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Proposed programme budget for 2020

United Nations Joint Staff Pension Fund

Fifteenth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2020

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund and report on the work of its sixty-sixth session ([A/74/331](#) and [A/74/331/Corr.1](#)); the report of the Secretary-General on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board ([A/C.5/74/3](#)); the report of the Board of Auditors on the financial report and audited financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2018 ([A/74/5/Add.16](#)); and the report on the implementation of the recommendations of the Board of Auditors contained in its above-mentioned report ([A/74/329](#)). In addition, the Advisory Committee had before it a note by the Secretary-General on the membership of the Investments Committee.

2. During its consideration of the above reports and the note by the Secretary-General, the Advisory Committee met with the Chair of the Pension Board, the Representative of the Secretary-General for the investment of the assets of the Pension Fund, the Acting Chief Executive Officer of the Fund and representatives of the Fund's secretariat, as well as the members of the Audit Operations Committee, who provided additional information and clarification, concluding with written responses received on 24 October 2019.



II. Revised budget estimates and performance report for the biennium 2018–2019

A. Revised budget estimates

3. In its resolution [72/262 A](#), the General Assembly approved appropriations for the biennium 2018–2019 totalling \$191,659,800. Of that amount, \$169,467,900 was chargeable directly to the Fund and \$22,191,900 constituted the share of the costs borne by the United Nations.

4. In its present report, the Pension Board anticipates a reduction in the budget estimates for the biennium 2018–2019 of \$6,743,000, or 3.5 per cent, compared with the appropriation for the same period. Total expenditure for 2018–2019, estimated at \$184,916,800, comprises costs related to the four components of the Fund as follows: Pension Board secretariat (\$1,332,800), pension administration (\$101,116,800), Office of Investment Management (\$79,130,500) and audit (\$3,336,700). The share of the expenditure to be borne by the United Nations amounts to \$22,018,800 (see [A/74/331](#), part one, table 4).

5. The anticipated reduction reflects reduced requirements of \$8,139,300 for the Office of Investment Management attributable to underexpenditure under the following items: (a) contractual services: a reduction of \$6,460,900, attributable to the reduced use of non-discretionary advisory services, the transition to a single custodian model and less than anticipated use of tax advisory services; (b) general operating expenses: a reduction of \$2,073,300 owing mainly to the surrendering of office space; (c) furniture and equipment: a reduction of \$600,000, attributable to the use of cloud-based and virtualized solutions; (d) consultants: a reduction of \$207,500 owing to the postponement of the asset class benchmark study; and (e) travel: a reduction of \$98,200. These reductions are partially offset by overexpenditure under posts (\$692,100) and other staff costs (\$608,000) in the Office of Investment Management, as well as overexpenditure totalling \$1,396,300 under the other components of the Fund including: (a) secretariat of the Pension Board: an increase of \$326,300 attributable to additional travel requirements for the Governance Working Group of the Pension Board and the recruitment of the Chief Executive Officer/Pension Benefits Administrator;¹ (b) pension administration: an increase of \$639,300 owing mainly to lower actual vacancy rates for posts than budgeted; and (c) audit: an increase of \$430,700 reflecting higher expenditure for general temporary assistance than budgeted (see *ibid.*, part one, paras. 15, 75–80 and 139 and tables 4, 12 and 19).

B. Performance of the Fund

Number of participants and beneficiaries

6. The Board of Auditors indicated that the number of participants in the Fund increased from 126,736 at the end of 2017 to 128,594 at as 31 December 2018. Upon enquiry, the Advisory Committee was informed that, according to the Pension Fund secretariat, the increase of 1,858 participants, or 1.4 per cent, was attributable mostly to new participants employed by the Food and Agriculture Organization of the United Nations/the World Food Programme and the International Organization for Migration. Over the same period, the number of period benefits had increased from 78,247 to

¹ In General Assembly resolution [73/274](#), both the new title “Pension Benefits Administrator” and the former title “Chief Executive Officer” are used when referring to the head of pension administration.

78,716, representing an increase of 469 periodic benefits, or 0.6 per cent ([A/74/331](#), introduction, para. 10). The Committee was also informed that the Fund had decided to align the methodology used for statistical data with the approach used in the financial statements, starting with the year 2017. Therefore, the statistics beginning in 2017 reflected information available at the time of the closing of the financial statements, which is the end of March of the following year, whereas prior to that the statistics had been presented on the basis of information available as at 31 December of the related reporting period.

