



EN

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Item No. 7 on the Agenda: Adjustments to the Budget for the 2022 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2022 Budget</i>
<i>Action to be taken</i>	<i>To take note of the expected actual level of receipts and expenditure for the year 2022 and approve the adjustments</i>
<i>Related documents</i>	UNIDROIT 2021 F.C. (91) 2 rev ; UNIDROIT 2021 C.D. (100) A.3 ; UNIDROIT 2021 F.C. (92) 6 ; UNIDROIT 2021 A.G. (80) 7 ; UNIDROIT 2021 A.G. (80) 10 ; <i>Forthcoming Report of the Finance Committee – UNIDROIT 2022 – F.C. (94) 8</i>

INTRODUCTION

1. The first estimates of receipts and expenditure for the 2022 financial year prepared by the Secretariat ([F.C. \(91\) 2 rev](#)) were examined by the Finance Committee at its 91st session (Rome/remote session, March 2021), in accordance with Article 26 of the Regulations. Those first estimates were then submitted to the Governing Council, which established, at its 100th session (A) (Remote session April/May 2021), the draft Budget for 2022, as set forth in the Appendix to that document ([C.D. \(100\) A.3](#)), taking into account the opinion expressed by the Finance Committee.
2. In line with the Institute's practice, the draft Budget resulting from this procedure was submitted to the Governments of UNIDROIT Member States inviting them to share any observations that they wished to make by 4 September 2021. The resulting document was then presented to the Finance Committee at its 92nd session (Rome, 4 November 2021) ([F.C. \(92\) 6](#)), which expressed itself in favour of the draft Budget and recommended that the General Assembly be invited to adopt the draft Budget for the 2022 financial year. At its 80th session (Rome, 9 December 2021), the General Assembly approved the Budget for the 2022 financial year ([A.G. \(80\) 7](#); [A.G. \(80\) 10](#)).
3. Every year 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.

4. At the time of writing, the Secretariat considers that it is necessary to introduce a few adjustments to the Budget for the 2022 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 an increase in expenses of € 40,388.82. The Secretariat intends to cover these expenses, as much as possible, with a tax reimbursement credit and the increase in the sale of publications experienced this year, though the Secretariat would encourage Member States to make any outstanding contributions in a timely manner.

5. The Finance Committee, at its 94th session, took note of the adjustments to the Budget for the 2022 financial year and recommended that the General Assembly approve the adjustments to the Budget for the 2022 financial year.

6. In light of the foregoing, the General Assembly, at its 81st session, may wish to take note of the expected level of receipts and expenditure for the 2022 financial year and approve the adjustments to the Budget, as set out in Appendix I below.

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2022
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2022		
	Budget¹	Estimate	Balance
Income			
Chapter 1: Contributions of Member States			
Art. 1 (Member State Contributions) ²	2,277,000.00	2,277,000.00	0.00
Chapter 2: Other Receipts			
Art. 1 (Interest) ³	0.00	0.00	0.00
Art. 2 (Contributions to overhead expenses) ⁴	15,000.00	15,000.00	0.00
Art. 3 (Sale of publications) ⁵	20,000.00	49,933.46	29,933.46
Art. 4 (Aviareto)	23,000.00	23,000.00	0.00
Chapter 3: Various receipts			
Tax reimbursement credit ⁶	0.00	10,455.36	10,455.36
Total receipts	2,335,000.00	2,375,388.82	40,388.82

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The numbers given in this column correspond to those found in the Budget for 2022 approved by the Finance Committee at its 92nd session on 4 November 2021 (see [F.C. \(92\) 6](#)), and subsequently approved by the General Assembly at its 80th session on 9 December 2021 (see [A.G. \(80\) 7](#)).

² The Secretariat has based this estimate on previous experience regarding arrears in Member State Contributions. The numbers given here also reflect that Ireland and Portugal both decided to waive their right to a lower contribution and remain in the previous, higher category, and that Argentina and Brazil submitted requests for temporary suspension of the application of the higher categories stemming from the reclassification exercise (see [A.G. \(80\) 10](#)).

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 estimated amount takes into account the receipts from the sale of publications in 2022 so far, which proved higher than expected when the 2022 Budget was drawn up.

⁶ 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. A payment of € 10,455.36 has been made in this regard in 2022.

EXPENDITURE (in Euro)

