



OCT 21 1980

UN/DA COLLECTION

FIFTH COMMITTEE  
16th meeting  
held on  
Tuesday, 14 October 1980  
at 10.30 a.m.  
New York

SUMMARY RECORD OF THE 16th MEETING

Chairman: Mr. BUJ-FLORES (Mexico)

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

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The meeting was called to order at 10.40 a.m.

AGENDA ITEM 97: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/35/11)

1. Mr. ANDERSON (Australia) said that the efforts of the Committee on Contributions offered the best hope of progress towards the common goal of an apportionment of expenses in as close accord as possible with capacity to pay as reflected in accurate measures of national income. There was, however, a long way to go in resolving outstanding questions of methodology and approach; indeed, it was doubtful whether, in the short term, that Committee would be able to steer a course between the numerous competing national interests and priorities and to develop objective criteria where some of the problems were concerned. None the less, it should pursue its endeavours.
2. In noting the Committee's decision to continue studying the question of the statistical base period, he reiterated his delegation's view that the seven-year base period continued to serve more than adequately as a safeguard against unwarranted fluctuations in national assessments between successive scales.
3. The Committee itself seemed to be somewhat divided on the merits of the various proposed formulae for the application of the low per capita income allowance discussed in paragraphs 38 et seq. of its report (A/35/11). In principle, his delegation would support some revision of the current formula; the matter should be kept under study.
4. Paragraphs 84 and 85 of the report related to the very serious concerns expressed by his delegation at the thirty-fourth session about the obvious and avoidable error of using fiscal year data instead of calendar year data which had resulted in his country's being seriously over-assessed, an error which represented an annual cost of some \$650,000 in terms of its contribution to the United Nations budget and some \$1.8 million in respect of the United Nations system as a whole. Since other countries were affected and the result could be a lessening of future confidence in the Committee on Contributions, his delegation had felt very strongly that its over-assessment and the question of the Committee's methodology should be addressed directly and promptly. Against that background, it welcomed the decisions recorded in paragraph 85 of the report, which seemed to place appropriate emphasis on the need for continued development of a reliable and consistent system for assessing contributions which would be seen to be fair to all Member States. In that connexion, it was hoped that henceforth exactly comparable statistics would be used for all Member States.
5. With particular regard to the decision in paragraph 85 (c), his delegation's interpretation was that it would allow an adjustment in the next assessment period to take account of the over-assessment in the current period. If the Committee on Contributions was to demonstrate its impartiality and command the confidence of all delegations it was important that it should make public as much as possible of the

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(Mr. Anderson, Australia)

statistical basis on which its decisions were made, as well as details of those decisions. Only if its calculations were seen to be beyond reproach could it discharge its responsibilities in ensuring maximum comparability of national data and enable countries to bring to the question of assessments the cool, constructive and dispassionate approach urged by the representative of Mexico at the thirty-fourth session.

6. Mr. ABOUA (Ivory Coast) explained that his country's economy was largely based on the export of agricultural commodities, the prices of which were subject to constant fluctuations on the world market. Unpredictability of export earnings prevented it from carrying out its development plans. At the same time as it was witnessing an over-all decline in the prices of its principal export crops, the prices of imports were rising because of inflation in the developed countries. Furthermore, as a non-oil-producing country, its oil bill was also rising. Despite efforts to curb imports and postpone some long-term investment projects, as well as a policy of strict financial austerity, there was no sign of any turnabout over the next three years. In those circumstances, it would not be able to meet the increased assessment of 0.03 per cent proposed by the Committee on Contributions, especially since its assessed contribution had already increased in the previous biennium, while the assessments of most countries in a similar situation had been reduced.

7. As a country which had always honoured its political and financial commitments, it hoped that the Fifth Committee would take account of its present circumstances to maintain its contribution at 0.02 per cent, like that of a number of other countries which had attained the same level of economic development.

