United Nations

Report of the Committee on Contributions

Sixty-ninth session (1-26 June 2009)

General Assembly
Official Records
Sixty-fourth Session
Supplement No. 11

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Note

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Summary

At its sixty-ninth session, with regard to the methodology for the scale of assessments for the period 2010-2012, the Committee on Contributions:

(a) Decided to review the scale for the period 2010-2012 pursuant to rule 160 of the rules of procedure of the General Assembly and General Assembly resolution 58/1 B;

(b) Recalled and reaffirmed its recommendation that the scale should be based on the most current, comprehensive and comparable data available for gross national income;

(c) Recalled and reaffirmed its recommendation that market exchange rates should be used in preparing the scale except where that caused excessive fluctuations and distortions in income;

(d) Agreed that, once chosen, there were advantages in using the same base period for as long as possible so as to smooth out over the course of consecutive scale periods the impact for every Member State;

(e) Decided to consider further at future sessions the questions of the debt burden adjustment and the low per capita income adjustment;

(f) Decided to adjust market exchange rates for Iraq and to use United Nations operational rates for the Democratic People's Republic of Korea, Myanmar and the Syrian Arab Republic;

(g) Considered the application of the new data to the methodology used in preparing the current scale and included the results for information.

The Committee also decided to study further the questions of automatic annual recalculation and large scale-to-scale changes in rates of assessment on the basis of any guidance thereon by the General Assembly.

With regard to multi-year payment plans, the Committee noted the completion by Tajikistan of payments under its plan and recommended that the General Assembly encourage other Member States in arrears for the purposes of the application of Article 19 of the Charter of the United Nations to consider submitting multi-year payment plans.

With regard to the application of Article 19 of the Charter, the Committee recommended that the following Member States be permitted to vote in the General Assembly until the end of the sixty-fourth session of the Assembly: the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe and Somalia.

Under other matters, the Committee:

(a) Recommended a notional rate of assessment of 0.001 per cent for the Holy See, as a non-member State, for the period 2010-2012;

(b) Decided to hold its seventieth session from 7 to 25 June 2010.

[26 June 2009]

Contents

Chapter I
Attendance

1. The Committee on Contributions held its sixty-ninth session at United Nations Headquarters from 1 to 26 June 2009. The following members were present: Joseph Acakpo-Satchivi, Kenshiro Akimoto, Meshal Al-Mansour, Abdelmalek Bouheddou, Petru Dumitriu, Gordon Eckersley, Bernardo Greiver, Luis M. Hermosillo Sosa, Ihor V. Humenny, Vyacheslav A. Logutov, Gobona Susan Mapitse, Richard Moon, Hae-yun Park, Eduardo Ramos, Gönke Roscher, Lisa P. Spratt, Courtney Williams and Wu Gang.

2. The Committee elected Mr. Greiver as Chairman and Mr. Dumitriu as Vice-Chairman.

Chapter II
Terms of reference

3. The Committee on Contributions conducted its work on the basis of its general mandate, as contained in rule 160 of the rules of procedure of the General Assembly; the original terms of reference of the Committee contained in chapter IX, section 2, paragraphs 13 and 14, of the report of the Preparatory Commission (PC/20) and in the report of the Fifth Committee (A/44), adopted during the first part of the first session of the General Assembly on 13 February 1946 (resolution 14 (I) A, para. 3); and the mandates contained in Assembly resolutions 46/221 B, 48/223 C, 53/36 D, 54/237 C and D, 55/5 B and D, 57/4 B, 58/1 A and B, 59/1 A and B, 60/237, 61/2 and 61/237.

4. The Committee on Contributions had before it the summary records of the Fifth Committee at the sixty-third session of the General Assembly relating to agenda item 122, entitled “Scale of assessments for the apportionment of the expenses of the United Nations” (A/C.5/63/SR.2-4 and 28) and the verbatim records of the 24th and 74th plenary meetings of the General Assembly at its sixty-third session (A/63/PV.24 and 74), and had available the relevant reports of the Fifth Committee to the Assembly (A/63/472 and Add.1).

Chapter III
Scale of assessments for the period 2010-2012

5. The Committee on Contributions recalled that, in its resolution 55/5 B, the General Assembly established the elements of the methodology used in preparing the scale of assessments for the period 2001-2003. The Assembly also decided, inter alia, that the elements of the methodology should remain fixed until 2006, subject to the provisions of its resolution 55/5 C, in particular paragraph 2 of that resolution, and without prejudice to rule 160 of the rules of procedure of the General Assembly. Pursuant to that decision, the Committee had used the same methodology in preparing the scale of assessments for the period 2004-2006. The methodology used in preparing the scale of assessments for the past two scale periods had also been used in preparing the scale of assessments for the period 2007-2009, which had been adopted by the General Assembly based mainly on information contained in the Committee's report on its sixty-sixth session, with some additional adjustments.

6. The Committee also recalled that, in its resolution 58/1 B, as reaffirmed by its resolution 61/237, the General Assembly requested the Committee, in accordance with its mandate and the rules of procedure of the General Assembly, to review the methodology of future scales of assessments based on the principle that the expenses of the Organization should be apportioned broadly according to capacity to pay. By its resolution 61/237, the Assembly reaffirmed that the Committee as a technical advisory body was required to prepare the scale of assessments strictly on the basis of reliable, verifiable and comparable data. The Assembly also noted that the application of the current methodology led to substantial increases in the rate of assessment of some Member States, including developing countries. By the same resolution, the General Assembly requested the Committee on Contributions, in accordance with its mandate and the rules of procedure of the General Assembly, to review the elements of the methodology of the scale of assessments in order to reflect the capacity of Member States to pay, and to report thereon to the Assembly by the main part of its sixty-third session.

7. On the basis of the above mandates, the Committee on Contributions had reviewed the elements of the scale methodology at its sixty-seventh and sixty-eighth sessions and the results of those reviews were reflected in its reports.[1] At its sixty-eighth session, the Committee decided on revised criteria for identifying market exchange rates (MERs) for review for replacement as conversion rates in preparing the scale of assessments.

8. Having considered the summary records of the Fifth Committee at the sixty-third session of the General Assembly relating to agenda item 122, the Committee noted that the General Assembly had not provided it with any specific guidance on the preparation of the scale of assessments for the period 2010-2012.

9. The Committee recalled its general mandate, under rule 160 of the rules of procedure of the General Assembly, to the effect that it should advise the General Assembly on the apportionment of the expenses of the Organization among Member States broadly according to capacity to pay, as well as the requests in resolutions 58/1 B and 61/237 and the results of its earlier reviews.

[1] *Official Records of the General Assembly, Sixty-second Session, Supplement No. 11* (A/62/11); ibid., *Sixty-third Session, Supplement No. 11* (A/63/11).

10. **On that basis, the Committee decided to review the scale of assessments for the period 2010-2012.**

A. Methodology for the preparation of the scale of assessments

11. The Committee recalled that the same methodology used in preparing the scale of assessments for the past two scale periods had been used in preparing the scale of assessments for the period 2007-2009. The Committee also noted that the current scale had been adopted by the General Assembly based mainly on information contained in the Committee's report on its sixty-sixth session, with some additional adjustments. A detailed description of the methodology used in preparing the current scale is contained in the annex to the present report. In the absence of any specific guidance from the General Assembly, the Committee reviewed the elements of the current methodology further. It also considered alternative approaches suggested by members of the Committee and other possible elements for the scale methodology.

1. Income measure

12. The Committee recalled its recommendation that the scale of assessments for the next assessment period continue to be based on the most current, comprehensive and comparable GNI data. The information reviewed by the Committee indicated that, as of 31 December 2008, 132 countries, representing an estimated 95.5 per cent of the total world GNI in 2007 and 86 per cent of the world population, had implemented the System of National Accounts, 1993 (1993 SNA). The Committee noted the continued progress in the implementation of the 1993 SNA, as reflected in the table below.

	Number of countries reporting under the 1993 SNA as at 31 December	*Estimated per cent of the total world GNI*
2008	132	95.5 (of 2007 GNI)
2007	123	92.9 (of 2006 GNI)
2006	109	92.5 (of 2004 GNI)

13. The Committee recalled its earlier observation that universal implementation of the 1993 SNA would provide for a more comparable measure of Member States' capacity to pay. In this connection, the Committee noted that the System of National Accounts, 2008 had been adopted by the United Nations Statistical Commission in 2008. It was expected that countries would start compiling their national accounts statistics using the 2008 SNA over the next few years.

14. The Committee extensively discussed the issue of availability of data, taking into account the criteria set by the General Assembly in resolution 48/223 C to base the scale on reliable, verifiable and comparable data. The Committee assessed the situation based on the latest experience of the Statistics Division. Upon inquiry, the Statistics Division informed the Committee that data was available for about 60 countries with a time lag of one year (t-1). Consequently, in striking the balance between timeliness and the other criteria set by the Assembly, the Secretariat continued to feel that it was most appropriate to base the scale on data with a time lag of two years (t-2).

15. The Statistics Division confirmed that the difficulties previously reported in connection with shortening the two-year time lag still remained. Even with a time lag of t-2, it was necessary to supplement data from the national accounts questionnaire and other official sources with information from other national and international sources, notably the regional commissions, the International Monetary Fund (IMF) and the World Bank. In some cases, it was also necessary to include estimates prepared by the Statistics Division. In the case of the revision practices followed by most national statistical organizations, their annual GNI estimates generally undergo revisions, from provisional to revised to final, over a period of three years. In addition, some countries finalize national accounts data with a time lag of t-2.

16. The Committee noted that, as a measure of capacity to pay, the scale should be based on the most current, comprehensive and comparable data, which at this stage is available with a minimum time lag of t-2. With a view to exploring options to shorten the time lag, the Committee discussed the possibility of holding its meeting at a later time in the year of scale consideration. The Committee decided to further review the issue in conjunction with future updates from the Statistics Division on the availability of t-1 data during the calendar year.

17. **The Committee recalled and reaffirmed its recommendation that the scale of assessments for the period 2010-2012 should be based on the most current, comprehensive and comparable data available for GNI. It noted in that context that data up to 2007 would be used in preparing the next scale. The Committee recommended that the General Assembly continue to encourage Member States to submit the required statistical information under the 1993 SNA in the first quarter of each year.**

2. Conversion rates

18. The Committee recalled that previous scales had used MERs, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange (PAREs) or other appropriate conversion rates were used. For conversion of local currency data to United States dollars, annual averages of MERs, communicated to IMF by national monetary authorities and used by IMF and published in *International Financial Statistics*, were used in most cases when they were available. The Committee recalled that, as indicated in earlier reports, the publication included three types of rates that IMF used, referred to as MERs for the purposes of the scale: (a) market rates, determined largely by market forces; (b) official rates, determined by government authorities; and (c) principal rates, where appropriate, including for countries maintaining multiple exchange rate arrangements. Where MERs were not available from *International Financial Statistics* or from the IMF Economic Information System, United Nations operational rates of exchange or other information were used in the initial database.

19. The Committee discussed the issue of purchasing power parity (PPP), and in that context met with representatives of the World Bank and IMF. Purchasing power is premised on the value of a unit of a currency being closely related to the amount of goods and services that it can buy in its country of issue, i.e., its internal purchasing power. The PPP calculations are based on the estimation of the ratio of internal purchasing powers between two countries.

20. The Committee noted that the World Bank International Comparison Programme had made significant improvements in regard to comprehensiveness and comparability. In the view of those members, the usefulness of PPP in the scale methodology should be assessed in conjunction with the inherent problems and merits of MERs. In particular, PPP would help to address MERs disadvantage of being overly influenced by speculative currency movement. Those members considered that the PPP concept could be useful in deriving alternative conversion rates which could result in a better basis for measuring capacity to pay with fewer potential or actual distortions than in the market-based data. They also noted that IMF had implemented a new quota share formula based on GDP converted by a mix of MERs (60 per cent) and PPP (40 per cent). The mix of MER-GDP and PPP-GDP was used to capture both financial and non-financial activities of IMF in arriving at quota shares. Some members noted that other institutions used PPP as an instrument to measure poverty. As such, PPP could be useful in determining the low per capita income adjustment.

