



GENERAL ASSEMBLY
83rd session
Rome, 7 December 2017

UNIDROIT 2017
A.G. (76) 7 rev.
Original: English/French
November 2017

Item No. 10 on the Agenda: Review of the compensation and social security package offered to UNIDROIT staff

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Background information on the review of the compensation and social security package offered to UNIDROIT staff and the recommended reforms</i>
<i>Action to be taken</i>	<i>Consider and adopt the recommended reforms to the compensation and social security package offered to UNIDROIT staff</i>
<i>Related documents</i>	<i>UNIDROIT 2017 – F.C. (83) 9; UNIDROIT 2017 – F.C. (83) 8, UNIDROIT 2017 – F.C. (82) 3; UNIDROIT 2017 – F.C. (81) 5; UNIDROIT 2017 – F.C. (81) 6 rev.; UNIDROIT 2015 – F.C. (78) 7; UNIDROIT 2014 – F.C. (75) 4; UNIDROIT 2014 – F.C. (76) 7; UNIDROIT 2014 – F.C. (75) 4</i>

Background

1. Since the Finance Committee supported, at its 74th session (Rome, 26 September 2013), the Secretariat's request to authorise the Secretary-General, in accordance with Article 38(4)(a) of the UNIDROIT Regulations, to use part of the surplus carried over from the 2012 financial year for the purpose of covering the cost of expert review of the compensation and social security package offered to UNIDROIT staff, that package has been under review. At its 76th session (Rome, 25 September 2014), the Finance Committee established an informal working group to conduct that review,¹ and that group has since met four times.²

2. At the fourth meeting of the Finance Committee's informal working group on compensation and social security, which took place immediately after the General Assembly's 75th session (Rome, 1 December 2016), the Secretariat recalled, with respect to compensation aspects, that the outside consultant on those aspects had earlier stated that (1) a number of issues needed to be addressed in order for UNIDROIT to move forward on an equitable and transparent basis, and (2) the status quo did not seem to be a viable option. The Secretariat then recalled, with respect to social security

¹ UNIDROIT 2014 – F.C. (76) 8, para. 36.

² Specifically, the informal working group met in Rome on the following dates: 2 April 2015, 17 March 2016, 29 September 2016, and 1 December 2016.

aspects, that the UNIDROIT Regulations allowed for flexibility with respect to pension, life and health insurance arrangements.³ Despite this flexibility, the majority of staff members were currently enrolled in the INPS system, which provided pension, life and health insurance coverage.⁴ As observed in the Management Report 2008-2013, the INPS system had a relatively high cost (37% of payroll, with 9.19% being deducted from the participating employee's salary and the remaining 27.81% being covered by UNIDROIT) and other features which made it less suitable for an international organisation:

Firstly, the age of retirement under the Italian social security system (currently 67 years) is set independently and therefore does not coincide with the maximum age of service authorised by Article 49(2) of the UNIDROIT Regulations (normally 60 years, 65 as an absolute maximum). Secondly, the Italian social security system is not portable, as it does not offer the possibility of a withdrawal benefit. Thirdly, save for transfer to another system with which the Italian social security system has a transfer agreement, or validation of prior service with any such system, a minimum of 20 years of continuous contribution is needed in order for a participant to accrue a right to a retirement benefit (for comparison, the pension scheme of the Co-ordinated organisations requires 10 years and the UN pension fund only five years of contributions). [...] The combined effect of those features is to severely limit the attractiveness of the benefits package offered by UNIDROIT and to hinder mobility.⁵

3. The informal working group considered the documentary materials provided, which set forth various compensation and social security options, and made the following four recommendations:

- First, with respect to the compensation options, the informal working group recommended that the Secretary-General consider the compensation options presented – which included (a) maintaining UNIDROIT's current compensation structure, (b) placing all staff on the salary scales of the Co-Ordinated Organisations, or (c) placing all staff on the UN salary scales localised for Rome – and identify the one he believed to be best suited for UNIDROIT going forward, taking into consideration the need for maintaining, or if possible lowering, costs and administrative burden; and submit a proposal, together with a forecasting of costs, in support of that option.
- Second, with respect to pension options, the informal working group recommended that the Secretariat follow up with the International Service for Remunerations and Pensions (ISRP) to provide them with the comments received and to ask them to prepare a final report proposing a pension scheme aligned to the Third Pension Scheme (TPS), which appeared to be the most feasible alternative to current arrangements.
- Third, with respect to health, disability and life insurance, the informal working group recommended that the Secretariat follow up with Allianz and Cigna to determine which proposal was most consistent with the UN health insurance plan and whether there could be any additional savings with respect to the proposed premiums.

³ See UNIDROIT Regulations, art. 52. This flexibility is subject to certain limitations, including that "the premiums payable by the Institute in respect of such policies" shall not "exceed those which would have been payable had the official or employee in question opted for the insurance scheme [of the Istituto Nazionale per la Previdenza Sociale (INPS)]", and that the coverage must be substantially equivalent to that of the UN social security package. See *id.* art. 52(1); Headquarters Agreement with Italy, art. 9.

⁴ Some staff members, however, have opted to continue to contribute, where possible, to the social security scheme in which they participated at the time of appointment.

⁵ UNIDROIT 2013 – C.D. (92) 3, paras. 140-141.

- Fourth, the informal working group recommended that, going forward, these issues be placed on the Finance Committee's Agenda and that, to the extent possible, the proposals above be sought and submitted to that Committee for consideration at its 81st session.

4. At its 81st and 82nd sessions (Rome, 6 April 2017 and 13 July 2017 respectively), the Finance Committee considered the IWG's recommendations. With respect to compensation aspects, the Committee also considered the report that the Secretariat had obtained – pursuant to those recommendations – from its outside consultant on compensation aspects (UNIDROIT 2017 – F.C. (81) 5). In observing that UNIDROIT's compensation structure was rather complex and unclear, that report supported the transitioning of all staff, as of 1 January 2018, to their respective places on the UN salary scales localised for Rome while maintaining UNIDROIT's existing system of allowances, which was found to entail significantly lower costs than placing all staff on the salary scales of the Co-Ordinated Organisations and fully adhering to its system of allowances. That report also contained a forecast of future costs, which showed that the transition would result at most in a slight increase in costs that could be covered by other chapters within the existing budget (UNIDROIT 2017 – F.C. (81) 2). Following deliberations, the Finance Committee supported recommending to the General Assembly the transition of UNIDROIT staff to the UN salary scales, while maintaining UNIDROIT's existing system of allowances (UNIDROIT 2017 – F.C. (82) 3).

5. With respect to social security aspects, the Finance Committee also considered the report and related proposals that the Secretariat had obtained – pursuant to the IWG's recommendations – from ISRP and insurance providers (UNIDROIT 2017 – F.C. (81) 6 rev.), which showed that a feasible and cost-effective social security alternative – that would resolve the staff mobility issues – could be established for future staff of UNIDROIT. Following deliberations, the Finance Committee generally backed the proposed pension scheme on the understanding that it would apply only to future staff members or recently recruited staff members which opted to join the new scheme, and that it would not entail mandatorily transitioning existing staff members from the social security schemes in which they participate into the new scheme. The Finance Committee further agreed to request that the Secretariat circulate the documents on the proposed social security package – together with the documents on the recommended transition to the UN salary scales – to member States to seek comments for consideration at the Finance Committee's next session (UNIDROIT 2017 – F.C. (82) 3).

6. Pursuant to that request, the Secretariat circulated the documents, and comments were received from the United States of America and the Federal Republic of Germany (UNIDROIT 2017 – F.C. (83) 8 rev.).

7. The Finance Committee, at its 83rd session (Rome, 21 September 2017), considered those comments in its deliberations and ultimately recommended for adoption by the General Assembly: (a) the transition of UNIDROIT staff to the UN salary scales, as concluded at the Finance Committee's prior session; and (b) the establishment of the proposed pension scheme, together with use of the Allianz plan for health and life insurance, which would apply only to future staff members or recently recruited staff members that opted to join the new scheme (UNIDROIT 2017 – F.C. (83) 9).

8. As requested during the session, the Secretariat submitted the comments of the Federal Republic of Germany, as well as the Report of that session, to ISRP for clarifications on open questions (UNIDROIT 2017 – F.C. (83) 9, paras. 66-68), and the responses received from ISRP are included together with those comments in Annex 1. In addition, the Secretariat circulated again the recommended reforms, together with a request for comments by 6 November 2017, so that any comments could be shared with the respective expert consultants and that any comments and replies could be taken into consideration by the General Assembly at its 76th session (Rome, 7 December 2017). No comments, however, were received.

