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GOVERNING COUNCIL
89th session
Rome, 10-12 May 2010

UNIDROIT 2010
C.D. (89) 15
Original: French/English
April 2010

Item No. 16 on the agenda: Preparation of the draft budget for the 2011
(Memorandum of the Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2011</i>
<i>Action to be taken</i>	<i>Preparation of the draft budget for the 2010 financial year</i>
<i>Related documents</i>	<i>F.C (67) 2; F.C. (67) 5</i>

Introduction

1. The first estimates of receipts and expenditure for the 2011 financial year prepared by the Secretariat (F.C. (67) 2) were examined by the Finance Committee at its 67th session held in Rome on 25 March 2010, in accordance with Article 31 of the Regulations. The Governing Council, on the basis of these first estimates, is called upon to draw up the draft Budget for 2011 (cf. Appendix I) to be communicated to member Governments for observations. Governments will have until 20 September 2010 to make observations. The draft Budget will then be submitted, together with any comments by the Governments, to the Finance Committee at its 68th session in Rome, on end September 2010. The Committee will at that time give its opinion of the draft Budget before its submission to the General Assembly at its 67th session in Rome at the end of November 2010.
2. The first estimates have been drafted bearing in mind the recommendation expressed by the organs of the Institute, and in particular by the Finance Committee and the General Assembly, to envisage ways of reducing expenditure.

Expenditure

3. The Secretariat does not propose any increase in expenditure for 2011, on the following grounds.
4. As to Chapters 2 (Remunerations) and 3 (Social charges), the Secretariat wishes to recall Members of the Council that every year the staff remuneration increases by reason of a) yearly adjustments deriving from cost of living increases and b) automatic career advances (both provided for by the system operated by the Co-ordinated Organisations that the Institute has adopted). However, the First estimates for 2011 do not contain any increase of these Chapters, because the Secretariat will make every effort in order to compensate the forecasted increases by a reorganization of the staff which should entail savings.

5. As to Budget allocations for items other than Chapter 2 and Chapter 3, the Secretariat will try to compensate cost rises with an effort to make savings. The Secretariat wishes to underline that many meetings are hosted with either complete or partial funding of the organizers, be this the case of the member Governments that kindly host diplomatic conferences for negotiation of draft UNIDROIT Conventions, or of institutions that kindly host sessions of UNIDROIT working groups and committees designed to build broader consensus around the Institute's drafts. It also receives gifts, i.e. books for the Library, and extra-budgetary contributions aimed at some specific projects, such as the scholarships and the databases.

6. Overall, the Secretariat would therefore propose expenditure for 2011 amounting to € 2,267,725.00, which corresponds to the expenditure included in the budget for 2010.

Receipts

7. The Secretariat would propose that the proposed expenditure for 2011 be covered as follows:

Estimated balance from the 2010 financial year	€	90,000.00
Statutory contribution of Italy	€	197,000.00
Statutory contributions of other member States	€	1,866,225.00
Other receipts	€	84,500.00
Various receipts	€	30,000.00

8. The balance that the Secretariat would anticipate being carried over from the 2010 financial year is based on the fact that the Institute is striving to follow the recommendations of the Finance Committee and of the General Assembly to limit expenditure. The Secretariat is also seeking to obtain financing from private sources for particular projects, i.e. the scholarship programme, the library and the promotion of UNIDROIT instruments.

9. The contribution of Italy is an estimate made by the Secretariat, based on the contribution paid in 2009.

10. The Secretariat would propose that the statutory contributions of member States other than Italy for 2011 be calculated on the basis of a unit of contribution amounting to € 2,505, representing an increase of 2.2% over the unit of contribution approved by the General Assembly for the statutory contributions of member States other than Italy for 2010 (€ 2,450).

