United Nations

Report of the Committee on Contributions

General Assembly

Official Records
Fifty-fifth session
Supplement No. 11 (A/55/11)

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Contents

Chapter I
Attendance

1. The sixtieth session of the Committee on Contributions was held at United Nations Headquarters from 5 to 30 June 2000. The following members were present: Alvaro Gurgel de Alencar, Pieter Bierma, Uldis Blukis, Sergio Chaparro Ruiz, Ekorong A. Dong Paul, Neil Francis, Bernardo Greiver, Henry Hanson-Hall, Ihor V. Humenny, Nathan Irumba, Ju Kuilin, David A. Leis, Sergei I. Mareyev, Angel Marrón, Hae-yun Park, Prakash Shah, Ugo Sessi and Kazuo Watanabe.

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

3. On behalf of the Committee, its Chairman addressed a letter to its former Chairman, David Etuket, expressing its regret at his departure and its appreciation for his invaluable contribution, both as a member and as Chairman.

Chapter II
Terms of reference

4. 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 B and C of 23 December 1993, 50/207 B of 11 April 1996, 52/215 A and B of 22 December 1997, 53/36 B to E of 18 December 1998, 54/237 B and C of 23 December 1999 and 54/237 D of 7 April 2000.

5. The Committee had before it the summary records of the fifty-fourth session relating to agenda item 125, entitled “Scale of assessments for the apportionment of the expenses of the United Nations” (A/C.5/54/SR.8, 10, 11 and 49); the relevant reports of the Fifth Committee to the General Assembly (A/54/685 and Add.1); and the verbatim records of the 88th and 95th plenary meetings of the General Assembly at its fifty-fourth session (A/54/PV.88 and 95).

Chapter III
Measures to encourage the timely, full and unconditional payment of assessed contributions

6. At its fifty-eighth session, the Committee discussed the indexation of arrears, as well as restricting access for Member States in arrears to recruitment and procurement opportunities offered by the United Nations.[1] In its resolution 53/36 C, the General Assembly requested the Committee to consider these issues further and to make recommendations, as appropriate, including measures to encourage the timely, full and unconditional payment of assessed contributions, pursuant to its general mandate under Assembly resolution 14 A (I).

7. Pursuant to that mandate, the Committee considered a number of possible measures at its fifty-ninth session, including the retention or redistribution of budgetary surpluses as an incentive to timely payment of assessed contributions; incentive payments to Member States that have paid their assessed contributions early; interest on or indexation of arrears; ineligibility of Member States in arrears for election to subsidiary bodies; giving priority in recruitment and procurement to Member States that have paid their assessed contributions in full; multi-year payment plans; a proposal by a member of the Committee for a new assessed fund; that Member States that are not in arrears be given priority in the payment of peacekeeping-related reimbursements; and the issuance of redeemable peacekeeping certificates. The Committee also drew attention to certain practical questions concerning the definition of arrears and of the timely payment of contributions that would need to be considered if the question of timely payment were to be linked to new incentive and/or disincentive measures. The results of the Committee’s review are reflected in its report.[2]

8. In its resolution 54/237 B, the General Assembly requested the Committee to further consider measures to encourage the timely, full and unconditional payment of assessed contributions and to make appropriate recommendations but decided that the Committee should not consider further the question of

whether Member States not in arrears should be given priority in the payment of peacekeeping-related reimbursements or the possible issuance of redeemable peacekeeping certificates.

9. In considering how to respond to the Assembly's request, the Committee recalled its observations on related questions in its report on its fifty-ninth session. It was suggested that a number of the proposals considered then were either beyond the terms of reference of the Committee or raised serious political questions for which the guidance of the Assembly would be required. The effectiveness of incentive payments and credits was questioned, based on the experience of other organizations of the United Nations system, as was the concept that Member States should be rewarded for meeting their legally binding financial obligations to the Organization.

10. In the light of these considerations, the Committee decided to review further at its sixty-first session the possibility of indexation of or interest on arrears, multi-year payment plans and the new assessed fund suggested by one of its members at its fifty-ninth session. The Committee requested the Secretariat to submit a report on these questions and it was suggested that this might also include further suggestions for measures to encourage the timely, full and unconditional payment of assessed contributions.

Multi-year payment plans

11. The Committee noted that a number of Member States were faced by large and persistent arrears in the payment of their assessed contributions to the United Nations. In the light of that situation, it was unlikely that they would be in a position to eliminate their arrears immediately. **Accordingly, the Committee agreed that multi-year payment plans could be a useful tool in reducing arrears to the Organization in the case of those Member States which seek a rescheduling of the payment of their arrears.**

12. Specific multi-year payment plans, which would require the approval of the General Assembly, could be the subject of arrangements between the Member States concerned and the Secretariat within guidelines established by the General Assembly.

13. The Committee noted a link in some other organizations between payment plans and the suspension of penalties for non-payment of assessed contributions. It was recalled, however, that the loss of the vote under Article 19 was effectively the only penalty for non-payment of assessed contributions and most members expressed concern at any weakening of that provision. Some members emphasized that there should be no link between payment plans and the application of Article 19. The legality of such a link was also questioned and it was suggested that a legal opinion on the subject be sought from the United Nations Legal Counsel. Other members were of the view that such a linkage would be inevitable.

14. One member suggested that payment plans could operate by a procedure similar to minimum payments under Article 19 — a Member under a payment plan would have the right to vote in the General Assembly only as long as it made payments in accordance with the provisions of the plan. Some members were of the view that this would require a revision of the Charter. As regards the duration of payment plans, some members were of the view that they should be strictly limited, with some suggesting a maximum period of three to six years.

15. The Committee decided to consider the question of multi-year payment plans further at its sixty-first session in the light of any guidance from the General Assembly.

Chapter IV Application of Article 19 of the Charter

16. The Committee recalled its review of this question at its fifty-eighth and fifty-ninth sessions, and at its special session in 1999, as reflected in its reports.[3]

A. Procedures for the application of Article 19

17. In its resolution 52/215 B, the General Assembly, *inter alia*, requested the Committee to review current procedures for the application of Article 19, including the possibility of calculating and applying it at the beginning of each calendar year and at the beginning of the peacekeeping financial period on 1 July of each year, and to make recommendations thereon, as appropriate, to the Assembly before the end of its fifty-

third session. The results of the Committee's review are reflected in its report on its fifty-eighth session.

18. In its resolution 53/36 C, the General Assembly, *inter alia*, requested the Committee, at its fifty-ninth session, to consider and make recommendations to the Assembly at its fifty-fourth session on the possibilities for tightening the application of Article 19.

19. At its fifty-ninth session, the Committee recalled the results of its earlier review and considered further two measures for tightening the application of Article 19: the application of Article 19 more often or at a different time than at present and changing the definition of "… the amount of the contributions due … for the preceding two full years …" from gross assessments, as at present, to net assessments. The Committee decided to consider these questions further at an appropriate future session in the light of any policy guidance from the General Assembly.

20. The Committee noted that no such guidance has been forthcoming from the General Assembly, and given other priorities during its sixtieth session, it decided to defer further consideration of these matters to an appropriate future session.

B. Requests for exemption under Article 19

21. In its resolution 54/237 C, the General Assembly, *inter alia*, 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 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.

22. Seven requests for exemption under Article 19 were received by the time specified in the resolution and none subsequently. The Committee welcomed this improvement in procedures for consideration of requests for exemption under Article 19. While noting that the information available with respect to the seven requests still varied considerably, the Committee recognized and welcomed an overall improvement in the availability of information from the Member States concerned and from the Secretariat, due in part to Member States' adherence to the provisions of Assembly resolution 54/237 C.

23. The Committee noted that the number of countries falling under Article 19 had been increasing slowly in recent years, reflecting the growth and persistence of arrears for a number of Member States. The Committee also noted the negative impact on the assessment rates of a number of Member States of the imposition in previous scales of a minimum assessment rate, or floor, of 0.01 per cent or of the combined effects of conversion rate replacements in 1994, economic crisis and the effects of the scheme of limits. The current scale had reduced the floor tenfold to 0.001 per cent and had completed the phasing out of the effects of the scheme of limits, apart from limited transitional measures. A number of these Member States, however, were still faced with significant arrears accumulated during earlier scale periods. The Committee noted that if those Member States had not had arrears in the past, they would not have fallen under Article 19. The Committee noted that three of the seven Member States requesting exemption under Article 19 had been negatively affected by the higher floor in place until 1998 and that the other four, part of the former USSR, had been negatively affected by their former high assessment rates and the residual effects of the scheme of limits, the gradual phasing out of which was completed in 2000.

24. The Committee emphasized the importance of the obligation of all Member States to pay their assessed contributions in full, on time and without conditions. It noted with interest the much wider range of sanctions for non-payment applied by the Organization of African Unity (OAU), including the loss of vote and ineligibility to take the floor at meetings and present candidates for election or for recruitment to the secretariat.

25. The Committee emphasized the strictly exceptional nature of exemptions under Article 19. It noted that four of the Member States now requesting exemption under Article 19 had been granted such exemptions in the past, two of them continuously since 1996. The Committee once again expressed its concern at this evident tendency to seek to extend such

exemptions for long periods of time. The Committee also noted that two of the Member States had made no payment since 1996. It renewed its appeal to all of the Member States concerned, as proof of their good faith, to make some payments to the United Nations even during the period of exemptions, so as not to increase or even to reduce the amount of their arrears.

26. In considering the seven requests, the Committee had before it information provided by the Member States and the Secretariat. It also met with a representative of OAU and representatives of the Departments of Political Affairs and Peacekeeping Operations of the Secretariat and of the United Nations Development Programme (UNDP), as well as with representatives of the seven Member States concerned.

1. Burundi

27. The Committee had before it the text of a letter dated 19 May 2000 from the President of the General Assembly to the Chairman of the Committee on Contributions, transmitting a letter dated 16 May 2000 from the Permanent Representative of Burundi to the United Nations addressed to the President of the General Assembly. It also heard an oral representation by the Permanent Representative of Burundi.

28. In its written and oral representations, Burundi drew attention to the civil war that had gripped the country since 1993 and had led to the death, displacement or exile of hundreds of thousands of people. It had also led to large-scale destruction of infrastructure and property in both urban and rural areas and substantially reduced agricultural production, both of food and cash crops. Economic activity had also been disrupted by the security situation in the country and a severe shortage of foreign exchange. The country had also been affected by an economic embargo by the countries of the subregion from July 1996 to January 1999 following a change of government. This, together with a freezing or reduction of foreign economic assistance, had worsened Burundi's economic situation. Burundi would continue to try to meet its financial obligations to the United Nations and was open to considering the possibility of a schedule of future payments. It was, however, currently unable to make the necessary minimum payment to avoid the application of Article 19 and requested an exemption through the next session of the General Assembly.

29. The Committee noted the continuing severe political, security and economic problems facing Burundi despite some positive recent developments, including the progress of regional peace efforts. It also noted the country's effort in recent years to meet its financial obligations to the United Nations and to reduce outstanding arrears, as well as the fact that Burundi had not previously sought an exemption under Article 19. The Permanent Representative of Burundi informed the Committee that a payment of $100,000 would be made shortly. The Committee was advised that Burundi was also in arrears in its payments to OAU, which had approved a payments plan under which some of the related sanctions were suspended pending periodic review.

30. The Committee concluded that Burundi's failure 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 Burundi be permitted to vote until 30 June 2001.

2. Comoros

31. The Committee had before it the text of a note verbale dated 8 May 2000 from the Permanent Mission of the Comoros to the United Nations addressed to the Secretariat of the Committee on Contributions, as well as the text of a letter dated 18 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 10 May 2000 from the Chargé d'affaires of the Comoros to the United Nations addressed to the President of the Assembly. It also heard an oral representation by a representative of the Comoros.

32. In its written and oral representations, the Comoros made reference to the ongoing separatist crisis, which began in 1997 in Anjouan, one of the three islands of the Comoros. The political problems had had a devastating impact on the country, with hundreds dying from fighting and disease and thousands forced to flee from Anjouan. The country's problems were exacerbated by action by OAU to suspend international cooperation following political changes that took place in the Comoros on 30 April 1999. Government revenues had been adversely affected by the secession and external sanctions and payment of civil service salaries had been delayed. The representative of the Comoros indicated an openness to

considering the possibility of a schedule of payments of arrears.