Benefit payment

7. With regard to the management of benefit payment, the Board of Auditors observed that the following three documents are needed to process retirement benefits: the separation personnel action and the separation notification, which are both issued by the member organization, and the payment instruction, which is submitted by the participant. The Board of Auditors also observed that each time the Fund receives one of these three main documents, a workflow is opened in the Integrated Pension Administration System (IPAS) to initiate the separation process and remains open until all three documents are received and the benefit is processed by the Fund. In its report for 2018, the Board of Auditors noted a significant decrease in the number of cases with open workflows in IPAS, from 16,427 cases at the end of 2017 to 9,236 cases as at 31 December 2018 and 4,300 cases as at 21 May 2019. The Board of Auditors also noted that the decrease in the number of open workflows concerned mostly cases that did not involve a separation date and workflows with an ageing of less than one year. The Board of Auditors recognized the progress made in closing open workflows, but considered that there was still room for improvement. Therefore, it recommended that the Fund continue to reduce the number of open workflows, with an emphasis on closing the workflows that have been open for more than three years and those inherited from the legacy system (see [A/74/5/Add.16](#), chap. II, paras. 47–67 and tables II.3 and II.4).

8. In its report, the Pension Board indicates that once the three documents were received, 79.7 per cent of retirement benefits were processed within 15 business days in 2018 (see [A/74/331](#), part one, para. 32).

9. The Advisory Committee recalls that, in its report for 2016, the Board of Auditors recommended that the Fund: (a) set a definite timeline to process all outstanding cases in which all documents have been received; and (b) prescribe a time frame for processing each type of entitlement or benefit. In its report for 2018, the Board of Auditors considers that as long as the Fund secretariat has not evaluated and prescribed specific targets for the types of benefits or entitlements which were closed in more than 15 working days (2,521 cases until March 2019), the recommendation remains under implementation. The Board of Auditors also recommended in its report for 2016, that the member organizations identify all cases due for separation in the six months before the date of separation, send updated demographic details to the Fund and reconcile all differences in contributions. In its report for 2018, the Board of Auditors indicates that the Fund is collaborating with the United Nations Secretariat to create a data interface between Umoja and IPAS to further automate the exchange of information and documentation regarding retiring staff. The new interface will provide timely updates on the status of separation documents, more accurate data and access to a centralized repository of information regarding the separation process ([A/72/5/Add.16](#), chap. II, paras. 101 and 106, and [A/74/5/Add.16](#), chap. II, annex).

10. The Advisory Committee notes the progress made towards processing pension benefits in a timely manner and concurs with the recommendations of the Board of Auditors. The Committee reiterates that all efforts should be made,

including through enhanced cooperation between the Fund and the member organizations, to eliminate the backlog by addressing the causes of delays in the payment of benefits (see A/73/489, para. 6).

Performance of the investments

11. The Board of Auditors noted that as at 31 December 2018, the total assets of the Fund amounted to \$61.14 billion (compared with \$64.78 billion at the end of 2017) and the total liabilities amounted to \$0.36 billion (compared with \$0.41 billion at the end of 2017), making net assets available for benefits of \$60.78 billion (compared with \$64.37 billion in 2017). The Board also noted that the depreciation in the value of the investment included a foreign exchange loss of \$0.92 billion (compared with an appreciation of \$7.39 billion with a foreign exchange gain of \$1.68 billion in 2017). The Board considered that the depreciation in the fair value was due mainly to the decline in the stock market during 2018, reflecting the slowdown in the global economy and the tightening of monetary policy. It observed however, that, since the Fund had 57 per cent of its investment portfolio in equities as at December 2018, the investment loss was due primarily to that asset class, which is concentrated in the North American market. With regard to the rate of return on investments, the Board noted that, in 2018, the Fund's nominal return was negative, at -4.7 per cent, and the inflation-adjusted real return was negative, at -6.5 per cent (see A/74/5/Add.16, chap. II, paras. 7–11).

12. In the report of the Pension Board, the Representative of the Secretary-General indicated that the Fund is financially sound and fully funded. He noted that the Office of Investment Management had achieved its investment objective of a 3.5 per cent annualized real rate of return on the 2-, 3-, 10-, 15-, 25- and 50-year basis (see A/74/331, part one, sect. IV, foreword). Upon enquiry, regarding the performance of the Pension Fund vis-à-vis benchmarks, the Advisory Committee was provided with the table below (table 1) comparing the return on investment of the Pension Fund with the returns of two comparable Funds.

