

Program and Budget Committee

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TRANSFER OF OBLIGATIONS UNDER THE CLOSED PENSION FUND (CROMPI) TO WIPO

Document prepared by the Secretariat

BACKGROUND

1. The United International Bureaux for the Protection of Intellectual Property (BIRPI), the predecessor of WIPO, maintained its own Pension Fund, the management of which was entrusted to a Swiss Foundation registered in the Commercial Register in January 1956.
2. After WIPO was established in 1967 and became a specialized agency of the United Nations in 1974, all WIPO staff members became participants in the United Nations Joint Staff Pension Fund (UNJSPF). As a result, effective October 1, 1975, the WIPO Pension Fund was “closed” (i.e., no new participants could be admitted), but it was not dissolved (WIPO Closed Pension Fund or CROMPI¹).
3. In 1977, an agreement was concluded between WIPO, the UNJSPF, and the CROMPI Foundation mandating the latter to pay supplementary pension benefits corresponding to the difference between the pension paid by the UNJSPF and the pension calculated under the Rules of the WIPO Closed Pension Fund. Around 3 million Swiss francs was provided to the Foundation to ensure it could meet its obligations.
4. CROMPI has therefore, since 1975, provided supplementary pension benefits to its members, namely former WIPO staff members, and to their survivors. These supplementary benefits correspond to 85 per cent of the difference between the pension paid by the UNJSPF and the pension that would have been payable under CROMPI.

¹ This acronym corresponds to the name of the Fund in French: “*Caisse de retraite fermée de l’OMPI*”.

5. By the early 1990s, the Closed Pension Fund began facing financial difficulties. To address these, the Foundation Council adopted remedial measures. However, by early 2005, CROMPI's financial situation had deteriorated to such an extent that the Foundation Council decided to adopt further remedial measures aimed at reducing its members' pension benefits.

6. In August 2005, two WIPO staff members requested the Director General to safeguard their "acquired rights" and to correct the decisions taken in 2005 by the Foundation Council. In September 2005, the Director General declined the request on the grounds that the Closed Pension Fund was a foundation established under Swiss law, governed by its own Regulations and the Swiss Civil Code, with a legal personality independent from that of WIPO, and that as far as he was aware the Organization had never undertaken to underwrite the Fund's obligations.

7. A case was brought before the Administrative Tribunal of the International Labour Organization (ILOAT or Tribunal), which led to Judgment No. 2583 (2007). In its Judgment, the Tribunal found in favor of the complainants, noting in substance that WIPO remained responsible for the remedial measures introduced in 2005, which resulted in less favorable treatment of the complainants. As a result, WIPO had to pay the amounts to which members of the Closed Pension Fund would have been entitled, had the remedial measures applied in 2005 not been introduced.

FINANCIAL DEPLETION AND DISSOLUTION OF CROMPI

8. CROMPI's assets are now expected to be insufficient to meet its obligations by the end of 2026 or early 2027, pending the annual audit of its financial accounts (scheduled for June 2026). Upon confirmation, the Foundation will be dissolved in accordance with Swiss law, following a decision by the competent supervisory authority, the *Autorité cantonale de surveillance des fondations et des institutions de prévoyance (ASFIP)*.

LEGAL BASIS FOR THE TRANSFER OF CROMPI'S OBLIGATIONS TO WIPO

9. In accordance with Judgment No. 2583 (2007) of the ILOAT and consistent with commitments made by the previous Director General, upon dissolution of the Foundation, WIPO will continue to assume its responsibility for the payment of the supplementary pension benefits until all beneficiaries' rights have been extinguished.

FINANCIAL AND GOVERNANCE IMPLICATIONS

10. WIPO already contributes significantly to the payment of supplementary pension benefits to CROMPI beneficiaries, currently covering approximately 75 per cent of the amounts due (representing an annual amount of approximately 283,000 Swiss francs in 2025). The amounts are disclosed in WIPO's Program of Work and Budget.

11. Following the dissolution of the Foundation, WIPO will assume full responsibility for financing and administering all supplementary pension payments. This is expected to result in an additional annual cost of approximately 96,000 Swiss francs. Given the limited number of beneficiaries (currently 48, with an average age of 83.5 years) and the closed nature of the scheme, the overall financial impact to WIPO is limited and will decrease progressively over time. The total estimated net liability amounted to 2 million Swiss francs at the end of 2025 as disclosed in WIPO's Annual Financial Statements.

