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**REPORT
OF
THE COMMITTEE ON
CONTRIBUTIONS**

GENERAL ASSEMBLY
OFFICIAL RECORDS : TWENTY-FIRST SESSION
SUPPLEMENT No. 10 (A/6310)

UNITED NATIONS

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New York, 1966

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

I. MEMBERSHIP OF THE COMMITTEE

1. The twenty-fifth session of the Committee on Contributions was convened at United Nations Headquarters from 6 September to 13 September 1966. The following members were present:

Mr. Raymond T. Bowman
Mr. J.P. Fernandini
Mr. L.D. Hudon
Mr. F. Nouredin Kia
Mr. G. Parthasarathi
Mr. S. Raczkowski
Mr. D. Silveira da Mota
Mr. V.G. Solodovnikov

2. Mr. James Gibson and Mr. Maurice Viaud, who are also members of the Committee, were unable to attend the session. They designated Mr. J.I.M. Rhodes and Mr. Daniel George respectively to represent them. The Committee accepted these designations on the understanding that the substitutes would remain in consultation with the members they represented.

3. The Committee elected Mr. Parthasarathi as Chairman and re-elected Mr. Kia as Vice-Chairman.

II. REVIEW OF EFFECTS OF VARIATIONS IN THE PRESENT SYSTEM
OF ALLOWANCES FOR LOW PER CAPITA INCOME

4. At its session in 1964, the Committee on Contributions considered its future work and in its report to the nineteenth session of the General Assembly 1/ stated in this connexion:

"In reviewing the scale of assessments, the Committee discussed the principles on which its work has up to now been based. In the scale there are Member States whose assessment is determined at 0.04 per cent by the 'floor' principle. Moreover, the assessments of Member States whose per capita product is less than \$1,000 are subject to the low per capita principle, which gives progressively increasing relief as the income levels fall from \$1,000 per capita to the lowest levels of income. The Committee requested the Secretariat to prepare material for a subsequent session which would enable the Committee to appraise the effects of variations in the rate of progression and in the levels of per capita income submitted to the progression in the rates of assessment."

The Fifth Committee, at the twentieth session of the General Assembly, took note with interest of that paragraph of the report and expressed the hope that the Committee on Contributions would find it possible to report on this question to the General Assembly at its twenty-first session. 2/ Furthermore, at its twentieth session, the General Assembly adopted resolution 2118 (XX) of 21 December 1965, in which it made the following request:

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

5. In using comparative estimates of national income as a guide to relative capacity to pay, the Committee is called upon by its original terms of reference 3/ to take into account "comparative income per head of population". Allowance for this factor has been made in all the scales of assessments recommended by the Committee. The method used to date of making allowances for low per capita income is in brief as follows: a deduction is made from the national income of each country with a per capita income below \$1,000. The difference between \$1,000 and a country's per capita income below \$1,000 is expressed as a percentage of \$1,000 and 50 per cent of that percentage is used to reduce the country's total national income for the purpose of assessment.

1/ Official Records of the General Assembly, Nineteenth Session, Supplement No. 10 (A/5310), para. 28.

2/ Ibid., Twentieth Session, Annexes, agenda item 30, document A/6202, para. 10.

3/ Ibid., Sixteenth Session, Supplement No. 10 (A/4775), annex.

6. Under the present formula all Member States with per capita income below \$1,000 thus receive a reduction for the purpose of assessment in their national income figures which, for the countries with the very lowest per capita incomes, comes close to the maximum allowance of 50 per cent. Following a directive by the General Assembly in resolution 582 (VI) of 21 December 1951 to pay "particular attention to countries with low per capita income", the Committee at its 1952 session increased the maximum allowance from 40 to 50 per cent. In General Assembly resolution 1927 (XVIII) of 11 December 1963, the Committee was requested "in calculating rates of assessment to give due attention to the developing countries in view of their special economic and financial problems". In compliance with the Assembly's request, the Committee, in drawing up the scale for 1965, 1966 and 1967 at its 1964 session, sought to give special attention to the countries whose level of per capita income fell below \$300 and within the general revision of the scale made a number of small downward adjustments in the assessment of such States.

7. At its current session, the Committee had before it extensive material prepared at its request by the Secretariat on the effects of variations in the rate of progression and in the levels of per capita income submitted to progression in establishing the rates of assessment. The Committee studied the effects on the scale of assessments of varying the present upper limit of \$1,000 for lower per capita income allowance, of increasing to varying degrees the maximum allowance from its present level of 50 per cent and of increasing the maximum allowance for the very lowest ranges of per capita incomes.

