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[26 July 1994]

CONTENTS

CONTENTS (continued)

Page

Annexes

I. ATTENDANCE

1. The fifty-fourth session of the Committee on Contributions was held at United Nations Headquarters from 20 June to 15 July 1994. The following members were present: Mr. Kenshiro Akimoto, Mr. Tarak Ben Hamida, Mr. Uldis Blukis, Mr. Sergio Chaparro Ruíz, Mr. Yuri A. Chulkov, Mr. David Etuket, Mr. John D. Fox, Mr. Neil Francis, Mrs. Norma Goicochea Estenoz, Mr. Ion Goritza, Mr. Alvaro Gurgel de Alencar, Mr. Li Yong, Mr. Vanu G. Menon, Mr. Mohamed Mahmoud Ould Cheikh El Ghaouth, Mr. Dimitri Rallis, Mr. Ugo Sessi, Mr. Agha Shahi and Mr. Adrien Teirlinck. Also present was Syed Amjad Ali, member emeritus.

2. The Committee elected Mr. David Etuket as Chairman and Mr. Ugo Sessi as Vice-Chairman.

II. TERMS OF REFERENCE

3. The Committee conducted its work on the basis of General Assembly resolution 48/223 B of 23 December 1993, which reads as follows:

"*The General Assembly*,

"*Recalling* all its previous resolutions on the scale of assessments, in particular resolution 46/221 B of 20 December 1991,

"*Having considered* the report of the Committee on Contributions, 1/

"*Reaffirming* that the capacity to pay of Member States is the fundamental criterion for determining the scale of assessments,

"1. *Requests* the Committee on Contributions to recommend to the General Assembly at its forty-ninth session a scale of assessments for the period 1995-1997 on the basis of the average of two separate machine scales and the following elements and criteria:

"(*a*) Statistical base periods of seven and eight years;

"(*b*) Uniform exchange rates in accordance with the criteria contained in paragraph 3 (*b*) of resolution 46/221 B;

"(*c*) The debt adjustment approach used in the preparation of the scale of assessments for the period 1992-1994;

"(*d*) A low per capita income allowance formula with a per capita income limit of the average world per capita income for the statistical base period and a gradient of 85 per cent;

"(*e*) A floor rate of 0.01 per cent and a ceiling rate of 25 per cent;

"(*f*) A scheme of limits whose effects would be phased out by 50 per cent with a view to its complete phasing out in the scale for the period 1998-2000;

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

"3. *Concurs* with the observations contained in paragraph 70 of the report of the Committee on Contributions on its fifty-second session 2/ and paragraph 29 of its report on its fifty-third session 1/ and requests the Committee on Contributions to make recommendations to the General Assembly at its forty-ninth session that address the problems noted in the above-mentioned paragraphs, taking into account the specific circumstances

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1/ *Official Records of the General Assembly, Forty-eighth Session, Supplement No. 11* (A/48/11).

2/ Ibid., *Forty-seventh Session, Supplement No. 11* (A/47/11).

of Belarus and Ukraine and on the basis of non-discriminatory application of the scale methodology;

"Decides also that individual rates for the least developed countries shall not exceed their current level, namely, 0.01 per cent."

4. For ease of reference, paragraph 3 (b) of resolution 46/221 B, cited in paragraph 1 of resolution 48/223 B, is reproduced here also. It reads as follows:

"(b) Uniform exchange rates in accordance with these criteria:

"(i) Exchange rates obtained from the International Monetary Fund for all Member States which are members of the Fund;

"(ii) Exchange rates based on technical advice of the International Monetary Fund for States which are not members of the Fund;

"(iii) United Nations operational rates for Member States for which criteria (i) and (ii) are not applicable;

"(iv) The Committee on Contributions should provide detailed explanations for exchange rates not based on any of the criteria listed under (i) to (iii) above".

5. The Committee carefully considered resolution 48/223 B and discussed it on the basis of the relevant summary records of the Fifth Committee (A/C.5/48/SR.5-9, 12, 41 and 45), the report of the Fifth Committee (A/48/806) and the provisional verbatim records of the 87th plenary meeting of the General Assembly (A/48/PV.87).

6. The Committee was also guided by rule 160 of the rules of procedure of the General Assembly.

III. CURRENT METHODOLOGY

A. Current scale methodology and its application

7. The capacity to pay is the fundamental criterion for determining the scale of assessments. For ease of reference, the methodology currently used to approximate the capacity to pay and its application are briefly described.

8. The components of the methodology and criteria comprise the following:

(a) The national income data provided by all States for the statistical period;

(b) Debt relief reduces the annual national income of eligible countries with high levels of external debt;

(c) The low per capita income allowance formula reduces the national income already adjusted for debt relief on the basis of its two parameters, namely the upper per capita income limit of the average world per capita income for the statistical base period and the relief gradient of 85 per cent;

(d) The rates of assessment of Member States may not be lower than 0.01 per cent (floor rate) or exceed 25 per cent (ceiling rate);

(e) The assessment rates of least developed countries may not exceed 0.01 per cent;

(f) The scheme of limits avoids excessive variations of individual rates of assessment between successive scales.

9. The national income data in United States dollars are prepared by the Statistical Division of the United Nations Secretariat for all Member States.

