

**APPROVED BUDGET AND EXPLANATORY NOTES
FOR FINANCIAL YEAR 1 JULY 2026 – 30 JUNE 2027 (FY 72)**

*Document drawn up following
the meeting of the Council of Diplomatic Representatives on 19 May 2026*

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Budget and Explanatory Notes for Financial Year 1 July 2026 – 30 June 2027 (FY 72)

I. Introduction

- 1 This Budget for Financial Year (FY) 1 July 2026 – 30 June 2027 (FY 72) was approved by consensus by the Council of Diplomatic Representatives (CDR) at its meeting of 19 May 2026, in accordance with Article 8(2) of the 2016 Regulations on Financial Matters and Budgetary Practices of the HCCH (2016 Fin. Regs). It is based on the Final Draft Budget (FDB) submitted to CDR,¹ following consultation with the Council on General Affairs and Policy (CGAP) at its meeting in March 2026 and the Standing Committee (StC) meeting of 26 March 2026. The approved Budget reflects the adjustments required following the decisions taken by CGAP on the work programme, the final adjustments following the StC meeting, and CDR’s decision to adopt a differentiated pricing model with a 5% reduction in the assessed contributions of Member States contributing 33 units. CDR did not approve the 7.5% reduction rate presented in the FDB. Following its adoption, the differentiated pricing model is henceforth referred to as the “differentiated pricing scheme” (DPS). The DPS constitutes a further adjustment of the HCCH’s implementation of the budgetary system developed by the Universal Postal Union (UPU).
- 2 The approved Budget is structured as follows:
 - Section II. sets out the updated **background** and provides a **summary** of the main elements underpinning the approved Budget in light of CGAP’s decisions, the refined budgetary adjustments following the StC meeting of March 2026, and the decision taken by CDR on the DPS.
 - Section III. presents the **Overall Results** of the approved Budget, including the impact of the DPS as approved by CDR.
 - Sections IV. and V. present the approved **Budget tables**, and article-by-article explanations.
 - Finally, the Annex provides an overview of the five existing **reserve funds**.
- 3 Throughout the Budget development process, the Secretary General (SG) has remained fully mindful of the constrained fiscal environment faced by many Member States. At the same time, the approved Budget ensures that the HCCH can continue to discharge its governance and monitoring responsibilities, safeguard the operational stability of the Permanent Bureau (PB), and comply fully with its regulatory obligations.
- 4 The approved Budget reflects in particular:
 - CGAP’s decision not to hold a normative Special Commission (SC) meeting, and instead to hold one SC meeting on the practical operation of an existing HCCH Convention;
 - one additional budgetary unit reflecting Guatemala’s completion of its membership process at CGAP 2026;
 - limited but targeted technical adjustments to certain expenditure and revenue lines following a detailed internal review, already reflected in the FDB, aimed at further containing, to the extent possible, the overall increase in the Budget;
 - CDR’s decision of 19 May 2026 to adopt the DPS, with a 5% reduction in the assessed contributions of Member States contributing 33 units, with the resulting difference to be fully offset through corresponding increases in the assessed contributions of Member States contributing from 0.5 to 6 units, thereby ensuring strict revenue neutrality.

¹ See [Final Draft Budget and Explanatory Notes for Financial Year 1 July 2026 – 30 June 2027 \(FY 72\)](#) (available on the Secure Portal of the HCCH website (www.hcch.net) under “Governance” => “Council of Diplomatic Representatives” => “2026 Council of Diplomatic Representatives”).

II. Background and Summary of the Approved Budget for FY 2026-2027

5 The approved Budget for FY 2026–2027 builds on the structure and assumptions of the approved Budget for FY 2025–2026, while reflecting a limited number of targeted but significant adjustments, including those already incorporated in previous draft Budgets for FY 2026-2027, the additional refinements following the StC meeting of March 2026, and CDR’s decision on the DPS. These adjustments are driven by developments relating to the HCCH work programme (incl. decisions taken by CGAP in March 2026), envisaged meetings and their format, staffing and related administrative costs, audit costs, reserve funds and the Revolving Fund, updated membership developments and related contribution effects, revenues, minor technical refinements to selected budget lines, and the approved use of the net operational surplus from FY 2024–2025.

A. Special Commission Meeting in FY 2026-2027

6 At its March 2026 meeting, CGAP decided not to advance the “PISA” (parentage / surrogacy) Project to a SC at this stage, and to wait until its 2027 meeting to confirm whether or not the Jurisdiction Project should be advanced to a SC; instead, CGAP decided that an SC meeting on the practical operation of the 1993 Adoption Convention will be held during FY 2026–2027.² In accordance with established practice, such a meeting is based on a 3.5-working-day model and will be held in hybrid format, enabling both in-person and active online participation. Interpretation will be provided by human interpreters working remotely in the three official languages of the Organisation.

7 The total cost of this SC meeting amounts to € 121,082. An amount of € 82,800 was pre-financed in the approved Budget for FY 2025–2026 and is carried over for this purpose.³ The approved Budget therefore includes only the additional € 38,282 required to complete the financing of the standard 3.5-day meeting configuration. The total costs include, in particular, the rental of the large meeting room in the Hague Academy building, the set-up required for a hybrid meeting, and workspaces for staff.

8 Compared to a 6.5-day normative SC meeting, this configuration results in significantly lower overall meeting-related expenditure, while preserving the HCCH’s essential mandate to monitor the practical operation of its core Conventions.

9 The SG emphasises that the pre-financing model of SC meetings must remain strictly exceptional, and that the HCCH’s Budget must, in principle, be capable of supporting the Organisation’s core mandate. Should a normative SC meeting be convened during FY 2027–2028, this would inevitably entail higher meeting-related costs than those reflected in the present Budget and would therefore most likely result in a corresponding increase in the overall Budget and the price per budgetary unit.

² See the [Conclusions & Decisions of CGAP 2026](#) (available on the HCCH website under “Governance” => “Council on General Affairs and Policy”), C&D Nos 4, 9, and 30.

³ See [Approved Budget and Explanatory Notes for Financial Year 1 July 2025 – 30 June 2026 \(FY 71\)](#), paras 6-7, 71-72, 76, and 86-87 (available on the Secure Portal of the HCCH website under “Governance” => “Council of Diplomatic Representatives” => “Previous Councils of Diplomatic Representatives” => “2025 Council of Diplomatic Representatives”). The amount covers setting-up and dismantling costs, the rent of the large meeting room in the Hague Academy building, equipment, workspaces for staff, additional meeting rooms, service costs at the venue, as well as the costs for technical support to enable online participation. See also Draft Budget 1 (DB1) for FY 2026-2027 (available on the Secure Portal of the HCCH website under “Governance” => “Council of Diplomatic Representatives” => “2026 Council of Diplomatic Representatives”), paras 5 *et seq.*

B. Format of CGAP, CDR, and StC meetings

1. CGAP

10 CGAP 2027 is budgeted as a hybrid meeting held at the Hague Academy building, enabling both in-person and active online participation, with human online interpretation in the three official languages. The total costs amount to € 126,260. These costs are based on the standard meeting duration of 3.5 days, with an additional day allocated for setting up the meeting room and half a day for dismantling it.

2. CDR and StC

11 The meeting of the Council of Diplomatic Representatives (CDR) in 2027 is planned to be held on-site at the PB, with in-person participation offered on a first-registered, first-served basis. As a further significant cost-saving measure, AI-generated voice-to-text interpretation (translated captions) will be used instead of human interpretation services. This format saves more than € 26,000 compared to holding the meeting in the Hague Academy building with in-person interpretation.

12 Reflecting this change in format, as of the Budget for FY 2026-2027, the costs relating to the CDR meeting are no longer presented under the former Article 12 for off-site meetings held at the Hague Academy building (previously Arts 12d, 12e, and 12f). Instead, the CDR meeting is now reflected as an on-site meeting held at the PB, under new Articles 12a and 12b.⁴

13 Meetings of the StC will continue to be held fully online, with no in-person attendance other than that of the Chair of the StC, PB staff and the external accountant, and supported by the same AI-generated interpretation system.

C. Personnel and administrative costs

14 The approved Budget provides for 26.95 full-time equivalents (FTEs) financed through the HCCH Budget, the same number as in previous financial years. This includes the full-year financing of the administrative position previously approved, thereby ensuring operational continuity and stability.⁵

15 Salary projections are based on the Remuneration Adjustment Method (RAM) applicable to Co-ordinated Organisations located in the Netherlands, including the salary scales determined by the International Service for Remunerations and Pensions (ISRP) in Paris. These adjustments are regulation-based and outside the discretion of the SG.

16 Following a detailed internal review of operational expenditure, the following refinements have been made (compared to DB1 and DB2):

- Article 1g (External support – operational / legal) has been reduced to € 88,000 (a decrease of € 1,500, already implemented in DB2);
- Article 3a (IT Support / maintenance) has been reduced to € 51,000 (a decrease of € 2,000 compared to DB1, and a decrease of € 1,000 in comparison to the approved Budget for FY 2025-2026);
- Article 3b (Software licenses / hardware) has been reduced to € 65,500 (a decrease of € 100 compared to DB2);
- Article 3c (Internet / website(s)) has been adjusted to € 14,500 (an increase of € 100, already implemented in DB2);

⁴ The former Art. 10 on overhead reimbursements relating to iSupport / eCODEX has also been reclassified, see para. 23.

⁵ See DB1 (*op. cit.*, note 3), paras 17-18 for more details.

- Article 5a (Library – Subscriptions) has been increased by € 500 (instead of € 1,000 in DB2) to better reflect actual costs, while Article 5b (Library – Purchases) has been reduced by € 1,500 (resulting in a net decrease of € 1,000 for Art. 5, as opposed to € 500 in DB2);
- Article 7 (PB missions) has been reduced to € 71,500 (instead of € 72,000 in DB2) (a total decrease of € 1,300, as opposed to € 800 in DB2);
- Article 19 (Sales of publications) has been increased to € 16,000 (an increase of € 1,000, already implemented in DB2).