8. Mr. SCHMIDT (Federal Republic of Germany) said that his delegation set great store by the General Assembly's continuing trust in and reliance on the assistance and findings of the Committee on Contributions in the search for a fairer and more equitable scale of assessments. It did not, however, overlook the growing politicization of that Committee, although, to a certain extent, that trend simply denoted greater political awareness of the need for an equitable apportionment of the expenses of the regular budget and the desire to identify factors which were not reflected in a straight comparison of gross national product but which nevertheless influenced a country's capacity to pay. His delegation was none the less keenly aware of the dangers of using criteria which could not be quantified for all Member States and would change the currently accepted basis for comparison of quantitative data based on comparable statistics. There was a risk that such a step might open the way to bargaining and jockeying for political advantage. Great caution therefore had to be exercised if economic and social indicators which could not be expressed in comparable numbers for all countries and on the fairness of which there was no consensus were to be allowed to influence apportionment.

9. Fairness meant fairness to all countries and groups of countries; criteria tailored to fit the circumstances of any particular group might increase the sense of inequitable treatment. It might well be asked why only accumulated "man-made" wealth should count, and not natural wealth, or why to depend on the export of a few commodities was less enviable than to be heavily dependent on imports of the same commodities. He also wondered whether it was fair to judge how wisely a country spent its national income and, on the basis of that judgement, determine its capacity to contribute to the budget of the Organization. His delegation

(Mr. Schmidt, Federal Republic  
of Germany)

therefore urged caution. If the sense of over-all fairness went awry, the financing itself might be endangered. There was a certain incongruity in the clamour of one group for greater participation in the Organization through an increased personnel quota and the persistent effort of the same group to reduce its financial involvement. However, his delegation was confident that the Committee on Contributions would continue to be the trustee of the interests of all Member States.

10. Mr. EL-HOUDERI (Libyan Arab Jamahiriya) expressed his delegation's belief that the Committee on Contributions was in a position to develop a method for determining the scale of assessments that was just and equitable. It welcomed the recognition that capacity to pay could not be measured by national income alone but also had to take account of economic and social indicators which varied from country to country. As the World Bank had rightly pointed out, development was not simply economic progress calculated in terms of gross national product; rather it was measured by a country's capacity to improve living conditions for its people. In that connexion, the views of the Committee set out in paragraph 16 of its report (A/35/11) were a hopeful sign. Even if it had not yet reached firm conclusions, given the delicate nature of the subject, it had indicated its intention to develop and improve methods for determining a country's capacity to pay. He hoped that by the next session it would have developed positive recommendations based on General Assembly resolution 34/6 B. To that end, co-operation between the Committee on Contributions and the Statistical Office of the United Nations should be pursued.

11. The report of the Committee on Contributions was, in his delegation's view, of an interim nature. It was hoped that in reaching final conclusions the Committee would take into account a number of important factors. First, there was the need to find methods which would avoid excessive variations of individual rates of assessment between two successive scales. While it might be difficult on a purely theoretical basis to agree on an accepted definition of excessive variations, he believed that, from a practical point of view, a method could be worked out on the basis of a consensus similar to that which existed on the classification of developed and developing countries or on what constituted an excessive increase in resources requested by the Secretary-General for any specific programme. He was sure that it would be possible to find a formula, perhaps using the same approach as was adopted in relation to the growth of the Organization's regular budget. Some Member States had taken the view that the introduction of upward and downward limits would be a departure from the principle of capacity to pay. That, his delegation believed, was not the case. On the other hand, to increase the assessment of developing countries on the basis of improvements in their economies, without taking account of the fact that they had to improve their economic infrastructure in order to develop, was a serious departure from that principle. As far as the low per capita income allowance for the least-developed countries was concerned, his delegation did not support any shift in percentage points in calculating the formula. In that connexion, he was most concerned about the situation of many sub-Saharan African countries.

