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**Item No. 9 on the Agenda: Draft Budget for 2016
and fixing of contributions of member States for that financial year**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the proposed expenditure and receipts under the 2016 draft Budget and proposed contributions of member States</i>
<i>Action to be taken</i>	<i>Approval of the draft budget for 2016</i>
<i>Related documents</i>	<i>UNIDROIT 2015 – F.C.(78) 6</i>

Introduction

1. The first estimates of receipts and expenditure for the 2016 financial year prepared by the Secretariat (F.C. (77) 2) were examined by the Finance Committee at its 77th session (Rome, 2 April 2015), in accordance with Article 31 of the Regulations. Those first estimates were then submitted to the Governing Council, which at its 94th session (Rome, 6 to 8 May 2015), established the draft Budget for 2016, as set forth in the appendix to this document, taking into account the opinion expressed by the Finance Committee.

2. In line with the Institute's practice, the draft Budget resulting from this procedure has been submitted to the Governments of UNIDROIT member States with a view to their formulation of such observations as they might wish to make by 18 September 2015. At the time of writing (11 September 2015), no comments have been received. Overall, the Secretariat proposes a total expenditure of € 2,271,870.00 for the year 2016, which represents a marginal increase of expenditure of € 189.40, compared to the expenditure authorised under the 2015 budget. The Secretariat proposes to cover the Institute's expenditure in 2016 as follows:

Statutory contributions of other member States ¹	€	2,223,870.00
Other receipts	€	33,000.00

¹ See Explanatory Note 1 To The Draft Budget – Receipts.

3. The draft budget for 2016 does not anticipate a balance being carried over from the 2015 financial year, neither does it include estimates on financing from private sources for particular projects and activities (e.g. organisation of meetings, sponsoring of research fellows, scholarship, purchase of books and journals and the promotion of UNIDROIT instruments). The Secretariat will continue to solicit voluntary contributions of this type, which will be accounted for separately.

4. The Secretariat would propose that the statutory contributions of all member States for 2016 be calculated on the basis of a unit of contribution amounting to € 2,530.

5. Under this proposal, the statutory contributions of member States would be as follows:

Category I	€ 126,500.00
Category II	€ 55,660.00
Category III	€ 45,540.00
Category IV	€ 32,890.00
Category V	€ 27,830.00
Category VI	€ 22,770.00
Category VII	€ 20,240.00
Category VIII	€ 12,650.00
Special Category	€ 2,530.00

6. *In the light of the foregoing, the General Assembly, at its 74th session, may wish to adopt the draft budget for 2016 as in Appendix I to this document.*

APPENDIX

**DRAFT BUDGET FOR THE 2016
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2015	Budget 2016
Chapter 1: Contributions of member States¹		
Contributions of member States	2,223,870.00	2,223,870.00
Chapter 2: Other receipts:		
Art. 1 (Interest) ²	1,000.00	1,000.00
Art. 2 (Contributions to overhead expenses) ³	15,000.00	15,000.00
Art. 3 (Sale of publications) ⁴	16,811.00	17,000.00
Chapter 3: Various receipts		
Tax reimbursement credit ⁵	15,000.00	15,000.00
Total of receipts	2,271,681.00	2,271,870.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - RECEIPTS

- 1 No change is proposed for 2016, other than combining into one budgetary line the contributions of the Italian Government and other member States, which had previously been set forth separately, because of the recent change of law in Italy making its contribution to UNIDROIT mandatory and placing Italy on an equal footing with other member States in this respect.
- 2 The Secretariat estimates the interests earned on deposits in checking accounts to be the same as in previous years.
- 3 This sum represents the share of the Office for Italy and San Marino of the International Labour Organization in the operating expenses of the premises of UNIDROIT.
- 4 The Secretariat estimates the income earned from the sale of publications to be approximately the same as in previous years.
- 5 The extraordinary income estimated under this Chapter relates to the reimbursement by the Government of the United States of America of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat, under the terms of a tax reimbursement agreement signed between UNIDROIT and the Government of the United States of America on 17 September 2013.