10. The part of the methodology described in paragraphs 8 (a) to (c) above transforms national income in United States dollars into assessable income for the determination of individual assessment rates, which are then adjusted through the application of the various limits specified in paragraphs 8 (d) to (f). In annexes II.A and III.A to the present report, the step-by-step adjustments to the national income averages for the two periods 1986-1992 and 1985-1992 through the application of the current methodology are shown for all Member States for the scale of assessments. Annexes II.B and III.B show the number of points which are redistributed among Member States by each of the steps. The end result is referred to as a machine scale whose calculation is based upon the adjustment steps described below.

11. The adjustments for national income are:

(a) The national income of countries identified for debt relief, i.e., those with per capita incomes below $6,000, is reduced by an amount based on a theoretical debt-service ratio. On the assumption that total external debt outstanding is repaid on the average in approximately eight years, 12.5 per cent of this debt is deducted from the national income of eligible countries. This adjustment increases not the absolute but the proportionate national income of the Member States that received no debt relief or whose relative debt relief reduction is lower than the amount of total debt relief as a percentage of total national income (see annexes II.A and III.A, columns 2 and 3, for the percentage distribution and annexes II.B and III.B, column 1, for the point differences).

(b) The national income figures resulting from step (a) are further adjusted for low per capita national income. The national income of countries whose per capita national income is below the per capita income limit of $3,055 for the period 1985-1992 or $3,198 for the period 1986-1992 is reduced by the percentage resulting from calculating 85 per cent of the percentage difference between the country's per capita income and $3,055 and $3,198, respectively. For example, for a country with an average per capita income of $1,000 for the period 1985-1992, the average total national income, adjusted for debt relief, is reduced by 57.2 per cent ($3,055 - $1,000 = $2,055; $2,055 = 67.3 per cent of $3,055; 85 per cent of 67.3 per cent = 57.2 per cent). The total amount of relief granted increases the proportion of national incomes adjusted for debt relief of the countries not affected by the formula in proportion to their respective share (pro rata) of their collective national income. The national income figures thus adjusted constitute the assessable income (see annexes II.A and III.A, column 4, and annexes II.B and III.B, column 2).

12. Proportionate shares of national incomes then are adjusted as follows:

(a) The ceiling and floor rates are applied and the assessment rates of the least developed countries are reviewed to ensure that they do not increase. The points that make up the difference between the sum of the assessment rates thus adjusted and 100 per cent are distributed, on a pro rata basis, among the countries with assessment rates below the ceiling and above the floor and that are not least developed countries (see annexes II.A and III.A, columns 5 and 6, and annexes II.B and III.B, columns 3 and 4).

(b) The scheme of limits is applied. It consists of eight rate brackets and two sets of constraints, i.e., percentage and index point limits, which delimit the maximum possible individual rate increases or decreases between two scales. The level of the maximum increase or decrease is defined by the limit with the lesser value. For example, the rate of a Member State that was assessed at 3.21 per cent under the 1992-1994 scale can increase or decrease by a maximum of 0.24 points for the new scale (3.21 x 0.075 = 0.24); similarly, a 1992-1994 rate of 2.31 can increase or decrease by a maximum of 0.20 points (2.31 x 0.1 = 0.23).

If the present official rate is	The percentage change in the new machine scale should not be more than the lesser of:	
	Percentage limits	Index point limits
Above 5.00 per cent	5.0	75 points
2.50 - 4.99 per cent	7.5	30 points
1.00 - 2.49 per cent	10.0	20 points
0.76 - 0.99 per cent	12.5	11 points
0.51 - 0.75 per cent	15.0	10 points
0.25 - 0.50 per cent	17.5	6 points
0.05 - 0.24 per cent	20.0	2 points
0.01 - 0.04 per cent	-	1 point

In applying the scheme of limits, the points that cannot be absorbed by countries whose rates of assessment have reached the level permissible under the scheme of limits are distributed, on a pro rata basis, among those countries whose assessment rate increases or decreases are within the constraints established by the scheme of limits.

13. After the application of the scheme of limits, 50 per cent of its effect is phased out in the manner described in section B below in accordance with paragraph 1 (f) of resolution 48/223 B.

14. At this point, the machine scales do not add up to 100 per cent owing to the provision that, for developing countries benefiting from the application of the scheme of limits, the allocation of additional points resulting from the phasing out of the scheme of limits is to be limited to 15 per cent of the effect of the phase-out in accordance with paragraph 2 of resolution 48/223 B.

15. The machine scales based on seven-year and eight-year base periods are then averaged. In a final adjustment of the machine scale to 100 per cent, the unallocated points resulting from the 15 per cent provision for certain developing countries are distributed, on a pro rata basis, among the countries which are not subject to the ceiling, are not least developed countries and are not developing countries benefiting from the 15 per cent provision.

B. Phasing out the scheme of limits

16. The Committee considered several options for phasing out 50 per cent of the effect of the scheme of limits. The two main issues considered by the Committee were (a) global or country-by-country phase-out and (b) one-step or multiple-step phase-out. This consideration was based on the understanding that the effect of the scheme of limits is equal to the number of points that would have to be redistributed if the scheme of limits were applied unchanged in the preparation of the new scale of assessments.

