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FINANCE COMMITTEE
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Item No. 4 on the Agenda: Adjustments to the Budget for the 2023 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2023 Budget</i>
<i>Action to be taken</i>	<i>For information of the Members of the Finance Committee.</i>
<i>Related documents</i>	UNIDROIT 2022 F.C. (94) 6 ; UNIDROIT F.C. (94) 8 ; UNIDROIT A.G. (81) 7

INTRODUCTION

1. The first estimates of receipts and expenditure for the 2023 financial year prepared by the Secretariat ([F.C. \(93\) 2](#)) were examined by the Finance Committee at its 93rd session (hybrid session, 25 May 2022), in accordance with Article 26 of the Regulations.
2. Those first estimates were then submitted to the Governing Council, which at its 101st session (Rome, June 2022), established the draft Budget for 2023 ([C.D. \(101\) 20](#)), and authorised the Secretariat to transmit it to Member States without amendments ([C.D. \(101\) 21](#)).
3. Accordingly, the draft Budget for 2023 was submitted to the Governments of UNIDROIT Member States with a view to their formulation of any observations that they might have wished to make by 25 August 2022. The governments of Brazil and of Ireland were the only countries to submit comments. The governments of Ireland and -although not expressly notified- Portugal would voluntarily remain in a higher Member State contribution category in 2023, while the governments of Argentina¹ and Brazil requested an extension of the temporary suspension of its reclassification in the Contributions Chart.
4. The resulting document was then presented to the Finance Committee at its 94th session (hybrid session, 20 October 2022) ([F.C. \(94\) 6](#)). During that meeting, the Secretariat anticipated that adjustments to the Budget for 2023 would need to be made in the course of 2023 to reflect the consistent increase in salary payments to UNIDROIT staff. While taking note of this, the Finance Committee at its 94th session requested a positive opinion to be transmitted to the General Assembly ([F.C. \(94\) 8](#)), which adopted the Budget for 2023 at its 81st session (Rome, 15 December 2022) ([A.G. \(81\) 7](#); [A.G. \(81\) 9](#)).

¹ The Republic of Argentina submitted a Note Verbale to this end on the day of the General Assembly's 81st session in December 2022.

5. As anticipated during the last meeting of the Finance Committee, the Secretariat considers that it is necessary to introduce a few amendments to the Budget for 2023, as indicated in the notes to the revised budget contained in Appendix I to this document.
6. The Finance Committee is invited to review the proposed adjustments to the Budget for the financial year 2023, as set out in Appendix I, and to share any observations it may have.

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2023
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2023		
	Budget 2023¹	Estimate	Balance
Income			
Chapter 1: Contributions of Member States			
Art. 1 (Member State Contributions)	2,277,000.00	2,329,586.00 ²	52,586.00
Chapter 2: Other Receipts			
Art. 1 (Interest)	0.00	0.00 ³	0.00
Art. 2 (Contribution to overhead expenses)	15,000.00	15,000.00 ⁴	0.00
Art. 3 (Sale of publications)	30,000.00	60,000.00 ⁵	30,000.00
Art. 4 (Aviareto)	23,000.00 ⁴	23,000.00 ⁶	0.00
Total receipts	2,345,000.00	2,427,586.00	82,586.00

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The numbers given in this column correspond to those found in the Budget for 2023 approved by the Finance Committee at its 94th session on 20 October 2022 (see [UNIDROIT 2022 – F.C. \(94\) 6](#)), and subsequently approved by the General Assembly at its 81st session in Rome on 15 December 2022 (see [UNIDROIT 2022 – A.G. \(81\) 7](#)).

² The Secretariat has based this estimate on the expectation that arrears in Member State contributions would be reduced, and considering that the Republic of Singapore acceded to the UNIDROIT Statute on 1 March 2023.

³ While interest rates are currently increasing, the Secretariat considers prudent to continue estimating the interest earned on deposits in checking accounts to be close to zero.

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 has based this estimate on the receipts from the sale of publications in 2022 and considering that an increase in sales is anticipated due to (i) the expected entry into force of the Rail Protocol in 2023; (ii) the expected finalisation of the institutional framework for the MAC Protocol; and (iii) the publication of the 5th edition of the Official Commentary to the Aircraft Protocol.

