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

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Item No. 14 on the agenda: Consideration of UNIDROIT's Strategy Institutional Mandate, Functions and Regional Presence

(prepared by the Secretariat)

Summary	*Working Document intended to initiate discussions concerning the Strategic Plan of the Centenary for the next five to ten years of the Institute.*
Action to be taken	*Member States are invited to take note of the content of this document and commence a discussion of some of its main elements at the current session of the General Assembly.*
Related documents	*Strategic Plan – Horizon 2016, UNIDROIT 2004 – C.D. (83) 6; UNIDROIT 2009 – C.D. (88) 9; UNIDROIT 2010 – C.D. (89) 16; UNIDROIT 2010 – C.D. (90) 16; UNIDROIT 2026 – C.D. (107) 25; UNIDROIT 2026 – C.D. (107) 29*

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I. BACKGROUND

1. On the occasion of the 75th anniversary of the foundation of UNIDROIT and of the 81st session of the Governing Council, an informal brainstorming session was held on 26 September 2002 attended by the representatives of 44 of the Organisation's 59 Member States at the time. The discussion addressed a wide range of issues, including its constitutional framework, Member States, recent achievements, working methods, working languages, non-legislative activities, the resources available to the Secretariat, and the Budget. A second informal brainstorming session was held on 4 and 5 April 2003, attended by the representatives of 31 Member States and six members of the Governing Council. The Session was mainly devoted to the Budget, to the various components of the Organisation's work, to the possible accession of the European Union and to co-ordination with other Intergovernmental Organisations. As the session progressed, a consensus emerged that the Secretariat ought to establish a Strategic Plan that would make short, medium and long-term assessments of the tasks and objectives of the Organisation, of the priorities for each of its activities, of the resources at its disposal, and of the present and future staffing levels.

2. A Strategic Plan elaborated by the Secretariat was thus first submitted to the General Assembly at its 57th session on 28 November 2003 (UNIDROIT 2003 – A.G. (57) 3), then to the Governing Council at its 83rd Session in 2004. It aimed to cover the immediate as well as the medium-term future until 2016, the year in which the 90th anniversary of the foundation of UNIDROIT was to be commemorated – hence aptly named "Horizon 2016" (*UNIDROIT – Strategic Plan Horizon 2016 (C.D. (83) 6)*).

3. At its 88th session, the Governing Council took note of the progress report presented by the Secretary-General on the interim results in respect of the Strategic Objectives listed in the 2003 Strategic Plan (UNIDROIT 2009 – C.D. (88) 9). The Council decided to resume its discussion on the need or otherwise to re-assess these Objectives at its 89th Session in 2010 in light of a revised draft Strategic Plan that was to be prepared by the Secretary-General (UNIDROIT 2009 – C.D. (88) 17, Report on the session, para. 229). At its 89th session (Rome,10-12 May 2010) the Governing Council took note, with appreciation, of a memorandum containing the suggestions of the Secretary-General to update or redefine the Organisation's strategic objectives (UNIDROIT 2010 – C.D. (89) 16). The Council agreed to establish an informal working group to examine the various matters and options outlined in that document with a view to the preparation of a draft new Strategic Plan to be submitted to the Council for consideration at its 90th session, in 2011.

4. The findings of the informal working group (UNIDROIT 2010 – C.D. (89) 16) were considered by the Governing Council at its 90th session (Rome, 9 - 11 May 2011). The Council generally concurred with the findings of the informal working group, stressing the invaluable role played by UNIDROIT as an independent Intergovernmental Organisation with a uniquely broad mandate in the area of private law harmonisation (UNIDROIT 2011 – C.D. (90) 18, Report on the Session, para. 184). The six-year plan was reviewed and adopted at the General Assembly's 71st session (29 November 2012).

5. The pursuit of such a strategy has been consistent over the years with measurable progress on all fronts as has been consistently reported to UNIDROIT Governing Bodies. However, within the context of several of the new initiatives of the Secretariat (in relation to the Centenary, Promotion and Regional presence), presented for consideration of the Governing Council at its 103rd session (Rome, 8-10 May 2024), it was noted that such initiatives were to be evaluated and assessed within the context of a longer-term strategic plan, to take the potential financial implications into consideration.

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6. A more comprehensive version of this document was subsequently presented and discussed at the last in-person session of the Governing Council, held on 27-29 May 2026 (see UNIDROIT 2026 – C.D. (107) 25, Strategic Plan, and UNIDROIT 2026 – C.D. (107) 29, Report).

7. This document identifies and provides material information on the main topics that need to be considered for a general strategy of the Institute in the next five to ten years. It is intended to act as a basis for a discussion to be finalised during the year 2027. It must therefore be read as an initial iteration of this debate for our Member States.

8. This document is to be read jointly with the seven White Papers that are being presented and discussed at the 86th session of the General Assembly (Rome, 10-11 December 2026). These papers provide most relevant input on the specific content of the work of the Institute.

II. INTRODUCTION

9. Since the end of the period covered by the previous strategic plan in 2018, many changes have been implemented in UNIDROIT. The Institute has grown considerably in almost every sense of the word: in institutional terms, in portfolio, and in outreach. The following are representative examples of such changes:

- There are two new Member States, both from the Asia-Pacific region.
- One more treaty (the MAC Protocol to the Cape Town Convention) has been approved and its institutional framework almost brought to completion; another Treaty (the Luxembourg Rail Protocol to the Cape Town Convention) has come into force and is now functioning; and as many as 450 treaty actions have been completed, notwithstanding a lengthy suspension of almost any transnational law activity during more than a year due to the COVID pandemic.
- Eleven soft law instruments have been adopted - three legal guides, three sets of principles with commentary, one set of model rules with commentary, two model laws, and two guides to enactment - in six different areas of work. The Institute has also expanded its activity to many important and topical areas, such as sustainability, technology, and insolvency.
- These instruments have been developed under a substantially bolstered methodology, which has increased Member State participation by including the creation of consultative committees as a general rule. Further, the current methodology has democratised the decision-making process of the approval of our instruments by including public -and targeted- consultations. Special attention has been paid to striking a balance between common law and civil law systems, and the involvement of experts and institutions from both developed and developing economies, with particular attention to the Global South.
- All activities with an academic component have been clustered under one brand: the UNIDROIT Academy, which has been greatly enhanced in terms of scope and content: as many as three academic centres have been opened (Nordic Law Centre, Asian Transnational Law Centre, and the UNIDROIT-Roma Tre Centre for Transnational Commercial Law and Arbitration); 82 Memoranda of Understanding (MoUs) have been concluded and are currently active with prestigious universities and research centres worldwide; about 700 researchers, academics and interns have been hosted in the UNIDROIT Library, which has now been consolidated as an international research hub, with an enhanced catalogue, additional specialised sections, and a whole new

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work space to house them in. UNIDROIT has benefited from Chairs established with the Bank of Italy, the Italian Ministry of Foreign Affairs and International Cooperation, and from academics in residence under the UNIDROIT Fellowship Programme and the Sir Roy Goode Scholarship Fund.

- Dissemination efforts have increased substantially, with well over one hundred workshops and conferences delivered.

- A new website has been created, with state-of-the-art functionalities, and the Institute has achieved an outstanding performance in social media, where it used to be almost entirely absent. The Institute now counts more than 52,780 followers on LinkedIn, 7,000 followers on Facebook, 2,544 followers on X, and 942 subscribers on YouTube.

10. This summary provides key information on both the whence and the whither and identifies what the organisation has been focusing its efforts on utilising its resources, as well as its achievements, in order to help define the starting point for an analysis of its strengths and weaknesses and a clear indication as to the direction the Governance would propose for the Institute.

11. This document separates the subject matter that would need to be considered by a thorough analysis of the strategy into three components: the institutional component; the functional component; and the implementation component. Before analysing these three sections, some considerations will be made on certain aspects of UNIDROIT's origin, nature, and activities that are deemed key to understand the rest of the document.

III. ON THE MANDATE AND DEVELOPMENT OF THE ORGANISATION

12. UNIDROIT was established in 1926 under the auspices of the League of Nations, with a mandate to harmonise and modernise private law across countries. Following Italy's withdrawal from the League of Nations in December 1937, UNIDROIT was reconstituted by a multilateral agreement (the UNIDROIT Statute), thereby becoming an independent Intergovernmental Organisation while retaining its original mission and governance structure. UNIDROIT's institutional framework marries state-driven oversight with predominant expert guidance. Headquartered in Rome (at the historical Villa Aldobrandini), the Institute currently counts 65 Member States drawn from five continents, representing a wide variety of legal traditions and cultural backgrounds, covering almost 74% of the world population and over 90% of the global GDP.

A. A mandate to foster growth through private law harmonisation

13. UNIDROIT's founding mission is to "examine ways of harmonising and coordinating the private law of States and of groups of States, and to prepare gradually for the adoption by the various States of uniform rules of private law" and to pursue the objective of "facilitating international relations in the field of private law" (Article 1 of the UNIDROIT Statute). Article 1 then goes on to list the various ways in which this mission is to be accomplished. In the utmost summary terms, the fact that harmonisation of private law adds legal certainty, lowers transaction costs, and fosters investment and cross-border transactions is the core premise of the Organisation's existence.

14. It is worthy of note that fostering cross border trade and investment through harmonisation is only part of the rationale behind UNIDROIT's mandate. Harmonisation can also have negative consequences if it is achieved with inadequate legal instruments. The Institute's mandate is of utmost importance because it stimulates widespread incorporation of best practices to jurisdictions around the world. It is thus its standard-setting nature that matters most, and this also explains why,

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currently, with particular regard to its soft-law instruments, perhaps the most impactful achievements of the Organisation concern its modernisation of legal frameworks.

B. From a partial to a complete mandate

15. Initially devised as a think tank, perhaps the first legal think tank in multilateral history, the Organisation has developed into a fully-fledged law-making Organisation over the years. And yet, on many occasions, for decades, the work conducted at UNIDROIT bore final fruit in other Intergovernmental Organisations, where state negotiations took place[1]. In other words, UNIDROIT did most of the substantive work, but recognition for the final result lay elsewhere. Through this generous approach, the Institute failed to gain full credit for its work, resulting in a loss of reputational potential, and an all but absent political and financial support for a long time.

16. While the benefit of this approach to the general legal community is acknowledged, cooperation and collaboration on equal footing with full credit has proven to be equally effective, leaving no reason to limit UNIDROIT to carrying out the groundwork for other organisations. The example of the Model Law on Warehouse Receipts, recently drafted and adopted jointly with the United Nations Commission on International Trade Law (UNCITRAL), has demonstrated the effectiveness of joint work where the authorship of the instrument is shared. It is thus key for the future of the Organisation that UNIDROIT pursues its current path.

