INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

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Item No. 8 on the Agenda: Draft Budget for 2027 and observations submitted by Member States

(prepared by the UNIDROIT Secretariat)

Summary	*Explanation of the proposed expenditure and receipts under the 2027 draft Budget and observations submitted by Member States*
Action to be taken	*Formulation of opinion to be transmitted to the General Assembly at its 86th session*
Related documents	*Contributions Chart 2024 (UNIDROIT 2023 – A.G. (82) 9, Appendix IV)* *Draft Budget 2027 – First estimates (UNIDROIT 2026 - F.C. (101) 4);* *Finance Committee Report – 101st session (UNIDROIT 2026 - F.C. (101) 9);* *Draft Budget 2027 – Governing Council – 107th session (UNIDROIT 2026 - C.D. (107) 23);* *Governing Council Summary Conclusions – 107th session (UNIDROIT 2026 - C.D. (107) Misc. 2 rev. 2)*

INTRODUCTION

1. The first draft of the Budget providing estimates of receipts and expenditure for the 2027 financial year was examined by the Finance Committee at its 101st session (9 April 2026), for preliminary opinion in accordance with Article 26 of the UNIDROIT Regulations (see F.C. (101) 4; F.C. (101) 9).

2. Those first estimates were then submitted to the Governing Council, which officially drew up the draft Budget for 2027 at its 107th session (27-29 May 2026), and authorised the Secretariat to transmit it to Member States without amendments (C.D. (107) 23; C.D. (107) Misc. 2 rev. 2).

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 18 September 2026 at the latest.

4. The government of Portugal indicated that it agreed with the proposed draft Budget for 2027. The government of Ireland confirmed that Ireland would voluntarily maintain 9 units of contribution in the 2027 financial year. As in previous years, the governments of Argentina and Brazil requested an extension of the suspension of their reclassification in the Contributions Chart.

5. In addition, the government of Argentina welcomed the fact that the draft Budget did not envisage any increase in Member State contributions. It noted that, although the Secretariat projected publication revenue to remain broadly at 2026 levels, the amount budgeted for 2027 was lower than the corresponding figure for 2026. It suggested that, subject to the Institute's financial rules, any publication revenue exceeding the projection be taken into account with a view to reducing Member State contributions for the following financial year. It also encouraged consideration of further cost-saving measures for official travel in future budget exercises, particularly to offset increases under other budget items.

6. The Government of Mexico acknowledged the efforts to present a balanced 2027 Budget. It noted positively that the proposed adjustments would support the technical work of the Committees of Experts and implementation of the 2026–2028 Work Programme, emphasising that resources should remain focused on normative activities and legal cooperation in line with UNIDROIT's core mandate. The Government of Mexico also encouraged continued efforts to diversify funding through institutional partnerships, cooperation agreements and extrabudgetary resources, while welcoming measures to contain operating costs by streamlining administrative expenses, optimising maintenance costs, and leveraging mechanisms such as the Liaison Office in Hong Kong to reduce travel expenses.

7. The Government of the United States of America made several proposals to avoid overspending: (i) limiting travel expenses by expecting Member States to support the travel and accommodation of Governing Council members; (ii) reconsidering automatic salary increases; (iii) specifying, in the decision adopting the budget, that the Secretariat cannot spend more than the total approved expenditure for the year; and (iv) reducing the budget to € 2,340,000.00 in line with the actual Member State contributions received in 2025. Regarding the last suggestion, the Government of the United States indicated that the budget should be set according to the actual amount of Member State contributions received the previous year or a single year of contributions, whichever is lower.[1]

