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**Item No. 3 on the agenda: Reports**

**(b) Report on the UNIDROIT Foundation**

(prepared by the Secretariat)

<i>Summary</i>	<i>Update on the activities of the UNIDROIT Foundation</i>
<i>Action to be taken</i>	<i>The Governing Council is invited to take note of this update, including the Report on the activities of the UNIDROIT Foundation</i>

**I. INTRODUCTION**

1. The Foundation for the support of UNIDROIT (the “UNIDROIT Foundation” or “Foundation”) is a Dutch not-for-profit organisation established in 1996. This document (i) briefly recalls the objectives of the Foundation and its governance structure (Part II), and (ii) provides an update on the recent activities of the Foundation (Part III and Annexe I).

**II. OBJECTIVES AND GOVERNANCE**

2. The purposes of the UNIDROIT Foundation are set out in its Statute.<sup>1</sup> In short, the Foundation’s goal is to support UNIDROIT’s activities in the field of international uniform law and comparative law, and the promotion of the development of international uniform law. It may, in particular, facilitate and provide support for: (i) research into uniform law and comparative law and the dissemination thereof; (ii) the formulation of international instruments, through study, research, and international consultation, and the promotion and understanding of such instruments and activities, by means of meetings, courses, conferences, seminars, and publications; (iii) fellowships, studentships, scholarships and bursaries; and (iv) the establishment and expansion of databases, library materials, and other information systems and facilities to support and make generally available such education, study and research. Article 2 of the Statute underlines that the Foundation may undertake any activities of non-commercial character that are connected with or may be conducive to achieving these objectives.

3. At the time of its establishment, the Foundation’s main focus was on supporting UNIDROIT financially. The main sources of income for the Foundation consisted of revenue from the organisation of events and from the sale of Official Commentaries to the Cape Town Convention.

<sup>1</sup> The Foundation’s Statute is available in English on its website: <https://unidroitfoundation.org/>.

4. Fundraising continues to be the main purpose of the Foundation. However, over the years, the Foundation has updated its activities. As a result of the establishment of the Sir Roy Goode Scholarship at UNIDROIT, from 2020 onwards the royalties from the sales of the Cape Town Convention Protocol Official Commentaries are directly transferred to UNIDROIT.<sup>2</sup> Furthermore, since the traditional means of fundraising for general purposes had become challenging, the focus shifted to obtaining donations for targeted purposes (e.g., named internships/scholarships, essay competitions, funding for the UNIDROIT Library). In addition, the Foundation supports substantive projects that are directly relevant to the mandate of UNIDROIT.

5. The Foundation is overseen by a Board of Governors, in which UNIDROIT is represented. In accordance with the Foundation's Statute, the Board includes, amongst its members, the President and the Secretary-General of UNIDROIT and a Dutch citizen (currently Professor Carla Sieburgh, member of the UNIDROIT Governing Council). Please see [Annexe II](#) for the full composition of the Board. The Board of Governors is assisted in the execution of its duties by members of the UNIDROIT Secretariat (Mr William Brydie-Watson, Ms Myrte Thijssen, Ms Theodora Kostoula, and Ms Benedetta Mauro).

### **III. ACTIVITIES**

6. The Foundation's activities are divided into two thematic categories, namely (i) Economic Development, and (ii) Education and Research.

7. Regarding Economic Development, the Foundation is currently supporting three substantive projects that take place under the auspices of the Cape Town Convention Academic Project, concerning (i) Best Practices in Electronic Registry Design and Operations ("BPER Project"), (ii) the Economic Assessment of International Commercial Law Reform ("EA Project"), and (iii) the Implementation of and Compliance with International Commercial Law Treaties ("Treaty Project"). Each of these projects is fully funded by donors and all are complementary to UNIDROIT's work.

8. Regarding Education and Research, the Foundation obtained funding for a project to strengthen UNIDROIT's Library; it manages the UNIDROIT Alumni Association; it contributes funding to the UNIDROIT Scholarship and Internship Programme;<sup>3</sup> and it promotes UNIDROIT's instruments and activities through the organisation of Essay Competitions pertaining to UNIDROIT's mandate.