Compensation reforms

9. The recommended compensation reforms are set forth in the outside consultant's Report, which is annexed to document UNIDROIT 2017 – F.C. (81) 5. That Report includes, *inter alia*, proposed placements for current staff on the UN salary scales localised for Rome, and the following tables providing ten-year forecasts of costs:

- Table 1 on page 8: Current staff on UN salary scales – no annual increases in salaries or allowances;
- Table 2 on page 10: Current staff on UN salary scales – with annual salary increases;
- Table 3 on page 11: Comparison of projections of UNIDROIT status quo and UN model – no salary increases;
- Table 4 on page 12: Comparison of projections of UNIDROIT status quo and UN model – with salary increases;
- Table 5 on page 16: Staff on UNIDROIT scales – no annual adjustments or allowances; and,
- Table 6 on page 16: Staff on UNIDROIT scales – with annual adjustments in salaries and allowances.⁶

10. In this regard, the Secretariat would highlight Tables 3 and 4 in particular, which show a ten-year comparison in costs between the UN proposal and the status quo. With respect to Table 3, which compares such costs without salary increases, the consultant notes that “[t]he projections suggest that staff costs under the UN solution will be higher than the UNIDROIT status quo by €24,000 in 2021 and €59,000 in 2027”.⁷ With respect to Table 4, which compares such costs with salary increases, the consultant notes that “the difference in costs between the UN and the status quo option is projected to be slightly lower than in Table 3.”⁸

11. The Secretariat would also highlight the consultant's observation that:

As already indicated in paragraph II.9 above, moving over to the UN approach will offer some substantial non-financial benefits, exchanging a rather complex and unclear approach for one which is transparent, coherent, easily accessible and understandable and which will offer much better protection for UNIDROIT against potential legal challenges and corresponding liabilities.

[...]

In consideration [] of value for money, the introduction of the – transparent, easily accessible, coherent – UN approach can only impact positively on the motivation and productivity of staff for what may be a marginal increase (paragraph b above refers) in staff costs. It should also influence positively UNIDROIT's attractiveness in the international labour market, and representing another non-financial benefit of adopting the UN approach.⁹

12. In connection with the consultant's observation, the Secretariat would note that the consultant forecast that newly hired staff members would be placed at the first step of the grade occupied by their predecessors. Additional savings could be made by hiring new staff members at

⁶ See Appendix, Report on Staffing: Ten-year cost projections for all UNIDROIT staff placed on the United Nations salary scales localized for Rome duty station (March 2017).

⁷ *Id.* para. 3(d) at page 11.

⁸ *Id.* para. 4(a) at page 11.

⁹ *Id.* paras. 4(c)-(d) at page 12.

lower grades than their predecessors as the various positions would be banded (i.e. Secretary-General: D1 to D2, Deputy Secretary General: P5 to D1, Senior Legal Officer: P4 to P5, Legal Officer: P2 to P4).¹⁰

13. Further to these recommended reforms, the Secretariat has included in Annex 2 a revised draft of the UNIDROIT Regulations, which reflect the necessary revisions to be made if the compensation reforms were to be adopted.

Social security reforms

14. The recommended social security reforms are set forth in the ISRP's Report, entitled "Design of a pension plan for UNIDROIT: Final recommendations", and the health and life insurance proposal from Allianz, which are included in document UNIDROIT 2017 – F.C. (81) 6 rev. as Appendixes 1-2 respectively.

15. With respect to ISRP's Report in Appendix 1, the Secretariat would highlight that, in connection with the overview of the future pension scheme proposed for UNIDROIT by ISRP and recommended by the Finance Committee, ISRP emphasises that the TPS-aligned scheme:

would clearly be a **competitive pension package**. Bearing in mind what the current staff members of UNIDROIT enjoy as a pension scheme leads to the consideration that a TPS based pension plan would match the target of improving the pension promise and the level of predictability: staff would have a clearer idea of their pension under the TPS than under any notional pension plan such as the Italian system. A TPS based pension plan would also secure benefits for all staff, irrespective of the rest of their career, with the absolute guarantee not to lose any month of contribution. This would clearly be an improvement when comparing with the Italian national old age system, under which minimum periods of contribution are required. Indeed, before the vesting period, a staff whose appointment is ended would cease to participate in the pension plan and would be paid a so-called "leaving allowance" which represents 90% of the overall employer and employee contribution to the pension plan. After the vesting period, the right to a pension is recognised and can be deferred if necessary. In case of cessation of appointment, it is up to the former staff member to inject the amount of "leaving allowance" he was paid into his following pension plan; but the portability can even be facilitated by pension transfer agreements to be concluded by UNIDROIT. The ISRP has a wide experience in that area and could assist UNIDROIT in concluding such agreements.¹¹

16. The Report also provides the key parameters of the scheme;¹² costing of the proposed scheme, including possible staff and employee contribution rates and funding scenarios;¹³ information about governance and pension fund monitoring;¹⁴ and the rules and implementing instructions for the proposed scheme, as well as related pension documents.¹⁵ With respect to the

¹⁰ *Id.* para. III(5) at page 5 (noting that "[t]his banded approach would support a system of career progression as staff took on increasing levels of responsibility in line with their increased seniority in the post.").

¹¹ See Appendix 1, ISRP, Report on Design of a pension plan for UNIDROIT: Final recommendations (30 March 2017), para. 2.8 (emphasis in original).

¹² *Id.* Part III.

¹³ *Id.* Part IV.

¹⁴ *Id.* Part V.

¹⁵ *Id.* Annex I (containing "Rules & Implementing Instructions for the UNIDROIT Pension Scheme") and Annex II (containing the "Draft Statute of the Pension Fund, Mandate of the CAF and Code of Conduct for the members of the CAF"). ISRP also provided a French translation of the Annexes, which is included in the addendum at the end of Appendix 1.

possible staff and employee contribution rates in particular, the Secretariat notes that the proposed cumulative rates of 26.5% to 32.6% - depending on the discount rate – are less than the cumulative 37% cost of the INPS system.¹⁶ Thus, after adding in the costs of health, disability and life insurance, it remains possible that, depending on the discount rate and parameters used, the new pension and insurance arrangements could be cost-neutral.¹⁷

17. With respect to the health and life insurance proposal from Allianz, the Secretariat would note that Allianz advised the Secretariat that the “Silver” option contained therein was most comparable to the UN health insurance plan.¹⁸ It was this option that was recommended by the Finance Committee (document UNIDROIT 2017 – F.C. (83) 9, para. 75).

18. Further to these recommended reforms, the Secretariat has included in Annex 2 a revised draft of the UNIDROIT Regulations, which reflect the necessary revisions to be made if the social security reforms were to be adopted.

Action to be taken

19. *The Secretariat invites the General Assembly to adopt the recommended transition of UNIDROIT staff to the UN salary scales, together with the necessary revisions to the UNIDROIT Regulations.*

20. *The Secretariat further invites the General Assembly to adopt the recommended pension scheme, as well as the recommended health and life insurance plan, together with the necessary revisions to the UNIDROIT Regulations.*

¹⁶ *Id.* para. 4.11 and Table 1.

¹⁷ *Id.* para. 2.9.

¹⁸ See Appendix 2, Allianz, International Health Insurance Quotation for UNIDROIT, pages 16 *et seq.* (16 September 2016) (providing the Silver quotation and the table of benefits).

ANNEX 1**ISRP's responses to the comments of the Federal Republic of Germany**

As requested during the Finance Committee's 83rd session (21 September 2017), the Secretariat submitted the comments of the Federal Republic of Germany, as well as the Report of that session, to ISRP for clarifications on open questions (UNIDROIT 2017 – F.C. (83) 9, paras. 66-68). ISRP's responses are included in italics below and, for ease of reference, the comments of the Federal Republic of Germany are reproduced on the page following those responses.

On the first general comment, we believe that this is more a validating statement, as what Germany wrote simply confirms the objective of a funded pension plan and a contribution rate calculated on the basis of the aggregate cost method.

As regards the discount rate, one point needs to be made. UNIDROIT is not a private company and does not need to comply with accounting standards for the sake of the funding of its pension plan. A spot value for the discount rate should therefore be avoided. On the contrary, the ISRP strongly recommends 1) that a pre-defined method be set for calculating the value of the discount rate (for the sake of legal security and to avoid appeals on that ground) 2) that such a method limits as much as possible the risk of high volatility in the value of the discount rate.

The discount rate value should not be chosen with regard to the size of the population as such, but rather on the basis of a method for long term costing.

As [the Secretariat] very rightly pointed out at the FC, even with a very low discount rate, there would still be room for savings when comparing the contribution rates of the UNIDROIT pension plan and the one of the Italian social security.

