

GREEN/20/50

May 29, 2020

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

1. We thank staff for the paper and the engagement with our office. We had agreed to the lapse of time procedure before the paper was circulated and would like to make the following points:
2. **Expatriate and Childcare Allowances.** The paper argues that administering the benefit payments for the Expatriate and Childcare Allowances in the biweekly payroll would be simpler and would establish better financial controls. We appreciate these arguments but are concerned that the new modality will further contribute to disconnecting the home leave benefit from its intended purpose, which is a concern that we and other chairs expressed in the context of the CCBR discussions. It is therefore important to assess the staff's experience with this new modality in due course.
3. The biweekly payroll payments may also unintendedly create liquidity difficulties for home leave travel and in cases where childcare payments are required upfront, as is the case for many international schools in the Washington D.C. region. We, therefore, encourage HRD to monitor this liquidity aspect.
4. We share Mr. Mozhin's concern regarding footnote 5, 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." HRD may wish to clarify how they intend to calculate the airfare component of the new expatriate allowance in the event that staff may face significantly higher airfares to their respective home countries, as a result of additional COVID-19-related measures.
5. **Separation benefits.** Like Mr. Mozhin, we do not recall that any changes to the separation benefits were made in the December CCBR Decision Paper. We were, therefore, also surprised to see proposals in paragraph 21 of the current transition report that would significantly reduce the separation benefits for current staff. We are interested in HRD's answer to Mr. Mozhin's question on the rationale for retroactively proposing such changes to the benefits that current staff rely on in anticipation of the eventual separation from the Fund. We also suggest maintaining separation benefits unchanged.

6. **Medical benefits contribution schedule.** We share Mr. Mozhin's concern about the change in 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. This change results in a highly regressive rate structure and should be reversed, particularly given the sizeable level of MBP reserves.