

UNITED NATIONS JOINT STAFF PENSION FUND

**REPORT
OF THE
UNITED NATIONS
JOINT STAFF PENSION BOARD**

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-SECOND SESSION

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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ABBREVIATIONS

EPPO	European and Mediterranean Plant Protection Organization
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICCROM	International Centre for the Study of the Preservation and the Restoration of Cultural Property
ICITO/GATT	Interim Commission for the International Trade Organization/ General Agreement on Tariffs and Trade
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMO	International Maritime Organization
ITU	International Telecommunication Union
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

I. INTRODUCTION

1. The United Nations Joint Staff Pension Fund was established in 1949, by a resolution of the General Assembly, to provide retirement, death, disability and related benefits for staff upon cessation of their services with the United Nations, under Regulations that since then have been amended at various times.
2. The Fund is administered through the United Nations Joint Staff Pension Board, which consists of 21 members, representing the member organizations that are listed in annex VI. One third of the Board members are chosen by the General Assembly and the corresponding bodies of the other member organizations, one third by the executive heads, and one third by the participants. The Board reports annually to the General Assembly on the operations of the Fund and the investment of its assets and, when necessary, recommends to it amendments to the Regulations that govern, inter alia, the rates of contribution by the participants (currently 7.25 per cent of their pensionable remuneration) and by the organizations (currently 14.50 per cent), the conditions of eligibility for participation and the various benefits to which participants and their dependants may become entitled. Expenses incurred by the Board in the administration of the Fund - principally the cost of its central secretariat at United Nations Headquarters in New York and the management expenses for its investments - are met by the Fund. A summary of the operations of the Fund during the year ended 31 December 1986 is contained in section II below.
3. The present report is submitted by the Board following its thirty-seventh session, held from 3 to 7 August 1987 at the headquarters of the International Labour Organisation (ILO) at Geneva. Lists of the members and alternates accredited to that session and of those actually attending are contained in annex VII.
4. The major items dealt with by the Board were the actuarial valuation of the Fund as at 31 December 1986, the rate of contribution to the Fund, the operation of the two-track pension adjustment system, the inequalities of benefits caused by different dates of separation, including, in particular, the impact of the recent depreciation of the United States dollar in relation to certain currencies on the initial local-currency-track pensions, and the size and composition of the Board. The Board also devoted considerable attention to the management of the investments of the Fund and to the administrative expenses of the Fund. Section III of the report contains an account of these and other matters considered by the Board, as well as recommendations for action by the General Assembly.
5. The Board, in accordance with article 4 of the Regulations, appointed a Standing Committee to act on behalf of the Board when it is not in session. The membership of the Standing Committee is given in annex VIII.
6. The membership of the Committee of Actuaries, established under article 9 of the Regulations, is given in annex IX.

II. SUMMARY OF THE OPERATIONS OF THE FUND DURING THE YEAR ENDED
31 DECEMBER 1986

7. During the year, the number of participants in the Fund increased from 54,013 to 54,289. On 31 December 1986, the Fund was paying 25,434 benefits. Of these, 8,619 were retirement benefits, 3,654 early and deferred retirement benefits, 3,016 widows' and widowers' benefits, 4,582 children's benefits, 520 disability benefits and 43 secondary dependants' benefits. In the course of the year, it also paid 3,434 lump-sum withdrawal and other settlements. A breakdown by member organization of participants and of benefits awarded is contained in annex I.

8. During the same period, the principal of the Fund increased from \$4,122,009,634 to \$5,055,100,094 (see annex II, statement I).

9. The investment income of the Fund during the year amounted to \$913,648,397, comprising \$329,192,794 in interest and dividends and \$584,455,603 in net profit on sales of investments. After deduction of investment management costs in the amount of \$5,854,383, net investment income amounted to \$907,794,014. A summary of the investments as at 31 December 1986 and a comparison of their cost and market values are contained in annex II, schedules 2 and 3.

III. MATTERS CONSIDERED BY THE BOARD, INCLUDING RECOMMENDATIONS TO THE GENERAL ASSEMBLY

A. Actuarial valuation of the Fund as at 31 December 1986

10. Article 12 of the Regulations of the Fund provides that "the Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary". The primary purpose of the actuarial valuations, which have been carried out every two years, is to determine whether the present and estimated future assets of the Fund will be sufficient to meet its liabilities.

11. The Consulting Actuary submitted to the Board at its thirty-seventh session the report on the nineteenth actuarial valuation of the Fund as at 31 December 1986. The Board also had before it the observations of the Committee of Actuaries, which had examined the valuation report prior to its submission to the Board.

12. The valuation had been prepared on the basis of the Regulations and Administrative Rules of the Fund in effect on 1 April 1987 and of the actuarial assumptions approved by the Board at its thirty-fifth session (in June 1986). It reflected a fully dynamic basis which assumes that inflation would continue indefinitely in the future. Four different sets of economic assumptions were used regarding (a) the rate of increase in pensionable remuneration, (b) the interest rate (or the expected rate of return on investments), and (c) the rate of cost-of-living increases of pensions after award. The real rates of return, i.e., interest rate minus inflation, assumed for the four economic bases were 2, 3 and 4 per cent a year. The 6.5/9/6 basis (i.e., a rate of increase of pensionable remuneration of 6.5 per cent a year; a nominal rate of interest of 9 per cent a year; and cost-of-living increases of pensions in award of 6 per cent a year), corresponding to a 3 per cent real rate of return, was designated as the "regular" valuation as had been done also in the previous valuation as at 31 December 1984.

13. At the request of the Board and the Committee of Actuaries, five separate valuations were prepared: the four economic bases with the assumption of zero future growth in the participant population, and the "regular" economic basis (6.5/9/6) with the same assumption as to future participant growth as was used in the previous "regular" valuation, namely, growth at the rate of 1 per cent a year for staff at the Professional and higher-levels and 2.6 per cent for the General Service staff during the first 20 years, with no growth thereafter for all staff.

14. The results of the five valuations are summarized below:

Contribution rate required
(as a percentage of total pensionable remuneration)

<u>Valuation basis</u>	<u>Total required</u>	<u>Imbalance a/</u>
<u>Zero participant growth assumption</u>		
<u>Economic assumptions</u>		
6.5/8/6	29.94	8.19
6.5/9/6	26.15	4.40
6.5/10/6	22.37	0.62
3.5/6/3	26.95	5.20
<u>Increasing participant growth assumption b/</u>		
<u>Economic assumptions</u>		
6.5/9/6	24.98	3.23

a/ Excess over a contribution rate of 21.75 per cent; provision for administrative expenses has been assumed to be 0.18 per cent of total pensionable remuneration (see para. 107).

b/ At the rate indicated in para. 13.

15. The table below provides a comparison of the results of the eighteenth and nineteenth valuations in respect of the "regular" economic basis (6.5/9/6), using the two different assumptions as to future growth in the participant population. The increasing growth rate was used in the "regular" valuation as at 31 December 1984 and the zero growth assumption was used in the "regular" valuation as at 31 December 1986. The change in the growth assumption had been approved by the Board at its thirty-fifth session (June 1986), at the suggestion of the Committee of Actuaries, and reported to the General Assembly at its forty-first session. 1/ The change was based on the decline in the number of Professional staff since 1981, the abatement in the rate of growth of General Service staff and the indications of staff reductions in the future in the United Nations and some other organizations.

Contribution rate required
(as a percentage of pensionable remuneration)

<u>Valuation date</u>	<u>Valuation basis</u>	<u>Total required</u>	<u>Excess over current rate of 21.75 per cent (Imbalance)</u>
31 December 1984	6.5/9/6, with participant growth assumption:		
	increasing	24.76	3.01
	zero	25.94	4.19
31 December 1986	6.5/9/6, with zero participant growth assumption	26.15	4.40

16. From the table above, it can be seen that the change in the participant growth assumption from increasing growth to zero growth accounts for 1.18 per cent of the 1.39 per cent increase in the actuarial imbalance of the Fund (from the level of 3.01 per cent as at 31 December 1984 reported to the General Assembly at its fortieth session, to 4.40 per cent as at 31 December 1986). An additional net increase of 0.21 per cent in the imbalance resulted from the combined effect of other factors, as follows:

	<u>Percentage increase (decrease) in the imbalance</u>
Effect of investment experience	(1.07)
Interest on 1984 imbalance	.71
Net effect of changes in the value of the United States dollar and changes in the scales of pensionable remuneration	.25
Effect of earlier-than-expected ages of retirement	.19
Demographics of future new entrants	.15
Net effect of changes in the value of the United States dollar and pension adjustments	(.08)
Increase for administrative expenses	.04
Miscellaneous	<u>.02</u>
Total	<u>0.21</u>

17. During the discussion in the Board, the Consulting Actuary provided an estimate of the impact on the resulting imbalance if some future growth were assumed in the number of participants, but at a rate lower than that assumed in the previous valuation. If, for example, there were no-growth assumptions for all staff for five years, followed by the previously used growth assumptions for the next 15 years and no growth thereafter, the increase in the required contribution rate, compared with the results of the previous valuation, would be about 0.60 per cent based on extrapolations of the valuation results (as against 1.18 per cent under the zero growth assumption). Put another way, the imbalance of 4.40 per cent would be reduced to the order of 3.80 per cent.

18. Developments under the past four valuations (using the 6.5/9/6 basis in all cases and the increasing participant growth assumptions in all but the latest valuation) are summarized below:

Contribution rate required
(as a percentage of total pensionable remuneration)

<u>Valuation date</u>	<u>Total required</u>	<u>Imbalance</u>
31 December 1980		
Before demographic changes	27.82	6.82 <u>a/</u>
After demographic changes	28.32	7.32 <u>a/</u>
31 December 1982		
Before 1 January 1983 changes in Fund Regulations and procedures	29.41	8.41 <u>a/</u>
After 1 January 1983 changes in Fund Regulations and procedures, but before demographic changes	25.79	4.79 <u>a/</u>
After demographic changes	26.80	5.80 <u>a/</u>
31 December 1984		
Before 1 January 1984 and 1985 changes in Fund Regulations and procedures	25.94	4.94 <u>a/</u>
After 1 January 1984 and 1985 changes in Fund Regulations and procedures	24.76	3.01 <u>b/</u>
31 December 1986	26.15	4.40 <u>b/</u>

a/ Excess over contribution rate of 21 per cent.

b/ Excess over contribution rate of 21.75 per cent.

19. Thus, the imbalance has decreased by 2.42 per cent (from 6.82 per cent as at 31 December 1980 to 4.40 per cent as at 31 December 1986), the following factors contributing to the change:

	<u>Increase (decrease) in the imbalance over the period 31 December 1980 to 31 December 1986 (expressed as percentage of total pensionable remuneration)</u>
Change in demographic assumptions <u>a/</u>	2.33
Interest on imbalance	2.12
Experience variations	(1.32)
Economy measures and the increase in the contribution rate:	
(i) borne by participants	(4.53)
(ii) borne by member organizations	<u>(1.02)</u>
Total	<u>(2.42)</u>

a/ Includes the effects of the change in the latest valuation to a zero growth assumption in the number of participants in the future.

20. The Consulting Actuary also compared the present assets of the Fund with the actuarial value of accrued benefits on the valuation date, i.e., the liabilities of the Fund for the benefits that have already been earned by present and retired participants if the Fund were to be terminated. That analysis indicated that, if future adjustments of pensions were ignored, the Fund was in a strongly funded position with respect to its liabilities. The funding ratios on that basis, which varied by interest assumptions, ranged from 94 to 124 per cent. However, the Fund's position had deteriorated considerably, if account were taken of the system of pension adjustments, the funding ratios becoming 58 to 75 per cent. The representatives of some participants expressed the view that funding ratios should only be calculated and reported on the basis of the inclusion of the pension adjustment system, since the United Nations Administrative Tribunal had recently recognized that "there is indeed an obligation on the part of the Fund to maintain a pension adjustment system which takes account of changes in the cost of living". (UNAT Judgement No. 379).

21. Hypothetical models of the estimated progress of the Fund over the next 30 years were also prepared on the basis of the various economic assumptions, using both the zero growth assumption and the previous growth assumption as to the number of participants. In the models based on the "regular" economic assumptions (6.5/9/6), the Fund's balance at the end of the 30-year period would still be increasing in dollar terms. When the two most "conservative" sets of economic assumptions were used, i.e., real rates of return of 1 per cent and 2 per cent,

together with the zero participant growth assumption, the Fund's balance would start decreasing after 22 and 28 years respectively.

22. In assessing the results of the current valuation, the Committee of Actuaries specifically addressed the assumption of a real rate of return of 3 per cent on the Fund's investments, which is implied in the "regular" economic basis (6.5/9/6). The Committee stated that, while over the last decade or so such rates had been quite high (average annual real rate of return of 5.1 per cent for the 10 years up to 1986), that was the first time that the average real rate of return over the lifetime of the Fund had been as high as 3 per cent, which was the basic actuarial assumption currently in use. Although it might be hoped that a real rate of return of 3 per cent, or higher, would be maintained in future years, it was the Committee's best judgement that a 3 per cent rate continued to be the most likely average rate to be obtained over the long period.

23. The Committee of Actuaries also noted, with concern, that the actual rates of early retirement continued to be higher than expected (the number of participants involved was 50 per cent higher than expected), generating an actuarial loss on a year-to-year basis. The Committee of Actuaries indicated its intention to monitor the situation and, if necessary, to propose modifications in the assumptions for the next valuation. The Board noted that some of the early retirements in the Professional and higher categories were motivated by reductions in the value of local-currency-track pensions (see sect. III. E below). Should there be a long-term and continuing trend towards early retirements, the combination of fewer contributory years and longer periods of pension payments would be very detrimental to the Fund, requiring higher rates of contribution to keep the Fund in actuarial balance.