D. Audit costs

- 17 Annual external audit costs are fixed at € 30,000 following the appointment of the Board of Audit and Inspection (BAI) of the Republic of Korea as external auditor. This represents a significant structural reduction compared to previous financial years.⁶
- 18 In addition, as of FY 2026-2027, the Budget distinguishes between two separate components of audit-related costs. First, Article 8b reflects only the costs of the external audit of the HCCH's accounts (carried out by BAI and amounting to € 30,000). Secondly, Article 8c separately reflects the additional audit-related costs linked to the actuarial assessment of the HCCH's pension liabilities, which is carried out by a different firm (Confident BV) and which amount to approximately € 9,000. These costs were previously included in Article 8b and regularly contributed to overspending that article. Presenting these two elements separately enhances transparency and clarity regarding the overall level and structure of audit costs borne by the HCCH's Budget, and facilitates a clearer understanding by Members of the distinct nature and drivers of these expenditures.

E. Reserve Funds & Revolving Fund

- 19 Given the continued budgetary constraints, no budgetary appropriations are included for the replenishment of any of the reserve funds for operational expenses. However, following the completion of the audit for FY 2024-2025, and based on the SG's recommendation,⁷ CDR 2026 approved the allocation of part of the net operational surplus from FY 2024-2025 to the Relocation Reserve Fund (€ 13,500), the Office Equipment Reserve Fund (€ 1,250), and the IT Reserve Fund (€ 1,250) (see below para. 24). These replenishments are necessary in light of foreseeable operational and infrastructure-related needs in the medium term, and are intended to ensure that the Organisation remains adequately prepared to address such requirements as they arise. This approach allows for a targeted and necessary strengthening of key reserve funds without further increasing assessed contributions. An overview of all reserve funds is provided in the Annex.
- 20 The approved Budget does not include any budgetary contribution to the Revolving Fund. However, taking into account the level of expenditure and the overall size of the Budget, and based on the SG's recommendation,⁸ CDR 2026 approved the allocation of a portion of the net operational surplus from FY 2024-2025 (€ 4,845) to the Revolving Fund. This allocation ensures continued

⁶ See DB1 (*ibid.*), paras 20-21 for more details. See also Focused Circular No 59(25) of 28 October 2025 – Distance Decision-Making Process | Early termination of current audit contract & appointment of new auditors, and Focused Circular No 68(25) of 25 November 2025 – Outcome Distance Decision-Making Process | Early termination of current audit contract & appointment of new auditors (available on the Secure Portal of the HCCH website under “Governance” => “Circulars”). See also [Summary of Developments in Relation to HCCH Audit Costs and the Appointment of New Auditor – Launch of Distance Decision \(Silence Procedure\)](#) (available on the Secure Portal of the HCCH website under “Governance” => “Council of Diplomatic Representatives” => “2026 Council of Diplomatic Representatives”).

⁷ See [Prel. Doc. No 3 of April 2026 – Appropriation of the Operational Result for Financial Year 2024-2025 \(FY 70\), Recommendations of the Secretary General under Article 13\(2\) of the 2016 Financial Regulations](#), submitted to CDR 2026 (available on the Secure Portal of the HCCH website under “Governance” => “Council of Diplomatic Representatives” => “2026 Council of Diplomatic Representatives”).

⁸ *Ibid.*

minimum compliance with the range required under Article 12 of the 2016 Fin. Regs, while avoiding additional pressure on the assessed contributions of Member States.⁹

F. Membership developments

- 21 The approved Budget is based on one additional budgetary unit compared to the approved Budget for FY 2025–2026, reflecting the accession of Guatemala as a new Member of the HCCH. This additional unit contributes to mitigating the increase per unit.¹⁰

G. Revenues from publications

- 22 Compared to the approved Budget for FY 2025-2026, this approved Budget adopts a more conservative projection for income from publications, adjusting the expected amount from € 18,000 to € 16,000 (but up from € 15,000 in DB1). This reflects the fact that sales of the 5th editions of the Practical Handbooks on the Service and Evidence Conventions were particularly strong in the months following their release in FY 2025-2026 but that such sales volumes cannot reasonably be expected to continue at the same level.¹¹

H. Reimbursements from Voluntary Contributions

- 23 The former Article 10 – Overhead reimbursements – iSupport / eCODEX, as used in previous Budgets, has been deleted. The corresponding revenue now appears under Article 20, which reflects all revenues from Voluntary Contributions (VCs). Within this structure, Article 20a now reflects VCs linked to iSupport / eCODEX. It is to be noted that the amount under this article has decreased significantly, as, following the completion of the electronic Country Profiles project, fewer VC-funded projects linked to the administration of iSupport / eCODEX are currently underway. Article 20b reflects reimbursements to the Budget from VCs to cover the associated administrative costs, including all related audit costs (see Art. 17(3) of the 2016 Fin. Regs). It is further noted that the former Article 21a relating to VCs for Spanish has been deleted, as Spanish has been an official language of the HCCH since 1 July 2024.

I. Use of the net operational surplus from FY 2024-2025

- 24 The net operational surplus from FY 2024-2025 amounts to € 93,845. Following the completion of the audit, and based on the SG's recommendation, CDR 2026 approved the following allocation:
- € 73,000 to the Budget for FY 2026-2027;
 - € 4,845 to the Revolving Fund;
 - € 13,500 to the Relocation Reserve Fund;
 - € 1,250 to the Office Equipment Reserve Fund; and

⁹ Under Art. 12 of the 2016 Fin. Regs, the Revolving Fund shall amount to between 12% and 16% of the assessed contributions in the Budget of the previous FY. The current level of the Revolving Fund is € 648,642. With the approved modest increase, the Revolving Fund will amount to 12.28% of the assessed contributions for FY 2025-2026, representing the lowest level recorded to date. In previous years, the Revolving Fund was generally maintained at around 14%. It was only in the Budget for FY 2025-2026 that it fell to 12.55%, which was, at the time, the lowest level. At its current level, the Revolving Fund would cover only approximately two months of the basic operational costs of the PB (incl. salaries, pensions, rent of the PB premises, and certain regular contractual obligations).

¹⁰ The accession of Qatar, which had been envisaged in DB1, was dropped in the FDB assumptions. There are currently five admitted States (*i.e.*, States that have successfully completed the six-month voting process and now only need to deposit their instrument of acceptance of the Statute in order to become Member States of the HCCH): Colombia (admitted on 17 July 2006; would contribute 3 units), Lebanon (28 May 2010; 1 unit), Qatar (15 October 2025; 2 units), Bahrain (9 October 2024; 1 unit), and Indonesia (4 June 2026; 5 units). The SG continues to encourage admitted States to complete their respective membership processes and invites existing Members actively to support these efforts.

¹¹ Between January 2015 and mid-December 2025, sales of the Practical Handbooks on the Service and Evidence Conventions, respectively, amounted in total to € 191,553.62. Between 1 July and mid-March 2026, sales of these two publications generated over € 45,000.

- € 1,250 to the IT Reserve Fund.

25 This allocation strikes a careful balance between mitigating immediate budgetary pressures and strengthening key reserve funds essential for the Organisation's medium-term resilience.

J. Distribution of changes across expense articles

26 Of the total 44 budget lines appearing under the 15 articles in the Expenses section of the approved Budget, 22 lines reflect an increase, 16 lines remain unchanged, and 6 lines show a decrease compared to the approved Budget for FY 2025-2026. The more substantial increases are limited to Article 1 – Personnel, Article 2 – Office space and operation, and (new) Article 11 – Off-site meetings (Hague Academy). These increases are largely non-discretionary and beyond the direct control of the SG. All other articles showing an increase reflect only marginal adjustments, primarily to accommodate, at least partially, inflationary pressures (see para. 28), or do not increase in real terms.

K. Contextual and operational implications of the current budgetary constraints (incl. inflation)

27 The approved Budget for FY 2026-2027 once again illustrates the structural tension between the HCCH's expanding reach¹² and the limited financial means available.¹³ While the PB, under the SG's financial responsibility, continues to exercise strict budgetary discipline, certain costs – particularly those linked to meetings, statutory obligations, and staffing – remain largely non-discretionary.

28 Inflation in the Netherlands for 2025 ended the year at 2.8%, down from earlier in the year but still generally above the Eurozone average. After it had fallen to 2.4% in February 2026, inflation rose again to 2.7% in March 2026 and to 3.5% in May 2026, driven primarily by surging energy prices and motor fuels as well as geopolitical tensions.^{14, 15} Inflation levels in the Netherlands thus remain relatively high (higher than the euro area average) and continue to impact a considerable number of budget lines (incl. rent and service costs), particularly as the general inflation adjustment rate applied in HCCH Budgets has consistently been set at 2%. The SG notes that rising costs may require revisions in future budgets if actual inflation continues to exceed the general inflation adjustment rate.

29 In this challenging context, the approved Budget seeks to preserve the Organisation's core normative and governance functions, while limiting increases wherever possible and offsetting unavoidable costs through structural savings (notably in audit costs) and the prudent use of the net operational surplus. The SG also notes that the implementation of very small adjustments to

¹² Between 1 January 2000 and 11 March 2026, HCCH membership increased from 47 to 93 Members (+97.9%). Over the same period, the number of treaty actions under HCCH Conventions increased from 472 to 1,042 (+121%). Since 2010, membership has grown from 69 to 93 Member States (+34.8%), while treaty actions increased from 676 to 1,042 (+54%). Since 2015, membership increased from 78 to 93 Members (+19%), and treaty actions from 827 to 1,042 (+26%). While the number of full-time equivalents (FTEs) at the PB has fluctuated, it increased between 2000 and 2010 and has since remained broadly stable. When considering only positions financed through the HCCH Budget (*i.e.*, excluding positions funded through VCs), budget-funded staffing has remained within a narrow range of approximately 27-30 FTEs, notwithstanding the continued expansion of the HCCH's membership and treaty actions, as well as increasingly technical normative projects entailing significant efforts to reach consensus-based solutions. In particular, the last three approved Budgets, as well as this Budget for FY 2026-2027, each provide for 26.95 budget-funded FTEs.

¹³ See also slide 39 of the [Presentation of the Secretary General – Facts & Figures: The Year in Review](#), presented at CGAP 2026 (available on the HCCH website under "Governance" => "Council on General Affairs and Policy").

