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**Item No. 5 on the agenda: Adoption of the Organisation's Work Programme for the 2011-2013 triennium**

(submitted by the Secretariat)

|                           |  |
|---------------------------|--|
| <i>Summary</i>            | <i>Adoption of the Work Programme for the 2011-2013 triennium</i>  |
| <i>Action to be taken</i> | <i>To take note of the resources allocated to carry out the current Work Programme, to approve the inclusion of new items in the future work programme, and to establish the relative priority level to be assigned to each activity</i> |
| <i>Related documents</i>  | <i>UNIDROIT 2010 – A.G. (67)2, C.D. (89) 4(c), C.D. (89) 7 Add. 1, C.D. (89) 7 Add. 2, C.D. (89) 7 Add. 3, C.D. (89) 7 Add. 4 and C.D. (89) 7 Add. 5</i>   |

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## I. Introduction

1. Pursuant to Article 5(3) of the Statute the Governing Council at its 89<sup>th</sup> session (Rome, 10–12 May 2010) made recommendations for the adoption of the new triennial Work Programme by the General Assembly by analysing proposals submitted by member Governments, international Organisations, industry and the Institute's correspondents with a view to formulating recommendations.

### A. Criteria for inclusion of activities in the Work Programme

2. In determining the criteria for future UNIDROIT Work Programmes, the Council and the General Assembly have established the following guidelines (for details, see UNIDROIT 2005 C.D. (84) 19; A.G. (59)4):

(a) *clear evidence of potential benefits*, to be assessed against Governments', relevant international Organisations' and the concerned industry's request that UNIDROIT undertake work;

(b) *persuasive arguments* that UNIDROIT is better placed than other Organisations to carry out work on a specific project;

(c) *no risk of duplication or harmful overlap* with work underway in other Organisations as well as safeguards for proper co-ordination among Organisations;

(d) ensure that, at any point in time, at least one of the items featuring on the Programme be clearly *aimed at the needs of developing countries*;

(e) *realistic and predictable timelines* for completion;

(f) *adequate funding* under the regular budget or by earmarked extra-statutory or private sector contributions.

### B. Criteria for the assignment of priority levels

3. For a number of years now, the various activities of the Organisation are regularly classified, as being of "low", "medium" or "high" priority. This ranking seems to reflect essentially the Governing Council's opinion on the relative importance of the activity, rather than the level of resources to be allocated to the various activities. It has thus happened that all activities under the current Work Programme were on occasion ranked as "high" priority. The Secretariat submits that proper planning for the use of its scarce resources requires more rigour in the establishment of priorities. At its 89<sup>th</sup> session, the Governing Council was, therefore, invited to apply the following criteria in determining the relative level of priority of various activities:

(a) *Priority for allocation of meeting costs*. The pattern of meeting costs varies according to the methodology adopted for each project. Generally, however, one could distinguish between projects requiring the convening of larger working groups for which the Secretariat assumes travel and daily subsistence costs for all participants (as is typically the case for the preparation of additional chapters to the UNIDROIT Principles of International Commercial Contracts), or projects that follow the pattern study group/committee of governmental experts<sup>1</sup>. Assuming a project progress pattern involving only study group meetings at the first year and a combination of study groups and committees of governmental experts for the following years, it would seem to be generally prudent not to place more than two (at the most three) projects in the

1 In Work Programme cycles during which at a Working Group meeting is anticipated, no more than € 20,000 can be allocated each year to other meetings. In Work Programme cycles during which no Working Group meetings are anticipated a total of up to € 65,000 may be available for project-related meetings under the standard allocation of resources within the relevant chapters of the budget.

active Work Programme at any given time. Where more than two projects are under consideration, the Governing Council was urged to decide:

- (i) which projects (never more than two, at the most three at any given time) should take precedence (*“high priority”*);
- (ii) which projects could be advanced in the event that the costs of high priority projects turn out to be lower than anticipated (e.g. because extra-budgetary funding is obtained), thus freeing resources under the regular budget (*“medium priority”*); or
- (iii) which projects should only be advanced after completion of other projects or on the basis of full extra-budgetary funding (*“low priority”*);

(b) *Priority for allocation of human resources.* Considering the need, in an organisation as small as UNIDROIT, for the staff involved in project delivery, to be available for overhead and general support functions (e.g. translations, correspondence, public enquiries, promotion of instruments), it is not prudent to reckon with more than 75% of the time of the responsible officers to be available for any given project. Thus, priority parameters could be allocated along the following lines:

- (i) *“high priority”* – at least 70%;
- (ii) *“medium priority”* – not more than 50%;
- (iii) *“low priority”*- not more than 25%;

(c) *Indispensable functions.* Indispensable functions are those that are either imposed by the Statute of UNIDROIT (e.g. library, governance) or 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.

4. The Governing Council agreed to use those criteria in deciding which level of priority it should recommend to each of the various projects and activities of the Secretariat. Taking those criteria into account, this document provides information on the current Work Programme, as approved in part by the General Assembly at its 65<sup>th</sup> session (Rome, 2 December 2009), as well as on various topics recommended by the Governing Council for inclusion in the triennial Work Programme (see, in particular, UNIDROIT 2010 – C.D. (89) Misc. 4 and (C.D. (89) 7, Addenda 1 to 7).

