PROcedures for payment of Member States' Contributions

The Council is invited within the framework of the attached resolution* to approve the following recommendations of the Working Group with a view to their coming into effect on 1st January 2002:

- to adopt a revised payment schedule, i.e. payment of 50% not later than 10 February and the remaining 50% not later than 10 June;

- to request the Director-General, in addition to the usual reminders sent by the Finance Division, to make formal representations to the Member State concerned when contributions are outstanding, i.e. payment of over 20% of the total annual contribution is one month late with respect to the adopted payment schedule;

- to request the Management to inform the Finance Committee in September and in December each year of the interest gained or lost by the Organization in respect of each Member State during the period concerned and of the appropriate follow-up actions.

* See ANNEX II.
The interest gained or lost by the Organization will be calculated by applying the interest rate of:

- "Dépôts dans les grandes banques (3 months)"\(^1\) in case of payments made in advance;

- Libor in CHF (3 months)\(^2\) in case of late payments.

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1. "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D3 "Taux d'intérêt de dépôts et d'hypothèques".

2. "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D12 "Taux d'intérêts à court terme en Suisse et à l'étranger".
1. The report from the Working Group on procedures for payments of Member States' contributions was presented for information to the Finance Committee and to the Committee of Council on 13 and 14 December 2000 respectively.

2. The Finance Committee took note of the information set out in document CERN/FC/4359—CERN/CC/2353 and further took note that the members of the Working Group would finalise the document taking account of the input provided by delegations during the discussion with a view to presentation of a proposal to the Finance Committee in March 2001 for recommendation to the Council at its June 2001 session.

3. The Committee of Council took note of document CERN/FC/4359—CERN/CC/2353 and the comments made during the discussion.

4. Following the above comments, and after a further meeting of the Working Group on 6 February 2001, a revised document was presented to the Finance Committee and Committee of Council in March 2001.

5. At its meeting of 14 March 2001, the Finance Committee took note of the information in document CERN/FC/4359/Rev. – CERN/CC/2353/Rev. and unanimously decided to recommend the Council to approve the recommendations contained therein in the framework of a Resolution at its June 2001 meeting with a view to their coming into effect on 1st January 2002.

6. At its meeting of 15 March 2001, the Committee of Council took note of document CERN/FC/4359/Rev. – CERN/CC/2353/Rev. and the oral report of the Chairman of the Finance Committee and decided to recommend the

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3 CERN/FC/4359 – CERN/CC/2353.
4 CERN/FC/4383/Corr.
5 CERN/CC/2363.
6 CERN/FC/4359/Rev. – CERN/CC/2353/Rev. (see ANNEX I)
7 CERN/FC/4415/Draft.
8 CERN/CC/2372/Draft.
Council to approve the Working Group's recommendations in the framework of the resolution contained in the document.

7. The Council is now invited within the framework of the attached resolution to approve the following recommendations of the Working Group with a view to their coming into effect on 1st January 2002:

- to adopt a revised payment schedule, i.e. payment of 50% not later than 10 February and the remaining 50% not later than 10 June;

- to request the Director-General, in addition to the usual reminders sent by the Finance Division, to make formal representations to the Member State concerned when contributions are outstanding, i.e. payment of over 20% of the total annual contribution is one month late with respect to the adopted payment schedule;

- to request the Management to inform the Finance Committee in September and in December each year of the interest gained or lost by the Organization in respect of each Member State during the period concerned and of the appropriate follow-up actions.

The interest gained or lost by the Organization will be calculated by applying the interest rate of:

- "Dépôts dans les grandes banques (3 months)" in case of payments made in advance;

- Libor in CHF (3 months) in case of late payments.

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9 See ANNEX II.
10 "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D3 "Taux d'intérêt de dépôts et d'hypothèques".
11 "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D12 "Taux d'intérêts à court terme en Suisse et à l'étranger".
ORGANISATION EUROPÉENNE POUR LA RECHERCHE NUCLÉAIRE
CERN EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

**Action to be taken** | **Voting Procedure**
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For recommendation to Council | FINANCE COMMITTEE 284th Meeting 14 March 2001 | Simple Majority
For recommendation to Council | COMMITTEE OF COUNCIL 246th Meeting 15 March 2001 | Simple Majority

REPORT FROM THE WORKING GROUP ON PROCEDURES FOR PAYMENT OF MEMBER STATES' CONTRIBUTIONS

At its Two-hundred-and-forty-second meeting in June 2000*, the Committee of Council decided to set up a Working Group to review the procedures on the payment of contributions of the Member States for the purposes of improving the cash-flow of the Organization.

