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منظمة  
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# CONFERENCE

## Forty-first Session

Rome, 22-29 June 2019

### Payment by the European Union to cover Administrative and Other Expenses arising out of its Membership in the Organization

1. Article XVIII, paragraph 6 of the Constitution provides that:

*A Member Organization shall not be required to contribute to the budget as specified in paragraph 2 of this Article, but shall pay to the Organization a sum to be determined by the Conference to cover administrative and other expenses arising out of its membership in the Organization (...).*

2. At its 27<sup>th</sup> Session in 1993 the Conference requested the Finance Committee to examine the methodology for the calculation of the lump sum paid by the European Union. At its 78<sup>th</sup> Session in April 1994 the Finance Committee recommended a methodology on the basis of which the Conference set the payment to be made by the European Union at various sessions.

3. The methodology was re-examined by the Finance Committee at its 108<sup>th</sup> Session (September 2004) and 109<sup>th</sup> Session (May 2005). The Committee examined a proposal for a revised methodology whereby the biennial adjustment to the European Union's contribution would reflect the official cost of living increases in the Euro area or in the host country. Under the revised methodology, the adjustment formula would be more in line with the system of split assessment and would not have a material impact on the biennial adjustment to the contribution of the European Union to the Organization. The Committee agreed with the proposed revision of the methodology whereby the higher rate of the official cost of living increase in the Euro area or in the host country would be used to adjust the European Union's contribution for any given biennium.

4. Applying the new methodology, the 40<sup>th</sup> Session of the Conference in 2017 set the lump payment due by the European Union at Euro 573 823 for the 2018-19 biennium.

5. In accordance with the above, the methodology to be used for adjusting the lump sum is based on the higher rate of the official cost of living increase in the Euro area or in the host country. Using the Economist Intelligence Unit (EIU) figures, the consumer price inflation for the Euro Area for 2018 was 1.7% and for 2019 is forecast to be 1.6% which gives an average of 1.65%. The EIU figures for harmonized consumer price index for Italy are, for 2018, 1.2% and for 2019, forecast at 0.9%, which gives an average of 1.05%. Therefore the inflation figure which should be used in the calculation is 1.65%, being the higher of the two. Applying this rate to the previous contribution of Euro 573 823 gives the new figure of Euro 583 291.

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6. Therefore, it is recommended to the Conference that it set the lump-sum payment due by the European Union to cover administrative and other expenditures arising out of its membership in the Organization at Euro 583 291 for the 2020-21 biennium.

7. As in previous biennia, it is proposed that the sum due by the European Union be paid into a trust or special fund established by the Director-General under Financial Regulation 6.7.