



**FINANCE COMMITTEE**  
**84<sup>th</sup> session**  
**Rome, 15 March 2018**

**EN**

UNIDROIT 2018  
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**REPORT**

(prepared by the UNIDROIT Secretariat)

1. The 84<sup>th</sup> session of the Finance Committee was held at UNIDROIT's seat in Rome on 15 March 2018 and commenced at 10h05.
2. The *representative of Mexico, Mr Benito Jiménez*, as the longest-serving member of the Finance Committee and consistent with UNIDROIT's practice, chaired the session and welcomed the members of the Finance Committee.
3. The *Secretary-General a.i.* welcomed the members as well and thanked them – in light of their recent appointments at the General Assembly's 76<sup>th</sup> session (Rome, 7 December 2017) to a three-year term commencing on 1 January 2018 – for their service on the Committee. She recognised, in particular, the representative of Indonesia, Mr Gustaf Sirait, as it was the first time that Indonesia was serving on the Finance Committee. She then thanked Mr Jiménez, expressing gratitude for his service as Chair of the Committee and for his leadership throughout the past sessions, which had addressed complex issues.

**Item No. 1 on the Agenda: Adoption of the Agenda (F.C. (84) 1)**

4. The *Chair* drew the Committee's attention to the draft Agenda and asked whether any members had any other business that they would wish to add. Seeing no requests for the floor, he proposed adoption of the draft Agenda to the Committee.
5. *The Agenda was adopted as proposed in document F.C. (84) 1.*

**Item No. 2 on the Agenda: Draft Budget for 2019 – first estimates (F.C. (84) 2)**

6. The *Chair* drew the Committee's attention to the draft Budget for 2019, set forth in document F.C. (84) 2, which contained the Secretariat's first estimates for that year. He recalled that these estimates were preliminary ones and that he would ask the *Secretary-General a.i.* to present them. He noted that the Committee's comments at the session would be collected and taken into consideration and that the Committee would review the draft Budget for 2019 again at its 85<sup>th</sup> session in the fall.
7. The *Secretary-General a.i.*, in presenting the document and building on the *Chair's* remarks, further recalled UNIDROIT's budgetary process. It was customary for the Secretariat to submit first estimates of the draft Budget for the following year to the Finance Committee at its spring meeting. Based on the Committee's deliberations and comments, the first estimates would

be revised by the Secretariat and then submitted as a draft Budget to the Governing Council. After that, based on input from the Governing Council, the draft Budget would be revised again by the Secretariat and sent to member States during the summer for their review and comment. Any comments received would be provided to the Finance Committee for consideration at the fall session, after which the draft Budget, if necessary, would be revised once more by the Secretariat and submitted to the General Assembly, at its 77<sup>th</sup> session in early December 2018, for approval. The budgetary process was indeed lengthy, but transparent.

8. The Secretary-General *a.i.* noted that the first estimates were preliminary and based necessarily on incomplete information, pointing out that: (a) the Accounts of the financial year 2017 were closed at the end of February 2018 after the time by which the first estimates for the draft Budget for 2019 had to be prepared and circulated; (b) the Budget and Accounts for the financial year 2018 remained in progress; and (c) there was an important vacancy – that of the post of Secretary-General – the filling of which could result in some slight changes to the estimates. In preparing the document, the Secretariat had taken these various elements of uncertainty into account and formulated cautious first estimates for the draft Budget for 2019.

9. The Secretary-General *a.i.* then presented the proposals with respect to receipts and expenditures. Regarding receipts, for which there was a table on page 3 of the document, the draft Budget retained the same sum for contributions of member States as that of the previous year and was essentially a zero growth budget. The sum, however, would be revised in accordance with the new UNIDROIT Contributions Chart. As recommended by the Finance Committee at its 83<sup>rd</sup> session (Rome, 21 September 2017) and adopted by the General Assembly at its 76<sup>th</sup> session (Rome, 7 December 2017), that Chart would come into effect in 2019 and would make use of the United Nations scale of assessments for 2019-2021. The total of receipts for the draft Budget for 2019 was 17,500€ higher than the 2018 budget. This was not because of a change in contributions of member-States, which remained UNIDROIT's main source of funding, but was the result of the incorporation of annual payments from Aviareto, the International Registry under the Aircraft Protocol to the Cape Town Convention. That payment of \$20000 USD (or 17500€) was made in accordance with a five-year licencing agreement, according to which UNIDROIT provided an electronic version of the third edition of the Aircraft Protocol Official Commentary by Sir Roy Goode to Aviareto to make available to users of the International Registry. She then expressed her gratitude to Sir Roy Goode in this regard.