21. Other members expressed serious reservations about the use of PPP in preparing the scale of assessments. Since PPP reflects capacity to consume rather than capacity to pay, the use of PPP as a conversion rate would not be in accordance with rule 160 of the rules of procedure of the General Assembly. Methodologically, given that PPP is based on hypothetical, non-existent currency conversion rates, it was not suitable for the purposes of assessing Member States' capacity to pay. In their view, PPP did not measure capacity to pay in United States dollars because it included goods and services that were not tradable internationally. Those members expressed reservations that PPP exaggerated national income of developing countries and eventually created anomalous increase to their share of world GNI for the purpose of the United Nations scale of assessments. It was noted that the data used for the calculation of scale of assessment, to the extent possible, should be current, comprehensive and comparable. A major drawback to PPP was that the basket of goods used to estimate PPP was not homogenous across countries. PPP was not available on an annual basis, and was not available for many countries and, where available, was based on extrapolations and estimates based on surveys. Those members noted that the World Bank and IMF used PPP in a different context, and recommended to discontinue the consideration by the Committee on Contributions until the General Assembly provides further guidance.

22. Some members expressed the view that while PPP may not serve as an alternative methodology for MERs, its use could be further clarified through analysis of a hypothetical case of a few countries, which could be presented by the Statistics Division and reviewed at the next session of the Committee. Further, IMF could be invited to future sessions to address MERs more broadly, thereby expanding the scope of the discussion beyond PPP.

23. The Committee recalled its decision, at its sixty-eighth session, to use revised criteria for identifying MERs for review for replacement as conversion rates in preparing the scale of assessments outlined in chapter III.A.2 of its report.[2] The related discussion and results are reflected in sections D and E, respectively, below.

24. **The Committee recalled and reaffirmed its recommendation that conversion rates based on MERs should be used for the scale of assessments for**

[2] *Official Records of the General Assembly, Sixty-third Session, Supplement No. 11* (A/63/11).

the period 2010-2012, except where that would cause excessive fluctuations and distortions in the GNI of some Member States expressed in United States dollars, in which case PAREs or other appropriate conversion rates should be employed.

3. Base period

25. The Committee recalled that the base period used in preparing the scale of assessments had varied over time from 1 to 10 years. The scales for the previous three scale periods 2001-2003, 2004-2006 and 2007-2009 had all used the average of the results of machine scales using base periods of three and six years. That approach was a compromise reached by the General Assembly between those arguing for shorter and those arguing for longer base periods.

26. In the past, some members of the Committee had favoured longer base periods as a way of increasing stability and smoothing out sharp year-to-year fluctuations in the income measure of Member States. Other members had favoured shorter base periods in order to provide a better picture of the capacity of Member States to pay. One member noted that the base period was not meant to be a redistributive element of the methodology. At its sixty-ninth session, the Committee looked at a variety of base periods, ranging from two to nine years. While the Committee remained of the view that it would be technically sounder to use a single base period, it also noted that, although technically unorthodox, the current hybrid seemed effective.

27. **The Committee agreed that, once chosen, there were advantages in using the same base period for as long as possible so as to smooth out over the course of consecutive scale periods the impact for every Member State.**

4. Debt-burden adjustment

28. The debt-burden adjustment had been an element of the scale methodology since 1986. It was intended to reflect the impact of having to repay the principal on external debt on the capacity to pay of some Member States. Interest on that debt was already reflected in the data for GNI. The debt-burden adjustment was a separate step that was effected by deducting notional annual repayments of external debt, as defined in step 2 of the scale methodology (see annex) from Member States' GNI. While some members of the Committee had expressed reservations about the adjustment, others had argued that it was necessary for measuring the real capacity to pay of Member States.

29. The Committee recalled that the General Assembly had decided to use debt-stock data for the scales for the period 2001-2003, which it had also applied for the periods 2004-2006 and 2007-2009.

30. Limitations in the data available at the time that the adjustment was introduced had led the Committee to recommend to the General Assembly that it base the adjustment on a proportion of the total external debt stock of the Member States concerned. For that purpose, it was assumed that debt was repaid over a period of eight years, so that the adjustment to national income data was 12.5 per cent of total external debt stock. That became known as the debt-stock approach.

31. In reviewing the validity of the assumption of an eight-year repayment period, the Committee noted that the repayment period of principal showed that, based on actual data, the repayment period of total external debt had declined from 9.9 years

in 1999 to 6.9 years in 2005. During the same period, the repayment period of public and publicly guaranteed debts had declined from 12.9 years to 8.7 years. One member felt that consideration should be given to using debt-flow data instead of debt stock because countries with a repayment period shorter than an eight-year period are reflecting a larger capacity to pay than the one they really have. Other members felt that the debt-stock approach should be retained.

32. The Committee noted that the use of the debt-flow approach instead of the debt-stock approach would not have a significant impact on the overall size of the debt-burden relief for 2010-2012. In the six-year base period, it amounted to 0.644 percentage points under the debt-stock approach; under the debt-flow approach that figure would be slightly increased to 0.654 percentage points. Nevertheless, there would be some significant effects at the individual country level, owing to the heterogeneity in repayment patterns for individual Member States.

33. While the Committee had decided to use total debt rather than public debt because of the greater availability of data and the lack of distinction between public and private debt in the data available from the Organization for Economic Cooperation and Development, the availability of data on public debt and publicly guaranteed debts had improved substantially in recent years. Whereas in 1985 data were available for only 37 countries, data were now available for 128 countries. The Committee noted that not using the public and publicly guaranteed debt data instead of total debt data for debt-burden adjustment on the grounds of non-availability of the former was no longer a valid reason.

34. Some members considered that the use of public external debt was preferable to the use of total external debt. Public debt had to be repaid by the public sector and reflected the responsibility of the Government as did the payment of assessed contributions to the United Nations. They noted that the use of public external debt had been intended when that element of the methodology was introduced in 1986. In their view, the improved availability of public debt data presented an opportunity to significantly improve the measurement of capacity to pay by focusing on debt which has to be repaid from the Government's budget. Other members expressed the view that the use of total debt stock was necessary as total external debt reflected capacity to pay, and that private debt presented an important component of the total debt stock, influencing the overall Member States' capacity to pay.

35. Some members felt that reserves should also be taken into account as a factor in determining the debt-burden adjustment. Other members felt that the impact of the level of reserves had already been taken into account in economic performance and was finally reflected in the economic indicators taken into account to determine the scale of assessment of a Member State.

36. **The Committee decided to consider the question of the debt-burden adjustment further at future sessions in the light of any guidance from the General Assembly.**

5. Low per capita income adjustment

37. The Committee noted that the low per capita income adjustment had been an important element of the scale methodology since the earliest days of the United Nations. The adjustment currently has two parameters: a threshold level of per capita GNI to determine which countries would benefit; and a gradient to set the

size of the adjustment. Since the adoption of the 1995-1997 scale, the threshold, which had previously been a set dollar amount, has been the average per capita GNI for the membership. The gradient had grown over the years, from 40 per cent in 1948 to 85 per cent in 1983. Since the calculation of the scale for the period 1998-2000, the gradient has been fixed at 80 per cent.

38. In reviewing that element, the Committee recalled that its terms of reference called for the consideration of comparative income per head of population in order to prevent anomalous assessments resulting from the use of comparative estimates of national income, and noted that an allowance for low per capita national income had been part of the methodology since the preparation of the first scale of assessments.

39. The Committee also recalled that at its recent sessions, it had decided to further consider the question of the low per capita income adjustment on the basis of additional information from the United Nations Statistics Division. The Statistics Division had presented reports to the Committee at its sixty-eighth and sixty-ninth sessions on alternative definitions of the low per capita income adjustment threshold. The Committee noted that that parameter required further detailed study in order to improve that element, which was an important part of the scale methodology. In particular, an alternative definition of the threshold would need to address existing weaknesses to provide a low per capita income adjustment consistent with the original intent of that element of the scale methodology. One member noted that consideration could be given to revising the name of the adjustment to take into account that the bulk of the adjustment is received by middle and upper income countries.

40. One alternative approach for setting the threshold was the use of the world median per capita GNI to define the low per capita income adjustment threshold. The Committee had carried out an initial review of that approach at its sixty-eighth session. The median is a value larger than or equal to the per capita GNI of at least one half of the States Members of the United Nations and smaller than or equal to the per capita GNI of at least an equal number of Member States. One appealing characteristic of the median was that it was a robust measure, since in general it was less sensitive than the average to the occurrence of a few extreme data points.

41. The Committee noted that the median per capita GNI among States Members of the United Nations was lower than their average per capita GNI. The reason for that was that the distribution of per capita GNI data was markedly asymmetric, with more than 70 per cent of the countries having per capita GNI below the world average. By using median per capita GNI, a smaller number of Member States would be eligible to benefit from the low per capita income adjustment. On the other hand, Member States with a relatively high per capita GNI would benefit as a result of the low per capita income adjustment threshold being set on the basis of the world median per capita GNI, in that they would have to absorb a smaller amount of the relief granted to fewer countries relative to the amount that they would have to absorb with the world average per capita GNI being used to determine the threshold.

42. Some members felt that the median could be a valid approach to defining an alternative threshold. In their view, there was technical merit in using the median, since it was less sensitive to extreme values. However, other members did not favour that approach, which set the threshold at a much lower level that did not reflect the evolution of the threshold consideration in the past. In their view, that

would provide insufficient relief for Member States with low per capita incomes. They also felt that the median approach, which was limited to mechanical determination of the middle of the range, did not take into account actual values of per capita GNI and their impact on eligibility in terms of the low per capita income adjustment.

43. Some members of the Committee saw merit in the creation of a neutral zone whereby Member States within a range of a certain percentage below or above the threshold would neither receive nor pay for any benefit. The exact percentage would need to be established at a level which would not result in Member States remaining within such a zone for an excessive length of time. Some members were of the view that that zone could be a self-financing system, so that within it, Member States falling below the threshold would not receive a benefit, thereby offsetting those Member States above the threshold not paying for any benefit. That arrangement could help Member States that moved up through the threshold of the adjustment between scale periods. Such Member States not only ceased to benefit from the adjustment but also helped to pay for it.

44. The Committee also considered the alternative approach of fixing the low per capita income adjustment threshold in real terms instead of setting it at the current average world per capita income for the scale base period. For example, the average per capita GNI of a specific reference year could be used, but it could be updated according to the world inflation rate so as to keep its real value constant over time. In that way, a country's individual position with respect to the low per capita income adjustment threshold would be rendered independent of the performance of other countries. Some members expressed interest in further exploring the establishment of a fixed threshold. Other members expressed the view that the current threshold should be retained.

45. Some members proposed the utilization of PPP within that element of the methodology. Those members saw merit in using the purchasing power parity concept to set a threshold for the low per capita income adjustment because different countries with the same per capita income could have very different purchasing power. Using that approach, the threshold would be based on the global average per capita income determined wholly or partially by PPP. Other members expressed reservations about the use of PPP in determining the low per capita income adjustment which also led to anomalies in the per capita GNI of countries. Some members also expressed reservations because the determination of PPP does not embrace the low per capita GNI of Member States.

46. **The Committee reaffirmed that the scale methodology should continue to take into account comparative per capita income and decided to review further the modalities and impact of the low per capita income adjustment at future sessions in the light of any guidance from the General Assembly.**

6. Floor

47. The Committee recalled that the General Assembly had reduced the minimum assessment rate, or floor, from 0.01 per cent to 0.001 per cent from 1998. The Committee noted that the floor rate of 0.001 per cent could be considered to be the practical minimum contribution that Member States should be expected to make to the Organization. For 2009, Member States at the floor (0.001 per cent) were

assessed $24,363 for the regular budget. That compares to the assessment of $106,508 at the floor (0.01 per cent) for the regular budget for 1997.

7. Ceilings

48. The Committee recalled that the current methodology included a maximum assessment rate, or ceiling, of 22 per cent and a maximum assessment rate for the least developed countries, or least developed countries ceiling, of 0.010 per cent.

B. Other suggestions and other possible elements for the scale methodology

1. Annual recalculation

49. The Committee recalled that it had first considered the proposal for automatic annual recalculation of the scale in 1997, and had revisited it several times since then. Some members supported the idea and considered that annual recalculation of the scale would better approximate the current capacity of Member States to pay, as each year the scale would be based on the most up-to-date data available. Those members recognized that various technical issues would need to be dealt with but considered that that was feasible. Annual recalculation would smooth out large scale-to-scale increases and did not entail a yearly revision of the scale methodology itself. If adopted, assessments would be expected to change slightly year to year, but that would not significantly differ compared to the normal adjustments arising from changes to the regular budget and peacekeeping budgets. Those members considered that a well-defined system could be put in place to provide the modalities for annual recalculation within the scale period. The potential benefits required that serious attention be paid to that question.

