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WORLD MARITIME UNIVERSITY

**Membership of the staff of the World Maritime University
in the United Nations Joint Staff Pension Fund**

Note by the Secretary-General

SUMMARY

Executive summary: This document updates the Council on the endeavours of the World Maritime University (WMU) to join the United Nations Joint Staff Pension Fund (UNJSPF or the Fund) and submits, for the approval of the Council, an agreement between IMO and WMU, which would authorize IMO to administer the participation of WMU staff in the Fund through IMO's UNJSPF agreement

Strategic direction, if applicable: 7

Output: Not applicable

Action to be taken: Paragraph 27

Related documents: None

Background

1 The World Maritime University (WMU or the University) was established on 1 May 1983 by the International Maritime Organization (IMO)¹. The Charter of the University was promulgated on 15 June 1983 and last amended by resolution A.1130(30) adopted on 4 December 2017.

2 In accordance with Article 3 of the Charter, "[t]he University is established within the framework of the Organization".

3 Article 34 of the Charter stipulates that:

"The University will, subject to such other arrangements as may be made by the Secretary-General with the approval of the Council, enjoy the status, privileges and immunities provided in the Convention on the Privileges and Immunities of the

¹ Resolution A.501(XII).

Specialized Agencies of 21 November 1947, including its Annex XII as amended, and in other relevant international agreements and resolutions relating to the status, privileges and immunities of the Organization. [...]."

4 Article 35 of the Charter states that:

"The administrative and financial services located at the Headquarters of the Organization and other services of the Organization may be utilized by the University on conditions determined in consultation between the Secretary-General and the President, it being understood that no extra cost to the regular budget of the Organization shall be incurred thereby."

5 In accordance with Articles 9, 10 and 11 of the Charter, the Secretary-General is the ex officio Chancellor of the University and presides over the Board of Governors, appoints its members and performs a number of functions provided for under the Charter.

6 The Agreement between IMO and the Government of Sweden regarding WMU officially recognizes the application of the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations, including its Annex XII to the University. Article 6, paragraph 2 of the Agreement with the Government of Sweden provides as follows:

"Except as otherwise provided in this Agreement, or in the Convention, the law of Sweden shall apply within the premises of the University, provided that the Organization or the University may establish any regulations necessary for the execution of the functions of the University including rules of international administrative law and the terms of contracts of employment governed by that law. These regulations shall be operative within the premises of the University and no law of Sweden which is inconsistent therewith shall be enforceable within those premises. [...]"

Current pension system

The General Service Staff – Swedish social security system

7 Regulation 7.1 of the WMU Staff Regulations and Rules currently provides that provisions shall be made for the participation of eligible General Service staff in the Swedish social security system. Rule 107.3 of the WMU Staff Regulations and Rules provides as follows:

"General Service staff members are provided with statutory insurance to cover for both basic pension and for supplementary pension. As a supplement, in accordance with contractual agreements for staff in the Swedish private sector, General Service staff is covered by an additional supplementary pension. The supplementary pension is only applicable for staff granted a contract of not less than six months. All costs are paid for by the University."

8 All General Service staff are currently covered by the Swedish social security system and the University pays pension contributions to the Swedish social security institution.

9 The contribution of the University to the social security system in Sweden for General Service staff represents 37.42% of gross salary for each General Service staff member. General Service staff members therefore enjoy full social security rights in Sweden.

Professional staff – WMU Staff Provident Fund

10 Article 12 of the Agreement between IMO and the Government of Sweden regarding the WMU provides that:

"Without prejudice to the exemptions accorded by article III, sections 9 and 10, of the Convention and without any limitation of these exemptions, the Organization shall, in respect of the University, be exempt from [...] (c) social security contributions."

11 Article 14, paragraph 1 of the Agreement with the Government of Sweden further stipulates that:

"Officials of the University and members of their families forming part of their respective households shall be covered by appropriate social security arrangements made by the Organization and shall be exempt from any social security scheme established by the law of Sweden."

