



FINANCE COMMITTEE
89th session
Remote session – 25 June 2020

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REPORT

(prepared by the UNIDROIT Secretariat)

1. The 89th extraordinary session of the Finance Committee was called by the Chair to discuss the impact of the outbreak of the Novel Corona Virus (COVID-19) on UNIDROIT'S activities and on its finances, and to allow for the Secretariat to provide the Finance Committee Members with an update regarding the measures it was taking to address the pandemic.

Item No. 1 on the agenda: Adoption of the Agenda [\(F.C. \(89\) 1\)](#)

2. The *Chair* welcomed all the Members of the Committee, recalling the importance of holding an extraordinary session in order to take stock of how the current pandemic was affecting UNIDROIT'S work, its activities, the impact on the Institute'S finances, and discuss the measures being taken to cope with the pandemic. He noted that UNIDROIT had quickly pivoted to take advantage of new technologies to carry its work forward despite the serious challenges posed by the ongoing public health crisis and the attendant restrictions on international travel imposed by the authorities. In this regard, he emphasised the value of the Finance Committee taking the opportunity to reflect on the measures taken by the Institute so far, exchange views, and draw lessons which may be of value for other international organisations as they also seek to deal with the crisis.

3. The Chair opened the floor to any comments on the agenda, which, in the absence of any comments, was adopted [\(F.C. \(89\) 1\)](#). He then proceeded to invite the Secretary-General to present document [F.C. \(89\) 2](#), concerning adjustments to the Budget for the 2020 financial year.

Item No. 2 on the agenda: Adjustments to the Budget for the 2020 financial year [\(F.C. \(89\) 2\)](#)

4. The *Secretary-General* thanked everyone for their presence and thanked the Chair for having made the proposal to hold this extraordinary session of the Finance Committee. On behalf of the Secretariat, he extended his wishes for the continued health and wellbeing of all Members of the Committee and their nearest and dearest. He noted that throughout the pandemic and the lockdown in Italy, UNIDROIT had been able to carry on with its work, either remotely or from the office, which never closed. Fortunately, much of the Institute'S work (especially the legislative portion) lends itself very well to remote working modalities. Regarding the new measures for adapting the Institute'S seat to the new realities of COVID-19 related social distancing, he noted that the staff were carefully following all the applicable guidelines issued by the Italian Ministry of Foreign Affairs and other Ministries, and that the Finance Committee Members would notice the changes the next time they came to Villa Aldobrandini (i.e. introduction of plexiglass separators in the library to ensure social distancing in the Sala Rodinò).

5. The Secretary-General then presented [\(F.C. \(89\) 2\)](#), which provided details on how the 2020 Budget had already been adjusted to account for the new realities imposed by the pandemic. In terms of receipts, with regard to Chapter 1 (“Contributions of Member States”), the Secretariat had anticipated a shortfall in receipts on the basis of the previous experience of arrears in Member States’ contributions. So far, being nearly at the half-way point of the year, the treasurer had informed the Secretary-General that the payments of Member States’ contributions were proceeding more or less in line with trends from previous years. He further noted the slight increase of Chapter 2 (“Other Receipts”) under Art. 3 (“Sale of publications”) to reflect an expected uptick in royalties flowing from the recently released 4th edition of the Aircraft Protocol Official Commentary. Regarding Chapter 3 (“Various receipts”) under (“Tax reimbursement credit”), he noted another increase linked to a former Legal Officer’s income tax obligations to the United States of America. Lastly, he noted the launch of a UNIDROIT alumni association, by Senior Legal Officer William Brydie-Watson and Legal Assistant Hamza Hameed, which has generated some additional income and was noted under “Miscellaneous receipts”.

6. Moving along to the section on expenditure, the Secretary-General noted that this was an estimate as 2020 was not yet at the midway point, and that it would certainly be subject to further modifications as the picture became clearer. Regarding Chapter 1 (“Meeting costs and official travel”), Art. 1 (“Governing Council”), he noted that it had been decided to split the Council’s 99th session into two parts, the first of which had been held remotely in May for the Secretariat to be able to continue working on new projects, and a second meeting, which had been scheduled for late September (in the hope that travel restrictions would have been lifted, allowing a number of Governing Council Members to be able to attend in person). Since it was not yet known how the emergency situation would evolve, the provided number merely constituted an educated guess, to be further specified later in the year at the Fall session of the Finance Committee.

