United Nations

Report of the Committee on Contributions

Eightieth session (1–18 June 2020)

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Supplement No. 11

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Note

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Summary

At its eightieth session the Committee on Contributions met online owing to the coronavirus disease (COVID-19) pandemic. Given the difficult situation surrounding the meeting, the Committee decided to take note of the documentation provided regarding the methodology of the scale of assessments and to perform a full review of the methodology of the scale of assessments pursuant to rule 160 of the rules of procedure of the General Assembly and Assembly resolutions 58/1 B and 73/271 at its next session.

With regard to the methodology for the scale of assessments, the Committee recommended that the General Assembly encourage Member States to make every effort possible to submit the required national accounts questionnaires on a timely basis as the most current, comprehensive and comparable data would be required to enable the Committee to update the scale of assessments at its next meeting, in 2021.

Regarding multi-year payment plans, the Committee noted that no new multi-year payment plans had been submitted. The Committee recalled the past successful implementation of multi-year payment plans by several Member States and reiterated its recommendation that the General Assembly encourage all Member States in arrears under Article 19 of the Charter of the United Nations to develop and submit practical multi-year payment plans in consultation with the Secretariat.

The Committee encouraged all Member States in arrears requesting exemption under Article 19 to provide the fullest possible information in support of their claim, including economic indicators and public expenditure data. The Committee also urged those Member States to submit their requests as early as possible in advance of the deadline specified in resolution 54/237 C.

The Committee encouraged the Member States requesting exemption under Article 19 to make annual payments exceeding current assessments in order to avoid further accumulation of arrears. It encouraged the Member States that had applied for exemption under Article 19 over many years, in particular, to submit a multi-year payment plan and to consult with the Secretariat, as required.

The Committee agreed to support the requests of the Comoros, Sao Tome and Principe and Somalia for exemption under Article 19. The Committee noted that no further action was required for the Central African Republic as it had made the minimum payment necessary to no longer fall under Article 19. The Committee authorized its Chair to issue an addendum to the present report, if necessary.

The Committee concluded that it was unable reach an agreement on the request of the Bolivarian Republic of Venezuela for exemption under Article 19. The Committee noted that the Committee on Relations with the Host Country could perhaps help to resolve the difficulties with the transfer of funds from the Bolivarian Republic of Venezuela, as it had done previously for other Member States in similar circumstances, and hoped that some practical means could be identified to enable the Bolivarian Republic of Venezuela to meet its obligations as soon as possible.

The Committee decided to hold its eighty-first session in New York from 7 June to 2 July 2021.

[18 June 2020]

Contents

I. Attendance

1. The Committee on Contributions held its eightieth session online from 1 to 18 June 2020. At the beginning of the session, the Committee expressed solidarity with all those who were suffering and experiencing fear and with all those who had lost loved ones as a result of the coronavirus disease (COVID-19) pandemic, and stressed its recognition for all those who were on the front line fighting the pandemic, which posed a global threat to all humanity.

2. The following members were present: Syed Yawar Ali, Jakub Chmielewski, Cheikh Tidiane Deme, Gordon Eckersley, Bernardo Greiver del Hoyo, Michael Holtsch, Ji-sun Jun, Vadim Laputin, Shan Lin, Robert Ngei Mule, Toshiro Ozawa, Tõnis Saar, Henrique da Silveira Sardinha Pinto, Brett Schaefer, Ugo Sessi, Alejandro Torres Lépori and Steven Townley.

3. The Committee welcomed the new members and thanked the three outgoing members, Sang-deok Na, Baudelaire Ndong Ella and Wei Zhang, for their hard work and years of service in the Committee.

4. The Committee elected Mr. Greiver del Hoyo as Chair and Mr. Eckersley as Vice-Chair.

II. Terms of reference

5. The Committee on Contributions carried out 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 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, 61/237, 64/248, 67/238, 70/245 and 73/271.

6. The Committee had before it the summary records of the Fifth Committee at the seventy-fourth session of the General Assembly relating to agenda item 139, entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/74/SR.1 and A/C.5/74/SR.2) and the verbatim records of the 14th, 53rd and 54th plenary meetings of the Assembly at its seventy-fourth session (A/74/PV.14, A/74/PV.53 and A/74/PV.54), and had available the relevant report of the Fifth Committee to the Assembly (A/74/483).