In line with the above-mentioned provisions, a Provident Fund for WMU Professional staff was established on 1 January 1987 based on a decision made by the WMU Board of Governors at its fourth session in June 1986, at which it also decided that the University would contribute an annual amount equal to twice the monthly gross salary for each eligible professional staff member.

12 In summary, the WMU Staff Regulations and Rules provide for contributions to be made for a Provident Fund for Professional staff members, while the General Service staff members are to be covered under the Swedish social security system. The University therefore contributes to a Provident Fund the purpose of which is to provide Professional staff members with compensation in lieu of a WMU pension. For each twelve-month period of service, the University places a sum equal to two months' salary into an account of the Provident Fund held in trust for the staff members.

13 In April 2016, the Swedish Central Bank took a decision concerning the implementation of negative interest rates applicable to all holdings in Swedish Banks in non-Swedish currency, effective 1 May 2016. The members of the Provident Fund, at a General Assembly meeting on 4 May 2016, took a unanimous decision to withdraw their holdings from the Provident Fund. The Minutes of the General Assembly of the WMU Provident Fund of 4 May 2016, state: "[t]o protect the interests of the participants the General Assembly unanimously supported the proposal of allowing withdrawals at the proposed dates as a one-off extraordinary measure" .

14 Taking into account the above elements, it became clear that the pension arrangements of WMU needed to be reviewed so as to guarantee a better long-term coverage for its Professional staff members in comparison to that of its General Service staff. The latter benefit from a full social security system, while the Professional staff are covered by a partial system that depends to a large extent on the interest return accumulated by the Provident Fund. Considering the career pattern of the Professional staff, characterized by greater mobility, this approach was largely accepted. However, the reduction in the return from capital experienced by the Provident Fund over recent years, including negative return, has created a dramatic situation with staff taking the decision to withdraw their capital from the Provident Fund. The anomaly between the two staff groups is also accentuated by the fact that, while General Service staff could accumulate a pension for life, the Provident Fund capital accumulated for Professionals could hardly be converted into a life annuity without a drastic reduction due to the margin requested by insurance companies.

15 After the meeting of the General Assembly of the Provident Fund on 4 May 2016, the members of the Fund therefore decided to withdraw their contributions made by the University from the Provident Fund. In December 2016, when the allocation from the University to the Provident Fund was made, the Professional staff of the University also immediately withdrew their contributions from the Fund. To date, all of the holdings in the Provident Fund have been withdrawn, with a zero balance as at 13 January 2017.

16 As a result of this development, the Professional staff members of the University are no longer "covered by appropriate social security arrangements made by the Organization", as required by Article 14, paragraph 1 of the Agreement between IMO and the Government of Sweden regarding WMU. The University is also out of line with the other organizations in the United Nations system as far as its social security for Professional staff is concerned.

Membership in UNJSPF

17 In light of the above, the President of WMU approached IMO senior management in September 2016, to seek support regarding the potential membership of WMU in the United Nations Joint Staff Pension Fund (UNJSPF or the Fund). IMO has been a member of the UNJSPF since 1959.² Article 3 of the Rules and Regulations of the UNJSPF states that "Membership in the Fund shall be open to the specialized agencies referred to in Article 57, paragraph 2, of the Charter of the United Nations and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies."

18 Initial discussions with UNJSPF in 2017 focused on WMU becoming a member of the UNJSPF as a separate intergovernmental organization. However, as discussions progressed, the UNJSPF Secretariat in February 2018 concluded that, due to WMU's limited size, it would be preferable if the University joined the Fund as an institution affiliated with IMO instead of seeking independent membership, meaning that WMU staff members' participation in the Fund would be administered by IMO.

