REPORT

OF THE

COMMITTEE ON CONTRIBUTIONS

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-SIXTH SESSION

SUPPLEMENT No. 11 (A/36/11)

UNITED NATIONS

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ANNEXES

I. MEMBERSHIP OF THE COMMITTEE

1. The forty-first session of the Committee on Contributions was held at United Nations Headquarters from 16 June to 2 July 1981. The following members were present:

Syed Amjad Ali
Mr. Mohammed Sadiq Al-Mahdi
Mr. Denis Bauchard
Mr. Anatoly Semënovich Chistyakov
Mr. Miguel A. Dávila Mendoza
Mr. Hélio de Burgos-Cabal
Mr. Leoncio Fernández Maroto
Mr. Richard V. Hennes
Mr. Lance Joseph
Mr. Wilfried Koschorreck
Mr. Rachid Lahlou
Mr. Atilio Norberto Molteni
Mr. Katsumi Sezaki
Mr. Ladislav Šmíd
Mr. Sung Hsin-chung
Mr. József Tardos

2. The Committee re-elected Syed Amjad Ali Chairman and elected Mr. Atilio Norberto Molteni Vice-Chairman.

II. TERMS OF REFERENCE OF THE COMMITTEE

3. During its forty-first session, the Committee was guided by its terms of reference as laid down by the General Assembly. The texts of those terms of reference and directives as contained in a number of Assembly resolutions are set out in annex I to the present report.

III. FURTHER CONSIDERATION OF GENERAL ASSEMBLY RESOLUTION 34/6 B OF 25 OCTOBER 1979

A. Introduction

4. In paragraph 2 of its resolution 34/6 B, reproduced in annex I to this document, the General Assembly requested the Committee on Contributions to study in depth, ways and means of increasing the fairness and equity of the scale of assessments. At its fortieth session, the Committee explored extensively various issues which could affect the measurement of the capacity to pay of Member States. Since most of these issues are extremely complex and controversial in nature, further detailed examination is deemed necessary, bearing in mind also the observations made by many members of the Fifth Committee during the thirty-fifth session of the General Assembly.

B. Methods to avoid excessive variations of individual rates of assessment between two successive scales

(resolution 34/6 B, para. 2 (a))

5. In response to the request of the General Assembly, as given in resolution 34/6 B, paragraph 2 (a), that the Committee on Contributions explore methods which would avoid excessive variations of individual rates of assessment between two successive scales, the Committee studied again the alternative of setting a percentage limit or a percentage points limit or a combination of the two. The Committee was still unable to agree on the criteria for defining what was meant by excessive or extreme variations in the rates of assessment between two successive scales.

6. The Committee had before it illustrations of the effects of applying a combination of the two restrictions, percentage limits and percentage points limits, to the machine scale based on national income and related statistics for the period 1973-1979. For illustrative purposes, the Statistical Office produced the following:

Percentage limit

If the present official scale is	the percentage change in the new machine scale should not be more than
above 1.00 per cent	10 per cent
0.76 - 1.00 per cent	25 per cent
0.51 - 0.75 per cent	33 per cent
0.05 - 0.50 per cent	50 per cent
0.01 - 0.04 per cent	50 per cent or one point

Percentage points limit

If the present official scale is	the changes in percentage points in the new machine scale should not be more than
above 1.00 per cent	0.30
0.76 - 1.00 per cent	0.20
0.51 - 0.75 per cent	0.15
0.05 - 0.50 per cent	0.10
0.01 - 0.04 per cent	0.01

Some members of the Committee suggested the following:

If the present official scale is	the percentage change in the new machine scale should not be more than
above 1.00 per cent	10 per cent
0.76 - 0.99 per cent	15 per cent
0.51 - 0.75 per cent	20 per cent
0.04 - 0.50 per cent	25 per cent
0.01 - 0.03 per cent	50 per cent

7. Most members of the Committee were of the opinion that the device of setting a percentage limit was too mechanistic and arbitrary. They repeated the view expressed at the last session that imposition of such a limit upwards or downwards would lead to a distortion of the capacity to pay. For countries experiencing continual growth or continual decline in their national incomes, such arbitrary limits, if applied to a series of successive scales, would involve a departure from the principle of the capacity to pay as the gap between the machine scale and the modified scale using the percentage limits would continue to widen.

8. These members recalled that, by resolution 31/95 A of 14 December 1976, the General Assembly had requested the Committee on Contributions to consider "the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of the capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method". At that time, the Committee had examined a suggestion by certain representatives in the Fifth Committee and several other proposals that increases between two successive scales should be limited to a fixed percentage. Although it could not agree on the adoption of such a mechanistic device, it nevertheless had responded to the General Assembly's request by increasing the statistical base period from three to seven years; this extension of the base period was already aimed at alleviating sharp variations in the rates of assessment which the Committee had been called upon to avoid.

9. They further pointed out that it had already been the practice of the Committee to mitigate for a number of Member States upward or downward movements in the machine scales resulting from changes in national income. They concluded that the time was not ripe to introduce arbitrary limitations on variations between successive scales.

10. As for the definition of a concept of "excessive variations", some members stated that, since it was a relative concept, it could be objectively assessed only if related to an objective basis. The average variation could be such an objective basis. "Excessive variation" would then be any variation that would depart from the average variation. Alternatively, these members added, if the word "excessive" could be replaced by the word "extreme", a much less subjective word, already used in resolution 31/95, the variation would be "extreme" whenever it was twice the average variation. A combination of the two criteria could be implemented, in the "mitigation round", through a reduction of 50 per cent of the machine scale assessment. Other members considered that a variation could be described as "excessive" only if the increase in the rate of assessment was not accompanied by an equivalent percentage increase in national income.

11. Some members of the Committee were of the opinion that the setting of limits to the percentage change between successive scales, as per the above, would dampen excessive or extreme variations in the rates of assessment between two successive scales and would yield harmonious results for various countries in the same <u>per capita</u> income brackets. Such limits would also be in conformity with the directives of the General Assembly which had frequently requested the Committee on Contributions to devise methods which would avoid excessive variations of individual rates of assessment between successive scales.

12. Moreover, those same members thought that the introduction of limits to the percentage change between two successive scales would lead to greater fairness and equity in the scale of assessments, especially for those countries which had been

experiencing unusually inflated national income figures at current prices. These members maintained the view that due to the non-availability of comparable statistical information on national wealth as the determining factor of the capacity to pay and on meaningful economic and social indicators and the continuing use of national income as the sole indicator of the relative capacity to pay, an application of a reasonable limit would not constitute a departure from the principle of the capacity to pay.

13. It was also pointed out by those members that national income did not reflect the real capacity for generating income. The mechanistic application of national income to assess the capacity for payment could lead to false and unjust results, as occurred in the last two scales (1976-1979), wherein some developing countries had their contributions doubled while some developed countries had their contributions decreased by the equivalent number of percentage points. Such trends, if continued, would not only distort the concept and the measurement of the capacity to pay, but even undermine them.

14. Two members concurred, although for different reasons, in the opinion expressed in paragraph 13 that the scale of assessments for 1978-1979 contained "false and unjust results". They believed that in arriving at that scale an insufficient distinction had been made between those developing countries in financial difficulties for whom substantial relief was appropriate and those developing countries with huge national incomes and sizable amounts of available foreign currency.

15. The Committee concluded that the question relating to the possibility of avoiding excessive or extreme variations between two successive scales should be reviewed again at its next session.

16. The Committee also re-examined the possibility of introducing a scale with more than two decimal digits. After weighing the pros and cons of this measure, the Committee felt that this would not be appropriate or desirable at the present stage.

