

<b>Title</b>	<b>Draft Budget 1 and Explanatory Notes for Financial Year 1 July 2024 – 30 June 2025 (FY 70)</b>
<b>Document</b>	N/A
<b>Author</b>	SG/PB
<b>Agenda Item</b>	Item 1
<b>Mandate(s)</b>	Article 5(1) of the 2016 Regulations on Financial Matters and Budgetary Practices of the HCCH (Fin. Regs)
<b>Objective</b>	To present the Standing Committee of CDR with a draft Budget for FY 2024-2025, projecting expenditures and revenues in the administration of the HCCH, as well as the operation of the PB and its activities (Art. 5(3) Fin. Regs)
<b>Action to be Taken</b>	For Decision <input type="checkbox"/> For Approval <input type="checkbox"/> For Discussion <input checked="" type="checkbox"/> For Action / Completion <input type="checkbox"/> For Information <input type="checkbox"/>
<b>Annex</b>	Annex I: Fund Overview and Projections Annex II: Overview of the costs relating to the implementation of Spanish as an Official Language over the next three FYs, as approved by CDR in May 2023
<b>Related Documents</b>	N/A

## Table of Contents

I.	Introduction .....	1
II.	A challenging background.....	1
A.	Phase two of costs to implementation of Spanish as an official language as of 1 July 2024	2
1.	New costs for translation .....	2
2.	New costs for interpretation.....	3
B.	Envisaged meetings and their format.....	3
1.	The plans.....	3
2.	Format of meetings and interpretation .....	3
3.	Meetings reflected in the draft Budget .....	4
a.	SC meetings 2024 .....	4
b.	CGAP and CDR meetings 2025 .....	4
C.	Salary costs - Transfer of the iSupport position to the Budget .....	4
D.	Rental costs PB premises - End of 11-year rental contract .....	5
E.	Other factors.....	5
1.	Increases.....	5
2.	Reserve Funds & Revolving Fund .....	6
3.	Cuts and economies .....	6
4.	Use of Operational Surplus from FY 2022-2023.....	6
5.	Reimbursement iSupport / eCODEX.....	6
6.	Additional units .....	7
F.	Overall results .....	7
III.	The draft Budget for FY 2024-2025 .....	8
IV.	Comments on Articles of the draft Budget for FY 2024-2025 .....	13
A.	Expenses .....	13
1.	Operation of the Permanent Bureau .....	13
a.	Article 1, Personnel .....	13
b.	Article 2 Office space and operation.....	15
c.	Article 3 IT .....	16
d.	Article 4 Copying, printing and publications .....	17
e.	Article 5 Library.....	17
f.	External translations .....	17
g.	Article 7 PB missions.....	18
h.	Article 8 Financial operation.....	18
i.	Article 9 Representation (incl. for international meetings).....	18

j.	Article 10 Overhead reimbursement iSupport and eCODEX.....	19
k.	Article 11 Unforeseen .....	19
2.	Meetings.....	19
a.	Article 12 Off-site meetings (Hague Academy).....	20
b.	Article 14 Other costs relating to HCCH meetings .....	22
3.	Present and future pension liabilities .....	22
a.	Article 15 Retirement or survivors' pensions .....	22
b.	Article 16 Pension administration by the ISRP.....	23
B.	Revenues.....	23
1.	Article 17 Contribution of Member States .....	23
2.	Article 18 Allocation of reserves from FY 2022-2023.....	23
3.	Article 19 Contribution of Member Organisation.....	23
4.	Article 20 Income derived from sales of publications.....	24
C.	Voluntary contributions for the implementation of Spanish .....	24
1.	Article 21a VC for Spanish translations in FY 2023-2024.....	24
2.	Article 21b VC for Spanish translations in FY 2024-2025.....	24
D.	Other Voluntary contributions .....	24
1.	Article 22a VC from Members.....	24
2.	Article 22b VC from non-Members .....	24
E.	Accrued unfunded pension liabilities (Art. 23).....	25
F.	Explanation of contributions to be paid by Member States: Overview I and Overview II .....	25
	Annex I – Fund Overview and Projections.....	27
	Annex II – Overview of the costs relating to the implementation of Spanish as an Official Language over the next three FYs (as presented in Annex II of the approved Budget for FY 2023-2024) .....	30

# Draft Budget 1 and Explanatory Notes for Financial Year 1 July 2024 – 30 June 2025 (FY 70)

## I. Introduction

- 1 This draft Budget for Financial Year (FY) 2024-2025 is presented in three parts: the first part describes the general, challenging *background* against which this draft Budget has been prepared (II.); the second part contains the *actual Draft Budget 1 for FY 2024-2025*, allowing a comparison of expenditures and revenues with those of the previous FY (see Art. 5(4), first sentence, 2016 Regulations on Financial Matters and Budgetary Practices of the HCCH (2016 Fin. Regs)), and providing an overview of Member States' assessed contributions (III.); the third part provides *short comments on each budget article* which explain the reasons for any proposed increase or decrease in expenditures and / or revenues (see Art. 5(4), second sentence, Fin. Regs) (IV.). Finally, Annex I provides an overview of the five existing *reserve funds*. Annex II reproduces the overview of costs related to the implementation of Spanish as an additional official language of the HCCH over three FYs, as approved by the Council of Diplomatic Representatives (CDR) at its meeting in May 2023.

## II. A challenging background

- 2 There are five key factors that significantly impact budgetary planning and make for a challenging “starting point” in the Budget for FY 2024-2025.
  - a. First, as recommended by the Council on General Affairs and Policy (CGAP) in March 2023,<sup>1</sup> and as approved by CDR in May 2023,<sup>2</sup> phase two of costs to implement Spanish as an additional official language as of 1 July 2024 have to be included in this Budget. This means that as of FY 2024-2025, full costs for Spanish *translation* have been included in the Budget to match the amount available for French translation (Art. 6). Additionally, costs for *interpretation* in Spanish, and costs for *Recording Secretaries* at meetings in Spanish, have been added as of the Budget for FY 2024-2025.<sup>3</sup>
  - b. Secondly, the costs for meetings at the Hague Academy (in particular the rental fees and costs for interpretation) will further increase as of FY 2024-2025. While the new fee structure beyond July 2024 has not been communicated to the Permanent Bureau (PB) yet (only the principle of an increase), in anticipation of the further increase of these costs, the PB has applied a 7.5% adjustment to rental fees at the Hague Academy for the CGAP and CDR meetings during FY 2024-2025 (this is the same projected increase as the one that was

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<sup>1</sup> See CGAP 2023, [C&D No 55](#), available on the HCCH website at [www.hcch.net](http://www.hcch.net) under “Governance” then “Council on General Affairs and Policy” and “Archive (2000-2023)”.

<sup>2</sup> See Approved Budget and Explanatory Notes for FY 1 July 2023 – 30 June 2024 (FY 69), including footnote 3 and Annex II, available on the Secure Portal of the HCCH website under “Governance” then “Council of Diplomatic Representatives”.

<sup>3</sup> While the figures presented in Annex II of the Budget for FY 2023-2024 were based on an *online* interpretation mode for Spanish, this draft Budget for FY 2024-2025 is based on *in-person* interpretation costs in English, French, and Spanish at the SC, CGAP and CDR meetings. The Permanent Bureau needs more time to organise suitable remote interpretation. In these circumstances, the PB thought it more appropriate to budget on the safe side and include costs for in-person interpretation – while of course actively continuing to assess all possible options for online interpretation (eventually for all three official languages of the HCCH). While interpreters remain somewhat reluctant to provide their services online when a meeting is being held in hybrid format, the PB remains convinced that in light of the important costs savings it is only a question of time until the use of online interpretation services during hybrid meetings becomes widespread. Nonetheless, the costs for phase-two of implementing Spanish will be approximately € 12,000 lower than envisaged in Annex II. This is mainly due to a reassessment of the number of interpreters and interpretation booths required (relaxed post-Covid protocol). It remains difficult to project the number of interpreters for meetings because team compositions will depend on the language qualifications of available interpreters that can be paired together. Additionally, the PB is implementing a new document preparation process for the CDR meeting, which should lead to cost savings for recording secretaries. See also paras. 6 and 9.

applied to the Budget for the current FY). However, as regards the Special Commission (SC) meeting on the practical operation of the Service, Evidence, and Access to Justice Conventions, which is scheduled to take place in the first week of July 2024, the PB has received confirmation from the Carnegie Foundation that if the meeting does indeed take place in the first week of July 2024, the current pricing scheme for FY 2023-2024 would still apply. Additionally, in order to provide interpretation in Spanish as of July 2024, as planned, these costs are also now included for the SC, CGAP and CDR meetings in FY 2024-2025 (see paras 8 *et seq.*).

- c. Thirdly, salaries have increased as a result of (i) the proposed transfer of one position related to the iSupport Project as of January 2025 in order to ensure continuity and progress of this work for the Organisation, noting that the contract of the relevant person comes to an end on 31 August 2024 and that € 40,000 of the costs relating to this transfer can be covered by European Union (EU) funding for iSupport and eCODEX (see paras 14 and 15); and (ii) the regulatory adjustment to higher costs of living in the Netherlands.
- d. Fourthly, the rental contract for the premises of the PB will need to be examined by CDR in May 2024. The 11-year rental agreement will end in June 2025 and CDR will have to consider possible new arrangements (see para. 16).
- e. Fifthly, the high inflation in the Netherlands has not only led to increased costs for numerous services, but also requires an inflation adjustment of a considerable number of other budget lines; this adjustment is all the more challenging as the further developments of inflation are difficult to anticipate; the PB has made projections for services based on current costs (January 2024), but it will provide more information about inflation adjustments by service providers as they become available (see para. 49).

3 Mindful of the challenging financial environment that States face, the Secretary General (SG) has made every effort to minimise the budgetary impact of the necessary changes and adjustments. Together with the Head of Finance, he has, as always, sought to identify any further possibilities to make cuts and economies in any of the Budget articles, without jeopardising the effective operation of the HCCH and its PB (E.3). Importantly, it is suggested that the overall increases be partially covered by using a significant part of the net operational surplus from FY 2022-2023 (€ 72,000, see E.4), and by the reimbursement the HCCH receives from the EU Action Grant for iSupport (€ 40,000, see E.5). The overall results (key indicators), including the new cost per budgetary unit, are provided at the end of this section (F.).

## **A. Phase two of costs to implementation of Spanish as an official language as of 1 July 2024**

### **1. New costs for translation**

4 In accordance with the plans approved by CDR in May 2023, in FY 2024-2025 € 15,000 must be added to Article 6b to cover the full costs for external translations into Spanish, bringing this article to € 38,500. In FY 2023-2024, although these costs were also projected at €38,500, only € 23,500 had to be reflected in the Budget for FY 2023-2024 because part of a voluntary contribution (VC) was expected to cover the difference of € 15,000. These full costs must now be reflected as a regular and annual expense.

