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Item 10 (b) of the provisional agenda

Financial situation of UNIDO

Request from Costa Rica for restoration of voting rights based on payment plan

Note by the Director-General

Draws the attention of the Conference to a request from Costa Rica for restoration of voting rights based on a payment plan agreement.

Introduction

1. A letter dated 23 November 2007 from the Ambassador of Costa Rica requesting a decision by the General Conference on the restoration of voting rights is shown in the annex to the present document. The letter was also circulated to permanent missions with an information note on 27 November 2007.

I. Payment plan

2. On 23 November 2007, Costa Rica signed a payment plan agreement with UNIDO of five years' duration to cover the arrears of €189,915, including the commitment to meet future years' assessments. Payment of €7,562 received in 2007 was applied against the first instalment. The second and third instalments due in 2008 and 2009 will each amount to about €80,000 (exact amount will depend on the adjustment credits due). The scale of assessments has increased for Costa Rica from 0.01 per cent in 1995 to 0.044 per cent in 2007. Even though regular payments were received, the amounts did not keep pace with the increasing scale of assessments and thus the arrears accumulated. The agreement is in accordance with the terms for

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payment plans outlined in the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), adopted by the Industrial Development Board in decision IDB.19/Dec.5.

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, rule 50 of the Industrial Development Board and rule 42 of the Programme and Budget Committee). In its report to the Board, the open-ended discussion group on timely payment of assessed contributions states: “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).

III. Action required of the Conference

4. The Conference may wish to consider adoption of the following draft decision:

“The General Conference:

“(a) Takes note of information provided in document GC.12/14;

“(b) Welcomes the commitment of Costa Rica to settle its arrears through a payment plan agreement and encourages Costa Rica to pay regularly its instalments in line with the conditions therein;

“(c) Gives satisfaction to the request by Costa Rica for the restoration of its voting rights in accordance with article 5.2 of the UNIDO Constitution.”

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Excellency,

I have the honour to inform you that the Government of the Republic of Costa Rica would like to request to restore the right to vote of Costa Rica in the United Nations Industrial Development Organization (UNIDO), as negotiations have been successfully completed to settle its arrears to the UNIDO budget under a payment plan of five-years duration that was signed on 23 November 2007.

The arrears have accumulated due to conditions beyond its control, due to the scale of assessments that had increased tremendously over the past years and to various economic and financial difficulties faced by the country at that time; thus regular payments made have not been enough to fully cover the assessed contributions.

Being committed to the objectives of the UNIDO activities and wishing to reactivate a fruitful cooperation, the Government of Costa Rica has made a strong effort to settle its outstanding contributions amounting to €189,915 under a payment plan. In this connection, I am pleased to mention that payments were processed amounting to €7,562 in 2007.

In view of the above, I would like to ask for your personal assistance to bring my Government's request for restoration of voting rights to the forthcoming session of the General Conference and hope that the General Conference will take a positive decision on restoring Costa Rica's right to vote soonest possible.

Please, accept, Excellency, the assurances of my highest consideration.

[Signed and Stamped]

Ana Teresa Dengo Benavides
Ambassador of Costa Rica in Austria
Permanent Representative
to the United Nations Industrial Development Organization

Mr. Kandeh K. Yumkella
Director General
United Nations Industrial Development Organization
UNIDO