## II. Current Work Programme

5. At its 89<sup>th</sup> session (Rome, 10-12 May 2010), the Governing Council

(a) Confirmed its recommendation concerning the level of priority to be assigned to the finalisation of the following projects:

- (i) The Convention on intermediated securities;
- (ii) The additional Chapters of the UNIDROIT Principles of International Commercial Contracts; and
- (iii) The preliminary draft Space Protocol to the Cape Town Convention.

(b) Recommended to the General Assembly that work on a Legislative Guide on principles and rules capable of enhancing trading in securities in emerging markets should be included in the Institute’s Work Programme;

(c) Took note of the depositary functions, promotion efforts and non-legislative activities carried out by the Secretariat and confirmed their position in the Institute's Work Programme.

6. The General Assembly endorsed those recommendations at its 65<sup>th</sup> session (Rome, 2 December 2009). At that time, the General Assembly authorised the Secretariat to carry out initial research and conduct the necessary consultations with a view to providing to the Governing Council the information it needed in order to make proposals for a new Work Programme for the triennium 2011-2013, in particular as regards the possible inclusion of any new items (UNIDROIT 2008 – A.G. (63) 10, paras. 18-27).

7. The following sections include information, in monetary terms, on the allocation of resources to the various projects and activities of the Institute in the financial year 2010, on the basis of the Work Programme and the budget approved by the General Assembly at its 65<sup>th</sup> session (Rome, 2 December 2009). It also offers a summary indication of action to be taken in the next triennium, where relevant.

## A. Legislative activities <sup>2</sup>

### 1. *Principles of International Commercial Contracts (UPICC) – 3<sup>rd</sup> edition* \*\*\*

8. At its 89<sup>th</sup> session, the Governing Council took note of the advanced stage of the work on the new edition of the Principles of International Commercial Contracts, expressed its appreciation to the Working Group and to its Chairman for their extraordinary achievement, and approved in substance the proposed new draft chapters. While postponing formal approval of the 2010 edition of the Principles to its next session, the Council expressed the hope that the new edition would be given the widest publicity by, among others, the organisation of events aimed at promoting it in the various regions of the world. The Council agreed to assign high priority to the finalisation of this project (C.D. (89) Misc. 4, item 4).

9. In the light of the above guidelines and the priority established by the Governing Council and endorsed by the General Assembly at its 65<sup>th</sup> session (A.G. (65) 10, paras. 15 and 27), in the year 2010, the Secretariat allocated the following resources to this project:

|                             |   |   |                |
|-----------------------------|---|---|----------------|
| Staffing costs              | Professional staff (Ch. 2.1, 3.1)                 | € | 65,650         |
| Conference costs            | Meetings in 2010 (Ch. 1.5)                        |   | 43,425         |
|                             | Technical services (Ch. 6.5)                      |   | 4,000          |
|                             | Official journeys for drafting sessions (Ch. 1.6) |   | 5,000          |
| Consultation / promotion    |   |   | 0              |
| Documentation / translation |   |   | 35,350         |
| <b>Total</b>                |   | € | <b>153,425</b> |

10. No meetings of the Working Group in charge of the preparation of additional chapters of the UNIDROIT Principles of International Commercial Contracts will take place in the triennium 2011-2013. Activities of the Secretariat in that period will focus on the promotion of the Principles.

<sup>2</sup> Priority accorded by the Governing Council: high \*\*\* – medium \*\* – low \*.  
The figures given in this document correspond to the 2010 Budget allocations.

## 2. Preliminary Draft Space Protocol

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11. At its 89<sup>th</sup> session, the Governing Council took note of the remarkable progress achieved over the previous year by the Committee of governmental experts for the preparation of a draft Protocol to the Cape Town Convention on Matters specific to Space Assets and authorised the convening by the Secretariat of a fifth session of that Committee to resolve the outstanding issues. Subject to the successful outcome of that session, the Council would expect to be able to authorise the holding of a diplomatic Conference for adoption of the resultant draft Protocol, at its 90<sup>th</sup> session, in 2011. The Council agreed to assign high priority to the finalisation of this project (C.D. (89) Misc. 4, item 5).

12. In the light of the above guidelines and the priority established by the Governing council and endorsed by the General Assembly at its 65<sup>th</sup> session (A.G. (65) 10, paras. 15 and 27), in the year 2010, the Secretariat allocated the following resources to this project:

|                             |   |                  |
|-----------------------------|---|------------------|
| Staffing costs              | Professional staff (Ch. 2.1, 3.1)   | € 118,305        |
|                             | General services (Ch. 2.1, 3.1)   |                  |
|                             | <i>Since February 2008, 1 associate officer funded by UK Foundation (€ 4,000/month)</i> | 24,750           |
| Conference costs            | CGE: FAO premises (Ch. 1.5)   | 10,000           |
|                             | Interpreters (Ch. 6.5)  | 7,500            |
| Consultation/Promotion      | Informal consultation meetings (Ch. 1.5)  | 3,360            |
| Documentation / translation | Professional staff (Ch. 2.1, 3.1)   | 14,980           |
|                             | Postage (Ch. 6.3)   | 1,500            |
| <b>Total</b>                |   | <b>€ 180,395</b> |

13. This project is expected to be substantially finalised in 2011 and, subject to approval by the Governing Council, the draft Protocol will be submitted for adoption to a diplomatic Conference to be convened for that purpose in the second quarter of 2011 or in the first quarter of 2012. Activities of the Secretariat after the diplomatic conference will focus on the establishment of the international registry under the protocol and the promotion of its early entry into force.

