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Item No. 2 on the Agenda: Draft Budget for 2015 - First estimates

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>First estimates of receipts and expenditure for 2015</i>
<i>Action to be taken</i>	<i>Opinion of the members of the Finance Committee with regard to the first estimates of the Secretariat prior to the formal establishment of the draft Budget by the Governing Council at its 93rd session (Rome, 7-10 May 2014)</i>
<i>Related documents</i>	<i>None</i>

Introduction

1. Appendix I to this document sets out the first estimates for a draft Budget for the financial year 2015, which the Secretariat prepared, in accordance with Article 26 of the Regulations for an initial review by the Finance Committee.

2. In the light of comments by the Finance Committee, these estimates will be revised, as appropriate, and submitted to the Governing Council at its 93rd session, which will be held in Rome from 7 to 10 May 2014. On the basis of these first estimates, the Council will establish the draft Budget for 2015, to be communicated to member States, for their review and comments. Comments by member States should be submitted to the Secretariat by 19 September 2014. Thereafter, the draft Budget, together with any comments received by the Secretariat, will be submitted to the Finance Committee for consideration at its 76th session in Rome, to be held in the first half of October 2014. The Committee will, at that time, formulate its opinion on the draft Budget before its submission to the General Assembly for review and adoption at its 73rd session, to be held in Rome in late November or early December 2014.

APPENDIX

**DRAFT BUDGET FOR THE 2015
FINANCIAL YEAR**

RECEIPTS (in Euro)

	Budget 2014	Budget 2015
Chapter 1: Contributions of member States		
Art. 1 (Italian Government) ¹	126,250.00	126,250.00
Art. 2 (Other member States) ²	2,093,225.00	2,093,225.00
Chapter 2: Other receipts:		
Art. 1 (Interest) ³	1,000.00	1,000.00
Art. 2 (Contributions to overhead expenses) ⁴	15,000.00	15,000.00
Art. 3 (Sale of publications)	22,000.00	21,206.00
Chapter 3: Various receipts		
Tax reimbursement credit ⁵	15,000.00	15,000.00
Total of receipts	2,272,475.00	2,271,681.00

EXPLANATORY NOTES TO THE DRAFT BUDGET - RECEIPTS

¹ Estimate based on the amount which the Italian Government expects to be able to contribute to UNIDROIT in 2014.

² No change is proposed for 2015.

³ The Secretariat estimates the interests earned on deposits in checking accounts to be the same as in the previous years.

⁴ This sum represents the share of the Office for Italy and San Marino of the International Labour Organization in the operating expenses of the premises of UNIDROIT.

⁵ The 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.

EXPENDITURE (in Euro)

	2014	2015
Chapter 1 – Meeting and travel costs ¹		
Art. 1 (Governing Council and Permanent Committee)	48,000.00	48,000.00
Art. 2 (Auditor)	3,869.60	3,869.60
Art. 3 (Administrative tribunal)	-	-
Art. 4 (Committees of Experts)	88,000.00	88,000.00
Art. 5 (Official journeys and promotion of activities)	50,000.00	50,000.00
Art. 6 (Interpreters)	35,500.00	35,500.00
Art. 7 (Representation)	7,000.00	7,000.00
Subtotal	232,369.60	232,369.60
Chapter 2 – Salaries and allowances		
Art.1 (Salaries of Categories A, B and C staff and consultant) ²	1,242,481.00	1,207,081.40
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00
Art. 3 (Tax reimbursement) ³	15,000.00	15,000.00
Subtotal	1,277,481.00	1,242,081.40
Chapter 3 – Social security charges		
Art. 1 (Insurance against disablement, old age and sickness) ⁴	413,624.40	429,230.00
Art. 2 (Accidents' insurance) ⁵	8,500.00	8,500.00
Art. 3 (Compensation retired members of staff) ⁶	2,500.00	2,500.00
Subtotal	424,624.40	440,230.00
Chapter 4 – Administrative expenses		
Art. 1 (Stationery)	20,000.00	20,000.00
Art. 2 (Telephone, fax and Internet)	23,000.00	23,000.00
Art. 3 (Postage)	10,000.00	10,000.00
Art. 4 (Miscellaneous)	5,000.00	5,000.00
Art. 5 (Printing of publications)	15,000.00	15,000.00
Subtotal	73,000.00	73,000.00
Chapter 5 – Maintenance costs		
Art. 1 (Electricity) ⁷	10,000.00	18,000.00
Art. 2 (Heating) ⁷	22,000.00	28,000.00
Art. 3 (Water)	7,000.00	7,000.00
Art. 4 (Insurance of premises)	12,000.00	12,000.00
Art. 5 (Office equipment)	23,000.00	23,000.00
Art. 6 (Upkeep of building, public services) ⁸	25,000.00	30,000.00
Art. 7 (Labour costs)	45,000.00	45,000.00
Subtotal	144,000.00	163,000.00
Chapter 6 – Library		
Art. 1 (Purchase of books)	90,000.00	90,000.00
Art. 2 (Binding)	9,000.00	9,000.00
Art. 3 (Software)	22,000.00	22,000.00
Subtotal	121,000.00	121,000.00
Total expenditure	2,272,475.00	2,271,681.00

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.

No change is proposed for 2015.

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

Following the departure of a Senior Officer at the end of 2013, there are currently two vacancies at the professional level, which the Secretariat expects to be able to fill at a level lower than that of the original incumbents. There is another vacancy of a Category B staff which needs to be filled in 2014 to replace the only native English speaker in that category of the UNIDROIT staff.

Despite these new hirings, the Secretariat expects that placement of new staff members at grades and steps lower than those of previous incumbents will actually result in a savings calculated at € 35,399.60.

- 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.

As the concerned US member of staff left the Secretariat at the end of 2013, but the Secretariat proposes to retain this article in the 2015 budget should the selection process to fill current vacancies lead to hiring a US citizen.

- 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).

Expenditure estimates under this chapter for the year 2014 reflected a projection of the actual cost of health and retirement insurance for UNIDROIT staff in 2013. Some staff members, as was the case of the Senior Officer who left the Institute in December 2013, were enrolled under health and retirement insurance schemes other than INPS, at a lower cost. At this stage, now yet knowing the outcome of the ongoing hiring process, the Secretariat deems it prudent to anticipate enrolling all new staff under INPS.

- 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 2015.

- 6 **Purpose of expenditure:** payments to two retired members of staff to cover the periods, in the past, during which they were not covered for social security purposes.

No change is proposed for 2015.

- 7 **Purpose of expenditure:** to cover expenses for electricity and heating.

As in the recent years such costs at the end of the financial year were much higher than anticipated, the Secretariat needs to increase the sums allocated.

- 8 **Purpose of expenditure:** to cover building maintenance costs (ordinary repairs in the building, maintenance of elevators) and charges for municipal services (i.e. waste disposal).

The proposed increase is to cover repairs in the building which are urgently needed and neglected in the past for lack of funds, as well as to cover the cost of the newly created charge for municipal services (TARES).

Overall, the Secretariat proposes a total expenditure of € 2,271,681.00 for the year 2015, which represents a decrease of expenditure of € 794, as compared to the expenditure authorised as under the 2014 budget.