



INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

EN

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Item No. 4 on the agenda: Organisation's activity in 2014

(memorandum prepared by the Secretariat)

<i>Summary</i>	<i>Review of the activities carried out by UNIDROIT in 2014 to implement the Work Programme adopted in 2013, including staffing and funding implications</i>
<i>Action to be taken</i>	<i>To take note of the resources allocated to carry out the current Work Programme and to consider the recommendation of the Governing Council at its 93rd session (2014) to amend the priorities assigned to two subjects at the 72nd session of the General Assembly (2013)</i>
<i>Related documents</i>	<i>UNIDROIT 2013 – A.G. (72) 4; (72) 9, UNIDROIT 2014 – C.D. (93) 12, Annex II, UNIDROIT 2014– C.D. (93) 14</i>

Introduction

1. The Work Programme of UNIDROIT for the triennium 2014-2016 covers a number of topics originally recommended by the Governing Council for inclusion in the Work Programme at its 92nd session (Rome, 8-10 May 2013) and approved by the General Assembly at its 72nd session (Rome, 5 December 2013) (see document UNIDROIT 2013 – A.G.(72) 9, paras. 22-30).

2. To determine the level of priority to grant the different activities on the Work Programme, the following criteria are applied:

- (a) *Priority for allocation of meeting costs:*
 - (i) "high priority" – project that should take precedence over others (never more than two)
 - (ii) "medium priority" – projects eligible for being initiated or advanced in the event that the costs of high priority projects turn out to be lower than anticipated (e.g. because the Secretariat obtains extra-budgetary funding), thus freeing resources under the regular budget; and
 - (iii) "low priority" – projects that should only be advanced after completion of other projects or on the basis of full extra-budgetary funding.
- (b) *Priority for allocation of human resources:*
 - (i) "high priority" – at least 70% of the time of the responsible officers;
 - (ii) "medium priority" – not more than 50% of the time of the responsible officers; and
 - (iii) "low priority" – not more than 25% of the time of the responsible officers.
- (c) *Indispensable functions:* Indispensable functions are those that are either imposed by the Statute of UNIDROIT (e.g. library, governance) or are otherwise necessary for its operation (e.g. management and administration). These functions are by their very nature "high priority", which is why they are supported by an especially dedicated pool of human and financial resources.

3. The Work Programme for the triennium 2014-2016 currently includes the following activities with the priorities assigned at the 72nd session of the General Assembly (2013) as recommended by the Governing Council in 2013:

A. Legislative activities

- 1. International Commercial Contracts:
 - (a) Issues relating to long-term contracts: *
 - (b) Issues relating to multilateral contracts: *
- 2. Secured transactions
 - (a) Implementation of Rail and Space Protocols: ***
 - (b) Preparation of other Protocols to the Cape Town Convention
 - (1) Agricultural, mining and construction equipment: **
 - (2) Ships and maritime transport equipment: *
 - (3) Off-shore power generation and similar equipment: *

3. Transactions on Transnational and Connected Capital Markets
Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets: **
4. Liability for Satellite-based Services: *
5. Private law and development
 - (a) Contract Farming: ***
 - (b) Possible work in private law and agricultural development: *
6. Transnational civil procedure - formulation of regional rules: *

B. Implementation and promotion of UNIDROIT instruments

1. Depository functions: ***
2. Promotion of UNIDROIT instruments: ***

C. Non-legislative activities

1. UNIDROIT Library and Depository Libraries: ***
2. Information resources and policy: ***
3. Internships and scholarships: ***

4. The present document offers a summary indication of action taken in 2014 to implement the legislative activities that appear on the Work Programme of the Institute. More detailed information, as well as information on the non-legislative activities of the Institute will be provided in the Annual Report 2014 to be published in 2015. Annex I to the present document includes information, in monetary terms, on the allocation of resources to the various projects and activities of the Institute in the financial year 2014, on the basis of the budget approved by the General Assembly at its 72nd session (Rome, 5 December 2013). Annex II, in turn, provides information on extra-budgetary contributions available to the Secretariat and their allocation to various activities in the year 2014.

5. At the 93rd session of the Governing Council (Rome, 7-10 May 2014) the already adopted Work Programme for the triennial period 2014 – 2016 was presented as it was the first session of the newly elected Council with fourteen new members.