Now, UNIDROIT could be inspired by the experience of the OECD when it decided to go from the French social security to its own medical insurance. Indeed, as from 1993, when the OECD implemented its medical system, it was decided to keep the same level of contribution as the one of the French system (at least for a few years). Under a conservative approach, UNIDROIT could decide to maintain the overall level of contribution at 37% for a while (at least up to the first actuarial review). That would result in deducting a staff contribution rate of 16.65% and UNIDROIT should be paying the remaining part.

Last but not least, the ISRP has no specific comment on the position expressed by Germany on the family allowances, which is a reply to one of the remaining questions to address.

- 1. Indeed, the costs indicated in 2.18 are related to administration of pension files and pay operations and not actuarial studies. Nevertheless, an appropriate timing for these studies could be found to minimize the costs; indeed, if UNIDROIT joins the CAF model of governance, a follow-up is foreseen and included on the funding of the plan. As a result, a review of the actuarial assumptions can be realised once and at the same reference date both for the funding study and for the review of the contribution rate. The ISRP is aware of the limited resources of UNIDROIT and will always make its best to take that into account (while always ensuring the highest level of service).*

As regards the fees for the investment side, section 5 of our report shows in a very transparent way of this could work.

3. *As regards the return, the ISRP will dedicate studies to what can be achieved and several scenarios will be analysed. The target return will need to be set taking into account several parameters, notably the long term objective (full funding, sustainability, etc.) and the risk appetite.*

UNIDROIT would not be the only international organisation with a reduced number of staff in its pension plan. The EU-ISS and HCCH are basically comparable in this prospect. In both cases, the ISRP is involved in the investment and follow-up of their pension funds and is therefore in a position to state that the annualised performance of these two pension funds since the beginning of investments is above 5.5% in nominal terms for both of them.

One of the clear interests of pooling the investments through the CAF is that relatively small pension funds of international organisations can invest in asset classes in which much larger pension funds are already invested. The ISRP also achieved convincing the asset managers to apply the same fees for all pension funds (larger or smaller) invested through the ISRP.

4. *As regards the option of current staff to join the UNIDROIT pension plan, it should be stressed that, according to the ISRP previous studies, calculation were made only for new hires. If the option is given to current staff to join the pension plan, it is our strong recommendation that there should be absolutely no room for crediting of past service, as there is definitely no chance that an amount corresponding to the cost of these past years be transferred to the UNIDROIT pension fund. As a result, current staff could potentially be allowed to join the UNIDROIT pension plan, but only for future service and with no crediting of past service. The duty of care of UNIDROIT towards its staff would impose, in such a case, that the attention of each individual staff member opting for the pension plan be drawn on the impact of their choice on their pension rights in their other pension systems. A written acknowledgment from individual staff members in terms of potential consequences would be recommended for the purpose of protecting UNIDROIT against any future claim in this area.*

As a matter of fact, given the legislation in Italy which very recently implemented aggregation of service for pension purposes, the ISRP does not believe that a transfer agreement with Italy is realistic.

UNIDROIT Finance Committee, 83. Session, 21. September 2017**German position paper to Draft Agenda, Item 9: Review of the compensation and social security package offered to UNIDROIT staff (F.C. (81) 5 and F.C. (81) 6 rev.)****I. General Remarks**

We regret the FC's recommendation to the General Assembly not to follow either the UN Common System completely or the remuneration system of the Coordinated Organizations. Furthermore we still believe that job descriptions would be the best and only objective basis for the reliable classification of the staff. Bearing in mind the small number of personnel this must be feasible.

Thus we would appreciate a corresponding objective job evaluation, maybe carried out by ISRP. For the purpose of comparison one could probably refer to the Hague Conference on Private International Law, a small International Organization with comparable tasks.

II. Comments and Questions by Germany regarding the introduction of a new pension system**(Document F. C.(81) 6 rev)**

From the German point of view, full cost-coverage by contributions is a prerequisite for a transition from the Italian national pension system to the organization's own internal pension system. Hence, the only scheme that could be considered is a full-funded pension scheme where contributions are calculated based on the aggregate cost actuarial method (cf. Appendix 1, no. 4.8). The assumed discount rate should be as low as possible, i.e. 2.55% or even less (cf. Appendix 1, no. 4.11). Since contributions are reviewed every five years on the basis of an actuarial study, the outlook may be changed and contributions be reduced after the next review if the fund shows an unexpectedly strong performance. Nevertheless an assumed discount rate of 2.55% is considerable high for a pension fund based on contributions of only 17 persons. In regard to the current field of low interest rates, there must be awareness to the riskiness of such investments.

This view is shared by the ISRP (cf. Appendix 1, no. 4.4).

We do not support the continuous granting of the family allowances also to pensioners that are currently paid to active staff members only. Therefore, there is no need for the ISRP to adjust its calculations.

Questions regarding the costs of the TPS

According to the ISRP, only marginal costs could arise for integrating new UNIDROIT pensions if the pension scheme is identical to the TPS of the Council of Europe. Any deviation from this TPS should be avoided, as far as possible, as this could lead to significant additional costs.

1. What are the estimated costs? The figures given in no. 2.18 will probably cover the costs for the administration of pensions and pay operations; it is doubtful, however, that these estimated costs will also cover the actuarial studies necessary for calculating and managing contributions and investing resources in a pension reserve fund.

2. Does UNIDROIT also pay fees exceeding regular contributions to the Italian state pension scheme, and if yes, how much?

3. A pension fund needs to have a certain size in order to achieve a rate of return through investments.

With only 17 people who pay into the scheme, this will be difficult. How can the target return rate, based on which contributions are calculated, be achieved by such a small organization and so few resources?

Will the resources of the funds of all associated organizations be pooled and invested to achieve larger return rates, or will they be invested separately? (No. 5.19 „*The investment strategy of the Funds is always the result of an individual study of the objectives of each Organization, and the Funds are managed and administered separately.*”)

What is meant by “mutual funds”?

4. Staff members may possibly be allowed to change into the new system. How will the costs which would be incurred by recognizing years of service for which no contributions were paid be covered? These cost, too, need to be identified and taken into account in the overall assessment. Are there plans of concluding a transfer agreement with Italy?

ANNEX 2

Revisions to be made to the UNIDROIT Regulations

(revisions for compensation-related reforms are in Articles 39, 40, 41, 42, 44, 45, 63, 71, Annex II and Annex III and
revisions for social security-related reforms are in Articles 49 and 52)

U N I D R O I T

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW

REGULATIONS

Organisation of the Institute - Financial Administration - Staff

(including amendments adopted by the General Assembly up to its 71st session held in Rome on 29 November 2012 [and proposed amendments to be considered by the General Assembly at its 76th session in connection with the review of the compensation and social security package offered to UNIDROIT staff \(7 December 2017\)](#))

Rome

PART ONE

ORGANISATION OF THE INSTITUTE

General Assembly

Article 1

1.- The General Assembly shall be convened by the President of the Institute.

2.- The agenda drawn up by the Permanent Committee shall be submitted to the representatives of member Governments three months prior to each session. Each representative may, six weeks before the date set for the opening session, request that new items be entered on the agenda. Such items shall appear in an additional agenda to be forwarded to the representatives of the member Governments four weeks before the opening of the session.

Article 2

1.- The working languages employed in sessions of the Assembly shall be English and French.

2.- The minutes of the sessions and resolutions shall be drawn up in English and French and shall be communicated to the participants for approval after each session.

Article 3

Deliberations or decisions of the Assembly shall not be valid unless a majority of member Governments are represented. If this condition is not satisfied, the President shall convene the Assembly on second call. At least one week shall elapse between the first and second call of the session. The Assembly on second call shall be validly constituted to deliberate and take decisions regardless of the number of Governments represented.

Article 4

1.- The Assembly shall be presided over by a Chairman, who shall be the senior ranking diplomat of the Governments represented. The Chairman shall conduct the deliberations and announce the results of votes of the Assembly. He shall also have the casting vote.

2.- The Secretary-General shall organise the secretariat of the Assembly.

Article 5

1.- The Assembly shall review only such questions as are entered on the agenda. In case of doubt, the Assembly shall decide whether or not any proposal submitted by one of its members falls within the framework of the items entered on the agenda.

2.- The Assembly may however agree by a two-thirds majority to the entering on the agenda of new items.

Article 6

1.- When several proposals relate to the same subject, they shall be put to the vote in the order in which they were tabled. In case of doubt as to the degree of priority the Chairman shall give a ruling.

2.- When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Assembly shall first vote on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom, and so on, until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter amendment shall not be put to the vote. The proposal shall then be put to a final vote subject to any amendments which may have been carried. In case of doubt as to the degree of priority the Chairman shall give a ruling.

