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Chair: Mr. Rosenthal (Guatemala)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 133: Scale of assessments for the apportionment of the expenses of the United Nations
(A/65/11 and A/65/65)

1. **Mr. Greiver** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on its seventieth session (A/65/11), said that the Committee on Contributions had reviewed the methodology of the scale of assessments in accordance with its general mandate under rule 160 of the rules of procedure of the General Assembly and in response to the requests made by the Assembly in its resolution 64/248.

2. The Committee had reaffirmed its previous recommendation that the scale of assessments for the following period should continue to be based on the most current, comprehensive and comparable gross national income (GNI) data, and had encouraged Member States to submit the required statistical information under the 1993 system of national accounts (SNA) and to take further steps to implement the 2008 SNA, as recommended by the Statistical Commission.

3. In its resolution 64/248, the General Assembly had recognized the concern expressed by Member States with regard to conversion rates, and had requested the Committee on Contributions to review further criteria to be used to identify cases where market exchange rates (MERs) should be replaced with price-adjusted rates of exchange (PARE) or other appropriate conversion rates for preparing the scale of assessments. The Committee had agreed that further attention should be devoted to refining the systematic criteria and had requested the Statistics Division to carry out a detailed study in that regard. It had also decided to further study that element of the methodology on the basis of additional information from the Statistics Division, and in the light of the guidance of the General Assembly.

4. With regard to the base period, the Committee had concluded that, once chosen, there were advantages in using the same base period for as long as possible. The Committee had decided to further consider, in the context of its review of the methodology, the questions of conversion rates and debt-burden adjustment at its next session in the light of any guidance from the Assembly.

5. The Committee had discussed alternative definitions of the low per capita income threshold. The alternatives that had been discussed included using a threshold based on the median, or one that was fixed in real terms. Another possibility was the creation of a neutral zone around the threshold in which Member States would neither receive nor pay for any benefit. The Committee had reaffirmed that the scale methodology should continue to take into account comparative per capita income and had decided to review further the low per capita income adjustment at future sessions in the light of any guidance from the General Assembly.

6. 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. The minimum level of assessment, or floor, was 0.001 per cent. Member States that had been raised to the floor were inevitably assessed in excess of their relative capacity to pay according to the preceding steps in the scale methodology that provided relief. The application of the maximum ceiling and the least developed countries ceiling had resulted in the redistribution of points in the scale of assessments.

7. A practical prerequisite for the implementation of annual recalculation would be the amendment of rule 160 by the General Assembly. In addition, the delegation of authority to the Committee would provide a foundation for the technical implementation of annual recalculation, without requiring annual renegotiation of the scale of assessments.

8. With regard to large scale-to-scale increases in rates of assessment and discontinuity, the General Assembly had encouraged Member States in arrears with their assessed contributions to the United Nations to consider submitting multi-year payment plans and had requested the Committee on Contributions to make recommendations with a view to mitigating large scale-to-scale increases for those Member States that had fulfilled their multi-year payment plans. In that connection, the Committee had recognized the efforts of Member States that had fulfilled their multi-year payment plans. It had also noted that the Assembly might wish to consider the various measures set forth in the report, and the possible priority mitigation of increases in those States' assessment rates, in future, through voluntary burden shifting. Multi-year payment plans continued to be a viable means to help Member

States to reduce their unpaid assessed contributions and to demonstrate their commitment to meeting their financial obligations to the United Nations.

9. The Committee had considered six requests for exemption under Article 19 of the Charter of the United Nations. Two Member States requesting exemptions had also submitted multi-year payment plans. All Member States requesting exemptions were encouraged to present such plans. The Committee had concluded that the failure of the six States concerned (the Central African Republic, the Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe, and Somalia) to pay the minimum amount required to avoid the application of Article 19 was due to conditions beyond their control and recommended that they should be permitted to vote until the end of the sixty-fifth session of the General Assembly.

10. The Committee had noted that those same six Member States had been in arrears under the terms of Article 19 but had been permitted to vote until the end of the sixty-fourth session of the General Assembly. The Secretary-General had accepted in 2009 the equivalent of approximately \$73,089 in currencies other than United States dollars.

11. **Mr. Berridge** (Chief, Contributions and Policy Coordination Service) said that the Secretary-General's annual report on the status of multi-year payment plans (A/65/65) indicated that five Member States had earlier completed payments under their payment plans and provided details on the two remaining plans and schedules, namely those submitted by Liberia and Sao Tome and Principe, and on the status of their implementation as at the end of 2009. Updates on that status, as at 25 June 2010, could be found in the report of the Committee on Contributions (A/65/11). No other Member States had thus far submitted payment plans or schedules for the elimination of their arrears. The Committee was invited to take note of the report of the Secretary-General on multi-year payment plans (A/65/65).

