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

Report of the Fifth Committee

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1. At its 1370th, 1371st, 1372nd, 1373rd, 1374th and 1375th meetings held on 26, 27, 28, 29, 30 October and 2 November 1970, the Fifth Committee considered agenda item 77, "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^{1/} containing the draft resolution recommended by the Committee.
2. The Chairman of the Committee on Contributions, introducing the report of that Committee, stated that under General Assembly resolution 2291 (XXII) the Committee had been requested to review the scale of assessments in 1970, and in the report now submitted had recommended a revised scale intended to apply for the years 1971, 1972 and 1973. He recalled that in its report to the General Assembly at its twenty-fourth session, the Committee on Contributions had reviewed the criteria and guidelines it uses for the establishment of the scale as well as its terms of reference. The Fifth Committee's debate on that report had been duly taken into consideration by the Committee on Contributions in its review of the scale. There were no new directives from the General Assembly,

1/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 11 (A/8011 and Corr.1 and Add.1).

and the criteria and guidelines used by the Committee and the methods followed for the establishment of the scale were basically the same as in the past. The Committee had based its review of the scale on the net national products at market prices of the Member States for the three-year period 1966-1968, adjusted by deductions for low per capita income by application of the existing allowance formula. In compliance with General Assembly directives, the Committee had observed the "ceiling", the "per capita ceiling" and the "floor" principles, and had paid particular attention to the special problems of the developing countries. The period 1966-1968 had proved to be one of rapid economic development and of substantial price changes in many countries. Through the use of a study by the Secretariat, the Committee had considered the effects of noticeable differential changes in price levels in relation to exchange rates and had made adjustments in individual cases designed to eliminate the impact of such effects on the national income data in order to ensure that countries were not over-assessed or under-assessed purely as a result of relative price changes in relation to exchange rates. No systematic allowance had been devised for the ability of Members to secure foreign currency, but through the use of available data on the servicing and amortization of external debts, the Committee had taken into account payments difficulties of Member States and made corresponding downward adjustments in individual assessments. In order to facilitate the payment of contributions, the Committee had also recommended that the Secretary-General's authority to accept a portion of Member States' contributions in currencies other than United States dollars should be extended to the years 1971-1973. Throughout its review of the scale, the Committee had taken account of the economic and financial problems of the developing countries. As a result, the Committee had ensured that, in the proposed scale, the developing countries with per capita income below \$300 showed no increases in assessment and many showed reductions, and, with only a few exceptions, the same applied to developing countries with per capita income above that level and below \$1,000. The Committee was confident, he concluded, that the proposed changes in the scale reflected the relative changes in the capacity to pay of Member States that had occurred during the three-year period since the present scale was established, and its recommendations, as set out in the draft resolution contained in paragraph 53 of its report, were unanimous.

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3. In the course of the discussion in the Fifth Committee many delegations complimented the Committee on Contributions on its comprehensive and lucid report. They expressed support for the Committee's equitable use of its discretion within the criteria and guidelines given to it by the General Assembly, and for its recommendations. Several delegations expressed their appreciation of the Committee's response to the various views expressed in the Fifth Committee at previous sessions. These delegations noted with satisfaction the progress made towards achieving greater comparability in the statistical data which the Committee used as the basis for its work, and the improvements made in the methods for the establishment of the scale. They looked forward to further improvement in the methods.

4. A few delegations expressed reservations concerning the scale recommended by the Committee on Contributions. They considered the proposed increases in their assessment rates to be excessive, in one case at least open to debate, particularly when compared to the decreases that had been recommended for some highly industrialized countries. Referring to the policy of the Committee on Contributions that too drastic changes in the scale should be avoided, they felt that the Committee's efforts had not been sufficient to avoid drastic shifts of the financial burden from some countries to others. It was also stated that it was difficult to ascertain whether increases in assessments were justified without access to the national income data for all Member States. One delegation suggested therefore that the Committee on Contributions should consider the possibility of including in its future reports the statistical data that formed the basis for the scale.

