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COUNCIL OF MINISTERS

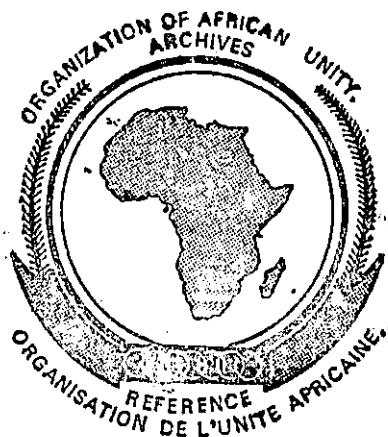
CM/274

Thirteenth Ordinary Session

Addis Ababa, August/September 1969

Proposed Amendments to OAU Staff

Pension Fund



CM 0274

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PROPOSED AMENDMENTS TO OAU STAFF PENSION FUND

During its Seventh Ordinary Session held in Addis Ababa in October/November 1966, the Council of Ministers established the OAU Staff Pension Fund. The purpose of this Fund is to make financial provisions for the benefit of Staff Members after retirement from the services of the OAU. Document CM/121/Rev.1 refers:

In order to implement this Fund in respect of those staff members who were employed prior to the establishment of the Fund, it will be recalled that the Twelfth Session of the Council of Ministers decided as follows:-

- a) that the Fund should apply to those members of staff in employment prior to the existence of the Pension from their date of permanent employment;
- b) that the General Secretariat should pay its normal contribution of 14% for the period in question; amounting to US\$ 14,243.84;
- c) that the affected members of staff should also pay their normal contribution of 7% for the period in question;
- d) that the difference between the sum paid by the General Secretariat and the sum members of staff would have been entitled to according to paragraph (b), should be refunded by the members of staff concerned upon retirement or separation from the service of the Organization. This sum comes to US\$ 11,000.00

The decisions described above are already being implemented and are quoted merely to provide background information to what seems to be a matter of concern to the General Secretariat.

The General Secretariat feels that documents CM/121/Rev.1 requires amending as two of its operative clauses seem to contradict each other and are liable to interpretation which might have adverse effects on the Fund. Under Section III (i): Benefit and basis of the Fund, it is stated thus:-

"Both the staff members and the Organization shall contribute towards the Pension Fund. The staff members shall contribute 7% of his basic salary and the OAU 14% of the basic salary of the staff member, provided that the OAU contribution shall start after the staff member shall have served the organization continuously for a period of five years.

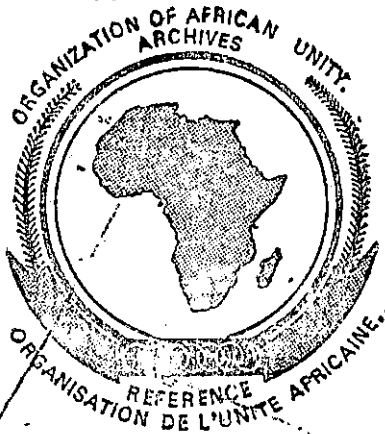
However, in the same document, Section IV (ii): Separation from Service, Retirement and Death: states as follows:-

"Should a staff member leave the service of the Organization before he completes five years, he shall be entitled to claim all his contribution towards the fund plus a lump sum compensation to be determined by the Administrative Secretary General as if the staff member were a contract officer."

The contention here is that a staff member who leaves the OAU after three to four years' service will benefit more than a member who will have left the service after seven years, since the latter's entitlement shall have started only "after serving the Organization continuously for a period of five years."

The General Secretariat feels that all staff members under the Fund should have equal basis of assessing their benefits. In this respect, the Council may consider a proposal that a staff members' contribution and that of the OAU should begin when the staff member joins the OAU on a permanent basis. In this way, he will be entitled to appropriate benefits regardless of whether he has served for a period less than five years or not. On the other hand, the Council could decide that "no member of staff should be entitled to any benefit until he has served for at least a period of five years."

The General Secretariat has fears that if these sections in document CM/121/Rev.1 are not amended, a number of members of staff approaching their third or fourth year of service might find it more beneficial, remuneration - wise, to leave the service of the OAU during this period than wait until after the fifth year.



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# Proposed Amendments to OAU staff pension fund

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