33. The Committee noted the continuing economic and political problems of the Comoros. It also heard from a representative of OAU that the Comoros was currently subject to penalties for non-payment of its contributions to OAU. The Committee was informed that efforts at a political settlement had been disrupted by the *coup d'état* that had overthrown the constitutional government in April 1999. Measures had subsequently been taken by OAU against both the military government and the separatists in Anjouan. As a result, foreign assistance was down sharply. Despite these difficulties, the Government had taken steps to improve revenue collection and control expenditures. Salary payments to the public service had improved and payments to international lending institutions had resumed. Project assistance from the World Bank had resumed.

34. The Committee recalled that the Comoros had benefited from exemptions under Article 19 since 1996 and noted that no payments had been received from the Comoros since 1996. It recalled that, at its fifty-ninth session, it had expressed concern at the continuing increase in the arrears of the assessed contributions of the Comoros to the United Nations and the extended nature of its exemption under Article 19, a measure that is intended to be both exceptional and temporary. The Committee noted that since then there had been no sign of any effort by the Comoros to reduce its arrears to the Organization.

35. While recognizing the continuing problems faced by the Comoros, the Committee was not convinced that its failure to make payments of arrears to the United Nations was due to conditions beyond its control. The Committee was not therefore in a position to recommend that an exemption under Article 19 be granted.

36. Some members expressed reservations concerning the Committee's decision, expressing the view that the failure of the Comoros to make the necessary payments to avoid the application of Article 19 was due to conditions beyond its control.

3. Georgia

37. The Committee had before it the text of a letter dated 19 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 18 May 2000 from the Permanent Representative of Georgia to the United Nations addressed to the President of the Assembly. It also heard an oral representation by a representative of Georgia.

38. In its written and oral representations, Georgia made reference to its continuing serious political and economic problems stemming from local and regional conflicts, with a consequent problem of refugees and displaced persons, the Russian economic crisis that began in August 1998 and a severe drought. These negative factors contributed to a reduction in the rate of economic growth and shortfalls in government revenue, as well as the need to provide for unanticipated emergency requirements. Reference was also made to the original over-assessment of Georgia, following the break-up of the former USSR. The Government was taking all necessary measures to settle its outstanding problems but, at present, was unable to make the necessary minimum payment to avoid the application of Article 19. The Government intended to make a payment of $180,000 in 2000 and intended to eliminate its arrears over the following seven years, as follows:

Year	*Percentage*	*Amount of repayment (United States dollars)*	
2001	10	707 104	plus contribution for current year
2002	10	707 104	plus contribution for current year
2003	10	707 104	plus contribution for current year
2004	15	1 060 656	plus contribution for current year
2005	15	1 060 656	plus contribution for current year
2006	20	1 414 208	plus contribution for current year
2007	20	1 414 208	plus contribution for current year

This schedule of payments represented the most that Georgia could do at present, although the Government would try to shorten the period from seven years if that was possible in future.

39. The Committee noted the continuing political and economic problems faced by Georgia. It also noted the country's past, albeit sporadic, efforts to meet its financial obligations to the United Nations. The Committee welcomed Georgia's stated intention to eliminate its arrears to the United Nations. The question of payment plans is considered elsewhere in the present report, but the Committee agreed that there was no direct link between this proposal by Georgia

and consideration of Georgia's request for exemption under Article 19.

40. Having reviewed the information provided, the Committee concluded that Georgia's failure to pay the full minimum amount required to avoid the application of Article 19 was due to conditions beyond its control. Accordingly, the Committee recommended to the General Assembly that Georgia should be permitted to vote until 30 June 2001.

41. Some members expressed reservations regarding the Committee's conclusions with regard to Georgia. While recognizing the difficulties faced by Georgia, they felt that the failure of Georgia to make the necessary minimum payment to avoid the application of Article 19 reflected government priorities, rather than it being genuinely due to conditions beyond the country's control.

4. Kyrgyzstan

42. The Committee had before it the text of a letter dated 19 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 12 May 2000 from the Permanent Representative of Kyrgyzstan to the United Nations addressed to the President of the Assembly. It also heard an oral representation from the Permanent Representative of Kyrgyzstan.

43. In its written and oral representations, Kyrgyzstan made reference to the impact of the Russian and Asian financial crises in 1998, natural disasters including earthquakes, mountain torrents and floods, and an invasion, in 1999, by international terrorists. As a result, the Government's budget deficit is almost 9 per cent of gross domestic product (GDP) and external debt has risen to $1.2 billion (excluding International Monetary Fund (IMF) credits), or 100 per cent of GDP. In the energy sector, the country is heavily dependent on gas imports and foreign indebtedness led to serious disruption of gas supplies with resultant hardships and economic repercussions. The need to implement stronger security measures due to the continuing security threat from international terrorism, Islamic extremism, and the smuggling of arms and narcotics, as well as to provide for the victims of last year's terrorist invasion, has put great pressure on the Government's finances. In this connection, at the end of 1999, the Government was behind in the payment of salaries and pensions by two or three months in some categories. Kyrgyzstan hoped to pay $502,000 in 1999-2000 and to clear the remaining amount of the debt within a few years. Due to current difficulties, however, Kyrgyzstan was unable to pay the full minimum amount necessary to avoid the application of Article 19 and requested an exemption under Article 19 for one year.

44. The Committee noted that the recent emergency need for spending on defence and relief for people affected by last year's invasion by a group of former combatants in the civil war in Tajikistan had placed great pressure on an already difficult economic situation caused by regional economic developments, natural disasters and a domestic banking crisis. The Committee also noted Kyrgyzstan's fairly steady reduction in its arrears to the United Nations and its evident commitment to continuing that effort.

45. The Committee concluded that Kyrgyzstan's failure to pay the full minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended to the General Assembly that Kyrgyzstan be permitted to vote until 30 June 2001.

5. Republic of Moldova

46. The Committee had before it the text of a letter dated 5 May 2000 from the Acting President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 25 April 2000 from the Permanent Representative of the Republic of Moldova to the United Nations addressed to the President of the Assembly, as well as the text of a letter dated 22 May 2000 from the Permanent Representative of the Republic of Moldova addressed to the Acting Chairman of the Committee on Contributions. It also heard an oral representation by a representative of the Republic of Moldova.

47. In its written and oral representations, the Republic of Moldova made reference to the difficult economic situation, with industrial production falling by almost 30 per cent in the first half of 1999 and GDP falling by 9 per cent for the year as a whole. The situation in the eastern region of the country also affected the economic situation through disruption of trade and reduction of government revenue. A large debt to foreign energy suppliers had led to disruption of supplies and economic dislocation. The Government was in contact with the World Bank and hoped to

resolve outstanding issues. In view of the great difficulties facing the Republic of Moldova, it was not able to pay the minimum amount necessary to avoid the application of Article 19, although it did intend to pay the amount of its regular budget assessment for 2000 and submit shortly a schedule of payments to cover its remaining assessed contributions. Accordingly, the Republic of Moldova requested an exemption under Article 19 for the period of the fifty-fifth session of the General Assembly.

48. The Committee noted the severity of the economic problems facing the Republic of Moldova, including those stemming from the Government's lack of control of the Trans-Dniester region. It also noted the country's almost total dependence on imported energy and the serious consequences arising from indebtedness to foreign suppliers. The Committee further noted the Republic of Moldova's commitment to meet its financial obligations to the United Nations and its intention to submit a schedule of payments to eliminate its arrears.

49. The Committee concluded that the failure of the Republic of Moldova to make the full minimum payments necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended to the General Assembly that the Republic of Moldova be permitted to vote until 30 June 2001.

6. Sao Tome and Principe

50. The Committee had before it the text of a letter dated 3 May 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 17 April 2000 from the Chargé d'affaires a.i. of Sao Tome and Principe to the United Nations addressed to the President of the Assembly. It also heard an oral representation by a representative of Sao Tome and Principe.

51. In its written and oral representations, Sao Tome and Principe made reference to serious economic problems stemming from low prices for cocoa and coffee, its primary export crops, as well as heavy foreign indebtedness. It also pointed to the fact that Sao Tome and Principe was the most over-assessed Member of the Organization and that, prior to the reduction of its assessment under the current scale, this had made it very difficult to meet its financial obligations to the Organization. Government finances were very tight and salary payments to the public service were two months in arrears. The Government intended to submit a schedule of payments of its arrears to the United Nations shortly but, in the meantime, it was not able to make the necessary minimum payment to avoid the application of Article 19. It was therefore requesting an exemption under Article 19 during the fifty-fifth session of the General Assembly.

52. The Committee noted the economic problems faced by Sao Tome and Principe, including stagnant incomes and high foreign indebtedness. It also noted that Sao Tome and Principe was currently subject to penalties for non-payment of its contributions to OAU. The Committee recalled its earlier conclusion that Sao Tome and Principe had been the Member most negatively affected by the minimum assessment rate prior to 1998. The Committee noted that Sao Tome and Principe had been penalized for non-payment of its contributions to OAU. It also noted that the country was likely to benefit from debt relief initiatives and that oil exploration held some promise of future revenue. The Committee further noted that Sao Tome and Principe had made no payments to the United Nations since 1996.

53. The Committee concluded that, despite its economic problems, the failure of Sao Tome and Principe to make the necessary minimum payment to avoid the application of Article 19 was not due to conditions beyond its control. Accordingly, the Committee was not in a position to recommend that the General Assembly grant Sao Tome and Principe an exemption under Article 19.

54. Some members expressed reservations about the Committee's decision. They pointed to the arrears accumulated during the period of Sao Tome and Principe's over-assessment under previous scales and to the country's serious foreign debt problems and expressed the view that an exemption under Article 19 would have been warranted.

7. Tajikistan

55. The Committee had before it the text of a letter dated 7 April 2000 from the President of the General Assembly addressed to the Chairman of the Committee on Contributions, transmitting a letter dated 5 April 2000 from the Permanent Representative of Tajikistan

to the United Nations addressed to the President of the Assembly, transmitting a letter dated 24 March 2000 from the Prime Minister of Tajikistan addressed to the President of the Assembly. It also heard an oral representation from the Permanent Representative of Tajikistan.

56. In its written and oral representations, Tajikistan made reference to the continuing effects of its destructive civil war and of natural disasters, including a severe drought with serious effects on crop and livestock yields. The combined effects of these factors and heavy foreign indebtedness put heavy pressure on the Government's finances. It had hoped to be in a position to reduce its debt to the United Nations but had had to meet emergency domestic needs instead although it had made some payments of assessed contributions in 2000. The Government was not in a position, therefore, to make the necessary minimum payment to avoid the application of Article 19 and was requesting an exemption under Article 19 through the fifty-fifth session of the General Assembly. It hoped that it would not be in a position to have to make a further request for exemption under Article 19 hereafter.

57. The Committee noted the continuing economic difficulties faced by Tajikistan. At the same time, it noted some economic improvements in the country's situation. The Committee recalled that Tajikistan had benefited from an exemption under Article 19 since 1996. It also recalled that in its report on its fifty-ninth session,[4] the Committee had recommended to the General Assembly that Tajikistan be permitted to vote until 30 June 2000 in the expectation that this would be the final extension of its exemption under Article 19.

58. While noting the serious economic problems faced by Tajikistan, the Committee was not convinced that the continuing failure of Tajikistan to pay the necessary minimum amount to avoid the application of Article 19 was due to conditions beyond its control. Accordingly, it was not able to recommend a further extension of Tajikistan's exemption under Article 19.

59. Some members expressed reservations concerning the Committee's decision. They were of the view that the continuing problems faced by Tajikistan meant that it was not able to make the necessary payments to avoid the application of Article 19 and that its exemption under Article 19 should therefore be extended.

* * *

60. A reservation was expressed by some members regarding the overall consistency of the seven above recommendations in response to the requests for permission to vote and the appropriateness of granting permission to vote under Article 19 when all seven Governments face conditions where they have very limited control. They do not face conditions fully beyond their control. These members believed that under such circumstances a recommendation of multi-year payment plans, approved by the General Assembly, for all seven members would have been a relevant response. However, other members noted that the Committee's decision had been to grant exemption in four of the seven cases.

