



# General Assembly

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## Seventy-fifth session

### Fifth Committee

Agenda item 149

#### United Nations pension system

#### **Draft resolution submitted by the Chair of the Committee following informal consultations**

#### **United Nations pension system**

*The General Assembly,*

*Recalling* its resolutions [70/238 A](#) of 23 December 2015, [73/274](#) of 22 December 2018 and section VIII of its resolution [74/263](#) of 27 December 2019,

*Having considered* the report of the United Nations Joint Staff Pension Board for 2020,<sup>1</sup> the reports of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund and measures undertaken to increase the diversification of the Fund<sup>2</sup> and on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board,<sup>3</sup> the financial report and audited financial statements for the year ended 31 December 2019 and the report of the Board of Auditors on the United Nations Joint Staff Pension Fund<sup>4</sup> and the recommendations contained therein, the report of the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund on the implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2019 on the Fund,<sup>5</sup> the report of the Office of Internal Oversight Services on the audit of governance mechanisms and related processes in the Office of Investment Management of the United Nations Joint Staff Pension Fund<sup>6</sup> and the related report of the Advisory Committee on Administrative and Budgetary Questions,<sup>7</sup>

1. *Takes note* of the report of the United Nations Joint Staff Pension Board;

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<sup>1</sup> *Official Records of the General Assembly, Seventy-fifth Session, Supplement No. 9 (A/75/9).*

<sup>2</sup> [A/C.5/75/2](#).

<sup>3</sup> [A/C.5/75/3](#).

<sup>4</sup> *Official Records of the General Assembly, Seventy-fifth Session, Supplement No. 5P (A/75/5/Add.16).*

<sup>5</sup> [A/75/318](#).

<sup>6</sup> [A/75/215](#).

<sup>7</sup> [A/75/7/Add.18](#) and [A/75/5/Add.18/Corr.1](#).



2. *Also takes note* of the reports of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund and measures undertaken to increase the diversification of the Fund and on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board;

3. *Further takes note* of the report of the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund on the implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2019 on the Fund;

4. *Endorses* the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions;

5. *Emphasizes* the existing prerogative of the General Assembly on matters pertaining to the Fund;

6. *Stresses* the need for the Fund to address all the recommendations identified by the Board of Auditors and the Office of Internal Oversight Services, including in relation to vacancies in key positions, risk management, investment management, management of external fund managers, benefits payments management and other administrative processes;

7. *Recalls* paragraph 15 of section VIII of its resolution [74/263](#), and reiterates its request that the Secretary-General and the Pension Board ensure that the staff composition of the Office of Investment Management and of the Pension Administration is based on as wide a geographical basis as possible, bearing in mind Article 101, paragraph 3, of the Charter of the United Nations, and to make every effort to provide an update on progress achieved in the context of their next reports;

8. *Also recalls* paragraph 29 of the report of the Advisory Committee, and requests the Pension Administration and the Office of Investment Management to ensure that all vacancy announcements advertised before approval of the corresponding resources by the General Assembly indicate clearly that the recruitment is subject to a decision of the Assembly, and to review all the general temporary assistance positions of the Fund with a view to identifying potential duplication of functions and efficiencies, while ensuring that their establishment and management comply with the applicable Assembly resolutions and the Staff Regulations and Rules of the United Nations,<sup>8</sup> notably in terms of responding to peak workload;

#### **Actuarial matters**

9. *Stresses* the importance of continuing to achieve the necessary 3.5 per cent annual real rate of return on a long-term basis for the future solvency of the Fund;

#### **Governance matters**

10. *Recognizes* that the Financial Regulations and Rules of the United Nations<sup>9</sup> remain the highest framework governing all aspects related to the administrative services provided by the Secretariat, including the procurement of goods and services, the management of property and internal and external audit arrangements;

11. *Recalls* paragraph 61 of the report of the Advisory Committee, and stresses that the recruitment of all posts and positions of the Fund shall be done in accordance with the relevant Staff Regulations and Rules;

<sup>8</sup> [ST/SGB/2018/1](#).

