

REGULATIONS ON FINANCIAL MATTERS AND BUDGETARY PRACTICES OF THE HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW¹

Part 1 – GENERAL PROVISIONS

Article 1 – Scope

- (1) These Regulations shall govern financial matters and budgetary practices of the Hague Conference on Private International Law, including the Permanent Bureau and its regional offices (the Conference).
- (2) These Regulations are established pursuant to Article 14 of the Statute of the Conference, taking into account Articles 8(2), 9, 10, and 11 of the Statute, as well as the Rules of Procedure of the Conference.

Article 2 – Authorities and responsibilities

- (1) The Council of Diplomatic Representatives is the supreme financial and budgetary authority of the Conference. It shall exercise oversight of the financial administration of the Conference.
- (2) The Standing Committee of the Council of Diplomatic Representatives shall assist the Council in this role. It shall consider any financial or budgetary matters that may be brought to its attention by any Member State or the Secretary General. It shall consider, and may make recommendations in relation to, the budget. The Standing Committee shall be open to all Member States. Its meetings shall be chaired by a member of the Council of Diplomatic Representatives who shall be elected by the Council for a period of two years.
- (3) The Council on General Affairs and Policy shall be consulted on the draft budget.
- (4) The Secretary General shall be responsible for the day-to-day administration of the Conference and the operation of the Permanent Bureau.

Article 3 – Financial Year and currency

- (1) The Financial Year of the Conference shall run from 1 July to 30 June.
- (2) All expenditures and revenues shall be expressed in euro (€, EUR). All contributions from Members of the Conference shall be paid in euro.

Article 4 – Means of communication

Where information is required to be provided by the Permanent Bureau, it may be provided in electronic form in both official languages.

¹ These Regulations were developed by the Working Group on Financial Matters and Budgetary Practices and subsequently approved by the Member States on 26 November 2015 (following a formal one-month vote procedure). The Regulations entered into force on 1 January 2016.

Part 2 – BUDGET PROCESS

Article 5 – Draft Budget

- (1) By 1 February of each year, the Secretary General shall prepare a draft budget for the following Financial Year.
- (2) The draft budget shall list projected revenues from:
 - (i) mandatory contributions (Assessed Contributions) from Member States and contributions from Member Organisations;
 - (ii) income derived from the Permanent Bureau's activities; and
 - (iii) any other income, including monetary voluntary contributions communicated to the Permanent Bureau in writing, donations and revenues of a regular nature.
- (3) The draft budget shall present the projected expenditures in the administration of the Conference, including the convening of Special Commissions and Working and Experts' Groups, as well as the operation of the Permanent Bureau and its activities.
- (4) The draft budget shall be presented in such a way as to allow a comparison of expenditures and revenues with those of the previous Financial Year. The draft budget shall be annotated to explain the reasons for the proposed increase or decrease in expenditures and / or revenues.
- (5) In advance of the meeting of the Council on General Affairs and Policy, the Standing Committee of the Council of Diplomatic Representatives shall meet to discuss the draft budget. Questions on the draft budget may be put to the Secretary General either in advance and in writing, or orally during the meeting of the Standing Committee. The draft budget, reflecting any recommendations adopted by the Standing Committee, shall be transmitted to the Council on General Affairs and Policy of the Conference.

Article 6 – Consultation with the Council on General Affairs and Policy

- (1) The Council on General Affairs and Policy may assess the draft budget against the priorities of the Conference and express its views on the corresponding allocation of resources. The Council may consider the priorities and the resource implications of ongoing and planned projects and the Conference's work programme.
- (2) Any recommendations of the Council shall be reflected by the Secretary General in the draft budget.

Article 7 – Submission of the Budget

- (1) Following the meeting of the Council on General Affairs and Policy, and no later than 15 April of each year, the Secretary General shall submit the draft budget to the Council of Diplomatic Representatives for final approval.
- (2) Members shall have until 10 May to submit written comments to the Secretary General on the draft budget, who shall send copies of the comments received to all Members.

Article 8 – Approval of Budget

- (1) Every year, the Council of Diplomatic Representatives shall meet before 1 June to approve the budget.
- (2) The Council of Diplomatic Representatives shall endeavour to approve the budget by consensus. If the Council cannot reach consensus, the approval of the budget shall be subject to a two-thirds majority of the Member States present at the meeting of the Council of Diplomatic Representatives.
- (3) If exceptionally, the budget cannot be approved, the Secretary General shall submit a revised draft budget to the Member States of the Conference within one month and reconvene the Council of Diplomatic Representatives no later than two months after the submission of the revised draft budget. If the budget has not been approved before the

beginning of the Financial Year, the Secretary General is authorised to collect provisional twelfth parts on the basis of the preceding draft budget in order to maintain the cash position of the Permanent Bureau until the approval of the revised draft budget.

- (4) As soon as possible after the adoption of the budget, the Secretary General shall send statements of accounts to each Member detailing the amount of the Assessed Contribution or contribution payable by each Member.

