



**GENERAL ASSEMBLY**  
**69<sup>th</sup> session**  
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**Item No. 12 on the Agenda: Amendment to the UNIDROIT Regulations**

(Secretariat Memorandum)

<i>Summary</i>	<i>Amendments to Articles 44 and 67 of the UNIDROIT Regulations and to Annex III thereto</i>
<i>Action to be taken</i>	<i>Adoption of the proposed amendments</i>
<i>Related documents</i>	<i>None</i>

**Introduction**

1. Annexes I and II to this document contains a proposal for amendments to Articles 44 and 67 of the Regulations, and to Annex III thereto, which were considered by the Governing Council at its 90<sup>th</sup> session (Rome, 9-11 May 2011).

**A. Amendments to Articles 44 and 67 of the UNIDROIT Regulations**

2. The proposed amendments to articles 44 and 67 concern the payment of expatriation allowances to staff members of UNIDROIT.

3. By Resolution n. 4 (22-1972), adopted at its 22<sup>nd</sup> session (Rome, 26 May 1972), the General Assembly decided to align the salaries of Category A staff line with the salary scales of the co-ordinated Organisations (Council of Europe, OECD, NATO, Western European Union, European Space Agency, European Centre for Medium-Range Weather Forecasts) in order to permit recruitment of suitably qualified international scientific staff. Although not expressly provided for in the UNIDROIT Regulations, it has been the long-standing practice of UNIDROIT to pay to professional staff members other than locally recruited expatriation allowances at the rates and under essentially the same conditions as applied by the Co-ordinated organisations. For employees recruited before 1 January 1996, this allowance amounts to 16% of their basic salary and 20% for those employees who receive a household allowance. For officials recruited after 1 January 1996, the allowance amounts to 14% and 18% respectively.

4. Most organisations of the United Nations Common System have long abolished the payment of expatriation allowances and replaced them with more tailor-made benefits package to better compensate staff for the increase costs of expatriation, mainly through the payment of a temporary rental subsidy upon appointment or transfer of duty station (which is paid in full for the first four years, declining to zero over the following three years) or education grants for dependent children under certain circumstances. The European Organisation for Nuclear Research (CERN) and the World Bank, too, have modified their expatriation benefits since the 1990s. At CERN, the allowance no longer evolves with career progression and, upon conversion to an indefinite contract, the allowance is reduced to zero over a period of six years. At the World Bank, a mobility premium has replaced the education and travel benefits for non-resident staff working at the headquarters. This mobility premium decreases after the fourth year and reaches zero in year eleven.

5. In turn, payment of expatriation allowances is still practiced in a number of organisations based in Europe, and the European Commission has not changed its rules concerning benefits for expatriate staff. It should be noted, however, that the Co-ordinated Organisations, which still maintain their original expatriation system, are currently considering a major reform. While recognising that newly expatriated staff incur additional expenses linked to expatriation and setting up household in a different country, the Co-ordinating Committee on Remuneration (CCR) of the Co-ordinated Organisations CCR notes, for instance, the following aspects:

“[...] the additional cost and inconvenience of expatriation decrease over time as the staff member acclimatises to the new location. Living conditions in developed countries have become more and more uniform over the past 50 years, the cost of air travel has fallen to such an extent that it has become a means of mass transport, globalisation has led to more uniformity in the goods and services available in the member states of the CO, and modern telecommunications (including the Internet) have become cheaper and more useful to expatriates for keeping in touch with the home country.” (209th Report, the Co-ordinating Committee on Remuneration, para. 3.1.)

6. The CCR, therefore, concludes that it would be “reasonable to reduce the initial level of the expatriation allowance and to reinforce its reduction over time, to reach a level of zero.” (idem) The proposal was to provide an expatriation allowance for new staff appointees for four years, after which it would gradually be phased out over the next four years. The CCR has therefore recommended to the Councils of the Co-ordinated Organisations to amend their rules for expatriation allowance so that, for staff recruited on or after 1 January 2012, the following would apply:

“The initial rate of the allowance would be 10% of the first step of the grade held by the official on recruitment or promotion, regardless of family status. This rate would apply for the first five years. Beginning in the 6th year, the allowance would be reduced by 2 percentage points per year through year 10, when the allowance would reach zero.”

7. At the 1118th meeting, on 6 July 2011, the Minister’s Deputies at the Committee of Ministers of the Council of Europe approved the CCR’s recommendation and invited the Secretary General of that organisation to implement it. Other Co-ordinated Organisations are likely to follow suit.

8. The draft amendments to articles 44 and 67 of the Regulations now submitted to the General Assembly contemplates that, in respect of staff members appointed after 1 January 2008 (among the current staff this applies automatically only to the incumbent Secretary-General), the amount of expatriation shall be subject to increasing deductions beginning in the first month of the fourth year of receipt of the allowance and the entitlement to expatriation allowance of staff members shall cease after the end of the seventh year of service with the Institute.