EXPENDITURE (in Euro)

	2015	2016
Chapter 1 – Meeting and travel costs ¹		
Art. 1 (Governing Council and Permanent Committee)	48,000.00	50,000.00
Art. 2 (Auditor)	3,869.60	4,500.00
Art. 3 (Administrative tribunal)	-	-
Art. 4 (Committees of Experts)	88,000.00	90,000.00
Art. 5 (Official journeys and promotion of activities)	50,000.00	50,000.00
Art. 6 (Interpreters)	35,500.00	36,000.00
Art. 7 (Representation)	7,000.00	8,000.00
Subtotal	232,369.60	238,500.00
Chapter 2 – Salaries and allowances		
Art.1 (Salaries of Categories A, B and C staff and consultant) ²	1,207,081.00	1,207,831.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00
Art. 3 (Tax reimbursement) ³	15,000.00	15,000.00
Subtotal	1,242,081.00	1,242,831.00
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁴	429,230.00	415,789.00
Art. 2 (Accidents' insurance) ⁵	8,500.00	9,000.00
Art. 3 (Compensation retired members of staff) ⁶	2,500.00	2,250.00
Subtotal	440,230.00	427,039.00
Chapter 4 – Administrative expenses		
Art. 1 (Stationery)	20,000.00	20,000.00
Art. 2 (Telephone, fax and Internet)	23,000.00	23,000.00
Art. 3 (Postage) ⁷	10,000.00	11,500.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00
Art. 5 (Printing of publications)	15,000.00	15,000.00
Subtotal	73,000.00	74,500.00
Chapter 5 – Maintenance costs ⁸		
Art. 1 (Electricity)	18,000.00	20,000.00
Art. 2 (Heating)	28,000.00	20,000.00
Art. 3 (Water)	7,000.00	7,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	23,000.00	26,000.00
Art. 6 (Upkeep of building, public services)	30,000.00	30,000.00
Art. 7 (Labour costs)	45,000.00	45,000.00
Subtotal	163,000.00	160,000.00
Chapter 6 – Library		
Art. 1 (Purchase of books)	90,000.00	90,000.00
Art. 2 (Binding)	9,000.00	9,000.00
Art. 3 (Software) ⁹	22,000.00	30,000.00
Subtotal	121,000.00	129,000.00
Total expenditure	2,271,680.60	2,271,870.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

- 1 Purpose of expenditure: to cover travel and subsistence expenses incurred by the members of the Governing Council and of the Permanent Committee in their attendance of sessions of those bodies; the fees due to the auditor appointed by the General Assembly; the costs of hearings of the Administrative Tribunal, registrar services and sums awarded by the Tribunal for settlement of claims; the costs incurred by UNIDROIT in organising meetings of committees of experts and other meetings associated with the organisation's Work Programme; the travel and subsistence expenses incurred by representatives of UNIDROIT, members of staff and collaborators in connection with the attendance of meetings of other organisations with which UNIDROIT cooperates, as well as missions intended to further awareness of UNIDROIT's work in general and, where appropriate, to encourage accession to the Statute of the Organisation; cover the cost of simultaneous interpretation at meetings held by UNIDROIT; the cost of representation functions, such as receptions and similar events organised by UNIDROIT in connection with its meetings.

A € 6,130.40 increase is proposed for 2016 to meet cost increases in travel arrangements for participants in the Governing Council session, an upwards adjustment in the honorarium of the auditor and raises in the hourly rates charged by interpreters and fees for audio-visual support and recording.

- 2 **Purpose of expenditure:** to cover the salaries and allowances of the professional, administrative, secretarial and library members of UNIDROIT staff as well remuneration of a consultant.

No noteworthy change is proposed for 2016.