3.- The separable parts of a proposal or of an amendment may be put to the vote separately.

4.- In the case of proposals of a budgetary nature, the highest total shall be put to the vote first. Each favourable vote relating to a particular sub-head entails the final grant of the corresponding appropriations.

5.- On a proposal which has been rejected, a representative may subsequently ask for the re-opening of the debate and for a second and final vote. The Assembly shall decide thereon by a simple majority.

Article 7

1.- Except when otherwise set forth in the Statute, decisions of the Assembly shall be valid when taken by a majority of members present and casting a vote. In the event of an equal number of votes being cast for and against a proposal, another vote shall be taken. If, after a third vote, no majority has been obtained, the proposal shall be deemed to be defeated.

2.- Votes shall be taken by show of hands unless a representative requests a vote by roll-call. In such circumstances, the Governments represented shall be called in the French alphabetical order.

3.- Notwithstanding the provisions of paragraph 2 of the present article, decisions concerning persons shall be taken by secret ballot.

4.- If no name obtains a majority on the first ballot, a further ballot shall be held for the two candidates who have obtained the highest number of votes. If the number of votes cast for each candidate is equal, another ballot shall be held among the candidates in question and the candidate obtaining the highest number of votes in such a ballot shall be elected.

5.- When the Assembly is called upon to proceed simultaneously to several appointments, other than appointments to the Governing Council, under identical conditions, candidates with an absolute majority of votes shall be elected. Should the number of candidates

be lower than that of the appointments to be made, a second ballot shall be held among the remaining candidates and those obtaining the highest number of votes shall be elected.

6.- When the Assembly is called upon to proceed simultaneously to several appointments to the Governing Council under identical conditions, the first four appointments shall be reserved for the candidates having secured the highest number of votes from each region and the remaining appointments shall be filled by those of the other candidates having secured an absolute majority of votes. Should the number of candidates elected be lower than that of the appointments to be made, a second ballot shall be held among the remaining candidates and those obtaining the highest number of votes shall be elected.

7.- For the purposes of the preceding paragraph, the term "region" shall refer to each of the geographic regions into which the membership of the Institute is divided by the General Assembly. The General Assembly, at its 59th session held in Rome on 1 December 2005, fixed these regions as Africa, the Americas, the Asia-Pacific region and Europe.

Article 8

The minutes shall contain a summary of the deliberations of the Assembly and the decisions taken by it.

Article 9

The Committee appointed by the General Assembly pursuant to Article 16, paragraph 3 of the Statute (Finance Committee) shall, in addition to the functions entrusted to it by the said article and by these Regulations, examine the draft budget and the annual accounts of receipts and expenditure, and formulate an opinion thereon.

President of the Institute

Article 10

1.- The President shall represent the Institute and perform all such action as is called for by the Institute's corporate existence. With the assistance of the Secretary-General, he shall ensure the operation of the Institute and the preparation of studies. His authority shall extend to all services and to all committees.

2.- He shall convene sessions of the Permanent Committee, the Governing Council and the General Assembly in accordance with the provisions set forth in the Statute.

Article 11

At each session, the Governing Council shall nominate from among its members a First and Second Vice-President. They shall hold office until the next session of the Council.

Article 12

1.- In the event of the President being unable to perform his functions, the First Vice-President of the Governing Council or, if he is unable to act, the Second Vice-President, shall assume the functions of the President in relation to all matters pertaining to the activities of the Governing Council and the Permanent Committee.

2.- In all other matters, his functions shall be exercised by the Secretary-General insofar as compatible with the Statute and these Regulations.

Governing Council and Permanent Committee

Article 13

1.- The President shall submit to the members of the Governing Council a draft agenda one month before the date set for the opening of the session. Matters of urgency may, however, be entered on the draft agenda after that date. The draft agenda shall indicate as far as possible the names of the rapporteurs for the different items as well as the relevant documentation.

2.- The President may consult with the members of the Governing Council by letter. Should any proposal made by him be unanimously approved, the President shall give immediate execution to it.

Article 14

1.- The deliberations and decisions of the Governing Council shall not be valid unless a majority of its members is present. The decisions of the Council shall be valid when taken by a majority of the members present and casting a vote. In the event of an equal number of votes being cast, the President shall have the casting vote.

2.- Voting shall be by show of hands unless one member requests a vote by roll-call. In such circumstances, the members shall be called in alphabetical order.

3.- Notwithstanding the provisions of paragraph 2 of this article, decisions concerning persons shall be taken by secret ballot.

Article 15

The members of the Governing Council and of the Permanent Committee shall receive no compensation for their assignment except for that provided for in Article 29 of these Regulations and in ANNEX 11 thereto.

Article 16

The Governing Council may request representatives of member Governments that have no nationals sitting on the Council to attend its meetings in a consultative capacity.

Article 17

1.- The Permanent Committee shall ensure the continuity of the Institute's operation in accordance with the instructions of the Governing Council.

2.- The decisions of the Permanent Committee shall be valid only if at least three of its members, including the President, attend the meeting or are represented at it. Decisions shall be taken by a simple majority.

Secretariat

Article 18

The Secretary-General shall supervise the services of the Institute. He shall be responsible for the performance and smooth operation of such services.

Article 19

1.- The Secretary-General of the Institute shall act as Secretary of both the Governing Council and the Permanent Committee. He shall draw up the minutes of meetings to be submitted to the members of the Council or of the Committee for approval.

2.- He shall forward to the members of the Council and of the Permanent Committee the documents relating to items due for discussion.

3.- He shall ensure enforcement of the decisions of the General Assembly, of the Governing Council, of the Permanent Committee and of the study groups.

Article 20

1.- The Deputy Secretary-Generals shall assist or replace the Secretary-General in the organisation and performance of the Institute's scientific tasks.

2.- Should the Secretary-General's post remain vacant, the senior Deputy Secretary-General shall fill the vacancy until a successor is duly appointed. In addition he shall substitute for the Secretary-General in the event of the temporary absence of the latter.

Article 21

1.- The Head Librarian shall supervise the operation of library services and the maintenance of bibliographic material. He shall submit to the Secretary-General lists of proposed acquisitions.

2.- A general purchasing plan for the Library shall be drawn up at the beginning of each financial year by the President with the assistance of the Secretary-General, the Deputy Secretary-Generals and the Head Librarian.

Article 22

Whenever functions pertaining to the management of the Institute are performed by civil servants of a member Government duly paid by such Government, provisions concerning staff appearing in Part Three of these Regulations, including salary scales, shall not be applicable. The Governing Council may however grant them an allowance for their collaboration as well as a sum for representation expenses and, if need be, a travel allowance.

PART TWO

FINANCIAL ADMINISTRATION

Article 23

These Regulations govern the financial management of the Institute, pursuant to article 17 of the Statute. In case of conflict between the Regulations and the Statute the latter prevails.

Article 24

The financial year shall run from 1 January to 31 December.

Article 25

The Institute's revenue shall be composed of:

- (a) the contribution of the Italian Government;
- (b) the contributions of other member Governments;
- (c) any other contributions, donations or legacies accepted by the Secretary- General, in accordance with these Regulations;
- (d) income derived from the Institute's activities;
- (e) income from the Institute's property.

Article 26

1.- Every year by 15 March the Secretary-General shall submit a proposal for a draft budget for the following financial year to the Finance Committee, for preliminary opinion. This draft budget, amended as necessary to reflect the Finance Committee's opinion, shall then be submitted to the Governing Council for consideration and, subsequently, communicated to member Governments for comment. Any such comments shall reach the Secretary-General by 30 September at the latest. The draft budget shall then be submitted, with any such comments, to the Finance Committee, for final opinion, and, with any amendments recommended by the Finance Committee, laid before the General Assembly for approval. The Finance Committee shall formulate its opinion on the draft budget by consensus.

2.- The budget shall be divided into chapters and articles. It shall present an introduction, a table of the expected receipts, including the special contribution of the host country, with explanatory notes, as well as a table of the expected expenditures with explanatory notes. The budget shall include forecast expenditure and revenue which balance out. It shall include a statement on the main changes in comparison with the budget of the previous financial year and such further annexes or statements as the Secretary-General or the General Assembly deems necessary. Forecast expenditure and revenue shall be expressed in the currency which is legal tender in Italy.

3.- The Secretary-General shall make all necessary arrangements in order that member Governments may have at their disposal all elements necessary to form an opinion at least one month before the session of the General Assembly at which the budget is to be adopted and the amount of the member Governments' financial contributions is to be set.

4.- The General Assembly shall adopt the budget and set the amount of the member Governments' financial contributions based on the draft submitted by the Secretary-General.

Article 27

1.- – The Secretary-General shall notify each of the member Governments of the amount of their financial contribution as set by the General Assembly for each financial year.