24. Noting that the major factors causing the increase in the actuarial imbalance of the Fund from 3.01 to 4.40 per cent of pensionable remuneration were (a) the assumption of zero growth in the number of participants in the future, (b) the continuing accumulation of interest on the imbalance, and (c) the increasing number of early retirements, both the Committee of Actuaries and the Board reiterated the need to increase the rate of contribution to the Fund.

B. Rate of contribution to the Fund

25. In 1983, as one of the measures to reduce the actuarial imbalance of the Fund, the Board recommended an increase in the rate of contribution from 21 to 24 per cent, to be implemented in four stages, beginning with an increase of 0.75 per cent (0.5 per cent by member organizations and 0.25 per cent by participants) with effect from 1 January 1984 and followed by further increases of the same magnitude on 1 January 1986, 1 January 1988 and 1 January 1990. Thus far, only the first increase has been adopted. At both its fortieth and forty-first sessions, the General Assembly, in resolutions 40/245 and 41/208 respectively, decided to defer consideration of the next increase in the rate of contribution to the following session.

26. A number of factors have had and will likely continue to have a negative impact on the actuarial imbalance, including, inter alia, the following:

(a) Accumulation of interest on the imbalance - 0.71 per cent over the last two years and 2.12 per cent over the last six years;

(b) Retirements at lower ages than expected;

(c) The decision by the General Assembly at its forty-first session to endorse a reduction of the staff in the United Nations over the next three years, as well as indications of future staff reductions in other member organizations of the Fund;

(d) The continuing depreciation of the United States dollar against other major currencies and its effect both on pensions in payment and on the pensionable remuneration of participants in the General Service and other locally-recruited categories at certain locations;

(e) The reduction in contributions resulting from the introduction of a lower scale of pensionable remuneration for the Professional and higher categories and the adoption of transitional measures under Supplementary Article C without corresponding financing;

(f) The current de facto freeze on pensionable remuneration of Professional and higher categories while pensions in payment continue to be adjusted.

27. In the circumstances, the Board believes it essential that the rate of contribution be increased. The representatives of the participants favoured an immediate increase in the contribution rate to 24 per cent, i.e., by 2.25 per cent. The representatives of the governing bodies and of the executive heads, preferring a more gradual approach, favoured an increase in the rate to 22.50 per cent, effective 1 January 1988.

28. The Board decided unanimously to recommend an increase of the rate of contribution to 22.50 per cent as of 1 January 1988 and recalled and confirmed its previous recommendation that the contribution rate should reach 24 per cent by 1990. The relevant amendment to the Fund's Regulations is contained in annex X.

29. In the report of the Consulting Actuary on the actuarial valuation of the Fund as at 31 December 1986, the figure of \$1,909 million was given as the total annual pensionable remuneration for the 54,289 participants in the Fund. Consequently, the cost of the increase in the rate of contribution recommended for 1 January 1988 (0.5 per cent), for all the organizations taken together, would be approximately \$9.5 million a year; the cost for participants would be one half of that amount. On the other hand, the introduction of a lower scale of pensionable remuneration for the Professional and higher categories with effect from 1 April 1987 has resulted in savings estimated at \$9 million a year for all the organizations taken together.

C. Investments of the Fund

1. Management of the investments

30. The Board reviewed the investments of the Fund on the basis of a report to the Board and accompanying statistical data presented by the representative of the Secretary-General. The report described the prevailing economic and market conditions and the investment returns achieved during the year ended 31 March 1987.

31. The market value of the assets of the Fund as at 31 March 1987 was \$7,016 million, \$1,403 million more than a year earlier. The investment return for the year was 24.7 per cent; the inflation-adjusted return was 21 per cent. The investment return, which was the fifth consecutive positive return, was calculated by using the standard method for return calculations, which included income from interest and dividend payments, as well as realized net profits, and unrealized profits and losses due to market fluctuations implicit in changes in the market value. The annualized return over the five years to 31 March 1987 was 22.3 per cent in nominal terms and 18.2 per cent in inflation-adjusted terms, representing the highest five-year average since the inception of the Fund. The annual investment returns over the last five years were:

<u>Year ended 31 March</u>	<u>Percentage return</u>
1987	24.69
1986	41.52
1985	8.09
1984	13.01
1983	27.05

32. The variations in the results from one year to another reflected short-term market conditions and exchange-rate fluctuations. The data provided in the report illustrated that, in view of the long-term objectives of the Fund, investment returns should be assessed over substantial periods of time.

33. The Board noted the improvement in the inflation-adjusted rate of return, which was 21 per cent for the year ending March 1987 and 18 per cent over the past five years. The annual inflation-adjusted rate of return over the past 10 years was 7.5 per cent, 3 per cent for the past 25 years, and 3.4 per cent for the past 27 years.

34. As historically, equities had generated better returns than bonds, the portfolio continued to be more heavily weighted in equity securities than in any other type of investment. As at 31 March 1987, 51 per cent of the portfolio was in equity investments, 27 per cent in bonds, 10 per cent in real-estate related investments, and 12 per cent in short-term investments and reserves. Within the guideline ranges established by the Secretary-General on the recommendation of the Investments Committee, the composition of the portfolio was changing continually, reflecting the judgement of the Investments Committee, the staff and the advisers with regard to economic, market and currency trends.

35. The criteria of safety, profitability, liquidity and convertibility were applied to all investments when investment decisions were made. Investments were kept under continuous review by the Investments Committee, the staff of the Investment Management Section of the United Nations and the institutional adviser.

36. The Board was given detailed information on the structure of the portfolio, which was widely diversified to provide relatively stable investment returns. Global diversification of the assets was an established investment principle endorsed by the Board many years ago. For currency diversification, funds were invested in 25 different currencies. At 31 March 1987, \$3,509 million, or 50 per cent of the Fund's investments, were in currencies other than the United States dollar.

37. Investments in developing countries were reviewed by the Board, bearing in mind the resolutions adopted by the General Assembly on this matter. It was noted that investments in African and Asian countries had increased, while, owing to the redemption of an issue, investments in Latin American countries had declined marginally. In order to identify new investment opportunities, the United Nations continued its close contacts and consultations with the World Bank, the International Monetary Fund (IMF), the various regional development banks, Governments and private sources. The Pension Fund had investments in 42 countries, including 16 developing countries. Equity investments were placed in 25 different markets, including seven in developing countries. Of the \$663 million development-related investments, 75 per cent had been made through international and regional development institutions and the remainder, directly in individual countries.

38. The Board noted the proposals made by the representative of the Secretary-General, following consultations with the Investments Committee, for the expansion of the institutional advisory framework, which would provide the Fund with both global advisory and custodial services and with a network of local advisory and sub-custodial services. The representative of the Secretary-General informed the Board that the United Nations Office of Legal Affairs was reviewing the contractual and other legal aspects of the proposals. He hoped that the new arrangements would be in place as soon as the necessary legal and contractual arrangements were completed, which was expected to be by the end of the year. In order to minimize the costs of foreign-exchange transactions required to pay benefits, and to co-ordinate the funding of investments and the payment of benefits, it was also proposed to establish an "in-house" cash management operation, which would work in close co-operation with the Fund secretariat.

39. The members of the Investments Committee answered questions on the future outlook for financial assets, on investments in developing countries, currency diversification, asset allocation and strategy, and on the possibilities of investing in precious-metal-related companies. They indicated that the investment climate was volatile and that the rate of appreciation was likely to abate, as most markets had risen sharply in recent years.

40. The Board expressed its appreciation for the participation and comments of the Investments Committee. It congratulated the Chairman, Governor B. K. Nehru, on his 25 years of membership in the Investments Committee. The Board also expressed its appreciation to the investment management team for the returns that had been achieved over the past fiscal year.

2. Membership of the Investments Committee

41. The Secretary-General, pursuant to article 20 of the Regulations of the Fund, conveyed to the Board the names of the three members that he would propose, after consultation with the Advisory Committee on Administrative and Budgetary Questions, to the General Assembly at its forty-second session, for reappointment as members of the Investments Committee. The Board noted the proposal of the Secretary-General.

D. Further review of the two-track pension adjustment system

42. The General Assembly, in section II, paragraph 4, of resolution 41/208 of 11 December 1986, requested the Board "to continue to monitor the two-track pension adjustment system".

43. The initial basic retirement benefit under the Regulations of the Fund is an amount denominated in United States dollars. The two-track pension adjustment system - under which a local-currency-base amount as of the retirement date is established for participants who provide proof of residence in a country other than the United States - was introduced in the 1970s in order to protect the purchasing power of the benefit after award at times when the United States dollar was depreciating in relation to other currencies. The system, as amended by the General Assembly in section I, paragraph 4, of resolution 39/246 of 18 December 1984, effective 1 January 1985 (document JSPB/G.12, paras. 17 and 18), provides for the adjustment of periodic benefits on 1 April if the applicable consumer price index (CPI) has moved by at least 3 per cent since the date of the last adjustment; the applicable CPI for the United States dollar amount is the United States CPI and for the local currency amount the CPI for the country of residence. The pension adjustment system also provides (*ibid.*, para. 23) that, in cases where the local currency equivalent of the United States dollar track exceeds the local currency amount of the local track, the amount payable is subject to a maximum of 120 per cent of the amount on the local track; that amount is referred to as the "120 per cent cap".

44. The data for the quarter October/December 1987 show that 10,728 out of a total of 26,350 beneficiaries, or 40.7 per cent, had submitted proof of residence in a country other than the United States and were therefore on the two-track system. The table below provides the breakdown of the payments for those beneficiaries as against the data for the October/December 1986 quarter presented in the Board's report to the forty-first session of the General Assembly: 2/

	<u>Oct./Dec. 1987</u>	<u>Oct./Dec. 1986</u>
(a) Paid on United States dollar track (below the "120 per cent cap")	2 214	2 902
(b) Paid on United States dollar track subject to the "120 per cent cap"	264	576
(c) Paid on local track	6 270	3 096
(d) Subject to transitional measures (guaranteed December 1984 dollar amount)	1 919	2 668
(e) In receipt of the unadjusted basic benefit under the Regulations (being higher than the local track)	<u>61</u>	<u>41</u>
Totals	10 728	9 283

45. A separate analysis was also made of the 2,120 benefits that qualify for the two-track adjustment system and first became payable since 31 December 1984; of that total, 1,814 or 85.5 per cent are paid on the local track.

46. The above analysis shows that, due to the continuing decline in the value of the United States dollar in relation to certain other currencies, an increasing number of pensions are payable on the local track. The Board concluded, as it did last year, that lowering the "120 per cent cap" would yield minimal financial savings at the present time, and that implementation of such a change would require additional transitional measures and time-consuming procedures.

47. The Board therefore decided to recommend again that the "120 per cent cap" be maintained, but that the situation continue to be monitored.

E. Inequalities of benefits caused by different dates of separation

1. Introduction

48. In section II, paragraph 3 of resolution 41/208, the General Assembly requested the United Nations Joint Staff Pension Board to keep under review the situation of inequalities of benefits caused by different dates of separation.

49. That issue was first raised by the General Assembly at its fortieth session. In its report to the General Assembly last year, 3/ the Board analysed the evolution of the full dollar pensions (i.e., without any lump-sum commutation) payable to participants in the Professional and higher categories during the period 31 December 1974 to 31 December 1986. It found that the full pensions, together with the applicable cost-of-living adjustments payable on 1 January 1987 to participants who had retired since 31 December 1974, differed by only small amounts regardless of the date of separation. The Board also noted that the differences between future benefits and those awarded earlier would inevitably be larger because of the decisions taken in 1985 and 1987 to reduce pensionable remuneration and, in 1983, to decrease the rate of accumulation, while protecting acquired rights by transitional measures for those in service at the time of the changes. However, the new entrants who would be most affected by the reductions would not become entitled to retirement benefits until after they had had at least five years of contributory service. In those circumstances, the Board decided not to recommend any measures designed to eliminate or reduce inequalities between the United States dollar benefits payable to retired participants and to future retirees.

50. At the same time, the Board noted that, notwithstanding the use of a 36-month average exchange rate to determine the base amount of the local-currency-track pension, rapid and erratic fluctuations of exchange rates had led to significant differences in the evolution of the benefits payable in local currencies to participants on the two-track pension adjustment system. It indicated its intention to keep those variations under review and to make recommendations for action if the need arose.

51. In that connection, the Board considered at its thirty-seventh session the impact of the recent depreciation of the United States dollar in relation to certain other currencies, which began in 1985 and accelerated during the last half

of 1986 and the first half of 1987. Data on the evolution of pensions under the two-track adjustment system at 12 locations since the introduction of the system in 1979, were examined. The following analysis focuses on six countries - Austria, France, Italy, Switzerland, the United Kingdom of Great Britain and Northern Ireland and Japan - since beneficiaries residing in those countries account for some 78 per cent of the beneficiaries currently being paid on the local track; a further 12 per cent are residing in European countries experiencing similar trends of local currency appreciation in relation to the dollar.

2. Exchange rate changes

52. As can be seen from the table below, the weakening of the United States dollar in the six locations over the last two years has resulted in a significant lowering of the 36-month average exchange rates used to derive the initial local-currency-track pension (LCP) from the United States dollar pension (\$P):

<u>Country</u>	Thirty-six-month average exchange rates used in the determination of the initial local-currency-track pension (LCP) on				
	<u>1 Jan. 1986</u>	<u>1 July 1986</u>	<u>1 Jan. 1987</u>	<u>1 July 1987</u>	<u>1 Oct. 1987</u>
Austria (S)	19.39	19.26	18.61	17.58	17.00
France (FF)	8.38	8.40	8.21	7.85	7.63
Italy (Lit)	1 723	1 749	1 725	1 666	1 630
Switzerland (SwF)	2.29	2.27	2.20	2.09	2.02
United Kingdom (£)	0.728	0.734	0.737	0.725	0.714
Japan (¥)	237	228	215	201	193

53. While reductions in the 36-month average exchange rates had also occurred in the past, they had been at a lower rate and over a shorter period of time; moreover, their effects had invariably been offset by increases in the United States dollar pensions. The current drop in the 36-month average exchange rates, on the other hand, occurs at a time when recent changes in pensionable remuneration have reduced or "frozen" the dollar pension entitlements of participants in the Professional and higher categories.