C. Economic and social indicators of the capacity to pay (resolution 34/6 B, para. 2 (b))

17. In its report last year, the members of the Committee agreed that, in principle, national income as a measure of the capacity to pay should be supplemented, *inter alia*, by other economic and social indicators. The Committee took note with satisfaction of the fact that some progress had been achieved in this area and that there was increasing availability of data for economic and social indicators.

18. At the current session, the Committee studied seven leading economic and social indicators earlier selected by the Committee for Development Planning to supplement *per capita* national income for the purposes of identifying the least developed countries. The percentage share of manufacturing to gross domestic product, manufactured exports to total exports, economically active population outside agriculture, *per capita* energy consumption and the number of telephones in use in relation to the population were designed to show the extent of structural transformation of the economy and to reflect a country's infrastructural endowments.

The literacy ratio and the life expectancy at birth were introduced to provide information on the trained and skilled human resource potential.

19. The Committee observed that certain indicators were not available for certain countries. Even when they were available, they were not comparable between countries because of differing statistical systems, concepts, scopes, coverages, definitions, etc. Also, the period or year covered was different for some of the indicators.

20. The Committee noted with interest the ranking of countries with regard to (a) per capita national income and (b) a composite indicator, which was derived as a weighted average of the ranking of per capita national income and the remaining seven indicators. The weights applied were the same as those used in an earlier study, i.e., 50 per cent for the rank of per capita income and 50 per cent for the rank of the remaining 7 indicators, which were given each an equal weight of 7.14 per cent. A comparison of the relative rankings of the countries showed that there was a remarkable consistency in their rankings irrespective of whether it was based on per capita national income or on the above described composite indicator, except for 5 out of 152 countries. In their case, the ranking according to per capita income was much higher than from the ranking according to the composite indicator.

21. Many members of the Committee came to the conclusion that, although these indicators were interesting and no doubt very useful for the purposes of the Committee for Development Planning, they were doubtful that those same indicators could be relevant for assessment purposes. Reference was also made to a larger number of indicators (e.g. 18) which the Committee had examined at its thirty-seventh and fortieth sessions. Some members of the Committee felt that the number of indicators should not be enlarged as this would only increase the difficulties inherent in assessing the role of individual indicators. Other members of the Committee, however, thought that in the absence of complete data of national wealth, as a measurement of the stock of wealth versus the flow of income, various economic and social indicators should serve as an indicator of the stage of economic and social development of various countries and, therefore, should be taken into consideration as criteria to assess the capacity to pay of various countries.

22. One member observed, with regard to this topic, that the social and economic indices, particularly the former, were not necessarily and automatically connected to national income, and were even less tied to the capacity for payment. The various social indices discussed, i.e., life expectancy, infant mortality and literacy rates, dealt only with the quality of life and were related to the distribution of wealth and income, but not necessarily to their generation.

23. After extensive examination of the relevance of these indicators as additional measurements of the capacity to pay, the availability of comparable statistics for all Member States and the difficulties encountered in their utilization, the Committee concluded that at present it would not be possible to use these indicators in a systematic way to measure the capacity to pay. Nevertheless, the Committee agreed that its examination of a broad range of economic and social indicators had been valuable and that these indicators would be useful to some extent in the review of individual cases. Accordingly, it requested the Statistical Office of the United Nations to update, to the extent possible, these and other

selected economic and social indicators. It also requested the Statistical Office to provide data on external public debt, international reserves and export earnings that had been used by the Committee in previous sessions.

D. Application of the low per capita income allowance formula (resolution 34/6 B, para. 2 (d))

24. Under its original terms of reference, the Committee is required to take into account the factor "comparative income per head of population" in order to prevent anomalous assessments resulting from the use of comparative estimates of national income. A systematic allowance for this factor has therefore been made in all the scales recommended by the Committee on Contributions. 1/ The magnitude of that allowance or relief depends on two elements: *per capita* income limit and a maximum percentage reduction. These two elements have changed over the years as follows:

Scale of assessments	Per capita income limit	Maximum percentage reduction
Prior to 1953	1,000	40
1953-1973	1,000	50
1974-1976	1,500	60
1977-1979	1,800	70
1980-1982	1,800	75

25. At its current session, on the basis of national income statistics for the years 1973-1979, the Committee on Contributions again studied the effects on the scale of different variants of the allowance formula for low *per capita* ranging from a *per capita* income of $1,800 to $2,500 and a maximum percentage reduction from 50 to 75 per cent. For illustrative purposes, the consequences of the application of eight variants of the formula, namely, $1,800; $2,000; $2,250 and $2,500 combined each with 70 and 75 per cent are shown below:

1/ This current allowance is computed as follows: the difference between $1,800 and a *per capita* national income below that figure is expressed as a ratio of $1,800 with 75 per cent of that ratio applied as a percentage reduction from the total national income of a Member State for the purpose of assessment. Thus, when the *per capita* national income of a Member State is less than $1,800, that State would be entitled to a percentage reduction from its total national income, as illustrated below:

$$\frac{(1{,}800 - \text{per capita national income})}{1{,}800} \times 75 \text{ per cent}$$

Table 1

Consequences of the application of the formula based on averages of national income for 1973-1979

Per capita income group	National income scale a/	Machine scale b/	Difference: Percentage points	Difference: Dollar amounts c/
		$1,800, 75%		
Over $5,000	49.35	52.06	+ 2.71	+ 18 142 279
$3,000-$4,999	19.41	21.89	+ 2.48	+ 16 602 528
$1,800-$2,999	14.55	16.42	+ 1.87	+ 12 518 842
$1,000-$1,799	6.33	5.07	- 1.26	- 8 435 155
$500-$999	3.28	1.86	- 1.42	- 9 506 286
Below $500	7.08	2.67	- 4.41	- 29 523 044
		$2,000, 75%		
Over $5,000	49.35	52.42	+ 3.07	+ 20 552 323
$3,000-$4,999	19.41	22.18	+ 2.77	+ 18 543 953
$1,800-$2,999	14.55	16.28	+ 1.73	+ 11 581 602
$1,000-$1,799	6.33	4.74	- 1.59	- 10 644 363
$500-$999	3.28	1.76	- 1.52	- 10 175 743
Below $500	7.08	2.61	- 4.47	- 29 924 718
		$2,250, 75%		
Over $5,000	49.35	52.83	+ 3.48	+ 23 297 096
$3,000-$4,999	19.41	22.48	+ 3.07	+ 20 552 323
$1,800-$2,999	14.55	16.12	+ 1.57	+ 10 510 471
$1,000-$1,799	6.33	4.36	- 1.97	- 13 188 299
$500-$999	3.28	1.69	- 1.59	- 10 644 363
Below $500	7.08	2.54	- 4.54	- 30 393 338
		$2,500, 75%		
Over $5,000	49.35	54.28	+ 4.93	+ 33 004 219
$3,000-$4,999	19.41	23.64	+ 4.23	+ 28 318 022
$1,800-$2,999	14.55	13.89	- .66	- 4 418 415
$1,000-$1,799	6.33	4.08	- 2.25	- 15 062 778
$500-$999	3.28	1.60	- 1.68	- 11 246 874
Below $500	7.08	2.50	- 4.58	- 30 661 120

a/ Percentage distribution of unadjusted national income data.

b/ Machine scale taking into account the ceiling, floor and low per capita income formula.

c/ Changes in percentage points times $669,456,779 which is the gross amount assessed on Member States for the year 1981.

