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REPORT

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>For the information of the members of the General Assembly</i>
<i>Action to be taken</i>	<i>None</i>
<i>Related documents</i>	<i>None</i>

Contents

1. *Opening of the session by the President of the Institute and the President of the General Assembly 2010 – 2011*
2. *Election of the Chairman of the General Assembly 2011 – 2012*
3. *Adoption of the agenda (A.G. (69) 1 rev.)*
4. *Statement regarding the Organisation's activity in 2011*
5. *Report of the Finance Committee on its 70th session ?? (AG/Comm. Finances (70) 9)*
6. *Final modifications to the budget and approval of the accounts for the 2010 financial year (A.G. (69) 3)*
7. *Adjustments to the budget for the 2011 financial year (A.G. (69) 4)*
8. *Arrears in contributions of member States (A.G. (69) 5)*
9. *Financial situation of inactive member States (A.G. (69) 6)*
10. *Classification of member States in the UNIDROIT contributions chart (A.G. (69) 7)*
11. *Approval of the draft budget for 2012 and fixing of the contributions of member States for that financial year (A.G. (69) 8)*
12. *Amendment to the UNIDROIT regulations (A.G. (69) 9)*
13. *Composition of the Finance Committee for the triennial period 2012-2014 (A.G. (69) 10)*
14. *Any other business*

Item No. 1 on the draft Agenda: Opening of the session by the President of the Institute and the President of the General Assembly 2010 – 2011

1. The 69th session of the General Assembly was held at the seat of UNIDROIT on 1 December 2011 and was attended by the diplomatic representatives in Italy of 47 member States and one observer (*cf.* the list of participants in Annex I).

2. The *Secretary-General of the Institute* welcomed the participants on behalf of the President of UNIDROIT and handed the floor to the outgoing President of the General Assembly, H.E. Ms Thenjiwe E. Mtintso, Ambassador of the Republic of South Africa in Italy.

3. *Ms Mtintso* noted that 2011 had been a particularly busy and productive year for the Institute, with a plethora of meetings at various levels. To name but a few, during her Presidency there had been two meetings of the Finance Committee, the 90th session of the Governing Council, the 112th session of the Permanent Committee, as well as a special meeting of the General Assembly. Furthermore, the fifth session of the Committee of governmental experts for the preparation of a draft Protocol to the Cape Town Convention on International Interests in Mobile Equipment on Matters specific to Space Assets had taken place in February. Various seminars had been held, in particular one for Russian lawyers on the practical application of the UNIDROIT Principles of International Commercial Contracts and another on the Model Law on Leasing, which had been held in Beijing. A very successful colloquium had taken place in Rome on private law aspects of agricultural financing, dovetailing with the developments and activities in this area of other Rome-based international Organisations, most notably IFAD and FAO. Finally, UNIDROIT had recently held a very successful seminar to mark the 10th anniversary of the adoption of the Cape Town Convention on International Interests in Mobile Equipment.

4. *Ms Mtintso* recalled her comment made one year previously that the process of interconnect-edness and sense of global community had accelerated and that the global economic crisis had emphasised the importance and relevance of UNIDROIT's legal work, in particular that of assisting the global financial system to find more neutral and balanced roles that ensured the participation of all countries, developed and otherwise, by using its advanced legal expertise to develop new legal frameworks to cope with the difficulties posed by an unequal and complex legal order. She had been pleased to note the progress made in 2011 by the study group on principles and rules for the netting of financial instruments at its meetings in April and September 2011, and expressed confidence that it would continue to make progress at its third meeting in February 2012. Likewise, she welcomed the attention being given to emerging market issues following the diplomatic Conference to adopt a Convention on Substantive Rules regarding Intermediate Securities.

Item No. 2 on the draft Agenda: Election of the Chairman of the General Assembly 2011 – 2012

5. The *Secretary-General of the Institute* recalled that traditionally, the Presidency of the General Assembly rotated among the four regional groups of UNIDROIT, and that it was accordingly now the turn of the American States to nominate the new Chair for the period 2011-2012.

6. The *representative of Mexico* expressed her gratitude to the outgoing President and nominated, on behalf of the American region, H.E. Mr Juan Manuel Prieto, Ambassador of Colombia in Italy. The nomination was seconded by the representatives of Brazil, Chile, Paraguay and Uruguay.

7. *The General Assembly, by acclamation, appointed H.E. Mr Juan Prieto, Ambassador of the Republic of Colombia in Italy, as Chairman for the period 2011-2012.*

Item No. 3 on the draft Agenda: Adoption of the agenda (A.G. (69) 1 rev.)

8. *The General Assembly adopted the agenda as proposed (cf. Annex II).*

Item No. 4 on the Agenda: Statement regarding the Organisation's activity in 2011 (A.G. (69) 2 rev)

9. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 2 rev. He recalled that an advance copy of the annual report of the Institute had been made available to the Assembly's previous year's session for information purposes but that, following the decision by the Governing Council at its May 2011 session, in accordance with the UNIDROIT Regulations, to open up its meetings to member States not represented on the Governing Council, the General Assembly was henceforth invited to observe the Council proceedings and therefore no longer had any need of such an advance copy. A progress report had, however, been prepared on the Secretariat's use of the resources allocated to the Institute by the General Assembly during the current year, set out on a project-by-project basis.

