



EN

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Item No. 7 on the Agenda: Adjustments to the budget for the 2017 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2017 Budget</i>
<i>Action to be taken</i>	<i>To take note of the expected actual level of receipts and expenditure for the year 2017 and approve the adjustments</i>
<i>Related documents</i>	<i>UNIDROIT 2016 – Budget 2017; UNIDROIT 2017 - Accounts of receipts and expenditure for the 2016 financial year; UNIDROIT 2017 – F.C. (83) 3</i>

1. Every autumn it is customary for the Secretariat to submit, first to the Finance Committee and then to the General Assembly, a document indicating any adjustments that may need to be made to the Budget for that financial year. Such indications are to be based on the Accounts available for the previous financial year, the partial accounts available for the current financial year and any other modifications due to exceptional circumstances.

2. At the time of writing, the Secretariat considers that it is necessary to introduce a few adjustments to the Budget for the 2017 financial year, as indicated in the notes to the revised Budget contained in Appendix I to this document. The Secretariat deems it prudent to anticipate a shortfall in ordinary receipts of € 101.827,00. The Secretariat intends to compensate, as much as possible, for any shortfall in receipts or any unforeseen expenditure in 2017 with a reduction of expenditure under various chapters, though the Secretariat would encourage member States to make any outstanding contributions in a timely manner.

3. *At its 83rd session (Rome, 21 September 2017), the Finance Committee took note of the above information and recommended that the General Assembly approve the adjustments to the Budget and Accounts for the 2017 financial year (UNIDROIT 2017 – F.C. (83) 9, para. 14).*

4. *In light of the foregoing, the General Assembly, at its 76th session, may wish to take note of the expected level of receipts and expenditure for the 2017 financial year and approve the adjustments to the Budget, as set out the Appendix.*

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2017
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2017		
	Budget	Estimates	Balance
Income			
Surplus from previous financial years ¹	0.00	-2,150.31	-2,150.31
Chapter 1: Contributions of member States			
Art. 1 (Member State Contributions) ²	2,223,870.00	2,122,043.00	-101.827,00€
Chapter 2: Other Receipts ³			
Art. 1 (Interest)	1,000.00	1,000.00	0.00
Art. 2 (Contribution to overhead expenses)	15,000.00	15,000.00	0.00
Art. 3 (Sale of publications)	17,000.00	17,000.00	0.00
Chapter 3: Various receipts			
Tax reimbursement credit ⁴	15,000.00	15,000.00	0.00
Total receipts	2,271,870.00	2,167,891.69	-103,977.31

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The final accounts for the year 2016 reflect a shortfall of € 2,150.31. According to the budgeting practice followed since 2012, no anticipated budget surplus or shortfall is taken into account for the purposes of preparing estimates for subsequent financial years and calculating the contributions of member States. The appropriation of such surpluses is governed by the rules set forth article 38(4) of the UNIDROIT Regulations.

² As the level of arrears in the financial year 2016 exceeded the pattern of arrears and delayed payment of assessed contributions in recent years, the Secretariat deems it prudent to anticipate a significant shortfall in contributions of member States in 2017, but is not requesting supplementary funding. The Secretariat intends to set off, as much as possible, any shortfall in receipts in 2017 with a reduction of expenditure under various chapters.

³ In addition to the other receipts above, the Secretariat notes that UNIDROIT received earlier in 2017 the first of five annual USD 20,000 payments from Aviareto, the International Registry under the Aircraft Protocol to the Cape Town Convention, in accordance with a five-year licencing agreement by which UNIDROIT provided an electronic version of the third edition of the Aircraft Protocol Official Commentary by Sir Roy Goode to Aviareto to make available to users of the International Registry.

⁴ There is one U.S. citizen working at UNIDROIT at the time of this writing, for whom this estimated tax reimbursement is expected to be received by UNIDROIT under the UNIDROIT-United States of America Tax Reimbursement Agreement for this year.

