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Fifth Committee

Summary record of the 2nd meeting
Held at Headquarters, New York, on Monday, 3 October 2011, at 10 a.m.

Chair: Mr. Tommo Monthe . . . . (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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11-52668 (E)

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

Agenda item 138: Scale of assessments for the apportionment of the expenses of the United Nations (A/66/11 and A/66/69)

1. **Mr. Greiver** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on its seventy-first session (A/66/11), said that, while the General Assembly had taken note of the Committee's previous report (A/65/11), which had contained recommendations made in the light of the Assembly's decision in resolution 64/248 to review all elements of the methodology of the scale of assessments with a view to a decision before the end of its sixty-sixth session, it had not given further guidance for the Committee's work. At its recent session, the Committee had carried out a further review of methodology, pursuant to rule 160 of the rules of procedure of the General Assembly and Assembly resolutions 58/1 B and 64/248. In doing so, it had attempted to address the issues raised by Member States in the Fifth Committee at the main part of its sixty-fifth session.

2. The Committee had reaffirmed its recommendation that the scale of assessments should continue to be based on the most current, comprehensive and comparable gross national income (GNI) data and had recommended that the General Assembly should encourage Member States that had not yet done so to implement the System of National Accounts, 1993, and to report gross disposable income data as available. However, it had also recognized that GNI was currently still the best available measurement of the capacity to pay. The Committee had again considered alternative income measures in terms of defining adjustments to gross domestic product (GDP) to better reflect the capacity to pay, but had found no technical merit in their use.

3. The Committee had reaffirmed its recommendation that conversion rates based on market exchange rates (MERs) should be used for the scale of assessments, except where that would cause excessive fluctuations and distortions in the GNI of some Member States expressed in United States dollars, in which case price-adjusted rates of exchange (PAREs) or other appropriate conversion rates should be used. It would continue to study the conversion factor on the basis of further input from the Statistics Division and in the light of any guidance from the General Assembly. Furthermore, the Committee had reaffirmed its recommendation that, once a base period had been chosen, there were advantages in using it for as long as possible in order to smooth out over consecutive scale periods the impact for every Member State.

4. With regard to the debt-burden adjustment, some members of the Committee had considered that it should be eliminated as it was conceptually unsound, while others had indicated that it was an essential part of the methodology. Members had also indicated that refinements should be made to the current methodology on the basis of technical merit, for example by utilizing the debt-flow approach and basing it on public debt instead of total external debt, owing to the substantial improvement in the availability of data on public and publicly guaranteed debt in recent years. The Committee had decided to give further consideration to the debt-burden adjustment at future sessions, in the light of any guidance from the General Assembly.

5. The Committee, having reviewed alternative ways of determining the low per capita income adjustment threshold and their implications, had reaffirmed that the scale methodology should continue to take into account comparative income per head of population. It had also noted that the application of the maximum ceiling, currently 22 per cent, and the least developed countries ceiling, currently 0.010 per cent, had resulted in the redistribution of points in the scale of assessments.

6. As part of its consideration of other suggestions and other possible elements of the scale methodology, the Committee had carried out a detailed study of the question of annual recalculation and had decided to further consider the issue at its future sessions, in the light of any guidance from the General Assembly. The Committee had also reviewed the questions of large scale-to-scale increases in rates of assessment and discontinuity. Some members had expressed the view that annual recalculation was the only practical way to mitigate large scale-to-scale increases, while others had suggested that the effects of such changes could be mitigated by phasing in the increase in rates over a given three-year scale period. The Committee had decided to continue to consider the feasibility of application of systematic measures of transitional relief for Member States facing large scale-to-scale increases

in their assessment rates in the light of any guidance from the General Assembly.

7. The Committee's report contained a review of the latest report of the Secretary-General on multi-year payment plans (A/66/69), as well as updated information on the status of payment plans at 24 June 2011. The Committee had noted with concern that no new multi-year payment plans had been submitted in recent years, despite the encouragement of the General Assembly and the proven success of the system. It had also stressed that the submission of a plan and its status of implementation should be taken into account as one factor in considering requests for exemption under Article 19 of the Charter of the United Nations.

8. The Committee had considered six requests for exemption under Article 19 of the Charter, all of which had been received by the required deadline. 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-sixth session of the General Assembly.

9. 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-fifth session of the General Assembly. The Secretary-General had accepted in 2010 the equivalent of $2,014,291.59 in currencies other than the United States dollar.

10. The assessment rate for South Sudan, which had been admitted to membership in the Organization after the end of the Committee's session, would be considered by the Committee at its seventy-second session.

11. **Mr. Ramanathan** (Director, Accounts Division), introducing the report of the Secretary-General on multi-year payment plans (A/66/69), said that since five Member States had already completed payments under their payment plans, the report provided detailed information only on the two remaining plans, namely those submitted by Liberia and Sao Tome and Principe, and the status of their implementation as at the end of 2010. No other Member States had thus far submitted payment plans or schedules for the elimination of arrears, although several Member States had indicated to the Committee on Contributions that they were giving consideration to the submission of such a plan.

12. The Fifth Committee was invited to take note of the report of the Secretary-General on multi-year payment plans (A/66/69).

13. **Mr. Di Luca** (Argentina), 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 that temporarily prevented some developing countries 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-sixth session.

14. 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 that Committee.

15. 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 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.

16. 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.

17. 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.

18. 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.

