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# FINANCE COMMITTEE

**Hundred and Fifty-fourth Session**

**Rome, 26 - 30 May 2014**

**Review by the Finance Committee of the Situation of Member Nations in  
Arrears prior to a Conference Session**

Queries on the substantive content of this document may be addressed to:

**Mr Aiman Hija**  
**Director and Treasurer, Finance Division**  
**Tel: +39 06 570 54676**

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### EXECUTIVE SUMMARY

- The Finance Committee, at its 148<sup>th</sup> Session in March 2013 supported the recommendation of the Conference at its 33<sup>rd</sup> Session that requests for restoration of voting rights be referred to the Director-General for submission to the Spring Session of the Finance Committee in Conference years; and requested the CCLM to examine the legal aspects of this matter, including whether this would require any changes to the Basic Texts of the Organization.
- The CCLM, at its 96<sup>th</sup> Session in October 2013, has reviewed the legal aspects of this matter and considered that it would be preferable for the Conference to adopt a Resolution setting forth the process of implementation of Article III, paragraph 4 of the Constitution, to be included in Volume II of the Basic Texts, which would allow for the definition of procedures in greater detail. This draft resolution is now referred to the Finance Committee for subsequent transmission to the Council and Conference.
- The CCLM also considered that while the Resolution would only come into force upon adoption by the Conference, the Council could recommend that it be implemented on a voluntary basis prior to that session.

### GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to recommend the Resolution contained in this document to Council for transmittal to Conference for adoption. The Committee is also invited to recommend that the procedures set out in the Resolution be implemented on a voluntary basis prior to the 39<sup>th</sup> Session of the Conference.

### Draft Advice

#### **The Committee:**

- **Noted that as requested by the 148<sup>th</sup> Session of the Finance Committee, the CCLM, at its 96<sup>th</sup> Session in October 2013, had reviewed the legal aspects regarding restoration by the Conference of voting rights of Member Nations in arrears;**
- **Noting further that the CCLM had recommended that a draft Resolution setting forth the process of implementation of Article III, paragraph 4 of the Constitution, be referred to the Finance Committee and the Council for subsequent transmission to the Conference;**
- **Endorsed the draft Conference Resolution set out in Appendix I entitled “*Restoration of Voting Rights of Member Nations in Arrears pursuant to Article III, paragraph 4 of the Constitution*” and decided to transmit it to the Council for forwarding to the Conference;**
- **Recommended that the procedures set out in the Resolution be implemented on a voluntary basis prior to the 39<sup>th</sup> Session of the Conference.**

### **Background**

1. The Conference, at its 33<sup>rd</sup> Session in November 2005, recommended that the normal course of action in respect of Member Nations in arrears should consist in actively encouraging them to submit an instalment plan for the settlement of such arrears, as a condition for the restoration of their voting rights, without prejudice, however, to the authority of the Conference to make autonomous determinations under Article III, paragraph 4 of the Constitution. The Conference also recommended that, in future, requests for restoration of voting rights be referred to the Director-General for submission to the Autumn Session of the Finance Committee in Conference years. The Finance Committee would submit its views to the Conference, through the Council for consideration by the General Committee.
2. The CCLM, at its 95<sup>th</sup> Session in October 2012, recommended that the Finance Committee should examine again this recommendation, which would need to be adjusted to take into account the new calendar of sessions of the Conference and other Governing Bodies.
3. The Finance Committee, at its 148<sup>th</sup> Session in March 2013, in reviewing measures to encourage prompt payment of contributions, “supported the recommendation of the Conference at its 33<sup>rd</sup> Session, adjusted for the new calendar of sessions of the Governing Bodies, that requests for restoration of voting rights be referred to the Director-General for submission to the Spring Session of the Finance Committee in Conference years; and requested the CCLM to examine the legal aspects of this matter, including whether this would require any changes to the Basic Texts of the Organization”<sup>1</sup>.
4. The CCLM, at its 97<sup>th</sup> Session in October 2013, considered document CCLM 97/6 “*Review by the Finance Committee of the situation of Member Nations in arrears prior to a Conference session – Amendment to the Basic Texts*”.
5. Following its review of this matter, the CCLM<sup>2</sup>:
  - considered that it would be preferable for the Conference to adopt a Resolution setting forth the process of implementation of Article III, paragraph 4 of the Constitution, to be included in Volume II of the Basic Texts, which would allow for the definition of procedures in greater detail. In light of the experience gained, a formal amendment to the GRO could be envisaged at a later stage;
  - recommended that the draft Resolution set out in Appendix I to this document be referred to the Finance Committee and the Council for subsequent transmission to the Conference;
  - considered that while the Resolution would only come into force upon adoption by the Conference, the Council could recommend that it be implemented on a voluntary basis prior to that session.