2.- – The ordinary annual contributions of member Governments shall be set in the currency which is legal tender in Italy and shall be paid in that currency or in another currency accepted by the Secretary-General. The entire contribution is due at the beginning of each year. As of the 1st of January of the following calendar year, the unpaid financial contribution or its debit balance shall be considered as in arrears for one year.

3.- – New member Governments must pay a contribution for the year during which they become members; it shall be calculated *pro rata temporis*, based on the actual date of membership.

4.- – The Secretary-General shall regularly present the status of collection of the ordinary annual contributions of member Governments to the Finance Committee and to the General Assembly.

Article 28

1.- The Secretary-General may accept voluntary contributions, whether or not in cash, and set up specific accounts which shall be subject to verification by the auditor, provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Institute and provided that the acceptance of such contributions that directly or indirectly involve additional financial liability for the Institute shall require the consent of the Finance Committee.

2.- The Secretary-General shall inform the Finance Committee of the receipt of such contributions and precisely define the objectives and the conditions for the establishment of each specific account. He shall report on any such accounts to the Finance Committee.

Article 29

1.- In adopting the budget for the financial year, the General Assembly authorises the Secretary-General to incur expenses and make payments within the approved limits.

2.- Should changes in the budget become necessary, the Secretary-General shall submit them to the Governing Council or to the Permanent Committee, then to the Finance Committee for opinion and to the General Assembly for ratification.

3.- Any transfer from one chapter of the budget to another that exceeds ten per cent of the expenditure under the transferring chapter, or two per cent of the total ordinary expenditure authorised for the financial year, whichever is higher, shall be authorised by the Finance Committee. Transfers from one article to another of the same chapter shall be authorised by the Secretary-General.

Article 30

The President shall have the power to sign on behalf of the Institute and shall issue a receipt for monies received. He may however delegate these powers to the Secretary-General and the Treasurer. If necessary, the Secretary-General may be replaced by the Deputy Secretary-General, and the Treasurer by an official authorised by the President, for the purpose of exercising the power thus delegated.

Article 31

The Secretary-General shall choose the bank(s) or other regulated financial institution where the funds of UNIDROIT are to be deposited. He shall be authorised to invest such funds as are not necessary for the immediate running needs of UNIDROIT, on the condition that he take due care in making investments and in selecting establishments in which he has no vested interest. The Secretary-General shall report on the results of any such investments.

Article 32

The Secretary-General shall establish any rules and methods he deems necessary to ensure the discipline and efficiency of financial management. He shall, in particular:

- a) set rules for the incurring of expenses;
- b) prescribe that all payments be made upon the presentation a special form, accompanied by supporting documents where necessary, indicating the name and address of the proposed recipient of payment , the amount payable, the object of the expenditure, the relevant item of the budget, and confirmation that the services or products have actually been provided and have not previously been paid for;
- c) authorise members of staff, responsible to the Secretary-General, to receive funds, incur expenses and carry out payments, as provided for in these Regulations.

Article 33

1.- The Secretary-General, on the advice of the Treasurer, shall approve all proposals for expenditure where appropriate and sign an order for payment.

2.- The Treasurer shall execute orders for payment signed by the Secretary-General and obtain receipts for payment.

Article 34

The scales of travel and subsistence allowances of the members of the Governing Council, of the auditors, of members of the study groups and of members of staff travelling on official business shall be calculated in accordance with the conditions laid down in ANNEX II to these Regulations, on the basis of the scales for official journeys applicable to the Coordinated Organisations as published by the OECD.

Article 35

1.- The Treasurer, acting as head of supplies, shall provide each member of staff with the office articles he needs. He shall keep an inventory of such articles and, whenever the Secretary-General so requests, prepare a statement showing how they have been used.

2.- The Secretary-General shall set rules for the procurement of equipment, goods, facilities and supplies as well as for the implementation of works or external services. A tender process shall be instituted each time that it appears necessary to the Secretary-General to do so in order to guarantee transparency and the best possible use of resources.

Article 36

The Secretary-General shall manage the general accounting for each financial year, monitoring:

(a) revenue and expenditure, ensuring, in particular the conformity between actual expenditure and budgetary allocations;

(b) the financial situation, including disposable assets, funds to be collected, working capital fund, outstanding debts and accrual liability.

Article 37

1.- The General Assembly shall appoint a financial auditor, upon the nomination of the President, in accordance with Article 17 of the Statute. The auditor shall be appointed for a term of five successive financial years (renewable once). The auditor may be removed from office under the same conditions as those of appointment.

2.- The auditor must have all qualifications required for carrying out his duties, which shall consist of the annual auditing of the accounts and ensuring that the provisions of the Regulations are abided by.

3.- The auditor shall submit directly his report to the General Assembly. He may attend all meetings of the General Assembly, of the Governing Council, of the Permanent Committee and of the Finance Committee, having the right to take the floor but not to vote. He may also submit to the said bodies, at any time, a report on matters which in his opinion call for action on his part.

Article 38

1.- The accounts shall be closed as at 28 February and, after preparation for examination, communicated to the auditor by 15 March. Together with the auditor's report, explanatory documents and any further background information, the accounts shall be made available to the Finance Committee at the meeting at which the Finance Committee considers the first estimates for the budget of the following year.

2.- The accounts and the auditor's report shall then be submitted to the member Governments whose observations thereon shall be communicated to the Secretary-General by 15 September.

3.- They shall subsequently be submitted with the observations, if any, of member Governments, to the Finance Committee for opinion and to the General Assembly for approval.

4.- If the accounts show, at the close of the financial year, any residual balance made up of the difference between revenue on the one hand, and expenditure and liabilities on the other hand, the Secretary-General may propose to the Finance Committee:

(a) to use the surplus for any purpose other than the original allocation, in particular when the surplus results from the recovery of arrears owed to the Institute by member Governments, or from savings made or other economy gains achieved by the Secretariat;

(b) to record the surplus as revenue in the next financial year, thus reducing assessed contributions of member Governments, in particular when the surplus resulted from an overestimation of expenditure.

5.- Based on the opinion of the Finance Committee, the report of the auditor and any additional information supplied by the Secretary-General, the General Assembly shall decide on the approval of the accounts, the Working Capital Fund, the assignment of any surplus in accordance with paragraph 4 of this Article, and the final discharge of the Secretary-General for the management of the relevant financial year.

6.- In the event of appointment of a new Secretary-General prior to the approval of the accounts of the previous financial year, provisional accounts shall be established from the date at which the Secretary-General assumes his or her duties when this does not take place at the end of the financial year. This statement shall be signed by both the exiting Secretary-General and the new Secretary-General and is addressed for information purposes to the Finance Committee and kept in the accounting files of UNIDROIT.

PART THREE

STAFF

Article 39

1.- Depending on the nature of the functions performed, the Institute staff shall be subdivided as follows:

~~Category A~~ Professional staff; and

~~Category B~~ ~~Junior Professional~~ General service staff, including junior professional staff recruited for temporary positions and staff filling non-professional posts

~~Category C~~ Staff, as well as staff filling posts requiring some degree of technical training.

2.- 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.

3.- ~~Category A officials~~ Professional staff, as well as junior professional staff recruited for temporary ~~category B~~ general service positions, shall hold a university degree or equivalent. ~~Category B officials~~ General service staff other than junior professional staff shall hold a high school diploma or equivalent.

~~4. ——— Category B and C positions shall be divided into sub-categories 1 to 6. Staff may be promoted from one sub-category to another after five years service in the lower sub-category, or prior to that time for meritorious service.~~

~~5~~4.- The competent authority for the appointment of an official shall in each case determine what languages the candidate should know, depending on the assignment of the prospective official or employee. It may also be decided that the candidate shall pass a language and general education examination.

Article 40

1.- Without prejudice to the provisions set forth in Article 8 of the Statute and in Article 39 of the Regulations, ~~Category A officials~~ professional staff shall be appointed by the Permanent Committee on ~~proposal by the Secretary-General.~~ Category A Professional staff posts are classified from ~~A1P-2 to A7P-5, as well as D-1 to D2~~ in accordance with the salary scales laid down in respect of the Coordinated Organisations for professional and higher categories established by the ~~OECD~~ United Nations International Civil Service Commission.

~~2. ———~~ General service posts are classified from GS-1 to GS-7 in accordance with the salary scales of the United Nations for the General Service ~~Category B officials for Rome, Italy.~~ Posts classified from GS-3 to GS-7 shall be appointed by the Permanent Committee on proposal by the Secretary-General.

~~3.~~2.- ~~Category C employees~~ Posts classified from GS-1 to GS-2 shall be appointed by the President on proposal by the Secretary-General.