Table 2

Consequences of the application of the formula based on averages of national income for 1973-1979

Per capita income group	National income scale a/	Machine scale b/	Difference: Percentage points	Difference: Dollar amounts c/
		$1,800, 70%		
Over $5,000	49.35	51.87	+ 2.52	+ 16 870 311
$3,000-$4,999	19.41	21.74	+ 2.33	+ 15 598 343
$1,800-$2,999	14.55	16.30	+ 1.75	+ 11 715 494
$1,000-$1,799	6.33	5.15	- 1.18	- 7 899 590
$500-$999	3.28	1.97	- 1.31	- 8 769 884
Below $500	7.08	2.97	- 4.11	- 27 514 474
		$2,000, 70%		
Over $5,000	49.35	52.21	+ 2.86	+ 19 146 464
$3,000-$4,999	19.41	22.00	+ 2.59	+ 17 338 931
$1,800-$2,999	14.55	16.16	+ 1.61	+ 10 778 254
$1,000-$1,799	6.33	4.82	- 1.51	- 10 108 797
$500-$999	3.28	1.86	- 1.42	- 9 506 286
Below $500	7.08	2.91	- 4.17	- 27 916 348
		$2,250, 70%		
Over $5,000	49.35	52.56	+ 3.21	+ 21 489 563
$3,000-$4,999	19.41	22.29	+ 2.88	+ 19 280 355
$1,800-$2,999	14.55	16.01	+ 1.46	+ 9 774 069
$1,000-$1,799	6.33	4.51	- 1.82	- 12 184 113
$500-$999	3.28	1.80	- 1.48	- 9 907 960
Below $500	7.08	2.88	- 4.20	- 28 117 185
		$2,500, 70%		
Over $5,000	49.35	53.92	+ 4.57	+ 30 594 175
$3,000-$4,999	19.41	23.37	+ 3.96	+ 26 510 488
$1,800-$2,999	14.55	13.94	- .61	- 4 083 686
$1,000-$1,799	6.33	4.24	- 2.09	- 13 991 647
$500-$999	3.28	1.70	- 1.58	- 10 577 417
Below $500	7.08	2.83	- 4.25	- 28 451 913

a/ Percentage distribution of unadjusted national income data.

b/ Machine scale taking into account the ceiling, floor and low *per capita* income formula.

c/ Changes in percentage points *times* $669,456,779 which is the gross amount assessed on Member States for the year 1981.

Table 3

<u>Number of percentage points and dollar amounts shifted from countries below the dollar limit to countries above the dollar limit</u>

Formula	Shift in percentage points	Shift in dollar amounts
$1,800: 75 per cent	7.06	47,263,649
$2,000: 75 per cent	7.57	50,677,878
$2,250: 75 per cent	8.12	54,359,890
$2,500: 75 per cent	9.16	61,322,241
$1,800: 70 per cent	6.60	44,184,147
$2,000: 70 per cent	7.06	47,263,649
$2,250: 70 per cent	7.55	50,543,987
$2,500: 70 per cent	8.53	57,104,663

26. The number of percentage points and dollar amounts shifted from countries below the dollar limit to countries above the dollar limit are shown in table 3 while the consequences of the application of each alternative formula on assessments of countries within an income group are given in tables 1 and 2. A more concrete idea of the impact of the application of the low <u>per capita</u> income allowance formula is given in table 4 below for a number of selected countries.

Table 4

Selected countries absorbing (+) or receiving (-) relief as a result of the low per capita income formula

Selected countries	National income scale a/	Machine scale b/	Difference Percentage points	Difference Dollar amounts c/
	(1)	(2)	(3) = (2) - (1)	(4)
$1,800 75%				
U.S.S.R.	9.83	11.09	+1.26	+8 397 355
Japan	9.13	10.30	+1.17	+7 797 544
Germany, F. R.	7.27	8.20	+0.93	+6 198 048
France	5.47	6.17	+0.70	+4 665 197
U.K.	3.72	4.19	+0.47	+3 132 347
Italy	3.15	3.56	+0.41	+2 732 473
			+4.94	+32 922 965
China	2.74	0.90	-1.84	-12 262 805
India	1.51	0.48	-1.03	-6 864 505
Brazil	2.23	1.73	-0.50	-3 332 284
Indonesia	0.53	0.19	-0.34	-2 265 953
Nigeria	0.66	0.33	-0.33	-2 199 307
Mexico	1.17	0.85	-0.32	-2 132 662
			-4.36	-29 057 516
$2,000 75%				
U.S.S.R.	9.83	11.23	+1.40	+9 330 395
Japan	9.13	10.44	+1.31	+8 730 584
Germany, F. R.	7.27	8.31	+1.04	+6 931 151
France	5.47	6.25	+0.78	+5 198 363
U.K.	3.72	4.25	+0.53	+3 532 221
Italy	3.15	3.60	+0.45	+2 999 056
			+5.51	+36 721 770
China	2.74	0.88	-1.86	-12 396 096
India	1.51	0.46	-1.05	-6 997 796
Brazil	2.23	1.61	-0.62	-4 132 032
Mexico	1.17	0.80	-0.37	-2 465 890
Indonesia	0.53	0.18	-0.35	-2 332 599
Nigeria	0.66	0.31	-0.35	-2 332 599
			-4.60	-30 657 012

Table 4 (continued)

Selected countries	National income scale a/	Machine scale b/	Difference Percentage points	Difference Dollar amounts c/
	(1)	(2)	(3) = (2) - (1)	(4)
$2,250 75%				
U.S.S.R.	9.83	11.39	+1.56	+10 396 726
Japan	9.30	10.58	+1.45	+9 663 623
Germany, F. R.	7.27	8.43	+1.16	+7 730 899
France	5.47	6.34	+0.87	+5 798 174
U.K.	3.72	4.31	+0.59	+3 932 095
Italy	3.15	3.65	+0.50	+3 332 284
			+6.13	+40 853 801
China	2.74	0.85	-1.89	-12 596 033
India	1.51	0.46	-1.05	-6 997 796
Brazil	2.23	1.49	-0.74	-4 931 780
Mexico	1.17	0.74	-0.43	-2 865 764
Indonesia	0.53	0.17	-0.36	-2 399 244
Nigeria	0.66	0.30	-0.36	-2 399 244
			-4.83	-32 189 862
$2,500 75%				
Germany, F. R.	7.27	8.87	+1.60	+10 663 308
France	5.47	6.67	+1.20	+7 997 481
Japan	9.13	11.13	+2.00	+13 329 136
U.K.	3.72	4.53	+0.81	+5 398 300
Italy	3.15	3.84	+0.69	+4 598 552
Canada	2.57	3.13	+0.56	+3 732 158
			+6.86	+45 718 935
U.S.S.R.	9.83	9.40	-0.43	-2 865 764
Brazil	2.23	1.40	-0.83	-5 531 591
Mexico	1.17	0.70	-0.47	-3 132 347
Nigeria	0.66	0.28	-0.38	-2 532 536
China	2.74	0.84	-1.90	-12 662 679
India	1.51	0.45	-1.06	-7 064 442
Indonesia	0.53	0.17	-0.36	-2 399 244
			-5.43	-36 188 603

a/ Percentage distribution of unadjusted national income data.

b/ Machine scale taking into account the ceiling, floor and low *per capita* income formula.

c/ Changes in percentage points *times* $669,456,779 which is the gross amount assessed on Member States for the year 1981.

27. Some members of the Committee recalled the views expressed at previous sessions that an upward shifting of the low per capita income formula would heavily favour middle-income countries rather than the low-income countries. Those members felt that a modification of the current formula should aim at lessening further the burden of the low per capita income countries rather than that of middle income countries. One member stated that the low per capita income formula should be renamed if the ceiling were further shifted upward because that would give more benefits to middle income countries. Suggestion was made to explore the possibility of applying, on the one hand, the current formula ($1,800; 75 per cent) to the countries whose per capita incomes were between $900 and $1,800 and, on the other, granting further relief to countries whose per capita income were below $900 by increasing the gradient of maximum relief from 75 to 90 per cent.