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 fifth 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)

	Budget 2023¹	Adjusted	Balance
Chapter 1 – Meeting costs and official travel			
Art. 1 (Governing Council and Permanent Committee)	50,000.00	50,000.00	0.00
Art. 2 (Auditor)	5,000.00	5,000.00	0.00
Art. 3 (Administrative Tribunal)			0.00
Art. 4 (Committees of Experts)	147,000.00	147,000.00	0.00
Art. 5 (Official journeys and promotion of activities)	60,000.00	60,000.00	0.00
Art. 6 (Interpreters)	20,000.00	20,000.00	0.00
Art. 7 (Representation)	8,000.00	8,000.00	0.00
Total	290,000.00	290,000.00	0.00
Chapter 2 – Salaries and allowances			
Art.1 (Salaries of Categories D, P, and GS staff and consultant)	1,245,000.00	1,314,278.00 ²	69,278.00
Art. 2 (Remuneration for occasional collaborators)	15,000.00	15,000.00	0.00
Art. 3 (Tax reimbursement)	0.00	0.00	0.00
Total	1,260,000.00	1,329,278.00	69,278.00
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness)	507,750.00	538,058.00	30,308.00
Art. 2 (Accidents' insurance)	5,000.00	5,000.00	0.00
Art. 3 Compensation for retired members of staff	2,250.00	2,250.00	0.00
Total	515,000.00	545,308.00	30,308.00
Chapter 4 – Administrative expenses			
Art. 1 (Stationery)	10,000.00	10,000.00	0.00
Art. 2 (Telephone, fax and Internet)	20,000.00	15,000.00 ³	-5,000.00
Art. 3 (Postage)	6,000.00	4,000.00	-2,000.00
Art. 4 (Miscellaneous)	2,000.00	2,000.00	0.00
Art. 5 (Printing of publications)	10,000.00	10,000.00	0.00
Total	48,000.00	41,000.00	-7,000.00
Chapter 5 – Maintenance costs			
Art. 1 (Electricity)	15,000.00	15,000.00	0.00
Art. 2 (Heating)	23,000.00	13,000.00 ³	-10,000.00
Art. 3 (Water)	5,000.00	5,000.00	0.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00	0.00
Art. 5 (Office equipment)	23,000.00	23,000.00	0.00
Art. 6 (Upkeep of building, local taxes)	25,000.00	25,000.00	0.00
Art. 7 (Labour costs)	15,000.00	15,000.00	0.00
Total	118,000.00	108,000.00	-10,000.00
Chapter 6 – Library			
Art. 1 (Purchase of books)	80,000.00	80,000.00	0.00
Art. 2 (Binding)	4,000.00	4,000.00	0.00
Art. 3 (Software)	30,000.00	30,000.00	0.00
Total	114,000.00	114,000.00	0.00
Total expenditure	2,345,000.00	2,427,586.00	82,586.00

EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE

¹ The numbers given in this column correspond to those found in the Budget for 2023 approved by the Finance Committee at its 94th session on 20 October 2022 (see [UNIDROIT 2022 – F.C. \(94\) 6](#)), and subsequently approved by the General Assembly at its 81st session in Rome on 15 December 2022 (see [UNIDROIT 2022 – A.G. \(81\) 7](#)).

² The Secretariat proposes an increase in expenditures under Chapter 2, Art. 1 (Salaries of Categories D, P, and GS staff and consultant) of € 69,278.00 to reflect the steady increase in salary payments each year, considering the accounts of the previous year, which had not been considered in the approved Budget for 2023. This estimate takes into account the actual expenditure in 2022 (€ 1,266,873.68), which was adjusted for 2023 to reflect the design of the salary system (which leads to an increase of about 2.5% in salary payments each year). In 2023, costs are expected to further increase due to: (i) changes in the exchange rate USD-EUR; and (ii) the arrival of two fixed term consultants. The change in the estimate under Chapter 2, Art. 1 (Salaries) also causes an upward adjustment under Chapter 3, Art. 1 (Insurance against disablement, old age and sickness).

³ On the other hand, it is proposed to decrease the expected expenditures: (i) under Chapter 4, Art. 2 (Telephone, fax and internet) by € 5,000.00, based on the actual expenditure in 2022; and (ii) under Chapter 5, Art. 2 (Heating) by € 10,000 given that the Institute benefits from a credit reimbursement relating to paid taxes (VAT) in previous years.