Chapter V
Scale of assessments for the period 2001-2003

A. Current methodology for the preparation of the scale of assessments

61. In considering the scale of assessments for the period 2001-2003, the Committee was provided with a detailed step-by-step description of the current scale methodology (see annex I). The Committee was also provided with information on the evolution of the scale methodology (see annex II).

B. Implementation of General Assembly resolution 54/237 D

62. In its resolution 54/237 D, the General Assembly, *inter alia*, requested the Committee to submit to the Assembly at its fifty-fifth session 12 proposals for a scale of assessments for the period 2001-2003 based on elements and criteria outlined in paragraphs 4 (a) to 4 (l) of the resolution. The elements of the 12 proposals requested in paragraphs 4 (a) to 4 (l) of General Assembly resolution 54/237 D are summarized in annex III. The results of the Committee's review of the proposals are provided below (see chap. V, sect. F), and the machine scales based on the 12 proposals are contained in annexes IV to XV.

63. In paragraphs 4 (h) (ix), 5 and 6 of its resolution 54/237 D, the General Assembly requested the Committee to review certain elements of the scale methodology. In paragraph 7 of the resolution, it welcomed the Committee's agreement to consider another element of the methodology and looked forward to further reports.

64. With regard to the Assembly's request in paragraphs 4 (h) (ix) and 6 of its resolution 54/237 D, the results of the Committee's review are reflected below (see chap. V, sect. G). The results of its consideration of the question referred to in paragraph 7 of Assembly resolution 54/237 D are also reflected below (see chap. V, sect. E).

65. **As regards the request listed in paragraph 5 of General Assembly resolution 54/237 D, the Committee took note of resource limitations in this connection. The Committee requested the Department of Economic and Social Affairs, in cooperation with other relevant United Nations entities, including the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Conference on Trade and Development (UNCTAD), to submit a report on the subject at its sixty-first session.** In the meantime, the Committee recalled its earlier consideration of alternative measures of capacity to pay in response to earlier mandates from the General Assembly.[5]

C. Representations by Member States

66. The Committee had before it representations from the Bahamas, Cuba, the Islamic Republic of Iran and Venezuela.

67. In its representation, the Bahamas clarified the proposal, contained in paragraph 4 (b) of General Assembly resolution 54/237 D, which it had put forward during informal consultations of the Fifth Committee. **The Committee took note of the clarification provided by the Bahamas. The clarification is reflected in the machine scale contained in annex V.**

68. In its representation, Cuba provided supplementary information on its economic situation, including the economic, commercial and financial blockade against Cuba by the United States, the decline in primary commodity prices and adverse climatic conditions, and requested that the Committee take it into account when proposing the assessed contribution for Cuba. **The Committee took note of the information provided.**

69. In its representation, the Islamic Republic of Iran stated that in the past, the scale of assessments for the Islamic Republic of Iran had been determined in excess of its real capacity to pay due to the use of the official rate of exchange as a conversion factor. It further stated that the gross national product (GNP) estimates in United States dollar terms were exaggerated as a result. It requested that the Committee consider the use of the weighted average rate, as reflected in official IMF publications, to convert its GNP figures into United States dollars. **The Committee considered this request in the context of its review of conversion rates, the results of which are indicated below (see chap. V, sect. E).**

70. In its representation, Venezuela requested that the Committee consider the use of price-adjusted rates of exchange (PAREs) instead of market exchange rates (MERs) for the purposes of the scale. It noted that the inflation rate in 1996, 1997 and 1998 exceeded the devaluation of its currency against the United States dollar by significant margins. The resulting increase in GDP in dollar terms caused by the overvaluation of the bolivar did not, in its view, accurately reflect the country's real economic situation. **The Committee considered this request in the context of its review of conversion rates, the results of which are indicated below (see chap. V, sect. E).**

D. Information meeting for Member States

71. Pursuant to paragraph 1 of General Assembly resolution 46/221 C, the Committee met with representatives of the Islamic Republic of Iran. The representatives of the Islamic Republic of Iran provided additional information concerning its representation requesting that the Committee use weighted average exchange rates in converting its GNP figures to United States dollars.

E. Statistical information

72. The Committee had before it for the period 1990-1998 a comprehensive database for all Member States and participating non-member States on various

measures of income in local currencies, population, exchange rates and total external debt stocks, repayments of principal and total and per capita income measures in United States dollars. The primary source for income data in local currencies was the national accounts questionnaire completed for the United Nations by the countries concerned. For those countries for which full replies to the questionnaire had not been received, estimates were prepared by the United Nations Statistics Division based on information from other national and international sources, notably IMF and the World Bank.

73. In reviewing the statistical information provided, the Committee paid due attention to the data provided in the representations outlined above and at the information meeting. It also reviewed the data for all countries with particular attention paid to those countries whose data had been adjusted in the context of preparation of the scale of assessments for the period 1995-1997, or whose results, in United States dollars, suggested that there might be anomalies or distortions in the data. In all cases, the Committee was guided by the mandate given in General Assembly resolution 48/223 C to base the scale on reliable, verifiable and comparable data. The Committee optimized the reliability of data by using the most recent figures available and ensured the consistency of the data for the years that overlap within the statistical base periods of the current and the 2001-2003 scales for proposals with base periods of six years by using the same data for both scales except where revised data was available.

1. Population

74. Mid-year population estimates are generally drawn from the serial publication *World Population Prospects: The 1998 Revision*, prepared by the United Nations Population Division and are supplemented, as required, by national estimates for countries and areas not included.

2. External debt

75. Information on total external debt (debt stock) and repayments of principal (debt flow) were extracted from the World Bank database on external debt, as published in the World Bank serial publication *Global Development Finance*. In these tables, the World Bank includes only those countries with a per capita GNP of up to $9,360.

76. Total debt stocks include public and publicly guaranteed long-term debt, private non-guaranteed long-term debt, the use of IMF credit and estimated short-term debt. Principal repayments are part of total debt flows, which also include disbursements, net flows and transfers on debt and interest payments, and consist of the amounts of principal paid in foreign currency, goods or services in the year specified.

3. Gross national product

77. The Committee recalled that Member States are in the process of moving from the System of National Accounts, 1968 (1968 SNA) to the System of National Accounts, 1993 (1993 SNA). As the process is still under way, this created a question of comparability between the data of different Member States. The original database presented to the Committee included estimates from Member States based on the 1968 SNA (approximately 75 per cent of the total), estimates from Member States that have implemented the 1993 SNA but also reported comparable estimates based on the 1968 SNA (approximately 5 per cent of the total), estimates from Member States that have implemented the 1993 SNA but for which the Statistics Division was able to derive equivalent 1968 SNA data through extrapolation of data from earlier questionnaires (approximately 7 per cent of the total) and estimates from Member States that have implemented the 1993 SNA but for which extrapolations to the 1968 SNA cannot be made or which have expressed a preference that data using the 1993 SNA be used (approximately 13 per cent of the total).

78. The Committee noted that the implementation of the 1993 SNA involves a series of changes to the accounts, concepts and classifications used by the System of National Accounts. All of these changes affect the national accounts statistics compiled by countries. The Committee noted the following general considerations to be taken into account when analysing or using the new estimates based on the 1993 SNA:

(a) The changes generally have a limited impact on the total GDP and gross national income (GNI — the 1993 SNA equivalent of GNP) as compared with the 1968 SNA because most of the changes at the more disaggregated levels (i.e., final consumption, gross capital formation, exports and imports etc.) tend to offset each other at the level of the total economy;

(b) The changes might greatly vary from country to country, depending on the relative importance that certain new concepts may or may not have in the economy of each country;

(c) Certain countries may have decided on a one-time overall methodological conversion from the 1968 SNA to the 1993 SNA, while others are implementing or planning to implement the new concepts and classifications gradually in a phased manner over a certain period of time;

(d) Most countries, when implementing the 1993 SNA, also make benchmark year revisions to their accounts, greatly improving the sources and methods of estimation. This makes it very difficult or practically impossible to distinguish between the effect of the new concepts and the effect of the new and better sources and methods of estimation.

79. On balance, and given the variable quality of data available for different Member States, the Committee decided that greater weight should be given to the use of the most updated and reliable data available for Member States, rather than the most conceptually comparable. Therefore the Committee decided that the latest reported or published estimates should be used for each Member State, regardless of whether they are based on the 1968 or 1993 SNA.

4. Exchange rates

80. For conversion of local currency data to United States dollars, annual averages of market exchange rates, communicated to IMF by national monetary authorities and used by IMF and published in *International Financial Statistics*, were used in most cases when they were available. The Committee recalled that, as indicated in earlier reports, the publication includes three types of rates which IMF uses, which are referred to as MERs for the purposes of the scale: (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. Where MERs were not available from *International Financial Statistics* or from the IMF Economic Information System, United Nations operational rates of exchange or other information was used in the initial database.

81. In its resolution 52/215 A of December 1997, the General Assembly decided to use conversion rates as recommended by the Committee on Contributions in its report on its fifty-seventh session.[6] In that report, the Committee reaffirmed its earlier conclusion that MERs should be used except where this caused excessive fluctuations or distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be used.

82. At its fifty-ninth session, the Committee reviewed a discussion document prepared by the United Nations Statistics Division on possible approaches to improving the methodology for computing PAREs. While expressing interest, the Committee concluded that significant conceptual and practical issues would have to be addressed before it could be used for calculations for the scale of assessments.

83. The Committee agreed that this element of the scale methodology should be kept under periodic review in the light of developments. It also confirmed its earlier conclusions with respect to the use of MERs and PAREs in preparing the scale of assessments, and agreed to consider more systematic criteria and approaches to deciding when MERs should be replaced for the purposes of preparing the scale. As indicated above, in its resolution 54/237 D the General Assembly welcomed the Committee’s agreement to consider the question and looked forward to further reports.

84. In connection with this decision, the Committee requested the Statistics Division to present to it at its sixtieth session a report on the question of criteria for when to replace MERs for the purposes of preparing the scale. That report proposed a simplified version of the new approach to PAREs that had been considered by the Committee at its fifty-ninth session.

85. The Committee recalled that the current PARE methodology was designed to correct national data when exchange rate movements over time significantly differed from price movements. In such cases, currency rates overcompensated or undercompensated for domestic inflation and thereby distorted data for national income aggregates when converted to the United States dollar. The current PARE methodology is based on the average exchange rate and the average of the price indices. Both cover the period for which data are available (currently 1970-1998) and both are weighted averages, using the value of GDP in current prices and local currency as the weights. The ratio

between the weighted average exchange rate and the weighted average price index is used to derive the present PARE value that corresponds to each price index.

86. The Committee conducted an intensive review of the proposed revision of the approach to PARE. It noted a number of limitations of the method. The revised PARE led to unacceptable results for industrialized and other countries, for which factors other than prices, such as interest rates and capital flows, may have had an appreciable impact on exchange rates. Furthermore, the method did not work well for countries with fixed exchange rates over long periods of time.

87. The Committee concluded that the new method held considerable promise of an improvement over the current PARE method, and decided to consider it further at its future sessions. At its current session, however, the Committee decided to use the existing PARE methodology to replace MERs where this appeared to be necessary.

88. Some members were of the view that in applying the PARE methodology to determine which prices should be used to adjust GNP according to the PARE system, deviations between the percentage variations of prices and exchange rates should be taken into account in both absolute and relative terms.

89. With regard to the selection of countries for which the use of MERs caused excessive fluctuations or distortions in their income, the Committee analysed the relative movement of prices and exchange rates between the base period for the current scale (1990-1995) and one of the proposed base periods for the next scale (1993-1998) in order to identify countries for which United States dollar income figures were exaggerated by inflation not offset by currency depreciation.

90. There was disagreement as to when the divergence between rates of inflation and rates of exchange should be deemed excessive for the purpose of determining whether MERs should be replaced by PAREs or other rates of exchange. Some members expressed the view that for the purposes of elaborating the 12 proposals requested in General Assembly resolution 54/237 D, paragraph 4, distortions caused by the utilization of MERs should be treated as excessive whenever they are higher than 20 per cent.

