

HCCH DRAFT "ZERO" BUDGET

		Budget Financial Year	Budget Financial Year
		1 July 2023-30 June 2024 (FY 69)	1 July 2024-30 June 2025 (FY 70)
EXPENSES			
OPERATION OF THE PERMANENT BUREAU			
Art 1	Personnel		
1a	Salaries and allowances	2,858,900.00	3,139,100.00
1b	Social benefits and insurances	198,800.00	215,900.00
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	95,500.00
		<u>3,188,200.00</u>	<u>3,467,500.00</u>
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	11,000.00
2d	Cleaning	27,000.00	36,200.00
2e	Office supplies	12,000.00	12,000.00
2f	Telecommunication / postage	10,000.00	10,000.00
2g	Fund maintenance / equipment	-	-
		<u>331,300.00</u>	<u>349,800.00</u>
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	-	-
		<u>126,500.00</u>	<u>127,800.00</u>
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	-	-
		<u>78,500.00</u>	<u>88,650.00</u>
Art 5	Library		
5a	Subscriptions	13,000.00	13,000.00
5b	Purchases	6,500.00	6,500.00
		<u>19,500.00</u>	<u>19,500.00</u>
Art 6	External translators		
6a	French	38,500.00	38,500.00
6b	Spanish*	23,500.00	38,500.00
		<u>62,000.00</u>	<u>77,000.00</u>
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
		<u>54,000.00</u>	<u>54,000.00</u>

Art 9	Representation (incl. for international meetings)	18,000.00	20,000.00
Art 10	Overhead reimbursements iSupport / eCODEX	(29,000.00)	(32,500.00)
Art 11	Unforeseen	3,500.00	3,500.00
	SUBTOTAL	3,924,000.00	4,253,350.00

MEETINGS

		Budget Financial Year 1 July 2023-30 June 2024 (FY 69)	Budget Financial Year 1 July 2024-30 June 2025 (FY 70)
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	78,850.00
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	127,250.00
	<i>subtotal</i>	259,450.00	282,750.00
Art 13	On-site meetings (PB) - incl. additional personnel	3,000.00	3,000.00
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
	SUBTOTAL	271,950.00	297,950.00

PRESENT AND FUTURE PENSION LIABILITIES

		Budget Financial Year 1 July 2023-30 June 2024 (FY 69)	Budget Financial Year 1 July 2024-30 June 2025 (FY 70)
	Paid by all Member States		
Art 15	Retirement or survivors' pensions	587,700.00	650,600.00
Art 16	Pension administration by the ISRP	17,700.00	17,000.00
	SUBTOTAL	605,400.00	667,600.00
	TOTAL EXPENSES	4,801,350.00	5,218,900.00

REVENUES		Budget Financial Year	Budget Financial Year
		1 July 2023-30 June 2024 (FY 69)	1 July 2024-30 June 2025 (FY 70)
Art 17	Contribution of the Member States	4,871,651.00	5,282,294.00
Art 18	Allocation of reserves from previous FY	73,093.00	70,000.00
Art 19	Contribution of a Member Organisation (to be confirmed)	39,000.00	39,000.00
Art 20	Income derived from sales of publications	15,000.00	15,000.00
Art 21	Voluntary Contribution (V.C.) for implementation of Spanish		
21a	V.C. for Spanish translation FY 23-24 (reflected in Art.6b)*	[15,000.00]	-
21b	V.C. for Spanish interpretation FY 24-25	-	10,000.00
		[15,000.00]	10,000.00
TOTAL REVENUES		4,998,744.00	5,416,294.00

OTHER VOLUNTARY CONTRIBUTIONS (V.C.)

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

TOTAL BUDGET **4,998,744.00** **5,416,294.00**

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 € 5,282,294 (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), € 2,738,939, 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 € 2,936,333 The total per unit is € 8,506.99 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): € 2,345,961 to be divided by 295.5 units = € 7,938.95 per unit.

