regarding the summary of the auditors' findings in document A/41/402. The summary was too brief to be of real assistance in analysing the Board's comments, and readers could get a general idea of those comments by consulting the report of ACABQ. If the Fifth Committee decided to request further such summaries, they should be reformulated to take into account the views expressed during the Committee's present discussion.

20. Mr. LADJOUZI (Algeria) said that the synthesis of the Board's observations (A/41/402) was useful, although it would be helpful if it also included a summary of responses by the various administrations. It was unnecessary for the Board's comments to be repeated in the Advisory Committee's report.

21. With regard to the financial situation, the auditors should consider the impact on the Organization's activities of withholdings from the regular budget and should report, at the forty-second session, on the effects of the measures taken to meet the financial crisis. At the International Trade Centre there had been delays in crediting budget surpluses to contributors. It might be useful to pay such surpluses into a fund to finance unavoidable overspending. Transfers between budget sections must be authorized by ACABQ in accordance with financial rule 104.4. The overspending of allocations demonstrated the mismatch of objectives and means. The Budget Division should take note of the auditors' comments in preparing the programme budget.

22. The auditors had noted the lack of a roster of consultants. In establishing such a roster, care should be taken to respect equitable geographical distribution, while the practice of recruiting former staff members should be ended and the work of consultants should be evaluated. With regard to technical co-operation projects, it was important for the Board to monitor their timely execution.

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(Mr. Ladjouzi, Algeria)

23. His delegation was concerned by the cases of fraud. Those involved should be dealt with openly to avoid abuse and disproportionate sanctions. Staff morale and justice demanded equal treatment of the offenders. In connection with the reimbursement of income tax, it might be useful to reconsider the question of reimbursement taking account of the privileges and immunities granted international civil servants under international agreements. Finally, the Internal Audit Division should be strengthened to counter further fraud.

24. Mr. FAREED (Pakistan) suggested that it would be useful if, in its synthesis, the Board of Auditors also summarized the actions taken by agencies in response to its observations. With a view to tightening control of overtime expenditures, his delegation wished to re-emphasize the need to enforce the current requirement to obtain advance written authorization and to monitor the overtime work of temporary personnel. In exceptional circumstances, the Secretary-General, as chief administrative officer, should have a measure of flexibility in transferring small amounts between appropriation sections of the budget.

25. Travel costs could be contained if travel agents complied more strictly with contract clauses to avoid loss of liquidity due to advance purchase of tickets. Pakistan also supported the Advisory Committee's request to the Secretary-General to provide the Internal Audit Division with the means to conduct regular reviews, in order to increase the effectiveness of the internal audit process.

26. Referring to the financial reports of the United Nations agencies, he expressed his delegation's pleasure that the United Nations Development Programme (UNDP) had reversed a decline in programme delivery, and that the United Nations Fund for Population Activities (UNFPA) intended to take steps to improve its financial management.

27. Fraudulent claims for education grants, dependency benefits and income tax reimbursements, should be responded to in terms of both the principles of legality and competence, and the need for stronger internal monitoring within the United Nations. The Secretary-General, however, as chief administrative officer of the Organization, should retain his prerogative in the administration of justice, a concern which did not fall within the mandate of the ACABQ. In that light, it was particularly regrettable that specific cases of "apparent differential treatment" had been raised and submitted by ACABQ.

28. Mr. NGAIZA (United Republic of Tanzania) indicated that with some improvements, the synthesis prepared by the Board of Auditors (document A/41/402), could be genuinely useful to small delegations, his own included. His delegation endorsed the remedies proposed by the Board of Auditors for the recurring deficiencies and weaknesses described in its report. The ACABQ recommendations to strengthen the internal audit process were also valuable.

29. His delegation was concerned that the United Nations had violated financial rule 110.18 on competitive bidding, and financial rule 104.4 requiring the prior concurrence of ACABQ for transfers between appropriation sections.

(Mr. Naa'za, United Republic
of Tanzania)