¹⁴ See <https://www.cbs.nl/en-gb/news/2026/14/inflation-at-2-7-percent-in-march-according-to-flash-estimate>, and <https://www.cbs.nl/en-gb/news/2026/23/inflation-at-3-5-percent-in-may-according-to-flash-estimate>.

¹⁵ In the autumn of 2025, the Dutch Central Bank (DNB) projected average inflation to decrease from 3.0% in 2025 to 2.4% in 2026, see <https://www.dnb.nl/en/current-economic-issues/the-state-of-the-dutch-economy/>.

individual budget lines entails a disproportionate administrative effort in terms of recalculations and document revisions. This should be borne in mind when considering further marginal modifications to the Budget, in particular when such adjustments are proposed at a late stage of the budgetary process, after DB2, when the scope for identifying and implementing more substantial savings has already largely been exhausted.¹⁶

- 30 Continued budgetary constraints necessarily affect the PB's operational flexibility and its capacity to respond swiftly to emerging needs and requests from Members. The SG therefore considers it essential to maintain a transparent dialogue with Members on both short-term budgetary choices and longer-term structural questions, including the evolution of the contribution system.

III. Overall Results

A. Change in the comparative methodology

- 31 Until the presentation of the final Budget for FY 2025–2026, the amounts and percentage increases explained in the Budget were calculated by reference to the Member States listed in Overview I. At that time, this approach was appropriate, as Overview I comprised the majority of Member States.

- 32 This situation changed in March 2025, when Rwanda became a Member State of the HCCH. As a result, **Overview II now comprises the majority of Member States**, namely those that have either paid off their full share in the accrued unfunded pension liabilities or became Member States after July 2010. For reasons of clarity, consistency, and representativeness, as of the Budget for FY 2026-2027 **the comparative base for explaining changes in assessed contributions is therefore shifted from Overview I to Overview II.**

- 33 All percentage changes and per-unit calculations presented below are based on this updated methodology.

B. Impact before application of the DPS

- 34 Before application of the DPS approved by CDR, the approved Budget reflects CGAP's decision not to convene a normative SC meeting during FY 2026–2027 and instead to hold one SC meeting on the practical operation of the 1993 Adoption Convention, based on the standard 3.5-day hybrid format.

- 35 Taking into account:

- the additional € 38,282 required to complete the financing of that SC meeting (with € 82,800 pre-financed in FY 2025–2026);
- the one additional budgetary unit resulting from recent membership developments;
- the targeted technical adjustments to selected expenditure and revenue lines;
- the structural savings in audit costs;
- and the approved use of € 73,000 from the net operational surplus from FY 2024–2025;

the resulting **increase per budgetary unit** for Member States listed in **Overview II, before application of the DPS approved by CDR**, would amount to:

€ 280.24 per unit (rounded), corresponding to 3.53%.

¹⁶ By way of illustration, the additional adjustments made following comments by some Member States at the StC meeting in March 2026 resulted in further savings of € 1,100 (approx. 0.02% of the total Budget), stemming from reductions of € 100 under Art. 3b, € 500 under Art. 5a, and € 500 under Art. 7. In such cases, the technical and administrative effort required is indeed out of proportion to the financial impact achieved.

- 36 Before application of the DPS approved by CDR, the increase by level of budgetary units for Member States listed in Overview II would amount to the following base amounts (rounded):
- for 0.5-unit contributors: € 140.12
 - for 1-unit contributors: € 280.24
 - for 3-unit contributors: € 840.71
 - for 5-unit contributors: € 1,401.19
 - for 6-unit contributors: € 1,681.24
 - for 10-unit contributors: € 2,802.37
 - for 15-unit contributors: € 4,203.56
 - for 20-unit contributors: € 5,604.75
 - for 25-unit contributors: € 7,005.93
 - for 27-unit contributors: € 7,566.41
 - for 33-unit contributors: € 9,247.83
- 37 The **median number of budgetary units** assigned to HCCH Member States remains **three**. Before application of the DPS approved by CDR, the median increase of assessed contributions under the approved Budget would have amounted to € 840.71.
- 38 Before application of the DPS approved by CDR, for the minority of Member States that still need to pay off their full share in the accrued unfunded pension liabilities (*i.e.*, those listed in **Overview I**), the corresponding increase would amount to **3.30%**.¹⁷
- 39 Other key indicators reflect the following changes:
- Operation of the PB and International Meetings: increase of **€ 217,442 or 4.76%**
 - Total expenses of the Budget (Operation of the PB, International Meetings plus Present and Future Pension Liabilities): increase of **€ 238,642 or 4.52%**
 - Total Budget: increase of **€ 238,642 or 4.35%**
 - Total assessed contribution of the Member States: increase of **€ 187,842 or 3.56%**
- 40 These indicators remain unchanged by the DPS approved by CDR, as the DPS is strictly revenue-neutral and affects only the internal distribution of assessed contributions among Member States.
- 41 **Excluding the three main budgetary items largely outside the SG's control** – namely salaries, pensions, and meetings – and taking into account all other expenses, as well as the use of the net operational surplus, income from the sale of publications, and overhead contributions from VCs, the underlying budgetary result, before application of the DPS, corresponds to a **decrease of 1.2% in the value of a budgetary unit** when compared with the approved Budget for FY 2025-2026. As this calculation does not take into account accrued unfunded liabilities, the resulting percentage is identical for **all Member States**, whether listed in Overview I or Overview II. In relation to expenditure that falls within the SG's effective control, this outcome reflects rigorous and sustained budgetary discipline.

¹⁷ The higher percentage increase shown for Member States listed in Overview II is a mathematical effect (denominator effect) resulting from the different bases on which increases are calculated. Member States listed in Overview I contribute both to the assessed contributions under the Budget and to the repayment of their share of the accrued unfunded pension liabilities, whereas Member States listed in Overview II contribute only to the assessed contributions. As the contribution for the accrued unfunded pension liabilities remains fixed, any increase in assessed contributions is calculated over a higher total contribution base for Member States listed in Overview I. By contrast, for Member States listed in Overview II, the same absolute increase in assessed contributions is calculated over a lower base, resulting in a higher percentage increase, even though the underlying increase in assessed contributions is identical.

C. Impact under the DPS approved by CDR

42 At its meeting of 19 May 2026, CDR approved the implementation of the DPS as of FY 2026–2027. Under the DPS, Member States contributing 33 budgetary units receive a 5% reduction in their assessed contributions. The corresponding reduction in revenue is fully offset through proportionate increases in the assessed contributions of Member States contributing from 0.5 to 6 budgetary units. The DPS is therefore strictly revenue-neutral.

43 Under this approach:

- the total Budget for FY 2026–2027 remains unchanged;
- the total amount of assessed contributions remains identical;
- only the internal distribution of assessed contributions among Member States is modified.

44 Specifically, the seven Member States contributing 33 budgetary units (*i.e.*, Canada, France, Germany, Japan, the People’s Republic of China, the United Kingdom, and the United States of America) all receive a 5% reduction on their assessed contributions as calculated under the HCCH-adapted application of the UPU system. The corresponding reduction in revenue is compensated through a proportional adjustment applied to all Member States contributing from 0.5 to 6 budgetary units (currently 68), thereby ensuring strict revenue neutrality.

1. Comparative presentation of approved contributions per unit level

45 The first chart below presents, for each contribution level from 0.5 units up to 33 units:

- the assessed contribution before the application of the DPS (Base amount); and
- the assessed contribution resulting from the application of the DPS approved by CDR.

Unit(s)	Contributions for FY 2026-2027 (in €, exclusive accrued unfunded pension liabilities):	
	Base Amount (for information)	DPS-adjusted Amount to be Paid
0.5	4,105.33	4,434.52
1	8,210.66	8,869.03
3	24,631.97	26,607.09
4	32,842.63	35,476.12
5	41,053.29	44,345.15
6	49,263.94	53,214.18
10	82,106.57	82,106.57
15	123,159.86	123,159.86
20	164,213.15	164,213.15
25	205,266.43	205,266.43
27	221,687.75	221,687.75
33	270,951.69	257,404.11

- 46 The above chart allows Member States to assess, at each contribution level, the concrete financial impact of applying the DPS to the approved Budget for FY 2026–2027.
- 47 Following application of the DPS, the assessed contribution of a three-unit Member State (median number of budgetary units) amounts to € 26,607.09, representing an increase of € 2,815.83 compared with FY 2025-2026.
- 48 For Member States contributing 33 units, the introduction of a 5% reduction rate leads to a decrease in the assessed contribution per unit of € 410,53 (– 5%), corresponding to a total reduction of € 13,547.58 compared with the contribution that would have resulted before application of the DPS. Compared with FY 2025–2026, the assessed contribution of a 33-unit Member State decreases by € 4,299.78, *i.e.*, by € 130.30 per unit (– 1,64%).
- 49 For the minority of Member States that still need to pay off their full share in the accrued unfunded pension liabilities (*i.e.*, those listed in Overview I), the accrued unfunded pension liabilities remain unchanged. However, following application of the DPS approved by CDR, the increase in total contributions varies depending on the number of budgetary units assigned to the relevant Member State.

2. Structural distribution of units and contribution shares

- 50 This second chart provides a structural overview of the distributional effects of the DPS approved by CDR.

Category	# of Member States	% of Membership	# of Units	Contribution to Budget in % before application of DPS	Contribution to Budget in % after application of DPS
0.5-6 units	68	73.91%	144	22.4%	24.2%
10-27 units	17	18.48%	267	41.6%	41.6%
33 units	7	7.61%	231	36.0%	34.2%
Total:	92	100%	642	100%	100%

- 51 This structural presentation allows Member States to evaluate not only individual financial impacts but also the broader (yet limited) redistributive effects of the DPS across the Organisation as a whole.
- 52 The DPS approved by CDR applies as of FY 2026–2027. It does not modify the overall size of the Budget, nor the total amount of assessed contributions. It modifies only the distribution of those contributions among Member States. Accordingly, the assessed contributions reflected in Overviews I and II in section IV. below incorporate the DPS approved by CDR at its meeting of 19 May 2026.

