The 63rd session of the Finance Committee was held at the seat of UNIDROIT in Rome on 11 March 2008. The Secretary-General welcomed the participants to the meeting. He then gave a brief update on developments since the last meeting of the Committee. He recalled that all of the United Nation member States had been invited by the Government of Switzerland to a Diplomatic Conference, to be held in Geneva from 1 to 13 September 2008, for the adoption of the Draft Convention on Intermediated Securities. He also recalled that the Committee of Governmental Experts for the preparation of a Model Law on Leasing would have its second session from 6 to 9 April 2008 in Muscat (Oman). Lastly, he recalled that the Preliminary draft Protocol on Space assets was back on track: a steering committee in charge of stimulating the project would organize the third session of the Committee of Governmental Experts for the second half of 2008.

Item No. 2 of the Agenda: Appointment of the Chairman of the Commission

2. The Secretary-General recalled that the Committee needed a new Chairperson, as Mr Vachon, representative of Canada, who had so brilliantly and effectively acted as chairman in the last sessions, was not able to continue participating in the sessions due to his new responsibilities.

3. The representative of the United States proposed that the Committee appoint as a Chairman Mr Peter Adamek, representative of Germany, senior member of the Committee.

4. The representative of the Russian Federation supported that proposal.

5. The Finance Committee approved the proposal; Mr Adamek accepted, and took the chair.

Item No. 1 of the Agenda: Adoption of the draft agenda

6. The Chairman proposed that the Committee adopt the Draft Agenda. The Committee approved the proposal.
Item No. 3 of the Agenda: Consideration of the Secretariat's first estimates for the draft budget for 2009 (F.C. (63) 2/rev.)

7. The Deputy Secretary-General introduced this Agenda item. She first explained the new procedure for the adoption of the budget, which had been set up by Article 31 of the Regulations as amended by the General Assembly at its 61st session, and which was being followed for the first time. She recalled that pursuant to that procedure, the Finance Committee would be invited to formulate an opinion about the draft budget, and this opinion would be provided to the Governing Council, in order to permit it to best evaluate the financial implications of the budget in the context of the work programme. The Deputy Secretary-General then elaborated the first estimates as set out in Doc. F.C. (63) 2/rev. The first estimates included some increases as compared with the 2008 budget, because costs of certain items in some chapters had increased over the previous years, and the Secretariat therefore considered it unavoidable that allocations for these items be increased. Article 1 of Chapter 2 showed increases in the salaries, due to the inflation rate – calculated on the basis of the criteria established by the system of the Co-ordinated Organisations – and to the advancement of careers. Article 2 of Chapter 2 – remuneration of collaborators – had not been modified for a long time, despite these remunerations, paid on an hourly basis, having risen. Corresponding increases were required in Chapter 3, because the social charges are calculated as a percentage of salaries. She also recalled that on these Chapters there was an uncertainty linked to the post of the new Secretary-General, whose remuneration and social charges would vary according to certain factors that were to be known only after that the Governing Council had made its choice amongst the candidates.

The Secretariat did not foresee increases for the production of the Uniform Law Review, because it had introduced some modifications, notably the suppression of certain sections.

The first estimates provided for some increases in the article dealing with telephone, fax and Internet costs; however, the Deputy Secretary-General noted that in order to reduce the expenses for the telephone, the Secretariat was studying ways of making savings. Regarding the article relating to correspondence, the increases were due to the price rises and to the intensified activity of the Institute that had resulted in the need to distribute greatly increased numbers of paper documents in connection with organising diplomatic conferences and committees of experts, as well as for the sending of publications.

In relation to receipts, the Deputy Secretary-General noted that the Secretariat estimated that the Italian contribution for 2009 would remain at the same level as that of 2007, and was grateful to the United Kingdom for its extra-statutory contribution. The Secretariat had calculated for the contributions of member States other than Italy an increase of 3.54%, percentage which was in line with the real inflation rate for the Euro zone.

