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Chairman: Mr. TOMMO MONTHE (Cameroon)

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

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AGENDA ITEM 122: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued)

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The meeting was called to order at 3.45 p.m.

AGENDA ITEM 122: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/40/11 and Add.1)

1. Mr. MAYCOCK (Barbados) said that the Committee on Contributions had provided a scale of assessments which reflected the instructions given to it by the General Assembly. Accordingly, he could see no viable alternative but to adopt the proposed scale. If the Fifth Committee were to reject the Committee's proposals would it undertake to work out another scale itself? Would the Committee on Contributions be called into extraordinary session and given new instructions? Or would the Fifth Committee decide, during the celebration of the fortieth anniversary of the United Nations, to reject the proposed scale without being able to make arrangements for another one?
2. It was clear that General Assembly resolution 39/247 B had not been acceptable in its entirety to any delegation. However, it should be remembered that when it was adopted most delegations had felt that it was the best that could be achieved in the circumstances. It should also be remembered that if resolution 39/247 B had not been adopted by consensus the Committee would have had to vote on two diametrically opposed resolutions. It was unlikely that the task of the Committee on Contributions, or that of the Fifth Committee, would have been any easier.
3. All delegations agreed that the Committee on Contributions had been intended to be an independent body of experts charged with the responsibility of recommending to the General Assembly how the expenses of the Organization should be appointed. It was also generally accepted that the scale of assessments should be based on the principle of "capacity to pay". However, there was no agreement on the definition of that principle or on how it should be applied; that was one of the major problems facing the Committee.
4. He noted that delegations whose rates of assessment remained the same or were lowered usually found the new scale fair while those whose rates had been increased tended to find it unfair. The latter, on the pretext of correcting the "errors" of the Committee on Contributions and upholding the principles governing its work, proposed measures aimed solely at short-term advantage of one kind or another. His delegation had difficulty in understanding that approach when, as was evident from the addendum to document A/40/11, voluntary contributions comfortably outstripped assessed contributions.
5. Another problem pointed out by the Committee on Contributions to explain the lack of progress in its deliberations was the lack of comparable or reliable data. It seemed, therefore, that it would be more productive for the Fifth Committee to address the difficulties faced by the Committee on Contributions rather than to appear to be attempting to encroach upon its mandate. There were a number of approaches that Member States could usefully adopt: firstly, candidates nominated

(Mr. Maycock, Barbados)

for election to the Committee on Contributions should be experts or at least be capable of becoming experts; secondly, every effort should be made to ensure that the members of the Committee attended meetings regularly; and, thirdly, the experts should be permitted to perform in such a way that they were not mistaken for national representatives. A Committee on Contributions thus constituted would be less likely to arouse suspicion - however unjustified - of selective application of criteria and other undesirable practices and would be in a position not only to consider data but also to take into account all relevant factors in the formulation of scales of assessment and it would be able to make better use of the time available to it.

6. Even under ideal circumstances it would be difficult for the Committee to deal with all the studies requested by the General Assembly while maintaining its pattern of holding only one session a year. The Committee should be given the opportunity to complete all outstanding studies and to recommend improvements in methodology by the forty-second session of the General Assembly. He strongly recommended that the Committee should meet twice a year for the next two years in order to give the experts a fair chance of advising the Assembly.

7. He was fully aware of the energy and emotion that had been expended in the formulation of General Assembly resolution 39/247 B. It was neither the time nor the place to reopen those painful discussions. On the contrary, during the celebration of that historic anniversary efforts should be focused on the further enhancement of the Organization rather than on selfish and partisan approaches. He therefore associated himself with those delegations that favoured adoption of the scale recommended by the Committee on Contributions and with those that believed that the Committee should be given the wherewithal to carry out the mandate entrusted to it by the General Assembly. He was convinced that no Member State, no group of States, not even the Fifth Committee, was better placed to fulfil that mandate.

8. Mr. LOZA (Egypt) noted that the work of the Committee on Contributions must be evaluated in light, not only of the instructions it received from the General Assembly, but also of the statistical data communicated to it by Member States or obtained from other sources.

