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(memorandum prepared by the Secretariat)

<i>Summary</i>	<i>Review of the activities carried out by UNIDROIT in 2012 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 2009 – A.G. (65) 10; UNIDROIT 2010 – A.G. (67) 9 rev.; UNIDROIT 2011 – A.G. (69) 11; A.G. (69) 2 rev.; UNIDROIT 2012 – A.G. (71) 4</i>

Introduction

1. The Work Programme of UNIDROIT for the triennium 2011-2013 covers a number of topics originally recommended by the Governing Council for inclusion in the work programme at its 88th session (Rome, 20-23 April 2009) and accepted by the General Assembly at its 65th session (Rome, 2 December 2009) (see document UNIDROIT 2009 – A.G. (65) 10, paras. 18 – 27), as well as additional topics proposed by the Governing Council at its 89th session (Rome, 10-12 May 2010), and approved for inclusion in the work programme by the General Assembly at 67th session (Rome, 1 December 2010).

2. As a result of recommendations and decisions, and considering the projects that had been completed by the end of 2010, the Work Programme for the triennium 2011-2013 currently includes the following activities (see UNIDROIT 2010 – A.G. (67) 9 rev., Annex):

A. LEGISLATIVE ACTIVITIES

1. Principles of International Commercial Contracts (UPICC) – 3rd edition
2. Space Protocol to the Cape Town Convention
3. Transactions on Transnational and Connected Capital Markets
 - a) Preparation of an instrument on the Netting of Financial Instruments
 - b) 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. Third Party Liability for Global Navigation Satellite System (GNSS) Services
6. Model Provisions on the Protection of Cultural Property
7. Private law and development
 - a) Private law aspects of agricultural financing
 - b) Legal aspects of social business

B. IMPLEMENTATION AND PROMOTION OF UNIDROIT INSTRUMENTS – LEGAL CO-OPERATION

1. Depositary Functions
2. Promotion of UNIDROIT instruments
3. Legal co-operation

C. NON-LEGISLATIVE ACTIVITIES

1. UNIDROIT Library
2. Publications
3. Website and Depositary Libraries
4. UNILAW Database

3. 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.

4. The present document offers a summary indication of action taken in 2012 to implement the legislative activities that appear on the Work Programme of the Institute.¹ 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 2013. 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 2012, on the basis of the budget approved by the General Assembly at its 69th session (Rome, 1 December 2011), and in the light of the expenditure estimates of the Secretariat at the time of this writing (see also UNIDROIT 2012 – AG (71) 4). Annex II, in turn, provides information on extra-budgetary contributions available to the Secretariat and their allocation to various activities in the year 2012.

A. Legislative activities

1. Space Protocol to the Cape Town Convention^{*}**

5. The Protocol to the Cape Town Convention on Matters specific to Space Assets (hereafter "the Space Protocol") was adopted in Berlin during a diplomatic Conference convened by the Government of the Federal Republic of Germany from 27 February to 9 March 2012. Five Resolutions, including one (Resolution 4) designed to facilitate the providing of affordable space financing for developing countries, were adopted by the Conference, on 8 March 2012. The Space

¹ The level of priority assigned by the Governing Council is indicated as follows: high * * * – medium * * – low *.

Protocol was opened to signature at the closing ceremony of the Conference on 9 March 2012. Three States (Burkina Faso, Saudi Arabia and Zimbabwe) signed the Space Protocol. UNIDROIT was designated Depositary of the Space Protocol.

6. In 2012, the Secretariat completed the documentation and undertook various other tasks in connection with the preparations for the Conference. Since the Conference, the Secretariat has published the final text of the Space Protocol, the final versions of the Final act and the reports of the Conference. Activities of the Secretariat until the end of 2012 will focus on the preparations for the establishment of the Preparatory Commission to act with full authority as Provisional Supervisory Authority of the future International Registry for space assets and the promotion of the early entry into force of the Space Protocol.

2. Transactions on Transnational and Connected Capital Markets

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

7. 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 in 2011 (Rome, 18-21 April and 13-15 September 2011) and a third and final session in 2012 (Rome, 7- 9 February 2012). At its 91st session (Rome, 7 to 9 May 2012), the UNIDROIT Governing Council took note of the progress made by the Study Group and endorsed the Secretariat's proposal to convene a Committee of governmental experts for further consideration and finalisation of the draft Principles. The Committee of Governmental Experts held its first session at the premises of the Food and Agriculture Organisation of the United Nations (FAO) from 1 to 5 October 2012. The second and final session of the Committee is scheduled to be held in Rome from 4 to 8 March 2013.