6. After considering the 2014-2016 Work Programme, the Governing Council recommended that the General Assembly raise the priority assigned to the projects on Long-term projects and Transnational civil procedure - formulation of regional rules (see UNIDROIT – C.D. (93) 14, para. 112).

7. *The General Assembly is therefore invited to examine in particular those two projects and consider raising the priority assigned at its last session.*

*** High priority
** Medium priority
* Low priority

A. Legislative activities

1. International Commercial Contracts

(a) Issues relating to long-term contracts *

8. While the UNIDROIT Principles can undoubtedly be considered a sort of “general part” of international sales law and other contracts to be performed at one time, it remained to be seen to what extent they provide adequate solutions also for contracts to be performed over a period of time, or so-called long-term contracts. In fact, while the UNIDROIT Principles as they now stand already contain a number of provisions particularly suited to the special needs of this latter type of contract, there are still issues requiring further consideration which could be the subject of additional provisions or explanations in the comments. The issues relating to long-term contracts have therefore been inserted in the Work Programme 2014-2016 with low priority assigned.

9. *The General Assembly is invited to follow the recommendation of the Governing Council to raise the priority of this project from low to medium in order for the Secretariat to commit sufficient resources to prepare a draft document on this project to present at the 2015 Council session.*

2. Secured Transactions

(a) Implementation of the Space and Rail Protocols to the Cape Town Convention

Space Protocol ***

10. The Space Protocol was opened to signature at the closing ceremony of the Conference on 9 March 2012. Three States (Burkina Faso, Saudi Arabia and Zimbabwe) signed the Space Protocol. UNIDROIT was designated Depositary of the Space Protocol.

11. In 2014 the second and third sessions of the Preparatory Commission were held in January and September. The second session considered the revised draft of the Registry Regulations and the accompanying explanatory report prepared by Sir Roy Goode and reached an agreement in principle on the vast majority of the provisions of the draft Registry Regulations.

12. The third session of the Preparatory Commission finalised the text of the Regulations but for the issue of the identification criteria for parts of spacecrafts. In addition, the Commission discussed the first draft of an “Invitation to participate in the solicitations for the International Registry for space assets”. Finally, the ITU representative reported of the positive outcome of the ITU Council that was held in May 2014 whilst reiterating the interest of ITU to be considered the natural candidate for the role of Supervisory Authority of the future Space Registry.

Luxembourg Rail Protocol ***

13. On 22 September 2014 a European seminar on the Luxembourg Protocol was held in Berlin. It was addressed to governmental and aviation authorities officials and professional experts and was designed to support the efforts to advance the Cape Town Convention (CTC) and its associated protocols.

(b) Preparation of other Protocols to the Cape Town Convention**(1) Mining, Agricultural and Construction (MAC) Equipment ****

14. On 22 January 2014 the second Issues Dialogue on the preparation of the MAC Protocol was held at the International Law Institute in Washington D.C. The meeting continued to examine the potential economic benefits of the MAC Protocol and examined possible approaches for determining the scope of the Protocol.

(2) Ships and maritime transport equipment

15. In 2014, the Secretariat continued to monitor development in this area.

3. Transactions on Transnational and Connected Capital Markets**Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets ****

16. Due to a staffing shortage, delays were experienced on this project, the scope of which had last been discussed in detail at the third post-conference meeting of the Committee on Emerging Markets Issues, Follow-Up and Implementation established by the diplomatic Conference to Adopt a Convention on Substantive Rules regarding Intermediated Securities (Istanbul, 11-13 November 2013). The meeting had devoted nearly an entire day to considerations related to the scope and methodology for the preparation of the Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets

17. Upon the arrival of additional staff during the fall of 2014, the Report of the Committee's third meeting was prepared and posted to the website in English, with the preparation of the French version underway. Also during the fall of 2014, the Secretariat engaged an expert to prepare an initial draft of the Legislative Guide. He has begun working on the draft, taking as a starting point the "Friends of the Committee" proposal made by a group of States that was accepted by consensus at the Committee's third meeting.

4. Liability for Satellite-based Services *

18. In 2014, the UNIDROIT Secretariat continued to follow developments in the area of risk management and third party liability for Global Navigation Satellite System (GNSS) Services. The Secretariat was represented at the second Alias conference entitled "Addressing the Liability Impact of Automated Systems (ALIAS)" held in Florence (Italy) on 1 - 2 October 2014 and hosted by the European University Institute.

