

**HCCH DRAFT "ZERO" BUDGET**

		<b>Budget Financial Year</b>	<b>Budget Financial Year</b>
		<b>1 July 2021-30 June 2022 (FY 67)</b>	<b>1 July 2022-30 June 2023 (FY 68)</b>
<b>EXPENSES</b>			
<b>OPERATION OF THE PERMANENT BUREAU</b>			
Art 1	Personnel		
1a	Salaries and allowances	2,515,500.00	2,765,300.00
1b	Social benefits and insurances	179,000.00	193,500.00
1c	Home leave	8,500.00	8,500.00
1d	Fund relocation	-	-
1e	Fund staff rules (HR matters not covered in other Articles)	-	-
1f	ISRP administration	6,500.00	6,500.00
1g	External support (operational / legal)	81,000.00	75,000.00
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		2,790,500.00	3,048,800.00
Art 2	Office space and operation		
2a	Rent	166,300.00	169,700.00
2b	Service	44,300.00	45,200.00
2c	Insurance	12,500.00	11,500.00
2d	Cleaning	34,000.00	30,000.00
2e	Office supplies	12,000.00	12,000.00
2f	Telecommunication / postage	11,000.00	10,000.00
2g	Fund maintenance / equipment	-	-
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		280,100.00	278,400.00
Art 3	IT		
3a	Support / maintenance	44,000.00	44,000.00
3b	Software licenses / hardware	44,000.00	44,000.00
3c	Internet / website(s)	13,500.00	13,500.00
3d	Fund IT / equipment	-	-
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		101,500.00	101,500.00
Art 4	Copying, printing, and publications		
4a	Lease / production supplies	73,500.00	73,500.00
4b	External design, lay-out	1,500.00	1,000.00
4c	Fund recueil	-	-
		<hr/>	<hr/>
		75,000.00	74,500.00
Art 5	Library		
5a	Subscriptions	13,000.00	13,000.00
5b	Purchases	6,500.00	6,500.00
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		19,500.00	19,500.00
Art 6	External translators	37,500.00	37,500.00
Art 7	PB missions	53,500.00	53,500.00
Art 8	Financial operation		
8a	Bank fees	4,600.00	8,000.00
8b	Audit fees	45,500.00	47,000.00
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		50,100.00	55,000.00

Art 9	Representation (incl. for international meetings)	16,500.00	18,000.00
Art 10	Overhead reimbursements iSupport	(10,000.00)	(50,000.00)
Art 11	Unforeseen	3,500.00	3,500.00
	<b>SUBTOTAL</b>	<b>3,417,700.00</b>	<b>3,640,200.00</b>

		<b>Budget Financial Year 1 July 2021-30 June 2022 (FY 67)</b>	<b>Budget Financial Year 1 July 2022-30 June 2023 (FY 68)</b>
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**MEETINGS**

Art 12	Off-site meetings (Hague Academy)		
	<i>CGAP</i>		
12a	Rent (incl. meeting room, equipment, interpretation booths, workspace for personnel, small meeting rooms)	48,450.00	53,400.00
12b	Interpretation (English and French)	15,050.00	15,050.00
12c	Additional personnel / moving	9,100.00	9,100.00
		72,600.00	77,550.00
	<i>CDR</i>		
12d	Rent (incl. meeting room, equipment, interpretation booths, workspace for personnel, small meeting rooms)	8,150.00	-
12e	Interpretation (English and French)	4,650.00	2,550.00
12f	Additional personnel / moving	1,400.00	900.00
		14,200.00	3,450.00
	<i>Special Commissions and other meetings</i>		
12g	Rent (incl. meeting room, equipment, interpretation booths, workspace for personnel, small meeting room)	44,400.00	145,700.00
12h	Interpretation (English and French)	30,100.00	41,900.00
12i	Additional personnel / moving	17,800.00	25,700.00
		92,300.00	213,300.00
	<i>subtotal</i>	179,100.00	294,300.00
Art 13	On-site meetings (PB) - incl. additional personnel	3,400.00	3,000.00
Art 14	Other costs relating to HCCH meetings		
14a	Supplies and facilitation costs	7,000.00	10,500.00
14b	Travel consultants and external experts	2,500.00	2,500.00
		9,500.00	13,000.00
	<b>SUBTOTAL</b>	<b>192,000.00</b>	<b>310,300.00</b>