Table 1
Benchmarks on investment returns

(Percentages)

<i>Fund</i>	<i>Benchmark, nominal</i>	<i>Benchmark, real</i>
Norges Bank (Norway Government Pension Fund Global)	-6.1	-7.7
New Zealand Superannuation Fund	-4.84	Information unavailable
Pension Fund	-4.7	-6.49

13. With regard to the foreign currency exposure, in its report, the Pension Board indicates that, in response to an observation of the Advisory Committee regarding the need to minimize the related risk, the Office of Investment Management had implemented the recommendations of a third-party currency management study to minimize uncompensated currency exposures, had changed its benchmark for the cash portfolio to a United States dollar-only benchmark and is in the process of implementing a new fixed income benchmark (see A/73/489, para. 21, and A/74/331, part two, paras. 59 and 60).

14. The Advisory Committee notes the investment performance of the Fund and recalls that the General Assembly, in its resolutions 71/265, 72/262 A and 73/274, emphasized the importance of the Fund meeting its target annual real rate of return of 3.5 per cent. The Committee encourages the Fund to continue

its effort to minimize the risks related to the foreign currency exposure (see [A/73/489](#), paras. 18 and 21).

Investment strategy

15. In its report, the Board of Auditors noted that, in September 2018, the Representative of the Secretary-General had given a presentation on sustainable investing for institutional investors, pointing out that the Pension Fund's sustainable investment strategy was aligned with its duty and fiduciary responsibility, which included environmental, social and governance metrics. The Board of Auditors also noted that, since 2016, the Fund has addressed environmental, social and governance concerns by explicitly prohibiting investments in the tobacco and armaments sectors. The Advisory Committee was informed that the Office of Investment Management promotes sustainable business practices, fair labour practices, non-discrimination, the protection of human rights and gender diversity on boards, among other objectives.

16. The Board of Auditors observed, however, that the Office of Investment Management did not have complete information as to whether the assets in its portfolio fulfil the criteria to be considered sustainable investments. The Board considered that, in practice, the Office did not have established criteria for sustainable investment decisions. Consequently, the Board made a series of recommendations to ensure that the Office further develop the environmental, social and governance metrics and consider them in its decision-making process for all asset classes (see [A/74/5/Add.16](#), chap. II, paras. 128–152).

17. The Committee reiterates its recommendation that the Secretary-General should provide the General Assembly with information on the environmental, social and governance investments of the Fund and that they should be reported on regularly in its reports (see [A/71/621](#), para. 36).

18. The Advisory Committee recalls that the General Assembly has highlighted the fact that the investment strategy of the Fund should be guided by its annualized real rate of return target, and requested the Secretary-General 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 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 (see resolution [72/262 A](#), sect. XV, para. 19, and resolution [73/274](#), paras. 33 and 35).

III. Proposed budget estimates for 2020

Overview

19. The proposed budget estimates for the Pension Fund for 2020 amount to \$97,883,800 (before recosting), which represent an increase of \$1,909,600, or 2 per cent, compared with the appropriation for 2019. The resources will be distributed among the components of the Fund as follows: secretariat of the Pension Board (\$1,719,600), pension administration (\$51,490,300), Office of Investment Management (\$43,071,700) and audit (\$1,521,000). In addition, extrabudgetary resources amounting to \$81,200 would provide for one General Service (Other level) position (see [A/74/331](#), part one, table 3).

20. The proposed budget for 2020 shows significant increases compared with 2019, in the resources for personnel under the following categories of expenditure: (a) posts: an amount of \$39,752,000, which represents an increase of \$3,732,600, or 10.3 per

cent, would provide for 312 posts representing an increase of 37 posts; and (b) other staff costs: an amount of \$10,723,900 representing an increase of \$1,783,500, or 16.6 per cent, would include an amount of \$8,629,300 to cover the costs of 76 general temporary assistance positions, representing a net increase of 7 positions (exclusive of the extrabudgetary position). The non-personnel resources would amount to \$47,326,700, representing a decrease of \$3,606,500, or 7 per cent (see *ibid.*, part one, tables 5, 6 and 13).

Pension Board secretariat

21. The proposed resources of \$1,719,600 for the secretariat of the Pension Board represent an increase of \$1,207,400 compared with the appropriation for 2019. Pursuant to the decision of the General Assembly in its resolution [73/274](#) to replace the existing post of Chief Executive Officer with two distinct and independent posts, the Pension Benefits Administrator and the new post of Secretary of the Pension Board, the proposed budget for 2020 reflects the establishment of a secretariat of the Pension Board separate from that of pension administration, which had previously provided secretarial assistance to the Board. The secretariat of the Pension Board would include: (a) Secretary of the Pension Board (D-1), to be redeployed from the Geneva Office to the New York Office; (b) Programme Management Officer (P-4), to be redeployed from pension administration and reclassified as a Senior Programme Management Officer (P-5); and (c) Meeting Services Assistant (General Service (Other level)), to be redeployed from pension administration (*ibid.*, part one, para. 14).