EXPENDITURE (in Euro)¹

	Budget	Estimate	Balance
Chapter 1 – Meeting costs and official travel			
Art. 1 (Governing Council) ²	50,000.00	41,910.78	8,089.22
Art. 2 (Auditor)	4,500.00	4,500.00	0.00
Art. 3 (Administrative Tribunal)	0.00	0.00	0.00
Art. 4 (Committees of Experts) ³	120,000.00	105,000.00	15,000.00
Art. 5 (Official journey of representatives and staff) ⁴	50,000.00	73,000.00	-23,000.00
Art. 6 (Interpreters) ⁵	36,000.00	53,300.00	-17,300.00
Art. 7 (Representation)	8,000.00	8,000.00	0.00
Total	268,500.00	285,710.78	-17,210.78
Chapter 2 – Salaries and allowances			
Art.1 (Salaries of Categories A, B and C staff and consultant) ⁶	1,179,293.00	1,150,000.00	29,293.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00	0.00
Art. 3 (Tax reimbursement) ⁷	15,000.00	15,000.00	0.00
Total	1,214,293.00	1,185,000.00	29,293.00
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness) ⁸	414,327.00	384,000.00	30,327.00
Art. 2 (Accidents' insurance)	9,000.00	8,786.45	213.55
Art. 3 Compensation for retired members of staff	2,250.00	1,860.86	389.14
Total	425,577.00	394,647.31	30,929.69
Chapter 4 – Administrative expenses			
Art. 1 (Stationery)	20,000.00	14,202.09	5,797.91
Art. 2 (Telephone, fax and Internet)	23,000.00	15,000.00	8,000.00
Art. 3 (Postage)	11,500.00	15,000.00	-3,500.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00	0.00
Art. 5 (Printing of publications)	15,000.00	15,000.00	0.00
Total	74,500.00	64,202.09	10,297.91
Chapter 5 – Maintenance costs			
Art. 1 (Electricity)	20,000.00	20,000.00	0.00
Art. 2 (Heating)	20,000.00	20,000.00	0.00
Art. 3 (Water)	7,000.00	7,000.00	0.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00	0.00
Art. 5 (Office equipment)	26,000.00	26,000.00	0.00
Art. 6 (Upkeep of building, local taxes) ⁹	30,000.00	38,000.00	-8,000.00
Art. 7 (Labour costs)	45,000.00	48,000.00	-3,000.00
Total	160,000.00	171,000.00	-11,000.00
Chapter 6 – Library			
Art. 1 (Purchase of books)	90,000.00	90,000.00	0.00
Art. 2 (Binding)	9,000.00	9,000.00	0.00
Art. 3 (Software)	30,000.00	30,000.00	0.00
Total	129,000.00	129,000.00	0.00
Total ordinary expenditure	2,271,870.00	2,229,560.18	42,309.82

EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE

¹ Except as otherwise indicated, lower expenditure than forecasted reflects expenditure control measures taken by the Secretariat in view of the anticipated shortfall in assessed contributions in the current financial year.

² Savings under this article of the budget have been possible due to governments volunteering to cover travel expenses of Governing Council members, and efforts on the Secretariat's behalf to assist members of Governing Council in ticket purchasing, allowing for early-bird rates, thus limiting travel costs.

³ The Secretariat would recall that this article of the budget was increased from the prior year by € 30,000.00 – by reallocating to this line of expenditure savings expected to be made under Article 1 (Salaries of Categories A, B and C staff and consultant) of Chapter 2 (Salaries and allowances) and under Article 1 (Insurance against disablement, old age and sickness) of Chapter 3 (Social security charges) – for use by the Secretariat to cover meetings costs, as well as cost of commissioning research and studies needed in connection with the implementation of the new Work Programme for the Triennium 2017-2019.

⁴ Higher than usual expenditure under article 5 (Official journey of representatives and staff) is anticipated due to a significant amount of travel in the first half of the year 2017 for promotional activities and institutional co-operation.

⁵ Higher than usual expenditure under article 6 (Interpreters) is anticipated as a result of interpreter, recording and equipment costs incurred in connection with the first session of the UNIDROIT Committee of Governmental Experts for the preparation of a draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment, which was held at the Headquarters of the Food and Agriculture Organization of the United Nations (Rome, 20-24 March 2017) and the fourth meeting of the Committee on Emerging Markets Issues, Follow-up and Implementation, which was held at the China Securities Regulatory Commission (Beijing, 29-30 March 2017), as well as the additional session of the Finance Committee (82nd session, Rome, 13 July 2017).

⁶ Savings under Chapter 2 (Salaries and allowances), article 1 (Salaries of Categories A, B and C staff and consultant) are anticipated, in part, due to the departure of the Secretary-General of UNIDROIT.

⁷ There is one U.S. citizen working at UNIDROIT at the time of this writing, for whom this estimated tax reimbursement payment is expected to be made by UNIDROIT for this year (see also note 4 to the adjusted receipts).

⁸ Savings under Chapter 3 (Social security charges), article 1 (Insurance against disablement, old age and sickness) are anticipated, in part, due to the departure of the Secretary-General of UNIDROIT.

⁹ The slightly higher expenditure under Chapter 7 (Maintenance costs), article 6 (Upkeep of building, public services) is to be attributed to local taxes.