17. The Committee also addressed the questions of the definition of the universe of developing countries subject to the 15 per cent provision, the possible contradiction between paragraphs 1 (f) and 2 of resolution 48/223 B, and the fact that the resolution did not address the treatment of the points that could not be allocated to those covered by the 15 per cent provision.

Discussion

18. The global versus country-by-country approach involved a choice between the appropriate broadening of the scheme’s parameters or the reduction by 50 per cent of the scheme’s effect on each individual country. Illustrative examples of the effect of broadening the scheme’s parameters were discussed in the Committee’s last two reports. The Committee decided against a global approach as it produced very uneven results for individual countries. It also proved to be difficult to find a close match between the broadened parameters of the scheme and the 50 per cent phase-out target. The country-by-country approach provided greater transparency and presented only minor technical difficulties.

19. The one-step versus multiple-step approach implied a choice between applying the 50 per cent phase-out all at once from the beginning of the scale period or spreading the phase-out over the three years of the scale period. The Committee discussed the advantages and disadvantages of one-step and multiple-step phase-outs in the context of rule 160 of the rules of procedure of the General Assembly which states 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". Some members interpreted rule 160 to mean that a single scale would be adopted by the General Assembly for a three-year period,

thus requiring a one-step phase-out. Others were of the opinion that adoption of a separate scale for each of the years of a three-year period was in conformity with rule 160 as no review would be required during those three years. The basic question in this regard concerned the balance between the interests of those Member States whose rates are decreasing and thus would favour a one-step phase-out and those whose rates are increasing and therefore prefer a more gradual approach. The assessment rates for the last year of a three-step 50 per cent phase-out for the period 1995-1997 are identical to those of a one-step phase-out. Presentation of a three-step phase-out provides the General Assembly with more than one option.

20. Some Committee members noted the advantage of a gradual phase-out of the entire scheme of limits for countries with large rate increases and for a growing number of developing countries that could benefit from the scheme of limits in the 1998-2000 scale period. They would be much better served by a phase-out in six steps over a period of six years than by two steps over a period of four years.

21. In its discussion of the definition of the universe of developing countries subject to the 15 per cent provision, the Committee noted the absence of a definitive list of developing countries. After some discussion, the Committee concluded that, for the purposes of the scale, the universe includes only those countries generally regarded as developing in the United Nations context. Furthermore, it would only include those countries benefiting from the scheme of limits and whose rates are increasing in the new scale.

22. Considering that a new scale of assessments must add up to 100 per cent, the points representing the 85 per cent of the 50 per cent phase-out of the scheme's effect that cannot be allocated to those benefiting from the 15 per cent provision must be distributed among other countries. The Committee noted that such distribution forced some Member States to absorb more than 50 per cent of the effect of the phase-out while not providing for others a full 50 per cent removal of the distortion due to the scheme of limits. A suggestion to include the beneficiaries of the 15 per cent provision in the distribution of the points in question was rejected by most Committee members as contrary to the 15 per cent provision.

Decision

23. On the basis of those considerations, the Committee decided on the 50 per cent phase-out of the effects of the scheme of limits on the basis of a country-by-country approach spread over the three years of the 1995-1997 scale period. In addition to countries subject to the ceiling or designated as least developed countries, those benefiting from the 15 per cent provision are excluded from the pro rata distribution of unallocated points resulting from the application of the 15 per cent provision.

IV. REVIEW OF THE SCALE OF ASSESSMENTS

A. Representations by Member States

24. The Committee had before it eight written representations from the following States or groups of States: Belarus and Ukraine; 14 States formerly part of the Union of Soviet Socialist Republics (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Republic of Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine and Uzbekistan); Bulgaria; Estonia, Latvia and Lithuania; Algeria; Cuba; Romania; and Yugoslavia (Serbia and Montenegro). They are summarized below.

25. Belarus and Ukraine, in their joint representation, point out that, in order for States to be able to pay their contributions in full and on time, their rates of assessment must be acceptable to them through strict application of the principle of the capacity to pay. Reference is made to what they consider to be their excessively high rates due to the greatly inflated official exchange rates of the former USSR and the manner in which the rate of assessment of the former USSR was apportioned among the 14 States and Estonia. The resulting rates are absolutely unacceptable to the Governments of the two States and leave them unable to meet properly their financial obligations to the United Nations. This inability is compounded by the extremely difficult economic and financial situation in which these States find themselves. As a result, Belarus and Ukraine are prevented from participating fully in the activities of the Organization and its specialized agencies. The two Governments believe that the mandates contained in General Assembly resolution 48/223 B will enable the Committee on Contributions to eliminate the negative consequences of Assembly decision 47/456. In particular they expect that, in accordance with paragraph 3 of resolution 48/223 B, when determining the assessed contributions of Belarus and Ukraine, the Committee will take into account their specific circumstances in the process of formulation of the new scale of assessments. Belarus and Ukraine believe that the Committee should use as a basis for application of the scheme of limits the assessment rates of Belarus and Ukraine as determined on a non-discriminatory basis in resolution 46/221 A. Belarus and Ukraine state that these assessment rates were not to be revised during the scale period for 1992-1994.