50. Members who did not support the idea considered that annual recalculation would not be simply a technical exercise and that it was more likely that it would lead to an annual renegotiation of the scale. If significant changes arose in the scale based on updated data, then they might warrant renegotiation. Those members also considered that it would make the annual assessments of Member States less stable and predictable. That would complicate the formulation of national budgets by some Member States. They pointed out that rule 160 of the rules of procedure of the General Assembly specifies that the scale of assessments, when once fixed by the General Assembly, shall not be subject to a general revision for at least three years unless it is clear that there have been substantial changes in relative capacity to pay. Annual recalculation could contradict that rule. Further, they noted that it might involve additional costs.

51. **The Committee decided to carry out a detailed study of the question of annual recalculation at its next session, in the light of any guidance provided by the General Assembly.**

2. Large scale-to-scale increases in rates of assessment and discontinuity

52. In its resolution 61/237, the General Assembly noted that the application of the current methodology had led to substantial increases in the rate of assessment of some Member States. Similar concerns of substantial increases in the rates of assessments had led to the addition of a scheme of limits to the scale methodology

in the 1986-1998 scales, which had restricted large scale-to-scale increases and decreases faced by Member States. The General Assembly had subsequently decided to phase it out over two scale periods. Since the calculation of the 2001-2003 scale, the effects of the scheme of limits had been fully eliminated. The Committee reaffirmed that the scheme of limits was not a practical option to deal with the problem of large scale-to-scale increases and decreases.

53. At previous sessions, the Committee considered phasing in large scale-to-scale increases in equal instalments over the three years of the validity of the scale, defining “large” as an increase of more than 50 per cent. The Committee recognized that any Member State which moved up from the floor would inevitably experience a minimum increase of 100 per cent. Some members argued that in many instances, large scale-to-scale increases reflected an actual increase in the capacity to pay.

54. Some members noted that any discontinuity could be addressed through the consideration of other proposals, such as delaying or phasing in the increase when Member States passed the low per capita income adjustment threshold through creation of a range in which Member States would neither receive nor pay for benefits. One member linked the issue to the question of annual recalculation of the scale, which could provide a solution to large scale-to-scale increases. Another possible approach was the adoption of a scale of assessments with increases of more than 50 per cent gradually phased in over the three-year period.

55. **The Committee decided to continue its work on the analysis of the merits and possible necessity of measures dealing with large scale-to-scale changes in the assessment rates of Member States in the light of any guidance provided by the General Assembly.**

C. Representations by Member States

56. The Committee had before it the text of a letter dated 7 May 2009 from the Permanent Representative of the Czech Republic to the United Nations, on behalf of the European Union, addressed to the Chairman of the Committee on Contributions, related to proposals for a methodology for the preparation of the scale of assessments for 2010-2012. **The Committee took note of the representation.**

D. Statistical information

57. The Committee had before it a comprehensive database for the period 2002-2007 for all Member States and the participating non-member State on various measures of income in local currencies, population, exchange rates and total external debt stocks, repayments of principal and total and per capita income measures in United States dollars. The primary source for income data in local currencies was the national accounts questionnaire completed for the United Nations by the countries concerned. For those countries for which full replies to the questionnaire had not been received, data had been collected or estimates prepared by the United Nations Statistics Division based on information from other national and international sources, notably the United Nations regional commissions, IMF and the World Bank.

58. In reviewing the statistical information provided, the Committee paid due attention to the data provided in the representations and information meetings referred to above. It also reviewed the data for all countries, paying particular attention to those countries whose data had been adjusted in the context of preparation of the scale of assessments for the period 2007-2009, or whose results, in United States dollars, suggested that there might be anomalies or distortions in the data. In all cases, the Committee was guided by the mandate given in General Assembly resolution 48/223 C to base the scale on reliable, verifiable and comparable data and to use the most recent figures available.

1. Population

59. Mid-year population estimates for the period 2002-2007 are generally drawn from *World Population Prospects: The 2008 Revision*, prepared by the Population Division of the Department of Economic and Social Affairs, and are supplemented, as required, by national estimates for countries and areas not included.

2. External debt

60. Information on total external debt and repayments of principal were extracted in most cases from the World Bank database on external debt, as published in the World Bank serial publication *Global Development Finance*. In those tables, the World Bank includes only those countries with a per capita GNI of $11,455 or less.

61. Total debt stocks include public and publicly guaranteed long-term debt, private non-guaranteed long-term debt, the use of IMF credit and estimated public and private short-term debt. Principal repayments are part of total debt flows, which also include disbursements, net flows and transfers on debt and interest payments, and consist of the amounts of principal repaid in foreign currency in the year specified.

62. The Committee recalled that changes in coverage by the World Bank and the Organization for Economic Cooperation and Development meant that debt data were not available for several countries after 2002. Those countries were contacted directly and were requested to provide the necessary data. For those that did not do so, the Committee noted that the rates of several of them were at the floor, so that the lack of debt data made no practical difference. For the other Member States that did not provide the additional information, the Committee used the debt data that were available only for the earlier years and had been used in the preparation of the scale of assessments for the period 2007-2009.

3. Gross national income

63. The Committee recalled that Member States were in the process of moving from the System of National Accounts, 1968 (1968 SNA) to the System of National Accounts, 1993 (1993 SNA). The Committee noted that the System of National Accounts, 2008 (2008 SNA) was now being implemented. The Committee recalled that the concept of gross national product (GNP) in the 1968 SNA had been renamed gross national income (GNI) in the 1993 SNA. The renaming of GNP as GNI was a refinement of product and income concepts and did not entail a change in the actual coverage of the concept. The Committee noted that 132 countries, representing an estimated 95.5 per cent of the total world GNI in 2007 and 86 per cent of the world population, had implemented the 1993 SNA.

64. The Committee noted that, as compared to the data used for the current scale of assessments, the data that it had reviewed included not only information for the period 2005-2007 but, in a number of cases, revised information for the period 2002-2004. That included revisions of official statistics received earlier, as well as the substitution of newly available official data for estimates used in preparing the current scale of assessments.

4. Conversion rates

65. The Committee recalled that previous scales of assessments had used MERs, except where that would cause excessive fluctuations and distortions in the income of some Member States, in which case PAREs or other appropriate conversion rates were used. The Committee also recalled that, in considering which MERs should be replaced for the 2007-2009 scale, the Committee had reviewed the cases of those countries for which per capita GNI had increased by over 50 per cent or decreased by over 33 per cent during the previous two consecutive three-year reference periods, namely 1999-2001 and 2002-2004. In so doing, it had looked in particular at cases where the MER valuation index (MVI) was greater than 1.2 or less than 0.8 — reflecting a possible excessive appreciation or depreciation, respectively, of more than 20 per cent. The Committee had reviewed that element of the methodology at its sixty-eighth session, and had noted that the overall number of cases which would need to be reviewed in detail resulting from application of the existing criteria to updated data reflected a significant increase. In that respect, the number of cases which would need to be examined totalled 59, as compared to 25 in 2006, primarily reflecting the significant fluctuation of exchange rates against the United States dollar in recent periods. The Committee had noted that a detailed review of 59 cases, as generated by application of the existing criteria, would not be feasible.

66. In order to moderate the impact of recent exchange rate fluctuation, the Committee had decided on revised criteria based on world averages. The revised criteria focused on the review of cases of those countries whose per capita GNI growth factor was more than 1.5 times or less than 0.67 times the world average per capita GNI growth factor, and where MVI was more than 20 per cent above or below the world average MVI. The Committee had noted that no single criteria would automatically solve all problems satisfactorily, and any criteria would be used solely as a point of reference to guide the Committee in identifying Member States whose MERs should be reviewed. Based on past practice and legal advice, the Committee would recommend replacement of a MER only in such cases where the related review determined that its use would result in excessive distortions or fluctuations in GNI figures after conversion to United States dollars, and if the Committee should be unable to come to such a determination and therefore fail to agree on a different conversion rate, the Committee would be obliged to use in the case of the concerned Member State the relevant MERs.

67. In considering which MERs should be replaced, the Committee used the approach set out below:

(a) Member States were identified, for which per capita GNI growth factor, using MER for conversion to United States dollars, was greater than 1.5 times or smaller than 0.67 times the world average per capita GNI growth factor between the two reference periods of 2002-2004 and 2005-2007. For those Member States, a country-by-country assessment of possible exchange rate overvaluation or undervaluation was conducted by examining whether their MVI was greater than 1.2 or less than 0.8 times the average MVI across all Member States between the same periods. The application of the criteria resulted in a list of 11 countries for review (Angola, Armenia, Azerbaijan, Belarus, Equatorial Guinea, Georgia, Iraq, Kazakhstan, Romania, Russian Federation and Ukraine). The Committee examined information about the economic and financial situation of those countries;

(b) The Committee also considered the situation of countries where:

(i) Per capita GNI levels in United States dollars using the MER did not reflect the economic reality in the country, owing possibly to a fixed exchange rate;

(ii) The increase in the rate of assessment using updated GNI data converted with MERs under the current scale methodology would be 50 per cent or more;

(iii) MERs were replaced in the preparation of the current scale;

(iv) Any other factor was deemed to warrant review.

Based on the review of the cases in subparagraph (a) above, the Committee decided to adjust the conversion rate of Iraq. As regards the 10 other countries identified above, many members considered that no adjustment to the conversion rates was warranted and MERs should be applied, while a few members considered that adjustments should be made to conversion rates in those cases. In discussing the issue, the Committee recalled that for the scale period 2007-2009, an adjusted conversion rate had been used in the case of Angola. In that connection, the Committee noted that, since Angola was subject to the 0.010 per cent ceiling for least developed countries, the adjustment of the conversion rate would not have an impact on the assessment rate of Angola for the period 2010-2012. **Based on the review of the cases in subparagraph (b) above, the Committee decided to use United Nations operational rates of exchange for the Democratic People's Republic of Korea, Myanmar and the Syrian Arab Republic.**

68. Some members expressed the view that the revised criteria had proved useful since it had produced a relatively short list of cases for review. However, those members also considered that further effort was required by the Statistics Division to refine the criteria so that the Committee could apply it in a more systematic way, and in effect provide a formula to determine more conclusively the real growth of an economy. **The Committee decided to further consider the criteria to be used to identify cases where MERs might possibly be replaced by PAREs and other conversion rates in the scale methodology at future sessions.**

69. A few members noted that the discussions on which MERs should be replaced did not result in a unanimous decision. They noted that many other members had stated that only the conversion rate of Iraq was to be adjusted, because its GNI growth in United States dollars reflects real distortion, whereas for other countries, where considerable variations of GNI growth were also shown in the information presented by the Secretariat, there was no economic reasoning for the adjustment of their conversion rates because of the growth in their economies. However, in the opinion of the members who did not agree to this justification and general approach, no measurable, technical and transparent grounds were brought out to justify the latter conclusion, which challenged, according to them, the existing adjustment tool, comprising technical, economic, transparent formulas and components, agreed by

the Committee in the past as an element of methodology. Those few members were in favour of following the list of the Statistics Division, which had identified 11 countries, whose per capita GNI growth in United States dollars exceeded 1.5 times the world per capita GNI growth factor and whose MVI is much higher than 1.2 or an overvaluation of their respective currencies, thus in their view significantly distorting the GNI figures used for scale purposes, and hence, those members recommended that PAREs be used for Angola, Armenia, Azerbaijan, Belarus, Equatorial Guinea, Georgia, Iraq, Kazakhstan, Romania, Russian Federation and Ukraine.

70. A few members pointed out that those 11 countries reflected substantial growth in the later years, mainly arising from the overvaluation of their currencies. In the view of those members, that was proved by the MER-valuation indices for those countries that were 1.41-1.71 times higher than the world MVI as indicated in the report presented to the Committee on “Systematic criteria for assessing and replacing market exchange rates causing excessive fluctuation and distortion in income”. In this connection they noted that the data on GNI in United States dollars converted with the use of MERs for those countries did not adequately reflect domestic inflation in relation to inflation in the United States. The prices in those countries, which consist largely of European economies in transition, grew due to permanent disproportions in the development of individual industries and sectors that were caused by the existence of natural monopolies and a flawed public administration structure. Another considerable inflation-inducing factor was the strengthening of the euro against the United States dollar, which in most cases was the main driver for their national currencies rates. A substantial amount of all goods imported to those countries was from the Eurozone. Therefore, the European inflation had an important impact on their consumer price indices. At the same time with a view to bring the stability to the financial and banking system, to support the export-oriented industries, and create the background for political and economic transformation, these countries stick to the policies of maintaining the exchange rates of their national currencies by establishing narrow deviation limits from the price of sale and purchase of United States dollars compared with the official exchange rates as well as by central banks conducting currency interventions.

