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Item No. 4 on the agenda: Organisation's activity in 2011

(memorandum prepared by the Secretariat)

<i>Summary</i>	<i>Full review of the activities carried out by UNIDROIT in 2011 to implement the Work Programme adopted in 2010, 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 establish the relative priority level to be assigned to each activity</i>
<i>Related documents</i>	<i>UNIDROIT 2010 – A.G. (67)9 rev., A.G. (67)2, C.D. (89) 4(c), C.D. (89) 7 and 7 Add. 1 to 5</i>

Introduction

Current Work Programme

Legislative activities

1. *Principles of International Commercial Contracts (UPICC) - 3rd edition*
2. *Draft Space Protocol*
3. *Transactions on Transnational and Connected Financial Markets*
 - (a) *Principles and Rules on the Netting of Financial Instruments*
 - (b) *Geneva Securities Convention*
 - (c) *Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets*
4. *Preparation of other Protocols to the Cape Town Convention, in particular on matters specific to agricultural, mining and construction equipment*
5. *Possible future Work on Liability for Satellite-based Services*
6. *Model Legislative Provisions on the Protection of Cultural Property*
7. *Possible future Work in the area of private law and development*
 - (a) *Private law aspects of agricultural financing*
 - (b) *Legal aspects of social business*

Introduction

1. In recent years, various member States had expressed a keen interest for the substantive aspects of work of UNIDROIT, and a desire for following it up more closely. In particular those member States that have no nationals sitting on the Governing Council, had also encouraged the Secretariat to consider means for facilitating their active engagement in the work of UNIDROIT. As a first step to respond to those requests, and without prejudice to the prerogatives of the Governing Council under the UNIDROIT Statute, in 2009 and 2010 the Secretariat presented advanced versions of the Annual Reports on UNIDROIT activities as part of the documents for the 65th and 67th sessions of the General Assembly, respectively. Those reports were then updated, revised once more and submitted to the Governing Council at its 88th and 89th sessions for approval in accordance with Article 11(3) of the UNIDROIT Statute.

2. At its 90th session (Rome, 10-12 May 2010), in the context of an overall review of the current Strategic Plan, originally developed by the Secretariat in 2003, and a re-assessment of its own working methods, the Council decided that it should henceforth make systematic use of the authority given to it by article 16 of the UNIDROIT Regulations to request representatives of member Governments that have no nationals sitting on the Council to attend its meetings in a consultative capacity. The Council further requested the Secretariat to make the documentation for sessions of the Governing Council available to all member States prior to the relevant session.

3. As a result of those decisions, and with a view of avoiding unnecessary duplication of documentation, the Secretariat will not submit an advance version of the Annual Report on UNIDROIT activities as part of the documents for the 69th session of the General Assembly to be held in Rome on 1st December 2011. The Annual Report on UNIDROIT activities in 2011 will be issued as part of the documents for the 91st session of the Governing Council, to be held in Rome, from 7 to 9 May 2012, jointly with the 70th session of the General Assembly.

4. The present document, therefore, offers only a summary indication of action taken in 2011 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 to be published in 2012. 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 2011, on the basis of the budget approved by the General Assembly at its 67th session (Rome, 1 December 2010). Annex II, in turn, provides information on extra-budgetary contributions received by the Secretariat and their allocation to various activities in the year 2011.

Current Work Programme

5. At its 88th session (Rome, 20-23 April 2009), 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 65th session (Rome, 2 December 2009) (see document UNIDROIT 2009 – A.G. (65) 10, paras. 18 - 27).

7. At its 89th session (Rome, 10-12 May 2010), 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 previous 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.

(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 for social enterprises (C.D. (89) 7 Add. 5)

8. The General Assembly endorsed those recommendations and adopted the current Triennial Work Programme at its 67th session (Rome, 1 December 2010).

9. At its 89th session (Rome, 10-12 May 2010), the Governing Council applied the following criteria when recommending the assignment of relative levels of priority to the various activities under the current Work Programme:

(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 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; 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 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.

Legislative activities ¹

1. *Principles of International Commercial Contracts (UPICC) – 3rd edition* ***

10. The third edition of the UNIDROIT Principles of International Commercial Contracts (to be known as “UNIDROIT Principles 2010”) was adopted by the Governing Council at its 90th session. The Council authorised its publication and promotion world-wide.

11. After a careful and final review of the entire text, the UNIDROIT Principles 2010 were published in the Summer 2011. The Secretariat has since been involved in the preparation of a series of events aimed at promoting the UNIDROIT Principles 2010 in the various regions of the world. 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.