5 While talks with a Member State about the above-mentioned VC and its use are ongoing, the VC is still pending and, as a result, additional costs for translations may have to be added to a future draft Budget to ensure that transitions planned during the current FY can be completed. The PB is most grateful for the continuing support and the VC announced by this Member State. The PB encourages Member States to make further VCs towards the implementation of Spanish as an

additional official language, which would further decrease the relevant costs to be covered through the Budget.

## 2. New costs for interpretation

- 6 In accordance with the plans approved by CDR in May 2023, in FY 2024-2025 costs for Spanish interpretation and Recording Secretaries at meetings have to be added to the Budget (reflected in Art. 12). These costs were projected at €55,000, with € 10,000 of the pending VC expected to offset some of these costs (as reflected in the plans approved by CDR in 2023), bringing the effective costs to be covered through the Budget to € 45,000. As explained in footnote 3, however, based on a reassessment of the number of interpreters, and interpretation booths required, as well as a new document preparation process put in place by the PB for the CDR meeting, the costs for Spanish interpretation and Recording Secretaries are expected to be approximately € 12,000 lower than envisaged in Annex II for FY 2024-2025.
- 7 The above-mentioned € 10,000 VC that is to be used to lower costs for interpretation is reflected in Article 21b of this draft Budget for FY 2024-2025. Should the expected VC not materialise, these costs will have to be added to a future draft Budget (as mentioned, the PB will continue to encourage other Member States to make VCs to cover the costs relating to the introduction of Spanish as an additional official language).

## B. Envisaged meetings and their format

### 1. The plans

- 8 In addition to annual governance and financial meetings, for FY 2024-2025, CGAP has mandated the PB to organise one SC meeting, namely a SC meeting on the practical operation of the *Service, Evidence, and Access to Justice* Conventions. This meeting was provisionally scheduled for June 2023 and then July 2023, but it was postponed as a cost saving measure in FY 2022-2023 and FY 2023-2024.<sup>4</sup> Additional plans for meetings and the work programme remain subject to CGAP's recommendations and decisions following its meeting in March 2024.

### 2. Format of meetings and interpretation

- 9 In keeping with the format adopted for various meetings in previous years, Draft Budget 1 is based on CGAP's recommendation to budget for in-person meetings with provisions for participation online for the SC and CGAP meetings. As cost saving measures, CDR is envisaged as an in-person only meeting, and the meetings of the Standing Committee (StC) of the CDR are envisaged as online meetings.
- 10 In Draft Budget 1, costs for interpretation at the SC, CGAP and CDR meetings are based on services for the (then) three official languages (English, French, Spanish) being provided *in person* at these meetings (with provisions for *participants* to attend online at the SC and CGAP meetings).<sup>5</sup> However, as a cost saving measure, the PB is actively pursuing efforts towards establishing alternative interpretation teams that could provide interpretation services remotely (online), at least for some meetings.<sup>6</sup> While costs remain subject to confirmation, depending on available interpreters and fees, when using the current pricing scheme for interpreters as a model, it is estimated that € 39,300 could be saved by providing remote interpretation at CGAP and the SC meeting. For CDR

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<sup>4</sup> See CGAP 2023, C&D No 39.

<sup>5</sup> It should be noted that the [International Association of Conference Interpreters](#) recommends a 25% top-up for interpretation at meetings with online participants; so far, the PB has managed to negotiate with its interpreters that this substantial increase *not* be applied.

<sup>6</sup> See fn. 3.

it would remain most cost effective to offer in-person interpretation to avoid additional technical costs for the meeting.

### **3. Meetings reflected in the draft Budget**

#### **a. SC meetings 2024**

- 11 The costs for a hybrid SC meeting with in-person interpretation in the Hague Academy building in July 2024 amount to € 123,150 (based on the current pricing scheme for FY 2023-2024; for more details, see paras 89-93). These are the amounts reflected in this draft Budget (see Part III).

#### **b. CGAP and CDR meetings 2025**

- 12 The costs for a hybrid CGAP meeting with in-person interpretation in the Hague Academy building in March 2025 amount to € 133,050. The costs for an in-person CDR meeting with in-person interpretation in the Hague Academy building in May 2025 amount to € 22,450 (for more details of the costs of these meetings, see paras 83-88). These are the amounts reflected in this draft Budget (see Part III).
- 13 As a cost saving measure, the meetings of the StC of the CDR are envisaged as online-only meetings.

### **C. Salary costs - Transfer of the iSupport position to the Budget**

- 14 The SG appreciates that in the current economic context it remains difficult to approve the increase of the number of staff positions. However, for the reasons explained in the past and recalled here, he again proposes to transfer the iSupport position to the Budget. This transfer was first proposed in FY 2022-2023, and it is appropriate to recall that since this iSupport position was established almost 10 years ago, important work has been conducted – all financed entirely through VCs. In fact, a transfer in the course of FY 2024-2025 seems all the more relevant and important as the contract of the person currently holding this position comes to an end on 31 August 2024. The period from 1 September to 31 December 2024 could still be covered by VCs. As of 1 January 2025, the position would then be covered by the Budget (and as of FY 2025-2026 the position would be in the Budget for the entire FY). A transfer would also enable the PB to maintain continuity and achieve further progress in relation to this work for the Organisation, avoiding the risk of a significant loss of expertise and competence tied to contractual terms under the Staff Rules. Finally, following the transfer, the position could not only be the main resource for iSupport itself, but as a staff member the person holding the position could also contribute to other work under the HCCH 2007 Child Support Convention (e.g., in relation to the (electronic) transfer of maintenance funds and other matters of administrative cooperation), and, eventually, also to work relating to other HCCH Conventions (e.g., the implementation of electronic country profiles and the electronic collection of statistics). The transfer would thus enable the PB to secure a position that combines IT project management and legal skills – a combination that has become increasingly relevant in various aspects of the work of the HCCH. Finally, it should be noted that this transfer is strongly supported by the iSupport Governing Body.<sup>7</sup>

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<sup>7</sup> The iSupport Governing Body is composed of the following Member States / Members: Austria, Belgium, Brazil, Croatia, Cyprus, the Czech Republic, Estonia, Finland, France, Germany, Hungary, the Netherlands, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United States of America, and the EU. Amongst these Member States, two are already using iSupport, while 14 others are working towards its implementation. In addition, 10 HCCH Member States (or jurisdictions in Member States) that are not members of the Governing Body have also shown an interest in implementing iSupport.

15 Should the transfer materialise, € 40,000 of the related costs would be covered from the reimbursement that the HCCH receives as part of the EU's VC towards iSupport / eCODEX (see para. 26).

#### **D. Rental costs PB premises - End of 11-year rental contract**

16 The 11-year rental agreement for the premises of the PB will end in June 2025. The SG hopes to be able to rely on the expertise of the Netherlands' *Rijksgebouwdienst* to assess the competitiveness of the current and possible future rental price of the premises of the PB. Depending on the recommendations of these experts, it may be beneficial to extend the terms in the current rental agreement for a fixed period or to renegotiate an agreement for a new contractual period. If no changes are desired, the current terms of the rental agreement will be extended automatically for a three-year period till 30 June 2028. Alternatively, a new rental agreement for the current premises could be negotiated with effect as of 1 July 2025. If the Members were to decide that the PB should vacate the current premises, it would have to be done by 1 July 2025, and notice would have to be given by October 2024. In the current circumstances, the PB does not recommend or indeed envisage a further move of premises.

17 Although there are no related costs proposed in the draft Budget for FY 2024-205, CDR will have to consider these matters in May 2024.

#### **E. Other factors**

##### **1. Increases**

18 This draft Budget also reflects higher costs for numerous operational expenses. These increases, which are explained in more details under Part IV., are listed below, in addition to the increases already explained above:

▪ Article 1a Salary and allowances:	+ € 228,100
▪ Article 1b Social benefits and insurances:	+ € 14,300
▪ Article 1g External support (operational / legal):	+ € 4,600
▪ Article 2a Rent:	+ € 10,100
▪ Article 2d Cleaning:	+ € 7,800
▪ Article 3a Support / maintenance:	+ € 1,000
▪ Article 3c Internet / website(s):	+ € 300
▪ Article 4a Lease / production supplies:	+ € 10,150
▪ Article 6b Spanish:	+ € 15,000
▪ Article 7 PB missions:	+ € 6,600
▪ Article 9 Representation:	+ € 2,000
▪ Article 12a Venue:	+€ 12,000
▪ Article 12b Interpretation (English, French, Spanish):	+€ 11,700
▪ Article 12c Additional personnel / moving:	+€ 4,700
▪ Article 12d Venue:	+€ 5,050
▪ Article 12e Interpretation (English, French, Spanish):	+€ 2,100
▪ Article 12h Interpretation (English, French, and Spanish):	+€ 1,850
▪ Article 12i Additional personnel / moving:	+€ 1,250
▪ Article 14a Supplies and facilitation:	+€ 2,700
▪ Article 15 Retirement or survivors' pensions:	+ € 53,100

19 The total of these increases amounts to € 394,400.



## 2. Reserve Funds & Revolving Fund

20 No additions are made to any of the reserve funds for operational expenses through the respective articles of this draft Budget. While these funds had to be used during FY 2022-2023, no top-ups are foreseen at this stage. Possible cross-funding between Funds may be proposed in a future draft Budget following the completion of the audit for FY 2022-2023. An overview of all the reserve funds for operational expenses is provided in Annex I.

21 This draft Budget does not include any contribution to the Revolving Fund. However, given the increase of the total Budget in FY 2023-2024, the Revolving Fund needs to be topped-up in order to remain within the required bandwidth determined by Article 12 of the Fin. Regs. The SG proposes to use part of the net operational surplus from FY 2022-2023 (see paras 24-25) to this effect. The SG will submit a formal proposal to CDR in this regard.

## 3. Cuts and economies

22 To compensate for these increases as much as possible, in particular against the backdrop of the challenging economic environment, but also in his continued efforts to apply a realistic and cost-efficient Budget without jeopardising the effective operation of the HCCH and its PB, the SG, together with the Head of Finance, has been able to identify a few items in the Budget for FY 2024-2025 where cuts and economies are possible, either as a result of changed needs or to reflect new circumstances. These cuts and economies relate to:

▪ Article 1e Fund Staff Rules	- € 25,000
▪ Article 2c Insurance:	- € 1,000
▪ Article 12f Additional personnel / moving:	- € 200
▪ Article 12g Venue:	-€ 19,250
▪ Article 16 Pension administration by the ISRP:	- € 700

23 The total of these cuts and economies amount to € 46,150.

## 4. Use of Operational Surplus from FY 2022-2023

24 The SG foresees that, subject to the completion of the audit for FY 2022-2023 and CDR's approval, an amount of € 72,000 may be used from the net operational surplus from FY 2022-2023 as additional revenue (technically an allocation of reserves, as reflected in Art. 18a) to absorb some of the increases in this draft Budget.<sup>8</sup> Inclusion of this amount would have a significant positive impact on the Budget. This approach would also allow for part of the surplus to be redistributed to Member States by significantly lowering Member States' assessed contributions for FY 2024-2025, without undertaking the time and resource-intensive administrative burden of calculating, setting-up and executing reimbursements by way of more than 90 bank transfers of small amounts.

