



INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW  
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

**EN**

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**Item No. 5 on the agenda: Organisation's activity in 2013**

(memorandum prepared by the Secretariat)

<i>Summary</i>	<i>Review of the activities carried out by UNIDROIT in 2013 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 2012 – A.G. (71) 10; UNIDROIT 2013 – A.G. (72) 6</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 88<sup>th</sup> session (Rome, 20-23 April 2009) and accepted by the General Assembly at its 65<sup>th</sup> 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 89<sup>th</sup> session (Rome, 10-12 May 2010), and approved for inclusion in the work programme by the General Assembly at 67<sup>th</sup> 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) – 3<sup>rd</sup> 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 89<sup>th</sup> 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 2013 to implement the legislative activities that appear on the Work Programme of the Institute.<sup>1</sup> 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 2014. 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 2013, on the basis of the budget approved by the General Assembly at its 71<sup>st</sup> session (Rome, 1 December 2012), and in the light of the expenditure estimates of the Secretariat at the time of this writing (see also UNIDROIT 2013 – AG (72) 6). Annex II, in turn, provides information on extra-budgetary contributions available to the Secretariat and their allocation to various activities in the year 2013.

## **A. Legislative activities**

### **1. Space Protocol to the Cape Town Convention<sup>\*\*\*</sup>**

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

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<sup>1</sup> 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 Depository of the Space Protocol. The Secretariat published the final text of the Space Protocol, the final versions of the Final act and the reports of the Conference in 2012.

6. In 2013, activities of the Secretariat have focused 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. The first session of the Preparatory Commission was held at UNIDROIT's Headquarters in Rome on 6 and 7 May 2013. The following States the following States agreed to serve as members of the Preparatory Commission: Brazil, People's Republic of China, Czech Republic, France, Germany, India, Italy, Russian Federation, Saudi Arabia, South Africa, United States of America. The International Telecommunication Union (ITU), the International Civil Aviation Organization (ICAO) and the Intergovernmental Organisation for Carriage by Rail (OTIF), as well as a number of other participants and representatives of financial and commercial world were invited to attend the session as observers. The Commission established a working group to develop draft regulations for the International Registry for space assets and another working group to draft a request for proposals for the selection of a Registrar for the Space Registry. The Secretariat has since supported the activities of both working groups with a view to convening the second meeting of the Commission early 2014, depending on the progress made in the inter-sessional work.

## **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 91<sup>st</sup> 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 was held in Rome from 4 to 8 March 2013.

8. The Governing Council, at its 92<sup>nd</sup> session (Rome, 8-10 May 2013), adopted the *UNIDROIT Principles on the Operation of Close-Out Netting Provisions* and requested the Secretariat to take steps to promote the wide-spread dissemination and national implementation of the Principles. The Principles have since been published in both English and French and will be the subject of special panel at the colloquium on capital markets law being organized in conjunction with the third 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 will take Securities, which will take place in Istanbul from 11 to 13 November 2013.

9. This project benefitted 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      \*\*/\***

10. 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).

11. The third 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 will take Securities, will take place in Istanbul from 11 to 13 November 2013. The meeting will be hosted by the Turkish Securities and Exchange Commission. The meeting will devote nearly an entire day to considerations related to the methodology for the preparation of the legislative guide.

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

12. In 2013 the Secretariat agreed with the Center for the Economic Analysis of Law (Washington D.C.) on the preparation, without cost to the Secretariat, of a study on the economic impact of the possible fourth protocol. The study was delivered by the Center in the first quarter of 2013 and submitted to the Governing council for its consideration, together with a large number of expressions of support for the project from various industry representatives (document UNIDROIT 2013 - C.D. (92) 5(b))

13. In 2013 the Secretariat also prepared a report on a possible future Protocol on ships and maritime transport equipment pursued its consultations with relevant industry representatives (document UNIDROIT 2013 - C.D. (92) 5(c)) and a second study on a possible future Protocol on off-shore wind power generation equipment (document UNIDROIT 2013 - C.D. (92) 5(d)), which were both submitted to the consideration of the Governing council in connection with the preparation of the work programme for the triennium 2014-2016.

14. In anticipation of the General Assembly's endorsement of the Governing Council's recommendations for the 2014-2016 Work programme (see document UNIDROIT 2013 – A.G. (72) 4), the Secretariat has undertaken research and held informal consultations with experts and industry representatives who may be expected to contribute to this project.

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

15. In 2013, the UNIDROIT Secretariat continued to follow developments in the area of risk management and third party liability for Global Navigation Satellite System (GNSS) Services. The Secretariat continues to await 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 \***

16. At its 91<sup>st</sup> session, the Governing Council 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.

17. The first meeting of the Working Group was held in Rome from 28 to 31 January 2013, and the second meeting again in Rome from 3 to 6 June 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 91<sup>st</sup> 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. 9). The third meeting, which was originally scheduled to take place in Rome in November 2013, has been postponed for 3 to 7 March 2014 so as to allow the experts to prepare first drafts and revised drafts of all chapters of the future legal guide. This should allow the participants to consider an initial draft of the entire document.

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

18. 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 2013.