## 3. Geneva Securities Convention

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14. The project is expected to be finalised in 2011, with the publication of the revised version of the Official Commentary to the Convention and the declarations memorandum prepared by the Secretariat to assist Contracting States in the formulation of declarations under the Convention. In the year 2010 the Secretariat allocated the following resources to this project:

|                             |  |                 |
|-----------------------------|--|-----------------|
| Staffing costs              | Professional staff (Ch. 2.1, 3.1)                  | 15,000          |
|                             | (Consultancy services)                             |                 |
|                             | General services (Ch. 2.1, 3.1)                    | 16,700          |
| Meetings                    |  | 3,307           |
| Consultation / promotion    | Official journeys (Ch. 1.6)                        | 3,914           |
| Documentation / translation | Professional staff for translations (Ch. 2.1, 3.1) | 40,800          |
| <b>Total</b>                |  | <b>€ 79,721</b> |

15. Activities of the Secretariat in the triennium 2011-2013 will focus on the promotion of the Convention.

#### 4. **Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets** \*\*/\*

16. At its 89<sup>th</sup> session, the Council took note of the steps envisaged by the Secretariat to develop a future legislative guide on principles and rules capable of enhancing trading in securities in emerging markets. In view of the overall workload of the Secretariat, including ongoing projects and projects proposed for the triennium 2011-2013, the Council decided that work on the legislative guide should be assigned a medium/low level of priority.

17. 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 held its first post-conference meeting at the seat of UNIDROIT from 6 to 8 September 2010. The first two days of the Committee's meeting (i.e. Monday, 6 September, and Tuesday, 7 September 2010) took the form of a Colloquium on Financial Markets Law, the proceedings of which the secretariat intends to publish as a special issue of the Uniform Law Review. In the remaining day the Committee reconvened in a closed meeting open only to its members and delegates of UNIDROIT member States attending as observers to consider the following items of its agenda: (a) the draft Accession Kit to the Geneva Securities Convention; (b) the reception given to the Convention in the various countries and proposals for its promotion; (c) the scope of a possible legislative guide on principles and rules to enhance trading in emerging markets; and (d) the proposed new international instrument on the netting of financial instruments.

18. In the year 2010 the Secretariat allocated the following resources to this project:

|                |   |                 |
|----------------|---|-----------------|
| Staffing costs | Professional staff (Ch. 2.1, 3.1)<br>(Consultancy services) | 15,000          |
| Meetings       |   | 6,000           |
| <b>Total</b>   |   | <b>€ 21,000</b> |

19. In view of the budgetary constraints placed on the Secretariat, in the triennium 2011-2013, it is envisaged that staff resources and meetings related to this project will be shared with another project in the area of capital markets law, namely the proposed new instrument on netting of financial instruments (see below, para. 45).

#### B. **Depository Functions under the Cape Town Convention** \*\*\*

20. Information on the Secretariat's depository functions, the progress made since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – C.D. (89) 2).

21. These functions are of an on-going nature. In the year 2010 the Secretariat allocated the following resources to this project:

|                          |   |                 |
|--------------------------|---|-----------------|
| Staffing costs           | Professional staff (Ch. 2.1, 3.1)   | € 80,212        |
| Consultation / promotion | <i>During 2010 the Secretariat participated in a number of consultation activities intended to promote ratification of the Cape Town Convention. The cost of these activities will be nearly entirely covered by grants from the US Uniform Law Foundation.</i> |                 |
| <b>Total</b>             |   | <b>€ 80,212</b> |

## C. Promotion, implementation of adopted UNIDROIT instruments (or based on UNIDROIT drafts) and legal co-operation \*\*\*

### 1. Promotion and implementation

22. Information on the Secretariat's promotion activities, the action taken since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – C.D. (89) 2)

23. These activities are of an on-going nature. In the year 2010 the Secretariat allocated the following resources to this project:

|                             |   |                  |
|-----------------------------|---|------------------|
| Staffing costs              | Professional staff (Ch. 2.1, 3.1)   | € 77,160         |
|                             | General services (Ch. 2.1, 3.1)   | 6,500            |
| Conference costs            | Interpreters / Technical services (Ch. 6.5)                                   | 2,000            |
| Consultation / promotion    | Consultation (1.6)  | 0                |
| Documentation / translation | Professional staff (Ch. 2.1, 3.1)   | 20,340           |
|                             | External translations (into languages other than English and French) (Ch. 10) | 0                |
| <b>Total</b>                |   | <b>€ 106,000</b> |

### 2. Legal co-operation

24. Information on the Secretariat's legal co-operation activities, the action taken since the Assembly's 65<sup>th</sup> session and issues to be considered by the Council at its present session is provided elsewhere (see document UNIDROIT 2010 – C.D. (89) 2).

25. These activities are of an on-going nature. In the year 2010 the Secretariat allocated the following resources to this project:

|                |                                   |                 |
|----------------|-----------------------------------|-----------------|
| Staffing costs | Professional staff (Ch. 2.1, 3.1) | € 14,950        |
| <b>Total</b>   |                                   | <b>€ 14,950</b> |

## D. Non-legislative activities

### 1. Research Scholarship Programme / Internship Programme \*\*\*

26. Information on the Secretariat's activities in this field, the action taken since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – C.D. (89) 2).

