United Nations

Report of the Committee on Contributions

Sixty-fifth session (6-24 June 2005)

General Assembly
Official Records
Sixtieth Session
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Summary

At its sixty-fifth session, the Committee reached conclusions about the following elements of the methodology for preparing the scale of assessments for the period 2007-2009 (chap. III):

(a) Income measure;

(b) Conversion rates — use of market exchange rates (MERs), except where that causes distortions;

(c) Criteria for deciding when to replace MERs;

(d) Appropriate price-adjusted rates of exchange.

The Committee decided to review further and/or seek guidance from the General Assembly on the following elements of the scale methodology, or potential new elements:

(a) Base period;

(b) Debt-burden adjustment;

(c) Low per capita income adjustment, including the discontinuity faced by Member States moving up through the threshold of the low per capita income adjustment between scales;

(d) Relief measures for Member States facing large scale-to-scale increases;

(e) Annual recalculation of the scale.

With regard to multi-year payment plans (chap. IV), the Committee considered:

(a) The new payment plan submitted by Iraq;

(b) The positive results from payment plans;

(c) The Republic of Moldova's completion of payments under its plan.

The Committee encouraged Member States to consider submitting plans.

With regard to measures to encourage the payment of arrears (chap. V), the Committee:

(a) Reaffirmed its recommendation on the deadline for payment of assessed contributions;

(b) Reaffirmed its recommendation on encouraging Member States to authorize the Secretariat to apply outstanding credits to outstanding assessed contributions;

(c) Decided not to consider the question further unless any guidance was received from the General Assembly.

With regard to the application of Article 19 of the Charter (chap. VI), the Committee:

(a) Recommended that the General Assembly again urge Member States requesting exemption under Article 19 to provide as much information as possible in support of their requests;

(b) Requested the Secretariat to remind Member States of the deadline for requests for exemption established by Assembly resolution 54/237 C;

(c) Recommended that the following Member States be permitted to vote in the Assembly until 30 June 2006: the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Iraq, Somalia and Tajikistan;

(d) Did not take action on the requests for exemption from Liberia and the Niger received after the deadline established by Assembly resolution 54/237 C;

(e) Concluded that no action was required by the Assembly in connection with the Republic of Moldova, since that country had paid the necessary minimum amount to avoid the application of Article 19;

(f) Observed that the request from Tajikistan to have its peacekeeping arrears written off went beyond the competence of the Committee on Contributions as a technical advisory body.

The Committee decided to hold its sixty-sixth session from 5 to 30 June 2006 (chap. VII).

[28 June 2005]

Contents

Chapter I

Attendance

1. The sixty-fifth session of the Committee on Contributions was held at United Nations Headquarters from 6 to 24 June 2005. The following members were present: Kenshiro Akimoto, Meshal Al-Mansour, Petru Dumitriu, Paul Ekorong à Dong, David Dutton, Haile Selassie Getachew, Bernardo Greiver, Hassan M. Hassan, Ihor V. Humenny, Eduardo Iglesias, David A. Leis, Vyacheslav A. Logutov, Bernard G. Meijerman, Hae-yun Park, Eduardo Ramos, Henrique da Silveira Sardinha Pinto, Ugo Sessi and Wu Gang.

2. The Committee elected Mr. Sessi as Chairman and Mr. Greiver as Vice-Chairman.

Chapter II
Terms of reference

3. The Committee conducted 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 General Assembly on 13 February 1946 (resolution 14 (I) A, para. 3); and the mandate contained in Assembly resolutions 46/221 B of 20 December 1991, 48/223 C of 23 December 1993, 52/215 B of 22 December 1997, 53/36 C and D of 18 December 1998, 54/237 B and C of 23 December 1999, 54/237 D of 7 April 2000, 55/5 B and D of 23 December 2000, 57/4 B of 20 December 2002, 57/4 C of 15 April 2003, 58/1 A of 16 October 2003, 58/1 B of 23 December 2003, 59/1 A of 11 October 2004 and 59/1 B of 23 December 2004.

4. The Committee had before it the summary records of the Fifth Committee at the fifty-ninth session of the General Assembly relating to agenda item 113, entitled "Scale of assessments for the apportionment of the expenses of the United Nations" (A/C.5/59/SR.2, 4, 10, 11 and 23) and the verbatim records of the 24th and 76th plenary meetings of the General Assembly at its fifty-ninth session (A/59/PV.24 and 76) and had available the relevant reports of the Fifth Committee to the Assembly (A/59/421 and Add.1).

Chapter III
Methodology of future scales of assessments

5. The Committee recalled that rule 160 of the rules of procedure of the General Assembly calls for the Committee to advise the Assembly on the apportionment of the expenses of the United Nations under Article 17 of the Charter. In addition, the Committee recalled that in its resolution 58/1 B the General Assembly had requested it, in accordance with its mandate and the rules of procedure of the Assembly, to continue to review the methodology of future scales of assessments on the basis of the principle that the expenses of the Organization shall be apportioned broadly according to capacity to pay.

6. In that connection, the Committee had had a first exchange of ideas on the different elements of the scale methodology at its sixty-fourth session.[1] The Committee had looked at the pattern of major scale-to-scale changes in Member States' recent rates of assessments and had concluded that changes in scale methodology were a significant factor in many cases. The Committee had also recalled that it had earlier recognized that, while the scale methodology should not be so rigid as to fail to accommodate future changes in economic and technical circumstances, part of the Committee's mandate was to promote stability in the scale methodology.[2]

7. In its resolution 58/1 B, the General Assembly had also requested the Committee on Contributions to continue its consideration of possible systematic criteria for deciding when market exchange rates (MERs) should be replaced with price-adjusted rates of exchange (PAREs) or other appropriate conversion rates for the purpose of preparing the scale of assessments, taking into account the relevant provisions of resolution 46/221 B. The Committee had undertaken an initial review at its sixty-fourth session and decided to revert to the matter at its sixty-fifth session.

8. In its resolution 58/1 B, the General Assembly had also requested the Committee to continue to make a thorough analysis of the revised method of calculating PAREs. At its sixty-fourth session, the Committee recalled that it had reviewed the revised method on a number of occasions. Following further consideration, the Committee had concluded that it had serious shortcomings as a tool for adjusting exchange rates for the preparation of the scale and decided not to consider it further. At the same time, the Committee had had a first substantive discussion on the concept of relative PARE, which reflects the movement of domestic prices relative to those of the United States of America rather than their absolute movement, and had decided to consider it further at its sixty-fifth session.

9. The Committee recalled that it had also decided to review the other elements of the scale methodology at its sixty-fifth session, with a view to reaching preliminary conclusions concerning the elements of the methodology for preparing the scale of assessments for the period 2007-2009, in order to assist the General Assembly in considering the question at its sixtieth session.