9. For further details on the Foundation's most recent activities, please see [Annexe I](#).

### **IV. ACTION TO BE TAKEN**

10. *The UNIDROIT Secretariat invites the Governing Council to take note of this update, including the Report on the activities of the UNIDROIT Foundation (Annexe I).*

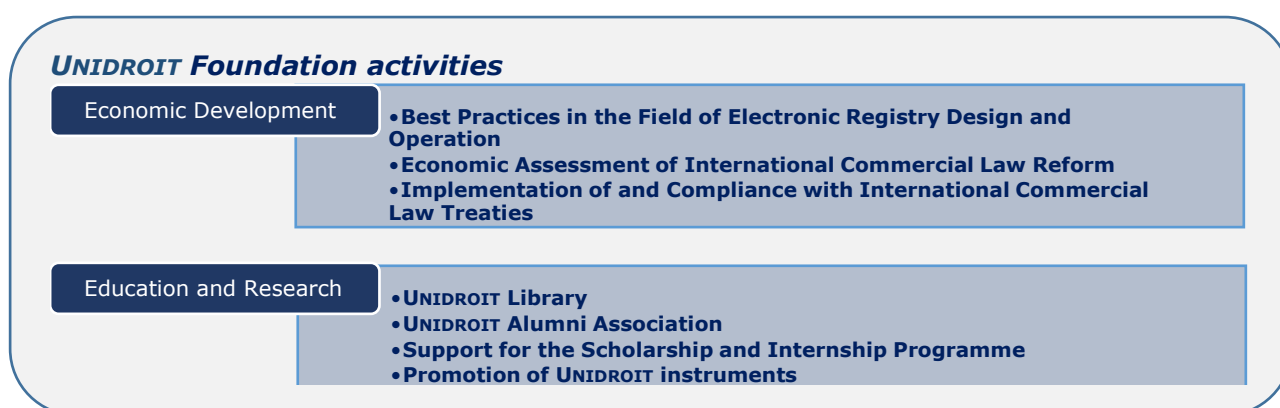
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<sup>2</sup> The Foundation still receives receipts from the sale of Official Commentaries via the online payment tool Stripe, which are transferred to UNIDROIT each year to support the Sir Roy Goode Scholarship Fund.

<sup>3</sup> The Foundation contributes funding to the UNIDROIT Scholarship and Internship Programme with the funding received through the Alumni Association, private donations, and the overhead fee it charges on its receipts.

**ANNEXE I****I. Introduction**

1. This document summarises the activities of the UNIDROIT Foundation in the year 2023 and the first three months of 2024, divided into the two thematic categories represented in the illustration below.

**A. Economic Development**

2. The UNIDROIT Foundation supports three substantive projects, which are conducted under the auspices of the [Cape Town Convention Academic Project](#) (CTCAP), a joint partnership between UNIDROIT and the University of Cambridge, with the Aviation Working Group (AWG) as the Founding Sponsor.

**1. [Best Practices in Electronic Registry Design and Operations](#)**

3. The Best Practices in Electronic Registry Design and Operations (“BPER”) Project, sponsored by Aviareto (the Registrar of the Cape Town Convention’s Aircraft Protocol), identifies policy and technical best practices in the design and implementation of electronic registries. In 2021, a first guide was developed through the BPER Project: the [Guide on Best Practices for Electronic Collateral Registries](#).<sup>4</sup> Electronic collateral registries are a crucial part of modern secured transactions systems, which play a key role in economic development around the world. The Cape Town Convention refers to the need to follow “best practices” in the field of registry design and operation. However, such “best practices” were not defined by the Convention, nor had international parameters been

<sup>4</sup> The Guide can be accessed free of charge electronically and purchased in hard copy here: <https://ctcap.org/best-practices-in-the-field-of-electronic-registry-design-and-operation>

developed more generally in relation to general electronic registries. The BPER Project, through an inter-disciplinary approach, purported to develop a technical standard for this subject matter. The Guide has the potential to serve as an important tool for institutions involved in the design and operation of collateral registries.