5. Private law and development**(a) Contract farming *****

19. In accordance with the authorization given by the Governing Council at its 91st session (Rome, 7 to 9 May 2012), a Working Group was set up for the preparation of a Legal Guide on Contract Farming composed of contract law experts representing different jurisdictions and legal

backgrounds, relying also upon the active cooperation of partner multilateral organisations and including an appropriate representation of the agricultural producers and of the private sector.

20. In 2014, the Working Group met for the third time in Rome on 3-7 March 2014 to examine new draft Chapters (Contract Form and Formation, Excuses for Non-performance, Remedies for Breach, Duration, Renewal and Termination and Applicable Law and Dispute Resolution) and will hold its fourth meeting on 17-21 November. At this meeting, the Working Group will discuss the revised draft chapters before approving the content of the Guide. After the final meeting of the Working Group, the Guide will undergo pre-publication editing and translation into French as well as the required FAO procedures, before its presentation to the 94th session of the UNIDROIT Governing Council in 2015.

21. A series of consultation events also took place in 2014 (Buenos Aires in March, Bangkok in September, Rome and Addis Ababa in October) to present the content of the future UNIDROIT/FAO Legal Guide on Contract Farming to audiences of farmers' representatives, industry stakeholders, interested Governments, IGOs and NGOs, and seek feedback on its adequacy to meet practical needs. The round of consultations was intended to inform the drafting process within the Working Group, to create broad awareness of the future use of Guide.

(b) Possible work in private law and agricultural development *

22. In 2014, the Secretariat continued to monitor development in this area.

6. Transnational civil procedure – formulation of regional rules *

23. The 2004 ALI/UNIDROIT Principles of Transnational Civil Procedure, prepared by a joint American Law Institute/UNIDROIT Study Group aim at reconciling the differences among various national rules of civil procedure, taking into account the peculiarities of transnational disputes as compared to purely domestic ones.

24. The Governing Council previously agreed that there is a case for the resumption of work on the development of the "Rules", with particular focus on regional implementation and on adapting the Principles to the peculiarities of specific legal systems and that in the short term, the most promising partner for institutional co-operation regarding civil procedural law being represented by the newly founded European Law Institute (ELI), created with the aim to initiate, conduct and facilitate research, make recommendations and provide practical guidance in the field of European legal development. The joint ELI/UNIDROIT project on the development of regional rules based on the adaptation of the ALI/UNIDROIT Principles serves as a useful tool to avoid a fragmentary and haphazard growth of European civil procedural law, while at the same time supporting the promotion of the ALI/UNIDROIT Principles.

25. The transnational civil procedure – formation of regional rules project was assigned low priority by the General Assembly at the 72nd session, on recommendation from the Governing Council at its 92nd session. It is now suggested by the Governing Council that this priority be raised.

26. *The General Assembly is invited to consider raising the priority assigned to this subject at its 73rd session, as recommended by the Governing Council, from low to medium.*

ANNEX I

**Expenditure in Implementation of Work Programme
(estimate by 31 December 2014)**

		Priority level	<i>Regular budget</i>
International Commercial Contracts			
1	(a) Long-term contracts	*	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	42.274,33
		General services (Ch. 2.1, 3.1)	0,00
	Consultation/Promotion	Official journeys (Ch. 1.5)	
	Conference costs	Interpretation/technical services/representation (Ch. 1.5)	3.400,00
		Official journeys of experts (Ch. 1.5)	11.790,63
	Documentation/translation	Professional staff (Ch. 2.1, 3.1)	0,00
	Total		57.464,96
2	(b) Multilateral contracts	*	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	7.230,00
	Total		7.230,00
Secured transactions			
3	(a) Implementation of Rail and Space Protocols	***	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	45.003,09
		General services (Ch. 2.1, 3.1)	14.458,41
	Conference costs	Official journeys (Ch. 1.5)	4.647,55
		Interpretation/technical services/representation (Ch. 1.5)	3.200,00
	Documentation/translation	Professional staff (Ch. 2.1, 3.1)	0,00
	Total		67.309,05
(b) Preparation of other Protocols to the Cape Town Convention			
4	(1) Agricultural, mining and construction equipment	**	
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	48.077,25
		General services (Ch. 2.1, 3.1)	0,00
	Documentation/translation	Professional staff (Ch. 2.1, 3.1)	0,00
	Consultation/Promotion	Official journeys (Ch. 1.5)	
		Official journeys of experts (Ch. 1.5)	
	Total		48.077,25
5	(2) Ships and maritime transport equipment		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	1.407,00
		General services (Ch. 2.1, 3.1)	0,00
	Total		1.407,00