10. In conducting its review of the scale methodology, the Committee had before it additional information from the Statistics Division. It also met with a representative of the World Bank to discuss issues related to data on external debt. Members of the Committee expressed appreciation for the documentation and support provided by its secretariat and the Statistics Division. **The Committee emphasized the**

importance of adequate support for its work, especially in the context of its consideration in 2006 of the scale of assessments for the period 2007-2009, and requested the Secretary-General to ensure that sufficient resources were made available for this purpose.

A. Elements of the current methodology for the preparation of scales of assessments

1. Income measure

11. The Committee recalled that it had recommended the use of estimates of gross national product (GNP) as a first approximation of capacity to pay, as had the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay,[3] and that the General Assembly had accepted this approach in the context of the adoption of the scales of assessments for 1998-2000, 2001-2003 and 2004-2006. The Committee noted that, under the terminology of the 1993 system of national accounts (SNA), GNP is now known as gross national income (GNI).

12. The Committee recalled that concern had been expressed, during the review of previous scales of assessments, about the comparability of data prepared under the 1993 SNA and data still prepared under the 1968 SNA. In that connection, the Committee noted that as at 31 December 2004, 90 countries and territories, accounting for 59 per cent of 2001 world population and 91.8 per cent of total world gross domestic product (GDP), had implemented the 1993 SNA.

13. The Committee recalled that the scale of assessments for the period 2004-2006, which it had recommended to the General Assembly for approval in 2003, had been based on data covering periods through 2001 — i.e., with a two-year time lag. Some members felt that this time lag was undesirable and that the use of more current data would better approximate Member States' capacity to pay. The Committee was informed that preliminary data for 2004, reflecting a one-year time lag, were available for only 45 countries, and that even those data were often subject to significant revisions. The Committee was advised that data for 2003, with a two-year time lag, were available for 105 countries, and that those data were generally more reliable. The Committee was advised that the situation would be kept under review in the light of data availability in future.

14. **The Committee recommended that the scale of assessments for the period 2007-2009 should be based on the most current, comprehensive and comparable data available for GNI.**

2. Conversion rates

15. The Committee recalled that the next step in the scale methodology was to convert GNI data to a single currency, the United States dollar. It recalled that the scales for the periods 2001-2003 and 2004-2006 used conversion rates based on MERs, except where that would cause excessive fluctuations and distortions in the income of some Member States, in which case PAREs or other appropriate conversion rates were employed, taking due account of General Assembly resolution 46/221 B. In that resolution, the Assembly requested the Committee on Contributions, in the context of its review of the scale methodology, to make recommendations based, inter alia, on uniform exchange rates in accordance with

certain criteria: International Monetary Fund (IMF) rates for members of the Fund; rates based on IMF technical advice for other countries; and United Nations operational rates for countries for which the two criteria do not apply. The Assembly also requested that the Committee provide explanations for the use of other rates.

16. **The Committee recommended that conversion rates based on MERs should be used for the scale of assessments for the period 2007-2009, except where that would cause excessive fluctuations and distortions in the income of some Member States, in which case PAREs or other appropriate conversion rates should be employed.**

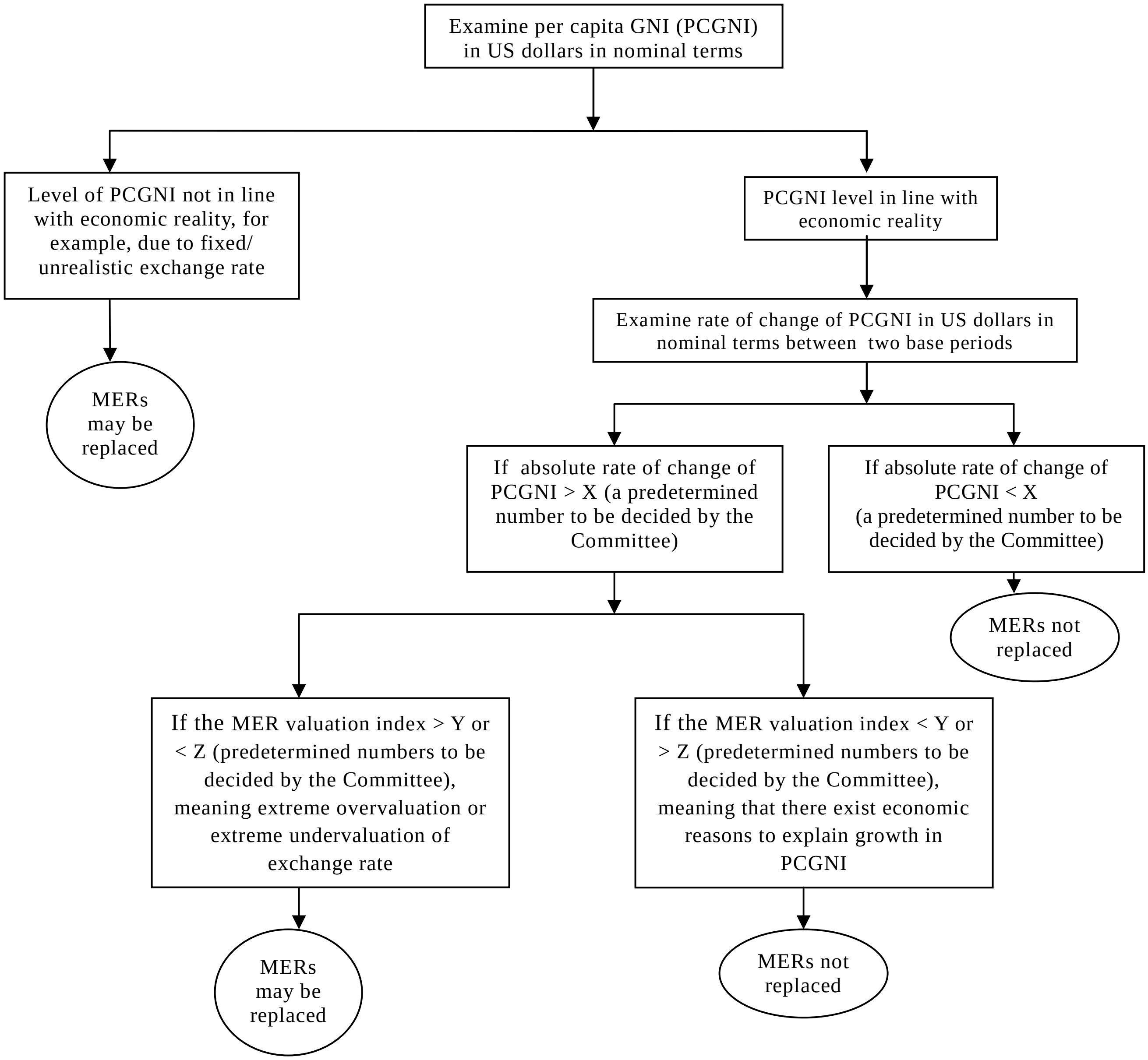
Criteria for deciding when MERs should be replaced

17. The Committee noted that MERs used for the purposes of the scale are generally annual averages of rates communicated to IMF and published in *International Financial Statistics*. This publication includes three types of rates: (a) market rates, determined largely by market forces; (b) official rates, determined by government authorities; and (c) principal rates, where appropriate, including for countries maintaining multiple exchange rate arrangements. When MERs are not available from *International Financial Statistics* or the IMF economic information system, the Statistics Division has used United Nations operational rates or other available information in the initial data used by the Committee on Contributions in reviewing the scale.