C. From hard law to soft law: an evolution

17. Over a century, UNIDROIT has developed an impressive body of international instruments – both "hard law" treaties and "soft law" instruments – that illustrate the Institute's expanding mandate. Over decades, UNIDROIT's remit has evolved in response to an ever-changing global legal landscape yet has remained true to its core purpose: to formulate uniform law instruments, principles, and rules that coordinate the private laws of States. From its early focus on international arbitration, intellectual property, or international commercial transactions, to its expansion into fields such as access to credit, financial markets, private law and agriculture, procedural law or cultural property, the Institute's work reflects an ever-broadening effort to develop a *transnational ius commune* in commercial and private law in more general terms.

18. In terms of treaties, UNIDROIT's work began with ambitious projects in the law of international sales: its early efforts between the 1930s and 1960s culminated in the adoption of the 1964 Hague Conventions establishing a Uniform Law on the International Sale of Goods (ULIS) and a Uniform Law on the Formation of Contracts (ULF). Although those instruments were only ratified by a few States, they laid the groundwork for the later United Nations Convention on Contracts for the International Sale of Goods (1980) and demonstrated UNIDROIT's pioneering role in formulating transnational contract principles.

[1] UNIDROIT's work has served as the basis for a number of international instruments adopted under the auspices of other Organisations. By way of example: (i) 1954 UNESCO Convention for the Protection of Cultural Property in the Event of Armed Conflict; (ii) 1955 Benelux Treaty of 1955 on Compulsory Insurance against Civil Liability in respect of Motor Vehicles ; (iii) 1955 European Convention on Establishment (adopted under the auspices of the Council of Europe) ; (iv) 1956 Convention on the Contract for the International Carriage of Goods by Road (CMR) (adopted under the auspices of the Economic Commission for Europe of the United Nations); (v) 1958 Hague Convention concerning the Recognition and Enforcement of Decisions relating to Maintenance Obligations towards Children (adopted under the auspices of the United Nations Economic and Social Council); (vi) 1959 European Convention on Compulsory Insurance against Civil Liability in respect of Motor Vehicles (adopted under the auspices of the Council of Europe); (vii) 1961 International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (adopted under the auspices of ILO, UNESCO and WIPO); (viii) 1962 European Convention on the Liability of Hotel-keepers concerning the Property of their Guests (adopted under the auspices of the Council of Europe); (ix) 1973 Convention on the Contract for the International Carriage of Passengers and Luggage by Road (CVR) (adopted under the auspices of the Economic Commission for Europe of the United Nations); and (x) 1980 United Nations Convention on Contracts for the International Sale of Goods.

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19. Further, UNIDROIT broadened its focus to new domains of commerce and finance. Notably, it pioneered and spearheaded the development of the modernisation of the law on secured transactions by hosting the 2001 Convention on International Interests in Mobile Equipment (the Cape Town Convention), together with its four associated Protocols, which set up a global legal regime for secured financing of high-value mobile assets such as aircraft, railway rolling stock, and satellites. This treaty, adopted at a diplomatic conference in Cape Town and ratified by 90 countries and one regional economic integration organisation to date, has been lauded as a landmark in international commercial law reform, and constitutes perhaps the most successful substantive commercial law treaty in history. UNIDROIT had already produced two treaties (the Ottawa Convention on International Factoring, as well as, in the area of leasing, the Ottawa Convention on International Financial Leasing, both from 1988) in the area of access to credit.

20. The Institute has also been the forum for other significant conventions, such as the 1995 UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects, which advances the restitution of cultural heritage objects, and the 2009 Geneva Convention on Substantive Rules for Intermediated Securities, which modernises the law governing securities held with intermediaries. Each of these instruments, which only constitute a sample of the Institute's hard law production, developed in collaboration with Member States and often other international organisations, reflects UNIDROIT's adaptive expansion into specialised areas of transnational law while upholding its foundational goal of legal uniformity.

21. In addition to binding conventions, UNIDROIT has increasingly employed soft-law instruments as a flexible means of international harmonisation through adoption at domestic level. UNIDROIT has developed different types of soft law instruments, depending on the type of international guidance that has been deemed more useful from time to time:

(a) *Legal Guides, or Legislative Guides*, are discursive instruments which identify best practices, provide explanations as to the pros and cons of different policy and legislative options, and, where there is consensus, include recommendations, which is where the main transnational law original added value is to be found. Some examples of this type of instrument, as far as financial markets are concerned, are the Legislative Guide on Intermediated Securities or the recently finalised Legal Guide on Bank Insolvency; or the Legal Guides on Contract Farming or on Agricultural Land Investment Contracts, drafted both together with FAO and IFAD, in the relatively new field of private law and agriculture.

(b) *Principles*, which are almost invariably accompanied by thorough commentary to explain and provide examples of the application of the black letter principles. These Principles can vary depending on the scope of the instrument. The Principles of International Commercial Contracts – a set of comprehensive contract law principles first published in 1994 and now in their fourth edition- are an example of a wide-encompassing instrument, and have been widely endorsed as a global restatement of contract law. They have contributed substantially to the modernisation and harmonisation of contract law, influencing contract drafting, arbitral decision-making, and even law reform in many jurisdictions. A different approach can be found in the Principles on Digital Assets and Private Law, where the instrument merely seeks to clarify complex legal questions concerning new types of assets, and to provide the minimum set of rules necessary for domestic legislations to adapt their existing frameworks to the new kind of property. Not infrequently, Principles have been accompanied by model clauses, with or without additional commentary. As will become apparent, flexibility is the rule, so that each soft law instrument can best adjust to the vacuum it is meant to fill.

(c) UNIDROIT has likewise promulgated a range of *Model Laws*, especially in the area of secured transactions and access to credit (e.g., the UNIDROIT Model Law on Factoring,

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the Model Law on Leasing, or the Model Law on Warehouse Receipts, jointly with UNCITRAL). Model laws constitute the "hardest" type of soft law. While remaining soft law as they are not intended as international directly applicable legal rules (such as treaties or conventions), they are designed for implementation at domestic level, which is when they become hard -national, not international- law. Model Laws are drafted in order to be directly incorporated in a domestic legal system, although, obviously, at times one or more articles are either not incorporated or modified during the implementation stage. Because they are meant for direct incorporation, Model Laws are the result of a very thorough discussion, where the ultimate result ought to be apt for incorporation in all types of jurisdictions and legal families. Hence, these normative texts are the result of very careful and pondered reflection by experts participating in working groups. Because of the technical complexity of these normative instruments, UNIDROIT approves auxiliary text to help legislators implement the Model Law (i.e., through Guides to Enactment) or to assist users in the utilisation of the new framework (i.e., through practice guides).

22. These and other similar types of soft-law instruments offer States and other stakeholders optional frameworks that reflect international best practices. The use of such flexible instruments alongside formal conventions demonstrates UNIDROIT's evolving methodology in the pursuit of legal uniformity, acknowledging that guidance and model rules can achieve harmonisation more effectively than treaties in certain areas, and can be more readily updated to keep up with commercial innovation.

23. To be sure, at least four elements would seem to indicate that, in the coming years, carefully crafted soft-law instruments might consolidate as the more frequent type of instrument drafted by UNIDROIT: (i) soft-law instruments are more easily incorporated into domestic legal systems than accession or ratification of treaties, a trend which at least partially derives from the less intrusive nature of an instrument, preserving sovereignty at a time of distress of multilateralism at large; (ii) soft-law instruments are easier to negotiate, take less time and are less costly; (iii) this facilitates their flexibility, making them more suited to some of the areas which are in need of international standards, such as technology and sustainability, where the reality that is to be regulated by the instrument is in constant and fast-paced evolution; and (iv) amendments to soft-law instruments to adjust to a mutating reality are easier and less costly to achieve.

24. UNIDROIT could therefore consider continuing to focus on soft-law instruments in the coming years, and resort to hard law instruments only where (i) a clear assessment of a functional preference for a hard law alternative has been made (e.g., when the topic relates to matters concerning courts or regard implementation of human rights or public interest issues); (ii) there is an objectively reasonable expectation of political interest; or (iii) when it consists of a follow up of an existing hard law instrument (e.g., a new Protocol to the Cape Town Convention).

D. The academic soul as a key driver of UNIDROIT's mandate

25. From its foundation, UNIDROIT has had a strong academic component, setting the Organisation apart from other international organisations of the same area of activity and marking the nature and content of its instruments. The participation of some of the world's most eminent jurists has always been a feature of its expert groups (i.e., working groups, study groups), but it has also been a constant presence in its governance. Starting with the first President and main sponsor of the idea at the League of Nations, Italian Professor and statesman Vittorio Scialoja, legends of private law such as Ernst Rabel (Germany), Ambroise Colin (France), René David (France), Clive M. Schmitthoff (United Kingdom), Philip Jessup (United States), Tudor Popescu (Romania), Alan Farnsworth (United States) or Sir Roy Goode (United Kingdom), to name but a few, have been active members of the Governing Council. This pervasive academic presence has ensured a balanced representation of common law and civil law, both groups with their most relevant subgroups (e.g., in former times,

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socialist law traditions); and the use of a learned comparative approach, bringing together jurists from different legal systems that serve in a personal capacity, ensuring that debates remain focused on legal merits rather than national positions. The influence of these experts is evident in the quality and balance of UNIDROIT's instruments, which strive to reflect the best solutions drawn from diverse legal experiences.

26. The plethora of agreements signed with prestigious universities from around the world, a practice which has substantially grown in the past years, is a prime illustrative example of the active involvement of academia. Another example is UNIDROIT's prestigious comparative law library, with hundreds of thousands of volumes, many in the original mother tongue of the author. The UNIDROIT Library, another of the unique treasures of the Institute, must be reinforced in the years to come, as a key item of its strategy. Attracting researchers and professors from all over the world enriches UNIDROIT's view of the law, improves its rule-making process, and generates a network of first-rate jurists from all regions and legal families, who act as ambassadors of the Institute there where its limited budget cannot reach. UNIDROIT's academic outreach has now been taken one step further, with the foundation of two regional law centres (Asian Transnational Law Centre and the Nordic Law Centre) and two transnational law institutes (one with Queen Mary University of London and another one with Università Roma Tre), which represent stable centres of research on comparative private law as well as invaluable mechanisms for regional and international dissemination of our mandate.

27. An intergovernmental organisation with such an important academic component is unique. It must be part of UNIDROIT's future strategy not only to preserve this approach, but to strengthen and capitalise on its most distinctive feature.

IV. THE INSTITUTIONAL COMPONENT

28. UNIDROIT's governance is structured in three tiers, with seven different "organs": the General Assembly of Member States, with a Finance Committee acting as its delegate, preparatory body for financially-related matters; a Governing Council, with a delegate Permanent Committee to address certain matters, mostly related to staff or which may need more frequent deliberation; the President of the Institute, who chairs the Governing Council and has full powers of representation; a professional Secretariat that acts as the permanent body of the Institute, tasked with the day-to-day operations of the organisation; and an Administrative Tribunal, an independent body tasked with solving employment disputes, and, in some circumstances, litigation concerning the Institute and third parties.