30. His delegation concurred with the Advisory Board that the potential interest lost by slow processing of cash transactions was an example of poor cash management, particularly at a time of financial crisis.
31. On the problem of fraud or presumptive fraud, his delegation agreed with ACABQ that for the sake of staff morale and the integrity of the Organization, disciplinary action should be taken and a specific examination should be conducted by the Board of Auditors (document A/41/632, para. 36). It was concerned over numerous deficiencies in the United Nations Children's Fund (UNICEF), and agreed that the Board of Auditors should follow up the implementation of the recommendations made in its report. The set of financial regulations and rules specific to UNICEF currently being drafted was a positive step. His delegation hoped that in future certain administrations would be less casual in their attitude toward audit queries.
32. Mr. ROY (India) said that his delegation, like many others, remained concerned over recurring violations of the financial rules in areas such as travel, procurement of goods and services, cash management and control over expenditure on overtime. If the Secretariat clarified its position concerning prior concurrence of the Advisory Committee, Member States could then make recommendations on transfers between appropriation sections under financial rule 104.4 while still allowing the Secretary-General flexibility in the management of the Organization.
33. An in-house unit for maintenance and operation of electrical equipment, and close scrutiny of contract terms by the Advisory Committee, would result in savings and would be preferable to the past practice of continually awarding contracts to the same commercial entity.
34. Losses on guided tours of the United Nations - projected at \$3 million - could not continue to be sustained at a time of financial crisis for the United Nations. His delegation supported the Advisory Committee's recommendation on the payment of subsistence to members of Boards, Committees and Commissions. Moreover, draft amendments to the current rules on payment of travel expenses and subsistence allowance should be presented at the forty-first session of the General Assembly.
35. Concerning the cases of fraud or presumptive fraud discovered in education grant claims, income tax reimbursements and dependency benefits, he agreed with the Egyptian delegation that disciplinary action was strictly the prerogative of the Secretary-General as the chief administrative officer of the Organization. The administration of justice should be dealt with in a proper legal context - not as a financial or administrative matter - and it was unfortunate that the Advisory Committee had submitted specific cases to the General Assembly. His delegation continued to place its confidence in the Secretary-General and believed that it would be inappropriate for other bodies to make pronouncements which were perhaps beyond their terms of reference.

(Mr. Roy, India)

36. From the audit reports on UNDP, it was clear that insufficient measures to improve project design and project implementation had resulted in continuing shortfalls in field programme expenditures. In an effort to determine why earlier levels of expenditure could no longer be attained in real terms, UNDP should provide information on the level of field programme expenditure prior to the declining trend, which had since been reversed. One result of the failure to achieve targeted levels of expenditure was the accumulation of enormous UNDP financial reserves. Combined with the reserves of trust funds administered by UNDP, those reserves amounted to approximately \$750 million at the end of 1985. An accumulation of that order meant that the funds had not been used productively at a time when sources of financing were scarce, especially for multilateral technical assistance.

37. Contrary to the provisions of General Assembly resolution 40/238 at the forty-first session the Board of Auditors had not discharged its mandate of keeping under review the financial reserves held by United Nations organizations. India looked forward to a review at the forty-second session that would provide details on the reserves accumulated, how they had been invested and the rates of return earned.

38. In the light of the non-compliance by UNICEF with a number of financial rules, close supervision by its Executive Board was imperative. It would even be appropriate for the Executive Board to call for a special audit of UNICEF. In any case, the resolution on the reports of the Board of Auditors should specifically require UNICEF to comply with the financial rules. Similarly, the Executive Committee of the Programme of the UNHCR should play a role in correcting deficiencies in the field offices. A special programme audit examination by the Board of Auditors later in 1986 could do much to remedy deficiencies in project implementation, management and monitoring, as would full and timely reporting on financial matters by the field offices. In conclusion, India was pleased to note that UNDP had begun to submit the report of the Board of Auditors to its Governing Council, and hoped that other organizations would follow suit.

39. Mr. GAMA FIGUEIRA (Brazil) said that the synthesis of the observations of the Board of Auditors presented in document A/41/402 had helped his delegation to form a comprehensive, comparative view of the problems uncovered during the general audits. His delegation believed the document could be of use to all United Nations bodies, since it drew attention to common problems and situations. If the Board's findings and observations were fully implemented, efficiency would increase in a variety of areas and, as a result, the United Nations might become more effective in dealing with political, economic and social problems.

40. Comparing the current reports with those discussed at the previous session, it could be seen that a number of irregular decisions and procedures had recurred. One example was the surprising payment of emoluments exceeding the \$US 12,000 per year permitted under resolution 37/237 to three former staff members of UNICEF working under special service agreements. It was his delegation's impression that in some cases mandates were consciously distorted to emphasize achievement rather

(Mr. Gama Figueira, Brazil)

than compliance with the rule of law. As an example, he cited the irregular manner in which the cost of travel by some representatives to the 1985 regular session of the UNICEF Executive Board had been defrayed. Such an approach to legal matters was not acceptable and should not be tolerated.