9. In its resolution 39/247 B, the General Assembly had reaffirmed that the real capacity to pay of Member States was the fundamental criterion for determining the scale of assessments while stressing the need to take into account the economic and financial problems encountered by the developing countries in particular. Paragraphs 12 to 25 of the Committee's report (A/40/11) and the results obtained testified to the efforts the Committee had made to take the latter aspect into consideration. Furthermore, some of the provisions of the above-mentioned resolution, specifically paragraph 1 (c) concerning the redistribution of the burden of relief, lent themselves to several interpretations. The difficulties encountered by the Committee in that respect and the different views which had been expressed in the Fifth Committee at the thirty-ninth session had not facilitated the Committee's task. That was why it had been forced to apply the relief on an

(Mr. Loza, Egypt)

ad hoc basis, leaving the issue of principle for later resolution (para. 10). Several references had been made in the report to the adoption of ad hoc solutions; that had caused members of the Fifth Committee to raise legitimate questions. The Committee on Contributions would undoubtedly be able to answer them convincingly.

10. The data used by the Committee to determine the assessed contributions was the second element which must be taken into account in evaluating its work. The Committee could not be expected to prepare a scale that was equitable for all Member States on the basis of the principle of capacity to pay unless it had data that were comparable, reliable and acceptable and that made it possible to apply any new methodology objectively. In its report the Committee had stressed that difficulties relating to lack of data and deficiencies in the data would have to be resolved before indicators regarding debt could be incorporated in the assessment scale formula (paras. 13, 16 and 18). Similarly, he drew attention (paras. 30 to 52) to the difficulties involved in estimating national income and exchange rates. The Committee had had to resort to ad hoc solutions in order to deal with those difficulties but it would do better to avoid such solutions in future.

11. In view of the foregoing, he felt that the Committee on Contributions had been successful in finding practical solutions to the problems of data and was pleased that it had drawn the attention of the General Assembly to that question. While recognizing the complexity and variety of the problems faced in comparing data, his delegation did not believe that the method proposed in paragraph 59 of the report, namely the distribution of expenses by groups of countries, was the only alternative that could be envisaged. However, it supported the idea of exploring that question further in all its technical aspects, without necessarily entrusting the responsibility for such a study exclusively to the Committee on Contributions.

12. His delegation was concerned above all to avoid dissension between North and South or between particular countries or groups of countries on the issue of assessment rates. After all, the intention of the General Assembly, in adopting resolution 39/247 B, had not been to create a gap between developed and developing countries, but to highlight the economic problems that affected the capacity to pay of developing countries. He believed that the information contained in the report of the Committee on Contributions would reassure those delegations which might have had doubts in that regard.

13. In conclusion, his delegation was prepared to support the proposed scale of assessments. At the same time, it requested the Committee on Contributions to provide it with further details regarding the comparative study on methodologies used by the United Nations and other organizations referred to in paragraph 64 of the Committee's report.

14. Mr. BROWNE (New Zealand) said that in carrying out the imprecise and ambiguous mandate entrusted to it by the General Assembly at its thirty-ninth session, the Committee on Contributions had succeeded in maintaining its objectivity and impartiality. Accordingly, he was prepared to support the adoption of the new scale of assessments recommended by that Committee, which contained several changes compared with the scale for 1983-1985.

(Mr. Browne, New Zealand)

15. The Committee had introduced those changes to apply the criteria adopted on the basis of consensus by the General Assembly (in resolution 39/247 B), which it had experienced substantial difficulty in interpreting. Although the application of those criteria had resulted in a lower rate of assessment for New Zealand, his delegation still maintained the reservations which it had expressed on that subject at the thirty-ninth session.

16. If the Committee on Contributions had failed to determine a scale which appropriately reflected the real capacity to pay of Member States, that had essentially been for two reasons. The first was the inadequacy, or indeed total lack, of information submitted by Member States and, in addition, in cases where such information was available, the feeling that the rates of exchange proposed as conversion factors for Governments did not always correspond to the real situation. In that regard, he believed, like other speakers, that the question of exchange rates should be examined in more detail with a view to eliminating the distortions that could arise in that field.

17. The second reason, which he had already mentioned, was the difficulty that the Committee on Contributions had experienced in following the instructions of the General Assembly and in devising an appropriate methodology for that purpose. In the end, having analysed the various options which it had identified, the Committee on Contributions had decided that it had no alternative but to disavow the methodology which it had established as a viable method for calculating future scales. Therefore, it was legitimate to ask whether the kind of instructions given to the Committee by the General Assembly in its resolution 39/247 B really made it possible to assess with fairness, impartiality and consistency the capacity of States to contribute to the expenses of the Organization. The immediate task of the Fifth Committee was to agree on a scale for the financing of the United Nations in the short term. However, his delegation believed that it was equally important for the Fifth Committee to turn its attention once again to defining as simply as possible criteria to be used in establishing a methodology for calculating rates of assessment which would not give rise to lengthy and contentious debate. It would therefore contribute to efforts to give the Committee on Contributions clearer guidelines that could more easily be applied in a scientific and objective manner, since such simplification would facilitate both the work of the Committee on Contributions and also that of the Fifth Committee.