18. In considering which MERs should be replaced in preparing the scale of assessments for the period 2004-2006, the Committee reviewed the situation of Member States that had made representations to the Committee under the provisions of General Assembly resolution 46/221 C; those whose MERs had been replaced in preparing the scale for the period 2001-2003; those for which there appeared to be a serious disparity between real GNI growth and growth when GNI was converted to United States dollars; and those for which one or more exchange rates during the base period showed distortions under the revised PARE methodology.

19. The Committee considered a multi-layered proposal for a more systematic approach to deciding which MERs should be replaced in preparing the next scale of assessments. The decision process, which is represented in the figure showing the steps to identify which MERs should be replaced, is aimed at focusing attention on cases where the use of MERs results in excessive distortions or fluctuations in GNI figures when converted to United States dollars.

Steps to identify which MERs should be replaced



20. A first group for which replacement of MERs would be considered consists of those Member States, often with fixed exchange rates, whose levels of per capita GNI in United States dollars seem clearly out of line with economic reality.

21. A second group would be those Member States with a large proportionate change in per capita GNI in United States dollars, comparing data for the last three years of the base periods for the new and current scales — i.e., for the next scale,

data for 2002-2004 would be compared with data for 1999-2001. For those Member States with a rate of change above predetermined threshold levels, a further review would be undertaken using a MER valuation index.

22. This index distinguishes between changes in GNI, expressed in United States dollars, that are explained by real economic growth and those that are not. Implicitly, the latter can be seen as due to MERs not adjusting adequately to changes in the relative prices of the country in question vis-à-vis those of the United States of America. If the change in GNI, expressed in United States dollars, is due solely to real economic growth, the index would be 1.0. Similarly, if the index is greater than 1.0, it will reflect an overvaluation, and if less than 1.0, an undervaluation.

23. If the MER valuation index of the Member States reviewed exceeded predetermined threshold levels, the MERs in question could be replaced in such a way that the Member State MER valuation index would be brought back to the predetermined threshold level. The various threshold levels applied would be determined by the Committee on Contributions.

24. While expressing interest in the new approach, some members doubted that this simplified approach would be able to cover the situation of all Member States adequately. Others pointed out that it would be a useful starting point and that other relevant factors could still be considered by the Committee.

25. **The Committee decided that, in reviewing the scale of assessments for the period 2007-2009, it would use the proposed new approach in considering which MERs should be replaced. In its initial review, it would use threshold figures of plus 50 per cent or minus 33 per cent, for changes in per capita GNI in United States dollars between 1999-2001 and 2002-2004, and MER valuation index levels of 1.2 and 0.8. Final thresholds, however, would be fixed after further analysis of the data to be used in preparing the scale of assessments for the period 2007-2009.**

26. **The Committee agreed that application of the criteria described above would not exclude consideration of other suitable cases for replacement of MERs. In that context, it recalled that Member States were able to submit additional information to the Committee during its review of the scale.**

Price-adjusted rates of exchange

27. At its sixty-fourth session, the Committee decided to consider the relative PARE concept further at its sixty-fifth session. This approach is designed to adjust MERs deemed to be causing excessive fluctuations and distortions in a Member State's income in United States dollars by a factor reflecting its inflation rate relative to that of the United States of America. By contrast, absolute PARE reflects only domestic inflation in the Member State concerned, thereby creating the possibility of another distortion.

28. The Committee noted that none of the possible approaches were without problems or would necessarily solve every problem. This included the World Bank Atlas method, a three-year moving average including relative price adjustment for the previous two years, which smoothes fluctuations in the short term but does not address longer-term problems. The advantages and disadvantages of the three approaches are summarized in annex I.

29. **The Committee concluded that relative PARE was in general the most technically sound method of adjusting MERs, when distortions were identified, for the purposes of preparing the scale. At the same time, while relative PARE would henceforth be the default method used by the Committee in cases where MERs were not appropriate, the Committee recognized that other solutions might be needed in specific cases. As regards the base year for calculation of relative PARE, the Committee agreed that this should be decided by a case-by-case analysis of the data for the Member States concerned.**

3. Base period

30. The Committee recalled that the scales of assessments for 2001-2003 and 2004-2006 had been based on the average of the results of machine scales using base periods of three and six years. The 2004-2006 scale, for example, had been based on the average of the results of machine scales using data for 1996-2001 and 1999-2001.

31. A number of members considered that a single base period would be simpler and technically sounder, with some favouring a three-year base period, to correspond more closely to current capacity to pay, and others favouring a six-year period, to help to smooth out the impact of short-term fluctuations in GNI data.

32. Other members noted the lack of agreement on whether to shorten or lengthen the base period. They also emphasized the importance of promoting stability in the scale methodology and felt that the current approach represented a reasonable compromise.

33. As regards the method of calculation of the scale using the two base periods, the Committee considered the possibility of averaging the data for the two periods and running one machine scale. The Committee noted that this approach smoothed the results of the calculations somewhat, but some members had concerns about the consequent burden-shifting or believed that the choice of method would be arbitrary.

34. **The Committee decided to consider the question of the base period further at its sixty-sixth session in the light of any guidance from the General Assembly.**

4. Debt-burden adjustment

35. Members of the Committee had divergent views about the debt-burden adjustment, which reflects notional repayments of principal of external debt. Some held the view that the burden of debt was adequately reflected in the data for GNI, which included interest paid on external debt. They also considered that the adjustment was technically incorrect, as it mixed income and capital concepts.

36. Other members considered that the adjustment was an integral part of the scale methodology, as external debt had a substantial impact on Member States’ capacity to pay.

37. As regards the application of the adjustment, the Committee noted that since 1999 it had been based on the debt-stock approach. This reduces taxable GNI by 12.5 per cent of a Member State’s stock of external debt, reflecting a theoretical assumption that such debt is repaid over eight years. Some members felt that the adjustment should rather be based on actual repayments of debt principal, the so-

called debt-flow approach. Other members considered that the overall level of a country's debt itself constituted a significant burden.

38. The Committee noted that a number of higher- and middle-income countries benefited from the debt-burden adjustment. Some members felt that it should be available only to lower-income States. Others felt that the current approach should be retained, as it better reflected capacity to pay.