IV. Approved Budget for FY 2026-2027

		Budget Financial Year 1 July 2025-30 June 2026 (FY 71)	Budget Financial Year 1 July 2026-30 June 2027 (FY 72)
EXPENSES			
OPERATION OF THE PERMANENT BUREAU			
Art 1	Personnel		
1a	Salaries and allowances	3.217.700,00	3.379.700,00
1b	Social benefits and insurances	220.300,00	234.600,00
1c	Home leave	10.500,00	10.500,00
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)	89.500,00	88.000,00
		<u>3.544.500,00</u>	<u>3.719.300,00</u>
Art 2	Office space and operation		
2a	Rent	202.000,00	208.000,00
2b	Service	97.500,00	100.400,00
2c	Insurance	10.800,00	11.000,00
2d	Cleaning	34.800,00	35.900,00
2e	Office supplies	12.000,00	12.000,00
2f	Telecommunication / postage	10.000,00	10.000,00
2g	Fund maintenance / equipment	-	-
		<u>367.100,00</u>	<u>377.300,00</u>
Art 3	IT		
3a	Support / maintenance	52.000,00	51.000,00
3b	Software licenses / hardware	64.300,00	65.500,00
3c	Internet / website(s)	14.100,00	14.500,00
3d	Fund IT / equipment	-	-
		<u>130.400,00</u>	<u>131.000,00</u>
Art 4	Copying, printing, and publications		
4a	Lease / production supplies	71.500,00	73.600,00
4b	External design, lay-out	1.000,00	1.000,00
4c	Fund recueil	-	-
		<u>72.500,00</u>	<u>74.600,00</u>
Art 5	Library		
5a	Subscriptions	13.000,00	13.500,00
5b	Purchases	5.500,00	4.000,00
		<u>18.500,00</u>	<u>17.500,00</u>
Art 6	External translators		
6a	French	32.500,00	35.000,00
6b	Spanish	32.500,00	35.000,00
		<u>65.000,00</u>	<u>70.000,00</u>
Art 7	PB missions	71.000,00	71.500,00
Art 8	Financial operation		
8a	Bank fees	2.500,00	2.000,00
8b	Audit fees	60.000,00	30.000,00
8c	Actuary fees	-	9.000,00
		<u>62.500,00</u>	<u>41.000,00</u>
Art 9	Representation (incl. for international meetings)	19.500,00	20.000,00
Art 10	Unforeseen	2.500,00	2.500,00
	SUBTOTAL	4.353.500,00	4.524.700,00

		Budget Financial Year 1 July 2025-30 June 2026 (FY 71)	Budget Financial Year 1 July 2026-30 June 2027 (FY 72)
MEETINGS			
Art 11	Off-site meetings (Hague Academy)		
	CGAP		
11a	Venue	81.450,00	91.160,00
11b	Interpretation (English, French, and Spanish)	18.000,00	21.000,00
11c	Additional personnel / moving	13.850,00	14.100,00
		113.300,00	126.260,00
	<i>Special Commissions and other meetings</i>		
11d	Venue	57.450,00	85.082,00
11e	Interpretation (English, French, and Spanish)	14.100,00	23.000,00
11f	Additional personnel / moving	11.250,00	13.000,00
		82.800,00	121.082,00
	<i>subtotal</i>	196.100,00	247.342,00
Art 12	On-site meetings (PB)		
	CDR		
12a	Interpretation (English, French, and Spanish)	5.000,00	-
12b	Additional personnel	700,00	700,00
	Other meetings		
12c	Additional personnel	2.500,00	2.500,00
		8.200,00	3.200,00
Art 13	Other costs relating to HCCH meetings		
13a	Supplies and facilitation	7.500,00	7.500,00
13b	Travel consultants and external experts	2.500,00	2.500,00
		10.000,00	10.000,00
	SUBTOTAL	214.300,00	260.542,00
		Budget Financial Year 1 July 2025-30 June 2026 (FY 71)	Budget Financial Year 1 July 2026-30 June 2027 (FY 72)
PRESENT AND FUTURE PENSION LIABILITIES			
	Paid by all Member States		
Art 14	Retirement or survivors' pensions	699.600,00	720.800,00
Art 15	Pension administration by the ISRP	17.000,00	17.000,00
	SUBTOTAL	716.600,00	737.800,00
	TOTAL EXPENSES	5.284.400,00	5.523.042,00
		Budget Financial Year 1 July 2025-30 June 2026 (FY 71)	Budget Financial Year 1 July 2026-30 June 2027 (FY 72)
REVENUES			
Art 16	Contribution of the Member States	5.280.794,00	5.468.636,00
Art 17	Allocation of reserves		
17a	Operational surplus FY 69 / FY 70	86.000,00	73.000,00
17b	Pre-financing previous year SC meeting	-	82.800,00
		86.000,00	155.800,00
Art 18	Contribution of a Member Organisation	41.500,00	41.500,00
Art 19	Income derived from sales of publications	18.000,00	16.000,00
Art 20	Voluntary Contributions (VC)		
Art 20a	VC reimbursement - overhead iSupport	43.000,00	20.000,00
Art 20b	VC reimbursement - other	12.500,00	18.500,00
Art 20c	VC from Members	<i>p.m.</i>	<i>p.m.</i>
Art 20d	VC from non-Members	<i>p.m.</i>	<i>p.m.</i>
		55.500,00	38.500,00
	TOTAL BUDGET / REVENUES	5.481.794,00	5.720.436,00
ACCRUED UNFUNDED PENSION LIABILITIES			
Art 21	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

**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 2026-2027 (FY 72)
Under the HCCH-adapted system of the Universal Postal Union***

MEMBERS	units	accrued unfunded pension liabilities	contribution to the operational Budget	Base amount	Total contribution to be paid under DPS**
ALBANIA	1	568,04	8.210,66	8.778,70	9.437,07
ARGENTINA	3	1.704,12	24.631,97	26.336,09	28.311,21
AUSTRALIA	20	11.360,81	164.213,15	175.573,95	175.573,95
AUSTRIA ¹	6	2.840,20	49.263,94	52.104,15	56.054,38
BELARUS	1	568,04	8.210,66	8.778,70	9.437,07
BOSNIA AND HERZEGOVINA	1	568,04	8.210,66	8.778,70	9.437,07
BRAZIL ²	10	11.360,81	82.106,57	93.467,38	93.467,38
BULGARIA	3	1.704,12	24.631,97	26.336,09	28.311,21
CHILE	3	1.704,12	24.631,97	26.336,09	28.311,21
CYPRUS	1	568,04	8.210,66	8.778,70	9.437,07
CZECH REPUBLIC	5	2.840,20	41.053,29	43.893,49	47.185,35
ECUADOR	1	568,04	8.210,66	8.778,70	9.437,07
EGYPT	5	2.840,20	41.053,29	43.893,49	47.185,35
ESTONIA	1	568,04	8.210,66	8.778,70	9.437,07
FRANCE	33	18.745,33	270.951,69	289.697,02	276.149,44
GEORGIA ³	1	284,02	8.210,66	8.494,68	9.153,05
GREECE	3	1.704,12	24.631,97	26.336,09	28.311,21
HUNGARY	5	2.840,20	41.053,29	43.893,49	47.185,35
INDIA	20	11.360,81	164.213,15	175.573,95	175.573,95
ISRAEL	3	1.704,12	24.631,97	26.336,09	28.311,21
JAPAN	33	18.745,33	270.951,69	289.697,02	276.149,44
JORDAN	1	568,04	8.210,66	8.778,70	9.437,07
LATVIA	1	568,04	8.210,66	8.778,70	9.437,07
LUXEMBOURG	3	1.704,12	24.631,97	26.336,09	28.311,21
MALAYSIA	3	1.704,12	24.631,97	26.336,09	28.311,21
MONTENEGRO	1	568,04	8.210,66	8.778,70	9.437,07
MOROCCO	5	2.840,20	41.053,29	43.893,49	47.185,35
NEW ZEALAND	5	2.840,20	41.053,29	43.893,49	47.185,35
NORTH MACEDONIA	1	568,04	8.210,66	8.778,70	9.437,07
NORWAY	10	5.680,40	82.106,57	87.786,98	87.786,98
PERU	1	568,04	8.210,66	8.778,70	9.437,07
POLAND ¹	6	2.840,20	49.263,94	52.104,15	56.054,38
REPUBLIC OF KOREA	15	8.520,60	123.159,86	131.680,46	131.680,46
RUSSIAN FEDERATION ⁴	20	8.520,60	164.213,15	172.733,75	172.733,75
SERBIA	1	568,04	8.210,66	8.778,70	9.437,07
SLOVENIA	1	568,04	8.210,66	8.778,70	9.437,07
SOUTH AFRICA	10	5.680,40	82.106,57	87.786,98	87.786,98
SPAIN	25	14.201,01	205.266,43	219.467,44	219.467,44
SURINAME	1	568,04	8.210,66	8.778,70	9.437,07
SWEDEN	15	8.520,60	123.159,86	131.680,46	131.680,46
SWITZERLAND	15	8.520,60	123.159,86	131.680,46	131.680,46
TÜRKIYE	5	2.840,20	41.053,29	43.893,49	47.185,35
UKRAINE	5	2.840,20	41.053,29	43.893,49	47.185,35
UNITED STATES OF AMERICA	33	18.745,33	270.951,69	289.697,02	276.149,44
URUGUAY	3	1.704,12	24.631,97	26.336,09	28.311,21
		197.393,99	2.832.676,78	3.030.070,77	3.046.048,07
<i>rounding differences</i>		0,01	0,08	0,09	14,93
Total taken into account for FY 72	345,0	197.394,00	2.832.676,86	3.030.070,86	3.046.063,00

* As decided by CDR 1977.
(see Art. 9(3), first sentence, of the 2016 Fin. Regs)

** CDR 2026 decided to adopt the DPS with a 5% reduction in the assessed contributions of Member States contributing 33 units, the resulting difference being fully offset through corresponding increases in the assessed contributions of Member States contributing from 0.5 to 6 units. For Member States contributing from 10 to 27 units, the application of the DPS has no impact.
(see Art. 9(3), second and third sentence, of the 2016 Fin. Regs)

¹ Austria's and Poland's contributions to operational Budget are based on 6 units. Their shares of the accrued unfunded liabilities are based on 5 units.

² Brazil's contribution to operational Budget is based on 10 units. Its share of the accrued unfunded liabilities is based on 20 units.

³ Georgia's contribution to operational Budget is based on 1 unit. Its share of the accrued unfunded liabilities is based on 0.5 units.