<sup>9</sup> [ST/SGB/2013/4](#) and [ST/SGB/2013/4/Amend.1](#).

12. *Emphasizes* that the Office of Internal Oversight Services shall remain the sole internal oversight body of the secretariat of the Fund and its investments, in line with the mandate of the Office, as set out by the General Assembly its resolution [48/218 B](#) of 29 July 1994, and stresses that any change to the mandate in this regard remains the sole prerogative of the Assembly;

13. *Recalls* paragraph 8 of section VIII of its resolution [74/263](#), including subparagraphs (a) to (e), in which it called for a comprehensive and objective analysis of pension fund governance matters, notes the decision of the Pension Board to request the Governance Working Group to review and analyse the report of the independent external entity, and looks forward to further considering the report together with the recommendations of the Board, noting the significant variances from best practices in respect of the governance of the Fund as reflected in the report of the independent external entity, while respecting the unique nature of the Fund;

14. *Notes* that the key focus of this review in the context of best practices in respect of the governance of the Fund should be aimed, in particular, at the size, composition and frequency of meetings of the Pension Board, in order for its members to fulfil their fiduciary responsibilities in the best interest of the participants and the beneficiaries of the Fund;

15. *Recognizes* the need for the Governance Working Group to collaborate closely with the independent external entity, as appropriate, and for the Pension Board to take into account governance best practices in providing its comments on the report of the independent external entity, and looks forward to receiving updates, including concrete reform proposals and plans, taking into account the recommendations of the independent external entity as mentioned in paragraphs 13 and 14 of the present resolution, in the context of the first part of the resumed seventy-fifth session and the next annual report of the Board to the General Assembly;

16. *Recalls* its resolutions [73/274](#) and [74/263](#), in which it decided that the Secretary of the Pension Board should be fully independent of the Chief Executive of Pension Administration, and requests the Board to include the terms of reference and related reporting lines for both the Secretary and the Chief Executive in the context of the next report;

17. *Welcomes* the decision of the Pension Board to recognize, mutatis mutandis, the Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission,<sup>10</sup> adopted by the General Assembly by its resolution [56/280](#) of 27 March 2002, as the code of conduct for the Board, without prejudice to the legal status, privileges and immunities of those attending sessions of the Board or any of its committees or working groups;

18. *Recalls* paragraph 16 of section VIII of its resolution [74/263](#), and decides that the proposed amendment to article 6 of the Regulations of the Pension Fund, as recommended by the Pension Board, should be considered in the context of the review of the recommendations of the Board on the report of the independent external entity and upon submission of further proposals, including changes to the Regulations and Rules of the Fund to ensure adherence to the code of conduct;

### **Pension Board**

19. *Notes* the progress made in order to eliminate all delays in payments of benefits, encourages the Pension Board to continue to enhance cooperation between the Fund and the member organizations in this regard, and requests the Pension Administration to establish and fully implement a procedure for following up on cases

<sup>10</sup> [ST/SGB/2002/9](#).

with missing or invalid documents and to report thereon, including on statistics, the entities involved and progress made, at the seventy-sixth session of the General Assembly;

20. *Requests* the Pension Board to provide in its future reports detailed updates for any recommendation of the Board of Auditors that has not been agreed upon or implemented;

21. *Recalls* paragraph 35 of section VIII of its resolution [74/263](#), and requests the Pension Board to clarify the functional responsibilities and reporting lines of the New York and Geneva offices and to submit, in the context of its next report, information on specific measures to ensure the efficiency of the Geneva office in rendering services to clients;

22. *Requests* the Pension Board to conduct proper monitoring through annual reports regarding the status of implementation of the Integrated Pension Administration System, specifically the challenges experienced with regard to the implementation of the system, including granting of other forms of assistance, as well as the enhancements made to address these challenges;

23. *Emphasizes* the need for the Pension Board to ensure that the Fund takes appropriate measures to use existing internal capacities and keeps the use of consultants in its operations to a minimum;

24. *Encourages* the Secretary of the Pension Board to restructure and streamline the report of the Board with the aim of making it more concise and to the point and presenting the rationale of financial and administrative proposals in a more comprehensive manner;