19 In this regard, IMO, WMU and UNJSPF have been working towards an arrangement which would allow IMO to administer the membership of WMU staff in the Fund within the framework of IMO's membership agreement with the same. These discussions have resulted in a draft agreement between IMO and WMU concerning the participation of WMU staff in the UNJSPF, which is set out in the annex.

20 The WMU Board of Governors authorized in principle the affiliation of WMU to the UNJSPF through IMO at its thirty-fifth session in May 2017. At its thirty-sixth session from 6 to 7 May 2018, the Board of Governors approved the administrative arrangement between WMU and IMO as contained in the annex relating to the functions IMO will exercise on behalf of WMU³. The Board of Governors authorized the WMU President to sign it, subject to the approval of the IMO Council of the Agreement.

² *Agreement between the United Nations and the International Maritime Organization for the Admission of the International Maritime Organization into the United Nations Joint Staff Pension Fund*, 30 June 1959, United Nations, Treaty Series, vol. 336, p. 319.

³ Since the agreement in the Annex was approved by the WMU Board of Governors, some editorial changes have been made, for clarity. The substance remains unchanged.

21 If concurrently approved by the Council at this 120th session, IMO would notify the Pension Board at its next session in July 2018 of this agreement between IMO and WMU. Subsequently, IMO and the UNJSPF may finalize a general agreement through an exchange of letters to formally acknowledge the arrangement, and WMU staff could join the Fund as early as January 2019.

22 Per UNJSPF rules, a condition precedent to WMU staff becoming members of the UNJSPF through IMO is that all WMU staff in both the General Service and Professional categories must agree to leave the Swedish social security system in favour of the UNJSPF. Each WMU staff member has been personally consulted and, as at the date of this document, agrees. Contributions made into the Swedish system for staff will be retained; they will receive a pro rata pension from Sweden based on their contributions. For one WMU staff member, very close to retirement age, the requirement to join the UNJSPF has been waived and that member will remain in the Swedish system until retirement.

Agreement between IMO and WMU concerning participation of WMU staff in the UNJSPF

23 The draft agreement in the annex acknowledges that WMU is an affiliated organization of IMO and that the University was established within the framework of IMO. In accordance with such affiliation, IMO would agree to administer the participation of WMU staff in the Fund without WMU becoming a separate member organization of the UNJSPF.

24 The arrangement would have no budgetary implications for IMO and all related costs would be borne by WMU in accordance with the specific administrative provisions of the agreement. In particular, WMU would bear the cost of an additional IMO staff member (Human Resources and Finance Assistant) in order to administer the additional responsibilities resulting from the implementation of this agreement.

25 The participation of WMU staff in the UNJSPF, and any rights arising from such participation, would be governed solely by the Regulations, Rules and Pension Adjustment system of the UNJSPF. Most importantly, WMU staff members would not at any time be considered staff members of IMO, and they would continue to be recruited by WMU and governed fully by the WMU Staff Regulations and Rules. Should the WMU be unable to meet its obligations for contributions into the UNJSPF, the IMO would not be liable.

26 The arrangement could be terminated by agreement between IMO and WMU, or unilaterally by IMO in case of non-payment by WMU of any financial liabilities arising under this arrangement.

Action requested of the Council

27 The Council is requested to:

- .1 note the information contained in this document;
- .2 authorize IMO to administer the participation of WMU staff members in the UNJSPF within the framework of IMO's membership agreement with the same; and
- .3 approve the related agreement, as set out in the annex, for signature by the Secretary-General.