III. Review of the methodology for the preparation of the scale of assessments

7. At its eightieth session, the Committee on Contributions decided to postpone the review of the methodology for the preparation of the scale of assessments until its eighty-first session owing to the circumstances surrounding the COVID-19 outbreak and the inability to meet in person. An outline of the methodology used for the preparation of the United Nations scale of assessments for the period 2019–2021 is contained in the annex to the present report.

8. The Committee was informed by the Statistics Division of the Department of Economic and Social Affairs of the Secretariat that, as at 31 May 2020, a total of 93 Member States had responded to the national accounts questionnaire for 2020,

4 of which had responded that they had no new data. Only 53, of the 89 Member States that had responded with data, provided gross national income (GNI) data for the full base period, from 2013 to 2018. The Committee did not provide an updated scale in the present report, owing in part to constraints during the current crisis, but also because of the paucity of data submitted by Member States. **The Committee noted that the most current, comprehensive and comparable data would be required to enable the Committee to update the scale of assessments at its next meeting, in 2021. The Committee recommended that the General Assembly encourage Member States to make every effort possible to submit the required national accounts questionnaires on a timely basis.**

IV. Multi-year payment plans

9. A multi-year payment plan is a schedule of future payments designed to eliminate arrears in the payment of assessed contributions within an identified time frame.

10. 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 (see also A/57/11, paras. 17–23), and in its resolution 74/1, the Assembly reaffirmed that endorsement.

11. In considering the matter, the Committee had before it the report of the Secretary-General on multi-year payment plans (A/75/67), prepared pursuant to the recommendations of the Committee. The Committee noted that the only multi-year payment plan referenced in the report of the Secretary-General had expired in 2009 and had not been updated. As at 18 June 2020, none of the Member States in arrears under Article 19 of the Charter of the United Nations to the Organization had a current multi-year payment plan in place.

12. **The Committee recalled the past successful implementation of multi-year payment plans by several Member States and reiterated its recommendation that the General Assembly encourage all Member States in arrears under Article 19 of the Charter to develop and submit practical multi-year payment plans in consultation with the Secretariat.**

V. Application of Article 19 of the Charter

13. 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 regarding the application of Article 19 of the Charter. It also recalled Assembly resolution 54/237 C concerning procedures for the consideration of requests for exemption under Article 19.

14. The Committee recalled that the General Assembly, in its resolution 54/237 C, had 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. In addition, the Assembly had 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 State concerned. Most recently, the Assembly, in its resolution 74/1, had

once again urged all Member States requesting exemption to submit as much information as possible and to consider submitting such information in advance of the deadline specified in resolution 54/237 C so as to enable the collation of any additional detailed information that might be necessary.

15. The Committee noted that all the requests for exemption considered at its present session had been received by the President of the General Assembly in advance of the deadline. **The Committee encouraged all Member States in arrears requesting exemption under Article 19 to provide the fullest possible information in support of their claim, including economic indicators and public expenditure data. The Committee also urged those Member States to submit their requests as early as possible in advance of the deadline specified in resolution 54/237 C.**

16. The Committee recalled that, at its previous session, three requests for exemption under Article 19 had been considered and all three Member States had been exempted under Article 19 pursuant to resolution 74/1.

17. At its present session, the Committee noted that five requests for exemption under Article 19 had been received. However, following a meeting with the Permanent Representative of the Central African Republic, a payment was received from the Government of that country. The Committee commended the Central African Republic for its timely action, which reduced the arrears payable by the country. **The Committee noted that no further action was required, as the Central African Republic had made the minimum payment necessary to no longer fall under Article 19.**

Requests for exemption

Member State	*Number of years consecutively falling under Article 19*	*Number of years consecutively requesting an exemption under Article 19*	*Total payments received while falling under Article 19 (in United States dollars)*	*Contributions due as at 18 June 2020 (in United States dollars)*
Comoros	28	26	499 691	984 730
Sao Tome and Principe	33	19	967 841	934 569
Somalia	28	19	42 629	1 516 738
Venezuela (Bolivarian Republic of)	–	–	133 836 749	109 164 686

18. Many Member States make extraordinary efforts to meet their financial obligations to the United Nations despite facing enormous challenges. Some Committee members noted that, whereas a small number of Member States had been considered for exemption under Article 19 continuously for the past 25 years or more, other Member States that were seemingly in equally difficult circumstances, such as the Central African Republic, were able to pay their contributions. Such contrasting experiences led some members of the Committee to question whether Member States had exhausted every available payment option before seeking exemption from the requirements under Article 19.