22. Upon enquiry, the Advisory Committee was informed that the newly established post of Secretary of the Pension Board will enjoy operational independence and report on substantive matters to the Pension Board, which will conduct the performance evaluation of the incumbent. The Secretary will work in close cooperation with the Chair of the Board. However, since the Pension Board meets only once a year, administrative supervision will be provided by the Pension Benefits Administrator. The Advisory Committee was provided, upon request, with the proposed organizational chart for the Fund in 2020, which includes a dotted reporting line between the secretariat of the Pension Board and the Office of the Pension Benefits Administrator (see annex to the present report). **The Advisory Committee welcomes the progress made in implementing General Assembly resolution [73/274](#). However, the Committee questions the proposed reporting lines as they may not fully ensure the independence of the Secretary of the Pension Board, in particular when the Board is not in session. The Committee recalls that, pursuant to the resolution, the Secretary of the Pension Board should be fully independent from the Pension Benefits Administrator. The Committee trusts that the Pension Board will provide further details on the independence of the Secretary of the Pension Board, including the draft terms of reference of the Secretary of the Pension Board and of the Pension Benefits Administrator, as well as the related reporting lines, to the General Assembly and recommends that the General Assembly request the Pension Board to include information thereon in its next report.**

Pension administration

23. The proposed resources for pension administration of \$51,490,300 in 2020 represent an increase of \$1,269,900, or 2.5 per cent, compared with the appropriation for 2019. The requirement would include resources for the secretariat of the Pension Fund (\$44,128,100) and for servicing the United Nations Staff Pension Committee (\$7,362,200) (see [A/74/331](#), part one, table 3).

24. The proposed requirement for posts of \$23,824,800, reflecting an increase of \$495,200 compared with 2019, would provide for 198 posts, representing a net

increase of 8 posts (*ibid.*, part one, tables 6 and 7 and annex III). Upon enquiry, the Advisory Committee was provided with the table below (table 2) on the proposed post changes for pension administration.

Table 2
Proposed post changes for pension administration in 2020

<i>Action^a</i>	<i>Post</i>	<i>Number</i>	<i>Category</i>
New post	Special Assistant to the Pension Benefits Administrator	1	P-5
New post	Human Resources Officer (Recruitment)	1	P-3
New post	Administrative Assistant	1	GS (OL)
New post (Nairobi)	Benefits Assistant	1	GS (LL)
New post (Bangkok)	Benefits Assistant	1	GS (LL)
New post	Information Systems Officer (Chief of Pension Interface Unit)	1	P-4
New post	Information Systems Officer	1	P-3
New post	Information Systems Assistant	3	GS (OL)
New post	Human Resources Officer (Administration)	1	P-3
Total, new posts		11	
Conversion (Nairobi)	Benefits Officer	1	P-3
Conversion (Bangkok)	Benefits Officer	1	P-3
Total, conversions from general temporary assistance		2	
Redeployment (to Pension Board secretariat)	Programme Management Officer	-1	P-4
Redeployment (to Pension Board secretariat)	Meeting Services Assistant	-1	GS (OL)
Redeployment (to Pension Board secretariat)	Chief of Geneva Office	-1	D-1
Redeployment (to Office of Investment Management)	Information Systems Officer	-1	P-4
Redeployment (to Office of Investment Management)	Information Systems Assistant	-1	GS (OL)
Total, outward redeployment		-5	
Total, net changes		8	

Abbreviations: GS (LL), General Service (Local level); GS (OL), General Service (Other level).

^a Also includes the proposed reclassification of one Accounting Assistant (General Service (Other level)) to Senior Accounting Assistant (General Service (Principal level)).

25. The General Assembly decided, in its resolution [73/274](#), to reconstitute the Executive Office of the Pension Fund within existing resources. According to the report of the Pension Board, the Fund has implemented that decision and reconstituted the Executive Office with the following staff complement: one Executive Officer (P-5), one Administrative Officer (P-4) and three General Service (Other level) positions (see [A/74/331](#), part one, paras. 68 and 70). In addition, the Pension Board is proposing to establish a new Human Resources Officer (P-3) post in the Executive Office. **Considering that the General Assembly decided to reconstitute the Executive Office of the Fund within existing resources and mindful of the significant number of new posts requested, the Advisory Committee recommends against the establishment of one Human Resources Officer (P-3) post in the Executive Office of the Pension Fund. Non-post resources should be adjusted accordingly.**

26. The Pension Board is proposing to establish two Information Systems Officer posts (1 P-4 and 1 P-3) as well as three Information Systems Assistant (General