91. Other members felt that given the continuing lack of a systematic methodology MERs should be replaced only in clear and extreme cases, and that divergences caused by the utilization of MERs should be treated as excessive only when the net effect of price and exchange rate changes was higher than 50 per cent. They noted that using a 20 per cent divergence threshold would result in decreases in GNP for some 20 developing countries and increases in GNP for another 20 developing countries if PARE were to be used with a 20 per cent threshold. Furthermore, the actual assessment rates for the countries contained in the scales prepared in accordance with the 12 proposals do not prove the validity of the method, based on the relative movement of prices and exchange rates between the base period for the current scale and one of the proposed base periods for the next scale, for determination of the cases of fluctuations and distortions.

92. Some members were of the view that the results of the analysis of relative rate movements varied significantly, depending on the periods compared, which cast doubt on the results of the analysis, and they stated that the analysis based upon data for a three-year base period was also necessary. Some other members were of the view that the results of the use of PAREs based on this method for identifying distortion were obscure and significantly different for countries with similar distortions, which cast doubt on the results of the analysis.

93. In discussing the standard to be applied to determine whether a particular variation is excessive, the Committee was informed about the practice followed by the World Bank.

94. In the absence of consensus on a new criterion, the Committee carried out a case-by-case review for each Member State using a similar approach as in previous scales and the statistical data provided by the Secretariat.

95. In order to ensure comparable data for 1993-1995, the Committee decided to use for the 12 proposals the PAREs or other rates approved for these three years in the current scale. This was done, for example, in the case of Afghanistan and Suriname, both of which had had a fixed exchange rate in earlier years but for which MERs in later years had been very significantly adjusted.

96. Following its review, the Committee decided to replace MERs with PAREs for Angola, Iraq, Jamaica, Kyrgyzstan, Lebanon, Liberia, Myanmar, Nigeria and the Syrian Arab Republic. In the case of the Democratic People's Republic of Korea, which is not a member of IMF, the Committee decided to use exchange rate figures provided by the Government.

97. In the course of its review, the Committee considered the requests for exchange rate adjustments contained in the representations from the Islamic Republic of Iran and Venezuela. The Committee was not convinced of the need to adjust MERs in these cases.

98. Following the application of these adjustments, the Committee reviewed the related machine scales contained in annexes IV to XV. Some members, noting the large number of Member States whose prospective assessment rates would increase by 50 per cent or more, felt that these results showed that there were still excessive distortions in the United States dollar data used for the scale, and that further adjustments of the corresponding exchange rates should be considered in order to make these results consistent with the real growth of those countries' economies and their real capacity to pay. Some members further felt that the prospective increase of assessment rates by 50 per cent or more was a considerable financial burden for the countries concerned and for that reason appropriate adjustments were desirable. Other members disagreed. During the debate on this matter, various views were expressed regarding the reasons for the changes in the assessment rates in the next scale, including rounding error for countries near the floor, real changes in GNP, the elimination of the scheme of limits, methodological changes in some of the 12 proposals requested in paragraph 4 of General Assembly resolution 54/237 D, over- or under-assessment in previous scales and lack of comparability of data with large errors from different sources. It was also noted that two countries crossed the threshold of the low per capita income adjustment, in one case significantly increasing its contribution, and that in a large number of cases, the assessment rates of Member States fell by more than 50 per cent.

99. One member expressed the view that when, as a result of the implementation of the methodology adopted by the General Assembly, the assessed contribution of a Member State increases by more than 50 per cent (or such other high percentage as may be established) and the State concerned encounters genuine difficulty in making its payments, consideration could be given to formulas allowing the postponement or payment in instalments of such assessed contributions over a limited period of time and subject to such conditions as may be established by the General Assembly.

100. In order to seek a further way out, a proposal was made to revisit the cases of those countries whose assessment rate would increase or decrease by more than 50 per cent in the current scale methodology, reflected in proposal A. Some members rejected the proposal. The Committee was therefore unable to agree on the final figures for Member States' share of GNP used in the 12 tables contained in annexes IV to XV.

101. Some members proposed that the Chairman, in view of his traditionally neutral role, be entrusted by the Committee with providing an "agreed" data set to the General Assembly. As a second alternative, a member proposed that the United Nations Statistics Division be entrusted with that task.

102. During the debate on this matter, some members expressed the view that the Committee had failed to fulfil its mandate to advise the General Assembly concerning the apportionment of the expenses of the Organization among members, including a failure, apparently for the first time ever, to recommend an agreed set of data for the purpose of calculating the next scale. Some other members felt that the Committee had fulfilled its mandate under General Assembly resolution 54/237 D.

103. Some members expressed the view that apart from reviewing the proposals outlined in paragraph 4 of General Assembly resolution 54/237 D, the Committee, in accordance with its mandate, should assist the General Assembly by recommending a scale for the apportionment of expenses among Members, including, if necessary, proposing an additional option. Other members noted that the Committee would not have been able to achieve consensus on a thirteenth proposal due to time constraints.

F. Proposals outlined in paragraphs 4 (a) to 4 (l) of General Assembly resolution 54/237 D

104. In responding to its mandate to present to the General Assembly at its fifty-fifth session the twelve proposals outlined in paragraphs 4 (a) to 4 (l) of General Assembly resolution 54/237 D, designated hereafter as proposals A to L, the Committee had difficulty in interpreting a number of proposals and related provisions. In these cases, the Committee generally applied the relevant element from the current methodology in preparing the machine scales contained in annexes IV to XV. An exception was proposal L, for which the Committee decided that the intention had been to eliminate the debt-burden adjustment.

105. As regards proposal B, the Committee took note of the representation from the Bahamas which clarified the nature of the sliding gradient referred to in paragraph 4 (b) of the resolution. Under this proposal, Member States benefiting from the low per capita income adjustment would be grouped according to their average per capita GNP for the base period, and the upper 25 per cent would have a gradient of 50 per cent, the middle 50 per cent would have a gradient of 70 per cent and the bottom 25 per cent would have a gradient of 90 per cent.

106. As regards the phase-in mechanism contained in proposals D and E for countries crossing the threshold between scale periods, the Committee assumed that points picked up by a Member State from the low per capita income adjustment as a result of being above the threshold should be divided into three equal parts. That Member State's assessment rate would increase by one part each year.

107. Three of the 12 proposals (proposals D, E and G) provide for annual recalculation of the scale. Since the new data on which the scale would be recalculated for 2002 and 2003 is not available, the scale figures in the related machine scales (see annexes VII, VIII and X) necessarily relate only to 2001. With regard to proposals D and E, a problem may arise with regard to the interaction between equal annual phasing in of the effects of discontinuity and annual recalculation.

108. With regard to proposals F and H, the Committee determined that the intention with regard to the further phasing out of the scheme of limits was that the provisions of subparagraphs 4 (f) (viii) and 4 (h) (viii) would apply to the six developing countries that had benefited from the provisions of paragraph 1 (j) of General Assembly resolution 52/215 A in 2000.

109. In reviewing the 12 proposals, the Committee observed a number of common elements. All 12 proposals, for example, are based on GNP and have a floor of 0.001 per cent and a least developed countries ceiling of 0.01 per cent. Although formulated differently, the Committee considered that the provisions for conversion rates are consistent with the general approach that it has recommended for the current scale and that it has used in the preparation of the machine scales contained in annexes IV to XV.

110. The Committee observed that 10 of the 12 proposals included a debt-burden adjustment, using either the debt-stock or the debt-flow approach. Eleven of the 12 proposals set the threshold for the low per capita income adjustment at the average level of total per capita GNP. Ten of the 12 proposals provide explicitly or implicitly for the complete phase-out of the scheme of limits. Eleven of the 12 proposals have a ceiling, seven at 25 per cent, three at 22 per cent and one at 20 per cent.

111. The results of the application of proposals A to L are contained in annexes IV to XV, respectively.

G. Methodology for preparation of the scale of assessments

112. In the course of reviewing the 12 proposals and pursuant to other mandates under General Assembly resolution 54/237 D, the Committee considered some of the elements of the scale methodology.

1. Base period

113. Some members favoured retaining the current base period of six years. Other members, while favouring a longer base period, were prepared to accept six years. Others favoured a shortening of the base period to three years in order to bring the scale closer to current capacity to pay.

114. One member proposed that as a means of rationalizing the budget process, coordinating the

length of the periods of the budget, scale of assessments and medium-term plan of the United Nations, and helping to reconcile the positions of Member States in this regard, the following alternative could be considered:

(a) A four-year base period for the calculation of the scale of assessments, accompanied by a reduction of the length of the scale period from three to two years. Thus, the scale period would be the same as the period of the regular budget of the United Nations; each biennial budget would have its own scale. The base period for the purpose of calculation would be four years, which would be a multiple of the scale period and the same as the period of the medium-term plan;

(b) The advantages of this scheme are that the scale would more closely reflect the real situation of Member States' economies, excessive variations from one scale to another would be attenuated, annual recalculation would be unnecessary and existing differences between countries and groups of countries would be mitigated;

(c) The system would improve the relations among the various components of the process (scale of assessments — budget — base period — medium-term plan) and would rationalize the debates in those areas. For example:

Budget year	*Non-budget year*
– Adoption of the budget	– Budget outline
– Adoption of the scale (not including methodology except application of methodology)	– Methodology for the calculation of assessed contributions

(d) Obviously, the new system would make it necessary to reform existing regulations and even to consider the possibility of changing the term for which the members of the Committee on Contributions are elected (which would be two or four years, with the possibility of re-election). Greater mobility may or may not be introduced, depending on what may be deemed appropriate.

115. One member suggested that each Member State might be permitted to designate whether its own base period should be three, six or nine years.

2. Low per capita income adjustment

116. The Committee noted that all 12 of the proposals outlined in General Assembly resolution 54/237 D included an adjustment for Member States with low per capita income and recalled that the adjustment had been part of the scale methodology from the beginning.

117. Some members were of the view that the current gradient of the adjustment was too high and that a level of 40 to 50 per cent, as used before 1974, was more appropriate. They also noted that in the current scale, more than half of the points moving from countries below the threshold to countries above the threshold come from a very limited number of big economies. This supports the idea of a sliding gradient to address the distortion created by the current mechanism of low per capita income adjustment. Other members did not agree that the overall level of the adjustment was excessive and rejected the proposed discrimination against Member States with larger populations as being clearly contrary to the principle of capacity to pay.

118. Most members expressed support for maintaining the threshold of the low per capita income adjustment at the level of the average per capita GNP for the total membership during the base period. The formula was widely perceived as fair and allowed for regular and automatic adjustment without protracted negotiations.

119. Some members questioned the current methodology, under which Member States' debt-adjusted average per capita income is compared to the threshold. They noted that this approach made the amount of the low per capita income adjustment depend on the amount of debt adjustment, which creates complexity, inequity, distortion and loss of transparency. The Committee recalled that at its fifty-first session, in describing the scale methodology, the Committee had indicated that the low per capita income adjustment reduces the national income already adjusted for debt relief on the basis of its two parameters, namely the upper per capita income limit of $2,600 and the relief gradient of 85 per cent.[7] It also recalled that in its resolution 46/221 B, the General Assembly, *inter alia*, had requested the Committee to work on the basis that the per capita income limit, or threshold, of the low per capita income adjustment would be set at the average world per capita income. Other members felt that the current method was consistent with the step-by-step approach of the scale methodology. The current methodology was utilized by

the Committee in the preparation of the 12 proposals for the scale of assessments for the period 2001-2003.

120. One member proposed to keep the threshold as currently calculated and introduce a second threshold, as calculated by the World Bank. Countries below the lower threshold would benefit from the low per capita income adjustment as currently calculated and applied. Countries in the transition zone between the two thresholds would neither benefit from nor contribute to the low per capita income adjustment — i.e., neither jettison nor pick up points. Countries above the higher threshold would pick up points in proportion to their rates. Such a two-tier approach would mitigate problems caused by the discontinuity experienced by Member States moving up through the threshold between scale periods. It would also assist Member States just above the threshold. Some other members expressed doubts about this proposal, stating that the zone between the two thresholds was too wide and that some countries might stay in the zone for a longer period, which would create another distortion. Some members felt that the proposal deserved further attention.

121. An alternative approach to discontinuity put forward by other members would be a moratorium for countries crossing the threshold so that they would not benefit from the low per capita income adjustment but would not pick up points from the adjustment. Such a moratorium could last for one scale period. It would have the same effect, during the transition period, as the two-threshold approach for countries moving into the transition zone but would be simpler to implement in the view of some members. Some members observed, however, that it would not solve the problem of Member States just above the threshold. Some other members felt that a problem did not exist for countries just above the threshold and that no action was required by the Committee.