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(Mr. El-Houderi, Libyan  
Arab Jamahiriya)

12. Secondly, as far as circumstances which adversely affected the capacity of Member States to pay were concerned, his delegation did not believe that it was necessary to have homogeneous, precise data on which to base economic and social indicators. Indeed, there were no such precise and homogeneous data relating to national income as a measure of capacity to pay.

13. His delegation shared the views expressed by the Committee on Contributions in paragraphs 34 to 36 of its report with respect to countries that were heavily dependent on the export of one product or a few products, and hoped that practical proposals in that connexion would be submitted to the General Assembly at its thirty-sixth session.

14. He welcomed the studies by the Committee on Contributions with respect to the statistical base period but noted that no report had provided comparative data which would result in a just and equitable calculation. Comparative data should be drawn up, using various countries and various statistical periods, which would give an idea of the ranking of various Member States. It was hoped that the next report of the Committee on Contributions would contain positive, realistic recommendations which would permit the establishment of guidelines for the calculation of the new scale of assessments.

15. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) welcomed the concise and clear exposition that the Committee on Conferences gave in its report (A/35/32) of the problems it had considered over the past year. In general, his delegation shared the Committee's views and was prepared to approve the report. It could not, however, give unqualified support to the statements in paragraphs 87 and 90, since the Fifth Committee had not been provided with any information on the methodology which had been used by the Secretary-General. It would reserve its position on the matter until such information was supplied.

16. Means of lightening the financial burden associated with membership of the United Nations should be sought, not by departing from the established principles on which the scale of contributions was drawn up, but rather by limiting the Organization's spending and checking the growth in its budget. Efforts to make the scale of contributions fairer should be concentrated on improving means of determining Member States' relative capacity to pay in accordance with the principles currently in effect.

17. Mr. HAMZAH (Syrian Arab Republic) said that it was unreasonable to permit excessive variations in a country's rate of assessment between two successive scales. It was to be hoped that the marked increase in some countries' assessed contributions in the most recent scale of assessments would not be repeated when the next scale was drawn up.

18. States' ability to obtain convertible currency should be taken into account in determining their assessments, as should their external debts; in that connexion,

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(Mr. Hamzah, Syrian Arab Republic)

he welcomed the attention paid by the Committee to developing countries that had been identified by the World Bank as having to devote a substantial portion of their foreign earnings to the servicing of external public debts (A/35/11, para. 23). In the case of States whose earnings depended on exports of one or a few products, account should be taken of the rising price of the goods they imported and the effect of foreign exchange rates on their capacity to pay. In that connexion, he expressed particular sympathy with the views set forth in paragraphs 29 and 30 of the Committee's report.

19. His delegation favoured the adoption of the system of national accounts (SNA), which was discussed in paragraph 45 of the report, as the basis on which to determine a State's capacity to pay. Such a step would both facilitate the work of the Committee on Contributions and help to make the scale of assessments fairer. In the same connexion, he endorsed the decision in paragraph 85 of the Committee's report.

20. An agreement to accept part of States' contributions to the budget in currencies other than United States dollars would permit some Members to tender their contributions early, thereby helping the Organization to overcome its financial crisis; he pointed out that the United Nations had financial commitments in many parts of the world other than New York.

AGENDA ITEM 92: MEDIUM-TERM PLAN FOR THE PERIOD 1980-1983 (continued) (A/35/6 and Corr.1 and Add.1 and 2, A/35/7, A/35/38; A/C.5/35/1 and Corr.1 and Add.1 and Add.1/Corr.1 and 2, A/C.5/35/2, A/C.5/35/3 and Corr.1, A/C.5/35/4 and Corr.1; A/C.5/35/L.7/Rev.1)

21. Mr. BEGIN (Director, Budget Division), replying to a question from the representative of Madagascar, said the proposed revisions to the medium-term plan for the period 1980-1983 (A/35/6) covered only those programmes and subprogrammes in which changes were actually proposed. No mention was made of the Office of the United Nations Disaster Relief Co-ordinator, therefore, because no alterations in its programme were envisaged.

