



United Nations Industrial Development Organization

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Item 10 (b) of the provisional agenda

Financial situation of UNIDO

Moldova: Proposed payment plan and request for restoration of voting rights

Draws to the attention of the General Conference a letter from Moldova proposing a payment plan for the settlement of its arrears and requesting restoration of voting rights.

Introduction

1. On 30 October 2007, the Director-General received a letter from the Deputy Prime Minister and Minister of Foreign Affairs and European Integration of the Republic of Moldova, dated 19 October 2007, conveying the Government's firm commitment regarding the settlement of its arrears through a payment plan over a period of 10 years, as well as requesting a decision by the General Conference on the restoration of its voting rights, through a note verbale from the Permanent Mission dated 25 October 2007. The full text of the communications is provided in annex I to the present document.

I. Draft payment plan

2. A draft agreement outlining the basic terms of a proposed payment plan of ten years' duration is attached as annex II. The outstanding assessed contributions of Moldova amount to €878,231 from 1993 to 2007. The outstanding amount does not

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reflect payment of €88,502 received on 12 June 2007, as the Government wishes to apply this amount to the first instalment once the payment plan is approved.

II. Voting rights

3. Article 5.2 of the UNIDO Constitution stipulates that any organ may permit a Member in arrears to vote in that organ if it is satisfied that the failure to pay is due to conditions beyond the control of the Member. Voting rights are governed by the respective rules of procedure of the governing bodies (rule 91 of the General Conference).

4. In its report to the Board, the open-ended discussion group on timely payment of assessed contributions stated: "When considering applications for the restoration of voting rights, the competent body should regularly take into account the state of payments made under an agreed payment plan" (IDB.19/12 and Corr.1, para.14). In this connection, reference is made to Board decision IDB.19/Dec.5 on timely payment of assessed contributions and previous General Conference decisions GC.9/Dec.12, GC.10/Dec.12, 13 and 14 and GC.11/Dec.11 and 12, on restoration of voting rights.

III. Action required of the Conference

5. The Conference may wish to consider adopting the following draft decision:

The General Conference:

- (a) Takes note of the information provided in document GC.12/13;
- (b) Welcomes the commitment of Moldova to settle its arrears and decides to approve the payment plan as reported in document GC.12/13;
- (c) Takes note of the terms of the payment plan and encourages Moldova to pay regularly its instalments in line with the conditions set therein;
- (d) Gives satisfaction to the request by Moldova for the restoration of its voting rights in accordance with Article 5.2 of the UNIDO Constitution.

Annex I

Permanent Representation of the Republic of Moldova
to the International Organisations in Vienna
Löwengasse 47/10, A-1030 Wien
Tel.: +43-1-961 1030; Fax: +43-1-961 1030 34; E-mail: vienna@moldmission.at

Nr. 453/6.3

Note Verbale

The Permanent Representation of the Republic of Moldova to the International Organisations in Vienna presents its compliments to the United Nations Industrial Development organization (UNIDO) and has the honour to transmit herewith the message of H.E. Mr. Andrei STRATAN, Deputy Prime Minister, Minister of Foreign Affairs and European Integration of the Republic of Moldova dated 19 October 2007 addressed to H.E. Mr. Kandeh YUMKELLA, Director-General of the United Nations Industrial Development Organization with kind request to convey it to the high addressee.

In this regard, the Moldovan authorities are pleased to submit herewith their agreement to settle the arrears over a 10-year Payment Plan. It needs to be mentioned that these arrears were beyond control of the Republic of Moldova due to financial difficulties that the country experienced during the transition period to a market economy and the unusual high scale of contributions to the UNIDO Budget established earlier for the Republic of Moldova.

The Permanent Representation of the Republic of Moldova to the International Organizations in Vienna avails itself of this opportunity to renew to the United Nations Industrial Development Organization (UNIDO) the assurances of its highest consideration.

Vienna, 25 October 2007

Enclosure: one page.

To the
United Nations industrial Development Organization (UNIDO)
Vienna

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Ministry of Foreign Affairs and European Integration
of the Republic of Moldova
Deputy Prime Minister,
Minister

19 October 2007

Excellency,

The Government of the Republic of Moldova highly appreciates the promotion by the United Nations Industrial Development Organization of its policy of supporting countries with economies in transition in their fight against marginalization in today's globalized world.

On behalf of the Government of the Republic of Moldova, I wish to express our genuine appreciation of UNIDO's reliable and constant support provided upon, so far, in our country throughout a various number of projects. Consequently, I would like to assure You of our firm commitment to settle our debts over a ten-year period (2007-2016), as proposed by UNIDO. In order to confirm its engagement, the Republic of Moldova, in accordance with the proposed plan, on June 12, 2007, has made its first instalment in amount of 88.502 EURO, which hereby represents a determined step to restore the voting right of my country. Moreover, as You are well aware, in 2007 the Republic of Moldova has ratified the UNIDO's Constitution, that proves the serious intentions of my country to fulfil both political and financial commitments towards UNIDO.