10. In addition to the various activities already referred to by the outgoing President of the Assembly, 2011 had also seen progress in a number of other areas, not least the publication and promotion of the third edition of the *UNIDROIT Principles of International Commercial Contracts (2010)* through the participation of representatives of the Secretariat in various meetings. As to the draft Space Protocol, the Governing Council had approved its transmission to a diplomatic Conference to be convened in Berlin from 22 February to 9 March 2012. He expressed the Institute's gratitude to the German Government for hosting this event.

11. Two meetings had been held in 2011 on principles and rules for the netting of financial instruments, with a third expert meeting planned for February 2012, following which the Governing Council would be consulted on the opportuneness of convening a committee of governmental experts to complete this highly topical work that was the focus of high-level political attention as one of the main instruments capable of reducing financial markets' exposure to systemic risk. As to the Geneva Securities Convention, the Official Commentary had been completed and the Secretariat was negotiating its publication by a commercial publisher in 2012. Plans were also on the drawing board for a meeting to discuss principles and rules capable of enhancing trading in securities in emerging markets, which would be held in Rio de Janeiro from 27 to 28 March 2012 at the invitation of the Securities and Exchange Commission of Brazil. Finally, meetings had been held to consider further Cape Town Protocols (Rome, 10, 28-29, and 30 November 2011); on liability for satellite-based systems (Rome, 11 November 2011); on model legislative provisions for the protection of cultural property (a joint UNESCO-UNIDROIT project) (Paris, 14 March and 29 June 2011); and on private law aspects of agricultural financing (a colloquium organised in Rome from 8-10 November 2011 in co-operation with FAO and IFAD with a generous grant from the American Foundation for Uniform Law). Notwithstanding the large number of activities organised in 2011 on a very tight budget, it was hoped that it might be possible to close the year having spent less than expected. The document before the Assembly had been prepared in tabular rather than in narrative form and contained a breakdown of extra-statutory contributions from the private sector as well as *ad hoc* contributions by member States. These had in 2011 represented roughly 10% of the budget, an unusually high figure owing to the German contribution for the netting project.

12. In the *discussion that followed*, satisfaction was expressed in particular by the *representatives of the United States, Canada and Italy* at the Governing Council's decision to enable all member States to participate as observers at the Governing Council and to make the relevant documentation available ahead of time. The *representative of the United States of America* moreover commended the Secretariat for rationalising the Institute's administrative and operational expenses and for its efforts to improve the Institute's working methods. The United States also fully supported the resumption of the work of the Emerging Markets Committee and the continued work on financial netting issues, besides welcoming the prospect of a new line of work with regard to agriculture financing. He reiterated his country's continued commitment to support UNIDROIT and encouraged other member States to do the same.

13. The *representative of Canada* congratulated UNIDROIT on the finalisation of the third edition of the UNIDROIT Principles and on its efforts to promote them, and expressed strong support for ongoing work on principles and rules on the netting of financial instruments, on a legislative guide on principles and rules capable of enhancing trading in securities in emerging markets, on private law aspects of agricultural financing, and on legal aspects of social business. Canada was a strong advocate of the principles of responsible agricultural investment.

14. The *representative of the United Kingdom* stated that her country particularly welcomed the criteria used by Governing Council to assign priority to the various activities of the Institute, and expressed satisfaction that the work on the netting of financial instruments and the Geneva Securities Convention had been assigned high priority. It also supported continued work on the Institute's non-legislative activities. However, the United Kingdom had strong and growing reservations about continued work on other Protocols to the Cape Town Convention (agriculture, mining and construction equipment), and had reservations in respect of any future work on third party civil liability for global navigation satellite systems. The United Kingdom urged the Governing Council to take a decision on the future of these projects rather than postponing its decision for another year.

15. The *representative of Italy* thanked the Secretariat for its work in maintaining a very heavy work schedule while streamlining the Institute's activities and improving the way in which it used its resources. The Italian Government also expressed its gratitude to those Organisations that had pledged extra-statutory resources to help to fund UNIDROIT's activities.

16. *The General Assembly took note with interest of the Secretary-General's statement.*

Item No. 5 on the draft Agenda: *Report of the Finance Committee on its 70th session (AG/Comm. Finances (70) 9)*

17. *The General Assembly took note with interest of the report of the Finance Committee on its 70th session and expressed its appreciation to the Committee for the work accomplished.*

Item No. 6 on the Agenda: Final modifications to the budget and approval of the accounts for the 2010 financial year (A.G. (69) 3)

18. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 3. It was the custom for the General Assembly at its annual session to approve the accounts of the previous year and any modifications to the budget that had already been fully spent. The accounts for 2010 showed that less had been spent than had been appropriated, not because the Secretariat had over-estimated its original requirements but because it had adhered to a conservative policy of prudence and restrained the overall expenditure where possible. Total receipts for 2010 had been much lower than the original estimates due to a shortfall in assessed contributions, but 2010 had nevertheless closed without a minus owing to advance payments made in 2010 towards the 2011 budget.