10. Regarding expenditures, the Secretary-General *a.i.* stated that the Secretariat had proposed a total expenditure of 2,289,370.00€ for 2019, which equalled the expenditure authorised under the Budget for 2018, except with the addition of the annual payment from Aviareto and subject to the new Contributions Chart's implementation. The Secretariat further proposed to use Aviareto's payment to increase Chapter 1, Article 5 (Official journeys and promotion of activities) by 5000€ and Chapter 2, Article 2 (Remuneration for occasional collaborators) by 12,500€. These increases were intended to better promote UNIDROIT's instruments and activities, in particular the Cape Town Convention and its Protocols as they were flagship instruments related to Aviareto, and to provide greater funding for work with occasional collaborators, who were particularly useful with respect to promotion.

11. The Secretary-General *a.i.* then noted that the Secretariat had also tweaked other Articles of the Budget to take into account, in a cautious manner, the recent compensation and social security reforms and the departure of the former Secretary-General in July 2017. For Chapter 2 on salaries and allowances, the Secretariat proposed a 10,000€ increase to Article 1 (Salaries of Categories D, P and GS staff and consultant), which was lower than what the expert consultant on compensation aspects had forecast in this regard. For Chapter 3 on social security charges, the Secretariat proposed a 20,000€ increase to Article 1 (Insurance against disablement, old age and sickness), which was due primarily to (a) the departure of the former Secretary-General whose participation in the UN health and pension system was very favourable and had generated

significant savings; and (b) the implementation of the compensation and social security package offered to UNIDROIT staff. The sum, however, might ultimately differ depending upon the implementation of the social security package and the hiring of the new Secretary-General. To account for these increases, the Secretariat proposed reductions to the draft Budget's Chapters on administrative expenses and maintenance costs by 11,500€ and 6,000€ respectively. Such reductions were consistent with, *inter alia*, the implementation of a new paper saving policy, in accordance with the General Assembly's recommendation at its 76<sup>th</sup> session (Rome, 7 December 2017) and the increased use of online communications and teleconference services (e.g. Skype, GoToMeeting) in place of long-distance calling, as well as recent improvements to UNIDROIT's facilities and equipment. In addition, document F.C. (84) 3, which contained the first review of the Accounts for the financial year 2017 and would be reviewed in detail later in the session, indicated on pages 16-17 that the proposed reductions to the Chapters on administrative expenses and maintenance costs were reasonable as there were significant savings in those chapters for that year. Indeed, those savings were actually greater than the cautious reductions to those Chapters proposed by the Secretariat for the draft Budget for 2019.

12. Lastly, the Secretary-General *a.i.* pointed out that the Secretariat had also proposed a reduction of 12,500€ to Chapter 1, Article 4 (Committees of Experts), and she provided three explanations in this respect. First, this line of expenditure had been increased by 30,000€ in the Budget for 2017 as a result of the departure of a long-serving staff member and in anticipation of possible additional activities in connection with the establishment and implementation of the triennial Work Programme for 2017-2019. While this additional funding was essential for 2017, it was estimated that, in light of the activities envisioned in 2019, the costs incurred by UNIDROIT in organising meetings of Committees of Experts and other meetings associated with the Work Programme could be reduced slightly. Second, it was possible that, as mentioned in connection with the new Classifications Chart's implementation, any increase resulting from that implementation could be put toward this Article, among other things. Third, it was anticipated that there would be significant savings under this Article of the Budget for 2018, which could ultimately be used to offset the proposed reduction to the same Article of the Budget for 2019.