18. Ms. DEREGIBUS (Argentina) said that the new scale of assessments inevitably contained changes that resulted in decreases or increases in the contributions of Member States and was therefore bound to give rise to positive or negative reactions. For that not to be the case, the world economic and financial situation would have to be static, which was an unrealistic assumption.

19. Since the scale of assessments must reflect overall trends in the world economy, which for some time had been characterized by the widening gap between a majority of poor countries and a minority of developed ones, the increasingly acute needs of the developing countries and the efforts which they undertook to provide their population with an adequate standard of living deserved to commend the particular attention of the General Assembly and the Committee on Contributions.

(Ms. Deregibus, Argentina)

20. Real capacity to pay of Member States was the fundamental principle on which the scale of assessments was based, and the General Assembly had recognized, at its thirty-eighth session, the need to improve the methodology used to assess that capacity so as to provide greater impartiality and equity in the scale. On the basis of the studies carried out, at its request, by the Committee on Contributions, the General Assembly had felt that there was a need to clarify the mandate of that Committee so that it could take the developing countries' difficult situation duly into account in the calculation of their rates of assessment. That reorientation of the Committee's work and its actual result, namely the proposed new scale, while they had proved useful as a whole, were nevertheless only one step towards refining the methodology used to determine rates of assessment. Her delegation therefore hoped that the Committee on Contributions would explore other alternatives, utilizing for that purpose the resources and technical support required.

21. With regard to the report of the Committee on Contributions on the work of its forty-fifth session (A/40/11), she noted with satisfaction the modification to the formula for the limitation of excessive variations in rates of assessment between two successive scales, which had made it possible to correct the undesirable effects of the automatic application of the system of assessment. She also welcomed the efforts undertaken by the Committee to incorporate in the assessment scale methodology indicators regarding the external debt of developing countries. In spite of the difficulties faced in that regard, particularly bearing on the comparability and relevance of available data, the Committee had been able to devise a valid formula (para. 19 of the report) to determine the relief deduction to be made. In that regard, her delegation believed that the Committee on Contributions should continue its studies on the incorporation, in the methodology for assessing real capacity to pay, of short-term economic indicators.

22. Member States' capacity to pay was evaluated on the basis of estimates of their total national income at market prices and in dollars, so that, unless account was taken of a country's level of domestic inflation through an adjustment in exchange rates, that country's national income could well be incorrectly evaluated. The report before the Fifth Committee showed that, as in the past, whenever the data submitted by a Member State or the estimates of the United Nations Statistical Office showed flagrant anomalies, the Committee on Contributions had examined comparative data from other sources. In the case of three countries, of which Argentina was one, the United Nations Statistical Office's data had been replaced wholly or partly by those of the World Bank adjusted for inflation in order to give a truer picture of those countries' real situation. She expressed her satisfaction at the criterion adopted, which gave a more faithful reflection of the Argentine economic position. She had, however, noted the reservations entered by several members of the Committee on Contributions regarding the corrections in the national income figures. She was in agreement with the general principle reaffirmed by that Committee that, wherever possible, a common data base should be the point of departure, with adjustments being limited to exceptional cases where there were obvious distortions.

(Ms. Deregibus, Argentina)

23. In conclusion, her delegation joined in the Austrian delegation's appeal for the adoption by consensus of the new scale of assessments. She was sure that, as the statements of a large number of speakers had already demonstrated, the Fifth Committee would give the appeal a favourable response.
24. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that the Committee on Contributions had given proof of its objectivity and competence in establishing the scale of assessments, and had carried out to the full the relevant resolutions of the General Assembly. It had used very diverse sources for the immense body of information on which it had based its calculations and, in measuring the real capacity of Member States to pay, it had largely taken into account the interests of the developing countries and of the least developed countries, as well as factors that temporarily affected capacity to pay (such as external debt and natural disasters). Moreover, the Committee had shown great flexibility in applying the machine scale. The result was that in the recommended scale, 94 Member States were assessed at 0.01 to 0.03 per cent.
25. Consequently, his delegation rejected the unjustified attempts to discredit the Committee on Contributions. It also rejected the attacks and insinuations made against sovereign States and aimed at poisoning the atmosphere. The gravity of the situation in respect of the scale of assessments was due to the growth in the Organization's budget, and expenditures must be rationalized. That being said, it was to be hoped that the scale of assessments would be adopted by consensus.
26. Mr. SHERWANI (India) noted that the international organizations were going through a critical period and that it would be helpful in such difficult times if all Member States demonstrated their concrete support for the Organization by showing a sense of realism and by reaffirming the status and the role of the Committee on Contributions, which was composed of qualified experts appointed by the General Assembly.
27. It was the general tendency of Member States to compare their assessed contributions with those for the preceding period. In doing so, they forgot that the relative capacity of Member States to pay varied from one period to another and that, accordingly, their position on the scale of assessments also varied. Those Member States which protested because their assessments were not to their liking would do well to recall that the exercise of the rights conferred on them by the Charter was accompanied by responsibilities, as was emphasized in Article 17, and that seeking to evade those responsibilities was tantamount to undermining the Organization's very foundation. It was essential for all Member States to reaffirm their commitment to the United Nations and to enter into a dialogue in order to enhance its effectiveness.
28. Mr. HASHIM (Bahrain) pointed out that, although oil prices had fallen and exchange rates had fluctuated considerably, Bahrain's assessment had increased by 100 per cent, which seemed to call for some comment. The share of mineral resources in Bahrain's gross national product had declined by 5 per cent between 1982 and 1983. During that time, oil production had decreased from 16.1 to 15.3 million barrels. The Committee on Contributions had not taken sufficiently