26. The joint representation of the 14 States formerly part of the USSR draws attention to the need to choose appropriate uniform exchange rates for them as members of the International Monetary Fund (IMF). The 14 states also consider that the 50 per cent phase-out of the scheme of limits should take effect in the first year of the new scale period. They further request the Committee to pay particular attention to the mandate contained in paragraph 3 of General Assembly resolution 48/223 B and the need to end the transitional step embodied in their current rates with the adoption of a new scale which duly reflects their capacity to pay.

27. In its representation, Bulgaria, as on previous occasions, points out that its official exchange rate and the so-called "exchange rate with premium" employed by the Committee on Contributions in the calculation of the current scale are far from the real exchange rate which is subject to the supply and demand of the market. For 1990, a rate of 7.065 Bulgarian leva to one United States dollar is provided which has been recognized by IMF as it was used in calculating the country’s quota.

28. The joint representation by Estonia, Latvia and Lithuania reviews briefly the history of the establishment of their current rates of assessment and their

critical reactions to the process and the results involved, which ignored both the principle of the capacity to pay and the principle of sovereign equality. They urge adherence to these two principles in the preparation of the next scale through the use of comparable data that are reliable and verifiable and through the application of the same methodology to all Member States. With regard to the phasing out of the scheme of limits, the latter would imply application of the scheme of limits to theoretical rates of assessment, calculated in accordance with the standard methodology, rather than to their current rates which were derived from that of the former USSR.

29. The representation by Algeria points out the country’s current economic difficulties and provides per capita GNP, foreign debt stock and debt service/export earnings information for the year 1993.

30. Cuba, in its representation, transmits information on per capita national income for the years 1985-1992 expressed in United States dollars on the basis of a rate of one dollar to one Cuban peso. In addition, detailed information is provided on the problems facing the Cuban economy which have resulted in a decline in the country’s per capita national income from $1,657 in 1985 to $1,105 in 1992. The principal factors underlying the economic difficulties are cited as the sudden severance of the economic relationship between Cuba and the countries of Eastern Europe and the former USSR, the effects of the 30-year economic blockade, the problems affecting its principal export products, particularly cane sugar, and the various natural disasters which have afflicted the island.

31. The representation of Romania stresses the great importance its Government attaches to the principle of capacity to pay. It draws attention to its severe economic difficulties resulting from the transition from a centrally planned to a market economy, as reflected in the statistical data. These difficulties are exacerbated by the sanctions against Iraq and Yugoslavia. Reference is also made to revised exchange rates for the period 1985-1989 and IMF rates for the years 1990-1992 which better reflect Romania’s capacity to pay than those previously available.

32. The Federal Republic of Yugoslavia (Serbia and Montenegro) transmits a detailed statistical data base on the gross national product of Yugoslavia for the period 1985-1993 as well as demographic, socio-economic and other data that reflect the State’s capacity to pay. The representation also describes the social and economic effects of war, economic sanctions and refugees on the country.

B. Information meeting for Member States

33. In accordance with paragraph 1 of General Assembly resolution 46/221 C of 20 December 1991, the Committee held an information meeting on 30 June 1994. At that meeting, representatives of Algeria, Belarus, Bulgaria, Cuba, Estonia, the Islamic Republic of Iran, the Republic of Korea, the Russian Federation and Ukraine made statements providing the Committee with additional information. Committee members used this opportunity to seek clarification on data and other information conveyed in both written and oral representations. The delegations of Bulgaria, Cuba and the Islamic Republic of Iran subsequently provided in writing supplementary information in response to questions raised by Committee members. The Chairman informed those present that the Committee would take into consideration the information provided by them in the preparation of the new scale of assessments.

C. Statistical information

34. The Committee had before it for the period 1985-1992 a comprehensive database for all Member States and non-member States on national income in local currency, population, exchange rates and external debt for countries eligible for debt relief adjustment. The information provided also included derived data, such as national income in United States dollar and average national and per capita incomes, which were compared with the averages for the statistical base period 1980-1989 underlying the 1992-1994 scale of assessments. All data used by the Committee are provided by Member States as well as non-member States or are estimated on the basis of such data. With the exception of the national income and exchange rates of a few countries, the Committee accepted the data presented without change.

35. In the context of examining the statistical information before it, the Committee also considered the data aspects of the representations by Member States (see paras. 24-32 above) and of the information provided to it during the information meeting (see para. 33 above). In doing so, the Committee was guided by the mandate in paragraph 3 of resolution 48/223 B for a non-discriminatory application of the scale methodology. It was also aware of the limitations inherent in the methodology for dealing with the issues and concerns of Member States. Particular reference was made to the continuing impact of the scheme of limits on the assessment rates of Member States even with the 50 per cent phase-out. Furthermore, the Committee recognized its inability under its mandate to address in a technical manner the political and legal issues related to the scale of assessments raised by some Member States. Committee members felt that, given these limitations, the most tangible and non-discriminatory response to the request of the General Assembly contained in paragraph 3 of resolution 48/223 B and to the issues raised by Member States in their written and oral representations could be provided through a review and modification, where necessary and appropriate, of the statistical information used in the formulation of the scale of assessments for 1995-1997.

36. The 1993 data contained in the representation of Algeria could not be considered as they did not fall within the statistical base period.