11. Under this proposal, the statutory contributions of member States would rise in comparison with the year 2010 as follows:

Category I	from € 122,500	to € 125,250	+ € 2,750
Category II	from € 53,900	to € 55,110	+ € 1,210
Category III	from € 44,100	to € 45,090	+ € 990
Category IV	from € 31,850	to € 32,565	+ € 715
Category V	from € 26,950	to € 27,555	+ € 605
Category VI	from € 22,050	to € 22,545	+ € 495
Category VII	from € 19,600	to € 20,040	+ € 440
Category VIII	from € 12,250	to € 12,525	+ € 275
Special Category	from € 2,450	to € 2,505	+ € 55

12. The miscellaneous receipts that the Secretariat would anticipate receiving in 2011 are made up of € 5,000 by way of interest, € 15,000 by way of contribution to overhead expenses to be made by the Office for Italy and San Marino of the International Labour Organization in return for use of certain services connected with the use of certain parts of its premises and € 64,500 by way of sales of the Uniform Law Review and the other Institute's publications; the increase in this last Article is predicated on the assumption that in 2011 there will be two new publications of the Institute, i.e. the third edition of the UNIDROIT Principles on International Commercial Contracts and the Official Commentary on the Geneva Securities Convention, both in English and French.

13. The Secretariat has included € 30,000 in the various receipts (Chapter 3), corresponding to sums given by private donors for some activities of the Institute, i.e. by the databases.

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14. The Finance Committee, at its 67th session, expressed the following opinion: "The Finance Committee had a thorough discussion of the Draft 2011 Budget which had been prepared by the Secretariat. It appreciates the efforts of the Secretariat to arrive at a zero growth of the expenditure for 2011. This notwithstanding, the Committee expresses its concern for the risk of an increase in the contributions of member States, considering the difficult economic situation at global level, and recommends that yet further possibilities for savings be examined. To this end, the Committee would wish the Governing Council to take the resources of UNIDROIT into consideration when next it discusses the Work Programme and the possible new projects."

15. *The Secretariat would invite the Governing Council to draw up the draft Budget for 2011, on the basis of the first estimates set out in Appendix I to this document and taking into consideration the opinion expressed by the Finance Committee at its 67th session.*

APPENDIX

DRAFT BUDGET FOR 2011
FIRST ESTIMATES

RECEIPTS (in Euro)

	Budget 2010	Budget 2011
Estimated balance on 1 January ¹	90,000.00	90,000.00
Chapter 1: Contributions of member States		
Art. 1 (Italian Government) ²	197,000.00	197,000.00
Art. 2 (Other member States) ³	1,825,250.00	1,866,225.00
Extra-statutory contribution from United Kingdom	56,500.00	
Chapter 2: Other receipts:		
Art. 1 (Interest)	5,000.00	5,000.00
Art. 2 (Contributions to overhead expenses) ⁴	15,000.00	15,000.00
Art. 3 (Sale of publications) ⁵	48,975.00	64,500.00
Chapter 3: Various receipts ⁶	30,000.00	30,000.00
Total of receipts	2,267,725.00	2,267,725.00

EXPLANATORY NOTES TO THE FIRST ESTIMATES - RECEIPTS

- 1 The balance that the Secretariat would anticipate being carried over from the financial year 2011 is predicated on the assumption of the Institute making economies.
- 2 This receipt is an estimate of the Secretariat based on the contribution of the Italian Government in 2009.
- 3 The Secretariat has calculated this receipt on the basis of a unit of contribution amounting to € 2,505, representing an increase of 2.2% in comparison with 2010 (€ 2,450).
- 4 This receipt represents the contribution to overhead expenses made by the Office for Italy and San Marino of the International Labour Organization in return for use of certain services connected with the use of parts of its premises.
- 5 This receipt includes the sale of the Uniform Law Review as well as the sale of other publications of the Institute; the increase is predicated on the assumption that in 2011 there will be two new publications, i.e. the 3rd edition of the UNIDROIT Principles on International Commercial Contracts and the Official Commentary on the Geneva Securities Convention, both in English and French.
- 6 These receipts are contributions from private donors for some activities of the Institute, i.e. the databases.