19. *The General Assembly noted that no final modifications were needed to the 2010 Budget and approved the Accounts for 2010.*

Item No. 7 on the Agenda: Adjustments to the budget for the 2011 financial year (A.G. (69) 4)

20. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 4. This, as well as all the following topics on the agenda, had been extensively discussed by the Finance Committee. The situation as to budgetary adjustments for 2011 in many ways resembled that of 2010. A shortfall in receipts was expected, some member States having not yet paid their

assessments for 2011 by 1 December 2011. As a matter of prudence and as in the previous year, the Secretariat had again endeavoured to contain expenditure in 2011 to the utmost, economising on travel, library purchases, and so forth. There had been one extraordinary item of expenditure in 2011 that concerned a labour dispute, which was eventually settled by the Administrative Tribunal. The amount awarded to the applicant (approximately 10% of the claim) might have to be charged to the working capital fund as an unforeseen expenditure. Another item of additional expenditure had been the temporary replacement of an employee following an accident.

21. *The General Assembly approved the adjustments to the 2011 Budget.*

Item No. 8 on the Agenda: Arrears in contributions of member States (A.G. (69) 5)

22. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 5, now for the first time presented in tabular form, with footnotes indicating the origin of arrears. He noted that while the overall amount might seem significant, this was in fact due solely to the situation of a single member State, Bolivia, and this matter would be addressed separately under the following agenda item. Aside from that, the overall level of arrears in 2010 stood at a relatively manageable € 74,000. While this amount corresponded roughly to one general service position in the Secretariat, there was no cause for undue concern, since the member States in arrears usually settled sooner or later.

23. *The General Assembly took note of the steps being taken by the Secretariat to reduce arrears in the contributions of certain member States.*

Item No. 9 on the Agenda: Financial situation of inactive member States (A.G. (69) 6)

24. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 6. He recalled that the term “inactive member States” had first been coined in 1999 to distinguish one group of member States that had paid a contribution before falling into arrears from another group of old-time member States that had joined the Institute long before it introduced a system of assessed contributions in 1964 and which had never ratified the relevant Article 16 of the Statute, had never paid the statutory contribution introduced by that Article, had never presented any candidates for the Governing Council or participated in the General Assembly. One of these States, Bolivia, had eventually expressed the wish to re-activate its membership and an *ad hoc* solution had been found with Bolivia resuming payments, but at some point it again fell into arrears.

25. Other member States in a comparable position were Nicaragua, Cuba and Iraq, as well as Paraguay, which latter country had now made it known that it wished to re-activate its membership. The Finance Committee had been seized of the matter and proposed that Paraguay pay two years in full and, once it had paid four years in full, to reinstate it as a full member. These were more stringent conditions than those initially imposed on Bolivia, which it had been felt were called for given the less than satisfactory precedent set by that latter country. The Finance Committee had recently again taken up the matter of Bolivia and recommended that the Assembly apply the Resolution passed at its 58th session in 2004, with the result that Bolivia would no longer be invited to the Institute’s meetings and the Bolivian contribution would not be considered in the budget. As regards Paraguay, the Committee recommended that as soon as Paraguay formally indicated to the Organisation its willingness to fully participate in, and to abide by its financial obligations, it should regain the rights of full membership in UNIDROIT.

26. The Secretariat had subsequently received a Note Verbale from the Embassy of Bolivia in Rome indicating that the matter had been submitted for consideration to the authorities in La Paz and requesting that the General Assembly defer any action until a reply had been received from the Bolivian capital. The Finance Committee accordingly recommended that the Assembly suspend any

decision until the Bolivian authorities had had time to react, which it was hoped might be before the next Finance Committee session in March 2012.

27. As to the budgetary treatment of Bolivia, the Secretariat proposed that, on the assumption that Paraguay would continue to offer to pay a contribution, the Paraguayan assessment would, as of 2012, replace that of Bolivia since the amounts were equivalent. Bolivia would continue to accrue a debt with UNIDROIT but be kept off the budget for financial planning purposes.

28. The *representative of the United Kingdom* endorsed the proposal to reinstate Paraguay with full membership rights and welcomed the news that discussions were underway with Bolivia to resolve its membership situation. The Government of the United Kingdom supported the proposal to cease taking account of the Bolivian contribution in preparing the Institute's draft budget, pending a solution to the Bolivian situation. This position was echoed by the *representative of Germany*, who recalled that Germany had repeatedly expressed strong support of any efforts to solve the budgetary problem.

29. The *representative of Paraguay* expressed her gratitude for the Secretariat's support. Paraguay was fully committed to recovering full membership of UNIDROIT and was making an all-out effort to regularise its position along the lines proposed.

