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FINANCE COMMITTEE
96th session
Rome/remote, 12 October 2023

UNIDROIT 2023
F.C. (96) 8
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REPORT

(prepared by the UNIDROIT Secretariat)

1. The 96th session of the Finance Committee was held in person in Rome and via videoconference on 12 October 2023.

Item No. 1 on the agenda: Opening of the session

2. *The Secretary-General* opened the session and welcomed all the participating Members of the Committee (for a complete list of participants, please see [Annexe I](#)). He noted that several new individuals had been appointed to the Committee and extended a warm welcome to H.E. Ambassador Renato Mosca de Souza, the new Ambassador of Brazil to Italy, who was participating in person.

**Item No. 2 on the agenda: Appointment of the Chair of the Finance Committee
([F.C. \(96\) 1](#))**

3. *The Secretary-General* noted that the Finance Committee needed to appoint a new Chair, while reaffirming his expression of gratitude to the former Chair, Mr Samuel Rothenberg. In line with UNIDROIT's established practice of appointing as Chair the longest-serving member of the Committee and considering that it would be challenging to chair the Finance Committee remotely, the UNIDROIT Secretariat proposed appointing as new Chair Mr Masamichi Yamashita, the representative of Japan. The Secretary-General asked the Committee whether it agreed to appoint Mr Yamashita as the new Chair of the Committee.

4. The participating Members of the Finance Committee unanimously supported the appointment of Mr Yamashita as the Chair of the Finance Committee.

5. *The Committee appointed Mr Yamashita, representative of Japan, as the new Chair of the Finance Committee.*

Item No. 3 on the agenda: Adoption of the agenda ([F.C. \(96\) 1](#))

6. The newly-appointed *Chair* thanked the Committee for its confidence and commended the important work the Committee had done under the guidance of the outgoing Chair. He noted that 2023 was an important year for UNIDROIT, since it was the first year of the implementation of the Institute's ambitious Work Programme for the 2023-2025 triennium. He explained that the objective of this Finance Committee meeting was mostly to prepare the documents pertaining to financial matters to be considered by the General Assembly at its 82nd meeting in December 2023.

7. The Chair proposed the adoption of the agenda and opened the floor for comments. *The agenda was adopted as proposed in document F.C. (96) 1 (see [Annexe II](#)).*

Item No. 4 on the agenda: Final modifications to the Budget and Accounts for the 2022 financial year (F.C. (96) 2)

8. *The Chair* drew the Committee's attention to document F.C. (96) 2 concerning the Accounts for the financial year 2022 and invited the Secretary-General to present the document.

9. *The Secretary-General* recalled that the Budget for the 2022 financial year as approved by the General Assembly at its 80th session (December 2021) had provided for an estimated expenditure and receipts of € 2,335,000.00. The Accounts for 2022 showed that the actual receipts had been lower than anticipated (€ 2,252,462.68). In line with the Institute's prudent approach, the Secretariat had managed to limit the actual expenses in 2022 to € 2,297,333.33. This had resulted in a debit balance in 2022 of € 44,870.65, leading to a remaining buffer of € 276,074.08. The Secretary General rendered himself available to explain or provide additional information on any part of the document under consideration.

10. *The Chair* thanked the Secretary-General for his explanations and expressed his appreciation for the efforts of the Secretariat to limit the actual expenditure in 2022 to the greatest extent possible, considering that the actual receipts had been lower than expected.

11. *The Committee agreed to transmit a positive opinion on the final modifications to the Budget and Accounts for the 2022 financial year to the General Assembly for its 82nd session (Rome, 14 December 2023).*

Item No. 5 on the agenda: Adjustments to the Budget for the 2023 financial year (F.C. (96) 3)

12. *The Chair* drew the Committee's attention to document F.C. (96) 3 and invited the Secretary-General to present it.

