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FINANCE COMMITTEE
65th session
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Item No. 3 on the Agenda: Financial situation of inactive member States

(Memorandum of the Secretariat)

<i>Summary</i>	<i>For information of the members of the Committee</i>
<i>Action to be taken</i>	<i>None</i>
<i>Related documents</i>	<i>Minutes of the 53rd session of the General Assembly (document A.G. (53) 10)</i>

1. During the period 1940–1963, membership of UNIDROIT entailed no obligation on the part of member States to make any financial contribution to the Institute. Such contributions were made mandatory on 1 January 1964, when the amendment to Article 16 of the Statute, adopted at the 10th session of the General Assembly on 15 November 1961, entered into force.
2. Some countries, without formally renouncing their status as member States of the Institute, nevertheless never paid their contribution, thus allowing a sizable debt to build up over the years. UNIDROIT sets great store by the prospect of re-establishing relations with these member States with a view to their full participation in the activities of the Institute.
3. The General Assembly, at its 53rd session in 1999, approved a special solution to enable one such member State (Bolivia) to regularise its position by accepting payment of a symbolic sum to cover arrears, in return for that member State's formal recognition of its obligation to make an annual contribution, starting in the year 2000, and to pay a sum representing one quarter of its annual contribution into the Working Capital Fund of the Institute, as is customary for new member States (see the report of the session, document AG (53) 10, pp. 10-14).
4. The Secretariat has now got in touch with other member States in a similar position. One of these States recently paid the Institute an amount equivalent to the contribution payable by member States in its own category (VIIIth) for the 2008 financial year, in addition to a small sum in token of its intention to regularise its position.
5. Whilst accepting this payment, the Secretariat nevertheless informed the Government of the member State concerned that it had no authority to negotiate a permanent solution with regard to that member State's institutional position vis-à-vis UNIDROIT, and that the only body competent to do so was the General Assembly, acting upon a favourable opinion of the Finance Committee. The Secretariat made it clear to the member State in question that acceptance of such part-payment was without prejudice to the final decision of the competent bodies.

6. In view of the size of the accumulated debt, which might stand in the way of a solution, the Secretariat stated that it was fully prepared to join with the competent authorities of the member State concerned in the search for an appropriate formula to be submitted to the General Assembly. The Secretariat deemed it prudent to stress that the member State whose debt had been cancelled in 1999 had subsequently again accumulated considerable arrears. The Secretariat voiced its concern that this precedent might lead the General Assembly to adopt a stricter line in assessing such proposals in the future and to require some form of guarantee of the requesting member State that such a situation would not occur again.