19. The Committee encouraged the Member States requesting exemption under Article 19 to make annual payments exceeding current assessments in order to avoid further accumulation of arrears. It encouraged the Member States that had applied for exemption under Article 19 over many years, in particular, to submit a multi-year payment plan and to consult with the Secretariat, as required.

1. Comoros

20. The Committee had before it a letter dated 4 May 2020 from the President of the General Assembly addressed to the Chair of the Committee on Contributions, transmitting a letter dated 24 April 2020 from the Chargé d'affaires a.i. of the Permanent Mission of the Comoros to the United Nations addressed to the President of the General Assembly. It also heard an oral presentation by the Chargé d'affaires a.i. of the Permanent Mission of Comoros.

21. In its written and oral presentations, the Comoros indicated that, in April 2019, the economic consequences of Cyclone Kenneth had brought down GDP growth. The unprecedented global health crisis due to the COVID-19 outbreak was affecting the recovery. The global health emergency would drastically hamper efforts and progress towards development and have an adverse impact on vulnerable people. The Comoros had kept in mind the issue of a multi-year payment plan and would make it a priority as soon as the situation normalized. The Comoros remained committed to regularly reducing its arrears by paying $33,000 annually.

22. The Secretariat provided the Committee with information concerning the situation in the Comoros. The Comoros remained a fragile State facing long-standing political and socioeconomic challenges, which hampered development efforts and carried the risk of recurring political and institutional instability. The country continued to experience political tension, linked to the July 2018 referendum and the 2019 electoral processes.

23. The Committee noted that the accumulated contributions due from the Comoros amounted to $984,730 and that a minimum payment of $882,237 was required under Article 19. The most recent payment, of $3,621, from the Comoros had been received in January 2020. **The Committee strongly urged the Comoros to submit a multi-year payment plan as a matter of priority.**

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

2. Sao Tome and Principe

25. The Committee had before it a letter dated 4 May 2020 from the President of the General Assembly addressed to the Chair of the Committee on Contributions, transmitting a letter dated 27 April 2020 from the Chargé d'affaires a.i. 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 presentation by the Chargé d'affaires a.i. of the Permanent Mission of Sao Tome and Principe.

26. In its written and oral presentations, Sao Tome and Principe emphasized the small size of the country, its insularity and its strong dependence on remittances and external aid. While the country was not facing any acute humanitarian crisis, it was prone to natural disasters, including floods and landslides. Agriculture was a strong sector, with exports of cocoa, coffee and palm oil. Tourism was an important and growing activity but was not able to support economic growth on a countrywide scale. Sao Tome and Principe continued to face significant challenges to overcoming its insularity, small market size, vulnerability to natural shocks and climate change, limited human capital and scarce tradable resources, which would persist and be further aggravated by the widespread impact of the COVID-19 pandemic. The Government indicated that, as the situation in the country and the world normalized, it would consider updating its multi-year payment plan.

27. The Secretariat provided the Committee with information concerning the situation in Sao Tome and Principe. Prior to the COVID-19 crisis, Sao Tome and Principe had faced significant structural challenges due to its remote location, small size and limited capacities and resources. The country had a vulnerable economy that was largely dependent on external markets and was at high risk of debt distress. The debt of the country was expected to rise considerably as a result of the current COVID-19 pandemic.

28. The Committee noted that the accumulated contributions due from Sao Tome and Principe amounted to $934,569 and that a minimum payment of $832,075 was required under Article 19. The most recent payment, of $50,000, from Sao Tome and Principe had been received in January 2018. **The Committee strongly urged the country to update its multi-year payment plan and revise the terms as soon as possible.**

29. **The Committee concluded that the failure of Sao Tome and Principe to pay the minimum amount necessary to avoid the application of Article 19 was a result of conditions beyond its control. It therefore recommended that Sao Tome and Principe be permitted to vote until the end of the seventy-fifth session of the General Assembly.**

3. Somalia

30. The Committee had before it a letter dated 5 May 2020 from the President of the General Assembly addressed to the Chair of the Committee on Contributions, transmitting a letter dated 4 May 2020 from the Permanent Representative of Somalia to the United Nations addressed to the President of the General Assembly. It also heard an oral presentation by the Permanent Representative of Somalia.

