United Nations

Report of the Committee on Contributions

Seventy-first session (6-24 June 2011)

General Assembly
Official Records
Sixty-sixth Session
Supplement No. 11

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Summary

At its seventy-first session, the Committee on Contributions reviewed the methodology of the scale of assessments pursuant to rule 160 of the rules of procedure of the General Assembly, Assembly resolution 58/1 B and, specifically, to Assembly resolution 64/248 (see chap. III of the present report).

With regard to the methodology for the scale of assessments, the Committee:

(a) Recalled and reaffirmed its recommendation that the scale of assessments continue to be based on the most current, comprehensive and comparable gross national income data and recommended that the Assembly encourage Member States which have not yet done so to implement the System of National Accounts, 1993, and to report gross disposable income data as available;

(b) Recalled and reaffirmed its recommendation that, once chosen, there were advantages in using the same base period for as long as possible so as to smooth out over the course of consecutive scale periods the impact for every Member State;

(c) Recalled and reaffirmed its recommendation that conversion rates based on market exchange rates (MERs) should be used for the scale of assessments, except where that would cause excessive fluctuation and distortions in the gross national income (GNI) of some Member States expressed in United States dollars, in which case price-adjusted rates of exchange (PAREs) or other appropriate conversion rates should be employed and expressed its intention to continue to study this element on the basis of further input from the Statistics Division and in light of any guidance from the Assembly;

(d) Decided to further consider all the elements of the scale methodology at its next session in the light of any guidance from the Assembly.

The Committee also decided to further consider the questions of annual recalculation and large scale-to-scale increases in rates of assessment at its future sessions in the light of any guidance from the General Assembly.

With regard to multi-year payment plans (chap. IV), the Committee concluded that the system of multi-year payment plans continues to be a viable means available to Member States to assist them in reducing their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations. The Committee emphasized the importance of annual payments exceeding current assessments to avoid a further accumulation of arrears. The Committee noted that no new multi-year payment plans had been submitted and recommended that the General Assembly encourage Member States in arrears for the purposes of the application of Article 19 of the Charter of the United Nations to consider submitting multi-year payment plans.

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

(a) Encouraged all Member States requesting an exemption under Article 19 that are in a position to do so to consider presenting a multi-year payment plan;

(b) Recommended that the following Member States be permitted to vote in the General Assembly until the end of the sixty-sixth session of the Assembly:

(i) Central African Republic;

(ii) Comoros;

(iii) Guinea-Bissau;

(iv) Liberia;

(v) Sao Tome and Principe;

(vi) Somalia.

The Committee decided to continue to review its working methods at its next session.

The Committee decided to hold its seventy-second session from 4 to 29 June 2012.

[24 June 2011]

Contents

I. Attendance

1. The Committee on Contributions held its seventy-first session at United Nations Headquarters from 6 to 24 June 2011. The following members were present: Andrzej T. Abraszewski, Joseph Acakpo-Satchivi, Meshal Al-Mansour, Elmi Ahmed Duale, Gordon Eckersley, Bernardo Greiver, Patrick Gerard Haughey, Ihor V. Humenny, Andrei Kovalenko, Juan Mbomio Ndong Mangue, Pedro Luis Pedroso Cuesta, Gönke Roscher, Thomas Schlesinger, Lisa P. Spratt, Shigeki Sumi, Xudong Sun and Courtney H. Williams.

2. The Committee welcomed the new members and thanked the five outgoing members: Abdelmalek Bouheddou, Luis M. Hermosillo Sosa, Richard Moon, Eduardo Ramos and Wu Gang for their hard work and years of service in the Committee.

3. The Committee elected Mr. Greiver as Chairman and Mr. Eckersley as Vice-Chairman.

4. The Committee thanked Mr. Lionelito Berridge for his past services as the Secretary to the Committee and welcomed Ms. Mya Mya Than as his successor.

II. Terms of reference

5. The Committee on Contributions 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 mandates contained in Assembly resolutions 46/221 B, 48/223 C, 53/36 D, 54/237 C and D, 55/5 B and D, 57/4 B, 58/1 A and B, 59/1 A and B, 60/237, 61/2, 61/237 and 64/248.

6. The Committee on Contributions had before it the summary records of the Fifth Committee at the sixty-fifth session of the General Assembly relating to agenda item 133, entitled “Scale of assessments for the apportionment of the expenses of the United Nations” (A/C.5/65/SR.2, 3 and 7) and the verbatim records of the 27th and 73rd plenary meetings of the Assembly at its sixty-fifth session (A/65/PV.27 and 73).

III. Review of the methodology for the preparation of the scale of assessments pursuant to General Assembly resolution 64/248

7. By its resolution 64/248, the General Assembly recognized that the current methodology can be enhanced, bearing in mind the principle of capacity to pay. The Assembly also recognized the need to study the methodology in depth and in an effective and expeditious manner, taking into account views expressed by Member States, and decided to review, at its earliest opportunity, all elements of the methodology of the scale of assessments, with a view to taking a decision before the

end of its sixty-sixth session, to take effect, if agreed, for the 2013-2015 scale period.

8. In the light of that decision, the Committee on Contributions, in accordance with its mandate and the rules of procedure of the General Assembly, made recommendations and reported thereon to the Assembly at the main part of its sixty-fifth session. The Assembly took note of the report but did not give further guidance for the work of the Committee at its seventy-first session. However, a number of issues were raised by Member States in the Fifth Committee which the Committee has attempted to address in the present report.

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

9. The Committee recalled that the methodology used in preparing the scale of assessments for the period 2010-2012, which had been adopted by the General Assembly in its resolution 64/248, was the same methodology used to prepare the scale of assessments for the previous three scale periods. Based on the general mandate given to it under rule 160 of the rules of procedure of the Assembly, as well as the requests contained in Assembly resolutions 58/1 B and 64/248, the Committee carried out a further review of the elements of the current methodology.

10. The Committee explored the use of exponential functions in the scale methodology and found no technical merit in their use. The use of exponential functions would move the scale of assessments away from the principle of capacity to pay.

1. Elements for making comparative estimates of national income

(a) Income measures

11. The gross national income (GNI) is used as a first approximation of the capacity to pay, based on data reliability, availability, comparability and simplicity.

12. The comparability of data between countries reporting under the 1993 System of National Accounts and those reporting under the 1968 System of National Accounts has been a concern. Information available to the United Nations Statistics Division indicates that, over time, an increasing number of Member States have adopted the 1993 System of National Accounts (SNA). Therefore, the potential impact of this issue has steadily diminished. **The Committee encouraged Member States who have not done so to adopt the 1993 System of National Accounts so as to promote comparability in the scale.**

13. The Committee, at its seventieth session, had reviewed the availability of the data on gross national disposable income (GNDI)[1] of a country for its possible use as an income measure and as a first approximation of capacity to pay. However,

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[1] The gross national disposable income of a country measures the income available to it for final consumption and gross savings. It is derived from the GNI by subtracting current transfers (other than taxes, less subsidies, on production and imports) payable to non-resident units and adding the corresponding current transfers receivable by resident units from the rest of the world.

given the lower availability of data on this income measure its use in the scale of assessment would be impractical for the time being.

14. It may be noted that the status of the availability of the GNDI data has not improved since the last review of the issue by the Committee at its seventieth session. The number of countries for which GNDI data are available decreased significantly for the most recent years, owing to very slow release of those data by countries. The Committee noted that the National Disposable Income (NDI) is a more appropriate income measurement, owing to the inclusion of transfer income from all nationals, both internally and externally, and that therefore it is more useful from a technical perspective. While the Committee encouraged more Member States to come forward with GNDI data, it recognizes that, at present, GNI is still the best available measurement of the capacity to pay.

15. The Committee also noted that GDP/GNI can be determined in three ways, all of which should, in principle, give the same result: the product (or output) approach, the income approach and the expenditure approach.

16. The most direct of the three is the product approach, which sums the outputs of every class of enterprise to arrive at the total. The expenditure approach works on the principle that all of the product must be bought by somebody, therefore the total value of the product must be equal to people's total expenditure in buying things. The income approach works on the principle that the incomes of the productive factors (or "producers", colloquially) must be equal to the value of their product, and determines GDP by finding the sum of all producers' incomes. The Committee encouraged Member States to try to submit data from all three perspectives so as to promote consistency in the database.

17. **The Committee recalled and reaffirmed its recommendation that the scale of assessments should be based on the most current, comprehensive and comparable data available for GNI. The Committee recommended that the General Assembly continue to encourage Member States to submit the required statistical information under the 1993 SNA and, where available, to submit data based on GNDI so that more comprehensive information can be used as a means for measuring capacity to pay.**

18. In the past, the Committee has also considered alternative income measures in terms of defining adjustments to GDP to better reflect the capacity to pay. To this end, the Committee had examined the possibilities of using theoretical measures combining national income with socio-economic indicators (level of education, health quality, available infrastructure, poverty, etc.) in the form of indices. At present no such indicators are embodied in the scale methodology.

19. Since 1990, the United Nations Development Programme (UNDP) has been publishing the human development index — a composite statistical measure of human development — in its *Human Development Reports*, to emphasize the fact that development should not be evaluated only by economic advances, but also by

improvements in well-being. The new human development index methodology[2] seeks to measure population-wide achievements in a country using three basic dimensions of human development, namely: (a) long and healthy life, (b) access to knowledge, and (c) a decent standard of living.