29. The General Assembly is UNIDROIT's highest decision-making body. It is composed of representatives from each Member State. The General Assembly meets in Rome at least once a year in ordinary session, convened by the President. Key powers of the General Assembly include approving the annual accounts and adopting the annual budget of the Institute, approving UNIDROIT's triennial Work Programme; appointing members of other organs, namely, of the 25 elected members of the Governing Council (the President of the Institute is designated separately by Italy), the judges of the Administrative Tribunal, and the Institute's external auditor(s) for financial control, all of them for five-year terms; and approving any general rules and regulations governing the Institute. The General Assembly can consider other matters of institutional policy and has ultimate authority to decide to amend the Statute or the Regulations. It is sovereign to adopt any policy decision, and, if necessary, to determine the winding-up of the institution.

30. The Governing Council is the principal executive and policy-making organ of UNIDROIT. It is composed of 25 members elected by the General Assembly, plus the President of the Institute *ex officio* (in addition, the General Assembly may appoint one extra member from among the sitting judges of the International Court of Justice, as is currently the case). Governing Council members

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are typically eminent judges, legal scholars, senior practitioners, and senior government officials, all of whom are appointed in their personal capacity rather than as State delegates. The Council's expert composition has been a hallmark of UNIDROIT's governance, ensuring that strategic direction is informed by a combination of jurists of high standing and high-level diplomatic representatives. Members serve five-year terms, renewable upon re-election or re-appointment. Functions of the Governing Council include the overall responsibility for implementing UNIDROIT's mandate of harmonising private law and determining the means of carrying out the Institute's purposes. In practice, this means that the Council draws up the draft Work Programme, considering proposals for new projects and deciding which topics to pursue.

31. For each project, the Governing Council has the power to supervise the preparation and drafting process, and, upon completion of work, the Governing Council reviews and approves preliminary drafts of normative instruments, in the case of soft law, and has the power to move the convening of a Diplomatic Conference, in the case of hard law instruments. In short, the Governing Council directs UNIDROIT's technical work and approves the content of its legal instruments before they are submitted to States for adoption. Furthermore, the Governing Council appoints the Institute's senior officers, notably, the Secretary-General and the Deputy Secretary General. The Governing Council meets at least once per year, and more often if necessary, and meetings are presided over by the President of UNIDROIT. At each annual session, the Governing Council elects from among its members a First and Second Vice-President to assist in leadership; these Vice-Presidents hold office until the next session, and, in the President's absence or inability to act, the First (or Second) Vice-President acts as chair. The Governing Council may invite observers to its proceedings: representatives of international organisations on topics of mutual interest, as well as representatives of Member States that are not currently represented on the Council (i.e. States with no national among the elected members) in a consultative capacity.

32. The Permanent Committee is a smaller executive sub-body of the Governing Council, intended to ensure continuity of operations between Council sessions. It consists of the President and five members chosen by and from among the Governing Council members. Members of the Permanent Committee serve for five-year terms (concurrent with their Council term) and are eligible for re-election to the Committee. In practice, the Permanent Committee assists in coordinating the work of the Secretariat and preparations for Governing Council and General Assembly meetings.

33. The President of UNIDROIT serves as the formal head of the Institute. Appointed by the Government of Italy with unfettered discretion, the President's term of office is five years, renewable. The President has the power to represent UNIDROIT externally in legal and diplomatic matters and may sign national and international agreements on behalf of UNIDROIT as needed. The President convenes all sessions of the General Assembly, Governing Council, and Permanent Committee in accordance with the Statute, and, with the assistance of the Secretary-General, ensures the proper functioning of the Institute's services and the execution of its programmes.

34. The Secretariat is the permanent administrative organ of UNIDROIT, responsible for carrying out the day-to-day work of the Institute. It is headed by a Secretary-General, assisted by one or two Deputy Secretaries-General, along with a staff of professional and general service personnel. The term of appointment of the Secretary-General and Deputy Secretary-General(s) is up to five years, renewable for further periods as decided by the Council, while the majority of staff is appointed for fixed periods that are renewable without limit. The Secretary-General is the chief executive officer of UNIDROIT, and by Statute also serves ex officio as Secretary of the General Assembly (and likewise of the Governing Council and Permanent Committee).

35. The Secretary-General supervises all the services and staff of the Institute and is responsible for the smooth operation of UNIDROIT's headquarters and programmes, including managing the Institute's day-to-day administration, finances, and facilities. The Secretary-General maintains liaison with member governments, international organisations, and other stakeholders. More

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generally, the Secretariat is charged with implementing the decisions taken by the General Assembly, Governing Council, and Permanent Committee. In fact, UNIDROIT's scholarly and legislative work is largely organised or executed by the Secretariat's staff (legal officers, researchers, etc.). The Secretariat also handles official information, publications (such as the Uniform Law Review), and the UNIDROIT Library. The Secretariat operates under the overall supervision of the President and Governing Council. Its staff are subject to UNIDROIT's Staff Regulations and are international civil servants.

36. UNIDROIT's Administrative Tribunal is the body established to resolve disputes involving the Institute and its officers or employees (or their claimants), particularly regarding the interpretation or application of the Staff Regulations. In other words, if a UNIDROIT staff member has a grievance – for example, about a contract term, dismissal, or pension – that dispute is decided by the Administrative Tribunal rather than by national courts. This helps guarantee staff members an independent and international forum for their cases. The Tribunal may also hear disputes arising from contracts between UNIDROIT and third parties, if the contract explicitly recognises the Tribunal's jurisdiction. The Tribunal operates as an independent organ that adopts its own rules of procedure for hearing cases.

37. Financial oversight in UNIDROIT is robust, involving the General Assembly, a dedicated Finance Committee, which monitors the Budget and Accounts as well as a Working Capital Fund, and external auditing. The Finance Committee is a sub-committee of the General Assembly tasked with detailed review of financial matters. In practice, the Finance Committee is composed of representatives of member States, often including financial experts or diplomats, meets at least twice a year (in Spring and Autumn) and examines the draft budget, financial statements, and accounts in detail, as well as any other financial matter which it is called upon to discuss. It provides an expert opinion and recommendations on these to the General Assembly. While the Finance Committee cannot make final decisions, its recommendations are an important step in UNIDROIT's budgetary approval cycle.

A. Consideration of the governance

1. General remarks

38. The institutional framework of UNIDROIT is, from a general perspective, a well-conceived set of organs: a supreme and sovereign assembly composed by all Member States; a "board-type" body competent to define the strategy and determine the substantive activity of the organisation, in both cases accompanied by agile, auxiliary committees; a professional staff tasked with the implementation of decisions and the day to day running of the organisation; and an extra-jurisdictional, independent tribunal competent to solve disputes through judges of extraordinary international reputation. Over many decades, this framework has served the organisation well, with few frictions and at a relatively low cost. The rules that define and regulate the functioning of the institutional framework are however incomplete and, in some points, obsolete, and its updating and upgrading would substantially underpin the functioning of the institutional framework. This process has already started, and brief reference will be made to it below (see section B below). The updating of the Regulations is to be discussed in a separate item of this General Assembly's agenda (see UNIDROIT 2026 – A.G. (86) 12).

39. The governance of UNIDROIT is, however, unique. While it remains an organisation where Governments ultimately have the last word on all key matters, it is arguably the most expert-driven organisation in the area of transnational private law. Two main reasons sustain this assertion: firstly, the substantive direction of the Institute's activity is in the hands of a body, the Governing Council, whose members are appointed in their personal capacity and traditionally based on their private law expertise; secondly, UNIDROIT's instruments are drafted by working groups integrated exclusively by experts and specialised stakeholders. Naturally, the expert-driven nature of the organisation has

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positive effects in terms of the quality of the instruments and the reputation of the Institute as a highly technical standard-setter. This feature has also had its effect in the way the institution works.

40. To be sure, the allocation of the initial decision on substantive matters to the Governing Council (e.g., approval of soft law instruments, determination of the allocation of the budget and the activities of the Secretariat), as well as the Statute's reference to Member States being represented by the Embassies in Rome have generated a practice of brief General Assembly sessions where most of the agenda is focused on administrative and budgetary matters. This has had the negative effect of a sub-optimal government involvement in the organisation, leaving the engagement between UNIDROIT and its Member States to meetings and exchanges outside the Assembly.

41. As a natural counterfactual, however, the number of senior government officials elected to the Governing Council has increased substantially over the years (40% currently). Moreover, the Institute's Regulations (art. 16) allow for those Member States that do not have a national elected to the Governing Council to be invited to participate in a consultative capacity. The flexibility of the system has resulted, in the past years, in a balanced mix of non-state-related experts and civil-servant experts which has produced positive outcomes. However, there is a risk that, in the future, either through a majority of government experts appointed to the Council and/or through a widespread use of the prerogative of art. 16 of the Regulations, the Governing Council becomes a subset of the General Assembly, with an effective confusion of the roles of both organs (i.e., if the Governing Council is attended only by representatives of states, what is the difference with the General Assembly?).

2. Possible solutions

42. The governance of the Institute could seek to preserve the flexibility and the expert-driven nature that provides an excellent competitive advantage. At the same time, consideration should be given to the adoption of measures that increase government engagement, an element of paramount importance to the effective realisation of the Institute's mandate. The following are possible measures to increase state engagement:

- Concerning the drafting of instruments, the convening of Consultative Committees, which are already part of UNIDROIT's methodology, could be consolidated as the rule for all projects aimed at drafting normative instruments. This would allow Member States to inform and influence the discussions and deliberations of Working Groups from an early moment of each project. The General Assembly has been presented with a proposal to amend the Regulations to crystalize the appointment of a Consultative Committee as the rule for all projects, which only allows for rare, justified exceptions, following a decision by the Governing Council.
- The establishment of rounds of periodic briefings per region, both in written form and through videoconference.
- The establishment of committees for each workstream with active projects where member states could voluntarily sign up to participate.
- The possibility of convening more than one yearly session of the General Assembly.

43. Concerning the functioning of the Governing Council, the traditional yearly session has already become insufficient. The Institute now counts on many more projects than ever before, and its activities are many more than they used to be. Moreover, the legal and economic reality nowadays may cause new project opportunities to arise or changes to existing projects or instruments to require additional discussions or modifications. In this context, convening more than one session of the Governing Council per year would seem warranted. This would also be an excellent way of increasing the involvement of Governing Council members in the specific projects, and to involve the ultimate

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deciding body in the work in progress of the different projects, enriching the discussion and avoiding last minute "upsets". Technology -and the updating of the regulatory framework- would facilitate such types of meetings. In other words, the Governing Council could preserve its yearly, in person session, while meeting remotely or using a written procedure for the discussion of specific topics as often as required.