8. 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, translation and meeting costs.

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

9. The possible scope of a future legislative guide on principles and rules capable of enhancing trading in securities in emerging markets was discussed at the second 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 (Rio de Janeiro, 27- 28 March 2012). The Secretariat is currently consulting with members of the Committee and outside experts on possible topics to be included in the proposed legislative guide and the methodology to be used for the work.

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

10. On 10 November 2011 the Secretariat convened a forum on "Possible Benefits of Extending the Cape Town System to Agricultural, Mining and Construction Equipment". The forum, which was part of the UNIDROIT Colloquium "Promoting Investment in Agricultural Production: Private Law Aspects", was chaired by Mr H.-G. Bollweg (Governing Council Member), and included academics, government representatives, international organisations and industry experts. The Secretariat has

since agreed with the Center for the Economic Analysis of Law (Washington D.C.) on the preparation, without cost to the Secretariat, of an economic impact analysis of the possible fourth protocol. The Secretariat has also pursued its consultations with relevant industry representatives.

4. Liability for Satellite-based Services **/*

11. On 11 November 2011, the UNIDROIT Secretariat organised an informal consultation meeting on “*Risk Management in GNSS Malfunctioning*”, a meeting held in the context of the proposed project on *Third party liability for Global Navigation Satellite System (GNSS) Services*. The meeting, to which a limited number of academics, government representatives, international organisations and industry experts were invited, was intended to define the possible scope of a future project and clarifying its essential features. The Secretariat has since followed developments in this area and is awaiting the publication of an impact assessment study currently being prepared by the European Commission so as to evaluate the opportunity and scope for further activity by UNIDROIT.

5. Private law and development

(a) Private law aspects of agricultural financing *

12. In 2011, the Secretariat organised a Colloquium on “Promoting Investment in Agricultural Production: Private Law Aspects” (Rome, 8-10 November 2011), for the purpose of 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. The Acts of the Colloquium have been published in the *Uniform Law Review* 2012-1/2.

13. At its 91st session, the Governing Council, *inter alia*, authorised the establishment of a Working Group for the preparation of an international guidance document to contract farming arrangements and invited FAO, IFAD and other interested international organisations to participate in its work.

14. The activities of the Secretariat in 2012 have focused on the coordination with other interested organisations, in particular namely, the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP), the identification of experts to participate in the Working Group and the preparation of documentation for the first meeting of the Working Group, which will be held in Rome from 28 to 31 January 2013. The relatively high level of human resources allocated to this project, as compared to its current priority status, responds to the high level of interest manifested for this project at the 91st session of the Governing Council (see UNIDROIT 2012 – C.D. (91) 15, paras. 91-95), and was made possible by the availability of extra-budgetary funding for another, higher priority project (see above, para. 8).

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

15. 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 2012.

B. Promotion of UNIDROIT instruments adopted during the current Work Programme cycle

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

16. 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.

17. 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, including the Annual Colloquium of the *Association Française des Docteurs en Droit : Les Principes d’UNIDROIT 2010 : une nécessité dans les contrats internationaux* [The UNIDROIT Principles 2010: A necessity in International Contracts] (Paris, 10 February 2012) and the international Symposium in celebration of the 25th anniversary of the foundation of the law journal “*Diritto del commercio internazionale*” on the theme “The UNIDROIT Principles 2010: Towards a ‘Global’ Law of International Commercial Contracts” (Rome, 17 – 18 February 2012).

18. 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. However, in response to a specific request made by the Governing Council at its 91st session (see UNIDROIT 2012 – C.D. (91) 15, paras. 20 and 29), the Secretariat plans to convene an expert meeting in the first quarter of 2013 to develop a few model clauses, followed by appropriate explanations, to assist parties in incorporating the Principles into the terms of their contract, or in choosing them expressly as the rules of law governing their contract.

2. Geneva Securities Convention ***

19. 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 was published in both English and French the first semester of 2012.

20. Activities of the Secretariat in the triennium 2011-2013 will focus on the promotion of the Convention. Particularly noteworthy is the organisation of a Colloquium on Financial markets Law in conjunction with the second 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 (Rio de Janeiro, 27-28 March 2012). The Secretariat is currently consulting with the authorities of interested member states on the convening of a similar meeting in the year 2013.