1. Population

37. The population data before the Committee are based on official data and estimates published in the United Nations Demographic Yearbook. In accordance with established practice, the Committee used mid-point data for the preparation of the two machine scales, i.e., 1989 figures for the seven-year statistical base period and the average of the years 1988 and 1989 for the eight-year statistical base period.

2. External debt

38. As in the past, the external debt data used in the preparation of the scale represent debt stock information obtained from World Bank World Debt Tables. In those tables, the World Bank includes countries with per capita national incomes of under $6,000.

3. National income

39. The national income data in local currency used by the Committee are compiled by the Statistical Division through its annual questionnaire on national accounts. The Committee noted that no national income figures were provided by Andorra, Eritrea, Monaco and San Marino. The per capita income averages used for these countries were those of the neighbouring countries - Spain, Ethiopia, France and Italy, respectively. The only country for which the Committee substituted new information for that provided by the Statistical Division was Cuba. The documents before the Committee contained largely estimated and extrapolated data for Cuba. Subsequent to the information meeting and upon the request of the Committee, Cuba was able to provide additional figures for the period 1986-1992 which were accepted by the Committee. No data in local currency were available for 1992 for the Member States previously part of Yugoslavia. Estimates, therefore, were made in United States dollars on the basis of an estimate made by the Economic Commission for Europe of the real growth rates for each of the five countries.

4. Exchange rates

40. The database of the Statistical Division contains the exchange rates available during the year of the statistical base period to which they relate. For most countries, these are the average annual exchange rates published in the IMF International Financial Statistics (IFS) or obtained on the basis of technical advice from IMF. For countries not members of IMF, United Nations operational rates are used. For countries which became new members of IMF or re-established their relationship with that organization during the statistical base period, a combination of IMF rates and United Nations operational rates is presented in the documents before the Committee.

41. In awareness of the concerns of some of the 22 Member States referred to in paragraph 21 of the Committee's report on its fifty-third session 1/ regarding their sovereignty and the use of appropriate exchange rates, the Secretariat had prepared for the Committee a document containing additional information on exchange rates and related issues for the Member States which were previously part of Czechoslovakia (2 States), the USSR (15 States) and Yugoslavia (5 States). It provides an overview of all exchange rates available for these countries for the statistical base period including so-called blended rates used by IMF for its quota calculations. It also contains a methodological note from IMF on the blended rates for the years 1980-1989 used in its quota calculations for the 15 States and on the appropriateness of a similarly derived rate for 1990.

42. The Committee noted that exchange rate information was lacking for 1992 for the Member States previously part of Yugoslavia and for 1985-1992 for the Czech Republic and the Slovak Republic. For the Czech Republic and the Slovak Republic, the rate of the former Czechoslovakia was used.

43. In its careful examination of the exchange rate data before it and its consideration of related written and verbal representations, the Committee was guided by the mandate contained in paragraph 1 (b) of resolution 48/223 B which calls for the use of uniform exchange rates in accordance with the specific criteria reproduced in paragraph 4 of the present report. It also had the benefit of a personal consultation with two representatives from IMF. The Committee identified the following issues requiring its special attention:

Former USSR

A request by the 15 States concerned to replace United Nations operational rates provided by a no longer existing Government with IMF rates;

Concern about the average market exchange rates for the years 1991 and 1992, particularly 1992, which resulted in a sharp decline in their per capita income levels;

Former Yugoslavia

Lack of separate exchange rates for the five States concerned for the years 1985-1991;

Lack of exchange rate information for 1992;

IFS exchange rates for 1990 and 1991 which do not reflect well changes in domestic prices;

Afghanistan, Iraq, Myanmar and Peru

IFS exchange rates for all years which do not reflect well changes in domestic prices;

Bulgaria

IFS exchange rates for all years which do not reflect well changes in domestic prices;

A request by Bulgaria to use for 1990 a rate of 7.065 leva per United States dollar as used by IMF for quota calculations;

A request by Bulgaria to use a coefficient of 2.62 derived from the correlation between the rate of 7.065 and the 1990 exchange rate with premium for extrapolation of rates for the years 1985-1989 to replace the exchange rates with premium used for the 1992-1994 scale of assessments;

Cuba

A request by Cuba to replace United Nations operational rates with a rate of 1 Cuban peso per United States dollar for the years 1985-1992 in order to reflect better the parity between Cuban pesos and United States dollars;

Islamic Republic of Iran

IFS exchange rates for all years which do not reflect well changes in domestic prices;

A request by the Islamic Republic of Iran to replace IFS rates for all years with IMF rates not yet published, but in the final stages of preparation for IFS publication.

44. The Committee furthermore considered the representation by Romania but found that the IMF rates cited therein were identical to those contained in the documents before it. The situation of the countries affected by the recent devaluation of the CFA franc was also of concern to the Committee owing to the adverse effect on their capacity to pay. It noted, however, that this event

occurred outside the statistical base period and that most of the countries affected were assessed at the floor rate. Beyond that, many of the affected countries were protected from rate increases by the provision for least developed countries.

