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COMMITTEE ON CONTRIBUTIONS
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DRAFT REPORT

Addendum

V. ASSESSMENT SCALE METHODOLOGY: SUMMARY

1. After its thorough study of various alternatives and variants of the current assessment methodology, the Committee concluded that neither the incorporation of economic and social indicators nor the systematic use of PARE or PPPs for converting the values of national and per capita income into United States dollars could be considered currently for assessment purposes. With respect to the first variant, the lack of data on indicators for a sufficiently large number of countries and a high degree of incomparability among those data, together with the adverse results that variant produced for most developing countries, persuaded the Committee to take no decision pending further study. The second variant also suffers from the lack of benchmark data for a large number of countries. That variant could be reconsidered in the future when more countries, and particularly certain key economies, are included in the PPP study.
2. The Committee concluded that, for the time being and pending further studies of the variants in current methodology and of other methods, national income adjusted by the low per capita income allowance formula to derive assessable income must necessarily be used in the establishment of future scales of assessment.
3. In commenting on the use of the concept of national income as the criterion to assess the relative capacity to pay of various countries, some members brought once more to the attention of the Committee on Contributions the fact that the existing practices of the computation of the national incomes of the countries whose revenues were mostly generated by the export of a few products, which were mainly depletable natural resources, tended to greatly overstate the magnitude of their national income. Their revenues resulted mainly from the consumption of a wasting asset. Those revenues were not income but rather the monetary realization of a

pre-existing wasting asset. In the view of the proponents of that concept, such a situation justified the introduction of adjustments to their GDP or national income and, therefore, a depletion factor valuing the wasting asset should be taken into account in measuring their real GDP. Those same members were of the opinion that until revised accounting methods of computing national incomes of those countries were devised, appropriate deductions to their national income should be effected.

4. The Committee also concluded that (a) the statistical base period should continue to be 10 years in order to ensure more stability in rates of assessment of individual countries; (b) the upper limit of the low per capita income allowance formula should be raised to \$US 2,200; and (c) the mechanism set forth in paragraph 16 of addendum 2 should be adopted to dampen excessive variations in individual rates of assessment of Member States.

5. Throughout its discussion, the Committee was cognizant of the serious economic and financial situation in the world and in particular of the problem of high levels of indebtedness. Although no systematic way of adjusting to this problem was developed, the Committee was of the opinion that this condition must be borne in mind during the preparation of subsequent scales of assessment.

VI. GUIDELINES FOR THE COLLECTION AND PRESENTATION OF DATA

6. In paragraph 2 of resolution 36/231 A, the General Assembly requested the Committee on Contributions "to prepare a set of guidelines for the collection and presentation of data by Member States, in order to ensure that adequate data and statistical information were submitted to the Committee on a uniform and comparable basis". In response to that mandate, the Committee reviewed, at its forty-second and forty-third sessions, the practices and procedures followed by the United Nations Statistical Office in gathering data from Member States and in the compilation and estimation of national income and related statistics for purposes of establishing a scale of assessments.

7. The actual guidelines for the collection and presentation of data by Member States are in fact contained in the System of National Accounts (for short, SNA) which the fifteenth session of the Statistical Commission adopted for the use of national statistical authorities and in the reporting of comparable national accounting data. They are also reflected in the National Accounts Questionnaire and the Material Balances Questionnaire sent out every year by the United Nations Statistical Office to national statistical offices for the collection of data on national accounts including national income.

8. A technical note on these guidelines is given in annex VI to the present report. Those guidelines were generally endorsed by the Committee. However, a few members of the committee noted that, from its inception until the current time, the Committee had based its computations of relative capacity to pay on average "assessable income" for a series of years expressed in United States dollars. They emphasized that, in order to provide the Committee with comparable national income statistics, countries with centrally planned economies which used the concept of net material product provided to the United Nations Statistical Office information

about the value of their national income according to the current system of national accounts (SNA). It was noted that the Committee's questionnaire sent out to Member States was too detailed. It should be limited to the key indicators necessary for drawing the scale of assessments. Those members, therefore, proposed to request the United Nations Statistical Office to work out and circulate to all Member States brief methodological instructions concerning the computation of national income on a uniform basis.

VII. ASSESSMENT OF NEW MEMBER STATES FOR 1983 AND 1984

9. According to rule 160 of the rules of procedure of the General Assembly, the Committee is called upon to advise the Assembly on assessments to be fixed for new Members. Regulation 5.8 of the Financial Regulations of the United Nations provides that "new Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly".

10. During the thirty-eighth session of the General Assembly in 1983, Saint Christopher and Nevis was admitted to membership in the Organization. By resolution 548 (1984), the Security Council, having examined the application of Brunei Darussalam for admission to the United Nations, recommended to the General Assembly that Brunei Darussalam be admitted to membership in the United Nations. It is, therefore, expected that Brunei Darussalam will be admitted to membership in the Organization in September 1984.

<u>Member State</u>	<u>Date of admission</u>	<u>General Assembly resolution</u>
Saint Christopher and Nevis	23 September 1983	38/1
Brunei Darussalam	September 1984	...

11. Under the terms of General Assembly resolution 69 (I) of 14 December 1946, new Members are required to contribute to the annual budget of the year in which they are first admitted at least 33.33 per cent of their percentage of assessment determined for the following year, applied to the budget for the year of admission. However, by subsequent decision of the Assembly, exceptions have been made to the one-third rule, the prescribed minimum having been reduced to one ninth for almost all States newly admitted to membership in the Organization since 1955.