25 As mentioned (para. 21), at this stage, no budgetary funds have been allocated to the Revolving Fund. It is expected that the Revolving Fund will need to be topped up by approximately € 8,000 in order to be kept at the level required by Article 12 of the Fin. Regs. by using part of the net operational surplus from FY 2022-2023. The SG will submit a formal proposal to CDR on the allocation of the net operational surplus from FY 2022-2023 (see Art. 13(2) Fin. Regs) for decision at its May 2024 meeting.

## 5. Reimbursement iSupport / eCODEX

26 The reimbursement for iSupport and eCODEX from the EU to cover some costs incurred by the HCCH Budget during FY 2024-2025 (*i.e.*, salary costs of some staff members working on iSupport

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<sup>8</sup> The surplus from FY 2022-2023 is not the result of inadequate or otherwise unrealistic budgeting, but mainly the result of unexpected changes of circumstances and the resulting necessary adjustments to the original plans.

and eCODEX and overhead costs for operation) is reflected in Article 10. The reimbursement that may be used in the Budget for FY 2024-2025 amounts to € 40,000.<sup>9</sup> For technical reasons, this reimbursement is reflected as a “negative cost”. It should be noted, though, that if the iSupport position is not transferred to the Budget, the reimbursement may be lower so as to ensure that there are enough VCs to pay for the position.

## 6. Additional units

- 27 No additional units are taken into account in Draft Budget 1.
- 28 While the PB is in contact with the admitted States regarding the completion of their membership process, at the time of preparing this draft Budget these processes do not seem to be advanced enough to justify inclusion of the units in this draft Budget. Should some of these processes be completed on time, however, the relevant unit(s) will be included in Draft Budget 2 or the final version of the Budget for FY 2024-2025.
- 29 As a result of these developments, the total number of units in the HCCH Budget is **640.5**.

## F. Overall results

- 30 As a result of all the above, compared to the Budget for FY 2023-2024, the key indicators of Draft Budget 1 for FY 2024-2025, are:
- Operation of the PB and International Meetings: increase of € 284,850 or 6.79%;<sup>10</sup>
  - Total expenses of the Budget (Operation of the PB, International Meetings plus Present and Future Pension Liabilities): increase of € 337,250 or 7.02%;
  - Total Budget: increase of € 337,250 or 6.75%;
  - Total assessed contribution of the Member States: increase of € 325,343 or 6.68%;
  - Value of the Member States’ assessed contributions per budgetary unit: increase of **€ 507.95 or 6.46%**.<sup>11</sup>
- 31 The median number of budgetary units allocated to HCCH Member States is three. Thus, the median increase of assessed contributions under this Budget amounts to € 1,523.84.
- 32 As mentioned, the SG is mindful of the challenges that States face as a result of the current economic context. These circumstances, however, are beyond the PB’s control. The SG remains committed to a realistic Budget, based on the actual needs of the HCCH and the PB considering the Work Programme and priorities decided by CGAP.

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<sup>9</sup> In accordance with the EU Action Grant guidelines, the HCCH may use this reimbursement for any purpose, incl. towards salary costs.

<sup>10</sup> Without the costs relating to the second phase of implementing Spanish as an additional official language, the increase would be € 241,850 or 5.76%.

<sup>11</sup> If online interpretation at the SC and CGAP meetings can be used, and subject to fees of available interpreters, the increase per unit would be 5.68%. Without the costs relating to the second phase of implementing Spanish as an additional official language, the increase per unit would be 5.60%.

### III. The draft Budget for FY 2024-2025

		Budget Financial Year 1 July 2023-30 June 2024 (FY 69)	Budget Financial Year 1 July 2024-30 June 2025 (FY 70)
<b>EXPENSES</b>			
<b>OPERATION OF THE PERMANENT BUREAU</b>			
Art 1	Personnel		
1a	Salaries and allowances	2,858,900.00	3,087,000.00
1b	Social benefits and insurances	198,800.00	213,100.00
1c	Home leave	10,500.00	10,500.00
1d	Fund relocation	-	-
1e	Fund Staff Rules (HR matters not covered in other Articles)	25,000.00	-
1f	ISRP administration	6,500.00	6,500.00
1g	External support (operational / legal)	88,500.00	93,100.00
		3,188,200.00	3,410,200.00
Art 2	Office space and operation		
2a	Rent	194,000.00	204,100.00
2b	Service	76,500.00	76,500.00
2c	Insurance	11,800.00	10,800.00
2d	Cleaning	27,000.00	34,800.00
2e	Office supplies	12,000.00	12,000.00
2f	Telecommunication / postage	10,000.00	10,000.00
2g	Fund maintenance / equipment	-	-
		331,300.00	348,200.00
Art 3	IT		
3a	Support / maintenance	50,000.00	51,000.00
3b	Software licenses / hardware	63,000.00	63,000.00
3c	Internet / website(s)	13,500.00	13,800.00
3d	Fund IT / equipment	-	-
		126,500.00	127,800.00
Art 4	Copying, printing, and publications		
4a	Lease / production supplies	77,500.00	87,650.00
4b	External design, lay-out	1,000.00	1,000.00
4c	Fund recueil	-	-
		78,500.00	88,650.00
Art 5	Library		
5a	Subscriptions	13,000.00	13,000.00
5b	Purchases	6,500.00	6,500.00
		19,500.00	19,500.00
Art 6	External translators		
6a	French	38,500.00	38,500.00
6b	Spanish*	23,500.00	38,500.00
		62,000.00	77,000.00
Art 7	PB missions	71,500.00	78,100.00
Art 8	Financial operation		
8a	Bank fees	5,000.00	5,000.00
8b	Audit fees	49,000.00	49,000.00
		54,000.00	54,000.00

Art 9	Representation (incl. for international meetings)	18,000.00	20,000.00
Art 10	Overhead reimbursements iSupport / eCODEX	(29,000.00)	(40,000.00)
Art 11	Unforeseen	3,500.00	3,500.00

<b>SUBTOTAL</b>	<b>3,924,000.00</b>	<b>4,186,950.00</b>
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	<b>Budget Financial Year</b>	<b>Budget Financial Year</b>
	<b>1 July 2023-30 June 2024 (FY 69)</b>	<b>1 July 2024-30 June 2025 (FY 70)</b>

**MEETINGS**

Art 12	Off-site meetings (Hague Academy)		
	<i>CGAP</i>		
12a	Venue	72,650.00	84,650.00
12b	Interpretation (English, French, and Spanish)	22,850.00	34,550.00
12c	Additional personnel / moving	9,150.00	13,850.00
		104,650.00	133,050.00
	<i>CDR</i>		
12d	Venue	9,500.00	14,550.00
12e	Interpretation (English, French, and Spanish)	5,100.00	7,200.00
12f	Additional personnel / moving	900.00	700.00
		15,500.00	22,450.00
	<i>Special Commissions and other meetings</i>		
12g	Venue	94,000.00	74,750.00
12h	Interpretation (English, French, and Spanish)	32,700.00	34,550.00
12i	Additional personnel / moving	12,600.00	13,850.00
		139,300.00	123,150.00
	<i>subtotal</i>	259,450.00	278,650.00

Art 13	On-site meetings (PB) - incl. additional personnel	3,000.00	3,000.00
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Art 14	Other costs relating to HCCH meetings		
14a	Supplies and facilitation	7,000.00	9,700.00
14b	Travel consultants and external experts	2,500.00	2,500.00
		9,500.00	12,200.00

<b>SUBTOTAL</b>	<b>271,950.00</b>	<b>293,850.00</b>
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	<b>Budget Financial Year</b>	<b>Budget Financial Year</b>
	<b>1 July 2023-30 June 2024 (FY 69)</b>	<b>1 July 2024-30 June 2025 (FY 70)</b>

**PRESENT AND FUTURE PENSION LIABILITIES**

Paid by all Member States

Art 15	Retirement or survivors' pensions	587,700.00	640,800.00
Art 16	Pension administration by the ISRP	17,700.00	17,000.00

<b>SUBTOTAL</b>	<b>605,400.00</b>	<b>657,800.00</b>
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<b>TOTAL EXPENSES</b>	<b>4,801,350.00</b>	<b>5,138,600.00</b>
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		Budget Financial Year 1 July 2023-30 June 2024 (FY 69)	Budget Financial Year 1 July 2024-30 June 2025 (FY 70)
<b>REVENUES</b>			
Art 17	Contribution of the Member States	4,871,651.00	5,196,994.00
Art 18	Allocation of reserves from previous FY	73,093.00	72,000.00
Art 19	Contribution of a Member Organisation	39,000.00	39,000.00
Art 20	Income derived from sales of publications	15,000.00	18,000.00
Art 21	Voluntary Contributions (VC) for implementation of Spanish		
21a	VC for Spanish translation FY 23-24 (reflected in Art.6b)*	[15,000.00]	-
21b	VC for Spanish interpretation FY 24-25	-	10,000.00
		[15,000.00]	10,000.00
<b>TOTAL REVENUES</b>		<b>4,998,744.00</b>	<b>5,335,994.00</b>

#### OTHER VOLUNTARY CONTRIBUTIONS

Art 22a	VC from Members	<i>p.m.</i>	<i>p.m.</i>
Art 22b	VC from non-Members	<i>p.m.</i>	<i>p.m.</i>
<b>TOTAL VC</b>		-	-

<b>TOTAL BUDGET</b>	<b>4,998,744.00</b>	<b>5,335,994.00</b>
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#### ACCRUED UNFUNDED PENSION LIABILITIES

Art 23	Paid, in addition to their contribution to the Budget, by all States that were Member on or prior to 1 July 2010 and which have not yet paid off their full share in these liabilities	197,394.00	197,394.00
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#### EXPLANATION OF CONTRIBUTIONS TO BE PAID BY THE MEMBER STATES

The calculation for the contributions of the Member States is based on the number of units assigned to each Member State under the system of the Universal Postal Union (as amended at the 23rd meeting of the Council of Diplomatic Representatives on 1 November 1977).

The total contribution to be paid by the Member States amounts to € 5,196,994 (see Art. 17).

**Overview I** lists the total contributing share of each State that was a Member on or prior to 1 July 2010 and that has not yet paid off its full share in the accrued unfunded pension liabilities (Art. 22): the contribution to the operating Budget (incl. the present and future pension liabilities), € 2,692,993, is divided by 345 units; the contribution to accrued unfunded liabilities, € 197,394, is divided by 347.5 units. The total in Overview I is € 2,890,387. The total per unit is € 8,373.82 per unit (with the exception of Austria, Brazil, Georgia, Poland, and Russia).

