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FINANCE COMMITTEE
82nd session
Rome, 13 July 2017

UNIDROIT 2017
F.C. (82) 3
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REPORT

(prepared by the UNIDROIT Secretariat)

1. The 82nd session of the Finance Committee was held at the seat of UNIDROIT in Rome on 13 July 2017 and commenced at 10h05.

Item No. 1 on the Agenda: Adoption of the Agenda (F.C. (82) 1)

2. Consistent with UNIDROIT's practice, the representative of Mexico, *Mr Benito Jiménez*, as the longest-serving member of the Finance Committee, chaired the session. He first inquired whether there were any other items to be added to the draft Agenda.

3. The Secretary-General of UNIDROIT, *Mr José Angelo Estrella Faria*, noted that he would like to report, under the item for any other business, on recent consultations with the Government of Iraq concerning the resumption of its participation in UNIDROIT's work.

4. Seeing no additional requests for the floor, the *Chair* proposed adoption of the draft Agenda to the Finance Committee. *The Agenda was adopted as proposed in document F.C. (82) 1.*

Item No. 2 on the Agenda: Classification of member States in the UNIDROIT Contributions Chart (F.C. (81) 3 rev. and F.C. (82) 2)

5. The *Chair* drew the Committee's attention to documents F.C. (81) 3 rev. and F.C. (82) 2. The former contained the Contributions Chart prepared in accordance with the existing criteria and included a few minor changes to what was reviewed at the Finance Committee's last session (Rome, 6 April 2017). The latter contained the alternative proposal for the Contributions Chart that had been requested by the Committee at that session. He then invited the Secretary-General to present the documents.

6. The *Secretary-General* presented document F.C. (82) 2, recalling that at the Committee's last session there were discussions about the logic and rationale for the Contributions Chart, in particular the wide gap in contributions at the top of the Chart between Categories I and II. That gap – a difference of roughly €70,000 – was problematic both for States, as they faced a 100% jump in contributions if they moved up from Category II to Category I, and for the Secretariat, as it faced a 50% decrease in contributions if States moved from Category I to Category II. The bottom of the Chart was problematic as well – as States with smaller economies placed in the existing Category VIII carried a larger burden as compared proportionally to States with larger economies placed in higher categories in the Chart – and this aspect was creating difficulties for

efforts to promote wider membership in UNIDROIT. The Secretary-General then described how the Secretariat had been asked by the Committee to prepare an alternative proposal to address these problems and noted that the Secretariat, in document F.C. (82) 2, thus proposed – together with related changes to the corresponding ranges of contribution to the UN budget for purposes of UNIDROIT classification – the following: (a) the insertion of a new Category II to reduce the wide gap between existing Categories I and II, which would reduce the difference in contributions between the two by roughly €35,000; and (b) the insertion of a new Category X, which would reduce the contributions of some States with smaller economies, including Estonia, Malta, Paraguay, Serbia and Tunisia.

7. With respect to the alternative proposal, the Secretary-General noted that the Finance Committee could decide to make these structural changes to the Contributions Chart this year and then – in light of the lack of synchronicity with revisions of the UN scale of assessments, which meant that UNIDROIT revised its scale using the scales then in place at the UN one year before that Organisation revised its own chart – apply the UN budget assessment percentages the following year in order to resolve the synchronicity issue. The classification process had already been delayed by one year and, at the Committee's last session, there was some sympathy expressed for delaying any work on the Contributions Chart by another year, which would mean that the current Contributions Chart would remain in place in 2018. Pointing out that the two questions – the structural changes and the application of the UN percentages – were related but not necessarily dependent upon one another, the Secretary-General summarised the various options for the Finance Committee, which could recommend to the General Assembly: (a) an update of the Contributions Chart following existing criteria, including use of the current UN percentages, as set out in document F.C. (81) 3 rev.; (b) retention of the current structure of the Contributions Chart but postponement of the application of the UN percentages in order to use the new ones next year; (c) amendment of the structure of the Contributions Chart but postponement of the application of the UN percentages in order to use the new ones next year; or (d) adoption of the alternative proposal with the new Categories, including use of the current UN percentages, as set out in document F.C. (82) 2. The Secretary-General then asked if the Chair would invite Mr Neale Bergman (Legal Officer, UNIDROIT Secretariat) to present the minor modifications made in document F.C (81) 3 rev.