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

21. The UNESCO-UNIDROIT Model Legislative Provisions on State Ownership of Undiscovered Cultural Objects were developed by a group of experts chosen jointly by the Secretariats of both organisations over three meetings held between September 2010 and June 2011 and were submitted to UNESCO in July 2011 and to the UNIDROIT Governing Council later that year. In 2012, the Secretariat participated in a various events and meetings intended, *inter alia*, to promote the model provisions, including the first meeting of the special Committee (Article 20) to review the practical operation of the UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects, which was convened by the President of UNIDROIT (Paris, UNESCO Headquarters, 19 June 2012).

ANNEX I

Expenditure in Implementation of Work Programme (estimate by 31 December 2012)

			<i>Regular budget</i>
1	<i>UNIDROIT Principles</i>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 30,866.61
		General services (Ch. 2.1, 3.1)	15,155.95
	Consultation/Promotion	Official journeys (Ch. 1.6)	1,100.00
	Conference costs	Interpretation / technical services (Ch. 6.5)	2,000.00
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	20,394.72
		Postage (Ch. 6.3)	642.00
	Total		€ 70,159.28
2	<i>Space Protocol</i>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 31,072.17
		General services (Ch. 2.1, 3.1)	15,975.75
	Conference costs	Official journeys (Ch. 1.5)	17,312.82
		Interpretation / technical services (Ch. 6.5)	6,600.00
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	16,497.39
	Consultation/Promotion	Official journeys (Ch. 1.6)	1,253.00
	Total		€ 88,711.14
3	<i>Legislative Guide to enhance trading in securities in emerging markets</i>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	1,946.61
		General services (Ch. 2.1, 3.1)	2,414.68
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	9,093.77
	Consultation/Promotion	Official journeys (Ch. 1.5)	6,553.25
	Total		€ 20,008.31
4	<i>Uniform Rules on the Netting of Financial Instruments</i>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 11,679.67
		General services (Ch. 2.1, 3.1)	18,110.07
	Conference costs	CGE: FAO premises (Ch. 1.5)	17,797.43
	Consultation/Promotion	Official journeys (Ch. 1.6)	630.31
	Total		€ 54,817.48
5	<i>Preparation of other Protocols to the Cape Town Convention</i>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 49,915.75
		General services (Ch. 2.1, 3.1)	3,018.35
		Official journeys of experts (Ch. 1.6)	1,200.00
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	0.00
	Total		€ 54,134.10
6	<i>Possible future Work on Liability for Satellite-based Services</i>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 9,855.67
		General services (Ch. 2.1, 3.1)	4,829.35
	Consultation / promotion	Official journeys (Ch. 1.6)	1,273.88
	Total		€ 15,958.90

7	<i>Private law aspects of agricultural financing</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	101,234.77
	General services (Ch. 2.1, 3.1)		7,285.32
Conference costs	Interpretation / technical services (Ch. 6.5)		3,300.00
	Official journeys of experts (Ch. 1.5)		17,415.40
Total		€	129,235.50
8	<i>Depositary Functions under the Cape Town Convention</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	106,964.72
	General services (Ch. 2.1, 3.1)		4,829.35
Documentation / translation	Professional staff (Ch. 2.1, 3.1)		6,495.55
Total		€	118,289.62
9	<i>Promotion and implementation</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	74,053.72
	General services (Ch. 2.1, 3.1)		2,736.05
	Printing costs (Ch. 5)		10,000.00
Conference costs	Conference facilities (Ch.1.5)		5,624.73
Consultation / promotion	Official journeys (Ch. 1.6)		4,673.85
Total		€	97,088.35
10	<i>Legal co-operation</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	9,350.23
	General services (Ch. 2.1, 3.1)		0.00
Total		€	9,350.23
11	<i>Research Scholarship Programme / Internship Programme</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	28,553.47
	General services (Ch. 2.1, 3.1)		41,521.50
Other	Scholarships (Ch. 11.0)		10,000.00
Total		€	80,074.97
12	<i>UNIDROIT Library</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	7,339.91
	General services (Ch. 2.1, 3.1)		157,445.51
	Remuneration of occasional collaborators (Ch. 2.2)		12,000.00
Acquisitions	Purchase of books, legal journals, binding, software (Ch. 9)		113,224.62
Total		€	290,010.04
13	<i>Publications</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	81,194.15
	General services (Ch. 2.1, 3.1)		93,912.07
Documentation	Postage (Ch. 6.3)		20,757.22
	Printing costs (Ch. 5)		21,500.00
Total		€	217,363.44
14	<i>Website and depository libraries</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	58,492.17
	General services (Ch. 2.1, 3.1)		23,576.38
Total		€	82,068.55