2. *Draft Space Protocol* ***

12. At its 90th 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 transmission of the draft Protocol to a diplomatic Conference for adoption. The diplomatic Conference will be held in Berlin from 27 February to 9 March 2012 at the invitation of the Government of Germany.

13. In 2011, the Secretariat prepared the documentation for and serviced the 5th session of the Committee of governmental experts (Rome, 21-25 February 2011), prepared the documentation for the diplomatic Conference and undertook various number of other tasks in connection with the preparations for the Conference. 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. *Transactions on Transnational and Connected Capital Markets*

(a) *Principles and Rules on the Netting of Financial Instruments* ***

14. This project was included in the Work Programme approved by the General Assembly in 2010 as a matter of high priority. The Secretariat has since convened two sessions of a study group (Rome, 18-21 April and 13-15 September 2011). A third session will be held in Rome from 7 to 9 February 2012. The advice of the Governing Council will be sought as to whether and at what time the project should be submitted to a Committee of Government Experts.

¹ Priority accorded by the Governing Council: high * * * – medium * * – low *.

15. This project benefits from an extra-statutory contribution from the German Banking Federation, which was obtained through the good offices of the German Ministry of Justice. Those funds have made it possible to recruit a person specifically for the project and be of assistance in financing other project-related expenditure, such as expert studies and meeting costs.

(b) Geneva Securities Convention ***

16. The final manuscript of the revised version of the Official Commentary on the UNIDROIT Convention on Substantive Rules for Intermediated Securities (the "Geneva Securities Convention") and the declarations memorandum prepared by the Secretariat to assist Contracting States in the formulation of declarations under the Convention were completed in 2011. The Official Commentary will be published in the first quarter of 2012.

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

(c) Legislative Guide on Principles and Rules capable of enhancing trading in securities in emerging markets **/*

18. The possible scope of a future legislative guide on principles and rules capable of enhancing trading in securities in emerging markets was first discussed at the first 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 (Rome, 6-8 September 2010).

19. Pending the publication of the Official Commentary on the Geneva Securities Convention, in 2011 the Secretariat continued to gather views on possible topics that might be dealt with in such a legislative guide, and has revised and translated an initial guidance document setting out issues not dealt with by the Convention. The Secretariat expects to organise a second round of discussions on the scope of the proposed legislative guide at the second meeting of the Committee, which will be held in Rio de Janeiro, on 27 and 28 March 2012.

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

20. In 2011, the Secretariat has pursued the informal consultations which it had been mandated to conduct with a view to assessing the need for, and viability of, such instruments. A special meeting will be held in Rome on 10 November 2011, to which academics, government representatives, international organisations and industry experts have been invited.

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

21. In 2011, the Secretariat has pursued the informal consultations which it had been mandated to conduct with a view to assessing the need for, and viability of, possible future work in this field. A special meeting will be held in Rome on 11 November 2011, to which academics, government representatives, international organisations and industry experts have been invited.

6. Model Legislative Provisions on the Protection of Cultural Property *

22. The UNIDROIT and UNESCO Secretariats have continued their co-operation in the development of model legislative provisions defining State's ownership on undiscovered cultural objects. The group of experts chosen jointly by both Secretariats had three meetings between September 2010 and June 2011 to draft model legislative provisions accompanied by explanatory guidelines. The report of the group of experts has been submitted to UNESCO in July 2011 and will be submitted soon to the UNIDROIT Governing Council. These provisions, which aim at facilitating the application of the UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects, be made available to States to consider in the drafting or strengthening of their national laws.

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

23. The Secretariat is organising a Colloquium on "Promoting Investment in Agricultural Production: Private Law Aspects", which will be held at the seat of UNIDROIT from 8 to 10 November 2011. The Colloquium aims at exploring the kind of contribution that UNIDROIT might be able to offer to ongoing international efforts to meet global food security objectives through its particular mandate and expertise in the formulation of uniform rules in the area of private law and the comparative law method it applies in its work.

(b) Legal aspects of social business **/*

24. This topic was included in the Work Programme following a suggestion by the International Development Law Organisation (IDLO), on the understanding that the latter would undertake to raise the necessary funding through an appeal to external donors. No progress was made in 2011.