20. The human development index is currently available for 168 countries for the year 2009 based on a recently revised methodology. Some countries have issues with the sources of data being used by UNDP for calculating the human development index. They believe that the requisite data for compiling the human development index should be obtained directly from countries' national statistical systems, rather than taken from international organizations. The data from international organizations should be used only when it is not available from the national sources and, in such cases, the countries concerned should be informed.

21. The Committee examined the use of information on the human development index in the scale methodology. In this context, the Committee examined the relative ranking of Member States based on the per capita income and the human development index. These two rankings were found to be highly correlated, which implies that there is no marked change in Member States' relative ranking if the human development index is used instead of the per capita income indicator as the basis for ranking.

22. The Committee noted that there are various inherent limitations to the utilization of the human development index as an income measure at present, such as its limited acceptance by Member States and non-availability for the entire membership and the fact that it represents only a relative ranking and not a number. It is also an externally generated index and is available only as a series, that is, for the years 1990, 1995, 2000, 2005 and 2009, and hence would not be available for all the years of the base period. In addition, in measuring the standard of living, it uses the per capita GNI in purchasing power parity. Hence, there is the possibility of double counting as the per capita GNI (at the market exchange rate) is already used

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[2] The human development index combined three dimensions up until 2009, namely: (a) life expectancy at birth, as an index of population health and longevity; (b) knowledge and education, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (with one-third weight); and (c) standard of living, as indicated by the natural logarithm of the per capita gross domestic product at purchasing power parity. For the purpose of comparing a given country's performance over time, the maximum and minimum "goalposts" for each variable are held constant. Dimension indices are aggregated using arithmetic mean to obtain the human development index. In the 2010 *Human Development Report* of UNDP, the methodology for calculation of the human development index has been revised. It still combines three dimensions of human development but some of indicators measuring those dimensions have been changed. These are (a) a long and healthy life, as measured by life expectancy at birth; (b) access to knowledge, as measured by the mean years of schooling and expected years of schooling; and (c) a decent standard of living, as measured by per capita gross national income in purchasing power parity terms in United States dollars. The maximum "goalposts" for each variable have been set to the actual observed maxima across countries in the time series 1980 to 2010. The minimum values are set as subsistence values, or "natural" zeros. Progress is thus measured against the minimum levels of standard of living, longevity and the knowledge that a society needs to survive over time. The method of aggregation of dimension indices into the human development index has also changed from taking the arithmetic mean to taking the geometric mean, in order to reduce the extent to which a higher achievement in one dimension can be substituted for a lower achievement in another.

in the low per capita income adjustment formula under the current methodology. Some members were also of the opinion that the human development index does not necessarily reflect a country's capacity to pay; it merely reflects its spending priorities.

23. The Committee concluded that the human development index as a concept is not useful as a means to measure the capacity to pay.

(b) Conversion rates

24. The conversion factor has been an integral element of the scale methodology since its inception. A conversion factor is needed to convert the GNI data received from Member States in their national currencies to a common monetary unit. In accordance with General Assembly resolutions, a conversion factor based on the market exchange rates (MERs) is used for the scale methodology, except in cases where that would cause excessive fluctuations and distortions in the income of some Member States, in which case price-adjusted rates of exchange (PAREs) or other appropriate conversion factors are used. For preparing the scale of assessments for the period 2010-2012, the Committee on Contributions used a systematic criterion for assessing and possibly replacing MERs that cause excessive fluctuation and distortion in income with PAREs or other appropriate conversion rates.

25. In its resolution 64/248, the General Assembly decided that the scale of assessments for the period 2010-2012 should be based on a number of elements and criteria, including conversion rates based on MERs, except where that would cause excessive fluctuations and distortions in the income of some Member States, when PAREs or other appropriate conversion rates should be employed, taking due account of its resolution 46/221 B. The Assembly also requested the Committee to review further criteria to be used for identifying cases where MERs should be replaced with PAREs or other appropriate conversion rates for preparing the scale of assessments, and to report thereon to the Assembly at its sixty-fifth session. In its report on its seventieth session, the Committee decided to further study this element of the methodology on the basis of additional information from the Statistics Division and in the light of the guidance of the General Assembly.

26. The official national accounts statistics made available by the Member States to the Statistics Division are in their national currencies, which are converted to United States dollar values using MERs for the preparation of the scale of assessments. The MERs used to convert GNI data to United States dollars are generally annual averages of rates provided by Member States to the International Monetary Fund (IMF) and published in its publication *International Financial Statistics*. This publication includes three types of rates: (a) market rates, determined largely by market forces; (b) official rates, determined by Government authorities; and (c) principal rates, where appropriate, for countries maintaining multiple exchange rate regimes. When MERs are not available from the *International Financial Statistics* or the IMF economic information system, United Nations operational rates or other information may be used for the scale of assessments.

27. At its seventieth session, the Committee recalled the evolution of the systematic criteria currently in use under this element of the methodology. The Committee recalled that, in considering which MERs should be replaced for the 2007-2009 scale, it had reviewed the cases of those countries for which per capita GNI had increased by over 50 per cent or decreased by over 33 per cent during the

previous two consecutive three-year reference periods, namely 1999-2001 and 2002-2004. In so doing, it had looked in particular at cases where the MERs valuation index (MVI) was greater than 1.2 or less than 0.8, reflecting a possible excessive appreciation or depreciation, respectively, of more than 20 per cent. The Committee had also reviewed this element of the methodology at its sixty-eighth session and had noted that the overall number of cases which would need to be reviewed in detail resulting from application of the existing criteria to updated data reflected a significant increase. In that respect, the number of cases which would need to be examined totalled 59, as compared to 25 in 2006, primarily reflecting the significant fluctuation of exchange rates against the United States dollar in recent periods. The Committee had noted that a detailed review of 59 cases, as generated by application of that criteria, would not be feasible.

28. In order to moderate the impact of recent exchange rate fluctuation, the Committee had decided on revised criteria based on world averages. The revised criteria focused on the review of cases of those countries whose per capita GNI growth factor was more than 1.5 times or less than 0.67 times the world average per capita GNI growth factor, and where MVI was more than 20 per cent above or below the world average MVI. The Committee had noted that no single criteria would automatically solve all problems satisfactorily, and any criteria would be used solely as a point of reference to guide the Committee in identifying Member States whose MERs should be reviewed. Based on past practice and legal advice, the Committee would recommend replacement of a MER only in such cases where the related review determined that its use would result in excessive distortions or fluctuations in GNI figures after conversion to United States dollars. If the Committee should be unable to come to such a determination, and therefore fail to agree on a different conversion rate, the Committee would be obliged to use the relevant MERs in the case of the concerned Member State.

29. Some members pointed out that MVI is designed to assist in evaluating whether GNI in United States dollars using MERs increases or decreases excessively due to inappropriate MERs, thus helping to distinguish between changes in GNI that are explained by economic growth and those that are not. They further pointed out that the current PAREs methodology was particularly relevant in the light of recent high currency volatility. These members highlighted the technical difficulty for the Committee to assess the level of overvaluation or undervaluation. They considered the current formula to be a reliable tool for assessing and replacing MERs with PAREs, unless there were compelling reasons for the Committee to challenge the data of the Statistical Division for the replacement of MERs with PAREs.

30. The Committee reviewed a sensitivity analysis on the parameters of the systematic criteria and the results using the current methodology and 2004-2009 data presented by the Statistics Division. It also reviewed a proposal for using three-year moving averages of MERs instead of yearly average of MERs. The analysis of the proposals presented in the present report has been carried out using the current scale methodology and the 2004-2009 data available as on 31 December 2010 and differs from the 2010-2012 scale, for which the data for 2002-2007 were used.

31. The Committee considered modifications in the application of systematic criteria based on two elements: (a) changing the values of its two parameters, namely the range of the variations in the per capita GNI and the MVI, and (b) using

the moving averages of MERs over a reference period of three years or six years, instead of the annual average of MERs, to minimize the effect of fluctuations in the exchange rates.

32. As stated above, generally the annual average of MERs available from the IMF are used to convert the GNI data received from Member States in their national currencies to United States dollars. Values of these MERs for a country may fluctuate, depending, among other things, on the demand and supply of the foreign currency. The Committee examined the possibility of using moving averages of MERs in order to smooth fluctuations and alleviate, to some extent, excessive fluctuations in the income of some Member States. The Committee considered using the moving averages of MERs over a reference period (three years or six years), in that, for example, the three-yearly moving average of the MER for the year n shall be the average of the annual average MERs for the years n-2, n-1 and n. Similarly, the MER for the year n+1 shall be the average of the annual average MERs for the years n-1, n and n+1, and so on. However, the data indicated that, rather than reducing fluctuations, the application of moving averages actually exacerbated fluctuations.

33. Some members were of the opinion that using moving averages of exchange rates would further distort the capacity to pay. These members believe that GNI fluctuations are correlated with the exchange rate fluctuations, that is, fragile economies would lead to falling GNI levels and thus lead to devaluation of the exchange rate. Hence, to accurately portray the economic situation in the current year, GNI for each year should be converted using the exchange rate for that year. Using exchange rates of prior years, that is, n-1 or n-2, would compound the problem and lead to distortions of the economic growth or decline of a country and would therefore move further away from the capacity to pay. The exchange rates for n-1 and n-2 are not really market exchange rates but are derived averages which do not reflect the actual rate.