⁴ The Russian Federation's contribution to operational Budget is based on 20 units. Its share of the accrued unfunded liabilities is based on 15 units.

OVERVIEW II

**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 2026-2027 (FY 72)
Under the HCCH-adapted system of the Universal Postal Union***

MEMBERS	units	Base amount	Total contribution to be paid under DPS**
ANDORRA	1	8.210,66	8.869,03
ARMENIA	1	8.210,66	8.869,03
AZERBAIJAN	1	8.210,66	8.869,03
BELGIUM	15	123.159,86	123.159,86
BURKINA FASO	0,5	4.105,33	4.434,52
CANADA	33	270.951,69	257.404,11
CHINA	33	270.951,69	257.404,11
COSTA RICA	1	8.210,66	8.869,03
CROATIA	1	8.210,66	8.869,03
DENMARK	10	82.106,57	82.106,57
DOMINICAN REPUBLIC	1	8.210,66	8.869,03
EL SALVADOR	1	8.210,66	8.869,03
FINLAND	10	82.106,57	82.106,57
GERMANY	33	270.951,69	257.404,11
HONDURAS	1	8.210,66	8.869,03
ICELAND	1	8.210,66	8.869,03
IRELAND	5	41.053,29	44.345,15
ITALY	27	221.687,75	221.687,75
KAZAKHSTAN	1	8.210,66	8.869,03
LITHUANIA	1	8.210,66	8.869,03
MALTA	1	8.210,66	8.869,03
MAURITIUS	1	8.210,66	8.869,03
MEXICO	10	82.106,57	82.106,57
MONACO	1	8.210,66	8.869,03
MONGOLIA	1	8.210,66	8.869,03
NAMIBIA	1	8.210,66	8.869,03
NETHERLANDS	15	123.159,86	123.159,86
NICARAGUA	1	8.210,66	8.869,03
PANAMA	1	8.210,66	8.869,03
PARAGUAY	1	8.210,66	8.869,03
PHILIPPINES	1	8.210,66	8.869,03
PORTUGAL	5	41.053,29	44.345,15
REPUBLIC OF MOLDOVA	1	8.210,66	8.869,03
ROMANIA	3	24.631,97	26.607,09
RWANDA	0,5	4.105,33	4.434,52
SAUDI ARABIA	20	164.213,15	164.213,15
SINGAPORE	4	32.842,63	35.476,12
SLOVAKIA	3	24.631,97	26.607,09
SRI LANKA	3	24.631,97	26.607,09
THAILAND	3	24.631,97	26.607,09
TUNISIA	5	41.053,29	44.345,15
UNITED KINGDOM	33	270.951,69	257.404,11
UZBEKISTAN	1	8.210,66	8.869,03
VENEZUELA	1	8.210,66	8.869,03
VIET NAM	1	8.210,66	8.869,03
ZAMBIA	1	8.210,66	8.869,03
NEW MEMBER(S) GUATEMALA	<u>1</u>	<u>8.210,66</u>	<u>8.869,03</u>
		2.438.565,22	2.422.560,51
<i>rounding differences</i>		<i>(0,12)</i>	<u>12,49</u>
Total taken into account for FY 72	297	2.438.565,10	2.422.573,00

* As decided by CDR 1977.
(see Art. 9(3), first sentence, of the 2016 Fin. Regs)

** CDR 2026 decided to adopt the DPS with a 5% reduction in the assessed contributions of Member States contributing 33 units, the resulting difference being fully offset through corresponding increases in the assessed contributions of Member States contributing from 0.5 to 6 units. For Member States contributing from 10 to 27 units, the application of the DPS has no impact.
(see Art. 9(3), second and third sentence, of the 2016 Fin. Regs)

A. Explanation of contributions to be paid by Member States

53 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. **Importantly, as of the Budget for FY 2025-2026 the comparative base for amounts and percentage increases has shifted from Overview I to Overview II** (see paras 31-32).

54 The following provides a brief explanation of the two schemes applied to the calculation of Member States' contributions.

B. Member States in Overview I

55 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*. In other words, in addition to their annual contribution to the operational Budget (incl. the present and future pension liabilities), these Member States must also pay their annual share in the total accrued unfunded pension liabilities. The contribution to accrued unfunded pension liabilities remains unchanged and is divided by 347.5 units. By contrast, the contribution to the operational Budget reflects the DPS approved by CDR. Accordingly, Member States contributing 33 units benefit from a 5% reduction in their assessed contributions, while Member States contributing from 0.5 to 6 units are subject to the corresponding revenue-neutral adjustment. Member States contributing from 10 to 27 units remain unaffected by the DPS.

56 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 operational Budget (incl. the present and future pension liabilities). Following the decision of CDR 2026, the amounts reflected in Overview II incorporate the DPS. The effective contribution per unit is therefore € 8,869.03 for Member States contributing from 0.5 to 6 units, € 8,210.66 for Member States contributing from 10 to 27 units, and € 7,800.12 for Member States contributing 33 units.

V. Comments on Articles of the Approved Budget for FY 2026-2027

A. Expenses

1. Operation of the Permanent Bureau

a. Article 1 Personnel

Article 1a, Salaries and allowances

- 57 This article increases by € 162,000. It covers costs for 26.95 FTEs, like the number of FTEs in the approved Budget for FY 2025-2026.
- 58 The article 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.¹⁸ The salary projections for 2027 are calculated using the 2026 salary scales for the Netherlands (as determined by the International Service for 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 2027.¹⁹
- 59 The total personnel costs, including pension liabilities and related administration costs, amount to 81.37% of the total Budget. This percentage is based on the total of Articles 1, 14, 15 and 21 (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 63.37% of the total Budget.²⁰
- 60 As in previous FYs, the human resources costs of the Regional Office for Asia and the Pacific (ROAP) are not included in this 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 existing regional offices. Following a comment at the StC meeting in March 2026 in favour of including the human resources costs of ROAP in the Budget of the HCCH, and recalling CGAP's positive assessment of ROAP at its March 2016 meeting,²¹ the SG recommends that this matter be addressed again in the preparation of the Budget for FY 2027–2028.
- 61 All costs relating to the operation of the Regional Office for Africa (ROAF) in Rabat (Morocco), officially opened in July 2025, are covered by the Government of the Kingdom of Morocco.²²

¹⁸ 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.

¹⁹ It is worth noting that in both the current and previous FYs, the estimated 2% adjustment proved insufficient, as the actual adjustment exceeded this amount. The adjustments were only made possible through other savings or by deferring additional adjustments.

²⁰ According to information received from the ISRP for comparison, active staff costs at the OECD amount to approx. 80%.

²¹ See [Conclusion & Recommendation No 7 of CGAP 2016](#) (available on the HCCH website under "Governance" => "Council on General Affairs and Policy" => "Archive (2000-2025)" => "Meeting of March 2016").

²² According to the [Rules for the Establishment of Regional Offices](#) (available on the HCCH website under "Governance") which apply to ROAF (but not to ROAP as it was established in 2012, many years before the entry into force of the Rules in 2020), costs to be incurred by the HCCH for the continued operation of a Regional Office (RO) can only be approved by CDR. Such a transfer of costs to the Budget of the HCCH is also subject to a positive review by CGAP, which may take place at any time, but no later than five years after the establishment of the RO. ROAF was approved by CGAP at its March 2025 meeting and officially opened in July 2025.

Article 1b, Social benefits and insurances

- 62 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.²³ 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.
- 63 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.

Article 1c, Home leave

- 64 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 2026-2027. Additionally, flight tickets have become significantly more expensive. Coupled with high inflation rates, this article thus continues to decrease significantly in value.

Article 1d, Fund relocation

- 65 This article remains unchanged. It covers possible removal and relocation costs for current and future officials of the PB. No reappropriations (cross-funding), from or to other Funds, are foreseen in this Budget (see the Annex).
- 66 As mentioned above (see paras 19 and 24-25), however, it is necessary to replenish this fund with € 13,500 from the net operational surplus from FY 2024-2025. This replenishment is warranted in light of foreseeable medium-term needs and is intended to ensure that the Organisation remains adequately prepared to meet its regulatory requirements as they arise. The use of part of the relevant net operational surplus enables a targeted and necessary strengthening of this fund without any further increase in assessed contributions. An overview of all reserve funds is provided in the Annex.

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

- 67 This article remains unchanged. Based on current projections, this Fund will neither need to be topped-up through the Budget for FY 2026-2027 nor through the use of parts of the net operational surplus from FY 2024-2025.
- 68 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.

²³ The definitive premium is calculated at the end of each FY as a percentage of actual salary and health insurance costs over the year.

- 69 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 approved Budget for FY 2017-2018, para. 1d-1²⁴). This sub-fund consists of a ring-fenced amount for this purpose, which is currently at € 32,500.²⁵
- 70 Any balance in this Fund remains part of this Fund and is not part of an operational surplus.

Article 1f, ISRP administration

- 71 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)

- 72 This article decreases by € 1,500 (while it had remained unchanged in DB1). It covers work on *publications* of the HCCH (approx. 39% of the total article). It also includes 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 defined in the 2016 Fin. Regs (approx. 34% of the total article). This article also includes costs for *library support* (approx. 5% of the total article), as well as *general services* support for PB operations, meetings, and publications (approx. 19% of the total article).
- 73 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.
- 74 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 3% of the total article (down from 6% in the approved Budget for FY 2025–2026).

b. Article 2 Office space and operation

- 75 As stated above (see para. 28), the increased cost for services in the Netherlands continues to have 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 2026); in addition, and as per past practice, an inflation rate of 2% has been applied to certain articles (such as Art. 2c, *Insurance*). The SG anticipates 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 FY 2026-2027.²⁶ As previously noted, however, the need for future budgetary adjustments may not be excluded.

²⁴ See [Budget for Financial Year 1 July 2017 – 30 June 2018 \(FY LXIII\) as approved by \[CDR\] on 23 May 2017, with revised Explanatory Notes](#) (available on the Secure Portal of the HCCH website under “Governance” => “Council of Diplomatic Representatives” => “Previous Councils of Diplomatic Representatives”).