8. The detailed study of the various formulas provided the Committee with valuable information regarding their possible effects on the scale. In this connexion, the Committee noted that under the present system of allowances, as reflected in the existing scale, important relief is accorded to countries in the very low per capita income groups. Moreover, the Committee was confirmed in the opinion that whatever variations might be introduced in the allowance formula to take account of comparative income per head of population, they should not be such as to cause too radical changes in the assessments either from one per capita income group to another or in the assessment of individual States, changes that might be further accentuated through the use of later national income statistics. In this context, the Committee also considered the minimum rate of assessment. While recognizing that the small, newly independent countries were faced with many financial and economic problems, the Committee was of the view that the grounds for maintaining the minimum rate in the past were equally valid for the present time.

9. As the outcome of its study the Committee reached the conclusion that it should not at the present time recommend a change in the basic rules for drawing up the scales of assessments. It decided that it would be inadvisable to commit itself at this stage to the adoption of a formula the practical results of which were not yet fully ascertainable. The results of the application of the various formulas to the national income figures used as a basis for the present scale might in fact be found to differ to a large degree when applied to the national income statistics for the years 1963, 1964 and 1965 to be supplied for the Committee's next general review of the scale in 1967. Furthermore, the Committee did not wish to limit unduly its latitude in taking into account particular circumstances and changes affecting the relative capacity to pay of individual countries by adopting a new formula at this time.

10. At its next general review of the scale, the Committee will, in accordance with General Assembly resolution 2118 (XX), continue its efforts to give due attention to the developing countries in view of their special economic and financial problems and to this end will take into account the very useful information obtained through its study.

III. OTHER MATTERS CONSIDERED BY THE COMMITTEE

Status of the collection of contributions

11. Under its terms of reference, one of the functions of the Committee is "to consider and report to the General Assembly on the action to be taken if Members fall into default with their contributions" and in this connexion shall "advise the Assembly in regard to the application of Article 19 of the Charter".
12. The Committee took note of a report of the Secretary-General on the collection of contributions as of 31 August 1966. On the basis of the Secretary-General's report and with reference to the consensus of the General Assembly at its 1331st plenary meeting, on 1 September 1965, ^{4/} the Committee noted that at the present time the amount of arrears due by any Member State to the regular budget of the United Nations is in all cases less than the amount of contributions due from it for the preceding two full years.

Collection of contributions in currencies other than United States dollars

13. The General Assembly, in resolution 2113 (XX), 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 financial years 1965, 1966 and 1967 in currencies other than United States dollars.
14. The Committee took note of a report by the Secretary-General on the arrangements made in 1966 for payment of contributions in currencies other than United States dollars. This report indicated that ten Member States had availed themselves of the option to pay in one or other such currencies in which payment was acceptable to the equivalent of \$10.5 million in respect of contributions to the United Nations regular budget and to the United Nations Emergency Force Special Account. The currencies in which substantial amounts of expenditures are estimated to be incurred by the United Nations and in which Member States were given the option of making payments, are: Belgian francs, Chilean escudos, Egyptian pounds, Ethiopian dollars, French francs, Mexican pesos, Netherlands guilders, pounds sterling, Swiss francs and Thailand baht.

Scales of contributions for specialized agencies

15. Under General Assembly resolution 311 B (IV) of 24 November 1949, the Committee is authorized "to recommend or advise on the scale of contributions of Member States for a specialized agency if requested by that agency to do so".

^{4/} At that meeting, the General Assembly adopted the reports of the Special Committee on Peace-keeping Operations (see Official Records of the General Assembly, Nineteenth Session, Annexes, annex No. 21, documents A/5915 and Add.1 and A/5916 and Add.1).

16. Pursuant to this authority, the Committee decided to supply to the United Nations Educational, Scientific and Cultural Organization, at its request, theoretical probable percentages in the United Nations scale for certain countries that are not Members of the United Nations.

Date of the next session of the Committee

17. The Committee decided to open its next session on 23 May 1967 at United Nations Headquarters. For its review of the scale of assessments in 1967, the Committee will use as a basis national income statistics for the years 1963, 1964 and 1965 and earnestly requests Member States to provide the necessary data as early as possible.