12. To ensure continuity, the payment of supplementary pension benefits will be governed by a set of internal WIPO Rules, which will enter into force upon the dissolution of the Foundation. These Rules are contained in the Annex to this document. To preserve the beneficiaries' rights and ensure a seamless transition, the Rules reproduce the existing provisions of the CROMPI

Regulations concerning the calculation of the payment of supplementary pension benefits, without substantive modification.

13. A dedicated internal WIPO committee, composed of three WIPO representatives and two representatives of the beneficiaries, will oversee the implementation and administration of these Rules (see Rule 13.2).

14. The Program and Budget Committee (PBC) recommended to the Assemblies of the Member States of WIPO, each as far as it is concerned, to take note of the “Transfer of Obligations under the Closed Pension Fund (CROMPI) to WIPO” (document WO/PBC/40/14).”

[Annex follows]

WIPO RULES

**CONCERNING THE PAYMENT OF SUPPLEMENTARY PENSION BENEFITS AND
SUPPLEMENTARY DEATH BENEFITS PREVIOUSLY ADMINISTERED BY THE WIPO
(CLOSED) PENSION FUND**

Preamble

These Rules establish the terms and conditions under which supplementary pension benefits, child allowances and death benefits are paid in full by WIPO as of the date of dissolution of the WIPO (Closed) Pension Fund (hereinafter "Closed Fund").²

The Statutes and Regulations of the Closed Fund in effect as of June 30, 2005, shall, where necessary, be used for the interpretation of these Rules.

Rule 1 – Definitions

For the purposes of these Rules, the following terms shall have the meanings set forth below:

- (1) **Beneficiaries:** persons who were receiving, or were eligible to receive, a supplementary pension benefit, a supplementary widow's pension, or a supplementary orphan's pension at the time of the dissolution of the Closed Fund, and persons in whose favor the death of a beneficiary gives rise to entitlement to one of these supplements under these Rules.
- (2) **UNJSPF:** the United Nations Joint Staff Pension Fund.
- (3) **Insured salary:** the salary subject to pension deductions expressed in Swiss francs as of the date of separation from service of the beneficiary formerly employed by WIPO.

Rule 2 – Supplementary Pension Benefit and Supplementary Death Benefits

- (1) The supplements covered by these Rules are:
 - (i) supplementary pension benefits (Rule 4);
 - (ii) supplementary death benefits (Rule 5);
- (2) Any supplement to which a beneficiary is entitled is equal to eighty-five per cent (85%) of the difference between the amount paid to him or her by the UNJSPF and the amount he or she would have received based on the calculation provided for in these Rules, whenever the former amount is less than the latter.

Rule 3 – Creditable Service

For the purposes of Rule 4.1, the period of service taken into account for the calculation of retirement pensions is the period elapsed between the date on which the period for which contributions were paid on behalf of the individual began and the date of separation from service, as well as, where applicable, any purchased service. The period of service taken into account is calculated in years and months, with any fraction of more than 15 days counting as a

² The dissolution of the Closed Fund was pronounced by the Cantonal Supervisory Authority for Foundations and Pension Institutions (ASFIP), at the request of the Foundation Council of the Closed Fund, on the grounds that the Foundation's assets were insufficient to enable it to achieve its purpose. WIPO's commitment to pay the relevant supplements directly to the beneficiaries stems from Judgment No. 2583 of the Administrative Tribunal of the International Labour Organization, as well as from the letter dated December 20, 2017, from the Director General of WIPO addressed to the Chair of the Foundation Council of the Closed Fund.

full month. For the calculation of retirement pensions, each month entitles the recipient to one-twelfth of the percentage provided for per year of service taken into account.

Rule 4 – Supplementary pension benefits

A beneficiary of a supplementary pension benefit at the time of the dissolution of the Closed Fund is entitled to payment of such benefit under the conditions set forth in Rule 2.2.

Rule 4.1 – Calculation of retirement pensions

(1) The retirement pension is equal to 30 per cent of the beneficiary's insured salary at the time of termination of service, plus a supplement of 1 per cent of said salary per year of service taken into account up to the 30th year, and 2 per cent of said salary per year of service taken into account starting from the 31st year. In any event, the retirement pension may not exceed 70 per cent of said insured salary.