3. Reductions in the pensionable remuneration

54. The General Assembly, in section I of resolution 41/208, approved a new scale of pensionable remuneration, which entered into effect on 1 April 1987. It also approved transitional measures to mitigate the consequent reductions in pensions for those already in service and a revised adjustment procedure between comprehensive reviews linking pensionable remuneration increases to increases in the net remuneration in New York. The reductions in pensionable remuneration

brought about by the 1 January 1985 and the 1 April 1987 scales, as compared with the scale in effect on 31 December 1984, are as follows:

<u>Grade</u>	<u>Percentage decrease (at top step)</u>
USG	24.2
ASG	21.1
D-2	16.6
D-1	15.0
P-5	12.9
P-4	9.9
P-3	6.3
P-2	3.3
P-1	1.3

55. After stating (in the preambular paragraphs to section I of resolution 41/208) that the establishment of clearly-defined criteria for the determination of pensionable remuneration and the introduction of the new scale based on such criteria "would contribute to a period of stability, which is essential for the common system", the General Assembly decided that the next comprehensive review of pensionable remuneration should be carried out in 1990 by the International Civil Service Commission (ICSC) in full co-operation with the Pension Board, and recommendations presented to the Assembly at its forty-fifth session.

56. The changes in pensionable remuneration have led and will lead in the future to reductions in the United States dollar pensions under the Regulations. Those reductions will not be significant for several years because of the transitional measures; developments thereafter will depend on future adjustments in the pensionable remuneration, including the results of the comprehensive review in 1990. Assuming there is no change in pensionable remuneration between now and the end of 1990, the future evolution of the United States dollar pension of an official retiring at the top step of the P-4 level at age 60 and with 20 years of service would be as follows, taking into account the transitional measures:

<u>Date of entitlement 1 January</u>	<u>Full benefit \$</u>	<u>Index (Dec. 1986 = 100)</u>
1986	28 709	100.0
1987	28 709	100.0
1988	28 706	100.0
1989	28 689	99.9
1990	28 579	99.5
1991	28 458	99.1

57. As will be seen from the following analysis, the combined effects of significantly reduced and "frozen" levels of pensionable remuneration, on the one hand, and of the declining value of the United States dollar, on the other, have resulted in significant reductions in the base amount of the local-currency-track pensions payable to participants retiring in certain locations. The decline at some locations has, in recent months, been nearly 1 per cent a month. The "period of stability" has therefore proven to be short-lived.

58. Using the latest exchange rates (i.e., of September 1987) to calculate the future 36-month average exchange rates, the projected evolution of the initial amounts of the local-currency-track pension - derived from the dollar amounts in the table in paragraph 56 above - over the next three years as compared to the amounts on 1 January 1986 and 1 January 1987, are shown in the table below:

Initial local currency track pension (LCP)

(Index 1 January 1987 = 100)

<u>Country</u>	<u>1 January 1986</u>	<u>1 January 1987</u>	<u>1 January 1988</u>	<u>1 January 1989</u>	<u>1 January 1990</u>	<u>1 January 1991</u>
Austria (S)	556 668 (104.2)	534 274 (100)	467 047 (87.4)	390 170 (73.0)	363 811 (68.1)	361 417 (67.7)
France (FF)	240 581 (102.1)	235 701 (100)	211 276 (89.6)	182 749 (77.5)	173 475 (73.6)	172 455 (73.2)
Italy ('000 Lit)	49 465 (99.9)	49 523 (100)	45 413 (91.7)	39 620 (80.0)	37 667 (76.1)	37 565 (75.9)
Switzerland (SF)	65 744 (104.1)	63 160 (100)	56 789* (89.9)	51 124* (80.9)	49 760* (78.8)	49 449* (78.3)
United Kingdom (£)	20 900 (98.8)	21 159 (100)	20 008 (94.6)	18 390 (86.9)	17 690 (83.6)	17 502 (82.7)
Japan ('000 ¥)	7 008* (107.0)	6 550* (100)	6 126* (93.5)	5 383* (82.2)	5 016* (76.6)	4 963* (75.8)

* Includes cost-of-living differential factors under Section D, paragraph 6 of the pension adjustment system (JSPB/G.12), which were or would become applicable because the 36-month average excess in the number of classes of post adjustment at the location over that of New York was more than four classes.

59. As can be seen from the above table, the LCP amounts have already dropped considerably in the six countries shown and will continue to decline in the future even if there is no further drop in the value of the dollar.

60. In a statement addressed to the Board, the Administrative Committee on Co-ordination (ACC) expressed its concern that staff members, faced with the prospect of such losses combined with the recent erosion of pension benefits, had chosen to take early retirement, depriving the organizations of valuable expertise. ACC requested the Board, as a matter of urgency, to devise measures to redress the anomalous situation of longer service resulting in a diminished value of the initial local-currency pension in certain places of retirement.

4. Remedial measures

61. Among the measures considered to redress the problem was the use of a 60-month average exchange rate to determine the initial LCP; it was found, however, that that approach would not significantly mitigate the decline in the LCP. Moreover, in the interest of technical consistency, such a plan would require modification of certain features in the procedures for calculating cost-of-living differential factors under section D, paragraph 6, of the pension adjustment system, which is based on 36-month average data. The Board believes that, given the continuing uncertainties regarding global economic developments and their impact on currency exchange rates, it would be premature to consider fundamental changes in the pension system at this time. If future developments should necessitate a rethinking of the current system, any proposed changes would have to be elaborated in the context of the next comprehensive review of pensionable remuneration.

62. It is clear that, in the meantime, interim measures are necessary to cope with developments for which the scheme conceived and adopted in 1978 made no provision, namely the rapid decline in the value of the United States dollar in relation to other major currencies during a period of declining or static dollar pensions. Just as it was necessary, when there was a significant rise in the value of the United States dollar during a period of an increasing dollar pension, to introduce a "cap" on the extent to which pension payments on the dollar track could exceed the amounts on the local track, there is now a need to deal with the reverse phenomenon by introducing a "floor" to protect the initial LCP from being eroded, because of the depreciation of the United States dollar beyond the limits that are considered tolerable.

63. What those limits are cannot be determined a priori on the basis of theoretical considerations. There can be no permanent definition of what would constitute an appropriate relationship at any particular time between the base amount of the United States dollar pension and of the LCP. Faced with the analogous problem of the declining value of the monthly take-home pay in local currency terms at certain locations, ICSC has approved interim measures that ensure, through modifications in the operation of the post-adjustment system, that the net take-home pay does not fall below the level payable under a "floor" exchange rate; the "floor" is defined in relation to the exchange rate at the time of the last place-to-place post adjustment survey. 4/

5. A local-currency-track pension (LCP) "floor"

64. The Board noted that if corresponding measures are not taken to arrest significant declines in the amount of the initial LCP, there will be a progressive and steep deterioration in the relationship between pensions and net remuneration in those countries where the currency had appreciated significantly in relation to the United States dollar. It therefore recommends, as interim measures applicable until the completion of the next comprehensive review of pensionable remuneration (i.e., until the end of 1990), the establishment of a "floor" for the initial LCP at those locations where the 36-month average exchange rates have shown an overall decline during the last two years (1986 and 1987). The "floor" LCP would be calculated as the base amount of the United States dollar pension (\$P) multiplied by a defined "floor" ratio between the LCP and \$P for the location concerned - hereafter referred to as the "floor LCP/\$P ratio".

65. After considering several different ways of establishing the "floor LCP/\$P ratio", the Board agreed to define it by reference to an average of the actual ratios during a reasonable period deemed relevant, rather than as the ratio on a particular date. The Board recommends that the "floor LCP/\$P ratio" for each qualifying location be defined as the average of the actual monthly LCP/\$P ratios at that location during 1987.

66. The table below provides an indication of the likely levels of the "floor LCP/\$P ratios" at six locations. It reflects the actual monthly LCP/\$P ratios of the entitlements on 1 January 1987 through 31 October 1987 and an estimate of the LCP/\$P ratios for November and December based on the September exchange rates (for comparative purposes, the actual ratios on 1 January 1987 and 1 October 1987 are also shown).

<u>Country</u>	<u>Estimated</u> "Floor LCP/\$P ratio" (average for 1987)	<u>Comparison with actual ratios on</u>	
		<u>1 Jan. 1987</u>	<u>1 Oct. 1987</u>
Austria	17.63	18.61	17.00
France	8.21	8.21	7.63
Italy	1,725	1,630	1,668
Switzerland	2.09	2.20	2.02
United Kingdom of Great Britain and Northern Ireland	0.737	0.714	0.724
Japan <u>a/</u>	228	228	216

a/ Ratios for Japan reflect the inclusion of cost-of-living differential factors in the determination of the initial LCP by application of Section D, paragraph 6, of the pension adjustment system (JSPB/G.12); the ratios for the other countries are based on the 36-month average exchange rates.

6. General Service and other locally-recruited categories

67. The pensionable remuneration of participants in the General Service and other locally-recruited categories is defined under article 54 (a) of the Fund's Regulations as the United States dollar equivalent of the sum of the gross salary of a participant, and any language allowance and/or pensionable non-resident's allowances payable to him or her. In such cases, a depreciating dollar gives rise to an increase in the pensionable remuneration in United States dollar terms and consequently in the United States dollar pension. In the determination of the initial LCP, the decreasing 36-month average exchange rates are applied to increasing United States dollar pensions. The reverse is true in the case of an appreciating dollar, that is, increasing 36-month average exchange rates are applied to decreasing United States dollar pensions. The data examined showed that, because of the balancing effects on their pensions of United States dollar fluctuations, future retirees from the General Service and related categories are not faced with the prospect of significant reductions in the value of their pensions under the local currency track. Moreover, the gross salary and hence the

pensionable remuneration, in local-currency terms, of staff in these categories has not been reduced.

68. In these circumstances, it is not proposed to apply the "floor LCP/\$P ratios" to participants in the General Service and other locally-recruited categories. The Board intends, however, to keep under review the impact of currency fluctuations on the pensions of participants in those categories and to make recommendations to the General Assembly for changes, should the need arise.

7. Conclusion

69. In the light of the foregoing analysis, the Board recommends to the General Assembly the adoption of interim measures to deal with the problem of the rapidly-declining value of the base amounts of the local-currency-track pensions in a number of countries for prospective retirees from the Professional and higher categories. Those interim measures would establish a "floor" for the relationship between the base amount of the United States dollar pension (\$P) and the initial local-currency-track pension (LCP) under the two-track system applicable to beneficiaries who have provided proof of residence in a country other than the United States of America. The "floor" amount of the LCP would be obtained by applying "floor LCP/\$P ratios" determined for the location to the base amount of the United States dollar pensions in accordance with the procedure described in paragraphs 64 and 65 above, and as illustrated in annex XI.

70. The Board also recommends that the interim measures shall be applied, without retroactive effect, as from 1 January 1988, as follows:

(a) To the benefits of participants in the Professional and higher categories who separate from service, or die in service, during the years 1988, 1989 and 1990 and to the survivors' and other benefits derived therefrom, except for deferred retirement benefits and survivors' and other benefits derived therefrom (i.e., the measures would apply to retirement benefits, early retirement benefits, disability benefits, survivors' benefits, children and secondary dependants' benefits);

(b) To the benefits of participants in the Professional and higher categories who separated from service, or died in service, during 1987 and to the survivors' and other benefits derived therefrom, except for early retirement and deferred retirement benefits and survivors' and other benefits derived therefrom.

71. With regard to (b) above, the Board noted that, because of the estimated levels of the "floor LCP/\$P ratios", the interim measures would in the main lead to adjustments only of the benefits of participants who separated during the latter part of the year, and that, in any case, the adjustment would become applicable only to entitlements due on or after 1 January 1988.

72. The Board was informed by the Consulting Actuary that the actuarial implications of the proposals would be an increase in the required contribution rate in the order of 0.11 per cent of pensionable remuneration. The Consulting Actuary also indicated that, to the extent that the interim measures, if adopted, would reduce the incidence of early retirements, there could be some offsetting savings.

73. The interim measures would be incorporated into the pension adjustment system, as described in annex XI; that annex also contains tables illustrating the application of the interim measures.

F. Composition of the Board

74. Article 5 of the Regulations of the Fund provides that the Board shall consist of 21 members, 6 of whom are to be appointed by the United Nations Staff Pension Committee and 15 by the staff pension committees of the other member organizations of the Fund. Of the 21 members, 7 are chosen by the General Assembly and by the corresponding bodies of the other member organizations, 7 by the executive heads and 7 by the participants. Sessions of the Board are also attended by alternate members appointed by staff pension committees, and by observers (whose status is regulated by the Fund's Rules of Procedure).

75. The size of the Board has remained unchanged since 1 January 1963, when the Fund had 11 member organizations with 18,430 participants and 1,124 beneficiaries. At the end of 1986, the Fund had 16 member organizations, with 54,289 participants and 25,434 beneficiaries.

76. The breakdown of participants by organization and the current composition of the Board are as follows:

<u>Organization</u>	<u>Number of participants as of 31 December 1986</u>	<u>Per cent</u>	<u>Board Members</u>
United Nations	27 314	50.3	6
FAO	7 542	13.9	2
WHO	5 805	10.7	2
UNESCO	3 092	5.7	1
ILO	3 036	5.6	1
UNIDO	1 867	3.4	1
IAEA	1 784	3.3	1
ICAO	1 130	2.1	1
ITU	1 069	2.0	1
WMO	395	0.7	1
ICITO/GATT	355	0.7	1
IMO	338	0.6	1
WIPO	325	0.6	1
IFAD	206	0.4	1
ICCROM	24	-	0
EPPO	7	-	0
Total	<u>54 289</u>	<u>100.0</u>	<u>21</u>

77. The size and composition of the Board has been reviewed on numerous occasions over the years, usually in connection with the admission of a new member organization if that required a reduction in the number of seats allocated to one of the major specialized agencies in order to provide a seat for the new member; for example, after UNIDO was admitted to the Fund with effect from 1 January 1986, it was allocated one of the two UNESCO seats.