		<b>Budget Financial Year 1 July 2021-30 June 2022 (FY 67)</b>	<b>Budget Financial Year 1 July 2022-30 June 2023 (FY 68)</b>
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**PRESENT AND FUTURE PENSION LIABILITIES**

	Paid by all Member States		
Art 15	Retirement or survivors' pensions	543,400.00	573,700.00
16	Pension administration by the ISRP	17,700.00	17,700.00
	<b>SUBTOTAL</b>	<b>561,100.00</b>	<b>591,400.00</b>
	<b>TOTAL EXPENSES</b>	<b>4,170,800.00</b>	<b>4,541,900.00</b>

		Budget Financial Year 1 July 2021-30 June 2022 (FY 67)	Budget Financial Year 1 July 2022-30 June 2023 (FY 68)
<b>REVENUES</b>			
Art 17	Contribution of the Member States	4,187,894.00	4,506,994.00
Art 18	Use of reserves		
18a	Allocation of reserves from FY 20-21	95,000.00	110,000.00
18b	Exceptional transfer of funds for SC meeting from FY 20-21	37,300.00	68,300.00
		132,300.00	178,300.00
Art 19	Contribution of a Member Organisation (to be confirmed)	37,000.00	39,000.00
Art 20	Income derived from sales of publications	11,000.00	15,000.00
	<b>TOTAL REVENUES</b>	<b>4,368,194.00</b>	<b>4,739,294.00</b>

#### **VOLUNTARY CONTRIBUTIONS (V.C.)**

Art 21a	Voluntary Contributions from Members	<i>p.m.</i>	<i>p.m.</i>
Art 21b	Voluntary Contributions from non-Members	<i>p.m.</i>	<i>p.m.</i>
	<b>TOTAL V.C.</b>	-	-

<b>TOTAL BUDGET</b>	<b>4,368,194.00</b>	<b>4,739,294.00</b>
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#### **ACCRUED UNFUNDED PENSION LIABILITIES**

Art 22	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 € 4,506,994 (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), €2,347,534, is divided by 338 units; the contribution to accrued unfunded liabilities, € 197,394, is divided by 347.5 units. The total in Overview I is € 2,544,928. The total per unit is € 7,513.41 per unit (with the exception of Brazil and Georgia).

**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): € 1,962,066 to be divided by 282.5 units = € 6,945.37 per unit.

The increase per unit is **6.87%** or **€ 483.02** per unit compared to the previous Financial Year 2021-2022 (FY 67).

## Notes (informal) Draft "Zero" Budget

### Introduction

This informal draft "zero" Budget for Financial Year 2022-2023 (FY 2022-2023 / FY 68) 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 2022-2023. 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 discussion with Member States at the Informal Budget Meeting to be held online on 13 January 2022. Following the Informal Budget Meeting, the first official draft Budget for FY 2022-2023 will be prepared and submitted in accordance with Article 5(1) of the 2016 Financial Regulations (*i.e.*, by 1 February 2022).

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 two key factors that significantly impact budgetary planning and make for a challenging "starting point" in the Budget for FY 2022-2023. These developments are (1) significantly higher costs for Special Commission (SC) meetings at the Hague Academy based on the anticipated work programme and related number of meeting days (as there are more SC meetings envisaged in FY 2022-2023 than in the current FY), and (2) the impact of including one new, part-time, staff position in the Budget to allow for a distinct HR role that is not combined with other operational functions, and transferring one position related to the iSupport project to the Budget due to a change in the basis of the staff member's employment and so as to ensure progress of this work for the Organisation. While these changes in the staffing are necessary to maintain the smooth operation of the Permanent Bureau (PB), every effort has been made to minimise their budgetary impact. With these additions, the total number of FTEs would be 28.5 (compared to 26.6 in FY 2021-2022, with an additional 0.1 reflecting the fact that one staff member will move to a full-time basis). Approximately € 50,000 of these costs can be covered from EU funding for iSupport. Furthermore, the lasting impact of the COVID-19 pandemic on possible meetings and operational spending during the next FY also continues to make for challenging budgeting.