13. *The Secretary-General* explained that document F.C. (96) 3 provided the Committee with an update regarding the running expenditure for 2023. He recalled that the first estimates of receipts and expenditures for the financial year 2023 had been examined by the Finance Committee at its 93rd session (May 2022). Those first estimates had been submitted to the Governing Council, which had established the draft Budget 2023 at its 101st session (June 2022). The draft Budget had then been submitted to the Governments of UNIDROIT Member States for their observations. The Governments of Brazil and of Ireland had submitted comments. The Governments of Ireland and – although not expressly notified – Portugal had indicated to voluntarily remain in a higher Member State contribution category in 2023, while the Governments of Argentina and Brazil had requested an additional year of suspension of their reclassification in UNIDROIT's Contributions Chart. The draft Budget for 2023 had subsequently been presented to the Finance Committee at its 94th session (October 2022) and had ultimately been approved by the General Assembly at its 81st session (December 2022).

14. The Secretary-General noted that the Finance Committee had been informed during its 94th session that adjustments to the Budget for 2023 would need to be made in the course of 2023 to reflect the steady increase in salary payments each year. In the last few years, the increase in salary payments had been calculated based on the Budget of the previous year, while an approach based on the Accounts of the previous year would provide a more realistic estimate. Accordingly, the Secretariat had presented proposed amendments to the 2023 Budget to the Finance Committee at its 95th session (March 2023).

15. The Secretary-General explained that document F.C. (96) 3 contained a few refinements to the proposed adjustments to the 2023 Budget as presented to the Finance Committee in March 2023, mainly based on the partial accounts available for the current financial year. The expected

expenditure under Chapter 1 (Meeting costs and official travel) and Chapter 3 (Social security charges) had been adjusted downwards, whereas the anticipated expenditure under Chapter 2 (Salaries and allowances), Chapter 5 (Maintenance costs) and Chapter 6 (Library) was expected to be slightly higher than had been forecasted in March 2023. The total amount of receipts and expenditure in 2023 was expected to remain € 2,427,586.00, as had been anticipated to the Finance Committee in March 2023.

16. The Secretary-General added that the increase in expected receipts in 2023 as compared to 2022 was explained mainly by the expectation that arrears in Member State contributions would be reduced, and considering that two new States had joined UNIDROIT in 2023 (the Republic of Singapore and Mongolia).

17. *The Chair* thanked the Secretary-General for his comprehensive explanations and for the high level of transparency.

18. The newly-appointed *representative of the United States* thanked the Secretary-General for the excellent document and expressed her sincere appreciation for the level of transparency and responsible budgeting by UNIDROIT.

19. H.E. Ambassador Mosca de Souza, *the representative of Brazil*, joined the representative of the United States in thanking the Secretary-General for the comprehensive and transparent set of documents.

20. *The representative of Indonesia* congratulated the Chair of the Committee on his appointment. He thanked the Secretary-General for the update on the 2023 Budget and welcomed that the adjusted Budget already took into account the contributions by the two new Member States. He expressed the hope that more States, including from Southeast Asia, would join UNIDROIT as it continued to raise its visibility and expand its work. Additionally, he welcomed the proposed upward adjustment in budget for Library software, which was considered very beneficial for researchers in Indonesia.

21. *The representative of Canada* congratulated the new Chair on his appointment and looked forward to working under his leadership. She thanked the Secretary-General for his continued proactive and cautious approach in managing UNIDROIT's budget. She noted that the proposed adjustments to the 2023 Budget were clearly set out and seemed very reasonable.

22. *The Secretary-General* thanked the Members of the Finance Committee for their positive interventions and especially thanked the representative of Indonesia for his support to the proposed increase in Library expenditure. He explained that the budget of UNIDROIT's Library was small compared to similar libraries, which had made it challenging for the Library to keep up with developments. He noted that the Library was doing its utmost to limit its expenditure, including by gratefully accepting donations from other libraries and institutions.