122. In this connection, one member suggested that one possible means of mitigating the effects of the excessive increase in assessed contributions as a result of discontinuity would be to require the Member States affected to pay, during the period of the first scale of assessments under which this occurs, only 50 per cent of the additional increase required by their participation in the existing solidarity mechanism for States with low per capita income. Under subsequent scales, the full amount of the contributions would be assessed. In the medium term, the most appropriate means of mitigating the effects of discontinuity would be to set levels of per capita income above and below world average per capita income (± 20 per cent), and to provide that countries whose per capita income falls within this range may not benefit from a low per capita income adjustment but also are not required to bear a surcharge to help finance that benefit for countries whose per capita income is below the lower limit of this range.

123. Another approach, reflected in proposal B and supported by several members, would be for the cost of the adjustment to be distributed to all Member States, as was done before 1979 and has always been used for the debt adjustment. In this connection, one member expressed the view that a scale methodology that can be stable over the long term because it is simple, transparent and equitable needs proportionate contributions from all Members to all adjustments, similar to the approach adopted for all other adjustments. A proportionate contribution from all members to the low per capita income adjustment would eliminate the inequity that results from the presence of discontinuity as well as the exclusion of the Member at the ceiling in the current methodology. The pre-1979 approach did not, however, meet with the approval of several other members. The same member thought that one or a combination of other proposals for dealing with the discontinuity that are before the Committee could be used in a transition, lasting for one or more scales, to the method of proportionate contributions from all Members. This member noted that the slight decrease of total benefits from the low per capita income adjustment that would result from the introduction of the above method could be offset by adjusting the gradient, if the General Assembly so decides.

124. The Committee recalled that proposals D and E would phase in the effects of the discontinuity in equal annual instalments. It observed that this approach would involve separate scale figures for each of the three years of the scale period. A number of members felt that this approach was unnecessarily complex to solve a relatively small problem for a very few countries.

125. Some members suggested that the permanent members of the Security Council should not be eligible for the low per capita income adjustment since they enjoy special responsibilities in the areas of international peace and security as well as regular

budget activities of the United Nations. Furthermore, those members were of the view that permanent members of the Council have the possibility to influence decisions on the expenditures of the Organization to a far higher extent than others do. Other members strongly objected to the idea and stressed that the question was purely political and that it was not in the mandate of the Committee on Contributions to discuss the matter. They also stressed that the idea was totally contrary to the principle of capacity to pay.

3. Floor

126. Some members noted the inequity of the continuing overassessment of the 37 countries at the floor and pointed to the fact that a number of Member States at the floor were falling under Article 19. A number of remedies were suggested, including a fixed fee of perhaps $1,000, rebates to Member States affected and the assessments of floor countries being divided in two parts, with only one part actually payable.

127. Other members felt that the current level of the floor was reasonable and noted that since it had been reduced four small island developing countries had applied to join the United Nations. The practicality and cost-effectiveness of assessing at a level lower than the current floor were also mentioned. It was also suggested that the problem faced by a number of floor countries was less the current level of assessments than arrears accumulated before the floor was lowered in the current scale. Reference was made to payment plans in this connection.

4. Ceilings

128. The Committee recalled that its terms of reference provided that if a ceiling was imposed on contributions, it should not be such as seriously to obscure the relation between a nation's contribution and its capacity to pay.

129. In this context, a number of views were expressed concerning the possible lowering of the ceiling, as is suggested in four of the 12 proposals contained in General Assembly resolution 54/237 D. It was noted that over 50 countries had joined the Organization since the ceiling was last lowered, and it was suggested that a further adjustment was now warranted. A number of members remarked that the proposal to reduce the assessment rate of the country at the ceiling was being made as that country's share of world GNP was increasing, which made it difficult to support the proposal. It was noted that both the ceiling and the floor were inherently political and that neither was in conformity with the principle of capacity to pay but while the floor increased the payments of small poor countries the ceiling reduced the payments of one large rich one. A number of members also remarked that an issue of equity would arise as and when the assessment rate of a second Member State approached the ceiling.

130. The Committee noted that all 12 proposals under consideration provided for a maximum assessment rate or least developed countries ceiling of 0.01 per cent for the least developed countries. One member expressed the view that the least developed countries ceiling caused inequitable assessments of least developed countries as it gave an extra benefit to a few of the large and richer least developed countries which were, as a result, among the lowest per capita contributors to the United Nations.

5. Annual recalculation

131. The Committee noted that three of the 12 proposals for the next scale included annual recalculation of the scale. The Committee recalled its earlier review of the subject[8] and its decision to consider the question further at an appropriate future session in the light of any guidance received from the General Assembly.

Chapter VI
Assessment of non-member States

132. The Committee recalled that by its resolution 44/197 B of 21 December 1989, the General Assembly had endorsed revised assessment procedures for non-member States. These provide for assessment of contributions on the basis of a flat annual fee, which is calculated for each non-member State on the basis of its notional assessment rate, a percentage based on its past level of participation in United Nations activities and the applicable assessment base, which equals the total net assessment for the United Nations regular budget for the year, adjusted for tax refunds. The flat annual fee percentage rates were reviewed by the Committee at its fifty-eighth session and the following

rates were approved by the General Assembly in its resolution 53/36 E:

Non-member State	*Flat annual fee percentage of assessment rate*
Holy See	10
Switzerland	30
Tuvalu	5

133. The Committee recalled that, following a further review at its fifty-ninth session based on newly available information, it had recommended that the flat annual fee percentage for the Holy See should be increased to 25 per cent of the approved notional rate of assessment. It noted that no action had been taken on this recommendation and renewed its recommendation.

134. The Committee recalled that at its fifty-ninth session, it had decided that it would be appropriate to consider the system of assessment of non-member States further at its sixty-first session in the light of issues raised in its earlier discussions and subject to any guidance or decisions by the General Assembly in the meantime. This consideration would include the possibility of reducing the normal review period from five years, possibly to three years, or extending it, possibly to six years. **The Committee decided to consider the question of the system of assessment of non-member States further at its sixty-first session.**

135. In establishing the notional rates of assessment that form the basis for the calculation of the flat annual fees, the Committee has applied the same methodology as for Member States. The rates that would apply under proposals A to L (see chap. V), would be as follows:

Proposal	*Holy See*	*Switzerland*	*Tuvalu*
A	0.001	1.241	0.001
B	0.001	1.187	0.001
C	0.001	1.320	0.001
D	0.001	1.185	0.001
E	0.001	1.264	0.001
F	0.001	1.157	0.001
G	0.001	1.182	0.001
H	0.001	1.245	0.001
I	0.001	1.118	0.001
J	0.001	1.298	0.001
K	0.001	1.218	0.001
L	0.001	1.187	0.001

136. The Committee noted that four Member States still had outstanding non-member State contributions that were assessed prior to their membership in the Organization. The Committee urged those four Member States to pay their outstanding non-member State assessments as soon as possible.

Chapter VII
Assessment of new Member States

137. The Committee noted that in a letter dated 16 November 1999 to the Secretary-General (A/54/699-S/2000/5), the Prime Minister of Tuvalu had applied for the admission of Tuvalu as a member of the United Nations. The Committee also noted that the membership of Tuvalu was subsequently approved by the Security Council in its resolution 1290 (2000) of 17 February 2000.

138. The Committee recalled that under rule 160 of the rules of procedure of the General Assembly, it is mandated to advise the Assembly on assessments to be fixed for new Members. The Committee noted that Tuvalu was on the list of the least developed countries. The Committee recalled that, as indicated in chapter VI above, the notional assessment of Tuvalu as a non-member State was at the floor level of 0.001 per cent under all 12 of the proposals set out in General Assembly resolution 54/237 D for the scale of assessments for the period 2001-2003. Accordingly, the Committee considered that the inclusion of Tuvalu in the scale for 2001-2003 would have no major impact on the figures for the 12 proposals, as contained in annexes IV to XV.

139. In the event that the General Assembly takes action to admit Tuvalu as a Member of the United Nations before it adopts the scale of assessments for 2001-2003, the Committee authorized its Chairman to bring to the attention of the General Assembly the question of the assessment of Tuvalu as a member of the Organization.

Chapter VIII
Other matters

A. Collection of contributions

140. The Committee noted that, following the conclusion of the current session on 30 June 2000, the following 30 Members were in arrears in the payment of their assessed contributions to the expenses of the United Nations under the terms of Article 19 of the Charter of the United Nations and had no vote in the General Assembly: Burundi, Cape Verde, Central African Republic, Chad, Djibouti, Dominica, Ecuador, Gambia, Grenada, Guinea, Haiti, Iraq, Kyrgyzstan, Liberia, Madagascar, Mauritania, Niger, Republic of Moldova, Rwanda, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Seychelles, Sierra Leone, Somalia, Togo, Turkmenistan, Vanuatu, Yemen and Yugoslavia. In addition, five Members had been permitted to vote until 30 June 2000 pursuant to General Assembly resolution 53/36 F (Comoros and Tajikistan) and decisions 53/406 C (Congo and Guinea-Bissau) and 54/455 A (Georgia).

B. Payment of contributions in currencies other than United States dollars

141. Under the provisions of paragraph 3 (a) of its resolution 52/215 A, the General Assembly empowered 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 1998, 1999 and 2000 in currencies other than United States dollars.

142. The Committee noted that five Member States had availed themselves in 1999 of the opportunity of paying the equivalent of $1.7 million in five currencies other than United States dollars that were acceptable to the Organization.

C. Supplementary reports

143. **The Committee decided to authorize its Chairman to issue an addendum to the present report, if necessary, to provide supplementary information that may assist the General Assembly in considering the Committee's report.** The Committee noted the Chairman's intention to consult members of the Committee in this regard should the need to issue an addendum arise.

D. Date of next session

144. The Committee decided to hold its sixty-first session in New York from 11 to 29 June 2001.

Notes

[1] See *Official Records of the General Assembly, Fifty-third Session, Supplement No. 11* (A/53/11), para. 28.

[2] Ibid., *Fifty-fourth Session, Supplement No. 11* (A/54/11), chap. IV.C.

[3] Ibid., *Fifty-third and Fifty-fourth Sessions, Supplement No. 11* (A/53/11 and Add.1 and A/54/11).

[4] Ibid., *Fifty-fourth Session, Supplement No. 11* (A/54/11).

[5] See, for example, ibid., *Forty-fourth Session, Supplement No. 11* (A/44/11), paras. 12-14; and ibid., *Forty-fifth Session, Supplement No. 11* (A/45/11), para. 39.

[6] Ibid., *Fifty-first Session, Supplement No. 11* (A/51/11 and Corr.1 and 2).

[7] Ibid., *Forty-sixth Session, Supplement No. 11* (A/46/11), para. 10.

[8] Ibid., *Fifty-third Session, Supplement No. 11* (A/53/11).

Annex I

Methodology for the preparation of scales of assessments for the apportionment of the expenses of the United Nations: current scale methodology

1. The methodology used in the preparation of the scale of assessments for the period 1998-2000 takes as its starting point the gross national product (GNP) of the Member States of the Organization during a defined base period, for the current scale the six years from 1990-1995. This information was provided by the United Nations Statistics Division, based on information from Member States in the annual national accounts questionnaire. When data was not available from the questionnaire and since figures had to be provided for all Member States for all years of the possible statistical periods, the Statistics Division prepared estimates using other available sources, including the regional commissions, other regional organizations, the World Bank, the International Monetary Fund (IMF) and private sources.

2. The GNP data for each year of the base period was then converted to a common currency, the United States dollar, in most cases using market exchange rates (MERs). MERs, for this purpose, 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* or the IMF Economic Information System. Those sources included three types of rates which, for the purposes of preparing the scale of assessments, were referred to as MERs:

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

(b) Official rates determined by government authorities;

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

For IMF non-members, where MERs were not available, United Nations operational rates of exchange were also used.

