



**GOVERNING COUNCIL**  
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**Item No. 14 on the agenda: Administrative matters**

**(c) Preparation of the draft Budget for the 2024 financial year**

(prepared by the Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2024</i>
<i>Action to be taken</i>	<i>Preparation of the draft Budget for the 2024 financial year</i>
<i>Related documents</i>	<a href="#"><u>UNIDROIT 2023 - F.C. (95) 4</u></a> <i>Finance Committee Report – 95<sup>th</sup> session (forthcoming)</i>

**I. INTRODUCTION**

1. The first draft of the Budget, providing estimates of receipts and expenditure for the 2024 financial year, was prepared by the Secretariat and examined by the Finance Committee at its 95<sup>th</sup> session (March 2023), in accordance with Article 26 of the UNIDROIT Regulations.
2. On the basis of those initial estimates and as set forth in the Annexe to this document, the Governing Council is called upon to draw up the draft Budget for 2024 to be communicated to the Governments of Member States for observations. Governments will have until September 2023 to submit their observations.
3. Thereafter, the draft Budget, together with any comments received, will be submitted to the Finance Committee for consideration at its 96<sup>th</sup> session, to be held in Rome in Autumn 2023. The Committee will then formulate its opinion on the draft Budget before its submission to the General Assembly for review and adoption at its 82<sup>nd</sup> session, to be held in Rome in late November or early December 2023.
4. For the first time in many years, UNIDROIT proposed to increase 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%<sup>1</sup> and is expected to end 2023 between 6 and 7% and remain above 3% until the end of 2024.<sup>2</sup> These figures show the general increase in prices, but price growth is considerably higher in the areas where UNIDROIT incurs operational costs: travel, electricity, and heating, all of which have

<sup>1</sup> See [Italian Institute of Statistics \(ISTAT\) data for 2022](#).

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

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 this field of work.

5. The Finance Committee considered the proposed increase in Member State contributions during its 95<sup>th</sup> session in March 2023. While the initial feedback of some Members of the Finance Committee was positive, most Committee Members needed additional time to evaluate the Secretariat's proposal. On the request of the Finance Committee, the Secretariat provided additional explanations regarding the need for the proposed increase in the Institute's budget to the Finance Committee after its meeting in March 2023. The Secretariat will orally update the Governing Council on any feedback received from Finance Committee Members following the submission of these additional explanations.

## **II. ACTION TO BE TAKEN**

6. *The Governing Council is invited to draw up the draft Budget for the 2024 financial year, to be communicated to the Governments of Member States for observations.*

**ANNEXE**

**DRAFT BUDGET FOR THE 2024  
FINANCIAL YEAR**

**RECEIPTS (in Euro)**

	<b>Budget 2023<sup>1</sup></b>	<b>Adjusted</b>	<b>Budget 2024</b>
<b>Chapter 1: Contributions of Member States</b>			
Art. 1 (Member States' Contributions)	2,277,000.00	2,329,586.00	2,472,742.00 <sup>2</sup>
<b>Chapter 2: Other receipts</b>			
Art. 1 (Interest)	0.00	0.00	0.00 <sup>3</sup>
Art. 2 (Contributions to overhead expenses)	15,000.00	15,000.00	15,000.00 <sup>4</sup>
Art. 3 (Sale of publications)	30,000.00	60,000.00	45,000.00 <sup>5</sup>
Art. 4 (Aviareto)	23,000.00	23,000.00	23,000.00 <sup>6</sup>
<b>Total receipts</b>	<b>2,345,000.00</b>	<b>2,427,586.00</b>	<b>2,555,742.00</b>

**EXPLANATORY NOTES TO THE DRAFT BUDGET – RECEIPTS**

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

<sup>2</sup> The expected amount of contributions of Member States for 2024 corresponds to the UNIDROIT Contributions Chart adopted by the General Assembly at its 78<sup>th</sup> 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.

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

<sup>4</sup> 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.

<sup>5</sup> The Secretariat anticipates that the receipts from publications will be slightly higher than the amount originally expected in 2023.

<sup>6</sup> 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 for Aviareto to make available to users of the International Registry.

**EXPENDITURE (in Euro)**

	<b>Budget 2023<sup>1</sup></b>	<b>Adjusted</b>	<b>Budget 2024</b>
<b>Chapter 1 – Meeting costs and official travel<sup>2</sup></b>			
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
<b>Subtotal</b>	<b>290,000.00</b>	<b>290,000.00</b>	<b>326,000.00</b>
<b>Chapter 2 – Salaries and allowances<sup>3</sup></b>			
Art. 1 (Salaries of Categories D, P and GS staff and consultants)	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
<b>Subtotal</b>	<b>1,260,000.00</b>	<b>1,329,278.00</b>	<b>1,382,520.00</b>
<b>Chapter 3 – Social security charges<sup>4</sup></b>			
Art. 1 (Insurance against disablement, old age, and sickness)	507,750.00	538,058.00	552,972.00
Art. 2 (Accident 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
<b>Subtotal</b>	<b>515,000.00</b>	<b>545,308.00</b>	<b>560,222.00</b>
<b>Chapter 4 – Administrative expenses</b>			
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
<b>Subtotal</b>	<b>48,000.00</b>	<b>41,000.00</b>	<b>43,000.00</b>
<b>Chapter 5 – Maintenance costs<sup>5</sup></b>			
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
<b>Subtotal</b>	<b>118,000.00</b>	<b>108,000.00</b>	<b>130,000.00</b>
<b>Chapter 6 – Library</b>			
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
<b>Subtotal</b>	<b>114,000.00</b>	<b>114,000.00</b>	<b>114,000.00</b>
<b>Total expenditure</b>	<b>2,345,000.00</b>	<b>2,427,586.00</b>	<b>2,555,742.00</b>

**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 94<sup>th</sup> session on 20 October 2022 (see [UNIDROIT 2022 – F.C. \(94\) 6](#)) and subsequently approved by the General Assembly at its 81<sup>st</sup> 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 (EUR 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 EUR 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 staff remuneration (see point 3).

**5** **Purpose of expenditure:** to cover utility 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 Article 6 (Upkeep of building, public services).