34. Some members were of the opinion that, since the base period represents the average of three years and six years, using the average of the three-year and six-year moving averages of MERs, instead of the annual average of MERs, to convert GNI to United States dollars would be more comparable with the current methodology. Other members opposed using averages of exchange rates over several years. Using exchange rates from one year in combination with GNI of other years would lead to a distortionary effect. Furthermore, rather than reducing fluctuations in the scale, using averages would actually increase fluctuations. Some members of the Committee concluded that by using the average of three- and six-year base periods there was already a protection against excessive fluctuations built into the scale and that using the average of exchange rates would increase distortion, while not providing additional benefit. Some members were of the opinion that since the current scale methodology uses an average of the data for two base periods, that is three years and six years, there is already a form of weighted average inherent in the system, since extra weight is given to the first three years in the scale period.

35. The Committee also heard a presentation from IMF on its exchange rate methodology and the World Bank on its Atlas function. IMF formed a Consultative Group on Exchange Rate Issues in the mid-1990s, with a mandate to provide exchange rate assessments for a number of advanced economies from a multilateral perspective. The focus of the Consultative Group is on methodological issues that

could underpin exchange rate assessments rather than on the assessments themselves.

36. Exchange rate assessments are ideally based on the notion of equilibrium; that is, consistency with external and internal balance over the medium to long term. In practice, most empirical studies relate the real exchange rate or trade flows to their observed determinants on the basis of relationships. The IMF Consultative Group methodologies include a macroeconomic balance approach, a reduced form equilibrium real exchange rate approach and an external sustainability approach.

37. The Committee also heard presentations by the World Bank. In calculating GNI and per capita GNI in United States dollars for certain operational purposes, the World Bank uses the Atlas conversion factor. The purpose of the Atlas conversion factor is to reduce the impact of exchange rate fluctuations in the cross-country comparison of national incomes.

38. The Atlas conversion factor for any year is the average of a country's exchange rate (or alternative conversion factor) for that year and its exchange rates for the two preceding years, adjusted for the difference between the rate of inflation in the country, and, through 2000, that in the G-5 countries (France, Germany, Japan, the United Kingdom of Great Britain and Northern Ireland, and the United States of America). For 2001 onwards, these countries include the euro zone, Japan, the United Kingdom and the United States. A country's inflation rate is measured by the change in its GDP deflator.

39. When official exchange rates are deemed to be unreliable or unrepresentative of the effective exchange rate during a period, an alternative estimate of the exchange rate is used in the Atlas formula.

40. While reviewing possible alternatives to PAREs or solutions to the problems of overvaluation or undervaluation of national currencies, some members saw merit in application of the World Bank Atlas conversion factor, aimed at reducing the impact of exchange rate fluctuations in the cross-country comparison of national incomes. The Committee agreed to continue to review its methods with a focus on eliminating excessive fluctuations or distortions in income caused by the conversions rates used.

41. Some members also requested the Secretariat to contact the World Bank and learn more about the methodology to determine in which cases the Atlas method was applied. Some members requested the Secretariat to explore the possibility of receiving, on a regular basis, additional information from IMF, particularly regarding their assessments of overvaluation and undervaluation of currencies.

42. Several members were of the firm opinion that market exchange rates best reflected capacity to pay. Economic theory, as well as the evidence provided by the Secretariat and IMF, demonstrated that it was not possible to calculate a single, idealized "equilibrium" level of exchange rates. It was beyond the remit of the Committee to pass judgement on the exchange rate policies of Member States, or to make judgements that certain currencies were overvalued or undervalued. As such, the scale should continue to be based on MERs.

43. A few members expressed regret about lack of progress in adding clarity, consistency and transparency to the issue of replacing MERs with PAREs in response to General Assembly resolution 64/248, which requested the Committee to review further criteria to be used to identify cases where MERs should be replaced

with PAREs or other appropriate conversion rates. One member further stressed that the practice of challenging the outcome of the application of the systematic criteria for assessment and replacement of MER with PARE, based on subjective and possibly arbitrary assessment, lacking technical justification, may compromise the value of the Committee's future recommendations on this issue. Many members of the Committee rejected this idea, and noted that the Committee's deliberations were always carried out in a sound and impartial manner.

44. **The Committee recalled and reaffirmed its recommendation that conversion rates based on MERs should be used for the scale of assessments, except where that would cause excessive fluctuations and distortions in the GNI of some Member States expressed in United States dollars, in which case PAREs or other appropriate conversion rates should be applied. The Committee decided that it would continue to study this element of the methodology on the basis of further input from the Statistics Division and in the light of any guidance from the General Assembly.**

(c) Base period

45. GNI data converted to United States dollars is averaged over a designated base period, using the most recently available data at the time that the scale is considered by the Committee. The base period has varied over time, from 1 to 10 years. The scales for the periods 2001-2003 to 2010-2012 have used the average of the machine scales using base periods of three and six years.

46. The advantages and disadvantages of both shorter and longer base periods have been discussed extensively by the Committee in previous sessions. Some members of the Committee have favoured longer base periods as a way of smoothing out sharp year-to-year fluctuations in the income measure of Member States. Other members have favoured shorter base periods to better reflect the current capacity of Member States to pay. However, the Committee agreed that the base period used to calculate the scale should be a multiple of the three-year scale period.

47. One member noted that taking into account the effect of the world economic crisis on Member States, a single base period of six years instead of an average of three and six years would provide more stability in the next scale of assessments.

48. For the 2001-2003 scale, the General Assembly requested the Committee to submit the results of 12 different approaches, which again included different base periods. In the end, the Assembly decided to use the average of the results using base periods of three and six years. The same approach has since been used for the 2004-2006, 2007-2009 and 2010-2012 scales.

49. While this approach is a compromise between the advocates of shorter and longer base periods, it gives greater weight to the most recent three-year period, since it is included in both machine scales. For example, in the 2010-2012 scale, data for the period 2005-2007 were included in both the three-year and six-year machine scales, while data for 2002-2004 were included in the six-year machine scale only. More specifically, by averaging the scale assessments of two different base periods, each country's annual share in the total GNI is re-weighted in such a way that each of the most recent three years (e.g., 2005, 2006 and 2007) receive approximately 25 per cent of the total weight, while each of the remaining three

years (e.g., 2002, 2003 and 2004) receive only about 8.3 per cent of the total weight.[3]

50. The Committee, at its seventieth session, considered an alternative approach to using three-year and six-year periods by averaging the income data for both base periods and calculating a single machine scale. This approach provided slightly different results compared to the current practice of preparing two separate machine scales (one for the three-year period and one for the six-year period) and then averaging the two machine scales.

51. **The Committee recommended that, whether a long or short base period is used, stability of scales of assessment over time can be achieved by maintaining the base period, once it is chosen, for as long as possible. In the absence of other factors, the Committee noted that there was no rationale for changing the current combined approach based on both the three-year and the six-year periods.**

2. Low per capita income and debt burden adjustments

(a) Low per capita income adjustment

52. The low per capita income adjustment has been an important element of the scale methodology from the outset. The adjustment currently has two parameters: a threshold level of per capita GNI to determine which countries would benefit; and a gradient to set the size of the adjustment. Since the adoption of the 1995-1997 scale, the threshold, which had previously been a set dollar amount, has been the average per capita GNP/GNI for the membership. In reviewing this element, the Committee noted that the distribution of per capita GNI was asymmetric and that 70 per cent of the Member States have per capita GNI below the world average. The gradient has grown over the years, from 40 per cent in 1948 to 85 per cent in 1983. Since the calculation of the scale for the period 1998-2000, the gradient has been fixed at 80 per cent. Figures demonstrated that the total number of countries, as well as total redistribution, was increasing.

53. The Committee recalled that its terms of reference called for the consideration of comparative income per head of population in order to prevent anomalous assessments resulting from the use of comparative estimates of national income.

54. The Committee reviewed alternative ways of determining the threshold and their implications. These are described below.

(i) Average per capita debt-adjusted gross national income

55. One variation considered by the Committee was calculating the low per capita income adjustment threshold as the world average per capita debt-adjusted GNI, instead of the unadjusted per capita GNI. This would remove the asymmetry between the threshold (which is at present the average of the unadjusted GNI of the membership) and the country per capita income level based on the debt-adjusted GNI.

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[3] The weights assigned to different years under the current methodology are affected both by the length of the base periods and by the trend of the total GNI over time. An increasing (decreasing) trend in total GNI gives more (less) weight to more recent years.

(ii) Median per capita gross national income

56. Another variant discussed by the Committee at its past sessions is using the median per capita GNI to define the low per capita income adjustment threshold instead of the world average per capita GNI. The median is a value larger than or equal to the per capita GNI of at least one half of the Member States, and smaller than or equal to the per capita GNI of at least an equal number of Member States. If there is more than one number satisfying this definition, the median is specified, by convention, as the average of these numbers.