(a) *Bolivia*

30. *The General Assembly agreed to accede to the Government of Bolivia's request for the deferral of any action leading to its suspension from the incidents of membership of the Institute under Resolution (58) 1 so as to give that Government an opportunity to review the matter.*

31. *The General Assembly, however, decided that the Secretariat should no longer take account in the preparation of future Budgets of the contributions to the Institute's Budget owed by the Government of Bolivia.*

(b) *Paraguay*

32. *The General Assembly took note of the Government of Paraguay's stated intention fully to abide by its financial obligations toward the Institute with a view to reacquiring its rights as a member of UNIDROIT once it had settled its contribution to the UNIDROIT Budget for four consecutive years.*

33. *The General Assembly further decided that the Government of Paraguay's contribution should replace that of the Government of Bolivia in the UNIDROIT contributions chart.*

Item No. 10 on the Agenda: Classification of member States in the UNIDROIT contributions chart (A.G. (69) 7)

34. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 7. He recalled that the General Assembly had, at its previous session, endorsed a proposal submitted by Canada to mandate the Finance Committee to update the Institute's contributions chart. Although Article 16 of the Statute made provision to do so every three years, in fact the last update dated back to 2004. The Finance Committee had considered the matter at its sessions in March and October 2011, basing its discussions on the criteria for classification of member States in the contributions chart of the Institute approved by the General Assembly at its 52nd session in 1998 which introduced a system dividing UNIDROIT member States into eight categories (plus a special category made up of the Holy See and San Marino), each of which corresponded to a certain range of contribution to the budget of the United Nations. The proposal submitted by the Finance Committee at this juncture was not to change the system itself but simply to align it with the current United Nations scale of assessments and determining whether this would entail any modifications, movement into different categories and corresponding adjustments in contribution levels. The Finance Committee had

concluded that 16 UNIDROIT member States should move into a higher category and three should move down, and requested the Secretariat to inform the countries concerned and invite them to submit comments. It had also mandated the Secretariat to seek the agreement of those States that might be re-classified downwards to remain in their original category. Of the latter three countries, the Russian Federation had spontaneously announced that it would not consider moving to a lower category, South Africa had also agreed to maintain the *status quo*, and Argentina had let it be known that it was unfortunately not in a position to waive its re-classification into the lower category.

35. The Finance Committee was accordingly inviting the General Assembly to proceed on the basis of Article 16 of the Statute, which provided that changes in the contributions chart should be approved by the General Assembly, and to adopt the relevant draft Resolution 1/2011 making recommendations for member States' re-classification on the basis of the United Nations contributions chart. Any objections that might be raised by States should be handled within the framework of Article 16.

36. In the discussion that followed, a few delegates declared that their Governments were not in a position at this juncture to bear the financial consequences of re-classification into a higher category and consequently opposed the adoption of draft Resolution 1/2011. These included the Governments of *Portugal, Romania and Spain*.

37. Several delegations spoke in favour of the proposal and accepted re-classification. These included *Brazil, Chile, Canada, China, Iran, Ireland, Mexico, Turkey* and the *United Kingdom*. The *representative of Canada* stressed that such a revision was long overdue and that, while the Secretariat had done an excellent job in recent years to cut expenditure wherever possible, the Institute needed to be placed on a stable financial footing in the longer term. The *representative of China* pointed out that allowance should be made for the fact that the time when the proposed modifications could become effective might be subject to domestic legislative review. The *representative of the Republic of Korea* indicated that the Korean Finance Ministry had thus far declined to accept his country's re-classification but that the Korean Ministry of Foreign Affairs and Trade would continue to campaign for acceptance. On a procedural point, the *representative of Brazil* suggested that the General Assembly might wish to adopt the Resolution as it stood, leaving specific cases to be dealt with the following year.

38. The *representative of Italy* stated that in his understanding, and subject to verification, no objections could be raised until Italy, as the depositary of the UNIDROIT Statute, had formally notified the member States of the adoption of the Resolution. The *representative of Spain* agreed with this interpretation and requested clarification as to whether, under the circumstances, the budget for 2012 could be validly adopted as proposed. The pause for reflection would take the Institute to the budget for 2013, and he wondered whether the draft budget for 2012 should not be adjusted accordingly, pending formal objections to re-classification. He requested that the matter should be put to the vote.

39. The *Secretary-General of the Institute* stated that the Secretariat would interpret the various statements as an indication of member States' intentions to make use of the possibility contemplated by Article 16. It had, however, also taken note of the positions of other member States that had accepted or not objected to re-classification. The Secretariat would, as in previous years, simply seek, in 2012, to contain expenditure in an amount corresponding to what would have been the increase in the contributions of those countries that had already indicated their intention to resort to the procedure set forth in Article 16 of the Statute.