Annex I

Expenditure in Implementation of Work Programme (estimate by 31 December 2011)

				Priority level
1	UNIDROIT Principles			***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 54,409.65	
		General services (Ch. 2.1, 3.1)	15,316.87	
	Consultation/Promotion	Official journeys (Ch. 1.6)	1,100.00	
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	29,787.91	
		Printing costs (Ch. 5)	12,750.00	
		Postage (Ch. 6.3)	2,348.60	
	Total		€ 115,713.03	
2	Draft Space Protocol			***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 40,633.60	
		General services (Ch. 2.1, 3.1)	39,037.37	
	Conference costs	CGE: FAO premises (Ch. 1.5)	18,024.00	
		Interpretation (Ch. 6.5)	4,300.00	
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	33,775.74	
	Consultation/Promotion	Official journeys (Ch. 1.6)	2,244.24	
	Total		€ 138,014.95	
3	Geneva Securities Convention			***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	5,489.64	
		General services (Ch. 2.1, 3.1)	4,728.08	
		Preparation of studies/consultancy (Ch.2.2)	7,500.00	
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	28,720.44	
	Total		€ 46,438.16	
4	Legislative Guide to enhance trading in securities in emerging markets			**/*
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	5,489.64	
		General services (Ch. 2.1, 3.1)	2,364.04	
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	14,622.03	
	Total		€ 22,475.70	

5	<i>Principles and Rules on the Netting of Financial Instruments</i>			***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	10,979.27
		General services (Ch. 2.1, 3.1)		10,638.18
	Conference costs	Official journeys of experts (Ch. 1.5)		12,032.02
	Consultation/Promotion	Official journeys (Ch. 1.6)		1,630.31
	Total		€	35,279.78
6	<i>Preparation of other Protocols to the Cape Town Convention</i>			**/*
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	35,947.87
		General services (Ch. 2.1, 3.1)		5,694.51
	Conference costs	Interpretation / technical services (Ch. 6)		1,200.00
		Official journeys of experts (Ch. 1.6)		2,200.00
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)		2,658.55
	Total		€	47,700.93
7	<i>Possible future Work on Liability for Satellite-based Services</i>			**/*
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	42,716.54
		General services (Ch. 2.1, 3.1)		6,782.68
	Conference costs	Technical services (Ch. 6.5)		860.00
		Official journeys of experts (Ch. 1.5)		1,207.00
	Consultation / promotion	Official journeys (Ch. 1.6)		2,273.88
	Total		€	53,840.09
8	<i>Private law aspects of agricultural financing</i>			*
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	50,760.36
		General services (Ch. 2.1, 3.1)		11,086.11
	Conference costs	Interpretation / technical services (Ch. 6)		5,192.00
		Official journeys of experts (Ch. 1.6)		12,700.00
	Total		€	79,738.47
9	<i>Model Legislative Provisions on the Protection of Cultural Property</i>			*
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	26,671.77
		General services (Ch. 2.1, 3.1)		2,364.04
	Consultation / promotion	Official journeys (Ch. 1.6)		2,414.54
	Total		€	31,450.35
10	<i>Depositary Functions under the Cape Town Convention</i>			***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	38,503.36
		General services (Ch. 2.1, 3.1)		8,152.41
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)		5,317.10
	Total		€	51,972.87

11	Promotion and implementation				***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	123,221.37	
	Conference costs	Official journeys of experts (Ch. 1.5)		1,979.29	
		Interpretation / technical services (Ch. 6)		1,000.00	
	Consultation / promotion	Official journeys (Ch. 1.6)		3,082.96	
	Total		€	129,283.62	
12	Legal co-operation				
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	15,086.97	
	Consultation / promotion	Official journeys (Ch. 1.6)		2,337.83	
	Total		€	17,424.80	
13	Research Scholarship Programme / Internship Programme				***
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	33,176.28	
		General services (Ch. 2.1, 3.1)		41,658.28	
	Other	Scholarships (Ch. 11)		10,000.00	
	Total		€	84,834.56	
14	Unidroit Library				
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	10,010.76	
		General services (Ch. 2.1, 3.1)		173,396.66	
		Remuneration of occasional collaborators (Ch.2.2)		12,000.00	
	Acquisitions	Purchase of books, legal journals, binding, software (Ch.9)		109,600.00	
	Total		€	305,007.42	
15	Publications				***/**
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	78,422.02	
		General services (Ch. 2.1, 3.1)		79,165.94	
	Documentation	Postage (Ch. 6.3)		3,862.72	
		Printing costs (Ch. 5)		11,250.00	
	Total		€	172,700.69	
16	Website and depository libraries				**
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	29,319.80	
		General services (Ch. 2.1, 3.1)		591.01	
	Total		€	29,910.81	
17	UNILAW database				**
	Staffing costs	Professional staff (Ch. 2.1, 3.2)	€	29,360.99	
	Total		€	29,360.99	
18	Membership, institutional cooperation and governance				***
	Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)	€	81,629.82	
		General services (Ch. 2.1, 3.1)		116,886.56	
	Conference costs	Interpretation / technical services (Ch. 6)		12,460.00	
		GC and PC (Ch. 1.1)		37,760.65	
	Consultation / promotion	Official journeys (Ch. 1.6)		6,773.93	
		Auditor (Ch. 1.4)		3,641.00	
		Representation (Ch. 6.4)		2,000.00	
	Documentation / translation	Professional staff (Ch. 2. 1, 3.1)		29,195.74	
	Total		€	290,347.70	