Service (Other level)) posts in the Information Management Systems Service of the Fund, which would then comprise 32 posts. **The Advisory Committee is not fully convinced that the increased need for information systems services requires the level of additional staffing resources requested. Therefore, the Committee recommends against the establishment of one of the proposed Information Systems Assistant (General Service (Other level)) posts. Non-post resources should be adjusted accordingly.**

27. The supplementary information indicates that the proposed requirement of \$5,425,900 under other staff costs would cover the expenses of 51 general temporary assistance positions, which represents a net increase of 4 positions compared with 2019. Upon enquiry, the Advisory Committee was informed that the proposed requirement provides for the continuation of 19 Benefits Assistant (General Service (Other level)) positions, who were employed for 9 months each in 2019 and would be employed for 12 months in 2020. **In view of the proposed increase in the resources for general temporary assistance (equivalent to 57 months), the Advisory Committee considers that the requested increase in available worktime is not fully justified. Consequently, the Committee recommends against the proposed continuation of 3 general temporary assistance positions of Benefit Assistant (General Service (Other level)) in 2020. The Committee reiterates that all general temporary assistance positions, including continuing positions, should be fully justified in future budget proposals (see [A/71/836](#), para. 128, and [A/74/7](#), para. 97).**

Pension processing outside New York

28. Upon enquiry regarding the division of labour between the New York and Geneva offices, the Advisory Committee was informed that these offices carry out parallel operations; the work being divided on the basis of the employing organization of the participants and the country of residence of the beneficiaries. The New York Office mainly services the United Nations and its funds and programmes, while the Geneva Office services most of the specialized agencies and the beneficiaries residing in Africa, Europe and the Middle East. However, key functions, such as payroll for the beneficiaries, the collection of participant contributions, financial reporting, monitoring of bank accounts, risk management and audit coordination, the executive office and information technology services, are centralized in New York. **The Advisory Committee trusts that the proposed redeployment of one D-1 post from the Geneva Office will not affect the services provided by that Office.**

29. With regard to the regional hubs in Nairobi and Bangkok, the Advisory Committee was informed, upon enquiry, that the creation of the two liaison offices with one temporary position of Benefits Officer (P-3) in each location represented a first step in the effort of the Fund to get closer to its participants and beneficiaries. The Committee was also informed that the Benefits Officers provide advice on the conditions of participation and related pension entitlement and on the documentation required for benefit implementation. They also conduct information sessions, briefings and training on pension matters. As a second step, the Pension Board is proposing to convert the two Benefits Officer (P-3) positions to regular posts and to create two Benefits Assistant (General Service (Local level)) posts, one in each location, to strengthen client services in the regional hubs in 2020. In addition, the Committee was informed that the Fund plans to assess its client services operations in 2020 and to provide information on this assessment in the context of its 2021 budget. **The Advisory Committee notes the effort of the Fund to improve its client services and looks forward to receiving information on the assessment of the client services. The Committee recommends that further information and justification including the workload of the proposed staffing in the liaison offices**

be provided to the General Assembly at the time of its consideration of the present report.

30. Upon enquiry, regarding the assistance provided to field staff during the downsizing of field operations, the Advisory Committee was informed that the Fund closely liaises with its member organizations whenever there are major staff movements. The Client Services and Pension Entitlements Sections of the Fund arrange pension briefings via videoconference, or in-site visits to provide detailed pension guidance and training to the separating staff members. The Fund also provides specific training on the various pension benefit options to the pension focal points of the affected entities and creates priority mailboxes for their exclusive use. In addition, separation documentation received from the downsizing of field operations, is treated as high priority. The Fund considers that the above mechanisms have proven successful in the context of the liquidation processes of the United Nations Operation in Côte d'Ivoire, the United Nations Mission in Liberia and the United Nations Mission for Justice Support in Haiti, as well as the major downsizing of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo and the African Union-United Nations Hybrid Operation in Darfur. **The Advisory Committee notes the efforts made by the Fund to reduce the time taken to transition field staff from the status of participant to beneficiary during the downsizing of peacekeeping operations and trusts that such efforts will continue in the future.**

Office of Investment Management

31. The proposed requirement for the Office of Investment Management of \$43,071,700 in 2020 represents a reduction of \$630,700 or 1.4 per cent compared with the appropriation for 2019.

32. The requirement for posts of \$15,408,700 which represents an increase of \$2,718,900 or 21.4 per cent compared with 2019, would provide for 111 posts representing a net increase of 26 posts (A/74/331, part one, table 13 and annex III). Upon enquiry, the Advisory Committee was provided with the table below (table 3) on the proposed post changes for the Office of Investment Management.