40. The *President of the Assembly* called a vote, by a show of hands, on draft Resolution (69) 1.

41. *The General Assembly adopted, by 38 votes in favour, one vote against and seven abstentions, Resolution (69) 1 (cf. Annex III), together with a revised contributions chart of member States other than the Government of Italy, in accordance with Article 16(4) of the UNIDROIT Statute.*

42. *It was agreed that those member States that had been unable to vote in favour of the draft Resolution – and their consequent reclassification in the UNIDROIT contributions chart – might, once the Government of Italy, as Depositary of the UNIDROIT Statute, had notified member States of the Resolution, put forward objections against the same, in accordance with Article 16(6) of the UNIDROIT Statute, for consideration by the General Assembly at its 70th session.*

Item No. 11 on the Agenda: Approval of the draft budget for 2012 and fixing of the contributions of member States for that financial year (A.G. (69) 8)

43. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 8. The draft budget for 2012, which had been extensively debated by the Governing Council, the Permanent Committee and the Finance Committee, provided for a modest increase in expenditure for expert committees and for maintenance costs. The largest projected increase referred to staff, where two major positions needed to be filled that were currently filled by retiree staff. Whether or not these positions would actually be filled depended, first of all, on the level of resources available which, in turn, hinged on the final decision on re-classification of member States once the objections, if any, under Article 16 of the Statute had been formally raised and, secondly, on actual recruitment conditions, which would be discussed under the relevant agenda item.

44. The *representative of Colombia* welcomed the Secretariat's comprehensive review but stated that, while more resources were undeniably needed, Colombia would find it difficult for procedural reasons to apply the adjustment in its contribution as of 2012. She proposed that the Assembly agree that the financial effects of the contribution changes would be implemented as of 2013 in order to allow member countries to complete the necessary internal procedures. This position was endorsed by the *representative of Spain*. The *representative of Colombia* also suggested the inclusion of a policy of "prompt payment discount", which was an incentive system that had already shown its merits in the framework of the Organization of American States.

45. The *representative of Canada* recalled that his country supported zero growth on annual budgets for international Organisations and, as such, appreciated the efforts that were being made by the Secretariat to keep expenses under control until sufficient and permanent funding had been secured. It also welcomed the maintenance by UNIDROIT of the 2000 level of value of units of contribution as well as the Secretariat's efforts to seek new funding from private contributors and payment of arrears by member States. Canada agreed there was a need for additional staff and, resources permitting, hoped that the hiring process could begin soon. Finally, Canada wondered whether there had been any developments regarding the stabilisation/regularisation of the contribution of the host State, Italy.

46. Replying to the last point raised by the representative of Canada, the *Secretary-General of the Institute* recalled that at its last session, the Governing Council had requested the President of UNIDROIT and the Secretariat to approach the host Government with a view to exploring the possibility of stabilising the amount of contribution of the host country and possibly making it mandatory (cf. Annex IV). The President had written to the Italian Ministry of the Economy and the Ministry of Foreign Affairs, and as a result the latter had approached the Secretariat and the two parties were now discussing the matter.

47. The *representative of Mexico* took note in particular of the measures being proposed with a view to rationalising the use of resources and containing personnel costs (see Agenda item No. 11) and welcomed the fact that the Secretariat expected to compensate for the anticipated shortfall in income by cutting expenditure. The Mexican Government was very appreciative of the work done by the Secretariat in administrative matters. This was the first time in years that a budget increase was being proposed and, for that reason, the Mexican delegation supported the proposed budget for 2012.

48. *The General Assembly approved the draft budget for 2012, on the understanding that the Secretariat would make the adjustments to expenditure necessary in 2012 to cover any possible shortfall in receipts that might result from objections put forward by member State to their reclassification in the contributions chart.*

49. *The General Assembly took note with interest of the Resolution adopted by the UNIDROIT Governing Council at its 90th session, held in Rome from 9 to 11 May 2011, and encouraged President of UNIDROIT to pursue the ongoing consultations with the Government of Italy aimed at stabilising the level of that Government's contribution and including it among the obligatory expenditure of the budget of the Italian State.*

Item No. 12 on the Agenda: Amendment to the UNIDROIT Regulations (A.G. (69) 9)

50. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 9. The Assembly was invited to agree to two amendments to the UNIDROIT Regulations concerning staff compensation, both intended to produce some savings and to align the Institute's compensation system on more modern compensation systems operated by other international organisations. Both proposals had been examined and approved by the Governing Council.

51. The first proposed amendment concerned the *expatriation allowance*. The staffing table of UNIDROIT provided for the classification of staff in three categories (Category A – professional staff; Categories B and C – general service staff). Category A staff benefited from the payment of an expatriation allowance under the same conditions that such allowance was payable to the staff of the so-called co-ordinated Organisations, *i.e.*, OECD, NATO, the Council of Europe, and several Organisations in Europe. Category A staff were also remunerated according to the salary scales of these co-ordinated Organisations, whereas Categories B and C were paid according to a salary scheme approved by the General Assembly itself. Reasoning, like many other Organisations, that the rationale for expatriation allowances no longer existed in the same way as it had in the past, the Finance Committee had, two years previously, initiated a review of this system whereby the expatriation allowance paid to individual staff would be phased out in stages: a first 20% cut would be made at the beginning of the fourth year of payment of the allowance, with subsequent annual cuts culminating in the allowance being discontinued at the end of the seventh year. This new arrangement would apply to all staff members appointed after 1 January 2008, which automatically included the incumbent Secretary-General, but might be extended to other staff members who voluntarily agreed to the new regime.