Article 41

1.- The remuneration of ~~Category A~~professional staff officials shall be determined by the Permanent Committee at the time of their appointment within the limits set out in ANNEX III to these Regulations for vacant budgetary posts, and with reference to the ~~"Monthly Salary Scales" of the Coordinated Organisations published periodically by the OECD as applied by the General Assembly.~~salary scales for professional and higher categories established by the United Nations International Civil Service Commission and the applicable post adjustment for Rome (Italy), which is to be computed and applied on an annual basis.

2.- ~~The basic salary scales for officials.~~ For professional and ~~employees of Categories B and C shall be determined by the General Assembly in accordance~~general service staff, with ANNEX I ~~respect to these Regulations.~~

3.- ~~The~~the applicable salary scales, the "total net" salaries of officials and employees of Categories A, B and C shall be adjusted periodically by the General Assembly in accordance with the modifications to the aforementioned "Monthly Salary Scales" published by the OECD. When proceeding to these adjustments, the Assembly may, if budgetary necessities so dictate, decide to reduce by up to 20% the increase proposed by the OECD. If budgetary circumstances so permit, the Assembly may decide in any given year to compensate reductions effected in previous years.on those scales are to be used.

~~4. Categories B and C officials and employees shall be entitled to a periodical increment of 3% every year in accordance with ANNEX I to these Regulations.~~

3. Within-grade salary increments are to be granted consistent with the applicable salary scales, in particular on the basis of the requisite period of time and satisfactory service.

~~4.5.~~ Increases in salaries of ~~Categories B and C~~general service staff under paragraph ~~43~~ of the present article shall be taken into consideration in full when calculating the indemnity due under Article 70, paragraph 1 of these Regulations. The impact on the indemnity due under Article 70, paragraph 1 ~~of increases in salaries under-referred to in~~ paragraph ~~23~~ of the present article which take effect after 31 December 1982 shall be limited to 75% of such increases.

Article 42

1.- Upon the proposal of the Secretary-General, the Permanent Committee may decide to promote a ~~Category A~~professional staff official for meritorious service within the limits set out in ANNEX III to these Regulations for the budgetary post in question.

2.- The competent authority for the appointment of ~~an~~ a general service staff official or employee ~~of Categories B and C~~ may decide to promote him from one grade to another after five years service in the lower grade, or prior to that time for meritorious service, or to promote him to a higher step in his own categorygrade for meritorious service, regardless of his service seniority.

Article 43

The President may, on proposal by the Secretary-General, engage staff with lower grade assignments (ushers, lodge-keepers, cleaners, etc.) in accordance with the legislation in force in Italy.

Article 44

- 1.- i. A monthly allowance shall be paid in respect of each dependent child under 18 years of age.
- ii. By dependent child is meant any legitimate, natural, adopted or otherwise dependent child who depends on an official's or employee's household or on that person alone for main and continuing support. An "otherwise dependent" child shall be taken as meaning:
- a. a child for whom adoption procedure has been initiated;
- b. an orphan dependent on the staff member.
- iii. The allowance shall continue to be payable until the dependent child reaches the age of 26 if he (or she) is receiving, on a full-time basis, school or university education or vocational training which does not carry a wage or salary properly so called.
- iv. The allowance shall continue to be payable without any age-limit if the dependent child cannot support himself (herself) owing to permanent disablement certified by a doctor approved by the Secretary-General.
- v. If an official or employee or the spouse of an official or employee is entitled to payment under his/her country's laws or regulations of an allowance whose purpose is the same as that of the allowance provided for in this paragraph, the amount of that allowance shall be deducted from the allowance payable by the Institute.

- 2.- i. A monthly allowance shall be paid in respect of the spouse of an official or employee equivalent to 6% of the official's or employee's basic monthly salary on condition that such spouse is not in receipt of a pension or engaged in gainful employment income from which is in excess of the amount above which the official or employee would be disqualified under Italian law from receipt of an allowance in respect of his/her spouse.
- ii. The allowance in respect of a dependent spouse shall be paid after deduction of any similar allowances to which the official or employee or his/her spouse may be entitled from another source.

3.- An allowance equal in amount to the allowance payable in respect of a dependent child may, in exceptional circumstances to be assessed by the Permanent Committee, be payable to an official or employee in respect of any relative by blood dependent on him/her for main and continuing support and whom he/she is under a legal obligation to provide with such support.

4.- The amount of the allowances payable under this article shall be calculated by reference to the criteria laid down by the OECD for the payment of such allowances to the staff of the Coordinated Organisations. ~~The periodical adjustments of such allowances shall be determined by the General Assembly in accordance with the mechanism established under Article 41, paragraph 3 of these Regulations.~~

Article 45

1.- ~~Staff~~Professional 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 46

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 47

1.- Institute staff shall be recruited from among nationals of different countries.

2.- The competent authority shall determine recruitment either by way of competitive examination or by any other system it may deem advisable.

Article 48

Appointment of officials and employees selected among candidates not belonging to the Institute shall be provisional at first and become permanent after a six-month probation period unless a decision to the contrary is taken by the competent authority, in which case the official or employee shall be notified accordingly before termination of his probation. During the six-month period the official or employee may be dismissed at any time without notice.

Article 49

1.- Without prejudice to the provisions of Article 8 (2) of the Statute, officials and employees may be engaged either for a fixed or for an indefinite period.

2.- As a general rule, the Institute shall not retain in its service any member of staff after he has reached the age of ~~60~~65 years. In special cases, if he considers it to be in the interest of the Institute to do so, the President may continue the service of a member of staff for further periods -of one year at a time ~~until the member of staff has reached the age of 62 years or~~, with the consent of the Permanent Committee, until ~~he has reached~~the member of staff reaches the retirement age under the age of 65 years applicable insurance scheme.

3.- The provisions of the preceding paragraph shall, however, in no way limit the exercise by the Governing Council of its power to appoint the Secretary-General.

Article 50

1.- The Institute may avail itself, for a given period of time, of the collaboration of persons not belonging to its staff.

2.- The document of appointment of such persons shall set forth their conditions of service and remuneration.

Article 51

The remuneration of officials and employees shall be divided into twelve monthly payments, payable at the end of each calendar month.

Article 52

1.- The Institute shall cover its officials and employees by insurance policies (life, accidents, sickness) at the time of their permanent appointment. In no event, however, shall the premiums payable by the Institute in respect of such policies exceed those which would ~~have been~~ be payable ~~had under~~ the ~~official or employee in question opted for the insurance~~ Istituto Nazionale Previdenza Sociale (INPS) scheme ~~referred to in paragraph 7 of this article.~~

2.- On expiration of the insurance policy the official or employee shall be entitled to payment of the insured capital or of a life annuity at his option.

3.- On termination of employment for any reason, the official or employee may dispose of his life insurance policy while remaining responsible for full payment of the premium.

4.- In the event of the death of the official or employee, the insured capital shall be paid to his heirs or to the person indicated as his beneficiary.

5.- The amount of the insured capital shall be determined for each category of officials and employees in accordance with their salary scale.

6.- The insurance premiums payable under this article shall be paid by the Institute in respect of officials or employees with permanent contracts, whether such contracts be for a fixed or an indefinite period, for as long as the official or employee remains in the permanent service of the Institute.

~~7.- The life insurance policy envisaged in the foregoing paragraph may be replaced, at the request of the official or employee concerned, by a disability and old age insurance entered into with the "Istituto Nazionale per la Previdenza Sociale" in compliance with the provisions set forth by the Italian legislation in force.~~

7.- A deduction ~~equivalent to twenty five percent of the amount of the premium paid by the Institute shall~~ is to be withheld from salaries of the Institute's officials and employees to cover partially the cost of the premium payments for the above insurance.

Article 53

Regular working hours shall be thirty-eight and a half hours a week. The Secretary-General shall fix the hours of work and their distribution between the different days of the week.

Article 54

1.- No official or employee may be absent from the office on sick leave for more than five days without submitting a medical certificate stating the nature of the illness as well as the inability of the official or employee to fulfil his assignment and the expected duration of the illness.

2.- On presentation of a medical certificate, sick leave with full pay or half-pay may be granted in accordance with the following rules:

(a) in the event of an official or employee on probation, the duration of the illness shall be in proportion to the period itself, e.g. 30 working days per year with full pay and 30 working days per year with half-pay;

(b) in the case of a permanent official or employee whose appointment has been finally confirmed, the duration of sick leave shall not exceed a total of eighteen months during four consecutive years, the first nine months being with full pay and the other nine months with half-pay;

3.- In the event of an official or employee becoming totally unfit to carry out his duties he may, provided he is entitled to a pension in respect of such total invalidity, be dismissed by the authority competent for his appointment without the full or half-pay referred to in paragraph 2 of this article.

