



# General Assembly

Sixty-eighth session

Official Records

Distr.: General  
23 October 2013

Original: English

---

## Fifth Committee

### Summary record of the 3rd meeting

Held at Headquarters, New York, on Friday, 4 October 2013, at 10 a.m.

*Chair:* Mr. Taalas ..... (Finland)

*later:* Mr. Funes Henríquez ..... (El Salvador)

*Chair of the Advisory Committee on Administrative*

*and Budgetary Questions:* Mr. Ruiz Massieu

## Contents

Agenda item 138: Scale of assessments for the apportionment of the expenses of the United Nations

---

This record is subject to correction. Corrections should be sent as soon as possible, under the signature of a member of the delegation concerned, to the Chief of the Documents Control Unit (srcorrections@un.org), and incorporated in a copy of the record.

Corrected records will be reissued electronically on the Official Document System of the United Nations (<http://documents.un.org/>).

13-50121 (E)



Please recycle A small recycling symbol consisting of three chasing arrows forming a triangle.



*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/68/11 and A/68/68)

1. **Mr. Greiver** (Chairman of the Committee on Contributions), introducing the report of the Committee on Contributions on its seventy-third session (A/68/11), said that the Committee on Contributions had carried out a review of the elements of the methodology used to calculate the scale of assessments pursuant to rule 160 of the rules of procedure of the General Assembly and resolutions 58/1 B and 67/238 in order to address issues raised by the Assembly at its sixty-seventh session.

2. The income measure was the first approximation of capacity to pay. Further to the issues highlighted by the General Assembly in its resolution 67/238, the Committee on Contributions had reaffirmed that the scale of assessments should be based on the most current, comprehensive and comparable gross national income (GNI) data. The Committee also agreed that GNI could be more accurately reflected in the scale of assessments if more Member States followed the more recent standards under the System of National Accounts and had recommended that the Assembly should encourage Member States to submit the required national accounts questionnaires under the System of National Accounts, 1993 or 2008. The Committee had expressed support for the efforts of the Statistics Division to enhance coordination, advocacy and implementation of the System of National Accounts.

3. Conversion rates were required in order to be able to express in a common monetary unit GNI data reported in national currencies. The Committee had reaffirmed its recommendation that conversion rates based on market exchange rates (MERs) should be used, except where doing so would cause excessive fluctuations and distortions in 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 applied. That income data must be averaged over a designated base period. The Committee had agreed that, once selected, the same base period should be used for as long as possible.

4. There were two main issues to consider in relation to the functioning of the debt-burden adjustment: first, whether to use total external debt or only public and publicly guaranteed external debt data; and second, whether to base the adjustment on debt stock or debt flow. As members had divergent views on the matter, the Committee had decided to consider the question further at future sessions in the light of guidance from the Assembly.

5. The low per capita income adjustment had been used from the outset in preparing the Organization's scale of assessments. The Committee had considered various options for revising the adjustment, some of which had been considered previously and some of which were new or were variations on previous proposals. Members had expressed diverse views on the merits of the alternatives. The Committee had therefore decided to further consider the adjustment in the light of guidance from the Assembly.

6. The current methodology included a maximum assessment rate, or ceiling, of 22 per cent, a 0.010 per cent ceiling for least developed countries, and a minimum assessment rate, or floor, of 0.001 per cent. The Committee had decided to consider those elements in the light of guidance from the Assembly.

7. As part of its consideration of other suggestions and other possible elements for the scale methodology, the Committee had decided to study further the question of annual recalculation at future sessions in the light of guidance provided by the Assembly. The question of large scale-to-scale increases in assessment rates had also been examined. The Committee had decided to study further the merits, if any, of measures to address large scale-to-scale increases in the light of any guidance from the Assembly.

8. The Committee's report contained a review of the latest report of the Secretary-General on multi-year payment plans (A/68/68) and updated information on the status of payment plans as at 21 June 2013. Noting that no new plans had been submitted, the Committee had reiterated its recommendation that the Assembly should encourage other Member States in arrears under Article 19 of the Charter to consider submitting multi-year payment plans.

9. The Committee had considered five requests for exemption under Article 19 of the Charter. He stressed that Member States should submit the fullest possible information in support of such requests. The

Committee had concluded that the failure of the five Member States (Central African Republic, Comoros, Guinea-Bissau, 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-eighth session of the General Assembly. The Committee had also considered a request under rule 160 of the rules of procedure of the General Assembly to reduce the rate of assessment applicable to Iraq. While GNI information had been submitted by Iraq, no external debt information had been available at the time of preparation of the scale of assessments for 2013-2015. The Committee recalled that rule 160 of the rules of procedure of the General Assembly provided that the scale of assessments, once fixed by the Assembly, were not subject to a general revision for at least three years unless it was clear that there had been substantial changes in relative capacity to pay. On the basis of its review of the request and the impact on the scale of assessments, the Committee had concluded that the question of submission of the external debt data after the preparation of the scale of assessments could not be considered a substantial or extraordinary change in relative capacity to pay. The Committee had therefore taken note of the request and decided to use the external debt information provided by Iraq for the preparation of future scales of assessments.

10. By its resolution [67/19](#), the General Assembly had accorded non-member observer State status to the State of Palestine. Under the current assessment procedures for the only other non-member State, the Holy See, a flat annual fee percentage, currently fixed at 50 per cent, was applied to a notional assessment rate, based on income data, and to the net assessment base for the regular budget. On the basis of available statistical data, the Committee recommended that the notional rate of assessment for the State of Palestine should be 0.005 per cent for the period 2013-2015, and that the same 50 per cent flat annual fee percentage should be applied to that notional rate of assessment. Given that its status had changed in November 2012, the State of Palestine should pay one-twelfth of that rate for that year.