ANNEX

DRAFT AGREEMENT BETWEEN THE INTERNATIONAL MARITIME ORGANIZATION (IMO) AND THE WORLD MARITIME UNIVERSITY (WMU) CONCERNING THE PARTICIPATION OF WMU STAFF IN THE UNITED NATIONS JOINT STAFF PENSION FUND (UNJSPF or Fund)

RECALLING Article 11 of the Convention on the International Maritime Organization which authorizes the IMO Assembly to establish such subsidiary organs as it may at any time consider necessary;

RECALLING resolution A.501(XII) of 20 November 1981, by which it requested the Secretary-General to take all necessary action for the establishment of the World Maritime University;

RECALLING ALSO that the Charter of the World Maritime University first took effect on 1 May 1983 and has been amended by the IMO Assembly over the years; the most recent amendments, adopted by resolution A.1130(30), and entered into force on 1 January 2018;

RECALLING that Article 3(a) of the Charter provides that WMU is established within the framework of IMO;

RECALLING that WMU participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies;

RECOGNIZING that the participation of WMU staff in the UNJSPF must be administered through IMO, with WMU as an "affiliated organization" of IMO;

RECOGNIZING that the administration of the participation of WMU staff in the UNJSPF shall have no budgetary implications for IMO and that all related costs shall be borne by WMU;

TAKING NOTE of the decision by the WMU Board of Governors at its thirty-fifth session in May 2017 authorizing the participation of WMU staff in the UNJSPF within the framework of IMO's membership in the Fund; and the decision by the IMO Council at its 120th session in July 2018 authorizing IMO to administer the participation of WMU staff in the UNJSPF within the framework of IMO's membership in the Fund;

Therefore, IMO and WMU agree as follows:

Article 1 – Object, purpose and general principles

- .1 In accordance with WMU's affiliation to IMO, IMO will administer WMU staff in regard to their participation in the UNJSPF within the framework of its own agreement with the United Nations for the admission of IMO staff members into the UNJSPF⁴.
- .2 Under this arrangement, WMU is not a separate member organization of the UNJSPF, but is represented by IMO.
- .3 This arrangement shall have no budgetary implications for IMO and all related costs will be borne by WMU.

⁴ *Agreement between the United Nations and the International Maritime Organization for the Admission of the International Maritime Organization into the United Nations Joint Staff Pension Fund*, 30 June 1959, United Nations, *Treaty Series*, vol. 336, p. 319.

Article 2 – Legal framework

- .1 The participation of WMU staff in the UNJSPF, and any rights arising from such participation, shall be governed solely by the *Regulations, Rules and Pension Adjustment system of the UNJSPF* (the UNJSPF Regulations).
- .2 Applications alleging non-observance of the UNJSPF Regulations concerning individual cases in respect of pension matters and arising from the participation of WMU staff members in the UNJSPF shall be governed by section K of the Administrative Rules of the UNJSPF (Annex I to the UNJSPF Regulations) and article 48 of the UNJSPF Regulations. IMO shall assume no liability for non-observance of UNJSPF Regulations by WMU or its staff.

Article 3 – Administration of WMU staff's participation in UNJSPF

In order to achieve the object and purpose of this agreement, IMO will:

- .1 set up all existing WMU staff members in the IMO SAP-HR system upon commencement of the affiliation and add new WMU staff members upon appointment by WMU;
- .2 ensure that all master data received from WMU regarding its staff members is kept up to date and transfer the master data to the UNJSPF through the IMO HR/UNJSPF interface;
- .3 monitor the timely completion by WMU staff members of all UNJSPF related documents for separations, validations, restorations of contributions and other entitlements and transmit them to the UNJSPF;
- .4 send a pension payroll run report to WMU on the 17th or 18th of each month showing the employee's and employer's share in the total contribution payments for the month and the total amount to be paid by WMU to IMO;
- .5 run the automatic interface of the pension payroll to the UNJSPF system at the end of each month; and
- .6 provide adequate information to WMU staff members concerning the UNJSPF Regulations and its operation, as required.

Article 4 – Role of IMO Staff Pension Committee

The IMO Staff Pension Committee (SPC) shall act as the Staff Pension Committee for WMU staff before the UNJSPF.

Article 5 – Access to information

WMU shall promptly provide IMO direct access to all information and data as determined by IMO (in particular each staff member's master data and relevant salary scales) and inform IMO of any changes to this information and data by the 4th of each month.