8. *Mr Bergman* noted that F.C. (81) 3 rev. contained the Contributions Chart that had been prepared consistent with existing criteria for the Committee's last session. Since that session, the document had been revised to include at Appendix I the applicable UN General Assembly Resolution, which identified the various assessments used for purposes of UNIDROIT classification, and to make the following changes in the Contributions Chart at Appendix II: (a) to add the figure that was missing for Romania in the "UN budget assessment 2010-2012" column; (b) to correct the figure for China in the "UN budget assessment 2013-2015" column; and (c) to correct the figure for Iran in the "UN budget assessment 2016-2018" column, resulting in Iran being placed one Category higher with an increase of one unit of contribution (i.e. €2,530).

9. The *representative of Brazil* referred to the lack of synchronicity with revisions of the UN scale of assessments that the Secretary-General had pointed out in his remarks and that was also addressed in paragraph 10 of document F.C (81) 3 rev. To address the lack of synchronicity, Brazil proposed postponing the work on the Contributions Chart by one year.

10. The *Chair* noted that Mexico was in a similar position to Brazil, in that it supported postponing the work on the Contributions Chart by one year. He had consulted with the relevant authorities in Mexico, which had also noticed the synchronicity issue, and there was some confusion because, while Mexico's contribution to the UN budget was decreasing, Mexico's contribution to UNIDROIT was increasing. As there would be a new UN scale of assessments in 2018, it would be best to wait for that scale before working on the Contributions Chart. In addition, he

noted that the relevant authorities in Mexico had stated that any changes in the contributions of member States of UNIDROIT should be gradual and progressive.

11. The *representative of Switzerland* thanked the Secretary-General for summarising the various options with respect to the Contributions Chart and noted that Switzerland was flexible on this item. He then inquired whether, in light of the interventions by his Brazilian and Mexican colleagues, it would be possible to agree on the structural changes to the Contributions Chart set out in the alternative proposal, while postponing application of the UN percentages to the following year. From the Swiss perspective, it would be preferable to resolve, under the current leadership of UNIDROIT, the Contributions Chart's structural issues this year instead of simply postponing all work on this item.

12. The *representative of Canada* supported the comments made by the representative of Switzerland and stated that Canada would prefer to come to a decision, instead of just postponing the whole process by another year.

13. The *Chair* observed that there appeared to be a lack of consensus, as Brazil and Mexico preferred to postpone all work on this item until the following year.

14. The *Secretary-General* clarified that it appeared that the representative of Switzerland was proposing that, even if the effective date of amendment of the Contributions Chart would be postponed to next year, that delay would not prevent the Finance Committee from deciding whether to retain the current structure of the Contributions Chart as set out in document F.C. (81) 3 rev. or to propose to the General Assembly a reform of the Chart by using, going forward, the alternative structure as set out in document F.C. (82) 2. He then noted that that proposal appeared to be supported by the representative of Canada as well.

15. The *Chair* agreed with the clarification but stated that a common position still seemed to be missing. Mexico preferred that all work be delayed, and Brazil seemed to support that position as well, though he invited the representative of Brazil to clarify, if he wished to do so.

16. The *representative of Brazil* stated that it was unclear how the Finance Committee could move forward without the new UN scale of assessments, which was to be issued in 2018, and requested clarification from the Secretariat. He then proposed that the Finance Committee delay its work on this item until that new scale was issued.