39. **The Committee noted with concern that changes in coverage by the World Bank and the Organization for Economic Cooperation and Development meant that debt data were not available for several countries after 2002. It requested the Statistics Division to make every effort to obtain the necessary data for the countries concerned. The Committee agreed to review questions related to the debt-burden adjustment further at its sixty-sixth session in the light of any guidance from the General Assembly.**

5. Low per capita income adjustment

40. In considering the low per capita income adjustment, the Committee recalled that, according to the current scale methodology, the threshold below which the adjustment was applied was the average per capita GNI of all the Member States. This threshold was compared with the debt-adjusted per capita GNI of each Member State. Some members considered that the threshold should also be based on debt-adjusted income figures. Other members saw no reason to change the current methodology. The Committee also recalled the problem caused by the discontinuity experienced by Member States that move up through the threshold of the adjustment between scale periods. Such Member States not only cease to benefit from the adjustment but must also help to pay for it. The resulting increases often come on top of an already significant increase due to a higher share of total membership GNI. Although the number of countries affected tends to be quite small, this can still pose a very real problem for them.

41. The Committee considered a number of alternative approaches to this problem. One possibility would be to distribute the amount of the adjustment among all Member States, not just those above the threshold. This would eliminate the discontinuity, but it would also mean that the level of per capita GNI at which Member States benefited from the low per capita income adjustment, the point of inflexion, would be lower than the threshold. This effect could be offset by raising the threshold somewhat above average per capita GNI. Alternatives proposed included delaying or phasing in the increase related to having to help pay for the adjustment by a few years. Some members believed that the use of different thresholds or gradients for Member States as they approached the threshold could resolve the problem of discontinuity. As explained by the Secretariat, however, creating more thresholds would be likely to generate more discontinuities. Other members did not believe that multiple gradients would help to resolve the problem of discontinuity.

42. **The Committee decided to consider questions related to low per capita income adjustment further at its sixty-sixth session on the basis of additional information from the Statistics Division and in the light of any guidance from the General Assembly.**

6. Floor

43. The Committee recalled that the General Assembly had reduced the minimum level of assessment, or floor, from 0.01 per cent to 0.001 per cent from 1998. Some members felt that this still imposed an excessive burden on some of the smaller Member States, in particular small island developing States, and pointed out that it sometimes negated the benefit of other adjustments. Others saw no evidence that the floor imposed an excessive burden and considered that the amounts involved were a reasonable minimum to expect Member States to pay for membership of the Organization.

7. Ceilings

44. The Committee recalled that the current scale methodology included a maximum assessment rate, or ceiling, of 22 per cent and a maximum rate of assessment for the least developed countries, or LDC ceiling, of 0.010 per cent.

45. A number of members queried the rationale for the LDC ceiling and felt that it should be abolished. It had benefited only two Member States in the current scale, and those Member States had already benefited from other adjustments. Some members noted the small size of the adjustment, while others were not prepared to support its elimination.

B. Other possible elements for the scale methodology

1. Large scale-to-scale increases in rates of assessment

46. The Committee recalled that, in its resolution 58/1 B, the General Assembly had noted that the application of the current methodology led to substantial increases in the rate of assessment of some Member States, including developing countries.

47. On the basis of information provided by the Secretariat, some members recalled that a number of members of the Fifth Committee had expressed their concern at these large increases. Other members noted that the Committee on Contributions had no mandate to pursue this question and did not consider that there was a sufficient problem to change the scale methodology.

48. The Committee recalled that the scheme of limits, which was designed to limit such increases, had been fully eliminated in the scale of assessments for 2001-2003. It also recalled that the scale of assessments for 2001-2003 had included transitional measures for some Member States experiencing large increases, so that these increases were phased in over the scale period. It further recalled that the scales of assessments for 2001-2003 and 2004-2006 had both included voluntary increases and decreases to mitigate the increases of some Member States.

49. The Committee considered the possibility of introducing a systematic measure to phase in large scale-to-scale increases over the scale period. Some members recognized the problem and expressed interest in the idea. Other members noted that refinements of other elements of the scale methodology, such as measures to deal with the discontinuity problem in the low per capita income adjustment, might also help to diminish this problem. In addition, they recalled the possibility of voluntary mitigation measures. They also pointed to the problem of equity for Member States whose increase was slightly less than whatever threshold was chosen and would not benefit from transitional relief. A number of members also considered that any

measures to mitigate or smooth large increases in scale rates should be applied symmetrically to large scale-to-scale reductions of rates.

50. **The Committee decided to consider the matter further only if mandated to do so by the General Assembly.**

2. Annual recalculation of the scale of assessments

51. The Committee recalled that it had first considered the proposal for automatic annual recalculation of the scale in 1997 and had revisited the question on a number of occasions since then.[4]

52. Members supporting the idea considered that annual recalculation of the scale would better approximate Member States' current capacity to pay, as each year's scale would be based on the most up-to-date available data. They suggested that it could also lessen the problem of sharp scale-to-scale changes, since new data would be introduced gradually each year rather than only once every three years. They recognized that various technical issues would need to be dealt with but considered that this was feasible, especially if intra-scale period adjustments were delegated to the Committee on Contributions.

53. Other members considered that it was more likely that annual recalculation would lead to an annual renegotiation of the scale. They also considered that it would make Member States' annual assessments less stable and predictable. They noted that annual recalculation would require a revision of rule 160 of the rules of procedure of the General Assembly and would require additional resources to support an annual technical review of data by the Committee on Contributions.

54. **The Committee decided to study the question of annual recalculation further at its future sessions.**

Chapter IV
Multi-year payment plans

55. In paragraph 1 of its resolution 57/4 B, the General Assembly endorsed the conclusions and recommendations of the Committee on Contributions concerning multi-year payment plans. These provided that Member States should be encouraged to submit multi-year payment plans, which constitute a useful tool for reducing unpaid assessed contributions and a way to demonstrate commitment to meeting financial obligations to the United Nations; that due consideration should be given to the economic position of Member States, as not all of them might be in a position to submit such plans; that multi-year payment plans should remain voluntary and should not be automatically linked to other measures; that Member States considering a multi-year payment plan should submit the plan to the Secretary-General for the information of other Member States and should be encouraged to consult the Secretariat for advice in its preparation, in which context it was suggested that the plans should provide for payment each year of the Member State's current year assessments and a part of its arrears and that, where possible, the plans should generally provide for elimination of a Member State's arrears within a period of up to six years; that the Secretary-General should be requested to provide information on the submission of such plans to the Assembly, through the Committee; that the Secretary-General should be requested to submit an annual report to the Assembly, through the Committee, on the status of Member States' payment plans as at 31 December each year; and that, for those Member States that are in a position to submit a payment plan, the Committee and the Assembly should take the submission of a plan and its status of implementation into account as one factor when they consider requests for exemption under Article 19 of the Charter. In its resolutions 58/1 B and 59/1 B, the Assembly reaffirmed paragraph 1 of its resolution 57/4 B.

