

Berlin, 8 February 2017

COMMENTS OF THE FEDERAL REPUBLIC OF GERMANY TO THE DRAFT HcCH BUDGET FOR THE FINANCIAL YEAR 1 JULY 2017 – 30 JUNE 2018 (FY LXIII) DATED 20 JANUARY 2017

As requested in Circular L.c. A No 5(17), Germany respectfully submits the following comments and questions to the draft budget for the Financial Year 1 July 2017 – 30 June 2018 (FY LXIII) dated 20 January 2017:

General matter: balancing of expenses and revenues

The budget provides for total expenses in the amount of € 4.091.125,00 while the total revenues amount to € 4.302.720,00 (the regular contributions of Member States already make up € 4.261.720,00 of that sum). As a general matter, we kindly request adapting to budget to the effect that expenses and revenues become equal. The regular budget should neither serve to build up reserves nor to mitigate outstanding payments by Member States.

Int-1/Int-8: Revolving Fund

We suggest limiting the funds contained in the Revolving Fund to those strictly necessary for ensuring a smooth transition from one financial year to the next. We kindly request the Permanent Bureau to illuminate the underlying calculations.

Int-4 / 5a-1: 125th anniversary of the HcCH

Will the additional funding for the celebration of the 125th anniversary of the Hague Conference have to be incurred in their full amount in 2018 or could they be spread out over several years? Could the event be fully or partially financed with HcCH's own resources without resorting to additional Member States' contributions?

1b-1 Social benefits and insurances

We kindly request the Permanent Bureau to further explain the nature and necessity of this insurance. Which specific risks are covered by the insurance (e.g. payments that would have to be made by the HcCH to the employees and their families or damages)?

Id-2: Reserves for indemnity payments for loss of employment

Following up on the discussions during the last meeting of the Council of Diplomatic Representatives in May 2016, Germany reiterates its position in three respects.

First, reserves for indemnity payments for loss of employment must be built up in a separate fund as opposed to including them in a budget line which also relates to a number of other expenses.

Second, these reserves must be built up through a onetime payment. Replenishment of these funds should only be envisaged if and to the extent that the reserves were actually used to make indemnity payments for loss of employment.

Third and as a consequence of the aforementioned, the funds allocated for indemnity payments for loss of employment should be reserved exclusively for this purpose.

We are not sure whether the Permanent Bureau aimed at implementing at least some of these points in the current draft. In any case, the explanations under Id-2 should reflect them in a more explicit way.

21-2: Administrative costs relating to measures relying on voluntary contributions

We suggest reserving the voluntary contributions for the purposes for which they are provided by the contributors. For reasons of budgetary transparency, the indirect administrative costs in question should rather be included in the regular budget instead of deducting them from the voluntary contributions.