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Item No. 2 on the Agenda: Draft Budget for 2022 – First estimates

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2022</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 100th session (Rome, September 2021)</i>
<i>Related documents</i>	<u>UNIDROIT 2020 – A.G. (79) 7</u> ; <u>UNIDROIT 2020 – F.C. (90) 6 rev. 2</u>

INTRODUCTION

1. The Appendix to this document sets out the first estimates for the draft Budget for the 2022 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 for approval at its 100th session which will have both a remote procedure in May 2021 as well as an in-person session to be held in Rome in September 2021. On the basis of these first estimates, the Council will establish the draft Budget for 2022, 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 92nd session in Rome, likely to be held in October 2021. 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 80th session, to be held in Rome in late November or early December 2021.

APPENDIX

**DRAFT BUDGET FOR THE 2022
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2021 ¹	Budget 2022
Chapter 1: Contributions of Member States		
Contributions of Member States	2,282,060.00	2,277,000.00 ²
Chapter 2: Other receipts:		
Art. 1 (Interest) ³	0.00	0.00
Art. 2 (Contributions to overhead expenses) ⁴	15,000.00	15,000.00
Art. 3 (Sale of publications) ⁵	17,000.00	20,000.00
Art. 4 (Aviareto) ⁶	23,000.00	23,000.00
Chapter 3: Various receipts		
Tax reimbursement credit ⁷	8,000.00	0.00
Total of receipts	2,345,060.00	2,335,000.00

EXPLANATORY NOTES TO THE DRAFT BUDGET – RECEIPTS

1 The numbers given in this column correspond to the official budget for 2021 approved by the Finance Committee at its 90th session in Rome on 22 October 2020 (see [UNIDROIT 2020 – F.C. \(90\) 6 rev. 2](#)), and subsequently approved by the General Assembly at its 79th session in Rome on 17 December 2020 (see [UNIDROIT 2020 – A.G. \(79\) 7](#)).

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 for 2022 corresponds to the UNIDROIT Contributions Chart adopted by the General Assembly at its 78th session (Rome, 12 December 2019) (see [UNIDROIT 2019 – A.G. \(78\) 12](#), and [A.G. \(78\) 11 rev.](#)). The stated amount is without any modifications made due to requests for temporary suspension of the application of the Contributions Chart.

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 2022 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 formerly 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). It is not expected that any payments will be made in this regard in 2022.

EXPENDITURE (in Euro)

	2021¹	2022
Chapter 1 – Meeting and travel costs²		
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)	108,383.50	127,000.00
Art. 5 (Official journeys and promotion of activities)	45,383.50	55,000.00
Art. 6 (Interpreters)	35,000.00	25,000.00
Art. 7 (Representation)	8,000.00	8,000.00
Subtotal	251,767.00	270,000.00
Chapter 2 – Salaries and allowances³		
Art. 1 (Salaries of Categories D, P and GS staff and consultant)	1,220,293.00	1,246,422.00
Art. 2 (Remuneration for occasional collaborators)	30,000.00	15,000.00
Art. 3 (Tax reimbursement) ⁴	0.00	0.00
Subtotal	1,250,293.00	1,261,422.00
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁵	488,750.00	508,328.00
Art. 2 (Accidents' insurance) ⁶	9,000.00	5,000.00
Art. 3 (Compensation retired members of staff) ⁷	2,250.00	2,250.00
Subtotal	500,000.00	515,578.00
Chapter 4 – Administrative expenses⁸		
Art. 1 (Stationery)	12,000.00	10,000.00
Art. 2 (Telephone, fax and Internet)	21,000.00	20,000.00
Art. 3 (Postage)	10,000.00	7,000.00
Art. 4 (Miscellaneous)	5,000.00	2,000.00
Art. 5 (Printing of publications)	15,000.00	10,000.00
Subtotal	63,000.00	49,000.00
Chapter 5 – Maintenance costs⁹		
Art. 1 (Electricity)	16,000.00	15,000.00
Art. 2 (Heating)	25,000.00	23,000.00
Art. 3 (Water)	9,000.00	8,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	29,000.00	23,000.00
Art. 6 (Upkeep of building, public services)	35,000.00	25,000.00
Art. 7 (Labour costs)	25,000.00	15,000.00
Subtotal	151,000.00	121,000.00
Chapter 6 – Library¹⁰		
Art. 1 (Purchase of books)	90,000.00	80,000.00
Art. 2 (Binding)	9,000.00	8,000.00
Art. 3 (Software)	30,000.00	30,000.00
Subtotal	129,000.00	118,000.00
Total expenditure	2,345,060.00	2,335,000.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

1 The numbers given in this column correspond to the official budget for 2021 approved by the Finance Committee at its 90th session in Rome on 22 October 2020 (see [UNIDROIT 2020 – F.C. \(90\) 6 rev. 2](#)), and subsequently approved by the General Assembly at its 79th session in Rome on 17 December 2020 (see [UNIDROIT 2020 – A.G. \(79\) 7](#)).

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 €18,616.50 for this line of expenditure to reflect the fact that 2022 will be a year in which no less than six projects under the new Work Programme (2020-2022) will be fully underway and simultaneously running, with an expected increase in the number of meetings contemplated for that year.

With respect to Article 5 (Official journeys and promotion of activities), the Secretariat deems it prudent to forecast an increase of €9,616.50 for this line of expenditure to return to the pre-Covid-19 levels and to reflect the fact that 2022 is expected to see a return to ordinary missions.

With respect to Article 6 (Interpreters), the Secretariat forecasts a decrease of €10,000 for this line of expenditure to reflect the lower level of actual expenditure seen in the course of 2020.

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 D, P and GS staff and consultant), the Secretariat deems it prudent to forecast an increase of €26,129.00 for this line of expenditure in order to reflect changes in staffing anticipated for 2022 as well as the within-grade increases in line with the UN salary scale.

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 €15,000.00.

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 2022. The Secretariat therefore foresees a reduction to €0 for the year 2022.

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 deems it prudent to forecast an increase of €19,578.00 for this line of expenditure in order to reflect changes in staffing anticipated for 2022 as well as increased costs due to the within-grade increases in line with the UN salary scale.

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. The Secretariat forecasts a decrease of €4,000 for this line of expenditure to reflect the lower level of actual expenditure anticipated.

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 2022.

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

In order to reflect the lower level of actual expenditure seen in the course of 2020, the Secretariat proposes the following modifications for 2022: a decrease of €2,000 under Article 1 (Stationery), a decrease of €1,000 to Article 2 (Telephone, fax and Internet), a reduction of €3,000 to Article 3 (Postage), a reduction of €3,000 to Article 4 (Miscellaneous), as well as a reduction of €5,000 to Article 5 (Printing of publications).

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).

In order to reflect the lower level of actual expenditure seen in the course of 2020 or lower levels of anticipated expenditure, the Secretariat proposes the following modifications for 2022: a decrease of €1,000 under Article 1 (Electricity), a decrease of €2,000 to Article 2 (Heating), a decrease of €1,000 to Article 3 (Water), a reduction of €6,000 to Article 5 (Office equipment), a reduction of €10,000 to Article 6 (Upkeep of building, public services), as well as a reduction of €10,000 to Article 7 (Labour costs).

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.

In order to reflect the lower level of actual expenditure seen in the course of 2020, the Secretariat proposes a decrease in 2022 of €10,000 under Article 1 (Purchase of books) and a decrease of €1,000 under Article 2 (Binding).