Table 3
Proposed post changes for the Office of Investment Management in 2020

<i>Action</i>	<i>Post</i>	<i>Number</i>	<i>Category</i>
New post	Special Assistant to the Representative of the Secretary-General	1	P-5
New post	Senior Legal Officer	1	P-5
New post	Legal Assistant	1	GS (OL)
New post	Investment Officer (Private Equity)	1	P-3
New post	Investment Officer (North America)	1	P-3
New post	Senior Risk Officer (Head of Market Risk)	1	P-5
New post	Risk Officer (Private Market)	1	P-4
New post	Risk Officer (Portfolio Construction)	1	P-4
New post	Risk Officer (Operational and Fraud)	1	P-4
New post	Risk Officer (Performance and reporting)	1	P-4
New post	Risk Officer (Credit Risk)	1	P-4
New post	Administrative Assistant (Risk and Compliance)	1	GS (OL)

<i>Action</i>	<i>Post</i>	<i>Number</i>	<i>Category</i>
New post	Information System Officer (Systems Analyst)	1	P-3
Total, new posts		13	
Conversion	Programme Management Officer	1	P-4
Conversion	Information System Officer (Service Desk Manager)	1	P-3
Conversion	Information System Officer (Business Analyst)	2	P-3
Conversion	Information System Assistant (Service Desk Assistant)	2	GS (OL)
Conversion	Programme Management Assistant	1	GS (OL)
Conversion	Information System Officer (Business Continuity Manager)	1	P-3
Conversion	Associate Accountant	2	P-2
Conversion	Senior Accounting Assistant	1	GS (PL)
Total, conversions		11	
Redeployment (from Fund Secretariat)	Information Systems Officer	1	P-4
Redeployment (from Fund Secretariat)	Information Systems Assistant	1	GS (OL)
Total, inward redeployment		2	
Total, net change		26	

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

33. In the report of the Pension Board, the Representative of Secretary-General indicates that, with the help of a consultant, the Office of Investment Management conducted a benchmarking study of its staffing levels vis-à-vis a peer group of similar global long-term investment institutions. The Advisory Committee requested a copy of the study but was only provided with a component of it. According to the Representative of the Secretary-General, the study concluded that the Office had between 25 and 40 fewer staff relative to its global peer group. The Representative of the Secretary-General considers that, beyond the lack of staffing resources, there is a need to build in-house capacity to meet the required investment return. To respond to these two issues, the proposed post changes include (as indicated in table 3 above), the establishment of 13 new posts, the conversion of 11 general temporary assistance positions into posts and the redeployment of 2 posts (see A/74/331, part one, sect. IV, foreword and paras. 85 and 88–90). **The Advisory Committee notes from the information provided that the peer benchmarking study, while indicating relatively fewer staff, does not determine the optimum staffing level of the Fund. The Committee recommends that the study and further justification for the requested posts be provided to the General Assembly at the time of its consideration of the present report.**

34. With regard to the requirement for general temporary assistance positions under other staff costs, the supplementary information indicates that a proposed amount of \$2,243,700 would provide for 19 positions, which represents a net increase of 3 positions. The proposed changes would include the continuation of 2 positions (2 P-4) for 12 months and the creation of 17 positions (2 P-5, 3 P-4, 5 P-3, 7 P-2) for nine months. **The Advisory Committee reiterates that all general temporary assistance positions, including continuing positions, should be fully justified in future budget proposals (see A/74/7, para. 97, and A/71/836, para. 128).**

35. In his statement to the Advisory Committee, the Representative of the Secretary-General indicated that his vision for the Office of Investment Management required increased transparency of individual portfolio returns, which would thereby create accountability for those portfolio returns among the professionals in the Office (see also [A/74/331](#), part two, annex IX). **The Advisory Committee welcomes the proposal to link the professional staff performance appraisal to individual portfolio returns as part of an effort towards greater transparency and accountability. The Committee recommends that the General Assembly request the Secretary-General to include information on this proposal in the next report of the Pension Board.**

36. The supplementary information indicates that the increased requirements under posts (\$2,718,900) and other staff costs (\$757,900) in 2020 compared with the appropriation for 2019, would be offset by reduced requirements under contractual services (\$2,766,900), general operating expenses (\$608,000), consultants (\$328,100), furniture and equipment (\$256,300) and travel (\$148,200). Upon enquiry, the Advisory Committee was informed that recurrent savings amounted to \$3.3 million, comprising primarily savings from the new global custodian contract and internalization of certain investment advisory and tax consulting services, while temporary savings amounting to \$2 million and comprised primarily savings from the rental of premises, travelling and training. According to the information provided, the recurrent savings of \$3.3 million broadly offset the \$3.5 million in additional post and general temporary assistance expenses proposed in the 2020 budget. The Committee was also informed upon enquiry that the cost for renting premises, which amounted to \$2,046,720 in 2019, would not significantly increase in 2020 despite the proposed staffing increase. As the average office space per employee would decline from 286 square feet in 2019 to 237 square feet in 2020, the Office of Investment Management is planning to implement some flexible work arrangements for the staff members who telecommute as a way to make more efficient use of its existing space. The Committee was further informed that, from 2021 onwards, the Office was looking for new space in accordance with expected growth in staff, since its lease agreement for existing space was expiring on 31 December 2020. **The Advisory Committee recommends that the Office of Investment Management provide additional information on its planned office space arrangements to the General Assembly at the time of its consideration of the present report.**