71. Owing to the above-mentioned facts, those few members of the Committee concluded that the application of MERs as conversion rates for GNI data of those countries in national currencies to United States dollars cause excessive fluctuations and distortions. On the basis of those considerations and the report of the Secretariat on the matter, they recommended that PAREs be used for Angola, Armenia, Azerbaijan, Belarus, Equatorial Guinea, Georgia, Iraq, Kazakhstan, Romania, Russian Federation and Ukraine.

72. Many other members of the Committee noted that the criteria had been established solely as a point of reference to guide the Committee in identifying Member States whose MERs should be reviewed, and the Committee would recommend replacement of a MER only in such cases where the related review determined that its use would result in excessive distortions or fluctuations in GNI figures after conversion to United States dollars. Those members stated that the review of the statistical data indicated strongly that consistent and strong economic growth was a common and regular pattern in the countries in question. Those countries had been among the fastest growing economies of all Member States for several consecutive years. Their economic growth could not be considered a short-

term development. Some of them were important oil-exporting countries which had profited largely from the continuously increasing prices for oil during a considerable time. As the oil price is United States dollar-based, that would not lead to any excessive fluctuations or distortions of income. At the same time, most of those countries showed an increase of external debt, which was considered as the result of strong foreign investment due to the favourable economic conditions in those countries. With respect to the MERs of their national currencies to the United States dollar, exchange rates had not shown dramatic fluctuations and had remained relatively stable. Changes were due mainly to the respective national government policy in order to maximize the growth potential of those countries, to support their exports and to combat inflation.

73. Many members stressed that it was not the task of the Committee to question national domestic issues like inflation rates and the exchange rate policies of sovereign governments and central banks. On the contrary, the analysis of the statistical data showed that the exchange rate policies of the countries in question had re-enforced their economic growth and furthermore, the increase of growth rates had to be regarded as correction of a former undervaluation which had led to long periods of falling assessments. Because of the fact that the majority of countries in question belong to the same greater geographical region of Eastern Europe and Central Asia, that their situation is characterized by stability and sustainability, that their strong economic growth was related to many similar factors, it could not be concluded that their economic data reflected an exceptional situation in the sense that the exchange rates for the national currencies to the United States dollar would cause excessive fluctuation and distortions in their income. The changes in their assessment rates on the basis of the growth of their per capita income in United States dollars did rightly reflect the strong real growth of those economies. Many members therefore concluded that on the basis of the detailed evaluation of each country's data, MER should be applied for each of those countries.

E. Scale of assessments for the period 2010-2012

74. In order to be able to identify the impact of the inclusion of new GNI data in calculations for the 2010-2012 scale, including the decisions on data and conversion rates outlined above, the Committee considered the application of the new data to the methodology used in preparing the current scale of assessments. The results are shown below for information.

Step-by-step adjustments based on the methodology used in the scale of assessments for the period 2007-2009

Parameters	*6 years*	*3 years*	*Average of 6 and 3 years*
Statistical base period:	2002-2007	2005-2007	
Income measure:	Gross national income	Gross national income	
Debt adjustment:	Debt stock	Debt stock	Scale figures are derived by averaging the results of the scale methodology with base periods of 6 and 3 years
Low per capita income:			
Threshold:	6,707.92	7,529.8	
Gradient:	80%	80%	
Floor rate (%):	0.001%	0.001%	
Maximum rate for least developed countries (%):	0.01%	0.010%	
Ceiling rate (%):	22%	22%	

	Member State	*Scale approved by the Assembly for 2007-2009* (1)	*Machine scale for 2007-2009* (2)	*Total gross national income share* (3)	*Debt burden adjustment* (4)	*Low per capita income adjustment* (5)	*Floor rate* (6)	*Least developed country ceiling* (7)	*Ceiling* (8)	*Difference to machine scale 2007-2009* (9)
1	Afghanistan[a]	0.001	0.002	0.016	0.015	0.004	0.004	0.004	0.004	100.00%
2	Albania	0.006	0.008	0.019	0.018	0.009	0.009	0.009	0.010	25.00%
3	Algeria	0.085	0.090	0.220	0.219	0.119	0.119	0.119	0.128	42.22%
4	Andorra	0.008	0.008	0.006	0.006	0.006	0.006	0.006	0.007	-12.50%
5	Angola[a]	0.003	0.008	0.069	0.066	0.027	0.027	0.010	0.010	25.00%
6	Antigua and Barbuda	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.00%
7	Argentina	0.325	0.346	0.409	0.377	0.266	0.266	0.266	0.287	-17.05%
8	Armenia	0.002	0.003	0.012	0.012	0.005	0.005	0.005	0.005	66.67%
9	Australia	1.787	1.787	1.501	1.513	1.695	1.695	1.696	1.933	8.17%
10	Austria	0.887	0.887	0.661	0.666	0.747	0.746	0.747	0.851	-4.06%
11	Azerbaijan	0.005	0.006	0.035	0.034	0.014	0.014	0.014	0.015	150.00%
12	Bahamas	0.016	0.020	0.014	0.014	0.016	0.016	0.016	0.018	-10.00%
13	Bahrain	0.033	0.033	0.030	0.030	0.034	0.034	0.034	0.039	18.18%
14	Bangladesh[a]	0.010	0.010	0.146	0.141	0.035	0.035	0.010	0.010	0.00%

	Member State	Scale approved by the Assembly for 2007-2009 (1)	Machine scale for 2007-2009 (2)	Total gross national income share (3)	Debt burden adjustment (4)	Low per capita income adjustment (5)	Floor rate (6)	Least developed country ceiling (7)	Ceiling (8)	Difference to machine scale 2007-2009 (9)
15	Barbados	0.009	0.009	0.006	0.006	0.007	0.007	0.007	0.008	-11.11%
16	Belarus	0.020	0.023	0.070	0.069	0.039	0.039	0.039	0.042	82.61%
17	Belgium	1.102	1.102	0.835	0.842	0.943	0.943	0.943	1.075	-2.45%
18	Belize	0.001	0.001	0.002	0.002	0.001	0.001	0.001	0.001	0.00%
19	Benin[a]	0.001	0.002	0.010	0.009	0.002	0.002	0.002	0.003	50.00%
20	Bhutan[a]	0.001	0.001	0.002	0.002	0.001	0.001	0.001	0.001	0.00%
21	Bolivia	0.006	0.007	0.022	0.021	0.007	0.007	0.007	0.007	0.00%
22	Bosnia and Herzegovina	0.006	0.009	0.026	0.025	0.013	0.013	0.013	0.014	55.56%
23	Botswana	0.014	0.015	0.021	0.021	0.016	0.016	0.016	0.018	20.00%
24	Brazil	0.876	0.893	2.026	1.984	1.495	1.495	1.496	1.611	80.40%
25	Brunei Darussalam	0.026	0.026	0.021	0.022	0.024	0.024	0.024	0.028	7.69%
26	Bulgaria	0.020	0.025	0.064	0.059	0.035	0.035	0.035	0.038	52.00%
27	Burkina Faso[a]	0.002	0.003	0.012	0.012	0.003	0.003	0.003	0.003	0.00%
28	Burundi[a]	0.001	0.001	0.002	0.001	0.000	0.001	0.001	0.001	0.00%
29	Cambodia[a]	0.001	0.002	0.012	0.012	0.003	0.003	0.003	0.003	50.00%
30	Cameroon	0.009	0.010	0.036	0.035	0.010	0.010	0.010	0.011	10.00%
31	Canada	2.977	2.977	2.491	2.511	2.813	2.813	2.814	3.207	7.73%
32	Cape Verde	0.001	0.001	0.002	0.002	0.001	0.001	0.001	0.001	0.00%
33	Central African Republic[a]	0.001	0.001	0.003	0.003	0.001	0.001	0.001	0.001	0.00%
34	Chad[a]	0.001	0.001	0.007	0.007	0.002	0.002	0.002	0.002	100.00%
35	Chile	0.161	0.171	0.244	0.233	0.219	0.219	0.219	0.236	38.01%
36	China	2.667	2.716	6.532	6.502	2.958	2.957	2.959	3.189	17.42%
37	Colombia	0.105	0.112	0.269	0.260	0.133	0.133	0.133	0.144	28.57%
38	Comoros[a]	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
39	Congo	0.001	0.002	0.010	0.009	0.003	0.003	0.003	0.003	50.00%
40	Costa Rica	0.032	0.037	0.045	0.044	0.031	0.031	0.031	0.034	-8.11%
41	Côte d’Ivoire	0.009	0.010	0.036	0.033	0.010	0.010	0.010	0.010	0.00%
42	Croatia	0.050	0.067	0.085	0.076	0.085	0.085	0.085	0.097	44.78%
43	Cuba	0.054	0.070	0.101	0.099	0.065	0.065	0.065	0.071	1.43%
44	Cyprus	0.044	0.044	0.036	0.036	0.041	0.041	0.041	0.046	4.55%

	Member State	Scale approved by the Assembly for 2007-2009 (1)	Machine scale for 2007-2009 (2)	Total gross national income share (3)	Debt burden adjustment (4)	Low per capita income adjustment (5)	Floor rate (6)	Least developed country ceiling (7)	Ceiling (8)	Difference to machine scale 2007-2009 (9)
45	Czech Republic	0.281	0.281	0.271	0.273	0.306	0.306	0.306	0.349	24.20%
46	Democratic People's Republic of Korea	0.007	0.008	0.028	0.025	0.006	0.006	0.006	0.007	-12.50%
47	Democratic Republic of the Congo[a]	0.003	0.004	0.016	0.013	0.003	0.003	0.003	0.003	-25.00%
48	Denmark	0.739	0.739	0.571	0.576	0.645	0.645	0.645	0.736	-0.41%
49	Djibouti[a]	0.001	0.001	0.002	0.002	0.000	0.001	0.001	0.001	0.00%
50	Dominica	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
51	Dominican Republic	0.024	0.026	0.070	0.068	0.039	0.039	0.039	0.042	61.54%
52	Ecuador	0.021	0.030	0.078	0.074	0.037	0.037	0.037	0.040	33.33%
53	Egypt	0.088	0.094	0.248	0.242	0.088	0.088	0.088	0.094	0.00%
54	El Salvador	0.020	0.021	0.037	0.035	0.018	0.018	0.018	0.019	-9.52%
55	Equatorial Guinea[a]	0.002	0.003	0.009	0.009	0.009	0.009	0.008	0.008	166.67%
56	Eritrea[a]	0.001	0.001	0.003	0.003	0.001	0.001	0.001	0.001	0.00%
57	Estonia	0.016	0.021	0.031	0.031	0.035	0.035	0.035	0.040	90.48%
58	Ethiopia[a]	0.003	0.004	0.034	0.033	0.007	0.007	0.007	0.008	100.00%
59	Fiji	0.003	0.004	0.006	0.006	0.004	0.004	0.004	0.004	0.00%
60	Finland	0.564	0.564	0.440	0.443	0.497	0.497	0.497	0.566	0.35%
61	France	6.301	6.301	4.755	4.792	5.370	5.369	5.372	6.123	-2.82%
62	Gabon	0.008	0.009	0.017	0.016	0.013	0.013	0.013	0.014	55.56%
63	Gambia[a]	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
64	Georgia	0.003	0.004	0.015	0.015	0.006	0.006	0.006	0.006	50.00%
65	Germany	8.577	8.577	6.226	6.275	7.031	7.029	7.033	8.018	-6.52%
66	Ghana	0.004	0.005	0.024	0.023	0.006	0.006	0.006	0.006	20.00%
67	Greece	0.596	0.596	0.536	0.541	0.606	0.606	0.606	0.691	15.94%
68	Grenada	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.00%
69	Guatemala	0.032	0.034	0.060	0.059	0.026	0.026	0.026	0.028	-17.65%
70	Guinea[a]	0.001	0.002	0.008	0.007	0.002	0.002	0.002	0.002	0.00%
71	Guinea-Bissau[a]	0.001	0.001	0.001	0.000	0.000	0.001	0.001	0.001	0.00%
72	Guyana	0.001	0.001	0.002	0.002	0.000	0.001	0.001	0.001	0.00%