27. These activities are of an on-going nature. In the year 2010 the Secretariat allocated the following resources to them:

|                |  |                 |
|----------------|--|-----------------|
| Staffing costs | Professional staff (Ch. 2.1, 3.1)  | € 17,100        |
|                | General services (Ch. 2.1, 3.1)  | 14,450          |
| Other          | Scholarships (Ch. 11.0)<br><i>A number of scholarships are funded by Governments of member States and by private donations</i> | 10,000          |
| <b>Total</b>   |  | <b>€ 41,550</b> |



**2. UNIDROIT Library**

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28. Information on the Secretariat's activities in this field, the action taken since the Assembly's 65<sup>th</sup> session is provided elsewhere (see documents UNIDROIT 2010 – C.D. (89) 2 and C.D. (89) 11).

29. The Library is a permanent part of the Institute. In the year 2010 the Secretariat allocated the following resources to it:

|  |                                   |   |                |
|--|-----------------------------------|---|----------------|
| Staffing costs                                       | Professional staff (Ch. 2.1, 3.1) | € | 2,100          |
|  | General services (Ch. 2.1, 3.1)   |   | 206,400        |
| Purchase of books, legal journals, binding, software | Ch. 9                             |   | 111,490        |
| <b>Total</b>   |                                   | € | <b>319,990</b> |

**3. Publications**

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30. Information on the Secretariat's publication activities, the action taken since the Assembly's 65<sup>th</sup> session and issues to be considered by the Council at its present session is provided elsewhere (see documents UNIDROIT 2010 – C.D. (89) 2 and C.D.(89) 12).

31. These activities are of an on-going nature. In the year 2010 the Secretariat allocated the following resources to them:

|                          |                                   |   |                |
|--------------------------|-----------------------------------|---|----------------|
| Staffing costs           | Professional staff (Ch. 2.1, 3.1) | € | 45,000         |
|                          | General services (Ch. 2.1, 3.1)   |   | 65,500         |
| Conference costs         |                                   |   |                |
| Consultation / promotion |                                   |   |                |
| Documentation            | Postage (Ch. 6.3)                 |   | 11,000         |
|                          | Printing costs (Ch. 5)            |   | 16,500         |
| <b>Total</b>             |                                   | € | <b>138,000</b> |

32. In the year 2011, the Secretariat will publish the 3<sup>rd</sup> edition of the UNIDROIT Principles of International Commercial Contracts, the Official Commentary and the Declarations Memorandum to the Geneva Securities Convention. Cost estimates will be provided in the pertinent documents to be submitted to the General Assembly next year.

**4. Website and depository libraries**

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33. Information on the Secretariat's activities in this field, the action taken since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – C.D. (89) 2).

34. These activities are of an on-going nature. In the year 2010 the Secretariat allocated the following resources to them:

|                          |                                   |   |               |
|--------------------------|-----------------------------------|---|---------------|
| Staffing costs           | Professional staff (Ch. 2.1, 3.1) | € | 14,100        |
| Conference costs         |                                   |   |               |
| Consultation / promotion |                                   |   |               |
| Documentation            |                                   |   |               |
| <b>Total</b>             |                                   | € | <b>14,100</b> |

## 5. UNILAW database

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35. Information on the Secretariat's activities in this field, the action taken since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – A.G. (67) 2).

36. UNILAW is an on-going activity. In the year 2010 the Secretariat allocated the following resources to them:

|                |   |                 |
|----------------|---|-----------------|
| Staffing costs | Professional staff (Ch. 2.1, 3.2)<br><i>A part-time assistant is funded by the Uniform Law Foundation</i> | € 73,100        |
| Documentation  | <i>website: € 4,000 (funded by the Uniform Law Foundation)</i>  | 0               |
| <b>Total</b>   |   | <b>€ 73,100</b> |

## E. Membership, institutional cooperation and governance

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37. The governance chapter of the Institute's Work Programme relates essentially to the functioning of the General Assembly, the Governing Council and the Finance Committee and the Secretariat's activities in support thereof.

38. With a view to stimulating a higher level of co-ordination between the governing bodies of the Institute and encourage consistency in their decisions, since 2009 it has become practice for the General Assembly to held two annual meetings: one in the summer, within two months of the session of the Governing Council, and one in the fall for the approval of the budget for the following financial year and for the adoption of the other institutional decisions for the purpose of appraising the General Assembly of the results of the Governing Council's deliberations.

39. Until the end of the financial year 2010, the Secretariat expects to allocate the following amount of resources to these activities:

|                             |   |                           |
|-----------------------------|---|---------------------------|
| Staffing costs              | Secretary-General and Professional staff (Ch. 2. 1, 3.1)                                    | € 187,665                 |
| Conference costs            | Interpreters / technical services (Ch. 6.5)<br>GC and PC (Ch. 1.1)                          | 10,000<br>41,703          |
| Consultation / promotion    | Official journeys (Ch. 1.6)<br>Auditor (Ch. 1.4)<br>Representation (Ch. 6.4)                | 7,000<br>3,500<br>3,000   |
| Documentation / translation | Postage (Ch. 6.3)<br>Professional staff (Ch. 2. 1, 3.1)<br>General services (Ch. 2. 1, 3.1) | 2,500<br>81,465<br>76,950 |
| <b>Total</b>                |   | <b>€ 413,783</b>          |

## F. Administration, support services and building management

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40. In 2009 the Secretariat successfully linked the computers used by all officers through a network supported by a server. Some new hardware and additional software licences were purchased within existing resources. The Secretariat has collected and placed into a central electronic archive a large number of institutional documents and research papers that thus far had been stored in individual computers. This will permit easier access and safe storage through systematic daily backup. The Secretariat now disposes of the technical conditions to implement an integrated electronic system for registration, tracking and archiving of correspondence and documents, which has already been operational since May 2010.