12. The United Nations scale of assessments for the years 1983 to 1985, as adopted by the General Assembly in resolution 37/125 A of 17 December 1982, was based on national and per capita income data for the years 1971-1980. On the same basis, the Committee recommends that Saint Christopher and Nevis, admitted to membership in 1983, should be assessed at the rate of 0.01 per cent for 1984 and 1985 and at the rate of one ninth of 0.01 per cent for its year of admission in 1983. Should Brunei Darussalam be admitted in September 1984 or during the course of the thirty-ninth session of the General Assembly in 1984, the Committee would recommend that it be assessed at the rate of 0.03 per cent for 1985 and at the rate of one ninth of 0.03 per cent for 1984.

13. The Committee further recommends that for 1983 and/or 1984, the contributions of the new Members should be applied to the same basis of assessment as for other Member States, except that in the case of appropriations or apportionments approved by the General Assembly for the financing of the United Nations Disengagement Observer Force and for the United Nations Interim Force in Lebanon, the contributions of these new Member States (in accordance with the group to which they may be assigned by the Assembly) should be calculated in proportion to the calendar year.

VIII. OTHER MATTERS CONSIDERED BY THE COMMITTEE

A. Collection of contributions

14. The Committee took note of the report of the Secretary-General which indicated that at the opening of the resumed session of the General Assembly on 26 June 1984, seven Member States, Chad, the Comoros, El Salvador, Equatorial Guinea, Grenada, Mauritania and South Africa, were in arrears in the payment of their assessed contributions within the terms of Article 19 of the Charter. The Committee inquired into the procedures followed by the Secretariat by which Member States concerned were informed ahead of time of their arrears under Article 19 and reaffirmed its previous decision to authorize its Chairman to issue an addendum to the present report, should it be necessary.

B. Payment of contributions in currencies other than United States dollars

15. Under the provisions of paragraph 3 of resolution 37/125 A, the General Assembly authorized the Secretary-General to accept, at his discretion and after consultation with the Chairman of the Committee, a portion of the contributions of Member States for the calendar years 1983, 1984 and 1985 in currencies other than United States dollars.

16. At its current session, the Committee noted from the Secretary-General's report on the arrangements for the payment by Member States of their 1984 contributions in currencies other than United States dollars that 10 Member States had availed themselves of the opportunity of paying the equivalent of \$US 2.9 million in eight non-United States dollar currencies acceptable to the Organization. In accordance with the recommendation of the Fifth Committee, the Committee also noted that the Secretary-General had continued to give precedence to each Member for payment in its own currency.

C. Study on comparative methods of assessment

17. During its review of alternative methodologies for assessment, the Committee noted that apparently there had not been any scholarly study of comparative methods in use by international organizations and regional organizations within and outside the United Nations system for determining their apportionment of expenses.

Considering that the United Nations will mark its fortieth anniversary in 1985 and that during those 40 years numerous international and regional organizations had been established, the Committee decided to request the Secretary-General to undertake such a study within his existing resources. In that regard, mention was made of resolution 38/33 by which the General Assembly "invites the Secretary-General to provide the Committee on Contributions with the facilities it requires to carry out its work and, if requested by the Committee, necessary supplementary assistance".

D. Date of the next session

18. As the Committee will be required to establish a scale of assessments for 1986-1988 next year and in view of the changes recommended above, the Committee decided that it would hold its forty-fifth session from 3 June to 3 July 1985 in New York.

IX. RECOMMENDATION OF THE COMMITTEE

19. The Committee on Contributions 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:

1. The rates of assessment for the following States, admitted to membership in the United Nations on 23 September 1983 and ... 1984, respectively, shall be as follows:

<u>Member State</u>	<u>Per cent</u>
Saint Christopher and Nevis	0.01
Brunei Darussalam	0.03

For 1983, 1984 and 1985, these rates shall be added to the scale of assessments established under General Assembly resolution 37/125 A of 17 December 1982;

2. For their year of admission, Saint Christopher and Nevis and Brunei Darussalam shall contribute at the rate of one ninth of 0.01 and ... per cent, respectively, such contributions to be taken into account as miscellaneous income under regulation 5.2 (c) of the Financial Regulations of the United Nations;

3. For the years 1984 and 1985, Saint Christopher and Nevis shall contribute at the rate of 0.01 per cent and for the year 1985 Brunei Darussalam shall contribute 0.03 per cent; such contribution for 1984 by Saint Christopher and

Nevis also to be taken into account as miscellaneous income under regulation 5.2 (c) of the Financial Regulations of the United Nations;

4. The contributions of Saint Christopher and Nevis for 1983 and 1984 and Brunei Darussalam for 1984 shall be applied to the same basis of assessment as for other Member States, except that in the case of appropriations of apportionments approved under General Assembly resolutions 37/38 A of 30 November 1982 and 38/35 A of 1 December 1983 for the financing of the United Nations Disengagement Observer Force, and resolutions 37/127 A of 17 December 1982 and 38/38 A of 5 December 1983 for the financing of the United Nations Interim Force in Lebanon, the contributions of those States, as determined by the group of contributors to which they may be assigned by the Assembly, shall be calculated in proportion to the calendar year;

5. The advances of Saint Christopher and Nevis and Brunei Darussalam to the Working Capital Fund, under regulation 5.8 of the Financing Regulations of the United Nations, shall be calculated by the application of the rates of assessment of 0.01 and 0.03 per cent, respectively, to the authorized level of the Fund, such advances to be added to the Fund pending the incorporation of the new Members' rates of assessment in a 100 per cent scale.