31. In its written and oral presentations, Somalia indicated that, since the 1990s, the country had endured serious internal conflict, which had created a financial crisis and given rise to grave economic difficulties. While modest progress had been made, the Government had continued to face immense challenges, such as the lack of resources sufficient for the Government to deal with the acute humanitarian and economic crisis and terrorism, in addition to the current COVID-19 crisis. The Government of Somalia stated that it would make all necessary payments as soon as possible and that it would consider the submission of a multi-year payment plan.

32. The Secretariat provided the Committee with information concerning the situation in Somalia. Over the past year, the country had achieved significant progress on the political, security and economic fronts. The year 2020 was critical for Somalia, as it was preparing “one person, one vote” elections, finalizing the review of the federal constitution and advancing the fight against Al-Shabaab. Many challenges persisted and progress on some priorities was behind schedule owing to the triple threat of the COVID-19 pandemic, devastating floods and the desert locust infestation. In addition, 2.6 million people had been internally displaced by armed conflict, insecurity or drought.

33. The Committee noted that the accumulated contributions due from Somalia amounted to $1,516,738 and that a minimum payment of $1,414,245 was required under Article 19. The Committee noted that a payment of $37,706 had been received from Somalia in May 2020. The Committee welcomed recent payments by Somalia that had enabled the Secretary-General to completely close a number of closed peacekeeping operations accounts. Those payments had been applied to the amounts currently due, as well as to the outstanding amounts due for the closed peacekeeping operations. **The Committee encouraged Somalia to continue making payments to address its arrears and to submit a multi-year payment plan.**

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

4. Bolivarian Republic of Venezuela

35. The Committee had before it a letter dated 11 May 2020 from the President of the General Assembly addressed to the Chair of the Committee on Contributions, transmitting a letter dated 6 May 2020 from the Permanent Representative of the Bolivarian Republic of Venezuela to the United Nations addressed to the President of the General Assembly. It also heard an oral presentation by the Permanent Representative of the Bolivarian Republic of Venezuela.

36. During his presentation to the Committee, the Permanent Representative of the Bolivarian Republic of Venezuela indicated that his Government had the resources necessary and was willing to pay its assessed contributions and arrears to the United Nations, but was prevented from transferring the funds by the economic sanctions imposed upon it by another Member State. The representative of the United Nations Development Programme appearing before the Committee reported his understanding that some unsuccessful attempts had been made by the Venezuelan authorities to transfer funds to the United Nations.

37. The Committee noted that the situation of the Bolivarian Republic of Venezuela was different to that of other Member States requesting an exemption under Article 19 in 2020, whose requests were based on an inability to pay because of domestic economic and/or political difficulties. It was noted that similar circumstances involving different Member States had arisen in the past and recalled that, at that time, the Committee had concluded that the request for exemption from the requirements of Article 19 went beyond the Committee's technical advisory role as it was unable to address the political matters underlying the request. The Committee observed that the Bolivarian Republic of Venezuela had not previously petitioned the Committee under Article 19.

38. Some members of the Committee considered that the current request from the Bolivarian Republic of Venezuela for exemption under Article 19 was similarly affected by political matters that went beyond the Committee's technical advisory role. Some members expressed concern that the technical nature of the Committee could be compromised by engaging with payment issues arising from political disputes between Member States and could lead other Member States to seek the Committee's intervention in political matters in future years.

39. Some members were of the opinion that the Committee should recommend to the General Assembly the waiver of Article 19 for the Bolivarian Republic of Venezuela as they were of the view that the current situation prevented it from transferring its assessed contributions to the United Nations owing to conditions beyond its control.

40. Other members assessed that there was insufficient information before the Committee to enable it to decide the matter.

41. **The Committee concluded that it was unable to reach an agreement on the request of the Bolivarian Republic of Venezuela for exemption under Article 19. The Committee noted that the Committee on Relations with the Host Country could perhaps help to resolve the difficulties with the transfer of funds from the Bolivarian Republic of Venezuela, as it had done previously for other Member States in similar circumstances, and hoped that some practical means could be**

identified to enable the Bolivarian Republic of Venezuela to meet its obligations as soon as possible.

