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GOVERNING COUNCIL
99th session (A)
Remote session April/May 2020

UNIDROIT 2020
C.D. (99)A.7
Original: English
April 2020

Item No. 4 on the Agenda: Administrative matters

b) Adjustments to the Budget for the 2020 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2020 Budget</i>
<i>Action to be taken</i>	<i>For information of the Members of the Governing Council</i>
<i>Related documents</i>	<u>UNIDROIT 2020 F.C. (88) 4 – Adjustments Budget 2020;</u> <u>UNIDROIT 2019 A.G. (78) 7</u>

INTRODUCTION

1. The first estimates of receipts and expenditure for the 2020 financial year prepared by the Secretariat ([F.C. \(86\) 2](#)) were examined by the Finance Committee at its 86th session (Rome, 4 April 2019), in accordance with Article 31 of the Regulations. Those first estimates were then submitted to the Governing Council, which at its 98th session (Rome, 8-10 May 2019), established the draft Budget for 2020, as set forth in the Annex to that document ([F.C. \(86\) 2](#)), 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 was submitted to the Governments of UNIDROIT Member States with a view to their formulation of any observations that they might have wished to make by 26 August 2019. The resulting document was then presented to the Finance Committee at its 87th session (Rome, 10 October 2019) ([F.C. \(87\) 6](#)), which expressed its opinion that the General Assembly be invited to adopt the draft budget for 2020 at its 78th session (Rome, 12 December 2019) ([F.C. \(78\) 7](#)).
3. As per the Institute's practice, a document indicating any adjustments that may need to be made to the Budget for the current financial year is normally submitted by the Secretariat to the Finance Committee at its autumn session. However, due to the exceptional situation generated at the General Assembly concerning the transition to a new system of Contributions, the Secretariat considered that it was necessary to introduce a few adjustments to the budget for the 2020 financial year, as indicated in the notes to the revised budget contained in Appendix I to this document.
4. These adjustments to the Budget for the 2020 financial year were approved by the Finance Committee at its 88th session in March 2020, and are hereby submitted to the Governing Council by way of further information.

5. It must be noted that the current situation caused by outbreak of the virus COVID 19 will have an effect in the execution of the Budget for 2020. The changes will be reflected in the documents to be sent to the 89th session of the Finance Committee later in the year.

6. *The Governing Council is invited to take note of the adjustments to the Budget for the financial year 2020, as set out in Appendix I, and to share any observations as they see fit.*

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2020
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2020		
	Budget¹	Estimate	Balance
Income			
Chapter 1: Contributions of Member States			
Art. 1 (Member State Contributions)	2,277,000.00	2,228,930.00 ²	-48,070.00
Chapter 2: Other Receipts			
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) ³	17,000.00	20,000.00	3,000.00
Art. 4 (Aviareto) ⁴	17,500.00	17,500.00	0.00
Chapter 3: Various receipts			
Tax reimbursement credit ⁵	15,000.00	15,000.00	0.00
Miscellaneous receipts ⁶		3,000.00	3,000.00
Total receipts	2,342,500.00	2,300,430.00	-42,070.00

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The numbers given in this column correspond to those found in the budget for 2020 approved by the Finance Committee at its 87th session in Rome on 10 October 2019 (see [UNIDROIT 2019 – F.C. \(87\) 6](#)), and subsequently approved by the General Assembly at its 78th session in Rome on 12 December 2019 (see [UNIDROIT 2019 – A.G. \(78\) 7](#)).

² The numbers given here reflect a number of known changes to the Member State contributions for 2020 as noted by the General Assembly at its 78th session in Rome on 12 December 2019 (see [UNIDROIT 2019 – A.G. \(78\) 12](#)): Ireland and Portugal both decided to waive their right to a lower contribution and remain in the previous, higher category, whereas both Argentina and Brazil requested and obtained a one year, temporary suspension of the application of the higher categories stemming from the reclassification exercise and the adoption of the new contributions chart.

³ The Secretariat estimates the income earned from the sale of publications to be slightly higher with respect to previous years due to the forthcoming introduction of the digital version of the fourth edition of the Aircraft Protocol Official Commentary by Sir Roy Goode. It is noted that should either the MAC Protocol or the Rail Protocol come into force, this amount may need to be adjusted in future in order to reflect any attendant increase in sales.