57. Using the median per capita GNI as the threshold would have no consequences if the distribution of per capita GNI of Member States were symmetric. However, currently the actual distribution of the per capita GNI is markedly asymmetric (with more than 70 per cent of the countries having a per capita GNI below the average). Some members favoured the approach of using the median in fixing the low per capita income adjustment threshold, noting that this had technical merit in that it was a more robust measure for this type of data distribution as it is less sensitive to a few extreme data points. Other members noted that the median approach, which is limited to the mechanical determination of the middle of the range, does not take into account actual values of the per capita GNI and their impact on the eligibility of the low per capita income adjustment. They stressed that having over 70 per cent of Member States below the threshold should not be considered inadequate, because it is technically valid and reflects the actual uneven distribution of income in the world. It can be noted that the median per capita GNI of Member States is lower than the average per capita GNI.[4] Thus, using the median per capita GNI as the threshold would reduce the number of countries that benefit from the low per capita income adjustment, while increasing the number of absorbing countries. The final effect of this would be a decrease in the scale assessments of a few countries with high per capita GNI and an increase in the scale assessments of countries with medium levels of per capita GNI. By definition approximately one half of the Member States would always be below the median per capita GNI threshold. The Committee noted that there is a convergence in the World Bank per capita GNI at the top of the lower middle income group and the median per capita GNI.

(iii) Inflation-adjusted low per capita income adjustment threshold

58. The Committee also recalled its consideration of the alternative approach of fixing the low per capita income adjustment threshold in real terms (inflation adjusted low per capita income adjustment), instead of setting it at the current average world per capita income for the scale base period. For this purpose, the per capita GNI threshold of a specific reference year is extrapolated to following years with the world inflation rate (measured as the change in the implicit price deflator), so as to keep its value constant over time. The implicit price deflator is defined as follows:

$$\text{Implicit price deflator} = \frac{\text{World GDP at current US dollars}}{\text{World GDP at constant US dollars}} \times 100$$

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[4] For the six-year (2004-2009) base period, the average per capita GNI is \$7,858.64 and median per capita GNI is \$3,607.55; for the three-year (2007-2009) base period, the average per capita GNI is \$8,627.36 and the median per capita GNI is \$3,995.44.

59. Using the inflation-adjusted low per capita income adjustment threshold has the advantage that a country's individual position with respect to that threshold would be independent of the performance of other countries.

60. When the 2010-2012 scale low per capita income adjustment thresholds ($6,707.92 for a six-year base period and $7,529.80 for a three-year base period) are adjusted for the inflation (using the implicit price deflator) during the period they will amount to $7,512.96 for the six-year base period and $8,362.12 for the three-year base period, compared to the thresholds of $7,858.64 for the six-year base period and $8,627.36 for the three-year base period, respectively, when using the 2004-2009 data. Using this inflation-adjusted low per capita income adjustment threshold would result in the redistribution of 9.257 percentage points, as compared to 9.553 percentage points under the default methodology.

(iv) Setting the threshold based on the World Bank's definition of low income countries

61. Some members suggested the introduction of a fixed threshold by setting the level based on the definition of low income countries by the World Bank. These members noted that having a fixed ceiling would alleviate the problem of relativity. By using the World Bank's low income ceiling, the low per capita income adjustment would be targeted to the countries most in need.

62. Other members considered fixing the threshold in this manner arbitrary and inappropriate because the World Bank's definition of low income was partly determined by the Bank's resources, and the World Bank adjusts the ceiling annually by inflation in a few economies and not the world economy. In their view, using the World Bank's low income ceiling did not appropriately reflect the capacity of Member States to pay.

63. Some members expressed the view that the low per capita income adjustment should be reviewed in the light of the capacity to pay principle and any further guidance by the General Assembly.

64. **The Committee reaffirmed that the scale methodology should continue to take into account comparative income per head of population, which had been one of the principle elements in the scale from the outset.**

(b) Debt-burden adjustment

65. The debt-burden adjustment has been an element of the scale methodology since 1986. It is intended to reflect the impact of the repayment of external debt on capacity to pay of some Member States. Interest payments on this debt are already reflected in the GNI data. The debt-burden adjustment is calculated by deducting the principal payments on external debt from GNI in United States dollars. In its past sessions, some members of the Committee expressed reservations about this adjustment, while others argued that it was important for measuring the capacity of Member States to pay. Some members pointed out that the adjustment was technically unsound, as it mixed income and capital concepts, and considered that it should be eliminated. In their view debt-burden adjustment was not a primary element of making comparative estimates of national income and was a relief element.

66. At its seventieth session, the Committee decided to consider the question of the debt-burden adjustment further at future sessions in the light of any guidance from the General Assembly.

67. At the time the adjustment was introduced, limitations in data availability on debt repayment led the Committee to base it on a proportion of the total external debt stock of the Member States concerned. For this purpose, it was assumed that external debt would be repaid over a period of eight years, so that the adjustment to the GNI data was 12.5 per cent of total external debt stock per year. This became known as the debt-stock approach.

68. In the discussion to determine the 1998-2000 scale, members of the Committee continued to differ as to whether or not to retain this adjustment in the scale methodology. The Committee did agree, however, that if the Assembly decided to retain the adjustment, debt data from the World Bank should be used. Notwithstanding the views of some of its members, the Committee also agreed that, if retained, the adjustment should be based on data on actual repayments of debt principal. This became known as the debt-flow approach.

69. The Assembly decided that debt-flow data should be used for the scale for 1998 and debt-stock data for 1999 and 2000. It later decided to use debt-stock data for the 2001-2003 scale, which was also applied for the 2004-2006, 2007-2009 and 2010-2012 scales.

70. The external debt data for both variants of the debt-burden adjustment are obtained from the World Bank Global Development Finance database[5] for debt reporting countries. During the period 2004-2009, that source covered the debt stock of 128 countries and the debt flow of 127 countries. The countries covered are developing countries that are members of and borrowers from the World Bank and have per capita GNI below the World Bank threshold for high income per capita GNI, which was $12,196 in 2010.[6]

71. It was mentioned in the report of the Committee at its forty-third session (A/43/11) that the use of public debt was preferred above the total external debt for two reasons. Firstly, data on private external debt are included in total external debt, although it does not cover all private debt. Secondly, private debt does not constitute the same burden on the capacity to pay as public debt. Public debt is distinct from private debt in that it has to be repaid from the Government budget. Moreover, it is possible to default on the repayment of private debt through bankruptcy of private enterprises, while defaulting on the payment of public debt is the result of a political decision.

72. Some members were of the view that, just as the GNI data includes all of a Member State's revenues, external and internal and from both public and private

[5] In the World Bank database debt accounts are, in most cases, kept on a cash basis when measuring flows such as interest and service charges. Following the principle of cash accounting implies that only interest paid should be accounted for, while accrued but non-paid interest should be excluded. Loans are reported on their original value less any repayments. Thus, in the case of non-paid interest, a "new" loan will appear, covering service payments in arrears, because this is classified as short-term — rather than long-term — debt.

[6] In the World Bank, economies are divided according to 2009 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, $995 or less; lower-middle income, $996-$3,945; upper-middle income, $3,946-$12,195; and high income, $12,196 or more.

sources, and not just the Government's revenue, which would consist mainly of revenue from taxation, so too the debt burden adjustment should be based on total external debt and not just on public debt. This would provide a more consistent approach since it would better reflect the Member State's capacity to pay as opposed to the Government's capacity to pay. Historically, the debt burden adjustment has been used to reduce the continuing significant debt problems faced by a number of countries since the 1960s and 1970s.

73. As concurred to by other members, these significant debt problems affect not just the most heavily indebted poor countries but encompass middle income countries with severe debt problems as well. They pointed out that a Member State's capacity to pay its dues to the Organization is affected by debt repayment, which is a statutory obligation, and that Member States with similar GNIs could have differing capacities to pay based on the level of debt obligations they have assumed. In their view, debt repayment is a burden which has to be satisfied first before any other obligations can be met and therefore has a negative impact on capacity to pay.

74. Until now, total external debt rather than public debt has been used because of the greater availability of data and the lack of distinction between public and private debt in the data available. In recent years, the availability of data on public debt and publicly guaranteed debts has improved substantially. Whereas in 1985 there were data on public debt available for only 37 countries, data are now available for 127 countries. Consequently, some members of the Committee pointed out that not using the public external debt data for the debt-burden adjustment on the grounds of its non-availability is no longer valid.

75. The debt-flow approach takes into account actual transactions of debt repayment and is therefore, in the view of many members of the Committee, a better representation of the economic reality. Moreover, for countries with an average actual external debt repayment period longer than the assumed eight years, the use of the debt-stock approach impacts the scale of assessments in two ways: it lowers the country's GNI value (due to larger interest outflow) and it yields a lower debt-adjusted GNI than that obtained under the debt-flow approach. The opposite is true for countries with an average actual external debt repayment period shorter than the assumed eight years.

76. Members of the Committee had divergent views on the debt-burden adjustment. Some members argued that the debt-burden adjustment had an inherent conceptual problem, as it mixed income and capital concepts and so should be abolished. These members felt that since the national income figures (GNI) which were the starting point for the scale of assessments accounted fully for interest payments on external debt on an accrual basis, whether or not those payments were actually made on time, there was no need to retain this element of the methodology.

77. Other members considered that the adjustment was an essential part of the methodology in determining many Member States' capacity to pay and should therefore be retained in its present form. They also noted that debt-burden adjustment, while generating a redistribution of only about 0.5 percentage points, represents an important safety net ensuring adequate reflection of many Member States' capacity to pay in case of any possible aggravation of their external debt problems.