	Member State	Scale approved by the Assembly for 2007-2009 (1)	Machine scale for 2007-2009 (2)	Total gross national income share (3)	Debt burden adjustment (4)	Low per capita income adjustment (5)	Floor rate (6)	Least developed country ceiling (7)	Ceiling (8)	Difference to machine scale 2007-2009 (9)
73	Haiti[a]	0.002	0.003	0.010	0.010	0.002	0.002	0.002	0.003	0.00%
74	Honduras	0.005	0.006	0.021	0.020	0.007	0.007	0.007	0.008	33.33%
75	Hungary	0.244	0.244	0.226	0.228	0.255	0.255	0.255	0.291	19.26%
76	Iceland	0.037	0.037	0.033	0.033	0.037	0.037	0.037	0.042	13.51%
77	India	0.450	0.459	1.795	1.766	0.496	0.495	0.496	0.534	16.34%
78	Indonesia	0.161	0.192	0.665	0.633	0.221	0.221	0.221	0.238	23.96%
79	Iran (Islamic Republic of)	0.180	0.191	0.426	0.425	0.216	0.216	0.217	0.233	21.99%
80	Iraq	0.015	0.016	0.059	0.060	0.018	0.018	0.018	0.020	25.00%
81	Ireland	0.445	0.445	0.387	0.390	0.437	0.437	0.437	0.498	11.91%
82	Israel	0.419	0.419	0.298	0.301	0.337	0.337	0.337	0.384	-8.35%
83	Italy	5.079	5.079	3.882	3.912	4.384	4.383	4.385	4.999	-1.58%
84	Jamaica	0.010	0.013	0.023	0.021	0.013	0.013	0.013	0.014	7.69%
85	Japan	16.624	16.624	9.726	9.802	10.983	10.981	10.987	12.530	-24.63%
86	Jordan	0.012	0.013	0.030	0.028	0.013	0.013	0.013	0.014	7.69%
87	Kazakhstan	0.029	0.036	0.132	0.117	0.071	0.071	0.071	0.076	111.11%
88	Kenya	0.010	0.011	0.044	0.043	0.011	0.011	0.011	0.012	9.09%
89	Kiribati[a]	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.00%
90	Kuwait	0.182	0.182	0.205	0.206	0.231	0.231	0.231	0.263	44.51%
91	Kyrgyzstan	0.001	0.001	0.006	0.005	0.001	0.001	0.001	0.001	0.00%
92	Lao People's Democratic Republic[a]	0.001	0.001	0.006	0.005	0.001	0.001	0.001	0.001	0.00%
93	Latvia	0.018	0.023	0.039	0.033	0.034	0.034	0.034	0.038	65.22%
94	Lebanon	0.034	0.047	0.047	0.042	0.030	0.030	0.030	0.033	-29.79%
95	Lesotho[a]	0.001	0.001	0.004	0.004	0.001	0.001	0.001	0.001	0.00%
96	Liberia[a]	0.001	0.001	0.001	0.000	0.000	0.001	0.001	0.001	0.00%
97	Libyan Arab Jamahiriya	0.062	0.066	0.100	0.101	0.113	0.113	0.113	0.129	95.45%
98	Liechtenstein	0.010	0.010	0.007	0.007	0.008	0.008	0.008	0.009	-10.00%
99	Lithuania	0.031	0.041	0.059	0.055	0.058	0.058	0.058	0.065	58.54%
100	Luxembourg	0.085	0.085	0.070	0.070	0.079	0.079	0.079	0.090	5.88%
101	Madagascar[a]	0.002	0.003	0.012	0.011	0.003	0.003	0.003	0.003	0.00%

	Member State	Scale approved by the Assembly for 2007-2009 (1)	Machine scale for 2007-2009 (2)	Total gross national income share (3)	Debt burden adjustment (4)	Low per capita income adjustment (5)	Floor rate (6)	Least developed country ceiling (7)	Ceiling (8)	Difference to machine scale 2007-2009 (9)
102	Malawi[a]	0.001	0.001	0.005	0.004	0.001	0.001	0.001	0.001	0.00%
103	Malaysia	0.190	0.202	0.307	0.295	0.234	0.234	0.235	0.253	25.25%
104	Maldives[a]	0.001	0.001	0.002	0.002	0.001	0.001	0.001	0.001	0.00%
105	Mali[a]	0.001	0.002	0.012	0.011	0.003	0.003	0.003	0.003	50.00%
106	Malta	0.017	0.017	0.013	0.013	0.015	0.015	0.015	0.017	0.00%
107	Marshall Islands	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.00%
108	Mauritania[a]	0.001	0.001	0.005	0.004	0.001	0.001	0.001	0.001	0.00%
109	Mauritius	0.011	0.012	0.014	0.013	0.010	0.010	0.010	0.011	-8.33%
110	Mexico	2.257	2.257	1.875	1.844	2.066	2.066	2.067	2.356	4.39%
111	Micronesia (Federated States of)	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
112	Monaco	0.003	0.003	0.002	0.002	0.003	0.003	0.003	0.003	0.00%
113	Mongolia	0.001	0.001	0.006	0.006	0.002	0.002	0.002	0.002	100.00%
114	Montenegro	0.001	0.002	0.006	0.006	0.004	0.004	0.004	0.004	100.00%
115	Morocco	0.042	0.045	0.132	0.128	0.054	0.054	0.054	0.058	28.89%
116	Mozambique[a]	0.001	0.003	0.013	0.012	0.003	0.003	0.003	0.003	0.00%
117	Myanmar[a]	0.005	0.006	0.027	0.025	0.006	0.006	0.006	0.006	0.00%
118	Namibia	0.006	0.007	0.014	0.014	0.008	0.008	0.008	0.008	14.29%
119	Nauru	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.00%
120	Nepal[a]	0.003	0.004	0.022	0.021	0.005	0.005	0.005	0.006	50.00%
121	Netherlands	1.873	1.873	1.440	1.451	1.626	1.626	1.627	1.855	-0.96%
122	New Zealand	0.256	0.256	0.212	0.214	0.240	0.240	0.240	0.273	6.64%
123	Nicaragua	0.002	0.003	0.010	0.009	0.002	0.002	0.002	0.003	0.00%
124	Niger[a]	0.001	0.001	0.007	0.007	0.002	0.002	0.002	0.002	100.00%
125	Nigeria	0.048	0.058	0.252	0.249	0.072	0.072	0.072	0.078	34.48%
126	Norway	0.782	0.782	0.676	0.682	0.764	0.764	0.764	0.871	11.38%
127	Oman	0.073	0.073	0.066	0.067	0.075	0.075	0.075	0.086	17.81%
128	Pakistan	0.059	0.063	0.276	0.268	0.076	0.076	0.076	0.082	30.16%
129	Palau	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.00%
130	Panama	0.023	0.024	0.032	0.030	0.020	0.020	0.020	0.022	-8.33%

	Member State	Scale approved by the Assembly for 2007-2009 (1)	Machine scale for 2007-2009 (2)	Total gross national income share (3)	Debt burden adjustment (4)	Low per capita income adjustment (5)	Floor rate (6)	Least developed country ceiling (7)	Ceiling (8)	Difference to machine scale 2007-2009 (9)
131	Papua New Guinea	0.002	0.003	0.009	0.008	0.002	0.002	0.002	0.002	-33.33%
132	Paraguay	0.005	0.006	0.019	0.019	0.007	0.007	0.007	0.007	16.67%
133	Peru	0.078	0.083	0.172	0.166	0.084	0.084	0.084	0.090	8.43%
134	Philippines	0.078	0.083	0.257	0.242	0.084	0.084	0.084	0.090	8.43%
135	Poland	0.501	0.533	0.677	0.649	0.727	0.727	0.727	0.828	55.35%
136	Portugal	0.527	0.527	0.396	0.400	0.448	0.448	0.448	0.511	-3.04%
137	Qatar	0.085	0.085	0.105	0.106	0.119	0.119	0.119	0.135	58.82%
138	Republic of Korea	2.173	2.173	1.755	1.769	1.982	1.982	1.983	2.260	4.00%
139	Republic of Moldova	0.001	0.002	0.008	0.007	0.002	0.002	0.002	0.002	0.00%
140	Romania	0.070	0.085	0.234	0.222	0.164	0.164	0.164	0.177	108.24%
141	Russian Federation	1.200	0.672	1.817	1.762	1.488	1.487	1.488	1.602	138.39%
142	Rwanda[a]	0.001	0.001	0.006	0.005	0.001	0.001	0.001	0.001	0.00%
143	Saint Kitts and Nevis	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.00%
144	Saint Lucia	0.001	0.002	0.002	0.002	0.001	0.001	0.001	0.001	-50.00%
145	Saint Vincent and the Grenadines	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.00%
146	Samoa[a]	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
147	San Marino	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.00%
148	Sao Tome and Principe[a]	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.00%
149	Saudi Arabia	0.748	0.748	0.645	0.650	0.728	0.728	0.728	0.830	10.96%
150	Senegal[a]	0.004	0.005	0.019	0.019	0.005	0.005	0.005	0.006	20.00%
151	Serbia	0.021	0.022	0.062	0.057	0.034	0.034	0.034	0.037	68.18%
152	Seychelles	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.00%
153	Sierra Leone[a]	0.001	0.001	0.003	0.003	0.001	0.001	0.001	0.001	0.00%
154	Singapore	0.347	0.347	0.260	0.262	0.294	0.294	0.294	0.335	-3.46%
155	Slovakia	0.063	0.080	0.111	0.111	0.125	0.125	0.125	0.142	77.50%
156	Slovenia	0.096	0.096	0.080	0.080	0.090	0.090	0.090	0.103	7.29%
157	Solomon Islands[a]	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
158	Somalia[a]	0.001	0.001	0.005	0.004	0.001	0.001	0.001	0.001	0.00%
159	South Africa	0.290	0.305	0.496	0.491	0.357	0.357	0.357	0.385	26.23%

	Member State	Scale approved by the Assembly for 2007-2009	Machine scale for 2007-2009	Total gross national income share	Debt burden adjustment	Low per capita income adjustment	Floor rate	Least developed country ceiling	Ceiling	Difference to machine scale 2007-2009
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
160	Spain	2.968	2.968	2.468	2.487	2.787	2.786	2.788	3.177	7.04%
161	Sri Lanka	0.016	0.017	0.055	0.052	0.018	0.018	0.018	0.019	11.76%
162	Sudan[a]	0.010	0.010	0.082	0.077	0.023	0.023	0.010	0.010	0.00%
163	Suriname	0.001	0.001	0.004	0.004	0.002	0.002	0.002	0.003	200.00%
164	Swaziland	0.002	0.003	0.006	0.006	0.003	0.003	0.003	0.003	0.00%
165	Sweden	1.071	1.071	0.827	0.833	0.933	0.933	0.934	1.064	-0.65%
166	Switzerland	1.216	1.216	0.877	0.884	0.991	0.990	0.991	1.130	-7.07%
167	Syrian Arab Republic	0.016	0.017	0.064	0.063	0.023	0.023	0.023	0.025	47.06%
168	Tajikistan	0.001	0.001	0.007	0.007	0.002	0.002	0.002	0.002	100.00%
169	Thailand	0.186	0.198	0.398	0.386	0.194	0.194	0.194	0.209	5.56%
170	The former Yugoslav Republic of Macedonia	0.005	0.006	0.013	0.012	0.006	0.006	0.006	0.007	16.67%
171	Timor-Leste[a]	0.001	0.001	0.002	0.002	0.001	0.001	0.001	0.001	0.00%
172	Togo[a]	0.001	0.001	0.005	0.004	0.001	0.001	0.001	0.001	0.00%
173	Tonga	0.001	0.001	0.001	0.000	0.000	0.001	0.001	0.001	0.00%
174	Trinidad and Tobago	0.027	0.034	0.034	0.035	0.039	0.039	0.039	0.044	29.41%
175	Tunisia	0.031	0.033	0.061	0.057	0.028	0.028	0.028	0.030	-9.09%
176	Turkey	0.381	0.405	0.807	0.761	0.573	0.573	0.573	0.617	52.35%
177	Turkmenistan	0.006	0.008	0.039	0.039	0.024	0.024	0.024	0.026	225.00%
178	Tuvalu[a]	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.001	0.00%
179	Uganda[a]	0.003	0.004	0.022	0.021	0.005	0.005	0.005	0.006	50.00%
180	Ukraine	0.045	0.048	0.205	0.194	0.081	0.081	0.081	0.087	81.25%
181	United Arab Emirates	0.302	0.302	0.304	0.307	0.343	0.343	0.344	0.391	29.47%
182	United Kingdom of Great Britain and Northern Ireland	6.642	6.642	5.128	5.169	5.791	5.790	5.794	6.604	-0.57%
183	United Republic of Tanzania[a]	0.006	0.007	0.031	0.030	0.007	0.007	0.007	0.008	14.29%
184	United States of America	22.000	22.000	27.410	27.625	30.953	30.948	30.965	22.000	0.00%
185	Uruguay	0.027	0.029	0.037	0.034	0.025	0.025	0.025	0.027	-6.90%
186	Uzbekistan	0.008	0.009	0.035	0.034	0.009	0.009	0.009	0.010	11.11%

	Member State	Scale approved by the Assembly for 2007-2009 (1)	Machine scale for 2007-2009 (2)	Total gross national income share (3)	Debt burden adjustment (4)	Low per capita income adjustment (5)	Floor rate (6)	Least developed country ceiling (7)	Ceiling (8)	Difference to machine scale 2007-2009 (9)
187	Vanuatu[a]	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001	0.00%
188	Venezuela (Bolivarian Republic of)	0.200	0.213	0.349	0.340	0.292	0.292	0.292	0.314	47.42%
189	Viet Nam	0.024	0.029	0.118	0.114	0.031	0.031	0.031	0.033	13.79%
190	Yemen[a]	0.007	0.009	0.034	0.033	0.009	0.009	0.009	0.010	11.11%
191	Zambia[a]	0.001	0.002	0.016	0.015	0.004	0.004	0.004	0.004	100.00%
192	Zimbabwe	0.008	0.009	0.011	0.010	0.002	0.002	0.002	0.003	-66.67%
	Total	**100.000**	**100.000**	**100.000**	**100.000**	**100.000**	**100.000**	**100.000**	**100.000**	

[a] Least developed country.