Cost-sharing agreement

37. As requested by the General Assembly in its resolution [72/262 A](#), the proposed budget for the Pension Fund for 2020 reflects a revised methodology for the cost-sharing agreement between the Pension Fund and the United Nations. The Secretary-General indicates that the Fund estimated that its secretarial services to the United Nations Staff Pension Committee was equivalent to the annual work of 51.6 positions, amounting to \$7.4 million in 2020, which represents a decrease of \$3.7 million compared with the amount under the cost sharing agreement with the United Nations in 2019. Taking into account the revised share of the regular budget in the United Nations portion, the amount to be reimbursed by the funds and programmes (\$4,863,900), and the provision of \$7,170,200 already included under section 1, Overall policymaking, direction and coordination, of the proposed programme budget for 2020, a reduction of \$2,306,300 would be required under section 1 of the proposed programme budget for 2020 (see [A/C.5/74/3](#), paras. 7 and 10).

IV. Proposed amendments to the Regulations of the United Nations Joint Staff Pension Fund

38. In its previous report, the Pension Board recommended that the General Assembly approve amendments to the Regulations of the Fund, including a change to article 6 providing that staff members of the Fund and the secretariat of the staff pension committees shall not be eligible to serve on the Pension Board; and a change to article 48 clarifying the scope of the jurisdiction of the United Nations Appeals Tribunal in relation to certain cases arising from the decisions of the Standing Committee of the Pension Board ([A/73/9](#), paras. 13 and 425–435). The Assembly, in its resolution [73/274](#), requested the Pension Board to provide further analysis on the impact of the proposed amendment. The Pension Board decided to maintain its recommendations for the amendment of articles 6 and 48 and to refer the matter back to the Assembly for approval ([A/74/331](#), part two, paras. 378–385 and annex XII). **The Advisory Committee reiterates its view that the adoption of the proposed amendments to the Regulations of the Fund would have legal consequences, and therefore trusts that these amendments will be considered by the appropriate bodies of the General Assembly (see [A/73/489](#), para. 14).**

V. Implementation of the recommendations of the Board of Auditors

39. The report of the Board of Auditors for 2018 contains information on the implementation of the Board's recommendations to the Pension Fund from prior periods. The Board followed up on the 38 outstanding recommendations and noted that 12 (or 32 per cent) had been fully implemented, 22 (or 58 per cent) were under implementation and 4 (or 10 per cent) had been overtaken by events (see [A/74/5/Add.16](#), chap. II, para. 6 and annex). The Advisory Committee notes a decrease in the percentage of outstanding recommendations from prior periods that have been fully implemented, from 48.8 per cent as at 31 December 2017 to 32 per cent as at 31 December 2018 (see [A/73/489](#), para. 30, and [A/73/5/Add.16](#), chap. II, para. 6).

40. In their report on the implementation of the recommendations of the Board of Auditors, the Secretary of the United Nations Joint Staff Pension Board and the Representative of the Secretary-General indicate that, as at August 2019, 23 recommendations contained in the report of the Board of Auditors for 2018 were in progress. They also indicate that the Fund did not accept the recommendation of the Board of Auditors that the Fund expand the disclosure and description of the certification of the financial statements in order to specify the International Public Sector Accounting standards (IPSAS) that it applied in the recording of its transactions and in the preparation of its financial statements. They indicate in the report that the Fund mentioned, however, that its statements as at 31 December 2018 were in full compliance with IPSAS and that it applies the guidance in the International Accounting Standard 26 (see [A/74/329](#), paras. 5 and 6, and table 2). **The Advisory Committee stresses again the importance of the expeditious implementation of all recommendations made by the Board of Auditors in its current and previous reports (see [A/71/621](#), para. 44, [A/72/7/Add.23](#), para. 52, and [A/73/489](#), para. 31).**