78. Some members questioned the current level of the ceiling for the debt-burden adjustment. They expressed the view that it should be focused only on those countries recognized as having a genuine debt burden, by limiting application to heavily indebted poor countries. Others were of the opinion that debt relief should be given uniformly to high income and low income countries alike, as, in the context of the current global economic crisis, some high income countries are also highly indebted. Some members were of the view that limiting it to only heavily indebted poor countries would in effect abolish the formula, as those Member States are already at the floor and would therefore have no impact on the scale methodology. Some noted that the heavily indebted poor countries programme only provides relief from public debt, not total debt.

79. Other members indicated that whether the debt-burden adjustment was applied universally or to a subset of the Member States, refinements should be made to the current methodology on the basis of technical merit, for example, by utilizing the debt flow approach and basing it on public debt instead of total external debt. Some members underlined previous statements by the Committee on Contributions, which demonstrated that debt flows and public debt were the most reliable approximations of capacity to pay. Previously, non-availability of data had made it impossible to use these measures. But the non-availability of data was no longer a problem. As a result, members believed that we should apply the scale based on debt flow, and public and publicly guaranteed debt.

80. Some members expressed the view that the debt-burden adjustment should be reviewed in the light of the capacity to pay principle and any further guidance by the General Assembly.

81. **The Committee decided to consider the question of the DBA further at future sessions in the light of any guidance from the General Assembly.**

3. Floor

82. The floor has been an important element of the scale methodology from the outset. The Committee recalled that the General Assembly had reduced the minimum level of assessment, or floor, from 0.01 per cent to 0.001 per cent as from 1998. For the scale for 2010-2012, 30 Member States, of which 20 were on the list of least developed countries, had been raised to the floor.

83. For 2011, Member States at the floor (0.001 per cent) were assessed $23,487 for the regular budget. The Committee considered that the amounts involved could be considered to reflect a practical minimum contribution that Member States should be expected to make to the Organization.

4. Ceilings

84. The ceilings have been an important element of the scale methodology from the outset. The Committee recalled that the current methodology included a maximum assessment rate, or ceiling, of 22 per cent and a maximum assessment rate for the least developed countries, or least developed countries ceiling, of 0.010 per cent. The Committee noted that the scale of assessments methodology had always included a maximum ceiling, and that the current level had been decided by the General Assembly in 2000.

85. Some members expressed the view that the maximum ceiling should be reviewed in the light of the capacity to pay principle and any further guidance from the General Assembly.

86. The Committee noted that the application of the maximum ceiling and the least developed countries ceiling resulted in the redistribution of points in the scale of assessments. The Committee noted that the points redistributed from the ceiling continued to decrease.

5. Other suggestions and other possible elements for the scale methodology

(a) Annual recalculation

87. The Committee recalled that, at its sixty-ninth session, it had decided to carry out a detailed study of the question of annual recalculation at its next session. The Committee had first considered the proposal for automatic annual recalculation of the scale in 1997, and had revisited the question on a number of occasions since then.

88. Annual recalculation would involve a recalculation of relative income shares before the second and third years of each scale period, involving the replacement of data for the first year of the base period(s) with newly available data for the year following the initial base period(s). In the case of the scale for the period 2010-2012, for example, for which the base periods were 2002-2007 and 2005-2007, data for 2008 would replace both data for 2002 in the six-year base period and for 2005 in the three-year base period. Based on these recalculated income shares and the established scale methodology, the scale for 2011 would be adjusted accordingly. Similarly, for 2012, the scale would be adjusted by replacing data for 2003 and data for 2006 in the six-year base period and three-year base period, respectively, with data for 2009.

89. The Committee recalled that rule 160 of the rules of procedure of the General Assembly provides that 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.

90. Members also recalled that, at the sixty-ninth session of the Committee, in response to a query by the Chair as to whether it would be consistent with rule 160 for an annual recalculation to be undertaken once the scale had been fixed for three years, the Assistant Secretary-General for Legal Affairs pointed out that Article 17, paragraph 2, of the Charter, which provides that the expenses of the Organization shall be borne by the Members as apportioned by the General Assembly, does not set out any procedure to be followed by the Assembly in apportioning such expenses among Member States. Such procedures can therefore be determined by the Assembly at its discretion. In the exercise of that discretion, the Assembly had adopted rule 160 of its rules of procedure.

91. The Assistant Secretary-General for Legal Affairs noted that the rule clearly envisions that the scale of assessments shall be fixed by the General Assembly, and once it is determined, the Assembly is not empowered to make ad hoc or annual revisions to the rates of assessment based upon any particular methodology that the Assembly has agreed upon. Under this rule, once rates of assessment have been fixed, they can only be revised within the three-year period if there is a clear change in the relative capacity of Member States to pay for the expenses of the

Organization. However, it was also pointed out that, pursuant to rule 163 of the rules of procedure, the Assembly can, by specific decision, amend or vary the terms of rule 160 or its application in specific cases.

92. Some members felt that annual recalculation helped ensure that the scale was based on the most recent available information. Particularly given the huge economic fluctuations over the past decade, annual recalculation could help ensure that the scale more closely reflected the principle of capacity to pay. Other members agreed that, from a financial point of view, annual recalculation had certain merits, as it would incorporate subsequently revised and more up-to-date data, thereby increasing the accuracy of the database for all statistical base periods. Other members disagreed, noting that the annual recalculations would lead to substantial changes in the assessment rates of a large number of Member States every year, negatively affecting the stability and the predictability of the scale.

93. In the light of the above, the Committee noted that a practical prerequisite for the implementation of annual recalculation would be the amendment of rule 160 by the General Assembly. In addition, the delegation of authority to the Committee would provide a foundation for the technical implementation of annual recalculation, without requiring annual renegotiation of the scale of assessments.

94. **The Committee agreed to study the question of annual recalculation further at its future sessions, in the light of any guidance from the General Assembly.**

(b) Large scale-to-scale increases in rates of assessment and discontinuity

95. In its resolution 61/237, the General Assembly noted that the application of the current methodology had led to substantial increases in the rate of assessment of some Member States, including developing countries.

96. Some members expressed the view that annual recalculation was the only practical way to mitigate large scale-to-scale changes. Other members noted that the review of annually updated data from the Statistics Division still showed significant increases for some Member States. In their view, annual recalculation would not eliminate the problem of large scale-to-scale increases.

97. The Committee noted that changes in assessment rates were unavoidable. It also noted that the scale rate reflected the relative capacity of a Member State to pay and therefore could increase or decrease based on changes in the relative ranking of the State in the scale. Since the scale was a 100 per cent scale, as some Member States' shares went up or down, others' shares would also decrease or increase in inverse proportion, regardless of whether the States' GNI had increased or decreased in absolute terms.

98. Some members argued that, in many instances, since large scale-to-scale increases reflected an actual increase in the capacity to pay, introducing thresholds or limits would be at variance with the principle of capacity to pay. Some Members suggested that one way of mitigating the effects of large scale-to-scale increases would be to phase in the increase in rates over a given three-year scale period.

99. The Committee also considered alternative remedial measures for dealing with the issue of the discontinuity of the low per capita income adjustment benefits experienced by Member States that cross the threshold of the low per capita income

adjustment between scale periods. Those alternatives were (a) to distribute the percentage points arising from the low per capita income adjustment to all Member States; (b) to allow “indirect redistribution” similar to the debt burden adjustment, whereby the GNI of countries below the threshold would be reduced to the extent of the low per capita income adjustment while countries above the threshold would not have to explicitly absorb the relief given to the countries below the threshold; or (c) to create a neutral zone above and below the low per capita income adjustment threshold whereby Member States falling into that neutral zone would neither benefit from nor absorb relief arising from the application of the low per capita income adjustment as in either (a) or (b) above.

100. The Committee discussed creating a neutral zone in which Member States would neither receive nor pay for any benefit. For example, the zone could be established to cover Member States falling within 10 per cent below and 10 per cent above the threshold. In particular, this could help to address the issue of the discontinuity experienced by Member States that had crossed the threshold of the adjustment between scale periods. Instead of benefiting from the adjustment, such countries had had to share the cost. Member States that had crossed the threshold of the adjustment between scale periods had not only ceased to benefit from the adjustment but had also helped to pay for it. Some members pointed out that adoption of a neutral zone would create transitional issues elsewhere.

101. Some members were of the opinion that a dislocation in the low per capita income adjustment whereby Member States above the threshold had to absorb the reductions below the threshold was skewed and led to the problem of large scale-to-scale increases for countries that crossed the threshold. Dividing the adjustment among all countries above the threshold also produced anomalous results in which countries with widely differing per capita incomes had to absorb the same amount. A better method would be to revert to the pre-1979 practice of spreading the adjustment throughout all Member States. This would reduce the discontinuity risk and large scale-to-scale increases. Other members pointed out that there had been technical reasons to make the change in 1979.