4. In 2021, it was decided that the BPER Project should continue its work by testing the applicability of the best practices developed in the context of electronic collateral registries to other types of electronic registries. Accordingly, the focus of the BPER Project switched to developing best practices for electronic business registries. To this end, in September 2022, a sixth workshop for the BPER Project was hosted by the University of Cambridge and featured a review of a preliminary structure for a future Guide on Electronic Business Registries, as well as discussions on scope and differences between business registries and collateral registries.

5. Following the sixth workshop, the project engaged an external consultant, Ms Ieva Tarailiene, to steer the Project towards the finalisation of a Guide on Best Practices for Electronic Business Registries. Building upon the Guide on Electronic Collateral Registries, and taking stock of previous work, Ms Tarailiene prepared a detailed outline of the prospective Guide. This outline was circulated to the BPER Project Group prior to its seventh workshop, which took place on 13-14 February 2024, in Rome and online. The workshop had 48 participants, 22 of which participated in person. The seventh workshop featured the presentation of Ms Tarailiene's outline and a reassessment of the prospective Guide's scope, content, and structure. It also included a review of the existing 17 critical performance factors, with the purpose of identifying possible adaptations needed in the context of business registries, as well as a discussion on proposed additional critical performance factors. Finally, the meeting allowed for the collection of input from various national and international organisations involved in the design and operation of companies registries, and examined other international instruments in this area.

6. The next meeting for the BPER Project will take place on 16 or 17 September 2024.

## **2. Economic Assessment of International Commercial Law Reform**

7. The Economic Assessment of International Commercial Law Reform ("EA") Project started in 2015 and is aimed at producing guidance on how to evaluate the economic impact of international commercial law reform. To this end, the EA Project Group developed five variables, covering (i) the direct impact of the new rules introduced by the law reform; (ii) the impact of the new rules as a network; (iii) the systemic (indirect) impact of the law reform, (iv) the effective application of the new rules; and (v) the cost of creating and transitioning to the new rules.

8. In 2022, two workshops were held for the EA Project. On 10 March 2022, a small group of experts discussed a preliminary draft Guide prepared by the Secretariat based on the information and experiences gathered during the previous sessions as well as on additional research conducted by the Secretariat. On 15 September 2022, the eighth workshop for the EA Project took place in Cambridge and online. The workshop was attended by 20 experts with diverse backgrounds and benefited from presentations on *ex-ante* regulatory assessments by representatives of the OECD and the European Commission. After these presentations, the discussion moved to specific aspects of the draft Guide, with introductory remarks by Professor Oren Sussman (University of Oxford). In addition, the group discussed a case study on a hypothetical *ex-ante* economic assessment concerning a possible Maritime Protocol to the Cape Town Convention.

9. The ninth (restricted) workshop for the EA Project took place on 14-15 February 2024, in Rome and online. The workshop was attended by 12 experts with legal and economic backgrounds. The discussions focused on an updated draft of the Guide to the Framework for the Economic Assessment of International Commercial Law Reform, as prepared by the UNIDROIT Secretariat in cooperation with Professor Sussman.

10. Aspects considered by the participants included the presentation and meaning of the five variables, the scoring system, terminology, the concept of transaction costs, the identification of the baseline scenario, and assumptions for conducting economic evaluations. It was agreed that the focus of the future Guide would be on *ex-ante* evaluations. In addition, the group received a study of an *ex-post* economic analysis in relation to the Cape Town Convention and its Aircraft Protocol to facilitate the comparison with the approach followed by the EA Project. The group also considered changing the title of the Project and replacing the “assessment” with “analysis” or “evaluation” to better reflect the focus and purpose of the Project.