78. Pursuant to General Assembly resolutions 39/246, 40/245 and 41/208, the Board reviewed its size and composition and the participation of observers at its sessions. In response to the invitation contained in resolution 40/245, 14 member organizations submitted their views for transmittal to the General Assembly: the governing bodies of ILO, FAO, UNESCO, WHO, ICAO, WMO, ICITO/GATT, IAEA, IMO, ITU, IFAD and UNIDO; the staff pension committee of the United Nations and the Director of ICCROM. Those views are reproduced in annex IV. The Board also took into account the views expressed in the Fifth Committee at the thirty-ninth, fortieth and forty-first sessions of the General Assembly.

79. At its thirty-fifth session in June 1986, the Board reached agreement in principle that there should be full and equitable representation of all member organizations in deliberations on pension matters, that an increase in the size of the Board was desirable in view of the expanded membership of the Fund, and that the tripartite composition of the Board should be maintained in order to ensure full debate and participation of the three constituent groups (governing bodies, executive heads and participants). It deferred the submission of proposals to the General Assembly pending the receipt of the views of the governing bodies of the member organizations. Those views were available to the Board at its thirty-seventh session in August 1987 and are generally in line with the positions of principle taken by the Board last year.

80. At its thirty-seventh session, the Board reached specific conclusions on the tripartite composition of the Board and the proportional representation of the constituent groups, the size of the Board and the allocation of seats among member organizations, and participation and attendance at Board sessions. Its conclusions were based on the following objectives:

- (a) Establishment of a framework that would work now, as well as in the future;
- (b) Ensured participation of all member organizations in the work of the Board;
- (c) Retention, on the basis of long-established practice, by any member organization that now had a seat on the Board, of that seat, regardless of its size;
- (d) Participation in the work of the Board on a continuous basis of all three constituent groups of a staff pension committee;
- (e) Provision for a substantial percentage increase in the number of General Assembly members and alternates on the Board;
- (f) Attendance at Board sessions of those responsible administratively for the application of the Fund's Regulations and Rules in the various member organizations (i.e., the secretaries of local staff pension committees).

1. Tripartite composition and proportional representation of constituent groups

81. During the deliberations of the Fifth Committee at the fortieth and forty-first sessions of the General Assembly, some delegations suggested changes in the composition of the Board. One questioned the need for separate representation

for executive heads and participants since, apart from the Secretary-General, the executive heads were themselves participants in the Fund. It was therefore suggested that representation on the Board should be limited to only two groups (General Assembly/governing bodies and executive heads/participants). During consultations in an informal working group of the Fifth Committee, three other possibilities were suggested: (a) allocating half the seats on the Board to governing body representatives, with the other half being divided between representatives of the executive heads and of the participants; (b) increasing the number of representatives elected by the General Assembly, while reducing the number of representatives of other governing bodies in recognition that decisions on the report of the Pension Board are taken by the General Assembly; and (c) establishing a Board composed exclusively of representatives of executive heads and of participants to make recommendations, with the General Assembly taking the decisions thereon.

82. However, the retention of the tripartite composition of the Board was favoured in the submissions from member organizations, with equal representation of the three constituent groups being explicitly advocated in most of them.

83. The Board reiterated the view that it had reported to the General Assembly at its fortieth session, namely that its tripartite composition had proved to be a source of strength and had contributed to the emergence of agreed recommendations on major issues. It therefore decided to recommend that both the tripartite nature and the equal representation of the three constituent groups should be maintained.

2. Size of the Board and allocation of seats among member organizations

84. The Board agreed that the following principles were relevant to the determination of its size and composition:

(a) Each member organization should be represented;

(b) The number of representatives for each organization should take into account the number of participants in the organization;

(c) Ideally, all three groups in each organization should be represented;

(d) Whatever numbers might emerge from (a) to (c) above, they would have to be adjusted in the light of the determination of the optimum size of the Board;

(e) The optimum size of the Board should be determined by reference to two essential objectives: (i) that it be truly representative of the membership of the Fund; and (ii) that it obtain maximum effectiveness in discharging its responsibility of administering the Fund and responding to requests from the General Assembly, governing bodies, executive heads and participants.

85. As can be seen from annex IV, 9 of the 14 organizations that submitted views stated that it was desirable to enlarge the Board. Of that number, 6 explicitly referred to the need to increase the number of seats allocated to them, as follows: United Nations from 9 to 12 seats; WHO and FAO from 2 to 3 seats; UNESCO from 1 to 3 seats; IAEA and ICAO from 1 to 2 seats. In its submission, the United Nations Staff Pension Committee proposed a Board composed of 33 members, with seats

allocated as follows: 12 members for the United Nations; 3 each for FAO, WHO, UNESCO and ILO; 1 each for UNIDO, IAEA, ICAO, ITU, WMO, GATT, IMO, WIPO and IFAD.

86. Initially, there were strong differences of views in the Board concerning both the extent to which the Board should be enlarged and the consequent allocation of seats. To reconcile those differences, the Board established an open-ended working group. After extensive discussions in that group, a compromise was reached on the size and composition of the Board, as well as on the participation and attendance of alternate members and observers at its future sessions.

87. The Board decided by consensus to recommend to the General Assembly that the Board be enlarged to 33 members, with seats to be allocated as follows: 12 for the United Nations; 3 each for FAO and WHO; 2 each for UNESCO and ILO; a total of 6 seats for UNIDO, IAEA, ICAO and ITU to be shared according to an alternating schedule, with 2 of these 4 organizations having 2 seats each and the other two 1 seat each; and 1 each for WMO, ICITO/GATT, IMO, WIPO and IFAD. (Because of the small number of participants in their organizations, ICCROM and EPPO would have no members, but would be entitled to send representatives to participate in the Board's deliberations as provided for in paragraph 92 below.)

88. The representatives of ILO and UNESCO expressed strong reservations in the working group and in the Board on the proposed composition of the Board. In recognition of their status within the United Nations common system, the two organizations believed that they were entitled to three seats each in the interest of equal treatment with that accorded to the other two major specialized agencies, FAO and WHO. In their view, this could have been achieved with minimal impact on the total attendance at sessions of the Board. Notwithstanding those reservations, they decided to join in the consensus recommendation to the General Assembly. Representatives of both organizations expressed the hope that a way would be found to rectify the situation in the future.

3. Participation and attendance at Board sessions

89. The Board believed it to be desirable to formulate rules to regulate participation and attendance at Board sessions of alternate members and of those currently designated as "observers".

90. The Board agreed that the number of alternate members attending sessions of the Board should be limited to one alternate for each member of the Board, except that the following arrangement should apply for the United Nations:

- (a) Four members and four alternates representing the General Assembly;
- (b) Four members and two alternates representing the Secretary-General;
- (c) Four members and two alternates representing the participants.

91. As a consequence, the United Nations Staff Pension Committee should be enlarged and modified to consist of four members and four alternate members elected by the General Assembly, four members and two alternate members appointed by the Secretary-General, and four members and two alternate members elected by the participants in service in the United Nations.

92. With regard to the participation and attendance at Board sessions of those currently designated as "observers", the Board considered it appropriate to differentiate between them. In order to provide for active and continuing participation of the three constituent groups in each member organization, the Board agreed that, in organizations with one or two member seats on the Board, the staff pension committee should be entitled to designate one representative from the non-represented group(s) to attend the Board session. For example, if an organization with two seats on the Board was represented by one member appointed by the executive head and one member designated by the governing body, the staff pension committee of that organization should be entitled to designate a "representative" of the participants in the committee to attend the Board session; an organization with one seat on the Board, should be entitled to designate two "representatives" to attend the session. The International Centre for the Study of the Preservation and the Restoration of Cultural Property and the European and Mediterranean Plan Protection Organization, the two member organizations without seats on the Board, should be entitled to send one "representative" each to sessions of the Board. The Board also agreed that the status of "representative" should carry with it all the rights accorded to members, except the right to vote.

93. In order to extend to pensioners the same possibility of active and continuing participation in the Board's deliberations, the Board agreed that the Federation of Associations of Former International Civil Servants should be entitled to designate two "representatives" to attend the Board sessions. In further recognition of the large number and the world-wide dispersion of pensioners, the Federation should also be accorded the right to send two alternates to the Board sessions.

94. The designation "observers" should be retained for those who currently attend sessions at the invitation of the Board, representing i.e., the International Civil Service Commission (ICSC), the Consultative Committee on Administrative Questions (CCAQ), the Federation of International Civil Servants' Associations (FICSA), the Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA), the International Bank for Reconstruction and Development (IBRD), the International Monetary Fund (IMF), the World Tourism Organization (WTO), and others. Those entities should be entitled to send one observer to Board sessions; that observer would have the right to speak with the permission of the Chairman of the Board. The same arrangement should continue to apply to the secretaries of staff pension committees.

95. The Board noted that attendance by representatives of the Federation of Associations of Former International Civil Servants and their alternates, and by the "observers" other than those from ICSC and CCAQ, would not be a charge on the budget of the Fund or of the member organizations.

96. The Board also reached conclusions on the procedure to be followed for determining whether an organization admitted to the Fund in the future would be entitled to a seat on the Board:

(a) A new member organization would be entitled to a seat on the Board only if the number of its participants was at least 1 per cent of the total of the Fund's participants;

(b) The first two new member organizations meeting the 1 per cent threshold requirement would get the two rotating seats on the Board. (If a third such

organization should join the Fund, the Board would have to reassess its composition, although not necessarily its size.);

(c) A new member organization not meeting the 1 per cent threshold requirement would only be entitled to one "representative" (as in the case of the International Centre for the Study of the Preservation and the Restoration of Cultural Property and the European and Mediterranean Plan Protection Organization).

97. The relevant amendments to article 5 and 6 of the Fund's Regulations related to the compositions of the Board and of the United Nations Staff Pension Committee, respectively, are contained in annex X. The conclusions reached by the Board on participation and attendance at the sessions of the Board will be reflected in the Fund's Rules of Procedure.

G. Admission to membership in the Fund

98. The Board has received an application for membership in the Fund from the World Tourism Organization (WTO). Article 3 of the Fund's Regulations provides that membership shall be open, inter alia, to any "international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and of the specialized agencies". The Board noted that, in September 1987, the Secretary-General of WTO would be submitting to the General Assembly of that organization proposals to revise its Staff Regulations and Rules to meet the above requirements. It decided, therefore, to defer consideration of the application of WTO until it was in a position to satisfy itself that the conditions for membership were fully met.

H. Emergency Fund

99. The Emergency Fund was initially established by the Board in 1973 from voluntary contributions of member organizations, staff associations and individual contributors to alleviate the distress of recipients of small pensions caused by currency fluctuations and cost-of-living increases. Since the introduction of the pension adjustment system in 1975, it has been used to relieve hardship by providing aid in individual cases of proven emergency due to illness, infirmity or similar causes.

100. The General Assembly has authorized the Board to supplement voluntary contributions to the Emergency Fund by an amount of up to \$100,000 a year. The bulk of the money spent has been used to assist in the payment of medical expenses, including hospitalization, and related expenses not reimbursable from other sources. In all cases involving claims for medical expenses not covered by the medical insurance schemes of the member organizations, the advice of the medical consultant is obtained before any payment is made from the Emergency Fund. Payments are being made on a continuing basis to help to meet the cost of at-home nursing or domestic help required by pensioners and their spouses because of illness and debility. In some instances, payments are made to help cover funeral expenses. Total payments made from 1975 to June 1986 amounted to about \$363,300. Expenditures in the calendar year 1986 amounted to \$45,047, as against \$18,816 in 1985.

101. The Board believes that there is a continuing need for the Emergency Fund. Accordingly, it recommends that it be authorized to contribute up to \$200,000 to the Emergency Fund in the biennium 1988-1989.

I. Financial statements of the Fund and report of the Board of Auditors

102. The Board examined and approved the financial statements and related data on the operations of the Fund for the year ended 31 December 1986 (annex II) submitted by the Secretary for inclusion in the annual report of the Board.

103. The Board took note of the report of the Board of Auditors (annex III). With regard to the recommendation of the Board of Auditors to use a uniform exchange rate in reporting the transactions of the Investment Management Section and of the Fund's secretariat, the Board noted that, for investment transactions, it has been the Fund's consistent practice over the past 40 years to use the commercial exchange rates at the time the transactions were made, rather than the United Nations operational rates of exchange. In view of the implications of changing this practice, the Board requested the representative of the Secretary-General to discuss the matter further with the Board of Auditors.

104. The Board expressed its concern at the amount of outstanding tax refunds due to the Fund from a number of countries. It requested the representative of the Secretary-General to make further efforts to obtain the refunds and to report to the Board on the progress made.

J. Administrative expenses

1. Introduction

105. Article 15 of the Regulations of the Fund provides that:

"(a) Expenses incurred by the Board in the administration of these Regulations shall be met by the Fund.

(b) Biennial estimates of the expenses to be incurred under (a) above shall be submitted to the General Assembly for approval during the year immediately preceding the biennium to which the said estimates relate. Supplementary estimates may similarly be submitted in the first and/or the second year of the biennium to which the budget relates.

(c) Expenses incurred in the administration of these Regulations by a member organization shall be met by that organization."

106. Pursuant to article 15 (b), the Board submits revised estimates for 1986-1987 amounting to \$18,368,600, consisting of administrative costs of \$5,670,300 and investment costs of \$12,698,300 (annex V, table 1), and estimates of expenses for the biennium 1988-1989 in the amount of \$22,927,400, consisting of administrative costs of \$6,598,900 and investment costs of \$16,328,500 (annex V, tables 2 and 3). These expenses are a charge entirely on the Fund and do not in any way involve the budget of the United Nations or that of any other member organization of the Fund.