28. Some other members strongly contested the above-mentioned statement and considered the adjustment of the present allowance formula justified. They noted that the figure of $1,800 fixed in 1976 would be equivalent to $2,800 in terms of current United States prices. They further maintained that an updating of the dollar limit would be in conformity with the system of the low per capita income formula and with the principle of taking into consideration the ever-widening gap between the economies of developed and developing countries and the need of the latter to allocate an increasingly large share of their income for economic development. This was all the more so given the limited capacity of many developing countries to earn the foreign exchange required to cover the deficit in balance of payments resulting from their economic development effort.

29. The Committee concluded that a decision on this matter should be deferred to the next session in 1982 when it would carry out a general review of the scale of assessment.

E. Comparability of two systems of national accounts (resolution 34/6 B, para. 2 (e))

30. In order to determine a fair and equitable scale of assessments, the national income used in its establishment should be of a comparable nature. At its current session, the Committee again examined the question of the comparability of the two systems of national accounts: the System of National Accounts (SNA), used by the market economies, and the System of Material Balances of the National Economy (MPS), used by the centrally-planned economies.

31. The Committee was informed by the Secretariat that most Member States with centrally-planned economies had either supplied information on national income according to the SNA concept or had provided the United Nations Statistical Office with detailed economic statistics to enable the latter to make the conversion and to make a comparable statistical base for establishing the scale of assessments.

32. The Committee had before it a study on actual data links between the levels of SNA and MPS estimates for 10 countries. That study permitted a better understanding of the quantitative relations between income aggregates in the two systems. Gross domestic product (GDP), a concept which is used in the study, differs from net material product (NMP) in that it includes depreciation of

capital goods and in the definition of the production and intermediate consumption concepts. While GDP comprises the total income of residents of a country accruing from their participation in production activities (e.g. agriculture, forestry, mining, manufacturing utilities, construction and services), NMP excludes the value of services not contributing directly to material production (e.g. medical, educational, recreational, business, public administration services) but does not deduct and therefore includes the amount of non-material services used in the material production.

33. A number of observations could be drawn from this study: (a) net domestic product (NDP), which is gross domestic product less depreciation, is found to be always higher than net material product (NMP); (b) there is a fairly stable relation between NMP and NDP despite the considerable differences among the countries with regard to the importance of the non-material services sector; and (c) NMP is much closer to NDP for centrally-planned economies, or in general for countries with a large public administration sector, than for market economies. Regardless of the observations above, some members stated that the matter should be further studied at the next session of the Committee.

F. Price changes and their effects on the comparability of national income statistics

(resolution 34/6 B, para. 2 (e))

34. In establishing rates of assessment, the Committee employs statistics of national income at market prices in US dollars. Relative changes in the value of national income in US dollars would result in relative changes in the rates of assessment. Changes in the value of national income in US dollars could arise from changes in the quantity or volume of output and changes in price levels. The latter consist of two elements: changes in domestic prices and changes in rates of exchange between the national currency and the US dollar.

35. For a number of years, the Committee has been concerned with the effect of widely varying changes in price and exchange rates on the relative level of assessment of individual countries. At the current session, the Committee examined in some detail a survey on changes in prices and exchange rates and on the related development of national income for the period 1973-1979 relative to the base period of 1971-1977. It noted with appreciation the efforts made by the Secretariat in covering all Member States and at the same time took into account the explanation by the Statistical Office that some of the indexes represented only approximations of changes in volume or price of national income.

36. The study showed that no set pattern of relations between domestic inflation rates and changes in the exchange rates could be assumed. In fact, the study showed that four groups of countries could be distinguished, each of which evinced a different relationship between domestic price movements and exchange rates changes. The relevance of all this is that inflation, uncompensated by exchange rate movements, can produce misleading national income data.

37. In view of the complexities involved in both the estimates of value and price index of national income between two periods and the evaluation of their relative impact on assessments, the Committee reaffirmed its previous conclusion that it was not possible to develop at the present time a systematic and precise

method to take changes in price levels and exchange rates into account in the determination of the scale of assessments. Nevertheless, the Committee maintained that the data provided by the Secretariat could serve as a basis for mitigation in indivdual cases where inordinately large relative price movements occurred. The Committee therefore requested the Statistical Office to update the study on price changes and exchange rates for its next session in 1982.

G. National wealth (resolution 34/6 B, para. 2 (f))

38. As a part of its examination of the possible use of economic and social indicators of the capacity to pay, the Committee discussed at length at its thirty-seventh session the subject of national wealth and stated that a nation's accumulated wealth as well as its current annual income could be viewed as the influencing factors of its capacity to pay. The Committee reiterated that view at its fortieth session but concluded, on the basis of findings from a recent survey of country practices covering 39 Member States, that at that stage sufficient progress has not been made in the areas of methodology and availability of national wealth statistics to warrant their use as a systematic element in the determination of a country's relative capacity to pay.

39. However, as it had expressed the desire to be informed of the developments in this field, the Committee had, at the current session, a detailed analysis of actual data on national wealth and its components covering 60 countries. National wealth, as defined in this study, covered the total of net tangible and intangible assets. Among the tangible assets, one can distinguish fixed assets, inventories, consumer durables, land and subsoil resources. Intangible assets cover non-financial assets of residents, plus net financial claims on non-residents.

40. The following conclusions could be drawn from the information presented to the Committee: owing to discrepancies in asset, sector and period coverage, it is not possible, at present and for quite some time in the future, to have meaningful comparable national wealth estimates. To be more precise, of the 60 countries included in the study, the estimates for 22 encompass the entire economy, 6 refer to enterprises only, and 1 each to household, and the public sector. The remaining 30 countries provide coverage by kind of economic activity rather than by sector, with all industries covered for 13 and specific industrial activities (e.g. manufacturing, mining, electricity) for 17. With regard to assets, sources for only 9 countries give the most comprehensive coverage of national wealth. Data for the remainder have less asset coverage: all countries include fixed assets; 12 include inventories as well; 6 include consumer durables; 10 include the value of land; only 1 includes subsoil assets; 3 includes net financial claims on non-residents; and 1 includes non-financial intangible assets. National wealth estimates for the countries covered are mostly available for one or two out of the three selected reference years.

41. Having re-examined in greater detail at this session the availability and comparability of national wealth data among countries, the Committee decided to keep this matter under review.

H. Effects of altering the statistical base period in the scale of assessments

(resolution 34/6 B, para. 2 (h))

42. Under the terms of Assembly resolution 31/95 A of 14 December 1976, the Committee was requested to consider the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of the capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method. It was recalled that, after an extensive discussion on this matter, the Committee had decided in its review of the scale of assessments for 1978-1979 to use national income and related statistics for a seven-year period instead of the previous three-year period.

43. Such an extension of the base period had the advantage of generally alleviating sharp fluctuations of national income in US dollars which might largely be the result of relative rises of domestic price levels not offset by appropriate changes in exchange rates. It was considered justified by countries whose national incomes had risen rapidly in recent years but whose accumulated national wealth had lagged considerably behind that of developed countries. The expansion of the base period would, according to some members, make the estimate of the capacity to pay more equitable.

44. Several members at that time had expressed their reservations concerning the validity of such an extended base period. The use of averages of national income statistics for a period of three years rather than for a single year had already been made to reduce the effect on the scale of short-term economic fluctuations. However, once the new base period was adopted, other members considered that it ought to be continued for some time into the future in order to ensure reasonable stability as well as to avoid any distortion of the relative capacity to pay by frequent changes of the length of the base period.

