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Item No. 4 on the Agenda : Arrears in contributions of member States

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Description of the status of arrears and of the efforts being deployed by the Secretariat to reduce the same</i>
<i>Action to be taken</i>	<i>None</i>
<i>Related documents</i>	<i>None</i>

1. The status of arrears as of 15 September 2006, as recorded in the Appendix to this paper, shows a total outstanding that is similar to that of last year (€ 267,521.28 compared to € 246.425,82 in 2005), but which reflects a different situation.

2. In fact, with the exception of small amounts owed by China and Tunisia, probably linked to the transfer of the sums, the States with arrears are seven, three of which owe only the contribution for the year 2005, and only four of which present a more alarming situation. In comparison with last year's situation, Bulgaria, Chile, Colombia, Pakistan and Serbia have paid all their arrears, whereas Brazil has paid all the sums unsettled in the previous years and is now owing only its 2005 contribution; in the same situation are Nigeria and Venezuela, who are late with their 2005 contributions. The Secretariat is liaising, with the Embassies in Rome as well as with the Administrations of the countries concerned, in order to be sure that this issue is brought to the attention of their respective Governments.

3. The Secretariat has not to date had to impose the sanctions for defaulting States agreed by the General Assembly at its 58th session, held in Rome on 26 November 2004, in respect of any member State. It will be recalled that the sanctions in question do not take effect until a member State has accumulated arrears in excess of the aggregate of its assessed contribution for the three, four or five immediately preceding years (cf. Resolution (58) 1 passed by the General Assembly at its 58th session).

4. As had been anticipated, the situation is, unfortunately, changed in respect of one member State, Bolivia, which, as of 15 September 2005, had already accumulated four years' arrears, that is for the 2002, 2003, 2004 and 2005 financial years. It will be recalled that, as a

result of a decision taken by the General Assembly, the Government of Bolivia, although a member of the Institute since 1940, only became liable for an annual contribution as from 2000. The Secretariat met, in September 2005, with the Chargé d'affaires of the Embassy of Bolivia in Italy, and has had further contacts by mail and by telephone; unfortunately these contacts have not yet resulted in the recovery of the sums, due to the difficult financial situation of this member State.

5. Regular contact is currently being made with the Embassy in Rome of Argentina, which has assured the Secretariat that the authorisation process within the Ministry of Foreign Affairs is under way and that Argentina making all possible efforts to pay the arrears as a matter of urgency, if possible before the end of the year. The Israeli Authorities are also in contact with the Secretariat. Regarding Uruguay, the Embassy in Rome has taken steps with its Government, with the support of the Uruguayan member of the Governing Council, in order to pay before the end of the year the contributions relating to 2003 and 2004 and at the beginning of next year those of 2005 and 2006. The Secretariat has received from the Brazilian Embassy the assurance that the issue of the contributions has been brought to the Ministry's attention and that the payment should be imminent.

6. The Secretariat wishes to assure the Finance Committee that the recovering of the arrears is one of its main concerns, which has caused it to deploy all the necessary efforts.

APPENDIX

**OUTSTANDING CONTRIBUTIONS IN RESPECT OF THE 2005 AND PREVIOUS FINANCIAL YEARS
IN EUROS AS OF 15 SEPTEMBER 2005**

	2002	2003	2004	2005	TOTAL
Argentina		11,961.42	24,629.00	25,036.00	61,626.42
Bolivia	10,850.00	11,000.00	11,195.00	11,380.00	44,425.00
Brazil				29,588.00	29,588.00
China				557.73	557.73
Israel		17,600.00	17,912.00	18,208.00	53,720.00
Nigeria				11,380.00	11,380.00
Tunisia				3,061.13	3,061.13
Uruguay		11,000.00	11,195.00	11,380.00	33,575.00
Venezuela				18,208.00	18,208.00
Total	10,850.00	51,561.42	64,931.00	140,178.86	267,521.28