107. The 1988-1989 estimates of administrative costs (as distinct from investment costs) amount to 0.16 per cent of the estimated 1988-1989 pensionable remuneration; the revised estimates of administrative costs for 1986-1987 amount to 0.14 per cent of the total pensionable remuneration as at 31 December 1986. In the actuarial valuation as at 31 December 1986, the allowance for administrative expenses was increased from the limit of 0.14 per cent set by the 1960 Pension Review Group, to 0.18 per cent. The Committee of Actuaries had reviewed this question in 1985 and had concluded that an allowance of 0.20 per cent of pensionable remuneration could be justified in the light of developments in the past 25 years, such as (a) the higher ratio of retired to active participants, (b) the growing complexity of the pension system, and (c) the reductions in the scale of pensionable remuneration of Professional and higher-level staff. However, as a spur to financial stringency and efficiency in the central secretariat, the Committee of Actuaries recommended that the limit for administrative expenses be set for the time being at 0.18 per cent.

2. Revised estimates of expenses for 1986-1987

108. The revised estimates for 1986-1987, in the amount of \$18,368,600, are \$472,900 higher than the initially approved estimates of \$17,895,700 for the biennium. As can be seen from annex V, table 1, administrative costs are reduced by \$445,100 and investment costs increased by \$918,000.

109. The decreased requirements for administrative costs comprise net reductions in the estimates for established posts and related staff costs (\$359,200), overtime (\$30,300), travel of staff (\$33,600) and travel related to meetings of the Committee of Actuaries (\$22,000). The decrease of \$359,200 under established posts and related staff costs reflects in the main the recosting of salaries and common staff costs, based on the actual expenditures through mid-1987 and lower standard costs than those promulgated by the United Nations in 1985 for use in the 1986-1987 proposed programme budget. Those savings more than offset the additional staff costs arising from reclassification.

110. The implementation of the classification results for the General Service category in New York and in Geneva gave rise to additional costs of approximately \$15,300. Those results included the reclassification of a Principal level (G-5) post in the Cashier's Section to the P-2 level. In addition, the Classification Section of the Office of Human Resources Management of the United Nations secretariat had determined in October 1986 that, on the basis of the master standard promulgated by the International Civil Service Commission (ICSC), the post of the Operations Co-ordinator in the secretariat should be classified at the D-1 level (the current level of the post is P-5). In line with its past practice of accepting classifications based on the master standard and as part of the implementation of the results of the General Service classification exercise in New York, the Board recommends revision of the staffing table to reflect the classification of the post of Operations Co-ordinator at the D-1 level with effect from 1987 and the reclassification of one Principal level General Service (G-5) post in New York to the P-2 level with effect from 1986. The reductions for other objects of expenditure reflect realized and expected savings.

111. The net additional requirements of \$918,000 for investment costs is due to an increase of \$1,165,000 in advisory and custodial fees, attributable to the significant increase in the market value of the Fund's investments to which those

fees are contractually linked. This increase is partially offset by a reduction of \$247,000 in staff costs resulting from a recosting of salaries and common staff costs based on actual experience.

3. Estimates of expenses in 1988-1989

112. The estimates for 1988-1989 amount to \$22,927,400 net and comprise \$6,598,900 for administrative costs and \$16,328,500 for investment costs. A detailed comparison of these costs with the initially-approved appropriations for 1986-1987 is provided in annex V, table 2. The staffing table proposed for 1988-1989 is given in annex V, table 3.

113. The estimates of \$6,598,900 for administrative costs are \$483,500 higher than the initial 1986-1987 appropriations, consisting of \$355,800 in resource growth and \$127,700 in cost increases. The resource growth relates principally to temporary assistance and related common staff costs (\$140,200), consultants (\$150,000) and data-processing costs (\$97,100).

114. Since 1981, the staffing resources of the Fund's secretariat have been increased only once, in 1985, when three established posts (1 G-5, 2 G-4) were added. The five established posts added in 1984 (1 P-3, 1 G-5 and 3 G-4/1) were conversions of temporary assistance posts, which had been created during the three-year period 1978-1980. In the mean time, frequent reviews of pensionable remuneration and pensions have resulted in the introduction of new complexities into an already complex system. The number of beneficiaries has increased by 60 per cent from 15,937 to 25,434, the number of monthly periodic payments by 70 per cent from 12,963 to 21,993 and the volume of correspondence by 30 per cent. The operation of the pension adjustment system requires careful review and monitoring of pertinent statistical data, and verification of proof of residence on a world-wide basis to determine pension entitlements. The number of requests for estimates of benefits payable on different separation dates and for information on the local track entitlements under the two-track system have also increased substantially because of the instability of exchange rates. Furthermore, the introduction of tighter controls based on audit observations requires more frequent submissions of Certificates of Entitlement by beneficiaries, which in turn increases the number of suspensions and subsequent reinstatements of benefits. These factors have resulted in undesirable delays in the payment of new benefits and the processing of requests for estimates.

115. In the light of these developments and their adverse impact on beneficiaries, the Board believes that a comprehensive study of the administrative and operational capacities of the Fund's secretariat should be undertaken now and that outside consultants with extensive experience in the operation of pension and social security systems should be engaged for this purpose. The study should focus on the organization of the secretariat, staffing requirements, work methods, safety of records and computer utilization by the Fund both in its New York and Geneva offices. It should also evaluate the use of modern management and computer techniques and the linkage with the secretariats of the local staff pension committees of the member organizations of the Fund. An additional amount of \$150,000 for consultants is therefore requested in the estimates for 1988-1989, as a one-time non-recurring expenditure.

116. In order to enable the secretariat to cope with the increasing workload, pending completion of that study, a resource growth of \$140,200 is requested in temporary assistance to create three temporary posts - 1 Professional (P-2) and 2 General Service - to meet the need for expediting the processing and payment of benefits.

117. The net resource growth of \$97,100 for data processing relates to (a) the acquisition of additional capacity for the Fund's Virtual Storage System and for terminals in New York and Geneva (\$60,900), and (b) the rental and maintenance of optical-disc storage system to enhance record-storage capacity and security (\$60,000), as well as the maintenance of terminals (\$14,200), partially offset by a reduction of \$38,000 for contractual services and supplies and materials.

118. The modular filing systems installed over the last eight years for the storage of the files of both active and retired participants lack the capacity for further expansion. The shortage of space precludes the addition of similar systems. Moreover, the Fund's current filing systems are vulnerable to fire, water or other physical damage. The use of an optical-disc-based system to resolve the problems of storage and retrieval of records and documents has been recommended by the United Nations Joint Inspection Unit in its report on the "Problems of storage and its costs in organizations of the United Nations system" (A/41/806). The entire file system of the Fund could be converted to the optical-disc-storage system and integrated with the Fund's word-processing and data-processing systems. The amount of \$60,000 requested would provide for the rental of an optical-disc-based system for the biennium.

119. The negative resource growth of \$27,800 for travel of staff is based on the Board's intention to reduce the frequency and/or duration of its sessions, manifested by the Board's decision to hold its next regular session in 1989 in New York.

120. The estimate of \$16,328,500 for investment costs includes \$4,538,600 in resource growth, of which \$4,300,000 relates to advisory and custodial fees, \$216,900 to the addition of three established posts - 1 Professional (P-5) and 2 General Service - and \$1,700 to overtime. The additional advisory and custodial fees are based on a projection of the market value of the Fund's investment portfolio to which those fees are contractually linked. The three established posts are required for the cash management operation to be established in the Investment Management Section. It is expected that this operation, which would be closely co-ordinated with the payment of benefits, could yield savings of approximately \$2.4 million annually, principally by reducing the volume of foreign-exchange transactions.

121. The request of \$20,000 under the new heading "bank charges" follows the recommendation of the Board of Auditors that such charges incurred in the payment of benefits be included in the budget rather than continue to be shown in the financial statements under loss or gain on exchange. In view of the proposed cash management operation, the expenditures for bank charges are included in investment costs.

K. Amendments to the Fund's Administrative Rules

122. Three amendments to the Administrative Rules of the Fund made by the Board in 1987 are reproduced in annex XII for information. They relate to eligibility for a disability benefit, entitlement to a child's benefit, and delegation of discretionary authority to the Secretary of the Board to waive recovery of all or part of an indebtedness to the Fund.

123. New Administrative Rule H.1(b) confirms that, to be eligible for a disability benefit from the Fund, a participant must have been incapacitated for further service on the date of his or her separation from the service of a member organization of the Fund. Administrative Rule I.5 incorporates the Fund's long-established practice that only one child's benefit is payable by the Fund with respect to any particular child, i.e., even if both parents were participants in the Fund. Administrative Rule J.9(b) gives the Secretary of the Board discretionary authority to waive in exceptional cases, in full or in part, recovery of an overpayment made by the Fund. Previously, the Secretary was obligated to seek full recovery in all cases, regardless of the circumstances related to the overpayment; any waiver required a successful appeal by the beneficiary to the Standing Committee of the Board. The new rule also provides that the Secretary should report any such waivers annually to the Standing Committee.

Notes

1/ Official Records of the General Assembly, Forty-first session, Supplement No. 9 (A/41/9), para. 26.

2/ Ibid., para. 84.

3/ Ibid., paras. 72-81.

4/ Ibid., Forty-second session, Supplement No. 30 (A/42/30), paras. 167-176.

ANNEX I

Statistics on the operations of the Fund for the year ended
31 December 1986

Table 1Number of participants as at 31 December 1986

Member organization	Participants as at 1 December 1985	New entrants	Transfers		Separations	Participants as at 31 December 1986
			in	out		
United Nations	26 925	2 495	137	(86)	(2 157)	27 314
ILC	2 983	399	11	(16)	(341)	3 036
FAO	7 586	865	31	(30)	(910)	7 542
UNESCO	3 379	115	3	(16)	(389)	3 092
WHO	5 762	584	27	(18)	(550)	5 805
ICAO	1 141	125	3	(7)	(132)	1 130
WMO	392	44	3	(2)	(42)	395
ICI/TO	348	30	5	(5)	(23)	355
IATA	1 722	187	13	(13)	(125)	1 784
IMO	319	42	4	(3)	(24)	338
ITU	1 025	150	7	(7)	(106)	1 069
WIPO	308	42	4	(2)	(27)	325
IFAD	199	27	3	(3)	(20)	206
ICROM	28	2	-	-	(6)	24
EPPD	6	3	-	-	(2)	7
UNIDO	<u>1 890</u>	<u>233</u>	<u>30</u>	<u>(73)</u>	<u>(213)</u>	<u>1 867</u>
TOTAL	<u>54 013</u>	<u>5 343</u>	<u>281</u>	<u>(281)</u>	<u>(5 067)</u>	<u>54 289</u>

Table 2

Benefits awarded to participants of their beneficiaries during
the year ended 31 December 1986

Member organization	Retire- ment benefit	Early retire- ment benefit	Deferred retire- ment benefit	Withdrawal under 5 years	Widow's and widower's benefits	Other jeath benefit	Dis- ability benefit	Secondary dependant's benefit	Transfer under agreements	Total		
											Retire- ment benefit	Early retire- ment benefit
United Nations	292	163	80	1 106	341	413	31	10	20	2	96	2 554
ILO	57	34	24	173	35	47	4	1	1	-	8	384
FAO	86	88	64	538	90	125	11	4	10	-	-	1 016
UNESCO	85	80	34	90	84	59	4	-	3	-	7	446
WHO	93	65	32	228	97	124	9	2	7	-	14	671
ICAO	26	8	8	70	8	8	2	-	1	-	8	139
WMO	9	2	4	18	3	-	-	-	-	-	6	42
ICITO	6	4	-	10	3	5	-	-	-	-	-	28
IABA	16	6	4	72	13	2	2	1	1	-	10	127
IMO	4	1	-	15	1	1	-	-	1	-	2	25
ITU	20	7	5	65	3	10	3	-	-	-	4	117
WIPO	3	-	2	10	6	1	2	1	1	-	2	28
IFAD	2	-	4	12	1	3	-	-	-	-	1	23
ICCRROM	-	-	-	5	-	-	1	-	-	-	-	6
EPPO	-	-	-	2	-	-	-	-	-	-	-	2
UNIDO	20	8	19	136	15	21	5	1	-	-	6	231
TOTAL	719	400	200	2 550	700	819	74	20	45	2	164	5 839

Table 3Analysis of periodic benefits as at 31 December 1986Participants or their beneficiaries

Type of benefit	Total as at 31 Dec. 1985	New	Benefits discontinued, resulting in award of survivor's benefit	All other benefits discontinued	Total as at 31 Dec. 1986
Retirement	8 092	719	(93)	(99)	8 619
Early retirement	3 641	467	(47)	(17)	4 044
Deferred retirement	4 474	280	(10)	(134)	4 610
Widow	2 703	68	156	(37)	2 890
Widower	114	10	7	(5)	126
Disability	501	45	(15)	(11)	520
Child	4 397	819	-	(634)	4 582
Secondary dependant	<u>43</u>	<u>3</u>	<u>2</u>	<u>(5)</u>	<u>43</u>
TOTAL	<u>23 965</u>	<u>2 411</u>	<u>-</u>	<u>(942)</u>	<u>25 434</u>

ANNEX II

Audit opinion, financial statements and schedules
for the year ended 31 December 1986

Audit opinion

We have examined the following appended financial statements, numbered I to II, properly identified, and relevant schedules of the United Nations Joint Staff Pension Fund for the financial period ended 31 December 1986. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We did not physically inspect and count the securities of the investments account held by an independent custodian amounting to \$4,976,336,002 as at 31 December 1986. These securities were examined by other independent auditors, whose report thereon has been furnished to us and our opinion expressed herein, in so far as it relates to the investments account, is based solely upon the report of these auditors. As a result of our examination and the report of other auditors referred to above, we are of the opinion that the financial statements of the United Nations Joint Staff Pension Fund present fairly the financial position of the organization as at the end of the period and the results of its operations for the period then ended. The financial statements were prepared in accordance with the stated accounting principles, which were applied on a basis consistent with that of the preceding financial period and the transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) André CHANDERNAGOR
Senior President,
Cour des Comptes de France

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit,
the Philippines

19 June 1987

UNITED NATIONS JOINT STAFF PENSION FUND

Note on the financial statements for the year ended
31 December 1986

Summary of significant accounting policies

The following are some of the significant accounting policies of the United Nations Joint Staff Pension Fund.