**Overview II** lists the total contributing share of each State that was a Member on or prior to 1 July 2010 and that has paid off its share in the accrued unfunded pension liabilities or that became a Member after 1 July 2010 (and thus does not have to pay for accrued unfunded pension liabilities at all): € 2,306,607 to be divided by 295.5 units = € 7,805.78 per unit.

The increase per unit is **6.46%** or **€ 507.95** per unit compared to the previous Financial Year 2023-2024 (FY 69).

\*See Annex II for implementation details for Spanish as an official language as of 1 July 2024, as decided and approved by CDR in May 2023. In FY 23-24 the expected VC was included in Art. 6b. For better transparency and comparison, it is now reflected in Art. 21a. The overall budget for FY 23-24 is not affected.

**Total contributing share of each State  
that was a Member on or prior to 1 July 2010 and that has  
not yet paid off its full share in the accrued unfunded pension liabilities**

**Financial Year 2024-2025 (FY 70)  
Under the system of the Universal Postal Union (1)**

<b>MEMBERS</b>	<b>units</b>	<b>accrued unfunded pension liabilities</b>	<b>contribution to the operational Budget</b>	<b>total contribution to be paid</b>
ALBANIA	1	568.04	7,805.78	8,373.82
ARGENTINA	3	1,704.12	23,417.33	25,121.45
AUSTRALIA	20	11,360.81	156,115.54	167,476.35
AUSTRIA *	6	2,840.20	46,834.66	49,674.86
BELARUS	1	568.04	7,805.78	8,373.82
BOSNIA AND HERZEGOVINA	1	568.04	7,805.78	8,373.82
BRAZIL**	10	11,360.81	78,057.77	89,418.58
BULGARIA	3	1,704.12	23,417.33	25,121.45
CHILE	3	1,704.12	23,417.33	25,121.45
CYPRUS	1	568.04	7,805.78	8,373.82
CZECH REPUBLIC	5	2,840.20	39,028.89	41,869.09
ECUADOR	1	568.04	7,805.78	8,373.82
EGYPT	5	2,840.20	39,028.89	41,869.09
ESTONIA	1	568.04	7,805.78	8,373.82
FRANCE	33	18,745.33	257,590.64	276,335.97
GEORGIA ***	1	284.02	7,805.78	8,089.80
GREECE	3	1,704.12	23,417.33	25,121.45
HUNGARY	5	2,840.20	39,028.89	41,869.09
INDIA	20	11,360.81	156,115.54	167,476.35
ISRAEL	3	1,704.12	23,417.33	25,121.45
JAPAN	33	18,745.33	257,590.64	276,335.97
JORDAN	1	568.04	7,805.78	8,373.82
LATVIA	1	568.04	7,805.78	8,373.82
LUXEMBOURG	3	1,704.12	23,417.33	25,121.45
MALAYSIA	3	1,704.12	23,417.33	25,121.45
MONTENEGRO	1	568.04	7,805.78	8,373.82
MOROCCO	5	2,840.20	39,028.89	41,869.09
NEW ZEALAND	5	2,840.20	39,028.89	41,869.09
NORTH MACEDONIA	1	568.04	7,805.78	8,373.82
NORWAY	10	5,680.40	78,057.77	83,738.17
PERU	1	568.04	7,805.78	8,373.82
POLAND *	6	2,840.20	46,834.66	49,674.86
REPUBLIC OF KOREA	15	8,520.60	117,086.66	125,607.26
RUSSIAN FEDERATION ****	20	8,520.60	156,115.54	164,636.14
SERBIA	1	568.04	7,805.78	8,373.82
SLOVENIA	1	568.04	7,805.78	8,373.82
SOUTH AFRICA	10	5,680.40	78,057.77	83,738.17
SPAIN	25	14,201.01	195,144.43	209,345.43
SURINAME	1	568.04	7,805.78	8,373.82
SWEDEN	15	8,520.60	117,086.66	125,607.26
SWITZERLAND	15	8,520.60	117,086.66	125,607.26
TÜRKIYE	5	2,840.20	39,028.89	41,869.09
UKRAINE	5	2,840.20	39,028.89	41,869.09
UNITED STATES OF AMERICA	33	18,745.33	257,590.64	276,335.97
URUGUAY	3	1,704.12	23,417.33	25,121.45
		197,393.99	2,692,993.07	2,890,387.06
<i>rounding differences</i>		0.01	(0.07)	(0.06)
<b>Total taken into account for Financial Year FY 70</b>	<b>345.0</b>	<b>197,394.00</b>	<b>2,692,993.00</b>	<b>2,890,387.00</b>

(1) As amended at the 23rd meeting of the Council of Diplomatic Representatives on 1 November 1977

\* Austria and Poland's contribution to operational Budget is based on 6 units. Their shares of the accrued unfunded liabilities are based on 5 units.

\*\* Brazil's contribution to operational Budget is based on 10 units. Its share of the accrued unfunded liabilities is based on 20 units.

\*\*\* Georgia's contribution to operational Budget is based on 1 unit. Its share of the accrued unfunded liabilities is based on 0.5 units.

\*\*\*\* The Russian Federations' contribution to operational Budget is based on 20 units. Its share of the accrued unfunded liabilities is based on 15 units.

**Total contributing share of each State  
that was a Member on or prior to 1 July 2010 and that *has*  
paid off its full share in the accrued unfunded pension liabilities *or*  
that became a Member after 1 July 2010**

**Financial Year 2024-2025 (FY 70)  
Under the system of the Universal Postal Union (1)**

MEMBERS	units	contribution to the operational Budget (= total contribution to be paid)
ANDORRA	1	7,805.78
ARMENIA	1	7,805.78
AZERBAIJAN	1	7,805.78
BELGIUM	15	117,086.66
BURKINA FASO	0.5	3,902.89
CANADA	33	257,590.64
CHINA	33	257,590.64
COSTA RICA	1	7,805.78
CROATIA	1	7,805.78
DENMARK	10	78,057.77
DOMINICAN REPUBLIC	1	7,805.78
EL SALVADOR	1	7,805.78
FINLAND	10	78,057.77
GERMANY	33	257,590.64
HONDURAS	1	7,805.78
ICELAND	1	7,805.78
IRELAND	5	39,028.89
ITALY	27	210,755.98
KAZAKHSTAN	1	7,805.78
LITHUANIA	1	7,805.78
MALTA	1	7,805.78
MAURITIUS	1	7,805.78
MEXICO	10	78,057.77
MONACO	1	7,805.78
MONGOLIA	1	7,805.78
NAMIBIA	1	7,805.78
NETHERLANDS	15	117,086.66
NICARAGUA	1	7,805.78
PANAMA	1	7,805.78
PARAGUAY	1	7,805.78
PHILIPPINES	1	7,805.78
PORTUGAL	5	39,028.89
REPUBLIC OF MOLDOVA	1	7,805.78
ROMANIA	3	23,417.33
SAUDI ARABIA	20	156,115.54
SINGAPORE	4	31,223.11
SLOVAKIA	3	23,417.33
SRI LANKA	3	23,417.33
THAILAND	3	23,417.33
TUNISIA	5	39,028.89
UNITED KINGDOM	33	257,590.64
UZBEKISTAN	1	7,805.78
VENEZUELA	1	7,805.78
VIET NAM	1	7,805.78
ZAMBIA	1	7,805.78
		2,306,607.10
<i>rounding differences</i>		<i>(0.10)</i>
<b>Total taken into account for Financial Year 70</b>	<b>295.5</b>	<b>2,306,607.00</b>

(1) As amended at the 23rd meeting of the Council of Diplomatic Representatives on 1 November 1977

## IV. Comments on Articles of the draft Budget for FY 2024-2025

### A. Expenses

#### 1. Operation of the Permanent Bureau

##### a. Article 1, Personnel

###### **Article 1a, Salaries and allowances**

33 This article increases by € 228,100. It covers costs for 27.85 FTEs. This is compared to 26.95 FTEs in the current FY. As mentioned in paragraphs 2 and 14, it is (again) proposed to move one additional full-time position related to the iSupport Project to this Article for six months (*i.e.*, as of 1 January 2025, and for full FYs as of 2025-2026). A few staff members have changed their working percentage, resulting in a net decrease of 0.10 FTEs. The article also includes salary adjustments related to staff progression, as well as costs for other allowances and entitlements tied to the Staff Rules. Salaries and allowances are established in accordance with the Remuneration Adjustment Method (RAM) applied to salaries and allowances for Co-ordinated and Associated Organisations located in the Netherlands.<sup>12</sup> The salary projections for 2025 are calculated using the 2024 salary scales for the Netherlands (as determined by the International Service or Remunerations and Pensions (ISRP) and the Coordinating Committee on Remuneration (CCR)), as well as an estimated RAM rate of 2%. This latter projection is necessary to avoid underfunding for salaries from January to June 2025.

34 The total personnel costs, including pension liabilities and related administration costs, amount to 79.94% of the total Budget. This percentage is based on the total of Articles 1, 15, 16 and 22 (and not just on salary costs). When only considering costs for active staff in Articles 1a, 1b and 1c, the total personnel costs amount to 62.04% of the total Budget.<sup>13</sup>

35 As in previous FYs, the human resources costs of the Regional Office for Asia and the Pacific (ROAP) are not included in this draft Budget. The SG wishes to stress again, however, that the matter will need to be considered by CGAP and CDR in the future; this consideration may include, without prejudice, arguments about equal treatment of the two existing regional offices.

###### **Article 1b, Social benefits and insurances**

36 This article increases by € 14,300. It includes costs for a group insurance policy to cover the risks of death and disability, as well as temporary or long-term sick leave.<sup>14</sup> The increase of this article is necessary to meet expenses for medical and disability insurance (based on annual premiums) and is beyond the PB's discretion.

37 The article covers partial reimbursement of certain health insurance expenses for staff, in keeping with mandatory statutory policies of the Host State Agreement with the Netherlands.

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<sup>12</sup> The RAM includes, but is not limited to, an inflation component; the adjustment is determined by the ISRP and is approved by the CCR as well as the governing bodies of the Co-ordinated and Associated Organisations. A Memo prepared by the ISRP relating to the calculation and application of the RAM is available on the Secure Portal of the HCCH website. The salary scales enter into force on 1 January of each calendar year, and the RAM can represent an increase or a decrease in a given year.

<sup>13</sup> According to information received from the ISRP for comparison, active staff costs at the OECD amount to approximately 80%.

<sup>14</sup> The definitive premium is calculated at the end of each FY as a percentage of actual salary and health insurance costs over the year.



### **Article 1c, Home leave**

- 38 This article remains unchanged. It covers travel expenses with respect to home leave for eligible officials and their dependants (approx. 30 persons in total). While home leave is accrued by eligible staff every two years, staff have a period of 18 months in which to use it. It is, therefore, necessary to budget for these obligations in anticipation that they can be claimed during FY 2024-2025. Additionally, flight tickets have become significantly more expensive.