PART 3 – ASSESSED CONTRIBUTIONS

Article 9 – Contributions from Members

- (1) Assessed Contributions from Member States are due in full at the beginning of each Financial Year, and are required to be paid as soon as possible.
- (2) Member States shall contribute to the expenses of the Conference on the basis of their class of contribution in the system of the Universal Postal Union (Assessed Contributions).
- (3) However, Member States in the class of contribution of 50 units will contribute only 33 units.
- (4) Pursuant to Article 9(2) of the Statute of the Conference, a Member Organisation shall not be required to contribute in addition to its Member States to the annual budget of the Conference, but shall pay a sum to be determined by the Conference, in consultation with the Member Organisation, to cover additional administrative expenses arising out of its membership.

Article 10 – Contributions from new Member States

New Member States shall pay a contribution for the Financial Year in which they become Member States; the contribution shall be calculated *pro rata*, based on the months remaining in the Financial Year from the date of acceptance of the Statute.

Article 11 – Arrears

- (1) The Secretary General shall regularly inform the Council of Diplomatic Representatives of the status of payment of contributions.
- (2) On the first day of the following Financial Year, unpaid Assessed Contributions, or any part thereof, shall be considered arrears.
- (3) The Secretary General shall undertake discussions with Member States in arrears in order to agree on a schedule for the amortisation of their arrears.
- (4) Member States in arrears by more than two years shall lose their right to vote in the meetings of Diplomatic Sessions, the Council on General Affairs and Policy, and the Council of Diplomatic Representatives. They shall also lose the right to participate in meetings of Special Commissions, Experts' and Working Groups. They recover these rights only when all arrears have been paid. The Council on General Affairs and Policy may nevertheless exceptionally decide to permit such a Member State to vote and to participate.

PART 4 – REVOLVING FUND AND SURPLUSES

Article 12 – Revolving Fund

A Revolving Fund established for the purpose of maintaining a reasonable level of liquidity shall be maintained by the Permanent Bureau. The Revolving Fund shall amount to 12-16% of the Assessed Contributions in the budget of the previous Financial Year.

Article 13 – Surpluses

- (1) If the accounts show, at the close of the Financial Year, any residual balance (surplus), this surplus shall be credited to Member States *pro rata* their contributions obligations, upon the auditing of the accounts, pursuant to Article 15.
- (2) Upon a recommendation of the Secretary General, the Council of Diplomatic Representatives may decide to authorise the use of any surplus for a specific purpose representing an expense of the Conference and falling within the Conference's mandate.

PART 5 – ACCOUNTING AND REPORTING FUNCTIONS**Article 14 – Secretary General's responsibilities**

The Secretary General shall:

- (i) ensure an appropriate accounting system is in place;
- (ii) monitor revenues and expenditures, ensuring, in particular, conformity between actual expenditures and budgetary allocations;
- (iii) establish a procedure for the procurement of goods and services by the Permanent Bureau that promotes transparency and value for money;
- (iv) identify the accounting standards in use by the Conference;
- (v) report on the accounts to Member States within three months of the end of each Financial Year; and
- (vi) submit the accounts to the auditor within six months of the end of each Financial Year.

Article 15 – Audit responsibilities

- (1) The Final Accounts shall be audited by an independent auditor to be appointed by the Council of Diplomatic Representatives.
- (2) The independent auditor shall be appointed for a term not exceeding five years, with the possibility of renewal for a five-yearly term thereafter.
- (3) The auditor's report shall be transmitted to Member States as soon as it becomes available.
- (4) The audited accounts shall be submitted for approval to the Council of Diplomatic Representatives.
- (5) The auditor may be asked to attend meetings of the Standing Committee or of the Council of Diplomatic Representatives. If the opinion of the auditor is qualified, the Standing Committee or the Council may ask for further investigations and, if necessary, a report back to Member States.

Article 16 – Pension Reserve Fund

- (1) The Secretary General shall take measures that ensure proper management of the reserves that are set aside to cover pension liabilities.
- (2) The Secretary General shall report once a year on the status of the pension reserve fund.

PART 6 – VOLUNTARY CONTRIBUTIONS**Article 17 – Conditions for acceptance**

- (1) Voluntary contributions, including monetary and non-monetary contributions, may be accepted by the Permanent Bureau provided that they are to be used for a subject matter falling within the mandate of the Conference, including the work of the Permanent Bureau and its activities.

- (2) The Permanent Bureau shall communicate all received monetary contributions above an amount to be determined by the Council of Diplomatic Representatives to the Member States. This communication shall include the identification of the contributor, whether the contribution is intended to be used for a specific subject matter, and whether the contribution is recurring.
- (3) All monetary voluntary contributions shall be allocated to projects and will be reported upon to Member States through Voluntary Contributions Account Statements (VCAS), which are to be submitted as part of the financial statements to the auditor.
- (4) Any proposed monetary voluntary contribution by a non-Member shall be communicated by the Permanent Bureau to the Standing Committee before being accepted.

Part 7 – FINAL PROVISIONS

Article 18 – Entry into force and amendments

- (1) The approval of these Regulations shall be subject to a two-thirds majority of the Member States represented at the meeting of the Council of Diplomatic Representatives, or in the case of a written procedure, a two-thirds majority of the Member States eligible to cast a vote. If approved, the Regulations shall enter into force upon a date determined by the Council.
- (2) These Regulations may be reviewed regularly and approval of amendments shall be subject to a two-thirds majority of the Member States represented at the meeting of the Council of Diplomatic Representatives, or in the case of a written procedure, a two-thirds majority of the Member States eligible to cast a vote. If approved, the revised Regulations shall enter into force upon a date determined by the Council.