1. Investments

Investments are recorded at cost using commercial historical exchange rates instead of United Nations rates. Interest income is recorded on an accrual basis. No provision is made for amortization of premium or discount which is taken into account as part of the gain or loss when investments are sold; dividends are included in income on a cash basis; realized profits and losses are shown on a net basis. Refunds on foreign taxes withheld are recorded as income in the year in which they are received.

2. Contributions

Contributions received from participants, member organizations and other funds are recorded on an accrual basis.

Contributions refunded to member organizations are recorded on a cash basis.

3. Benefits

Payment of benefits, including withdrawal settlements, is recorded on an accrual basis.

4. Principal of the Fund

The principal of the Fund represents the active participants' contributions plus interests, together with the balance of equity of the Fund.

5. Emergency Fund

Appropriation is recorded when the authorization is approved by the General Assembly; payments are charged directly against the appropriation account; any unexpended balance is reverted to the Pension Fund at the end of the year.

6. Administrative expenses

Prior to 1 January 1986, the unexpended obligations of the prior year were recorded as credits against the current year expenditures. Following the amendment to article 15 of the United Nations Joint Staff Pension Fund Regulations, the administrative expenses of the Fund are estimated and approved on a biennial basis and the savings are now reflected as unexpended 1985 obligations. For the biennium 1986-1987, the balance of appropriations for the year ended 31 December 1986 is \$601,156.94.

Explanatory Note

Cash balances and bank overdraft

The Fund maintains a number of bank accounts for purposes of investments and payment of benefits. Prior to 1 January 1986, bank balances were reflected as a net amount in the Financial Statements as either "Cash in banks" or "Bank overdraft". From 1986, based on the recommendation by the Board of Auditors, cash accounts with positive balances are totalled and shown as "Cash in banks" while those with negative balances are totalled and shown as "Bank overdraft".

STATEMENT I

UNITED NATIONS JOINT STAFF PENSION FUND

statement of assets and liabilities as at 31 December 1986
with comparative figures as at 31 December 1985

(United States dollars)

	1986	1985
<u>Assets</u>		
Cash in banks	12 029 552	15 358 527 a/
Contributions receivable from member organizations	26 161 999	14 783 415
Accounts receivable	251 547	176 616
Accrued income from investments	62 516 004	59 470 788
Receivable from investments sold	7 451 166	105 066 396
Investments (schedules 2, 3 and 4)		
Temporary investments - at cost	631 811 844	
(market value: 641 174 752)		
Bonds - at cost	1 645 006 462	
(market value: 1 838 593 803)		
Stocks & convertible bonds - at cost	2 121 760 559	
(market value: 3 122 894 564)		
Real estate and related securities - at cost	<u>577 757 137</u>	4 976 336 002
(market value: 652 294 326)		3 969 561 911
Prepaid benefits	<u>7 388 555</u>	<u>5 093 474 a/</u>
	<u>5 092 134 823</u>	<u>4 169 511 127 a/</u>
<u>Liabilities and principal of the Fund</u>		
Benefits payable	8 645 900	9 119 366 a/
Held in trust	130 000	181 730
Payable for securities purchased	24 335 277	34 383 325
Other accounts payable	2 960 967	3 815 072
Bank overdraft	962 585	-
Principal of the Fund	<u>5 055 100 094</u>	<u>4 122 009 634</u>
	<u>5 092 134 823</u>	<u>4 169 511 127 a/</u>

a/ Revised for the purpose of comparison with 1986.

Certified correct:

(Signed) J. Richard FORAN
 Controller
 United Nations

(Signed) Raymond GIERI
 Secretary
 United Nations Joint Staff Pension Board

(for investments of the Fund only)

11 May 1987

UNITED NATIONS JOINT STAFF PENSION FUND

Statement of source and application of funds for the year ended
31 December 1986 with comparative figures for the year ended
31 December 1985

(United States dollars)

	1986	1985
<u>Source of funds</u>		
Participants:		
Contributions under Article 25(a)	133 670 249	125 562 391
Additional contributions with interest to make prior service contributory	293 497	384 163
Repayment of benefits with interest to restore prior contributory service	1 575 006	1 548 663
Voluntary deposits	<u>608</u>	<u>833</u>
	<u>135 539 360</u>	<u>127 496 050</u>
Member organizations:		
Contributions under Article 25(a)	267 340 498	251 124 782
Additional contributions with interest to make prior service contributory	<u>912 290</u>	<u>1 651 659</u>
	<u>268 252 788</u>	<u>252 776 441</u>
Amounts received from non-member organizations for participants transferred under agreements	<u>399 701</u>	<u>199 414</u>
Receipts of excess actuarial cost over regular contributions with interest to make prior service contributory	<u>31 888</u>	<u>132 819</u>
Investment income:		
Interest earned	228 191 692	178 654 304
Dividends	69 761 617	67 902 418
Real estate and related securities	31 239 485	25 872 444
Profit (net) on sales of investments	<u>584 455 603</u>	<u>323 336 975</u>
	<u>913 648 397</u>	<u>595 766 141</u>
Total	<u><u>1 317 872 134</u></u>	<u><u>976 370 865</u></u>

	1986	1985
<u>Application of funds</u>		
Payment of benefits:		
Withdrawal settlements and full commutation of benefits	26 765 896	22 419 783
Retirement benefits	190 051 297	177 491 059
Early and deferred retirement benefits	114 151 516	105 100 412
Disability benefits	8 359 984	7 515 319
Death benefits (other than to children)	25 377 140	22 616 432
Children's benefits	5 892 644	5 517 911
Loss (gain) on exchange and charges (credits) on bank transactions	<u>1 668 243</u>	<u>1 382 928</u>
	<u>372 266 720</u>	<u>342 043 844</u>
Amounts remitted to non-member organizations a. Governments for participants transferred under agreements	<u>4 309 801</u>	<u>6 248 429</u>
Contributions refunded to member organizations under Article 26 of the Regulations as of 31 December 1982	<u>2 891</u>	<u>87 476</u>
Administrative expenses		
Administrative costs	2 674 958	2 637 650
Investment costs chargeable to gross income from investments	<u>5 854 383</u>	<u>4 316 708</u>
	<u>8 529 341</u>	<u>6 954 358</u>
Emergency Fund	<u>45 047</u>	<u>18 816</u>
Adjustments to prior year benefits (net)	<u>(310 890)</u>	<u>(359 426)</u>
Unexpended 1985 obligations	<u>(61 237)</u>	-
Transferred to principal of the Fund	<u>933 090 461</u>	<u>621 377 368</u>
Total	<u><u>1 317 872 134</u></u>	<u><u>976 370 865</u></u>

Certified correct:

(Signed) Raymond GIERI
Secretary
United Nations Joint Staff Pension Board

11 May 1987

SCHEDULE 1

Schedule of administrative expenses for 1986 and 1985

(United States dollars)

	1986	1985
<u>Administrative costs</u>		
Established posts	1 729 895	1 610 651
Overtime and temporary assistance	59 333	61 784
Common staff costs	520 296	542 223
Actuarial consulting services	131 343	219 956
Consultants	2 000	12 315
Travel of staff	29 594	20 422
Committee of Actuaries	21 058	18 428
Data-processing costs	128 126	149 550
External audit	9 200	10 678
Computer services rendered by the United Nations	20 000	20 000
Communications services	5 000	5 000
Hospitality	2 854	2 960
Miscellaneous charges	<u>16 254</u>	<u>(36 317)</u>
Total	<u>2 674 958</u>	<u>2 637 650</u>
<u>Investment costs</u>		
Established posts	353 370	378 953
Overtime and temporary assistance	4 792	9 080
Common staff costs	176 621	180 691
Training	720	11 164
Custodial services and investment counsel	5 100 000	3 500 906
Consultants	25 391	30 000
Travel of staff	11 701	34 467
Investments Committee	117 709	105 341
Data-processing costs	12 246	15 495
Communications services	25 416	27 818
Hospitality	1 961	2 741
Miscellaneous charges	<u>24 456</u>	<u>20 052</u>
Total	<u>5 854 383</u>	<u>4 316 708</u>

SCHEDULE 2

Summary Statement of Investments as at 31 December 1986

(Thousands of United States dollars)

	Balances - at cost a/		Profit or (loss) on sales	1986 Income	
	January 1986	31 December 1986		Dividends or interest	Total
Bonds (United States \$)	510 214	641 553	35 742	121 161	156 843
Stocks and convertible bonds (United States \$)	1 311 131	1 126 122	237 877	43 478	281 355
Bonds (other currencies)	965 084	1 003 454	127 764	82 396	210 160
Stocks and convertible bonds (Other currencies)	700 244	995 638	183 724	26 284	210 008
Real estate and related securities (United States \$ and other currencies)	343 142	577 757	50	31 239	31 255
Temporary investments (United States \$)	70 482	441 937	-	20 640	20 640
Temporary investments (other currencies)	3 265	189 875	(707)	4 048	3 341
Total portfolio	3 969 562	4 976 336	584 456	329 192	913 648

a/ Cost value adjusted to reflect year-end adjustments.

SCHEDULE 3

Comparison of cost value and market value of investments as at
31 December 1985 and 31 December 1986

(Thousands of United States dollars)

	31 December 1985		31 December 1986	
	Cost <u>a/</u>	Percentage of total cost value	Market value <u>a/</u>	Percentage of total cost value
Bonds (United States \$)	516 214	13.0	591 909	12.9
Stocks and Convertible bonds				
(United States \$)	1 311 131	33.0	1 730 746	22.6
bonds (other currencies)	965 084	24.3	1 030 166	20.2
Stocks and convertible bonds				
(other currencies)	760 244	19.2	1 035 989	20.0
Real estate and related securities (United States \$ and other currencies)	343 142	8.6	402 523	11.6
Temporary investments (United States \$)	70 462	1.8	70 362	8.9
Temporary investments (other currencies)	3 205	0.1	3 411	3.8
Total portfolio	<u>3 969 562</u>	<u>100.0</u>	<u>4 865 226</u>	<u>100.0</u>
			<u>4 976 336</u>	<u>6 254 955</u>

a/ Market and cost values adjusted to reflect year-end adjustments.

SCHEDULE 4

Summary of outstanding tax refunds as at 31 December 1986

Source	Prior to 1982	Local currency				Totals	Exchange rate in effect 31/12/86	Equivalent in United States dollars
		1983	1984	1985	1986			
France	FF			38 650	38 650	6.375	6 063	
Italy	Lit			117 531 000	65 205 000	1 338.688	136 504	
Japan	¥			340 200	340 200	158.153	2 151	
Malaysia	\$M \$S	33 495	509 472 18 720	675 252	181 680	2.596 2.162	539 252 8 659	
Mexico	\$US \$Mex	116 937 16 458 991	64 186 9 288 911	124 092	162 109	1.000 914.913	467 324 44 083	
Netherlands	ƒ.			32 500	580 238	2.169	282 498	
New Zealand	\$NZ			19 818	104 821	1.883	66 192	
Papua New Guinea	\$A	9 079				1.503	6 041	
Philippines	₱	473 438		295 312	768 750	20.068	38 307	
Singapore	\$S			261 215	406 176	2.162	308 691	
Spain	Ptas	4 563 875	22 476 644	22 875 382	21 614 271	142.857	572 388	
United Kingdom	£			169 559	169 559	0.675	251 199	
				Total amount outstanding			<u>2 749 354</u>	

ANNEX III

Report of the Board of Auditors to the General Assembly on the accounts of the United Nations Joint Staff Pension Fund for the year ended 31 December 1986

Introduction

1. In accordance with article 14 of the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF), the Board of Auditors has audited the accounts of the Fund for the year ended 31 December 1986.
2. The examination was made in accordance with article XII of the Financial Regulations of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination was conducted at the secretariat of the Pension Board and the Office of Financial Services of the United Nations in New York.
3. During the year under review, the Board of Auditors continued its practice of reporting the results of specific audits and issuing management letters containing detailed observations and recommendations to the Administration. This practice has helped greatly in maintaining a continuing dialogue with the Administration.
4. The following are the most significant matters arising from our examination. We have discussed these matters with the Administration, whose responses are incorporated in this report where appropriate. The Board has noted the efforts with which the Administration has dealt with the matters brought to its attention and the steps it has taken to improve financial management and control systems. Our recommendations are intended to assist the Administration in seeking and implementing further improvements in these systems.

Summary of recommendations

5. We recommend that the following corrective actions, presented in the order of priority, be taken:
 - (a) Use a uniform exchange rate in reporting the Investment Management Section and Fund secretariat transactions;
 - (b) Establish a co-ordinated cash-management system within the Fund to maximize the use of its available resources;
 - (c) Streamline the year-end procedures and the policies on grace periods and compensation claims;
 - (d) Strengthen supervisory control over cash operations;
 - (e) Enhance the computer applications involving the Cashier Balance Report and participant master reconciliation, and strengthen implementation controls over programme revisions;

- (f) Investigate and adjust the difference between the participant master account and the posting record;
- (g) Improve the bank reconciliation procedures;
- (h) Prepare an accounting manual for greater efficiency in the accounting activities.