8. The Chairman thanked the Deputy Secretary-General for her explanations.

9. The representative of Canada indicated that a few days prior to the meeting he had sent several questions, which had been formulated by his Government, to the Deputy Secretary-General, who had not had the time to reply before the meeting, and that he had distributed copies of his message containing those questions to all the members of the Committee. He proposed that requests for explanations about draft budgets could in the future be sent to the Secretariat before the sessions of the Commission in order to facilitate the discussions at those meetings.

10. The representative of the United States supported this proposal and added that the different questions formulated by the members of the Committee could be sent to the Chairman, who could group all the questions and channel them to the Deputy Secretary-General and to all the members of the Committee.

11. On the proposal of the representative of Austria, who supported the proposals made by the representatives of Canada and of the United States, the members of the Committee agreed to provide their e-mail addresses to the Chairman and to the other members of the Committee.
12. The representative of Italy thanked the Secretariat for the documents and for the presentation, and also thanked the United Kingdom for the important additional funding that it had granted. The Government of Italy wished to stress the importance of the library for the legal community, and supported all the innovations that would bring improvements. He suggested that the possibility of seeking some private funding for the library could be pursued. Regarding the contribution of the Italian Government, he noted that it was very important to understand that the sum indicated in the first estimates to the budget was only an estimate made by the Secretariat that would be clarified only later in the year, but that efforts were being made in order to maintain the contribution of the Government of Italy at substantially the same level as in preceding years.

13. The Chairman joined the representative of Italy in expressing gratitude to the Government of the United Kingdom.

14. The representative of the United Kingdom thanked those who had expressed gratitude for the Government of the United Kingdom’s contribution. She indicated that the Government of the United Kingdom had some concern about the amount of the increases. However, the uncertainty related to the post of the new Secretary-General made it difficult to give definitive views on the draft budget. She asked that the procedures for adopting the budget be aimed at giving more transparency and at linking the budgetary allocations with the various projects and activities.

15. The representative of France thanked the Secretariat for the work that had been accomplished. She noted that the French Government favoured a rather strict budgetary procedure in order to avoid high increases. She thanked the Government of the United Kingdom for the extra-statutory contribution, but she noted that if that contribution were not to be renewed it would be impossible for France to support the burden of the remuneration of a second Deputy Secretary-General.

16. The representative of Mexico congratulated the Chairman for his election and thanked the Government of the United Kingdom for its extra-statutory contribution. He noted that he understood that the increases were in line with inflation; he also asked whether synergies for the maintenance of the building were being examined.

17. The representative of Switzerland congratulated the Chairman for his election and thanked the Government of the United Kingdom for its extra-statutory contribution. He indicated that the Swiss Government in principle did not oppose the increases, which had to be confirmed or modified in light of the choices concerning staff to be made by the Governing Council.

18. The representative of the United States referred to the document prepared by the Ambassador of Australia, President of the General Assembly for 2007/2008, included in the documents distributed by the Secretariat at the opening of the session, and which was aimed at improving the linkages between the work programme and the budget - an issue which the Governments considered important. In the last few years much progress had been made in increasing transparency and he wished to commend the Deputy Secretary-General for the greater clarity of the financial documents.

19. The Chairman thanked the Deputy Secretary-General for the improvement of the transparency in the financial documents and planning processes of UNIDROIT and noted that the proposed document was aimed at helping the members of the Finance Committee and the representatives of the members States to better explain to their Governments the importance of the work of UNIDROIT.

20. The representative of the Russian Federation thanked the Secretariat for its work, noted that some points needed clarification, as the representative of Canada had indicated in his message that was distributed during the meeting; however the Government of the Russian Federation was well aware of the fact that it was difficult to maintain the budget at a level that did not take account of the official rate of inflation.
21. The Secretary-General recalled that some representatives of Governments of member States had underlined the improvement of the documents in the last few years and had asked for more clarity and more transparency in the link between the human resources and the different activities of the Institute. H. E. the Ambassador of Australia, President of the General Assembly for 2007/2008, had accordingly drafted, with the help of the representatives of the Governments who had made interventions on that issue during the General Assembly, the document which was inserted in the documents for the session, with a view to inviting comments and discussion.

