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**FINANCE COMMITTEE**  
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**Item No. 2 on the Agenda: Draft Budget for 2021 – First estimates**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2021</i>
<i>Action to be taken</i>	<i>Opinion of the members of the Finance Committee with regard to the first estimates of the Secretariat prior to the formal establishment of the draft Budget by the Governing Council at its 99<sup>th</sup> session (Rome, 6–8 May 2020)</i>
<i>Related documents</i>	<a href="#">UNIDROIT 2019 – A.G. (78) 7</a> ; <a href="#">UNIDROIT 2019 – F.C. (87) 6</a>

**Introduction**

1. The Appendix to this document sets out the first estimates for the draft Budget for the 2021 financial year, which the Secretariat has prepared for an initial review by the Finance Committee, in accordance with Article 26 of the Regulations.

2. These estimates will be revised, as appropriate, in light of the Finance Committee's comments, and submitted to the Governing Council at its 99<sup>th</sup> session, which will be held in Rome from 6–8 May 2020. On the basis of these first estimates, the Council will establish the draft Budget for 2021, to be communicated to the Member States, for their review and comments. Thereafter, the draft Budget, together with any comments received, will be submitted to the Finance Committee for consideration at its 89<sup>th</sup> session in Rome, to be held in late September or early October 2020. The Committee will, at that time, formulate its opinion on the draft Budget before its submission to the General Assembly for review and adoption at its 79<sup>th</sup> session, to be held in Rome in late November or early December 2020.

**APPENDIX**

**DRAFT BUDGET FOR THE 2021  
FINANCIAL YEAR**

**RECEIPTS (in Euro)**

	<b>Budget 2020<sup>1</sup></b>	<b>Budget 2021</b>
<b>Chapter 1: Contributions of Member States</b>		
Contributions of Member States	2,277,000.00	2,282,060.00 <sup>2</sup>
<b>Chapter 2: Other receipts:</b>		
Art. 1 (Interest) <sup>3</sup>	1,000.00	0.00
Art. 2 (Contributions to overhead expenses) <sup>4</sup>	15,000.00	15,000.00
Art. 3 (Sale of publications) <sup>5</sup>	17,000.00	17,000.00
Art. 4 (Aviareto) <sup>6</sup>	17,500.00	23,000.00
<b>Chapter 3: Various receipts</b>		
Tax reimbursement credit <sup>7</sup>	15,000.00	8,000.00
<b>Total of receipts</b>	<b>2,342,500.00</b>	<b>2,345,060.00</b>

**EXPLANATORY NOTES TO THE DRAFT BUDGET – RECEIPTS**

1 The numbers given in this column correspond to the official budget for 2020 approved by the Finance Committee at its 87<sup>th</sup> session in Rome on 10 October 2019 (see [UNIDROIT 2019 – F.C. \(87\) 6](#)), and subsequently approved by the General Assembly at its 78<sup>th</sup> session in Rome on 12 December 2019 (see [UNIDROIT 2019 – A.G. \(78\) 7](#)). It is noted that these are not the same numbers which will be given by the Secretariat at the 88<sup>th</sup> session of the Finance Committee in the document on the readjustment of the 2020 Budget based on the outcome of the 78<sup>th</sup> session of the General Assembly (Rome, 12 December 2019).

2 The Secretariat has made this calculation on the basis of a unit of contribution amounting to € 2,530. The expected amount of contributions of Member States correspond to the new UNIDROIT Contributions Chart recently adopted by the General Assembly at its 78<sup>th</sup> session (Rome, 12 December 2019) (see [UNIDROIT 2019 – A.G. \(78\) 12](#), and [A.G. \(78\) 11 rev.](#)). The amount of Contributions for 2021 includes the expected ordinary contributions for the said year plus the payment of arrears of 2017 by Belgium, as per express confirmation that the settlement, originally due to an administrative error, will take place during 2021.

3 In light of the current ultra low interest rate environment, the Secretariat estimates the interest earned on deposits in checking accounts to be zero (or very close thereto).

4 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.

5 The Secretariat estimates the income earned from the sale of publications to be approximately the same as in previous years. It is noted that should either the MAC Protocol or the Rail Protocol come into force, this amount may need to be adjusted in future in order to reflect any attendant increase in sales.

6 UNIDROIT is to receive in 2021 a payment of USD 25,000 from Aviareto, the International Registry under the Aircraft Protocol to the Cape Town Convention, in accordance with a renewed

licencing agreement by which UNIDROIT is to provide an electronic version of the fourth edition of the Aircraft Protocol Official Commentary by Sir Roy Goode to Aviareto to make available to users of the International Registry.

7 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 4).