52. The second proposal referred to the UNIDROIT *staffing table*, which was annexed to the UNIDROIT Regulations. This annex currently listed a certain number of posts and provided the overall authorisation given by the General Assembly for hiring Secretariat staff. As currently drafted, each position level was linked to a certain level of pay. The new proposal would bend all the posts in the professional (A) category to a range, *i.e.*, a candidate for a specific post would not necessarily have to be hired at a certain minimum level but could be hired at a level one, or even two, steps below. The advantage of such a system would be greater flexibility in recruiting new staff and a compensation package for selected candidates that was actually commensurate with that person's experience and qualifications.

53. *The General Assembly approved the proposed amendments to Articles 44 and 67 of, and Annex III to the UNIDROIT Regulations.*

Item No. 13 on the Agenda: Composition of the Finance Committee for the triennial period 2012-2014 (A.G. (69) 10)

54. The *Secretary-General of the Institute* introduced this agenda item, referring to document A.G. (69) 10. The Finance Committee performed a number of very important functions for the Institute in preparing all the financial decisions that were eventually taken by General Assembly. However, the UNIDROIT Regulations did not expressly provide criteria and procedures for its composition. The only two clear traditions that existed in terms of its composition had been that all member States in Category I had always been represented on it, as well as the host country, Italy, as the largest contributor to the UNIDROIT budget. A certain number of countries in other categories had been co-opted to participate in the work of the Finance Committee. Current members were Austria, Canada, France, Germany, India, the Islamic Republic of Iran, Italy, Japan, Mexico, Romania, the Russian Federation, Spain, Switzerland, the United Kingdom and the United States of America. None of the current members had expressed a wish to step down and it was assumed they wished to remain active in the Committee. The Secretariat was accordingly proposing that the Assembly invite, in addition, those member States whose contribution had increased by more than 3 units of contribution pursuant to the adoption of Resolution (69) 1 and that were not already members to become members of the Finance Committee. This currently concerned Brazil, China and the Republic of Korea.

55. *The General Assembly decided to confirm the membership of the Finance Committee as composed over the triennial period coming to an end for the triennial period commencing on 1 January 2012 but to invite those member States which were not already members of the Finance Committee and the contribution of which had increased by more than three units of contribution as a result of the adoption of Resolution (69) 1 to consider becoming members too.*

Item No. 14 on the Agenda: Any other business

56. *No matters having been raised under this agenda item, the President of the General Assembly declared the meeting closed at 12.30 p.m*

ANNEX I**LIST OF PARTICIPANTS/LISTE DES PARTICIPANTS**

ARGENTINA / <i>ARGENTINE</i>	Mr Marcelo MASSONI Counsellor Embassy of Argentina in Italy
AUSTRALIA / <i>AUSTRALIE</i>	Mr Peter RAYNER Deputy Head of Mission Embassy of Australia in Italy Mr Toshi KAWAGUCHI Second Secretary Embassy of Australia in Italy
AUSTRIA / <i>AUTRICHE</i>	Ms Katharina WIESER Minister Embassy of Austria in Italy
BELGIUM / <i>BELGIQUE</i>	Mme Isabelle MANGELINCKX Consul Ambassade de Belgique en Italie
BOLIVIA / <i>BOLIVIE</i>	H.E. Mr Grover TÉRAN GAMBOA Ambassador of the Plurinational State of Bolivia in Italy Embassy of the Plurinational State of Bolivia in Italy Mr C. Eduardo UGARTECHE Counsellor Embassy of the Plurinational State of Bolivia in Italy
BRAZIL / <i>BRESIL</i>	Ms Gilda MOTTA SANTOS NEVES Counsellor Embassy of Brazil in Italy Mr Wilson ALVARENGA DOS SANTOS Clerk (Political) Embassy of Brazil in Italy
BULGARIA / <i>BULGARIE</i>	Mr Rossen RUFEV Second Secretary Embassy of Bulgaria in Italy
CANADA	Mr Craig WEICHEL Counsellor Embassy of Canada in Italy
CHILE / <i>CHILI</i>	Mr Rodrigo GUZMÁN First Secretary Embassy of Chile in Italy