102. **The Committee decided to continue to consider the feasibility of application of systematic measures of transitional relief for Member States facing large scale-to-scale increases in their assessment rates in the light of any guidance from the General Assembly.**

IV. Multi-year payment plans

103. In paragraph 1 of its resolution 57/4 B, the General Assembly endorsed the conclusions and recommendations of the Committee concerning multi-year payment plans (see A/57/11, paras. 17-23), which provided that:

(a) Member States should be encouraged to submit multi-year payment plans, which constitute a useful tool for reducing unpaid assessed contributions and a way to demonstrate commitment to meeting financial obligations to the United Nations;

(b) Due consideration should be given to the economic position of Member States, as not all of them might be in a position to submit such plans;

(c) Multi-year payment plans should remain voluntary and should not be automatically linked to other measures;

(d) Member States considering a multi-year payment plan should submit the plan to the Secretary-General for the information of other Member States and should be encouraged to consult the Secretariat for advice in its preparation, in which context it was suggested that the plans should provide for payment each year of the current year assessments of the Member State and a part of its arrears. Where possible, the plans should generally provide for elimination of the arrears of a Member State within a period of up to six years;

(e) The Secretary-General should be requested to provide information on the submission of such plans to the Assembly, through the Committee;

(f) The Secretary-General should be requested to submit an annual report to the Assembly, through the Committee, on the status of the payment plans of Member States as at 31 December each year;

(g) For those Member States in a position to submit a payment plan, the Committee and the Assembly should take the submission of a plan and its status of implementation into account as one factor in considering requests for exemption under Article 19 of the Charter.

In its resolutions 58/1 B, 59/1 B, 60/237 and 64/248 the Assembly reaffirmed paragraph 1 of its resolution 57/4 B.

104. In considering the matter, the Committee had before it the report of the Secretary-General on multi-year payment plans (A/66/69), which had been prepared pursuant to the recommendations of the Committee. It was also provided with updated information with regard to the status of payment plans.

105. The Committee was informed that the Secretariat had included in the *Journal of the United Nations* an announcement that the Committee would be considering multi-year payment plans at its seventy-first session and inviting any Member State that intended to submit such a plan to contact the Secretariat for further information. No new payment plans had been submitted.

106. The Committee noted that the General Assembly, in its resolution 64/248, had encouraged Member States in arrears with their assessed contributions to the United Nations to consider submitting multi-year payment plans and, in that context, requested the Committee to make recommendations with a view to mitigating large scale-to-scale increases for those Member States that had fulfilled their multi-year payment plans and to report thereon to the Assembly at its sixty-fifth session. The Committee noted with concern that no new multi-year payment plans had been submitted in recent years, despite the encouragement of the Assembly and the proven success of the system.

107. Five Member States have fulfilled multi-year payment plans. Tajikistan paid its arrears and successfully implemented its multi-year payment plan during the first half of 2009. Both Iraq and the Republic of Moldova implemented plans in 2005, and Georgia and the Niger had implemented plans during 2007. Burundi had paid its arrears in 2003, although not in the context of a multi-year payment plan.

A. Status of payment plans

108. The table contained in paragraph 17 of the report of the Secretary-General (A/66/69) summarizes the status of the two payment plans covered as at 31 December 2010, submitted by Liberia in 2006 (second plan), and Sao Tome and Principe in 2002 (first plan). The Committee was provided with information updated as at 24 June 2011.

Status of payment plans at 24 June 2011
(United States dollars)

	Payment plan	*Assessments as at 31 December*	*Payments/ credits*	*Outstanding as at 31 December*
Liberia				
1999				1 147 524
2000		31 506	70 192	1 108 838
2001		16 166	630	1 124 374
2002		17 137	5 465	1 136 046
2003		17 124	1 636	1 151 534
2004		20 932	2 899	1 169 567
2005		24 264	202	1 193 629
2006	150 000	23 024	100 453	1 116 200
2007		32 074	100 660	1 047 614
2008		30 943	200 323	878 234
2009		35 400	150 633	763 001
2010		35 548	399 906	398 643
2011		30 303	0	428 946
Sao Tome and Principe				
1999				570 783
2000		13 543	48	584 278
2001		14 254	157	598 375
2002	27 237	15 723	29 146	584 952
2003	42 237	17 124	929	601 147
2004	59 237	20 932	1 559	620 520
2005	74 237	24 264	202	644 582
2006	89 237	23 024	453	667 153
2007	114 237	32 074	810	698 417
2008	134 237	30 943	473	728 887
2009	153 752	35 400	682	763 605
2010		35 548	356	798 797
2011		30 303	0	829 100

109. The Committee noted that Liberia continued to make regular payments far in excess of its annual assessments, while Sao Tome and Principe had not made any

payments since 2002 and had fallen short of its payment plan. The Committee therefore exhorted Sao Tome and Principe to, at minimum, make annual payments under its plan slightly in excess of its annual assessments in order to begin to reduce its arrears. In addition, it recommended that Liberia consider updating its payment plan to better reflect the extraordinary efforts it had made to pay off its arrears in a little over 10 years.

110. **Some members were of the opinion that the payment plans should be made mandatory, but others were against it. Despite being divided on this point, the Committee believed that Member States should avail themselves of this mechanism as a tool for budgeting and allocating resources with a view to fulfilling their obligations.**

B. Conclusions and recommendations

111. **The Committee recalled the past experience of the successful implementation of the multi-year payment plans of Georgia, Iraq, the Niger, the Republic of Moldova and Tajikistan and recognized the considerable efforts made by those Member States to honour the commitments that they had made when they submitted their plans. Given that experience, the system of multi-year payment plans continued to be a viable means available to Member States to assist them in reducing their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to the United Nations.**

112. **The Committee noted the continued successful efforts by Liberia to make regular payments under its multi-year payment plan and its intention to complete its commitments by 2013. The Committee emphasized that it was important that Member States which had submitted such plans meet the commitments they had made. The Committee also emphasized the importance of annual payments exceeding current assessments to avoid a further accumulation of arrears.**

113. **The Committee noted that no new multi-year payment plans had been submitted for several years, and reiterated its recommendation that the General Assembly encourage other Member States in arrears for the purposes of the application of Article 19 of the Charter of the United Nations to consider submitting multi-year payment plans.**

V. Application of Article 19 of the Charter

114. The Committee recalled its general mandate, under rule 160 of the rules of procedure of the General Assembly, to advise the Assembly on the action to be taken with regard to the application of Article 19 of the Charter. It also recalled Assembly resolution 54/237 C concerning procedures for consideration of requests for exemption under Article 19 and the results of its recent review of that subject.

115. The Committee recalled that the General Assembly, in its resolution 54/237 C, 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. At previous sessions, the Committee had noted that requests for exemption made at the highest level of Government showed the seriousness of the commitment by Member States to settle their arrears, and had encouraged all Member States submitting such requests in future to follow that example.

116. The Committee noted that six requests for exemption under Article 19 had been received by the time specified in the resolution. Six requests had also been made in 2009 and 2010. Seven requests had been made in 2008, while eight requests had been made in 2007, one of which was later withdrawn. Within the time frame specified, 8 requests had been received in 2006 and 2005, 10 in 2004, 9 in 2003, 7 in 2002, 3 in 2001 and 7 in 2000.

117. The Committee noted the continuing increase in the accumulation of arrears of some Member States, as demonstrated by the increase in minimum payments required by each in order to avoid application of Article 19. The Committee noted that some Member States had become serial petitioners for waivers exempting from the application of the provisions of Article 19 and that in some cases such petitions had been made as far back as 20 to 30 years. One Member State first requested exemption in 1973. **The Committee encouraged all Member States requesting an exemption under Article 19 that are in a position to do so to consider presenting a multi-year payment plan and reiterated that, in each case, it was critical for annual payments to exceed current assessments in order to avoid the further accumulation of debt.**

118. In considering the requests, the Committee had before it information provided by the six Member States concerned and the Secretariat. It met with representatives of the Member States, representatives of relevant offices of the Secretariat and UNDP.

1. Central African Republic

119. The Committee had before it a letter dated 23 May 2011 from the President of the General Assembly to the Chair of the Committee on Contributions transmitting a letter dated 17 May 2011 from the Permanent Representative of the Central African Republic to the United Nations addressed to the President of the General Assembly (see A/CN.2/R.744/Add.3). It also heard an oral representation by the Permanent Representative of the Central African Republic.

120. In its written and oral representations, the Central African Republic indicated that social and economic conditions had improved somewhat in recent years. Nevertheless, the economy remained vulnerable to various domestic and external shocks and the State’s capacity to meet its debt payments remained weak. As a result, the country suffered from low levels of foreign investment and was still reliant on aid. Despite those challenges, the Central African Republic would endeavour to meet its financial obligations to the Organization in the near future. It was committed to making a contribution before the beginning of the sixty-sixth session of the General Assembly, and was in the process of drawing up a multi-year payment plan.

121. The Committee was provided with information by the Secretariat concerning the situation in the Central African Republic. The Central African Republic was undergoing a fragile peace and national reconciliation process, which was fraught with challenges as well as opportunities. The Government had made commendable progress in its efforts to implement economic and public management reforms. This enabled the Central African Republic to achieve completion point under the Highly Indebted Poor Countries Initiative in June 2009, leading to a substantial alleviation of the country's external debt. These efforts, however, were insufficient to relieve the country from its extreme lack of social and economic development. Despite being endowed with mineral resources (including gold, diamonds and uranium) and having great agricultural potential and a rich forest, the country suffered from extreme and widespread poverty, poor infrastructure, a high illiteracy rate, a high incidence of infectious diseases, weak institutions and a lack of technical and managerial capacity. The Central African Republic ranked 159th out of 169 countries in the 2010 human development index and remained one of the world's poorest countries, with a per capita GNI of $758 in 2010.