22. Miss GUIMARAES (Brazil) proposed that, since there had been no opposition to the reservations which several States had voiced about paragraph 4.47 of the proposed revisions to the medium-term plan (A/35/6 and Corr.1), the paragraph should be deleted.

23. It was so decided.

24. Mr. PAL (India) indicated the amendments accepted by the sponsors of draft decision A/C.5/35/L.7 and incorporated in document A/C.5/35/L.7/Rev.1, and announced that Denmark had joined the list of sponsors.

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25. Mr. DUQUE (Secretary of the Committee) announced that Finland, too, was a sponsor of the draft decision under discussion.

26. Mr. GRODSKY (Union of Soviet Socialist Republics) observed that the Fifth Committee had the power to modify United Nations programmes of activity only where they related to administrative and budgetary matters. His delegation therefore had no objection to paragraphs 2 and 3 of the draft decision introduced by the Indian delegation (A/C.5/35/L.7/Rev.1), since the programmes affected by those provisions did indeed fall within the realm of administrative and budgetary questions. The Brazilian proposal just adopted by the Committee, however, would affect the work of the Department of Political and Security Council Affairs and, whatever the justice of that proposal, it must be wondered whether the Fifth Committee was in fact empowered to take a decision on the matter. At the very least, the proposal should first have been referred to the body normally responsible for the work of the department in question. His delegation would have no part of the decision the Committee had just adopted in that respect.

27. Regarding the draft decision, he expressed his appreciation to the sponsors for agreeing to incorporate a reference to General Assembly resolution 34/225 in paragraph 4. As to paragraph 6, he hoped that CPC would soon determine new criteria and methods for setting programme priorities that would help to slow the growth of the budget and encourage the financing of United Nations programmes through resources released from obsolete, marginal or ineffective programmes.

28. Mr. PIRSON (Belgium) said that his delegation continued to believe that relative real growth rates were a useful, if imperfect, programming tool. Given the growing criticism of the method, however, it realized that a new formula would have to be found and therefore concurred with paragraph 6 of the draft decision. Its chief concern was that there should be no discontinuity between the old system and whatever replaced it. Should CPC fail to devise a new system at its next session, his delegation would return to the matter at the thirty-sixth session.

29. As for the proposal in paragraph 2 (b) of the draft decision to delete the human settlements programme from those selected for immediate analysis in order to ascertain how the distribution of tasks and responsibilities between the regional commissions and other United Nations units could be improved, his delegation was concerned that the programme should not be left, in the middle of the decentralization exercise set in motion by resolution 32/197, to develop haphazardly as the environment programme had done. It understood the proposal to mean that, if the human settlements programme was exempted from immediate analysis, nothing would preclude the Secretariat from scrutinizing the programme as soon as it had completed the immediate analysis of the environment and water programmes called for by CPC.

30. Mr. MUGARA (Uganda) said that his delegation wished to become a sponsor of the draft decision.

31. Mr. LÖSCHNER (Federal Republic of Germany) welcomed the emerging consensus on the draft decision. His delegation, however, would have preferred the deletion of

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(Mr. Löschner, Federal  
Republic of Germany)

paragraph 3, which left it to the Secretariat to determine which revisions to the medium-term plan of UNCTAD had been accepted by the Working Party.