25. *Highlights* the importance attached by the General Assembly to continuing to ensure accountability by the Pension Board, and requests the Board to provide follow-up on all aspects of the implementation of the present resolution in the context of its report to be submitted to the Assembly at its seventy-sixth session;

### **Pension Administration**

26. *Welcomes* the three strategic goals established by the Chief Executive of Pension Administration;

27. *Requests* the Pension Administration to continue to adhere to the target benchmark of 75 per cent of initial benefit processing in 15 business days and to eliminate the practice of postponing the benchmark for additional documentation requirements, according to the recommendation of the Board of Auditors in its report, and to report the actual time for completion of the processing of initial benefits, including those without proper documentation, as well as the reasons for exceeding the 15 business-day target benchmark as appropriate, in the context of the next report of the Pension Board;

28. *Recalls* paragraph 35 of the report of the Advisory Committee, welcomes the proposal to establish a new Business Transformation and Accountability Unit in the Pension Administration, stresses the importance of developing key performance indicators to assess its efficiency and its impact on the work of the Fund, and requests the Pension Board to provide updated information thereon in the context of its next report;

### **Investments of the United Nations Joint Staff Pension Fund**

29. *Notes* the restructuring of the Office of Investment Management, including the change of the reporting lines of the Risk and Compliance Section and the

Operations Service to the Representative of the Secretary-General, and requests the Representative to report on the achievements of those offices;

30. *Reaffirms* that the Secretary-General serves as fiduciary for the investment of the assets of the Fund;

31. *Supports* all recommendations as contained in the report of the Office of Internal Oversight Services, including the critical recommendations 1 and 10, and requests the Secretary-General to report on their implementation in detail at the main part of its seventy-sixth session;

32. *Recalls* paragraph 26 of the report of the Advisory Committee, and requests the Secretary-General to address all matters related to preventing and addressing actual or perceived conflicts of interest in all areas of the Fund, including implementing the recommendations of the Board of Auditors on personal securities trading policy in respect of all personnel who may be involved in investment operations, and at all levels of the Fund's activities;

33. *Notes* the report of the Representative of the Secretary-General on the proposal of the Pension Board to engage, for the first time, in a range of derivative instruments available to the Fund, to effectively manage the Fund's investments and address the increasing complexity of the global capital markets environment, and in this context requests the Secretary-General to submit more detailed proposals to the General Assembly at its seventy-sixth session, including information on the use of derivative instruments, engagement in margin trading and participation in securities lending, as well as compliance measures, with a view to ensuring strict adherence to the existing policies and accountability framework and a cost-effective investment strategy, and authorizes the Secretary-General to conduct margin trading for the limited purpose set out in paragraphs 43 and 44 of his report<sup>11</sup> on a trial basis for two years;

34. *Requests* the Secretary-General to report on the use of these expanded investment strategies, including on their impact on the diversification of the Fund, in the context of his next report on the investments of the Fund, and to review the use of these expanded investment strategies and to report thereon to the General Assembly at its seventy-seventh session in order to determine whether to continue these strategies;

35. *Also requests* the Secretary-General, as fiduciary for the investment of the assets of the Fund, to continue to diversify its investments among developed, developing and emerging markets, wherever this serves the interests of the participants and the beneficiaries of the Fund, and further requests the Secretary-General to ensure that decisions concerning the investments of the Fund in any market are implemented prudently, taking fully into account the four main criteria for investment, namely, safety, profitability, liquidity and convertibility;

36. *Recalls* paragraphs 10 and 13 of the report of the Advisory Committee, and notes that emerging and frontier markets, including markets in Africa, are increasingly important to the investment strategy of the Fund;

37. *Also recalls* paragraph 45 of the report of the Advisory Committee, and requests the Secretary-General to provide updated information on vacant posts and the granting of special post allowance in the Office of Investment Management in the next report of the Pension Board;

<sup>11</sup> [A/C.5/75/2](#).