### **Article 1d, Fund relocation**

- 39 This article remains unchanged. It covers possible relocation costs during FY 2024-2025 for current and future officials of the PB, as well as removal costs and the relocation allowance. No reappropriations (cross-funding), from or to other Funds, are foreseen in this draft Budget (see Annex I), although this may be proposed in a subsequent draft Budget, depending on spending in the current FY.

### **Article 1e, Fund Staff Rules (HR matters not covered in other Articles)**

- 40 This article decreases by € 25,000. Based on expected projections, this Fund will not require a top-up through the Budget in FY 2024-2025.
- 41 The Reserve Fund for the Staff Rules is used to cover costs in each FY relating to the application of certain governance and HR provisions associated with the Staff Rules, such as dispute resolution mechanisms (incl. the use of confidentiality counsellors, mediators, conciliators or arbitrators, a complaints procedure, a conciliation procedure, and an appeals procedure to the Administrative Tribunal of the Council of Europe), external legal fees, and the use of services of external HR experts (to the extent needed). This Reserve Fund is also used to finance possible training of staff in matters of team development, management, and initiatives to improve the PB's overall operation.
- 42 This Fund includes a sub-fund for the possible payment of an indemnity for loss of employment (see Art. 13 of the Staff Rules and the Budget for FY 2017-2018). This sub-fund consists of a ring-fenced amount for this purpose. The ring-fenced amount was set at € 30,000 by CDR at its meeting in May 2019 and increased to € 32,500 by CDR in May 2021.<sup>15</sup> In May 2023 CDR approved the PB's proposal to increase the target of this Fund from € 100,000 to € 125,000, with a top-up of € 25,000.
- 43 Any balance in this Fund remains part of this Fund and is not part of an operational surplus.

### **Article 1f, ISRP administration**

- 44 This article remains unchanged. It covers costs for annual publications by the ISRP and the CCR on the adjustments of salaries, allowances and pensions for Co-ordinated Organisations, as well as the specific salary scales applicable to the relevant countries, including the Netherlands and Argentina.

### **Article 1g, External support (operational / legal)**

- 45 This article increases by € 4,600. It covers work on publications of the HCCH, including the Service and Evidence Handbooks (approx. 38% of the total article). It also includes an increase for the external technical support provided by a qualified *accountant*, which is essential for the effective operation of the financial office of the PB and for enabling the SG to fulfil his increased responsibilities as

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<sup>15</sup> In the hypothetical case of an Official at Grade A2, who is not entitled to any allowances (e.g., family and / or child allowance) and who has been with the Organisation for any term between five and 10 years, the amount would reach approx. € 42,000. Based on the actual staff data of the PB (incl. number of years spent at the PB), there is, however, a strong likelihood that a possible indemnity would be significantly higher. The ring-fenced amount may thus have to be increased in the future.

defined in the 2016 Fin. Regs. The increase is due to increased audit requirements (with this increase, that position counts for approx. 32% of the total article). This article also includes costs for *library support* (approx. 6% of the total article), as well as *general services support* for PB operations, meetings, and publications (approx. 18% of the total article). These hours have been reduced in comparison to the current FY based on projected services.

- 46 The external *operational (non-legal)* support provided to the PB by parties not hired as staff of the HCCH, remains essential. In addition, relying on external parties rather than hiring staff for this work) is considerably more cost-effective.
- 47 Finally, this article includes costs for possible external *legal* support in relation to ongoing normative projects for which external assistance is required; costs for this support have been cut slightly and represent approximately 6% of the total article.

#### **b. Article 2 Office space and operation**

- 48 The increased cost for services in the Netherlands has a significant impact on operations of the PB. Furthermore, inflation adjustments implemented by service providers remain unpredictable. The PB has, therefore, made projections for services based on current and actual costs (as they are known at the end of January 2024); in addition, and as per past practice, it has applied an inflation rate of 2% to certain articles as disclosed below. This is also the inflation rate used in the Net Present Value Analysis (NPV) presented to the Members as part of the relocation process to Churchillplein 6b in 2014 to project the evolution of rent and services costs of the premises of the PB.<sup>16</sup> This allows for the projection of a gradual increase to avoid the risk of underfunding operational expenses and more drastic escalations in the future.
- 49 An inflation adjustment rate of 2% is low, considering that the inflation rate in the Netherlands in 2023 was 3.8%. This is lower compared to 2022, but only if energy is included; if energy is excluded, the inflation in 2023 was still at 6.5%, thus affecting a lot of operational costs of the HCCH.<sup>17</sup> It is generally expected that inflation will be somewhat lower in 2024.<sup>18</sup> The SG hopes that continuing to apply a relatively low 2% inflation adjustment for expense planning, unless expressly indicated otherwise by service providers, will be sufficient to cover actual costs throughout the FY 2024-2025.<sup>19</sup> The SG wishes to express a note of caution, though, and suggests that the developments of the inflation rate be monitored carefully. The need for future budgetary adjustments may not be excluded. That said, in this draft Budget, costs can remain neutral in some articles despite inflation projections because actual expenses are expected to be slightly lower in FY 2024-2025. This means that a total of 15 articles have also effectively decreased (in addition to the five articles that have actually decreased).

#### **Article 2a, Rent**

- 50 This article increases by € 10,100. It covers costs for rent of the PB premises at Churchillplein 6b. In keeping with the NPV presented to the Members in 2014, these figures reflect current expenses plus an estimated 2% inflation rate (see para. 49; on the matter of the ending of the rental agreement for the premises of the PB, see paras 16-17).

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<sup>16</sup> Available at [http://www.hcch.net/upload/hidden/2014/dipl/20140124npv\\_en.pdf](http://www.hcch.net/upload/hidden/2014/dipl/20140124npv_en.pdf). The HCCH has an 11-year lease for the current office space; negotiations will have to begin shortly for a new rental contract for office space.

<sup>17</sup> See <https://www.cbs.nl/en-gb/news/2024/02/inflation-rate-3-8-percent-in-2023-excluding-energy-at-6-5-percent>.  
<sup>18</sup> <https://www.dnb.nl/en/current-economic-issues/the-state-of-the-dutch-economy/>.

<sup>19</sup> According to the Netherlands Bank, an inflation rate of 2% across the euro area remains the target, see <https://www.dnb.nl/en/the-euro-and-europe/inflation/>.

### **Article 2b, Service**

- 51 While this article has been adjusted to reflect current expenses, plus an estimated 2% inflation rate in keeping with the NPV presented to the Members in 2014 (see para. 49), the net effect is that it remains unchanged.

### **Article 2c, Insurance**

- 52 This article decreases by € 1,000. It has been adjusted to reflect actual expenses, plus an estimated 2% inflation rate (see para. 49). This article includes fire, theft, goods and equipment, liability and travel insurance for the PB.

### **Article 2d, Cleaning**

- 53 This article increases by € 7,800. It reflects current expenses plus an inflation adjustment as applied by the service provider in the current FY (see para. 49). It covers cleaning costs for the office. Also, upon retirement of one staff member, some cleaning and maintenance responsibilities that fell under his responsibility had to be shifted to the cleaning company as the staff position was not renewed.

### **Article 2e, Office supplies**

- 54 This article remains unchanged. It includes costs for office supplies, stationery, etc., necessary for the operation of the PB during FY 2024-2025.

### **Article 2f, Telecommunication / postage**

- 55 This article remains unchanged. It covers telecommunication costs for the VOIP and telephone conference call system used at the PB, as well as postage costs.

### **Article 2g, Fund maintenance / equipment**

- 56 This article remains unchanged. It covers maintenance costs for the office space and general office equipment (e.g., the annual carpet cleaning, treatment of the wooden floor in the kitchen, servicing of the air-conditioning in the conference room and the server room, repairs, etc.). No reappropriations (cross-funding), from or to other Funds, are foreseen in this draft Budget (see Annex I), although this may be proposed in a subsequent draft Budget, depending on spending in the current FY.

## **c. Article 3 IT**

- 57 A robust, secure, and efficient IT infrastructure is essential to enable smooth office operations, including via telework. The continued maintenance and updating of the IT infrastructure is of paramount importance.

### **Article 3a, Support / maintenance**

- 58 This article increases by € 1,000. It reflects current expenses plus an estimated 2% inflation rate (see para. 49). It covers the PB's external IT support and maintenance costs.

### **Article 3b, Software licenses / hardware**

- 59 While this article has been adjusted to reflect current expenses, plus an estimated 2% inflation, the net effect is that it remains unchanged. The article mainly includes costs for computer licenses.

**Article 3c, Internet / website(s)**

60 This article increases by € 300. It has been adjusted to reflect current expenses, plus an estimated 2% inflation. It includes costs for Internet and HCCH website(s).

**Article 3d, Fund IT / equipment**

61 This article remains unchanged. This Fund is used as a reserve for updates to IT infrastructure and equipment that are required but that cannot be absorbed by the other lines in Article 3 (e.g., to replace servers). No reappropriations (cross-funding), from or to other Funds, are foreseen in this draft Budget (see Annex I), although this may be proposed in a subsequent draft Budget, depending on spending in the current FY.

**d. Article 4 Copying, printing and publications**

**Article 4a, Lease / production supplies**

62 This article increases by € 10,150. It reflects current costs of the lease contract plus an inflation adjustment as applied by the supplier in the current FY (see paras 48-49). It covers all costs to lease copiers and printers for the PB, as well as costs for supplies for these machines needed for special publications. These copiers were acquired in order to produce HCCH publications in-house, rather than having them produced by external publishers, as a cost saving measure.

**Article 4b, External design, lay-out**

63 This article remains unchanged. With a view to reducing costs, the PB is now handling almost all of this work internally. This article primarily includes costs for photo credits in publications.

**Article 4c, Fund Recueil**

64 This article remains unchanged. This Fund is a reserve for the publication of the Collection of HCCH Instruments (*Recueil*). As the most recent edition of the Collection of HCCH Instruments was published in March 2020, this Fund will be used for possible reprints of the 2020 edition or the publication of a subsequent new edition. No reappropriations (cross-funding), from or to other Funds, are foreseen in this draft Budget (see Annex I), although this may be proposed in a subsequent draft Budget, depending on spending in the current FY.

**e. Article 5 Library**

**Article 5a, Subscriptions**

65 This article remains unchanged. It covers costs for subscriptions that are necessary to maintain a basic, up-to-date library at the PB and to enable the legal staff to conduct its work.

**Article 5b, Purchases**

66 This article remains unchanged. The article funds necessary purchases to maintain a basic, up-to-date library at the PB and to enable the legal staff to conduct its work.

**f. External translations**

67 The PB assures translations using an internal Translator / Reviser and several external translators. Generally, the internal Translator / Reviser is responsible for the day-to-day translation work, including Preliminary Documents for CGAP, CDR and SC meetings, circulars, presentations, factsheets, promotional materials, and speeches. External translators are used for Handbooks, Guides to Good Practice and other more voluminous or very technical documents (e.g., Explanatory Reports) that would otherwise block the internal Translator / Reviser for multiple weeks or months.

