



**EN**

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**Item No. 13 on the agenda: Preparation of the draft budget for the 2017 financial year**

(Memorandum prepared by the Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2017</i>
<i>Action to be taken</i>	<i>Preparation of the draft budget for the 2017 financial year</i>
<i>Related document</i>	<i>Draft budget 2017 – First estimates (UNIDROIT 2016 - F.C.(79) 2 )</i>

1. The first estimates of receipts and expenditure for the 2017 financial year prepared by the Secretariat (F.C. (79) 2) were examined by the Finance Committee at its 79<sup>th</sup> session (Rome, 17 March 2016), in accordance with Article 26 of the Regulations.
2. At that session, the Finance Committee took note of the first estimates, which contemplated zero growth in the budget for 2017.
3. On the basis of those initial estimates, the Governing Council is called upon to draw up the draft Budget for 2017 to be communicated to the Governments of member States for observations. Governments will have until 2 September 2016 to submit their observations.
4. Together with any comments received by the Secretariat, the draft Budget will be transmitted to the Finance Committee, for consideration at its 80<sup>th</sup> session, to be held in Rome, late September 2016. The Committee will at that time give its opinion of the draft Budget before its submission to the General Assembly at its 75<sup>th</sup> session in Rome, to be held in Rome late November or early December 2016.

**APPENDIX**

**DRAFT BUDGET FOR THE 2017  
FINANCIAL YEAR**

**RECEIPTS (in Euro)**

	<b>Budget 2016</b>	<b>Budget 2017</b>
<b>Chapter 1: Contributions of member States<sup>1</sup></b>		
Contributions of member States	2,223,870.00	2,223,870.00
<b>Chapter 2: Other receipts:</b>		
Art. 1 (Interest) <sup>2</sup>	1,000.00	1,000.00
Art. 2 (Contributions to overhead expenses) <sup>3</sup>	15,000.00	15,000.00
Art. 3 (Sale of publications) <sup>4</sup>	17,000.00	17,000.00
<b>Chapter 3: Various receipts</b>		
Tax reimbursement credit <sup>5</sup>	15,000.00	15,000.00
<b>Total of receipts</b>	<b>2,271,870,00</b>	<b>2,271,870,00</b>

**EXPLANATORY NOTES TO THE DRAFT BUDGET - RECEIPTS**

1 No change is proposed for 2017.

2 The Secretariat estimates the interests earned on deposits in checking accounts to be the same as in previous years.

3 This sum represents the share of the Office for Italy and San Marino of the International Labour Organization in the operating expenses of the premises of UNIDROIT.

4 The Secretariat estimates the income earned from the sale of publications to be approximately the same as in previous years.

5 The extraordinary income estimated under this Chapter relates to the reimbursement by the Government of the United States of America of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat, under the terms of a tax reimbursement agreement signed between UNIDROIT and the Government of the United States of America on 17 September 2013 (see Expenditure, note 3) .

**EXPENDITURE (in Euro)**

	<b>2016</b>	<b>2017</b>
<b>Chapter 1 – Meeting and travel costs <sup>1</sup></b>		
Art. 1 (Governing Council and Permanent Committee)	50,000.00	50,000.00
Art. 2 (Auditor)	4,500.00	4,500.00
Art. 3 (Administrative tribunal)	-	-
Art. 4 (Committees of Experts)	90,000.00	120,000.00
Art. 5 (Official journeys and promotion of activities)	50,000.00	50,000.00
Art. 6 (Interpreters)	36,000.00	36,000.00
Art. 7 (Representation)	8,000.00	8,000.00
<b>Subtotal</b>	<b>238,500.00</b>	<b>268,500.00</b>
<b>Chapter 2 – Salaries and allowances</b>		
Art.1 (Salaries of Categories A, B and C staff and consultant) <sup>2</sup>	1,207,831.00	1,179,293.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00
Art. 3 (Tax reimbursement) <sup>3</sup>	15,000.00	15,000.00
<b>Subtotal</b>	<b>1,242,831.00</b>	<b>1,214,293.00</b>
<b>Chapter 3 – Social security charges</b>		
Art. 1 (Insurance against disablement, old age and sickness) <sup>4</sup>	415,789.00	414,327.00
Art. 2 (Accidents' insurance) <sup>5</sup>	9,000.00	9,000.00
Art. 3 (Compensation retired members of staff) <sup>6</sup>	2,250.00	2,250.00
<b>Subtotal</b>	<b>427,039.00</b>	<b>425,577.00</b>
<b>Chapter 4 – Administrative expenses<sup>7</sup></b>		
Art. 1 (Stationery)	20,000.00	20,000.00
Art. 2 (Telephone, fax and Internet)	23,000.00	23,000.00
Art. 3 (Postage)	11,500.00	11,500.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00
Art. 5 (Printing of publications)	15,000.00	15,000.00
<b>Subtotal</b>	<b>74,500.00</b>	<b>74,500.00</b>
<b>Chapter 5 – Maintenance costs <sup>8</sup></b>		
Art. 1 (Electricity)	20,000.00	20,000.00
Art. 2 (Heating)	20,000.00	20,000.00
Art. 3 (Water)	7,000.00	7,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	26,000.00	26,000.00
Art. 6 (Upkeep of building, public services)	30,000.00	30,000.00
Art. 7 (Labour costs)	45,000.00	45,000.00
<b>Subtotal</b>	<b>160,000.00</b>	<b>160,000.00</b>
<b>Chapter 6 – Library <sup>9</sup></b>		
Art. 1 (Purchase of books)	90,000.00	90,000.00
Art. 2 (Binding)	9,000.00	9,000.00
Art. 3 (Software)	30,000.00	30,000.00
<b>Subtotal</b>	<b>129,000.00</b>	<b>129,000.00</b>
<b>Total expenditure</b>	<b>2,271,870.00</b>	<b>2,271,870.00</b>