Chapter IV
Multi-year payment plans

75. In paragraph 1 of its resolution 57/4 B, the General Assembly endorsed the conclusions and recommendations of the Committee concerning multi-year payment plans,[3] which provided that:

(a) Member States should be encouraged to submit multi-year payment plans, which constituted a useful tool for reducing unpaid assessed contributions and a way to demonstrate commitment to meeting financial obligations to the United Nations;

(b) Due consideration should be given to the economic position of Member States, as not all of them might be in a position to submit such plans;

(c) Multi-year payment plans should remain voluntary and should not be automatically linked to other measures;

(d) Member States considering a multi-year payment plan should submit the plan to the Secretary-General for the information of other Member States and should be encouraged to consult the Secretariat for advice in its preparation, in which context it was suggested that the plans should provide for payment each year of the current year assessments of the Member State and a part of its arrears. Where possible, the plans should generally provide for elimination of the arrears of a Member State within a period of up to six years;

(e) The Secretary-General should be requested to provide information on the submission of such plans to the Assembly, through the Committee;

(f) The Secretary-General should be requested to submit an annual report to the Assembly, through the Committee, on the status of the payment plans of Member States as at 31 December each year;

(g) For those Member States in a position to submit a payment plan, the Committee and the Assembly should take the submission of a plan and its status of implementation into account as one factor in considering requests for exemption under Article 19 of the Charter.

In its resolutions 58/1 B, 59/1 B and 60/237, the Assembly reaffirmed paragraph 1 of its resolution 57/4 B.

76. In considering the matter, the Committee had before it the report of the Secretary-General on multi-year payment plans (A/64/68), which had been prepared pursuant to the recommendations of the Committee. It was also provided with updated information with regard to the status of payment plans.

77. The Committee was informed that the Secretariat had included in the *Journal of the United Nations* an announcement that the Committee would be considering multi-year payment plans at its sixty-ninth session and inviting any Member State that intended to submit such a plan to contact the Secretariat for further information. No new payment plans had been submitted.

78. The Committee noted that Tajikistan had paid its arrears and had successfully implemented its multi-year payment plan during the first half of 2009. The

[3] Ibid., *Fifty-seventh Session, Supplement No. 11* (A/57/11), paras. 17-23.

Committee also recalled that a number of other Member States had successfully implemented multi-year plans in recent years. Both Iraq and the Republic of Moldova had implemented plans in 2005, and Georgia and the Niger had implemented plans during 2007. Burundi had paid its arrears in 2003, although not in the context of a multi-year payment plan. Given that positive experience, the Committee had previously concluded that the system of multi-year payment plans, endorsed by the General Assembly in 2002, had made a positive contribution in encouraging and assisting Member States to reduce their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations. Further, the Committee recalled its recommendation that the General Assembly encourage other Member States in arrears for the purposes of application of Article 19 of the Charter of the United Nations to consider submitting multi-year payment plans.

79. The Committee noted with concern that no new multi-year payment plans had been submitted in recent years, despite the proven success of the system. Information had been provided in the written and oral representations related to exemptions under Article 19 as to consideration being given to the possible submission of plans; however, no plans had actually been submitted in those cases. The Committee recognized the positive step taken by those Member States that had submitted plans. However, the Committee also emphasized that it was important that Member States that had submitted such plans meet the commitments that they had made. In this connection, it was noted that adjustment would be required to the length of payment term in those cases where the original terms of the payment plans were not being met.

A. Status of payment plans

80. The table contained in paragraph 17 of the report of the Secretary-General (A/64/68) summarizes the status of the three payment plans covered as at 31 December 2008, submitted by Liberia in 2006 (second plan), Sao Tome and Principe in 2002 (first plan) and Tajikistan in 2000 (first plan). The Committee was also provided with information updated as at 26 June 2009, but excluding the plan proposed by Tajikistan, which had fully paid its arrears and no longer fell under the provisions of Article 19 of the Charter.

Status of payment plans at 26 June 2009

(United States dollars)

	Payment plan	*Assessments as at 31 December*	*Payments/ credits*	*Outstanding as at 31 December*
Liberia				
1999				1 147 524
2000		31 506	70 192	1 108 838
2001		16 166	630	1 124 374
2002		17 137	5 465	1 136 046
2003		17 124	1 636	1 151 534
2004		20 932	2 899	1 169 567
2005		24 264	202	1 193 629

	Payment plan	Assessments as at 31 December	Payments/ credits	Outstanding as at 31 December
2006	150 000	23 024	100 453	1 116 200
2007		32 074	100 660	1 047 614
2008		30 943	200 323	878 234
2009[a]		31 557	150 171	759 620
Sao Tome and Principe				
1999				570 783
2000		13 543	48	584 278
2001		14 254	157	598 375
2002	27 237	15 723	29 146	584 952
2003	42 237	17 124	929	601 147
2004	59 237	20 932	1 559	620 520
2005	74 237	24 264	202	644 582
2006	89 237	23 024	453	667 153
2007	114 237	32 074	810	698 417
2008	134 237	30 943	473	728 887
2009[a]	153 752	31 557	221	760 223

[a] As at 26 June 2009.

81. The Committee noted that Liberia had made regular payments over the previous four years and Sao Tome and Principe had not made any payments since 2002 and had fallen short of its payment plan.

B. Conclusions and recommendations

82. **The Committee recognized the action taken by Tajikistan to address its arrears, resulting in the successful implementation of its multi-year payment plan ahead of schedule. The Committee also recalled the past experience of the successful implementation of the multi-year payment plans of Georgia, Iraq, the Niger and the Republic of Moldova, and recognized the considerable efforts made by those Member States to honour the commitments that they had made when they submitted their plans. Given that experience, the Committee concluded that the system of multi-year payment plans continued to be a viable means available to Member States to assist them in reducing their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations.**

83. **The Committee noted the successful efforts by Liberia to make regular payments during the last four years under its multi-year payment plan. The Committee emphasized that it was important that Member States which had submitted such plans meet the commitments they had made.**

84. **The Committee noted that no new multi-year payment plans had been submitted, and reiterated its recommendation that the General Assembly encourage other Member States in arrears for the purposes of the application of Article 19 of the Charter of the United Nations to consider submitting multi-year payment plans.**

Chapter V
Application of Article 19 of the Charter

85. The Committee recalled its general mandate, under rule 160 of the rules of procedure of the General Assembly, to advise the Assembly on the action to be taken with regard to the application of Article 19 of the Charter. It also recalled the Assembly's decisions in its resolution 54/237 C concerning procedures for consideration of requests for exemption under Article 19 and the results of its recent review of that subject.

86. The Committee recalled that the General Assembly, in its resolution 54/237 C, urged all Member States in arrears requesting exemption under Article 19 to provide the fullest possible supporting information, including information on economic aggregates, Government revenues and expenditure, foreign exchange resources, indebtedness, difficulties in meeting domestic or international financial obligations and any other information that might support the claim that failure to make necessary payments had been attributable to conditions beyond the control of the Member States. The Assembly also decided that requests for exemption under Article 19 must be submitted by Member States to the President of the Assembly at least two weeks before the session of the Committee so as to ensure a complete review of the requests. The Committee also noted that those requests for exemption made at the highest level of government showed the seriousness of the commitment by the Member States to settle their arrears. **It therefore encouraged all Member States submitting such requests in future to follow that example.**

87. The Committee noted that six requests for exemption under Article 19 had been received by the time specified in the resolution. Seven requests had been made in 2008, while eight requests had been made in 2007, one of which was later withdrawn. Within the time frame specified, 8 requests had been received in 2006 and 2005, 10 in 2004, 9 in 2003, 7 in 2002, 3 in 2001 and 7 in 2000.

88. The Committee noted the continuing increase in the accumulations of arrears of some Member States, which were up to almost 40 times their annual assessments. Attempts should be made by those Member States to stop the growth of those arrears prior to submitting a payment plan. In such cases it was critical for annual payments to exceed current assessments in order to avoid further accumulation of debt.

89. In considering the requests, the Committee had before it information provided by the six Member States concerned and the Secretariat. It also met with representatives of the Member States, representatives of relevant offices of the Secretariat and the United Nations Development Programme.

A. Central African Republic

90. The Committee had before it a letter dated 15 May 2009 from the President of the General Assembly to the Chairman of the Committee on Contributions transmitting a letter dated 14 May 2009 from the Permanent Representative of the Central African Republic to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of the Central African Republic.

91. In its written and oral representations, the Central African Republic indicated that the Government has been unable to pay its annual contribution because of its fragile financial position and the current political climate. The Central African Republic was a country still emerging from conflict. Despite the many reforms that had been initiated, the situation was still precarious because of the lingering effects of years of recurrent crises that completely shredded the country's economic fabric, which the Government was striving to rehabilitate. Those reforms had to be continued despite the uncertain international economic environment. The main goal of the Government was to reach its completion point under the Heavily Indebted Poor Countries (HIPC) Initiative by June 2009. Under its poverty reduction strategy, the Government had committed itself to focusing on priority sectors such as health, education, human rights and development. The Government was deeply concerned about the perilous situation of refugees and displaced persons and had invested in capacity in order to provide humanitarian assistance and security in the northern and north-western regions of the country.

92. Owing to the aforementioned difficulties, the Government had been unable to pay any amounts on time. The Central African Republic remained committed to the payment of its contributions to the United Nations, and would make efforts to reduce its arrears, bearing in mind the multi-year payment plans provided for under paragraph 1 of General Assembly resolution 57/4 B.

93. The Committee was provided with information by the Secretariat concerning the situation in the Central African Republic. The series of conflicts that the Central African Republic faced in the past decade had created a deeply fragmented environment that obstructed any visibility necessary to implement economic programmes covering the entire territory. The economy was dominated by small-scale farming, forestry, fishing and herding. Much of the natural resources of the country was inaccessible in unsecured areas or was not yet exploitable. The country is the thirteenth largest diamond producer in the world, producing diamonds worth $60 million in 2007. However, illegal exports through neighbouring countries were estimated to be worth more than twice that amount. Timber was the second largest export, but unregulated logging and smuggling had caused deforestation rates to rise. Coffee and cotton were the main export cash crops, but production had collapsed in recent years and their contribution to foreign exchange earnings was negligible.

94. The Committee recalled that, at its last session, it had agreed that future considerations might not be favourable in the light of the country's lack of commitment to addressing its arrears, in spite of the improving financial situation. While noting the grave situation of the Central African Republic, the Committee also noted that the country had not made a contribution in the previous decade and had not fulfilled its earlier stated intentions to submit a schedule for the payment of its arrears. **The Committee urged the Central African Republic to consider the multi-year payment plan system, and to at least pay amounts equivalent to current annual assessments, bearing in mind that such payments would demonstrate its commitment to addressing its arrears and would be taken into account by the Committee as a factor in its future considerations of requests for exemption.**

95. **The Committee concluded that, on balance, the failure of the Central African Republic to pay the minimum amount necessary to avoid the**

application of Article 19 was due to conditions beyond its control. It therefore recommended that the Central African Republic be permitted to vote until the end of the sixty-fourth session of the General Assembly.