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

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

19. 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 90<sup>th</sup> session. The Council authorised its publication and promotion world-wide. After a careful and final review of the entire text, the UNIDROIT Principles 2010 were published in the Summer 2011. An Italian translation was published in December 2011, the Spanish appeared in October 2012 and the Japanese in July 2013. Translations into other languages are currently being prepared.

20. No meetings of the Working Group in charge of the preparation of additional chapters of the UNIDROIT Principles of International Commercial Contracts have taken place in the triennium 2011-2013. However, in response to a specific request made by the Governing Council at its 91<sup>st</sup> session (see UNIDROIT 2012 – C.D. (91) 15, paras. 20 and 29), the Secretariat convened an expert meeting, which met in Rome from 11 to 13 February 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. The Model Clauses were adopted by the Governing Council at its 92<sup>nd</sup> session (Rome, 8-10 May 2013) and have since been published in English and French.

### **2. Geneva Securities Convention \*\*\***

21. 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.

22. Activities of the Secretariat in 2013 have focused on the promotion of the Convention. Particularly noteworthy is the organisation of a Colloquium on Financial markets Law in conjunction with the third 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, which will take place in Istanbul from 11 to 13 November 2013.

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

23. 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 2013, the Secretariat prepared and published a booklet containing both the model provisions, as well as the 1995 UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects.

## ANNEX I

**Expenditure in Implementation of Work Programme  
(estimate by 31 December 2013)**

		<i>Regular budget</i>	
<b>1</b>	<b><i>UNIDROIT Principles</i></b>		
	Staffing costs	Professional staff (Ch. 2.1, 3.1) General services (Ch. 2.1, 3.1)	€ 41,270 5,191
	Consultation/Promotion	Official journeys (Ch. 1.6)	€ 400
	Conference costs	Interpretation / technical services (Ch. 6.5) Official journeys of experts (Ch. 1.5)	2,516 7,247
	Documentation / translation	Professional staff (Ch. 2.1, 3.1) Postage (Ch. 6.3)	€ 4,721
	<b>Total</b>		<b>€ 61,345</b>
	<b><i>Space Protocol</i></b>		
<b>2</b>	Staffing costs	Professional staff (Ch. 2.1, 3.1) General services (Ch. 2.1, 3.1)	€ 33,083 17,555
	Conference costs	Interpretation / technical services (Ch. 6.5)	1,601
	<b>Total</b>		<b>€ 52,239</b>
	<b><i>Legislative Guide to enhance trading in securities in emerging markets</i></b>		
<b>3</b>	Staffing costs	Professional staff (Ch. 2.1, 3.1)	59,521
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	6,923
	Consultation/Promotion	Official journeys (Ch. 1.5)	3,723
	<b>Total</b>		<b>€ 70,167</b>
	<b><i>Uniform Rules on the Netting of Financial Instruments</i></b>		
<b>4</b>	Staffing costs	Professional staff (Ch. 2.1, 3.1) General services (Ch. 2.1, 3.1)	15,097 7,947
	Conference costs	CGE: FAO premises (Ch. 1.5) Interpretation (Ch. 6.5)	17,797 6,900
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)	4,498
	<b>Total</b>		<b>€ 52,239</b>
	<b><i>Preparation of other Protocols to the Cape Town Convention</i></b>		
<b>5</b>	Staffing costs	Professional staff (Ch. 2.1, 3.1) Official journeys of experts (Ch. 1.6)	€ 20,540 1,200
	<b>Total</b>		<b>€ 21,740</b>
	<b><i>Possible future Work on Liability for Satellite-based Services</i></b>		
<b>6</b>	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€ 4,356
	<b>Total</b>		<b>€ 4,356</b>
	<b><i>Private law aspects of agricultural financing</i></b>		
<b>7</b>	Staffing costs	Professional staff (Ch. 2.1, 3.1) General services (Ch. 2.1, 3.1)	€ 200,198 12,852
	Conference costs	Interpretation / technical services (Ch. 6.5) Official journeys (Ch. 1.6) Official journeys of experts (Ch. 1.5)	9,751 1,354 41,319
	<b>Total</b>		<b>€ 265,474</b>