13. The *Chair* thanked the Secretary-General *a.i.* for her presentation and opened the floor for comments.

14. The *representative of Canada* expressed appreciation that, at this point in the financial year 2018, it was difficult to plan with certainty for the financial year 2019. She further expressed appreciation for the Secretariat's thorough job in identifying those Budget lines that would remain stable and those that would likely increase due to various factors. She then raised two inquiries. First, she asked how the adoption of the Budget for 2019 by the General Assembly at its 77<sup>th</sup> session in early December 2018 would be managed, if the new UN scale of assessments for 2019-2021 was not available in time for that session. She then stated that the new methodology for the Contribution Chart could be used, but that the Chart might have to use the current UN scale of assessments for an additional year. Second, she inquired whether the proposed expenditures in Chapter 1 of the draft Budget included consideration of travel costs for the Secretariat's personnel in the event of a diplomatic Conference being convened to finalise the future Fourth Protocol to the Cape Town Convention on matters specific to agricultural, construction and mining equipment. Lastly, in thanking the Secretariat for its intention to keep the Budget at its current level by rationalising expenditures and reallocating funds from various Chapters of the draft Budget, she noted that – once the next triennial Work Programme would be adopted and depending upon what was in it – there might be a justification for increasing the Budget. This possibility might be one that the Finance Committee would wish to consider in the context of the planning cycle for the draft Budget for 2020.

15. The *representative of France* thanked the Secretariat for the first estimates and for their efforts in maintaining zero nominal growth with respect to the amount of member States' contributions. He then posed two questions with respect to the proposed increases to Chapter 2, Article 1 (Salaries of Categories D, P and GS staff and consultant) and to Chapter 3, Article 1 (Insurance against disablement, old age and sickness). First, he inquired about how the Secretariat anticipated accounting for possible increases once the post of Secretary-General was filled. Second, he asked about the proposed augmentation to Chapter 2, Article 2 (Remuneration for occasional collaborators), in particular inquiring about how the Secretariat planned to use these supplemental funds and whether those funds would be used to extend the period of work for current collaborators or to increase the number of collaborators.

16. The *representative of Germany* thanked the Secretariat for the convincing draft Budget for 2019 and for keeping the contributions of member States at the same level. In noting that the Contributions Chart had already been discussed at the Committee's previous sessions, he inquired why the Contributions Chart for 2019 would only be ready at the end of 2018 and whether there were any anticipated modifications to it.

17. The *representative of Spain* expressed appreciation for the Secretariat's efforts, especially with respect to the proposed reductions to the Chapters on administrative expenses and maintenance costs in order to generate savings. He then encouraged the Secretariat to contemplate similarly possible reductions to Chapters 1 and 2 of the Budget so as to maintain the overall Budget going forward.

18. The *representative of the United States of America* supported the representative of Spain's remarks and expressed appreciation for the Secretariat's implementation of the paper-saving policy.

19. The *representative of Indonesia* thanked the Secretariat for the first estimates and for being effective and efficient. In building upon the representative of Canada's inquiry regarding how the Secretariat would manage if the new UN scale of assessments was not available until the end of December 2018, he noted that Indonesia's budget cycle for 2019 started before the end of 2018. As a result, he inquired whether the Secretariat could anticipate any rise in contribution for the next cycle and noted that it would be ideal to have a determination in this regard well before the end of the year.

20. The *representative of Italy* expressed appreciation for the Secretariat's work and for the proposed savings in Chapters 1, 4 and 5.

21. The *Chair*, before giving the floor to the Secretary-General *a.i.*, echoed the comments that had been made with respect to the new UN scale of assessments. He stated his assumption that the same budget cycle problem could happen in many capitals if the new scale was not adopted by the UN until the end of the year. He further stated that member States had likely had to deal with this type of problem at other international Organisations. He then suggested that the Secretariat could check on the anticipated date of adoption of the new UN scale of assessments.

22. The *Secretary-General a.i.* thanked the representatives for their kind comments and trust in the Organisation. She began by addressing the questions regarding the Contributions Chart, recalling that the shift to the new methodology had already been approved. The only open issue with respect to that Chart related to the quantification of member States' contributions because such quantification was based on the new UN scale of assessments that the UN was to adopt later in 2018. The new UN scale might not, however, be adopted until the end of the year, and this delay could create issues with budgetary cycles in member States' capitals. It was an element of uncertainty that might not be solved by the General Assembly's next session, though there was a possibility that the new UN scale of assessments could become available in time. Building on the

remark made by the Chair in this regard, she asked whether members of the Finance Committee could share any similar experiences at other international Organisations, which might be helpful in this case.