B. The ongoing reform of the Regulations

44. A Special Committee to update the Regulations was constituted by the Governing Council at its 102nd session (UNIDROIT 2023 – C.D. (102) 25, paras. 342-58) to assist the Secretariat in drafting proposals for changes to the Regulations[2]. The matters where work was deemed to be most needed are the following: (i) general amendments, (ii) governance of UNIDROIT, (iii) work methodology, (iv) financial matters, and (v) staff matters. Since then, it has met on 13 occasions. A full account of its results is discussed in document UNIDROIT 2026 – A.G. (86) 12 (see also UNIDROIT 2024 – C.D. (103) 25; UNIDROIT 2025 – C.D. (105) 26; UNIDROIT 2026 – C.D. (107) 24).

C. The Secretariat

45. The day-to-day implementation of the Institute's mandate falls on the Secretariat, which has grown considerably in the past years, along with the increase of the organisation's activity. In a rapidly changing environment, UNIDROIT must make sure that it operates as a dynamic organisation with a clear vision of allocation of responsibilities, that uses its resources reasonably and that organises its work with efficiency and effectiveness in a result -oriented manner.

46. The reform of the Regulations concerning the Secretariat is less urgent and should be less comprehensive, since they have been updated more recently and thoroughly. However, it is proposed that the regulatory framework be completed with a series of internal guidelines and codes of conduct that regulate internal and external relations of staff members as well as the use of resources. The process has already begun with the adoption of a whistleblower and antiretaliation policy (2021), as well as a code of conduct on the use of social media by the staff (2023), upon approval by the Governing Council. The drafting of a more general, state-of-the-art code of conduct for staff would seem like the right next step.

47. The Secretariat's staff is a most valuable resource. A main objective ought to be to keep a committed, motivated staff that meets the highest standards of professional competence and integrity. To achieve that objective, UNIDROIT must develop and apply modern personnel policies and devise a management strategy to ensure that staff are responsive to the demands placed on the Organisation. With those objectives in mind, UNIDROIT should, in particular, accomplish the following:

(a) Continue -and enhance- the current policy of geographic and gender diversity, with a staff as representative of its constituency as possible.

(b) Continue to promote secondments of Government Officials and to welcome young lawyers for limited periods of service.

(c) Continue -and enhance- the current policy of agreeing with public institutions and universities the setting up of special grants and specialised chairs in the Institute, in order to attract -at limited or no cost- professors and experts to complement and aid the work of the Secretariat.

[2] The Governing Council appointed the following members to the Special Committee: Ms Stefania Bariatti, Mr Eesa Allie Fredericks, Mr Henry Gabriel (now Honorary), Mr Hideki Kanda, and Ms Kathryn Sabo. Mr Antti Leinonen joined the Special Committee after the 103rd session of the Governing Council in 2024, Ms Karen Banks joined after the 105th session of the Governing Council in 2025, and Mr Jean-Christophe Boulet after the 106th session of the Governing Council in 2025.

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(d) Subject to existing resources, increase investment in continuing qualification ("language courses, enhancement of IT capabilities, etc.") for administrative support and technical staff.

(e) Further reduce the amount of time spent by professional staff on tasks other than substantive legal work or other project-related tasks.

(f) Subject to resources, enhance efforts to outsource tasks capable of being performed by independent contractors and service providers, in particular translation, editing, IT maintenance, and similar services.

D. Maximising resources

48. UNIDROIT must continue to pursue the efficient use of the resources received by way of Member State contributions. Efficiency requires the integration of processes that ensure minimising cost and attaining the maximum utility from the activities of the Institute. The following are examples of actions that have been taken that, it is submitted, need to continue, as well as some measures the implementation of which could be considered:

(a) While the inclusion of projects in the Work Programme ought to be decided on the basis of their interest, feasibility and desirability (i.e., adequacy of a transnational law instrument, existence -or risk of- fragmentation, etc), specific criteria to determine each project's priority could be integrated. Early and accurate assessment of cost implications for new projects must be determined. Consideration could be given to continuing the current organisational strategy, according to which a maximum number of simultaneous projects is to be determined based on resources existing at the moment of the decision and likely to exist within a three-year period (i.e., the duration of the Work Programme and the ordinary duration of projects).

(b) Each normative project ought to be allocated one leading legal officer and a backup legal officer, who is able and ready to step-in when necessary. In addition, each project ought to be assigned to one member of the administrative staff, and, to the extent possible, one or more interns could be allocated to assist the work of the Secretariat in each project.

(c) The internship and scholarship programme of the UNIDROIT Academy must be linked with the operational planning of normative projects. Internships must be allocated to projects in a manner proportionate to the resources required by the specific project, which can vary greatly depending on the type of instrument or the interest raised with Governments and private sector stakeholders.

(d) Normative projects ought to be carefully planned, including the inclusion of realistic output deadlines and risk assessments.

(e) Normative projects ought to be periodically evaluated and reviewed in the general context of the Work Programme.

(f) The development of normative projects should continue to benefit from technology, as has been the case in the past five years. Special workshops, drafting committees, or intersessional work are often conducted remotely through videoconference, helping save resources. UNIDROIT has steadily improved its functional technological capacities, and any strategy for the future must necessarily continue this path.

49. The Secretariat ought to continue the now established practice of systematically compiling and submitting information as to the cost of specific projects, including the amount of hours allocated per staff member to each project, and of elaborate documents highlighting the link between the

budget and the implementation of the Work Programme by means of more detailed information on the allocation of resources, with a view to facilitating member States' internal assessment of the costs and benefits of participating in a given project, on the one hand, and ensuring reliable long-term allocation of sufficient resources, on the other hand.

50. The Secretariat should equally continue to modernise and render its administrative policies and procedures more efficient, in particular by enhancing its meeting planning capability and resources, digitalising its documentation archives, posting as many documents as possible on its website and further developing its correspondence and records management system. The full digitisation of record management and the completion of the archive are envisaged for the year following the Centenary.

51. The Secretariat should keep enforcing its procurement practices and periodically assess whether current contractors still deliver value-for-money and whether alternative sources of supply can be explored.

E. The financial sustainability of UNIDROIT

52. This section briefly addresses the financial stability -and sustainability- of the Institute in light of its experience over the past years and, considering existing rules and likely trends, its foreseeable future. It will also provide some possible options for consideration and initial discussion.

53. UNIDROIT has a remarkable record of successful efforts to limit expenditure. In accordance with the financial accounts approved by the General Assembly in the period 2017-2024, six out of the seven years, the Institute spent considerably less than envisaged in the budget and managed to save an average of 88,000 euro each year, almost 4% of the budgeted expenditure. This is especially remarkable because receipts during the same period were lower than budgeted every year, with two exceptions: 2018 and 2023, when receipts were higher than the budget due to the extraordinary payment of arrears. These two years coincided with the term for election of the members of the Governing Council, motivating member states with more than two years of arrears to regain their right to vote.

54. The total arrears accumulated by States over five of the last seven years has reached 409,558 euro, while the extraordinary payments in 2018 and 2023 equal 330,202 Euro, with a negative balance for the Institute of 79,356 Euro. This means that there has been a correction of unpaid dues to the Institute every five years, which sadly falls short of cancelling out the unpaid debt.

55. Five elements would need to be addressed by the measures decided under the Institute's renewed strategy:

(a) *The receipts*.- UNIDROIT has always been an extremely austere organisation, operating a zero-growth budget policy, with no express increase in contributions for many years. Only in 2024 was a 6% increase requested -and obtained- to partially offset a much higher increase in high inflation rates. The requested increase was especially low in consideration of the type of operational expenditure of the Institute (e.g., flights and accommodation of experts coming to Rome). While cognisant -and sympathetic- to the need to contain expenditure by our constituency, at least an increase in the contributions that is pegged to the actual inflation of UNIDROIT's effective expenditure ought to be given consideration. Alternatively, a zero-growth policy means, in reality, that the Institute's actual economic resources decrease over time.

(b) *The problem of arrears*.- It is sufficient for one Member State of the highest two categories of contribution to miss payment of the yearly contribution to put the

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organisation under stress, with a potential to cause liquidity problems. Pursuant to the document of arrears presented at this General Assembly, the current situation of accumulated due and unpaid contributions (535,123.95 euro) is equal to over 21.4% of the yearly budget for 2026. In light of this, and considering that, in part, accumulated arrears are temporary (i.e., they tend to be partially reduced every five years, when a vote for the election of the Governing Council is in the agenda), three possible courses of action could be considered (which could be taken as cumulative):

(i) Devising additional consequences for the accumulation of unpaid contributions, which could be linked with the operation of the organisation (beyond the loss of the right to vote): e.g., lack of participation of nationals of the state in default in working groups or generally activities of the Institute, inability of said nationals to be eligible for grants or internships, etc. Were this to be a preferred option, consideration could be given to setting the trigger of the "sanction" relatively high, perhaps -mirroring the suspension of the right to vote- only after arrears of more than two years. The Secretariat has doubts about the efficacy of these measures, which may ultimately backfire and undermine the activities and outreach of the Institute (especially if the "sanctions" are linked with the drafting or implementation of our instruments).

(ii) Reducing the liquidity risk of the Institute by creating a liquidity fund which would be set next to our working capital fund, and which could only be used when a certain threshold of arrears is reached. This additional cushion could be nurtured through small annual increases over a period of time or all at once with an additional contribution, and it would stave off the risk of serious cash flow tensions.

(iii) In line with the proposal presented in the document on the Centenary in the 103rd session of the Governing Council and more recently in the Autumn session of the Finance Committee 2026, consideration could be given to conducting a debt-restructuring exercise, especially with those countries that have long standing arrears (a few, even decades: e.g., Venezuela, Iraq), based on their compromise to restart payments going forward.

(c) *The main threat to long-term sustainability: the automatic salary increase system*.- Following an extensive review, at its 83rd session (Rome, 21 September 2017), the Finance Committee recommended the adoption of important compensation and social security reforms, which would improve UNIDROIT's sustainability by enhancing staff mobility and ensuring that UNIDROIT was an attractive workplace (UNIDROIT 2017 – F.C. (83) 9, Item No. 9). At its 76th session, the General Assembly adopted those reforms, together with the necessary revisions to the UNIDROIT Regulations, including the recommended transition of UNIDROIT staff to the UN salary scales (UNIDROIT 2017 – A.G. (76) 10, paras. 62-64). As reported to the Finance Committee at its 84th session (Rome, 15 March 2018), the Secretariat, with the assistance of the expert consultant on compensation matters, fully implemented the transition to the UN salary scales localised for Rome.