17. The *representative of Italy* expressed support for the proposal made by the representatives of Switzerland and Canada, recalling that this work had already been delayed. She understood the concerns expressed, but the Finance Committee should at least address the Contributions Chart's structural issues. In addition, there was a timing issue, as the new UN scale of assessments might not be available until the end of 2018, which could lead to the delay of any new Contributions Chart being used until 2019 or 2020.

18. The *Chair* summarised the two proposals: the first to delay all work on this item by one year and the second to go ahead and address the Contributions Chart's structural issues and then apply the new UN scale of assessment's percentages to the revised Chart as soon as they were ready.

19. The *representative of Switzerland* stated that that was his understanding of the two proposals. The structural changes should be made so that all that was left to do the following year would be to apply the new UN percentages when they were available. It would then be just a matter of copying and pasting those percentages into the new Chart, which could then come into

force in 2019. Otherwise, it would be difficult to achieve the synchronicity that was sought, in light of the timing issue, and it would be best to try to come to a decision.

20. The *Secretary-General*, to assist with the consideration of this item, recalled UNIDROIT's budget procedure. If all work was postponed by one year, that recommendation would mean that States' contributions for 2018 would remain at the level they were for 2017. If the Finance Committee would recommend that the Contributions Chart's structure be changed, that recommendation would at least allow for the draft Budget for 2019, which would be reviewed at the Finance Committee's spring session, to be prepared with that recommendation in mind. He pointed out that the Finance Committee had to come to a decision whether to make the proposed structural changes or to delay no later than its next session in the fall because any recommendation by the Committee to revise the Contributions Chart would have to be approved by the General Assembly during its 76th session (Rome, 7 December 2017). He then pointed out that the Finance Committee might not want to be perceived by the General Assembly as simply postponing decisions as it had already postponed this item by one year.

21. The *representative of Brazil* inquired whether it would be possible to see a Contributions Chart that would set forth what was being proposed by the representatives of Switzerland and Canada.

22. The *Secretary-General* stated in reply that the Contributions Chart in document F.C. (82) 2 reflected the proposed structural changes supported by the representatives of Switzerland, Canada and Italy, in particular the introduction of intermediate categories at the top and bottom of the Contributions Chart in order to address the wide gap between Categories I and II and the burden on smaller economies that were placed, under that alternative proposal, in Category X. The Contributions Chart in document F.C. (82) 2 calculated the contributions on the basis of the existing UN percentages, the unit of contribution (i.e. €2,530), and the number of such units to be paid under each Category, but that Chart could not reflect the application of the new UN percentages as they would not be available until 2018. With respect to the Chair's prior statement that any changes in contributions should be gradual and progressive, it was UNIDROIT's practice not to move States more than one Category at a time for that reason, even if strict application of the UN percentages would result in a State moving multiple Categories. Movements, as a result, were only from one Category to the next, and both Brazil and Mexico had benefited from this practice in the past.

23. The *representative of Canada* expressed appreciation for the Secretary-General's additional explanations. Under the alternative proposal, the expected decrease in Canada's contribution would be half of what it would be if the existing criteria were followed, yet Canada was willing to pay that higher contribution because the alternative proposal would resolve the Contributions Chart's structural problems and provide for more gradual and progressive movements in the Chart. Emphasising the importance of agreeing upon the changes to the Contributions Chart's structure, the Finance Committee should agree to recommend those changes to the General Assembly, so that this revised structure could be in place, and it would only be a matter of applying the new UN percentages when they were available. Such a recommendation would not only allow for UNIDROIT to follow through with its budgetary process, but also for member States to face less significant increases in contributions.

24. The *Chair* stated that Mexico was not ready to accept any changes and that he would transmit what had been discussed to the relevant authorities in Mexico, so that the item could be discussed again at the Finance Committee's 83rd session in September. He further stated that he did not see a consensus on this item.