23. *The Committee took note of the proposed adjustments to the Budget for the 2023 financial year and recommended their approval by the General Assembly at its 82nd session (Rome, 14 December 2023).*

Item No. 6 on the agenda:

Information on the extra-budgetary contributions received in 2023 and on their allocation to the activities and projects of the Institute (F.C. (96) 4)

24. *The Chair* drew the Committee's attention to document F.C. (96) 4 and invited the Secretary-General to present it.

25. *The Secretary-General* introduced the document, which specified the use and purpose of extra-budgetary contributions received by the Institute in 2023. He sincerely thanked the Government of the People’s Republic of China for its donation of € 18,000 to the UNIDROIT Scholarship, Internship and Research Programme. He also expressed his gratitude to the Government of Italy for its generosity in funding a Chair position for an African researcher to assist UNIDROIT in its work in the field of law and agriculture. Additionally, the Italian Ministry of Foreign Affairs and International Cooperation had made a substantial donation for the organisation of the second edition of the UNIDROIT International Programme for Law and Development (IPLD), formerly known as the International Summer School, which had targeted African jurists and had been a great success. He added that it was hoped that a third edition could be organised in 2024. Furthermore, he thanked the Italian Government for its earlier contribution of € 735,600.00 to renovate the façade of Villa Aldobrandini. He expressed the hope that the work would start soon.

26. In addition, the Secretary-General mentioned that a Dutch foundation had made a generous donation to enable the expansion of the Library and the update and digitalisation of its collection. Thanks to this donation, a new Library space had been opened earlier this year that would host, among other things, the newly-founded Nordic Law Centre. Finally, the Secretary-General noted that the Bank of Italy had generously agreed to facilitate a Chair position for a researcher to assist the Secretariat mainly with the project on Bank Insolvency. The Secretary-General emphasised that the extrabudgetary contributions received in 2023 demonstrated the Secretariat’s efforts to maintain and increase the Institute’s activities without impact on its Member States.

27. *The Chair* thanked the Secretary-General for his introduction and praised the Secretariat’s efforts in raising extrabudgetary funds to expand UNIDROIT’s activities.

28. *The representative of Italy* congratulated the Chair on his appointment. He thanked the Secretary-General for his leadership and for the documents presented. He commended UNIDROIT for its transparency and for its prudent budget management. He indicated that the Government of Italy was pleased to contribute to the activities of UNIDROIT, including by means of extrabudgetary contributions. He praised the success of the IPLD, which he hoped would continue in the future.

29. *The representative of the People’s Republic of China* congratulated the Chair on his appointment and thanked the Secretary-General for the transparent and comprehensive documents. She noted that the People’s Republic of China greatly appreciated UNIDROIT’s work in the field of private law. She indicated that the Government of the People’s Republic of China was pleased to contribute to UNIDROIT’s Scholarship, Internship and Research Programme, which allowed researchers from developing countries to conduct research at the Institute.

30. *The Chair* thanked the representatives of Italy and of the People’s Republic of China for their kind words and generous support to the Institute.

31. *The Secretary-General* highlighted the importance of the part of the contribution by the Government of the People’s Republic of China to UNIDROIT’s Scholarship, Internship and Research Programme which was used to support research periods at UNIDROIT by researchers from developing countries.

32. *The Committee took note of the information on extra-budgetary contributions received by UNIDROIT in 2023.*

Item No. 7 on the agenda: Arrears in contributions of Member States ([F.C. \(96\) 5](#))

33. *The Chair* drew the Committee’s attention to document F.C. (96) 5 and invited the Secretary-General to present that document.

34. *The Secretary-General* was very pleased to report that, to the date of the Finance Committee, several Member States had paid their arrears in the course of 2023, including countries that had had long-standing arrears. He thanked those Member States and expressed gratitude to all States that had paid their contributions in a timely manner. He explained that the table in document F.C. (96) 5 showed the relatively limited amount of remaining arrears. He expressed the hope that those arrears would be settled soon. Finally, he explained that the table did not show the outstanding contributions of inactive Member States. Inactive States could become active again by requesting a payment arrangement that would then be presented to the Finance Committee.