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<sup>1</sup> CL 146/3, paragraph 10 (b).

<sup>2</sup> CL 148/2 Rev. 1, paragraph 15-16.

## RESOLUTION \_\_\_/2015

Restoration of Voting Rights of Member Nations in Arrears  
pursuant to Article III, paragraph 4 of the Constitution**THE CONFERENCE,**

**Recalling** that under Article III, paragraph 4 of the Constitution the Conference may permit a Member Nation in arrears to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member Nation;

**Considering** that, at its 33rd Session in November 2005, the Conference expressed its concern at the high number of Member Nations in arrears at that time and held the view that any past recommendations that voting rights be restored for all Member Nations on the first day of the Conference, or upon submission of a letter to that effect, should not be regarded as preventing the Conference from taking a different position in future;

**Noting** its recommendation that the normal course of action in respect of Member Nations in arrears should consist in actively encouraging them to submit an instalment plan for the settlement of such arrears, as a condition for the restoration of their voting rights;

**Noting further** its recommendation that consideration be given that requests for restoration of voting rights should be referred to the Director-General for submission to the Finance Committee, which would submit its views to the General Committee of the Conference, through the Council, without prejudice to the authority of the Conference to make autonomous determinations under Article III, paragraph 4 of the Constitution;

**Noting further** that in October 2012 the Committee on Constitutional and Legal Matters (CCLM) considered a document describing the main legal provisions and practice regarding restoration by the Conference of voting rights of Member Nations in arrears;

**Acknowledging** that the Finance Committee submitted a report of its 148th Session in March 2013 to the Council, in which the Committee supported the recommendation of the Conference at its 33rd Session that requests for restoration of voting rights be referred to the Director-General for submission to the Spring Session of the Finance Committee in Conference years;

**Acknowledging further** that the CCLM submitted a report of its 97th Session in October 2013 to the Council, in which the Committee considered that it would be preferable for the Conference to adopt a Resolution setting forth the process of implementation of Article III, paragraph 4 of the Constitution, to be included in Volume II of the Basic Texts;

**Having considered** the recommendation of the Council at its 149th Session on the basis of the report of the 154th Session of the Finance Committee;

**Decides** to implement the following procedures for reviewing requests for restoration of voting rights of Member Nations in arrears:

- 1) Before the Spring Session of the Finance Committee in a Conference year, Member Nations that are in arrears of their contribution to the budget of the Organization under Article III, paragraph 4 of the Constitution may present to the Director-General for submission to the Finance Committee a request for the restoration of voting rights:
  - a. indicating that failure to pay is due to conditions beyond their control; or
  - b. proposing an installment plan, including, inter alia: the total amount of arrears of contributions; the number of years over which payments will be made; the amount to be paid each year; and the date on which the payments will commence.

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- 2) The Finance Committee shall examine thoroughly the Member Nations' requests and installment plans and submit its views to the General Committee of the Conference, through the Council.
  - 3) The Secretariat may take such practical measures as may be necessary to facilitate the implementation of this resolution.
  - 4) The procedure set out in this resolution shall be without prejudice to the authority of the Conference to make autonomous determinations under Article III, paragraph 4 of the Constitution.

(Adopted on )