32. Draft decision A/C.5/35/L.7/Rev.1 was adopted.

33. Mrs. DORSET (Trinidad and Tobago) said that she wished to provide clarification in connexion with the statement made by one delegation regarding the Committee's earlier decision not to approve the revision to paragraph 4.47 (Subprogramme 3: International marine political and security problems) of the medium-term plan. At the most recent session of the Third United Nations Conference on the Law of the Sea, a statement had been made to the Group of 77 on behalf of the Secretary-General outlining possible measures to be undertaken by the Secretariat to implement the new convention on the law of the sea and to promote the national development of the oceans and the management of marine resources within the comprehensive legal framework of the convention. The Conference had not, however, taken any decision with regard to the broad range of activities envisaged by the Secretary-General, and the Group of 77, which had initiated consultations with the Secretary-General on that matter, had itself deferred substantive consideration of the proposals presented to it. Moreover, several delegations, including her own, had introduced a draft resolution at the Conference on the question of the development of national marine scientific, technical and ocean services infrastructure. Since the subject-matter of paragraph 4.47 of the medium-term plan appeared to be directly related to matters on which a decision had yet to be taken by the Conference on the Law of the Sea, her delegation, at a previous meeting, had asked on what legislative authority the Secretariat had based subprogramme 3. She believed that the formulation of that subprogramme should have awaited a decision by the Conference on the Law of the Sea concerning the scope and nature of administrative measures necessary for the effective implementation of the convention by all States, in particular the developing countries. The Fifth Committee clearly had the authority to decide on the deletion of the paragraph in question, subject to the approval of the plenary Assembly, which was the supreme legislative organ of the United Nations.

34. The CHAIRMAN said he considered that, with the adoption of the draft decision on the medium-term plan, the Committee had completed its discussion of the substantive part of agenda item 92. There remained under that item only the report of the Secretary-General on the identification of activities that had been completed or were obsolete, of marginal usefulness or ineffective, and delegations should refer only to the points dealt with in that report at subsequent meetings.

AGENDA ITEM 93: FINANCIAL EMERGENCY OF THE UNITED NATIONS: REPORT OF THE NEGOTIATING COMMITTEE ON THE FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/C.5/34/44 and Corr.1; A/C.5/35/13)

35. Mr. RUEDAS (Assistant Secretary-General for Financial Services) recalled that, under paragraph 6 of resolution 32/104, the Secretary-General was required to provide detailed information to the General Assembly on the financial deficit of the Organization, including information on voluntary contributions from Member States and other sources. The first such report had been submitted to the thirty-third session in document A/C.5/33/46. Although the Assembly had already

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dealt with that report by taking note of it, it might be useful, for purposes of comparison, to consider it in conjunction with the reports submitted to the preceding and the current sessions (A/C.5/34/44 and Corr.1, and A/C.5/35/13).

36. It was clear from a comparison of the three reports that the deficit relating to the regular budget had increased from \$69 million as estimated at 30 September 1977 to \$88.6 million as estimated at 30 June 1980. The deficit for UNEF and UNDOF had increased during that same period from \$30.2 million to \$58.4 million. The situation with regard to UNIFIL had deteriorated extremely rapidly, with withheld contributions rising from \$14 million as estimated at 30 September 1978 to \$67.7 million two years later. The remaining components of the short-term deficit had not changed from year to year. They represented old debts, the principal of which had varied mainly as a result of differences in exchange rates from year to year. The balance of voluntary contributions made to offset the deficit had risen from \$37.3 million in 1977 to \$48.4 million in 1980.

37. In 1976, withholdings of assessed contributions to the regular budget had accounted for approximately 61 per cent of the total deficit. In 1980, the corresponding figure had dropped to 39.3 per cent. On the other hand, in 1976, 15.5 per cent of the short-term deficit had stemmed from withholdings of assessed contributions to peace-keeping operations, while in 1980 that figure had risen to 56 per cent. Thus, it appeared that the importance of withholdings from the regular budget was diminishing, while the importance of withholdings in respect of peace-keeping operations was increasing very rapidly.

38. It would be noted from annex II in the three documents that withholdings from the regular budget in respect of the United Nations bond issue had increased to \$38.5 million in 1980, the amount withheld in respect of the regular programme of technical assistance had remained stable, while withholdings in respect of other budget items had increased from an estimated \$12 million on 31 December 1978 to an estimated \$17 million on 31 December 1980. Since appropriations to retire the bond issue were expected to end in 1990, it was a simple mathematical exercise to forecast what the total amount of withholdings would be. Withholdings in respect of other budget items were increasing at a very rapid rate.

