

ARTICLE 17 (2)

Table of Contents

	<u>Paragraphs</u>
Text of Article 17 (2)	
Introductory Note	1
I. General Survey	2 - 4
II. Analytical Summary of Practice	5 - 9
** A. Basis for determining capacity to pay	
B. Upper and lower limits on contributions	5 - 6
** 1. Over-all maximum ceiling	
2. <u>Per capita</u> ceiling	5
** 3. <u>Minimum</u> assessment	
4. Minimum contribution for new Members for the year of admission	6
C. Revision of scales of assessments	7
** D. Relative merits of the percentage system and the unit system of assessment	
** E. Extent to which expenses have been shared by non-member States	
F. The Working Capital Fund	8
** G. Adjustment of accounts with Member States and non-member States	
H. Membership of the Committee on Contributions	9
** 1. Appointment of members	
2. Substitute members	9

TEXT OF ARTICLE 17 (2)

The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly.

INTRODUCTORY NOTE

1. During the period under review the original terms of reference of the Committee on Contributions have continued to apply. In accordance with its terms of reference the Committee has reviewed each year the scale of contributions, and as new Member

States were admitted, the General Assembly gave further directives for the guidance of the Committee in the light of the principles explained in the General Survey.

I. GENERAL SURVEY

2. The Committee on Contributions which makes annual reports to the General Assembly on the apportionment of the expenses of the Organization submitted its report to the General Assembly at its ninth session 1/ and tenth session. 2/ In accordance with the usual practice, these reports were considered by the Fifth Committee of the General Assembly and the reports 3/ of the Fifth Committee and the draft resolutions attached thereto were in turn considered and voted upon by the General Assembly in plenary session. 4/

3. In its report to the General Assembly at its tenth session, the Committee recommended that the scale of assessments submitted for approval should apply for a three-year period, as originally laid down in rule 161 of the rules of procedure of the General Assembly, 5/ namely for the years 1956, 1957 and 1958. The General Assembly approved this recommendation and decided that unless earlier review was called for in accordance with rule 161, the scale of assessments should be reviewed by the Committee on Contributions in 1958 and a report submitted to the General Assembly at its thirteenth session.

4. In view of the fact that sixteen countries were admitted to membership in the United Nations on 14 December 1955, 6/ the Committee on Contributions convened in March 1956, to consider the assessment of the new Member States and their inclusion in the scale of assessments. The recommendations of the Committee are contained in its report to the eleventh session of the General Assembly. 7/

1/ G A (IX), Suppl. No. 10 (A/2716).

2/ G A (X), Suppl. No. 10 (A/2951).

3/ G A (IX), annexes, a.i. 41, p. 2, A/2822; G A (X), annexes, a.i. 42, p. 4, A/3095.

4/ G A resolutions 876 (IX) and 970 (X).

5/ Rule 161 provides in part as follows: "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 capacities to pay. The Committee shall also advise the General Assembly on the assessments to be fixed for new Members, on appeals by Members for a change of assessments...". (United Nations Publication, Sales No.: 1956.I.8.)

6/ G A resolution 995 (X).

7/ G A (XI), Suppl. No. 10 (A/3121).

II. ANALYTICAL SUMMARY OF PRACTICE

**A. Basis for determining capacity to pay

B. Upper and lower limits on contributions

** 1. *Over-all maximum ceiling*

2. *Per capita ceiling*

5. The admission of sixteen new Member States to the United Nations has affected the further implementation of the per capita ceiling principle, ^{8/} since the General Assembly at its seventh session had instructed the Committee on Contributions "to defer further action on the per capita ceiling until new Members are admitted or substantial improvement in the economic capacity of existing Members permits the adjustments to be gradually absorbed in the scale." ^{9/} At its ninth session, the General Assembly reaffirmed this directive and instructed the Committee to apply this decision to future scales of assessments "so that the percentage contributions of those Members subject to the per capita principle will be frozen against any increase over the level approved for the 1955 budget until they reach per capita parity with the highest contributor and that downward adjustments will occur when the conditions cited in resolution 655 (VII) of 5 December 1952 have been fulfilled or changes in relative national incomes warrant lower assessments." ^{10/} The Committee on Contributions, in its report to the eleventh session of the General Assembly, has recommended that full effect be given to the per capita ceiling principle and this recommendation was reflected in the revised scale of assessments for Members' contributions (including the sixteen new Members) to the budgets of the United Nations for the years 1956, 1957 and 1958, submitted to the General Assembly for approval. ^{11/}

