



**Second item on the agenda:  
Programme and Budget proposals  
for 2006-07 and other questions**

**First report of the Finance Committee  
of Government Representatives**

1. The Finance Committee of Government Representatives met on 1 June 2005 with Mr. J-J. Elmiger (Switzerland) as Chairperson and Reporter and Ambassador Burayzat (Jordan) as Vice-Chairperson.

**Request of the Government of Armenia, under  
paragraph 4 of article 13 of the Constitution of  
the International Labour Organization, for  
permission to vote**

2. The Committee had before it a request (document C.F./D.2) from the Government of Armenia for permission to vote at the Conference. This request was referred to the Finance Committee as a matter of urgency in accordance with paragraph 1 of article 31 of the Standing Orders of the Conference. The text of the request, received on 16 May 2005, is as follows:

Permanent Representative of  
the Republic of Armenia  
Geneva, Switzerland

Dear Director-General,

I have the honour to inform you that the Government of Armenia wishes to regularize the arrears of contributions due by it to the International Labour Organisation and regain its right to vote and participate actively in the Organisation.

Careful consideration of the history and structure of Armenia's arrears accumulated over the previous years would provide explanation behind the situation. In particular, Armenia's total amount of accumulated arrears in the period 1992-1998 amounts to CHF 1,833,044. In average for the above seven years the assessed contribution stood at CHF 261,863 p.a. The present amount of contributions at CHF 7,097 represents only 2.7% of the expected average per annum contributions for the years 1992-1998. Of the overall amount of Armenia's unpaid contributions of CHF 1,935,666 those 94.6% of total arrears, which were accumulated in 1992-1998 represent the assessment of contributions far in excess of Armenia's actual capabilities. Review and analyses of Armenia's actual economic performance in the years 1992-1998 and state budget allocations would illustrate the unrealistic approach to expectations with regard to Armenia's financial obligations to the ILO. Armenia's failure to pay was due to conditions beyond its control.

---

I would therefore kindly request that you submit the following proposal for the settlement of Armenia's arrears of contribution to the competent authorities of the International Labour Organisation:

- (a) Armenia will continue to regularly pay in full its assessed contribution in the year in which they become due.
- (b) Armenia will settle the arrears of contribution that have accumulated up to the end of 2004, covering contributions from 1992 and amounting in total to CHF 1,935,666 by 20 annual instalments in accordance with the following schedule:

**Total arrears to regular budget CHF 1,935,666**

**Scheduled payments of the arrears (20 years)**

2005	CHF	48,000
2006	CHF	48,000
2007	CHF	48,000
2008	CHF	48,000
2009	CHF	72,000
2010	CHF	72,000
2011	CHF	72,000
2012	CHF	72,000
2013	CHF	96,000
2014	CHF	96,000
2015	CHF	96,000
2016	CHF	96,000
2017	CHF	120,000
2018	CHF	120,000
2019	CHF	120,000
2020	CHF	120,000
2021	CHF	144,000
2022	CHF	144,000
2023	CHF	144,000
2024	CHF	159,666
<b>Total payments of the arrears</b>	CHF	1,935,666

I would further request that you transmit to the 93rd International Labour Conference my Government's request that it be permitted to vote and enjoy other rights in the Organisation in accordance with article 13, paragraph 4 of the Constitution of ILO.

Yours sincerely,  
(Signed) Zohrab MNATSAKIANIAN.

3. The Committee noted the provisions of paragraph 4 of article 13 of the Constitution of the ILO, also articles 31 and 32 of the Standing Orders of the Conference, the texts of which appear in the Appendix to this report.

- 
4. Armenia became a member of the ILO on 26 November 1992. In examining the financial relations between Armenia and the ILO during the period of membership, the Committee noted that the following payments in respect of assessed contributions had been made to the ILO:

Date of payment	Amount in Swiss francs	Details of payment
9 October 2003	7 683	Part 1992 contribution – equivalent to the 2003 assessment
8 November 2004	7 097	Part 1992 contribution – equivalent to the 2004 assessment

Contributions outstanding at 31 December 2004 amounted to 1,953,666 Swiss francs, covering the assessed contributions from 1992 to 2004. The 2005 contribution of 7,097 Swiss francs had also not been paid.

5. The representative of Armenia thanked the member States for their support and understanding and reaffirmed his country's commitment to the principles of the ILO.
6. *The Committee, being satisfied that the failure of Armenia to pay its arrears was due to conditions beyond its control, in accordance with the provisions of paragraph 4 of article 31 of the Standing Orders of the Conference, reports to the Conference as follows:*
- (a) *that the failure of Armenia to pay in full the amounts owing was due to conditions beyond its control as explained in the letter in paragraph 2 above;*
- (b) *that the financial relations between Armenia and the Organization have been set out in paragraph 4 above.*
7. *The Committee accordingly recommends the adoption by the Conference of the resolution concerning the granting to Armenia of permission to vote under paragraph 4 of article 13 of the Constitution of the International Labour Organization, the text of which appears at the end of this report.*