(Mr. Hashim, Bahrain)

into account the problems of those Member States which depended on exports of oil and natural gas (70 per cent in the case of Bahrain) or on some other primary commodity. The oil-producing countries were clearly penalized by the new scale. Nor had the Committee taken into account the fact that their income was derived from non-renewable resources. The problem of non-renewable natural resources had, however, been touched on in General Assembly resolution 39/247 B. Bahrain considered that an adjustment factor should be applied to income from such resources.

29. As far as the information compiled and the sources used were concerned, the Committee on Contributions should check all such information carefully and try to determine not the theoretical but the real income of Member States in the light of each one's special situation.

30. Mr. SEFIANI (Morocco) said that, despite the praiseworthy efforts of the Committee on Contributions, the proposed scale of assessments was far from perfect. From the point of view of methodology, some of the Committee's statements were nothing short of surprising. For example, the Committee said, in substance, in paragraph 18 of its report, that it had "opted for a pragmatic formula in its recommendation for the 1986-1988 scale". The fact that the Committee itself recognized that it had opted for a pragmatic formula must attract attention. What was more, in paragraph 20, referring to countries which might be given relief, the Committee stated that "the answer to each of those questions was, in the nature of things, going to be arbitrary". It was clear from those two remarks that the scale could not be satisfactory and that the methodology used in establishing it was, to say the least, lacking in objectivity.

31. The results of the Committee's calculations using the methods described were clearly very curious. First of all it would be noted that the overall assessment for the countries of the Group of 77 had again increased, rising from 9.30 to 9.67 per cent in the proposed scale even after relief. As far as such relief was concerned, it would be seen that of the total of 69 points granted for Member States, only nine had gone to Africa, despite the gravity of the situation on that continent. His delegation would like to know exactly how the relief points had been distributed, particularly since Morocco, which had been one of the nine countries originally singled out for relief points, had in the end been excluded from the list of beneficiaries. It awaited a specific explanation in that regard as well as of the method used to calculate the scale of assessments as a whole.

32. In response to the appeal made by of the Chairman of the Fifth Committee, the Chairman of the Committee on Contributions and the Secretary-General, his delegation would not object to the adoption of the proposed scale of assessments despite the widespread dissatisfaction to which it had given rise, on the understanding that the Committee on Contributions would concentrate on working out a new and more objective method.

33. Mr. ABOLY BI (Ivory Coast) said that the Committee on Contributions had no doubt done its best to implement General Assembly resolution 39/247 B. However, one could not fail to note, when comparing the assessment rates by groups of

(Mr. Aboly Bi, Ivory Coast)

countries given in paragraph 57 of the Committee's report, that the assessment of the States members of the Group of 77 had increased in the three previous scales and was to rise again in the scale proposed for 1986-1988, whereas the rate for countries with centrally-planned economies had on the contrary decreased. That situation was all the more unjustifiable as the Group of 77 consisted of developing countries, countries which the United Nations in fact sought to assist, such as the African countries affected by drought and desertification and other natural disasters. Despite their enormous potential, those countries were still the least developed; their growth rates remained fixed, and were even declining. Moreover, most were heavily in debt. The Committee on Contributions should have taken all those factors more fully into account when establishing the scale.

34. With regard to the redistribution of the burden of relief, his delegation deplored the fact that the Committee on Contributions had not implemented paragraph 1 (c) of General Assembly resolution 39/247 B, for it had not reached clear conclusions on the matter. The Ivory Coast acknowledged that 59 relief points had been allocated to the developing countries, but they would have preferred to see all such points allocated to them.