EXPENDITURE (in Euro)

	2010	2011
Chapter 1 – Reimbursement of expenses		
Art. 1 (Governing Council and Permanent Committee) ¹	50,000.00	50,000.00
Art. 4 (Auditor)	3,500.00	3,500.00
Art. 5 (Committees of Experts) ²	65,000.00	65,000.00
Art. 6 (Official journeys of representatives and staff) ³	28,000.00	28,000.00
Total	146,500.00	146,500.00
Chapter 2 – Salaries and allowances		0
Art.1 (Salaries of Categories A, B and C staff and consultant) ⁴	1,307,875.00	1,307,875.00
Art. 2 (Remuneration for occasional collaborators) ⁵	20,000.00	20,000.00
Total	1,327,875.00	1,327,875.00
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁶	390,000.00	390,000.00
Art. 2 (Accidents' insurance) ⁷	8,500.00	8,500.00
Total	398,500.00	398,500.00
Chapter 4		
Compensation retired members of staff ⁸	2,500.00	2,500.00
Chapter 5		
Publications' printing costs ⁹	31,500.00	31,500.00
Chapter 6 – Administrative expenses		
Art. 1 (Stationery)	21,000.00	21,000.00
Art. 2 (Telephone, fax and Internet)	28,000.00	28,000.00
Art. 3 (Postage) ¹⁰	25,000.00	25,000.00
Art. 4 (Representation)	4,650.00	4,650.00
Art. 5 (Interpreters)	27,500.00	27,500.00
Art. 6 (Miscellaneous)	6,700.00	6,700.00
Total	112,850.00	112,850.00
Chapter 7 – Maintenance costs		
Art. 1 (Electricity)	12,500.00	12,500.00
Art. 2 (Heating)	20,000.00	20,000.00
Art. 3 (Water)	7,000.00	7,000.00
Art. 4 (Insurance of premises)	11,500.00	11,500.00
Art. 5 (Office equipment)	22,000.00	22,000.00
Art. 6 (Upkeep of building, charges for public services)	20,000.00	20,000.00
Art. 7 (Labour costs) ¹¹	27,000.00	27,000.00
Total	120,000.00	120,000.00
Chapter 9 - Library		
Art. 1 (Purchase of books) ¹²	82,000.00	82,000.00
Art. 2 (Binding)	9,000.00	9,000.00
Art. 3 (Software)	22,000.00	22,000.00
Total	113,000.00	113,000.00
Chapter 10		
Promotion of UNIDROIT instruments	5,000.00	5,000.00
Chapter 11		
Legal co-operation programme ¹³	10,000.00	10,000.00
Total ordinary expenditure	2,267,725.00	2,267,725.00

