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Item No. 2 on the Agenda: Draft Budget for 2016 - First estimates

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2016</i>
<i>Action to be taken</i>	<i>Opinion of the members of the Finance Committee with regard to the first estimates of the Secretariat prior to the formal establishment of the draft Budget by the Governing Council at its 94th session (Rome, 6-8 May 2015)</i>
<i>Related documents</i>	<i>None</i>

Introduction

1. Appendix I to this document sets out the first estimates for a draft Budget for the financial year 2016, which the Secretariat has prepared for an initial review by the Finance Committee, in accordance with Article 26 of the Regulations.
2. These estimates will be revised, as appropriate, in light of the Finance Committee's comments, and submitted to the Governing Council at its 94th session, which will be held in Rome from 6 to 8 May 2015. On the basis of these first estimates, the Council will establish the draft Budget for 2016, to be communicated to member States, for their review and comments. Comments by member States should be submitted to the Secretariat by 18 September 2015. Thereafter, the draft Budget, together with any comments received by the Secretariat, will be submitted to the Finance Committee for consideration at its 78th session in Rome, to be held in late September or the first half of October 2015. The Committee will, at that time, formulate its opinion on the draft Budget before its submission to the General Assembly for review and adoption at its 74th session, to be held in Rome in late November or early December 2015.

APPENDIX

**DRAFT BUDGET FOR THE 2016
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2015	Budget 2016
Chapter 1: Contributions of member States¹		
Contributions of member States	2,223,870.00	2,223,870.00
Chapter 2: Other receipts:		
Art. 1 (Interest) ²	1,000.00	1,000.00
Art. 2 (Contributions to overhead expenses) ³	15,000.00	15,000.00
Art. 3 (Sale of publications) ⁴	16,811.00	17,000.00
Chapter 3: Various receipts		
Tax reimbursement credit ⁵	15,000.00	15,000.00
Total of receipts	2,271,681.00	2,271,870.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - RECEIPTS

- 1 No change is proposed for 2016, other than combining into one budgetary line the contributions of the Italian Government and other member States, which had previously been set forth separately, because of the recent change of law in Italy making its contribution to UNIDROIT mandatory and placing Italy on an equal footing with other member States in this respect.
- 2 The Secretariat estimates the interests earned on deposits in checking accounts to be the same as in previous years.
- 3 This sum represents the share of the Office for Italy and San Marino of the International Labour Organization in the operating expenses of the premises of UNIDROIT.
- 4 The Secretariat estimates the income earned from the sale of publications to be approximately the same as in previous years.
- 5 The extraordinary income estimated under this Chapter relates to the reimbursement by the Government of the United States of America of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat, under the terms of a tax reimbursement agreement signed between UNIDROIT and the Government of the United States of America on 17 September 2013.

EXPENDITURE (in Euro)

	2015	2016
Chapter 1 – Meeting and travel costs ¹		
Art. 1 (Governing Council and Permanent Committee)	48,000.00	50,000.00
Art. 2 (Auditor)	3,869.60	4,500.00
Art. 3 (Administrative tribunal)	-	-
Art. 4 (Committees of Experts)	88,000.00	90,000.00
Art. 5 (Official journeys and promotion of activities)	50,000.00	50,000.00
Art. 6 (Interpreters)	35,500.00	36,000.00
Art. 7 (Representation)	7,000.00	8,000.00
Subtotal	232,369.60	238,500.00
Chapter 2 – Salaries and allowances		
Art.1 (Salaries of Categories A, B and C staff and consultant) ²	1,207,081.00	1,207,831.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00
Art. 3 (Tax reimbursement) ³	15,000.00	15,000.00
Subtotal	1,242,081.00	1,242,831.00
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁴	429,230.00	415,789.00
Art. 2 (Accidents' insurance) ⁵	8,500.00	9,000.00
Art. 3 (Compensation retired members of staff) ⁶	2,500.00	2,250.00
Subtotal	440,230.00	427,039.00
Chapter 4 – Administrative expenses		
Art. 1 (Stationery)	20,000.00	20,000.00
Art. 2 (Telephone, fax and Internet)	23,000.00	23,000.00
Art. 3 (Postage) ⁷	10,000.00	11,500.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00
Art. 5 (Printing of publications)	15,000.00	15,000.00
Subtotal	73,000.00	74,500.00
Chapter 5 – Maintenance costs ⁸		
Art. 1 (Electricity)	18,000.00	20,000.00
Art. 2 (Heating)	28,000.00	20,000.00
Art. 3 (Water)	7,000.00	7,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	23,000.00	26,000.00
Art. 6 (Upkeep of building, public services)	30,000.00	30,000.00
Art. 7 (Labour costs)	45,000.00	45,000.00
Subtotal	163,000.00	160,000.00
Chapter 6 – Library		
Art. 1 (Purchase of books)	90,000.00	90,000.00
Art. 2 (Binding)	9,000.00	9,000.00
Art. 3 (Software) ⁹	22,000.00	30,000.00
Subtotal	121,000.00	129,000.00
Total expenditure	2,271,680.60	2,271,870.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