6	(3) Off-shore power generation and similar equipment		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	0,00
		General services (Ch. 2.1, 3.1)	0,00
	Total		0,00
Transnational and Connected Capital Markets			
7	Legislative Guide to enhance trading in securities in emerging markets		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	27.629,78
		General services (Ch. 2.1, 3.1)	5.860,04
		Consultant fees (Ch. 2.1)	18.000,00
	Conference costs	Official journeys of experts (Ch. 1.5)	* 12.000,00
		Interpretation/technical services/representation (Ch. 1.5)	0,00
	Total		63.489,81
8	Liability for Satellite-based Services		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	663,21
		General services (Ch. 2.1, 3.1)	0,00
	Consultation / promotion	Official journeys (Ch. 1.5)	560,00
	Total		1.223,21
Private law and development			
9	(a) Contract farming		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	181.014,26
		Consultant fees (Ch.2.1)	8.234,00
		General services (Ch. 2.1, 3.1)	45.988,14
	Conference costs	Interpretation/technical services/representation (Ch. 1.5)	7.100,00
		Official journeys (Ch. 1.5)	6.626,71
		Official journeys of experts (Ch. 1.5)	4.074,80
	Documentation/translation	Translation fees (Ch. 2.1)	24.000,00
	Total		277.037,91
10	(b) Possible work on private law and agricultural development		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	17.621,04
		General services (Ch. 2.1, 3.1)	0,00
	Total		17.621,04
11	Legal aspects of social business		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	0,00
		General services (Ch. 2.1, 3.1)	0,00
	Total		0,00
12	Transnational civil procedure - formulation of regional rules		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	43.114,72

	General services (Ch. 2.1, 3.1)	10.662,42
Conference costs	Interpretation/technical services/representation (Ch. 1.5)	4.700,00
	Official journeys of staff (Ch. 1.5)	831,60
	Official journeys of experts (Ch. 1.5)	14.987,00
Total		74.295,74
Implementation and promotion		
13 (1) Depository Functions		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	22.380,26
	General services (Ch. 2.1, 3.1)	12.863,02
Total		35.243,28
14 (2) Promotion of UNIDROIT Instruments		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	85.781,71
	General services (Ch. 2.1, 3.1)	8.796,31
Conference costs	Official journeys of experts (Ch. 1.5)	32.085,74
	Interpretation/technical services/representation (Ch. 1.5)	5.200,00
Documentation/translation	External consultant (Ch. 2)	9.000,00
Postage (Ch.4.3)		2.955,00
Total		143.818,76
Non-legislative activities		
15 (1) UNIDROIT Library and Depository Libraries		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	4.770,20
	General services (Ch. 2.1, 3.1)	119.789,90
Acquisitions	Purchase of books, legal journals, binding, software (Ch.6)	121.000,00
Total		245.560,10
16 (2) Information resources and policy		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	115.932,06
	General services (Ch. 2.1, 3.1)	89.698,92
Documentation/translation	Postage (Ch. 6.3)	4.538,00
	Printing costs (Ch. 4)	** 27.833,51
Total		238.002,49
17 (3) Internships and scholarships		
Staffing costs	Professional staff (Ch. 2.1, 3.2)	30.150,51
	General services (Ch. 2.1, 3.1)	24.559,48
Total		54.709,99
18 Membership, institutional cooperation and governance		
Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)	108.686,71
	General services (Ch. 2.1, 3.1)	53.992,19
Conference costs	Interpretation/technical services/representation (Ch. 1.5)	15.200,00
	GA, FC, GC and PC (Ch. 1.1)	59.268,32
Consultation / promotion	Official journeys (Ch. 1.5)	16.371,00
	Representation (Ch. 1.7)	7.000,00