Apart from the above, salaries, social benefits and insurances, and retirement or survivor's pensions have increased to reflect staff progressions and adjustments to benefits.

Meeting costs for in-person meetings at the Hague Academy are for the Council on General Affairs and Policy (CGAP), and three SC meetings (on the practical operation of the Adoption, Adults, and Service / Evidence/ Access to Justice Conventions) with a provision for remote participation in the meetings. However, as a cost saving measure, the meetings of the Standing Committee of the Council of Diplomatic Representatives (CDR), and CDR itself, are envisaged as online meetings; they were successful when held in this format in the last two FYs.

The cost for the SC meeting on the practical operation of the Adoption Convention is € 77,300 (4 meeting days, 1 day for set-up/breakdown time; costs are for 5 days). However, € 68,300 is compensated for this meeting with funds CDR decided to transfer from FY 2019-2020 when this meeting was postponed due to the COVID-19 pandemic. The total cost for the SC meeting on the practical operation of the Adults Convention is € 58,700 (3 meeting days, 1 day for set-up/breakdown; costs are for 4 days). The total cost for the SC meeting on the practical operation

of the Service, Evidence and Access to Justice Conventions is € 77,300 (4 meeting days, 1 day for set-up/breakdown time; costs are for 5 days). The total cost for the three above-mentioned SC meetings is € 213,300. The work programme for FY 2022-2023 remains subject to the decision of CGAP at its meeting in March 2022.

An amount of € 110,000 has been included as income from the net operational surplus for FY 2020-2021. Once the audit for FY 2020-2021 is completed and the final net operational surplus is confirmed, the Secretary General will submit a proposal for the use of this surplus to CDR. The expected amount is, however, already included because it diminishes the increase of Member States' contributions.

All costs in the 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.

The total increase per unit projected in the draft "zero" Budget is **6.87%**.

### **Comments on select Articles (full explanatory notes will be provided with the first draft Budget)**

#### *Articles*

- *1A Salaries and allowances*: one new position, one position transferred, regular staff progressions and adjustment foreseen.
- *1B Social benefits and insurances*: regular progressions and adjustment foreseen linked to Article 1a.
- *10 Overhead reimbursements iSupport*: funding from EU grant for related staff costs.
- *12 A- 12 C CGAP*: in person meeting (with remote participation facilitated in a cost-effective manner; however, discussions with the Carnegie Foundation are ongoing about the cost of this format). GAP meeting (4 meeting days and 1 set-up /breakdown day). Costs for CGAP and CDR were combined in previous budgets but have been split for clarity.
- *12 D - 12 F CDR*: online meeting conducted from the PB (1 meeting day; the costs for the format of this meeting are lower than an in-person meeting at the Hague Academy). Although this is envisaged as an online meeting, it is reflected in the section of the budget relating to off-site meetings to provide a comparison of past and future CDR costs.
- *12 G - 12 I SCs and other meetings*: SC on the Adoption Convention (4 meeting days and 1 set-up/breakdown day); SC on the Adults Convention (3 meeting days and 1 set-up/breakdown day); SC on the Service, Evidence and Access to Justice Conventions (4 meeting days and 1 set-up/breakdown day).
- *15 Retirement or survivors' pensions*: regular progressions and adjustment foreseen linked to Article 1a.
- *18a Allocation of reserves from FY 2020-2021*: part of the surplus for FY 2020-2021 included as income to offset expenses.
- *18b Exceptional transfer of funds for SC meeting from FY 2020-2021*: transfer of funds that were budgeted for the SC on the Adoption Convention in FY 2020-2021 due to its postponement, as approved by CDR in May 2021.