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FINANCE COMMITTEE
66th session
Rome, 30 September 2009

UNIDROIT 2009
AG/Comm. Finances (66) 6
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REPORT

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Report on the proceedings of the 66th session of the Finance Committee</i>
<i>Action to be taken</i>	<i>For the information of members of the Finance Committee</i>
<i>Related documents</i>	<i>A.G./Comm. Finances (65)3 Add.1 ; (66) 1, 2, 3, 4, 5; 2008 Accounts</i>

1. The 66th session of the Finance Committee was held at the seat of UNIDROIT in Rome on 30 September 2009. The *Secretary-General* welcomed the participants to the meeting.

Item No. 2 on the Agenda: Appointment of the Chairperson of the Committee

2. The *Secretary-General* recalled that the Committee needed a new Chairperson, as Mr Peter Adamek, representative of Germany, who had so brilliantly and effectively chaired the last sessions, had now left Rome. It was the Institute's practice to invite the longest-serving member to chair the Committee, and he accordingly proposed that the Committee appoint Ms Manuela Leimgruber, the representative of Switzerland, to take on this task.

3. The *representative of Canada* supported the proposal.

4. *The Finance Committee approved the proposal; Ms Leimgruber accepted, and took the chair.*

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

5. The *Chairperson* proposed that the Committee adopt the Draft Agenda. *The Committee approved the proposal.*

Item No. 3 on the Agenda: Final modifications to the Budget and Accounts for the 2008 financial year (AG/Comm. Finances (66) 2 and 2008 Accounts)

6. The *Deputy Secretary-General* introduced this Agenda item. She recalled that the 2008 Accounts had been distributed in July 2009 to the Governments of all the member States. In 2008, expenditure had fallen slightly, due to the Secretariat's efforts to make savings, and the Accounts

showed a surplus, mostly due to the recovery of arrears, which had been carried over to the 2009 financial year. The Accounts had been verified and approved by the Auditor.

7. *No further comments being forthcoming, the Committee formulated the opinion that the General Assembly approve the Accounts of the 2008 financial year.*

Item No. 4 on the Agenda: Adjustments to the Budget for the 2009 financial year (AG/Comm. Finances (66) 3)

8. The *Deputy Secretary-General* introduced this Agenda item. She presented document AG/Comm. Finances (64) 3, which indicated that no adjustments to the Budget for the current financial year were deemed necessary.

9. The *representative of Italy* indicated that his Government's contribution for 2009 would amount to € 197,000, less than the estimate given by the Secretariat in the Budget. He recalled that the Italian contribution was regulated by Article 16 of the UNIDROIT statute, which made reference to the law approving the budget of the Italian State, and that, accordingly, the amount of the contribution was set annually by the Italian Government upon the approval of the "legge finanziaria"; he underlined that the sum specified in the Budget was an estimate put forward by the Secretariat. He also recalled that substantial works were underway (under the responsibility of the Italian Authorities managing Villa Aldobrandini), with the aim of improving the standards of the Institute premises, particularly in the Library, and bring these standards up to date. He underlined that the Italian support for the Institute was constant and remained unchanged.

10. In their comments, the *representatives of the United Kingdom, Mexico, Switzerland, Canada, the Russian Federation and France* expressed their concerns regarding the timing of Italy's announcement and the impact on the Institute's financial forecast for the 2009 Financial Year and beyond. They also raised concerns as to the likely impact of this reduction in the Italian contribution for 2009 on the activities of the Institute and on the contributions of the other member States.

11. The *Secretary-General* and the *Deputy Secretary-General* assured the members that while the reduction would compel the Institute to exercise the utmost financial restraint it would have no impact on the other member States' contributions.

12. *The Committee took note of document AG/Comm. Finances (66) 3.*

Item No. 5 on the Agenda: Arrears in member States' contributions (AG/Comm. Finances (66) 4)

13. The *Deputy Secretary-General* introduced this Agenda item. She indicated that the state of arrears in member States' contributions had improved greatly, and that only one member State, Bolivia, presented a difficult situation.

14. The *Chairperson* congratulated the Secretariat of UNIDROIT on this satisfactory situation.

Item No. 6 on the Agenda: Draft Budget for 2010 and fixing of member States' contributions for that financial year (AG/Comm. Finances (66) 5)

15. The *Deputy Secretary-General* introduced this Agenda item and illustrated doc. AG/Comm. Finances (66) 5. She indicated that only the Government of Canada had submitted comments on the draft Budget, which were appended to the document.

16. The *representative of Canada* underlined that the reduction in the Italian contribution in 2009 could also have an impact on the 2010 budget, should the reduction be maintained.