41. Until the end of the financial year 2010, the Secretariat expects to allocate the following amount of resources approved under the budget<sup>3</sup> for these activities:

|   |  |                              |
|---|--|------------------------------|
| Staffing costs  | Secretary-General and Professional staff<br>(including part of the salary of the Deputy Secretary-General in charge of the administration) (Ch. 2. 1, 3.1) | € 137,310                    |
|   | General services (including treasurer, IT technician, administrative assistants, clerical staff) (Ch. 2. 1, 3.1)   | 258,770                      |
| Documentation   | Postage (Ch. 6.3)  | 2,500                        |
| Miscellaneous   | Maintenance costs (electricity, heating, water, insurance of premises, office equipment, upkeep of building, labour costs) (Ch. 7)                         | 152,470                      |
|   | Compensation for retired members of staff (Ch. 4)  | 930                          |
|   | Accident insurance (Ch. 3.2)   | 8,500                        |
|   | Remuneration of occasional collaborators (Ch. 2.2)   | 20,000                       |
|   | Stationery, telephone, fax and Internet (Ch. 6.1, 6.2)   | 40,000                       |
|   | Miscellaneous (Ch. 6.6)  | 2,000                        |
| <b>Total</b>  |  | <b>€ 622,480<sup>1</sup></b> |
| <p><sup>1</sup> The above expenditure corresponds to overhead expenses that have to be allocated <i>pro quota</i> to the different projects and activities.</p> |  |                              |

### III. Work programme for the triennium 2011-2013: recommendations by the Governing Council and action to be taken by the General Assembly

42. At its 89<sup>th</sup> session, the Governing Council recommended to the General Assembly the inclusion of the following legislative projects in the Work Programme for the triennium 2011-2013, in addition to the projects expected to be carried over from the current triennium and the recurrent non-legislative projects (see document UNIDROIT 2010 – C.D. (89) Misc. 4):

- (a) Preparation of other Protocols to the Cape Town Convention, in particular on matters specific to agricultural, mining and construction equipment (C.D. (89) 4(c))
- (b) Possible Future Work on Third Party Liability for Global Navigation Satellite System (GNSS) Services (C.D. (89) 7 Add. 1)
- (c) Proposal for an instrument on the Netting of Financial Instruments (C.D. (89) 7 Add. 2)
- (d) Proposal for a Model Law on the Protection of Cultural Property (C.D. (89) 7 Add. 3)
- (e) Possible Future Work in the Area of Private Law and Development
  - (i) Private law aspects of agricultural financing (C.D. (89) 7 Add. 4)
  - (ii) Guidelines for a legal framework (ii) for social enterprises (or for a certain type of social enterprise) (C.D. (89) 7 Add. 5)

43. The General Assembly is expected to consider those recommendations with a view to adopting the Triennial Work Programme at its 67<sup>th</sup> session (Rome, 1 December 2010). For the purpose of facilitating the internal consultation process that member States were expected to conduct in preparation for the adoption of the Triennial Work Programme, the Secretariat posted the relevant Secretariat memoranda, as submitted to the Governing Council (C.D.(89) 7, Addenda 1 to 5), on the area of the UNIDROIT website generally accessible to member States' Governments and distributed them at the 66<sup>th</sup> session of the General Assembly (Rome, 23 June 2010).

<sup>3</sup> These figures include € 46,126 of expenditure not specifically foreseen in the 2010 budget for furnishing the new meeting room in the library, which, as authorised by the Finance Committee, will be to a very large extent covered by surplus carried forward from the financial year 2009.

44. The following sections provide cost estimates in respect of the projects listed above. Where appropriate, this memorandum provides estimates of the possible need for supplementary funding or the impact on allocation of existing resources to other projects. It should be noted that, at this stage, the estimates provided below can only be tentative<sup>4</sup>. The estimates provided below assume two years of preparatory work including work at a study group level and one year of negotiations at the intergovernmental level<sup>5</sup>. It should be noted, however, that the triennial pattern of the UNIDROIT Work Programme does not necessarily allow for an accurate cost estimate for the entire lifecycle of legislative projects, which are in most cases longer. Given the current stage of the ongoing legislative projects of the Institute (draft Space Protocol) and the preliminary stage of the work on the legislative guide to enhance trading in securities in emerging markets, save for the availability of extra-budgetary contributions, the Secretariat does not expect to be able to manage more study groups on more than three topics at the same time and to move into the second third-year stage of progress of any future project before the year 2013.