45. During the current session, the Committee studied the variants of machine scale with average statistics of 1 year (1979), 3 years (1977-1979), 5 years (1975-1979), 7 years (1973-1979), 9 years (1971-1979) and 11 years (1969-1979). As at previous sessions, different views were expressed by members of the Committee. To some, economic realities were better reflected in the use of shorter base periods. In this connexion, some members referred to sharp deteriorations in the economic situation of some countries which could not be reflected in the averages of national income statistics if extended base periods were used. To others, only a longer base period of 11 to 15 years could do justice to their view of economic realities, at least pending a breakthrough in the areas of (a) the capacity to generate foreign exchange and (b) the development of improved statistical measurement of (i) national wealth, (ii) social and economic indicators; and (c) development of a formula to avoid excessive variations between successive scales.

46. The Committee agreed that its study based on the latest statistics was highly instructive and useful. However, in order to assess more accurately the effects of using different base periods, the Committee considered it important to have, for next year's review, additional data on averages with 3, 5, 7, 9 and 12-year base periods.

IV. ASSESSMENT OF NEW MEMBER STATES FOR 1980 AND 1981

47. 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".

48. During the course of the eleventh special session and the thirty-fifth session of the General Assembly in 1980, two States were admitted to membership in the Organization. The new Member States, their dates of admission and the related General Assembly resolutions are shown below:

Member State	Date of admission in 1980	General Assembly resolution
Zimbabwe	25 August	S-11/1
Saint Vincent and the Grenadines	16 September	35/1

49. Under the terms of General Assembly resolution 69 (1) 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 1/3 per cent of their percentage of assessment determined for the following year, applied to the budget for the year of admission. However, by subsequent decisions of the Assembly, exceptions have been made to the 33 1/3 per cent rule, the prescribed minimum having been reduced to one ninth for almost all new States admitted to membership in the Organization since 1955.

50. The United Nations scale of assessments for the years 1980, 1981 and 1982, as adopted by the General Assembly in resolution 34/6 of 25 October 1979, was based on national income and related data for the years 1971-1977. On the same basis, the Committee recommends that the two States admitted to membership in the Organization in 1980 should be assessed for 1980 and 1981 as follows:

	Percentage contribution	
	for 1980	for 1981
Zimbabwe	one ninth of 0.02	0.02
Saint Vincent and the Grenadines	one ninth of 0.01	0.01

51. The Committee further recommends that for 1980 and 1981 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 under its resolutions 34/7 C of 3 December 1979 and 35/45 A of 1 December 1980 for the financing of the United Nations Disengagement Observer Force, as well as under its resolution 35/115 A of 10 December 1980 for the financing of the United Nations Interim Force in Lebanon, the contributions of the two 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.

V. APPLICATION OF ARTICLE 19 OF THE CHARTER IN THE CASE OF ONE MEMBER STATE - ADVICE REQUESTED BY THE GENERAL ASSEMBLY

52. Under rule 160 of the rules of procedure of the General Assembly, the Committee on Contributions shall "advise the General Assembly ... on the action to be taken with regard to the application of Article 19 of the Charter".

53. At the 104th plenary meeting of the General Assembly, the President of the Assembly made the following statement:

> "Before we proceed with the agenda for this morning, I should like to invite the attention of the Assembly to document A/35/792/Add.3, which contains a letter of 2 March 1981 addressed to me by the Secretary-General. This letter transmits a communication from the Permanent Representative of the Central African Republic to the United Nations which contains, in particular, the following request, and I quote:
>
> > "'In view of this situation, which is due to circumstances beyond my country's control, I would request you to make an exception to the application of Article 19 of the Charter of the United Nations and authorize the delegation of the Central African Republic to participate in all votes taken at the resumed thirty-fifth regular session of the General Assembly and any other sessions which may be held in 1981.'
>
> "In this regard, I would point out that rule 160 of the rules of procedure stipulates that the Committee on Contributions shall advise the General Assembly 'on the action' to be taken with regard to the application of Article 19 of the Charter.
>
> "In view of the nature of the request, I would suggest that the Committee on Contributions be invited to consider this matter as expeditiously as possible."

54. In his letter to the Secretary-General (annex II), the Permanent Representative of the Central African Republic had claimed that due to circumstances beyond its control, the Central African Republic had not been in a position to honour in the immediate future all its international, or even its national, commitments and requested that an exception to the application of Article 19 of the Charter of the United Nations be made, thus permitting the delegation of the Central African Republic to participate in all votes taken at the resumed thirty-fifth regular session of the General Assembly and any other sessions which may be held in 1981.

55. Additional information was submitted to the Committee in a letter from the Chargé d'affaires a.i. of the Central African Republic to the United Nations dated 27 May 1981. It includes the following:

(a) An explanatory note on the special situation of the Central African Republic;

(b) A copy of the press communiqué dated 5 February 1981 concerning the statement of Mr. Abdulrahim A. Farah, Under-Secretary-General and Co-ordinator of the Special Economic Assistance Programmes;

(c) A statement of contributions of arrears owed by the Central African Republic to the budgets of the international organizations of the United Nations system and to the Organization for African Unity;

(d) A copy of resolution 35/87 of 5 December 1980 on assistance for the reconstruction, rehabilitation and development of the Central African Republic;

(e) A detailed report of an interagency mission to the Central African Republic led by Mr. Abdulrahim A. Farah in January/February 1981 (A/36/183).

56. The Committee noted that the General Assembly had not explicitly requested the Committee to examine the Central African Republic's request concerning the cancellation of arrears but only the request that that State be permitted to vote under Article 19 of the Charter in spite of its arrears in contributions.

57. With respect to the computation of "arrears" given in the report of the Secretary-General in respect to the Central African Republic, note was taken of the inclusion of assessments for the regular budget as well as for the financing of the United Nations Emergency Force (1973), the United Nations Disengagement Observer Force and the United Nations Interim Force in Lebanon. Some members of the Committee wished to place on record their view that peace-keeping operations were not relevant to arrears in the context of Article 19. Other members were of the opinion that it was not within the Committee's competence to judge the legal and judicial aspects of the matter. The Committee noted that the Central African Republic was subject to Article 19.

58. The Committee had examined the economic, social and financial situation of the Central African Republic as detailed in Mr. Farah's report and expressed much sympathy for the serious difficulties experienced by the Member State. However, in reviewing the latter's request, account was also taken of similar economic situations faced by several Member States in Africa as well as in Central America in recent years and of the relatively small amount that the Government of the Central African Republic was required to pay in order to regain its right to vote. Many members of the Committee felt that economic and financial support should be given to the Member State in distress under the programme of special economic and disaster relief assistance such as the one carried out under the co-ordination of Mr. Farah but not through the waiving of past membership dues. It was felt that, as a matter of principle, all Member States had the responsibility of paying a membership due if they wanted to enjoy the benefits which could be derived from being a member of the United Nations Organization. Finally, the Committee concluded that it could not support the contention that the non-payment of arrears of the Central African Republic to the United Nations below the limit specified in Article 19 of the Charter could be considered as due to conditions beyond the control of the Member State.

VI. OTHER MATTERS CONSIDERED BY THE COMMITTEE

A. Collection of contributions

59. The Committee took note of the report of the Secretary-General which indicated that, at the conclusion of its session, two Member States, the Central African Republic and South Africa, were in arrears in the payment of their assessed

contributions to the expenses of the United Nations under the terms of Article 19 of the Charter. In the case of the Central African Republic, the views of the Committee on the application of Article 19 were included in section V above.

60. In regard to the collection of contributions, the Committee 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

61. Under the provisions of paragraph 3 of resolution 34/6 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 1980, 1981 and 1982 in currencies other than United States dollars.

62. At its current session, the Committee considered a report of the Secretary-General on the arrangements made for payments by Member States of their 1981 contributions in currencies other than United States dollars. The Committee noted that eight Member States had availed themselves of the opportunity of paying the equivalent of $1.2 million in 7 of the 19 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 absolute priority to each Member for payment in its own currency.