35. *The Chair* thanked the Secretary-General for his explanations and opened the floor for comments.

36. *The representative of Germany* congratulated the Chair on his appointment. She thanked the Secretary-General for his explanations and praised the Secretariat for the excellent documents. She noted that the Government of Germany was very pleased to see the reduction in outstanding Member State contributions. She praised the Secretariat for its efforts in reducing the arrears and thanked the Member States that had paid their arrears in 2023. She underlined the importance of UNIDROIT's work and the need for timely payment of Member State contributions to allow the Institute to effectively carry out its work. She expressed the hope that a solution would soon be found for the remaining arrears and offered support to the Secretariat's efforts to that end.

37. *The Secretary-General* thanked the representative of Germany. He indicated that the Governing Council elections that would take place in December 2023 had likely incentivised Member States with arrears to pay their outstanding contributions.

38. *The Committee took note of the status of arrears in contributions of Member States.*

Item No. 8 on the agenda: Draft Budget 2024 and observations submitted by Member States ([F.C. \(96\) 6](#))

39. *The Chair* drew the Committee's attention to the next item on the agenda, and invited the Secretary-General to introduce it.

40. *The Secretary-General* referred to document F.C. (96) 6 and explained that the Finance Committee was asked to formulate an opinion on the draft Budget for the financial year 2024, to be submitted to the General Assembly at its 82nd session in December 2023.

41. He recalled that the Finance Committee had already considered the first estimates of receipts and expenditure for the 2024 financial year at its 95th session (March 2023) for preliminary opinion. He explained that, for the first time in many years, the Secretariat had proposed an increase in Member State contributions. After its 95th session, Finance Committee members had received, upon their request, a confidential explanatory note with detailed reasoning for the proposed budget increase. He recalled that the great increase in inflation had compelled the Secretariat to propose a 6% increase in Member State contributions, which was modest compared to the actual impact of inflation on UNIDROIT's budget and to the (more frequent) requests for increase in Member State contributions by other international organisations.

42. The Governing Council had subsequently established the Draft Budget for 2024 at its 102nd session (May 2023). Following the meeting of the Governing Council, the Draft Budget 2024 had been submitted to the Governments of UNIDROIT Member States for observations. The Secretary-General noted that the representatives of Canada and of the United States had orally endorsed the proposed 6% increase during the Finance Committee's 95th session. Furthermore, the Governments of Colombia and of Mexico had expressed support in writing for the suggested increase. In addition, several Governments (France, Portugal, and Singapore) had indicated not having comments on the

proposed Budget for 2024, which the Secretariat understood to be implicit support for the proposed increase in Member State contributions. Separately, the Government of Brazil had requested an extension of the suspension of its reclassification in the Contributions Chart. In line with past years, it was expected that the Government of Argentina would submit a similar request. The Secretary-General indicated that the Secretariat understood and supported the suspension request of the Government of Brazil, and noted that he had been informed of a change downward in Brazil's scale of contribution to the United Nations in the meantime. Finally, it was the Secretariat's understanding that the Governments of Ireland and of Portugal would continue to voluntarily remain in a higher contribution category.

43. *The representative of Spain* joined his colleagues in congratulating the new Chair and commended the Secretary-General for the excellent documents presented and the transparent and prudent management of the Institute's budget. He conveyed the support of the Government of Spain for the proposed 6% increase in Member State contributions and for the draft Budget for 2024 as submitted to Member States.

44. *The representative of Brazil* thanked the Secretary-General for his explanations, including concerning the Government of Brazil's request for a continued suspension from the reclassification in the Contributions Chart. He noted that the Government of Brazil was very committed to UNIDROIT and expressed support for the proposed 6% budget increase. He underlined the importance of enabling the Institute to continue carrying out its activities and suggested that the Secretariat draw up a plan for a gradual progression of Member State contributions in the next years, so that Member States could take this into consideration in advance.