56. In considering this matter, the Committee had before it the report of the Secretary-General on multi-year payment plans[5] prepared pursuant to the Committee's recommendations. It was also provided with updated information with regard to the status of payment plans.

A. New payment plans

57. The Committee took note of the payment plan submitted by Iraq in a note verbale dated 11 April 2005 to the Chairman of the Committee on Contributions. This is reflected in the table on the status of payment plans.

58. The Committee recalled that the Central African Republic had indicated in 2003 its plans to submit a schedule of payments of arrears at a later date. The Committee also recalled that, in the context of its request for exemption under Article 19 of the Charter last year, the Central African Republic had indicated that its Finance and Budget Ministry was in the process of drawing up a long-term calendar of debt payments that it intended to announce very soon. No further information had been received since then.

59. The Committee recalled that, in the context of its request for exemption under Article 19 last year, Guinea-Bissau had indicated that it would keep the issue of multi-year payment plans under continuous consideration and, as the country's situation normalized, would establish such a plan as a matter of priority. The

Committee noted that, in the context of its current request for exemption under Article 19, Guinea-Bissau indicated that it would keep the issue of multi-year payment plans under continuous consideration and, as the country's situation normalized, would establish such a plan as a matter of priority and inform the General Assembly accordingly.

60. The Committee was informed that the Secretariat had included in the *Journal of the United Nations* an announcement that the Committee on Contributions would be considering multi-year payment plans at its sixty-fifth session and inviting any Member States intending to submit such a plan to contact the Secretariat for further information. As indicated above, a new payment plan was submitted by Iraq.

B. Status of payment plans

61. The table in paragraph 21 of the Secretary-General's report (A/60/66) summarizes the status of the five payment plans reported on as at 31 December 2004, submitted by Georgia in 2003 (its fourth), the Niger in 2004 (its first), the Republic of Moldova in 2001 (its third), Sao Tome and Principe in 2002 (its first) and Tajikistan in 2000 (its first). The Committee was also provided with updated information, as at 24 June 2005, including the plan proposed by Iraq, as shown in the table on the status of payment plans.

Status of payment plans at 24 June 2005

(United States dollars)

	Georgia				*Iraq*			
	Most recent plan	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*	*Payment plan*[b]	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*
1999				7 205 324		583 678	12 269	13 106 122
2000		116 120	184 443	7 188 001		510 465	59 962	13 556 625
2001		87 686	302 218	6 973 469		2 143 639	321 240	15 379 024
2002		114 552	70 298	7 019 723		1 732 728	138 571	16 973 181
2003		97 200	14 759	7 102 164		2 640 757	74 063	19 539 875
2004	776 229	79 750	899 929	6 281 985		491 339	123 498	19 907 716
2005[a]	776 229	65 703	776 526	5 571 162	5 000 000	350 439	0	20 258 155
2006	776 229				5 000 000			
2007	776 229				5 000 000			
2008	776 229				4 870 286			
2009	776 229							
2010	776 229							
2011	776 229							
2012	776 229							
2013	776 229							

	Niger				*Republic of Moldova*			
	Payment plan	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*	*Payment plan*	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*
1999				334 149				3 386 720
2000		27 082	95	361 136		161 436	324 618	3 256 538
2001		14 483	318	375 301	180 000	38 395	163 254	3 131 810
2002		15 723	3 233	387 791	500 000	56 202	516 732	2 679 236
2003		17 124	950	403 965	800 000	38 883	861 278	1 856 841
2004	18 000	20 932	28 926	395 971	820 000	26 791	751 795	1 131 837
2005[a]	40 000	20 572	41 234	375 309	1 000 000	21 901	1 061 465	92 273
2006	45 000							
2007	50 000							
2008	70 000							
2009	98 000							
2010	98 000							
2011	98 000							
2012	30 000							
2013								

	Sao Tome and Principe				*Tajikistan*			
	Payment plan	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*	*Payment plan*	*Assessments at 31 December*	*Payments/ credits*	*Outstanding at 31 December*
1999				570 783				2 436 208
2000		13 543	48	584 278	65 251	63 507	205 389	2 294 326
2001		14 254	157	598 375	67 822	18 727	296 251	2 046 802
2002	27 237	15 723	29 146	584 952	67 822	22 205	306 961	1 765 046
2003	42 237	17 124	929	601 147	67 822	19 439	296 628	1 487 857
2004	59 237	20 932	1 559	620 520	67 822	26 183	400 955	1 113 085
2005[a]	74 237	20 572	0	641 092	67 822	21 901	65 552	1 069 434
2006	89 237				203 466			
2007	114 237				203 466			
2008	134 237				203 467			
2009	153 752				203 467			
2010					203 467			
2011								
2012								
2013								

[a] As at 24 June 2005.
[b] Payment in 2005 to be $5 million plus 2005 assessments of $350,000.

62. The Committee noted the uneven performance of Member States submitting multi-year payment plans, and some members considered that provisions should be toughened to link performance and action under Article 19. Other members recalled that, under the Committee's own recommendations as endorsed by the General Assembly, payment plans are voluntary and should not be automatically linked to other measures.

C. Conclusions and recommendations

63. **The Committee concluded that, although results so far were mixed, the system of multi-year payment plans, endorsed by the General Assembly in 2002, had made a positive contribution in encouraging and assisting Member States to reduce their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations.**

64. **In that connection, the Committee noted with appreciation that the Republic of Moldova had completed payments under its plan and no longer fell under the provisions of Article 19 of the Charter. The Committee also noted with appreciation full payments by Georgia, the Niger and Tajikistan in 2004 under their multi-year payment plans, and by Georgia and the Niger in 2005. The Committee recognized the considerable efforts made by those Member States to honour the commitments that they had made when they submitted their plans and urged those that had not done so to make every effort to make the necessary payments and thereby steadily reduce their outstanding assessed contributions.**

65. **In the light of the foregoing and on the basis of experience to date, the Committee recommended that the General Assembly encourage other Member States in arrears to consider submitting multi-year payment plans.**

Chapter V
Measures to encourage the payment of arrears

66. The Committee noted that this was the eighth year that it had considered this question and that its conclusions and recommendations were reflected in its earlier reports.[6] In considering the matter further, the Committee was provided with further information on the proposal that only Member States that are current with their financial obligations to the United Nations should receive a credit in respect of budgetary surpluses or unencumbered balances and on the idea of a composite approach, combining incentive and disincentive measures.

67. The Committee noted that the only measure under this heading on which action had so far been taken was multi-year payment plans. Action on other conclusions and recommendations was pending, and the Committee awaited guidance on other issues. Some members recalled the promising results from multi-year payment plans and considered that the subject could be reviewed further. Others felt that guidance from the General Assembly was needed.

