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ADMINISTRATIVE DIRECTIVE INTRODUCING
HOUSING LOANS FOR STAFF MEMBERS

Note by the Director

1 At its 7th session the Assembly adopted an amendment to Staff Rule VIII.5 by adding a new provision in order to enable staff members to obtain housing loans from the Provident Fund. The new Staff Rule VIII.5(j) reads as follows:

"(j) The share of a staff member in the Provident Fund may be lent as a housing loan to the staff member concerned in conformity with the terms and conditions specified by an administrative directive issued by the Director. The Director shall report such administrative directive and amendments thereto to the Executive Committee."

2 The decision of the Assembly was based on a document prepared by the Director (FUND/A.7/10) outlining the principles on which such a loan scheme should be based <1>. On the basis of the parameters approved by the Assembly, the Director issued, on 11 March 1985, Administrative Directive N°1 with regard to Housing Loans to Staff Members from the Provident Fund, as set out in the Annex to this document. This directive has been elaborated on the basis of the corresponding scheme applied within the International Cocoa Organisation.

3 The Executive Committee is invited to take note of the information contained in this document and to comment thereon.

<1> In the Annex to document FUND/A.7/10 the new provision was, erroneously, referred to as Staff Rule VIII.5(c).

ANNEX

ADMINISTRATIVE DIRECTIVE N°1
issued on 11 March 1985

Housing Loans to Staff Members from the Provident Fund

At its 7th session the Assembly amended Staff Rule VIII.5 in order to enable staff members to obtain housing loans from the Provident Fund. On the basis of the principles approved by the Assembly (cf document FUND/A.7/10), the Director issues the following directive as regards the terms and conditions of housing loans.

1 Purposes Qualifying for a Loan

At the discretion of the Director, a staff member holding a fixed-term appointment for full-time service for a period exceeding one year, who has completed six months of continuous service, may be granted a loan from the Provident Fund to assist him/her:

- (i) to purchase the freehold or leasehold of a house or flat for his/her personal occupation at or near his/her duty station, or to repay an existing mortgage or loan on such a house or flat;
- (ii) to pay the costs related to the purchase of such a house or flat as mentioned in (i) above;
- (iii) to purchase land on which to build such a house as mentioned in (i) above;
- (iv) to pay the costs of approved repairs and modifications to a house or flat as mentioned in (i) above.

2 Conditions for Loans

- (a) The maximum total withdrawal of a staff member may not exceed two-thirds of the staff member's share in the Provident Fund.
- (b) For the purpose of determining the maximum withdrawal from the Provident Fund at a given time, the share of a staff member in the Provident Fund shall be calculated in accordance with Staff Rule VIII.5(i). Under no circumstances shall the remaining share of a staff member in the Provident Fund be less than the equivalent of one month's basic net salary, calculated on the basis of the rates prevailing at the time of the withdrawal.

- (c) Withdrawals may not be made at intervals shorter than 12 months.
- (d) The loan shall be repaid in a manner to be agreed between the staff member and the Director. The loan shall, in any event, be repaid on the staff member's separation from the Fund, or on his/her death, by means of deduction from monies payable under Staff Rule VIII.5(e). If the amount so payable is less than the remaining amount of the loan, the balance shall be repaid immediately.
- (e) Approved loans will be free of interest.

3 Procedure for Obtaining Loans

- (a) Requests for loans should be made to the Director in writing and should provide the following information as appropriate:
 - (i) the amount of the loan sought and the reason therefor;
 - (ii) the address of the property, a description of the property and evidence of its value, or evidence of the costs incurred in relation to the property;
 - (iii) a statement to the effect that the property is or will be for the personal occupation of the staff member;
 - (iv) in the case referred to in Section 1(iii), a declaration of the staff member's intention to build a house on the property and the preparations taken to that effect.
- (b) Requests should be accompanied by a statement from the Finance Officer indicating:
 - (i) the share of the staff member in the Provident Fund;
 - (ii) the amount equivalent to one month's basic net salary;
 - (iii) the amount available for a loan.

4 Approval

The Director will approve loans only if:

- (i) he is satisfied that the monies will be used for the purposes specified by the staff member; and

- (ii) the staff member concerned acknowledges in writing that the monies represent a loan from the Provident Fund to be repaid in a manner agreed with the Director or to be deducted on the staff member's separation from the Fund, or on his/her death, from monies payable under Staff Rule VIII.5(e).

5 Date of Effect of this Directive

This directive shall take immediate effect.