45. The Committee dealt with the exchange rate issues identified above in a variety of ways. For the 15 States formerly part of the USSR, it decided to use for the years 1985-1989 the blended rates used by IMF in its quota calculations and for 1990 a similarly constructed rate which, however, has no official status at IMF. The Committee noted that the use of IFS rates produced increases in 1991 and extremely sharp declines in 1992 in the per capita national incomes of the 15 States, to the level of least developed countries for some. Therefore, the Committee decided for 1991 and 1992 to use rates extrapolated, using 1990 as the reference year, on the basis of price-adjusted exchange rates (PARE) in order to achieve more realistic per capita income levels for those States.

46. For the Member States previously part of Yugoslavia, and for Afghanistan, Iraq, Myanmar and Peru, it decided to apply PARE, using 1980-1989 as the reference period, in line with its previous decision for countries in similar circumstances.

47. For Bulgaria, having been advised by IMF that the 1990 exchange rate used for its quota calculations was 6.60 leva per United States dollar, the Committee decided to use that rate for that year. It could find no technical justification for replacing the rates with premium previously used with rates extrapolated on the basis of a coefficient. The Committee decided instead to apply again the exchange rates with premium for the years 1985-1989 it had used in preparing the 1992-1994 scale.

48. On the basis of information provided by the Government of Cuba, the Committee decided to use an exchange rate of 1 Cuban peso per United States dollar for the entire statistical base period as this rate was used for the vast majority of foreign trade between Cuba and other countries.

49. After confirmation by IMF of the impending publication in IFS of the rates communicated by the Islamic Republic of Iran for the entire statistical base period, the Committee decided to use those rates in its calculations.

50. During the lengthy discussions on the issues and decisions reported above, Committee members repeatedly voiced frustration over the complexities and ambiguities concerning the multiple sources and types of exchange rate available and the relationships among the different rates including IMF rates. They noted the significant effect of different exchange rates on the scale of assessments. The Committee was also concerned about the increasing effect of money speculation on market exchange rates. It also expressed the opinion that the provisions of paragraph 3 (b) of General Assembly resolution 46/221 B had several technical problems which should be addressed in the context of the review of the methodology. The Committee asked the Secretariat to prepare a comprehensive critical study on the subject for consideration at its next session. This study should deal with the establishment of well-defined criteria for converting national income data to United States dollars and thus examine not only available exchange rates but also other conversion rates which are constructed on the basis of well-defined and uniform criteria and the relationships among them.

D. Ad hoc adjustments (mitigation) to the machine scale

51. The Committee had at its disposal 10 points for the purpose of ad hoc adjustments to the machine scale. In making the ad hoc adjustments to the scale shown in annex I.A, the Committee was guided by paragraph 3 of General Assembly resolution 45/256 A. The results of the ad hoc adjustment process may be discerned from annex I.A and B.

V. SCALE OF ASSESSMENTS

52. The scale of assessments that the Committee agreed to recommend for the years 1995, 1996 and 1997 appears in section VIII below and in annex I.A, columns 4, 7 and 10. Annexes II.A and III.A show the step-by-step adjustments to national income for the two machine scales based on seven-year and eight-year statistical base periods.

VI. ASSESSMENT OF NON-MEMBER STATES

53. In establishing the rates of assessment that form the basis for the calculation of the flat annual fee at which non-member States should contribute to the expenses of the United Nations under the new scale of assessments, the Committee applied the same methodology as for Member States. As the rates of the non-member States happen to fall within the limits of the scheme of limits, their rates are identical for 1995, 1996 and 1997. The proposed rates are as follows:

Non-member States	Percentage
Holy See	0.01
Nauru	0.01
Switzerland	1.21
Tonga	0.01

54. In accordance with the procedure established by the General Assembly, the rates of assessment are subject to consultations with the Governments concerned.

55. It is recalled that the General Assembly, in its resolution 44/197 B of 21 December 1989, endorsed revised assessment procedures for non-member States. They provide for assessment of contributions on the basis of a flat annual fee which is calculated for each non-member State on the basis of its past level of participation in United Nations activities. The flat annual fee is then applied to the applicable assessment base which equals the total net assessment for the United Nations regular budget for the year, adjusted for tax refunds. The flat annual fee rates in effect are:

Non-member State	Flat annual fee as proportion of assessment rate (percentage)
Holy See	10
Nauru	1
Switzerland	30
Tonga	5

VII. OTHER MATTERS CONSIDERED BY THE COMMITTEE

A. Collection of contributions

56. The Committee took note of the report of the Secretary-General in which it was indicated that, at the conclusion of the current session, the following 21 Members were in arrears in the payment of their assessed contributions to the expenses of the United Nations under the terms of Article 19 of the Charter: Angola, Burkina Faso, Central African Republic, Chad, Comoros, Dominican Republic, Equatorial Guinea, Gambia, Guatemala, Guinea-Bissau, Haiti, Liberia, Mali, Mauritania, Sao Tome and Principe, Sierra Leone, Solomon Islands, Somalia, South Africa, Yemen and Yugoslavia. In this regard, the Committee reaffirmed its previous decision to authorize its Chairman to issue an addendum to the present report, if necessary.

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

57. Under the provisions of paragraph 2 (e) of its resolution 46/221 A, the General Assembly empowered the Secretary-General to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the calendar years 1995, 1996 and 1997 in currencies other than United States dollars.