25. The *representative of Switzerland* inquired whether consensus was required to move forward on an item when there were only one or two members in opposition and whether it would be possible to vote. Ultimately it was the General Assembly that had to decide on this item, based on a recommendation of the Finance Committee. By making a recommendation, then this item could be placed on the agenda of the General Assembly, so that they could actually take a decision. By doing so, more member States would become aware of the matters that were being discussed and have the opportunity to express their views on them.

26. The *Chair* asked whether the Secretariat could answer the procedural inquiry and noted that, if necessary, Mexico was ready for this item to be voted upon.

27. The *Secretary-General* stated that the Finance Committee's practice was to operate on the basis of consensus, but that that did not mean unanimity. Consensus meant that there was a prevailing view among the members of the Finance Committee and that there was not a formal objection. If a member formally objected to the prevailing view, then that member would have the right to request a vote. In the case of voting, the decision would be by majority, and the majority view would be placed on record. In his nine years at UNIDROIT, there had only been one vote, which occurred when Spain had objected during the last revision of the Contributions Chart and requested a vote.

28. Recognising that there was no objection to delaying the application of the UN percentages to the following year, the Secretary-General then stated that the draft Budget for 2018 could be circulated by Note Verbale to member States for comments consistent with UNIDROIT's practice, with the contributions for 2018 set at the same levels as for 2017. The Report of the session could reflect that interest had been expressed by a number of delegations in favour of a revision of the Contributions Chart's structure and the Report could be circulated by a separate Note Verbale informing member States of the proposed revisions to the Chart and inviting them to comment on those proposed revisions prior to the Finance Committee's 83rd session to be held in September. The Finance Committee could then make a more informed decision at that session on the recommendation that it had to make to the General Assembly for consideration at its 76th session (Rome, 7 December 2017).

29. The *representative of Canada* supported the representative of Switzerland's statement that it was important to find a way forward and to not simply postpone all of the work on this item. The Finance Committee could agree on recommending to the General Assembly the structural changes to the Contributions Chart that had been discussed, on the understanding that certain adjustments could still be made the following year if needed.

30. The *Chair* said that Mexico was not prepared to agree to recommend the structural changes to the General Assembly. The discussions would be relayed to his relevant authorities, with a view to further deliberations on this item at the next session in September.

31. The *representative of Brazil* stated that Brazil was not ready to agree to recommend those changes either, and he supported discussing this item again at the next session.

32. The *representative of the United States* inquired whether, as it might be difficult to arrive at a decision during the session, the representative of Brazil or the Chair would support the Secretary-General's proposal to circulate the draft Budget documents on the basis of the current Contributions Chart. She said that that proposal would allow other member States to provide input and could assist with the Finance Committee's decision-making process during the next session.

33. The *Chair* said that the Report of the session could indeed be circulated to all member States to seek their views on this item in time for the Finance Committee's next session in September.

34. The *Secretary-General* clarified that the draft Budget for 2018 would be circulated by Note Verbale to member States, on the basis of the same Contributions Chart as for 2017. A separate Note Verbale would be circulated to member States informing them of the proposed structural changes to the Contributions Chart being actively considered by the Finance Committee – in a format similar to that found on page 3 of document F.C. (81) 3 rev., which listed the various Categories and their corresponding units of contribution and UN percentages – and inviting those States to submit their views so that the Finance Committee could make an informed recommendation to the General Assembly for consideration at its 76th session (Rome, 7 December 2017).

35. The *representative of China* inquired when those Note Verbales and related documents discussed by the Secretary-General would be circulated.

36. The *Secretary-General* clarified that the Secretariat would be sending out the two Note Verbales, one transmitting the draft Budget for 2018 and the other transmitting the proposed changes to the Contributions Chart, within the next two weeks.