#### **A. Proposal for an instrument on the Netting of Financial Instruments**

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45. At its 89<sup>th</sup> session, in 2010, the UNIDROIT Governing Council recommended the inclusion in the Organisation's Work Programme for the 2011-2013 triennium, as a matter of high priority, of a project aimed at the preparation of an international instrument on netting of financial instruments. If approved by the General Assembly for inclusion in the Work Programme, the project would start in 2010 and would be expected to move to an intergovernmental phase in 2013.

|  | Budget<br>(in euro) | 1 <sup>st</sup> year | 2 <sup>nd</sup> year | 3 <sup>rd</sup> year | Entire period  |
|--|---------------------|----------------------|----------------------|----------------------|----------------|
| Staffing costs**   | Ch. 2.1/3.1         | 75,000               | 75,000               | 75,000               | <b>225,000</b> |
| Consultation<br>(2 intra-Europe trips, 2 intercontinental trips)                               | Ch. 1.6             | 7,220                | 7,220                | 7,220                | <b>21,660</b>  |
| 2 meetings of a Steering Committee<br>(4 experts, 3 days per meeting, without interpretation)  | Ch. 1.5             | 22,320               | 0                    | 0                    | <b>22,320</b>  |
| 2 meetings of a Study Group<br>(10 experts, 3 days per meeting, with interpretation)           | Ch. 1.5             | 0                    | 46,000               | 0                    | <b>46,000</b>  |
|  | Ch. 6.5             | 0                    | 7,380                | 0                    | <b>7,380</b>   |
| 2 meetings of a Committee of Governmental Experts<br>(5 days per meeting, with interpretation) | Ch. 1.5             | 0                    | 0                    | 15,400               | <b>15,400</b>  |
|  | Ch. 6.5             | 0                    | 0                    | 12,300               | <b>12,300</b>  |

4 Experience shows that the evolution of project costs is incremental, typically rising as projects approach completion, not least because of the need for intergovernmental meetings once the internal preparatory work of the Secretariat has matured. The frequency of such meetings, as well as the number of participants, is not easy to predict before a project is actually launched.

5 The estimate cost for steering committee and study group meetings assume that UNIDROIT would cover the travel cost for experts participating in the meetings. The staffing cost related to projects has been calculated as a variable cost range depending on the relative level of priority proposed by the Governing Council on the basis of the average gross cost of the professional staff of the Institute. The overall cost of possible future projects, at this stage, is based on a standard anticipated cost pattern and is therefore essentially the same for all projects.

|  |             |                |                |                |                |
|--|-------------|----------------|----------------|----------------|----------------|
| Documentation / translation<br>(including publication of an<br>Official Commentary /<br>Explanatory Report in English<br>and French)   | Ch. 2.1/3.1 | 0              | 13,500         | 13,500         | <b>27,000</b>  |
|  | Ch. 5       | 0              | 0              | 8,000          | <b>8,000</b>   |
| <b>Total (excluding staffing costs)</b>  |             | <b>29,540</b>  | <b>74,100</b>  | <b>56,420</b>  | <b>160,060</b> |
| <b>Total including staffing costs</b>  |             | <b>104,540</b> | <b>149,100</b> | <b>131,420</b> | <b>385,060</b> |
| <b>+ overhead expenses</b>   |             |                |                |                |                |
| **the staffing cost is calculated based on average officers costs. This cost is expected to be entirely covered by a voluntary contribution toward the funding of an expert, offered by the German Banking Federation, with the support of the Federal Ministry of Justice of Germany. |             |                |                |                |                |

**B. Preparation of other Protocols to the Cape Town Convention, in particular on matters specific to agricultural, mining and construction equipment \*\*/\***

46. Information on this project, the progress made since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – A.G. (67) 2).

47. If approved by the Assembly for inclusion in the Work Programme, the project would start in 2010 and would be expected to move to an intergovernmental phase in 2013.

|  | Budget<br>(in euro) | 1 <sup>st</sup> year | 2 <sup>nd</sup> year | 3 <sup>rd</sup> year | Entire period  |
|--|---------------------|----------------------|----------------------|----------------------|----------------|
| Staffing costs**<br>70% - high priority<br>50% - medium priority<br>25% - low priority   | Ch. 2.1/3.1         |                      |                      |                      |                |
|  |                     | 100,000              | 100,000              | 100,000              | <b>300,000</b> |
|  |                     | 72,000               | 72,000               | 72,000               | <b>216,000</b> |
|  |                     | 36,000               | 36,000               | 36,000               | <b>108,000</b> |
| Consultation<br>(2 intra-Europe trips, 2<br>intercontinental trips)  | Ch. 1.6             | 7,220                | 7,220                | 7,220                | <b>21,660</b>  |
| 2 meetings of a Steering<br>Committee<br>(4 experts, 3 days per meeting,<br>without interpretation)                                  | Ch. 1.5             | 22,320               | 0                    | 0                    | <b>22,320</b>  |
| 2 meetings of a Study Group<br>(10 experts, 3 days per<br>meeting, with interpretation)  | Ch. 1.5             | 0                    | 46,000               | 0                    | <b>46,000</b>  |
|  | Ch. 6.5             | 0                    | 7,380                | 0                    | <b>7,380</b>   |
| 2 meetings of a Committee of<br>Governmental Experts<br>(5 days per meeting,<br>with interpretation)                                 | Ch. 1.5             | 0                    | 0                    | 15,400               | <b>15,400</b>  |
|  | Ch. 6.5             | 0                    | 0                    | 12,300               | <b>12,300</b>  |
| Documentation / translation<br>(including publication of an<br>Official Commentary /<br>Explanatory Report in English<br>and French) | Ch. 2.1/3.1         | 0                    | 13,500               | 13,500               | <b>27,000</b>  |
|  | Ch. 5               | 0                    | 0                    | 8,000                | <b>8,000</b>   |
| <b>Total (excluding staffing costs)</b>  |                     | <b>29,540</b>        | <b>74,100</b>        | <b>56,420</b>        | <b>160,060</b> |
|  |                     |                      |                      |                      |                |