63. The Committee recommends that the Secretary-General should continue to be authorized to make similar arrangements for the year 1982.

C. Request for information from specialized agencies and other organizations

64. Under the terms of General Assembly resolution 311 B (IV) of 24 November 1949, the Committee on Contributions was authorized to recommend or advise on the scale of contributions for a specialized agency if requested by that agency to do so.

65. In considering the requests for advice from the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization and the World Meteorological Organization, the Committee decided to provide those agencies, as requested, with the rates of assessment by the Committee for new Members of the United Nations, such as Zimbabwe and Saint Vincent and the Grenadines, and with theoretical rates of assessment for States not Members of the United Nations but members of such agencies (i.e., Antigua, Vanuatu, Republic of Kiribati).

66. At its current session, the Committee on Contributions examined the request submitted by the World Tourism Organization for national income data and related statistics used by the Committee for testing different points of methodology.

67. In reviewing this request, the Committee noted that about 25 per cent of the national income data, currently available to the Committee at its "non-review" year, are not official national income estimates provided by Member States.

As such, they are not comparable with those provided in 1979 to the World Tourism Organization. The Committee, therefore, decided that these data should not be released to the World Tourism Organization at this time.

D. Representation by a Member State

68. The Committee had before it a representation in writing from Poland which will be dealt with at the next session of the Committee.

E. Date of the next session of the Committee

69. The Committee decided to hold a four-week session in New York in 1982, from 8 June to 2 July.

VII. RECOMMENDATION OF THE COMMITTEE

70. The Committee on Contributions recomends 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 25 August and 16 September 1980, respectively, shall be as follows:

Member State	Per cent
Zimbabwe	0.02
Saint Vincent and the Grenadines	0.01

For 1982, these rates shall be added to the scale of assessments established under General Assembly resolution 34/6 of 25 October 1979;

2. For 1980, Zimbabwe and Saint Vincent and the Grenadines shall contribute at the rate of one ninth of 0.02 and 0.01 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 1981, Zimbabwe and Saint Vincent and the Grenadines shall contribute at the rate of 0.02 and 0.01 per cent, respectively, such contributions 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 these new Members for 1980 and 1981 shall be applied to the same basis of assessment as for other Member States, except that in the case of appropriations or apportionments approved under General Assembly resolution 34/7 C of 3 December 1979 and 35/45 A of 1 December 1980 for the financing of the United Nations Disengagement Observer Force, and resolution 35/115 A of 10 December 1980 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 to the Working Capital Fund of Zimbabwe and Saint Vincent and the Grenadines under regulation 5.8 of the Financial Regulations of the United Nations shall be calculated by the application of the rates of assessment of 0.02 and 0.01, 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.

ANNEX I

Terms of reference of the Committee

A. Original terms of reference

The original terms of reference of the Committee on Contributions are contained in chapter IX, section 2, paragraphs 13 and 14, of the report of the Preparatory Commission of the United Nations a/ and in the report of the Fifth Committee of 11 February 1946, b/ and were adopted at the first part of the first session of the General Assembly on 13 February 1946 (resolution 14 (I), para. 3). The relevant paragraphs are as follows:

"The apportionment of expenses

"...

"13. The expenses of the United Nations should be apportioned broadly according to capacity to pay. It is, however, difficult to measure such capacity merely by statistical means, and impossible to arrive at any definite formula. Comparative estimates of national income would appear *prima facie* to be the fairest guide. The main factors which should be taken into account in order to prevent anomalous assessments resulting from the use of comparative estimates of national income include:

"(a) Comparative income per head of population;

"(b) Temporary dislocation of national economies arising out of the Second World War;

"(c) The ability of Members to secure foreign currency.

"Two opposite tendencies should also be guarded against: some Members may desire unduly to minimize their contributions, whereas others may desire to increase them unduly for reasons of prestige. If a ceiling is imposed on contributions the ceiling should not be such as seriously to obscure the relation between a nation's contributions and its capacity to pay. The Committee should be given discretion to consider all data relevant to capacity to pay and all other pertinent factors in arriving at its recommendations. Once a scale has been fixed by the General Assembly it should not be subjected to a general revision for at least three years or unless it is clear that there have been substantial changes in relative capacities to pay.

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a/ *Report of the Preparatory Commission of the United Nations* (RC/20).

b/ *Official Records of the General Assembly, First part of first session, Plenary Meetings*, annex 19 (A/44).

"14. Other functions of the Committee would be:

"(a) To make recommendations to the General Assembly on the contributions to be paid by new Members;

"(b) To consider and report to the General Assembly on appeals by Members for a change of assessment; and

"(c) To consider and report to the General Assembly on the action to be taken if Members fall into default with their contributions.

"In connexion with the latter, the Committee should advise the Assembly in regard to the application of Article 19 of the Charter."

B. Resolution 238 A (III) adopted by the General Assembly on 18 November 1948

"*The General Assembly*,

"*Recognizing*

"(a) That in normal times no one Member State should contribute more than one third of the ordinary expenses of the United Nations for any one year,

"(b) That in normal times the *per capita* contribution of any Member should not exceed the *per capita* contribution of the Member which bears the highest assessment,

"(c) That the Committee on Contributions needs for its work more adequate statistical data,

"*Accordingly*

"1. *Reaffirms* the terms of reference of the Committee on Contributions accepted by the General Assembly in its resolution of 13 February 1946 (resolution 14 (I), A, 3);

"2. *Calls upon* Member States to assist the Committee on Contributions by providing the available statistics and other information essential to its work;

"3. *Accepts* the principle of a ceiling to be fixed on the percentage rate of contributions of the Member State bearing the highest assessment;

"4. *Instructs* the Committee on Contributions, until a more permanent scale is prpposed for adoption, to recommend how additional contributions resulting from (a) admission of new Members and (b) increases in the relative capacity of Members to pay, can be used to remove existing maladjustments in the present scale or otherwise used to reduce the rates of contributions of present Members;

"5. Decides that when existing maladjustments in the present scale have been removed and a more permanent scale is proposed, as world economic conditions improve, the rate of contribution which shall be the ceiling for the highest assessment shall be fixed by the General Assembly."

C. Resolution 582 (VI) adopted by the General Assembly on 21 December 1951

"*The General Assembly*,

"...

"*Resolves*:

"...

"3. That the review to be undertaken in 1952 by the Committee on Contributions shall be based on the General Assembly resolutions c/ relating to the criteria for determining the scale of assessments, on the views expressed by Members during the sixth session of the General Assembly, and on rule 159 of the rules of procedure of the General Assembly, with particular attention to countries with low *per capita* income which requires special consideration in this connexion; ..."

D. Resolution 665 (VII) adopted by the General Assembly on 5 December 1952

"*The General Assembly*,

"...

"1. *Notes with satisfaction* the action taken by the Committee on Contributions to implement the recommendations of General Assembly resolution 582 (VI) of 21 December 1951 by giving additional recognition to countries with low *per capita* income, and urges the Committee to continue to do so in the future;

"2. *Instructs* the Committee on Contributions to defer further action on the *per capita* ceiling until new Members are admitted or substantial improvement in the economic capacity of existing Members permits the adjustments to be gradually absorbed in the scale;

"3. *Decides* that from 1 January 1954 the assessment of the largest contributor shall not exceed one third of total assessments against Members; ..."

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c/ See resolutions 14 A (I), 69 (I) and 238 A (III).