On the basis of its analysis of the different aspects of the problem and of possible solutions and their anticipated impact, the Working Group submits the following recommendations which it considers to be in the best interests of the Organization:

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* CERN/CC/2339.
- to adopt a revised payment schedule, i.e. payment of 50% not later than 10 February and the remaining 50% not later than 10 June;

- to request the Director-General, in addition to the usual reminders sent by the Finance Division, to make formal representations to the Member State concerned when contributions are outstanding, i.e. payment of over 20% of the total annual contribution is one month late with respect to the adopted payment schedule;

- to request the Management to inform the Finance Committee in September and in December each year of the interest gained or lost by the Organization in respect of each Member State during the period concerned and of the appropriate follow-up actions. The interest gained or lost by the Organization will be calculated by applying the interest rate of:

  - "Dépôts dans les grandes banques (3 months)"\(^1\) in case of payments made in advance;

  - Libor in CHF (3 months)\(^2\) in case of late payments.

The Finance Committee and the Committee of Council are invited to recommend the Council to approve in June 2001, in the framework of a Resolution, the above recommendations with a view to their coming into force with effect from 1\(^{st}\) January 2002.

\(^1\) "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D3 "Taux d’intérêt de dépôts et d’hypothèques".

\(^2\) "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D1z "Taux d’intérêts à court terme en Suisse et à l’étranger".
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**Annexes:**

Composition of the Working Group on Procedures for Payment of Member States' Contributions:

Annex 1: Meetings of 27 September, 24 October and 23 November 2000

Annex 2: Meeting of 6 February 2001

Contact persons:
P. Geeraert and A.J. Naudi

2000/158/5/e
1. **Introduction**

1.1 The following documents on procedures for payment of Member States' contributions and related information have been presented to the Finance Committee:

- CERN/FC/4155 discussed on 16 June 1999;
- CERN/FC/4177 discussed on 22 September 1999;

1.2 At its Two-hundred-and-forty-second meeting, the Committee of Council decided to set up a Working Group with the task of studying the feasibility of an incentive scheme for the advance payment of contributions by the Member States for the purposes of improving the cash-flow of the Organization.

The Working Group was placed under the chairmanship of Mr F. Bello, Chairman of the Finance Committee. The composition of the Working Group is given in the Annex.

The Working Group met at CERN on 27 September, 24 October and 23 November 2000. The following documents were discussed:

- WG/1 dated 22 September 2000;
- WG/2 dated 18 October 2000;
- WG/3 dated 21 November 2000.

The essential items discussed were:

- possible penalties;
- possible incentives;
- alternative payment schedules;
- monitoring and follow-up actions.
2. **Outcome of the three meetings**

2.1 The Working Group emphasized that, in accordance with Article 4.(5)(a) of the Financial Protocol annexed to the Convention, Member States have a legal obligation to pay their contributions in accordance with the scheme decided by the Finance Committee for a proper financing of the Organization. Consequently, the Working Group unanimously expressed the view that Member States who pay later than the agreed payment schedule do not meet their obligations.

2.2 For the purposes of enhancing the cash-flow position of the Organization, all participants recognised the need for timely payments and the principle that all Member States should be treated equally.

2.3 The Working Group did not propose penalties other than those already provided for in the CERN Convention (Article V 8 and XIII) and in Annex V of the Financial Rules.

2.4 It was also agreed that incentives would be difficult to introduce.

2.5 Instead of the current approved schedule that provides for the payment of contributions in three instalments:

- 1/3 on 10 January;
- 1/3 on 10 April;
- 1/3 on 10 July;

the Working Group, taking into account the document CERN/CC/2072 of 1994 and the Resolution CERN/2179 of 1996 anticipating the difficult financial situation of the Organization, and after analysing the relevant facts, preferred the following alternative scheme for the payment of the contributions as from 2002:

- payment of 50% not later than 10 February; and
- payment of the remaining 50% not later than 10 June.

2.6 The Working Group took note that the Budgets as from the year 2000 are in deficit.
If Member States pay their instalments on the deadlines, this scheme is cost-neutral if the "cash balance" remains positive throughout the year, and has a marginal negative impact on the Organization's financial position if the "cash balance" becomes negative. Within the new scheme, all payments before the agreed deadlines will enhance the Organization's financial position.

Moreover, it takes into account the technical difficulties of those Member States which are not in a position to pay their first instalment in January of each year.

3. Meetings of Finance Committee and Committee of Council in December 2000

Document CERN/FC/4359—CERN/CC/23533 was presented for information to the Finance Committee and to the Committee of Council on 13 and 14 December 2000 respectively.

The Finance Committee took note4 of the information set out in document CERN/FC/4359—CERN/CC/2353 and further took note that the members of the working group would finalise the document taking account of the input provided by delegations during the discussion with a view to presentation of a proposal to the Finance Committee in March 2001 for recommendation to the Council at its June 2001 session.

Furthermore, the Committee of Council took note5 of document CERN/FC/4359—CERN/CC/2353 and the statements made during the discussion.

The Working Group on procedures for payment of Member States' contributions met at CERN on 6 February 2001 and introduced some changes in the recommendations to take account of the input provided by delegations during the above-mentioned meetings. The essential changes refer to the second recommendation and to the precise references regarding the calculation of interest.