VI. Other matters

A. Process of decision-making on the scale of assessments

42. Some members expressed the view that the Committee could provide its experience and advice on the peacekeeping scale of assessments, should the General Assembly so request. Other members expressed the view that it was superfluous and not feasible to offer its assistance again as the offer had already been included in the previous report of the Committee and the General Assembly had not requested such assistance.

B. Collection of contributions

43. The Committee, at the conclusion of its present session, noted that the following three Member States were in arrears in the payment of their assessed contributions under the terms of Article 19 of the Charter but had been permitted to vote in the General Assembly until the end of the seventy-fourth session, pursuant to Assembly resolution 74/1: Comoros, Sao Tome and Principe and Somalia. **The Committee authorized its Chair to issue an addendum to the present report, if necessary.**

44. The Committee also noted that, as at 31 May 2020, a total of $3.8 billion was owed to the Organization for the regular budget, peacekeeping operations and the international tribunals. Of that amount, $2.4 billion related to assessments issued in prior years and $1.4 billion related to the current year. The overall amount ($3.8 billion) reflected an increase compared with the amount of $3.6 billion outstanding as at 31 May 2019.

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

45. Under the provisions of paragraph 17 (a) of its resolution 73/271, the General Assembly authorized the Secretary-General to accept, at his discretion and after consultation with the Chair of the Committee on Contributions, a portion of the contributions of Member States for the calendar years 2019, 2020 and 2021 in currencies other than the United States dollar.

46. The Committee noted that, in 2019, the Secretary-General had accepted as contributions to the regular budget the equivalent of $16,044,619.62 from the Islamic Republic of Iran in non-United States dollar currencies acceptable to the Organization.

D. Organization of the Committee's work

47. 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 provided by the Department of Political and Peacebuilding Affairs, 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

48. The Committee decided to continue to explore ways in which to improve access to information and documentation, including the online availability of information for Member States on the outcome of its work. Information on the work of the Committee is available at https://www.un.org/en/ga/contributions/.

F. Date of the next session

49. **The Committee decided to hold its eighty-first session in New York from 7 June to 2 July 2021.**

Annex

Outline of the methodology used for the preparation of the United Nations scale of assessments for the period 2019–2021

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 2014–2016 and 2011–2016. 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 United Nations during the corresponding base periods as a first approximation of the capacity to pay, and applied conversion factors, relief measures and limits to the scale in order to arrive at the final scale.

2. Information on GNI was provided by the Statistics Division of the Department of Economic and Social Affairs and was based on data provided in national currencies 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 Member States, the Statistics Division prepared estimates using national and other available sources, including the regional commissions of the United Nations, other regional organizations, the World Bank and the International Monetary Fund (IMF).

3. 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. 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*. As used by IMF, exchange rates are classified into three broad categories, reflecting the role of the authorities in determining the rates and/or the multiplicity of the exchange rates of the Member States and include the following:

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

(b) Official rates, determined by government authorities;

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

For the purposes of preparing the scale of assessments, the above-mentioned three categories were referred to as market exchange rates (MERs). For States that were not members of IMF, where MERs were not available, United Nations operational rates of exchange were used.

4. As part of its review process, the Committee on Contributions used systematic criteria to consider whether MERs resulted in excessive fluctuations or distortions in the income of particular Member States, for possible replacement with price-adjusted rates of exchange (PAREs) or other appropriate conversion rates. The PARE methodology was developed as a means of adjusting the conversion rates into United States dollars taking into account the relative price changes in the economies of the respective Member States and the United States of America, which is reflected in the MER valuation index (MVI). The MVIs of the Member States are considered relative to the respective value of the entire membership of the United Nations and in that way take into account the movement of the currencies of all Member States relative to the United States dollar. PAREs are derived by adjusting the MER with the ratio of the MVI of the entire membership of the Organization divided by the MVI of the Member State, limited to a range of 20 per cent above or below the MVI of the entire membership.

5. An average of the annual GNI figures in United States dollars for each base period was then aggregated with the corresponding figures for all Member States as the first step in the machine scales used for the scale of assessments for the period 2019–2021.

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 each base period (three and six years). Thus, where the length of the base period is six years, the average GNI is:

$$\frac{1}{6}\left(\frac{\text{GNI}_{year_1}}{\text{Conversion rate}_{year_1}}+\cdots+\frac{\text{GNI}_{year_6}}{\text{Conversion rate}_{year_6}}\right)$$

These average GNI figures were summed and used to calculate the shares of GNI of Member States in the average GNI of the entire membership.