(d) This system creates a structural problem for the Institute: the yearly increase in salary costs envisaged in the system (approximately between 2 and 5% depending on the year) is not mirrored with an equivalent increase in contributions. Every year, the Secretariat strives and struggles to reduce the expenditure in other chapters to compensate for the higher staff remuneration costs. The other chapters refer to the operational expenditure of the organisation's activity, such as mission travel, committees of experts, maintenance of IT systems, or library and research activities.

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If no solution is adopted, in the long-term contributions would only cover salaries and related expenses, rendering implementation of the mandate impossible to undertake.

(e) One of the immediate effects of this situation has been an increase in extra-budgetary funding of the Institute's activities. Extrabudgetary contributions by Member States are most welcome and helpful, but, because of their -by definition- unstable nature, may only constitute a temporary, partial solution. The financing of our activities through private sector donations has been a very useful solution thus far: the Cape Town Convention Academic Project, or Aviareto's yearly purchase of commentaries to the Cape Town Convention have allowed the Institute to carry out dissemination activities of enormous practical value. A strategy for the future would need to continue to count on extra-budgetary support, and perhaps even consider enhancing it. However, it could never be the final solution, for, ultimately, donations are always voluntary and hence volatile. Possible solutions to the problem posed by the current remuneration system could be:

(i) The suspension of the automatic increase of salaries, indexing them to inflation.

(ii) The suspension of the automatic increase of salaries, basing the increase on a prior performance assessment or to completion of specific results.

(iii) Establishing a periodic, but not yearly automatic increase of salaries, linked automatically with an increase in contributions (e.g., every three years, which is the period of duration of staff contracts and of the implementation of each Work Programme).

(f) *The retirement and pension mismatch.-* Pursuant to article 49 of the Regulations, the retirement age of the UNIDROIT staff is 65 years of age. While all new hires since 2019 have been paying into the new pension fund, which provides for retirement at 65, for those staff members still subject to the Italian pension system (INPS), the current retirement age stretches to over 67 years of age. This means that, in principle, staff members that must retire at 65 are left without any income for over two years. The situation would seem harsh and unfair to staff that has served the organisation well for years. The current Regulations provide a way of alleviating this regulatory mismatch by allowing, under exceptional circumstances, to further retain the staff in such situation, for periods of one year, up to the age of maturity of their right to perceive their pension, if such action would be in the interest of the Institute. It is submitted that this situation ought to be remedied, by linking the retirement age to the moment in which the applicable pension system allows the employee to begin receiving a pension. That would offer a much welcome certainty to the staff, and this would likely translate in immediate tangible benefits to the Institute as well.

(g) *The unequal tax treatment of staff members.-* Following a legislative amendment from more than two decades ago, Italy decided to remove tax exemptions for the employees of UNIDROIT with Italian nationality. This rule creates an unwarranted discriminatory treatment for Italian staff vis a vis both the employees of other Rome-based international organisations and their foreign colleagues in the Institute.

F. Extrabudgetary Fundraising

56. The Secretariat should continue to explore possibilities for partnering with private sector entities for funding projects and other activities, with due respect for the Organisation's independence. Full information on sums received and actual expenditure would continue to be provided to the Finance Committee, the Governing Council and the General Assembly. While

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supplementary funding is welcome, in particular to support non-legislative activities and technical assistance, Member States ought to ensure that the regular budgetary resources meet the basic funding needs of the Organisation

V. THE FUNCTIONAL COMPONENT

57. This section purports to provide a brief analytical description of the development of the Institute's activities in the context of the implementation of its mandate. UNIDROIT's work can be separated, for taxonomic reasons, in normative and non-normative work, although the activity ought to be seen as a unit, with both parts functionally interrelated. In the past eight years, the Institute has gradually and steadily increased its activities on both fronts. The Secretariat considers that, without additional resources (both human and financial), the organisation has approached its maximum level of activity, thereby maximizing the value of the public funding received from member states. However, it must be noted that, should the Institute's mandate be deemed relevant, and in line with the progress achieved over the past years, more resources would allow for enhanced activity and take the organisation to its full potential.

A. Normative Work

58. This subsection discusses the work of UNIDROIT that concerns the entire process of leading to the adoption of an instrument with normative content, namely, a directly applicable transnational law instrument (e.g., treaty or convention) or one aimed at providing guidance to legislators for the approval of their domestic legislation (e.g. model laws, legislative guide, principles) or to assist stakeholders in privately regulating their legal relations and interactions (e.g., certain legal guides, user's guides). This type of work constitutes the main bulk of UNIDROIT'S activities and is aimed at the direct implementation of the Institute's mandate. The rest of UNIDROIT'S work (i.e., the non-normative part) is either instrumental for the preparation or dissemination of our instruments or concerns their implementation. The functional analysis of our normative work is divided into two parts: methodology and content of the instruments. The part on the content is to be discussed during the analysis of the White Papers.

1. Methodology

59. UNIDROIT has a nimble, efficient, flexible, expert-driven methodology that constitutes one of its main strengths. It allows for the completion of high-quality technical instruments in a relatively short period of time considering the usual standards of transnational law organisations.

2. Preparation of instruments

60. As a general rule, a distinction must be made between the methods used in elaborating instruments intended for direct application by State parties (i.e., hard law instruments, namely treaties and conventions) and those used for non-binding instruments aimed for incorporation into domestic substantive law (i.e., soft law instruments, such as legal guides, principles, model laws). There is, however, an initial stage where methodology is common for both types of instruments.

3. The preliminary stage

61. With the current text of the Statute and Regulations, UNIDROIT cannot conduct normative work based on an internal proposal by the Secretariat. Topics for future work must originate from the outside, based on a real, existing need for transnational law guidance or regulation. Every three years the Secretariat circulates a Note Verbale to Member States and sends letters to relevant international organisations and other international law-related institutions requesting proposals for inclusion in the Institute's new iteration of its Work Programme.

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62. Proposals are received by Governments (Article 12(1) of the Statute), international institutions or Organisations (Article 12(2) of the Statute), members of the Governing Council, or correspondents and other interested persons who have come across a problem which they feel might suitably be solved by the adoption of an instrument at international level. In the last three iterations of the Work Programme, the majority of proposals have been received from Governments (e.g., USA, Hungary, Czech Republic, Germany), international financial institutions (e.g., the World Bank, the EBRD), and global international organisations (e.g., the ICC, FIDIC).

63. Once complete proposals have been received, the Secretariat conducts research on the merits of the proposal, including a comparative law analysis and a valuation of the adequacy of a potential transnational law instrument to deal with the problem that is to be addressed with the proposed normative text. Simultaneously, complete proposals are shared with the Institute's correspondents for their input. During this process, the Secretariat can establish a dialogue with the proponent seeking clarifications or a general discussion on the content. During this time, too, consultations with stakeholders relevant to the topic of the proposal are held. Once this preparatory process is completed, the Secretariat drafts a document for discussion at the Governing Council, containing a summary and valuation of the proposals as well as, by way of an annex, the literal text of the proposals received. Normally, comments made by correspondents will be submitted together with the proposals.

64. The Governing Council is the competent organ to determine which project proposals are included in the draft Work Programme that will later be taken to the General Assembly for approval. If it considers that there are good prospects for a viable instrument to be prepared, it recommends the inclusion of the project in the next triennium of activity of the Institute. At the same time -or, less frequently, at a later stage- the Governing Council may also determine the priority of the project, and where high priority is established, it may authorise the Secretariat to convene a Working Group. These groups should "as far as possible", be presided over by members of the Governing Council (Statute, article 13, paragraph 2).

65. As stated in the institutional section of this document, the current methodology establishes a functional link between existing and foreseeable resources and the allocation of the level of priority for each project. This allows Governing Council members to determine the relative priority between projects admitted to the Work Programme and allows for adequate rationalisation of resources. It is proposed that this practice be continued going forward and consolidates firmly as part of the methodology.

66. Moreover, it is proposed that, in addition to the comparative law analysis, the assessment conducted by the Secretariat prior to the adoption of a normative project is coupled with a feasibility analysis. Such analysis, even if limited in scope and depth, ought to contemplate both the organisation's adequacy and capability to conduct a given project (e.g., if it is predominantly regulatory or too long and complex to undertake with limited resources) and consultation with a representative sample of member states as to the interest and support for the project. Further, if there is enough time from the reception of the proposal and the time of presentation of the Work Programme document to the Governing Council, consideration could be given to applying the methodology developed by UNIDROIT, together with the University of Cambridge and the AWG, under the auspices of the Cape Town Convention Academic Project, on the Economic Evaluation of Commercial Law Reform [3].

4. The development stage for hard-law instruments

67. Once the development of a hard law instrument is recommended by the Governing Council and the Work Programme adopted by the General Assembly, the Secretariat begins a preparatory

[3] See https://unidroitfoundation.org/economic-assessment-of-law/.

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stage, where external experts are often involved. Analytical papers are prepared (of both legal and economic content) and discussed at the Governing Council. This period can vary depending both on the complexity of the topic, the urgency of the instrument, and the potential political buy-in from States (i.e., the feasibility of the instrument at the stage of implementation). If sufficient progress has been made, the Governing Council would normally give the green light to the convening of a Committee of Experts appointed by governments.

68. Full participation in UNIDROIT Committees of Governmental Experts is open to representatives of all UNIDROIT Member States. Non-Member States may be invited to participate as observers, and sometimes even as full members. [4] Observers may also include representatives of other intergovernmental organisations, non-governmental organisations and representative international professional associations, for example the world association of the national professional associations of the area examined. Observers may participate in the discussions but are not permitted to vote should a vote be taken.

69. Once the Committee of Governmental Experts has completed its task, the draft instrument as modified by the Committee is submitted to the Governing Council (Article 14(3) of the Statute). If the instrument is a draft convention or protocol, the Governing Council will authorise the transmission of the draft to a Diplomatic Conference (Article 14(4) and (5) of the Statute) that will be convened by one of the member States of the Organisation. The Diplomatic Conference will then discuss and adopt the hard law instrument.

5. The development stage for soft-law instruments

70. Due to the lack of codified rules, the drafting of soft law instruments has evolved over time. This section will provide a description of the current practice, as defined over the past seven years. The present methodology has sought to modernise the practice, increasing state involvement and third-party participation, while preserving the original design of an expert-driven approach. A proposal to consolidate current practice is included in the document to amend the Regulations (UNIDROIT 2026 – A.G. (86) 12).

71. The formal development of soft-law instruments starts with the formation of a Working Group. A Working Group is composed of experts (often called members) and observers. The members of Working Groups are recognised experts in the field of the project, and sit in a personal capacity, as experts and not as representatives of their countries of origin. One of the most important and complex stages of the project is, precisely, the determination of the members of the Working Group. The Secretariat conducts its own research and due diligence, and seeks information from Governing Council members, correspondents, established academic contacts and generally legal experts from jurisdictions which can be deemed representative of the different legal solutions existing for the specific topic.