15	<i>UNILAW database</i>		
Staffing costs	Professional staff (Ch. 2.1, 3.2)	€	5,012.21
	General services (Ch. 2.1, 3.1)		
Total		€	5,012.21
16	<i>Membership, institutional cooperation and governance</i>		
Staffing costs	Secretary-General and Professional staff (Ch. 2.1, 3.1)	€	84,523.12
	General services (Ch. 2.1, 3.1)		127,228.34
Conference costs	Interpretation / technical services (Ch. 6.5)		8,300.00
	GA, FC, GC and PC (Ch. 1.1)		39,308.55
Consultation / promotion	Official journeys (Ch. 1.6)		9,118.90
	Representation (Ch. 6.4)		4,650.00
Documentation / translation	Professional staff (Ch. 2.1, 3.1)		33,385.82
	General services (Ch. 2.1, 3.1)		9,709.70
Total		€	316,224.43
17	<i>Administration, support services and building management</i>		
Staffing costs	Secretary-General and Professional staff (Ch. 2.1, 3.1)	€	72,046.10
	General services (Ch. 2.1, 3.1)		170,283.32
Auditor	(Ch. 1.4)		3,605.00
Miscellaneous	Maintenance costs (electricity, heating, water, insurance of premises, office equipment, upkeep of building, labour costs) (Ch. 7)		141,780.42
	Compensation for retired members of staff (Ch. 4)		2,500.00
	Accident insurance (Ch. 3.2)		8,770.26
	Stationery, telephone, fax and Internet (Ch. 6.1, 6.2)		39,827.15
	Miscellaneous (Ch. 6.6)		3,348.84
Total		€	442,161.09
Total		€	2,090,667.63

Annex II

UNIDROIT Information on Extrabudgetary Contributions in 2012

		Received ¹	Spent ²	Balance ³
Space Protocol to the Cape Town Convention		€		
Receipts				
Donor	German Space Agency	16.666,00		
	German Space Agency	5.150,00		
Expenditure				
Staffing costs	Salary of assistant researcher		29.169,00	
	Contribution toward travel of staff		5.150,00	
Total		€ 21.816,00	34.319,00	-12.503,00

		Received	Spent	Balance
Principles on netting of financial instruments		€		
Receipts				
Donor	Association of German Banks ⁴	45.668,14		
	Association of German Banks	100.000,00		
Expenditure				
Staffing cost	Associate Officers		79.453,02	
Conference	Travel of experts		6.257,18	
Documentation /	Translation of documents		1.948,00	
Total		€ 145.668,14	87.658,20	58.009,94

		Received	Spent	Balance
Colloquium on the UNIDROIT Principles on International Commercial Contracts ⁵		€		
Receipts				
Donor	Dott. A. Giuffrè Editore S.p.A.	1.500,00		
	ENEL S.p.A.	5.000,00		
	ENI S.p.A.	12.000,00		
Expenditure				
Conference	(Travel of speakers, interpretation, catering)		18.500,00	
Total		€ 18.500,00	18.500,00	0,00

		Received	Spent	Balance
Research Scholarship Programme		€		
Receipts				
Donor	American Foundation for International Uniform Law	3.000,00		
	Government of the Netherlands	3.000,00		
	Members of the Governing Council	1.560,00		
	Transational law and Business University	15.252,86		
Expenditure				
Other	Scholarships (Ch. 11.0)		22.812,86	
Total		€ 22.812,86	22.812,86	0,00

		Received	Spent	Balance
Library		€		
Receipts				
Donor	Various Italian Law Firms	52.500,00		
	Max Planck-Institut (Hamburg) ⁶	16.000,00		
Expenditure				
	Purchase of books, legal journals, binding, software		45.000,00	
Total		€ 68.500,00	45.000,00	23.500,00

UNILAW		€	Received	Spent	Balance
Receipts					
Donor	Uniform Law Foundation ⁷		22.875,00		
Expenditure					
Staffing cost	Part-time assistant ⁸			7.237,00	
Documentation	Website preparation/hosting ⁹			10.000,00	
Total		€	22.875,00	17.237,00	5.638,00
Grand Total		€	300.172,00	225.527,06	74.644,94

¹ Anticipated receipts as of 31 December 2012

² Estimated expenditure as of 31 December 2012

³ Estimated balance as of 31 December 2012

⁴ Amount carried over from contributions made in 2012

⁵ Organised on behalf of the Rivista del Commercio Internazionale

⁶ Estimated value of donation in kind (320 books)

⁷ Amount carried over from contributions made in 2012

⁸ The UNILAW database was substantially restructured since 2011, as a result of which position the part-time assistant position was suppressed in April 2012

⁹ Sum spent in the redesign of the UNIDROIT website.