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**Item No. 8 on the Agenda: Draft Budget for 2017
and observations submitted by member States**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the proposed expenditure and receipts under the 2017 draft Budget, the proposed contributions of member States and observations submitted by member States</i>
<i>Action to be taken</i>	<i>Formulation of opinion to be transmitted to the General Assembly at its 75th session (Rome, 1 December 2016)</i>
<i>Related documents</i>	<i>None</i>

Introduction

1. The first estimates of receipts and expenditure for the 2017 financial year prepared by the Secretariat (F.C. (79) 2) were examined by the Finance Committee at its 79th session (Rome, 17 March 2016), in accordance with Article 31 of the Regulations. Those first estimates were then submitted to the Governing Council, which at its 95th session (Rome, 18 to 20 May 2016), established the draft Budget for 2017, as set forth in the appendix to this document, 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 has been submitted to the Governments of UNIDROIT member States with a view to their formulation of such observations as they might wish to make by 2 September 2016. At the time of writing (1 September 2016), no comments have been received. Overall, the Secretariat proposes a total expenditure of € 2,271,870.00 for the year 2017, which represents no increase compared to the expenditure authorised under the 2016 budget. The Secretariat proposes to cover the Institute's expenditure in 2017 as follows:

Statutory contributions of other member States ¹	€	2,223,870.00
Other receipts	€	33,000.00

¹ See Explanatory Note 1 To The Draft Budget – Receipts.

3. The draft budget for 2017 does not anticipate a balance being carried over from the 2016 financial year, neither does it include estimates on financing from private sources for particular projects and activities (e.g. organisation of meetings, sponsoring of research fellows, scholarship, purchase of books and journals and the promotion of UNIDROIT instruments). The Secretariat will continue to solicit voluntary contributions of this type, which will be accounted for separately.

4. The Secretariat would propose that the statutory contributions of all member States for 2017 be calculated on the basis of a unit of contribution amounting to € 2,530.

5. Under this proposal, the statutory contributions of member States would be as follows:

Category I	€ 126,500.00
Category II	€ 55,660.00
Category III	€ 45,540.00
Category IV	€ 32,890.00
Category V	€ 27,830.00
Category VI	€ 22,770.00
Category VII	€ 20,240.00
Category VIII	€ 12,650.00
Special Category	€ 2,530.00

6. *Subject to any such observations that may be received from Governments of the member States before the deadline set for the submission of such observations (2 September 2016), the Finance Committee may wish to formulate a favourable opinion on the draft Budget for 2017, as set out in the Appendix, for transmission to the General Assembly at its 75th session.*

APPENDIX I

**DRAFT BUDGET
FOR THE 2017 FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2016	Budget 2017
Chapter 1: Contributions of member States¹		
Contributions of member States	2,223,870.00	2,223,870.00
Chapter 2: Other receipts:		
Art. 1 (Interest) ²	1,000.00	1,000.00
Art. 2 (Contributions to overhead expenses) ³	15,000.00	15,000.00
Art. 3 (Sale of publications) ⁴	17,000.00	17,000.00
Chapter 3: Various receipts		
Tax reimbursement credit ⁵	15,000.00	15,000.00
Total of receipts	2,271,870,00	2,271,870,00

EXPLANATORY NOTES TO THE DRAFT BUDGET - RECEIPTS

1 No change is proposed for 2017.

2 The Secretariat estimates the interests earned on deposits in checking accounts to be the same as in previous years.

3 This sum represents the share of the Office for Italy and San Marino of the International Labour Organization in the operating expenses of the premises of UNIDROIT.

4 The Secretariat estimates the income earned from the sale of publications to be approximately the same as in previous years.

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) .

EXPENDITURE (in Euro)

	2016	2017
Chapter 1 – Meeting and travel costs ¹		
Art. 1 (Governing Council and Permanent Committee)	50,000.00	50,000.00
Art. 2 (Auditor)	4,500.00	4,500.00
Art. 3 (Administrative tribunal)	-	-
Art. 4 (Committees of Experts)	90,000.00	120,000.00
Art. 5 (Official journeys and promotion of activities)	50,000.00	50,000.00
Art. 6 (Interpreters)	36,000.00	36,000.00
Art. 7 (Representation)	8,000.00	8,000.00
Subtotal	238,500.00	268,500.00
Chapter 2 – Salaries and allowances		
Art.1 (Salaries of Categories A, B and C staff and consultant) ²	1,207,831.00	1,179,293.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00
Art. 3 (Tax reimbursement) ³	15,000.00	15,000.00
Subtotal	1,242,831.00	1,214,293.00
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁴	415,789.00	414,327.00
Art. 2 (Accidents' insurance) ⁵	9,000.00	9,000.00
Art. 3 (Compensation retired members of staff) ⁶	2,250.00	2,250.00
Subtotal	427,039.00	425,577.00
Chapter 4 – Administrative expenses⁷		
Art. 1 (Stationery)	20,000.00	20,000.00
Art. 2 (Telephone, fax and Internet)	23,000.00	23,000.00
Art. 3 (Postage)	11,500.00	11,500.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00
Art. 5 (Printing of publications)	15,000.00	15,000.00
Subtotal	74,500.00	74,500.00
Chapter 5 – Maintenance costs ⁸		
Art. 1 (Electricity)	20,000.00	20,000.00
Art. 2 (Heating)	20,000.00	20,000.00
Art. 3 (Water)	7,000.00	7,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	26,000.00	26,000.00
Art. 6 (Upkeep of building, public services)	30,000.00	30,000.00
Art. 7 (Labour costs)	45,000.00	45,000.00
Subtotal	160,000.00	160,000.00
Chapter 6 – Library ⁹		
Art. 1 (Purchase of books)	90,000.00	90,000.00
Art. 2 (Binding)	9,000.00	9,000.00
Art. 3 (Software)	30,000.00	30,000.00
Subtotal	129,000.00	129,000.00
Total expenditure	2,271,870.00	2,271,870.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