Article 55

Female officials and employees shall be entitled to six weeks leave before confinement and eight weeks after. Such leave shall not be counted as sick leave.

Article 56

Any official or employee requesting sick leave may be called to submit himself to a medical examination by a doctor appointed to this effect by the Secretary-General.

Article 57

Any official or employee who has obtained during the same calendar year more than nine weeks of sick leave may, if circumstances so require, have his regular annual leave for the year curtailed by a maximum of one half.

Article 58

Whenever an official or employee has completed the period of full pay and half-pay sick leave to which he is entitled in accordance with the provisions of Article 54 of these Regulations, the President may:

- (a) grant a new period of sick leave without pay for a given period;
- (b) terminate the employment of the official or employee because of disability if the President is the competent authority for the official or employee's appointment, or submit a proposal to that effect to the competent authority.

Article 59

- 1.- Officials and employees are entitled to annual ordinary leave of thirty working days.
- 2.- Any official or employee spending all or part of his annual leave in the country where his home is shall be entitled to add to his leave the time required for the roundtrip.
- 3.- Any official or employee who marries shall be entitled to ten working days marriage leave.
- 4.- Leave may likewise be granted to an official or employee in the case of death or serious illness of next of kin.

Article 60

- 1.- The Permanent Committee shall grant leave of absence to an official or employee requesting it if it judges such a request to be reasonable, and on condition that it does not interfere with the requirements of the Institute's operation.
- 2.- The official or employee concerned may under no circumstances receive his salary from the Institute or benefit from the provisions of Articles ~~41, paragraph 4,~~ 44, 52, 62, or 70, paragraph 1 during the period of leave.
- 3.- The total amount of leave of absence granted to an official or employee of the Institute shall not exceed twelve months.

Article 61

All leave arrangements shall be subject to the requirements of the Institute's operation.

Article 62

- 1.- The Institute shall pay for the travel expenses, by the most direct route, of an official whom it has engaged from his place of residence at the time of appointment to the place where he is called to perform his duties.

2.- Any permanent official is entitled every two years to a free round trip under the same conditions as set forth in the preceding paragraph, from the place where he performs his duties to the locality where his home is located, for the purpose of spending his holidays there.

3.- The Secretary-General shall determine in all cases the place to be considered for the purpose of this article as the homeplace of the official, regard being had to his nationality and to his personal situation at the time he was engaged.

4.- Any official whose appointment has been confirmed during the probation period is entitled to a refund of travel expenses for his family and for the cost of transporting his furniture and chattels from the usual place of residence at the time of his appointment to the place where he is called upon to perform his duties. The word "family" shall mean the official's wife and children totally supported by him. Under exceptional circumstances a refund may also be granted in respect of other persons whom the incumbent supports totally, by statement to this effect issued by the Permanent Committee.

5.- Any permanent official leaving the employment of the Institute is entitled to a refund of the travel expenses incurred by him to return to the place where he normally resided at the time of his appointment. If he has spent five years at least in the employment of the Institute, he shall be entitled to reimbursement of travel expenses for his family and the cost of transporting his furniture and chattels. The President may however inquire as to whether this benefit should also be granted in the case of resignation before completion of five years service.

6.- Should an official die while in office, the refund shall be granted to the members of his family returning to their country of origin.

7.- The words "travel expenses" also include the cost of transportation of a reasonable quantity of personal luggage.

8.- Refunds envisaged by this article shall, however, never exceed the amounts set forth in each case by the Governing Council or, in urgent cases, by the Permanent Committee.

Article 63

1.- The competent authority may terminate the contracts of officials and employees before the expiry of such contracts if a reduction in staff is administratively required even for one category only, provided six months notice is given.

2.- In cases contemplated by the preceding paragraph the Permanent Committee may award an indemnity for loss of job which shall in no circumstances exceed six months' salary as calculated on the day the official or employee leaves the service of the Institute. This indemnity shall not however be payable to officials or employees referred to in Article 67, paragraph 1 of these Regulations.

3.- The indemnity provided for in paragraph 2 of this article shall not be payable to an official or employee whose contract has been terminated because of serious fault or negligence by a decision of the authority competent for his appointment.

4.- In urgent cases the power referred to in the preceding paragraph may be exercised by the President in respect of ~~Category B~~ [general service](#) officials [classified in GS-3 to GS-7 posts](#), subject to ratification by the Permanent Committee.

Article 64

1.- If either the work or the behaviour of an official or employee or the ability displayed are unsatisfactory, the Permanent Committee may decide, on a proposal by the Secretary-General, that the periodical increment to which the official or employee would otherwise be entitled be postponed by one year.

2.- If the inefficiency of the official or employee has become manifest and his work output has proved to be inadequate, the Permanent Committee may terminate the employment of the official or employee. In such cases the official or employee shall not be entitled to the indemnity referred to in Article 63, paragraph 2 of these Regulations.

3.- The termination notice in cases covered by the present article shall be submitted to the official or employee at least three months in advance. The reason for termination shall be duly brought to the knowledge of the party concerned.

Article 65

1.- The Secretary-General shall handle all matters of discipline. He shall have authority to inflict the following sanctions on any official or employee found guilty of serious fault or voluntary negligence in the performance of his duties:

- 1) a written reprimand;
- 2) reduction in pay for a given period;
- 3) simple suspension from office or suspension from office and pay for a given period.

2.- The duration of the sanctions mentioned in the preceding paragraph shall not exceed two months and the sanctions themselves may be applied only after approval by the Permanent Committee, before which the official or employee shall be called to appear.

3.- The personal file set up for each official and employee shall contain the original documents or certified copies of documents pertaining to his appointment, notes on his service and his behaviour, administrative action taken with regard to him and official inquiries made on him.

4.- This personal file may be consulted by the official or employee at his request.

Article 66

Any official or employee, former official or employee or rightful claimant to his estate who wishes to bring any claim against the Institute must do so in writing to the Secretary-General within the following time limits:

(i) in respect of claims based on occurrences alleged to have taken place prior to the entry into force of this article, within two years of such entry into force being brought to the knowledge of the claimant;

(ii) in respect of claims based on occurrences alleged to have taken place after the entry into force of this article, within two years of that occurrence coming to the knowledge of the claimant.

Article 67

All contracts entered into by the Institute with its staff shall contain a clause providing for the jurisdiction of the Administrative Tribunal in accordance with the provisions set forth in Article 7^{bis} of the Statute.

Article 68

The provisions of article 45, paragraphs 2 and 3, apply only from 1 January 2012 to staff members appointed after 1 January 2008 in accordance with article 40, paragraph 1.

PART FOUR

TRANSITORY PROVISIONS

**(applicable to permanent officials or employees
in service on 31 December 1976)**

Article 69

1.- Without prejudice to the provisions contained in Article 49, paragraph 3 of these Regulations, the Institute shall not retain in its service any member of staff after he has attained the age of 65 years.

2.- Notwithstanding the provisions of Article 62, paragraph 8 of these Regulations, payment of the insurance premiums referred to in Article 50 taken out in respect of Categories B and C officials and employees shall be borne entirely by the Institute.

3.- Notwithstanding the provisions of Article 64, paragraph 3 of these Regulations, the termination notice in cases covered by that article shall be submitted to the official or employee at least six months in advance. The reasons for termination shall be duly brought to the knowledge of the party concerned.

4.- The provisions of Article 39, paragraph 4 of these Regulations shall not apply to officials and employees occupying Category BI or CI positions on 31 December 1976 under the Regulations then in force. Such officials and employees shall remain entitled, as from that date, to a maximum of twenty periodical increments of 3% every year calculated by reference to the basic salaries as adjusted in accordance with the provisions of Article 41, paragraph 3 of these Regulations. In the event, however, of any Category C employee being promoted to Category B, such employee shall become subject to the provisions of Article 39, paragraph 4 of these Regulations.

Article 70

1.- Categories B and C officials or employees terminating their service for causes not due to any fault or negligence on their part shall, subject to the provisions of Article 41, paragraph 5 of these Regulations, be entitled to an indemnity equivalent to one month's salary for every year of service, without prejudice to the benefits to which they are entitled in accordance with their contracts. A fraction of a year shall be calculated as a full year whenever it exceeds six months.

2.- Category A officials shall not be entitled to indemnities under the present article.

3.- In the event of death, an indemnity equal to that to which the official or employee would have been entitled in accordance with the provisions set forth in the first paragraph of the present article shall be granted, without prejudice to the allowance or income due under the insurance, to:

- (a) the surviving spouse;
- (b) the surviving children and, by representation, the descendants of predeceased children.

4.- The indemnity shall be shared in two equal portions between the two foregoing categories.