37. Seeing no further requests for the floor, the *Chair* noted that the Finance Committee's next session could be held in late September to allow sufficient time for input. *The Finance Committee agreed that it would recommend to the General Assembly that application of the UN percentages to the Contributions Chart be postponed in order to use the new ones next year, thereby allowing the Secretariat to circulate the draft Budget for 2018 on the basis of the current Contributions Chart, and that the Secretariat would circulate the proposed structural changes to the Contributions Chart to member States to seek input for consideration at the Finance Committee's next session.*

Item No. 3 on the Agenda: Review of the compensation and social security package offered to UNIDROIT staff (F.C. (81) 5 and F.C. (81) 6 rev.)

38. The *Chair* moved the Committee to the next item on the Agenda and stated that it entailed, with respect to compensation, the proposed transition of UNIDROIT staff onto the UN salary scales localised for Rome as set out in document F.C. (81) 5 and, with respect to the social security package, the proposed establishment of a pension scheme for UNIDROIT staff as set out in document F.C. (81) 6 rev. He noted that both of the documents had been circulated just before the Finance Committee's last session (Rome, 6 April 2017) and invited the Secretariat to describe the revisions in the latter document.

39. *Mr Bergman* explained that document F.C. (81) 6 had been revised to incorporate the French translation of the proposed pension rules, which had been prepared by the International Service for Remunerations and Pensions (ISRP). In preparing the translation, ISRP had noticed a few minor typographical errors and other errata, which were then corrected, as identified in footnote 10 on page 3 of document F.C. (81) 6 rev.

40. The *Chair* proposed that the Finance Committee first address the compensation issue. As that issue had been discussed at the last session, he proceeded to open the floor for comments.

41. The *representative of Canada* said that, as stated previously, Canada supported the proposed transition to the UN pay scales and recommended that the Finance Committee move swiftly on this issue, in conjunction with other aspects of the proposed reform.

42. The *Chair* noted that Mexico also supported the proposed transition to the UN pay scales, but inquired whether other members had views on it.

43. The *representative of Germany* criticised the current proposal, stating that there were some worries in the German Ministry of Justice about the proposed salary structure because, above all, binding job descriptions were missing. Those descriptions should be prepared and should include the required demands and skills of every employee. He then said that the mixing of systems should be avoided, such that UNIDROIT should follow the UN system or the Co-Ordinated Organisations system. Fully following the UN system might be preferable because it could allow for UNIDROIT staff to join the UN Joint Staff Pension Fund. If the UN system were to be chosen, then the entire package should be used, including the post adjustment and every allocation, as that would reduce administrative costs. If the Co-Ordinated Organisations system were to be chosen, then that entire package should be used, including all of the recommendations of the Co-ordinating Committee on Remuneration (CCR), as that would reduce administrative costs as well. He noted that an existing system should be joined, with a view to decreasing administrative costs, reducing salary categories and grades, and establishing binding job descriptions. While within grade step increases could be based on seniority, promotion to a higher grade should be possible only when the job specifications would allow for it.

44. The *Chair* stated in reply that the proposed transition to the UN salary scales localised for Rome largely covered what the representative of Germany had just said, with the exception of the job descriptions, which were missing and could be developed by the Secretariat. The UN salary scales had the requisite grades with in-grade step increases based on seniority and had the advantage of being easier to compare with other Organisations. He then suggested that having the UN salary scales might allow for UNIDROIT staff to join the UN Joint Staff Pension Fund, though he recalled that the Secretary-General had said that adhering to the UN fund would not be possible because UNIDROIT was so small and the overhead would be so high.