7. Regarding Chapter 1, Art. 4 (“Committees of Experts”), the Secretary-General remarked that some meetings would be held remotely, some in Rome, and some in hybrid form. Given the available information at the time of this session, the Secretariat’s informed guess was that while some meetings would be able to proceed in Rome in the Fall, the ones towards the end of the year might not proceed in person due to the possibility of a second wave of COVID-19 cases expected to arrive with the onset of the winter. He nevertheless clarified that no expert group meetings would be cancelled and that meetings would take place using videoconferencing technology when necessary, so there was to be no reduction in the Institute’s activities in that direction at all. As for Chapter 1, Art. 5 (“Official journey of representatives and staff”), it had been decided to maintain a portion of the allocated budget in case restrictions on international travel were lifted.

8. Proceeding to Chapter 2 (“Salaries and allowances”), the Secretary-General noted the decrease of €12,500 in Art. 2 (“Remuneration for occasional collaborators”), and while noting the slight increase of €18,840 in Art. 1 (“Salaries of Categories D, P, and GS staff and consultant”), along with the decrease of €30,000 in Chapter 5 (“Maintenance costs”), Art. 7 (“Labour costs”), he explained that these adjustments were due to a change in the type of employment contract of a member of personnel who used to work as an external contractor and was made a GS staff member. First and foremost, he considered the change to be a recognition of her excellent contribution to the day-to-day functioning of the Institute as well as a question of fairness in terms of equal treatment (i.e. the employee didn’t have social security coverage under her previous contract). Furthermore, the change also presented the added benefit of saving the Institute money. Regarding Chapter 4 (“Administrative expenses”), he noted the decrease of €4,000 under Art. 1 (“Stationery”) due to fewer physical meetings being held in Rome. The Secretary-General also noted that the Institute had made a minimal number of purchases to cope with the change of circumstances brought on by the emergency, such as the purchase of updated computers and videoconferencing technology in order to handle the greatly increased demand for online meetings, and plastic separators for the library to ensure social distancing for the scholars, researchers, interns and, generally, for those who use it.

9. The *Chair* thanked the Secretary-General for his detailed presentation of the document. He welcomed the very prudent fiscal approach taken by the Institute and praised the quick switch to remote working modalities and virtual meetings, as well as the investment in technological solutions and innovation to allow the Institute's work to move forward. The Chair then invited the Finance Committee to share comments or ask questions on this agenda item.

10. The *Representative of the United States of America* first thanked the Chair and the Secretariat for all the hard work that had been done so far in facing such an unprecedented crisis. She raised a query regarding the situation of arrears in Member State contributions and asked how follow-up by the Secretariat was proceeding.

11. The *Secretary-General* confirmed that the situation regarding arrears is in line with previous years, and that, so far, there had been no noticeable worsening comparatively speaking. He further noted the existence of a case of arrears which had been due to administrative errors that would be rectified. Regarding follow-up on arrears, the Secretary-General remarked that he did not deem the past three months to be the optimal moment to do so as countries have been fully focused on dealing with the public health crisis at hand. Having said this, he confirmed that the Secretariat had been closely monitoring the situation, and as things began to improve, it would certainly continue to actively encourage Member States to fully catch up on their unpaid contributions.

12. Regarding the new Contributions Chart adopted for the years 2020 and beyond, the Secretary General reminded participants that two Member States had requested and obtained from the General Assembly at the session in December 2019 a waiver in the form of a temporary one-year suspension of the application of the new Contribution Chart. It was noted that, in light of the limited duration of the exception, should these states intend to remain with the previous classification for 2021, they would need to submit to the UNIDROIT Secretariat a formal notice along with supporting documentation showing the existence of exceptional circumstances, in advance of the Fall session of the Finance Committee for circulation to that Committee's members.

13. The *Representative of Switzerland* praised the Secretariat for the high-quality of the documents prepared, and for having provided a detailed and well justified revised budget so quickly despite the uncertainties introduced by the pandemic situation.

14. The *Representative of Indonesia* congratulated the Chair for convening this meeting and expressed her appreciation to the Secretariat for the documents and for containing costs. Echoing the comments made by the Representative of Switzerland, she recognised the difficulty of the task in preparing a revised budget given the uncertainties.