- 1 Purpose of expenditure: to cover travel and subsistence expenses incurred by the members of the Governing Council and of the Permanent Committee in their attendance of sessions of those bodies; the fees due to the auditor appointed by the General Assembly; the costs of hearings of the Administrative Tribunal, registrar services and sums awarded by the Tribunal for settlement of claims; the costs incurred by UNIDROIT in organising meetings of committees of experts and other meetings associated with the organisation's Work Programme; the travel and subsistence expenses incurred by representatives of UNIDROIT, members of staff and collaborators in connection with the attendance of meetings of other organisations with which UNIDROIT cooperates, as well as missions intended to further awareness of UNIDROIT's work in general and, where appropriate, to encourage accession to the Statute of the Organisation; cover the cost of simultaneous interpretation at meetings held by UNIDROIT; the cost of representation functions, such as receptions and similar events organised by UNIDROIT in connection with its meetings.

A € 6,130.40 increase is proposed for 2016 to meet cost increases in travel arrangements for participants in the Governing Council session, an upwards adjustment in the honorarium of the auditor and raises in the hourly rates charged by interpreters and fees for audio-visual support and recording.

- 2 **Purpose of expenditure:** to cover the salaries and allowances of the professional, administrative, secretarial and library members of UNIDROIT staff as well remuneration of a consultant.

No noteworthy change is proposed for 2016.

- 3 **Purpose of expenditure:** to cover the cost of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat. These costs will be refunded by the Government of the United States of America, under the terms of a tax reimbursement agreement signed in September 2013.

No change is proposed for 2016.

- 4 **Purpose of expenditure:** insurance coverage of staff members against disability, old age and sickness. With a few exceptions, all staff members of staff are insured for these purposes with the Italian social security system (INPS).

Expenditure estimates under this chapter for the year 2015 reflected a projection of the actual cost of health and retirement insurance for UNIDROIT staff in 2014. Some new staff members were enrolled under health and retirement insurance schemes other than INPS, at a lower cost, in light of which a € 13,441 decrease is expected for 2016.

- 5 **Purpose of expenditure:** insurance coverage of all staff members against accidents. All staff members are insured for this purpose with a private Italian insurance company.

A € 500 increase is proposed for 2016 to align the budget with actual expenditure in recent financial years.

- 6 **Purpose of expenditure:** payments to one retired member of staff to cover the periods, in the past, during which he was not covered for social security purposes.

A € 250 decrease is proposed for 2016 to align the budget with actual expenditure.

- 7 **Purpose of expenditure:** to cover expenses for postage of UNIDROIT materials and correspondence.

A € 1,500 increase is proposed for 2016 to align the budget with actual expenditure in recent financial years.

- 8 **Purpose of expenditure:** to cover building maintenance costs (ordinary repairs in the building, maintenance of elevators) and charges for municipal services (i.e. waste disposal).

Despite some increases to align the budget for certain articles, the Secretariat has set off such additional costs by realigning other items based on actual expenditure in recent financial years, thus resulting in a proposed decrease of € 3,000 for 2016 overall.

- 9 **Purpose of expenditure:** to cover the cost of acquisitions for the Library's stock of books and the maintenance of its subscriptions to law journals, as well as the cost of binding.

The proposed increase is to cover the cost of new subscriptions to online databases offering legal materials in languages other than English.

Overall, the Secretariat proposes a total expenditure of € 2,271,870.00 for the year 2016, which represents a marginal increase of expenditure of € 189.40, compared to the expenditure authorised as under the 2015 budget.