(2) (a) The retirement pension may also not exceed the amount of the last net salary. This amount is reduced *pro rata temporis* when the period of service taken into account in accordance with Rule 3 is less than 30 years.

(b) For the purposes of paragraph 2(a) above, "net salary" means:

(i) for beneficiaries who were in the Professional and higher categories, the net salary specified in Article 3.1 of the WIPO Staff Regulations and Rules plus the post allowance at the rate in effect in Geneva plus any personal allowances, excluding the special duty allowance referred to in Article 3.11 of the WIPO Staff Regulations and Rules, less the contributions paid by the beneficiary to the UNJSPF;

(ii) for beneficiaries who were in the General Service category, the net salary specified in Article 3.1 of the WIPO Staff Regulations and Rules plus any allowance or bonus subject to pension deductions, as well as any personal allowance, with the exception of the special duty allowance referred to in Article 3.11 of the WIPO Staff Regulations and Rules, less the contributions paid by the beneficiary to the UNJSPF.

(c) For the purposes of paragraph 2(a) above, "final net salary" means the net salary, as defined in paragraph 2(b) above, at the time of separation from service, adjusted thereafter periodically for the cost of living in accordance with Rule 6.

Rule 4.2 – Child allowances

If the recipient of a supplementary pension benefit has one or more children, the supplement shall be increased, for each child, by an amount equivalent to the child allowance set forth in the WIPO Staff Regulations and Rules, provided that the child was born or conceived prior to the date of separation from service, is unmarried, and is unable, due to an illness or accident occurring prior to the beneficiary's date of separation from service, to engage in gainful employment sufficient to support himself or herself.

Rule 5 – Supplementary benefits in the event of death

The survivors of a beneficiary of a supplementary pension benefit are entitled to a supplementary widow's pension or a supplementary orphan's pension, as applicable, under the conditions set forth in Rule 2.2.

Rule 5.1 – Calculation of widow's pension

- (1) (a) The widow is entitled to a pension equal to 30 per cent of the deceased's insured salary.
 - (b) If the deceased was receiving a retirement pension, as defined in Rule 4, exceeding 60 per cent of the insured salary, the widow's pension shall be equal to 50 per cent of that pension.
 - (c) Notwithstanding paragraph 1(a) and (b) above, the widow's pension may not exceed 50 per cent of the deceased's last net salary, as defined in Rule 4.1, paragraph 2(c).
- (2) However, if the widow is more than 15 years younger than the deceased, the pension provided for in paragraph 1 above shall be reduced by 2 per cent for each full year of age difference in excess of the 15th; this reduction shall decrease by 2 per cent for each full year of marriage after the first five.
 - (3) In the event of remarriage, the widow's pension ceases, but the widow receives, at the time of the new marriage, a sum equal to twice the annual amount of that pension.
 - (4) There is no entitlement to a widow's pension if the marriage took place after termination of service.

Rule 5.2 – Calculation of orphan's pension

- (1) An orphan is entitled to a pension provided that he or she was born or conceived before the date of the deceased's separation from service, is unmarried, and is unable, due to an illness or accident occurring before the date of the deceased's separation from service, to hold paid employment enabling him or her to support himself or herself.
- (2) (a) The pension for each orphan shall be equal to an amount equivalent to 10 per cent of the deceased's insured salary.
- (b) However, if both parents are deceased or if the surviving parent is a widow who is not entitled to a widow's pension under Rule 5.1, the orphan's pensions are doubled.

Rule 6 – Cost-of-living adjustment

The retirement pensions, child allowances, widow's pensions and orphan's pensions covered by these Rules are adjusted on April¹ of each year by applying the cost-of-living adjustment rate published for Switzerland by the UNJSPF.

Rule 7 – UNJSPF benefits

- (1) If the benefits paid by the UNJSPF to a beneficiary are in a currency other than the Swiss franc, they shall, for the purposes of applying these Rules, be converted into Swiss francs by WIPO at the exchange rates applied by the UNJSPF.
- (2) Where a portion of the retirement pension paid by the UNJSPF has been converted into a lump sum, said supplement shall be calculated on the basis of the unreduced pension.
- (3) UNJSPF benefits are adjusted for the cost of living under a dual-track system: the dollar track and the currency track of the beneficiary's country of residence. If the beneficiary has chosen the currency track of the country of residence, the retirement pension supplement referred to in Rule 4 above is calculated based on the benefit amount resulting from that track. If the beneficiary has chosen the dollar track, the supplement is calculated based on the higher benefit amount resulting from either track. If the beneficiary does not provide official proof of residence, they are deemed to reside in Switzerland.