122. The Committee noted that the Central African Republic had made a sizable payment of approximately $206,000 in 2010. Given its continuing political and economic difficulties, the Government should be commended for making this payment and thereby reducing its unpaid assessed contributions. The Committee also noted that the Government had indicated its intention to make a subsequent payment in 2012. **The Committee recalled that, at its last session, it had urged the Central African Republic to consider fulfilling its stated intention to implement a multi-year payment plan, which it had not yet done. The Committee urged the Central African Republic to begin making such a plan in consultation with the secretariat of the Contributions Service.**

123. **The Committee concluded that, on balance, the failure of the Central African Republic to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that the Central African Republic be permitted to vote until the end of the sixty-sixth session of the General Assembly.**

2. Comoros

124. The Committee had before it a letter dated 13 April 2011 from the President of the General Assembly to the Chair of the Committee on Contributions transmitting a letter dated 6 April 2011 from the Permanent Representative of the Comoros to the United Nations addressed to the President of the Assembly (A/CN.2/R.744). It also heard an oral representation by the Permanent Representative of the Comoros.

125. In its written and oral representations, the Comoros indicated that, like most least developed countries, it had been severely affected by the multiple crises of recent years, as reflected by its continuing lack of fuel, soaring food prices and decline in diaspora remittances and customs revenue. Despite the efforts made by the Government to mitigate the devastating economic and social impact of the crisis, the country's already fragile economic situation had been exacerbated by the crash of a Yemeni aeroplane in the Indian Ocean, which had killed more than 150 people and required the deployment of significant resources from the Comoros. Nevertheless, the Comoros would spare no effort to fulfil its obligations. The Government had held elections on 26 December 2010. On 26 May 2011, the

presidency of the Union was transferred to the island of Mwali (Mohéli) in a peaceful process. As soon as the next Government was formed, the Comoros intended to submit a plan for the payment of its outstanding assessed contributions as swiftly as possible.

126. According to the information provided by the Secretariat on the political situation, the holding of peaceful presidential and gubernatorial elections in Comoros in December 2010 was a milestone in the country's democratic process that helped Comoros turn a new page in its turbulent political history. Nevertheless, the country continued to face daunting and multifaceted challenges, including with regard to the implementation of the institutional reforms and the strengthening of the State. On the socio-economic front, the new authorities would have to implement far-reaching economic and financial reforms in order to alleviate poverty, improve domestic revenue, strengthen the private sector and create more jobs. Having been declared a post-conflict country by key international institutions, the Comoros was able to gain access to the Peacebuilding Fund, which provided it with $9 million in aid in March 2009.

127. The Committee was also provided with information by the Secretariat concerning the economic situation in the Comoros. The country was dependent on a very limited economic base consisting mainly of three products, a very limited manufacturing base and no mineral resources. Efforts to develop the tourism industry had not yet fully translated into significant contributions to economic development. Moreover, the economy was highly vulnerable to internal and external shocks and the weather affected production levels in the agricultural sector. The Comoros was highly dependent on world markets for revenues from exports and had suffered from the global food and oil crises and the reduction in world prices of commodities. These crises, combined with the global economic downturn, contributed to limiting GDP growth rate, which was estimated at 2.1 per cent in 2010. In the Comoros 45 per cent of the population was living below the poverty line.

128. The economic policy of the Comoros was expected to continue to be supported by the extended credit facility arrangement concluded with IMF for the period 2009-2012 and was likely to qualify for debt forgiveness under the Heavily Indebted Poor Country Initiative. However, for that to happen, the newly formed Government needed to accelerate economic policy reform and implement to a satisfactory degree the poverty reduction strategy paper, which had been updated in March 2011. With public debt amounting to about 50 per cent of GDP, reaching the completion point of the Initiative and full debt relief by mid-2012 was expected to be a top priority for national authorities.

129. The Committee took note of the information provided concerning the situation of the Comoros. It noted that the last payment made by the Comoros was in 2009, in the amount of $24,000, which was less than its total annual contributions for that year. The country had also made payments in 2006 and 2007, although the payments were insufficient to cover its annual contributions. The Committee recalled the statement of the Government in which it had indicated its unwavering commitment to reducing its arrears and to submitting a multi-year payment plan in due course, as soon as the situation improved. **The Committee urged the Comoros to submit a plan as soon as possible and to ensure, to the extent possible, that payments exceeded the level of its annual contributions in order to reduce its arrears.**

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

3. Guinea-Bissau

131. The Committee had before it a letter dated 4 May 2011 from the President of the General Assembly to the Chair of the Committee on Contributions transmitting a letter dated 20 April 2011 from the Permanent Representative of Guinea-Bissau to the United Nations addressed to the President of the Assembly (A/CN.2/R.744/Add.2). It also heard an oral representation by the Deputy Permanent Representative of Guinea-Bissau.

132. In its written and oral representations, Guinea-Bissau indicated that the Government was fully aware of its obligations to meet its financial responsibilities with the Organization. However, despite the efforts of the authorities, the country was still confronting grave economic and financial difficulties affecting peace and stability and the living conditions of its people. Despite all the challenges it faced, the Government had been making tremendous sacrifices to fulfil its obligations and financial commitments with international organizations, with the result that it had succeeded in attaining the conclusion point of the Heavily Indebted Poor Countries Initiative in December 2010. Consequently, it had managed to reduce its external debt. However the country was still confronted with enormous difficulties, for example in terms of paying the salary arrears owed to its civil servants. Notwithstanding the difficult financial situation, the Government remained committed to paying the rest of its arrears to the United Nations. In September 2009, a payment of $100,000 was made and there were plans to pay more in 2011. The Government was looking to establish multi-year payment plans as a matter of priority and would inform the General Assembly accordingly.

133. The Committee was provided with information by the Secretariat concerning the situation in Guinea-Bissau. Although there was currently no humanitarian crisis in the country and the political situation was improving, the country continued to face several challenges. The overall food security situation was fragile, despite a good harvest during the previous planting season. Access to food was a challenge due to increasing prices and the fact that many people had very limited or no income. Conditions in the national health system were poor and there were insufficient supplies of basic drugs and equipment and limited access to safe water and sanitation facilities. In addition, Guinea-Bissau was vulnerable to a variety of potential disasters and emergencies including floods, civil unrest and conflicts in neighbouring countries.

134. In December 2010, Guinea-Bissau reached the completion point of the Heavily Indebted Poor Countries Initiative and was subsequently granted debt relief, reflecting the positive economic performance of the Government. Another positive development for Guinea-Bissau was the approval by the Peacebuilding Support Office, in February 2011, of the allocation of $16.8 million for the implementation of the Peacebuilding Priority Plan for Guinea-Bissau. Technical working groups have been set up to develop strategies in the priority areas to be supported by the Peacebuilding Fund, including security sector reform, the employment of youths and women, and national reconciliation.

135. The Committee noted that, after nearly a decade of conflict and political instability, Guinea-Bissau remained fragile. Guinea-Bissau was one of the world's poorest countries, with more than two thirds of the population living below the poverty line. Nevertheless, the Government had made a payment of nearly $100,000 in 2009 and intended to make another payment soon. It also intended to submit a multi-year payment plan. **The Committee urged Guinea-Bissau to submit a plan as soon as possible and to ensure, to the extent possible, that payments exceeded the level of its annual contributions in order to reduce its arrears.**

136. **The Committee concluded that the failure of Guinea-Bissau to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Guinea-Bissau be permitted to vote until the end of the sixty-sixth session of the General Assembly.**

4. Liberia

137. The Committee had before it a letter dated 23 May 2011 from the President of the General Assembly to the Chair of the Committee on Contributions transmitting a letter dated 19 May 2011 from the Permanent Representative of Liberia to the United Nations addressed to the President of the Assembly (A/CN.2/R.744/Add.3). It also heard an oral representation by the Permanent Representative of Liberia.

138. In its written and oral representations, Liberia indicated that grave economic and financial difficulties continued to diminish the country's capacity to pay. The legacy of 14 years of civil conflict had negatively affected all sectors of the economy. Within its limited budget of $369 million for the fiscal year 2010/11, the Government had continued its socio-economic recovery activities. However, two major events in 2010/11 had affected the ability of Liberia to assume additional financial commitments: preparations for the national elections in October 2011 and the ongoing influx of refugees from Côte d'Ivoire, whose numbers had reached 150,000. The burden imposed upon Liberia as a result of that serious humanitarian situation was considerable. The aid it had received from the Office of the United Nations High Commissioner for Refugees was insufficient to allow it to fulfil all its obligations, as not even the Office had received full funding.

139. Despite the country's dire socio-economic situation, the Government of Liberia has remained mindful of its obligation to contribute financially to the work of the United Nations. Over the previous three years it had allocated $200,000 annually towards defraying the arrears, decreasing the total arrears to $428,763 as at 8 April 2011. The Government was committed to continue making those annual payments until all of the outstanding arrears were liquidated. It estimated that the remaining balance would be paid by 2013 at the latest.

