



EN

FINANCE COMMITTEE
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Item No. 4 on the Agenda: Adjustments to the Budget for the 2018 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2018 Budget</i>
<i>Action to be taken</i>	<i>Opinion to be transmitted to the General Assembly at its 77th session.</i>
<i>Related documents</i>	<i>UNIDROIT 2017 – Budget 2018; UNIDROIT 2018 - Accounts of receipts and expenditure for the 2017 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 2018 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 of € 149,723.68. The Secretariat intends to compensate, as much as possible, for any shortfall in receipts or any unforeseen expenditure in 2018 with a reduction of expenditure under various chapters, though the Secretariat would encourage member States to make any outstanding contributions in a timely manner.

3. *The Finance Committee is invited to review the proposed adjustments to the Budget for the financial year 2018, as set out in Appendix I, and to recommend their approval by the General Assembly, at its 77th session.*

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2018
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2018		
	Budget	Estimates	Balance
Income			
Surplus from previous financial years ¹	0.00	83,510.15	83,510.15
Chapter 1: Contributions of member States			
Art. 1 (Member State Contributions) ²	2,223,870.00	2,074,146.32	-149,723.68
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)	17,000.00	6.000	0.00
Chapter 3: Various receipts			
Tax reimbursement credit ³	15,000.00	15,000.00	0.00
Total receipts	2,271,870.00	2,194,656.47	-77,213.53

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The final accounts for the year 2017 reflect a surplus of € 83,510.15. According to the budgeting practice followed since 2012, no anticipated budget surplus 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 in Article 38(4) of the UNIDROIT Regulations. This amount is stated here because the new Secretary-General, Professor Ignacio Tirado, who assumed his post on 27 August 2018, will make a proposal and seek authorisation for the surplus' use in accordance with Article 38(4) during the Finance Committee's 85th session (Rome, 4 October 2018).

² As the level of arrears and delayed payment of assessed contributions in the financial year 2017 was in line with the average pattern, the Secretariat deems it prudent to anticipate a moderate shortfall in contributions of member States in 2018 based on current outstanding contributions. No supplementary funding has been contemplated. The Secretariat intends to set off, as much as possible, any shortfall in receipts in 2018 with a reduction of expenditure under various chapters.

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 official travel			
Art. 1 (Governing Council) ²	50,000.00	44,400.28	5,599.72
Art. 2 (Auditor)	4,500.00	4,500.00	0.00
Art. 3 (Administrative Tribunal)	0.00	0.00	0.00
Art. 4 (Committees of Experts)	120,000.00	120,000.00	0.00
Art. 5 (Official journey of representatives and staff)	50,000.00	50,000.00	0.00
Art. 6 (Interpreters)	36,000.00	36,000.00	0.00
Art. 7 (Representation)	8,000.00	8,000.00	0.00
Total	268,500.00	262,900.28	5,599.72
Chapter 2 – Salaries and allowances			
Art.1 (Salaries of Categories A, B and C staff and consultant) ³	1,179,293.00	1,124,293.00	55,000.00
Art. 2 (Remuneration for occasional collaborators) ⁴	20,000.00	32,000.00	-12,000.00
Art. 3 (Tax reimbursement) ⁵	15,000.00	15,000.00	0.00
Total	1,214,293.00	1,171,293.00	43,000.00
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness) ⁶	414,327.00	404,327.00	10,000.00
Art. 2 (Accidents' insurance)	9,000.00	8,786.45	213.55
Art. 3 Compensation for retired members of staff	2,250.00	2,250.00	0.00
Total	425,577.00	415,363.45	10,213.55
Chapter 4 – Administrative expenses			
Art. 1 (Stationery) ⁷	20,000.00	14,202.09	5,797.91
Art. 2 (Telephone, fax and Internet) ⁸	23,000.00	15,000.00	8,000.00
Art. 3 (Postage)	11,500.00	11,500.00	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	74,500.00	60,702.09	13,797.91
Chapter 5 – Maintenance costs			
Art. 1 (Electricity)	20,000.00	20,000.00	0.00
Art. 2 (Heating)	20,000.00	20,000.00	0.00
Art. 3 (Water)	7,000.00	7,000.00	0.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00	0.00
Art. 5 (Office equipment)	26,000.00	26,000.00	0.00
Art. 6 (Upkeep of building, local taxes)	30,000.00	30,000.00	0.00
Art. 7 (Labour costs)	45,000.00	45,000.00	0.00
Total	160,000.00	160,000.00	0.00
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	2,271,870.00	2,199,258.82	72,611.18

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 Savings under this article of the budget have resulted from the temporary vacancy of the post of Secretary-General. As noted above (see Receipts, note 1), the new Secretary-General assumed his post on 27 August 2018.

⁴ The Secretariat expects to cover the estimated additional costs with additional funding that was received from Aviareto in 2017 in accordance with a five-year licencing agreement by which UNIDROIT provided an electronic version of the third edition of the Aircraft Protocol Official Commentary by Sir Roy Goode to Aviareto to make available to users of the International Registry (see also explanatory note 2 to the Draft Budget – Receipts, UNIDROIT 2017 – A.G. (76) 8).

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 Savings under this article of the budget have also resulted from the temporary vacancy of the post of Secretary-General (see also note 3 above).

⁷ Savings under this article of the budget are due, at least in part, to the implementation of a new paper saving policy, in accordance with the General Assembly's recommendation (UNIDROIT 2017 – A.G. (76) 10, paras. 35-39).

⁸ Savings under this article of the budget are due, at least in part, to the increased use of online communications and teleconference services (e.g. Skype, GoToMeeting).