23. Regarding the inquiry about the first estimates and the costs of the anticipated diplomatic Conference in 2019, the Secretary-General *a.i.* stated that Chapter 1, including Article 4 (Committees of Experts), had sufficient funding for that possibility, though the particular Article to be charged for the travel costs of Secretariat personnel might depend on the new Secretary-General's appreciation. She then pointed out that, as far as costs for Secretariat personnel, they were not anticipated to be higher than costs for ordinary expert meetings. There might, however, be an increase with respect to Article 6 (Interpreters) depending on where the meeting was held, which was the case with respect to that Article in the Accounts for the financial year 2017.

24. Regarding the inquiry about the recruitment of the new Secretary-General and its impact on the Budget, the Secretary-General *a.i.* indicated that that impact had been taken into consideration in making the first estimates, in particular with respect to Chapter 2, Article 1 (Salaries of Categories D, P and GS staff and consultant) and Chapter 3, Article 1 (Insurance against disablement, old age and sickness). The final impact might be different as the recruitment of the Secretary-General and the determination of his compensation package was being dealt with by the Permanent Committee. In this regard, the Secretariat had provided the Permanent Committee with the necessary UN salary scale and information about the implementation of the new compensation and social security package, so that the Permanent Committee could take a decision in line with the proposed Budget.

25. Regarding the inquiry about occasional collaborators, the Secretary-General *a.i.* emphasised the importance of such collaborators for the promotion and implementation of UNIDROIT's instruments, especially at the regional and national levels. It was difficult to anticipate whether the funds would go towards additional work with current collaborators or to the hiring of more collaborators, but the funds would certainly be used in an efficient way to best support promotion and implementation.

26. The *representative of Indonesia* noted that likely all of the members would agree to have a Contributions Chart based on the new UN scale. If that scale was not available in time, however, the new Contributions Chart could be implemented by the following budget year, and not the upcoming one. In order to maintain stability and to give more space for member States' budgetary decisions, he proposed consideration of having a two to three-year cycle for changes to the Contributions Chart and of timing such changes so that they occurred the year following the adoption of a new UN scale of assessments.

27. The *Chair* stated in reply that the Finance Committee did not have to take a decision regarding the Contributions Chart and the UN scale of assessments at the current session. Generally, the UN approved the scale of assessments before or around the summer, so the Committee should wait for any developments in this regard. There would be another session of the Finance Committee in September or early October, at which members would have to make a decision and could consider what to do if the UN scale of assessments was not available in time. Regarding experiences at other international Organisations, the budget at FAO was approved for two years, and it was based on the current UN scale of assessments when the budget was approved. UNIDROIT's Budget was adopted annually, so if the new UN scale was not ready in time, then the Finance Committee would have various options, including basing the Contributions Chart on the current UN scale of assessments or using the current Contributions Chart for an additional year. By the end of the summer, more information would be available, and the Finance Committee would be able to make a decision at its fall session.

28. The *representative of Spain* stated that, on some occasions, the UN scale of assessments had been adopted very late in the year, even in the last days of December. That scale might not be approved before the General Assembly's next session, and there might be some adjustments to the Budget as mentioned by the Secretariat. It would be wise to consider what had been done at other international Organisations in this regard and to be prudent with the Budget, leaving room for adjustments.

29. The *Secretary-General a.i.* stated in reply that the Secretariat had indeed tried to be prudent in formulating the first estimates by not anticipating an increase from the implementation of the new Contributions Chart and by using the same amount for member States' contributions as the prior year. Building upon the representative of Spain's reference to adjustments, there was of course the possibility for making adjustments, in UNIDROIT's budgetary process, as the Secretariat typically presented its adjustments to the current year's Budget at the Finance Committee's fall session. This timing, however, would likely not address the concern raised earlier regarding member States' budgetary cycles. Ultimately, the question of the Contributions Chart and the UN scale of assessments did not have to be decided at this time, but it could be addressed in the fall. In the meantime, the Secretariat would consider the question as well, including how it had been addressed at other international Organisations and whether any members might have feedback in this regard.

30. Seeing no further requests for the floor, the Chair proposed that the Finance Committee proceed with the proposed first estimates and flag the issue regarding the timing of the adoption of the new UN scale of assessments.

