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**FINANCE COMMITTEE  
79<sup>th</sup> session  
Rome, 17 March 2016**

UNIDROIT 2016  
F.C. (79) 4  
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**REPORT**

(prepared by the UNIDROIT Secretariat)

1. The 79<sup>th</sup> session of the Finance Committee was held at UNIDROIT's seat in Rome on 17 March 2016 and commenced at 10:10am.

2. The *Secretary-General of UNIDROIT*, Mr José Angelo Estrella Faria, opened the session and welcomed the members of the Committee (for a complete list of participants, see Annex). He noted that Ms Amelie Duranton, a representative of France, was currently the chair of the Finance Committee, as agreed at the Committee's 78<sup>th</sup> session (Rome, 8 October 2015). As Ms Duranton was unable to attend the session, she was represented by Mr Jonathan Cordier, a Counsellor at the French Embassy in Italy. The Secretary-General proposed that the Committee invite Mr Cordier to serve as chair of the session.

3. *Upon invitation by the Committee, Mr Cordier chaired the session on behalf of Ms Duranton.*

**Item No. 1 on the agenda: Adoption of the agenda (F.C. (79) 1)**

4. The *Chair* proposed adoption of the draft agenda to the Committee. *The agenda was adopted as proposed in document F.C. (79) 1.*

**Item No. 2 on the agenda: Draft Budget for 2017 – first estimates (F.C. (79) 2)**

5. The *Chair* drew the Committee's attention to the draft Budget for 2017, which contained first estimates for that year. He then gave the floor to the Secretary-General to present the document.

6. The *Secretary-General* thanked the Chair and stated at the outset that the draft Budget anticipated zero nominal growth for 2017. He noted a few changes in the allocation of resources, drawing the Committee's attention to the expenditure chart on page 4 of the document. That chart showed the shifting of resources from Chapter 2 on salaries and allowances, for which a decrease was proposed, to Chapter 1 on meeting and travel costs, for which a corresponding increase was proposed. Noting that the reasons for the shift were described in explanatory notes 1 and 2, the Secretary-General pointed out that, following the retirement of a senior consultant who had been

remunerated out of Chapter 2, the corresponding sum was shifted to Chapter 1, whereby it would be possible to use that sum to hire consultants to prepare studies in support of ongoing projects on an ad hoc basis or to cover meeting costs.

7. The Secretary-General stated that this shift was advantageous because, depending on the progress of the current Work Programme and the decisions of the Governing Council, the Secretariat would likely have to budget for Committee of Governmental Experts (CGE) meetings to consider the proposed fourth Protocol to the Cape Town Convention on International Interests in Mobile Equipment on matters specific to agricultural, construction, and mining equipment. For such meetings, he noted that conference rooms larger than those available at UNIDROIT's seat would be needed. Although the Food and Agriculture Organization of the United Nations (FAO) offered such rooms at only the cost of FAO's overhead expenses incurred for UNIDROIT's use of them, holding two meetings there would nevertheless cost roughly €40,000 to €50,000. He further noted that, with the proposed shift in resources, this expense could be accommodated without any negative impact on other projects.

8. The Secretary-General then stated that, if it was necessary in the future to hire a new staff member, then the Secretariat could at that time propose to the Finance Committee and General Assembly shifting those resources back from Chapter 1 to Chapter 2. The Secretary-General concluded by stating that, at the present time, he was grateful to lead a highly productive and efficient team at the Secretariat and did not anticipate a need to hire a new staff member in the immediate future.

9. The *Chair* thanked the Secretary-General for his observations on the document and opened the floor for comments and questions.

10. The *representative of the United States of America* expressed appreciation for the Secretariat's thorough and clear budgetary document and for the ambitious programme that it was setting forth while operating within the constraints of UNIDROIT's modest budget. Regarding the reimbursement of taxes payable by a US citizen appointed to the Secretariat under the tax reimbursement agreement in place between UNIDROIT and the United States, she noted that the United States was working to process the outstanding reimbursement request, which was the first one made under that agreement. She further noted that the US Department of State had developed new guidance to facilitate the processing of future reimbursement requests and that such guidance had been shared with the Secretariat.

11. The *Chair*, seeing no further requests for the floor, proposed that the Finance Committee proceed with the proposal. *The Finance Committee took note of the Secretariat's first estimates of the draft Budget for 2017.*

**Item No. 3 on the agenda:                      First review of the Accounts of the financial year 2015  
(F.C. (79) 3)**

12. The *Chair* moved the committee to the next item on the agenda and gave the floor to the Secretary-General to present the document.

