



منظمة الأغذية  
والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food  
and  
Agriculture  
Organization  
of  
the  
United  
Nations

Organisation  
des  
Nations  
Unies  
pour  
l'alimentation  
et  
l'agriculture

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## CONFERENCE

### Thirty-fourth Session

Rome, 17 - 24 November 2007

### SECOND REPORT OF THE GENERAL COMMITTEE

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**A. Payment by the European Community 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 Twenty-seventh Session in 1993 the Conference requested the Finance Committee to examine the methodology for the calculation of the lump sum paid by the European Community. At its Seventy-eighth 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 Community at various sessions.

3. The methodology was re-examined by the Finance Committee at its Hundred-and-eighth Session (September 2004) and Hundred-and-ninth Session (May 2005). The Committee examined a proposal for a revised methodology whereby the biennial adjustment to the European Community'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 Community 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 Community's contribution for any given biennium.

4. Applying the new methodology, the Thirty-third Session of the Conference in 2005 set the lump payment due by the European Community at Euro 517 145 for the 2006-07 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 (27 countries) for 2006 was 2.2 % and for 2007 is forecast to be 2.0 % which gives an average of 2.1%. The EIU figures for harmonized consumer price index for Italy are, for 2006, 2.2% and for 2007, forecast at 1.9%, which gives an average of 2.05%. Therefore the inflation figure which should be used in the calculation is 2.1%, being the higher of the two. Applying this rate to the previous contribution of Euro 517 145 gives the new figure of Euro 528 005.

6. Therefore, the General Committee recommends to the Conference that it set the lump-sum payment due by the European Community to cover administrative and other expenditures arising out of its membership in the Organization at Euro 528 005 for the 2008-09 biennium.

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

**B. Statement by Representative of FAO Staff Bodies**

8. The General Committee recommends that, following past practice, the Conference permit a representative of the FAO Staff Bodies to make a statement