⁴ UNIDROIT is to receive in 2020 the fourth of four annual USD 20,000 payments from Aviareto, the International Registry under the Aircraft Protocol to the Cape Town Convention, in accordance with a four-year licencing agreement by which UNIDROIT provides an electronic version of the Aircraft Protocol Official Commentary by Sir Roy Goode (currently in its fourth edition) to Aviareto to make available to users of the International Registry.

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 (see Expenditure, note 3).

⁶ This corresponds to the amount which the Secretariat expects to receive from the UNIDROIT Foundation in connection with the annual membership fees relating to the newly established UNIDROIT Alumni Association.

EXPENDITURE (in Euro)¹

	Budget	Adjusted	Balance
Chapter 1 – Meeting costs and official travel²			
Art. 1 (Governing Council)	50,000.00	50,000.00	0.00
Art. 2 (Auditor)	5,000.00	5,000.00	0.00
Art. 3 (Administrative Tribunal)	0.00	0.00	0.00
Art. 4 (Committees of Experts)	127,000.00	117,000.00	-10,000.00
Art. 5 (Official journey of representatives and staff)	60,130.00	57,060.00	-3,070.00
Art. 6 (Interpreters)	37,000.00	35,000.00	-2,000.00
Art. 7 (Representation)	8,000.00	6,000.00	-2,000.00
Total	287,130.00	270,060.00	-17,070.00
Chapter 2 – Salaries and allowances			
Art.1 (Salaries of Categories D, P, and GS staff and consultant)	1,189,293.00	1,189,293.00	0.00
Art. 2 (Remuneration for occasional collaborators)	32,500.00	32,500.00	0.00
Art. 3 (Tax reimbursement) ³	15,000.00	15,000.00	0.00
Total	1,236,793.00	1,236,793.00	0.00
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness)	454,327.00	454,327.00	0.00
Art. 2 (Accidents' insurance)	9,000.00	9,000.00	0.00
Art. 3 Compensation for retired members of staff	2,250.00	2,250.00	0.00
Total	465,577.00	465,577.00	0.00
Chapter 4 – Administrative expenses			
Art. 1 (Stationery)	15,000.00	15,000.00	0.00
Art. 2 (Telephone, fax and Internet)	18,000.00	18,000.00	0.00
Art. 3 (Postage)	10,000.00	10,000.00	0.00
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	63,000.00	63,000.00	0.00
Chapter 5 – Maintenance costs			
Art. 1 (Electricity)	16,000.00	16,000.00	0.00
Art. 2 (Heating)	25,000.00	25,000.00	0.00
Art. 3 (Water)	9,000.00	9,000.00	0.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00	0.00
Art. 5 (Office equipment)	24,000.00	24,000.00	0.00
Art. 6 (Upkeep of building, local taxes)	30,000.00	30,000.00	0.00
Art. 7 (Labour costs) ⁴	45,000.00	20,000.00	-25,000.00
Total	161,000.00	136,000.00	-25,000.00
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	2,342,500.00	2,300,430.00	-42,070.00

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 In an effort to contain costs, the Secretariat proposes a number of modest cuts in expected expenditures under Chapter 1 – Meeting costs and official travel: a decrease of €10,000 to Art. 4 (Committees of Experts); a decrease of €3,070 to Art. 5 (Official journey of representatives and staff); a decrease of €2,000 to Art. 6 (Interpreters); and a decrease of €2,000 to Art. 7 (Representation). Given the current restrictions both to travel and to the holding of meetings and conferences, expenditure on Chapter 1 matters is likely to be even more contained.

³ At the time of this writing, UNIDROIT has made payments under UNIDROIT – United States of America Tax Reimbursement Agreement of €21,052.11, owing to the remuneration of one US citizen who has left the Secretariat (see also note 5 to the adjusted receipts) for the year 2018. The Secretariat expects to be reimbursed for this amount in 2020.

⁴ The Secretariat estimates a reduction in labour costs of €25,000 due to a change in the status of the type of employment contract of a GS staff member.