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**GENERAL ASSEMBLY
61st session
Rome, 29 November 2007**

UNIDROIT 2007
A.G. (61) 3
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**Item No. 6 on the Agenda : Revision of the Regulations:
(a) constitution of an *ad hoc* Committee
(b) fast track procedure for the revision of Article 31 (A.G. (61) 3)
(prepared by the UNIDROIT Secretariat)**

Explanatory Note

(submitted by the Chairman of
Finance Committee and the Secretariat)

1. The Regulations – Organisation of the Institute – Financial Administration - Staff are currently in force as amended up to 1 December 2005.

2. Article 17(1) of the UNIDROIT Statute provides:

“Article 17

1.– Rules governing the administration of the Institute, its internal operations and the conditions of service of the staff shall be adopted by the Governing Council and must be approved by the General Assembly and communicated to the Italian Government.”

3. The Governing Council, at its 86th session, held in Rome from 16 to 18 April 2007, commenced discussions regarding a broader revision of the Regulations. The General Assembly at its 61st session, to be held on 29 November 2007, will be invited to set up an *ad-hoc* Committee entrusted with examining any amendments the Governing Council may eventually propose.

4. However, there was consensus, at its 86th session, that the revision of Article 31 ought to be given precedence with a view to having it adopted by the General Assembly at its forthcoming session. Adoption of a revised Article 31 is recommended by the Chairman of the Finance Committee, the Governing Council and the Secretariat.

5. The essence of the proposed revision is to formally seize the representatives of Governments (i.e. the Finance Committee), *first*, and the Governing Council only *thereafter*, with the draft budget for the following financial year. The Finance Committee would indicate the financial framework and the Council would consider and determine which work items with which priority is to be carried out in the course of the years with the resources made available.

6. In the considered judgement of all involved in the Institute's administration this sequence would be more functional than the current arrangement according to which the Council defines the work load and Governments are only late in the year asked to provide the necessary funding.

7. The recommended amendment and the current text read as follows:

Current <i>Article 31</i>	[Draft] <i>Article 31</i>
<p>Every year, before 1 May, the Secretary-General shall submit proposals on the basis of which the Governing Council shall prepare a draft budget for the following financial year. This draft budget shall then be communicated to member Governments whose observations thereon shall reach the Secretary-General by 30 September. It shall then be submitted with the observations, if any, of member Governments, to the Finance Committee for opinion and to the General Assembly for approval, before being transmitted to member Governments.</p>	<p>Every year by 15 March the Secretary-General shall submit a proposal for a draft budget for the following financial year to the Finance Committee, for preliminary opinion. This draft budget, amended as necessary to reflect the Finance Committee's opinion, shall then be submitted to the Governing Council for consideration and, subsequently, communicated to member Governments for comment. Any such comments shall reach the Secretary-General by 30 September at the latest. The draft budget shall then be submitted, with any such comments, to the Finance Committee, for final opinion, and, with any amendments recommended by the Finance Committee, laid before the General Assembly for approval.</p>