45. *The representative of Indonesia* thanked the Secretary-General for his update. He expressed support for the proposed increase in Member State contributions considering the great increase in inflation. He indicated that it would be useful for Member States to receive explanations regarding the calculation of their new individual contribution amounts.

46. *The representative of the United States* joined her colleagues in congratulating the Chair on his new role. She also congratulated the Secretary-General and UNIDROIT for the accession of two new Member States, noting the importance of increasing membership. She reiterated the support of the Government of the United States for the proposed 6% increase. She highlighted that UNIDROIT had been exceptional at maintaining a zero nominal growth policy in the past and recognised the challenges due to significant inflation, which had especially affected travel costs.

47. *The representative of Switzerland* congratulated the Chair on his appointment. He commended the comprehensive and transparent meeting documents. Recalling the discussion under item 7 of the agenda, he was very pleased that the arrears had been reduced in 2023, noting that it was important that UNIDROIT's work would not be affected by outstanding payments. Moving on, he noted that the 6% increase was reasonable, considering high inflation and that UNIDROIT had not requested an increase in Member State contributions in a long time. The Government of Switzerland thus supported the proposed increase.

48. *The representative of the United Kingdom* congratulated the Chair on his new role. He also congratulated the Secretary-General and its staff for the excellent meeting documents. He indicated that the Government of the United Kingdom in principle supported the modest increase in Member State contributions, noting that it was the first time in several years such an increase had been requested and that it was justified given the inflation. He expressed the hope that the Government of the United Kingdom would soon be able to confirm its full support, once the administrative process to that end had been finalised.

49. *The representative of Japan* indicated that the Government of Japan supported the Draft Budget for the financial year 2024, including the 6% increase in Member State contributions. He thanked the Secretariat for its hard work.

50. *The representative of Canada* reiterated the Government of Canada's support for the Draft Budget for 2024.

51. *The Secretary-General* sincerely thanked all the Members of the Finance Committee for their support to the proposed increase in Member State contributions. He indicated that the expressed support was very valuable to the organisation, not only in financial terms but also as a demonstration of appreciation for the Institute's work. He noted that the Secretariat was aware of the ongoing process in the United Kingdom and expressed gratitude for the support, in principle, by the relevant Government department. In response to the request made by the Government of Indonesia, he indicated that the increase for the Government of Indonesia would represent less than € 2,000 per year. The Secretariat would circulate the new individual contribution amounts to all Member States once endorsed by the General Assembly.

52. *The Committee endorsed the Draft Budget for the 2024 financial year and requested a positive opinion to be transmitted to the General Assembly at its 82nd session (14 December 2023).*

Item No. 9 on the agenda: Update on the social security package offered to UNIDROIT staff (F.C. (96) 7)

53. *The Chair* drew the Committee's attention to the next item on the agenda and invited Legal Officer Ms Myrte Thijssen to introduce the item.

54. *UNIDROIT Legal Officer Ms Thijssen* explained that document F.C. (96) 7 provided the Finance Committee with an update on the developments regarding (i) the pension scheme applicable to UNIDROIT staff and (ii) the health insurance system. Regarding the pension scheme, she recalled that the Finance Committee during its 94th session (October 2022) had agreed with the Secretariat's proposal to transfer a substantial amount of the pension fund assets to another bank account, with a view to obtain a higher interest rate. At its 95th session (March 2023), the Secretariat had informed the Finance Committee that it had been decided to open a bank account and term deposits at *Crédit Agricole*. She was pleased to inform the Finance Committee that a substantial amount of assets had now been transferred to short-term deposits at *Crédit Agricole*, which had led to an increase in interest rates from around 1% to 3.6%. She then referred to the Committee for the Administration of Funds' bi-annual report on UNIDROIT's pension fund, noting that the assets in the fund had increased to € 811,318 by the end of August 2023. She explained that the threshold for investment (€ 900,000) was expected to be reached in the first quarter of 2024 and that the Finance Committee would receive a proposal for investment during its next meeting.

