



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY
AMBASSADOR CONROD HUNTE, DEPUTY PERMANENT REPRESENTATIVE
OF ANTIGUA AND BARBUDA TO THE UNITED NATIONS, ON AGENDA ITEM
122: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE
EXPENSES OF THE UNITED NATIONS, AT THE FIFTH COMMITTEE DURING
THE MAIN PART OF THE SIXTY-THIRD SESSION OF THE GENERAL
ASSEMBLY (New York, 6 October 2008)**

Mr Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on Agenda Item 122, entitled "Scale of Assessments for the Apportionment of Expenses of the United Nations".

2. Allow me to thank the Chairman of the Committee on Contributions, Mr Bernardo Greiver, for introducing the report of the 68th session of the Committee on Contributions, as contained in the document A/63/11. We recognise the importance of the work undertaken by the Committee on Contributions in this important topic. The Group would also like to express its appreciation to the Chief of the Contributions Section, Mr Lionelito Berridge, for introducing the report of the Secretary-General on multi-year payment plans, as contained in the document A/63/68.

Mr Chairman,

3. The Group of 77 and China reaffirms the long-standing position that the financial resources provided to the Organisation must be commensurate with the legislative mandates given to it. Without adequate resources, the Organisation cannot be expected to implement its mandates effectively. It is therefore crucial that Member States fulfil their legal obligations under the Charter to bear these expenses and to pay their assessed contributions in full, on time and without conditions.

4. We also reaffirm that the fundamental principle underlying the UN's scale of assessments is that of "capacity to pay". This principle is and has been the foundation for agreements on the scale. It should not be altered in any form. In this regard, the Group categorically rejects any move to force a developing country to accept a scale that is beyond its capacity to pay.

Mr Chairman,

5. At this stage, allow me to state the Group's position on several points relating to the report of the Committee on Contributions.

6. First and foremost, the Group holds the view that the main element affecting the principle of capacity to pay is the ceiling rate. This element has the largest distortionary effect on the scale of assessments. The Committee will recall that the reduction of the ceiling rate to 22% in 2000 was meant to facilitate the payment of arrears by one Member State and to improve the financial situation of the United Nations at that time. Despite our objections to such a unilateral move, the Group had ultimately joined consensus for the sake of the well-being of the United Nations. Eight years on, we have yet to see the fulfilment of the promises leading to the reduction of the ceiling. The Group is therefore of the view that it would be incumbent on the General Assembly to undertake the review as provided in paragraph 2 of its resolution 55/5C.

7. The Group supports the recommendation of the Committee on Contributions that the scale of assessments should continue to be based on the most current, comprehensive and comparable data for Gross National Income (GNI). We also support generally the use of conversion rates based on market exchange rates. Where such rates would cause excessive fluctuations and distortions in the GNI of some Member States, we agree that other appropriate conversion rates such as price-adjusted rates of exchange (PAREs) should be used.

8. Related to this matter, the Group considers the use of purchasing power parity (PPP) to be unsuitable as a basis for currency conversion rates. Firstly, it is based on hypothetical and non-existent currency conversion rates. Secondly, the concept reflects capacity to consume rather than capacity to pay. Thirdly, the methodology of PPP does not take into account different cultural and social preferences in consumption. It is therefore clear that conversion rates derived from PPP do not meet the criterion of being reliable, verifiable and comparable. The Group therefore will not support any proposal to use PPP in preparing the scale of assessments.

Mr Chairman,

9. The Group would like to emphasise that the low per capita income adjustment, which has been an integral measure of the scale of assessments since 1948, is critical in determining Member States' capacity to pay. It is a measure designed to ensure that Member States are not unduly penalised for having large yet less affluent populations. We strongly support maintaining it as a central element of the scale of assessments and will continue to oppose any attempts to undermine the principle and application of this adjustment.

10. The Group also considers debt burden adjustment based on the debt stock approach to be important in determining capacity to pay. We therefore strongly support maintaining it as an integral element of scale methodology.

11. The Group would like to express support in maintaining a maximum assessment rate of 0.010% for least developed countries, given that they face unique and special challenges in economic activity, thus affecting their capacity to pay. We also support maintaining the floor rate of 0.001%.

Mr Chairman,

12. In apportioning the expenses of the General Assembly, the Group places special attention on the abrupt and sharp increases experienced by developing countries in their rates of assessments between scale periods. This places significant pressure on their ability to meet their Charter obligations. The Group therefore supports the view that large increases should be phased in across the scale periods.

13. The Group also continues to express its concerns over the concept of annual recalculation of the scale of assessments. In addition to being contradictory to Rule 160 of the GA's rules of procedure, the proposal is also encumbered by numerous technical and procedural difficulties, making it impractical to implement.

Mr Chairman,

14. The Group has carefully reviewed the applications by the Central African Republic, Comoros, Guinea-Bissau, Liberia, Sao Tome and Principe, Somalia and Tajikistan for exemption under Article 19 of the Charter. We are convinced that their inability to make the minimum payments on their assessed contributions was due to conditions beyond their control. We therefore endorse the recommendations of the Committee on Contributions to permit them to vote until the end of the

63rd session of the General Assembly. The Group also encourages all Member States, when submitting requests for exemption under Article 19, to make every effort to do so in accordance with the provisions of GA resolution 54/237C.

15. On the issue of multi-year payment plans, the Group appreciates the efforts made by those Member States that have submitted multi-year payment proposals and that have honoured those commitments under these proposals. The Group continues to invite all Member States that are facing significant arrears to consider submitting such multi-year payment plans, if they are in a position to do so.

16. At the same time, the Group would like to reaffirm its position that multi-year payment plans should be voluntary in nature and should be prepared while considering the financial situation of the concerned Member State. Such mechanisms should not be used as a way of exerting pressure on such Member States when they are already facing difficult circumstances, and definitely not to be included as a factor when considering exemption under Article 19 of the Charter.

17. Finally, the Group continues to be ready to settle the matter of the unpaid assessed contributions of the Former Yugoslavia, once and for all. It is our view that this issue, which arose out of circumstances from more than 15 years ago, should be resolved as soon as possible.

Thank you.