The increase per unit is **8.15%** or **€ 641.12** per unit compared to the previous Financial Year 2023-2024 (FY 69).

*See Annex 1 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 V.C. 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.

Notes (informal) Draft "Zero" Budget

Introduction

This informal Draft "Zero" Budget for Financial Year 2024-2025 (FY 2024-2025 / FY 70) is submitted outside the regular budgetary process established by Articles 5 *et seq.* of the 2016 Financial Regulations. Its purpose is to inform Member States of the fundamental elements that affect the "starting point" of budgetary planning for FY 2024-2025. These include costs relating to the expected Work Programme and meetings, regular operational costs as well as other key factors that have changed compared to the Budget of the current FY and which have a significant impact on the budget development.

This Draft "Zero" Budget will serve as the basis for the discussions with Member States at the Informal Budget Meeting to be held online on 18 January 2024. Following the Informal Budget Meeting, the first official Draft Budget for FY 2024-2025 will be prepared and submitted in accordance with Article 5(1) of the 2016 Financial Regulations (*i.e.*, by 1 February 2024).

The comments below are not comprehensive explanatory notes like those produced for a regular draft budget; they merely provide some basic explanations to assist discussions during the Informal Budget Meeting.

Main elements

There are five key factors that significantly impact budgetary planning and make for a challenging "starting point" in the Budget for FY 2024-2025. These developments are:

(1) phase two of **costs for Spanish** in order to implement it as an official language as of 1 July 2024;

(2) **costs for meetings** at the Hague Academy based on the anticipated Work Programme (rental fees and interpretation costs will increase);

(3) **salaries** as a result of the proposed transfer of one position related to the *iSupport Project* to the Budget in order to ensure continuity and progress of this work for the Organisation when the current contract for this staff member ends during FY 2024-2025. This change in staffing will be necessary to maintain the smooth operation of the Permanent Bureau (PB). It should be noted that € 32,500 of the costs relating to this transfer can be covered from EU funding for *iSupport* and *eCODEX*;

(4) **rental costs** for the premises of the PB will need to be examined by the Council of Diplomatic Representatives (CDR) in May 2024. The 11-year rental agreement will end in June 2025. If the current terms of the rental agreement are to be extended, this would need to be agreed with the owners of the premises by October 2024. Alternatively, a new rental agreement could be negotiated with effect as of 1 July 2025. Notice would also have to be given by October 2024 if the PB plans to vacate the current premises by 1 July 2025; and

(5) **inflation**, which impacts a considerable number of budget lines (incl. PB missions).

Apart from the above, salaries, social benefits and insurances, and retirement or survivors' pensions have increased to reflect staff progressions and adjustments to benefits in accordance with the ISRP's decisions relating to staff remuneration.

As recommended by the Council on General Affairs and Policy (CGAP) in March 2023,¹ and as approved by CDR in May 2023,² phase-two of costs to implement Spanish as an official language as of 1 July 2024 have been factored in. 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 have been added as of the Budget for FY 2024-2025. The overview of the phased approach to implement Spanish as an official language as of 1 July 2024, as approved by CDR in May 2023, can be found in Annex I below. As a voluntary contribution in the amount of € 25,000 is still pending (of which € 15,000 is to be used to lower costs for *translations*, reflected in Art. 6b of the Approved Budget for the current FY (FY 2023-2024) from € 38,000 to € 23,500, and € 10,000 is to be used to lower costs for *interpretation*, reflected in Art. 21b of the Draft “Zero” Budget for FY 2024-2025), additional costs for translations and interpretation may have to added to a future draft Budget.

Meeting costs for in-person meetings at the Hague Academy are for CGAP and one Special Commission (SC) meeting on the practical operation of the Service, Evidence, and Access to Justice Conventions with a provision for remote participation in the meetings. As cost saving measures, CDR is envisaged as an in-person only meeting, and the meetings of the Standing Committee of the CDR are envisaged as online meetings.