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

6. 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 International Debt Statistics database, which included statistics for Member States that are members of and borrowers from the World Bank and have per capita GNI below a given threshold. In 2016, the threshold set by the World Bank was $12,236 (using the World Bank Atlas conversion rates). The amount of the debt-burden adjustment was deducted from the GNI of the countries affected. The debt-burden adjustment was distributed to all Member States through the indirect redistribution of points; that is, new shares of debt-adjusted GNI were calculated.

Summary of step 2

The debt-burden adjustment (DBA) for each base period was deducted from GNI 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

These figures were used to calculate new shares of GNI_{da}.

7. 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 per capita GNI_{da} for each Member State for each base period. The overall average figures for the current scale were $10,403 for the three-year base period and $10,476 for the six-year base period, and these were fixed as the starting points, or thresholds, for the corresponding adjustments. The share in GNI_{da} of each Member State whose average per capita GNI_{da} was below the threshold was reduced by 80 per cent of the percentage by which its average per capita GNI_{da} was below the threshold.

8. For each machine scale, the total low per capita income adjustment was reallocated to all Member States above the threshold, except the Member State affected by the maximum assessment rate or ceiling, in proportion to their relative shares of the total GNI_{da} of that group. For illustrative purposes, a track 2 calculation was undertaken in which the ceiling Member State 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 the entire membership for each base period was calculated. This was used as the threshold for application of the low per capita income adjustment. Thus the average per capita GNI for the six-year base period is:

$$\frac{\left(\text{Total GNI}_{year_1} + \cdots + \text{Total GNI}_{year_6}\right)}{\left(\text{Total population}_{year_1} + \cdots + \text{Total population}_{year_6}\right)}$$

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

Summary of step 4

The average per capita GNI_{da} for each Member State for each base period was calculated in the same manner as in step 3, using GNI_{da}. Thus the average per capita GNI_{da} for the six-year base period is:

$$\frac{\left(\text{GNI}_{da,\ year_1} + \cdots + \text{GNI}_{da,\ year_6}\right)}{\left(\text{population}_{year_1} + \cdots + \text{population}_{year_6}\right)}$$

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

Summary of step 5

In each machine scale, the low per capita income adjustment was applied to the Member States whose average per capita GNI_{da} was lower than the average per capita GNI (threshold). This adjustment reduced the affected Member State's share of GNI_{da} by the percentage by which its average per capita GNI_{da} 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 GNI_{da} is $1,000, and the gradient is 80 per cent, then the percentage by which the GNI_{da} share would be reduced is:
>
> [1 - (1000/5000)] x 0.80 = 64 per cent.

Summary of step 6

In each machine scale, the total low per capita income adjustment was reallocated pro rata to Member States whose average per capita GNI_{da} 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 per capita GNI_{da} was above the threshold, except the ceiling Member State. Since the ceiling Member State would not ultimately share in the reallocation of points arising from the low per capita income adjustment, including it in the reallocation would cause the beneficiaries of the adjustment to share a part of its cost. This would occur when the points added for the ceiling Member State were reallocated pro rata to all other Member States as part of the reallocation of points arising from the application of the ceiling.

Track 2

The total of the low per capita income adjustments was proportionately reallocated to all Member States whose average per capita GNI_{da} was above the threshold, including the ceiling Member State. 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" steps.

9. Following those adjustments, three sets of limits were applied to each machine scale. The 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 all other Member States except, under track 1, the ceiling Member State.

Summary of step 7

The minimum assessment rate, or floor (currently 0.001 per cent), was applied to the Member States that had a rate at this stage that was below the floor. Corresponding reductions were then applied pro rata to all other Member States except, under track 1, the ceiling Member State.

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

Summary of step 8

The least developed countries that had a rate that 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 those affected by the floor and, under track 1, the ceiling Member State.

11. 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 Member State were then applied pro rata to other Member States. As indicated above, those increases were calculated in accordance with track 1; that is, they reflected a distribution of points from the ceiling Member State that did not include any points arising from the application of the low per capita income adjustment, the floor adjustment and the adjustment for the least developed countries ceiling.

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 all other Member States except those affected by the floor and the least developed countries ceiling, using the track 1 approach from step 6 above.

12. An arithmetical 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 (2014–2016 and 2011–2016), were added together and divided by two.

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