22. The Deputy Secretary-General, addressing the questions raised by the members of the Committee, indicated that the document drafted by the President of the General Assembly was extremely interesting and worthy of an in-depth analysis. She recalled that the Secretariat had already added, very recently, to the traditional financial documents two additional documents, one stating the extra-budgetary receipts and expenditure, and the other showing the link between the budget and the activities. The attributions of particular members of staff had not been indicated in that document; she underlined that the some members of the staff worked cooperatively and flexibly across various projects, making such attributions difficult. Nevertheless, she pointed out that the Secretariat was aware of the importance of this information and that attributions to this effect were already being included in some documents where possible, such as the document illustrating the up-date of the strategic plan. The Deputy Secretary-General recalled that the maintenance of the building was provided by the Italian Government; however small expenditure for some repairs were met by the Institute, which requested a pro-rata contribution from the International Labour Organisation, which uses part of the premises. She also gave additional information on the telephone and the use of the Internet. She also pointed out that the local expenses had risen considerably, and were now specifically indicated in the title of Article 6 of Chapter 7.

23. The Secretary-General recalled that the document drafted by the President of the General Assembly was a further development of the documents already existent.

24. The Chairman pointed out that the document drafted by the President of the General Assembly had been distributed at the opening of the session and that its examination required more time. Concerning the first estimates to the draft budget, he asked if other members of the Committee had opinions to express on that issue.

25. The representative of Austria affirmed that her Government found the modest increase reasonable under the circumstances including in relation to inflation, but that, as there were still uncertainties, and some figures might still change, she wished to indicate that the Government of Austria considered that the proposed increases should not rise further.

26. The Chairman, in his capacity of representative of Germany, indicated that according to his Government the proposed increases were not in correspondence with the principle of zero growth expressed several times during the sessions of the Committee and that it asked for more explanation and for further examination of possibilities to economize. However, the Government of Germany wished to recall that these were only first estimates and that there were still some uncertainties linked to the post of the new Secretary-General.

27. The Chairman, summarizing the interventions of the members of the Committee, indicated the interest expressed by many representatives of the Governments in receiving additional information on the first estimates.

28. To that effect, the representative of Canada made the proposal that the replies to the request of information formulated by the Government of Canada be addressed by e-mail to all the members of the Committee; the representative of the United States added that this exchange of e-mails, channelled through the Chairman, could allow the Secretariat to provide the supplementary information requested.
29. The representative of Austria recalled that the Committee was asked to give an advice to the Governing Council; she proposed that within a timeframe, and using the silence procedure, the Committee could express its advice that could then be addressed to the Governing Council.

30. The Chairman recalled that also the members which were unable to attend the meeting would be included in the exchange of information and in the consultation process, in order to be put in a position of contributing to the expression of the advice on the First estimates to the 2009 draft budget. He then concluded Item 3 of the Agenda, recalling that after the information and consultation process, the Committee would be in a position to express its advice, and that the procedure should take as a deadline the end of March 2008.

31. Secretariat Note: In the days following the meeting, the Deputy Secretary-General replied in writing to the questions about the first estimates that had been made by the representative of Canada, and she sent that reply, by electronic mail, to all the members of the Committee. The Chairman conducted the process of consultation with the members of the Committee, after which he was able to formulate the advice of the Finance Committee, to be transmitted to the Governing Council, as follows:

“The Finance Committee, warmly welcoming the extra-statutory contribution of the United Kingdom as announced by the British member of the Governing Council for another year, has had an intense discussion on the draft budget for 2009 as put forward by the UNIDROIT Secretariat. Whereas some members expressed the willingness of their respective Governments to accept the draft budget, others recalled their Government’s position to ask for a Zero Nominal Growth (ZNG) Budget. Nevertheless, the draft budget for 2009 should be referred to the Governing Council for its consideration. And the UNIDROIT Secretariat should be encouraged to undertake further efforts to economise”.