12. **Mr. Al-Shahari** (Yemen), speaking on behalf of the Group of 77 and China, reaffirmed the Group's position that the resources provided to the United Nations must be commensurate with its mandates. It was therefore crucial for Member States to pay their assessed contributions in full, on time and without conditions. Nonetheless, the General Assembly, when considering matters related to Article 19 of the Charter,

should fully take into account the genuine difficulties facing some developing countries that temporarily prevented them from meeting their financial obligations. The Group emphasized that addressing the question of Article 19 was a matter of urgency and should be the top priority under the current agenda item at the Assembly's sixty-fifth session.

13. The Fifth Committee was the appropriate Main Committee of the General Assembly entrusted with responsibilities for administrative and budgetary matters. Any discussion of budgetary, financial or administrative matters should therefore be confined to the Committee.

14. The Group further reaffirmed that the principle of capacity to pay remained the fundamental criterion for the apportionment of the expenses of the United Nations and, with reference to General Assembly resolution 64/248, rejected any changes to the elements of the current methodology for the preparation of the scale of assessments that were aimed at increasing the contributions of developing countries. Those elements must be kept intact and were not negotiable.

15. The ceiling rate, which had been fixed as a political compromise, was contrary to the principle of capacity to pay and a fundamental source of distortion in the scale of assessments. The General Assembly should therefore urgently review the current arrangement, in accordance with paragraph 2 of its resolution 55/5 C.

16. The Group appreciated the efforts of those Member States that had submitted multi-year payment plans and honoured their commitments under those plans. Nonetheless, such plans should remain voluntary, should not be used as a means of exerting pressure on Member States that were already facing difficult circumstances, and should absolutely not be one of the factors taken into account when considering requests for exemptions under Article 19.

17. The Group endorsed the recommendation of the Committee on Contributions that the six Member States which had requested exemptions under Article 19 should be permitted to vote until the end of the session.

18. **Mr. De Preter** (Belgium), speaking on behalf of the European Union; the candidate countries Croatia and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania,

Bosnia and Herzegovina, Montenegro, and Serbia; and, in addition, Armenia, Georgia, Liechtenstein, the Republic of Moldova and Ukraine, said the European Union had consistently maintained that the payment of assessed contributions on time, in full and without conditions was a fundamental duty of all Member States. However, in connection with Article 19 of the Charter of the United Nations, it understood that some States faced genuine difficulty in discharging that duty for reasons beyond their control.

19. Multi-year payment plans were an effective way of helping such States to reduce their arrears, and Member States requesting an exemption were encouraged to simultaneously present such a plan as a sign of their commitment to the Organization. It was therefore unfortunate that no further payment plans had been submitted in recent years, and it was particularly regrettable that Sao Tome and Principe had not made any payment since 2002. Nonetheless, the European Union supported the recommendation of the Committee on Contributions that the six Member States which had requested exemptions under Article 19 should be permitted to vote until the end of the sixty-fifth session.

20. With regard to the methodology for the preparation of the scale of assessments, the European Union believed that sharing budgetary responsibilities in a fair and more balanced manner was essential to the effective functioning of the United Nations. While it was important to ensure that the most vulnerable countries were not forced to contribute beyond their capacity to pay, all Member States with the capacity to pay should bear a larger share of the Organization's expenses.

21. The current methodology did not reflect the economic conditions of Member States. In that connection, the European Union stood ready to discuss the validity, impact and relevance of every element of the current methodology. Due consideration should be given to carrying out as soon as possible the review of all elements of the methodology called for in resolution 64/248. The scope of the review envisaged in that resolution clearly required Member States to do more than simply consider the report of the Committee on Contributions.

22. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, said the Group fully recognized that, pursuant to the Charter, all Member

States were obliged to pay their assessed contributions in full, on time and without conditions. Nonetheless, some developing countries faced genuine difficulties that prevented them from meeting their financial obligations. The decisions of the General Assembly under the current agenda item should therefore take into account those difficulties.

23. Addressing the question of Article 19 should be the top priority under the current agenda item at the sixty-fifth session. In that connection, the Group endorsed the recommendation of the Committee on Contributions that the six Member States which had requested exemptions under Article 19 should be permitted to vote until the end of the session.

24. **Mr. Cumberbatch** (Cuba) said that the imposition on Member States of parallel decision-making mechanisms, along with attempts to undermine the Charter principle of sovereign equality, had affected every aspect of the Organization's operations, including the scale of assessments and the methodology by which that scale was prepared. Various proposals, all of which were based on the concept of relative capacity to pay, had been made in that regard, on the grounds that it was supposedly necessary to improve the current methodology. That alleged improvement in the methodology would lead to significant increases in the assessments of developing countries.

25. Yet those who advocated improving the methodology had no intention of addressing the question of the maximum assessment rate, or ceiling, that had been adopted at the fifty-fifth session of the General Assembly. That ceiling had the largest distorting effect on the scale of assessments and any change in the methodology that did not include the abolition of the ceiling did not make any logical sense.

26. The question of the ceiling aside, the current methodology had proven its effectiveness, as supported by the data for the period 2010-2012. The assessments of a large number of developing countries, including Cuba, had increased in that base period as a result of their improved macroeconomic performance. On the other hand, the assessments of the leading economic Powers, including those that promoted unjust changes in the scale methodology, had decreased. Although the Assembly would not take any action with regard to the scale of assessments at the current session, his

delegation nonetheless intended to follow closely the discussions in that regard.