²⁵ The ring-fenced amount was initially set at € 30,000 by CDR at its meeting in May 2019 and increased to € 32,500 by CDR in May 2021. However, 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 period of between five and 10 years, the amount would reach approx. € 45,000. Based on the actual staff data of the PB (incl. number of years spent at the PB), there is a strong likelihood that a possible indemnity would be significantly higher. The ring-fenced amount may thus have to be increased in the future. 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.

²⁶ According to the DNB, an inflation rate of 2% across the euro area remains the target, see <https://www.dnb.nl/en/the-euro-and-europe/inflation/>. See also the comment in para. 28 and in note 19.

That said, in this Budget, costs can remain neutral in some articles despite inflation projections because actual expenses are expected to be slightly lower in FY 2026-2027. This means that a total of 19 articles have also effectively decreased (in addition to the three articles that have also nominally decreased).

- 76 Under the current rental agreement approved by CDR in May 2024 and effective from July 2024, for the PB premises at Churchillplein 6b, rent and service costs will be projected based on updated terms over the next 10 years. To ensure alignment with current market practices and provide financial predictability, a 3% inflation rate is applied to rent and service costs, as outlined in the Net Present Value (NPV) Analysis presented to Member States in May 2024.²⁷ This approach allows a gradual and manageable increase in costs, mitigating the risk of underfunding operational expenses while avoiding sudden, substantial escalations in the future.

Article 2a, Rent

- 77 This article increases by € 6,000. It covers costs for rent of the PB premises at Churchillplein 6b, based on the 10-year rental agreement effective from July 2024. Under this contract, a front-weighted rental discount is applicable, significantly offsetting expenses in the first five years of the contract. In keeping with the NPV presented to the Members in May 2024, these figures reflect current expenses plus an estimated 3% inflation rate (see para. 76).

Article 2b, Service

- 78 This article increases by € 2,900. As mentioned above (see para. 76), under the current rental contract for the premises of the PB as of July 2024 this article reflects costs at market level. It also includes a 3% inflation rate, in keeping with the NPV presented to the Member States. This article also includes € 1,500 for services related to fire control, air conditioning, and other potential service-related repairs.

Article 2c, Insurance

- 79 This article increases by € 200, reflecting partial indexation (see para. 75). This article includes fire, theft, goods and equipment, liability and travel insurance for the PB.

Article 2d, Cleaning

- 80 This article increases by € 1,100. It reflects current expenses plus an inflation adjustment as applied by the service provider in the current FY (see para. 75). It covers cleaning costs for the office. The SG recalls that, in recent years, the PB changed its cleaning provider and negotiated a new contract, resulting in savings of approximately 30%. There is very little scope for further savings without affecting the hygienic conditions of the PB workspace.

Article 2e, Office supplies

- 81 This article remains unchanged. It includes costs for office supplies, stationery, etc., necessary for the operation of the PB during FY 2026-2027.

Article 2f, Telecommunication / postage

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

²⁷ See Prel. Doc. No 6 of May 2024 for CDR 2024, "Rental Agreement for the PB premises for CDR 2024 (available on the Secure Portal of the HCCH website under "Governance" => "Council of Diplomatic Representatives" => "Previous Councils of Diplomatic Representatives" => "2024 Council of Diplomatic Representatives").

Article 2g, Fund maintenance / equipment

- 83 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, repairs, etc.). No reappropriations (cross-funding), from or to other Funds, are foreseen in this Budget. As mentioned above (see paras 19 and 24-25), however, it is necessary to replenish this fund with € 1,250 from the net operational surplus from FY 2024-2025. This replenishment is warranted in light of foreseeable medium-term needs and is intended to ensure that the Organisation remains adequately prepared to meet requirements as they arise. The use of part of the relevant net operational surplus enables a targeted and necessary strengthening of this fund without any further increase in assessed contributions. An overview of all reserve funds is provided in the Annex.

c. Article 3 IT

- 84 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

- 85 This article decreases by € 1,000 (while it had increased by € 1,000 in DB1). It reflects current expenses plus an estimated 2% inflation rate (see para. 75). It covers the PB's external IT support and maintenance costs.

Article 3b, Software licenses / hardware

- 86 This article increases by € 1,200 (while it had increased by € 1,300 in DB2). It reflects current expenses plus an estimated 2% inflation rate (see para. 75). The article mainly includes costs for computer licences.

Article 3c, Internet / website(s)

- 87 This article increases by € 400. It reflects current expenses plus an estimated 2% inflation. It includes costs for Internet and HCCH website(s).

Article 3d, Fund IT / equipment

- 88 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 Budget.
- 89 As mentioned above (see paras 19 and 24-25), however, it is necessary to replenish this fund with € 1,250 from the net operational surplus from FY 2024-2025. This replenishment is warranted in light of foreseeable medium-term needs and is intended to ensure that the Organisation remains adequately prepared to meet requirements as they arise. The use of part of the relevant net operational surplus enables a targeted and necessary strengthening of this fund without any further increase in assessed contributions. An overview of all reserve funds is provided in the Annex.

d. Article 4 Copying, printing and publications

Article 4a, Lease / production supplies

- 90 This article increases by € 2,100. The article covers all costs associated with leasing copiers and printers for the PB, including supplies required for producing special publications. It should be noted that these copiers are used to produce HCCH publications in-house, rather than outsourcing to external publishers, as a significant and strategic cost-saving measure. The projected costs are

based on the terms of the current contract, with an inflation adjustment applied by the supplier for the current FY (see para. 75).

Article 4b, External design, lay-out

- 91 This article remains unchanged. As a further cost-saving measure, the PB now handles almost all of this work internally. This article primarily includes costs for photo credits in publications.

Article 4c, Fund Recueil

- 92 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 Budget (see the Annex).

e. Article 5 Library

Article 5a, Subscriptions

- 93 This article increases by € 500 (while it had increased by € 1,000 in DB2). 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. With higher subscription prices (driven in part by inflation), the value of this article decreases significantly. At the current level of this article, it is not guaranteed that all necessary library subscriptions for the HCCH can be maintained.

Article 5b, Purchases

- 94 This article decreases by € 1,500 (while it had remained unchanged in DB1). 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. With higher purchase prices (driven in part by inflation), which have to be added to the decrease, the effective value of this budget line decreases significantly. At the current level of this article, it is not guaranteed that even the most essential library purchases for the HCCH can be financed.
- 95 The net effect of the changes to Article 5 is a decrease of € 1,000 (while it had decreased by € 500 in DB2 and remained unchanged in DB1).

f. Article 6 External translations

- 96 The PB assures translations using internal Translator / Revisers and several external translators. Generally, the internal Translator / Revisers are 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 / Revisers for multiple weeks or months. This combination allows the PB to manage both short- and long-term translation work, and to do so cost-effectively.

Article 6a, French

- 97 This article, which covers the translation of documents and communications into French, increases by € 2,500 due to the envisaged SC meeting during FY 2026-2027, which will likely generate significant translation work.

Article 6b, Spanish

- 98 This article, which covers the translation of documents and communications into Spanish, increases by € 2,500 due to the envisaged SC meeting during FY 2026-2027, which will likely generate significant translation work.

g. Article 7 PB missions

- 99 This article increases by € 500 (while it had increased by € 1,000 in DB2 and by € 1,800 in DB1), reflecting a small (and insufficient) indexation, and leaving its nominal amount still significantly below pre-COVID levels (€ 76,500 in FY 2019–2020). The reference to pre-COVID levels remains relevant, as it clearly illustrates the extent to which the resources available for missions have decreased over time. In a context of sharply rising flight and accommodation costs in post-COVID years, the effective value of this article has diminished considerably compared to pre-pandemic levels. While the PB makes use of online meetings where appropriate, such modalities cannot fully replace in-person missions. As a result, the PB's ability to engage in external promotion and support activities has been reduced compared to previous years, with a direct impact on the visibility of the Organisation and its strategic objectives of universality and inclusiveness. The resources available under this article remain very modest. The SG emphasises that despite these constraints, this article remains essential for enabling the PB to carry out relevant missions in support of the HCCH's global mandate.
- 100 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

- 101 This article decreases by € 500. It covers costs for operating PB bank accounts and PB transaction costs.

Article 8b, Audit fees

- 102 This article decreases by € 30,000. It reflects the new audit contract with BAI for performing the annual audit, which represents a huge cost-saving measure (for more details, see paras 17-18).²⁸ This article covers the annual costs for auditing the HCCH accounts and pensions.

The contribution for auditing VCs is disclosed separately as part of Article 20b, as VC audit costs are now to be covered directly by the relevant VC.²⁹

²⁸ The contract between the HCCH and BAI was signed at a ceremony held at the PB on 24 March 2026.

²⁹ See the [Minutes of the Seventy-First \[CDR\] Meeting, held on 26 May 2025](#), agenda item 4 and the related decision (these Minutes are available on the Secure Portal of the HCCH website under "Governance" => "Council of Diplomatic Representatives" => "Previous Councils of Diplomatic Representatives" => "2025 Council of Diplomatic Representatives").

Article 8c, Actuary fees

103 This article is new (see para. 18). In comparison to the approved Budget for FY 2025-2026, this new insertion reflects an increase of € 9,000. It covers the annual actuary fees for calculating the pension liability of the HCCH as part of the preparation of the annual financial statements. Previously these expenses were included in Article 8b but for transparency reasons they are now disclosed separately.

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

104 This article increases marginally by € 500, to reflect indexation. 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. 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. Once again, with higher costs associated with representation duties (partly driven by inflation), the value of this article has significantly decreased in recent years.

j. Article 10 Unforeseen

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

106 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 not 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. 0.04% of the total Budget), it remains an important budget line given that the HCCH Budget is clearly defined per article, and at times unexpected expenses arise during an FY that cannot be allocated to an existing budget line as defined.

2. Meetings

107 As mentioned above (see para. 6), CGAP decided at its March 2026 meeting not to hold a normative SC meeting in FY 2026-2027 and instead to hold a SC meeting on the practical operation of the 1993 Adoption Convention. CGAP and CDR (incl. its StC meetings) will be held in the usual format. The total meeting costs for FY 2026-2027 amount to € 260,542, of which € 82,800 are pre-financed. Expenses for off-site meetings during FY 2026-2027 are based on prices provided by the Hague Academy for the year 2027.³⁰

108 In accordance with the plans approved by CGAP and CDR in 2023 to implement Spanish as an additional official language of the HCCH, costs for interpretation and Recording Secretaries in all three official languages of the Organisation are now reflected in Article 11 (see para. 23 *in fine*).