140. The Committee was provided with information by the Secretariat concerning the situation in Liberia. Although the country had made considerable progress in consolidating and building peace and in pursuing its post-conflict recovery and reconciliation objectives, it still faced significant challenges. Liberia had reached the completion point under the Heavily Indebted Poor Countries Initiative, providing it with some $4.6 billion in debt relief and was currently on the agenda of the Peacebuilding Commission. The President of Liberia had submitted to the Legislature a draft national budget of $458.9 million for the fiscal year 2011/12. While representing a significant increase of 26 per cent over the previous year, it

was still an austerity budget and was inadequate to meet the many demands of a country recovering from a devastating conflict. The economic recovery achieved to date had not provided sustainable employment opportunities for Liberia's youth, demobilized former combatants or deactivated former soldiers. The situation had been exacerbated by a protracted crisis in neighbouring Côte d'Ivoire, which had resulted in Liberia becoming host to over 150,000 Ivorian refugees, straining already limited food supplies.

141. The country was currently preparing for a constitutional referendum, to be held on 23 August 2011, and national elections, to be held in October 2011. The elections will be the first to be conducted fully under the Constitution and by Liberian authorities, following the signing in Accra, in 2003, of the peace agreement. Although the elections are critical for the consolidation of peace and democracy in the country, the fact that they will be held in the rainy season means there will be further strains on the Government's economic resources. Real GDP declined from 9.4 per cent in 2007 to approximately 8.3 per cent in 2008, and then to 4.6 per cent in 2009. GDP was expected to rebound back to 6.3 per cent in 2010. The unemployment rate in Liberia remained high, at 72 per cent of the labour force. Liberia ranked 162nd out of 169 countries in the 2010 human development index.

142. The Committee noted that Liberia had made regular payments under its payment plan, in amounts well above its annual assessments. The last payment, of approximately $400,000, was made in 2010. In its representation, Liberia indicated that it would continue to pay off its obligations in full in the next few years. In making the commitment to pay off its arrears in spite of serious economic difficulties and a humanitarian crisis, Liberia set a shining example to other countries facing similar adversities. The Committee expressed its appreciation for the exemplary and continuing efforts of Liberia to pay its arrears.

143. **The Committee concluded that the failure of Liberia to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Liberia be permitted to vote until the end of the sixty-sixth session of the General Assembly.**

5. Sao Tome and Principe

144. The Committee had before it a letter dated 23 May 2011 from the President of the General Assembly to the Chair of the Committee on Contributions transmitting a letter dated 20 May 2011 from the Permanent Representative of Sao Tome and Principe to the United Nations addressed to the President of the Assembly (see A/CN.2/R.744/Add.3). It also heard an oral representation by the Permanent Representative of Sao Tome and Principe.

145. In its written and oral representations, Sao Tome and Principe indicated that the economic situation in the country continued to be critical, thus creating hardships and serious difficulties for the population and forcing the Government to embark on a serious programme of austerity. It also indicated that it had recently adopted a budget of $156 million for 2011. The country was still finding it very difficult to meet its obligations, as major donors were also having financial problems owing to the global economic crisis. In the past, Sao Tome and Principe used to produce 20,000 tons of cocoa and coffee, but that number had drastically decreased to 2,500 tons. Oil production was not even in the exploratory phase and no revenue was foreseen from it. Despite the serious difficulties it was facing, the

Government would be doing its utmost to honour its obligations to the United Nations.

146. The Committee was provided with information by the Secretariat concerning the situation in Sao Tome and Principe. The country continued to be politically and economically fragile. It was the second smallest country on the African continent in terms of population (after the Seychelles) and therefore faced economic challenges related to its production ability and heavy reliance on exports. Sao Tome and Principe was among the poorest countries in sub-Saharan Africa: 54 per cent of its 166,000 inhabitants lived below the poverty line and 15 per cent were considered extremely poor. The global economic downturn had resulted in a significant decrease in the State's fiscal revenues, including lower than expected tourism receipts and donor assistance, lower remittances and the postponement of foreign direct investment. GDP growth was 4 per cent in 2009 and was not expected to reach 6 per cent until 2012. Sao Tome and Principe ranked 127th out of 169 countries in the 2010 human development index. It was among the highest recipients of aid per capita (aid accounted for approximately half of its fiscal revenue) and was also among the most indebted countries per capita, with a debt to GDP ratio of over 600 per cent. With no domestic savings and all investments financed with external aid, the country faced a non-sustainable debt and was increasingly vulnerable to external shocks. The humanitarian situation remained precarious, with problems persisting in the areas of maternal and child health care, nutrition and primary schooling. There was only one hospital for the entire population. Malaria remained a major health problem and there were intermittent outbreaks of cholera.

147. The Committee noted that Sao Tome and Principe had made no payments since 2002, the first year a multi-year payment plan had been drawn up. This, in their view, demonstrated the dire economic predicament of the country, where the problem of dwindling revenue sources was exacerbated by the lack of sufficient external sources of funding rather than by a lack of commitment to fulfilling financial obligations. However, the Committee urged Sao Tome and Principe to begin making such annual payments, in amounts slightly in excess of its current annual assessments in order to bring down its arrears, which would reflect favourably on future decisions by the Committee.

148. **The Committee concluded that, on balance, the failure of Sao Tome and Principe to pay the minimum amount necessary to avoid the application of Article 19 was due to conditions beyond its control. It therefore recommended that Sao Tome and Principe be permitted to vote until the end of the sixty-sixth session of the General Assembly.**

6. Somalia

149. The Committee had before it a letter dated 4 May 2011 from the President of the General Assembly to the Chair of the Committee on Contributions transmitting a letter dated 7 April 2011 from the Permanent Representative of Somalia to the United Nations addressed to the President of the Assembly (A/CN.2/R.744/Add.1). It also heard an oral representation by the Deputy Permanent Representative of Somalia.

150. In both its written and oral representations, Somalia indicated that, since 1990, the country had endured a serious internal conflict. The conflict had created a financial crisis and grave economic difficulties, which had a negative effect on

Somalia's capacity to pay its contributions. Despite free and fair elections in 2004, which culminated in the formation of the Transitional Federal Government in Somalia, the Government faced a lack of internal revenue and of development funding from donor countries, which led to the inability to pay for the salaries of civil servants and reconstruction programmes in Somalia. A new Transitional Federal Government, formed in 2009, was also afflicted by a lack of internal revenue and funding from donor countries. Furthermore, Somalia was one of the least developed countries and was going through its worst humanitarian crisis. Millions of people were facing famine, severe malnutrition and drought. The Government would make all necessary payments as soon as the situation of the country changed for the better.

151. The Committee was provided with information by the Secretariat concerning the situation in Somalia. While some modest progress had been achieved since 2008, particularly on the security front in recent months, including through the expansion of Government control in Mogadishu and greater control by allied forces throughout southern and central Somalia, the challenges facing Somalia were enormous. The transitional federal institutions were weak and unable to develop the structures or resources needed for the Government to be fully responsible for the security of its citizens and to deal with the acute humanitarian and economic crisis. Of the entire population, 2.4 million Somalis, or 32 per cent, was in need of humanitarian assistance and livelihood support as a result of the ongoing conflict, drought and food insecurity. The combination of increasing conflict and drought had led to additional population movement and displacement. The nutrition situation was classified as critical or very critical in most areas of southern Somalia owing to poor access to food. Morbidity rates were high because of the low prevalence of health interventions.

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

VI. Other matters

A. Collection of contributions

153. The Committee noted that, at the conclusion of its session on 24 June 2011, the following six Member States were in arrears of their assessed contributions to the United Nations under the terms of Article 19 of the Charter but had been permitted to vote in the General Assembly until the end of the sixty-fifth session, pursuant to Assembly resolution 65/3: Central African Republic, Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe and Somalia. **The Committee decided to authorize its Chair to issue an addendum to the present report, as necessary.**

154. The Committee also noted that, as at 15 June 2011, a total of over $2.8 billion was owed to the Organization for the regular budget, peacekeeping operations, the international tribunals and the capital master plan. That amount reflected an increase compared with the amount of $2.4 billion outstanding as at 31 May 2010.

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

155. Under the provisions of paragraph 12 (a) of its resolution 64/248, the General Assembly authorized the Secretary-General to accept, at his discretion and after consultation with the Chair of the Committee on Contributions, a portion of the contributions of Member States for the calendar years 2010, 2011 and 2012 in currencies other than the United States dollar. The Committee noted that, in 2010, the Secretary-General had accepted from four Member States the equivalent of $2,014,291.59 in currencies other than the United States dollar acceptable to the Organization.

C. Organization of the Committee's work

156. The Committee wished to record its appreciation for the substantive support for its work performed by the secretariat of the Committee and the Statistics Division. The Committee also expressed its appreciation for the substantive support of the Department of Political Affairs, the Department of Peacekeeping Operations, the Office for the Coordination of Humanitarian Affairs and UNDP in its consideration of requests for exemptions under Article 19. The Committee noted, in particular, the timeliness and efficiency with which the Statistics Division fulfilled its requests for information.

D. Working methods of the Committee

157. The Committee reviewed its working methods. With regard to intersessional work, the Committee decided that consideration could be given in future to exploring options for increasing interaction of members in between the holding of regular sessions. Possible avenues included online training and other interactive mechanisms for follow-up on various issues. It was suggested that arrangements be explored for increasing the online availability of restricted documents of the Committee. The Committee requested that it be informed in advance should possible options or arrangements involve additional budgetary implications.

158. The Committee requested the Secretariat to submit to it for consideration at its next session a draft on the working methods of the Committee. **The Committee decided to continue reviewing its working methods at its next session.**

E. Date of the next session

159. **The Committee decided to hold its seventy-second session in New York from 4 to 29 June 2012.**

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