

**ORGANISATION EUROPÉENNE POUR LA RECHERCHE NUCLÉAIRE**  
**CERN** EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

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For recommendation to Council	<b>FINANCE COMMITTEE</b> 325 <sup>th</sup> Meeting <b>17 June 2009</b>	Simple majority of Member States represented and voting and at least 51% of the contributions of all Member States
For Approval	<b>COUNCIL</b> 151st Session <b>18 June 2009</b>	Simple majority of Member States represented and voting

**Proposal for future arrangements  
for the indexation of the Member States' Contributions**

Following the discussions in the Finance Committee and Council in 2008 on the application of the calculated overall cost-variation index for the indexation of the Member States' contributions, the Management prepared a White Paper which was presented and discussed during the March 2009 meeting of the Finance Committee. As a result of these discussions, the Management proposes to establish an upper and lower limit ("corridor") for the indexation of Member States' contributions, whilst the existing formulae would continue to be used for the calculation of the cost-variation indices for Budget expenses.

The Finance Committee is invited to recommend to the Council, and the Council is invited to approve, a "corridor" for the indexation of the Member States' contributions of between 0% and 2% for the initial period 2010 – 2012 to be applied according to the procedure outlined in this document.



## **Proposal for future arrangements for the indexation of Member States' Contributions**

At its December 2008 meeting, the Finance Committee discussed the unexpectedly high overall cost-variation index for 2009<sup>1</sup>, which the Council subsequently decided, on the Finance Committee's recommendation, not to apply for the indexation of the Member States' contributions.<sup>2</sup>

Following a decision by the Finance Committee at its December meeting concerning the setting-up of a working group in early 2009<sup>3</sup>, the Management prepared and presented to delegations a "White paper on the CVI and indexation of Member States' contributions" on 2 February 2009, which gave details of a proposal for "a corridor approach for the indexation of Member States' contributions". This proposal was intensively discussed during the Finance Committee's March 2009 meeting. It would entail application, as previously, of the calculated overall cost-variation index (CVI) for Budget expenses for the indexation of Member States' contributions but with cut-offs at the lower and upper limits of 0% and 2%. Among the various advantages put forward in favour of such an approach at the Finance Committee's March meeting were that a "corridor" from 0% to 2% would protect CERN from any deflationary trend and would set an upper limit that was consistent with the current inflation objectives of all European central banks.

As requested by the Finance Committee at its March 2009 meeting<sup>4</sup>, the Management is therefore submitting a proposal to establish a "corridor" for the indexation of the Member States' contributions of between 0% and 2%, to be used for an initial period of three years from 2010-2012. If approved, the proposed "corridor" arrangements would therefore be applied for the first time in 2009 for the indexation of the Member States' contributions for 2010.

### **Recommendation**

The Finance Committee is invited to recommend to the Council, and the Council is invited to approve, an upper and lower limit ("corridor") for the indexation of Member States' contributions of between 0% and 2% for the initial period 2010 – 2012 to be applied according to the procedure outlined in this document.

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1 CERN/FC/5255/Rev3

<sup>2</sup> CERN/2832

3 CERN/FC/5315

4 CERN/FC/5335/RA