CHINA / <i>CHINE</i>	Mr WU Cong Attaché Economic and Commercial Counsellor's Office Embassy of the People's Republic of China in Italy
COLOMBIA / <i>COLOMBIE</i>	H.E. Mr Juan PRIETO Ambassador of Colombia in Italy Embassy of Colombia in Italy Ms Maria Victoria SALCEDO BOLIVAR Counsellor Embassy of Colombia in Italy
CROATIA / <i>CROATIE</i>	Ms Ines ŠPREM Third Secretary Embassy of the Republic of Croatia in Italy
CZECH REPUBLIC / <i>REPUBLIQUE TCHEQUE</i>	Mr Milan TOUŠ Head of Economic Section Embassy of the Czech Republic in Italy
DENMARK / <i>DANEMARK</i>	Ms Iben J. SORENSEN Attaché Embassy of Denmark in Italy
EGYPT / <i>EGYPTE</i>	Mr Emad Magdy HANNA KAMEL First Secretary Embassy of the Arab Republic of Egypt in Italy
FINLAND / <i>FINLANDE</i>	Mr Pekka HIRVONEN First Secretary Embassy of Finland in Italy
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OBSERVERS / *OBSERVATEURS*

SOVEREIGN MILITARY ORDER
OF MALTA/*ORDRE SOUVERAIN
MILITAIRE DE MALTE*

H.E. Mr Aldo PEZZANA CAPRANICA DEL GRILLO
Ambassador

UNIDROIT

Mr José Angelo ESTRELLA FARIA, Secretary-General / *Secrétaire Général*

Mr Martin STANFORD, Deputy Secretary-General / *Secrétaire Général adjoint*

ANNEX II**AGENDA**

1. Opening of the session by the President of the Institute and the President of the General Assembly 2010 - 2011
2. Election of the Chairman of the General Assembly 2011 - 2012
3. Adoption of the agenda (A.G. (69) 1 rev.)
4. Statement regarding the Organisation's activity in 2011 (A.G. (69) 2)
5. Report of the Finance Committee on its 70th session (AG/Comm. Finances (70) 9)
6. Final modifications to the budget and approval of the accounts for the 2010 financial year (A.G. (69) 3)
7. Adjustments to the budget for the 2011 financial year (A.G. (69) 4)
8. Arrears in contributions of member States (A.G. (69) 5)
9. Financial situation of inactive member States (A.G. (69) 6)
10. Classification of member States in the UNIDROIT contributions chart (A.G. (69) 7)
11. Approval of the draft budget for 2012 and fixing of the contributions of member States for that financial year (A.G. (69) 8)
12. Amendment to the UNIDROIT regulations (A.G. (69) 9)
13. Composition of the Finance Committee for the triennial period 2012-2014 (A.G. (69) 10)
14. Any other business

ANNEX III**RESOLUTION (69) 1**

(adopted by the General Assembly at its 69th session, held in Rome on 1 December 2011)

THE GENERAL ASSEMBLY,

REAFFIRMING the obligation of all member States to cover the expenses of the Institute, as apportioned by the General Assembly, and to pay their contributions fully and on time,

BEARING IN MIND Article 16 of the UNIDROIT Statute, which provides for the classification of member States in categories, each corresponding to a particular number of units of contribution, for the purposes of the apportionment of the yearly expenditure of the Institute,

NOTING that the number of categories, the number of units corresponding to each category, the amount of each unit and the classification of each Government in a category shall be determined by the General Assembly, taking into account, amongst other considerations, the national income of the country concerned,

RECALLING that the current methodology for the classification of member States in the UNIDROIT contributions chart, which was approved by the General Assembly at its 52nd session, held in Rome on 27 November 1998, provides for the classification of member States in eight categories and a special category, each corresponding to a specific range of contributions payable by those States to the United Nations budget,

HAVING CONSIDERED the reports of the Finance Committee on its 69th and 70th sessions,

1. *REAFFIRMS* the number of categories, the number of units corresponding to each category and the criteria currently used to classify member States, as set forth in Appendix I to this Resolution;
2. *APPROVES* the recommendations of the Finance Committee for the reclassification of a number of member States in the light of the scale of assessments adopted by the United Nations General Assembly through its Resolution No. 64/248 of 23 December 2009;
3. *ADOPTS* the chart for the apportionment of the contributions of member States to the regular UNIDROIT budget for 2012, 2013 and 2014, as set forth in Appendix II to this Resolution; and
4. *REQUESTS* the Finance Committee, in accordance with its mandate, to review the current methodology and consider possible enhancements, bearing in mind the principle of the capacity to pay, and to make recommendations to the General Assembly in due course.

Appendix I

Methodology for the classification of member States in the UNIDROIT contributions chart
(as approved by the General Assembly at its 52nd session, held in Rome on 27 November 1998) ¹

Category	Units of contribution	Range of contribution to U.N. budget
I	50	more than 3%
II	22	2% to 3%
III	18	1.00% to 2.00%
IV	13	0.960% to 0.999%
V	11	0.500% to 0.959%
VI	9	0.450% to 0.499%
VII	8	0.115% to 0.449%
VIII	5	0.005% to 0.114%
Special	1	0.0% to 0.004%.

¹ See UNIDROIT 1998 - A.G. (52) 8 rev. and UNIDROIT 1998 - AG(52)13, p. 12.