45. The *Secretary-General* stated in reply to the inquiries from the representative of Germany that document F.C. (81) 5 reflected the Finance Committee's wishes that the possible options on the compensation issue be narrowed down to one preferred option, which was the one that was before the Finance Committee. The Finance Committee had considered fully adhering to the Co-Ordinated Organisations' salary scales – which happened to be the most expensive international Organisation scales after those of the EU – but that would have entailed a significant increase in costs that member States were not willing to finance. The preference was thus to follow the less costly UN salary scales and, in doing so, not to incorporate all of the UN allowances as they would have also entailed a significant increase in costs. In this regard, the UN offered rental subsidies and education grants, which were both costly and burdensome to administer. As a result, only those allowances which were already provided to UNIDROIT staff, in particular the spouse allowance and the child allowance, as well as the expatriation allowance which, for long-serving staff members grandfathered into the old system under which that allowance was permanent, would be incorporated into their salary in the transition to the UN scales and, for newer staff members not grandfathered into the old system, would continue to sunset in accordance with the current UNIDROIT Regulations. He then summarised that, for the professional staff, the transition would entail the applicable UN salary scale together with the post adjustment multiplier and those three allowances and, for the service staff, the UN general service scale that was published for Rome, all of which would be easier to administer than the current arrangements. He concluded by stating that the Finance Committee had wanted a coherent and transparent system without a significant cost increase – thereby eliminating the possibility of fully adhering to another system – and that the transition proposed in document F.C. (81) 5 provided the desired system.

46. The *Chair* agreed that certain UN allowances, such as the education grant, were indeed very costly and expressed appreciation for the proposed transition, which did not incorporate all of those allowances.

47. The *representative of Canada* added that the perfect system might not exist and recalled that, when he had attended his first Finance Committee session roughly four years ago, the discussion was about how UNIDROIT could remain a competitive employer on the international scene and continue to attract the best applications. As a result, a consultant had been hired at that time to provide a proposal that would be both cost-effective and ensure UNIDROIT's competitiveness. Four years later, an excellent proposal was before the Finance Committee, and it was urgent for the Committee to move forward with the proposed transition.

48. Seeing no further requests for the floor on the compensation issue, the *Chair* proposed recommending the transition. *The Finance Committee supported recommending to the General Assembly the transition of UNIDROIT staff to the UN salary scales.*

49. The *Chair* then drew the Finance Committee's attention to the next issue regarding the social security package offered to UNIDROIT staff, which was covered in document F.C. (81) 6 rev. and consisted of pension and health, disability and life insurance arrangements. He noted that this issue had been presented in detail at previous sessions, that UNIDROIT's current social security arrangements were problematic and varied significantly depending on whether the staff members were Italians or foreigners, and that the proposal contained in the document offered a way to unify the social security packages for future staff. He then opened the floor for comments.

50. The *representative of Canada* stated the understanding that, with respect to the health insurance proposals contained in the annexes to the document, the "silver" proposal from Allianz and the "level 2" proposal from Cigna were consistent with existing standards for international Organisation employees, so they could serve as a basis for discussion in that regard. Unless there were good reasons not to do so, the lower cost quotation should be used.

51. The *representative of Germany* stated that the German Ministry of Justice had some questions and general statements on the pension scheme, which should be fully funded, use contribution rates calculated on the aggregate cost actuarial method, and set the contribution rate at 33% and the discount rate at 2.55% or less. The UN Joint Staff Pension Fund and the Third Pension Scheme (TPS), as in place at the Council of Europe, could be viable pension options, but the question was how high the costs would be. He then inquired whether the proposal in document F.C. (81) 6 rev., which was based on the TPS option, included all of the administrative costs and the necessary insurance reports that would have to be done every year. He further inquired about the administrative costs of the reserve fund for the pension and whether UNIDROIT currently paid fees in this regard to the Italian pension system. As one of the investment funds in the proposal required a minimum investment of €3,000,000, he queried how that minimum could be reached. He pointed out that, with less than 20 employees, the cost of administration would be high and then inquired whether it would be possible to join another existing pension fund in order to reduce that cost. He also inquired how the target investment growth rate could be achieved with such a small staff and how much it would cost to recognise the accrued pension rights of UNIDROIT staff members in the Italian pension system. He concluded by pointing out that there would be a gap between the benefits to be received under the TPS proposal and the Italian system and inquired how that gap would be financed.