31. *The Finance Committee took note of the Secretariat's first estimates of the draft Budget for 2019 and of the timing issue with respect to the UN scale of assessments.*

**Item No. 3 on the Agenda: First Review of the Accounts of the financial year 2017 (F.C. (84) 3)**

32. The *Chair* moved the Committee to the next item on the Agenda. Before giving the floor to the *Secretary-General a.i.* to present the document, he noted that it was a first review of UNIDROIT's receipts and expenditures from the previous year and that the Committee would have another opportunity to review these receipts and expenditures at its fall session.

33. The *Secretary-General a.i.* began by noting that UNIDROIT closes its financial year at the end of February, which was why this document had been circulated at the beginning of March and not one month in advance of the Committee's session like the other documents. She then drew the Committee's attention to the general summary chart on page 20, which showed that UNIDROIT had a surplus of roughly 85,000€ for the financial year 2017. Such savings were not the result of exceedingly generous budgetary allocations but of prudent efforts by the Secretariat to fulfil UNIDROIT's mandate in a cost effective way that anticipated shortfalls and avoided running a deficit.

34. Regarding receipts, the *Secretary-General a.i.* stated that ordinary receipts – as shown in row A – were 27,612.39€ less than anticipated, which was largely due to a shortfall in the contributions of member States. She encouraged Member States to pay any outstanding contributions in a timely manner and thanked those member States that did make payments after the Committee's 83<sup>rd</sup> session (Rome, 21 September 2017), because the financial situation had improved markedly since that time.

35. Regarding expenditures, the *Secretary-General a.i.* pointed out that there were savings under all active chapters of the Budget, except for Chapter 1. Significant savings resulted from the early departure of the former *Secretary-General*, as reflected by those sums for Chapters 2

(Salaries and allowances) and 3 (Social security charges), and from the efficient use of resources. For the excess costs with respect to Chapter 1, a breakdown was available on page 15, which showed that there had been greater costs than anticipated, particularly for Articles 4 (Committees of experts), 5 (Official journeys and promotion of activities) and 6 (Interpreters). These costs were due to the abundance of meetings in 2017, which included (a) two sessions of the UNIDROIT Committee of Governmental Experts for the preparation of a draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Agricultural, Construction and Mining Equipment (Rome, 20-24 March 2017 and 2-6 October 2017); (b) the fourth meeting of the Committee on Emerging Markets Issues, Follow-up and Implementation (Beijing, 29-30 March 2017); and (c) an additional session of the Finance Committee (Rome, 13 July 2017), which had resulted in slightly higher interpreter costs.

36. *Seeing no requests for the floor, the Chair thanked the Secretariat for providing the first review of the Accounts for the financial year 2017.*

**Item No. 4 on the Agenda:                      Implementation of the new compensation and social security package offered to UNIDROIT staff (F.C. (84) 4, A.G. (76) 7 rev. and A.G. (76) 10)**

37. The *Chair* moved the committee to the next item on the Agenda and gave the floor to the Secretary-General *a.i.* to present document F.C. (84) 4 regarding the implementation of the new compensation and social security package offered to UNIDROIT staff. In doing so, he pointed out that the implementation was ongoing and that the Secretariat might have further updates in this regard.

38. The *Secretary-General a.i.* began by emphasising that the implementation was an ongoing process and by thanking again the members of the Finance Committee for their lengthy review and consideration of these important reforms. In adopting the reforms, the General Assembly had provided the Secretariat with flexibility in the timing of their implementation, which would be reviewed by the Finance Committee. Accordingly, the Secretariat prepared the document, which offered an update on implementation of both the compensation and the social security reforms. Regarding compensation aspects, the transition to the UN salary scales localised for Rome was implemented in February 2018, with all staff now placed on – and paid in accordance with – those scales. To do so, the Secretariat worked with the expert consultant on compensation aspects, who provided updated staff placements on the UN salary scales – based on the former Secretary-General’s guidance and the latest salary information for staff – as well as a series of bullet points on how those placements were made, the particular salary scales that were used and the applicable time periods for step increases. The budgetary impact of the transition to those scales was not expected to exceed what had been forecast by the expert consultant. In accordance with UNIDROIT’s budgetary process, an update on the budgetary impact would be provided in the context of the Finance Committee’s review of the adjustments to the Budget for 2018 at its fall session.