27. His Government would continue to honour its financial obligations to the Organization, despite the difficulties it faced as a result of the illegal unilateral blockade that had been imposed on Cuba.

28. **Mr. Prokhorov** (Russian Federation) said his delegation attached great importance to the equitable apportionment of the expenses of the United Nations and the need for all Member States to pay their assessed contribution in full, on time and without conditions.

29. Although the Committee on Contributions had successfully completed the evaluation of the methodology of the scale of assessments at its seventieth session, it was his delegation's understanding that procedural matters had sorely tested the consensus among Member States. Given that the Committee on Contributions had no set working methods, it was incumbent on the General Assembly to provide it with guidance in that regard.

30. His delegation reiterated its position that the current scale methodology did not require substantial modification and took note of the intention of the Committee on Contributions to examine the remaining elements of the methodology at its seventy-first session.

31. The failure to achieve consensus with regard to the scale of assessments at the preceding session of the Assembly had been disappointing. The opinion of five Member States concerning the application of the current methodology for determining the low per capita income adjustment had been ignored without justification. His delegation looked forward to a substantive and depoliticized discussion of the scale methodology at the Assembly's current session with the aim of achieving consensus in the future.

32. His delegation endorsed the recommendation of the Committee on Contributions regarding the exemptions that had been requested under Article 19 of the Charter.

33. **Mr. Sugiura** (Japan), recalling that Japan was the second largest financial contributor to the United Nations, said that his delegation supported the principle of capacity to pay. However, the changing world economic situation required the Organization to develop a methodology for the preparation of the scale

of assessments that reflected each Member State's current capacity to pay in a more equitable manner, based on the most current, comprehensive and comparable data available. The General Assembly should therefore carry out a comprehensive review of the scale methodology at its current session, on the basis of the report of the Committee on Contributions.

34. His delegation endorsed the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter.

35. **Mr. Tsymbaliuk** (Ukraine) said that resolving the differences concerning the scale of assessments required a fair, balanced and depoliticized approach.

36. With regard to the review of the scale methodology called for in General Assembly resolution 64/248, his delegation understood that the primary purpose of the review was to ensure that the current methodology was being applied in the best way possible. Given that the regular-budget scale for the period 2010-2012 had led to substantial increases in the assessment rate of several Member States, the Committee should give due consideration to introducing limits in the scale methodology in order to avoid large scale-to-scale fluctuations.

37. The Committee should also consider the use of PARE for countries where MERs caused excessive fluctuations and distortions. Political considerations should not be a factor in choosing those countries. They should be selected on the basis of purely economic and statistical indicators, using the current formula, which was a reliable tool for assessing and replacing MERs with PARE. The debt-burden and low per capita income adjustments were also important and integral parts of the scale.

38. The principle of capacity to pay should remain the foundation of future scales of assessment, which should continue to be based on the most current, comprehensive and comparable data on GNI.

39. **Mr. Ruiz Massieu** (Mexico) said that, in the plenary Assembly, several delegations had called on the United Nations to adapt itself to the current world situation. Yet with regard to the financing of the Organization, it seemed that Member States were assuming that conditions had not changed since the Assembly's fifty-fifth session. That had resulted in a situation whereby certain States were contributing a disproportionately high share of the budget.

40. In his delegation's view, the Committee on Contributions, like the Fifth Committee, was allowing political considerations to take precedence over technical considerations in the application of the scale of assessments. For example, the debt burden adjustment was based on theoretical assumptions rather than latest available data. Similarly, the methodology used for determining the low per capita income adjustment lacked a categorized scale of the type used by other international organizations. Member States should therefore consider what could be done to correct those shortcomings.

41. His delegation supported the recommendation of the Committee on Contributions regarding the application of Article 19 of the Charter.

42. **Mr. Sofian Belkheir** (Libyan Arab Jamahiriya) reiterated his delegation's position that all Member States should pay their assessed contributions in full, on time and without conditions. Although his Government appreciated the efforts of the Committee on Contributions to take into account the circumstances of all Member States when preparing the scale of assessments, the application of the current methodology had resulted in a large increase in the assessments of some States, including the Libyan Arab Jamahiriya.

43. His Government was alarmed that its assessed contribution had nearly doubled in comparison with the previous regular budget. The Committee on Contributions had clearly not observed the principle of capacity in respect of the Libyan Arab Jamahiriya. It should therefore review its decision, taking into account his country's capacity to pay.

44. In reviewing the methodology for future scales of assessments, the Committee on Contributions should pay close attention to the negative effects of the current scale on developing countries and take into account the large increase in the assessed contributions of some Member States.

45. His delegation supported the recommendation of the Committee on Contributions regarding the exemptions requested under Article 19 of the Charter.

46. **Mr. Greiver** (Chairman of the Committee on Contributions) said that the Committee on Contributions would address delegations' concerns and he looked forward to responding to their questions in informal consultations.

The meeting rose at 11.25 a.m.