In this regard, currently the Government of my country is well under way to fulfil its current and historic payments to the UNIDO budget and will further do so. Taking into account these developments, I would like to ask Your personal assistance in rising up the issue of restoration for the voting right of the Republic of Moldova by including it as a separate item into the agenda of the UNIDO General Conference, scheduled to take place in Vienna in the period of December 3-7th 2007.

It would be highly appreciated if the UNIDO Secretariat will convey the kind request of the Republic of Moldova to the forthcoming General Conference for its consideration and positive decision.

Taking into consideration the fruitful and ascending cooperation of the Republic of Moldova with UNIDO, please accept, Excellency, the assurance of my highest consideration.

[Signed]
Andrei STRATAN

His Excellency Mr. Kandeh YUMKELLA,
Director-General
United Nations Industrial Development Organization,
Vienna

Annex II

D r a f t

**Agreement between
the United Nations Industrial Development Organization and
the Government of the Republic of Moldova
regarding settlement of outstanding assessed
contributions under a payment plan**

1. The United Nations Industrial Development Organization (hereinafter “UNIDO”) and the Government of the Republic of Moldova (hereinafter “the Government”) have agreed to a payment plan which will enable the Government to settle its arrears of outstanding assessed contributions in accordance with decision GC.12/Dec.xx of 7 December 2007 of the General Conference.

2. The total outstanding assessed contributions owed by the Government to UNIDO, at the date of this Agreement, is **€878,231** (€877,477 arrears of 1993-2006 and 2007 assessment of €754). Details are shown in the attached Annex A and made an integral part hereof.

3. The Government undertakes to pay the above amount (€878,231), future years’ assessed contributions (2008 onwards), as well as Working Capital Fund, if any, in instalments over a period of ten years from June 2007 onwards. Amounts are to be transferred to the following UNIDO bank accounts:

- (a) Euro: UNIDO EURO Account No.: 0029-05107/00
IBAN No.: AT79 1100 0002 9051 0700,
SWIFT BIC-AUATWW
Bank Austria Creditanstalt AG, VIC Branch, A-1400 Vienna,
Austria

Or

- (b) US Dollar.* UNIDO/IDF Account No.: 949-2-416442
JPMorgan Chase, International Agencies Banking,
ABA No.: 021 000 021
1166 Avenue of the Americas, 14th floor, NY 10036-2708,
New York, USA

4. The Government undertakes to discharge its payment obligations in accordance with the following schedule of payments, and also undertakes to pay its future assessed contributions in full and on time in accordance with the UNIDO financial regulations:

<i>Payment date</i>	<i>Arrears (euros)</i>	<i>Current year's contributions (euros)</i>	<i>Total (euros)</i>
30 June 2007	87,748	754	88,502***
30 June 2008	87,748	**	
30 June 2009	87,748	**	
30 June 2010	87,748	**	
30 June 2011	87,748	**	

<i>Payment date</i>	<i>Arrears (euros)</i>	<i>Current year's contributions (euros)</i>	<i>Total (euros)</i>
30 June 2012	87,748	**	
30 June 2013	87,748	**	
30 June 2014	87,747	**	
30 June 2015	87,747	**	
30 June 2016	87,747	**	
Total	877,477		

- * *Note:* US dollars will be converted to euros at the prevailing UN rate of exchange at the time payment is received.
- ** Contributions to be determined by the General Conference approval of the scale of assessments and the programme and budget.
- *** Should the plan be approved, the payment of €88,502 received by UNIDO on 12 June 2007 would be applied against the first instalment.

5. A delay of more than three months by the Government in the payment of each individual instalment due shall be considered as non-compliance with this Agreement and shall be reported to the governing bodies.

6. All communications required under this Agreement shall be in writing and addressed as follows:

For the Government:

For UNIDO: Director, Financial Services Branch, Programme
Support and General Management Division,
P.O. Box 300, A-1400 Vienna, Austria

7. This Agreement shall enter into force upon signature by the Parties.

The undersigned, being duly authorized thereto, have signed the present Agreement in two copies in English.

For the Government of the
Republic of Moldova: _____

Name:

Functional Title:

At:

On this day of 2007.

For the United Nations Industrial
Development Organization: _____

Name:

Functional Title:

At:

On this day of 2007.



Annex A to payment plan

United Nations Industrial Development Organization

Contributions to the regular budget for 2007
(amounts in euros)

Net UNIDO Regular Budget requirements for the 2006-2007 biennium in accordance with General Conference decision GC.11/Dec.18	€	150,785,600
Total assessment for 2007:	€	75,392,800
Level of Working Capital Fund in accordance with General Conference decision GC.11/Dec.14	€	7,423,030

Republic of Moldova

Rate of assessment applicable in accordance
with General Conference decision GC.11/Dec.9 0.001 %

Regular budget contribution for: 2007 € 754

UNPAID PRIOR YEARS

1993	56,096
1994	209,332
1995	209,332
1996	113,478
1997	105,696
1998	77,658
1999	77,658
2000	9,679
2001	9,679
2002	2,005
2003	2,005
2004	2,016
2005	2,089
2006	754

Working Capital Fund adjustment: € 0

Total contribution payable: € 878,231