39. Regarding social security aspects, the Secretary-General *a.i.* noted that such aspects entailed a lengthier process, which involved implementation of new pension and health insurance plans. Since the General Assembly’s session, the Secretariat had been in contact with the International Service for Remunerations and Pensions (ISRP) regarding next steps for the establishment and implementation of the new pension scheme. The Secretariat was working as well to identify those staff members who might wish to join the new plan and to forecast the hiring of new staff to estimate the plan’s growth. The Secretariat had also been following up on the rates for health and related insurances. While the Allianz quotation which had been recommended by the Finance Committee remained the starting point, all of the quotations were contingent upon further defining the particular pool of members in the insurance plan, so the Secretariat had been in contact with various providers in order to ensure that the most affordable rate for the requisite

coverage was obtained. The Secretariat was working towards implementation within the timeframe discussed during the General Assembly's 76<sup>th</sup> session (Rome, 7 December 2017), in particular by mid-May 2018, though the Secretariat had to be cautious in implementing these reforms.

40. The Secretary-General *a.i.* then flagged two issues that were noted in the same document, but were not directly related to the implementation of the compensation and social security reforms. Those issues had been flagged not because the Secretariat was expecting a decision at the session. Indeed, they might need input from the Governing Council and the new Secretary-General. Instead, the Secretariat had been asked to flag them in the context of the compensation and social security review. The two issues, in particular, were: (a) a review and update of the UNIDROIT Regulations and (b) the further development of job descriptions for UNIDROIT staff. Regarding a possible review and update of the UNIDROIT Regulations, there was a formal process provided in Article 17(1) of the UNIDROIT Statute, which stated in part that the "[r]ules governing the administration of the Institute, its internal operations and the conditions of service of the staff shall be adopted by the Governing Council and must be approved by the General Assembly". At the same time, when financial amendments had been considered, those amendments were always raised in the Finance Committee. Regarding job descriptions, there was not a specific procedure, unless it was felt that Article 17(1) applied to this issue as well. For both issues, the Secretary-General *a.i.* concluded by inquiring whether the Finance Committee would wish to discuss both of these issues and, if so, no final decision would be implied and any initial views could be shared with the Governing Council at its 97<sup>th</sup> session (Rome, 2-4 May 2018).

41. The *representative of the United States of America* supported having these issues on the Agenda for the Finance Committee's next session or the following one once there was more information available about the process envisioned for developing job descriptions.

42. The *representative of Germany* expressed reservations with respect to the implementation of the compensation reforms. The relevant authorities in Germany had examined the new salary scale and found that – while admitting that UNIDROIT should work to remain an attractive workplace – the new salary scheme was costlier than that in place at the UN. As an example, an expatriate UNIDROIT official placed at grade D2, step 10, would receive a net salary of 12,588€ at the UN and 13,898€ at UNIDROIT. This was a considerable difference, which was seen throughout the various grades. The new system thus privileged UNIDROIT employees compared to UN employees, because it was a hybrid of the UN system's salary scales and the Co-Ordinated Organisations' benefits. UNIDROIT should have instead adopted the UN's salary and benefits system in full and, for this reason, Germany had expressed reservations about these reforms from the beginning. UNIDROIT should consider the unjustified privilege which resulted from its hybrid system and stick to the UN system rigidly. He then requested a copy of all salary charts. Turning to the issues that had been flagged, he supported further development of job descriptions, noting that they should embody the UN's principle that one could not have a promotion just for experience in the same post because only additional responsibilities could be the basis for a promotion. Promotions, moreover, were distinct from step increases. Lastly, he stated that the new Secretary-General was to be placed at grade D2 and that such a placement would be generous because that grade in the UN was generally reserved for heads of institutions or organisations made up of about 100 employees, whereas UNIDROIT had only about 20 employees. Germany expressed concern in this regard and, if grade D2 was used, then everything after step 1 should be excluded and step increases should be effected only every two years.

43. The *representative of France* made three observations. First, France supported the development of job descriptions for UNIDROIT's staff. Second, more information was requested regarding the possible review of the UNIDROIT Regulations, in particular what type of changes might be necessary and what aspects of the Regulations would be affected, so that this possible work could be better defined and understood. Third, he recalled that, during the General Assembly's 76<sup>th</sup>



session (Rome, 7 December 2017), it was said that the Secretariat would report, after a short period, on the budgetary impacts of the compensation and social security reforms. He then asked whether a plan was in place for making that report and, if so, when that report would be made.