68. **The Committee recalled that many proposed measures to encourage the payment of arrears were tied to timely payment of assessed contributions, and in that context the Committee recalled and reaffirmed its earlier conclusion that it might be prudent to fix the deadline for timely payment from the date of issuance of the assessments, rather than from the date of their receipt, and to extend the deadline from 30 to 35 days. A draft revision of financial regulation 3.4 is presented in annex II.**

69. **The Committee also recalled and reaffirmed its earlier recommendation to the General Assembly that it encourage Member States with outstanding assessed contributions and credits to authorize the Secretariat to apply such credits to the amounts outstanding so as to reduce outstanding assessed contributions.**

70. **The Committee decided not to consider further the question of measures to encourage the payment of arrears unless it receives any guidance thereon from the General Assembly.**

Chapter VI
Application of Article 19 of the Charter

71. 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 with regard to the application of Article 19 of the Charter. It also recalled the Assembly's decisions in its resolution 54/237 C concerning procedures for the consideration of requests for exemption under Article 19 and the results of its own consideration of this subject.

Requests for exemption under Article 19

72. The Committee recalled that the General Assembly, in its resolution 54/237 C, 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 was due to conditions beyond the control of the Member States. The Assembly also 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.

73. The Committee noted that, on the basis of the latter provision, the deadline for receipt of requests for exemption under Article 19 by the President of the General Assembly was 23 May 2005 for consideration by the Committee at its sixty-fifth session. It also noted that an announcement to that effect was included in the *Journal of the United Nations* from 13 January to 25 March and 1 to 23 May 2005. Eight requests for exemption under Article 19 were received by the time specified in the resolution. By comparison, 10 such requests were received within the specified time frame in 2004, 9 in 2003, 7 in 2002, 3 in 2001 and 7 in 2000.

74. **The Committee also noted that two requests had been received after the time specified in the resolution. The Committee emphasized that, in order to minimize such occurrences in future, every effort should be made to remind Member States of the deadline established by General Assembly resolution 54/237 C. In that context, it requested the Secretariat to continue to include an early announcement on the subject in the *Journal*.**

75. In considering the requests, the Committee had before it information provided by the eight Member States concerned and the Secretariat. It also met with representatives of the Member States, relevant units of the Secretariat and the United Nations Development Programme.

76. The Committee also met with a representative of the African Union, who provided information on the situation of the four African States whose requests for exemption were being considered by the Committee. The Committee noted that three of the four States were not permitted to vote in the African Union because of non-payment of contributions.

77. **The Committee noted with concern that the nature and quality of the information provided by Member States requesting exemptions under Article 19 varied widely, with some providing little, if any, information to support their requests. In this context, the Committee recalled the provisions of General Assembly resolution 54/237 C and recommended that the Assembly again urge all Member States requesting exemptions under Article 19 to submit as much information as possible in support of their requests.**

78. **The Committee recalled that, while the submission of a payment plan should be taken into account as one factor when requests for exemption under Article 19 are considered by the Committee on Contributions and the General Assembly, the submission of a plan was not automatically linked to exemption. Accordingly, Member States requesting exemption under Article 19 should continue to provide supporting information in accordance with the provisions of General Assembly resolution 54/237 C.**

79. The Committee recalled its request to the Secretariat to provide as much detailed additional information as possible on the situation of Member States requesting exemption under Article 19.[7] In that context, some members felt that the deadline specified in resolution 54/237 C should be four weeks before the Committee's session rather than two, so as to allow more time for the Secretariat to provide the information requested. Others felt that this would place too great a burden on the Member States concerned.

80. The Committee recalled that its established practice was to recommend that exemptions granted under Article 19 remain in effect until 30 June of the following year. Some members noted that this meant that Member States requesting an exemption faced the prospect of losing their vote between 1 July and the date on which the General Assembly took action on the related recommendations of the Committee on Contributions. They proposed that exemptions should be granted through the end of the following session of the Assembly, that is, to September of the following year. Other members noted that the current practice ensured an exemption through the following session of the Committee and saw no reason to change it.

81. **The Committee noted that four of the Member States that had requested exemption under Article 19 by the date specified in General Assembly resolution 54/237 C had presented multi-year payment plans for the payment of their arrears. While recognizing that such plans are voluntary and should not be automatically linked to other measures, the Committee encouraged all Member States requesting an exemption under Article 19 to consider, when possible, the submission of a multi-year payment plan.**

82. **In order to ensure that the Committee's conclusions and recommendations are available to the General Assembly as soon as possible, and in accordance with its past practice, the Committee authorized its Chairman to convey to the Assembly without delay the related section of its report.**

1. Central African Republic

83. The Committee had before it the text of a letter dated 23 May 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 23 May 2005 from the Permanent

Representative of the Central African Republic to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of the Central African Republic.

84. In its written and oral representations, the Central African Republic indicated that it was still facing major economic problems. Following a coup and uprisings, elections had been held and the President had just appointed a Prime Minister. Despite these positive developments, serious problems remained, and salaries, pensions and student scholarships remained unpaid. Insecurity in the provinces also hindered economic development and the collection of government revenues.

85. The Committee was provided with information by the Secretariat concerning the situation in the Central African Republic. Although there had been political progress, the security situation was still a cause for concern, with attacks on economic targets in some areas. The economic and social situation remained grave, with food shortages and inadequate health and education services and a serious problem with HIV/AIDS. GDP growth had been negative since 2001, and it had reached a trough of -7.6 per cent in 2003. Exports had virtually been halved since the late 1990s, and the debt burden had increased by some 60 per cent during the same period. While efforts were being made to mobilize foreign assistance, the response so far had been limited.

86. The Committee recalled that the Central African Republic had twice indicated its intention to submit a schedule for the payment of its arrears but had not yet done so and had made no payments at all since 1998.

87. The Committee recalled that in its request for an exemption under Article 19 in 2004, the Central African Republic had indicated that the schedule of payments mentioned in its submission in 2003 was being drawn up and should be announced soon, but that it had not yet been submitted, nor had any explanation been provided. However, **on the basis of the information provided, the Committee concluded on balance that the failure of the Central African Republic to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Central African Republic be permitted to vote until 30 June 2006. The Committee once again urged the Central African Republic to make some payments in the future so as to reduce, or at least avoid an increase in, its unpaid assessed contributions. It also encouraged the Central African Republic, in that connection, to submit the multi-year payment plan that it had earlier announced.**

2. Comoros

88. The Committee had before it the text of a letter dated 23 May 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 17 May 2005 from the Chargé d’affaires a.i. of the Comoros to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of the Comoros.

89. In its written and oral representations, the Comoros referred to the seven years of political turmoil that it had suffered. The country’s limited resources were needed to support the newly established democratic political institutions stipulated by the new Comorian Constitution. The Government had nevertheless recently made a

payment of over $25,000, and, as soon as its situation was stabilized, it intended to pay the rest of its arrears.

90. The Committee was provided with information by the Secretariat. The situation of the Comoros had improved considerably since last year, with the completion of the new Union structure. The economy remained weak, however, with dependence on a few commodities, including vanilla. The country is also vulnerable to natural disasters and had water contamination problems following recent volcanic activity.