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3 "Report from the Working Group on procedures for payment of Member States' contributions".
4 CERN/FC/4383/Draft.
5 CERN/CC/2363/Draft.
4. **Recommendations**

On the basis of its analysis of the different aspects of the problem and of possible solutions and their anticipated impact, the Working Group submits the following recommendations which it considers to be in the best interests of the Organization:

- to adopt a revised payment schedule, i.e. payment of 50% not later than 10 February and the remaining 50% not later than 10 June;

- to request the Director-General, in addition to the usual reminders sent by the Finance Division, to make formal representations to the Member State concerned when contributions are outstanding, i.e. payment of over 20% of the total annual contribution is one month late with respect to the adopted payment schedule;

- to request the Management to inform the Finance Committee in September and in December each year of the interest gained or lost by the Organization in respect of each Member State during the period concerned and of the appropriate follow-up actions. The interest gained or lost by the Organization will be calculated by applying the interest rate of:

  - "Dépôts dans les grandes banques (3 months)"\(^6\) in case of payments made in advance;

  - Libor in CHF (3 months)\(^7\) in case of late payments.

The Finance Committee and the Committee of Council are invited to recommend the Council to approve in June 2001, in the framework of a Resolution, the above recommendations with a view to their coming into force with effect from 1\(^{st}\) **January 2002**.

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\(^6\) "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D3 "Taux d'intérêt de dépôts et d'hypothèques".

\(^7\) "Bulletin mensuel de statistiques économiques", Banque Nationale Suisse – Table D1z "Taux d'intérêts à court terme en Suisse et à l'étranger".
Composition of the Working Group on Procedures for Payment of Member States' Contributions

Meetings of 27 September 2000, 24 October 2000 and 23 November 2000

Chairman: Dr F. Bello  Chairman of the Finance Committee

Members: Prof. J. Keinonen  Finland
Mr M. Giacobbi  France
Dr A. Freytag  Germany
Prof. F. Menzinger*  Italy
Dr J. Bezemer  Netherlands
Mr G. Costigan  United Kingdom

CERN:

Ex-officio: Prof. L. Maiani**  Director-General

and:
Mr J.M. Dufour  Legal Counsellor
Mr P. Geeraert  Deputy Leader Finance Division
Mr A.J. Naudi  Finance Division Leader
Dr M. Robin*  Director of Administration

* Messrs P. Levaux (Belgium), A.L. Bullón (Spain) and Ph. Joye (Switzerland) were unable to attend.
** Excused on 23 November 2000.
*** during part of the meeting of 27 September 2000.
Composition of the Working Group on Procedures for Payment of Member States' Contributions

Meeting of 6 February 2001

Chairman: Dr F. Bello
Chairman of the Working Group

Members:
- Prof. J. Keinonen* Finland
- Mr M. Giacobbi France
- Dr A. Freytag Germany
- Prof. F. Menzinger Italy
- Dr J. Bezemer Netherlands
- Mr G. Costigan* United Kingdom

CERN:
- Mr J.M. Dufour Legal Counsellor
- Mr P. Geeraert Deputy Leader Finance Division
- Mr A.J. Naudi Finance Division Leader
- Mr J. van der Boon Director of Administration

* Excused for this meeting.
RESOLUTION
ON
PROCEDURES FOR PAYMENT OF MEMBER STATES' CONTRIBUTIONS
RESOLUTION
on
Procedures for payment of Member States' contributions

THE COUNCIL

Considering

The proposal on 15 March 2000 by the Finance Committee that the matter of procedures for payment of the Member States' contributions be referred to the Committee of Council;

The setting up by the Committee of Council, at its meeting on 22 June 2000, of a Working Group to review these procedures;


The unanimous recommendation by the Finance Committee to Council, dated 14 March 2001, to approve the recommendations contained in the Report in the form of a Resolution at its June 2001 meeting, with a view to their coming into effect on 1st January 2002;

The recommendation of the Committee of Council at its meeting on 15 March 2001, confirming the recommendation of the Finance Committee;

Having regard to

Article 4. (5) (a) of the Financial Protocol annexed to the CERN Convention;

Decides

1. To adopt a revised payment schedule, i.e. payment of 50% not later than 10 February and the remaining 50% not later than 10 June;
2. To request the Director-General, in addition to the usual reminders sent by the Finance Division, to make formal representations to the Member State concerned when contributions are outstanding, i.e. payment of over 20% of the total annual contribution is one month late with respect to the adopted payment schedule;

3. To request the Management to inform the Finance Committee in September and in December each year of the interest gained or lost by the Organization in respect of each Member State during the period concerned and of the appropriate follow-up actions. The interests gained or lost by the Organization will be calculated by applying the interest rate of:

- "Dépôts dans les grandes banques (three months)" in case of payments made in advance,
- Libor in CHF (three months) in case of late payments.

4. This Resolution shall apply as from 1st January 2002.