11. The next meeting for the EA Project will take place on 16 or 17 September 2024.

### **3. Implementation of and Compliance with International Commercial Law Treaties**

12. Following the approval by the UNIDROIT Foundation’s Board of Governors at its 28<sup>th</sup> session in May 2023, a new project commenced on the Implementation of and Compliance with International Commercial Law Treaties (“Treaty Project”). This project is financially supported by the Aviation Working Group and Aviareto. The purpose of the Treaty Project is to (i) identify and help address the complexities associated with the implementation of and compliance with international commercial law treaties, and (ii) provide guidance and best practices on implementation and compliance.

13. A planning session on the Treaty Project took place on 15 February 2024, in Rome and online. The session was attended by 12 participants and aimed at determining the scope of the Project and discussing the approach to be taken. The session developed a basic methodology whereby experts from various fields of treaty law would address implementation and compliance issues in their area of expertise. This approach would facilitate comparative analysis. To initiate this process, a common questionnaire would be completed by experts and would be subjected to initial review by a working group.

14. The first workshop of the Treaty Project will take place in January 2025 at the Lauterpacht Centre at the University of Cambridge, a key collaborator in the Treaty Project.

## **B. Education and Research**

15. The Foundation’s work on Education and Research comprises efforts towards supporting the UNIDROIT Library, the UNIDROIT Internship and Research Scholarship Programme, and the promotion of UNIDROIT instruments.

### **1. Library Project**

16. In August 2022, the Foundation concluded an agreement with the Dutch foundation “Stichting Largesse” concerning a substantial donation (€200,000) by the latter to the UNIDROIT Foundation for the improvement of the UNIDROIT library (“the Library Project”). The Library Project consists of: (i) expanding the UNIDROIT Library by renovating and transforming storage spaces into a Library Annexe; (ii) purchasing up-to-date legal literature; and (iii) digitising priority sections of the Library’s collection.

17. In 2023, renovation work led to the expansion of the Library by transforming former storage spaces into Library spaces, which also host the newly-founded Nordic Law Centre. In addition, the donation of Stichting Largesse is being used to purchase new books and e-books, and to digitise parts of the Library collection.

## **2. UNIDROIT Alumni Association**

18. The [UNIDROIT Alumni Association](#) was founded in 2020 as a platform for the distinguished guests who have joined UNIDROIT as part of the Institute's research scholarship, internship, and independent research programmes since 1993. The Association provides alumni with an opportunity to network on a global scale and keep up to date with UNIDROIT news and events from across the world.

19. Members of the Association receive a range of benefits, including newsletters with updates on the activities of UNIDROIT, notifications about upcoming events and conferences organised by UNIDROIT and its partners in different parts of the world, and access to closed groups on Facebook and LinkedIn where they can engage with other members of the Association, as well as with members of the UNIDROIT Secretariat.

20. The annual membership fee for the Association is €50 for lawyers, jurists, academics, and others, and €25 for young professionals and students (under the age of 35). Proceeds from the Association go towards supporting the UNIDROIT Internship and Research Scholarship Programme.

21. As of March 2024, the UNIDROIT Alumni Association has 81 members.

## **3. UNIDROIT Scholarship and Internship Programme**

22. Since its establishment, the Foundation has donated over €280,000 to UNIDROIT. This has largely been raised through the royalties received from the Official Commentaries to the Cape Town Convention and its Protocols by Sir Roy Goode, which he graciously donated to the Foundation.

23. In February 2023, the UNIDROIT Foundation received a sum of €7,620 from Aston University (United Kingdom) to fund a Research Assistant (Ms Ricci Appling) to conduct research on the implementation of the Cape Town Convention and its Protocols in Africa, for a period of 6 months. This sum was donated to UNIDROIT in March 2023. Furthermore, in March 2023 and February 2024, the Foundation donated, respectively, €8,000 and €7,000 from its general funds to support UNIDROIT's Scholarship and Internship Programme.

24. At the end of 2023, the Foundation concluded an agreement with the law firm MadrugaBTW (Brazil) to facilitate a Scholarship for a researcher in 2024. The agreement with MadrugaBTW (which includes a donation of €5,000) will provide an opportunity to a Brazilian individual to conduct research for two months at UNIDROIT's premises in Rome. To this end, a [Call for Applications](#) was published in December 2023, with mid-February as the deadline for applications. At the time of writing, the selection process was still ongoing.