**Request of the Government of the Republic of Moldova, under paragraph 4 of article 13 of the Constitution of the International Labour Organization, for permission to vote**

8. The Committee had before it a request (document C.F./D.3) from the Government of the Republic of Moldova for permission to vote at the Conference. This request was referred to the Finance Committee as a matter of urgency in accordance with paragraph 1 of article 31 of the Standing Orders of the Conference. The text of the request, received on 3 May 2005, is as follows:

Mr. Juan Somavia  
Director-General of the  
International Labour Office

Dear Mr. Somavia,

I am pleased to inform you that the Government of the Republic of Moldova is very anxious to restore its voting rights within the International Labour Organization and at the same time to put forward a proposal regarding payment of its arrears of contributions.

The Government of the Republic of Moldova reaffirms its commitment to the principles and objectives of the ILO, and wishes in future to participate as a full member in the activities of the Organization.

I should like to draw your attention to the fact that the Republic of Moldova's ability to honour its financial obligations was seriously impaired by the grave economic crisis brought about by the collapse of the Soviet Union and by the considerable economic and social changes which affected the country.

Consequently, the economic problems experienced during the transition period have made it impossible for us to pay the accumulated arrears through one immediate transaction. I thus respectfully request your assistance with regard to submitting the following proposals to the Finance Committee of the 93rd Session of the International Labour Conference:

- On 27 April 2005, the Republic of Moldova transferred its 2005 member state contribution (3,548 CHF).
- The arrears accumulated during the 1992-2004 period of 2,729,346 Swiss francs will be paid over the course of 20 years, beginning in 2006, in line with the multi-annual payment plan included in the annex.

On behalf of the Government of the Republic of Moldova, I would ask you to pass on to the 93rd Session of the International Labour Conference my Government's request that approval be given for my country to have its voting and other rights restored, in accordance with article 13, paragraph 4, of the ILO Constitution.

I would like to take this opportunity, Sir, to renew the assurances of my highest consideration.

*(Signed)* Valeriu LAZĂR,  
Minister.

---

### Annex to the letter

#### Multi-year payments plan (2006-2025)

The purpose of the present plan is to eliminate Moldova's arrears within a period of 20 years. It provides for payment each year of the Republic of Moldova's current year assessment and a part of its arrears.

2006 – 136,473*	2016 – 136,467*
2007 – 136,467*	2017 – 136,467*
2008 – 136,467*	2018 – 136,467*
2009 – 136,467*	2019 – 136,467*
2010 – 136,467*	2020 – 136,467*
2011 – 136,467*	2021 – 136,467*
2012 – 136,467*	2022 – 136,467*
2013 – 136,467*	2023 – 136,467*
2014 – 136,467*	2024 – 136,467*
2015 – 136,467*	2025 – 136,467*

**Total amount pending: 2,729,346 CHF**

---

\* Plus contributions for the current year.

9. The Committee noted the provisions of paragraph 4 of article 13 of the Constitution of the ILO, also articles 31 and 32 of the Standing Orders of the Conference, the texts of which appear in the Appendix to this report.
10. The Republic of Moldova became a member of the Organization on 8 June 1992. During the period 1992-2004 the Republic of Moldova had made no payments to the ILO in respect of its assessed contributions. A payment of 3,548 Swiss francs was received on 28 April 2005, which, as indicated in the letter from the Government of the Republic of Moldova in paragraph 8 above, had been intended as a payment against its contribution corresponding to the year 2005. Contributions outstanding at 31 December 2004 amounted to 2,729,346 Swiss francs, covering the assessed contributions from 1992 to 2004.
11. There were no statements by Committee members concerning this item.
12. *The Committee, being satisfied that the failure of the Republic of Moldova to pay its arrears was due to conditions beyond its control, in accordance with the provisions of paragraph 4 of article 31 of the Standing Orders of the Conference, reports to the Conference as follows:*
  - (a) *that the failure of the Republic of Moldova to pay in full the amounts owing was due to conditions beyond its control as explained in the letter in paragraph 8 above;*
  - (b) *that the financial relations between the Republic of Moldova and the Organization have been set out in paragraph 10 above.*
13. *The Committee accordingly recommends the adoption by the Conference of the resolution concerning the granting to the Republic of Moldova of permission to vote under paragraph 4 of article 13 of the Constitution of the International Labour Organization, the text of which appears at the end of this report.*

---

## Appendix

14. The provisions of paragraph 4 of article 13 of the Constitution of the ILO, also articles 31 and 32 of the Standing Orders of the Conference, are reproduced in the appendix to this report.

Geneva, 2 June 2005.

*(Signed)* J.-J. Elmiger,  
Chairperson and Reporter.