5. In the course of their interventions, certain delegations drew attention to the serious floods and other national catastrophes that had severely affected their national economies and capacities to pay, events which had occurred after the Committee on Contributions had concluded its work and could therefore not have been taken into account in arriving at the recommended scale. They expressed the desire that the Committee on Contributions at its next session should review the assessment rates recommended for the years 1971-1973 in respect of their countries. In this connexion, the Chairman of the Committee on Contributions stated that these appeals would be considered by the Committee at its 1971 session, when it would recommend an assessment for the new Member State, Fiji, recently admitted to the Organization.

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6. Several delegations welcomed the special attention given by the Committee on Contributions to the implications of changes in price levels and exchange rates, and the adjustments made to eliminate the impact of inordinately high price movements as reflected in the national income data. The view was also expressed that the systematic application of a correction factor designed to take account of fluctuations in the price index of each country would require thorough study. It was essential that new principles and criteria should not be adopted without prior approval of the General Assembly.

7. In connexion with the statistical material used by the Committee on Contributions as a basis for its work, many delegations expressed their concern with regard to the reference, in paragraph 8 of that Committee's report, to the problem of inclusion in the net national product of "subsistence income" of the rural population. They pointed out that such inclusion would be at variance with the Assembly's request in resolution 1927 (XVIII). They also held that the sector of the population living on a "subsistence income" remained outside the monetary system and that that concept could not therefore be included in the national product figures. In the present stage of economic science it was doubtful that such income could be meaningfully translated into a specific factor, and caution should be exercised in order to avoid any arbitrary inflation of the national product of the developing countries.

8. Several delegations expressed their satisfaction that the Committee on Contributions had taken more systematic account of the payments difficulties of Member States through the use of data on the servicing and amortization of external debts. It was hoped that the Committee would pursue this new approach and that further practical steps would result from its continued study of the problem of securing foreign currency. They supported the Committee's recommendations that the Secretary-General's authority to accept payment of a portion of Member States' contributions in currencies other than United States dollars be extended to the years 1971-1973, and that the arrangements be made as comprehensive as feasible. In this connexion, the Fifth Committee decided unanimously to include in its report the following paragraph:

"In the context of the factor regarding the ability of Member States to secure foreign currency, and taking into account resolution 2291 (XXII), the Committee recommends that the needs of the Organization in currencies other than the US dollar should be met by giving priority for payments in non-US currencies to the countries whose currencies they may be."

9. Referring to the allowance for low per capita income and the implementation of the General Assembly's request that due attention be given to the special problems of the developing countries, many delegations welcomed the decision of the Committee on Contributions to exercise wider discretion for the concession of relief to this group of countries. As a result special attention had been given by the Committee not only to the countries with per capita income below \$300 but to the whole range of low per capita income countries. The recommended scale therefore presented a more equitable apportionment of the expenses of the Organization in present circumstances. Some delegations expressed the view that the Committee on Contributions should revise the different elements of the allowance formula so as to adjust it to the changing world economic situation, and noted that the Committee, as stated in its report, would continue to examine the formula in this perspective. In this connexion it was emphasized that when the existing allowance formula was adopted only two Member States, out of a membership of fifty-one, had per capita incomes above the present upper limit of \$1,000. This situation had greatly changed and there were now twenty-four Member States with per capita incomes above \$1,000. Many delegations, referring to this point, held that as the system of assessment was based on the concept of graduated taxation, the present world economic situation would seem to justify a raising of the upper limit for the concession of relief. It was indicated by some delegations that the upper limit could be raised to \$1,500 or perhaps even to \$2,000. It was also suggested that, in raising the upper limit for the allowance, the maximum percentage allowance should perhaps be increased to 60 per cent for the very lowest per capita income countries. Other suggestions included the raising of the maximum percentage allowance from 50 per cent and the introduction of a sliding scale of allowances with upward adjustment for countries with per capita income above \$1,000. In connexion with the allowance formula, the Chairman of the Committee on Contributions stated that the Committee would take into account the views expressed by delegations in its study of the methods for the establishment of the scale.