## **4. A donation to set up an Asian Law Centre**

25. In March 2024, the Foundation concluded a Sponsorship Agreement with [Yingke Law Firm](#), one of the largest law firms in the world, in support of the establishment of a law centre focused on Asian legal systems. The objectives of the law centre would be to: (i) promote the work of UNIDROIT, UNIDROIT international instruments and UNIDROIT projects in the Asia-Pacific region; and (ii) strengthen connections between Asia and UNIDROIT. These aims would be achieved through the following activities: (i) translation of UNIDROIT instruments into Asian languages; (ii) provision of legal publications from the Asia-Pacific region for the UNIDROIT Library; (iii) sponsorship of talented legal scholars from the Asia-Pacific region to undertake research stays at the UNIDROIT Library; (iv) sponsorship of talented law students from the Asia-Pacific region to undertake internships at UNIDROIT; (v) financial support for legal experts from the Asia-Pacific region to participate in UNIDROIT projects, events, and other UNIDROIT activities; (vi) the organisation of consultation and promotion events for UNIDROIT projects and instruments in the Asia-Pacific region; and (vii) other initiatives that

help promote the objectives, international instruments, and projects of UNIDROIT in the Asia-Pacific region and strengthen connections between Asia and UNIDROIT.

## 5. Promotion of UNIDROIT Instruments

26. In 2022, with support from the [International Law Institute](#), the Foundation facilitated an [Essay Competition](#) on UNIDROIT and Sustainable Development. Interested individuals were invited to submit an essay in English between 2000 and 3000 words, examining how UNIDROIT instruments can contribute towards sustainable development and help countries achieve their targets for the Sustainable Development Goals of the United Nations.

27. The competition received over 50 contributions. The top five essays were presented by the authors in [a webinar on 28 August 2023](#), and the top-three received prize money.

28. The United Rule of Law Appeal (UROLA), an affiliate of the International Law Institute, generously agreed to provide funding for an Essay Competition in 2024 on the theme of “Thirty years of the UNIDROIT Principles of International



Commercial Contracts”. The [Essay Competition was launched](#) on 19 January 2024. Participants were invited to author an essay examining the use of the UPICC in practice and their role in the development of the law. The deadline for submissions was set for 15 April 2024, and entries will be evaluated by the UNIDROIT Secretariat, with support from Members of the Board of Governors of the UNIDROIT Foundation. Again, the top three essays will receive a monetary prize, and a webinar will be organised to allow the authors of the top five essays to present their work.



## C. Other matters

29. On 9 May 2023, the Board of Governors of the UNIDROIT Foundation met for its 28<sup>th</sup> session. During that meeting, the Board approved the Foundation’s (i) [Annual Report for 2022](#), (ii) [Annual Accounts for 2022](#), (iii) [Policy Plan for 2024](#), and (iv) Budget for 2023. The Board also discussed the Foundation’s activities since the 27<sup>th</sup> session in June 2022 and took note of an update on UNIDROIT’s activities.<sup>5</sup> The Board of Governors will meet for its 29<sup>th</sup> session on 7 May 2024.

<sup>5</sup> No changes took place in the composition of the Board of Governors since the last UNIDROIT Governing Council session, but Mr Marco Nicoli stepped down from his role as advisor to the UNIDROIT Foundation.

**ANNEXE II****Board of Governors of the Foundation:**

- Jeffrey Wool (*President*)
- Don Wallace, Jr. (*Vice-President*)
- Kurt Siehr (*Secretary*)
- Ignacio Tirado (*Treasurer*)
- Georges Affaki
- Claude Brandes
- Alban Caillemer du Ferrage
- Antonio De Palmas
- Marcello Gioscia
- Louise Gullifer
- Marcello Gioscia
- Maria Chiara Malaguti
- Carla Sieburgh

**Managers of the Foundation:**

- William Brydie-Watson
- Myrte Thijssen
- Theodora Kostoula
- Benedetta Mauro