11. **Mr. Berridge** (Chief, Contributions and Policy Coordination Service), introducing the report of the Secretary-General on multi-year payment plans ([A/68/68](#)), encouraged Member States considering the

submission of a multi-year payment plan to consult the Secretariat for advice on its preparation and said that such plans should be submitted to the Secretary-General for circulation to other Member States. It was suggested that plans should provide for the payment of current year assessments in full and, where possible, for the elimination of arrears within a maximum of six years. The current report set out the status of implementation of the sole remaining plan, submitted by Sao Tome and Principe.

12. Six Member States had successfully implemented multi-year payment plans since the adoption of the system in 2002. No new payment plans or schedules for the elimination of arrears had been submitted in recent years, but several Member States had indicated that they were considering the matter.

13. **Mr. Thomson** (Fiji), speaking on behalf of the Group of 77 and China, said that the Organization must have resources commensurate with its legislative mandates. Member States should therefore pay their assessed contributions in full, on time and without conditions, although the special circumstances of some developing countries that prevented them temporarily from meeting their financial obligations should be taken into account.

14. The capacity to pay should remain the fundamental criterion in the apportionment of the expenses of the United Nations. Core elements of the scale methodology such as the base period, gross national income, conversion rates, low per capita income adjustment, gradient, floor, least developed countries ceiling and debt-stock adjustment were not negotiable. The Assembly should, however, review the current overall ceiling, which had been fixed as a political compromise and was in consequence at odds with the principle of capacity to pay and distorted the scale of assessments. He stressed that the Fifth Committee of the General Assembly was the sole Main Committee of the Assembly entrusted with administrative, financial and budgetary matters; such matters should therefore be discussed solely in the Committee, in conformity with the Charter of the United Nations.

15. He welcomed the efforts of Member States that had met their commitments under multi-year payment plans. Such plans should be voluntary and should take the State's financial situation into account. They should not, however, be used as a means of exerting pressure

and should not be a factor in considering requests for exemption under Article 19 of the Charter. All Member States with significant arrears should consider submitting such plans if they were in a position to do so. The Group endorsed the recommendation of the Committee on Contributions concerning the five Member States which had submitted requests for exemption under Article 19. Lastly, the Group endorsed the decision of the Committee on Contributions to use the external debt information provided by Iraq in its request for the reduction of its rate of assessment for the preparation of future scales of assessments.

16. **Mr. Presutti** (Observer for the European Union), speaking also on behalf of the candidate countries Iceland, Montenegro, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition the Republic of Moldova, said that funding the United Nations was the responsibility of all Member States and was essential to the effective functioning of the Organization. However, in its resolution [67/238](#) the General Assembly had noted that changes in Member States' shares in world gross national income had resulted in changes in relative capacity to pay, which should be more accurately reflected in the scale of assessments. The review of the current methodology for determining the scale of assessments by the Committee on Contributions was therefore a welcome step towards improving that methodology.

17. With regard to the requests for exemptions under Article 19 of the Charter, he reiterated that the payment of assessed contributions on time, in full and without conditions was a fundamental duty of all Member States. Nevertheless, some States might face genuine temporary difficulties in discharging that duty for reasons beyond their control. Multi-year payment plans were effective tools that helped Member States to reduce their unpaid assessed contributions. He therefore endorsed the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter.

18. **Mr. Haniff** (Malaysia) said that his delegation considered that the current methodology was valid and took into account prevailing economic conditions. The scale of assessments should, however, be based on the most current, comprehensive and comparable GNI data. Member States were legally obligated to finance

the United Nations, but imposing conditions on Member States to ensure that they met their financial obligations would hinder the functioning of the Organization. Under the current methodology, Malaysia's contribution had increased from 0.253 per cent in 2012 to 0.281 percent in 2013; yet, in spite of that increase, his country would continue to pay its contributions in a consistent and timely manner.

19. The principle of capacity to pay was fundamental to the apportionment of expenses of the Organization. His delegation welcomed the efforts of the Committee on Contributions to improve the methodology in order to collect higher contributions from developed and developing countries; however the Committee on Contributions should continue to take into account the views of Member States, particularly developing countries that had a limited capacity to pay. In that connection, he endorsed the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter, as the countries concerned were undergoing considerable security, political and economic challenges that were beyond their control.

20. Lastly, he called for all negotiations on the scale of assessments for the apportionment of the expenses of the United Nations to be conducted in good faith and in an open, inclusive and transparent manner, as bridging the economic gap would not be an easy task and would require political will on the part of both developed and developing countries.

21. **Mr. Yamamoto** (Japan), recalling that Japan was the second largest contributor to the United Nations, said that his country had paid its dues faithfully, despite the economic and financial difficulties it was facing. 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 more equitably each Member States' real and current capacity to pay, based on the most current, comprehensive and comparable data available.

22. His delegation endorsed the recommendations of the Committee on Contributions regarding exemptions under Article 19 of the Charter and encouraged those Member States in arrears to consider submitting multi-year payment plans.

23. *Mr. Funes Henríquez (El Salvador), Vice-Chair, took the Chair.*

24. **Mr. Greiver** (Chairman of the Committee on Contributions) said that he would convey delegations' comments to the Committee on Contributions, as those comments would serve to inform its future work.

*The meeting rose at 10.55 a.m.*