41. The faulty interpretation of mandates was another problem. The medium-term plan and annual financial reports could not be regarded as a sufficient basis for disbursing resources which had not been programmed in the budget, or for using funds for other than their designated objectives. In a similar vein, his delegation deplored the transfer of funds between budget sections without the prior concurrence of the Advisory Committee. It was especially disturbed by the Administration's explanation as reflected in paragraph 47 of the Board's report on the United Nations (A/41/5, vol. I). Transfers between appropriation sections should take place only in exceptional circumstances, and only after the Advisory Committee's approval had been obtained.

42. He urged the Secretary-General and the executive heads of other organizations to review their financial and staff regulations, consolidating them into a single body of rules. Complete and clear regulations would help staff members better to understand the mandates they were carrying out. The rules to enforce due accountability should be strengthened so as to condemn clear violation of written regulations and rules and avoid financial loss to the Organization. In that context, it would be appropriate to consider training personnel with responsibility in financial administration and management, especially at the operative level.

43. His delegation generally welcomed the recommendations in the report of the Advisory Committee (A/41/632) on the need to call for bids or proposals, on the need for compliance with the 40-hour limit on overtime work, and on the payment of subsistence allowances, when applicable, to the members of boards, committees, commissions and other bodies.

44. There had recently been an inexplicable increase in the incidence of fraud and presumptive fraud at the United Nations. His delegation supported the recommendation of the Advisory Committee calling for a stronger Internal Audit Division and for further study of the question of fraud by the Board of Auditors. It was not sure that current procedures for the identification and punishment of abuse, the recovery of funds and the establishment of measures to reduce or eliminate irregularities were comprehensive or sufficient. His delegation also hoped that the Board's examination would cover entitlements paid or granted to all classes of beneficiaries, within the secretariats of United Nations bodies or not.

45. Mr. MILLS LUTTERODT (Ghana) said that the synthesis of the auditors' main observations presented in document A/41/402 seemed merely to catalogue some of the findings of the Board of Auditors. He hoped that future syntheses would be drafted to satisfy the requirements implicit in the resolution (40/238) by which the General Assembly had requested the presentation of such a document.

46. His delegation was pleased that since 1985 the Administration had made efforts to overcome some of the shortcomings found by the auditors in UNITAR; areas

(Mr. Mills Lutterodt, Ghana)

remained, however, in which improvements would be desirable. One such was the establishment of a roster of experts. The explanation given by the Administration on that point was unsatisfactory, although some steps had been taken towards building up a computerized roster.

47. The UNITAR Administration should also take action on the Board's recommendations concerning the award of publishing contracts. It was not satisfactory to entrust a publications officer with sole responsibility for the issuing of large contracts in the absence of written guidelines. His delegation noted efforts to recover the rent arrears owed by a former tenant of the UNITAR building. It would be interested in learning the identity of that tenant and the conditions under which the original rental agreement had been signed. It was important to ensure that no such situation was allowed to develop again.

AGENDA ITEM 116: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (A/41/11)

48. Mr. ALI (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions (A/41/11), said that the Committee had divided its time, at its forty-sixth session, between the review of alternative methodologies for assessment and the examination of basic problems relating to data comparability.

49. In its review of alternative methods of assessment, the Committee had considered a study on methods of assessment followed by 28 international organizations, as well as details on assessment for peace-keeping operations in the United Nations. While the criterion of capacity to pay predominated in organizations within the United Nations system, the International Atomic Energy Agency divided its budget into safeguard and non-safeguard components, the International Maritime Organization assessed only 10 per cent of its budget according to capacity to pay and the International Civil Aviation Organization assessed 75 per cent of its budget in accordance with that capacity. Other international organizations adhered fully or partly to the criterion of capacity to pay, while some linked contributions to weighted voting. Other alternatives included the division of the membership into groups for purposes of assessment and the apportionment of expenses equally among members.

50. The United Nations faced particular problems in the preparation of a scale of assessments, notably with respect to data comparability, differential rates of inflation and exchange rates used in converting national income from national currencies into United States dollars. Bearing in mind those problems, four alternative methods of assessment had been proposed and discussed by the Committee.

51. The first method, based on an assessment by groups, as indicated in paragraph 10 of the Committee's report, would simplify assessment by providing a high degree of comparability and compatibility among the members of each distinct group. The respective shares to be borne by each group would be set by the Fifth Committee, on the basis of information such as that provided in the table in

(Mr. Ali)

paragraph 15 of the report. The General Assembly would have to decide whether predetermined shares for each group should apply for one or a series of successive scale periods, and the Committee on Contributions could assist the Fifth Committee by testing the latest data and incorporating the results into recommendations on ranges, as well as by recommending individual rates of assessment within each group.