109 At the same time, and as a further cost-saving measure put in place by the SG in previous FYs, interpretation at CGAP and SC meetings will, for the time being, continue to be provided by human interpreters, but delivered remotely. This approach has proven both effective and reliable, while allowing the Organisation to significantly reduce travel-related and logistical costs associated with on-site interpretation, without compromising the quality of multilingual support.

³⁰ See paras 6-17, and 113 *et seq.* for more details.

- 110 Furthermore, as mentioned above (see para. 12), as of the Budget for FY 2026-2027 the costs relating to the CDR meeting are no longer presented under the former Article 12 for off-site meetings held at the Hague Academy building (previously Arts 12d, 12e, and 12f), but are now reflected as an on-site meeting held at the PB, under new Articles 12a and 12b (taking into account that the former Art. 10 on overhead reimbursements relating to iSupport / eCODEX has also been reclassified, see para. 23).
- 111 Importantly, as a further, significant cost-saving measure, the 2027 CDR meeting will be supported by AI-generated voice-to-text interpretation (translated captions), replacing human interpretation services. This approach generates savings of € 5,000 compared to the approved Budget for FY 2025-2026 (see also para. 126). The only costs required for the organisation of the CDR meeting relate to additional personnel support, amounting to € 700.
- 112 The Budget also includes costs for Experts' Group (EG) or Working Group (WG) meetings relating to normative work at the PB. These meeting days at the PB may generate additional costs for overtime (see also comments in para. 128). 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 2026-2027. Any governance related meeting days to be held at the PB generally do not generate meeting costs.

a. Article 11 Off-site meetings (Hague Academy)

CGAP

Article 11a, Venue

- 113 This article increases by € 9,710. It covers costs for an in-person CGAP meeting, with provision for the technical set-up and related expenses required to enable active online participation (hybrid format). These costs include, in particular, the rental of the large meeting room in the Hague Academy building, set-up and dismantling costs, the technical arrangements required for a hybrid meeting allowing for active online participation, related support costs, equipment, workspaces for staff, two additional meeting rooms, and service costs at the venue. Compared to the approved Budget for FY 2025-2026, indexation, including a modest price increase, has been applied. Rental costs for CGAP are budgeted on the basis of one day for set-up, 3.5 meeting days, and a half-day for dismantling (five days in total).

Article 11b, Interpretation (English, French, and Spanish)

- 114 This article increases by € 3,000, reflecting indexation and an expected price increase for (human) online interpretation. It covers costs for six online interpreters, providing services in the three official languages of the Organisation, at a 3.5-day CGAP meeting (see para. 109). This team composition ensures the necessary rotation among team members for the duration of the meeting. The Budget also includes the cost of one online coordinator who can liaise with the interpretation team for quality assurance purposes and to address any technical issues as needed.
- 115 While costs are subject to confirmation based on available interpreters and their fees, this ongoing model of online interpretation represents another significant cost-saving measure introduced by the SG, as it eliminates the need for travel and *per diem* expenses.

Article 11c, Additional personnel / moving

- 116 This article increases by € 250, reflecting regular indexation. 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.

Special Commissions and other meetings

Article 11d, Venue

- 117 This article was previously Article 12g. Following the reclassification of CDR meetings from off-site (Art. 11) to on-site meetings (Art. 12), the numbering has changed accordingly. The article increases by € 27,632 in order to cover costs for an SC meeting on the practical operation of the 1993 Adoption Convention which will be held during FY 2026–2027 (while it had increased by € 74,250 in DB1). The approved Budget for FY 2025-2026 pre-financed € 57,450 for these venue costs (2.5 days). This amount is included in the overall amount reflected as income under Article 17b. The funds required to cover the remaining expenses for such an SC meeting were already included in DB2.
- 118 This article covers costs for an in-person SC meeting, with provision for the technical set-up and related expenses required to enable active online participation (hybrid format). These costs include, in particular, the rental of the large meeting room in the Hague Academy building, set-up and dismantling costs, the technical arrangements required for a hybrid meeting allowing for active online participation, related support costs, equipment, workspaces for staff, two additional meeting rooms, and service costs at the venue. The SC meeting is budgeted for 3.5 working days (with an additional day allocated for setting up the meeting room and half a day for dismantling it).
- 119 The PB will continue to strictly assess the use of any extra meeting spaces during the meeting for use only when absolutely necessary.

Article 11e, Interpretation (English, French, and Spanish)

- 120 This article was previously Article 12h. Following the reclassification of CDR meetings from off-site (Art. 11) to on-site meetings (Art. 12), the numbering has changed accordingly. The article increases by € 8,900 (while it had increased by € 18,700 in DB1). It covers interpretation costs for six online interpreters, providing services in the three official languages of the Organisation, for a 3.5-day SC meeting on the practical operation of the 1993 Adoption Convention (see para. 109). The envisaged composition of the team of online interpreters ensures the necessary rotations among team members over the duration of the meeting. The Budget also includes the cost of one online coordinator (similar to DB2) who can liaise with the interpretation team for quality assurance purposes and to address any technical issues as needed.
- 121 The approved Budget for FY 2025-2026 pre-financed € 14,100 for these interpretation costs (2.5 days). This amount is included in the overall amount reflected as income under Article 17b. The funds required to cover the expenses relating to interpretation for an additional day of such an SC meeting were already included in DB2. This ongoing model of online interpretation represents another significant cost-saving measure introduced by the SG, as it eliminates the need for travel and *per diem* expenses.
- 122 These costs arise from CGAP's decisions at its meeting in March 2026.

Article 11f, Additional personnel / moving

- 123 This article was previously Article 12i. Following the reclassification of CDR meetings from off-site (Art. 11) to on-site meetings (Art. 12), the numbering has changed accordingly. The article increases by € 1,750 (while it had increased by € 10,840 in DB1) to cover costs relating to an SC meeting on the practical operation of the 1993 Adoption Convention. It covers overtime expenses for some administrative staff members of the PB, costs for six Recording Secretaries during this meeting, as well as costs for movers. The approved Budget for FY 2025-2026 pre-financed € 11,250 for these additional costs (2,5 days). This amount is included in the overall amount reflected as income under

Article 17b. The funds required to cover the remaining expenses relating to additional personnel and moving of such an SC meeting were already included in DB2.

124 These costs arise from CGAP's decisions at its meeting in March 2026.

b. Article 12 On-site meetings (PB)

125 As of DB1 for FY 2026-2027, Article 12 includes the costs of CDR meetings, as these meetings are now planned to be held at the PB, with in-person attendance offered on a first-registered, first-served basis (resulting in important savings since no venue rental costs are incurred; see also paras 11 et seq.). The structure of Article 12 has therefore changed and now reflects costs relating to interpretation for CDR meetings (Art. 12a) and additional personnel for CDR meetings (Art. 12b), as well as additional personnel costs for other meetings (Art. 12c).

CDR

Article 12a, Interpretation (English, French, and Spanish)

126 This article was previously Article 12e. Compared to Article 12e in the approved Budget for FY 2025-2026, this article decreases by € 5,000, reflecting the substantial savings generated through the use of AI-based voice-to-text interpretation (translated captions). The PB has already tested this interpretation system in other meetings, with satisfactory results. It will also be used for StC meetings in 2026, as well as for CDR 2026 (which is expected to lead to savings in FY 2025-2026).

Article 12b, Additional personnel / moving

127 This article was previously Article 12f. Compared to Article 12f in the approved Budget for FY 2025-2026, this article remains unchanged. It includes overtime expenses for some administrative staff members of the PB, and costs for one Recording Secretary during the CDR meeting. Due to the short duration of the meeting, it is most cost-efficient for one Recording Secretary to produce a report of the meeting in one of the official languages, after which it can be translated into the other two official languages.

Article 12c, Additional personnel

128 This article was previously Article 13. Compared to Article 13 in the approved Budget for FY 2025-2026, this article remains unchanged. These costs mainly cover overtime expenses of some administrative staff members of the PB during meetings of Working / Experts' Group meetings relating to normative work at the PB (see para. 112).

129 Any meeting days related to governance matters held at the PB are generally not expected to generate additional costs.

c. Article 13 Other costs relating to HCCH meetings

Article 13a, Supplies, refreshments and facilitation costs

130 This article was previously Article 14a. Compared to Article 14a in the approved Budget for FY 2025-2026, this article remains unchanged. As of March 2020, to reduce costs, complimentary coffee service is no longer provided during CGAP and SC meetings (resulting in savings under Arts 11c and 11f). Instead, refreshments are available for purchase from a caterer. This article also covers the costs of supplies and materials (e.g., folders, badges, USB sticks) used and distributed during HCCH meetings, including seminars. Additionally, light working lunches and dinners, such as those for Drafting Committees, are sometimes funded through this article. To reduce expenses, such costs are strictly limited to CGAP, CDR, and SC meetings.

Article 13b, Travel consultants and external experts

131 This article was previously Article 14b. Compared to Article 14b in the approved Budget for FY 2025-2026, 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.

132 In practice, 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 14 Retirement or survivors' pensions

133 This article was previously Article 15. Compared to Article 15 in the approved Budget for FY 2025-2026, this article increases by € 21,200 to cover the full, mandatory contribution of Member States to the pension schemes currently in force at the HCCH. This increase is a direct result of adjustments imposed by regulatory frameworks, and thus beyond the SG's discretion.

134 This article is determined in direct correlation with Article 1a. It has to represent 25.0% of salaries for those staff members who fall under the Co-ordinated Pension Scheme (COPS), and 19.5% of salaries for those staff members who fall under the New Pension Scheme (NPS) (as per the rules that govern these pension schemes).

135 Currently, the HCCH has 11 pensioners (all under the COPS).

136 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 14 of the Budget which represents the Organisation's (employer's) contributions to the pension schemes (Art. 14 covers present and future liabilities).