** 3. *Minimum assessment*

4. *Minimum contribution for new Members for the year of admission*

6. The Committee on Contributions, at its fifteenth session in March 1956, considered the question of the contributions for the year of admission to be paid by the sixteen new Members admitted to the United Nations on 14 December 1955. Taking into account on the one hand that the new Members had participated in the tenth session of the General Assembly for only a few days, but on the other hand would benefit from the available facilities of the United Nations, the Committee has recommended ^{12/} that, should the General Assembly favour some reduction in the prescribed minimum of one-third, ^{13/} the reduced contribution should be not less than one-ninth of the assessment for the full year.

^{8/} The per capita ceiling principle was laid down in General Assembly resolution 238 A (III) in which the Assembly recognized "That in normal times the per capita contribution of any Member should not exceed the per capita contribution of the Member which bears the highest assessment".

^{9/} G A resolution 665 (VII).

^{10/} G A resolution 876 A (IX).

^{11/} G A (XI), Suppl. No. 10 (A/3121), paras. 12-15.

^{12/} G A (XI), Suppl. No. 10 (A/3121), paras. 18-20.

^{13/} G A resolution 69 (I) provides: "That new Members be required to contribute to the annual budget of the year in which they are first admitted, at least $\frac{1}{3}$ per cent of their percentage of assessment determined for the following year, applied to the budget for the year of their admission."

C. Revision of scales of assessments

7. The Committee on Contributions has over a number of years carried out an annual systematic revision of the scale of assessments designed to remove the existing maladjustments and to make possible a more permanent scale, as laid down in rule 161 of the rules of procedure 14/ of the General Assembly. In its report 15/ to the General Assembly at its ninth session the Committee stated that the progress made in the gradual removal of maladjustments was indicated by the steady decline in the over-all magnitude of the annual changes in the scale. Inequities still remained however, which, the Committee considered, it would be inadvisable to remove in one step. Consequently, it recommended that the proposed scale of assessments should again apply for one year only. This recommendation was approved by the General Assembly, but during the discussion of the Committee's report in the Fifth Committee the hope was expressed that it would be possible for the Committee to remove the remaining divergencies and to establish a more permanent scale in 1955. 16/ The Committee, in its report to the tenth session of the General Assembly, expressed the view that the adjustments which it had made in accordance with the directives of the General Assembly were sufficiently complete to warrant the recommendation that the revised scale submitted should be applied for a period of three years, and consequently recommended its application for the years 1956, 1957 and 1958. While recommending the application of the scale for three years, the Committee noted that earlier revision of the scale would be possible under rule 161 of the rules of procedure of the General Assembly in case of admission of new Members and/or substantial changes in relative capacities of Members to pay. 17/ The recommendations of the Committee were approved by the General Assembly. 18/

**D. Relative merits of the percentage system and the unit system of assessment

**E. Extent to which expenses have been shared by non-member States

F. The Working Capital Fund

8. The General Assembly at its tenth session decided 19/ to fix the amount of the Working Capital Fund for the financial year 1956 at \$20,000,000, as compared with the amount of \$21,500,000 at which it had been maintained for the year 1955, and to credit the difference of \$1,500,000 to the Tax Equalization Fund.

14/ United Nations Publication, Sales No.: 1956.I.C.

15/ G.A. (IX), Suppl. No. 10 (A/2716).

16/ G.A. (IX), annexes, a.i. 41, p. 2, A/2822, para. 14.

17/ G.A. (X), Suppl. No. 10 (A/2951), paras. 17 and 18.

18/ G.A. resolution 970 (X).

19/ G.A. resolutions 981 (X) and 975 A (X).

****G. Adjustment of accounts with Member States and non-member States****H. Membership of the Committee on Contributions****** 1. *Appointment of members*****2. *Substitute members***

9. The Committee on Contributions in its reports to the General Assembly at its tenth 20/ and eleventh 21/ sessions indicated that at each session two of the appointed members had designated substitutes to act in their places. The Committee accepted these designations on the understanding that the substitutes would remain in consultation with the members they represented.

20/ G.A. (X), Suppl. No. 10 (A/2951).

21/ G.A. (XI), Suppl. No. 10 (A/5121), para. 2.