17. The *representative of Italy* indicated that as usual at this time of the year - due to the complex procedure of determining and transferring the Italian contribution to UNIDROIT - it was not possible at the moment (with the budget law still under exam in the Parliament) to precisely indicate the amount of the Italian contribution to the UNIDROIT budget for 2010. With this in mind, and as already underlined in past occasions, he suggested the Secretariat to adopt appropriate cautiousness in making estimates, and that it would be advisable to take as a reference the level of the Italian contribution for 2009 instead of 2008.

18. The *representatives of the United Kingdom, Mexico, Switzerland, Canada, the Russian Federation and France* all discussed the advisability of modifying the draft budget for 2010 with a view to producing a more prudent estimate of the Italian contribution and to adapting receipts and expenditure accordingly.

19. The *Chairperson of the Finance Committee* proposed that the Secretariat prepare a revised draft budget, which would take into account the suggestion formulated by the members of the Committee and which would be circulated amongst the members by e-mail – in line with the Committee's by now well-established practice – together with a proposal for an opinion, *formulated by the Chairperson*, to be transmitted to the General Assembly at its 65th session.

20. *The Chairperson concluded item 6 on the agenda by recalling that the Committee members would be in a position to formulate an opinion in accordance with the information and consultation procedure in place.*

21. Secretariat's Note: In the days following the meeting, the Deputy Secretary-General submitted a revised draft budget (doc. A.G./Comm. Finances (66) 4 rev.) by e-mail to all the Committee members. After consulting the Committee members, the Chairperson formulated the opinion of the Finance Committee for transmission to the Governing Council, as follows:

"The Finance Committee recommends that the General Assembly adopt the draft 2010 Budget as proposed and stresses the importance of a conservative estimate of receipts in the preparation of future Budgets".

Item No. 7 on the Agenda: Inactive member States

22. The *Secretary-General* introduced this Agenda item, recalling the proposal formulated by the sub-Committee of the Finance Committee and circulated to all members (doc. A.G./Comm. Finances (65) 4 Add. 1), according to which the Secretary-General should be requested to convey to the member State concerned that the negative experience with the application of the arrangements introduced at the 53rd session of the General Assembly to regularize the position of Bolivia upon that country's request (see A.G. (53) 10) had led the Finance Committee to insist henceforth on the need for a member State wishing to regularise its situation to signify both its interest for the Institute, by offering a greater payment towards its outstanding contributions (not less than two years of assessed contributions), and its firm commitment to meet its financial obligations for the future, by only recovering its full membership and reacquiring all its rights, including the right of vote at the General Assembly, after four consecutive years of regular payment of its statutory contributions.

23. *The Chairperson noted that the members of the Committee agreed to this proposal, which was duly adopted.*

Item No. 8 on the Agenda: Any other business

24. *No further interventions being forthcoming, the Chairperson closed the meeting at 12.10 a.m.*

APPENDIX I**AGENDA**

1. Adoption of the agenda (AG/Comm. Finances (66) 1)
2. Appointment of the Chairman of the Finance Committee
3. Final modifications to the Budget and Accounts for the 2008 financial year (AG/Comm. Finances (66) 2 and Accounts 2008)
4. Adjustments to the Budget for the 2009 financial year (AG/Comm. Finances (66) 3)
5. Arrears in contributions of member States (AG/Comm. Finances (66) 4)
6. Draft Budget 2010 and fixing of the contributions of member States for that financial year (AG/Comm. Finances (66) 5)
7. Inactive member States
8. Any other business.

APPENDIX II

List of participants:

Ms Katharina WIESER	(Austria)
Mr Peter EGYED	(Canada)
Mr Craig WEICHEL	
Ms Françoise TRAVAILLOT	(France)
Ms Simone MAASSEN-KRUPKE	(Germany)
Mr Nicola TODARO MARESCOTTI	(Italy)
Ms Claire VILLAUME	
Ms Satoko KOIKE	(Japan)
Mr Diego Alonso SIMANCAS GUTIÉRREZ	(Mexico)
Mr Valery. FEDCHUK	(Russian Federation)
Ms Manuela LEIMGRUBER (<i>Chairperson</i>)	(Switzerland)
Ms Claudia GIUNCHIGLIA	(United Kingdom)
Mr Keith EFFERN	(United States of America)
Mr Claudio RAMUNNO	
UNIDROIT Secretariat	
Mr José Angelo ESTRELLA FARIA	(Secretary-General)
Ms Alessandra ZANOBETTI	(Deputy Secretary-General)