

GREEN/20/49

May 28, 2020

**Green Statement from Mr. Mozhin on
Comprehensive Compensation and Benefits Review—Elaboration on
Transition Measures and Further Policy Simplification (EBAP/20/42)**

1. We thank staff for the report on transition measures and further policy simplification under the CCBR. We do not object to the LOT procedure and do not request to hold a formal Board meeting. Nonetheless, we would like to raise a couple of important questions.

2. **Education allowance.** It seems that staff and management are now asking the Board to approve an important change to the previous formulation. In December, it was decided that “eligible staff will be reimbursed for actual expenses or the ceiling amount, whichever is lower.” According to staff’s new proposal, EDA expenses will continue to be paid at 75 percent, as under the current policy, up to the relevant ceiling.

3. **Separation benefits.** Paragraph 44 of the December CCBR Decision Paper made no mention of any changes to the separation benefits. We were, therefore, surprised to see proposals in paragraph 21 of this transition report that would significantly reduce the separation benefits for current staff. *What is the rationale for retroactively proposing such changes to the benefits that current staff rely on in anticipation of the eventual separation from the Fund?*

4. **Medical benefits contribution schedule.** The Board members will recall that during the FY2021 Budget discussion, I raised the issue of changing the funding formula for the Medical Benefits Plan (MBP) such that the contributions rate schedule was adjusted in line with staff’s total wage increase, rather than the previously agreed formula of applying the structural wage increase. *Why was this formula changed, despite the sizeable level of MBP reserves (well above the target rate of 40 percent of next year’s expected payments)? Why is there a cap on contribution rates around the mid-point at grade A11, resulting in a highly regressive rate structure?*

5. **Home leave/expatriate allowance.** While we welcome the fact that the calculation of the new expatriate allowance will retain a link to travel to the home country, we would appreciate further clarifications on the meaning of footnote No. 5 of the report, which states that “...when setting the airfare component of the allowance for October 2020, due regard will be paid to avoiding any COVID-19-related price distortions.” *In the event that staff may face significantly higher airfares to their respective home countries, as a result of additional COVID-19-related hygienic and social distancing measures—and thus lower passenger load factors—how do staff propose to calculate the airfare component of the new expatriate allowance?*