91. Some members were not convinced that a sufficient case had been made to grant an exemption under Article 19 to the Comoros. Others welcomed the payment received as an indication of the intention of the Comoros to reduce and eliminate its arrears and were inclined to support its request.

92. **The Committee noted the payment received from the Comoros and urged it to continue to make payments so as to reduce its arrears to the United Nations. In that context, it encouraged the Comoros to consider the possibility of submitting a multi-year payment plan.**

93. **The Committee concluded that, on balance, the failure of the Comoros to pay the full minimum necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Comoros be permitted to vote until 30 June 2006.**

3. Georgia

94. The Committee had before it the text of a letter dated 29 April 2005 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 20 April 2005 from the Permanent Representative of Georgia to the United Nations addressed to the President of the General Assembly, which transmitted a letter dated 13 April 2005 from the Minister for Foreign Affairs of Georgia addressed to the President of the General Assembly. It also heard an oral representation by a representative of Georgia.

95. In its written and oral representations, Georgia referred to its continuing problems. Although there had been significant improvements, it still did not have full control of its territory, and this had a definite impact on government revenues. The Government placed a high priority on meeting its obligations to the United Nations, although its arrears were largely due to an unfair initial rate of assessment. It had made the payments scheduled for 2004 and 2005 and hoped that its payments could increase in future.

96. The Committee was provided with information by the Secretariat concerning the situation in Georgia. Negotiations had not so far resolved the continuing internal conflicts, and these conflicts had a clear impact on the Georgian economy and government revenues. Georgia had to cope with significant numbers of refugees from neighbouring countries, as well as internally displaced persons. The country was also prone to natural disasters, and, despite some improvement, it faced continuing serious problems.

97. **The Committee concluded that the failure of Georgia to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions**

beyond its control. It therefore recommended that Georgia be permitted to vote until 30 June 2006.

4. Guinea-Bissau

98. The Committee had before it the text of a letter dated 30 March 2005 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 29 March 2005 from the Permanent Representative of Guinea-Bissau to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of Guinea-Bissau.

99. In its written and oral representations, Guinea-Bissau indicated that it was still confronted with grave economic and financial difficulties affecting peace and stability and the living conditions of its people. The Government still owed arrears of salaries to civil servants. Guinea-Bissau was committed to paying its contributions to the United Nations and would keep the issue of multi-year payment plans under continuous consideration.

100. The Committee was provided with information by the Secretariat concerning the country's situation. Legislative elections had been held, and a presidential election was under way. Despite these positive developments, the situation remained fragile and the international community was providing support and assistance. A round-table meeting was being arranged after the elections to mobilize resources. In the meantime, the country faced many serious economic and social problems. Life expectancy was low, and poverty was a serious problem.

101. Some members were not convinced that a sufficient case had been made to grant an exemption under Article 19 to Guinea-Bissau.

102. **The Committee concluded that the failure of Guinea-Bissau to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Guinea-Bissau be permitted to vote until 30 June 2006.**

103. **The Committee noted that, between 1995 and 1997, Guinea-Bissau had steadily reduced its arrears, but that since that time its arrears had increased. The Committee noted Guinea-Bissau's intention to establish a multi-year payment plan and encouraged it to submit such a plan as soon as possible, so as once again to reduce its outstanding assessed contributions. Some members recalled that this was the second occasion on which this intention had been declared.**

5. Iraq

104. The Committee had before it the text of a letter dated 10 May 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 6 May 2005 from the Permanent Representative of Iraq to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of Iraq.

105. In its written and oral representations, Iraq pointed to the dire circumstances that the Iraqi people had been enduring as a result of the practices of the former regime, which resulted in several wars and more than a decade of international

sanctions. In addition to the human cost, there had been immense destruction of the country's infrastructure. Security problems were currently hampering the rehabilitation of the oil industry, which provided 90 per cent of government revenue. Despite the enormous demands of reconstruction, Iraq was committed to meeting its financial obligations to the United Nations and had submitted a payment plan, the first instalment of which should be received soon.

106. The Committee was provided with information by the Secretariat concerning the scale of the problems facing Iraq following decades of war and international sanctions. Although resources were being mobilized and reconstruction efforts were under way, the task was enormous and the process was hampered by the security situation. At the same time, the political transition had been launched and the country had significant natural and human resources to tackle these challenges.

107. **The Committee concluded that the failure of Iraq to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Iraq be permitted to vote until 30 June 2006. The Committee welcomed Iraq's commitment to meet its financial obligations to the United Nations, as reflected in the multi-year payment plan that it had submitted.**

6. Liberia

108. The Committee had before it the text of a letter dated 27 May 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 26 May 2005 from the Permanent Representative of Liberia to the United Nations addressed to the President of the General Assembly, which transmitted a letter dated 11 May 2005 from the Minister for Foreign Affairs of Liberia addressed to the President of the General Assembly.

109. **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 General Assembly at least two weeks before the Committee's session so as to ensure a complete review of the requests. As the letter from the Permanent Representative of Liberia had been received less than two weeks before the beginning of its session, the Committee decided that it could take no action on the request from Liberia.**

7. Niger

110. The Committee had before it the text of a letter dated 8 June 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 8 June 2005 from the Permanent Representative of the Niger to the United Nations addressed to the President of the General Assembly.

111. **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 General Assembly at least two weeks before the Committee's session so as to ensure a complete review of the requests. As the letter from the Permanent Representative of the Niger had been received after the beginning of its session, the Committee decided that it could take no action on the request from the Niger. The Committee expressed**

its appreciation to the Niger for the payment of the second instalment under its multi-year payment plan in 2005.

8. Republic of Moldova

112. The Committee had before it the text of a letter dated 23 May 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 20 May 2005 from the Permanent Representative of the Republic of Moldova to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of the Republic of Moldova.

113. In its written and oral representations, the Republic of Moldova provided information concerning its situation, as did the Secretariat. The Permanent Representative of the Republic of Moldova also indicated that his Government had made payments in excess of the amount included in its payment plan. On the basis of the information presented, members of the Committee were disposed to recommend acceptance of the request from the Republic of Moldova.

114. The Secretariat confirmed receipt of those payments on 16 June 2005, as a result of which the Republic of Moldova no longer fell under the provisions of Article 19.

115. **The Committee recognized with appreciation the considerable efforts that the Republic of Moldova had made to meet its financial obligations to the United Nations despite the serious problems that it continued to face.**

116. **The Committee recalled that Article 19 provided that the General Assembly may permit a Member subject to its provisions to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member. In that context, the Committee noted that the Republic of Moldova did not, in fact, currently fall under the provisions of Article 19. Accordingly, it concluded that no action was required by the Assembly.**

9. Somalia

117. The Committee had before it the text of a letter dated 23 May 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 21 May 2005 from the Permanent Representative of Somalia to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by a representative of Somalia.

