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FINANCE COMMITTEE
93rd session
(Rome/remote) 25 May 2022

UNIDROIT 2022
F.C. (93) 2
Original: English
May 2022

Item No. 3 on the Agenda: Draft Budget for 2023 – First estimates

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2023</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 101st session (Rome, June 2022)</i>
<i>Related documents</i>	<u>UNIDROIT 2021 – A.G. (80) 7</u> ; <u>UNIDROIT 2021 – F.C. (92) 6</u>

INTRODUCTION

1. The Appendix to this document sets out the first estimates for the draft Budget for the 2023 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 101st session to be held in Rome on 8-10 June 2022. On the basis of these first estimates, the Council will establish the draft Budget for 2023, 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 94th session in Rome, likely to be held in October 2022. 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 81st session, to be held in Rome in late November or early December 2022.

APPENDIX

**DRAFT BUDGET FOR THE 2023
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2022 ¹	Budget 2023
Chapter 1: Contributions of Member States		
Contributions of Member States	2,277,000.00	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	20,000.00	30,000.00
Art. 4 (Aviareto) ⁶	23,000.00	23,000.00
Total of receipts	2,335,000.00	2,345,000.00

EXPLANATORY NOTES TO THE DRAFT BUDGET – RECEIPTS

1 The numbers given in this column correspond to the official budget for 2022 approved by the Finance Committee at its 92nd session in Rome on 4 November 2021 (see [UNIDROIT 2021 – F.C. \(92\) 6](#)), and subsequently approved by the General Assembly at its 80th session in Rome on 9 December 2021 (see [UNIDROIT 2021 – A.G. \(80\) 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 2023 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 long-standing trend of ultra low interest rate environment, the Secretariat estimates the interest earned on deposits in checking accounts to be zero (or very close thereto) also for 2023. However, this is a conservative approach, since the increase in inflation rates may push up interest rates in deposit accounts.

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 higher than in previous years. This is due to the likely increase in sales if, as expected, (i) the Rail Protocol comes into force during 2022 or early 2023, and (ii) work concluded to create the institutional framework for the MAC Protocol is finalised. Moreover, the publication of the 5th edition of the Aircraft Protocol, which includes a considerable extension of some parts of the Commentary, should bring about an increase in sales.

6 UNIDROIT is to receive in 2023 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.

EXPENDITURE (in Euro)

	2022¹	2023
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)	127,000.00	147,000.00
Art. 5 (Official journeys and promotion of activities)	55,000.00	60,000.00
Art. 6 (Interpreters)	25,000.00	20,000.00
Art. 7 (Representation)	8,000.00	8,000.00
Subtotal	270,000.00	290,000.00
Chapter 2 – Salaries and allowances³		
Art. 1 (Salaries of Categories D, P and GS staff and consultant)	1,246,422.00	1,245,000.00
Art. 2 (Remuneration for occasional collaborators)	15,000.00	15,000.00
Art. 3 (Tax reimbursement)	0.00	0.00
Subtotal	1,261,422.00	1,260,000.00
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁴	508,328.00	507,750.00
Art. 2 (Accidents' insurance) ⁵	5,000.00	5,000.00
Art. 3 (Compensation retired members of staff) ⁶	2,250.00	2,250.00
Subtotal	515,578.00	515,000.00
Chapter 4 – Administrative expenses⁷		
Art. 1 (Stationery)	10,000.00	10,000.00
Art. 2 (Telephone, fax and Internet)	20,000.00	20,000.00
Art. 3 (Postage)	7,000.00	6,000.00
Art. 4 (Miscellaneous)	2,000.00	2,000.00
Art. 5 (Printing of publications)	10,000.00	10,000.00
Subtotal	49,000.00	48,000.00
Chapter 5 – Maintenance costs⁸		
Art. 1 (Electricity)	15,000.00	15,000.00
Art. 2 (Heating)	23,000.00	23,000.00
Art. 3 (Water)	8,000.00	5,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	23,000.00	23,000.00
Art. 6 (Upkeep of building, public services)	25,000.00	25,000.00
Art. 7 (Labour costs)	15,000.00	15,000.00
Subtotal	121,000.00	118,000.00
Chapter 6 – Library⁹		
Art. 1 (Purchase of books)	80,000.00	80,000.00
Art. 2 (Binding)	8,000.00	4,000.00
Art. 3 (Software)	30,000.00	30,000.00
Subtotal	118,000.00	114,000.00
Total expenditure	2,335,000.00	2,345,000.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

1 The numbers given in this column correspond to the official budget for 2022 approved by the Finance Committee at its 92nd session in Rome on 4 November 2021 (see [UNIDROIT 2021 – F.C. \(92\) 6](#)), and subsequently approved by the General Assembly at its 80th session in Rome on 9 December 2021 (see [UNIDROIT 2021 – A.G. \(80\) 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 €20,000 for this line of expenditure to reflect the fact that 2023 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. Travel of experts to Rome for working group meetings is expected to go back to levels previous to the restrictions in place during the pandemic.

With respect to Article 5 (Official journeys and promotion of activities), the Secretariat deems it prudent to forecast an increase of €5,000 for this line of expenditure to return to the pre-Covid-19 levels and to reflect the fact that 2023 is expected to see an increase of missions to promote the implementation of the Institute's instruments.

With respect to Article 6 (Interpreters), the Secretariat forecasts a decrease of €5,000 for this line of expenditure to reflect the level of actual expenditure seen in the previous years.

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 a small decrease of approximately €1500 in order to reflect changes in staffing anticipated for 2023 as well as the within-grade increases in line with the UN salary scales.

With respect to Article 2 (Remuneration for occasional collaborators), the Secretariat foresees a similar need to rely on occasional collaborators as in 2022, for which reason the Secretariat proposes keeping the same amount of expenditure for this line at €15,000.00.

4 **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 a slight decrease for this line of expenditure in order to reflect the same trend in the staff remuneration.

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. The Secretariat forecasts the same level of expenditure.

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 2023.

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

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).

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.