**FINANCE COMMITTEE**  
69th session  
Rome, 24 March 2011

**Item No. 3 on the Agenda:**  
Classification of member States in the UNIDROIT Contributions Chart  
(Memorandum of the Secretariat)

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A. Basic rules on assessment of contributions

1. The fundamental rules on the financing of UNIDROIT are contained in paragraphs 1-6 of Article 16 of the UNIDROIT Statute, which read as follows:

"1. – The yearly expenditure relating to the operation and maintenance of the Institute shall be covered by the income specified in the budget of the Institute, including in particular the ordinary basic contribution of the Italian Government, the promoter of the Institute, as approved by the Italian Parliament, which that Government declares to be set, as from 1985, at 300 million Italian lire per annum, a figure which may be revised at the end of each period of three years by the law approving the budget of the Italian State, as well as the ordinary annual contributions of the other participating Governments.

"2. – For the purpose of apportioning the part of the yearly expenditure not covered by the ordinary contribution of the Italian Government or by income from other sources among the other participating Governments, the latter shall be classified in categories. Corresponding to each category shall be a particular number of units.

"3. – The number of categories, the number of units corresponding to each category, the amount of each unit, and the classification of each Government in a category, shall be determined by a resolution of the General Assembly adopted by a majority of two thirds of the Members present and voting, on the basis of a proposal by a Committee appointed by the Assembly. In this classification, the Assembly shall take account, among other considerations, of the national income of the country concerned.

"4. – Decisions adopted by the General Assembly in accordance with paragraph 3 of this Article may be revised, every three years, by a further resolution of the General Assembly, adopted by a majority of two thirds of the Members present and voting, at the same time as its decision mentioned in paragraph 3 of Article 5.

"5. – Resolutions of the General Assembly adopted in accordance with paragraphs 3 and 4 of this Article shall be notified to each participating Government by the Italian Government.

"6. – During a period of one year following the notification mentioned in paragraph 5 of this Article, each participating Government may put forward objections against resolutions concerning its classification for consideration at the next session of the General Assembly. The Assembly shall give its decision by means of a resolution, adopted by a majority of two thirds of the Members present and voting, which shall be notified by the Italian Government to the participating Government concerned. The latter Government shall, however, have the option of withdrawing from membership of the Institute, following the procedure under paragraph 3 of Article 19."

2. Information on the evolution of the methodology since the system of mandatory contributions was introduced, in 1965, with the introduction of the current paragraphs 2 to 10 of Article 16 of the Statute was provided to the Finance Committee at its 67th session (Rome, 25 March 2010) (UNIDROIT 2010 – F.C: (67) 3).
B. **Methodology for the classification of member States in the chart of contributions**

3. The current methodology for the classification of member States in the UNIDROIT contributions chart in accordance Article 16, paragraph 3, of the UNIDROIT Statute, is the result of a decision taken by the General Assembly of UNIDROIT at its 52nd session (Rome, 27 November 1998), when the Assembly resolved to adopt a classification methodology proposed by the Secretariat and approved by the Finance Committee at its 51st session (Rome, 6 October 1998).

4. That proposal made provision, as in the past, for the classification of member States of UNIDROIT into eight categories plus a special category, which reflected, with some exceptions for specific, contingent reasons, the classification of member States as based on the contributions chart of the United Nations accepted by all member States of UNIDROIT. Member States were thus to be classified as follows:

   (a) Category I (corresponding to 50 units of contribution): States whose contribution to the UN budget amounted to more than 3%;

   (b) Category II (corresponding to 22 units of contribution): States whose contribution to the UN budget ranged from 2% to 3%;

   (c) Category III (corresponding to 18 units of contribution): States whose percentage contributions to the United Nations budget range from 1.00% to 2.00%;

   (d) Category IV (corresponding to 13 units of contribution): States whose percentage contributions to the United Nations budget range from 0.960% to 0.999%;

   (e) Category V (corresponding to 11 units of contribution): States whose percentage contributions to the United Nations budget range from 0.500% to 0.959%;

   (f) Category VI (corresponding to 9 units of contribution): States whose percentage contributions to the United Nations budget range from 0.450% to 0.499%

   (g) Category VII (corresponding to 8 units of contribution): States whose percentage contributions to the United Nations budget range from 0.115% to 0.449%

   (h) Category VIII (corresponding to 5 units of contribution): States whose percentage contributions to the United Nations budget range from 0.005% to 0.114%

   (i) Special category (corresponding to 1 unit of contribution): States whose percentage contributions to the United Nations budget range from 0.0% to 0.004% (see UNIDROIT 1998 A.G. (52) 8 rev. and UNIDROIT 1998 AG(52)13, p. 12).

5. Although Article 16, paragraph 4, of the UNIDROIT Statute contemplates revisions of the contributions chart every three years, the only revision since 1998 was carried out in 2004 and approved by the General Assembly, at its 58th session (Rome, 26 November 2004), in connection with the approval of the budget for the financial year 2005 (UNIDROIT 2004 – A.G. (58) 10, pp. 8-12).

C. **Proposed adjustments to the contributions chart**

6. The UN scale of assessments has been revised twice since 2004. The latest revision was adopted by resolution of the General Assembly No. A/RES/64/248, of 23 December 2009 (Appendix I).

7. This resolution fixed the contributions of twelve member States of UNIDROIT (Brazil, Canada, Chile, China, Colombia, Iran, Ireland, Poland, Portugal, Romania, Slovakia and Spain), at a level that, if applied to the UNIDROIT contributions chart, would entail their reclassification into a higher
category. For three member States, the UN scale of assessment for the triennium 2010-2012 would result in their classification in a lower category. Appendix II to this memorandum contains a revised contributions chart that implements the consequential changes to the UNIDROIT contributions chart. It should be noted that the attached revised chart only contemplates movements from one category to the immediately higher position, even though two members States should be reclassified two categories (India and Turkey) above their current level, while another member State should even be reclassified three categories (Mexico) above its current level. It should be further noted that the attached chart contemplates three reclassifications downwards (Argentina, Russian Federation and South Africa), even though the Secretariat is hopeful, through direction negotiations with those member States to obtain a waiver of their reclassification.