10. Other delegations, while in favour of the Committee on Contributions' declared intention to keep under review its practices and the implementation of the principles governing its work and the possibility of

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improving its methods, cautioned against any piecemeal review of the Committee's terms of reference or criteria. The General Assembly had laid down a coherent set of rules to be observed jointly and simultaneously, and it was important for that coherence to be preserved. The proposed scale showed that the Committee on Contributions, by exercising its discretion within the framework of the existing rules, could bridge not only differences in economic position and performances, but also the differences in opinion that existed in the Committee. Concern was also expressed at the tendency to regard it as a principle that the contributions of the industrialized countries must not be reduced, while those of the developing countries must not be increased. The scale, it was stated, should reflect changes in the economic realities of all Member States.

11. As the fundamental principle for the establishment of an equitable scale was the capacity to pay of Member States, some delegations pointed out that it was difficult to justify the "ceiling" and "per capita ceiling" limitations on assessments, which had the effect of reducing the rates of highly developed countries, with the highest per capita incomes in the world, although their economies showed a satisfactory rate of development. This situation should have the attention of the Committee on Contributions since the implementation of these principles could lead to a paradoxical situation and represented an anomaly in the existing system. The Committee on Contributions should also continue to have regard to the minimum assessment, because the constant growth in the United Nations budget had the effect of substantially increasing the financial burden carried by the countries assessed at the floor level. The view was also expressed that, although the "ceiling", "per capita ceiling" and "floor" principles were not deduced from the concept of capacity to pay, they were nevertheless valid principles in an organization of sovereign equals with correlative equal responsibilities.

12. In the course of the debate, one delegation expressed the view that on account of the recognized prerogatives and powers of the permanent members of the Security Council they should be expected to bear a correspondingly larger financial responsibility than the non-permanent members. In the scale now recommended one non-permanent member would be required to contribute considerably more than one permanent member of the Security Council. This situation gave reason for concern and it was hoped that it would be carefully considered by the Committee on Contributions.

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13. With regard to the statements annexed to the 1969 report of the Committee on Contributions^{3/} listing the assessments and voluntary contributions paid by Member States, it was suggested that arrangements be made for similar statements to be prepared for inclusion in future reports of the Committee.

14. At its 1375th meeting, the Fifth Committee voted on the draft resolution recommended by the Committee on Contributions (A/8011, para. 53). The draft resolution was adopted by 86 votes to none, with 3 abstentions (see paragraph 15 below).

RECOMMENDATION OF THE FIFTH COMMITTEE

15. 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

Resolves that:

(a) The scale of assessments for Member States' contributions to the United Nations budget for the financial years 1971, 1972 and 1973 shall be as follows:

<u>Member State</u>	<u>Per cent</u>
Afghanistan	0.04
Albania	0.04
Algeria	0.09
Argentina	0.85
Australia	1.47
Austria	0.55
Barbados	0.04
Belgium	1.05
Bolivia	0.04
Botswana	0.04
Brazil	0.80
Bulgaria	0.18
Burma	0.05

^{3/} Ibid., Twenty-fourth Session, Supplement No. 11 (A/7611), annex II.