|  |  |                            |                             |                            |                             |
|--|--|----------------------------|-----------------------------|----------------------------|-----------------------------|
| <b>Total including staffing costs</b><br><i>(max. and min., depending on the priority accorded to the project)</i> |  | <b>129,540/<br/>65,000</b> | <b>174,100/<br/>110,100</b> | <b>156,420/<br/>92,420</b> | <b>460,060/<br/>267,520</b> |
| <b>+ overhead expenses</b>   |  |                            |                             |                            |                             |
| **the staffing cost is calculated based on average officers costs  |  |                            |                             |                            |                             |

**C. Possible future Work on Liability for Satellite-based Services**

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48. Information on this project, action taken by the Secretariat since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – A.G. (67) 2).

49. If approved by the Assembly for inclusion in the Work Programme, the project would start in 2010 and would be expected to move to an intergovernmental phase in 2013.

|  | Budget<br>(in euro) | 1 <sup>st</sup> year        | 2 <sup>nd</sup> year        | 3 <sup>rd</sup> year        | Entire period                                      |
|--|---------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Staffing costs**<br><i>70% - high priority</i><br><i>50% - medium priority</i><br><i>25% - low priority</i>                        | Ch. 2.1/3.1         | 100,000<br>72,000<br>36,000 | 100,000<br>72,000<br>36,000 | 100,000<br>72,000<br>36,000 | <b>300,000</b><br><b>216,000</b><br><b>108,000</b> |
| Consultation<br><i>(2 intra-Europe trips, 2 intercontinental trips)</i>  | Ch. 1.6             | 7,220                       | 7,220                       | 7,220                       | <b>21,660</b>                                      |
| 2 meetings of a Steering Committee<br><i>(4 experts, 3 days per meeting, without interpretation)</i>                               | Ch. 1.5             | 22,320                      | 0                           | 0                           | <b>22,320</b>                                      |
| 2 meetings of a Study Group<br><i>(10 experts, 3 days per meeting, with interpretation)</i>  | Ch. 1.5             | 0                           | 46,000                      | 0                           | <b>46,000</b>                                      |
|  | Ch. 6.5             | 0                           | 7,380                       | 0                           | <b>7,380</b>                                       |
| 2 meetings of a Committee of Governmental Experts<br><i>(5 days per meeting, with interpretation)</i>                              | Ch. 1.5             | 0                           | 0                           | 15,400                      | <b>15,400</b>                                      |
|  | Ch. 6.5             | 0                           | 0                           | 12,300                      | <b>12,300</b>                                      |
| Documentation / translation<br><i>(including publication of an Official Commentary / Explanatory Report in English and French)</i> | Ch. 2.1/3.1         | 0                           | 13,500                      | 13,500                      | <b>27,000</b>                                      |
|  | Ch. 5               | 0                           | 0                           | 8,000                       | <b>8,000</b>                                       |
| <b>Total (excluding staffing costs)</b>  |                     | <b>29,540</b>               | <b>74,100</b>               | <b>56,420</b>               | <b>160,060</b>                                     |
| <b>Total including staffing costs</b><br><i>(max. and min., depending on the priority accorded to the project)</i>                 |                     | <b>129,540/<br/>65,000</b>  | <b>174,100/<br/>110,100</b> | <b>156,420/<br/>92,420</b>  | <b>460,060/<br/>267,520</b>                        |
| <b>+ overhead expenses</b>   |                     |                             |                             |                             |  |
| **the staffing cost is calculated based on average officers costs  |                     |                             |                             |                             |  |

**D. Possible future Work in the area of private law and development****(i) Private law aspects of agricultural financing**

\*

50. Information on this project, action taken by the Secretariat since the Assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – A.G. (67) 2).

51. If approved by the Assembly for inclusion in the Work Programme, the project would start in 2010 and would be expected to move to an intergovernmental phase in 2013.