5.- Should there be no survivor in the two foregoing categories, the indemnity shall be granted in accordance with the provisions governing legitimate succession in the country of which the official or employee was a national.

6.- In all cases contemplated in the previous paragraphs of this article, the Permanent Committee shall be authorised to deduct from the indemnity due to the assignees such amount as may be deemed just and fair to be granted as benevolent assistance to those of the relatives to the second degree of the deceased and to those of his relatives by marriage who were supported by and lived together with him.

7.- A contract with an official or employee may be terminated, without the indemnity referred to in paragraph 1 of this article, in the event of serious fault or negligence, by a decision of the authority competent for his appointment.

8.- In urgent cases, this power may be exercised by the President in respect of Category B officials and employees, subject to ratification by the Permanent Committee.

9.- Any official or employee who has submitted his resignation shall be entitled to the indemnity only if he has completed at least ten years service.

10.- The same right shall be granted to an official or employee leaving the employment of the Institute at the age limit prescribed in Article 69, paragraph 1 of these Regulations.

11.- If the inefficiency of an official or employee has become manifest and his work output has proved to be inadequate, the Permanent Committee may terminate his employment, having regard however to his legitimate interests as guaranteed by these Regulations.

**(applicable to permanent officials or employees
in service on 31 December 2017)**

Article 71

1.- As of 1 January 2018, the staff of the Institute is to be transitioned to the applicable salary scales of the United Nations. No staff is to face a decrease in remuneration as a result of the transition. Staff are to be assigned to the grade and step that provides a salary closest to, but not below, their current salary, taking into consideration, if applicable, the allowances provided under Article 44.

2.- -Category A staff are to be placed on the salary scales referred to in Articles 40, paragraph 1 and 41, paragraph 1, for professional staff. For those Category A staff who are entitled to an expatriation allowance that is not subject to the monthly deductions and cessation set out in Article 45, paragraphs 2-3, that allowance is to be incorporated into the gross salary for purposes of assigning – as described in paragraph 1 – the grade and step and thus will no longer be a separate allowance. For all other Category A staff, Article 45 remains applicable.

3.- Categories B and C officials or employees are to be placed on the salary scales referred to in Article 40, paragraph 2.

4.- Consistent with Article 41, paragraph 2, the “total net” salaries on the respective salary scales are to be used.

RULES GOVERNING THE WORKING CAPITAL FUND ⁽¹⁾

Article 1

The purpose of the Working Capital Fund (hereafter referred to as "the Fund") instituted by Article 16 of the Statute of the Institute shall be to cover normal expenditure for which provision has been made in the budget, pending receipt of the ordinary annual contributions payable by member States.

Article 2

The total amount of the Fund shall be fixed at, and shall not exceed, a sum equivalent to two month's ordinary expenditure.

Article 3

The assets of the Fund shall be composed of:

- (a) the sums contained in the Fund on 31 December 1991;
- (b) sums corresponding to the outstanding initial contributions to the Fund due under the terms of Resolution 15(2) of the General Assembly by States which acceded to the Institute before 1 January 1992;
- (c) contributions of States acceding to the Institute after 31 December 1991 which shall be equivalent to one quarter of the first ordinary contribution of such States to the budget of the Institute as determined by the General Assembly in accordance with Article 16 of the Statute;
- (d) interest accruing to the assets of the Fund;
- (e) such cash surpluses available at the close of any financial year attributable to the discharge of arrears in contributions to the budget as are necessary to maintain the Fund at the level referred to in Article 2 of these Rules.

Article 4

- 1.- The assets of the Fund shall remain the property of the member States.
- 2.- Any contribution which has or shall be made to the Fund by a member State shall be identified as belonging to that State.
- 3.- Contributions to the Fund under Article 3(d) and (e) of these Rules shall be deemed to have been made by each member State in proportion to the percentage of its assessed contribution to the budget for the financial year during which the interest or surplus was accumulated, on condition that, at the close of the financial year in question, that State has discharged in full its obligations to the budget and to the Fund.

¹ Adopted by the General Assembly at its 45th session on 26 November 1991; these rules have been incorporated in the Regulations of the Institute in accordance with Article 16, paragraph 10 of the Statute.

Article 5

1.- Any State withdrawing from the Institute in conformity with the provisions of Article 20 of the Statute shall be entitled to repayment of its share in the assets of the Fund as determined under Article 4 of these Rules, subject to any right of set-off arising from that State's failure to discharge its financial obligations to the Institute.

2.- The provisions of paragraph 1 of this article shall apply *mutatis mutandis* in the event of the abolition of the Fund in accordance with Article 9 of these Rules or the winding up of the Institute, always provided that if the Fund is unable to meet its liabilities in full, repayment shall be made to States on a pro rata basis.

Article 6

The assets of the Fund shall be maintained in a special bank account.

Article 7

1.- The Fund may only be drawn upon if delay in the receipt of the ordinary annual contributions of member States makes it impossible to cover expenditure for which provision has been made in the budget.

2.- The Fund shall be reconstituted as soon as the receipt of ordinary annual contributions from member States renders this possible.

Article 8

The administration and accounts of the Fund shall be subject to the relevant provisions of Part Two of the Regulations of the Institute.

Article 9

The Fund may be abolished by the General Assembly by a Resolution adopted in accordance with Article 16, paragraph 10 of the Statute.

REGULATIONS ON TRAVEL AND RESIDENCE ALLOWANCE SCALES

Article 1

1. The officials and employees of the Institute Secretariat on official mission shall receive, during the period of their mission, a residence allowance to be calculated to the basis of the scales for official journeys applicable to the coordinated Organisations as published by the OECD.

2. When the State to be visited is not specified in these scales the allowance fixed for the United States of America shall be applicable.

Article 2

The President and the Members of the Governing Council, the Chairman and Members of the Study Groups appointed by the Institute or their duly appointed representatives and the Members of the Administrative Tribunal shall receive for the duration of each session of the Council, of the Groups or of the Tribunal, an allowance equal to that provided for in respect of Group 1 officials by the scales for official journeys applicable to the coordinated Organisations and published by the OECD.

Article 3

The foregoing allowances shall also be paid for each period of 24 hours to be calculated from the time of departure to that of arrival at the end of the return journey.

Article 4

1. The persons referred to in Articles 1 and 2 of the present ANNEX shall be entitled to refund of travel expenses as follows:

- 1) first class rail ticket and sleeping-car accommodation for persons mentioned under Article 2 and for ~~Category A~~[professional staff](#) officials;
- 2) first class rail tickets for ~~Category B I and II~~[general service staff](#) officials;
- 3) sleeping-car tickets for all officials shall be reimbursed only upon submission of evidence that the night trip was actually required. Use of the sleeping-car by ~~Category B I and II~~[general service staff](#) officials shall be previously authorised.
- 4) tourist class air-line tickets for ~~Category A~~[professional staff](#) officials and for persons mentioned under Article 2;
- 5) luggage transport expenses: luggage shall be limited to personal effects and material required for the work of the Institute.

2. All other travel expenses (taxi-cab, restaurant, car, etc.) shall be covered by the residence allowance payable to the person, official or employee concerned.
3. Travel shall always be effected by the shortest route.
4. The Secretary-General may authorise a higher standard of travel accommodation if:
 - (a) the origin and/or destination of the travel are outside Europe;
 - (b) the scheduled flight time, including stopovers and change of planes, is in excess of 14 hours;
 - (c) the person travelling is required to report to duty the following day or sooner; and
 - (d) the use of a higher standard of travel accommodation results in an overall cost savings to the Institute by avoiding additional subsistence costs, overtime, or lost productive time.

Article 5

Persons other than Institute personnel requested to accomplish a mission outside Rome shall receive the same residence allowance and travel expenses as those payable to Group 1 officials under the scale published by the OECD.

Article 6

All travel shall be authorised by the Institute's Secretary-General.

REVISED STAFFING TABLE ADOPTED BY THE GENERAL ASSEMBLY OF UNIDROIT AT ITS ~~69TH~~ 76th SESSION HELD
IN ROME ON ~~1ST~~ 7 DECEMBER ~~2011~~ 2017

Category A

Professional staff

Secretary-General	A6-A7 <u>D1-D2</u>
Deputy Secretary-General	A4-A5-A6 <u>P5-D1</u>
Principal Officer	A3-A4 <u>P5</u>
Senior Officer	A2-A3 <u>P4-P5</u>
Senior Officer	A2-A3 <u>P4-P5</u>
Senior Officer	A2-A3 <u>P4-P5</u>
Legal Officer	A1-A2 <u>P2-P4</u>
Legal Officer	A1-A2 <u>P2-P4</u>

Category B

General service staff

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