58. The Committee took note of the report of the Secretary-General in which it was stated that eight Member States had availed themselves of the opportunity of paying the equivalent of $4.2 million in eight currencies, other than United States dollars, acceptable to the Organization in 1993.

C. Date of next session

59. The Committee decided to hold its fifty-fifth session in New York from 12 to 30 June 1995.

VIII. RECOMMENDATION OF THE COMMITTEE

60. The Committee on Contributions recommends to the General Assembly the adoption of the following draft resolution:

The General Assembly

1. Resolves that the scale of assessments for the contributions of Member States to the regular budget of the United Nations for the years 1995, 1996 and 1997 shall be as follows:

Member State	1995	1996	1997
	(percentage)		
Afghanistan	0.01	0.01	0.01
Albania	0.01	0.01	0.01
Algeria	0.16	0.16	0.16
Andorra	0.01	0.01	0.01
Angola	0.01	0.01	0.01
Antigua and Barbuda	0.01	0.01	0.01
Argentina	0.48	0.48	0.48
Armenia	0.08	0.07	0.05
Australia	1.46	1.48	1.48
Austria	0.85	0.85	0.87
Azerbaijan	0.16	0.14	0.11
Bahamas	0.02	0.02	0.02
Bahrain	0.02	0.02	0.02
Bangladesh	0.01	0.01	0.01
Barbados	0.01	0.01	0.01
Belarus	0.37	0.33	0.28
Belgium	0.99	1.00	1.01
Belize	0.01	0.01	0.01
Benin	0.01	0.01	0.01
Bhutan	0.01	0.01	0.01
Bolivia	0.01	0.01	0.01
Bosnia and Herzegovina	0.02	0.02	0.01
Botswana	0.01	0.01	0.01
Brazil	1.62	1.62	1.62
Brunei Darussalam	0.02	0.02	0.02
Bulgaria	0.10	0.09	0.08
Burkina Faso	0.01	0.01	0.01
Burundi	0.01	0.01	0.01
Cambodia	0.01	0.01	0.01
Cameroon	0.01	0.01	0.01
Canada	3.07	3.08	3.11
Cape Verde	0.01	0.01	0.01
Central African Republic	0.01	0.01	0.01
Chad	0.01	0.01	0.01
Chile	0.08	0.08	0.08
China	0.72	0.72	0.74
Colombia	0.11	0.10	0.10
Comoros	0.01	0.01	0.01
Congo	0.01	0.01	0.01
Costa Rica	0.01	0.01	0.01

Member State	1995	1996	1997
		(percentage)	
Cote d’Ivoire	0.01	0.01	0.01
Croatia	0.10	0.09	0.09
Cuba	0.07	0.06	0.05
Cyprus	0.03	0.03	0.03
Czech Republic	0.32	0.29	0.25
Democratic People’s Republic of Korea	0.04	0.05	0.05
Denmark	0.70	0.71	0.72
Djibouti	0.01	0.01	0.01
Dominica	0.01	0.01	0.01
Dominican Republic	0.01	0.01	0.01
Ecuador	0.02	0.02	0.02
Egypt	0.07	0.07	0.08
El Salvador	0.01	0.01	0.01
Equatorial Guinea	0.01	0.01	0.01
Eritrea	0.01	0.01	0.01
Estonia	0.05	0.05	0.04
Ethiopia	0.01	0.01	0.01
Fiji	0.01	0.01	0.01
Finland	0.61	0.61	0.62
France	6.32	6.37	6.42
Gabon	0.01	0.01	0.01
Gambia	0.01	0.01	0.01
Georgia	0.16	0.14	0.11
Germany	8.94	8.99	9.06
Ghana	0.01	0.01	0.01
Greece	0.37	0.38	0.38
Grenada	0.01	0.01	0.01
Guatemala	0.02	0.02	0.02
Guinea	0.01	0.01	0.01
Guinea-Bissau	0.01	0.01	0.01
Guyana	0.01	0.01	0.01
Haiti	0.01	0.01	0.01
Honduras	0.01	0.01	0.01
Hungary	0.15	0.14	0.14
Iceland	0.03	0.03	0.03
India	0.31	0.31	0.31
Indonesia	0.14	0.14	0.14
Iran (Islamic Republic of)	0.60	0.52	0.45
Iraq	0.14	0.14	0.14
Ireland	0.20	0.21	0.21
Israel	0.26	0.26	0.27
Italy	4.79	5.02	5.25
Jamaica	0.01	0.01	0.01
Japan	13.95	14.79	15.65
Jordan	0.01	0.01	0.01
Kazakhstan	0.26	0.23	0.19
Kenya	0.01	0.01	0.01
Kuwait	0.20	0.19	0.19
Kyrgyzstan	0.04	0.04	0.03
Lao People’s Democratic Republic	0.01	0.01	0.01
Latvia	0.10	0.09	0.08
Lebanon	0.01	0.01	0.01
Lesotho	0.01	0.01	0.01