44. The *representative of Canada* expressed support for a review of the UNIDROIT Regulations, in particular to review Part III, to eliminate Articles that were no longer useful and to update and modernise the Regulations' language. With respect to job descriptions, she stated that such descriptions would have to be fairly general due to the Organisation's small size in order to allow for flexibility regarding work assignments, but that they could be a very useful tool in connection with the compensation classification scheme. She then stated that job descriptions could be an internal matter for the Secretary-General to address – perhaps with the assistance of a consultant – and, if necessary, reviewed by the Finance Committee.

45. The *Chair*, before giving the floor to the Secretary-General *a.i.*, replied to the representative of Germany's comments, noting that the UN salary scales had been adopted but not the entire package of UN benefits. Those benefits, such as education grants and housing subsidies, significantly increased UN employee compensation and were not offered to UNIDROIT staff. Regarding the compensation package for the new Secretary-General, he pointed out that the transition to the UN salary scales had actually resulted in a reduction as the former Secretary-General's salary was actually equivalent to the grade ASG in the UN system, which was a bit excessive and higher than the grade D2.

46. The *Secretary-General a.i.* thanked the members for their comments, noting that the Secretariat would reflect them in the report for the session, consider them and take action as necessary. In concurring with the Chair's comments, she pointed out that the grade D2 was a reasonably significant reduction in salary compared to the previous system and that the placements onto the UN salary scales were based on the recommendations of the expert consultant. As recommended by the Finance Committee, the Secretariat had retained its existing system of allowances, which was from the Co-Ordinated Organisations and far less expensive than the complete set of allowances offered by the UN system. Regarding the possible review of the UNIDROIT Regulations, she recalled that the General Assembly had adopted the minimalist adaptations necessary to allow for implementation of the compensation and social security reforms at its 76<sup>th</sup> session (Rome, 7 December 2017). In adapting the Regulations, it was suggested by some representatives that those Regulations might need to be polished, that there were parts that were no longer necessary and could be eliminated and that some of the language warranted revisions. It would not be a matter of changing the substance of the Regulations, unless of course there was a proposal to do that. Because the polishing of the Regulations did not relate to approved reforms and might go beyond financial matters, the procedure in Article 17(1) of the UNIDROIT Statute was to be followed.

47. The *representative of Germany* stated that, if one compared the UNIDROIT package and the UN package, UNIDROIT's expatriation and child allowances were actually higher than those offered by the UN. He reiterated that the final net salary was higher and that this difference should be taken into consideration.

48. The *Chair* thanked the members for their comments and noted that there appeared to be support for adding the development of job descriptions to the future Agenda, though there were differing initial views on the level of detail to be provided in such descriptions. He also noted that there could be further consideration regarding whether to polish the Regulations. He then asked the Secretariat to provide additional information for greater clarity with respect to UNIDROIT's compensation package and the allowances for review at the Finance Committee's next session. With respect to that additional information, he reiterated his view that the overall UN benefits package was more generous than UNIDROIT's package.

49. Absent further requests for the floor, the Finance Committee took note of the Secretariat's update regarding the implementation of the compensation and social security reforms.

**Item No. 5 on the Agenda: Any other business**

50. The *Chair* opened the floor regarding any other business.

51. The *Secretary-General a.i.* thanked the members of the Finance Committee for their trust and for all of their work during her interim term.

52. The *Chair* noted that the next session of the Finance Committee would be held in September or early October. Seeing no further requests for the floor, he closed the session at 11h30.

**ANNEX****List of participants**

Ms Claudia HINZER	(Canada)
Ms YANG Gloria	(China)
Mr Pascal GAND	(France)
Mr Olaf REIF	(Germany)
Mr Gustav D. SIRAIT	(Indonesia)
Mr Riccardo CURSI	(Italy)
Mr Benito JIMENEZ	(Mexico)
Mr Ibraghim KHABIBOV	(Russian Federation)
Mr Rafael OSORIO	(Spain)
Mrs Lorenza FÄSSLER	(Switzerland)
Ms Daleya UDDIN	(United States of America)

**UNIDROIT Secretariat**

Prof. Anna VENEZIANO	(Secretary General <i>a.i.</i> )
M. Neale BERGMAN	(Legal Officer)