B. Comoros

96. The Committee had before it a letter dated 29 April 2009 from the President of the General Assembly to the Chairman of the Committee on Contributions transmitting a letter from the Deputy Permanent Representative of the Comoros to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of the Comoros.

97. In its written and oral representations, the Comoros indicated that the grave economic and financial difficulties that the country was suffering had affected peace and stability and the living conditions of the people. The long period of instability in the last few years had resulted in depressed economic activity, deteriorating social conditions and increased macroeconomic imbalances. In addition, the Comoros remained vulnerable to natural hazards. Also the current international economic crisis had affected the main sources of income of the country: vanilla, cloves and the tourism industry. Despite these facts, the Government was committed to rebuilding public administration, increasing the quality of health services, upgrading education and technical training, promoting tourism, improving the climate for investments and advocating for economic diversification.

98. In view of those and other urgent needs, it was not possible for the country to make any payments at that time. The Comoros continued to be committed to paying its contributions to the United Nations and would keep the issue of multi-year payment plans under continuous consideration, and as the country’s situation normalizes, would establish such a plan as a matter of priority.

99. The Committee was provided with information by the Secretariat concerning the situation in the Comoros. Proposed changes to the country’s constitution in early March 2009 had led to a deterioration of the political environment. While the adoption of the revised constitution would lead to the simplification of some of the very complex structures of governance, the deep-rooted problems that had caused political instability on the archipelago remained. The implementation of the new institutional framework derived from the new constitutional provisions would be a challenge, as the Union’s Government intended to hold Union parliamentary and Islands Council elections very soon. The heavy electoral calendar and the costs associated to it might put an additional strain on the capacity of the country to promote economic growth. A political consensus among the key actors remained essential to enable the country to reach a level of sustained stability. The Comoros had carried an unsustainable debt burden for the past two decades and was considered to be in debt distress. At the end of 2007, external debt was about US$ 280 million, or about 70 per cent of its GDP. While the ratio of external debt had since reduced to about 51 per cent of GDP, debt servicing remained a major challenge. The Comoros had encountered difficulties in the payment of civil service salaries, which were seven months in arrears.

100. The Committee noted the information provided concerning the situation of the Comoros. It noted that the payment made by the Comoros in 2005 had been slightly in excess of its total annual contributions for that year and that the country had

made smaller payments in 2006 and 2007, which had demonstrated its commitment to reduce its arrears, although the payments were insufficient to cover its annual contributions.

101. **The Committee concluded that the failure of the Comoros to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Comoros be permitted to vote until the end of the sixty-fourth session of the General Assembly.**

C. Guinea-Bissau

102. The Committee had before it a letter dated 30 March 2009 from the President of the General Assembly to the Chairman of the Committee on Contributions transmitting a letter dated 18 March 2009 from the Permanent Representative of Guinea-Bissau to the United Nations addressed to the President of the General Assembly.

103. In its written representation, Guinea-Bissau indicated that consideration should be given to the fact that Guinea-Bissau was a post-conflict country, on the agenda of the Peacebuilding Commission and dependent on external resources for its economic recovery. Moreover, recent events in the country had further increased the financial burdens of Guinea-Bissau, as the Government was committed to organizing presidential elections in the coming weeks. The Government of Guinea-Bissau was cognizant of its obligation to meet its financial responsibilities under the Charter of the Organization. In September 2008 Guinea-Bissau had made a partial payment of $80,000, which was the result of many sacrifices, including postponing the payment of salaries arrears.

104. The Committee was provided with information by the Secretariat concerning the situation in Guinea-Bissau. The situation in the country had been marked by political and military instability. Socio-economic and political instability had severely undermined the ability of the Government to provide the least basic social services for the populations. That combined with the increase of food and commodity prices had worsened living conditions. Conditions in the national health system were poor, with unreliable electricity and running water, insufficient basic drugs, equipment and materials, insufficient surveillance capacity, including poorly equipped laboratories, and a lack of sufficient fully trained medical staff. As a result of limited access to safe water and sanitation facilities, the country was extremely vulnerable to preventable water and sanitation-related diseases. Guinea-Bissau continues to face significant outbreaks of cholera. Unfortunately, Guinea-Bissau had not yet managed to revitalize its economy and reform its public administration and security sector in order to address the basic social needs of the population. The fiscal situation of the country remained fragile due to the inability of the Government to control expenditures and manage collection of taxes and revenues. The critical situation had resulted in recurrent non-payment of public sector salaries, and the inability to provide basic social services to the population.

105. The Committee recalled that, at its sixty-eighth session, the Permanent Representative of Guinea-Bissau had stated that consideration was being given to making a payment of about 10 per cent of its outstanding contributions. As

promised, a payment of $80,000 had been made in 2008. **The Committee expressed its appreciation for the efforts of Guinea-Bissau to address its arrears.**

106. **The Committee concluded that the failure of Guinea-Bissau to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Guinea-Bissau be permitted to vote until the end of the sixty-fourth session of the General Assembly.**

D. Liberia

107. The Committee had before it a letter dated 15 May 2009 from the President of the General Assembly to the Chairman of the Committee on Contributions transmitting a letter dated 13 May 2009 from the Chargé d'affaires a.i. of the Permanent Mission of Liberia to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of Liberia.

108. In its written and oral representations, Liberia indicated that the new Government had inherited a declining economy that had been so devastated that no segment of the population or sector of the economy was left unaffected. The war had engendered a sharp fall in aggregate output and a loss in income. It had also caused widespread destruction of capital assets and supporting infrastructure, as well as social dislocation. The Government believed that addressing the impediments posed by these structural features and harnessing the potential of the nation's natural resource endowments would contribute to the reconstruction and development of the country. To accomplish that, policies were being rooted in reducing poverty, protecting the environment and incorporating gender issues into all policy initiatives. With the advent of a peaceful but fragile security environment and the administration of a new Government, there had been a marked recovery in economic activities, along with the return of many Liberians. The Government had undertaken bold economic reform initiatives. However, substantial challenges remained in the Government effort to achieve reform, transparency and accountability.

109. Owing to challenges facing the country, it had accumulated arrears to the Organization; however, from 2006 to the present, the new Government had paid $549,500 towards restoring its voting rights. The Government would continue to make the necessary payments under its multi-year payment plan.

110. The Committee was provided with information by the Secretariat concerning the situation in Liberia. Although the humanitarian situation in Liberia had continued to improve in the past years, the country remained confronted with various challenges, particularly in the sectors of health, food security, nutrition, education and protection. Malnutrition continues to be a problem, despite recent improvements. The global crisis, including the increased food prices, had made the already high levels of food insecurity worse. The Government was implementing a wide range of reforms to rebuild the financial management system. Revenue collection, financial management, budgeting and accountability systems had improved with the continued support of international partners. However, the trade deficit was estimated to have grown in recent years, as exports had recovered at a slower pace than imports.

111. The Committee noted that Liberia had made regular payments under its payment plan over the past four years. Each of those annual payments was more than three times the annual assessment of Liberia, thereby contributing to reducing its arrears. **The Committee encouraged Liberia's continued efforts in that regard.**

112. **The Committee concluded that the failure of Liberia to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Liberia be permitted to vote until the end of the sixty-fourth session of the General Assembly.**

E. Sao Tome and Principe

113. The Committee had before it a letter dated 30 March 2009 from the President of the General Assembly to the Chairman of the Committee on Contributions transmitting a letter dated 1 April 2009 from the Minister Counsellor of the Permanent Mission of Sao Tome and Principe to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of Sao Tome and Principe.

114. In its written and oral representations, Sao Tome and Principe indicated that the authorities were aware of the obligation to meet their financial responsibilities within the Organization and, in that regard, they had done everything possible to pay the amount necessary in order to have the right to vote during the sixty-fourth session. However, despite the efforts made, that had been impossible in recent years owing to the negative effect on their capacity to pay caused by permanent economic constraint, which had been aggravated by the world economic crisis. The economic situation was fragile, due to deep poverty and high debt per capita. The payment of foreign debt service was a problem, and the balance of payments was significantly negative. Further, aid to the country was decreasing. The country had not yet reached the stage of being a petroleum producer. The Government would try to make all necessary payments as soon as possible to preserve its right to vote and to fulfil its obligations.

115. The Committee was provided with information by the Secretariat concerning the situation in Sao Tome and Principe. Poverty remained the overarching problem. Both the health-care and educational systems were in need of rehabilitation to curb any further deterioration. The agricultural sector needed support through food aid to encourage privatization and the redistribution of land to new settlers. Mother and child health-care activities required development. Malaria remained one of the biggest health problems, although initiatives begun in 2000 had helped reduce the number of cases by 50 per cent. There had also been recurrences of cholera. The country spent 8.6 per cent of its gross domestic product on health care and safe water was available to 79 per cent of the population. Most food needed to be imported, although the majority of the population was engaged in subsistence farming and fishing. A small proportion of the population suffered from malnutrition.

116. The Committee recalled that Sao Tome and Principe had submitted a multi-year payment plan in 2002, with annual payments planned over the years 2002-2009. Despite the difficult situation of the country, the first payment had been made in 2002. However, since then no payments had been made, resulting in an

increase in Sao Tome and Principe's debt to the Organization. **The Committee recognized the commitment Sao Tome and Principe had made in submitting a multi-year payment plan and urged the Government to at least pay amounts equivalent to current annual assessments, bearing in mind that such payments would demonstrate its commitment to addressing its arrears and would be taken into account by the Committee as a factor in its future considerations of requests for exemption.**

117. **The Committee concluded that, on balance, the failure of Sao Tome and Principe to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Sao Tome and Principe be permitted to vote until the end of the sixty-fourth session of the General Assembly.**

F. Somalia

118. The Committee had before it a letter dated 22 April 2009 from the President of the General Assembly to the Chairman of the Committee on Contributions transmitting a letter dated 15 April 2009 from the Permanent Representative of Somalia to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of Somalia.

119. In both written and oral representations, Somalia indicated that the country was currently going through its worst humanitarian crisis, with millions of people facing famine, severe malnutrition and drought. Since 1990, Somalia had endured a serious internal conflict. The conflict created a financial crisis and grave economic difficulties that further created a negative effect on its capacity to pay its contributions. Following the election in 2004, the new government was faced with lack of internal revenue and development funding from donor countries, which had led to lack of salaries for civil servants and reconstruction programmes in Somalia, until it resigned in November 2008. After protracted reconciliation meetings between the former Transitional Federal Government and the opposition, a new Transitional Federal Government was formed in February 2009. The new Cabinet was only three months old and was still afflicted by lack of internal revenue and funding from donor countries. The Government would make all necessary payments as soon as the situation of the country changes for the better.

120. The Committee was provided with information by the Secretariat concerning the situation in Somalia. There had been some encouraging developments in the peace and reconciliation process; however, the humanitarian and development situation had not improved. Somalia's human development and humanitarian crisis had deepened in 2008 due to the combined effects of conflict, drought, rising commodity prices and reduced remittance flows. Most of the population was dependent on a narrow range of livelihoods, particularly livestock and farming. Insecurity, water shortages and drought conditions were pointing towards a sharp deepening of the crisis. The overall food security situation in many parts of the country was expected to remain precarious due to the compounded effects of poor rains, disrupted internal trade and import. Malnutrition rates were above the emergency threshold in several locations. The number of internally displaced persons was estimated at 1.3 million, many of whom had been displaced for years.

121. **The Committee concluded that the failure of Somalia to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Somalia be permitted to vote until the end of the sixty-fourth session of the General Assembly.**

Chapter VI
Other matters

A. Assessment of non-member States

122. The Committee recalled that, in its resolution 44/197 B of 21 December 1989, the General Assembly had endorsed the proposal by the Committee on Contributions concerning revised assessment procedures for non-member States that are full participants in some of the activities financed by the regular budget of the United Nations.

123. These procedures involved periodic review of levels of participation by non-member States in United Nations activities in order to fix a flat annual fee percentage that was applied to a notional assessment rate, based on national income data, and to the net assessment base for the regular budget.