Member State	1995	1996	1997
	(percentage)		
Liberia	0.01	0.01	0.01
Libyan Arab Jamahiriya	0.21	0.21	0.20
Liechtenstein	0.01	0.01	0.01
Lithuania	0.11	0.10	0.08
Luxembourg	0.07	0.07	0.07
Madagascar	0.01	0.01	0.01
Malawi	0.01	0.01	0.01
Malaysia	0.14	0.14	0.14
Maldives	0.01	0.01	0.01
Mali	0.01	0.01	0.01
Malta	0.01	0.01	0.01
Marshall Islands	0.01	0.01	0.01
Mauritania	0.01	0.01	0.01
Mauritius	0.01	0.01	0.01
Mexico	0.78	0.78	0.79
Micronesia (Federated States of)	0.01	0.01	0.01
Monaco	0.01	0.01	0.01
Mongolia	0.01	0.01	0.01
Morocco	0.03	0.03	0.03
Mozambique	0.01	0.01	0.01
Myanmar	0.01	0.01	0.01
Namibia	0.01	0.01	0.01
Nepal	0.01	0.01	0.01
Netherlands	1.58	1.58	1.59
New Zealand	0.24	0.24	0.24
Nicaragua	0.01	0.01	0.01
Niger	0.01	0.01	0.01
Nigeria	0.16	0.13	0.11
Norway	0.55	0.56	0.56
Oman	0.04	0.04	0.04
Pakistan	0.06	0.06	0.06
Panama	0.01	0.01	0.01
Papua New Guinea	0.01	0.01	0.01
Paraguay	0.01	0.01	0.01
Peru	0.06	0.06	0.06
Philippines	0.06	0.06	0.06
Poland	0.38	0.36	0.33
Portugal	0.24	0.26	0.28
Qatar	0.04	0.04	0.04
Republic of Korea	0.80	0.81	0.82
Republic of Moldova	0.11	0.10	0.08
Romania	0.15	0.15	0.15
Russian Federation	5.68	4.98	4.27
Rwanda	0.01	0.01	0.01
Saint Kitts and Nevis	0.01	0.01	0.01
Saint Lucia	0.01	0.01	0.01
Saint Vincent and the Grenadines	0.01	0.01	0.01
Samoa	0.01	0.01	0.01
San Marino	0.01	0.01	0.01
Sao Tome and Principe	0.01	0.01	0.01
Saudi Arabia	0.80	0.75	0.71
Senegal	0.01	0.01	0.01
Seychelles	0.01	0.01	0.01

Member State	1995	1996	1997
	(percentage)		
Sierra Leone	0.01	0.01	0.01
Singapore	0.14	0.14	0.14
Slovakia	0.10	0.09	0.08
Slovenia	0.07	0.07	0.07
Solomon Islands	0.01	0.01	0.01
Somalia	0.01	0.01	0.01
South Africa	0.34	0.33	0.32
Spain	2.24	2.31	2.38
Sri Lanka	0.01	0.01	0.01
Sudan	0.01	0.01	0.01
Suriname	0.01	0.01	0.01
Swaziland	0.01	0.01	0.01
Sweden	1.22	1.22	1.23
Syrian Arab Republic	0.05	0.05	0.05
Tajikistan	0.03	0.02	0.02
Thailand	0.13	0.13	0.13
The former Yugoslav Republic of Macedonia	0.01	0.01	0.01
Togo	0.01	0.01	0.01
Trinidad and Tobago	0.04	0.04	0.03
Tunisia	0.03	0.03	0.03
Turkey	0.34	0.36	0.38
Turkmenistan	0.04	0.04	0.03
Uganda	0.01	0.01	0.01
Ukraine	1.48	1.29	1.09
United Arab Emirates	0.19	0.19	0.19
United Kingdom of Great Britain and Northern Ireland	5.27	5.30	5.32
United Republic of Tanzania	0.01	0.01	0.01
United States of America	25.00	25.00	25.00
Uruguay	0.04	0.04	0.04
Uzbekistan	0.19	0.16	0.13
Vanuatu	0.01	0.01	0.01
Venezuela	0.40	0.36	0.33
Viet Nam	0.01	0.01	0.01
Yemen	0.01	0.01	0.01
Yugoslavia	0.11	0.11	0.10
Zaire	0.01	0.01	0.01
Zambia	0.01	0.01	0.01
Zimbabwe	0.01	0.01	0.01
Grand total	100.00	100.00	100.00

2. Resolves also that:

(a) In accordance with rule 160 of the rules of procedure of the General Assembly, the scale of assessments given in paragraph 1 above shall be reviewed by the Committee on Contributions in 1997, when a report shall be submitted to the Assembly for consideration at its fifty-second session;

(b) Notwithstanding the terms of regulation 5.5 of the Financial Regulations of the United Nations, the Secretary-General shall be empowered to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the calendar years 1995, 1996 and 1997 in currencies other than United States dollars;

(c) In accordance with regulation 5.9 of the Financial Regulations of the United Nations, States which are not members of the United Nations but which participate in certain of its activities shall be called upon to contribute towards the 1995, 1996 and 1997 expenses of the Organization on the basis of the following rates:

Non-member State	Percentage
Holy See	0.01
Nauru	0.01
Switzerland	1.21
Tonga	0.01

These rates represent the basis for the calculation of the flat annual fees to be charged to non-member States in accordance with General Assembly resolution 44/197 B of 21 December 1989.