Total		260.518,22
19	Administration, support services and building management	
Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)	82.341,04
	Travel and relocation expenses for new arrivals (2.1)	14.423,24
	General services (Ch. 2.1, 2.2, 3.1)	273.358,84
	Porter overtime (Ch.2.1)	3.000,00
	Auditor(Ch1.4)	3.869,60
Miscellaneous	Maintenance costs (Ch. 5)	245.818,19
	Compensation for retired members of staff (Ch. 3.3)	3.750,00
	Accident insurance (Ch. 3.2)	13.179,80
	Stationery, telephone, fax and Internet (Ch. 4.1, 4.2)	44.042,72
	Miscellaneous (Ch. 4.4)	2.746,40
Total		686.529,83
Total		2.279.538,65

* € 12,833.51 have been set aside for re-print of booklets in 2015 (16)

** € 19,667.01 have been set aside for the 20th Anniversary of the -1995 Convention in 2015 (14)

*** € 12,000.00 have been set aside for the Committee on Emerging Markets in 2015 (7)

ANNEX II

UNIDROIT Information on Extrabudgetary Contributions in 2014		
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Received *	Spent **	Balance ***
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Principles on netting of financial instruments	€	Received	Spent	Balance
Receipts				
Donor Association of German Banks ¹		7.864,89		
Expenditure				
Publication Re-printing of booklets			3.583,50	
Total	€	7.864,89	3.583,50	4.281,39

Preparation of a Legal Guide on Contract Farming	€	Received	Spent	Balance
Receipts ²				
Donor IFAD		117.992,00		
Expenditure ³				
Staffing Consultancy work			22.840,00	
Conference 3 rd session of the UNIDROIT Working Group			15.224,00	
4 th session of the UNIDROIT Working Group			22.837,00	
Consultations with stakeholders Buenos Aires/Bangkok/Addis Ababa/Rome			43.770,00	
Miscellaneous Travel and IT			9.325,00	
Overhead			3.996,00	
Total	€	117.992,00	117.992,00	0,00

Promotion of UNIDROIT Instruments	€	Received	Spent	Balance
Receipts				
Donor Uniform Law Foundation ⁴		19.002,60		
Expenditure				

Publication	Printing of Proceedings of the Symposium on the Protection of Cultural Property (Vienna, November 2013)			4.000,00	
Total		€	19.002,60	4.000,00	15.002,60

Research Scholarship Programme		€	Received	Spent	Balance
Receipts					
Donor	Members of the Governing Council		3.152,00		
	Government of the Netherlands ⁵		3.000,00		
	Government of the Republic of Korea ⁶		548,69		
	Transnational Law and Business University (Republic of Korea) ⁷		7.337,80		
	Uniform Law Foundation ⁸		22.971,53		
	UK Foundation for International Uniform Law ⁹		10.375,78		
	Various Italian Law Firms ¹⁰		4.010,56		
Expenditure					
	Scholarships			33.086,04	
Total		€	51.396,36	33.086,04	18.310,32

UNIDROIT Library		€	Received	Spent	Balance
Receipts					
Donor	Uniform Law Foundation		31.000,00		
	Various Italian Law Firms ¹¹		69.952,69		
	Max Planck-Institut (Hamburg) ¹²		12.540,00		
Expenditure					
	Purchase of books and journals			12.540,00	
				29.119,08	
Total		€	113.492,69	41.659,08	71.833,61

Grand Total		€	309.748,54	200.320,62	109.427,92
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- * Estimated total receipts as of 31 December 2014, including any amounts carried over from 2013
 - ** Estimated expenditure as of 31 December 2014
 - *** Estimated balance as of 31 December 2014

 - ¹ Residual amount from contributions made in 2011
 - ² This projects benefits from a small grant made by IFAD to FAO, with UNIDROIT acting as implementing agency
 - ³ For technical reasons, approximately € 56,903 in payments were actually made by FAO
 - ⁴ Includes € 15,002.60 carried over from contributions made in previous financial years
 - ⁵ Amount carried over from contributions made in 2013
 - ⁶ Amount carried over from contributions made in 2013
 - ⁷ Amount carried over from contributions made in 2013
 - ⁸ Amount carried over from contributions made in 2011
 - ⁹ Includes €375,48 carried over from contributions made in 2013
 - ¹⁰ Amount carried over from contributions made in 2013
 - ¹¹ Includes €49,952 carried over from contributions made in 2012 and €20,000 received in 2013
 - ¹² Estimated value of donation in kind (books)