72. Working Groups need to be relatively small and populated with independent experts in order to preserve an adequate and efficient discussion. Government participation is channelled through different mechanisms. In the selection of the experts to serve on the groups, a conscious effort is made to ensure equal representation of different legal families (civil law and common law) and geographical origin, seeking global representation, observing, to the extent possible, gender equality.

[4] This was the case, in particular on the preparatory work and final negotiations that led to the adoption of the 1995 Cultural Property Convention, or of the Cape Town Convention and its protocols, which were developed in cooperation with other organisations (UNESCO, ICAO, OTIF, the UN Committee on Peaceful Uses of Outer Space) with membership that was either broader the membership of UNIDROIT or, if not broader, not identical with that of UNIDROIT. This is also the case of diplomatic conferences whenever the convening State decides to invite States not members of UNIDROIT to attend.

Since often users of UNIDROIT's instruments will be legislators and jurists from developing and middle-income economies, these jurisdictions need to be adequately represented.

73. The number of experts (or members) of Working Groups is normally relatively small, consisting of about 10-12 members, although in exceptional cases up to 18-20 experts can be appointed. Alongside members, observers are invited to join Working Groups. Often, the number of observers is higher than that of members. Observers would typically be other intergovernmental organisations, international organisations, international legal associations, or associations of the relevant industry. It is not infrequent for a Working Group to have up to 25-30 observers. Through an adequate selection of observers, the Secretariat can ensure that all relevant sensitivities -of both public and private sectors- are represented and heard, so that the end result of the draft instrument has considered all interests and options. Expert members have priority to speak and are the ones, with the Secretariat, tasked with the drafting of the instrument. However, participating observers are typically very active. Although ordinarily decisions are adopted by consensus, there may be a need for a vote. In this case, observers do not vote.

74. Work normally develops around an initial "issues paper" (i.e., a document identifying and analysing the different "issues" to be discussed), drafted by the Secretariat, often with the assistance of experts. As discussion unfolds, the content of the issues paper evolves with the discussion. Once the discussion is mature and enough policy questions have been addressed, the issues paper loses its utility, and a first draft of the instruments takes shape. From that moment on, work is done directly on the draft instrument, which sees several iterations. In order to advance with the instrument, often several subgroups are formed within the Working Group. Such separate subgroups focus on a specific part of the instrument, and the result of their deliberations is shared with the plenary of the Working Group. In accordance with our current methodology, a Drafting Committee is formed to help translate policy decisions into normative language.

75. As briefly stated in an earlier section of this document, current practice dictates that a Consultative Committee is to be convened. Consultative Committees are intended to facilitate Member State participation in the drafting process of our instruments. Member States are invited to appoint experts and/or government officials to the Committee and provide written comments to the different iterations of the draft instrument. Moreover, if there is a request, documents can be discussed in a session which would be held remotely unless there are exceptional reasons that justify an in-person meeting. The input provided by the different Member States of the Committee is to be rigorously discussed at the Working Group.

76. Once a full draft is prepared to the satisfaction of the Working Group, it is submitted to the Governing Council for consideration, and a request to subject the draft to public consultation is presented. Typically, the consultation will have two tranches: a targeted part, where several organisations whose opinion is deemed particularly relevant are specifically approached for input; and a general part, where the public is invited to provide comments through a website/e-mail account. Useful information is gathered and, where applicable, incorporated to the document. Following the end of the consultation, which normally lasts two to three months, and depending on the entity and depth of the comments received, a final Working Group session is convened to discuss the input and agree on amendments to the draft. Following this stage, the final draft is presented to the Governing Council for approval and publication.

77. The Secretariat would suggest that the current methodology is adequate, efficient, and balanced, allowing UNIDROIT to preserve flexibility and its predominantly expert-driven approach with enhanced legitimacy deriving from more state participation and a public consultation.

6. On the content of instruments (partial referral)

78. This subsection briefly discusses the substantive content of UNIDROIT's instruments, namely, the topics to be covered by the Institute as well as their nature and boundaries.

79. As stated by article 1 of UNIDROIT's Statute, the Institute's mandate is "*to examine ways of harmonising and coordinating the private law of States and of groups of States, and to prepare gradually for the adoption by the various States of uniform rules of private law*". The "objective scope" of UNIDROIT's mandate is, thus, *private law*. No specific definition of private law is included in UNIDROIT's statutory documents, but the varied nature of the topics covered by the Institute since its foundation in 1926 shows that the concept has been interpreted to its full extent, as comprehensive of the law that regulates the relations between individuals or institutions, ranging from commercial law (national or international) to financial markets, from family and succession law to the transactional part of cultural property. The mandate is, thus, extremely broad. This is another positive element of UNIDROIT's institutional configuration, which gives the Institute another twist of flexibility. Two initial considerations are, however, in order.

80. Firstly, and in accordance with this broad scope, UNIDROIT has a mandate that includes parts of private international law, but not all of it. The classic meaning of private international law encompasses matters of jurisdiction, applicable law (or, of preferred, choice of law/conflicts of laws), recognition, cooperation and enforcement. Of these five subsets, only applicable law is a matter that fully concerns the relations between individuals and hence can be openly defined as part of private law. Thus, UNIDROIT could potentially draft instruments whose content is fully devoted to that specific part of private international law. To date, however, it has not. The reason is twofold. Firstly, applicable law rules help determine the law of a particular state that would apply in a given situation when there is a cross-border element present. Working on this type of rules would be working on private law matters, but it would not necessarily be working on harmonisation: in other words, while the subject matter would fall squarely within our mandate, such an instrument would not pursue our main objective. Secondly, there is an intergovernmental organisation whose mandate is exclusively private international law (the Hague Conference on Private International Law), with whom UNIDROIT has a long history of excellent cooperation. Not infrequently, the drafting of a complete private law instrument will require the inclusion of applicable law rules or principles. Without such a limited incursion in private international law, our instrument would be incomplete, and hence less useful, undermining our mandate. The Institute, therefore, should include an applicable law section to our instruments when it is necessary for their completeness. In order to respect the cooperation and coordination, in these cases the HCCH should always be invited to participate in the discussion and close cooperation sought where possible.

81. The second consideration concerns the boundaries between private law and public law, or, more precisely, regulation. While the Institute's mandate is limited to private law, many of our instruments regard regulated markets (e.g., cross-border transactions, financial markets), where the confines of the exchanges between private parties and the rules that regulate the functioning of the platforms for those exchanges (i.e., the relevant market) are blurred and intertwined. The academic categories of private law and public law are not always applicable in a legal reality that has developed unaware of -and uninterested by- those categories. It is simply not possible to fully separate both spheres. This explains why the content of UNIDROIT's instruments may need to have a "regulatory" part, otherwise running the risk of inconsistency and incompleteness. Naturally, the combination of this reality with our theoretical mandate means that (i) the inclusion of regulation in our instruments must be confined to that which is strictly necessary, and (ii) full regulatory instruments are to be considered outside the Institute's remit.

82. The choice on the projects to be undertaken by UNIDROIT must take into consideration the Institute's experience and expertise. Moreover, the decision should be accompanied by an analysis of potential synergies and complementarity with existing instruments and contemporarily ongoing

normative projects. This has been the pattern in the last Work Programmes of the Institute, where clear lines of work have been followed, and projects allow for reciprocal cross-fertilisation. This is important because it helps build an image of consistency and a brand of authority in our lines of work; but it is also important from the standpoint of resources, which can be shared between different projects and help achieve savings. By way of example, our current -and recent- projects or instruments on factoring, warehouse receipts and collaborative legal structures for agricultural enterprises share a whole area of access to credit for small and medium enterprises along the supply chain, with special regard to agricultural activities; or our work in investment contracts and verified carbon credits showcase our work on sustainable growth.

B. Non-normative work

83. UNIDROIT develops a very important non-normative activity. It does so, however and mostly, in an instrumental way to assist the preparation, drafting, and implementation of the Institute's normative production. To the extent that such activity contributes to the outreach, capacity building and dissemination of UNIDROIT's normative instruments, this section is also to be regarded as part of the Implementation Component (see next section).

84. As stated in the introductory section of this document, UNIDROIT was born, and existed for many years, as a quasi-academic institution. For decades, the sharpest legal minds have served on the Institute's bodies and participated in its study groups. Its partners have tended to be universities, research organisations and independent researchers alongside Government agencies, national and international bar associations or the judicial authorities over time. While for many decades now UNIDROIT has become a more ordinary intergovernmental organisation, its "academic soul" has remained very much alive, and constitutes one of its main distinctive features, one which enhances its unique outreach to institutions and areas of work and which substantially contributes to its reputation as not only a highly-technical, expert-driven organisation, but also one that is at the forefront of academic discussion.

85. With a view to capitalising that unique feature, UNIDROIT has adopted a unified approach to the many interrelated non-legislative, academic activities that underpin the general mandate of the Institute, under the label "UNIDROIT Academy"[5]. The following are, very briefly, the main components of the UNIDROIT Academy:

- *Academic projects*.- UNIDROIT currently has two ongoing Academic Projects, which aim to facilitate and further the academic study and assessment of some of our Conventions: the Cape Town Convention Academic Project, an endeavour conducted jointly with the University of Cambridge and sponsored by the AWG; and the 1995 Cultural Property Academic Project. These institutes have contributed greatly to generalise work on our instruments and have raised awareness of their importance. A strategy for the future should continue, and even enhance, the activities of these projects.
- *Academic Institutes*.- Four Academic Institutes have been established, two of them in partnership with two universities of excellence. The first one is the Queen Mary/ UNIDROIT Institute for Transnational Commercial Law, which offers a window to the important academic world of the UK and, more generally, of the Commonwealth. The Roma Tre/ UNIDROIT Centre for Transnational Commercial Law and International Arbitration was created more recently and is aimed at promoting research and scholarly debate on transnational commercial law. This centre, apart from developing and coordinating research projects, promoting conferences, seminars and workshops on matters related to our mandate, has already contributed directly to our

[5] For detail, see https://www.unidroit.org/unidroit-academy/.

instruments by constituting a task force that conducts invaluable research which feeds into our Investment Contracts project. More limited in scope and success, to date, is the Nordic Law Centre, active since 2023 as a research Centre which fosters cooperation between the Nordic region and UNIDROIT in the field of private law. And the youngest -and yet already extremely productive and successful- is the Asian Transnational Law Centre. The Asia-Pacific region is one of the main areas of interest of the Institute going forward, and this Institute offers the unique possibility to forge ties with the region's main universities, legal experts and non-member governments through the organisation of workshops, the translation of documents and instruments to Asian languages, the improvement of a specialised part of our library, and with the invitation to come to Rome to top professors and researchers interested in or originating from the region. Furthermore, UNIDROIT has also launched the Middle East and North Africa Transnational Law Initiative (the "MENA Initiative") this year , with the aim of establishing a UNIDROIT MENA Transnational Law Centre in Rome once the necessary financial support is secured. The Initiative aims at establishing a premier legal hub for MENA transnational commercial and investment law, and at promoting the work of UNIDROIT, its legal instruments and projects in the region. The strategy for the centenary could consider continuing with the activities of these institutes and projects in an enhanced manner, as one of our cornerstones for the future.