VI. Membership of the Investments Committee

41. Article 20 of the Regulations of the Pension Fund stipulates that the members of the Investments Committee shall be appointed by the Secretary-General after consultation with the Pension Board and the Advisory Committee, subject to confirmation by the General Assembly. Accordingly, the Secretary-General conveyed to the Pension Board and to the Advisory Committee the proposal to reappoint four members as regular members for a three-year term, reappoint the Chair of the Investment Committee for a one-year term and appoint four ad-hoc new members for a one-year term. In accordance with established procedure, the Advisory Committee conveyed its views on the proposal in a letter to the Secretary-General dated 16 October 2019. **The Advisory Committee concurred with the proposal and welcomed the progress made by the Investments Committee in terms of geographical representation and gender balance. The Committee encourages the Investments Committee to make further progress in this regard.**

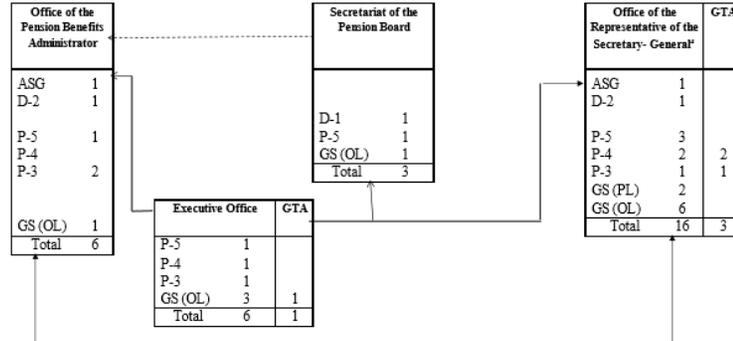
VII. Conclusion

42. The recommendations and decisions of the Pension Board that require action by the General Assembly are contained in paragraph 8 of the introduction of its report (A/74/331). The proposed amendments to the Regulations of the Pension Fund are contained in annex XI of the report. **Subject to its observations and recommendations contained in the present report, the Advisory Committee recommends that the General Assembly approve the recommendations of the Pension Board.**

43. Should the General Assembly approve the proposals and recommendations of the United Nations Joint Staff Pension Board, the appropriation under section 1, Overall policymaking, direction and coordination, of the proposed programme budget for 2020 would reflect a reduction in the amount of \$2,306,300.

Annex

Proposed organization chart for the United Nations Joint Staff Pension Fund for 2020



Programme of work (pension administration)

Operations			Client Services and Outreach			Financial Services			Risk Management and Legal Services Section			Information Management Systems Service		
Post	GTA		Post	GTA		Post	GTA		Post	GTA		Post	GTA	
D-1	1		P-5	1		D-1 ^b	1		D-1	1		D-1	1	
P-5	3		P-4	2		P-5	2		P-5	2		P-5	2	
P-4	5		P-3	3		P-4	6		P-4	3		P-4	6	2
P-3	6	2				P-3	8	1	P-3	2	1	P-3	13	4
						P-2	1							
GS (PL)	5		GS (PL)	2		GS (PL)	3		GS (PL)	1		GS (PL)	1	
GS (OL)	49	24	GS (OL)	14	3	GS (OL) ^c	30	12	GS (OL)	3		GS (OL)	9	1
			GS (LL)	2										
Total	69	26	Total	24	3	Total	51	13	Total	11	1	Total	32	7

Programme of work (Office of Investment Management)

Investment Section			Operations and Information Systems Section			Risk and Compliance Section	
Post	GTA		Post	GTA		Post	
D-1	2		D-1	1		D-1	1
P-5	7	2	P-5	2		P-5	1
P-4	13	1	P-4	7	2	P-4	5
P-3	14	2	P-3	8	2	P-3	4
P-2			P-2	3	1		
GS (PL)	5	6	GS (PL)	6		GS (PL)	2
GS (OL)	4		GS (OL)	8		GS (OL)	2
Total	45	11	Total	35	5	Total	15

Abbreviations: ASG, Assistant Secretary-General; GS (LL), General Service (Local level); GS (OL), General Service (Other level); GS (PL), General Service (Principal level); GTA, general temporary assistance.

- ^a The Office of the Representative of the Secretary-General includes the Procurement Team, the Legal Team, the Administrative Team and the Sustainable Investing Team.
- ^b The post of Chief Financial Officer in the programme of work for pension administration reports to the Representative of the Secretary-General and the Pension Benefits Administrator. The Chief Financial Officer also supervises the accounting team of the Office of Investment Management. The Representative of the Secretary-General and acting Chief Executive Officer jointly decided to give oversight of the Executive Office to the Chief Financial Officer on an interim basis, effective 1 January 2019.
- ^c Includes one extrabudgetary General Service (Other level) post funded by the member organizations.