55. Regarding health insurance, Ms Thijssen recalled that the Secretariat had informed the Committee during its 95th session in March 2023 that the general dissatisfaction of staff members with the AXA insurance policy had led the Secretariat to explore alternative options. The Committee had agreed with the Secretariat's proposal to follow up with Cigna. She indicated that the Secretariat had further negotiated Cigna's health insurance offer, which had made the Cigna plan more attractive than the AXA health insurance plan. Cigna was also expected to be more user-friendly given its extensive experience in servicing international organisations. Following a meeting with the affected staff members, it was agreed to move from AXA to Cigna. The new Cigna health insurance plan took effect as of 1 October 2023.

56. *The Chair* thanked Ms Thijssen for the update and indicated that it was excellent news that such good progress had been made for the benefit of staff members.

57. *The Committee took note of the update regarding the social security package applicable to UNIDROIT staff provided in document F.C. (96) 7, including its Annexes.*

Item No. 10 on the agenda: Any other business

58. *The Chair* opened the floor for further interventions.

59. *The Secretary-General* reminded Finance Committee Members that, at its upcoming 82nd session, the General Assembly would be called upon to decide the composition of the Finance Committee for the next three-year period. He explained that the Members of the Finance Committee would have the opportunity to opt out in writing should they wish not to continue their membership, although he expressed his hope that this would not happen.

60. *The Chair* asked the Secretary-General to distribute the meeting documents to the Members of the Finance Committee well in advance of each meeting. The Secretary-General apologised for the late submission of certain documents and committed to send out the documents earlier next time.

61. There being no further items to be discussed, the Chair thanked all participants in the meeting and closed the session.

ANNEXE I**LIST OF PARTICIPANTS**

H.E. Ambassador Renato MOSCA DE SOUZA	Brazil
Mr André COLLINS CAMPEDELLI	
Ms Manon DOSTIE (<i>Remotely</i>)	Canada
Ms HU Rui	People's Republic of China
Ms Stéphanie FELIX (<i>Remotely</i>)	France
Ms Eva DA SILVA	Germany
Ms Marilena WIRZ	
Mr Purna Cita NUGRAHA	Indonesia
Ms Erma RHEINDRAYANI	
Mr Fabio GIUDICE	Italy
Mr Masamichi YAMASHITA (<i>Chair</i>)	Japan
Mr Armen SHAKARYAN (<i>Remotely</i>)	Russian Federation
Mr Arnau FORMIGUERA VILA	Spain
Mr Simon TZOURBAKIS	Switzerland
Ms Dionandrea SHORTS	United States of America
Mr Ian THOMPSON (<i>Remotely</i>)	United Kingdom

UNIDROIT Secretariat

Mr Ignacio TIRADO	Secretary-General
Ms Anna VENEZIANO	Deputy Secretary-General
Ms Myrte THIJSSSEN	Legal Officer

ANNEXE II**ANNOTATED AGENDA**

1. Opening of the session
2. Appointment of the Chair of the Finance Committee (F.C. (96) 1)
3. Adoption of the agenda (F.C. (96) 1)
4. Final modifications to the Budget and Accounts for the 2022 financial year (F.C. (96) 2 and Accounts 2022)
5. Adjustments to the Budget for the 2023 financial year (F.C. (96) 3)
6. Information on the extra-budgetary contributions received in 2023 and on their allocation to the activities and projects of the Institute (F.C. (96) 4)
7. Arrears in contributions of Member States (F.C. (96) 5)
8. Draft Budget 2024 and observations submitted by Member States (F.C. (96) 6)
9. Update on the social security package applicable to UNIDROIT staff (F.C. (96) 7)
10. Any other business