### Other matters

38. *Approves* the admission of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies to membership in the Fund, with effect from 1 January 2021;<sup>12</sup>

39. *Recalls* paragraph 17 of section VIII of its resolution 74/263, and requests the Pension Board to provide further analysis of and clarification on the proposed amendment to article 48 of the Regulations of the Pension Fund in the context of its next report;

40. *Approves* the proposed amendments to articles 4 and 8 of the Regulations of the Fund as proposed by the Pension Board;

41. *Decides* to defer consideration of the amendments to article 7 of the Regulations and paragraph 19 of the pension adjustment system of the Fund to its seventy-sixth session;

### Budget estimates for 2021

42. *Recalls* paragraph 14 of the report of the Advisory Committee, and stresses the importance of the Fund's improving its budgeting accuracy and presentation of costs;

43. *Approves* the changes to the staffing table as set out in the table below:

## A. Pension Administration

<i>Action</i>	<i>Title of post</i>	<i>Category</i>	<i>Number</i>
New post	Chief of Business Transformation and Accountability Unit	P-5	1
Conversion	Programme Management Officer (Risk)	P-3	1
Conversion	Benefits Assistant (Operations)	GS (OL)	2
<b>Total net changes</b>			<b>4</b>
Reclassification	Benefits Officer	P-3 to P-4	1
Reclassification	Accounting Assistant	GS (OL) to GS (PL)	1
Redeployment (from executive direction and management to programme of work)	Programme Management Officer	P-3	1
Redeployment (from programme of work to executive direction and management)	Risk Officer	P-4	1
Redeployment (from programme of work to executive direction and management)	Legal Officer (Compliance)	P-3	1

## B. Office of Investment Management

<i>Action</i>	<i>Title of post</i>	<i>Category</i>	<i>Number</i>
Abolishment	Investment Assistant (Fixed Income)	GS (OL)	(1)
Abolishment	Risk Assistant	GS (OL)	(1)
<b>Total net changes</b>			<b>(2)</b>

<sup>12</sup> The admission of the Wassenaar Arrangement to membership in the United Nations Joint Staff Pension Fund on the recommendation of the Pension Board does not amount to recognition of the Wassenaar Arrangement by Member States that are not participating States of the Arrangement.

<i>Action</i>	<i>Title of post</i>	<i>Category</i>	<i>Number</i>
Reclassification	Accountant – Middle Office	P-2/P-1 to P-3	1
Redeployment (from executive direction and management to programme of work)	Senior Programme Officer	P-5	1
Redeployment (from executive direction and management to programme of work)	Administrative Officer	P-4	1
Redeployment (from executive direction and management to programme of work)	Senior Administrative Assistant	GS (PL)	1
Redeployment (from executive direction and management to programme of work)	Administrative Assistant	GS (OL)	3
Redeployment (from programme of work to executive direction and management)	Risk Officer (Portfolio Construction)	P-4	1

*Abbreviations:* GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

44. *Recalls* paragraphs 40 (c) and 51 of the report of the Advisory Committee, and requests the Pension Administration and the Office of Investment Management to seek to further optimize premises occupation and rental costs in the light of, inter alia, the lessons learned during the coronavirus disease (COVID-19) pandemic, and to report thereon in the context of the next budget submission;

45. *Approves* the estimates of 111,212,700 United States dollars for the administration of the Fund for 2021;

46. *Also approves* expenses, chargeable directly to the Fund, totalling 103,217,600 dollars net for 2021;

47. *Further approves* the amount of 7,995,100 dollars as the United Nations share of the cost of the administrative expenses of the Fund for 2021, of which 4,885,000 dollars would represent the share of the regular budget and the balance of 3,110,100 dollars would represent the share of the funds and programmes;

48. *Approves* the decrease of 71,300 dollars in the United Nations share of the cost of the administrative expenses of the central secretariat of the Fund under section 1, Overall policymaking, direction and coordination, of the proposed programme budget for 2021;

49. *Authorizes* the Pension Board to supplement the voluntary contributions to the Emergency Fund for 2021 by an amount not to exceed 112,500 dollars.