35. The Committee on Contributions should in future endeavour to resolve various problems: inadequate statistical data, establishment of conversion rates by the countries concerned, payment in non-convertible currencies, and the decrease in the assessment rates of the permanent members of the Security Council.

36. The foregoing remarks notwithstanding, his delegation had been under the impression that, in adopting General Assembly resolution 39/247 B by consensus, Member States had decided to set aside their differences. It was thus unfortunate that the scale which had resulted from the implementation of that resolution was so imperfect and consequently had become an object of dissension. While his country accepted the proposed scale, it felt that the Committee on Contributions should consider alternative methodologies, as it proposed to do in paragraph 64 of its report. On the occasion of the fortieth anniversary of the United Nations, Member States should endeavour to reach agreement on a methodology for the scale of assessments.

37. Mrs. KNEZEVIC (Yugoslavia) said that the recommended scale of assessments was slightly more balanced than the preceding one. Nevertheless, the contribution of the developed countries in relation to that of the developing countries continued its downward trend. That situation was all the more unacceptable as the developing countries, particularly the most heavily indebted ones, were faced with unprecedented difficulties. It was admittedly hard to devise an indicator that would appropriately reflect the debt factor, and it was understandable that the Committee on Contributions had opted for a provisional and pragmatic formula. However, the Committee should next endeavour to work out a methodology that would give more weight to the debt element. To that end, all Member States should co-operate with the United Nations Statistical Office in providing more comprehensive and systematic information on external debt.

(Mrs. Knezevic, Yugoslavia)

38. Generally speaking, it appeared necessary to harmonize the methods used by the United Nations Statistical Office and the World Bank for converting estimates of national income into United States dollars, in order to prevent excessive distortions. Lastly, when assessing the real capacity to pay of Member States, the Committee on Contributions should essentially be guided by the objective differences in levels of development, the economic and financial situation and the development needs of countries. Although the contribution of her country in the recommended scale for the period 1986-1988 remained unchanged, it was over-assessed, particularly in relation to the contributions of certain neighbouring countries. Also, the deduction of 5 per cent of debt from national income applied to her country was too low. That reservation aside, her delegation was prepared to accept the scale of assessments recommended by the Committee on Contributions.

39. Mr. GITSOV (Bulgaria) pointed to the difficulty of taking levels of indebtedness into account when the scale of assessments was being prepared. External debt was a complex problem and could not be expressed solely in financial terms. The debt of developing countries, which was composed in large measure of loans obtained to finance development projects, was of a completely different nature from the external debt of the developed countries. The question of arriving at an indicator reflecting the level of indebtedness must therefore be studied in greater detail. Similarly, the increasing difficulties faced by the developing countries in securing convertible currencies should also be accorded greater attention.

40. The question of the conversion factor used to express national income in United States dollars had created certain difficulties. Some speakers had questioned the right of Member States to determine their rate of conversion, and had thus infringed upon the sovereignty of those States. In the case of his own country, national per capita income expressed in leva had doubled during the period 1970-1982, whereas it had quintupled in United States dollars. On the basis of that dollar estimate, Bulgaria's assessment, which had been established at 0.13 per cent in 1977, had risen to 0.18 per cent for the period 1983-1985 and was destined to rise again by three points in the new scale. The gap between national income as expressed in leva and in dollars could be explained by the fact that since 1975 a different exchange rate had been used. His Government therefore requested that the exchange rate used before 1975 should be utilized to convert Bulgaria's national income into dollars.

41. Having expressed its views, his delegation was prepared to endorse the report of the Committee on Contributions, which it believed conformed to the guidelines contained in General Assembly resolution 39/247 B.

42. Mr. HLOPHE (Swaziland) noted that, pursuant to resolution 39/247 B, the Committee on Contributions had decided to reduce the relief burden of four Member States and to reduce the assessment of one Member State which was among the least developed countries from 0.03 to 0.02 per cent. Moreover, while it was true that the Committee had reduced the assessments of 37 Member States in the light of their

(Mr. Hlophe, Swaziland)

serious economic and financial problems, most developing countries faced the same problems, particularly the African countries, where prolonged drought and various natural disasters had further strained already fragile economies. The recommended scale of assessments clearly did not give adequate weight to the magnitude of those problems. Lastly, while it was true that the assessment rates of most developing countries had remained at the same level, the rates of some developed countries had decreased drastically. The question thus arose whether the proposed scale was really fair and reflected the true capacity to pay of Member States.

The meeting rose at 5.25 p.m.