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FINANCE COMMITTEE
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Item No. 8 on the Agenda: Draft Budget for 2025 and observations submitted by Member States

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the proposed expenditure and receipts under the 2025 draft Budget, the proposed contributions of Member States and observations submitted by Member States</i>
<i>Action to be taken</i>	<i>Formulation of opinion to be transmitted to the General Assembly at its 84th session</i>
<i>Related documents</i>	<i>Draft Budget 2025 – First estimates (UNIDROIT 2024 - F.C. (97) 3); Finance Committee Report – 97th session (UNIDROIT 2024 F.C. (97) 5); Governing Council Document – 103rd session (UNIDROIT 2024 C.D. (103) 26); Governing Council Report – 103rd session (UNIDROIT 2024 C.D. (103) 30)</i>

INTRODUCTION

1. The first draft of the Budget providing estimates of receipts and expenditure for the 2025 financial year was examined by the Finance Committee at its 97th session (April 2024), for preliminary opinion in accordance with Article 26 of the UNIDROIT Regulations (see [F.C. \(97\) 3](#); [F.C. \(97\) 5](#)).¹
2. Those first estimates were then submitted to the Governing Council, which officially drew up the draft Budget for 2025 at its 103rd session (C.D. (103) 26; [C.D. \(103\) 30](#)), as set forth in Appendix I to this document, and authorised the Secretariat to transmit it to Member States without amendments.

¹ Considering that the proposed Budget for 2025 was slightly lower than the Budget for the 2024 financial year, the Secretary-General anticipated during the 97th session that the Secretariat might need to resort to the Institute's buffer if additional funding for official travel or projects was deemed necessary. In such case, the Finance Committee would be duly informed. Furthermore, he anticipated that the Secretariat planned to contact Member States to ask for an additional, extraordinary contribution to facilitate the activities for the centenary of UNIDROIT.

3. Accordingly, the draft Budget resulting from this procedure has been submitted to the Governments of UNIDROIT Member States, which were invited to submit any comments by 13 September 2024 at the latest. The government of Ireland confirmed that Ireland would voluntarily maintain 9 units of contribution in the financial year 2025, while the government of Argentina requested an extension of the suspension of its reclassification in the Contributions Chart.²

4. Overall, the Secretariat had proposed a total expenditure of € 2,515,574.00 for the year 2025, and total receipts of € 2,515,574.00. The Secretariat proposes to further reduce these amounts to € 2,495,574.00 (i.e., a decrease of € 20,000). This due to a prudent approach followed by the Secretariat based on the estimated receipts in 2025 (particularly, the contributions from Member States).

5. Regarding expenditure, the Secretariat forecasts a decrease in costs with respect to Chapter 1 – Meeting and travel costs, Chapter 4 – Administrative expenses, and Chapter 5 – Maintenance costs. The forecasted increase under Chapter 2 – Salaries and allowances, and Chapter 3 – Social security charges is explained by the annual increase in salaries due to the design of the salary system.

6. *The Finance Committee is invited to express its opinion on the draft Budget for 2025, as set out in Appendix I, for transmission to the General Assembly at its 84th session.*

² See Appendix II for the *Notes Verbales* submitted by the governments of Argentina and Ireland. Please note that the draft Budget for 2025 was drawn up based on the latest Contributions Chart, which is the Contributions Chart 2024 that was submitted to the General Assembly for its 82nd session (December 2023). This Chart already assumed that (i) Brazil and Argentina confirmed their will to suspend reclassification to a higher category, and (ii) Ireland and Portugal confirmed their will to waive reclassification to a lower category (please see [UNIDROIT 2023 – A.G. \(82\) 9, Appendix IV](#)).

APPENDIX I

**DRAFT BUDGET FOR THE 2025
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2024¹	Budget 2025
Chapter 1: Contributions of Member States		
Art. 1 (Member States' Contributions)	2,472,742.00	2,412,574.00 ²
Chapter 2: Other receipts		
Art. 1 (Interest)	0.00	0.00 ³
Art. 2 (Contributions to overhead expenses)	15,000.00	15,000.00 ⁴
Art. 3 (Sale of publications)	45,000.00	45,000.00 ⁵
Art. 4 (Aviareto)	23,000.00	23,000.00 ⁶
Total receipts	2,555,742.00	2,495,574.00

EXPLANATORY NOTES TO THE DRAFT BUDGET – RECEIPTS

¹ The numbers in this column correspond to those found in the Budget for 2024 approved by the Finance Committee at its 96th session on 12 October 2023 (see [UNIDROIT 2023 – F.C. \(96\) 6](#)), and subsequently approved by the General Assembly at its 82nd session in Rome on 14 December 2023 (see [UNIDROIT 2023 – A.G. \(82\) 9](#)).