<u>Member State</u>	<u>Per cent</u>
Burundi	0.04
Byelorussian Soviet Socialist Republic	0.50
Cambodia	0.04
Cameroon	0.04
Canada	3.08
Central African Republic	0.04
Ceylon	0.05
Chad	0.04
Chile	0.20
China	4.00
Colombia	0.19
Congo (Democratic Republic of)	0.04
Costa Rica	0.04
Cuba	0.16
Cyprus	0.04
Czechoslovakia	0.90
Dahomey	0.04
Denmark	0.62
Dominican Republic	0.04
Ecuador	0.04
El Salvador	0.04
Equatorial Guinea	0.04
Ethiopia	0.04
Finland	0.45
France	6.00
Gabon	0.04
Gambia	0.04
Ghana	0.07
Greece	0.29
Guatemala	0.05
Guinea	0.04
Guyana	0.04
Haiti	0.04
Honduras	0.04
Hungary	0.48
Iceland	0.04
India	1.55
Indonesia	0.28
Iran	0.22
Iraq	0.07
Ireland	0.15
Israel	0.20
Italy	3.54
Ivory Coast	0.04
Jamaica	0.04
Japan	5.40
Jordan	0.04
Kenya	0.04
Kuwait	0.08

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<u>Member State</u>	<u>Per cent</u>
Laos	0.04
Lebanon	0.05
Lesotho	0.04
Liberia	0.04
Libya	0.07
Luxembourg	0.05
Madagascar	0.04
Malawi	0.04
Malaysia	0.10
Maldives	0.04
Mali	0.04
Malta	0.04
Mauritania	0.04
Mauritius	0.04
Mexico	0.88
Mongolia	0.04
Morocco	0.09
Nepal	0.04
Netherlands	1.18
New Zealand	0.32
Nicaragua	0.04
Niger	0.04
Nigeria	0.12
Norway	0.43
Pakistan	0.34
Panama	0.04
Paraguay	0.04
People's Republic of the Congo	0.04
Peru	0.10
Philippines	0.31
Poland	1.41
Portugual	0.16
Romania	0.36
Rwanda	0.04
Saudi Arabia	0.07
Senegal	0.04
Sierra Leone	0.04
Singapore	0.05
Somalia	0.04
South Africa	0.54
Southern Yemen	0.04
Spain	1.04
Sudan	0.04
Swaziland	0.04
Sweden	1.25
Syria	0.04
Thailand	0.13
Togo	0.04
Trinidad and Tobago	0.04

<u>Member State</u>	<u>Per cent</u>
Tunisia	0.04
Turkey	0.35
Uganda	0.04
Ukrainian Soviet Socialist Republic	1.87
Union of Soviet Socialist Republics	14.18
United Arab Republic	0.18
United Kingdom of Great Britain and Northern Ireland	5.90
United Republic of Tanzania	0.04
United States of America	31.52
Upper Volta	0.04
Uruguay	0.07
Venezuela	0.41
Yemen	0.04
Yugoslavia	0.38
Zambia	0.04
	<u>100.00</u>

(b) Subject to rule 161 of the rules of procedure of the General Assembly, the scale of assessments given in sub-paragraph (a) above shall be reviewed by the Committee on Contributions in 1973, when a report shall be submitted for the consideration of the Assembly at its twenty-eighth 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 1971, 1972 and 1973 in currencies other than United States dollars;

(d) Subject to rule 161 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 1971, 1972 and 1973 expenses of such activities on the basis of the following rates:

<u>Non-member State</u>	<u>Per cent</u>
Federal Republic of Germany	6.80
Holy See	0.04
Liechtenstein	0.04
Monaco	0.04
Republic of Korea	0.11
Republic of Viet-Nam	0.07
San Marino	0.04
Switzerland	0.84

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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:

Federal Republic of Germany
Liechtenstein
Monaco
Republic of Korea
Republic of Viet-Nam
Switzerland

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

Republic of Korea
Republic of Viet-Nam

(iv) To the Economic Commission for Europe:

Federal Republic of Germany

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

Federal Republic of Germany
Holy See
Liechtenstein
Monaco
Republic of Korea
Republic of Viet-Nam
San Marino
Switzerland

(vi) To the United Nations Industrial Development Organization:

Federal Republic of Germany
Holy See
Liechtenstein
Monaco
Republic of Korea
Republic of Viet-Nam
Switzerland