3. As part of its review process, the Committee on Contributions considered whether these exchange rates resulted in excessive fluctuations or distortions in the income of particular Member States, and in a small number of cases decided to use alternative rates. These included price-adjusted rates of exchange (PAREs) supplied by the United Nations Statistics Division.[a] The PARE methodology was developed by the Statistics Division as a means of adjusting the conversion rates into United States dollars of countries suffering from severe inflation and changes in domestic prices which cause significant divergence in local currency movements. It aims to eliminate the distorting effects of uneven price changes that are not well reflected in exchange rates and which yield unreasonable levels of income expressed in United States dollars. PARE rates are derived by extrapolating an average exchange rate for a base period with price changes in the form of implicit price deflators of gross domestic product.

4. An average of the annual GNP figures in United States dollars for the base period was then aggregated with the corresponding figures for other Member States as the first step in the machine scales annexed to the report of the Committee on Contributions on its fifty-seventh session.[b]

Summary of step 1

Converted the annual GNP figures in national currency to United States dollars using the annual average conversion rate (MER or other rate selected by the Committee on Contributions). Calculated the average of these figures for the base period (six years). Thus:

$$[(\text{GNP}_{\text{year }1}/\text{Conversion rate}_{\text{year }1}) + \ldots\ldots\ldots + (\text{GNP}_{\text{year }6}/\text{Conversion rate}_{\text{year }6})] / 6 = \text{Average GNP}$$

where 6 was the length of the base period. These average GNP figures were summed and used to calculate shares of GNP.

5. The next step in the scale methodology was the application of the debt-burden adjustment. As indicated above, the General Assembly decided to base this adjustment on actual repayments of external debt principal (what has become known as the “debt flow method”) for the scale in 1998. For 1999 and 2000, the

adjustment was based on an amount of 12.5 per cent of total external debt (what has become known as the "debt stock" method), which was introduced for earlier scales based on an assumed payment of external debt within eight years. Data for this adjustment came from the World Bank database on external debt, which included countries with a per capita income of up to $9,385 (using the World Bank Atlas conversion rates). The amount of the debt-burden adjustment was deducted from the GNP of those countries affected. The adjustment therefore increased not the absolute but rather the proportionate GNP of the Member States that either did not benefit from it or whose relative adjustment was lower than the amount of the total adjustment as a percentage of total GNP.

Summary of step 2

Deducted the debt burden adjustment (DBA) to derive debt-adjusted GNP (GNP_{da}). In the case of the debt flow method, this involved deducting the average of actual principal repayments during the base period from the average GNP figure, as derived in step 1. In the case of the debt stock method, the amount deducted was the average of 12.5 per cent of the total debt stock in each year of the base period. Thus:

$$\text{Average GNP} - \text{DBA} = \text{GNP}_{da}$$

$$\text{Total GNP}_{da} = \text{Total GNP} - \text{Total DBA}$$

6. The next step was the application of the low per capita income adjustment. This involved the calculation of the average per capita GNP during the base period for the membership as a whole and the average debt-adjusted per capita GNP for each Member State. The overall average figure was $4,318 for the current scale, and this was fixed as the starting point or threshold for the adjustment. The GNP of each country whose average debt-adjusted per capita GNP was below the threshold was reduced by 80 per cent of the percentage by which its average debt-adjusted per capita GNP was below the threshold. This proportionate reduction, which is known as the gradient of the low per capita income adjustment, was reduced from 85 per cent for the scale for the period 1995-1997.

7. The total amount of the low per capita income adjustment was reallocated to those countries above the threshold, other than the Member State affected by the maximum assessment rate or ceiling, in proportion to their relative shares of the total debt-adjusted GNP of that group. For illustrative purposes, a second track calculation was undertaken in which the ceiling country was not excluded from the allocation of the adjustment. This permitted the machine scales considered by the Committee on Contributions to indicate the relative assessment rates of Member States had the ceiling not been applied.

Summary of step 3

Calculated the average per capita GNP for the base period. This was used as the threshold for application of the low per capita income adjustment. Thus:

$$[(\text{Total of GNP}_{\text{year 1}} / \text{total population}_{\text{year 1}}) + \ldots\ldots + (\text{Total of GNP}_{\text{year 6}} / \text{total population}_{\text{year 6}})] / 6 = \text{Average per capita GNP}$$

Summary of step 4

Calculated the average debt-adjusted per capita GNP for each Member State for the base period in the same manner as in step 3, using debt-adjusted GNP.

Summary of step 5

Applied the low per capita income adjustment to those Member States whose average debt-adjusted per capita GNP was lower than the average per capita GNP (threshold). This adjustment reduced the affected Member State's average debt-adjusted GNP by the percentage that its average debt-adjusted per capita GNP was below the threshold multiplied by the gradient (currently 80 per cent).

Example: If the average per capita GNP were $4,500 and a Member State's per capita debt-adjusted GNP was $2,000, then the low per capita income adjustment would be [1 – (2000/4500)] X 0.80 = 44.44 per cent, that is, 80 per cent (the current gradient) of 55.55 per cent [1 – (2000/4500)], which is the percentage by which the Member State's debt-adjusted per capita GNP is below the threshold.

Summary of step 6

The total dollar amount of the low per capita income adjustments was reallocated pro rata to Member States whose average debt-adjusted per capita GNP was above the threshold. In order to illustrate the outcomes with and without a ceiling scale rate, 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 debt-adjusted per capita GNP was above the threshold, except the ceiling country. Since the ceiling country would not ultimately share in the reallocation of points arising from the low per capita income adjustment, including it in the reallocation would have the effect of having the beneficiaries of the adjustment share a part of its cost. This would occur when the points added to the ceiling country were reallocated pro rata to all other Member States as part of the reallocation of points arising from application of the ceiling. In machine scales, the results of track 1 calculations appear in the "ceiling" column and subsequent columns, if any.

Track 2

The total of the low per capita income adjustments was proportionately reallocated to all Member States whose average debt-adjusted per capita GNP was above the threshold, including the ceiling country. 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" columns.

8. Following these adjustments, four sets of limits were applied. Those 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 other Member States except, under track 1, for the ceiling country.

Summary of step 7

The minimum assessment rate or floor (currently 0.001 per cent) was applied to those Member States whose rate at this stage is lower. Corresponding reductions were then applied pro rata to other Member States except, under track 1, the ceiling country.

9. A maximum assessment rate of 0.01 per cent was then applied 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 other Member States except, under track 1, the ceiling country.

Summary of step 8

Those least developed countries whose rate 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, under track 1, the ceiling country.

10. A maximum assessment rate or ceiling of 25 per cent was then applied. Increases corresponding to the resulting reduction for the ceiling country were then applied pro rata to other Member States. As indicated above, those increases were calculated in accordance with track 1, i.e., they reflected a distribution of points from the ceiling country that did not include any points arising from the application of the low per capita income adjustment.

Summary of step 9

The maximum assessment rate or ceiling of 25 per cent was then applied. Corresponding increases were then applied pro rata to other Member States, except for those affected by the floor and the least developed countries ceiling, using the track 1 approach from step 6 above.

11. The next element applied to the scale of assessments for 1998-2000 was the scheme of limits. This limited the extent of changes for any Member State between two scales of assessments in accordance with the following limits:

The change in the new scale should not be more than the lesser of:

Rate in previous scale	Percentage limits	Index point limits
Above 5.00 per cent	5.0	75 points
2.50-4.99 per cent	7.5	30 points
1.00-2.49 per cent	10.0	20 points
0.76-0.99 per cent	12.5	11 points
0.51-0.75 per cent	15.0	10 points
0.25-0.50 per cent	17.5	6 points
0.05-0.24 per cent	20.0	2 points
0.01-0.04 per cent	-	1 point

where 1 point equalled 0.01 per cent of the scale.

12. In its resolution 48/223 B of 23 December 1993, the General Assembly, in requesting the Committee on Contributions to recommend a scale of assessments for the period 1995-1997, specified that it should include, *inter alia*:

> " ... a scheme of limits whose effects would be phased out by 50 per cent with a view to its complete phasing out in the scale for the period 1998-2000".

The Assembly also decided:

> " ... that in phasing out the scheme of limits, the allocation of additional points resulting therefrom to developing countries benefiting from its application shall be limited to 15 per cent of the effect of the phase-out".

13. As indicated above, in its resolution 52/215 A the General Assembly decided that the scale of assessments for the period 1998-2000 would reflect the phasing out of the scheme of limits, in accordance with its earlier decision. It also applied the 15 per cent limitation in the allocation of additional points to developing countries benefiting from the application of the scheme, that is, Morocco, Oman, the Republic of Korea, Singapore, the Syrian Arab Republic and Thailand. It also decided that Turkey, the Member State that was the subject of General Assembly decision 50/471 B of 23 December 1995, should not be subject to any increase in its rate of assessment for the period 1998-2000 as a result of the gradual phasing out of the scheme of limits during that period.

14. Accordingly, the final step in the preparation of the current scale of assessments was the calculation of the increases and decreases that would apply under the scheme of limits, as outlined above. The relevant scale rates for the three years of the scale period were then calculated, using an accelerated rate of phase-out for the effects of the scheme of limits. These were 39 per cent in 1998, 86 per cent in 1999 and 100 per cent in 2000, all subject to the special treatment of the Member States specified above.

Summary of step 10

The scheme of limits was applied, subject to the limitations on developing countries benefiting from the scheme and the Member State that is the subject of General Assembly decision 50/471 B. The final scale rates for the three years of the scale period were then calculated, reflecting an accelerated phase-out of 39, 86 and 100 per cent, respectively, in 1998, 1999 and 2000.

Notes

[a] See *Official Records of the General Assembly, Fifty-first Session, Supplement No. 11* (A/51/11 and Corr.1 and 2), sect.IV.D.4.

[b] Ibid., annexes II-IX.

Annex II

Methodology for the preparation of scales of assessments for the apportionment of the expenses of the United Nations: evolution of the methodology

1. In its resolution 14 A (I) of 13 February 1946, the General Assembly established a standing expert Committee on Contributions, as recommended in chapter IX of the report of the Preparatory Commission (PC/20), and instructed it to prepare a detailed scale of apportionment of expenses, based on the principles set out in the report of the Preparatory Commission.

2. In that report, the Preparatory Commission provided that:

> "13. The expenses of the United Nations should be apportioned broadly according to capacity to pay. It is, however, difficult to measure such capacity merely by statistical means, and impossible to arrive at any definite formula. Comparative estimates of national income would appear *prima facie* to be the fairest guide. The main factors which should be taken into account in order to prevent anomalous assessments resulting from the use of comparative estimates of national income include:
>
> (a) Comparative income per head of population;
>
> (b) Temporary dislocation of national economies arising out of the second world war;
>
> (c) The ability of Members to secure foreign currency.
>
> "Two opposite tendencies should also be guarded against: some Members may desire unduly to minimize their contributions, whereas others may desire to increase them unduly for reasons of prestige. If a ceiling is imposed on contributions the ceiling should not be such as seriously to obscure the relation between a nation's contributions and its capacity to pay. The Committee should be given discretion to consider all data relevant to capacity to pay and all other pertinent factors in arriving at its recommendations. Once a scale has been fixed by the General Assembly it should not be subjected to a general revision for at least three years or unless it is clear that there have been substantial changes in relative capacities to pay.
>
> "14. Other functions of the Committee would be:
>
> (a) To make recommendations to the General Assembly on the contributions to be paid by new Members;
>
> (b) To consider and report to the General Assembly on appeals by Members for a change of assessment; and
>
> (c) To consider and report to the General Assembly on the action to be taken if Members fall into default with their contributions.
>
> "In connection with the latter, the Committee should advise the Assembly in regard to the application of Article 19 of the Charter."

3. Subsequent decisions by the General Assembly have modified these initial terms of reference for the Committee on Contributions and elements of the scale methodology have been added, amended and removed over time. Subject to these specific decisions from time to time, the Committee's general underlying terms of reference are now set out in rule 160 of the rules of procedure of the General Assembly, which provides that:

> "The Committee on Contributions shall advise the General Assembly concerning the apportionment, under Article 17, paragraph 2, of the Charter, of the expenses of the Organization among Members, broadly according to capacity to pay. The scale of assessments, when once fixed by the General Assembly, shall not be subject to a general revision for at least three years unless it is clear that there have been substantial changes in relative capacity to pay. The Committee shall also advise the General Assembly on the assessments to be fixed for new Members, on appeals by Members for a change of assessments and on the action to be taken with regard to the application of Article 19 of the Charter."