19. **Mr. Yamamoto** (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 review of all elements of the scale methodology at its current session, on the basis of the report of the Committee on Contributions.

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

21. **Mr. Yarovyi** (Ukraine) said that a fair, balanced and depoliticized approach was needed to reach a consensus on the scale of assessments.

22. 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. Capacity to pay should remain a basic principle of the methodology used for future scales of assessment, which should be based on the most current, comprehensive and comparable GNI data available.

23. In view of the enduring impact of the global financial crisis in almost every country, efforts should be made to avoid any artificial revision of the scale of assessments. The Committee on Contributions should also seek to make the scale more balanced and transparent. Bearing in mind that significant changes in the GNI of the highest-income States also influenced the assessment rates of other States, irrespective of their capacity to pay, the Committee on Contributions should consider the possibility of establishing a mechanism, within the scale methodology, to avoid substantial changes in Member States' assessments.

24. **Mr. Diallo** (Senegal) said that the Organization's expenses must continue to be apportioned among Member States in accordance with their capacity to pay. Some elements of the scale methodology, such as the use of the same base period for as long as possible, the debt burden adjustment and the low per capita income adjustment, must be kept intact. It was unacceptable that some developing countries, especially least developed countries including Senegal, had seen an exponential increase in their assessments. In that regard, his delegation called on the General Assembly to take into account the fragile economic situation of such countries, in establishing the scale of assessments for 2013-2015. Although the economic crisis had affected all countries, both rich and poor, it should not be used as a pretext to question the principle of capacity to pay or to attempt to change the methodology used for the scale of assessments with a view to increasing the contributions of low-income countries.

25. **Mr. Cumberbatch** (Cuba) said that the attempts of some Member States 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. While some were still arguing that the principle of capacity to pay should be relativized, in order to supposedly improve the current methodology, they were in fact seeking to achieve that goal by transferring an increased financial burden to developing countries. The proposed changes were simply a continuation of efforts to reclassify developing countries and deny them access to the international cooperation mechanisms promoted by the United Nations.

26. It was interesting to note that those in favour of supposedly improving the methodology had no intention of addressing the question of the maximum assessment rate, or ceiling, which was the main cause of distortion in the scale of assessments. Any change in the methodology that did not seriously address the abolition of the ceiling made no logical sense.

27. 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, while those of some major world economies had decreased. Even so, it was some of the latter countries that were promoting unjust changes in the scale methodology. 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.

28. 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.

29. **Mr. Alomairi** (Kuwait) said that capacity to pay should remain the fundamental criterion in the apportionment of the expenses of the United Nations. The methodology used to determine the capacity to pay must continue to evolve if the Organization was to achieve full justice and transparency in the determination of the assessments. Any increase in the assessments of the developing countries which entailed consequent decrease in those of the developed countries was unacceptable. Yet the current economic and financial crises had led to a significant increase in the rates of assessment of certain developing countries, even though they had not been in any way responsible for causing those crises.

30. His delegation supported the multi-year payment option as a means of enabling Member States to satisfy their obligations to the Organization. It also supported the recommendation of the Committee on Contributions regarding the exemptions requested under Article 19 of the Charter.

31. While the Committee on Contributions should continue to develop the methodology used to determine rates of assessment, there should be no arbitrary increases in the rates of developing countries as that would result in a distortion of the scale.

32. **Mr. Chumakov** (Russian Federation) said that his delegation supported the conclusions of the Committee on Contributions with regard to the exemptions requested under Article 19 of the Charter. Although it was clear that the Committee on Contributions had worked quite intensively during its seventy-first session, the conclusions of its report (A/66/11) did not suggest that any real progress had been made. It was hard to understand why some members of that Committee did not want to fulfil their obligations and define an approach for identifying cases where MERs should be replaced with PAREs, despite the explicit instructions given by the General Assembly in its resolution 64/248. Paragraph 42 of the report of the Committee on Contributions clearly indicated that some members had ignored the Assembly's instructions, based on highly disputed economic theory. That showed the Committee to be either indecisive and lacking determination, or else extremely politicized.

33. It was to be hoped that such difficulties could be overcome during the Committee's seventy-second session, since the report on that session would have a much greater impact on Member States' assessments. The seventy-first session was also the second consecutive session at which the Committee on Contributions had referred to the need to review its working methods. It would be useful to know what had prevented the Committee from completing such a review in the current session.

34. **Mr. Park** Chull-joo (Republic of Korea) said that the current agenda item was more important than ever in the current global economic situation. Recalling the Committee's decision in 2009, following difficult negotiations, to review all elements of the methodology of the scale of assessments with a view to a decision before the end of the sixty-sixth session, as reflected in General Assembly resolution 64/248, his delegation considered that there was room to improve the current scale methodology so that it better reflected the principle of capacity to pay.

35. **Mr.** Jamall **Hassan** (Sudan) said that, when the Committee on Contributions met to assess the contributions of Member States, it should take into account the fact that the Republic of Sudan had lost 70 per cent of its oil revenues following the establishment of the new Republic of South Sudan, resulting in a dramatic decline in its national income.

36. **Mr. Greiver** (Chairman of the Committee on Contributions) said that the Committee on Contributions would take into account all the points raised by delegations during the current session of the General Assembly and would respond to them in its next report. He looked forward to addressing delegations' questions and concerns in informal consultations.

The meeting rose at 11.20 a.m.