**EXPENDITURE (in Euro)**

	<b>2020<sup>1</sup></b>	<b>2021</b>
<b>Chapter 1 – Meeting and travel costs<sup>2</sup></b>		
Art. 1 (Governing Council and Permanent Committee)	50,000.00	50,000.00
Art. 2 (Auditor)	5,000.00	5,000.00
Art. 3 (Administrative tribunal)	-	-
Art. 4 (Committees of Experts)	127,000.00	140,000.00
Art. 5 (Official journeys and promotion of activities)	60,130.00	60,130.00
Art. 6 (Interpreters)	37,000.00	38,483.00
Art. 7 (Representation)	8,000.00	8,000.00
<b>Subtotal</b>	<b>287,130.00</b>	<b>301,613.00</b>
<b>Chapter 2 – Salaries and allowances<sup>3</sup></b>		
Art. 1 (Salaries of Categories D, P and GS staff and consultant)	1,189,293.00	1,219,870.00
Art. 2 (Remuneration for occasional collaborators)	32,500.00	20,000.00
Art. 3 (Tax reimbursement) <sup>4</sup>	15,000.00	0.00
<b>Subtotal</b>	<b>1,236,793.00</b>	<b>1,239,870.00</b>
<b>Chapter 3 – Social security charges</b>		
Art. 1 (Insurance against disablement, old age and sickness) <sup>5</sup>	454,327.00	459,327.00
Art. 2 (Accidents' insurance) <sup>6</sup>	9,000.00	9,000.00
Art. 3 (Compensation retired members of staff) <sup>7</sup>	2,250.00	2,250.00
<b>Subtotal</b>	<b>465,577.00</b>	<b>470,577.00</b>
<b>Chapter 4 – Administrative expenses<sup>8</sup></b>		
Art. 1 (Stationery)	15,000.00	15,000.00
Art. 2 (Telephone, fax and Internet)	18,000.00	18,000.00
Art. 3 (Postage)	10,000.00	10,000.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00
Art. 5 (Printing of publications)	15,000.00	15,000.00
<b>Subtotal</b>	<b>63,000.00</b>	<b>63,000.00</b>
<b>Chapter 5 – Maintenance costs<sup>9</sup></b>		
Art. 1 (Electricity)	16,000.00	16,000.00
Art. 2 (Heating)	25,000.00	20,000.00
Art. 3 (Water)	9,000.00	9,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	24,000.00	29,000.00
Art. 6 (Upkeep of building, public services)	30,000.00	35,000.00
Art. 7 (Labour costs)	45,000.00	20,000.00
<b>Subtotal</b>	<b>161,000.00</b>	<b>141,000.00</b>
<b>Chapter 6 – Library<sup>10</sup></b>		
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
<b>Subtotal</b>	<b>129,000.00</b>	<b>129,000.00</b>
<b>Total expenditure</b>	<b>2,342,500.00</b>	<b>2,345,060.00</b>

## EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

1 The numbers given in this column correspond to the official budget for 2020 approved by the Finance Committee at its 87<sup>th</sup> session in Rome on 10 October 2019 (see [UNIDROIT 2019 – F.C. \(87\) 6](#)), and subsequently approved by the General Assembly at its 78<sup>th</sup> session in Rome on 12 December 2019 (see [UNIDROIT 2019 – A.G. \(78\) 7](#)). It is noted that these are not the same numbers which will be given by the Secretariat at the 88<sup>th</sup> session of the Finance Committee in the document on the readjustment of the 2020 Budget based on the outcome of the 78<sup>th</sup> session of the General Assembly (Rome, 12 December 2019).

2 **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 UNIDROIT'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; the cost of simultaneous interpretation at meetings held by UNIDROIT; and the cost of representation functions, such as receptions and similar events organised by UNIDROIT in connection with its meetings.

With respect to Article 4 (Committees of Experts), the Secretariat deems it prudent to forecast an increase of €13,000 for this line of expenditure to reflect the fact that 2021 will be a year in which a number of projects under the new Work Programme (2020-2022) will be fully underway, with an expected increase in the number of meetings contemplated for that year.

With respect to Article 6 (Interpreters), the Secretariat notes there has been a degree of difficulty in securing the appropriate services to meet the interpretation needs at various meetings. As a result, the Secretariat deems it prudent to forecast a slight increase of €1,483 for this line of expenditure.

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

With respect to Article 1 (Salaries of Categories A, B and C staff and consultant), the Secretariat deems it prudent to forecast an increase of €30,577.00 for this line of expenditure in order to reflect changes in staffing anticipated for 2021.

With respect to Article 2 (Remuneration for occasional collaborators), the Secretariat foresees a lesser need to rely on occasional collaborators, which would lower costs in this regard, and for which reason the Secretariat proposes reducing the amount of expenditure for this line by €12,500.00.

4 **Purpose of expenditure:** to cover the cost of federal, state and municipal taxes payable by a US citizen who was 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 which taxes were refunded by UNIDROIT was the year 2015. Given that the US citizen left the employment of the Secretariat in 2019, it is not foreseen that there will

be any need for reimbursement in 2021. The Secretariat therefore foresees a reduction of €15,000.00 for the year 2021.

5 **Purpose of expenditure:** insurance coverage of staff members against disability, old age and sickness in accordance with the UNIDROIT Regulations.

With respect to Article 1 (Insurance against disablement, old age and sickness) the Secretariat estimates that this line of expenditure will increase slightly due to anticipated staffing changes. The Secretariat thus proposes an increase of €5,000 for the year 2021.

6 **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 2021.

7 **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 2021.

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

9 **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).

The Secretariat proposes to increase Article 5 (Office equipment) by €5,000 to budget for expected increases in expenditures relating to the replacement of computer equipment and other office furniture, as well as an increase to Article 6 (Upkeep of building, public services) by €5,000 in order to anticipate increases in upkeep costs. The Secretariat proposes a reduction to Article 2 (Heating) by €5,000 for 2021, as well as a reduction to Article 7 (Labour costs) by €25,000 for 2021 to reflect the fact that extraordinary works were required in 2020 which are not foreseen to be needed in 2021.

10 **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 2021.