---

## Resolutions submitted to the Conference

### Resolution concerning the arrears of contributions of Armenia

The General Conference of the International Labour Organization,

Having regard to paragraph 7 of article 10 of the Financial Regulations,

Accepts the arrangement proposed by the Government of Armenia for the settlement of its arrears of contributions due for the period 1992-2004 to the effect that:

- (a) in 2005, the Government of Armenia will pay in full its contribution for the year 2005;
- (b) in subsequent years, the Government of Armenia will continue to pay its current contribution in full in the year for which it is due;
- (c) the Government of Armenia will settle arrears that have accumulated up to and including 31 December 2004, amounting to 1,935,666 Swiss francs, by payment, beginning in 2005, of 20 annual instalments in accordance with the following schedule:

Years		Annual instalment (in Swiss francs)	Total
2005-08	4 years	48 000	192 000
2009-12	4 years	72 000	288 000
2013-16	4 years	96 000	384 000
2017-20	4 years	120 000	480 000
2021-23	3 years	144 000	432 000
2024	1 year	159 666	159 666
<b>Total</b>			<b>1 935 666</b>

Decides that Armenia shall be permitted to vote, in accordance with paragraph 4 of article 13 of the Constitution of the International Labour Organization, after the conclusion of the present business.

### Resolution concerning the arrears of contributions of the Republic of Moldova

The General Conference of the International Labour Organization,

Having regard to paragraph 7 of article 10 of the Financial Regulations,

Accepts the arrangement proposed by the Government of the Republic of Moldova for the settlement of its arrears of contributions due for the period 1992-2004 to the effect that:

- 
- (a) the payment of 3,548 Swiss francs made by the Government of the Republic of Moldova in April 2005 will be applied against its full contribution for the year 2005;
  - (b) in subsequent years, the Government of the Republic of Moldova will continue to pay its current contribution in full in the year for which it is due;
  - (c) the Government of the Republic of Moldova will settle arrears that have accumulated up to and including 31 December 2004, amounting to 2,729,346 Swiss francs, by payment, beginning in 2006, of first instalment of 136,473 Swiss francs and 19 annual instalments of 136,467 Swiss francs;

Decides that the Republic of Moldova shall be permitted to vote, in accordance with paragraph 4 of article 13 of the Constitution of the International Labour Organization, after the conclusion of the present business.

---

## Appendix

### Relevant provisions of the Constitution of the International Labour Organization and the Standing Orders of the International Labour Conference

1. Paragraph 4 of article 13 of the Constitution of the Organization provides as follows:

4. A Member of the Organization which is in arrears in the payment of its financial contribution to the Organization shall have no vote in the Conference, in the Governing Body, in any committee, or in the elections of members of the Governing Body, if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years: Provided that the Conference may by a two-thirds majority of the votes cast by the delegates present permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member.

2. Articles 31 and 32 of the Standing Orders of the Conference provide as follows:

#### ARTICLE 31

##### *Procedure where proposal is made to permit Member in arrears to vote*

1. Any request or proposal that the Conference should nevertheless permit a Member which is in arrears in the payment of its contributions to vote in accordance with article 13, paragraph 4, of the Constitution shall be referred in the first instance to the Finance Committee of the Conference, which shall report thereon as a matter of urgency.

2. Pending a decision on the request or proposal by the Conference, the Member shall not be entitled to vote.

3. The Finance Committee shall submit to the Conference a report giving its opinion on the request or proposal.

4. If the Finance Committee, having found that the failure to pay is due to conditions beyond the control of the Member, thinks fit to propose to the Conference that the Member should nevertheless be permitted to vote in accordance with article 13, paragraph 4, of the Constitution, it shall in its report:

- (a) explain the nature of the conditions beyond the Member's control;
- (b) give an analysis of the financial relations between the Member and the Organization during the preceding ten years; and
- (c) indicate the measures which should be taken in order to settle the arrears.

5. Any decision which may be taken by the Conference to permit a Member which is in arrears in the payment of its contributions to vote notwithstanding such arrears may be made conditional upon the Member complying with any recommendations for settling the arrears which may be made by the Conference.

#### ARTICLE 32

##### *Period of validity of a decision to permit Member in arrears to vote*

1. Any decision by the Conference permitting a Member which is in arrears in the payment of its contributions to vote shall be valid for the session of the Conference at which the decision is taken. Any such decision shall be operative in regard to the Governing Body and committees until the opening of the general session of the Conference next following that at which it was taken.

---

2. Notwithstanding the provisions of paragraph 1 of this article, after the Conference has approved an arrangement under which the arrears of a Member are consolidated and are payable in annual instalments over a period of years, the Member shall be permitted to vote provided that, at the time of the vote concerned, the Member has fully paid all instalments under the arrangement, as well as all financial contributions under article 13 of the Constitution that were due before the end of the previous year. For any Member which, at the close of the session of the Conference, has not fully paid all such instalments and contributions due before the end of the previous year, the permission to vote shall lapse.

---

## CONTENTS

	<i>Page</i>
<i>Second item on the agenda: Programme and Budget proposals for 2006-07 and other questions</i>	
First report of the Finance Committee of Government Representatives.....	1
Resolutions submitted to the Conference.....	7
Appendix.....	9