8. Overall, the Secretariat had proposed a total expenditure of € 2,495,574.00 for the year 2027, and total receipts of € 2,495,574.00. These amounts are equal to the amounts in the approved Budgets for 2025 and 2026. In light of the comments received, the Secretariat proposes to reduce the estimated receipts from Member State contributions from € 2,412,574.00 to € 2,373,570.00. The latter amount corresponds to the expected amount of contributions of Member States pursuant to the latest Contributions Chart (2024) without any expected arrear payments. Nevertheless, the Secretariat underscores the importance of timely payment of Member State contributions to the effective functioning of the Institute and encourages States with outstanding contributions to meet their financial obligations. In light of the reduction in estimated receipts, the Secretariat would seek to contain expenditure, primarily through the expected savings under Chapter 6, Article 3 (Library software), resulting from the Library's ongoing transition to a lower-cost software system. A slight reduction in expenditure under Chapter 1, Article 5 (Official journeys and promotion of activities)

[1] See Appendix II for the comments submitted by the governments of Argentina, Brazil, Ireland, Mexico, Portugal and the United States. Please note that the draft Budget for 2027 was drawn up based on the latest Contributions Chart, which 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).

would also be envisaged due to the extra-budgetary funding specifically earmarked for the promotion of the Cape Town Convention and its Protocols.

10. In light of the comments to the draft Budget received from the United States during the consultation period, the Secretariat proposes to add the following text when submitting the draft Budget for 2027 for approval to the General Assembly: "In accordance with Article 29 of the UNIDROIT Regulations, in adopting the budget for the 2027 financial year, the General Assembly authorises the Secretary-General to incur expenses and make payments within the approved limits".

11. The Finance Committee is invited to express its opinion on the draft Budget for 2027, as set out in Appendix I, for transmission to the General Assembly at its 86th session.

APPENDIX I

DRAFT BUDGET FOR THE 2027 FINANCIAL YEAR

RECEIPTS (in Euro)

	Budget 2026[1]	Budget 2027
Chapter 1: Contributions of Member States		
Art. 1 (Member States' Contributions)	2,412,574.00	2,373,570.00[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	42,000.00[5]
Art. 4 (Aviareto)	23,000.00	26,000.00[6]
Total receipts	**2,495,574.00**	**2,456,570.00**

EXPLANATORY NOTES TO THE DRAFT BUDGET – RECEIPTS

[1] The numbers given in this column correspond to those found in the Budget for 2026 approved by the Finance Committee at its 100th session on 30 October 2025 (see UNIDROIT 2025 – F.C. (100) 6) and subsequently approved by the General Assembly at its 85th session in Rome on 11 December 2025 (see UNIDROIT 2025 – A.G. (85) 9).

[2] The expected amount of contributions of Member States for 2027 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). It does not include any expected arrear payments.

[3] The Secretariat estimates the interest earned on deposits in checking accounts to be close to zero again for 2027.

[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 estimates the receipts from the sale of publications in 2027 to be approximately the same as in the 2026 Budget, considering the envisaged sale in 2027 of publications relating to UNIDROIT's Centenary.

[6] UNIDROIT expects to receive in 2027 a payment of USD 30,000 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 revised fifth edition of the Aircraft Protocol Official Commentary by Sir Roy Goode for Aviareto to make available to users of the International Registry. This amount is slightly higher than the payment made by Aviareto in the previous years (USD 25,000).

EXPENDITURE (in Euro)