52. The *representative of the United States* pointed out that the UN was currently raising the retirement age in its system and inquired about the retirement age that would be used in UNIDROIT's proposed pension scheme.

53. The *representative of Switzerland* noted that he had consulted the relevant authorities in Switzerland, which had relayed to him the following recommendation, based upon their experience in reforming the pension scheme in place at the Hague Conference on Private International Law. In particular, member States should consider the proposed pension scheme on the strategic level and offer guidance, but not get into details, which were very complicated. He then pointed out that the Secretariat's view was important in this regard and inquired about the Secretariat's preferred option, in particular whether it preferred the ISRP's TPS proposal or possibly a private sector proposal.

54. The *Chair* thanked the Secretariat for the proposal and stated that Mexico wanted UNIDROIT to have an adequate pension scheme that would be close to what was in place at the UN. For health insurance, Mexico preferred the "silver" option proposed by Allianz, which was closest to UN health insurance arrangements. As the relevant authorities in Mexico had a few additional questions, he invited the Secretariat to address the questions that had already been raised, to the extent that they could be answered at that time.

55. The *Secretary-General* stated that he would be able to answer some but not all of the questions and noted that recapitulating the Finance Committee's previous deliberations on the social security package might answer some of the representative of Germany's inquiries. The pension proposal before the Finance Committee had been prepared by ISRP, which was a publicly sponsored institution and, as part of the Co-Ordinated Organisations' framework, handled compensation and social security aspects for those Organisations and thus had significant experience in this regard. As ISRP's proposal contained the necessary calculations on rentability and actuarial costs, he suggested that the representative of Germany's inquiries be submitted in writing to the Secretariat and circulated to the other members of the Finance Committee, so that the Finance Committee could consider them further at its session in September. Whereas it was easier to find competitive providers for the health insurance coverage, the ISRP's proposal was the only viable pension option and would be applicable only to future staff, as it would not be possible to buy current staff members out of the Italian pension system. Private schemes, moreover, were no longer under consideration because concerns had been expressed about that possibility, including by Germany and, in any event, few companies were interested in UNIDROIT's possible pension fund, which would have to start from scratch one new employee at a time. He then pointed out that joining the UN Joint Staff Pension Fund was absolutely not an option because UNIDROIT: (a) was not part of the UN system; (b) would not meet the condition that it abide by the entire UN compensation package, including the benefits; and (c) was too small.

56. In recognising that the proposed reforms to the compensation and social security package were significant and would require amending the UNIDROIT Regulations, the Secretary-General stated that, if the Finance Committee were to express general agreement on the proposed pension scheme, as it had for the proposed compensation transition, the relevant documents would be circulated to member States, similar to what would be done regarding the Contributions Chart, to inform them of the possible reforms and to seek their input in advance of the Finance Committee's next session. If some of the questions expressed during the session could be submitted in writing, then they could be answered by the Secretariat. Lastly, regarding the inquiry about the retirement age, he referred to page 6 of Appendix I of document F.C. (81) 6 rev., which noted as one of the key parameters the proposed normal retirement age of 65 and early retirement age of 55.

57. Seeing no further requests for the floor, the *Chair* proposed that, in light of the general backing for the proposed pension scheme, the Finance Committee support the circulation of the relevant documents to member States to inform them and seek their input on these issues. *The Finance Committee, in generally backing the proposed pension scheme, agreed that the Secretariat would 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 input for consideration at the Finance Committee’s next session.

Item No. 4 on the Agenda: Any other business

58. The *Chair* gave the floor to the Secretary-General to discuss the recent consultations with the Government of Iraq concerning the resumption of its participation in UNIDROIT’s work.