Article 6 – Payment of contributions

- .1 WMU shall accept all financial liability for any payments required under the UNJSPF Regulations which are related to WMU staff members. All payments to be made by WMU to IMO in this regard shall be treated as preferred debts which shall be satisfied immediately after payment of salaries due by WMU to its staff.
- .2 WMU shall make all contribution payments required under the UNJSPF Regulations to IMO on a monthly basis and IMO shall receive the payments three working days before the end of each month.
- .3 WMU shall be liable for any cost that may be incurred if IMO is deemed to be in default by the UNJSPF in accordance with article 8 of the agreement between the United Nations and IMO for the admission of IMO into the UNJSPF⁵ for reasons lying within the sphere of WMU.

Article 7 – Additional resources in IMO

- .1 IMO will recruit an additional staff member (Human Resources and Finance Assistant) in order to administer the additional responsibilities resulting from the implementation of this arrangement. The staff member will be appointed two months before WMU staff members join the UNJSPF in order to make the necessary preparations.
- .2 The cost for this additional staff member shall be borne by WMU up to a maximum of 80% of the cost to employ an IMO staff member at the G6 grade.
- .3 WMU shall make the payment required under sub-paragraph 2 above in advance, based on a cost estimate provided by IMO for services required for each year. At the end of the year, WMU shall make all adjustment payments upon receipt of a payment request by IMO.
- .4 WMU shall fund all other costs affiliated with its participation in the UNJSPF through IMO, including SAP configuration and maintenance costs for WMU participants in the UNJSPF and accrued leave and After Service Health Indemnities for persons retained pursuant to sub-paragraph .1, and other expenses;
- .5 This funding arrangement is subject to review should the number of WMU staff to be administered through IMO rise in the future resulting in additional resource needs for IMO.

Article 8 – Status of WMU staff members

For the purposes of this arrangement, WMU staff members will not at any time be deemed to be staff members of IMO. WMU staff members are recruited by WMU and are governed fully by the Staff Regulations and Rules of WMU.

⁵ *Agreement between the United Nations and the International Maritime Organization for the Admission of the International Maritime Organization into the United Nations Joint Staff Pension Fund*, 30 June 1959, United Nations, *Treaty Series*, vol. 336, p. 319.

Article 9 – Focal points

- .1 The dedicated WMU focal point for the implementation of this arrangement shall be the Head of Human Resources of WMU.
- .2 The dedicated IMO focal point for the implementation of this arrangement shall be the Director of Administration.

Article 10 – Dispute settlement

IMO and WMU shall settle amicably any dispute arising out of this arrangement. Any dispute not settled within 60 days shall be resolved through consultation between the heads of IMO and WMU.

Article 11 – Notifications and amendments

- .1 IMO and WMU shall notify the other in writing of any anticipated or actual material changes that shall affect the execution of this arrangement.
- .2 IMO and WMU may amend these procedures by mutual written agreement subject to approval by the IMO Council and the WMU Board of Governors.

Article 12 – Termination

- .1 This arrangement may be terminated by agreement between IMO and WMU; or unilaterally by IMO in case of non-payment by WMU of any financial liabilities arising under this arrangement.
- .2 Should the WMU and its staff fail to be accepted as members of the UNJSPF through IMO, this arrangement shall be null and void.

Article 13 – Entry into force

This agreement shall enter into force upon the last date of signature. Following its entry into force, WMU staff shall become participants in the Fund as soon as possible, prospectively as of 1 January 2019.

IN WITNESS WHEREOF, the duly authorized representatives of IMO and WMU have duly signed this agreement in duplicate on [date] at London, and on [date] at Malmö.

**For the International
Maritime Organization:**

For the World Maritime University:

Signature

Signature

KITACK LIM
Secretary-General, IMO

CLEOPATRA DOUMBIA-HENRY
President, WMU

Date

Date