The cost for the SC meeting on the practical operation of the Service, Evidence and Access to Justice Conventions is € 127,250 (1 day for set-up, 3.5 meeting days, and a half day for breakdown time; costs are thus for 5 days in total). The Work Programme for FY 2024-2025 remains subject to the decision of CGAP at its meeting in March 2024.

Furthermore, the increased cost for services in the Netherlands has a significant impact on operations of the PB and makes for challenging budgeting as inflation adjustments implemented by service providers are currently unpredictable. The PB has made projections for services based on current costs, but it hopes to provide more information about inflation adjustments by service providers in 2024 in Draft Budget 1.

An amount of € 70,000 has been included as income from the net operational surplus for FY 2022-2023. Once the audit for FY 2022-2023 is completed and the net operational surplus is confirmed, the Secretary General will submit a proposal for the use of this surplus to CDR. An estimate is, however, already included to lower the increase of Member States’ contributions.

All costs in this Draft “Zero” Budget are based on very strict assessments and estimates, and the PB continues to apply a very tight spending policy and make savings, including through the adjustment of its working methods.

Finally, no changes have been made to the number of units in the HCCH adaptation of the UPU system applicable for FY 2024-2025.

The total increase per unit projected in the Draft “Zero” Budget is **8.15%**. The median number of budgetary units allocated to HCCH Member States is three. Thus, the median increase of assessed contributions under this version of the Draft “Zero” Budget amounts to **€ 1,923.37**.³

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

² See Approved Budget and Explanatory Notes for Financial Year 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”.

³ The PB is looking into the possibility to arrange remote / online interpretation for CGAP, the SC meeting, and possibly CDR. If this is feasible, and subject to available interpreters and fees, instead of a total of € 76,300 for in-person interpretation at the three meetings mentioned, the total cost

Comments on select Articles (full explanatory notes will be provided with Draft Budget 1)

Articles

- *1A Salaries and allowances*: one position transferred, regular staff progressions and adjustments foreseen.
 - *1B Social benefits and insurances*: regular progressions and adjustments foreseen linked to Article 1a.
 - *1G External support (operational / legal)*: the qualified accountant hours have to be adjusted to cover increased audit work and other requirements.
 - *10 Overhead reimbursements iSupport /eCODEX*: funding from EU grant for related staff costs.
 - *12 A - 12 C CGAP*: in-person meeting with remote participation facilitated (fees as of July 2024 to be confirmed). CGAP meeting (1 day for set-up, 3.5 meeting days, and half day for breakdown time; costs are thus for 5 days).
 - *12 D - 12 F CDR*: in-person only meeting (fees as of July 2024 to be confirmed). CDR meeting (half day meeting, half-day for set-up and breakdown time; costs are thus for 1 day).
 - *12 G - 12 I SCs and other meetings*: SC on the Service, Evidence and Access to Justice Conventions - in-person meeting with remote participation facilitated (fees as of July 2024 to be confirmed). SC meeting (1 day for set-up, 3.5 meeting days, and half day for breakdown time; costs are thus for 5 days).
 - *15 Retirement or survivors' pensions*: regular progressions and adjustments foreseen linked to Article 1a.
 - *18a Allocation of reserves from FY 2022-2023*: part of the surplus for FY 2022-2023 included as income to offset expenses.
 - *21a Voluntary contribution for Spanish translation*: to lower costs in the Budget for the current FY 2023-2024 as part of phase-one of implementing Spanish as an official language. This was reflected in Article 6b of the Approved Budget for FY 2023-2024. However, for better transparency and comparison with the Budget for FY 2024-2025, it is now reflected in Article 21a. The overall Budget for FY 2023-2024 is not affected.
- 21b Voluntary contribution for Spanish interpretation*: to lower costs in the Budget for FY 2024-2025 as part of phase-two of implementing Spanish as an official language.

for online interpretation would amount to € 45,400, thus representing total cost savings of € 30,900. The increase per unit would be **7.54%** and the median increase of assessed contributions would amount to € 1,778.64.

Annex I – Overview of the costs relating to the implementation of Spanish as an additional 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).