15. The *Representative of Germany* extended her thanks to Secretariat for their efforts to continue its work despite the difficult situation, as well as her personal appreciation of the possibility to meet all the colleagues of the Finance Committee once again, albeit remotely.

16. The *Representative of Italy* thanked the Chair for convening the extraordinary session and thanked the Secretariat for the quality of the documents prepared. He further expressed appreciation for the efforts to contain costs and welcomed the prudent approach especially given the uncertainty ahead.

17. The *Representative of Japan* expressed her gratitude to the Secretariat for its continued efforts to carry the work forward and for demonstrating fiscal discipline.

18. The *Representative of China* also expressed her thanks to the Secretariat and noted that China and UNIDROIT had recently concluded an MoU regarding a China-funded Junior Professional Officer (JPO) Programme, and that China was looking forward to a closer and more fruitful collaboration.

19. The *Chair* thanked the Members for their comments and turned the floor over to the Secretary-General.

20. The *Secretary-General* warmly noted the new China-funded JPO programme, stating that the Secretariat was looking forward to receiving its first JPO soon for one or two years to work at the Secretariat. He also remarked that the Institute was looking forward to engaging with other Member States who would be interested in setting up similar initiatives.

Item No. 3 on the agenda: Measures taken by the UNIDROIT Secretariat in relation to the COVID-19 Pandemic [\(F.C. \(89\) 3\)](#)

21. The Secretary-General then presented document [FC \(89\) 3](#), which detailed the measures taken by the UNIDROIT Secretariat in relation to the COVID-19 Pandemic, noting that the document was fairly straightforward and self-explanatory. It was emphasised that, thankfully, no UNIDROIT personnel had been directly affected by the pandemic. He noted that the Secretariat has and will continue to monitor all developments very closely, as well as follow the WHO guidance and all directives from the Italian Government. Secretariat staff members had gradually been returning to the office as the lockdown measures in Italy had begun lifting, in line with Italian Government guidance, with the exception of those that lacked private means of transportation to reach the office, who would remain in remote working until further notice to avoid them having to resort to public transport. The Secretary-General was pleased to note that no decrease in levels of productivity related to remote working modalities had been observed, despite the serious challenges posed by the pandemic. In this connection, he noted that the Institute currently had five ongoing projects, the highest number that had ever been achieved under normal circumstances.

22. While the Institute itself had remained open for business throughout the pandemic, the Library had been closed upon orders from the Italian Government. It had reopened as soon as possible, but it had adopted a policy whereby walk-ins were temporarily not accepted, and access was only granted upon application. He further noted that, thankfully, the Institute's buildings are very spacious allowing for social distancing.

23. In terms of missions and meetings, the Secretariat had been able to hold numerous meetings remotely in order to carry the work forward. In this regard, it was noted that a Note Verbale had been sent to Embassies in order to seek feedback on acceptable remote video conferencing platforms.

24. The *Chair* thanked the Secretary-General for the very clear documents and for the Secretary-General's very clear presentation which had provided an excellent overview. He emphasised that health and wellbeing must of course remain the number one priority. In particular, he welcomed the continued productivity despite the very serious challenges, noting that many of the Rome-based Agencies were indeed using Zoom (IFAD, FAO), while WFP is using another platform for virtual meetings. The Chair opened the floor for any comments or queries regarding technological solutions.

25. The *Representative of Indonesia* welcomed the use of the Zoom platform and noted a number of its useful features, including the shared screen function.

26. The *Representative of Canada* commended the Secretariat for the quality of the documents presented, for introducing innovative measures to carry out the Institute's work, and for taking care of its staff's health and wellbeing. She noted the Government of Canada had been revising its guidelines with relation to online meeting platforms. On a personal note, she expressed her thanks for this remote meeting as it provided the opportunity to announce her departure, as she would shortly be taking up a new assignment. She wished everyone well and noted that her successor would be present at the next Finance Committee session.

27. The *Chair* thanked the Representative of Canada for her dedication and wished her all the best in her future endeavours.