1 **Purpose of expenditure:** to cover travel and subsistence expenses incurred by the members of the Governing Council and of the Permanent Committee in their attendance of sessions of those bodies; the fees due to the auditor appointed by the General Assembly; the costs of hearings of the Administrative Tribunal, registrar services and sums awarded by the Tribunal for settlement of claims; the costs incurred by UNIDROIT in organising meetings of committees of experts and other meetings associated with the organisation's Work Programme; the travel and subsistence expenses incurred by representatives of UNIDROIT, members of staff and collaborators in connection with the attendance of meetings of other organisations with which UNIDROIT cooperates, as well as missions intended to further awareness of UNIDROIT's work in general and, where appropriate, to encourage accession to the Statute of the Organisation; cover the cost of simultaneous interpretation at meetings held by UNIDROIT; the cost of representation functions, such as receptions and similar events organised by UNIDROIT in connection with its meetings.

The Secretariat proposes an increase of € 30,000.00 in Article 4 (Committees of Experts) of Chapter 1, 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) (see notes 2 and 4 below). This sum will be used 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.

2 **Purpose of expenditure:** to cover the salaries and allowances of the professional, administrative, secretarial and library members of UNIDROIT staff as well remuneration of a consultant.

The Secretariat expects that the costs of salary raises due to regular step-in-grade increments pursuant to the UNIDROIT Regulations will be entirely offset by the cost reductions resulting from departure of long-serving staff members during the year 2016 and recruitment of new staff members at a lower entry level. The Secretariat also intends to keep one part-time position vacant, utilising the resources thus freed for commissioning studies by outside experts.

The Secretariat thus proposes a decrease of € 28.538,00 for 2017.

3 **Purpose of expenditure:** to cover the cost of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat. These costs will be refunded by the Government of the United States of America, under the terms of a tax reimbursement agreement signed in September 2013.

The first financial year in respect of which taxes were refunded by UNIDROIT was the year 2015. As of the time of this writing, the reimbursement claims had not yet been processed by the Government of the United States of America, the Secretariat has retained for the year 2017 the estimate figure stated in the budget approved for the year 2016.

4 **Purpose of expenditure:** insurance coverage of staff members against disability, old age and sickness. With a few exceptions, all staff members of staff are insured for these purposes with the Italian social security system (INPS).

As a result of staff movements forecasted for 2016, a € 1,462 decrease in expenditure under this article is expected for 2017.

5 **Purpose of expenditure:** insurance coverage of all staff members against accidents. All staff members are insured for this purpose with a private Italian insurance company.

No change is proposed for 2017.

6 **Purpose of expenditure:** payments to one retired member of staff to cover the periods, in the past, during which he was not covered for social security purposes.

No change is proposed for 2017.

7 **Purpose of expenditure:** to cover ordinary running expenses of UNIDROIT (purchase of stationary, telephone charges, postage of materials and correspondence etc.).

No change is proposed for 2017.

8 **Purpose of expenditure:** to cover utilities fees (electricity, water and gas bills), building maintenance costs (insurance, ordinary repairs in the building, maintenance of elevators) and charges for municipal services (i.e. waste disposal).

No change is proposed for 2017.

9 **Purpose of expenditure:** to cover the cost of acquisitions for the Library's stock of books and the maintenance of its subscriptions to law journals, binding of periodicals and subscriptions to electronic journals and databases.

No change is proposed for 2017.

Overall, the Secretariat proposes a total expenditure of € 2,271,870.00 for the year 2017, which equals the expenditure authorised under the 2016 budget.

Annex**CHART OF THE ANNUAL CONTRIBUTIONS TO UNIDROIT
OF MEMBER STATES FOR 2017**

(Each unit of contribution representing € 2,530)

Cat.	State	Units	Contribution for 2017
I	Canada	50	€ 126,500.00
	China	50	
	France	50	
	Germany	50	
	Italy	50	
	Japan	50	
	United Kingdom	50	
	United States of America	50	
II	Republic of Korea	22	€ 55,660.00
	Russian Federation	22	
	Spain	22	
III	Australia	18	€ 45,540.00
	Belgium	18	
	Brazil	18	
	Netherlands	18	
	Sweden	18	
	Switzerland	18	
IV	Mexico	13	€ 32,890.00
V	Austria	11	€ 27,830.00
	Denmark	11	
	Finland	11	
	Greece	11	
	Norway	11	
	Poland	11	
	Saudi Arabia	11	
VI	India	9	€ 22,770.00
	Ireland	9	
	Portugal	9	
	South Africa	9	
	Turkey	9	

Cat.	State	Units	Contribution for 2017
VII	Argentina	8	€ 20,240.00
	Chile	8	
	Colombia	8	
	Czech Republic	8	
	Hungary	8	
	Indonesia	8	
	Iran	8	
	Israel	8	
	Romania	8	
	Slovakia	8	
	Venezuela	8	
VIII	Bulgaria	5	€ 12,650.00
	Croatia	5	
	Cyprus	5	
	Egypt	5	
	Estonia	5	
	Latvia	5	
	Lithuania	5	
	Luxembourg	5	
	Malta	5	
	Nigeria	5	
	Pakistan	5	
	Paraguay	5	
	Serbia	5	
	Slovenia	5	
	Tunisia	5	
	Uruguay	5	
Special	Holy See	1	€ 2,530.00
	San Marino	1	

APPENDIX II**Observations submitted by member States on the draft Budget 2017**

At the time of writing (1 September 2016), no observations or comments have been transmitted to the UNIDROIT Secretariat.