124. Following the admission of Switzerland to membership in the United Nations, only one non-member State, the Holy See, remained subject to the procedure, and the last review in 2003 indicated that its flat annual fee percentage would have been 30 per cent. In view of Switzerland's prospective admission, the Committee on Contributions requested the Secretariat to consult with the non-member State remaining on a possible simplified methodology for the assessment of non-member States. Based on those consultations, the Committee recommended that the General Assembly fix the flat annual fee percentage of the Holy See at 50 per cent and that further periodic review of the flat annual fee percentage rate should be suspended. In its resolution 58/1 B, the General Assembly endorsed that recommendation.

125. **The Committee recommended that this arrangement be continued and that the flat annual fee percentage of the Holy See remain fixed at 50 per cent of its notional rate of assessment. Based on a review of the relevant data, the Committee also recommended that the notional rate of assessment for the Holy See for the period 2010-2012 should be fixed at 0.001 per cent.**

B. Collection of contributions

126. The Committee noted that, at the conclusion of the current session, on 26 June 2009, only one Member State, Chad, was in arrears in the payment of its assessed contributions to the United Nations under the terms of Article 19 of the Charter and had no vote in the General Assembly. In addition, the following six Member States were in arrears in the payment of their assessed contributions under the terms of Article 19 but had been permitted to vote in the Assembly until the end of the sixty-third session, pursuant to General Assembly resolution 63/4: the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe, and Somalia. **The Committee decided to authorize its Chairman to issue an addendum to the present report, if necessary.**

127. The Committee also noted that, as at 31 May 2009, a total of over $3.4 billion was owed to the Organization for the regular budget, peacekeeping operations, the international tribunals and the capital master plan. That amount reflected an increase as compared to the amount of $3.2 billion outstanding as at 31 May 2008.

C. Payment of contributions in currencies other than the United States dollar

128. Under the provisions of paragraph 8 (a) of its resolution 61/237, the General Assembly authorized the Secretary-General to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the calendar years 2007, 2008 and 2009 in currencies other than the United States dollar.

129. The Committee noted that the Secretary-General had accepted in 2008 the equivalent of $54,648 from Ethiopia in non-United States dollar currencies acceptable to the Organization. The Committee encouraged the acceptance of currencies other than the United States dollar where possible in accordance with financial regulations and rules, in particular with respect to countries under Article 19.

D. Organization of the Committee's work

130. The Committee wished to record its appreciation for the substantive support for its work performed by the Secretariat of the Committee and the Statistics Division. The Committee also expressed its appreciation for the substantive support of the Department of Political Affairs, the Department of Peacekeeping Operations, the Office for the Coordination of Humanitarian Affairs and the United Nations Development Programme in its consideration of requests for exemptions under Article 19.

E. Working methods of the Committee

131. The Committee reviewed its working methods. The Committee welcomed the establishment of a restricted website to assist its intersessional work and to facilitate the dissemination of documents and other information for the review of the Committee. Noting the positive experience so far, the Committee encouraged work to continue to utilize the website to facilitate early dissemination of documents, with notification to members when new documentation was posted. The Committee also noted that a computer would be useful in the conference room during its deliberations for ease of reference for specific information required. Arrangements would be revisited in the light of experience, and in conjunction with the changes to facilities during the ongoing renovation of the Headquarters.

F. Date of the next session

132. **The Committee decided to hold its seventieth session in New York from 7 to 25 June 2010.**

Annex

Outline of the methodology used for the preparation of the United Nations scale of assessments for the period 2007-2009

1. The current scale of assessments was based on the arithmetic average of results obtained using national income data for base periods of three and six years for the periods 2002-2004 and 1999-2004. The methodology used in the preparation of each set of results took as its starting point the gross national income (GNI) of the States Members of the Organization during the respective base periods. This information was provided by the United Nations Statistics Division and was based on data provided by Member States in response to the annual national accounts questionnaire. Since figures had to be provided for all Member States for all years of the possible statistical periods, when data were not available from the questionnaire the Statistics Division prepared estimates using other available sources, including the regional commissions, other regional organizations, the World Bank, the International Monetary Fund (IMF) and private sources.

2. The GNI data for each year of the base periods were then converted to a common currency, the United States dollar, in most cases using market exchange rates (MERs). For this purpose, market exchange rates were taken to be the annual average exchange rates between the national currencies and the United States dollar as published in the IMF *International Financial Statistics* or its Economic Information System. Those sources included three types of rates, which, for the purposes of preparing the scale of assessments, were referred to as MERs:

(a) Market rates, determined largely by market forces;

(b) Official rates, determined by Government authorities;

(c) Principal rates, for countries maintaining multiple exchange-rate arrangements.

For IMF non-members, where MERs were not available United Nations operational rates of exchange were also used.

3. As part of its review process, the Committee on Contributions considered whether these exchange rates resulted in excessive fluctuations or distortions in the income of particular Member States, and in a small number of cases decided to use alternative rates. These included price-adjusted rates of exchange (PAREs) supplied by the United Nations Statistics Division. The PARE methodology was developed by the Statistics Division as a means of adjusting the conversion rates into United States dollars for countries suffering from severe inflation and changes in domestic prices, which cause significant divergence in local currency movements. It is designed to eliminate the distorting effects of uneven price changes that are not well reflected in exchange rates and that yield unreasonable levels of income expressed in United States dollars. PARE rates are derived by extrapolating an average exchange rate for a base period with price changes in the form of implicit price deflators of gross domestic product. In considering the methodology for preparing future scales of assessments at its sixty-fourth and sixty-fifth sessions, the Committee considered a proposed relative PARE methodology, based on inflation rates relative to those of the United States in whose currency assessments are

calculated. The Committee concluded that relative PARE was in general the most technically sound method of adjusting MERs.

4. An average of the annual GNI figures in United States dollars for the base periods was then aggregated with the corresponding figures for other Member States as the first step in the machine scales used for the scale of assessments for 2007-2009.

Summary of step 1

Annual GNI figures in national currency were converted to United States dollars using the annual average conversion rate (MER or other rate selected by the Committee). The average of these figures was calculated for the base period (three or six years). Thus:

$[(GNI_{year\ 1}/\text{conversion rate}_{year\ 1}) + ... + (GNI_{year\ 6}/\text{conversion rate}_{year\ 6})]/6$ = average GNI, where 6 is the length of the base period

These average GNI figures were summed and used to calculate shares of GNI. A similar exercise was carried out for the three-year base period.

5. The next step in the scale methodology was the application of the debt-burden adjustment in each machine scale. In its resolution 55/5 B, the General Assembly decided to base this adjustment on the approach employed in the scale of assessments for the period 1995-1997. Under this approach, the debt-burden adjustment is the average of 12.5 per cent of total external debt for each year of the period (what has become known as the debt-stock method), based on an assumed repayment of external debt within eight years. Data for this adjustment came from the World Bank database on external debt, which included countries with a per capita income of up to $10,725 (using the World Bank Atlas conversion rates). The amount of the debt-burden adjustment was deducted from the GNI of those countries affected. The adjustment therefore increased not the absolute but rather the proportionate GNI of the Member States that either did not benefit from it or whose relative adjustment was lower than the amount of the total adjustment as a percentage of total GNI.

Summary of step 2

The debt-burden adjustment (DBA) for each base period was deducted to derive debt-adjusted GNI (GNI_{da}). This involved deducting an average of 12.5 per cent of the total debt stock for each year of the base period. Thus:

Average GNI-DBA = GNI_{da}

Total GNI_{da} = total GNI - total DBA

6. The next step was the application of the low per capita income adjustment in each machine scale. This involved the calculation of the average per capita GNI during each of the base periods for the membership as a whole and the average debt-adjusted per capita GNI for each Member State for each base period. The overall average figures for the current scale were $5,849 for the three-year base period and $5,518 for the six-year base period, and these were fixed as the starting points, or thresholds, for the respective adjustments. The GNI of each country whose average debt-adjusted per capita GNI was below the threshold was reduced by 80 per cent of

the percentage by which its average debt-adjusted per capita GNI was below the threshold.

7. For each machine scale, the total amount of the low per capita income adjustment was reallocated to those countries above the threshold, other than the Member State affected by the maximum assessment rate or ceiling, in proportion to their relative shares of the total debt-adjusted GNI of that group. For illustrative purposes, a track 2 calculation was undertaken in which the ceiling country was not excluded from the allocation of the adjustment. This permitted the machine scales considered by the Committee to indicate what the relative assessment rates of Member States would be if the ceiling were not applied.

Summary of step 3

The average per capita GNI for each base period was calculated. This was used as the threshold for application of the low per capita income adjustment. Thus:

[(Total $\text{GNI}_{\text{year 1}}$/total $\text{population}_{\text{year 1}}$) + ... + (total $\text{GNI}_{\text{year 6}}$/total $\text{population}_{\text{year 6}}$)]/6 = average per capita GNI for the six-year base period

A similar exercise was carried out for the three-year base period.

Summary of step 4

The average debt-adjusted per capita GNI for each Member State for each base period was calculated in the same manner as in step 3, using debt-adjusted GNI.

Summary of step 5

In each machine scale, the low per capita income adjustment was applied to those Member States whose average debt-adjusted per capita GNI was lower than the average per capita GNI (threshold). This adjustment reduced the affected Member State’s average debt-adjusted GNI by the percentage that its average debt-adjusted per capita GNI was below the threshold multiplied by the gradient (80 per cent).

Example: If the average per capita GNI is $5,000 and a Member State’s per capita debt-adjusted GNI is $2,000, then the low per capita income adjustment will be [1-(2000/5000)] x 0.80 = 48 per cent, that is, 80 per cent (the gradient) of 60 per cent [1-(2000/5000)], which is the percentage by which the Member State’s debt-adjusted per capita GNI is below the threshold.

Summary of step 6

In each machine scale, the total dollar amount of the low per capita income adjustments was reallocated pro rata to Member States whose average debt-adjusted per capita GNI was above the threshold. In order to illustrate the outcomes with and without a ceiling scale rate, the following two alternative tracks were applied to this and subsequent steps:

Track 1

The total of the low per capita income adjustments was proportionately reallocated to all Member States whose average debt-adjusted per capita GNI was above the threshold, except the ceiling country. Since the ceiling country would not ultimately share in the reallocation of points arising from the low per capita income adjustment, including it in the reallocation would have the effect of having the beneficiaries of the adjustment share a part of its cost. This would occur when the points added for the ceiling country were reallocated pro rata to all other Member States as part of the reallocation of points arising from application of the ceiling. In machine scales, the results of track 1 calculations appear in the "ceiling" column and subsequent columns, if any.

Track 2

The total of the low per capita income adjustments was proportionately reallocated to all Member States whose average debt-adjusted per capita GNI was above the threshold, including the ceiling country. This yielded, for illustrative purposes, scale figures that would have applied if there had not been a ceiling rate of assessment. In machine scales, the results of track 2 calculations appear in the "low per capita income", "floor" and "least developed countries adjustment" columns.

8. Following these adjustments, three sets of limits were applied to each machine scale. Those Member States whose adjusted share was less than the minimum level, or floor, of 0.001 per cent were brought up to that level. Corresponding reductions were applied pro rata to the shares of other Member States, except, under track 1, the ceiling country.

Summary of step 7

The minimum assessment rate, or floor (currently 0.001 per cent), was applied to those Member States whose rate at this stage is lower. Corresponding reductions were then applied pro rata to other Member States, except, under track 1, the ceiling country.

9. A maximum assessment rate of 0.01 per cent was then applied for each machine scale to those Member States on the list of least developed countries. Increases corresponding to this least developed countries ceiling were then applied pro rata to other Member States, except, under track 1, the ceiling country.

Summary of step 8

Those least developed countries whose rate at this point exceeded the least developed countries ceiling (0.01 per cent) had their rate reduced to 0.01 per cent. Corresponding increases were applied pro rata to other Member States, except, under track 1, the ceiling country.

10. A maximum assessment rate, or ceiling, of 22 per cent was then applied to each machine scale. Increases corresponding to the resulting reduction for the ceiling country were then applied pro rata to other Member States. As indicated above, those increases were calculated in accordance with track 1, i.e., they reflected a distribution of points from the ceiling country that did not include any points arising from the application of the low per capita income adjustment.

Summary of step 9

The maximum assessment rate, or ceiling, of 22 per cent was then applied. Corresponding increases were then applied pro rata to other Member States, except for those affected by the floor and the least developed countries ceiling, using the track 1 approach from step 6 above.

11. An arithmetic average of the final scale figures was then calculated for each Member State, using base periods of three and six years.

Summary of step 10

The results of the two machine scales, using base periods of three and six years (2002-2004 and 1999-2004), were added and divided by two.

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