|  | Budget<br>(in euro) | 1 <sup>st</sup> year        | 2 <sup>nd</sup> year        | 3 <sup>rd</sup> year        | Entire period                                      |
|--|---------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Staffing costs**<br>70% - high priority<br>50% - medium priority<br>25% - low priority   | Ch. 2.1/3.1         | 100,000<br>72,000<br>36,000 | 100,000<br>72,000<br>36,000 | 100,000<br>72,000<br>36,000 | <b>300,000</b><br><b>216,000</b><br><b>108,000</b> |
| Consultation<br>(2 intra-Europe trips, 2<br>intercontinental trips)  | Ch. 1.6             | 7,220                       | 7,220                       | 7,220                       | <b>21,660</b>                                      |
| 2 meetings of a Steering<br>Committee<br>(4 experts, 3 days per meeting,<br>without interpretation)                                  | Ch. 1.5             | 22,320                      | 0                           | 0                           | <b>22,320</b>                                      |
| 2 meetings of a Study Group<br>(10 experts, 3 days per<br>meeting, with interpretation)  | Ch. 1.5             | 0                           | 46,000                      | 0                           | <b>46,000</b>                                      |
|  | Ch. 6.5             | 0                           | 7,380                       | 0                           | <b>7,380</b>                                       |
| 2 meetings of a Committee of<br>Governmental Experts<br>(5 days per meeting,<br>with interpretation)                                 | Ch. 1.5             | 0                           | 0                           | 15,400                      | <b>15,400</b>                                      |
|  | Ch. 6.5             | 0                           | 0                           | 12,300                      | <b>12,300</b>                                      |
| Documentation / translation<br>(including publication of an<br>Official Commentary /<br>Explanatory Report in English<br>and French) | Ch. 2.1/3.1         | 0                           | 13,500                      | 13,500                      | <b>27,000</b>                                      |
|  | Ch. 5               | 0                           | 0                           | 8,000                       | <b>8,000</b>                                       |
| <b>Total (excluding staffing costs)</b>  |                     | <b>29,540</b>               | <b>74,100</b>               | <b>56,420</b>               | <b>160,060</b>                                     |
| <b>Total including staffing costs</b><br>(max. and min., depending on<br>the priority accorded to the<br>project)                    |                     | <b>129,540/<br/>65,000</b>  | <b>174,100/<br/>110,100</b> | <b>156,420/<br/>92,420</b>  | <b>460,060/<br/>267,520</b>                        |
| <b>+ overhead expenses</b>   |                     |                             |                             |                             |  |
| **the staffing cost is calculated based on average officers costs  |                     |                             |                             |                             |  |

**(ii) Legal aspects of social business**

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52. Information on this project, action taken by the Secretariat since the assembly's 65<sup>th</sup> session is provided elsewhere (see document UNIDROIT 2010 – A.G. (67) 2).

53. If approved by the Assembly for inclusion in the Work Programme, the project would start in 2010 and would be expected to move to an intergovernmental phase in 2013.

|  | Budget<br>(in euro) | 1 <sup>st</sup> year        | 2 <sup>nd</sup> year        | 3 <sup>rd</sup> year        | Entire period                                      |
|--|---------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Staffing costs**<br>70% - high priority<br>50% - medium priority<br>25% - low priority   | Ch. 2.1/3.1         | 100,000<br>72,000<br>36,000 | 100,000<br>72,000<br>36,000 | 100,000<br>72,000<br>36,000 | <b>300,000</b><br><b>216,000</b><br><b>108,000</b> |
| Consultation<br>(2 intra-Europe trips, 2<br>intercontinental trips)  | Ch. 1.6             | 8,700                       | 8,700                       | 8,700                       | <b>26,100</b>                                      |
| 2 meetings of a Steering<br>Committee<br>(4 experts, 3 days per meeting,<br>without interpretation)                                  | Ch. 1.5             | 30,280                      | 0                           | 0                           | <b>30,280</b>                                      |
| 2 meetings of a Study Group<br>(10 experts, 3 days per<br>meeting, with interpretation)  | Ch. 1.5             | 0                           | 58,560                      | 0                           | <b>58,560</b>                                      |
|  | Ch. 6.5             | 0                           | 7,380                       | 0                           | <b>7,380</b>                                       |
| 2 meetings of a Committee of<br>Governmental Experts<br>(3 days per meeting,<br>with interpretation)                                 | Ch. 1.5             | 0                           | 0                           | 24,620                      | <b>24,620</b>                                      |
|  | Ch. 6.5             | 0                           | 0                           | 7,380                       | <b>7,380</b>                                       |
| Documentation / translation<br>(including publication of an<br>Official Commentary /<br>Explanatory Report in English<br>and French) | Ch. 2.1/3.1         | 13,500                      | 13,500                      | 13,500                      | <b>40,500</b>                                      |
|  | Ch. 5               | 0                           | 0                           | 7,000                       | <b>7,000</b>                                       |
| <b>Total (excluding staffing costs)</b>  |                     | <b>52,480</b>               | <b>88,140</b>               | <b>61,200</b>               | <b>201,820</b>                                     |
| <b>Total including staffing costs</b><br>(max. and min., depending on<br>the priority accorded to the<br>project)                    |                     | <b>152,480/<br/>88,480</b>  | <b>188,140/<br/>124,140</b> | <b>161,200/<br/>97,200</b>  | <b>501,820<br/>309,820</b>                         |
| <b>+ overhead expenses</b>   |                     |                             |                             |                             |  |
| **the staffing cost is calculated based on average officers costs  |                     |                             |                             |                             |  |

54. As indicated elsewhere, it is proposed that this project, if included in the Institute's Work programme would be carried out jointly by the UNIDROIT and IDLO Secretariats, the latter agreeing in particular to raise the necessary funding through an appeal to external donors (see C.D. (89) 7 Add. 5, para. 79). As such, the only real cost that would be incurred by UNIDROIT would be the cost related to the officer to whom the project would be assigned.

55. Depending on the level or priority to be assigned by the Governing Council (see para. 10(b), above), the staff cost of the project might range from € 100,000 to € 36,000 per annum.

### ***E. Proposal for a Model Law on the Protection of Cultural Property*** \*

56. Information on this project, on the progress made since the 65<sup>th</sup> session of the Assembly are provided elsewhere (see document UNIDROIT 2010 – A.G. (67) 2).

57. For the moment, UNIDROIT is collaborating with UNESCO on this project in the framework of the habitual collaboration between the organisations and the member of the Secretariat (Ms M. Schneider) is currently working on it as part of her duties. Indications as regards the development of the project and the potential financial implications for UNIDROIT will be provided subsequently.