<b>8</b>	<b>Depositary Functions under the Cape Town Convention</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	9,059
		General services (Ch. 2.1, 3.1)		4,891
	Documentation / translation	Professional staff (Ch. 2.1, 3.1)		13,834
	<b>Total</b>		€	<b>27,784</b>
<b>9</b>	<b>Promotion and implementation</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	139,443
		General services (Ch. 2.1, 3.1)		32,927
	Consultation / promotion	Official journeys (Ch. 1.6)		6,654
		Official journeys of experts (Ch. 1.5)		2,601
	<b>Total</b>		€	<b>181,625</b>
<b>10</b>	<b>Legal co-operation</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	2,174
	<b>Total</b>		€	<b>2,174</b>
<b>11</b>	<b>Research Scholarship Programme / Internship Programme</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	30,552
		General services (Ch. 2.1, 3.1)		42,206
	Other	Scholarships (Ch. 11.0)		10,000
	<b>Total</b>		€	<b>82,758</b>
<b>12</b>	<b>UNIDROIT Library</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	3,855
		General services (Ch. 2.1, 3.1)		121,864
		Remuneration of occasional collaborators (Ch.2.2)		12,000
	Acquisitions	Purchase of books, legal journals, binding, software (Ch.9)		113,892
	<b>Total</b>		€	<b>251,611</b>
<b>13</b>	<b>Publications</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	82,054
		General services (Ch. 2.1, 3.1)		35,126
	Documentation / translation	Postage (Ch. 6.3)		17,746
		Printing costs (Ch. 5)		22,850
	<b>Total</b>		€	<b>157,776</b>
<b>14</b>	<b>Website and depository libraries</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.1)	€	32,913
		General services (Ch. 2.1, 3.1)		33,992
	<b>Total</b>		€	<b>66,905</b>
<b>15</b>	<b>UNILAW database</b>			
	Staffing costs	Professional staff (Ch. 2.1, 3.2)	€	1,707
	<b>Total</b>		€	<b>1,707</b>
<b>16</b>	<b>Membership, institutional cooperation and governance</b>			
	Staffing costs	Secretary-General and Professional staff (Ch. 2.1, 3.1)	€	113,063
		General services (Ch. 2.1, 3.1)		130,825
	Conference costs	Interpretation / technical services (Ch. 6.5)		8,100
		GA, FC, GC and PC (Ch. 1.1)		36,653
	Consultation / promotion	Official journeys (Ch. 1.6)		10,991
		Representation (Ch. 6.4)		5,000
	Documentation / translation	Postage (Ch. 6.3)		
		Professional staff (Ch. 2.1, 3.1)		27,905
		General services (Ch. 2.1, 3.1)		2,699
	<b>Total</b>		€	<b>335,236</b>

<b>17 Administration, support services and building management</b>			
Staffing costs	Secretary-General and Professional staff (Ch. 2. 1, 3.1)	€	90,704
	General services (Ch. 2.1, 2.2, 3.1)		218,359
Auditor	(Ch1.4)		3,642
Miscellaneous	Maintenance costs (electricity, heating, water, insurance of premises, office equipment, upkeep of building, labour costs) (Ch. 7)		155,583
	Compensation for retired members of staff (Ch. 4)		1,861
	Accident insurance (Ch. 3.2)		8,787
	Stationery, telephone, fax and Internet (Ch. 6.1, 6.2)		38,000
	Miscellaneous (Ch. 6.6)		6,700
<b>Total</b>		€	<b>523,636</b>
<b>Total</b>		€	<b>2,158,772</b>

## ANNEX II

<b>UNIDROIT Information on Extrabudgetary Contributions in 2013</b>				
		<b>Received *</b>	<b>Spent **</b>	<b>Balance ***</b>
<b>Principles on netting of financial instruments</b>				
	€	<b>Received</b>	<b>Spent</b>	<b>Balance</b>
<b>Receipts</b>				
Donor	Association of German Banks <sup>1</sup>	56.579,16		
<b>Expenditure</b>				
Staffing cost	Associate Officers		38.306,28	
Documentatio	Translation of documents		8.211,58	
	Printing of final text and commentary		3.583,50	
Conference	Travel of experts		2.895,00	
	<b>Total</b>	€ <b>56.579,16</b>	<b>52.996,36</b>	<b>3.582,80</b>
<b>Research Scholarship Programme</b>				
	€	<b>Received</b>	<b>Spent</b>	<b>Balance</b>
<b>Receipts</b>				
Donor	Members of the Governing Council	1.603,00		
	Transnational Law and Business University (Republic of Korea) <sup>2</sup>	15.184,82		
	Various Italian Law Firms <sup>3</sup>	7.000,00		
<b>Expenditure</b>				
Other	Scholarships (Ch. 11.0)		15.249,00	
	<b>Total</b>	€ <b>23.787,82</b>	<b>15.249,00</b>	<b>8.538,82</b>
<b>Library</b>				
	€	<b>Received</b>	<b>Spent</b>	<b>Balance</b>
<b>Receipts</b>				
Donor	Various Italian Law Firms <sup>4</sup>	65.500,00		
	Uniform Law Foundation	3.591,00		
	Max Planck-Institut (Hamburg) <sup>5</sup>	23.100,00	23.100,00	
<b>Expenditure</b>				
	Purchase of books, legal journals, binding, software		45.000,00	
	<b>Total</b>	€ <b>88.600,00</b>	<b>68.100,00</b>	<b>20.500,00</b>
<b>Grand Total</b>				
	€	<b>168.966,98</b>	<b>136.345,36</b>	<b>32.621,62</b>

\* Anticipated receipts as of 31 December 2013

\*\* Estimated expenditure as of 31 December 2013

\*\*\* Estimated balance as of 31 December 2013

<sup>1</sup> Amount carried over from contributions made in 2012

<sup>2</sup> Amount pledged for 2013

<sup>3</sup> Amount carried over from contributions made in 2012

<sup>4</sup> Includes €45,500 carried over from contributions made in 2012 and €20,000 received in 2013

<sup>5</sup> Estimated value of donation in kind (465 books)