² The expected amount of contributions of Member States for 2025 corresponds to the UNIDROIT Contributions Chart approved by the General Assembly at its 82nd session (Rome, 14 December 2023) (see [UNIDROIT 2023 – A.G. \(82\) 9](#) and [A.G. \(82\) 11](#)) and based on the expectation that arrears in Member State contributions would be further reduced.

³ The Secretariat estimates that the interest earned on deposits in checking accounts to be close to zero again for 2025. 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 This estimate considers (i) that the Rail Protocol entered into force in March 2024; (ii) the publication of the revised fifth edition of the Official Commentary to the Aircraft Protocol in March 2024; and (iii) the expected finalisation of the institutional framework for the MAC Protocol.

⁶ In 2025 UNIDROIT will receive 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 under 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)

	Budget 2024¹	Budget 2025
Chapter 1 – Meeting costs and official travel²		
Art. 1 (Governing Council and Permanent Committee)	53,000.00	53,000.00
Art. 2 (Auditor)	5,000.00	5,000.00
Art. 3 (Administrative Tribunal)		
Art. 4 (Committees of Experts)	170,000.00	140,000.00
Art. 5 (Official journeys and promotion of activities)	70,000.00	45,000.00
Art. 6 (Interpreters)	20,000.00	18,000.00
Art. 7 (Representation)	8,000.00	6,000.00
Subtotal	326,000.00	267,000.00
Chapter 2 – Salaries and allowances³		
Art. 1 (Salaries of Categories D, P and GS staff and consultants)	1,367,520.00	1,385,328.00
Art. 2 (Remuneration for occasional collaborators)	15,000.00	10,000.00
Art. 3 (Tax reimbursement)	0.00	0.00
Subtotal	1,382,520.00	1,395,328.00
Chapter 3 – Social security charges⁴		
Art. 1 (Insurance against disablement, old age, and sickness)	552,972.00	552,567.00
Art. 2 (Accident insurance)	5,000.00	9,000.00
Art. 3 (Compensation for retired members of staff)	2,250.00	1,900.00
Subtotal	560,222.00	563,467.00
Chapter 4 – Administrative expenses		
Art. 1 (Stationery)	10,000.00	10,000.00
Art. 2 (Telephone, fax, and Internet)	15,000.00	14,400.00
Art. 3 (Postage)	6,000.00	6,000.00
Art. 4 (Miscellaneous)	2,000.00	2,000.00
Art. 5 (Printing of publications)	10,000.00	8,000.00
Subtotal	43,000.00	40,400.00
Chapter 5 – Maintenance costs⁵		
Art. 1 (Electricity)	20,000.00	20,000.00
Art. 2 (Heating)	25,000.00	20,000.00
Art. 3 (Water)	5,000.00	5,000.00
Art. 4 (Insurance of premises)	12,000.00	11,000.00
Art. 5 (Office equipment)	23,000.00	21,379.00
Art. 6 (Upkeep of building, public services)	30,000.00	25,000.00
Art. 7 (Labour costs)	15,000.00	15,000.00
Subtotal	130,000.00	117,379.00
Chapter 6 – Library		
Art. 1 (Purchase of books)	80,000.00	80,000.00
Art. 2 (Binding)	4,000.00	2,000.00
Art. 3 (Software)	30,000.00	30,000.00
Subtotal	114,000.00	112,000.00
Total expenditure	2,555,742.00	2,495,574.00

EXPLANATORY NOTES TO THE DRAFT BUDGET – EXPENDITURE

¹ The numbers in this column correspond to those found in the Budget for 2024 approved by the Finance Committee at its 96th session on 12 October 2023 (see [UNIDROIT 2023 – F.C. \(96\) 6](#)) and subsequently approved by the General Assembly at its 82nd session in Rome on 14 December 2023 (see [UNIDROIT 2023 – A.G. \(82\) 9](#)).