118. In its written and oral representations, Somalia referred to the devastating impact of the 15-year civil war. State infrastructure had been destroyed, State property had been looted and factories dismantled and exported. Physical infrastructure had also suffered due to years of neglect and misuse. In addition to the political problems facing the country, drought had adversely affected livestock exports over the past four years. In addition the freezing of the assets of Albarakat, the major banking institution, had impeded remittances and economic activity and had yet to be lifted. The recent tsunami had caused extensive damage to Somali fishing communities and destroyed mangroves and coastal vegetation. The transitional federal institutions created at the Nairobi peace conference in October 2004 had not inherited any financial assets, and there had been little assistance

forthcoming so far from the international community. As a result, Somalia's failure to pay its assessed contributions to the United Nations was due to conditions beyond its control.

119. The Committee was provided with information by the Secretariat concerning the current situation in Somalia. There was a Transitional Federal Parliament, and a President, Prime Minister and Government had been selected. The Government was not yet fully installed in the country, however. While recent developments were quite positive, the situation was still very fragile and serious economic problems remained.

120. **The Committee concluded that the failure of Somalia to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Somalia be permitted to vote until 30 June 2006.**

10. Tajikistan

121. The Committee had before it the text of a letter dated 21 April 2005 from the Acting President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 5 April 2005 from the Permanent Representative of Tajikistan to the United Nations transmitting a letter dated 12 March 2005 from the Prime Minister of Tajikistan addressed to the President of the General Assembly. It also heard an oral representation by a representative of Tajikistan.

122. In its written and oral representations, Tajikistan referred to its continuing economic and social problems. External debt posed a pressing problem and restricted the Government's ability to implement poverty reduction programmes. The conflict in the country had forced many citizens to go abroad, and the Government was taking over responsibility for border patrols, a further burden on the national budget. Despite these problems, Tajikistan had continued to make payments under its multi-year payment plan. In view of its problems, Tajikistan requested that consideration be given to writing off its arrears to peacekeeping accounts that accrued before 2000.

123. The Committee was provided with information by the Secretariat concerning the situation in Tajikistan. While Tajikistan had gone a long way towards overcoming problems stemming from its civil war, its GDP was still below the pre-war level, much of the population was below the poverty line and the country was prone to natural disasters, including earthquakes, floods and landslides. As a landlocked country, Tajikistan also faced higher import costs, and instability in neighbouring areas had had an adverse impact on its situation.

124. **The Committee noted with appreciation that, despite its continuing difficulties, Tajikistan had continued to fulfil the commitments that it had made under the plan that it submitted in 2000 and that its payments during 2000-2005 exceeded those scheduled in the plan. On the basis of the information provided, the Committee concluded that the failure of Tajikistan to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Tajikistan be permitted to vote until 30 June 2006.**

125. **As regards the request from Tajikistan that its arrears for peacekeeping activities that accrued before 2000 be written off, this goes beyond the competence of the Committee as a technical advisory body.**

Chapter VII
Other matters

A. Collection of contributions

126. The Committee noted that, at the conclusion of the current session, on 24 June 2005, only one Member State, Chad, was in arrears in the payment of its assessed contributions to the United Nations under the terms of Article 19 of the Charter and had no vote in the General Assembly. In addition, the following 10 Member States were in arrears in the payment of their assessed contributions under the terms of Article 19 but had been permitted to vote in the Assembly until 30 June 2005 pursuant to General Assembly resolution 59/1 A: the Central African Republic, the Comoros, Georgia, Guinea-Bissau, Iraq, Liberia, the Niger, Sao Tome and Principe, Somalia and Tajikistan. **The Committee decided to authorize its Chairman to issue an addendum to the present report, as necessary.**

127. Under the provisions of paragraph 3 (a) of its resolution 58/1 B, the General Assembly 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 calendar years 2004, 2005 and 2006 in currencies other than United States dollars.

128. The Committee noted that the Secretary-General had accepted the equivalent of $838,794.22 from Ethiopia and Pakistan in two currencies other than United States dollars acceptable to the Organization in 2004.

B. Date of the next session

129. **The Committee decided to hold its sixty-sixth session in New York from 5 to 30 June 2006.**

Notes

[1] See *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 11* (A/59/11), sect. III.

[2] Ibid., *Fiftieth Session, Supplement No. 11 A* (A/50/11/Add.1 and 2), part two, para. 22.

[3] See A/49/897.

[4] See *Official Records of the General Assembly, Fifty-first Session, Supplement No. 11* (A/51/11), paras. 96-97; ibid., *Fifty-third Session, Supplement No. 11* (A/53/11), paras. 73-81; ibid., *Fifty-fourth Session, Supplement No. 11* (A/54/11), paras. 41-42; and ibid., *Fifty-fifth Session, Supplement No. 11* (A/55/11), para. 131.

[5] A/60/66.

[6] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 11* (A/53/11); ibid., *Fifty-fourth Session, Supplement No. 11* (A/54/11 and Corr.1); ibid., *Fifty-sixth Session, Supplement No. 11* (A/56/11); ibid., *Fifty-seventh Session, Supplement No. 11* (A/57/11); ibid., *Fifty-eighth Session, Supplement No. 11* (A/58/11); and ibid., *Fifty-ninth Session, Supplement No. 11* (A/59/11).

[7] Ibid., *Fifty-ninth Session, Supplement No. 11* (A/59/11), para. 37.

Annex I

Summary of advantages and disadvantages of various methods for adjusting market exchange rates

Alternative correction factors	*Advantages*	*Disadvantages*
1. Relative PARE	Takes into account changes in domestic prices relative to those of the United States of America	
Average-based	Value-judgement free Do not need to select a year with the "right" MER	Assuming that the average MER is the "appropriate" MER, which may not be correct, e.g., when MERs are fixed by financial authorities The whole body of historical data must be available in order to derive the weighted average to serve as "appropriate" MER
Based on a specific year	Simple to apply Can adjust any given year, a number of years or the whole body of historical data Allows for careful analysis of data	Requirement of value judgement Requirement of basic understanding of the economic conditions of the country to be adjusted
2. Absolute PARE Based on a specific year or average of years	Adjusts for domestic inflation	Does not take changes in prices in the United States of America into account, thereby injecting a potential distortion
3. World Bank Atlas	Smoothes changes over time in normal circumstances Includes limited adjustment of relative price effects on the adjusted MERs	Based significantly on MERs and therefore cannot fully adjust for the cases of high inflation without appropriate changes in MERs

Annex II

Amendment to the Financial Regulations and Rules of the United Nations

Replace the text of regulation 3.4 with the following:

> Regulation 3.4: Contributions and advances shall be considered as due and payable in full within thirty-five days of the issuance of the communication of the Secretary-General referred to in regulation 3.3 above, or as of the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.

05-40071 (E) 210705