



**EN**

**FINANCE COMMITTEE**  
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**Item No. 4 on the Agenda: Adjustments to the Budget for the 2017 financial year**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2017 Budget</i>
<i>Action to be taken</i>	<i>Opinion to be transmitted to the General Assembly at its 76<sup>th</sup> session.</i>
<i>Related documents</i>	<i>UNIDROIT 2016 – Budget 2017; UNIDROIT 2017 - Accounts of receipts and expenditure for the 2016 financial year</i>

1. Every autumn it is customary for the Secretariat to submit, first to the Finance Committee and then to the General Assembly, a document indicating any adjustments that may need to be made to the Budget for that financial year. Such indications are to be based on the Accounts available for the previous financial year, the partial accounts available for the current financial year and any other modifications due to exceptional circumstances.

2. At the time of writing, the Secretariat considers that it is necessary to introduce a few adjustments to the budget for the 2017 financial year, as indicated in the notes to the revised budget contained in Appendix I to this document. The Secretariat deems it prudent to anticipate a shortfall in ordinary receipts of € 404,330.00. The Secretariat intends to compensate, as much as possible, for any shortfall in receipts or any unforeseen expenditure in 2017 with a reduction of expenditure under various chapters, though the Secretariat would encourage member States to make any outstanding contributions in a timely manner.

3. *The Finance Committee is invited to review the proposed adjustments to the Budget for the financial year 2017, as set out in Appendix I, and to recommend their approval by the General Assembly, at its 76<sup>th</sup> session.*

**APPENDIX I**

**ADJUSTMENTS TO THE BUDGET FOR THE 2017  
FINANCIAL YEAR**

**RECEIPTS (in Euro)**

	<b>2017</b>		
	<b>Budget</b>	<b>Estimates</b>	<b>Balance</b>
<b>Income</b>			
Surplus from previous financial years <sup>1</sup>	0.00	-2,150.31	-2,150.31
<b>Chapter 1: Contributions of member States</b>			
Art. 1 (Member State Contributions) <sup>2</sup>	2,223,870.00	1,819,540.00	-404,330.00
<b>Chapter 2: Other Receipts</b>			
Art. 1 (Interest)	1,000.00	1,000.00	0.00
Art. 2 (Contribution to overhead expenses)	15,000.00	15,000.00	0.00
Art. 3 (Sale of publications)	17,000.00	17,000.00	0.00
<b>Chapter 3: Various receipts</b>			
Tax reimbursement credit <sup>3</sup>	15,000.00	15,000.00	0.00
<b>Total receipts</b>	<b>2,271,870.00</b>	<b>1,865,389.69</b>	<b>-406,480.31</b>

## EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

<sup>1</sup> The final accounts for the year 2016 reflect a shortfall of € 2,150.31. According to the budgeting practice followed since 2012, no anticipated budget or shortfall is taken into account for the purposes of preparing estimates for subsequent financial years and calculating the contributions of member States. The appropriation of such surpluses is governed by the rules set forth article 38(4) of the UNIDROIT Regulations.

<sup>2</sup> As the level of arrears in the financial year 2016 exceeded the pattern of arrears and delayed payment of assessed contributions in recent years, the Secretariat deems it prudent to anticipate a significant shortfall in contributions of member States in 2017, but is not requesting supplementary funding. The Secretariat intends to set off, as much as possible, any shortfall in receipts in 2017 with a reduction of expenditure under various chapters.

<sup>3</sup> There is one U.S. citizen working at UNIDROIT at the time of this writing, for whom this estimated tax reimbursement is expected to be received by UNIDROIT under the UNIDROIT-United States of America Tax Reimbursement Agreement for this year.