- *UNIDROIT as a research hub*.- Through the Chair Programmes and the scholarship and internship programmes, the Institute seeks to position itself as a top-tier research hub, which not only contributes to the establishment and enhancement of relations with the academic world, but it also provides precious resources to the drafting process of our normative instruments.
    - *Chair programmes*.- The UNIDROIT Joint Chair Programmes seek to bolster technical knowledge and expertise in certain areas of the Institute's Work Programme, without the need to use additional financial resources. In the framework of agreements with relevant institutions (so far two Chairs have been created, one with the Bank of Italy, and another one with Italy's Ministry of Foreign Affairs), the Chairs facilitate the appointment of experts for periods of one year or more, which provide the Institute with highly specialised advice without a need to resort to external experts, whose free time is often limited. This adds capacity and stability to the Secretariat's workforce.
    - UNIDROIT allows researchers and professors to participate in the activities of the Institute, through the Scholarship, Internship and Research Programme. This programme is comprised of several different initiatives that facilitate opportunities for legal professionals at various stages of their careers to visit UNIDROIT to work or conduct research. In the past years, hundreds of researchers and young talented lawyers have participated in these programmes, giving the Secretariat a wealth of support in many of its activities. The Sir Roy Goode Scholarship, which, similarly to the case of the Chairs, deserves special mention in this context, as it has provided UNIDROIT with precious additional highly specialised resources.
- *Capacity building programmes*.- The main example of this part of the Academy is the International Programme for Law and Development (IPLD), which aims to advance the dissemination of international legal instruments developed by UNIDROIT through capacity building, knowledge-sharing and training for professionals in law and development. The Pprogramme, which has already completed its seventh edition, is fully financed by the generous support of the Directorate for Cooperation and Development of the Italian Ministry of Foreign Affairs and International Cooperation. So far, five editions of the programme have targeted legal professionals, particularly

judges, public lawyers, and experienced legislative drafters from the African region. The initiative has been extremely successful and has allowed UNIDROIT to gain visibility amongst the right stakeholders in Africa, the region of the world with the lowest number of member states, and which must continue to be a key component of the Institute strategy in the immediate and mid-term future. The programme now counts also on two editions for jurists from the Balkans, Eastern Partnership, Central Asia and the Caucasus (BEPCAC).

- *Publications*.- UNIDROIT constantly publishes a number of instruments, commentaries, and reports. Amongst them, Oxford University Press' Uniform Law review stands out as a landmark global publication on transnational private law. Several of the international conferences, meetings and seminars organised by UNIDROIT result in publications in the Review, with considerable academic impact. The Institute also publishes other items such as commentaries to its instruments, reports, notes of the Secretariat, studies, etc. Indeed, these specialised publications must be kept as an important part of the strategy of the organisation. They constitute our most immediate "tangible" deliverable and are thus also instrumental to furtherance of our mandate.

86. One of UNIDROIT's treasures is its Library. Hosting a prestigious collection of comparative law, the Statute of UNIDROIT expressly mandates the Institute to maintain a library and it is hence one of the institution's priorities. The library is the base for most of the elements described above as UNIDROIT's non-normative activities. It is such an important part of the organisation, that the final document on the strategy for the centenary will include a full separate section dedicated to the UNIDROIT Library.

87. These non-normative activities, which take place as part of the work plan of an intergovernmental organisation maintained by contributions from member States, are subject to a constant assessment of the extent to which those activities effectively support the overall aims of the Organisation. Moreover, these activities must continue to provide an added value to the Organisation itself and represent effective tools to support its core activities, promote its work and raise awareness about UNIDROIT and its achievements. It is important to underscore, however, that of all the items analysed in this section, only the library is funded with budgetary resources of the Institute. The rest come from extrabudgetary origin and do not constitute an expenditure to Member States (with the exception of the Government of Italy, for the IPLD Programmes).

VI. IMPLEMENTATION COMPONENT

88. The work of UNIDROIT does not end with the finalization and adoption of its instruments but includes raising awareness of and promoting the adoption of those instruments as well as a series of other activities which can be clustered under the label "implementation". The implementation of our normative instruments through different channels is institutionally classified as high priority. This means that resources can always be allocated to implementation activities. Because of the limited resources, the Governing Council must determine how to distribute them between normative activities, leading to the completion of new projects, and activities aimed at the implementation of existing instruments.

89. Implementation has different sides and comprises a diverse range of activities. They will briefly be addressed separately.

A. Official implementation activities

90. UNIDROIT has been requested to take on the function of Depositary for its hard law instruments by the States that partake in the relevant Diplomatic Conferences (e.g., the Cape Town Convention

and all relevant Protocols and the Geneva Securities Convention). Though it is agreed that the Institute is best placed to execute the task, such an undertaking comes at no small cost and responsibility. In addition, as concerns the implementation of the Cape Town instruments, UNIDROIT's duties involve the production of documents relating to numerous declarations, acting as Secretary to the different Preparatory Commissions, and overseeing the establishment of International Registries. Concerning the Geneva Securities Convention, the Secretariat took on the organisation of the drafting of the Official Commentary and formally accepted the "duty" to follow up and promote implementation of the instrument (see Resolution No. 3 of the Final Act of the Diplomatic Conference).

91. UNIDROIT's official implementation work has been taken to a new level since the Governing Council decided that it should act as Supervisory Authority of the Registry of the MAC Protocol (see UNIDROIT, C.D. (105) 13), the General Assembly confirmed the decision, and the MAC Protocol's Preparatory Commission appointed the Institute. UNIDROIT has envisaged taking on the role subject to the full compensation of the costs deriving from the execution of the tasks.

B. Technical assistance

92. As awareness on UNIDROIT'S instruments grows, so do requests for information and technical assistance from individual Governments and regional organisations. This is unsurprising, given the high technical complexity of many of the instruments, and their new, cutting-edge nature in some cases. Assistance of this nature can be provided directly to the officials and legislators of individual countries through briefings, provision of general explanatory material on the relevant texts, advice on the advantages of adopting a certain text, examination and comment on reports and draft legislation. Assistance may likewise be provided through sponsorship of, and participation in, symposia and seminars, which may be organised in conjunction with or by international or regional organisations or Governments. The UNIDROIT Secretariat, directly or with the assistance of experts well acquainted with its instruments, has made a notorious effort to assist in this regard.

93. Nevertheless, the current level of resources does not allow for a fully-fledged technical assistance programme, as the provision of direct technical advice in legislative drafting requires substantial preparation, time and dedication on the part of legal officers and support staff alike. Such efforts would necessarily be subtracted from normative work and other implementation activities. Should the Governing Council so recommend, and our Membership ultimately endorse the development of a full technical assistance programme, additional resources would need to be provided.

94. The Secretariat in this respect recalls that there are international organisations that are very active in providing technical assistance in legal reform, which frequently use our instruments as standards and models. The World Bank Group, the EBRD, or the ADB, by mere way of example, have a long tradition of working on the ground in legal reform. Our partnership is indeed synergic, and they have often provided excellent technical assistance for the implementation of our conventions, model laws or principles. As a strategy, a reasonable alternative to directly rendering technical assistance would be to strengthen our collaboration with such experienced intermediaries, which count on a deep, established on the ground network and excellent outreach in developing and middle-income jurisdictions, and devise joint ventures to facilitate the implementation of our instruments.

C. Capacity building and dissemination

95. As a soft, and broader version of technical assistance, an important part of the implementation component is capacity building. Capacity building activities are essential for the adequate awareness, knowledge and correct understanding of UNIDROIT's instruments. Our work on this matter is reflected in the activities clustered under the brand "UNIDROIT Academy", which have been summarised above in this document. From a strategic standpoint, continuation -and even enhancement- of these activities would seem important to the Institute's future success and a way to reinforce and maximise proceeds from one of UNIDROIT's most special and differential features as an institution.

96. Continued contact, briefing missions, seminars and similar events are needed to promote ratification at domestic level. Without them, the time and resources invested by States in the preparation of uniform law instruments over several years run the risk of having been in vain. UNIDROIT could consider increasing the resources available for the promotion of its instruments, through efficiency gains, reallocation, voluntary contributions or otherwise, within the coming years.

D. Proximity. Membership and stable regional presence

97. In the past years, UNIDROIT has been making enormous efforts to increase diversity and to change the focus of activities to all regions of the world, with special regard to areas where harmonisation of private law is less present and modernisation of private law frameworks a more stringent need. In light of existing membership and the level of accession and use of our instruments, consideration could be given to strategically prioritising Africa, Asia, and Central America. Should this be agreed upon, this priority ought to be reflected in investment of resources, enhanced presence of experts from these regions in our norm-making process, more on-site presence, and even increased proportions in terms of staff members.

98. Pursuant to conversations with governments of non-member States, and consistently with the input received from members of the Secretariat that no longer work at the Institute, the reasons that hamper the increase in membership would be the following: (i) the annual contribution to the budget of this independent Organisation, small as it may be; (ii) the fact that membership does not entail immediate tangible benefits which a Government does not otherwise enjoy (as many do, e.g. in FAO, IFAD, etc.); (iii) the absence of certain working languages (e.g. Arabic or Spanish); (iv) the insufficiency of resources for promotion activities, assistance in implementation of UNIDROIT instruments and other forms of legal co-operation; (v) shortage of staff in Governments, making it difficult to follow up on work in international Organisations.

99. There is little to do concerning (i), as UNIDROIT's contributions are already relatively very low. Point (ii) can be addressed by explaining the benefits of membership (e.g., the possibility to actively participate in the organisation's Work Programme and influence the development of projects on the organisation's agenda); (iii) is a matter solvable only with additional resources, although steps to introduce Spanish are being taken thanks to the generous contribution of the Government of Spain; (iv) is once again a matter of resources demanded to the resolve of Member States; and finally point (v) remains obviously beyond the reach of the organisation. Experience shows that for organisations that carry out highly technical work, as is the case of UNIDROIT, non-member States attach great importance to the likelihood of obtaining technical assistance, expert training and other forms of capacity building from the Organisation.

1. The main measure to enhance membership, facilitate promotion and disseminate our instruments: decentralised, stable presence through offices in UNIDROIT's regions

100. In the coming years, UNIDROIT could envision itself as a more geographically inclusive organisation. To realize this purpose, UNIDROIT could pursue three primary objectives over the next five-to-ten-year period:

- *Strengthen Regional Presence.*- Establish three regional or liaison offices (one per continent, outside HQ) to serve as permanent UNIDROIT footholds. These offices would raise UNIDROIT's visibility and ensure closer proximity to member and non-member countries in each region.