13. The *Secretary-General* stated that it was usual for the Finance Committee to look at the prior year's financial performance while considering the first estimates for the following financial year. He noted that UNIDROIT had performed rather well financially during 2015 as less was spent than anticipated due to staffing changes and the lower costs of new staff members' social security arrangements, thereby enabling that financial year to be closed with a modest surplus of €30,000. When that amount was added to what had been carried over from the 2014 financial year, there was a balance of €67,290 in savings.

14. The Secretary-General then sought the authorisation of the Finance Committee to use those savings to cover costs arising from the various events linked to UNIDROIT's 90<sup>th</sup> Anniversary celebration on 20 April 2016, which would also be paid for in part by voluntary contributions received. In this regard, the Secretary-General recognised the efforts of UNIDROIT's President, Mr Alberto Mazzoni, which had resulted in voluntary contributions from a number of Italian law firms. He noted that such contributions had been used to acquire books for the Library and to organise scientific and academic events, to which the Italian legal and academic community were invited. He emphasised that the 90<sup>th</sup> Anniversary events would thus be funded in a way that would not impact the Work Programme.

15. Drawing the Committee's attention to the summary of expenditure table on page 19, the Secretary-General noted that savings had been achieved under nearly all Chapters of the Budget. The additional expenditure under the Chapter for maintenance costs related to the use of savings from previous financial years for refurbishments and improvements to UNIDROIT's premises, which had been authorised by the Finance Committee and was budget neutral.

16. Lastly, the Secretary-General referred to the table for receipts on page 11. He explained that the excess contribution by Italy related to the fact that Italy had paid its contributions for both 2014 and 2015 in early 2015. As a result, Italy's 2014 contribution could not be applied to the 2014 financial year and thus an excess contribution appeared in the table. He noted with concern, however, a higher shortfall in contributions than in previous years, as a number of member States had accumulated roughly €180,000 in arrears. In this regard, he informed the Committee that he was actively consulting with the Member States in arrears to resolve the shortfall situation.

17. The *Chair* thanked the Secretary-General for his observations. The Chair inquired whether there were any requests for the floor to comment on (1) the Accounts for 2015, (2) the arrears, which were of legitimate concern, and (3) the use of the €67,290 surplus, which could cover additional costs arising from the 90<sup>th</sup> Anniversary events to the extent that they would not be covered by voluntary contributions.

18. *Seeing no requests for the floor, the Chair thanked the Secretariat for providing the first review of the Accounts for the 2015 financial year and noted that the Committee had authorised the Secretariat to use the surplus, to the extent necessary, for the upcoming 90<sup>th</sup> Anniversary events.*

**Item No. 4 on the agenda: Any other business**

19. The *Chair* opened the floor for comments or questions regarding any other business.

20. The *Secretary-General* noted that, even though the date by which the Secretariat had requested confirmation of attendance at the 90<sup>th</sup> Anniversary celebration on 20 April 2016 had already passed, the Secretariat would of course accept further confirmations. He then noted that several of the representatives present at the session had confirmed that their Ambassadors would attend that special occasion and that UNIDROIT would be honoured by their attendance.

21. The *Chair*, seeing no further requests for the floor, stated that there would be a meeting of the informal working group on the compensation and social security package offered to UNIDROIT's staff immediately following the Committee's session. He then expressed his best wishes to the Secretariat for the organisation of the 90<sup>th</sup> Anniversary celebration, encouraged high-level attendance for that celebration, and proceeded to close the session at 10:30am.

**ANNEX****List of participants**

Ms Konstanze GEIGER	(Austria)
Mr Warren SENKOWSKI	(Canada)
Mr Jonathan CORDIER	(France)
Mr Marco ACQUATICCI	(Germany)
Mr Korosh JAFARI	(Iran)
Ms Catherine FLUMIANI	(Italy)
Mr Benito JIMENEZ	(Mexico)
Ms BAIK Seonghee	(Republic of Korea)
Mr Evgeny EGOROV	(Russian Federation)
Mr Juan Claudio de RAMÓN	(Spain)
Ms Teresa DI VITO	(Switzerland)
Ms Daleya UDDIN	(United States of America)

**UNIDROIT Secretariat**

Mr José Angelo ESTRELLA FARIA	(Secretary-General)
Ms Anna VENEZIANO	(Deputy Secretary-General)
Mr Neale BERGMAN	(Legal Officer)