Rule 8 – Reporting obligation

- (1) WIPO reviews on a monthly basis whether the amounts paid by the UNJSPF to each beneficiary are less than the amounts resulting from these Rules and proceeds with the payment of the supplementary benefit, if applicable. The amounts of the supplementary benefits and the related calculations are communicated, on a quarterly basis, to each beneficiary, who may request additional information at any time.
- (2) An annual report on this matter is submitted to the Member States of WIPO.

Rule 9 – Payability of benefits

Supplementary benefits are payable upon the occurrence of the event giving rise to such supplements.

Rule 10 – Non-transferability of rights

The rights conferred by these Rules are non-transferable. Any assignment or pledge of these rights is null and void.

Rule 11 – Currency

Payments are calculated and made in Swiss francs.

Rule 12 – Statute of limitations on the right to benefits and recovery of overpayments

- (1) Any entitlement to a supplementary benefit arising from these Rules shall expire two years from the date on which the beneficiary became entitled to payment.
- (2) WIPO is entitled to recover in full any payment that was not due. However, except in cases where the overpayment results from the submission of erroneous or fraudulent information by the beneficiary, WIPO's right to recover the overpayment shall expire two years after the overpayment was made.

Rule 13 – Pension supplement monitoring committee

Rule 13.1 Mandate

A Committee is hereby established within WIPO to monitor and implement these Rules (hereinafter “the Committee”). The Committee shall resolve any matter of general or individual interest concerning the administration and payment of supplementary benefits due under these Rules.

Rule 13.2 Composition

- (1) The Committee shall be composed as follows:
 - (i) Three members (including a Chair and a Secretary) appointed by the Director General of WIPO from among WIPO’s current staff; and
 - (ii) Two representatives of the beneficiaries, appointed in accordance with Rule 13.3.
- (2) The Committee shall establish its rules of procedure, including those relating to the frequency and format of its meetings (in-person, virtual or hybrid). The Committee may be convened at the request of any of its members.

Rule 13.3 Representatives of the beneficiaries

- (1) The beneficiaries shall be represented on the Committee by two representatives appointed for a term of two years by the Foundation Council of the Closed Fund prior to its dissolution. No later than two months before the expiration of their term of office, said representatives, after consulting with the beneficiaries, shall confirm to the Committee the renewal of their term of office for an additional two-year period or, where applicable, designate their respective successors; failing that, WIPO shall itself make such designation.
- (2) Representatives are compensated for performing their duties based on the time they have devoted to them, subject to an annual cap set by the Committee after consulting with said representatives. The total remuneration allocated by the Committee is divided between the two representatives in proportion to the time actually devoted by each of them, within the limit of the annual cap set by the Committee. The remuneration corresponds to the net salary plus the post allowance for grade P5, step 5, at the rate in effect in Geneva in December of the year in question, calculated on a pro rata basis.
- (3) Both representatives shall be reimbursed for expenses incurred in connection with their participation in Committee meetings (travel, lodging and meals), to a reasonable extent and upon presentation of the required supporting documents.

Rule 14 – Amendments

Upon the recommendation of the Committee referred to in Rule 13 or after consultation with it, these Rules may be amended by the Director General. However, no amendment may have the effect of reducing the amount of supplementary benefits payable by WIPO to beneficiaries, nor of limiting the acquired rights of the latter as provided for in these Rules at the time of their entry into force. Any amendment shall be notified to the beneficiaries.

Rule 15 – Dispute resolution

Any beneficiary who considers himself or herself aggrieved by an administrative decision relating to the benefits covered by these Rules may resort to the informal and formal dispute resolution procedures provided for in the WIPO Staff Regulations and Rules.

Rule 16 – Languages

These Rules are drawn up in the French language, which shall be the authentic text. Any translation into another language is provided for informational purposes only.

Rule 17 – Entry into force

These Rules shall enter into force on the date of the dissolution of the Closed Fund.

[End of Annex and of document]