Item No. 4 of the Agenda: Any other business

32. The Chairman pointed out that the document drafted by the President of the General Assembly provided an excellent opportunity to consider increasing the clarity and transparency of the work of Unidroit and asked the members of the Committee for their comments on the document.

33. The representative of the United States recalled that that document wished to address the requests of some Governments, but that it should also be considered important for the Secretariat itself; he proposed that more time would be given to the Secretariat to examine it, considering that it had to be regarded as a work in progress.

34. The representative of Italy supported the idea expressed by the representative of the United States.

35. The representative of Canada recalled that the document reflected the content of documents adopted by many Governments, and, having underlined the importance of that kind of document for better evaluating the activity and the achievements of the Institute, he noted that time should be given to the Secretariat for considering and adapting it.

36. The representative of the United Kingdom stressed the importance that its Government assigned to this issue and that it supported the adoption of document helping to link financial aspects and activities.

37. The representative of Mexico supported the proposal made by the representative of the United States to allow the Secretariat to establish if the proposed document represented the best way to achieve the presentation of the financial implications of the projects in one single picture.
38. The Chairman summarized the expressed opinions by indicating that the Secretariat should be given the time to examine the proposed document; he recalled that the work of Unidroit was highly valued but that the Governments needed some information of the type which the proposed document was aimed at offering.

39. The representative of Austria pointed out that the implications concerning staff would not need to contain the indication of the retributions, but only the percentage of the time that the members of the staff devote to each project of activity, under the form of work units or other equivalent.

40. The Secretary-General gave some additional information on the fact that the proposed documents, according to the President of the General Assembly who had drafted it, could help Governments to understand the priorities of the work of the Institute and to compare these with the priorities set up by the Governing Council and the General Assembly.

41. The representative of the United States expressed the opinion that the staff resources should be expressed in percentage of time devoted to each project.

42. The Deputy Secretary-General recalled that, at least in part, this work was already done by the Secretariat, because the documents for the Governing Council and for the General Assembly already contained, in specific spaces boarded under the title "staffing", the percentage of time devoted to each project and activity by the members of the staff. She also underlined that it would be extremely difficult to specify, as requested in the proposed document, the expenditure in financial terms and staff for a project since its first beginning, because records of expenditure, budget and accounts were allocated in chapters and articles that did not correspond to the projects and activities.

43. The Chairman asked the opinion of the members of the Committee on that point.

44. The representative of US indicated the need to be realistic and recalled that the Unidroit staff was very small.

45. The representative of Canada pointed out the importance of timing the work of the members of the staff and that that tool could be extremely useful for the Secretariat itself.

46. The Chairman expressed the view of the Committee of the importance of the document but at the same time pointed out that this exercise should not have as a consequence to overburden the Secretariat.

47. No further interventions being forthcoming, the Chairman closed the meeting at 1 p.m.
LIST OF PARTICIPANTS

Members:
Ms Ingrid Pech (Austria)
Mr Peter Egyed (Canada)
Mr Peter Adamek (Président) (Germany)
Mr Nicola Todaro Marescotti (Italy)
Ms Mariko Shikakura (Japan)
Mr Diego Alonso Simancas Gutierrez (Mexico)
Mr Evgeni Tyusin (Russian Federation)
Mr Stefano Lazzarotto (Switzerland)
Ms Claudia Giunchiglia (United Kingdom)
Mr Leslie deGraffenried (United States of America)

UNIDROIT Secretariat:
Mr Herbert Kronke (Secretary-General)
Ms Alessandra Zanobetti (Deputy Secretary-General)