	Budget 2026[1]	Budget 2027
Chapter 1 – Meeting costs and official travel[2]		
Art. 1 (Governing Council and Permanent Committee)	42,000.00	42,000.00
Art. 2 (Auditor)	5,200.00	5,200.00
Art. 3 (Administrative Tribunal)		
Art. 4 (Committees of Experts)	105,000.00	120,000.00
Art. 5 (Official journeys and promotion of activities)	35,000.00	25,000.00
Art. 6 (Interpreters)	15,000.00	15,000.00
Art. 7 (Representation)	1,000.00	1,000.00
Subtotal	**203,200.00**	**208,200.00**
Chapter 2 – Salaries and allowances[3]		
Art. 1 (Salaries of Categories D, P and GS staff and consultants)	1,450,000.00	1,452,000.00
Art. 2 (Remuneration for occasional collaborators)	9,300.00	9,300.00
Art. 3 (Tax reimbursement)	0.00	0.00
Subtotal	**1,459,300.00**	**1,461,300.00**
Chapter 3 – Social security charges[4]		
Art. 1 (Insurance against disablement, old age, and sickness)	540,000.00	541,000.00
Art. 2 (Accidents' insurance)	8,800.00	8,800.00
Art. 3 (Compensation for retired members of staff)	1,900.00	1,900.00
Subtotal	**550,700.00**	**551,700.00**
Chapter 4 – Administrative expenses[5]		
Art. 1 (Stationery)	7,000.00	7,000.00
Art. 2 (Telephone and Internet)	15,000.00	15,000.00
Art. 3 (Postage)	7,000.00	7,000.00
Art. 4 (Miscellaneous)	2,500.00	2,500.00
Art. 5 (Printing of publications)	8,000.00	8,000.00
Subtotal	**39,500.00**	**39,500.00**
Chapter 5 – Maintenance costs[6]		
Art. 1 (Electricity)	18,000.00	18,000.00
Art. 2 (Heating)	18,000.00	20,000.00
Art. 3 (Water)	5,000.00	5,000.00
Art. 4 (Insurance of premises)	11,000.00	11,000.00
Art. 5 (Office equipment)	22,000.00	20,000.00
Art. 6 (Upkeep of building, public services)	25,000.00	20,000.00
Art. 7 (Labour costs)	18,874.00	15,874.00
Subtotal	**117,874.00**	**109,874.00**
Chapter 6 – Library[7]		
Art. 1 (Purchase of books)	80,000.00	70,000.00
Art. 2 (Binding)	2,000.00	2,000.00
Art. 3 (Software)	43,000.00	13,996.00
Subtotal	**125,000.00**	**85,996.00**
Total expenditure	**2,495,574.00**	**2,456,570.00**

EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

1 The numbers given in this column correspond to those found in the Budget for 2026 approved by the Finance Committee at its 100th session on 30 October 2025 (see UNIDROIT 2025 – F.C. (100) 6) and subsequently approved by the General Assembly at its 85th session in Rome on 11 December 2025 (see UNIDROIT 2025 – A.G. (85) 9).

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.

Compared with the 2026 Budget, the Secretariat forecasts an increase in expenditure under Article 4 (Committees of Experts), as envisaged expenditure under this budget line was reduced in 2026 due to the Centenary activities. The projects under the 2026-2028 Work Programme are expected to resume their regular pace in 2027. Compared to the draft Budget for 2027 as drawn up by the Governing Council at its 107th session and subsequently submitted to Member States, the Secretariat has reduced the expenditure under Article 5 (Official journeys and promotion of activities) from € 35,000.00 to € 25,000.00 due to the extra-budgetary funding specifically earmarked for the promotion of the Cape Town Convention and its Protocols. The establishment of the Liaison Office in Hong Kong SAR is also expected to contribute to containing travel costs in the Asian-Pacific region. The forecast expenditure under Article 4 (Committees of Experts) and Article 5 (Official journeys and promotion of activities) remains below the level considered desirable by the Secretariat, in view of overall budget constraints.

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.

The estimated expenditure for salaries as proposed in this Budget for 2027 is the same as the actual costs for salaries in 2025. The proposed amount therefore implies a freeze in salaries.

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.

The estimated expenditure under this Chapter remains at a level comparable to that foreseen in the 2026 Budget.

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

No changes are foreseen compared to the 2026 Budget.

[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).

The Secretariat proposes a slight reduction in expenditure under Article 6 (Upkeep of building, public services) considering the additional work carried out during the Centenary year. The Secretriat also proposes a modest reduction in expenditure under Article 5 (Office equipment) and Article 7 (Labour costs).

[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.

In view of overall budget constraints and in an effort to contain costs, the Secretariat proposes a reduction in expenditure under Article 1 (Purchase of books). Furthermore, compared to the draft Budget for 2027 as drawn up by the Governing Council at its 107th session and subsequently submitted to Member States, the Secretariat has reduced the estimated expenditure under Article 3 (Software) since the Library is currently transitioning to a more cost-effective software system.

APPENDIX II

COMMENTS RECEIVED BY MEMBER STATES