137 It is recalled that the Organisation is required to provide pension benefits to all eligible staff and 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, included after the Budget tables).

b. Article 15 Pension administration by the ISRP

138 This article was previously Article 16. Compared to Article 16 in the approved Budget for FY 2025-2026, this article remains unchanged. 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 16 Contribution of Member States

139 This article was previously Article 17. Compared to Article 17 in the approved Budget for FY 2025-2026, this article increases by € 187,842 (while it had increased by € 188,942 in DB2 and by € 260,160 in DB1). 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). In comparison to the approved Budget for FY 2025-2026, the total assessed contributions from Member States increase by 3.56% (while they had increased by 3.58% in DB2 and by 4.93% in DB1; see also para. 39). The DPS approved by CDR is strictly revenue-neutral and therefore does not affect the total amount of assessed contributions. It affects only the internal distribution of those contributions among Member States. The full

amounts to be paid by each Member State are explained above in paras 53-56; see also paras 31-32 for an explanation of the shift from Overview I to Overview II as the comparative base for amounts and percentage increases as of the Budget for FY 2026-2027).

- 140 This Budget is based on a total of 642 units (as opposed to 643 units in DB1). Following application of the DPS approved by CDR, for Member States listed in Overview II the effective contribution per unit amounts to € 8,869.03 for Member States contributing from 0.5 to 6 units, € 8,210.66 for Member States contributing from 10 to 27 units, and € 7,800.12 for Member States contributing 33 units.

2. Article 17 Allocation of reserves

Article 17a Operational surplus from FY 2024-2025

- 141 This article was previously Article 18. Compared to Article 18 in the approved Budget for FY 2025-2026, this article decreases by € 13,000. To partially offset increases in operation expenses, CDR approved, based on the SG's recommendation, the allocation of € 73,000 from the net operational surplus from FY 2024-2025 as additional revenue in the Budget for FY 2026-2027.³¹
- 142 This approach also allows for part of the surplus to be redistributed to Member States by lowering Member States' assessed contribution for FY 2026-2027 by € 73,000, 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. CDR approved the allocation of the net operational surplus from this period in accordance with Article 13(2) of the 2016 Fin. Regs.

Article 17b Pre-financing of SC meeting

- 143 The income of € 82,800 reflected in this article corresponds to the total amount of expenses for a possible (normative) SC meeting during FY 2026-2027 that were pre-financed in the approved Budget for FY 2025-2026. When this income is deducted from the amounts in Articles 11d, 11e, and 11f, the amounts remaining in these articles reflect the funds necessary in the Budget (€ 38,282) to finance the remaining expenses of an SC meeting on the practical operation of the 1993 Adoption Convention as decided by CGAP in March 2026 (see paras 6 et seq.).

3. Article 18 Contribution of Member Organisation

- 144 This article was previously Article 19. Compared to Article 19 in the approved Budget for FY 2025-2026, this article remains unchanged. It relates to the membership of the EU. According to Article 9(2) of the HCCH Statute, 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 out of its membership. Typically, this sum is determined for the following three FYs. As of FY 2025-2026, this amount has been set at € 41,500, reflecting an approximate 2% annual inflation adjustment since FY 2022-2023.

4. Article 19 Income derived from sales of publications

- 145 This article was previously Article 20. Compared to Article 20 in the approved Budget for FY 2025-2026, this article decreases by € 2,000 in this Budget (as it did in DB2, while it had decreased by € 3,000 in DB1; see also para. 22). The high volume of sales of the 5th edition of the Practical

³¹ Although this amount is presented as revenue, 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 2024-2025 (it does not technically qualify as revenue or income).

Handbooks on the Service and Evidence Conventions, released in 2025, is expected to decrease during FY 2026-2027, as many interested users have already acquired these important publications. Interest in the Handbooks nevertheless remains high, and related sales continue to represent an important source of revenue for the HCCH (for more details, see also note 11).

5. Article 20 Voluntary contributions

146 This article was previously Article 21. It is also noted that the former Article 21a relating to VCs for Spanish has been deleted, as Spanish has been an official language of the HCCH since 1 July 2024, with the related costs now covered by the Budget of the HCCH.

Article 20a VC reimbursement – Overheads iSupport

147 This article was previously Article 21b. Compared to Article 21b in the approved Budget for FY 2025-2026, this article decreases by € 23,000. In comparison with previous FYs, there is now only one EU Action Grant related to iSupport active instead of two, resulting in a lower amount. 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) relating to one staff member who contributes occasionally to the project.

Article 20b VC reimbursement – other

148 This article was previously Article 21c. Compared to Article 21c in the approved Budget for FY 2025-2026, this article increases by € 6,000. The amount contributes to covering overhead expenses relating to VCs, including audit costs. This reimbursement may also be used in part to cover overhead expenses of a more general nature, such as rental and service costs, as well as other resource allocations required to support VC projects.

Article 20c VCs from Members

149 This article was previously Article 21d. It 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.³²

Article 20d VCs from non-Members

150 This article was previously Article 21e. It 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 (as regards VCs from non-Members, see also Art. 17(4) of the 2016 Fin. Regs). In order to provide Member States with up-to-date information on all VCs received during the FY from non-Members, the PB provides an overview of all VCs received on a monthly basis.³³

C. Accrued unfunded pension liabilities (Art. 21)

151 This article was previously Article 22. Compared to Article 22 in the approved Budget for FY 2025-2026, 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

³² Available at <https://www.hcch.net/en/secure-portal/governance1/voluntary-contributions>.

³³ *Ibid.*

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).

- 152 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 an HCCH Budget.
- 153 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* (€ 5,523,042) equals the total Budget / total revenues at the end of *Revenues* (€ 5,720,436).

Annex

Fund Overview and Projections

I. Introduction

- 1 In 2017, CDR decided that the HCCH should stop using the system of *provisions* and instead convert to 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
Minimum target for Funds	30,000.00	125,000.00	25,000.00	22,500.00	15,000.00
Balance at 30 June 2024	18,819.00	120,392.00	25,560.00	15,815.00	11,120.00
CDR approved appropriations from budget FY 24-25	-	-	-	-	-
CDR approved reappropriations from other funds (cross-funding) FY 24-25	-	-	-	-	-
Expenses covered FY 24-25	-	-15,784.00	-7,126.00	-	-
Balance at 30 June 2025	18,819.00	104,608.00	18,434.00	15,815.00	11,120.00
CDR approved appropriations to be added from budget FY 25-26	-	-	-	-	-
CDR approved reappropriations from other funds (cross-funding) FY 25-26	-	-	-	-	-
Expenses covered FY 25-26	-	-393.00	-6,081.00	-	-
Allocation of operational surplus 2024-2025 to reach target*	13,500.00	-	1,250.00	1,250.00	-
Expected balance at 30 June 2026	32,319.00	104,215.00	13,603.00	17,065.00	11,120.00
Difference between target and Fund	-2,319.00	20,785.00	11,397.00	5,435.00	3,880.00
Estimated expenses covered FY 26-27	-3,371.00	p.m.	p.m.	p.m.	p.m.
Reappropriations from other funds (cross funding) in FY 26-27**	-	-	-	-	-
Top-up from Budget FY 26-27 to reach target***	-	-	-	-	-
Expected balance at 30 June 2027	28,948.00	104,215.00	13,603.00	17,065.00	11,120.00
* Allocation approved by CDR 2026.					
** No reappropriations from other fund are envisaged at this stage.					
*** No top-ups from the Budget for FY 2026-2027 are envisaged at this stage.					

- 2 As a result of the decision in 2019 to reassess targets for the funds, some funds may temporarily have higher balances than targeted. Fund appropriations adopted by CDR do not go 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) is used as a mechanism to rebalance funds. When the overall balances of the funds do not allow for cross-funding, top-ups from the Budget, or a possible net operational surplus from a previous FY, will be required to meet the targets.
- 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. Thus, an expense that materialised in the course of FY X would only be covered by the relevant fund in FY X + 1. For example, the expense of € 3,371 for the relocation of a former colleague of the PB, as reflected in the chart above, materialised during FY 2025-2026 but will be covered by the Relocation Fund (*i.e.*, withdrawn) in FY 2026-2027. Similarly, replenishment of a fund through the Budget would only materialise (*i.e.*, be credited to the fund) in the subsequent FY.

II. The minimum targets for each of the funds

A. 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. No addition is envisaged through the Budget for FY 2026-2027 for this Fund. However, following the completion of the audit for FY 2024-2025 and with a view to ensuring that the Fund is adequately positioned to address needs expected to materialise in the mid-term, CDR 2026 approved, based on the SG's recommendation, the allocation of part of the net operational surplus from FY 2024-2025 to the Relocation Reserve Fund (€ 13,500). An (additional) top-up of this Fund may be necessary in future FYs.

B. Fund Staff Rules

- 6 This Fund includes a sub-fund of € 32,500, as per the CDR decision of May 2021, which is ring-fenced and only to be used for a loss of employment indemnity, if materialised (see the comments above on Budget Article 1e, in para. 69).
- 7 Additionally, approximately € 60,000 is held to mitigate the risk of unknown and exceptionally high expenses in the event that 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 in relation to hiring external HR support. While no addition is envisaged through the Budget for FY 2026-2027 for this Fund, a top-up of this Fund will be necessary in future FYs.

C. 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 2026-2027 for this Fund. However, following the completion of the audit for FY 2024-2025, and with a view to ensuring that the Fund is adequately positioned to address needs that may materialise in the mid-term, CDR 2026 approved, based on the SG's recommendation, the allocation of part of the net operational surplus from FY 2024-2025 to the Office maintenance / equipment Reserve Fund (€ 1,250). An (additional) top-up of this Fund will be necessary in future FYs.

D. 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, reflecting the critical importance of the IT infrastructure to the operation of the PB in the current working environment, in particular for teleworking and videoconferencing, as well as the need for regular updates to ensure the stability and security of the equipment. No addition is envisaged through the Budget for FY 2026-2027 for this Fund. However, following the completion of the audit for FY 2024-2025, and with a view to ensuring that the Fund is adequately positioned to address needs as they materialise, CDR 2026 approved, based on the SG's recommendation, the allocation of that part of the net operational surplus from FY 2024-2025 to the IT / Equipment Reserve Fund (€ 1,250). An (additional) top-up of this Fund will be necessary in future FYs.

E. 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 € 15,000. The Fund remains at a sufficient level for FY 2026-2027 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.