This combination allows the PB to manage both short-term and long-term translation work, and to do so cost-effectively.

**Article 6a, French**

68 This article remains unchanged. It covers translations of documents and communications into French. This article remains under pressure and does not compensate for inflation costs.

**Article 6b, Spanish**

69 This article increases by € 15,000. As mentioned in paragraph 4, as of FY 2024-2025 this article must cover the full costs of € 38,500 for external translations into Spanish. Additionally, if some Spanish translation work does not materialise during the current FY, as planned, additional funds may need to be foreseen in the Budget for FY 2024-2025 (see paras 4-5).

**g. Article 7 PB missions**

70 This article increases by € 6,600, bringing the nominal amount of the article back to a pre-Covid level (€ 76,500 in FY 2019-2020). This article is essential to allow the PB to conduct relevant missions to serve the HCCH's strategic goal of universality and inclusiveness. However, considering the sharp increase in flight and hotel costs following the COVID-19 pandemic, this article has effectively decreased significantly compared to pre-pandemic times.

71 This article needs to cover expenses for important missions of approximately 15 members of the PB. Travel expenses (incl. daily subsistence allowances) are paid in keeping with procedures outlined in the Staff Rules, and the SG continues to apply a strict travel policy for each mission, where prior approval by the SG is required. Organisers of seminars, workshops, or any other meeting to which the PB is invited are regularly asked to contribute to the mission costs (travel, hotel, or both) of PB representative(s), if possible. Such contributions are received on various occasions, although they sometimes only partially cover costs. Participation in meetings via videoconference (instead of in-person participation with related travel expenses) will continue to be used when possible and appropriate.

**h. Article 8 Financial operation**

**Article 8a, Bank fees**

72 This article remains unchanged. It covers costs for operating PB bank accounts and PB transaction costs.

**Article 8b, Audit fees**

73 While this article has been adjusted to reflect current expenses, plus an estimated 2% inflation, the net effect is that it remains unchanged (see para. 49). The article includes the annual costs to audit the HCCH accounts and pensions. It also includes annual costs for preparatory actuarial pension work for the audit. It should be noted that fees for the auditing of VCs are not included in this article and are covered directly by VCs.

**i. Article 9 Representation (incl. for international meetings)**

74 This article increases by € 2,000. It covers costs for the SG reception (which, for cost efficiency reasons, is combined with the reception offered during the CGAP meeting) and other small functions offered by the SG or the PB during HCCH meetings. Some basic expenses have also increased as a result of services and suppliers raising prices. This article also covers work-related lunch or dinner invitations during the FY, small gifts for experts who chair meetings, flowers, etc. It also includes a small cost for organising a promotional day for the work of the HCCH as part of The

Hague International Open Day, during which many Hague-based international organisations are represented. These representational activities are an important element of international diplomacy and outreach. They also serve the HCCH's strategic goal of universality and inclusiveness.

**j. Article 10 Overhead reimbursement iSupport and eCODEX**

75 This article reflects a negative expense (a payment to the HCCH) of € 40,000 expected from the EU Action Grant for iSupport and eCODEX. The payment compensates the HCCH for overhead expenses incurred by the PB for the use of office space and equipment for this project, as well as for salary costs (on a pro-rata basis) for one staff member occasionally contributing to the project.<sup>20</sup>

**k. Article 11 Unforeseen**

76 This article remains unchanged. It is used to cover any unforeseen expenses during the FY.

77 The PB uses this line exceptionally, either when the relevant costs could not be foreseen at all, when the nature of the costs cannot be categorised under any other budget article, or when it is possible to cover expenses that would otherwise have to fall under a particular fund. Although this article is most likely too low by any contingency budget principles (it only amounts to approx. 0.07% of the total Budget), it remains an important budget line given that the HCCH Budget is very clearly defined per article, and at times unexpected expenses arise during a FY that cannot be allocated to an existing budget line as defined.

**2. Meetings**

78 As mentioned above (paras 2a, 8 et seq.), meeting costs are higher because rental costs and interpretation costs have increased for FY 2024-2025. Costs are based on rental fees at the Hague Academy for one SC meeting (on the practical operation of the *Service, Evidence, and Access to Justice* Conventions (for an in-person meeting with provision for online participation and with in-person interpretation), CGAP (for an in-person meeting with provision for online participation and with in-person interpretation), and CDR (for an in-person meeting with in-person interpretation). While decisions relating to the format of these meetings remain subject to CGAP approval at its meeting in March 2024, subject to available interpreters and their fees, costs savings can be expected if remote interpretation is offered for the SC and CGAP meetings, as explained in paragraph 10 and footnote 3. The SC is budgeted on a model with one day for set-up, 3.5 meeting days, and a half day for breakdown time (costs are for five days in total). Since the Carnegie Foundation charges for the rent of the Hague Academy building over weekends, even if the room is not being used, the SG continues to suggest that SC meetings be held from Tuesday mornings to Friday noon.

79 It should be noted that while there was also only one SC meeting<sup>21</sup> held in the current FY, it was more expensive as this meeting was exceptionally held for longer and over two weeks. This explains why, despite higher fees and costs for interpretation booths, Article 12g effectively decreases in FY 2024-2025 (see paras 89 et seq.).

80 Meeting costs for FY 2024-2025 are based on 2023 prices provided by the Hague Academy for the SC meeting in the first week of July 2024. After this time, the PB has been informed that the 2023 prices will be subject to change. At the time of preparing this draft Budget the new prices are not yet known; in anticipation of an increase of these costs, the PB has applied a 7.5% adjustment to

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<sup>20</sup> Rules applicable to this kind of EU action grant provide for a flat rate of 7% for indirect costs, in order to cover the overhead costs incurred by project participants. Indirect costs are distinguished from compensation to the HCCH for the services to iSupport and eCODEX of PB staff members whose salaries are paid out of the HCCH Budget. The exact final value depends on the European Commission accepting the costs and the amount of the costs actually incurred.

<sup>21</sup> SC meeting on the operation of the 1980 Child Abduction and 1996 Child Protection Conventions (October 2023).

rental fees at the Hague Academy, in keeping with the adjustment used for the current FY, for CGAP and CDR meetings in 2025.

81 As stated in paragraph 6, in accordance with the plans approved by CDR in May 2023, costs for Spanish interpretation and Recording Secretaries at meetings have to be added to the Budget as of FY 2024-2025 (reflected in Art. 12). In Annex II these costs were projected at €55,000 in total for the meetings of the SC, CGAP and CDR, with € 10,000 of the pending VC expected to offset some of these costs (reflected in Art. 21b), bringing the effective costs to be covered through the budget for FY 2024-2025 to € 45,000. However, as explained in paragraph 6 and in footnote 3, for FY 2024-2025 they are expected to be approximately € 12,000 lower than envisaged and reflected in Annex II.

82 Draft Budget 1 also includes costs for 24 days of Experts' Group or Working Group meetings relating to normative work at the PB. These meeting days at the PB may generate additional costs (see Art. 13 for details). As in previous FYs, the PB will do its best to limit staff overtime, and it has projected a lower amount for these costs in FY 2024-2025 (€ 125 per meeting day). Any governance related meeting days to be held at the PB generally do not generate meeting costs.

#### **a. Article 12 Off-site meetings (Hague Academy)**

##### **CGAP**

##### **Article 12a, Venue**

83 This article increases by € 12,000. This article covers setting-up and dismantling costs, the rent of the large meeting room in the Hague Academy building, the interpretation booths for three languages and other equipment, workspaces for staff, two additional meeting rooms, service costs at the venue (all under the new, higher fee structure for FY 2024-2025), as well as the costs for technical support to enable online participation. Rental costs for CGAP are budgeted on a model with one day for set-up, 3.5 meeting days, and a half day for breakdown time (costs are for five days in total).

##### **Article 12b, Interpretation (English and French)**

84 This article increases by € 11,700. It covers interpretation costs for six interpreters at a 3.5-day CGAP meeting. Interpretation costs have mainly increased due to two new interpreters required for Spanish interpretation to ensure proper composition of interpretation teams.<sup>22</sup>

##### **Article 12c, Additional personnel / moving**

85 This article increases by € 4,700 mainly in order to hire two additional Recording Secretaries for Spanish. It covers overtime expenses of some administrative staff members of the PB, costs for six Recording Secretaries during this meeting, as well as costs for movers. The PB is not hiring additional personnel for catering and other assistance during the CGAP meeting. The new document preparation process put in place by the PB for CDR meetings cannot be applied to CGAP meetings; as CGAP meetings last longer, the PB needs to hire a team of Recording Secretaries to rotate.

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<sup>22</sup> If the PB is able to engage interpreters willing to work remotely for this meeting, this could lead to cost savings in a future draft Budget. See also fn. 11.

## **CDR**

### **Article 12d, Venue**

86 This article increases by € 5,050 due to increased rental fees, an additional interpretation booth (for Spanish interpretation), and the need to budget for a full day of rent even if the meeting only lasts half a day (whereas in the past, the Carnegie Foundation had agreed to charge the rent for half a day only). This article covers setting-up and dismantling costs, the rent of the large meeting room in the Hague Academy building, interpretation booths for three languages and other equipment, and service costs at the venue. In keeping with the model adopted in previous years, costs for technical support to enable online participation at this meeting are not included as they are too high.

### **Article 12e, Interpretation (English and French)**

87 This article increases by € 2,100. It covers interpretation costs for four interpreters at a 0.5-day CDR meeting. Interpretation costs have mainly increased due to one new interpreter being required for Spanish interpretation to ensure proper composition of interpretation teams. As CDR meetings are not held in hybrid format, it would not be cost effective to offer remote interpretation because this would imply additional technical costs.

### **Article 12f, Additional personnel / moving**

88 This article decreases by € 200. The article includes overtime expenses of some administrative staff members of the PB, and costs for only one Recording Secretary during the CDR meeting (compared to two in the current FY).

### **Special Commissions and other meetings**

#### **Article 12g, Venue**

89 This article decreases by € 19,250 based on CGAP's plans to hold one SC meeting (see paras 8, 11, and 79-80).<sup>23</sup>

90 This article covers setting-up and dismantling costs, the rent of the large meeting room in the Hague Academy building, the interpretation booths for three languages and other equipment, workspaces for staff, two additional meeting rooms, as well as the costs for technical support to enable online participation. The costs are based on the 2023 pricing scheme for a SC meeting on the practical operation of the *Service, Evidence, and Access to Justice* Conventions based on a model with one day for set-up, 3.5 meeting days, and a half day for breakdown time (costs are for five days in total).

91 The PB will continue to strictly assess the use of any extra meeting spaces during these meetings for use only when absolutely necessary.