Summary of findings

6. Our review of investments and related accounts disclosed the following:

(a) The Investment Management Section uses exchange rates different from the United Nations operational exchange rates in translating non-United States dollar investments, while the Fund secretariat uses the United Nations operational exchange rates;

(b) "Investments in non-United States Stocks" and the "Payable for securities purchased" accounts were overstated by \$1,118,650, due to the double recording of a transaction by Fiduciary Trust Co.;

(c) There is a need to establish a co-ordinated cash-management system to make use of the available local currency resources in the Investment Management Section for benefit payments;

(d) The grace period granted to Fiduciary Trust Co. for late receipt of income without compensation and the failure to consider possible foreign currency fluctuations in the computation of compensation for late credits were noted in the review.

7. An independent confirmation made of the Fund's bank accounts disclosed that one bank account was opened and subsequently closed by the bank without the authority of the United Nations Controller.

8. We noted that supervisory controls over the operations of the Cashier Section should further be strengthened.

9. Our audit of the benefits payment system revealed the following:

(a) The erroneous accounting treatment of prepaid benefits and related accounts resulted in an overstatement of the "Prepaid benefits" account and an understatement of the "Cash in bank" and the "Benefits payable" accounts;

(b) Control over benefit cards and access to separated participants files are inadequate.

10. Our review of the bank reconciliation process revealed that it could further be improved.

11. The Balance report, which is the Cashier's tool for monitoring cash balances, is not prepared on a timely basis.

12. There is a need to improve the programmes that update the participant master and the reports generated during its reconciliation and to strengthen further implementation controls over programme revisions.

13. Our analysis of the participants account showed that the posting record balance as of 31 December 1986 was higher than the balance of the participants master.

14. No noticeable progress has been made on the preparation of the Fund Secretariat's accounting manual, an undertaking that was recommended last year.

Investment accounts

Foreign currency translations

15. Our examination of investment transactions involving currencies other than the United States dollar disclosed that the foreign-exchange rates used in translating these transactions into United States dollars are not the United Nations operational rates of exchange. The Fund secretariat, on the other hand, uses the United Nations rates.

16. We recommended two alternatives for the Administration to consider to avoid the inconsistency arising from the use of two different rates:

(a) The Investment Management Section should use the United Nations rates, as is done by the Pension Fund secretariat, in reporting non-United States dollar transactions. A parenthetical disclosure of the account balances at market rates for financial statement purposes may be done at year-end;

(b) If it is the practice in the industry for pension funds to record investments using market/commercial rates, obtain an exemption from the proper authorities to use the same for both the Investment Management Section and Fund secretariat transactions.

17. The Administration agreed to examine the proposed alternatives and accepted our recommendation to disclose in the notes to the financial statements the present accounting practice relating to foreign-currency translations.

Overstatement of accounts

18. The "Investments in non-United States stocks" account was overstated by \$1,118,650 as at 31 December 1986, due to an error by Fiduciary Trust Co., the Fund's investment consultant. Consequently, the "Payable for securities purchased" account was also overstated by the same amount. The Investment Management Section became aware of the error when the same was adjusted by Fiduciary Trust Co.

19. Since transactions occurring near the cut-off date are crucial in the preparation of year-end financial statements, we recommended that the Administration initiate action for Fiduciary Trust Co. to explain transactions that are not executed in the normal manner to ensure that only valid transactions of the Fund are reflected in its accounts. The Administration informed us that it had already initiated discussion with Fiduciary Trust Co. on the establishment of procedures for handling this problem.

Co-ordinated cash management

20. During our interim audit, we noted that the Fund incurred foreign-exchange losses in the purchase and sale of non-United States securities, because those securities were paid and received in local currencies that it did not normally hold, and settlements with the sub-custodians were made in United States dollars. During our year-end audit, we observed that most of the foreign currencies purchased by the Fund secretariat were available in the Investment Management Section call deposit accounts. We therefore recommended that a co-ordinated system of cash management be implemented within the Fund, so that the existing non-United States call deposit accounts held by the Investment Management Section can be utilized by the Fund secretariat in the payment of benefits. The Administration informed us that the establishment of an active cash management within the operations of the Investment Management Section was being pursued and that there had been several discussions with experts and the Investment Committee on that matter.

Grace period and compensation for late credits

21. We noted that the Investment Management Section allowed Fiduciary Trust Co. a grace period in the receipt of income, ranging from 3 to as long as 20 days, and that in the computation of compensation for late credits, no consideration was given to possible foreign-currency fluctuations that may have occurred between the due date and the credit date. On the basis of 53 discrepancy letters issued in 1986, we noted that it took Investment Management Section an average of 36 days from date of credit to prepare the claim for compensation and an additional average of 23 days for Fiduciary Trust Co. to remit the compensation claimed. Those delays resulted in additional opportunity costs for the Fund.

22. We recommended that the Investment Management Section review its policy of granting the grace period with the objective of shortening the same, consider the effects of foreign currency fluctuations in the computation of compensation for late credits, and set a deadline within which Fiduciary Trust Co. should settle compensation claims. The Administration explained that the grace period took into account the inefficiencies that regrettably exist in many markets and that sometimes resulted in delayed receipt of income. However, the Investment Management Section in conjunction with Fiduciary Trust Co. was in the process of restructuring the sub-custodian network, which could reduce the grace period substantially. The Administration also assured us that it was aware of the direction the currency exchange rates was taking in 1986 and that there was actually a gain on currency exchange at credit dates, since the rates were more favourable than to the Fund. The Investment Management Section, according to the Administration, followed a schedule for checking all transactions in various segments of the portfolio, which was designed to give more attention to those areas in which the largest number of errors had been encountered. In addition, in processing claims made by the Investment Management Section, Fiduciary Trust Co. must deal with a network of worldwide custodians in order to arrive at definitive answers. The Administration subsequently informed us that discussion with Fiduciary Trust Co. had already been started on setting a deadline in the settlement of claims.

Cash management

Opening of bank account/authorized bank signatories

23. An independent confirmation made of one of the Fund's bank accounts revealed that the account was opened without the authority of the United Nations Controller. We recommended that the Administration should conform to the established practice.

24. The Administration explained that the account was opened when a large payment in Canadian funds was received. In order not to lose interest on these funds, an account had to be immediately opened and in the process, the formal documentation was overlooked. The Administration agreed that the correct procedure would be followed.

Supervisory control

25. In our review of disbursement procedures, we noted the following control deficiencies:

(a) The presence of the signatures of any two authorized officials is adequate to transact business with the banks.

(b) The preparation, review and approval/authorization of cable transfers are vested in the Cashier's office and sometimes in one person.

(c) The two keys to operate the cheque writers (one for the signature plate of the Cashier and the other for the Deputy Secretary) are both kept in the Cashier's office.

26. For a more effective supervisory control over the Cashier's transactions, we recommended that the Administration consider having two panels of signatories, one consisting of officials from the Cashier's Section, or those directly involved in the cashiering function, and another panel composed of senior Fund officials. Disbursements should only be allowed in the presence of an authorized signature from each panel. We likewise recommended that the approval/authorization of cable transfers be segregated from the Cashier/Deputy Cashier and be handled by the senior Fund officials and that the key to the signature plate of the Deputy Secretary be turned over to him or his authorized representative, preferably one not performing the cashiering function.

27. The Administration explained that the Cashier and the Deputy Cashier could issue disbursements only upon receipt of authorized payment vouchers, which had been approved by the Accounts Section and certified as correct and payable by a senior official of the Fund, and that there was a dual control within the Cashier's Unit, requiring two officials to carry out that disbursement.

Benefits payment system

Prepaid benefits

28. Our analysis of the prepaid benefits account balance as at 31 December 1986 disclosed that it included pension benefits value dated 2 January 1987, the date

when the paying banks would make good the Fund's instruction to pay, and not earlier.

29. Because of the erroneous accounting treatment of those benefits, cash in bank was understated by \$11,623,523, the prepaid benefits account was overstated by \$10,059,867, and the benefits payable account was understated by \$1,563,656 as at 31 December 1986. We proposed a correcting entry, which the Administration accepted and reflected in the 1986 financial statements.

Control over benefit cards

30. Our review of the manual procedures followed in processing benefit payments disclosed the inadequacy of controls over the completeness of benefit cards processed and submitted to the New York Computing Service (NYCS) for data entry, since no comparison is made by the Accounts Section between the benefit cards submitted to NYCS for processing and the transmittal list from the Benefits Section. When cards are missed, they will remain unprocessed and will appear as reconciling items at year-end.

31. To ensure the completeness of manually-processed benefit payments, we recommended that the Accounts Section should check the number of benefit cards pulled out from the files of the participants and submitted to NYCS against the Benefit Section transmittal list. We also recommended and the Administration agreed that access controls over participants files have to be strengthened.

32. The Administration informed us that it had decided instead to computerize the completeness procedure, an option we completely support.

Bank reconciliation procedures

Recording of payments

33. Our interim review of the Fund's bank reconciliation procedures revealed significant amounts of unrecorded benefit payments, due mainly to delays in the submission of copies of the payment voucher by the Cashier's Unit to the Data Control Unit. That situation not only increased the number of reconciling items, but also affected the accuracy of the reported account balances.

34. We recommended and the Administration agreed that the feasibility of interfacing the cashier system with the general ledger system be investigated. The Administration further informed us that it had already requested the electronic data-processing section to incorporate the interface in the computerization of payment vouchers.

Incomplete supporting schedule

35. Our review disclosed that certain bank reconciliation statements were not supported by schedules to show the computation of the exchange gains/losses and that certain bank statements did not provide any transaction reference, except the dates, to guide the reconciliation work.

36. We recommended and the Administration agreed that a computation supporting the amounts of foreign-exchange gains/losses be prepared to facilitate review and that

the Administration should request the banks concerned to include in their bank statements a Fund reference number for each transaction in order to facilitate reconciliation work and prevent the erroneous identification of reconciling items.

Computer applications

Cashier's balance report

37. Our evaluation of the balance report as a tool for monitoring the Fund's cash position showed that it was updated for payments, deposits and adjustments only once a week. In addition, the application used in updating the report did not show separate payment authorizations for dollar and local currency payments.

38. We recommended that the Administration adopt an on-line data entry to update the "Cashier's Balance Report". The Administration informed us that the Fund was exploring means to have direct access to permit an on-line update of the cash position.

Unresolved discrepancies in the participants master comparison

39. Our examination of the pending benefit claims for 1986 revealed that several cases were caused by unresolved discrepancies in the "Participants Master Comparison" since the programme used did not provide for a carry-over of the accumulated prior years' unresolved exceptions to the current two-year exception report. That situation hampered the timeliness of benefit payments, since the Benefit Section had to reconstruct the separated participant's account, sometimes even up to the start of the participant's contributory service.

40. We recommended that the unreconciled exceptions of prior years be stored in a data set that could be accessed and reported, in addition to the exceptions on the two-year comparison, and that controls over the reconciliation process should be tightened.

41. The Administration informed us that efforts would be made during 1987 to implement a revised reconciliation system that would:

(a) Expand and fine tune the capabilities of the system to better cope with part-time staff and leave-without-pay cases;

(b) Provide for continuous reporting of discrepancies for all years until they are resolved.

Should these enhancements prove successful, it may be possible to limit the number of years in arrears that must be investigated upon separation to a maximum of five years, a period which coincides with the pensionable remuneration rates used in the calculation of the final average remuneration.

Calculation of interest and leave without pay

42. We noted 20 cases where the computed interest on contributions per the participant master was greater than the corresponding amount per the separation master. Our inquiry disclosed seven instances where the difference was attributable to the failure by the Benefits Section to override, when necessary,

the interest calculations performed by the computer. Since the observed lapses were also missed by the reviewers in the Benefits Section, we recommended and the Administration agreed that enhancements to the computer programme be considered so that appropriate checks can be provided to determine whether or not interest has to be computed. These enhancements should eliminate the present override procedures.

43. We also noted 43 cases of leave without pay that were incorrectly computed by the system because the programme failed to consider the calculation of leave without pay that started in the prior year and extended to the current year. Apparently, the programme was not properly tested and accepted by the user prior to its implementation. We further noted that the error came to the attention of the Fund only when some of the affected participants complained about it. This prompted the Accounts Section to request a modification of the existing programme.

44. We recommended that new programmes or revisions to an existing programme should be properly tested and accepted by the user prior to their implementation. The programmer should be in close co-ordination with the user to ensure that all possible conditions are considered in the preparation/ revision of programmes. The Administration assured us that it would follow up the review of programme-testing procedures. The Administration also informed us that the programme had been revised to correct this error.

Master record and posting record imbalance

45. Our review of the "Participants Master" and the "Posting Record" (General Ledger) revealed a difference of \$140,538.91 at year-end. We recommended that the difference between the two records be investigated and corresponding adjustments made. Subsequently, the Administration identified discrepancies amounting to \$110,339.98, which would be booked up in 1987. The Administration also informed us that the remaining difference of \$30,198.93 related to 1984 and was still being investigated.

Accounting manual

46. We followed up an earlier recommendation for the preparation of an accounting manual and observed that no significant progress had been made. Once more we brought to the attention of the Administration the need for the manual and the resultant advantages in terms of procedures standardization, improved internal accounting controls, and greater efficiency in the accounting activities.

47. The Administration informed us that, owing to the pressures of work, it was doubtful whether it could complete the task in the short term and that the administration manual, which incorporates some of the accounting procedures used by the Fund, was being updated and should be completed by the end of the year.

Cases of fraud

48. The Board was informed that there were no known cases of fraud or presumptive fraud in the United Nations Joint Staff Pension Fund during 1986.

Comments on matters dealt with in the 1985 report
of the Board of Auditors

49. We observed that the Administration had taken satisfactory action on matters raised in the 1985 report, a/ except with respect to the preparation of an accounting manual for the Fund secretariat.

Acknowledgement

50. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Secretary of the United Nations Joint Staff Pension Board and the United Nations Controller, their officers and members of their staff.

(Signed) R.T. NELSON
Auditor General of Ghana

(Signed) André CHANDERNAGOR
Senior President
Cour des Comptes de France

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit,
the Philippines

Notes

a/ Official Records of the General Assembly, Forty-first Session,
Supplement No. 9 (A/41/9).