² **Purpose of expenditure:** to cover travel and subsistence expenses incurred by the members of the Governing Council and 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.

Compared to the Budget for 2024, the Secretariat is forecasting a slight decrease in expenditure with respect to Article 4 (Committees of Experts), Article 5 (Official journeys and promotion of activities), and Article 6 (Interpreters) considering the actual expenditure under these budget lines in 2023 and taking into account that some ongoing legislative projects are expected to be finalised in the first half of 2025. Compared to the draft Budget for 2025 as previously submitted to the Finance Committee at its 97th session, and drawn up by the Governing Council at its 103rd session, the Secretariat has reduced the expected expenditure under Article 5 (Official journeys and promotion of activities) by € 15,000 given the adjustment in expected receipts in 2025.

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% 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 more limited need to rely on occasional collaborators as envisaged in 2024, therefore the Secretariat estimates the expenditure for this budget line in 2025 at € 10,000.

⁴ **Purpose of expenditure:** insurance coverage of staff members against disability, old age, sickness, and accidents, in accordance with the UNIDROIT Regulations. Article 3 concerns payments to one retired member of staff to cover the periods, in the past, during which he was not covered for social security purposes.

With respect to Article 1 (Insurance against disablement, old age, and sickness), the Secretariat estimates that expenditure will be similar to the Budget for 2024.

With respect to Article 2 (Accidents' insurance), the Secretariat deems it prudent to increase the expenditure to € 9,000, based on the actual expenditure under this budget line in recent years.

⁵ **Purpose of expenditure:** to cover ordinary running expenses of UNIDROIT (purchase of stationary, telephone charges, postage of materials and correspondence, etc.).

⁶ **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).

⁷ **Purpose of expenditure:** to cover the cost of acquisitions for the Library's stock of books and the maintenance of its subscriptions to law journals, binding of periodicals and subscriptions to electronic journals and databases. Compared to the draft Budget for 2025 as previously submitted to the Finance Committee at its 97th session, and drawn up by the Governing Council at its 103rd session, the Secretariat has reduced the expected expenditure under Article 3 (Software) by € 5,000 given the adjustment in expected receipts in 2025.

APPENDIX II

COMMENTS RECEIVED BY MEMBER STATES



Embajada de la
República Argentina
República Italiana

AE 72 /2024

The Embassy of the Argentine Republic to the Italian Republic presents its compliments to the International Institute for the Unification of Private Law (UNIDROIT) and has the honour to refer to Note FcO 783 regarding the financial contributions of Member States to the UNIDROIT budget.

In light of the current economic situation in Argentina, which has significantly impacted the country's gross domestic product (GDP) and resulted in financial constraints, Argentina finds itself unable to accommodate increases in its financial contributions to international organizations in the coming year.

Accordingly, the Argentine Republic respectfully requests the suspension of the application of the new Chart of Contributions as agreed upon during the last four sessions of the General Assembly.

The Embassy of the Argentine Republic to the Italian Republic avails itself of this opportunity to renew to the International Institute for the Unification of Private Law (UNIDROIT) the assurances of its highest consideration.



Rome, 28 August 2024.

International Institute for the Unification of Private Law (UNIDROIT)

Rome



Embajada de la
República Argentina
República Italiana

AE 72 /2024

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Rome, 28 August 2024.

International Institute for the Unification of Private Law (UNIDROIT)

Rome



NOTA VERBALE

Rif. 89/2024

The Embassy of Ireland in Italy presents its compliments to the International Institute for the Unification of Private Law (UNIDROIT) and has the honour to refer to its Note Verbale FCo/783 on the 2023 Accounts and the 2025 Draft Budget.

The Embassy of Ireland has the honour to confirm that Ireland will voluntarily maintain 9 units of contribution in the 2025 financial year – one unit of contribution more than Ireland's actual category of 8 units.

The Embassy of Ireland further has the honour to advise that Ireland reserves the right to reduce our contribution to our actual category of 8 units and will continue to consider and confirm our contribution in future years.

The Embassy of Ireland in Italy avails itself of this opportunity to renew to the International Institute for the Unification of Private Law (UNIDROIT) the assurances of its highest consideration.

Rome, 13 September 2024



International Institute for the Unification of Private Law (UNIDROIT)
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