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Item No. 6 on the Agenda: Draft Budget for 2024 – First estimates

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2024</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 102nd session (Rome, May 2023)</i>
<i>Related documents</i>	<u>UNIDROIT 2022 – A.G. (81) 7</u>

INTRODUCTION

1. The Appendix to this document sets out the first estimates for a draft Budget for the 2024 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 102nd session to be held in Rome on 10-12 May 2023. On the basis of these first estimates, the Council will establish the draft Budget for 2024, 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 96th session, likely to be held in October 2023. 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 82nd session, to be held in Rome in late November or early December 2023.
3. For the first time in many years, UNIDROIT is seeking approval to request an increase in Member State contributions. While the Institute has respected -and continues to respect- a zero growth budget, the high increase in inflation experienced in 2022, which is expected to continue in 2023 and, at least, until 2025, has put the Institute's budget under an enormous strain. In Italy, the official inflation rate in 2022 was 8.1%¹, 2023 is expected to end between 6 and 7%, and remain above 3% until the end of 2024². These figures show the general increase in prices, but the price growth is considerably higher in the areas where UNIDROIT must incur its operational costs: travel, electricity,

¹ [Italian Institute of Statistics \(ISTAT\) data for 2022.](#)

² See <https://data.oecd.org/price/inflation-forecast.htm>; and the forecasts published by the Bank of Italy (January 2023).

heating, all of which have doubled and are expected to remain high. In fact, the nominal zero-growth policy the Institute has sustained through 2022 and 2023 has implied a loss of over 10% of the value paid into the Institute's accounts by way of contributions. In light of this, and still observing a very conservative approach, the Secretariat would request an increase of 6% for 2024. This increase is fully aligned with recent increases approved for other organisations active in our field of work.

APPENDIX

**DRAFT BUDGET FOR THE 2024
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2023¹	Adjusted	Budget 2024
Chapter 1: Contributions of Member States			
Art. 1 (Member States Contributions)	2,277,000.00	2,329,586.00	2,472,742.00 ²
Chapter 2: Other receipts			
Art. 1 (Interest)	0.00	0.00	0.00 ³
Art. 2 (Contributions to overhead expenses)	15,000.00	15,000.00	15,000.00 ⁴
Art. 3 (Sale of publications)	30,000.00	60,000.00	45,000.00 ⁵
Art. 4 (Aviareto)	23,000.00	23,000.00	23,000.00 ⁶
Total receipts	2,345,000.00	2,427,586.00	2,555,742.00

EXPLANATORY NOTES TO THE DRAFT BUDGET – 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 expected amount of contributions of Member States for 2024 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.](#)), increased by 6% to adjust for inflation.

³ The Secretariat estimates the interest earned on deposits in checking accounts to be close to zero also for 2024. However, this is a conservative approach, since the interest rates in deposit accounts are currently increasing.

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 anticipates that the receipts from publications will be slightly higher than the amount originally expected in 2023.

⁶ UNIDROIT is to receive in 2024 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	Budget 2024
Chapter 1 – Meeting costs and official travel²			
Art. 1 (Governing Council and Permanent Committee)	50,000.00	50,000.00	53,000.00
Art. 2 (Auditor)	5,000.00	5,000.00	5,000.00
Art. 3 (Administrative Tribunal)			
Art. 4 (Committees of Experts)	147,000.00	147,000.00	170,000.00
Art. 5 (Official journeys and promotion of activities)	60,000.00	60,000.00	70,000.00
Art. 6 (Interpreters)	20,000.00	20,000.00	20,000.00
Art. 7 (Representation)	8,000.00	8,000.00	8,000.00
Subtotal	290,000.00	290,000.00	326,000.00
Chapter 2 – Salaries and allowances³			
Art. 1 (Salaries of Categories D, P and GS staff and consultant)	1,245,000.00	1,314,278.00	1,367,520.00
Art. 2 (Remuneration for occasional collaborators)	15,000.00	15,000.00	15,000.00
Art. 3 (Tax reimbursement)	0.00	0.00	0.00
Subtotal	1,260,000.00	1,329,278.00	1,382,520.00
Chapter 3 – Social security charges⁴			
Art. 1 (Insurance against disablement, old age and sickness)	507,750.00	538,058.00	552,972.00
Art. 2 (Accidents' insurance)	5,000.00	5,000.00	5,000.00
Art. 3 (Compensation for retired members of staff)	2,250.00	2,250.00	2,250.00
Subtotal	515,000.00	545,308.00	560,222.00
Chapter 4 – Administrative expenses			
Art. 1 (Stationery)	10,000.00	10,000.00	10,000.00
Art. 2 (Telephone, fax and Internet)	20,000.00	15,000.00	15,000.00
Art. 3 (Postage)	6,000.00	4,000.00	6,000.00
Art. 4 (Miscellaneous)	2,000.00	2,000.00	2,000.00
Art. 5 (Printing of publications)	10,000.00	10,000.00	10,000.00
Subtotal	48,000.00	41,000.00	43,000.00
Chapter 5 – Maintenance costs⁵			
Art. 1 (Electricity)	15,000.00	15,000.00	20,000.00
Art. 2 (Heating)	23,000.00	13,000.00	25,000.00
Art. 3 (Water)	5,000.00	5,000.00	5,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00	12,000.00
Art. 5 (Office equipment)	23,000.00	23,000.00	23,000.00
Art. 6 (Upkeep of building, public services)	25,000.00	25,000.00	30,000.00
Art. 7 (Labour costs)	15,000.00	15,000.00	15,000.00
Subtotal	118,000.00	108,000.00	130,000.00
Chapter 6 – Library			
Art. 1 (Purchase of books)	80,000.00	80,000.00	80,000.00
Art. 2 (Binding)	4,000.00	4,000.00	4,000.00
Art. 3 (Software)	30,000.00	30,000.00	30,000.00
Subtotal	114,000.00	114,000.00	114,000.00
Total expenditure	2,345,000.00	2,427,586.00	2,555,742.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - 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 **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 a higher amount for this line of expenditure compared to the Budget for 2023. This is because, in 2024, several projects under the 2020-2022 Work Programme are expected to be finalised, while new projects under the 2023-2025 Work Programme classified as high priority will have begun as well.

With respect to Article 5 (Official journeys and promotion of activities), the Secretariat also deems it prudent to forecast an increase in expenditure (€ 10,000) as compared to the Budget for 2023, in light of the promotion activities for existing instruments and new instruments expected to be approved in 2023 and 2024.

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 consultants), the Secretariat deems it prudent to forecast an increase of approximately 2.5% in order to reflect the annual increase in salaries due to the design of the salary system.

With respect to Article 2 (Remuneration for occasional collaborators), the Secretariat foresees a similar need to rely on occasional collaborators as in 2023, 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, sickness, and accidents 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 increase for this line of expenditure in order to reflect the same trend in the staff remuneration (see point 3).

⁵ **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). The Secretariat is forecasting an increase in electricity expenses and heating expenses, considering that the outstanding VAT credit expires in 2023, as well as an increase in expenses under Art. 6 (Upkeep of building, public services).