52. The extensive discussions of details relating to the implementation of alternative I were reflected in paragraphs 21 and 22 of the report, while paragraphs 24 to 28 described the advantages of that alternative. It had the merit of simplicity and objectivity, would help to settle the consistently aired complaints that developing countries were being penalized in the current methodology, and would remain within the principle of comparative capacity to pay. Nevertheless, some reservations had been expressed.

53. Alternative II suggested a scale based on a combination of three factors, set forth in paragraph 31 of the report. Legitimacy was lent to that approach by the fact that, apart from the criterion of capacity to pay, the two other factors, namely sovereign equality and permanent membership in the Security Council, were already embodied in the Charter. Arguments against the proposal, as set forth in paragraphs 34 and 35, had included a belief on the part of some members that the alternative was based on political rather than technical considerations which were incompatible with the mandate of the Committee on Contributions.

54. Alternative III suggested that non-permanent members of the Security Council should pay an additional contribution during their term on the Council. However, several members had felt that it was inappropriate to penalize Member States for representing their region in the Council.

55. Alternative IV proposed that the budget should be divided into a core portion, which would include activities fundamental to the basic purposes of the United Nations, such as political and peace-keeping activities, and a non-core portion, which would include technical co-operation, operational and specific assistance activities. All Member States would share in financial responsibility for the core portion, whereas financial responsibility for the non-core portion would be determined by the interests of Member States in the different activities. The non-core portion could, alternatively, be financed through fully voluntary contributions.

56. The Committee had noted that Alternative I most closely reflected the capacity-to-pay approach, while alternatives II, III and IV would constitute a departure from the capacity-to-pay principle. The Committee on Contributions would benefit greatly from the Fifth Committee's views on each of the alternatives.

57. Turning to the subject of data comparability, the Committee was pleased to report, with regard to the problem of establishing a uniform data base, that data from its two major sources, namely the United Nations Statistical Office and the World Bank, were in general compatible. Nevertheless, the two organizations had

(Mr. Ali)

agreed to review their estimation procedures with a view to minimizing any outstanding differences. Currently, data was submitted by Member States in response to both a comprehensive national accounts questionnaire sent out each year by the Statistical Office and a simpler questionnaire sent out by the Committee on Contributions every three years for assessment purposes only. In order to avoid unnecessary duplication of effort, the Committee had decided to discontinue its special questionnaire and to urge Member States to respond promptly and fully to the annual questionnaire sent out by the Statistical Office. The scale of assessments would henceforth be established on the basis of data provided in that manner.

58. With regard to the problem of selecting a conversion factor for countries with a multiple exchange rate system, the practice of applying the average of United Nations operational rates of exchange for centrally planned economies had been a cause of concern since the mid-1970s. In reviewing the situation, the Committee had recognized the complexity of the problem and investigated the possibility of using the exchange rates of socialist members of the International Monetary Fund (IMF) to establish the rates of other socialist countries, the use of cross-rates established among members of the Council for Mutual Economic Assistance or the use of purchasing power parities (PPPs) to calculate conversion factors. For market economy countries, the Committee had noted that the "principal rate" of exchange established by IMF had been used as the conversion factor in establishment of the scale.

59. The Committee had also reviewed developments in the United Nations International Comparison Project (ICP), which had encountered severe financial difficulties due to lack of contributions to the ICP Trust Fund. Several members of the Committee had expressed regret over the deterioration in the financing of ICP and urged Member States to provide appropriate financial support to it.

60. The Committee had noted the possibility of using price-adjusted rates of exchange (PARE) for inflation adjustments in preference to PPPs. However, concern had been voiced that such correction had not been applied systematically to all countries, as well as over the propriety of applying the PARE method. A question had been raised regarding the choice of 1975 as the base year for PARE calculations, and it had also been pointed out that adjusted incomes did not reflect changes in the terms of trade and transfer payments. The Committee had requested that another study be submitted to it at its next session that would incorporate the above-mentioned changes and would experiment with a varying base year.

61. Among other matters considered by the Committee had been the request by the General Assembly, in resolution 39/247 B, to examine the conceptual feasibility of supplementing the current low per capita income allowance formula so that each Member State might be assigned a relevant base relief gradient on the basis of its national income. In the light of the information before it, the Committee had noted that a reduced relief gradient, if assigned to countries with large national incomes, would lower the total relief granted to all eligible Member States. It

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(Mr. Ali)

would also reduce the total burden of relief borne by Member States with per capita income above the limit. The table in paragraph 73 of the report showed that the highest percentage increase in rates of assessment would fall upon countries with a large population and low per capita income.

62. The Committee had also given consideration to the collection of contributions and the payment of contributions in currencies other than United States dollars.

The meeting rose at 12.50 p.m.