28. The *Representative of the United States of America* thanked the Secretariat for the seamless transition to remote meetings and noted that this speaks to UNIDROIT's commitment to keep work on time and on track. She further praised the Secretariat as a model of professionalism and dedication despite the extraordinary circumstances and welcomed these extraordinary meetings as a way to keep the lines of communication open. She noted that the United States of America had no objections to the use of any specific online platforms. She further noted that the fall schedule for the international organisations in Rome will be very busy as they would have to catch up on a number of meetings which had been cancelled and postponed. Finally, she noted that this would be her final Finance Committee session as she would be leaving Rome for her next assignment. She thanked the Chair, the Secretary-General, the Deputy Secretary-General and all the Secretariat's staff for their dedication and for explaining its work so eloquently, and showed appreciation of the Institute for the exceptional quality of its work.

29. The *Chair* thanked the Representative of the United States of America for her dedication and hard work and wished her well for her future endeavours.

30. The *Representative of Indonesia* extended her thanks to the Secretariat for its tireless work despite the challenges of this pandemic and expressed her highest appreciation for having adopted preventative measures. She also noted this would also be her final Finance Committee meeting as she would be returning to her capital to continue working for the Ministry of Foreign Affairs. She extended her thanks to the Secretary-General, the Deputy Secretary-General, and the Secretariat staff for their work.

31. The *Chair* thanked the Representative of Indonesia for her hard work and dedication and wished her all the best with her future role.

32. The Chair, speaking as *the Representative of Spain*, wished to express his recognition of UNIDROIT's outstanding response in not delaying its work programme and in continuing to move forward. He praised the use of technology to carry the work forward and noted that FAO was using Zoom to provide interpretation of meetings and encouraged UNIDROIT to continue using this technology to facilitate its remote meetings. The Chair then gave the floor to the Secretary-General.

33. The *Secretary-General* remarked that the Secretariat was very pleased to hear that the Finance Committee Representatives were pleased with the Secretariat's work and the measures it has undertaken to enable it to continue carrying out its work. He then addressed each of the Finance Committee members who had announced that this would be their final meeting. Addressing the Representative of Canada, he expressed his appreciation for her dedication and hard work. Addressing the Representative of the United States of America, the Secretary-General noted that she had always been thorough and analytical, yet constantly supportive of the Institute's work, recalling that she had joined the MAC Protocol Diplomatic Conference in Pretoria in November 2019, and recognised that she had been an outstanding champion of UNIDROIT's work. Addressing the Representative of Indonesia, he remarked that her strong support and warm presence would also be missed, also noting that she had joined the MAC Protocol Diplomatic Conference in Pretoria in November 2019. On behalf of the entire Secretariat, he expressed sadness to see them departing, but wished them all the very best of luck for their future assignments.

Item No. 4 on the agenda: Any other business

34. The *Chair* welcomed any final comments.

35. The *Secretary-General* acknowledged the Representative of the United States of America's comment about there being many meetings in Rome in the fall and noted that the next session of the Governing Council would be held on 23-25 September 2020. He then noted that the next Finance Committee meeting would follow, either on the 1 or 8 October. Two alternative dates were also being contemplated for the General Assembly meeting, either 10 or 17 December 2020. As it was the turn of the American States to elect a Chair, from a preliminary consultation with the candidates it appeared that 17 December was the preferred date.

36. The *Chair* thanked the Secretary-General and expressed the hope that the next Finance Committee meeting would be held in person, depending of course on the evolution of the public health situation and the relevant directives from the Italian authorities. He concluded by thanking all of the Representatives for their attendance and, looking forward to the Autumn session of the Finance Committee, wished the members all the best for the summer.

ANNEX**List of participants**

Ms Anna KAPELLAS	(Canada)
Mrs XU Lingling	(People's Republic of China)
Ms Michaela GASTIGER	(Germany)
Ms Santa Marelda SARAGIH	(Indonesia)
Ms Agnes Rosari DEWI	(Indonesia)
Mr Luca PASCALI	(Italy)
Ms Yuki TOKUO	(Japan)
Mr Jorge Luis Hidalgo	(Mexico)
<i>excused</i>	
Mr Rafael OSORIO	(Spain)
Ms Lorenza FÄSSLER	(Switzerland)
Ms Sandrine GOFFARD	(United States of America)
Mr Ian THOMPSON	(United Kingdom)

UNIDROIT Secretariat

Mr Ignacio TIRADO	(Secretary-General)
Ms Anna VENEZIANO	(Deputy Secretary-General)
Mr Carlo DI NICOLA	(Senior Legal Officer)