Capacity to pay

4. As noted above, the methodology for the preparation of scales of assessment has, from the beginning, taken a measure of national income as its starting point in determining capacity to pay. The Committee on Contributions has since considered a number of alternative basic measures of capacity to pay,[a] as did the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay, convened by the General Assembly in 1995 (see A/49/897). These alternative measures have included the use of other indicators than national income — e.g. wealth, socio-economic indicators, dependence on one or a few products, dependence on non-renewable resources, deteriorating terms of trade and balance of payments problems. Following review, however, these were all deemed to have serious technical drawbacks, given problems with the reliability and comparability of data, since these should be available for all Member States. It was also suggested that inclusion of some of these indicators with national income data could constitute double counting. Consequently, the General Assembly has continued to use a measure of national income as the first approximation to Member States' capacity to pay.

5. Other elements in place from the beginning have been the idea of adjusting comparative shares of total national income by taking account of comparative per capita income and the idea of a ceiling rate and of a minimum rate of assessment, or floor. Elements added subsequently and still employed are since 1983 a limit for the least developed countries, and since 1986 a debt-burden adjustment. Over time, the application of some of these elements has evolved and the levels of various parameters have changed, but the basic framework, as outlined, has remained the same.

6. Added to the scale methodology in the scale for 1956-1957 but dropped in scales since 1977 was a per capita contribution ceiling at the level of the per capita contribution of the major contributor. At its fifty-eighth session, in 1998, the Committee on Contributions considered the possibility of reintroduction of this element. The Committee noted that the Member States that would benefit from the reintroduction of the per capita contribution ceiling were all relatively high-income countries and that the reintroduction of this element would therefore clearly be contrary to the principle of capacity to pay. Some members showed interest in studying the idea further, however.

7. Added in 1986 was a "scheme of limits" that limited the amount by which each Member's assessment rate could rise or fall between scales. Over time, this was found to cause serious distortions, and it has been phased out during the scale periods 1995-1997 and 1998-2000.

Income measure

8. National income data has been the first step in the scale methodology since the beginning of the Organization. In the past, national income data was maintained for market economies, using the System of National Accounts (SNA), and for centrally planned economies, using the material product system (MPS). It was therefore necessary to recast the MPS accounts into the form of the SNA for the purposes of comparison. This is no longer an issue since former centrally planned economies are currently using the concepts and definitions of the 1993 SNA for their national accounts.

9. The use of national income as the first step of the scale was reviewed by the Committee on Contributions and the Ad Hoc Intergovernmental Working Group on the Implementation of the Principle of Capacity to Pay. While national disposable income was deemed to be theoretically the best first measure of capacity to pay, it was noted that there were problems with availability and reliability of data. Conversely, while data for gross domestic product (GDP) is somewhat more widely available and reliable than for other income measures, it is less satisfactory conceptually. Balancing conceptual concerns with considerations of data availability, reliability, comparability and simplicity, it was concluded that data for gross national product (GNP) should be the basis for calculations for the scale. Accordingly, the General Assembly decided that the scale of assessments for the period 1998-2000 should be based on GNP data.

10. The Committee on Contributions reviewed the question further at its fifty-eighth session, in 1998. The Committee noted that while the availability and reliability of data for GDP was somewhat better than for GNP, for those countries showing the largest differences between GDP and GNP, availability and reliability were the same. On balance, therefore, the Committee concluded that GNP remained the least unsatisfactory income measure for calculating assessment rates. Accordingly, the Committee

reaffirmed its earlier recommendation that future scales of assessments should be based on estimates of GNP.

11. At the same time, the Committee is kept advised of developments with respect to national accounts, including implementation of the 1993 SNA, and has decided to keep the issue under review for future scales.

Conversion rates

12. The next step of the methodology is to convert national income data to a common currency — since 1946 the United States dollar. The primary source for exchange rate information has been the International Monetary Fund. For non-members of the Fund, United Nations operational rates of exchange have also been used. As indicated in document A/CN.2/R.645, these rates have been designated market exchange rates (MERs) for the purposes of preparing the scale.

13. In a number of instances, however, the Committee on Contributions has recommended the use of alternative rates where use of the MERs would result in excessive fluctuations and distortions in the income of some Member States expressed in United States dollars. These alternative conversion rates have included price-adjusted rates of exchange (PAREs) supplied by the United Nations Statistics Division.

Base period

14. The scale of assessments for 1946 was based on national income figures for 1938-1940. Thereafter, single-year base periods were used until 1953, when a two-year average was used. From 1954 to 1977, the average of data for three years was used as the base period for the scale.

15. In its resolution 31/95 A of 14 December 1976, the General Assembly requested the Committee on Contributions to consider:

> "... the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of the capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method".

Consequently, a base period of seven years was used for scales between 1978 and 1982. In its resolution 36/231 A of 18 December 1981, the General Assembly decided to extend the base period further to 10 years and this was applied to scales between 1983 and 1994.

16. In its resolution 48/223 B of 23 December 1993, the General Assembly decided to use the base periods of seven and eight years for the scale of assessments for the period 1995-1997. In its resolution 52/215 A of 22 December 1997, the General Assembly decided to reduce the base period further, to six years, for the scale of assessments for the period 1998-2000.

Debt-burden adjustment

17. In the context of its efforts to find a systematic way in which to make allowance for Member States' ability to secure foreign exchange, the Committee on Contributions in 1969 began to make small downward adjustments to individual assessment rates, based on available data on servicing and amortization of external debt. These ad hoc adjustments continued until 1985, particular attention being paid to countries which had to devote a large portion of their foreign earnings to the servicing of external debt.

18. In considering the scale of assessments for the period 1986-1988, the Committee on Contributions considered proposals for the incorporation of a debt indicator in the scale methodology. In view of serious deficiencies in the data available, the Committee opted for an ad hoc formula for 1986-1988 but left open the possibility of a more systematic approach to the question in future scales. The Committee made adjustments to national income on the basis of a ranking of countries by combined ratios of debt-to-export earnings and debt-to-national income, and ad hoc decisions on a cut-off point for relief and the size of the relief deduction. Varying fixed percentages of debt were deducted from the national income of 37 Member States in order to arrive at their assessable incomes.

19. In considering the scale of assessments for the period 1989-1991, the Committee on Contributions noted that payment of interest on external debt was included in data on national income. Deductions were therefore made on the basis of repayment of debt principal only. As reliable data on debt service was not available, the Committee decided to base the adjustment on an assumed pay back period of eight years. Accordingly, a deduction of 12.5 per cent of total external debt (debt stock) was applied. The same

approach was used for the scales of assessments for the periods 1992-1994 and 1995-1997.

20. At its fifty-sixth session, in 1996, the Committee on Contributions was advised that more reliable data was available from the World Bank on actual repayments of external debt principal. While different views were expressed about the rationale for the debt-burden adjustment, the Committee agreed that should the General Assembly decide to retain the element in the scale methodology, it should be based on debt information available from the World Bank. In that event and notwithstanding the view of some members of the Committee that the overall level of debt itself constituted a significant burden, the Committee also agreed that the adjustment should be based on data on actual principal repayments (what has become known as the debt flow approach) rather than on a proportion of debt stocks (what has become known as the debt stock approach). In its resolution 52/215 A, the General Assembly decided to retain the debt-burden adjustment for the scale for the period 1998-2000, and to use the debt flow approach for the first year of the scale period and the debt stock approach for the second and third years.

Low per capita income adjustment

21. As noted above, an adjustment for low per capita income has been part of the scale methodology from the beginning. In 1946 and 1947, the Committee on Contributions was faced with inadequate statistical data and used its best judgement in making individual adjustments.

22. Since 1948, the adjustment has been applied to all countries whose per capita income is below a specified threshold. In 1948, this was set at $1,000. It was raised to $1,500 in 1974, $1,800 in 1977, $2,100 in 1983, $2,200 in 1986 and $2,600 in 1992. Since 1995, it has been set at the average per capita income or GNP of the membership of the United Nations as a whole. For the scale of assessments for the period 1998-2000, this was $4,318.

23. The size of the low per capita income adjustment is determined by the gradient. This is a percentage applied to the percentage by which a country's per capita income is below the threshold. In 1948, this was fixed at 40 per cent. It was raised to 50 per cent in 1953, 60 per cent in 1974, 70 per cent in 1977, 75 per cent in 1980 and 85 per cent in 1983. The gradient was reduced to 80 per cent in the scale of assessments for the period 1998-2000.

Floor

24. The minimum assessment rate, or floor, was fixed at 0.04 per cent in 1946. In its resolution 2961 D (XXVII) of 13 December 1972, the General Assembly decided to reduce the floor to 0.02 per cent "... to allow the adjustments necessary for the developing countries, in particular those with the lowest per capita income". In its resolution 31/95 A, the General Assembly decided to lower the floor further to 0.01 per cent. In its resolution 52/215 A, the General Assembly decided to lower the floor to 0.001 per cent in the scale for the period 1998-2000.

Least developed countries ceiling

25. In its resolution 36/231 A, the General Assembly decided that "... in view of the extremely serious economic situation of the least developed countries, their individual rates of assessment should not in any way exceed the present level". This decision has been applied since 1983 and has effectively capped the assessment rate of least developed countries at 0.01 per cent (the least developed countries ceiling), which was also the floor rate until 1998. In the scale of assessments for 1998-2000, the assessment rate of a number of least developed countries was reduced from the previous floor of 0.01 per cent. Accordingly, for those Member States, their rates of assessment could rise in future scales but only as high as 0.01 per cent so long as the least developed countries ceiling rate is maintained.

Ceiling

26. During consideration of the first scale of assessments, the United States of America objected to the rate of assessment of 49.89 per cent proposed for it by the Committee on Contributions. It voluntarily accepted a rate of 39.89 per cent for 1946-1949 with the reservation "... that under no circumstances do we consent that under normal conditions any one nation should pay more than 33⅓ per cent in an organization of 'sovereign equals'" (see A/274).

27. In its resolution 238 (III) A of 18 November 1948, the General Assembly (relevant part):

> "... *Recognizing*:

(a) That in normal times no one Member State should contribute more than one-third of the ordinary expenses of the United Nations for any one year,

(b) That in normal times the per capita contribution of any Member should not exceed the per capita contribution of the Member which bears the highest assessment,

...

3. *Accepts* the principle of a ceiling to be fixed on the percentage rate of contributions of the Member State bearing the highest assessment;

4. *Instructs* the Committee on Contributions, until a more permanent scale is proposed for adoption, to recommend how additional contributions resulting from (a) admission of new Members, and (b) increases in the relative capacity of Members to pay, can be used to remove existing maladjustments in the present scale or otherwise used to reduce the rates of contributions of present Members;

5. *Decides* that when existing maladjustments in the present scale have been removed and a more permanent scale is proposed, as world economic conditions improve, the rate of contribution which shall be the ceiling for the highest assessment shall be fixed by the General Assembly."

28. Accordingly, the rate of assessment of the United States of America was gradually reduced in the scales of assessments for 1950-1953 to 35.12 per cent. At each stage, the Committee on Contributions made its recommendations in the light of available evidence of capacity to pay and in the context of an attempt to remove maladjustments in the scale arising from under- or over-assessment on the basis of capacity to pay.

29. In its resolution 665 (VII) of 5 December 1952, the General Assembly decided that from 1 January 1954, the assessment of the largest contributor would not exceed one third of total assessments. The ceiling rate of assessment remained at that level from 1954 through 1957.

30. In its resolution 1137 (XII) of 14 October 1957, the General Assembly noted that since 1 January 1954, 22 new Members had joined the United Nations, and decided that in principle the maximum contribution of any one Member State should not exceed 30 per cent of the total. The Assembly also mandated the Committee on Contributions to recommend the necessary and appropriate steps to complete the reduction. Accordingly, the ceiling rate was reduced gradually to 31.52 per cent, which was the ceiling rate for the scale of assessments for the period 1971-1973.

31. In its resolution 2961 B (XXVII) of 13 December 1972, the General Assembly noted that since its earlier decision in 1957, 50 new Members had joined the United Nations, and decided that as a matter of principle the ceiling should not exceed 25 per cent. The Assembly also decided that the Committee on Contributions should implement the decision as soon as possible, using, to the extent necessary, contributions from new Member States and normal increases resulting from the increase in the national income of other Member States. Notwithstanding that decision, the Assembly specified that the percentage contributions of other Member States should not increase as a result of the resolution. With the subsequent admission of the Federal Republic of Germany and the German Democratic Republic in 1973, it was possible to implement the new ceiling of 25 per cent in the scale of assessments for the period 1974-1976. It has since remained at that level.