59. The *Secretary-General* noted that Iraq was formally a member State of UNIDROIT, but had not been active or paid its contributions for a very long time. As a result, the budget did not contemplate an Iraqi contribution, and Iraq’s total arrears amounted to roughly €350,000. The Secretary-General then described how the Iraqi Embassy in Rome had expressed interest in the resumption of Iraq’s participation in UNIDROIT’s activities, subject to the General Assembly’s agreement to cancel Iraq’s arrears against Iraq’s commitment to pay its contributions going forward. Under the current Contributions Chart, Iraq would be placed in Category VIII and make a contribution of €12,650. In recalling the difficulties faced by Iraq, the Secretary-General then recommended that the Finance Committee consider sympathetically the request by Iraq for the cancellation of its past debt and make a positive recommendation to the General Assembly for it to accept Iraq’s proposal as stated in the Note Verbale that had just been received on that date. In support of that recommendation, he pointed out that other member States had benefitted from debt cancellation in the past, noting the examples of Paraguay and Bolivia and that, in his view, it would not be promising to try to negotiate a deal with Iraq for resuming participation in UNIDROIT’s activities against a payment of a certain number of past years’ contributions. As the Iraqi contribution had not been contemplated, it had not been missed in the budget. Lastly, Iraq was in a part of the world where UNIDROIT was not very widely represented, and there was a strategic interest for UNIDROIT in expanding its membership in Asia in general and in the Middle East in particular.

60. The *Chair* questioned how long Iraq had been inactive in UNIDROIT’s work.

61. The *Secretary-General* noted in reply that Iraq had been inactive since the early 1980’s.

62. The *Chair* noted that this information would likely have to be put in writing and shared with capitals to allow for consultations on Iraq’s request and for consideration of it at the Finance Committee’s next session in September.

63. The *representative of Canada* stated his understanding that the Secretary-General was proposing to submit Iraq’s request to the General Assembly and, as such, he would report to his capital and be ready with instructions for the General Assembly’s session.

64. The *Chair* suggested that the information to be circulated on this request should include a description of how long Iraq had been inactive. He indicated that it should also be signalled to Iraq that its participation in UNIDROIT’s work was very important.

65. The Chair then recognised that the session would be the last one for the Secretary-General, who would be leaving UNIDROIT at the end of July to return to UNCITRAL. In expressing gratitude for all of the Secretary-General’s work, the Chair said that the Secretary-General would be missed and the Chair wished him all the best for the future.

66. The *representative of Canada* stated that the Secretary-General’s departure was a great loss to UNIDROIT, noting that the Secretary-General had reinvigorated the Work Programme, made significant strides in stabilising UNIDROIT’s finances, developed significant partnerships with other Organisations, modernised the Library, and generally brought UNIDROIT into the 21st century. The Secretary-General’s accomplishments at UNIDROIT were too numerous to mention, and Canada

could only express its sincere appreciation for the Secretary-General's exceptional work. He then expressed hope that that work would leave a lasting mark on UNIDROIT and wished the Secretary-General all the best in his future endeavours.

67. The *Secretary-General* thanked the Committee members for their kind words, for their confidence in the Secretariat and the support of their Governments throughout his tenure.

68. The *Chair*, seeing no further requests for the floor, closed the meeting at 11h50.

ANNEX**List of participants**

Mr Daniel HIRTZ	(Brazil)
Mr Marc-Antoine DUMAS	(Canada)
Mr YI Qiuchen	(People's Republic of China)
Mr Pascal GAND	(France)
Mr Olaf REIF	(Germany)
Mr Mohsen DANESHMAND	(Islamic Republic of Iran)
Ms Emanuela CURNIS	(Italy)
Ms Yukiko CONSTANTINESCU	(Japan)
Mr Benito JIMENEZ	(Mexico)
Mr Ibraghim KHABIBOV	(Russia)
Mr Marcus ROTHEN	(Switzerland)
Ms Daleya UDDIN	(United States of America)

UNIDROIT Secretariat

Mr José Angelo ESTRELLA FARIA	(Secretary-General)
Ms Anna VENEZIANO	(Deputy Secretary-General)
Mr Neale BERGMAN	(Legal Officer)