	Budget	Adjusted	Balance
Chapter 1 – Meeting and travel costs¹			
Art. 1 (Governing Council and Permanent Committee)	50,000.00	44,000.00	-6,000.00
Art. 2 (Auditor)	5,000.00	5,000.00	0.00
Art. 3 (Administrative Tribunal)		0.00	0.00
Art. 4 (Committees of Experts)	127,000.00	120,000.00	-7,000.00
Art. 5 (Official journey of representatives and staff)	55,000.00	45,000.00	-10,000.00
Art. 6 (Interpreters)	25,000.00	25,000.00	0.00
Art. 7 (Representation)	8,000.00	8,000.00	0.00
Total	270,000.00	247,000.00	-23,000.00
Chapter 2 – Salaries and allowances²			
Art.1 (Salaries of Categories D, P, and GS staff and consultant)	1,246,422.00	1,279,810.66	33,388.66
Art. 2 (Remuneration for occasional collaborators)	15,000.00	18,041.00	3,041.00
Art. 3 (Tax reimbursement)	0.00	0.00	0.00
Total	1,261,422.00	1,297,851.66	36,429.66
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness)	508,328.00	531,769.71	23,441.71
Art. 2 (Accidents' insurance)	5,000.00	5,000.00	0.00
Art. 3 (Compensation for retired members of staff) ³	2,250.00	1,860.00	-390.00
Total	515,578.00	538,629.71	23,051.71
Chapter 4 – Administrative expenses⁴			
Art. 1 (Stationery)	10,000.00	10,000.00	0.00
Art. 2 (Telephone, fax and Internet)	20,000.00	15,000.00	-5,000.00
Art. 3 (Postage)	7,000.00	7,000.00	0.00
Art. 4 (Miscellaneous)	2,000.00	2,000.00	0.00
Art. 5 (Printing of publications)	10,000.00	7,000.00	-3,000.00
Total	49,000.00	41,000.00	-8,000.00
Chapter 5 – Maintenance costs⁵			
Art. 1 (Electricity)	15,000.00	20,000.00	5,000.00
Art. 2 (Heating)	23,000.00	13,000.00	-10,000.00
Art. 3 (Water)	8,000.00	3,500.00	-4,500.00
Art. 4 (Insurance of premises)	12,000.00	10,994.18	-1,005.82
Art. 5 (Office equipment)	23,000.00	28,445.33	5,445.33
Art. 6 (Upkeep of building, local taxes)	25,000.00	21,000.00	-4,000.00
Art. 7 (Labour costs)	15,000.00	25,000.00	10,000.00
Total	121,000.00	121,939.51	939.51
Chapter 6 – Library⁶			
Art. 1 (Purchase of books)	80,000.00	88,000.00	8,000.00
Art. 2 (Binding)	8,000.00	4,000.00	-4,000.00
Art. 3 (Software)	30,000.00	36,967.94	6,967.94
Total	118,000.00	128,967.94	10,967.94
Total ordinary expenditure	2,335,000.00	2,375,388.82	40,388.82

EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE

¹ The Secretariat proposes a number of adjustments in expected expenditures under Chapter 1 – Meeting and travel costs: a decrease of € 6,000 to Art. 1 (Governing Council), a decrease of € 7,000 to Art. 4 (Committees of Experts) and a decrease of € 10,000 to Art. 5 (Official journeys of representatives and staff) considering the expenditure during 2022 so far and anticipated meetings and missions in the coming weeks, and considering the ongoing cautious attitude towards international travel.

² The Secretariat proposes an increase in expenditures under Chapter 2, Art. 1 (Salaries) of € 33,388.66 due to changes in the composition of the staff (which also causes an upward adjustment under Chapter 3, Art. 1 (Insurance against disablement, old age and sickness). Furthermore, the Secretariat proposes a slight upward adjustment (€ 3,041.00) in expected expenditures under Chapter 2, Art. 2 (Remuneration for occasional collaborators) given that the actual expenditure for this item already slightly exceeded the anticipated amount of € 15,000.

³ The Secretariat proposes a small adjustment in expected expenditures under Chapter 3 – Social security charges: a decrease of € 390 to Art. 3 (Compensation retired members of staff), in line with the amount of actual expenditures in the previous financial year.

⁴ The Secretariat proposes the following adjustment in expected expenditures under Chapter 4 – Administrative Expenses: a decrease of € 5,000 to Art. 2 (Telephone, fax and Internet), and a decrease of € 3,000 to Art. 5 (Printing of publications).

⁵ The Secretariat proposes the following adjustments in expected expenditures under Chapter 5 – Maintenance costs: an increase of € 5,000 to Art. 1 (Electricity) due to higher electricity bills; an increase of € 5,445.33 to Art. 5 (Office equipment) given the extra staff that has joined the Secretariat and to cover ancillary costs related to UNIDROIT's revamped website; and an increase of € 10,000 to Art. 7 (Labour costs) mainly given the higher number of institutional events. On the other hand, it is proposed to decrease the expected expenditures for the following budget lines: a decrease of € 10,000 to Art. 2 (Heating) given that the Institute received a credit reimbursement in 2022 relating to paid taxes in previous years; a decrease of € 4,500.00 to Art. 3 (Water), a decrease of € 1,005.82 to Art. 4 (Insurance of premises), and a decrease of € 4,000 to Art. 6 (Upkeep of building, local taxes). ⁶The Secretariat proposes the following adjustments in expected expenditures under Chapter 6 – Library: an increase of € 8,000 to Art. 1 (Purchase of books); an increase of € 6,967.94 to Art. 3 (Software) to reflect the higher actual expenditure for library software (as also follows from the Accounts for the financial year 2021); and a decrease of € 4,000 to Art. 2 (Binding).