Appendix II

**REVISED CHART OF THE ANNUAL CONTRIBUTIONS TO UNIDROIT
OF MEMBER STATES (OTHER THAN ITALY) FOR 2012**

Category	Corresponding range in UN scale	State	UN budget assessment 2010-2012	No of units (20011)	Unit value	Contribution 2011
I	3% +	Canada	3.207	50	€ 2,450	€ 122,500
		China	3.189	50	€ 2,450	€ 122,500
		France	6.123	50	€ 2,450	€ 122,500
		Germany	8.018	50	€ 2,450	€ 122,500
		Japan	12.530	50	€ 2,450	€ 122,500
		Spain	3.177	50	€ 2,450	€ 122,500
		United Kingdom	6.604	50	€ 2,450	€ 122,500
		United States	22.000	50	€ 2,450	€ 122,500
II	2%-3%	Republic of Korea	2.260	22	€ 2,450	€ 53,900
		Russian Federation	1.602	22	€ 2,450	€ 53,900
III	1%-2%	Australia	1.933	18	€ 2,450	€ 44,100
		Belgium	1.075	18	€ 2,450	€ 44,100
		Brazil	1.611	18	€ 2,450	€ 44,100
		Netherlands	1.855	18	€ 2,450	€ 44,100
		Sweden	1.064	18	€ 2,450	€ 44,100
		Switzerland	1.130	18	€ 2,450	€ 44,100
IV	0.960%-0.99%	Mexico	2.356	13	€ 2,450	€ 31,850
V	0.5%-0.959%	Austria	0.851	11	€ 2,450	€ 26,950
		Denmark	0.736	11	€ 2,450	€ 26,950
		Finland	0.566	11	€ 2,450	€ 26,950
		Greece	0.691	11	€ 2,450	€ 26,950
		Norway	0.871	11	€ 2,450	€ 26,950
		Poland	0.828	11	€ 2,450	€ 26,950
		Portugal	0.511	11	€ 2,450	€ 26,950
		Saudi Arabia	0.830	11	€ 2,450	€ 26,950
VI	0.450%-0.499%	India	0.534	9	€ 2,450	€ 22,050
		Ireland	0.498	9	€ 2,450	€ 22,050
		South Africa	0.385	9	€ 2,450	€ 22,050
		Turkey	0.617	9	€ 2,450	€ 22,050
VII	0.115%-0.449%	Argentina	0.287	8	€ 2,450	€ 19,600
		Chile	0.236	8	€ 2,450	€ 19,600
		Colombia	0.144	8	€ 2,450	€ 19,600
		Czech Republic	0.349	8	€ 2,450	€ 19,600
		Indonesia	0.238	8	€ 2,450	€ 19,600
		Hungary	0.291	8	€ 2,450	€ 19,600
		Iran	0.233	8	€ 2,450	€ 19,600
		Israel	0.384	8	€ 2,450	€ 19,600
		Venezuela	0.314	8	€ 2,450	€ 19,600
		Slovakia	0.142	8	€ 2,450	€ 19,600
		Romania	0.177	8	€ 2,450	€ 19,600

VIII	0.005%-0.114%	Bulgaria	0.038	5	€ 2,450	€ 12,250
		Croatia	0.097	5	€ 2,450	€ 12,250
		Cyprus	0.046	5	€ 2,450	€ 12,250
		Egypt	0.094	5	€ 2,450	€ 12,250
		Estonia	0.040	5	€ 2,450	€ 12,250
		Latvia	0.038	5	€ 2,450	€ 12,250
		Lithuania	0.065	5	€ 2,450	€ 12,250
		Luxembourg	0.090	5	€ 2,450	€ 12,250
		Malta	0.017	5	€ 2,450	€ 12,250
		Nigeria	0.078	5	€ 2,450	€ 12,250
		Pakistan	0.082	5	€ 2,450	€ 12,250
		Paraguay	0.007	5	€ 2,450	€ 12,250
		Serbia	0.037	5	€ 2,450	€ 12,250
		Slovenia	0.103	5	€ 2,450	€ 12,250
		Tunisia	0.030	5	€ 2,450	€ 12,250
		Uruguay	0.027	5	€ 2,450	€ 12,250
Special	0.001%-0.004%	Holy See	0.001	1	€ 2,450	€ 2,450
		San Marino	0.003	1	€ 2,450	€ 2,450
				859		€ 2,104,550

ANNEX IV**RESOLUTION****adopted by the Governing Council at its 90th Session on 11 May 2011**

THE GOVERNING COUNCIL,

RECOGNISING the constant and active support of Italy in the promotion of UNIDROIT and its activities;

EXPRESSING its gratitude to the Government of Italy for the generous contributions, financially and in kind, provided throughout the years;

NOTING that the current financial downturn and its impact on public finances have led the Government of Italy, in the years 2009 and 2010, to reduce its statutory contribution;

INVITES

the President to explore with the Government of Italy the possibility of restoring its contribution to the level at which it was set in the year 2008, of expressing such contribution as a percentage of the total ordinary expenditure of the Institute or as a number of units of contribution to the UNIDROIT budget and of including this expenditure among the obligatory expenses of the budget of the Italian State.