9. Lastly, the amendments to article 44 of the Regulations make it clear that staff members of UNIDROIT are not entitled to any allowance, benefit, subsidy or other form of supplementary payment not expressly provided for in the Regulations. The Governing Council was of the view that such a clarification was necessary, so as to make it clear, in particular for staff members that may be hired in the future, that the fact that the salaries of Category A staff of UNIDROIT are aligned with the salary scales of the co-ordinated Organisations does not mean to the staff members are entitled to any allowances payable by the Co-ordinated organisations that are not expressly provided for in the UNIDROIT Regulations.

10. The proposed amendments, as approved by the Governing Council and now submitted to the General Assembly, are similar but not identical to the recommendations by the CCR, which had not been made public at the time the Governing Council considered this matter. It should be noted, however, that, although the salaries paid to its staff are aligned to those of the Co-ordinated Organisations, UNIDROIT is not part of Co-ordinated system and is not represented at the CCR. UNIDROIT is therefore free to adopt its own rules on this or any other personnel matters not being bound by the exact terms of similar rules in those Organisations.

11. This proposal is being submitted as a fast track procedure in order to enable implementation of the new rule in time for any new recruitments by the Secretariat in 2012.

*12. The General Assembly is invited to consider and approve the proposed amendments to articles 44 and 67 of the UNIDROIT Regulations.*

## **B. Amendments to Annex III to the UNIDROIT Regulations**

13. Article 39(2) of the UNIDROIT regulations provides as follows:

“When approving the Work Programme the Assembly shall also approve the list of positions drawn up by the Governing Council on proposal by the Secretary-General, concerning the budgetary posts in each category. The list, which constitutes ANNEX III to these Regulations, may be amended during the three year period by the General Assembly on proposal by the Secretary-General upon concurrence of the Permanent Committee.”

14. The list currently contained in Annex III to the regulations is a version last modified in 1976 of a “List of Permanent Budgetary Posts” originally submitted to the General Assembly at its 22<sup>nd</sup> session (Rome, 26 May 1972). For several years, the functional titles, levels of posts and allocation of functions underlying this list have been out of pace the actual staffing table of the Secretariat.

15. Besides being severely outdated, the list, in its current form is perceived by the Governing Council as being excessively rigid, and deprives the Governing Council, as appointing authority of the Secretary-General and the Deputy Secretary-General and the Permanent Committee, as appointing authority of all other category A staff members, of the desirable level of flexibility for the purpose of fixing the adequate level of remuneration of any newly appointed staff member, as contemplated by article 41 of the Regulations.

16. This proposal is being submitted as a fast track procedure in order to enable implementation of the new rule in time for any new recruitments by the Secretariat in 2012.

*17. The General Assembly is invited to consider and approve the new Annex III to the Regulations.*

**ANNEX I****Proposed amendment to the UNIDROIT Regulations  
(fast track procedure)****PART THREE****STAFF****Draft Regulation on Expatriation Allowances****Article 44 bis**

1. Staff members in the Category A that have not been continuously resident in Italy for at least three years at the date of appointment, shall be entitled to the payment of an expatriation allowance in accordance with the rates laid down in respect of the Coordinated Organisations by the OECD.
2. The amount of expatriation allowance paid to UNIDROIT staff members shall be subject to monthly deductions beginning in the first month of the fourth year of receipt of the allowance at the rates and under the conditions specified below:

<i>Year of payment of the allowance</i>	<i>Monthly deduction rates (percentage)</i>
Fourth year .....	20
Fifth year .....	40
Sixth year .....	60
Seventh year .....	80

3. The entitlement to expatriation allowance of staff members shall cease after the end of the seventh year of service with the Institute.

**Article 44 ter**

Staff members of UNIDROIT are not entitled to any allowance, benefit, subsidy or other form of supplementary payment not expressly provided for in these regulations.

**Article 67 bis**

The provisions of article 44bis (2) and (3) apply only from 1 January 2012 to staff members appointed after 1 January 2008 in accordance with article 40(1).

**ANNEX II****REVISED STAFFING TABLE TO BE SUBMITTED TO THE GENERAL ASSEMBLY OF UNIDROIT AT ITS 69<sup>TH</sup> SESSION  
(ROME, DECEMBER 2011)****Category A**

Secretary-General	A6-A7
Deputy Secretary-General	A4-A5-A6
Principal Officer	A3-A4
Senior Officer	A2-A3
Senior Officer	A2-A3
Senior Officer	A2-A3
Legal Officer	A1-A2
Legal Officer	A1-A2

**Category B**

Librarian  
Cashier/Treasurer  
Secretary  
Secretary  
Secretary  
Assistant Librarian  
Translation and Publications Assistant  
Information Technology Assistant  
Meetings and Logistics Assistant

**Category C**

Administrative Assistant  
Administrative Assistant  
Administrative Assistant