E. Resolution 876 A (IX) adopted by the General Assembly on 4 December 1954

"The General Assembly,

"1. Reaffirms the decision d/ of the General Assembly at its seventh session to defer further action on the per capita ceiling until new Members are admitted or substantial improvement in the economic capacity of existing Members permits the adjustments to be gradually absorbed in the scale of assessments;

"2. Reaffirms resolution 582 (VI) of 21 December 1951, by which the Committee on Contributions was requested to give additional recognition to countries with low per capita income, and instructs the Committee to continue to do so in the future;

"3. Instructs the Committee on Contributions to apply the decision referred to in paragraph 1 above to future scale of assessments, so that the percentage contributions of those Members subject to the per capita principle will be frozen against any increase over the level approved for the 1955 budget until they reach per capita parity with the highest contributor and that downward adjustments will occur when the conditions cited in resolution 665 (VII) of 5 December 1952 have been fulfilled or changes in relative national incomes warrant lower assessments."

F. Resolution 1137 (XII) adopted by the General Assembly on 14 October 1957

"The General Assembly,

"Recalling its resolutions 14 (I) of 13 February 1946, 238 (III) of 18 November 1948 and 665 (VII) of 5 December 1952, regarding the apportionment of the expenses of the United Nations among its Members and the fixing of the maximum contribution of any one Member State,

"Noting that, when the maximum contribution of any one Member State was fixed at 33.33 per cent effective 1 January 1954, the United Nations consisted of sixty Member States,

"Noting further that, since 1 January 1954, twenty-two States have been admitted to membership in the United Nations,

"Recalling its resolution 1087 (XI) of 21 December 1956, whereby the percentage contributions of the first sixteen new Member States admitted since 1 January 1954 were incorporated into the regular scale of assessments for 1956 and 1957 and were applied to reduce the percentage contributions of all Member States except that of the highest contributor and those of the Member States paying minimum assessments,

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d/ See resolution 665 (VII).

"*Noting* that there are now six new Member States - Ghana, Japan, Malaya (Federation of), Morocco, Sudan and Tunisia - whose percentage contributions have not yet been fixed by the Committee on Contributions or incorporated into the 100 per cent scale of assessments,

"*Decides* that:

"1. In principle, the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 30 per cent of the total:

"...

"3. The Committee on Contributions shall take the following steps in preparing scales of assessment for 1958 and subsequent years:

"(*a*) The percentage contributions fixed by the Committee on Contributions for Ghana, Japan, Malaya (Federation of), Morocco, Sudan and Tunisia for 1958 shall be incorporated into the 100 per cent scale for 1958; this incorporation shall be accomplished by applying the total amount of the percentage contributions of the six Member States named above to a *pro rata* reduction of the percentage contributions of all Members except those assessed at the minimum rate, taking into account the *per capita* ceiling principle and any reductions which may be required as a result of a review by the Committee on Contributions, at its session commencing 15 October 1957, of appeals from recommendations made previously by that Committee;

"(*b*) During the three-year period of the next scale of assessments (1959-1961), further steps to reduce the share of the largest contributor shall be recommended by the Committee on Contributions when new Member States are admitted;

"(*c*) The Committee on Contributions shall thereafter recommend such additional steps as may be necessary and appropriate to complete the reduction;

"(*d*) The percentage contribution of Member States shall not in any case be increased as a consequence of the present resolution."

G. Resolution 1927 (XVIII) adopted by the General Assembly on 11 December 1963

"*The General Assembly*,

"...

"2. *Requests* the Committee on Contributions, in calculating rates of assessment, to give due attention to the developing countries in view of their special economic and financial problems; ..."

H. Resolution 2118 (XX) adopted by the General Assembly on 21 December 1965

"The General Assembly,

"...

"2. Notes with appreciation the action taken by the Committee on Contributions to meet the request made in General Assembly resolution 1927 (XVIII) with respect to the attention due to the developing countries, and requests the Committee, in calculating rates of assessments, to continue its efforts to give due attention to the situation of those countries in view of their special economic and financial problems."

I. Resolution 2961 B (XXVII) adopted by the General Assembly on 13 December 1972

"The General Assembly,

"Recalling its resolutions 14 (I) of 13 February 1946, 238 (III) of 18 November 1948, 665 (VII) of 5 December 1952 and 1137 (XII) of 14 October 1957 relating to the apportionment of the expenses of the United Nations among its Members and the fixing of the maximum contribution of any one Member State,

"Affirming that the capacity of Member States to contribute towards the payment of the ordinary expenses of the United Nations is a fundamental criterion on which scales of assessment are based,

"Noting that, when it was decided by the General Assembly in 1957 that, in principle, the maximum contribution by any one Member State to the ordinary expenses of the United Nations should not exceed 30 per cent of the total, the United Nations consisted of eighty-two Member States,

"Noting further that, since the General Assembly decision of 1957, fifty States have been admitted to membership in the United Nations,

"Recalling that, since the General Assembly decision of 1957, there has been a reduction in the percentage contribution of the State paying the maximum contribution from 33.33 per cent to 31.52 per cent,

"Decides that:

"(a) As a matter of principle, the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 25 per cent of the total;

"(b) In preparing scales of assessment for future years, the Committee on Contributions shall implement subparagraph (a) above as soon as practicable so as to reduce to 25 per cent the percentage contribution of the Member State paying the maximum contribution, utilizing for this purpose to the extent necessary:

"(i) The percentage contributions of any newly admitted Member States immediately upon their admission;

"(ii) The normal triennial increase in the percentage contributions of Member States resulting from increases in their national incomes;

"(c) Notwithstanding subparagraph (b) above, the percentage contribution of Member States shall not in any case in the United Nations, the specialized agencies or the International Atomic Energy Agency be increased as a consequence of the present resolution."

J. Resolution 2961 C (XXVII) adopted by the General Assembly on 13 December 1972

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1927 (XVIII) of 11 December 1963 and 2118 (XX) of 21 December 1965 relating to the additional recognition to be given to low per capita income countries and to the attention to be given to the developing countries in the calculation of their rates of assessment,

"Having considered the report of the Committee on Contributions on its thirty-second session, e/

"Noting the views of the Committee on Contributions on the question of allowance for low per capita income, expressed in paragraph 21 of its report,

"1. Reaffirms its previous directives to the Committee on Contributions regarding the additional recognition to be given to the low per capita income countries and the attention to be given to the developing countries in the calculation of their rates of assessment;

"2. Requests the Committee on Contributions, at its next review of the scale of assessments, to change the elements of the low per capita income allowance formula so as to adjust it to the changing world economic conditions."

K. Resolution 2961 D (XXVII) adopted by the General Assembly on 13 December 1972

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1927 (XVIII) of 11 December 1963 and 2118 (XX) of 21 December 1965 relating to the attention and recognition to be accorded by the Committee on Contributions to the countries with low per capita income when calculating the rates of their assessment, in view of their economic and financial problems,

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e/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 11 (A/8711 and Corr.1) and A/8711/Add.1.

"*Noting* that the ceiling for the highest contribution has been lowered twice and that the *per capita* ceiling principle has been fully implemented since 1956, but that the floor for minimum contribution set at 0.04 per cent has not been lowered since 1946, in spite of the increase in the membership of the United Nations and other factors,

"*Taking into consideration* that the allowance formula was benefiting mainly those developing countries with assessments higher than the floor and that the countries with the lowest *per capita* income, including the least developed among the developing countries, were not benefiting from any recommendations in favour of the developing countries in this respect, because of the rigidity of the fixed floor,

"1. *Reaffirms* that due regard should be accorded to the developing countries, especially those with the lowest *per capita* income, to help them meet their priorities at home and to help them offset the inflationary trends continuously affecting their payments in dollar terms;

"2. *Requests* the Committee on Contributions, in formulating the coming scale of assessment to lower the floor from 0.04 per cent to 0.02 per cent to allow the adjustments necessary for the developing countries, in particular those with the lowest *per capita* income."