EXPLANATORY NOTES TO THE FIRST ESTIMATES - EXPENDITURE

- 1 This sum is designed to cover the travel and subsistence expenses incurred by the members of the Governing Council and of the Permanent Committee in their attendance of the sessions of those bodies, to be held in Spring 2011.
- 2 This sum is designed to cover the expenditure that will be incurred by the Institute in organising the meetings of the committees of experts and other meetings associated with the current projects of the Institute.
In 2011 the Secretariat has planned two meetings of a study group on the new project “Enhancing trading on emerging capital markets” and two meetings of a study group on the new project “Netting” (subject to the decisions of the Organs of the Institute on its inclusion in the Work Programme); the Secretariat foresees other meetings of study groups, which might meet one or two times in the course of the year, on other new projects, depending on the decisions taken on the Work Programme for the triennium 2011-2013 by the Governing Council and the General Assembly.
The Secretariat wishes to note that it makes every effort to obtain external financing to cover part of these expenses, and that many meetings are hosted with either complete or partial funding of the organizers, be this the case of the member Governments that kindly host diplomatic conferences for negotiation of draft UNIDROIT Conventions, or of institutions that kindly host sessions of UNIDROIT working groups and committees designed to build broader consensus around the Institute’s drafts.
- 3 This sum is designed to cover the travel and subsistence expenses incurred by representatives of the Institute, members of staff and collaborators in connection with official travel on behalf of the Institute, in all cases other than those covered by Chapter 10 (Promotion of UNIDROIT instruments). These missions are accomplished for a number of purposes, whether to further awareness of the Institute’s work in general and, where appropriate, to encourage accession to the Statute of the Institute, to attend meetings organised by the Institute’s sister Organisations, the Hague Conference on Private International Law and the United Nations Commission on International Trade Law, or in respect of the Institute’s ongoing work.
- 4 This Article covers the salaries and allowances of the Secretary-General, the two Deputy Secretaries-General, four other full-time and one part-time professional members of staff, eight full-time and one part-time Category B administrative, secretarial and library members of staff, three full-time Category C members of staff, as well as the salary of a consultant.
The salaries and allowances of Category A members of staff, pursuant to a decision taken by the General Assembly at its 36th session, held in Rome on 12 December 1983, follow the Salaries Scales of the Co-ordinated Organisations, albeit with increases being reduced by an amount equal to 20% and delayed in their application by six months, whereas the salaries and allowances of Categories B and C members of staff follow a scheme, involving amendment of Articles 41 and 67 of the Regulations, approved by the General Assembly at its 38th session, held in Rome on 28 November 1985. Under this scheme, the salaries and allowances of Categories B and C members of staff are closely modelled on the Salaries Scales of the Co-ordinated Organisations, albeit on a considerably reduced scale.
- 5 In recent years this Article has essentially covered the Secretariat’s needs for external technical support, for the updating and maintenance of the Institute’s stock of computers and software or for special collaborations in transcription of materials and translation as well as in the Library.

- 6 This Article covers the insurance of all Categories A, B and C members of staff against disablement, old age and sickness. With a few exceptions, all members of staff are insured for these purposes with the Italian social security system (I.N.P.S.).
- 7 This Article covers the insurance of all Categories A, B and C members of staff against accidents. All members of staff are insured for this purpose with a private Italian insurance company.
- 8 This Chapter covers the payments made to certain retired members of staff to cover the periods, in the past, during which they were not covered for social security purposes. As time goes on and the members of staff in question become fewer and fewer in number, it will be possible to reduce expenditure under this Chapter. Currently, it covers the payments made to only two retired members of staff.
- 9 This Chapter is designed to cover the cost of printing both the four issues of the *Uniform Law Review* that appear annually and of some official documents of the legislative instruments of the Institute. In 2011 the Secretariat envisages the publication in English and French of the Official Commentary to the Convention on substantive rules regarding intermediated securities and of the Third edition of the UNIDROIT Principles on International Commercial Contracts, as well as of the French version of the Official Commentary to the Capetown Convention and the Aircraft Protocol (revised edition).
- 10 This Article includes the cost for telephone, fax and the Internet.
- 11 This Article covers expenditure for posting the Institute's correspondence and publications, including the publications sold by the Institute, which produce receipts.
- 12 This Article covers also charges for some public services (i.e. waste disposal).
- 13 This Article covers the cost of the two cleaners and the company which occasionally looks after the garden. None of these are members of staff: they are all outside contractors.
- 14 This Chapter covers the cost of acquisitions for the library's stock of books and the maintenance of its subscriptions to law journals, as well as the cost of binding. It is to be noted that, with the ever escalating cost of both, the library is necessarily forced severely to restrict its new acquisitions. It has to be added that the publication of the *Uniform Law Review* permits the library to count on exchanges - whose number has risen in the last two years and is now of 210 journals, thanks to an effort in this direction made by the Secretariat - and on complimentary copies sent by the publisher and/or the author wishing to see a book-review published in the *Review*; the Library has also received gifts from private donors.
- 15 This Chapter covers the cost of the Institute's contribution to its scholarships programme for lawyers from developing countries and countries engaged in the transition to a market economy. Some other scholarships are provided by special contributions of member States or of private donors.

Overall, the Secretariat proposes that the expenditure for 2011 amounts to € 2,267,725.00, i.e. the same expenditure included in the budget for 2010.