#### **Article 12h, Interpretation (English and French)**

92 This article increases by € 1,850. It covers interpretation costs for six interpreters at a 3.5-day SC meeting on the *Service, Evidence, and Access to Justice* Conventions. Interpretation costs have mainly increased due to two new interpreters required for Spanish interpretation to ensure proper composition of interpretation teams.<sup>24</sup>

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<sup>23</sup> In the Draft Zero Budget this article decreased by € 15,150 based the expectation that the new pricing scheme for FY 2024-2025 would apply. The total cost was projected at €78,850.

<sup>24</sup> If the PB is able to engage interpreters willing to work remotely for this meeting, this could lead to costs savings in a future draft Budget. See also fn. 11.



### **Article 12i, Additional personnel / moving**

- 93 This article increases by € 1,250 mainly in order to hire two additional Recording Secretaries for Spanish. It covers overtime expenses of some administrative staff members of the PB, costs for six Recording Secretaries during this meeting, as well as costs for movers. The PB is not hiring additional personnel for catering and other assistance during this meeting. The new document preparation process put in place by the PB for CDR meetings cannot be applied to SC meetings; as SC meetings last longer, the PB needs to hire a team of Recording Secretaries to rotate.

### **Article 13 On-site meetings (PB)**

- 94 This article remains unchanged. These costs mainly cover overtime expenses of some administrative staff members of the PB during meetings of Working / Experts' Groups. As stated in paragraph 82, costs are projected based on 24 meeting days at the PB. As a result of its strict overtime policy and efforts to limit overtime, these costs are now estimated at € 125 per day.
- 95 Any meeting days related to governance matters are generally not expected to generate additional costs.

### **b. Article 14 Other costs relating to HCCH meetings**

#### **Article 14a, Supplies, refreshments and facilitation costs**

- 96 This article increases by € 2,700. As of March 2020, with a view to saving costs, a coffee service is no longer provided for free during CGAP and SC meetings (this also allows for some cuts in Art. 12c and 12i). Refreshments are made available for purchase from a caterer. This article is also used to cover costs for the supplies and materials (incl. folders, badges, USB sticks) used and distributed at any of the HCCH meetings (incl. seminars). Additionally, during HCCH meetings and other events, light working lunches and, dinners (incl. for Drafting Committees) are sometimes covered through this article. Due to the higher number of meeting days (CGAP, CDR, SC, and other meetings) anticipated in FY 2024-2025, this article is increased.

#### **Article 14b, Travel consultants and external experts**

- 97 This article remains unchanged. It may be used to offset (some) travel costs for external experts who contribute to the work of the HCCH, such as experts chairing Working / Experts' Group meetings and whose costs are not covered by their relevant authorities. This article is used for both off-site and on-site meetings. As in previous years, the PB does not use assessed contributions to cover any travel / hotel costs of participants who otherwise could not afford to attend HCCH meetings.

### **3. Present and future pension liabilities**

#### **a. Article 15 Retirement or survivors' pensions**

- 98 This article increases by € 53,100 to cover the full, mandatory contribution of Member States to the pension schemes currently in force at the HCCH. After salaries, this is by far the highest increase in the Budget. Thus, the two most important increases in the Budget are the direct result of adjustments imposed by regulatory frameworks, and thus beyond the SG's discretion.
- 99 This article is determined in direct correlation with Article 1a. It has to represent 23.6% of salaries for those staff members who fall under the Co-ordinated Pension Scheme (COPS), and 18.8% of salaries for those staff members who fall under the New Pension Scheme (NPS) (as per the rules that govern these pension schemes). There are 12 active staff members who fall under the COPS, and 17 staff members who fall under the NPS.

100 Currently, the HCCH has 11 pensioners (all under the COPS).  
101 Pension costs relating to both COPS and NPS are currently financed through the contributions of staff, the payments of the accrued unfunded liabilities, the return on the investments of the Pension Reserve Fund (PRF), and article 15 of the Budget which represents the Organisation's (employer's) contributions to the pension schemes (art. 15 covers present and future liabilities).  
102 It is recalled that the Organisation is required to provide pension benefits to all eligible staff or former staff of the Organisation under the pension schemes currently in force, and that all Member States must cover the costs relating to present and future pension liabilities, independently of when they became a Member of the HCCH and whether or not they had or still have to pay their full share of the accrued unfunded liabilities (see Overviews I and II added to the actual Draft Budget at the end of the second part of this document).

**b. Article 16 Pension administration by the ISRP**

103 This article decreases by € 700. It covers current costs for the verification and administration of pensions for all officials and retirees of the HCCH by the ISRP.

**B. Revenues**

**1. Article 17 Contribution of Member States**

104 This article increases by € 325,343. It reflects the total assessed contribution of all Member States to cover the operating budget of the HCCH (*i.e.*, costs relating to the Operation of the PB, International Meetings, and Present and Future Pension Liabilities). The total assessed contributions from Member States are 6.68% higher than in the previous FY. The value of one budgetary unit and the full amounts to be paid by each Member State are briefly explained below under F (see paras 117 *et seq.*), and then listed in *Overview I* and *Overview II*, respectively.

105 This draft Budget is based on a total of 640.5 units. The increase per unit amounts to € 507.95 or 6.46%.

**2. Article 18 Allocation of reserves from FY 2022-2023**

106 To partially offset the increase in operation expenses, the SG suggests that an amount of € 72,000 be used from the net operational surplus from FY 2022-2023 as additional revenue in the Budget for FY 2024-2025.<sup>25</sup>

107 This approach also allows for part of the surplus to be redistributed to Member States by lowering Member States' assessed contribution for FY 2024-2025 by € 72,000, without undertaking the time and resource-intensive burden of calculating, setting up and executing reimbursements by way of more than 90 bank transfers of relatively low amounts. The SG will submit a formal proposal to CDR on the allocation of the net operational surplus from FY 2022-2023 (see Art. 13(2) Fin. Regs.) for decision at its May 2024 meeting.

**3. Article 19 Contribution of Member Organisation**

108 This article remains unchanged. It relates to the membership of the EU. According to Article 9(2) of the Statute of the HCCH, a Member Organisation is not required to contribute in addition to its Member States to the annual Budget of the HCCH but pays a sum to be determined by the HCCH, in consultation with the Member Organisation, to cover additional administrative expenses arising

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<sup>25</sup> Although this amount has been presented as revenue in this draft Budget, it should be noted that in accordance with applicable accounting principles, and following consultations with the HCCH auditors, this will be processed as an allocation of a previous surplus using reserves from the financial statements of FY 2022-2023 (it does not technically qualify as revenue or income).

out of its membership. The amount is generally determined for a period of three FYs. The current amount of € 39,000 was agreed on in 2022 for application as of FY 2022-2023.

#### **4. Article 20 Income derived from sales of publications**

109 This article increases by € 3,000. While in the last FYs the revenue generated under this article has exceeded the budgeted amounts (in particular in relation to sales of the Practical Handbooks on the Service and Evidence Conventions), the SG continues to prefer to take a cautious approach for the projection of income derived from the sale of publications as the revenue fluctuates and is by no means guaranteed. Nonetheless, given that the projections of sales also include the release of the new editions of the Practical Handbooks on the Service and Evidence Conventions in the next FY, this increase can be justified. The sales of these publications remain a noticeable source of revenue for the HCCH.

### **C. Voluntary contributions for the implementation of Spanish**

#### **1. Article 21a VC for Spanish translations in FY 2023-2024**

110 In May 2023 CDR approved the use of an anticipated VC of € 25,000 related to the implementation of Spanish over two FYs. In FY 2023-2024 € 15,000 of this VC is to be used to offset costs for the new Spanish translation budget line (see paras 2a, 4, and 5). Although the € 15,000 reflected in this article is already taken into account in the related article 6b of the Budget for FY 2023-2024, it is now also presented here in a new article 21a in the Budget for FY 2024-2025. This presentation of this VC expected in FY 2023-2024 does not change any figures related to the Budget for the current FY; Article 21a is merely inserted to better reflect the use of one VC over two FYs (see also Annex II).

#### **2. Article 21b VC for Spanish translations in FY 2024-2025**

111 This article reflects the use of € 10,000 from the above-mentioned VC of € 25,000, as approved by CDR. It is to be used to offset new costs related to Spanish interpretation and Recording Secretaries. (see para. 6 and Annex II).

### **D. Other Voluntary contributions**

#### **1. Article 22a VC from Members**

112 This article was introduced following the entry into force of the 2016 Fin. Regs. Under Article 5(2)(iii) “any other income, including monetary VCs communicated to the PB in writing, donations and revenues of a regular nature” shall be included in the Budget. In order to provide Members with up-to-date information on all VCs received during the FY from Member States, the PB provides an overview of all VCs received on a monthly basis.<sup>26</sup> For presentation this article has been split into two sections as of the Budget for FY 2024-2025 (related to contributions for Members and non-Members).

#### **2. Article 22b VC from non-Members**

113 This article was introduced following the entry into force of the 2016 Fin. Regs. Under Article 5(2)(iii) “any other income, including monetary VCs communicated to the PB in writing, donations and revenues of a regular nature” shall be included in the Budget. In order to provide Member States with up-to-date information on all VCs received during the FY from non-Members, the PB provides

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<sup>26</sup> Available at <https://www.hcch.net/en/secure-portal/governance1/voluntary-contributions>.

an overview of all VCs received on a monthly basis.<sup>27</sup> For presentation this article has been split into two sections as of the Budget for FY 2024-2025 (related to contributions for Members and non-Members).

#### **E. Accrued unfunded pension liabilities (Art. 23)**

- 114 This article remains unchanged. Contrary to the present and future pension liabilities, which are to be paid by all Member States, the accrued unfunded pension liabilities are to be paid only by States that were Members on or prior to 1 July 2010 and which have not yet paid off their full share of these liabilities (see CDR decision dated 6 July 2010). Payments for accrued unfunded pension liabilities are made in addition to assessed contributions. The remaining annual amount of the accrued unfunded liabilities to be paid, € 197,394 will be divided among the Member States that continue to pay their share in these costs annually (347.5 units, *i.e.*, € 568.04 per unit).
- 115 Importantly, while Austria, Brazil, Georgia, Poland, and the Russian Federation have been reclassified under the UPU system, these reclassifications do not affect these States' payment of their respective share of accrued unfunded pension liabilities. These shares were established in a fixed repayment scheme by CDR in 2010 and cannot be changed. Until these States have paid their full share of accrued unfunded pension liabilities, the PB will have to apply two different unit schemes to calculate these States' full contribution to a HCCH Budget.
- 116 Despite appearing after *Revenues* in the Budget, the accrued unfunded pension liabilities are an additional *expense*. They are listed at the end of the Budget because they do not have to be paid by all Member States. The total of Article 22 (€ 197,394) added to the total of *Expenses* (€ 5,138,600), equals the total Budget / total revenues at the end of *Revenues* (€ 5,335,994).