## EXPLANATORY NOTES TO THE DRAFT BUDGET - EXPENDITURE

1 Purpose of expenditure: to cover travel and subsistence expenses incurred by the members of the Governing Council and of the Permanent Committee in their attendance of sessions of those bodies; the fees due to the auditor appointed by the General Assembly; the costs of hearings of the Administrative Tribunal, registrar services and sums awarded by the Tribunal for settlement of claims; the costs incurred by UNIDROIT in organising meetings of committees of experts and other meetings associated with the organisation's Work Programme; the travel and subsistence expenses incurred by representatives of UNIDROIT, members of staff and collaborators in connection with the attendance of meetings of other organisations with which UNIDROIT cooperates, as well as missions intended to further awareness of UNIDROIT's work in general and, where appropriate, to encourage accession to the Statute of the Organisation; cover the cost of simultaneous interpretation at meetings held by UNIDROIT; the cost of representation functions, such as receptions and similar events organised by UNIDROIT in connection with its meetings.

The Secretariat proposes an increase of € 30,000.00 in Article 4 (Committees of Experts) of Chapter 1, by reallocating to this line of expenditure savings expected to be made under Article 1 (Salaries of Categories A, B and C staff and consultant) of Chapter 2 (Salaries and allowances) and under Article 1 (Insurance against disablement, old age and sickness) of Chapter 3 (Social security charges) (see notes 2 and 4 below). This sum will be used by the Secretariat to cover meetings costs, as well as cost of commissioning research and studies needed in connection with the implementation of the new Work Programme for the Triennium 2017-2019.

2 **Purpose of expenditure:** to cover the salaries and allowances of the professional, administrative, secretarial and library members of UNIDROIT staff as well remuneration of a consultant.

The Secretariat expects that the costs of salary raises due to regular step-in-grade increments pursuant to the UNIDROIT Regulations will be entirely offset by the cost reductions resulting from departure of long-serving staff members during the year 2016 and recruitment of new staff members at a lower entry level. The Secretariat also intends to keep one part-time position vacant, utilising the resources thus freed for commissioning studies by outside experts.

The Secretariat thus proposes a decrease of € 28.538,00 for 2017.

3 **Purpose of expenditure:** to cover the cost of federal, state and municipal taxes payable by a US citizen appointed to the UNIDROIT Secretariat. These costs will be refunded by the Government of the United States of America, under the terms of a tax reimbursement agreement signed in September 2013.

The first financial year in respect of which taxes were refunded by UNIDROIT was the year 2015. As of the time of this writing, the reimbursement claims had not yet been processed by the Government of the United States of America, the Secretariat has retained for the year 2017 the estimate figure stated in the budget approved for the year 2016.

4 **Purpose of expenditure:** insurance coverage of staff members against disability, old age and sickness. With a few exceptions, all staff members of staff are insured for these purposes with the Italian social security system (INPS).

As a result of staff movements forecasted for 2016, a € 1,462 decrease in expenditure under this article is expected for 2017.

5 **Purpose of expenditure:** insurance coverage of all staff members against accidents. All staff members are insured for this purpose with a private Italian insurance company.

No change is proposed for 2017.

6 **Purpose of expenditure:** payments to one retired member of staff to cover the periods, in the past, during which he was not covered for social security purposes.

No change is proposed for 2017.

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

No change is proposed for 2017.

8 **Purpose of expenditure:** to cover utilities fees (electricity, water and gas bills), building maintenance costs (insurance, ordinary repairs in the building, maintenance of elevators) and charges for municipal services (i.e. waste disposal).

No change is proposed for 2017.

9 **Purpose of expenditure:** to cover the cost of acquisitions for the Library's stock of books and the maintenance of its subscriptions to law journals, binding of periodicals and subscriptions to electronic journals and databases.

No change is proposed for 2017.

Overall, the Secretariat proposes a total expenditure of € 2,271,870.00 for the year 2017, which equals the expenditure authorised under the 2016 budget.