- 3 **Purpose of expenditure:** to cover the cost of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat. These costs will be refunded by the Government of the United States of America, under the terms of a tax reimbursement agreement signed in September 2013.

No change is proposed for 2016.

- 4 **Purpose of expenditure:** insurance coverage of staff members against disability, old age and sickness. With a few exceptions, all staff members of staff are insured for these purposes with the Italian social security system (INPS).

Expenditure estimates under this chapter for the year 2015 reflected a projection of the actual cost of health and retirement insurance for UNIDROIT staff in 2014. Some new staff members were enrolled under health and retirement insurance schemes other than INPS, at a lower cost, in light of which a € 13,441 decrease is expected for 2016.

- 5 **Purpose of expenditure:** insurance coverage of all staff members against accidents. All staff members are insured for this purpose with a private Italian insurance company.

A € 500 increase is proposed for 2016 to align the budget with actual expenditure in recent financial years.

- 6 **Purpose of expenditure:** payments to one retired member of staff to cover the periods, in the past, during which he was not covered for social security purposes.

A € 250 decrease is proposed for 2016 to align the budget with actual expenditure.

- 7 **Purpose of expenditure:** to cover expenses for postage of UNIDROIT materials and correspondence.

A € 1,500 increase is proposed for 2016 to align the budget with actual expenditure in recent financial years.

- 8 **Purpose of expenditure:** to cover building maintenance costs (ordinary repairs in the building, maintenance of elevators) and charges for municipal services (i.e. waste disposal).

Despite some increases to align the budget for certain articles, the Secretariat has set off such additional costs by realigning other items based on actual expenditure in recent financial years, thus resulting in a proposed decrease of € 3,000 for 2016 overall.

- 9 **Purpose of expenditure:** to cover the cost of acquisitions for the Library's stock of books and the maintenance of its subscriptions to law journals, as well as the cost of binding.

The proposed increase is to cover the cost of new subscriptions to online databases offering legal materials in languages other than English.

Overall, the Secretariat proposes a total expenditure of € 2,271,870.00 for the year 2016, which represents a marginal increase of expenditure of € 189.40, compared to the expenditure authorised as under the 2015 budget.

Annex

**CHART OF THE ANNUAL CONTRIBUTIONS TO UNIDROIT
OF MEMBER STATES FOR 2016**

(Each unit of contribution representing € 2,530)

Cat.	State	Units	Contribution for 2016
I	Canada	50	€ 126,500.00
	China	50	
	France	50	
	Germany	50	
	Italy	50	
	Japan	50	
	United Kingdom	50	
	United States of America	50	
II	Republic of Korea	22	€ 55,660.00
	Russian Federation	22	
	Spain	22	
III	Australia	18	€ 45,540.00
	Belgium	18	
	Brazil	18	
	Netherlands	18	
	Sweden	18	
	Switzerland	18	
IV	Mexico	13	€ 32,890.00
V	Austria	11	€ 27,830.00
	Denmark	11	
	Finland	11	
	Greece	11	
	Norway	11	
	Poland	11	
	Saudi Arabia	11	
VI	India	9	€ 22,770.00
	Ireland	9	
	Portugal	9	
	South Africa	9	
	Turkey	9	

Cat.	State	Units	Contribution for 2016
VII	Argentina	8	€ 20,240.00
	Chile	8	
	Colombia	8	
	Czech Republic	8	
	Hungary	8	
	Indonesia	8	
	Iran	8	
	Israel	8	
	Romania	8	
	Slovakia	8	
	Venezuela	8	
	VIII	Bulgaria	
Croatia		5	
Cyprus		5	
Egypt		5	
Estonia		5	
Latvia		5	
Lithuania		5	
Luxembourg		5	
Malta		5	
Nigeria		5	
Pakistan		5	
Paraguay		5	
Serbia		5	
Slovenia		5	
Tunisia		5	
Uruguay		5	
Special		Holy See	1
	San Marino	1	