- *Enhance Dissemination and Adoption of Legal Instruments.*- Use the liaison/regional offices to promote instruments locally – organising seminars, training, and stakeholder outreach to facilitate understanding and implementation of conventions, model laws, and principles. The goal would be to increase the number of countries ratifying or implementing UNIDROIT instruments, by demonstrating their benefits for legal certainty and economic development. Each office would tailor promotion strategies to regional needs.

- *Increase Membership from Underrepresented Regions.*- Proactively campaign for new accessions to the UNIDROIT Statute by countries in parts of Asia, Africa, and Central America. The decentralised offices would identify priority countries and work with their governments to demonstrate the value of joining UNIDROIT. The objective would be to welcome a significant number of new Member States over the next decade – *ideally doubling the membership from Africa and substantially increasing that from Asia and Central America*. This expansion could make UNIDROIT's governance and perspectives more inclusive while also boosting the uptake of its instruments worldwide.

101. These objectives are interdependent: a stronger presence helps disseminate instruments, which in turn attracts new members, further amplifying UNIDROIT's global harmonisation impact.

Justification for decentralised offices

102. UNIDROIT's work has immense potential benefit for developing and emerging economies, yet its influence in Asia and Africa has been limited by the lack of on-site engagement. In Asia, rapid growth in trade and investment highlights the need for uniform legal frameworks to reduce transaction costs and legal uncertainty. Many Asian countries have diverse legal systems; adopting international instruments (on secured transactions, leasing, digital assets, etc.) can facilitate commerce across jurisdictions. However, without a local UNIDROIT presence, awareness of these instruments may remain low. For this reason, the recent opening of a Liaison Office in Hong Kong SAR should be a very positive development. Similarly, in Africa, as nations pursue economic integration (e.g. through the African Continental Free Trade Area), there is a pressing need to modernise commercial laws and improve access to credit, which are all areas where UNIDROIT principles and conventions can provide solutions. America has a longer history with UNIDROIT, whereas some memberships have lapsed into inactivity with relatively little implementation of instruments. Decentralised offices would directly bridge these gaps by bringing UNIDROIT closer to the stakeholders who need its guidance the most.

103. A permanent regional office serves as a gateway to legal harmonisation in its region. Rather than occasional outreach from Rome, it provides a continuous, on-the-ground presence that can build relationships and trust with local governments, legal communities, and economic actors. Past

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experience shows that countries often seek hands-on support before committing to international legal instruments. Due to resource constraints and distance, the Secretariat in Rome is often not in a position to fulfil these requests. Personnel based in the region would greatly expand UNIDROIT's influence and effectiveness, and local offices are more apt to promptly respond to government queries, participate in local law reform projects, and provide tailored advice on the implementation of UNIDROIT instruments – all of which are difficult to do remotely across time zones.

104. Permanent regional representation also signals UNIDROIT's commitment to the region. It can serve as a focal point for regional cooperation, hosting meetings and training programmes that bring together stakeholders from neighbouring countries. UNIDROIT can expect that a decentralized outreach will nurture communities of practice around its instruments (judges familiar with UNIDROIT principles, academics teaching them, officials championing reforms) within each region. This localised engagement would likely make governments more comfortable with adopting uniform laws, as they see regional peers doing the same and can benefit from direct support to navigate the process. This also helps to adapt and translate UNIDROIT's work into a local context by providing unofficial translations of instruments into regional languages for instance or illustrating how a model law aligns with regional legal traditions.

Benefits of a decentralised outreach

105. By moving outreach and support closer to Member States, UNIDROIT could achieve:

- *Greater Influence and Awareness*.- Each decentralised office could act as an Embassy of UNIDROIT in its continent, raising awareness of UNIDROIT's work through seminars and academic events. Governments and practitioners are far more likely to engage with UNIDROIT instruments if there is a local champion continuously advocating their merits. The offices ensure UNIDROIT is not seen as a distant institution but as a partner invested in regional development.
- *Improved Responsiveness and Support*.- Decentralised offices enable faster, more tailored support to states. Whether it is a case of guiding a ministry on how to implement a model law on factoring, or assisting a legislature considering ratification of a convention, local staff can respond in person, attend meetings, and follow up consistently. This hands-on approach can significantly increase the rate of treaty ratifications and legal reforms. It also allows UNIDROIT to participate in regional initiatives (e.g. African Union law harmonization efforts, Asian-Pacific economic forums) as a local player, thereby integrating UNIDROIT instruments into broader development agendas.
- *Localised Networks and Expertise*.- Each office would cultivate networks of regional experts and partner institutions. Over time, these networks are bound to become force multipliers for UNIDROIT's mission. For example, in Africa, an office might work with regional economic communities or judicial training institutes to promote the adoption of UNIDROIT -based laws. Such localized engagement is difficult to achieve from Rome, even if the Secretariat has attempted to do so with a certain measure of success through our IPLD programme. The benefit of having staff "on the ground" is the cultural and linguistic immersion, allowing UNIDROIT to communicate effectively and respectfully within different legal cultures.

Possible operational framework for decentralised offices

106. Each regional office should be established as an extension of UNIDROIT's Secretariat, operating under the Institute's overall guidance and policies. The framework below outlines possible functions, coordination mechanisms for these offices, ensuring they effectively serve their regions while

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remaining aligned with headquarters. Each office will have a clear mandate encompassing four primary functions:

- *Representation and Liaison.*- Act as UNIDROIT's representative presence in the region. This includes maintaining regular contact with governments of member and non-member States, attending regional conferences on behalf of UNIDROIT, and serving as a liaison point for inquiries. The head of the decentralised office (appointed by UNIDROIT) would engage with local authorities and international organizations in the region to ensure UNIDROIT is included in relevant discussions on law reform and integration. For example, the Asia-Pacific office in Hong Kong is expected to interface with forums like ASEAN and APEC, while an Africa office might engage with the African Union's legal harmonisation initiatives.
- *Dissemination of Instruments and Knowledge.*- Proactively promote UNIDROIT's instruments. Offices would organise workshops, translation of materials, and training sessions for lawyers, judges, and officials. They could also act as regional depositories of information – providing copies of UNIDROIT publications, explaining how to ratify or implement instruments, and showcasing success stories. This function extends to offering guidance on the implementation and application of our instruments. By doing so, the offices contribute to greater uniformity in how countries understand and apply UNIDROIT texts.
- *Capacity Building.*- Decentralised offices could coordinate expert missions and form local advisory panels of jurists who can be mobilised to help governments understand and implement our instruments. The goal would be to make implementation of international standards a smoother process by offering hands-on help and reducing technical barriers for countries with less legal capacity.
- *Membership Expansion and Retention.*- Each office could have a specific brief to expand UNIDROIT's membership and engage current members in its region. This would involve identifying target countries for membership and developing country-specific outreach plans. For prospective members, the office would maintain dialogue with government ministries to answer questions about membership obligations and benefits. For existing members, the office could encourage active participation (e.g. prompt payment of contributions, attending UNIDROIT meetings, nominating experts for working groups). Essentially, the liaison or regional office becomes the guardian of UNIDROIT's relationship with States in its region, ensuring each member or potential member receives attention and follow-up.

107. Coordination with Headquarters would be absolutely paramount. To maintain a unified direction, the decentralised offices should operate under the strict instructions and direct supervision of UNIDROIT's Secretariat in Rome and in accordance with policies set by the Governing Council. Coordination mechanisms should include:

- *Integrated Planning.*- The UNIDROIT Work Programme and annual budget would incorporate decentralised office activities. Goals for each office (e.g. number of promotion events, target accessions) ought to be set in Rome in consultation with the office staff. Regular planning calls will ensure that initiatives are promoted consistently worldwide. The offices could also feed regional insights back to HQ, informing UNIDROIT's global strategy (such as identifying emerging legal needs in their region that could shape future Work Programmes).

- *Reporting and Oversight.*- Regional offices must be obliged to report to the Secretary-General. They should submit, for example, quarterly activity reports to HQ. A small Regional Coordination Unit at HQ may be established to liaise with all offices,

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harmonise their outreach materials, and ensure knowledge exchange between regions. The Governing Council and General Assembly would receive updates on regional office performance as part of UNIDROIT's annual reporting, maintaining transparency and oversight.

- *Staff Exchange and Training.-* To preserve UNIDROIT's institutional culture and expertise, there could be opportunities for staff rotations between Rome and the decentralised offices. New regional officers would spend an initial period at HQ for induction, and HQ staff may carry out short-term assignments in regional offices. Regular global meetings (perhaps on an annual basis) would bring all regional directors to Rome (or a rotating host region) to share experiences and align strategies. Such coordination would ensure that the UNIDROIT team would operate as a unit despite physical distances, carrying the same message and standards everywhere.

- *Unified Brand and Communications.-* All decentralised offices should use UNIDROIT branding and operate under the Institute's legal identity (not as separate entities). External communications by offices (press releases, seminars) would be coordinated with HQ to ensure messaging consistency. The main UNIDROIT website would have dedicated pages for each office's activities, and there will be cross-promotion so that events in one region inform others. This approach leverages the global credibility of UNIDROIT's name while tailoring local outreach.

Financial Sustainability – Host State Support

108. A fundamental principle of this plan would be that the new decentralised offices be established with the full financial support of host states, minimising the budgetary impact on UNIDROIT to almost zero. The host governments would be expected to fully subsidise the operational costs.

VII. CONCLUSION

109. This document is meant to provide the main elements that need to be considered to draft a strategy for the Institute's future five to ten years. It purports to identify the main pillars of the Organisation, reflect the current situation as it has evolved since 2018 (the last year covered by the previous strategic plan), and provide concrete proposals for discussion in the institutional, functional, and implementation areas.

110. The document devises an independent, technical organisation in growth with potential to continue growing. A strategic plan should identify and endorse the necessary measures to continue producing private transnational law instruments of the highest technical excellence, within reasonable time, preserving its unique, flexible methodology while, at the same time, finding ways to enhance Member State participation and engagement. The plan ought to consider prioritising the Organisation's outreach through, amongst other measures, stable presence in the different regions of the Institute.

111. The document seeks to serve as material for a thorough discussion that should result in a full strategic plan by the end of 2027. Due to its importance for UNIDROIT, the strategic plan should be crafted, from the onset, as a joint endeavour of the Governing Council, Member States and the Secretariat. To this end, it is proposed that, following the oral discussion held at the General Assembly, Member States provide written comments to this document by the end of February 2027. With such State input, a discussion with the Governing Council will take place in the following months. Once the main policy decisions have been agreed, a second period of State consultations would take

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place, the result of which should be presented for consideration to the General Assembly in December 2027.

112. Member States are invited to take note of the content of this document and commence a discussion of some of its main elements at the current session of the General Assembly.

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