Scheme of limits

32. There has been concern about excessive variations of individual assessment rates between successive scales from the beginning. As a result, the Committee on Contributions adopted a general rule that changes in individual assessment rates should not generally exceed 10 per cent. In practice, however, this guideline was often exceeded, although the Committee attempted to alleviate the most drastic changes through the process of mitigation.

33. In its resolution 31/95 A, the General Assembly requested the Committee on Contributions to consider "... the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method ...". In its resolution 31/95 B, the General Assembly resolved that the Committee on Contributions should draw up future scales on the basis of, *inter alia*, "... methods which avoid excessive variations of individual rates of assessment between

two successive scales ...". Members of the Committee considered the question, but had doubts about the imposition of such limits and felt that they would distort the principle of capacity to pay.

34. In its resolution 36/231 A, the General Assembly again decided that "... efforts should be made to limit the increase of individual rates of assessment to a reasonable level ...". Following further consideration of the matter, the Committee on Contributions recommended a scheme of limits (see A/CN.2/R.645) that was used in the preparation of the scale of assessments for the period 1986-1988.

35. In its resolution 46/221 B of 20 December 1991, the General Assembly requested "... the Committee on Contributions, in the context of its ongoing work to review methodology, to provide commentary, analysis and, as appropriate, recommendations on possible changes of the current methodology on the basis of ..." a number of elements, including "... a method for phasing out the scheme of limits over two three-year scale periods which would also include provisions to avoid, to the extent possible, the allocation of additional points as a result thereof to developing countries ...".

36. Subsequently, in its resolution 48/223 B, the General Assembly requested the Committee on Contributions to recommend a scale of assessments for the period 1995-1997 on the basis of a number of elements and criteria, including "... a scheme of limits whose effects would be phased out by 50 per cent with a view to its complete phasing out in the scale for the period 1998-2000 ...". The Assembly also decided that in phasing out the scheme of limits, the allocation of additional points resulting therefrom to developing countries benefiting from its application should be limited to 15 per cent of the effect of the phase-out. The scale of assessments for the period 1995-1997 reflected this decision.

37. In its resolution 52/215 A, the General Assembly decided that the scale of assessments for the period 1998-2000 would be based on a number of elements and criteria, including the phasing out of the scheme of limits, in accordance with its resolution 48/223 B, and "... in phasing out the scheme of limits before the year 2001, the allocation of additional points arising therefrom to developing countries benefiting from its application limited to 15 per cent of the effect of the phase-out ...". The Assembly also included the limitation referred to in operative paragraph 2 of its resolution 51/212 B of 3 April 1997, namely that the Member State in question, Turkey, should not be subject to any increase in its rate of assessment for the period 1998-2000 as a result of the gradual phasing out of the scheme of limits during that period. Accordingly, the effects of the scheme of limits have been phased out, except in respect of the limitations referred to above.

Mitigation

38. In preparing a final scale of assessments, the Committee on Contributions has in the past used its discretion to adjust the results derived from the application of the scale methodology to take account of other relevant factors, such as the temporary dislocation of national economies arising out of the Second World War and other wars, difficulties in securing foreign exchange, natural disasters and excessive rate variations between successive scales. This has been designated the mitigation process.

39. The process has been strongly criticized based on a lack of transparency and on the resulting distortion of the capacity to pay. At its fifty-sixth session, in 1996, the Committee on Contributions agreed[b] that the process of mitigation has nothing to do with the principle of capacity to pay. It also noted that the process depended on Member States making points available for distribution and that the number of points so distributed had declined in recent years. Some members questioned whether the Committee, as a technical body, should be involved in the process, while others felt that, when available, mitigation points could facilitate agreement on a scale. The preparation of the scale of assessments for the period 1998-2000 did not involve any mitigation.

Conclusion

40. The attached table reflects the evolution of the elements of the methodology used in the preparation of the scale of assessments for the period 1998-2000.

Notes

[a] See relevant reports of the Committee on Contributions, including *Official Records of the General Assembly,* various sessions, *Supplement No. 11* (A/32/11; A/35/11; A/39/11; A/41/11; A/44/11; and A/53/11).

[b] See ibid., *Fifty-second Session, Supplement No. 11B* (A/50/Add.2).

Summary of the evolution of the elements in the methodology used to prepare the scale of assessments for the period 1998-2000

Scale of assessments	*Statistical base period*	*Low per capita income allowance* *Per capita income limit (US dollars)*	*Gradient (percentage)*	*Ceiling (percentage)*	*Floor (percentage)*	*No increase for least developed countries*	*Debt relief*	*Scheme of limits*
1946-1947	1938-1940	Individual allowances made on the basis of per capita income levels		39.89	0.04			
1948	1945, 1946 or 1947 single year statistics	1 000	40	39.89	0.04			
1949	“	“	“	39.89	0.04			
1950 (same as 1949 except for minor adjustment)	“	“	“	39.79	0.04			
1951	“	“	“	38.92	0.04			
1952	“	“	“	36.90	0.04			
1953	Average of 1950-1951	“	50	35.12	0.04			
1954	Average of 1950-1952	“	“	33.33	0.04			
1955	Average of 1951-1953	“	“	33.33	0.04			
1956-1957[a]	Average of 1952-1954	“	“	33.33	0.04			
1958	“	“	“	32.51	0.04			
1959-1961	Average of 1955-1957	“	“	32.51	0.04			
1962-1964	Average of 1957-1959	“	“	32.02	0.04			
1965-1967	Average of 1960-1962	“	“	31.91	0.04			
1968-1970	Average of 1963-1965	“	“	31.57	0.04			

		Low per capita income allowance						
Scale of assessments	*Statistical base period*	*Per capita income limit (US dollars)*	*Gradient (percentage)*	*Ceiling (percentage)*	*Floor (percentage)*	*No increase for least developed countries*	*Debt relief*	*Scheme of limits*
1971-1973	Average of 1966-1968	“	“	31.52	0.04			
1974-1976	Average of 1969-1971	1 500	60	25.00	0.02			
1977[a]	Average of 1972-1974	1 800	70	25.00	0.02			
1978-1979	Average of 1969-1975	1 800	70	25.00	0.01			
1980-1982	Average of 1971-1977	1 800	75	25.00	0.01			
1983-1985	Average of 1971-1980	2 100	85	25.00	0.01	X		
1986-1988	Average of 1974-1983	2 200	85	25.00	0.01	X	X	X
1989-1991	Average of 1977-1986	2 200	85	25.00	0.01	X	X	X
1992-1994	Average of 1980-1989	2 600	85	25.00	0.01	X	X	X
1995-1997	Average of the average of 1985-1992 and 1986-1992	world average (3 055 and 3 198)	85	25.00	0.01	X	X	50 per cent phase out
1998-2000[c]	Average of 1990-1995	world average (4 318)	80	25.00	0.001	[d]	X[e]	Full phase out[b]

[a] A ceiling on per capita assessments, set at the level of the per capita assessment of the Member State with the highest assessment, was applied to scales of assessment between 1956 and 1976. On the recommendation of the Committee on Contributions, it was abolished, by the General Assembly in its resolution 3228 (XXIX) of 12 November 1974.

[b] Subject to a limitation of 15 per cent on the allocation of additional points to developing countries benefiting from application of the scheme of limits.

[c] Income measure changed from national income to gross national product.

[d] Not a specific part of the methodology, but since the least developed countries ceiling was applied there were no increases for least developed countries in the 1998-2000 scale; with the reduction in the floor to 0.001 per cent, however, there could be some increases in future scales, albeit subject to the least developed countries ceiling of 0.010 per cent.

[e] Calculated using “debt flow” data for 1998 and “debt stock” data for 1999-2000.

Annex III

Elements of the 12 scale proposals contained in General Assembly resolution 54/237 D

Proposals	*A*	*B*	*C*	*D*	*E*	*F*
Income measure	GNP	GNP	GNP	GNP	GNP	GNP
Average base period (years)	6	6	6	3	3	6
Conversion rates	GA Res. 52/215	GA Res. 52/215[a] and Res. 46/221 B	A/51/11 and Res. 46/221 B	A/51/11 and Res. 46/221 B	A/51/11 and Res. 46/221 B	A/51/11 and Res. 46/221 B
Debt burden adjustment	Yes	Yes	Yes	Yes	Yes	Yes
Basis of adjustment	Debt stock	Debt stock	Debt stock	Debt flow	Debt flow	Debt stock
Low per capita income adjustment						
Per capita income limit (threshold)	Avg. GNP	Avg. GNP	$9 361	Avg. GNP	Avg. GNP	Avg. GNP
Gradient (%)	80	Sliding[b]	80	80 for LDCs 70 for others	80 for LDCs 70 for others	80
Absorption of relief points from low per capita income adjustment	States above threshold	All States	States above threshold[a]	States above threshold[a]	States above threshold[a]	States above threshold[a]
Delay for countries passing threshold	None	None[a]	None[a]	Equal annual phasing	Equal annual phasing	None[a]
Eligibility of permanent members of Security Council for adjustment based on low per capita income	Yes	Yes[a]	Yes[a]	Yes[a]	Yes[a]	Yes[a]
Minimum assessment rate (%)	0.001	0.001	0.001	0.001	0.001	0.001
For permanent members of the Security Council: special rate (%)	No	No[a]	No[a]	No[a]	No[a]	No[a]

G	H	I	J	K	L	Proposals
GNP	GNP	GNP	GNP	GNP	GNP	Income measure
3	6	3	6	3	3	Average base period (years)
A/51/11[a] and Res. 46/221 B	A/51/11 and Res. 46/221 B	A/51/11[a] and Res. 46/221 B	GA Res. 52/215	A/51/11[a] and Res. 46/221 B	A/51/11[a] and Res. 46/221 B	Conversion rates
No	Yes	Yes	Yes	Yes	No[a]	Debt burden adjustment
N/A	Debt stock	Debt flow	Debt stock	Debt flow	N/A	Basis of adjustment
						Low per capita income adjustment
Avg. GNP	Avg. GNP	Avg. GNP	Avg. GNP	Avg. GNP	Avg. GNP	Per capita income limit (threshold)
75	80	10, 40 and 70 – for States with GNP shares of >3%, >=1%, <1%	80	50 and 80 – for States with GNP shares of >=1%, <1%	70	Gradient (%)
States above threshold[a]	States above threshold[a]	States above threshold[a]	States above threshold	States above threshold[a]	States above threshold[a]	Absorption of relief points from low per capita income adjustment
None[a]	None[a]	None[a]	None	None[a]	None[a]	Delay for countries passing threshold
Yes[a]	Yes[a]	No	Yes	Yes[a]	Yes[a]	Eligibility of permanent members of Security Council for adjustment based on low per capita income
0.001	0.001	0.001	0.001	0.001	0.001	Minimum assessment rate (%)
No[a]	No[a]	No[a]	No	No[a]	2.5	For permanent members of the Security Council: special rate (%)

Proposals	*A*	*B*	*C*	*D*	*E*	*F*
Ceilings (%)						
Maximum assessment rate	25	25	25	25	20	None
Maximum rate for least developed countries	0.01	0.01	0.01	0.01	0.01	0.01
Scheme of limits						
Phase-out	Complete	Complete[a]	Complete[a]	Complete[a]	Complete[a]	Further phase-out for developing countries that benefited earlier – 25% annually
Annual updating of the scale	No	No[a]	No[a]	Yes	Yes	No[a]

[a] By implication — not specifically mentioned.
[b] Details not specified.

G	H	I	J	K	L	Proposals
						Ceilings (%)
25	25	25	22 (3% of ceiling not transferred to G-77 and China)	22	22	Maximum assessment rate
0.01	0.01	0.01	0.01	0.01	0.01	Maximum rate for least developed countries
						Scheme of limits
Complete	Further phase-out for developing countries that benefited earlier – 25% annually	Complete[a]	Complete	Complete[a]	Complete[a]	Phase-out
Yes	No[a]	No	No	No[a]	No[a]	Annual updating of the scale