**EXPENDITURE (in Euro)<sup>1</sup>**

	<b>Budget</b>	<b>Estimate</b>	<b>Balance</b>
<b>Chapter 1 – Meeting costs and official travel</b>			
Art. 1 (Governing Council) <sup>2</sup>	50,000.00	41,910.78	8,089.22
Art. 2 (Auditor)	4,500.00	4,500.00	0.00
Art. 3 (Administrative Tribunal)	0.00	0.00	0.00
Art. 4 (Committees of Experts) <sup>3</sup>	120,000.00	105,000.00	15,000.00
Art. 5 (Official journey of representatives and staff) <sup>4</sup>	50,000.00	73,000.00	-23,000.00
Art. 6 (Interpreters) <sup>5</sup>	36,000.00	53,300.00	-17,300.00
Art. 7 (Representation)	8,000.00	8,000.00	0.00
<b>Total</b>	<b>268,500.00</b>	<b>285,710.78</b>	<b>-17,210.78</b>
<b>Chapter 2 – Salaries and allowances</b>			
Art.1 (Salaries of Categories A, B and C staff and consultant) <sup>6</sup>	1,179,293.00	1,150,000.00	29,293.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00	0.00
Art. 3 (Tax reimbursement) <sup>7</sup>	15,000.00	15,000.00	0.00
<b>Total</b>	<b>1,214,293.00</b>	<b>1,185,000.00</b>	<b>29,293.00</b>
<b>Chapter 3 – Social security charges</b>			
Art. 1 (Insurance against disablement, old age and sickness) <sup>8</sup>	414,327.00	384,000.00	30,327.00
Art. 2 (Accidents' insurance)	9,000.00	8,786.45	213.55
Art. 3 Compensation for retired members of staff	2,250.00	1,860.86	389.14
<b>Total</b>	<b>425,577.00</b>	<b>394,647.31</b>	<b>30,929.69</b>
<b>Chapter 4 – Administrative expenses</b>			
Art. 1 (Stationery)	20,000.00	14,202.09	5,797.91
Art. 2 (Telephone, fax and Internet)	23,000.00	15,000.00	8,000.00
Art. 3 (Postage)	11,500.00	15,000.00	-3,500.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00	0.00
Art. 5 (Printing of publications)	15,000.00	15,000.00	0.00
<b>Total</b>	<b>74,500.00</b>	<b>64,202.09</b>	<b>10,297.91</b>
<b>Chapter 5 – Maintenance costs</b>			
Art. 1 (Electricity)	20,000.00	20,000.00	0.00
Art. 2 (Heating)	20,000.00	20,000.00	0.00
Art. 3 (Water)	7,000.00	7,000.00	0.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00	0.00
Art. 5 (Office equipment)	26,000.00	26,000.00	0.00
Art. 6 (Upkeep of building, local taxes) <sup>9</sup>	30,000.00	38,000.00	-8,000.00
Art. 7 (Labour costs)	45,000.00	48,000.00	-3,000.00
<b>Total</b>	<b>160,000.00</b>	<b>171,000.00</b>	<b>-11,000.00</b>
<b>Chapter 6 – Library</b>			
Art. 1 (Purchase of books)	90,000.00	90,000.00	0.00
Art. 2 (Binding)	9,000.00	9,000.00	0.00
Art. 3 (Software)	30,000.00	30,000.00	0.00
<b>Total</b>	<b>129,000.00</b>	<b>129,000.00</b>	<b>0.00</b>
<b>Total ordinary expenditure</b>	<b>2,271,870.00</b>	<b>2,229,560.18</b>	<b>42,309.82</b>

**EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE**

<sup>1</sup> Except as otherwise indicated, lower expenditure than forecasted reflects expenditure control measures taken by the Secretariat in view of the anticipated shortfall in assessed contributions in the current financial year.

<sup>2</sup> Savings under this article of the budget have been possible due to governments volunteering to cover travel expenses of Governing Council members, and efforts on the Secretariat's behalf to assist members of Governing Council in ticket purchasing, allowing for early-bird rates, thus limiting travel costs.

<sup>3</sup> The Secretariat would recall that this article of the budget was increased from the prior year by € 30,000.00 – by reallocating to this line of expenditure savings expected to be made under Article 1 (Salaries of Categories A, B and C staff and consultant) of Chapter 2 (Salaries and allowances) and under Article 1 (Insurance against disablement, old age and sickness) of Chapter 3 (Social security charges) – for use by the Secretariat to cover meetings costs, as well as cost of commissioning research and studies needed in connection with the implementation of the new Work Programme for the Triennium 2017-2019.

<sup>4</sup> Higher than usual expenditure under article 5 (Official journey of representatives and staff) is anticipated due to a significant amount of travel in the first half of the year 2017 for promotional activities and institutional co-operation.

<sup>5</sup> Higher than usual expenditure under article 6 (Interpreters) is anticipated as a result of interpreter, recording and equipment costs incurred in connection with the first session of the UNIDROIT Committee of Governmental Experts for the preparation of a draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment, which was held at the Headquarters of the Food and Agriculture Organization of the United Nations (Rome, 20-24 March 2017) and the fourth meeting of the Committee on Emerging Markets Issues, Follow-up and Implementation, which was held at the China Securities Regulatory Commission (Beijing, 29-30 March 2017), as well as the additional session of the Finance Committee (82<sup>nd</sup> session, Rome, 13 July 2017).

<sup>6</sup> Savings under Chapter 2 (Salaries and allowances), article 1 (Salaries of Categories A, B and C staff and consultant) are anticipated, in part, to the departure of the Secretary-General of UNIDROIT.

<sup>7</sup> There is one U.S. citizen working at UNIDROIT at the time of this writing, for whom this estimated tax reimbursement payment is expected to be made by UNIDROIT for this year (see also note 4 to the adjusted receipts).

<sup>8</sup> Savings under Chapter 3 (Social security charges), article 1 (Insurance against disablement, old age and sickness) are anticipated, in part, to the departure of the Secretary-General of UNIDROIT.

<sup>9</sup> The slightly higher expenditure under Chapter 7 (Maintenance costs), article 6 (Upkeep of building, public services) is to be attributed to local taxes.