L. Decision taken by the General Assembly at its twenty-eighth session f/

(2164th plenary meeting on 9 November 1973)

"... the General Assembly, on the recommendation of the Fifth Committee, g/ decided to delete from the terms of reference of the Committee on Contributions the provision concerning the temporary dislocation of national economies arising out of the Second World War."

M. Resolution 3228 (XXIX) adopted by the General Assembly on 12 November 1974

"*The General Assembly*,

"*Recalling* its resolutions 238 (III) of 18 November 1948, 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1137 (XII) of 14 October 1957 and 2961 D (XXVII) of 13 December 1972,

"*Recalling further* the decision of the Fifth Committee which it endorsed at its 2164th plenary meeting on 9 November 1973,

"*Noting* the recommendation of the Committee on Contributions on the

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f/ *Ibid.*, *Twenty-eighth Session, Supplement No. 30* (A/9030), p. 136, item 84.

g/ *Ibid.*, *Twenty-eighth Session, Annexes*, agenda item 84, document A/9292, para. 19.

per capita ceiling principle, as contained in the report on its thirty-fourth session, h/

"Decides to abolish the per capita ceiling principle in the formulation and establishment of rates of assessment, commencing with the scale for the triennium 1977-1979."

N. Resolution 31/95 A adopted by the General Assembly on 14 December 1976

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 1927 (XVIII) of 11 December 1963, 2118 (XX) of 21 December 1965, 2961 C (XXVII) of 13 December 1972 and 3062 (XXVIII) of 9 November 1973 relating to the additional recognition to be given to the low per capita income countries in calculating their rates of assessment in view of their economic and financial problems,

"Recalling that the capacity to pay of the countries recognized by the United Nations as the least developed among the developing countries and those most seriously affected is being adversely affected, inter alia, by inflation and currency instability,

"Recognizing the need for reconsideration of the scale of assessments of the least developed countries and those most seriously affected in order to help them meet their priorities at home and to allow the adjustment necessary for these countries,

"Believing that the existing arrangement of assessment at the floor level is incompatible with the principle of capacity to pay,

"Believing also that the collective financial responsibility implies that all Member States pay at least a minimum percentage of the expenses of the Organization,

"1. Reaffirms that the capacity of Member States to contribute towards the payment of the budgetary expenses of the United Nations is the fundamental criterion on which scales of assessment are based;

"2. Decides to lower the floor for purposes of formulating and establishing the rates of assessment;

"3. Requests the Committee on Contributions to reflect this decision in formulating the coming scale of assessments in so far as purely practical and technical limitations in calculating permit, which should be understood to mean a minimum payment of no less than 0.01 per cent of the total expenses of the Organization;

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h/ Ibid., Twenty-ninth Session, Supplement No. 11 (A/9611).

"4. Also requests the Committee on Contributions to study urgently and in depth ways and means of increasing the fairness and equity of the scale of assessments in the light of views expressed by Member States at the thirty-first session of the General Assembly, in particular by:

"(a) Seeking improvements in the statistical measurement of the relative capacity to pay including new or additional statistical indicators and criteria;

"(b) Considering the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of the capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method;

"(c) Bearing in mind the fact that the capacity to pay of Member States may be subject to severe fluctuations in economic activity for a variety of reasons;

"5. Further requests the Committee on Contributions to embody as appropriate in subsequent reports of the Committee the particular justification for any significant increases in the assessment of any Member State between two successive scales;

"6. Requests the Committee on Contributions to report in depth on its findings to the General Assembly at its thirty-second session with a view to enabling the Assembly to consider early action on a new scale; ..."

O. Resolution 31/95 B adopted by the General Assembly on 14 December 1976

"The General Assembly,

"Resolves that:

"...

"(c) The Committee on Contributions shall draw up future scales of assessments, on the basis of:

"(i) The criteria contained in its report; i/

"(ii) The additional criteria contained in resolution A above;

"(iii) The continuing disparity between the economies of developed and developing countries;

"(iv) Methods which avoid excessive variations of individual rates of assessment between two successive scales;

"(v) The debate under agenda item 100 in the Fifth Committee during the thirty-first session, especially the concern expressed regarding steep increases in the rates of individual assessment; ..."

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i/ Ibid., Thirty-first Session, Supplement No. 11 (A/31/11) and A/31/11/Add.1.

P. Resolution 34/6 B adopted by the General Assembly on 25 October 1979

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 1927 (XVIII) of 11 December 1963, 2118 (XX) of 21 December 1965, 2961 C (XXVII) of 13 December 1972 and 31/95 A and B of 14 December 1976,

"Noting a significant increase in the assessment of some Member States in the proposed scale for the period 1980-1982 in relation to the previous scale,

"Bearing in mind the continuing disparity between the economies of developed and developing countries,

"1. Reaffirms that the capacity of Member States to contribute towards the payment of the budgetary expenses of the United Nations is the fundamental criterion on which scales of assessment are based;

"2. Requests the Committee on Contributions to study in depth and report to the General Assembly at its thirty-fifth session on ways and means of increasing the fairness and equity of the scale of assessments, bearing in mind the debate under agenda item 103 in the Fifth Committee during the thirty-fourth session of the Assembly, j/ and, in particular:

"(a) Methods which would avoid excessive variations of individual rates of assessment between two successive scales, including ways of setting a percentage limit or percentage points limit or a combination of the two;

"(b) Ways of taking into account conditions or circumstances which adversely affect the capacity to pay of Member States and ways of setting objective criteria by which these conditions or circumstances can be taken into account in the elaboration of the scale of assessments;

"(c) Ways of taking into account the particular situation of Member States whose earnings depend heavily on one or a few products;

"(d) Ways of bringing up to date the values of the per capita allowance formula and their effects on the scale of assessments;

"(e) Ways of taking into account the different methods of national accounting of Member States, including the level of different inflation rates and their effects on the comparability of national income statistics;

"(f) Ways of taking into account the concept of accumulated wealth and the ways by which criteria could be developed to enable it to be applied as a factor in setting the scale of assessments;

"(g) Methods to ensure that all countries are assessed on data covering the same period of time so that data used are comparable;

"(h) Effects of altering the statistical base period in the scale of assessments."

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j/ Ibid., Thirty-fourth Session, Fifth Committee, 3rd-9th, 15th and 16th meetings; and ibid., Fifth Committee, Sessional Fascicle, corrigendum.

ANNEX II

Letter dated 26 February 1981 from the Permanent Representative of the Central African Republic to the United Nations addressed to the Secretary-General

/Original: French/

I have the honour to inform you that owing to its many economic difficulties, the Central African Republic, which has just emerged from a debilitated situation, is not in a position to honour in the immediate future all its international, or even its national, commitments.

In the message recently addressed to you by His Excellency Mr. David Dacko, President of the Central African Republic, which was delivered to you by the Minister for Foreign Affairs of the Central African Republic during his visit to New York in January, the Head of State emphasized that the Government was confronted with a serious budgetary crisis and an enormous public debt which impairs the efforts being undertaken in the field of development and reconstruction.

This situation was confirmed by the mission of Mr. Abdulrahim A. Farah which visited Bangui a few days ago.

In view of this situation, which is due to circumstances beyond my country's control, I would request you to make an exception to the application of Article 19 of the Charter of the United Nations and authorize the delegation of the Central African Republic to participate in all votes taken at the resumed thirty-fifth regular session of the General Assembly and any other sessions which may be held in 1981.

Such authorization will be provisional, pending consideration by the competent Secretariat services of the request submitted by the Government of the Central African Republic, as contained in the above-mentioned message.

(*Signed*) Simon-Pierre KIBANDA
Ambassador
Permanent Representative to
the United Nations

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