19	Administration, support services and building management			***
Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)	€	50,563.46	
	General services (Ch. 2.1, 3.1)		136,166.60	
Documentation	Postage (Ch. 6.3)		4,776.68	
Miscellaneous	Maintenance costs (electricity, heating, water, insurance of premises, office equipment, upkeep of building, labour costs) (Ch. 7)		129,885.77	
	Compensation for retired members of staff (Ch. 4)		2,500.00	
	Accident insurance (Ch. 3.2)		8,471.60	
	Stationery, telephone, fax and Internet (Ch. 6.1, 6.2)		38,000.00	
	Miscellaneous (Ch. 6.6)		2,000.00	
Unforeseen expenditure	Administrative tribunal (Ch. 1.3)		23,874.94	
Total		€	396,239.05	
Total		€	2,077,733.96	

UNIDROIT Information on Extrabudgetary Contributions in 2011

		Received ¹	Spent ²	Balance ³
Draft Space Protocol		€		
Receipts				
<i>Balance carried forward from 2010</i>				
Donor	German Space Agency	8,333.00		
	UK Foundation for International Uniform Law	5,857.08		
	UK Foundation for International Uniform Law	2,467.34		
	American Foundation for International Uniform Law	8,287.22		
	German Space Agency	9,721.33		
	UK Foundation for International Uniform Law	5,000.00		
	American Foundation for International Uniform Law	9,721.33		
Expenditure				
Staffing costs	Salary of assistant researcher		50.000,00	
Total		€ 49,387.30	50.000,00	-612,70

Principles on netting of financial instruments		€	Received	Spent	Balance
Receipts					
Donor	Association of German Banks	€	99,946.22		
Expenditure					
Staffing cost	Associate Officer			26,813.00	
Conference costs	Travel of experts			7,583.44	
Documentation / translation	Preparation of studies by consultants			20,000.00	
Total		€	99.946.22	54,396.44	45,549.78

Colloquium on Private Law and Agriculture		€	Received	Spent	Balance
Receipts					
Donor	American Foundation for International Uniform Law		9,800.00		
Expenditure					
Conference costs	Travel of experts			9,800.00	
Total		€	9,800.00	9,800.00	0.00

Research Scholarship Programme		€	Received	Spent	Balance
Receipts					
Donor	Netherlands Government		3,000.00		
	UK Foundation for International Uniform Law		5,582.51		
	Transnational Law and Business University (Seoul)		7,034.46		
	Members of the Governing Council		475.00		
	Members of the Secretariat		1,000.00		
Expenditure					
Other	Scholarships (Ch. 11.0)			13,800.00	
Total		€	17,091.97	13,800.00	3,291.97

Unidroit Library		€	Received	Spent	Balance
Receipts					
Donor	Max Planck-Institut (Hamburg) ⁴		4,000.00		
	Max Planck-Institut (Hamburg) ⁵		1,500.00		
Expenditure					
Training				1,500.00	
Purchase of books, legal journals, binding, software				4,000.00	
Total		€	5,500.00	5,500.00	0.00

UNILAW Database		€	Received	Spent	Balance
Receipts					
<i>Balance carried forward from 2010</i>			10,920.53		
Donor	Uniform Law Foundation		41,000.00		
Expenditure					
Staffing cost	<i>Part-time assistant</i>			22,000.00	
Documentation	Website preparation/hosting			2,000.00	
Total		€	51,920.53	24,000.00	27,920.53

Grand Total		€	233,646.02	157,496.44	76,148.58
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¹ Anticipated receipts as of 31 December 2011

² Estimated expenditure as of 31 December 2011

³ Estimated balance as of 31 December 2011

⁴ Estimated value of donation in kind (100 books)

⁵ Research scholarship awarded to staff member