#### **F. Explanation of contributions to be paid by Member States: Overview I and Overview II**

- 117 The following provides a brief explanation of the two schemes applied to the calculation of Member States' contributions.
- 118 *Overview I* lists the total (incl. the accrued unfunded liabilities mentioned in para. 114) contributing share of each State that was a *Member on or prior to 1 July 2010 and that has not yet paid off its full share in the accrued unfunded pension liabilities*. In other words, in addition to their annual contribution to the operating Budget (incl. the present and future pension liabilities), they must also pay their annual share in the total accrued unfunded pension liabilities. The contribution to the operating Budget (incl. the present and future pension liabilities), € 2,692,993, is divided by 345 units; the contribution to accrued unfunded liabilities, € 197,394, is divided by 347.5 units. The total in *Overview I* is € 2,890,387. The total per unit is € 8,373.82 (except for the five States mentioned in para. 115).
- 119 *Overview II* lists the total contributing share of each State that was a *Member on or prior to 1 July 2010 and that has paid off its full share in the accrued unfunded pension liabilities, or that became a Member after 1 July 2010* (and thus does not have to pay for accrued unfunded pension liabilities at all). These Member States only contribute to the operating Budget (incl. the present and future pension liabilities). The total, € 2,306,607, is to be divided by 295.5 units = € 7,805.78 per unit.
- 120 Each Member State's contribution is listed in either **Overview I** or in **Overview II**, and Member States are invited to refer to their respective Overview for this information.

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<sup>27</sup> Available at <https://www.hcch.net/en/secure-portal/governance1/voluntary-contributions>.

## **ANNEXES**

## Annex I – Fund Overview and Projections

- 1 As a result of the application of Dutch Generally Accepted Accounting Principles (GAAP) to the operational Budget of the HCCH (CDR decision taken in 2017), the previously used system of *provisions* was abandoned and instead converted into a system of *reserve funds*. The five funds identified in the table below have been established for operational expenses that will be incurred in all these areas. Actual expenses in the fields covered by the respective funds are difficult to predict as they are subject to factual developments that may or may not occur. The fund structure, accompanied by targets (limits) for each of the funds and the recognition that the funds may have to be replenished at the end of an FY, allows for more stable budgeting towards these expenses.

Established / continuous Funds	Relocation	Staff Rules	Office maintenance / equipment	IT / equipment	Recueil
<b>Minimum target for Funds</b>	<b>30,000.00</b>	<b>125,000.00</b>	<b>25,000.00</b>	<b>22,500.00</b>	<b>15,000.00</b>
Balance at 30 June 2022	44,436.00	116,173.00	44,114.00	27,528.00	20,180.00
CDR approved appropriations from budget FY 22-23	-	-	-	-	-
CDR approved reappropriations from other funds (cross-funding) FY 22-23	7,100.00	-	-7,100.00	-	-
Expenses covered FY 22-23	-24,017.00	-1,366.00	-6,979.00	-11,713.00	-
<b>Balance at 30 June 2023</b>	<b>27,519.00</b>	<b>114,807.00</b>	<b>30,035.00</b>	<b>15,815.00</b>	<b>20,180.00</b>
CDR approved appropriations to be added from budget FY 23-24	-	25,000.00	-	-	-
CDR approved reappropriations from other funds (cross-funding) FY 23-24	9,060.00	-	-	-	-9,060.00
Estimated expenses to be covered FY 23-24	-	-15,000.00	-5,000.00	-	-
<b>Expected balance at 30 June 2025 after reappropriation, top-up or expenses in FY 23-24</b>	<b>36,579.00</b>	<b>124,807.00</b>	<b>25,035.00</b>	<b>15,815.00</b>	<b>11,120.00</b>
<b>Difference between target and Fund</b>	<b>-6,579.00</b>	<b>193.00</b>	<b>-35.00</b>	<b>6,685.00</b>	<b>3,880.00</b>
<b>Proposed Fund reappropriations in FY 24-25*</b>	-	-	-	-	-
<b>Proposed top-up from Budget FY 24-25 to reach target**</b>	-	-	-	-	-
<b>Expected balance at 30 June 2025</b>	<b>36,579.00</b>	<b>124,807.00</b>	<b>25,035.00</b>	<b>15,815.00</b>	<b>11,120.00</b>

\* € The PB will monitor spending over the next months and may propose cross-funding of some Funds following the completion of the audit for FY 2022-2023.

- 2 Due to the reassessment of targets for the funds decided in 2019, some funds may temporarily have higher balances than targeted. Dutch GAAP accounting principles do not allow for fund appropriations adopted by CDR to run through the income statement again (*i.e.*, they cannot be included in the Budget again). Therefore, subject to the actual balance of funds, reappropriation between funds (cross-funding) has been used as a mechanism to rebalance funds, and it may continue to be used for future FYs. When the overall balances of the funds do not allow for the cross-funding approach, top-ups from the Budget will be required to meet the targets. Given the current levels of funds and expected expenses to be covered by the funds in the current FY, cross-funding may be proposed in subsequent versions of the Budget, and top-ups may be necessary in future FYs.

- 3 It should be noted that when considering technical fund accounting, fund additions and withdrawals materialise only one year after the actual expenses are incurred and once they have been processed through the income statement. For example, an expense that materialised in the course of FY 2022-2023 would only be covered by the relevant fund (withdrawn) in FY 2023-2024. Similarly, replenishment of a fund through the Budget would only materialise (*i.e.*, be credited to the fund) in the subsequent FY.

### **The minimum targets for each of the funds**

#### *Fund Relocation*

- 4 This Fund should be sufficient to cover two to three relocations (and related expenses) per FY. This could relate to either staff arrivals or departures. Expenses may vary depending on entitlements (incl. family situations) of staff.
- 5 The minimum target for this Fund is set at € 30,000. Expenses will be monitored over the next months, and cross-funding may be proposed in a subsequent draft Budget; no payment to this Fund is envisaged through the Budget for FY 2024-2025.

#### *Fund Staff Rules*

- 6 This Fund includes a sub-fund of € 32,500, as per the CDR decision in May 2021, which is ring-fenced and only to be used for a loss of employment indemnity, if materialised.<sup>1</sup>
- 7 Additionally, approximately € 60,000 is held to mitigate the risk of unknown and exceptionally high expenses in the event dispute procedures or indemnity payments (above the ring-fenced amount) are required. Other expenses covered from the Staff Rules Fund as elaborated in the notes relating to Article 1e of the Budget are also covered through this Fund.
- 8 The minimum (total) target for this Fund was increased from € 100,000 to € 125,000 by CDR in May 2023, in order to compensate for costs that could arise as a result of not hiring a new Head of HR in FY 2023-2024. No payment to this Fund is envisaged through the Budget for FY 2024-2025.

#### *Fund Office maintenance / equipment*

- 9 This Fund needs to cover expenses to maintain the office and office equipment in a functional state. It also serves to cover any repairs to the equipment, furniture and office space.
- 10 The minimum target for this Fund is set at € 25,000. No addition is envisaged through the Budget for FY 2024-2025 for this Fund.

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<sup>1</sup> In the hypothetical case of an Official at Grade A2, who is not entitled to any allowances (e.g., family and / or child allowance) and who has been with the Organisation for any term between 5 and ten years, the amount would reach approx. € 42,000. Based on the actual staff data of the PB (incl. number of years spent at the PB), there is, however, a strong likelihood that a possible indemnity would be (significantly) higher. The ring-fenced amount may thus have to be increased in the future.

*Fund IT / equipment*

- 11 This Fund covers maintenance of the IT environment to ensure security and compliance with adequate standards. This includes periodic updates and investments for key infrastructure and equipment, if and when required.
- 12 The minimum target for this Fund is € 22,500 given how crucial the IT infrastructure is to the operation of the PB in the current working environment, in particular as regards teleworking and videoconferencing. Expenses will be monitored over the next months, and cross-funding may be proposed in a subsequent draft Budget. No payment to this Fund is envisaged through the Budget for FY 2024-2025.

*Fund Recueil*

- 13 This Fund covers the cost for the publication and possible reprints of the Collection of HCCH Instruments (*Recueil*).
- 14 The minimum target for this Fund is € 20,000. The Fund remains at a sufficient level for FY 2024-2025 and would allow for a full reprint of the 2020 edition of the *Recueil* if needed, as well as making savings for the next edition. No payment to this Fund is envisaged through the Budget for FY 2024-2025.



## Annex II – Overview of the costs relating to the implementation of Spanish as an Official Language over the next three FYs (as presented in Annex II of the approved Budget for FY 2023-2024)

1. As decided by CGAP during its meeting in March 2023, with the financial implications approved by CDR during its meeting in May 2023, Spanish will become an additional official language on 1 July 2024 (i.e., when translation, administrative support, and interpretation can all be offered).
2. This Annex provides a general overview of the costs relating to the implementation of Spanish as an additional official language over the next three FYs. This overview is presented following (i) the initial proposal annexed to Draft Zero Budget (a proposal which amounted to € 510,000), (ii) the further proposal annexed to Draft Budget 1 (€ 151,500), and (iii) the proposal reflected in Prel. Doc. No 19 *bis* for CGAP 2023 (€ 139,000).
3. This overview is based on the assumption that the PB would receive € 25,000 in the form of voluntary contributions for the introduction of Spanish in 2023, of which € 15,000 would be used in FY 2023-2024, and € 10,000 in FY 2024-2025.
4. **Caveat:** The figures are subject to adjustments, in particular inflation, costs for licenses, the Work Programme decided by CGAP (incl. the number of SC meeting days), the further experience with online simultaneous interpretation as well as fees for interpreters, and the need for external translations. The PB will provide Member States with any information that becomes available in this regard for subsequent FYs.

### FY 2023-2024 (reflected in this Approved Budget)

Software	€ 19,000 (reflected in Art. 3b)
PB positions	€ 22,500 (reflected in Art. 1a)
External translations	€ 38,500 of which € 15,000 would be absorbed by voluntary contributions; thus to be absorbed by Budget: € 23,500 (reflected in Art. 6b)
Printing	€ 2,500 (reflected in Art. 4a)

**Total for Budget € 67,500**

### FY 2024-2025

The above costs of € 67,500 would be included in the baseline of this Budget.

In addition, the following costs would be included for Spanish:

External Translations € 15,000 (to absorb the costs covered by voluntary contributions in 2023-2024) (*if no further voluntary contributions received*)

Simultaneous Interpretation & Recording Secretaries (8 days) € 55,000, of which € 10,000 would be absorbed by voluntary contributions; thus to be absorbed by Budget: € 45,000

**Total additional costs for Budget € 60,000**

[Total Budget costs for 2023-2025 € 127,500]

### FY 2025-2026

The above costs of € 127,500 would be included in the baseline of this Budget. In addition, € 10,000 would have to be included to absorb the costs covered by voluntary contributions in 2024-2025. The

recurrent costs for Spanish to be paid by the Budget would as of then amount to **€ 137,500** (but only € 10,000 of which would constitute a further increase of the Budget for 2025-2026). Thus, the full costs for the introduction of Spanish would only have to be covered exclusively by the budget as of the third FY (2025-2026).