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FINANCE COMMITTEE
78th session
Rome, 8 October 2015

UNIDROIT 2015
F.C. (78) 3
Original: English/French
September 2015

Item No. 5 on the Agenda: Adjustments to the budget for the 2015 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2015 Budget</i>
<i>Action to be taken</i>	<i>Opinion to be transmitted to the General Assembly at its 74th session.</i>
<i>Related documents</i>	<i>UNIDROIT 2014 – Budget 2015; UNIDROIT 2015 - Accounts of receipts and expenditure for the 2014 financial year</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 2015 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 equal to the shortfall in the financial year 2014 (€144,805.68). The Secretariat intends to compensate any shortfall in receipts or any unforeseen expenditure in 2015 with a reduction of expenditure under various chapters and anticipates that, even in the event of a shortfall in receipts, the accounts for the financial year 2015 may show a moderate positive balance.

3. In accordance with Regulations 38(4)(a), the Finance Committee, at its 77th session (Rome, 2 April 2015) took note of the Accounts of the 2014 financial year and authorised the Secretariat to use the surplus "for urgent repairs to UNIDROIT premises, air conditioning and switchboard, as well as to replace old office furniture and equipment". Information on expenditure made in accordance with such authorisation is provided in the notes to the proposed adjustments on expenditure.

4. *The Finance Committee is invited to review the proposed adjustments to the Budget for the financial year 2015, as set out in Appendix I, and to recommend their approval by the General Assembly, at its 74th session.*

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2015
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2015		
	Budget	Estimates	Balance
Income			
Surplus from previous financial years:	0,00	36.557,84	36.557,84
Chapter 1: Contributions of member States			
Art. 1 (Member State Contributions)	2.223.870,00	2.079.064,32	-144.805,68
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)	16.811,00	18.505,50	1.694,50
Chapter 3: Various receipts			
Tax reimbursement credit	15.000,00	6.500,00	-8.500,00
Total receipts	2.271.681,00	2.156.627,66	-115.053,34

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The final accounts for the year 2014 show a surplus of € 36,557.84. According to the budgeting practice followed since 2012, no anticipated budget 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. This amount is stated here, in light of the Finance committee's authorisation, at its 75th session, for the Secretariat to spend the surplus from previous years in the current budget cycle.

² As the level of arrears in the financial year 2014 exceeded the pattern of arrears and delayed payment of assessed contributions in recent years, the Secretariat deems it prudent to anticipate an equally significant shortfall in contributions of member States in 2015, but does not intend to request supplementary funding. The Secretariat intends to compensate any shortfall in receipts or any unforeseen expenditure in **2015** with a reduction of expenditure under various chapters and anticipates that, even in the event of a shortfall in receipts, the accounts for the financial year **2015** may show a moderate positive balance.

³ 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 travel costs			
Art. 1 (Governing Council and Permanent Committee) ²	48.000,00	41.048,16	6.951,84
Art. 4 (Auditor)	3.869,60	3.869,60	0,00
Art. 3 (Administrative Tribunal)	0,00	0,00	0,00
Art. 4 (Committees of Experts) ³	88.000,00	50.630,00	37.370,00
Art. 5 (Official journeys and promotion of activities)	50.000,00	41.500,00	8.500,00
Art. 6 (Interpreters)	35.500,00	17.673,36	17.826,64
Art. 7 (Representation)	7.000,00	7.000,00	0,00
Subtotal	232.369,60	161.721,12	70.648,48
Chapter 2 – Salaries and allowances			
Art.1 (Salaries of Categories A, B and C staff and consultant) ⁴	1.207.081,40	1.188.500,00	18.581,40
Art. 2 (Remuneration for occasional collaborators)	20.000,00	11.732,91	8.267,09
Art. 3 (Tax reimbursement) ⁵	15.000,00	6.500,00	8.500,00
Subtotal	1.242.081,40	1.206.732,91	35.348,49
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness) ⁶	429.230,00	378.000,00	51.230,00
Art. 2 (Accidents' insurance)	8.500,00	8.786,89	-286,89
Art. 3 Compensation for retired members of staff	2.500,00	1.861,12	638,88
Subtotal	440.230,00	388.648,01	51.581,99
Chapter 4 – Administrative expenses			
Art. 1 (Stationery)	20.000,00	16.595,78	3.404,23
Art. 2 (Telephone, fax and Internet)	23.000,00	12.959,91	10.040,09
Art. 3 (Postage)	10.000,00	7.855,92	2.144,08
Art. 4 (Miscellaneous)	5.000,00	6.580,43	-1.580,43
Art. 5 (Printing of publications)	15.000,00	8.321,07	6.678,93
Subtotal	73.000,00	52.313,10	20.686,90
Chapter 5 – Maintenance costs			
Art. 1 (Electricity)	18.000,00	12.834,80	5.165,21
Art. 2 (Heating)	28.000,00	14.000,00	14.000,00
Art. 3 (Water)	7.000,00	10.500,00	-3.500,00
Art. 4 (Insurance of premises)	12.000,00	10.994,13	1.005,87
Art. 5 (Office equipment)	23.000,00	22.212,00	788,00
Art. 6 (Upkeep of building, local taxes) ⁷	30.000,00	83.188,96	-53.188,96
Art. 7 (Labour costs)	45.000,00	34.927,26	10.072,74
Subtotal	163.000,00	188.657,15	-25.657,15
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) ⁸	22.000,00	30.077,31	-8.077,31
Subtotal	121.000,00	129.077,31	-8.077,31
Total expenditure	2.271.681,00	2.127.149,60	144.531,41

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 Lower expenditure than originally forecasted under this chapter is due to the need to postpone the fourth session of the UNIDROIT Committee on Emerging Markets Issues, Follow-up and Implementation, established by the Diplomatic Conference To Adopt A Convention On Substantive Rules Regarding Intermediated Securities following the withdrawal of the offer of a member states to host the session in 2015. Also, the joint ELI/ UNIDROIT Project for the development of European model procedural rules under the ALI/UNIDROIT Principles of Transnational Civil procedure benefits now from a grant by the European Commission to the European Law Institute.

⁴ The estimated reduced expenditure takes into account the anticipated retirement of one staff member in the last quarter of 2015, as well as the reimbursement of the salary of a staff member seconded to UNESCO from July through December 2015 for work on a project of mutual interest for the organisations.

⁵ 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 3 to the adjusted receipts).

⁶ 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.

⁷ The higher expenditure under Chapter 5 (Maintenance costs), article 6 (Upkeep of building, public services) in particular, reflects expenditure made or expected to be made by the Secretariat in 2015 using the surplus carried over from the financial year 2014 (€36.557,84), as authorised by the Finance Committee at its 75th session. The detailed breakdown of this expenditure is as follows:

2015 expenditure partly covered by surplus from previous financial year	
Installation of air conditioning	7,387.16
Installation of security cameras	6,000,00
Adaptation work in the premises	7,500.00
Partial repainting of premises	10,103.39
Purchase and installation of projector and retractable screen for the main meeting room	28,363.96
Installation of monitors on the meeting room's podium	11,636,04
Repair of historic furniture	2,000.00
Total	61,354.51

⁸ The higher expenditure reflects the cost of new subscriptions to online databases offering legal materials in languages other than English.