39. Withholdings in respect of peace-keeping operations had increased tremendously in just two years and were a major factor in the increase in the over-all deficit from \$109 million in 1976 to \$225 million in 1980. Moreover, there had been an increase in the number of Member States which withheld contributions in respect of peace-keeping operations from 22 in 1978 to 23 in 1979 and 24 in 1980.

40. The balance of the United Nations special account for voluntary contributions had increased steadily over the years, not as a result of additional contributions from Member States, but almost entirely as a result of interest earned on contributions already received.

41. Annex V in each of the three reports illustrated the estimated cash-flow situation for the calendar year. There was a pattern of cash shortages and even deficits at the beginning of the year, rising to a more comfortable position at

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(Mr. Ruedas)

mid-year and reverting to a near deficit at the end of the year. That reflected the fact that assessed contributions were generally paid at mid-year. Bearing in mind that the cash position reflected not only assessed contributions but also contributions to the Working Capital Fund and voluntary contributions, the question might be asked how, even using all the cash at hand, the Secretariat had managed to meet all its obligations in months when the deficit exceeded \$40 million. The answer to that question was that the figures presented in annex V were accounting figures; the bank and cash situation was more favourable, however, as some obligations had not yet been disbursed and some cheques that had been drawn had not been cashed. Thus, the monthly deficits represented accounting imbalances, and did not mean that the Secretariat had had to resort to borrowing or tap resources held in various trust funds.

42. The Chairman of the Negotiating Committee had asked whether the Organization had shown greater resilience than expected when the question had first been raised in 1975. Bearing in mind the growing deficit in respect of peace-keeping operations, it was clear that the greatest resilience had been demonstrated by troop-contributing Member States, which had accepted to be paid only when cash was available in the special accounts for UNDOF and UNIFIL. The Secretary-General had repeatedly drawn the attention of the General Assembly and the Security Council to that very unsatisfactory state of affairs and had stressed that late payments to or failure to pay troop-contributing countries might affect their willingness to continue to make contingents available to the international community. The Chairman of the Negotiating Committee had also asked whether the Organization's "financial cushion" was diminishing. Indeed, that appeared to be the case, given the fact that the amount of the deficit in respect of the regular budget had reached \$88.6 million, while the combined balance of the Working Capital Fund and the special account for voluntary contributions stood at \$88.4 million. Should the deficit continue to increase, and there was nothing to indicate that it would not, there was every possibility that the financial situation of the Organization would be more difficult and its cash position more precarious in the years ahead.

43. Mr. GRODSKY (Union of Soviet Socialist Republics) asked how the deficit for UNEF could have risen \$1.7 million, as indicated in paragraph 3 of document A/C.5/35/13, when the Force had long since been disbanded.

44. Mr. GARRIDO (Philippines), referring to annex II relating to withholdings from the regular budget, asked why the "other budget items" had not been specified.

45. He wondered how, if voluntary contributions were not received on a regular basis, the Secretary-General was able to meet the Organization's obligations.

46. Mr. MAJOLI (Italy) said that the worrisome financial situation of the Organization was the result of the illegal and deplorable practice of some Member States of withholding part of their contributions to the Organization. Such States did not accept the democratic rule that expenditure approved by the General Assembly had to be paid for by all Members. It was not inconceivable that the provisions of Article 19 of the Charter might some day have to be applied to States that withheld their contributions. It was to be hoped, of course, that the Negotiating Committee would find a way to avoid such a drastic step.

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(Mr. Majoli, Italy)

47. He had been happily surprised by the figures given in annex IV for "interest earned, public contributions and other income" for the years 1979 and 1980, and would appreciate information on how much of the increase was due to public contributions and other income.

The meeting rose at 1 p.m.