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Item No. 9 on the Agenda: Review of the compensation and social security package offered to UNIDROIT staff

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Update on the review of the compensation and social security package offer to UNIDROIT staff</i>
<i>Action to be taken</i>	<i>Opinion of the members of the Finance Committee</i>
<i>Related documents</i>	<i>UNIDROIT 2014 – F.C. (76) 7; UNIDROIT 2014 – F.C. (75) 4</i>

1. At its 74th session (Rome, 26 September 2013), the Finance Committee supported the request of the Secretariat to authorise the Secretary-General, in accordance with Article 38(4)(a) of the Regulations to use part of the surplus carried over from the financial year 2012 for the purpose of covering the cost of an expert review of the compensation package offered by UNIDROIT, including salaries, health insurance and pension arrangements, with a view to assessing the financial implications of a possible move to another pay scheme and also examining possible alternatives to the Italian social security scheme used by the majority of UNIDROIT staff. The General Assembly, at its 72nd session (Rome, 5 December 2013), took note of that information with regard to the use of the surplus (cf. UNIDROIT 2013, AG (72) 9, para. 32).

2. As authorised, as to the possible alternatives to the Italian social security scheme for purposes of health insurance and pension arrangements for UNIDROIT staff, the Secretariat entrusted the International Service for Remunerations and Pensions of the Co-ordinated Organisations (ISRP),¹ with the preparation of a report containing recommendations with a view to the adoption of a Pension Scheme which, while remaining specific to UNIDROIT, is in line with the pension schemes in place at Co-ordinated Organisations. Such Study was submitted to the Finance Committee at its 75th session held in Rome on 3 April 2014 (UNIDROIT 2014 - F.C (75) 4 and the report UNIDROIT 2014 - F.C. (75) 5, paragraphs 20 to 30).

¹ The ISRP is a common service platform for the 6 Co-ordinated Organisations and other international organisations, providing services for their pension schemes and remuneration policies.

3. The Secretariat also hired a consultant to undertake a “Total Compensation Comparison” between UNIDROIT, the Co-ordinated Organisations, and other Rome-based international organisations, including those of the UN system, with a view to assessing the financial implications of a possible move to another pay scheme. Such study was considered at an informal meeting held on 19 June 2014 and was submitted to the Finance Committee at its 76th session, held in Rome on 25 September 2014 (UNIDROIT 2014 - F.C (76) 7 and the report UNIDROIT 2014 - F.C. (76) 8, paragraphs 24 to 36).

4. Immediately following the conclusion of the Finance Committee’s 77th session, held in Rome on 2 April 2015, there was a meeting of the informal working group on the review of the compensation and social security package offered to UNIDROIT staff. In advance of that meeting, which was open to all members of the Finance Committee, the Secretariat had transmitted both (1) a summary of the portion of the Report of the International Civil Service Commission (ICSC) for the year 2014 to the United Nations General Assembly (A/69/30) dealing with the ICSC’s ongoing comprehensive review of the UN common system of salaries, allowances, and benefits and (2) a collection of previously received comments on the ISRP Study and the “Total Compensation Comparison” for further consideration.

5. At the meeting, the informal working group made the following recommendations. First, it recommended that there should be no changes in the benefits structure set forth in UNIDROIT’s regulations (i.e. expatriation and family allowances). Second, the Secretariat should continue to look into viable private sector health insurance and pension alternatives, as well as following up with the ISRP regarding the pension proposal contained in its Study. Third, the Secretariat should prepare, together with assistance from a qualified, external individual, ten-year cost projections on the following bases: (1) on current staffing and practices; (2) on current staffing with all staff placed on the Co-ordinated Scales; and (3) on current staffing with all staff in their respective places on the UN salary scale localised for Rome. Fourth, the Secretariat should continue to follow any compensation and pension-related developments at the United Nations and among the Co-ordinated Organisations and then reconvene the informal working group following the completion of those reviews, in particular the ICSC’s ongoing comprehensive review of the UN common system.

6. Since that meeting, in accordance with the informal working group’s recommendations, the Secretariat has sought and recently received, as possible alternative options, detailed quotations for group private health insurance plans, based on three tiers of coverage, and for a group private pension plan, in addition to the pension plan proposed in the ISRP’s Study. As an additional alternative, the Secretariat has also sought and received example individual insurance quotations, based on three similar tiers of coverage, for various employee profiles. The Secretariat is currently analysing these detailed quotations and plans and will prepare summaries of them, together with the requested ten-year cost projections, for circulation in advance of the next meeting of the informal working group.

7. Further to the informal working group’s recommendation and subject to the opinion of the members of the Finance Committee, the Secretariat proposes to convene the next meeting of this group this fall after the ICSC’s final report on the comprehensive review of the UN common system is submitted to the UN General Assembly.