ANNEX IV

Views of member organizations on the composition of the Board
submitted in response to the request made in General Assembly
resolution 40/245

1. Governing bodies

INTERNATIONAL LABOUR ORGANISATION (ILO)

The ILO Governing Body, at its two hundred and thirty-third session in May-June 1986, endorsed the following conclusions:

- "(a) that the principle of the federative character of the Fund should be preserved through full and equitable participation of all member organizations in the deliberations on pension issues;
- (b) that the tripartite composition of the Board should be maintained in order to ensure full debate and participation of the three constituent groups: the General Assembly/governing bodies, executive heads and staffs;
- (c) that an enlargement of the Pension Board's size was desirable in view of the expanded membership of the Fund and of the need to respond to the requirements of the General Assembly/governing bodies, executive heads and staff representatives. It will then be left for the Pension Board itself to recommend the optimum number of members in order to obtain maximum effectiveness in the deliberations and work of the Board;
- (d) that the Governing Body should reiterate its confidence in the technical advisory service provided by the Board and its unique and indispensable role as a consultative organ for the examination of pension issues."

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

The FAO Council, at its ninetieth session held in Rome from 17-28 November 1986, approved the following conclusions:

- "(a) that the principles of the federative character of the Fund should be preserved through full and equitable participation of all member organizations in the deliberations on pension issues;
- (b) that the tripartite composition of the Pension Board should be maintained in order to ensure full debate and participation of the three constituent groups: Member States, executive heads and participants;
- (c) that while other forms of tripartite structure might also be envisaged, it would be preferable to maintain the present tripartite composition of the Pension Board. Changes in this respect should not, however, hamper the participation and respective role of the three constituent groups on the Pension Board;

- (d) that an enlargement of the Pension Board's size would be desirable in view of the expanded membership of the Fund and of the need to respond to the requirements of Member States, organizations and participants' representatives. It should be left to the Pension Board itself to recommend the optimum number of members in order to obtain maximum effectiveness in the deliberations and work of the Board;
- (e) that a revised membership of the Pension Board provide adequate representation of pensioners;
- (f) in the event of an enlargement of the Pension Board, the number of seats for FAO should be increased from two to three."

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

The UNESCO General Conference at its twenty-third session in October/November 1985 endorsed:

"the proposal submitted by the representatives of UNESCO on the Pension Board to the effect that, in accordance with the principle of equal representation of the three groups of which the Board is composed, the Organization should have three seats on a Joint Staff Pension Board of thirty-three members, one seat being allocated to the General Conference, one to the chief administrative officer and one to the participants."

WORLD HEALTH ORGANIZATION (WHO)

The WHO Executive Board, at its seventy-seventh session in January 1986, approved the following views for transmittal to the General Assembly:

- "(1) the present tripartite composition of the United Nations Joint Staff Pension Board, with equal representation of the three groups, should be preserved;
- (2) on an enlarged Pension Board, in accordance with the principle of equal representation of the three groups of which the Board is composed, the World Health Organization should have three seats, allocated respectively to the World Health Assembly, the Director-General and the participants;
- (3) formal recognition should be given to the status of the representatives of retired participants with a view to their being entitled to participate fully in the work of the Pension Board."

INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)

The Council of ICAO, at its one hundred and twentieth session in March 1987, approved the following general principles:

- "(i) the tripartite composition of the UNJSPB should be maintained;
- (ii) the UNJSPB should continue to consist of representatives of the various Member Organizations;

- (iii) in accordance with their recognized status as observers, retired participants should participate in the deliberations of UNJSPB;
- (iv) particularly if the Board is to be expanded, attendance at Board sessions of alternates or observers might be restricted, provided that each member organization remained adequately represented by representatives of each constituent group."

In the transmittal of these views, it was stated that "if the Pension Board was expanded, ICAO would request that it be accorded the second seat which it had held until 1978".

WORLD METEOROLOGICAL ORGANIZATION (WMO)

The Executive Council of the WMO, at its thirty-ninth session in June 1987, approved the following views for transmittal to the General Assembly:

- "(a) The tripartite composition of the Pension Board should be maintained;
- (b) An enlargement of the size of the Pension Board may be desirable in view of the expanded membership of the Fund, the World Meteorological Organization should however retain at least one seat;
- (c) Formal recognition should be given to the status of the representatives of retired participants as observers, which would allow them to participate in the work of the Pension Board."

INTERIM COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION (ICITO)/GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

The contracting parties of ICITO/GATT endorsed the following position, to be conveyed to the General Assembly:

- "(a) that the principle of the federative character of the Fund should be preserved through full and equitable participation of all member organisations in the deliberations on pension issues;
- (b) that the tripartite composition of the Board should be maintained in order to ensure full debate and participation of the three constituent groups: the General Assembly/governing bodies, executive heads and participants;
- (c) that an enlargement of the Pension Board's size was desirable in view of the expanded membership of the Fund and of the need to respond to the requirements of the General Assembly/governing bodies, executive heads and participants representatives. It would then be left for the Pension Board itself to recommend the optimum number of members in order to obtain maximum effectiveness in the deliberations and work of the Board;
- (d) that in any event, the permanent seat for ICITO/GATT should be guaranteed;
- (e) that a revised membership of the Pension Board provide adequate representation of pensioners;

- (f) that the CONTRACTING PARTIES reiterate their confidence in the technical advisory service provided by the Board and its unique and indispensable role as a consultative organ for the examination of pension issues."

INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

The IAEA Board of Governors, at its six hundred and seventieth meeting in February 1987, shared the following view of the IAEA Staff Pension Committee:

- "(a) The Agency's SPC considers that the tripartite composition of the Pension Board, with equal representation of the three constituent groups, has been a source of strength to the Pension Board and should therefore be maintained; it ensures that the different interests which the three constituent groups represent are taken into account in the Pension Board's deliberations, and it has facilitated the finding of generally acceptable solutions in controversial matters.
- (b) With regard to the representation of the various member organizations on the Pension Board, as those organizations have different memberships and different staffing requirements, the Agency's SPC considers that there is a need for each of them to be represented on the Pension Board. In particular, the Agency, which - unlike other member organizations - subscribes to a policy of staff rotation, has a unique interest in a benefit structure which takes into account the interests of staff who are employed by it for relatively short periods.
- (c) The Agency's SPC accordingly sees a need for an enlargement of the Pension Board so as to make it truly reflect its membership while retaining the equal representation of all three constituent groups. On such an enlarged Pension Board, the number of seats to which the Agency's SPC is entitled should be increased to two - the number of seats it held prior to 1978. Also, the Agency's SPC considers that formal recognition should be given to the status of retired participants.
- (d) If the Pension Board is enlarged, it might be appropriate - for reasons of efficiency and economy - to restrict attendance by alternates and observers at Board sessions."

INTERNATIONAL MARITIME ORGANIZATION (IMO)

The IMO Council, at its fifty-seventh session in November 1986, took note of the following report by the IMO Secretary-General:

"There is one other matter which the Secretary-General would wish to bring to the attention of the Council. At its session last year, the General Assembly decided to seek the views of the governing bodies of other organizations in the common system on the size and composition of the UNJSPB, in the context of a review which the General Assembly proposed to undertake next year on this question. The Board presently comprises 21 members, with one third chosen by the governing bodies, one third by executive heads and one third by participants. For the United Nations, each of these three groupings has permanent membership; for three of the larger specialized agencies, two of the groups have membership in rotation; for the smaller agencies, including IMO, there is only one member, with each group in turn being on the Board for

two years. The fact that a group is not a member of the Board does not mean, however, that it is precluded from taking part in the discussions, but only that it cannot vote. In addition, on major issues, each of the three groups seeks informally to co-ordinate a common position and all views are taken into account during this co-ordination process. From the point of view of IMO, the present situation thus works satisfactorily, but it would seem best to have a flexible view on possible changes, so long as the organization continued to be represented and an appropriate balance was maintained between the three groupings."

INTERNATIONAL TELECOMMUNICATION UNION (ITU)

The Administrative Council of ITU, at its forty-second session in June 1987, endorsed the following points relating to the membership of the United Nations Joint Staff Pension Board submitted to it by the ITU Staff Pension Committee:

- "(1) The present tripartite membership of the United Nations Joint Staff Pension Board, with equal representation of three groups, i.e., the Administrative Council, the Secretary-General and Participants, should be retained.
- (2) The number of ITU members on the Board should be proportional to the number of staff members affiliated to the Fund, but there should be at least one member from the ITU.
- (3) There should be a system of rotation which would allow the ITU member(s) on the Board to be appointed alternately from each of the three groups; each non-member group should be accorded observer status.
- (4) Representatives of retired participants should be able to take part in the work of the Joint Staff Pension Board as observers."

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

The Executive Board of IFAD, at its fortieth session in September 1987, approved the following conclusions:

- "(a) the principles of the federative character of the UNJSPF should be preserved through the full and equitable participation of all its member organizations in the deliberations on pension issues;
- (b) the tripartite composition of the UNJSPB should be maintained in order to ensure the full debate of pension issues and the full participation in the decision-making process of the three constituent groups thereof: Member States, Executive Heads and Participants;
- (c) while other forms of tripartite structure might also be envisaged, it would be preferable to maintain the present tripartite composition of the UNJSPB. Changes in this respect should not, however, hamper the participation and respective roles of the three constituent groups on the UNJSPB;
- (d) the enlargement of the composition of the UNJSPB might be desirable in view of the expanded membership of the UNJSPF and of the need to respond

to the requirements of Member States, members organizations and the representatives of participants in the UNJSPF. It should be left to the UNJSPB itself to recommend the optimum number of members required to obtain maximum effectiveness in the deliberations and work of the UNJSPB; and

- (e) a revision of the membership of the UNJSPB to provide for adequate representation of pensioners."

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

The UNIDO Industrial Development Board, at its second session in October 1986, adopted the following views:

- "(a) The tripartite nature of the Pension Board ensures that the different interests of the constituent groups are taken into account in all the Board's deliberations. This has enabled the Board in the past to fulfill its mandate as a technical organ by weighing all financial and managerial aspects in order to reach generally acceptable solutions. The principle of the tripartite nature of the Board should be upheld to allow the full and equitable participation of the three constituent groups.
- (b) The principle of the federative character of the Fund should be reflected in the Pension Board through full and equitable representation of all member organizations in the deliberations on pension issues.
- (c) An enlargement of the size of the Pension Board is desirable in view of the expanded membership of the United Nations Joint Staff Pension Fund and of the need to respond to the requirements of the General Assembly and governing bodies of constituent organizations, executive heads and participants. It is recommended that the Pension Board, respecting the principles in paragraphs (a) and (b) above, propose the optimum number of members in order to obtain maximum effectiveness in the deliberations and work of the Board.
- (d) While retired participants are presently admitted as observers, any decision on the composition of the Board should formally recognize the need to ensure their participation in the work of the Board so that their points of view are taken into account."

2. The United Nations Staff Pension Committee

The United Nations Staff Pension Committee at its two hundred and thirty-second meeting in June 1987 agreed on the following:

- "(a) The tripartite nature of the Board should be preserved and the representation of the three groups should be equal;
- (b) In view of developments in recent years, the Board should be enlarged from the present 21 members to 33 members;
- (c) The 33 seats should be allocated as follows: the United Nations - 12 seats; FAO, WHO, UNESCO and ILO - three seats each; UNIDO, ICAO, IAEA, WMO, ICITO, IMO, ITU, WIPO and IFAD - one seat each;

- (d) Consequential to (b) and (c) above, and to take into account the suggestion made to increase the General Assembly representation, the UN Staff Pension Committee should be enlarged to include four members from each of the three groups; four alternates from the General Assembly and two alternates each representing the Secretary-General and the participants. The UN Staff Pension Committee would therefore consist of a total of 12 members and eight alternates;
- (e) Those observers who are representatives of a governing body, an executive head, or participants of a member organization, but are members of the Board only on a rotation basis because their organization does not have at least three seats on the Board should have all the rights of members except the right to vote;
- (f) The same status as in (e) should be extended to the representatives of FAFICS;
- (g) The other observers, e.g. the representatives of ICSC, CCAQ, FICSA, CCISUA, IBRD, IMF and WTO, etc., would constitute another group of observers and their participation in the work of the Board should remain as provided under the present Rules of Procedure;
- (h) The size of the Standing Committee should not be changed at this time; its composition should continue to be determined as at present, i.e. by rotation."

3. Administration of ICCROM

The Director of Administration in ICCROM, in a cable in April 1986 stated:

"We believe that number seats should be increased and ICCROM included in one of groups having one seat assigned on rotation basis. Moreover, ICCROM should be entitled to send one observer to sessions where seat is not ICCROM's. In view proposed frequency Board meetings, ICCROM would like to be allowed to send one observer to Standing Committees. This matter will be further discussed by ICCROM's council at meeting May 1987. Shall inform you outcome immediately thereafter."

Administrative expensesTable 1Revised budget estimates for the biennium 1986-1987

(Thousands of United States dollars)

Object of expenditure	Initial approved estimates (1)	Estimates of additional requirements of decreases					Revised estimates (1+7) (8)
		Decisions of policy-making organs (2)	Changes (3)	Variances from stand-ard costs (4)	Rates of exchange (5)	Inflation (6)	
	\$	\$	\$	\$	\$	\$	\$
A. ADMINISTRATIVE COSTS							
Established posts	3 600.8	-	0.8	(172.5)	-	(171.7)	3 429.4
Common staff costs	1 321.0	-	0.3	(187.8)	-	(187.5)	1 133.5
Temporary assistance	58.1	-	-	-	-	-	58.1
Common staff costs	21.5	-	-	-	-	-	21.5
Overtime	107.8	-	(30.3)	-	-	(30.3)	77.5
Travel of staff	95.5	(5.0)	(28.6)	-	-	(33.6)	61.9
Actuarial consulting services	385.0	-	-	-	-	-	385.0
Consultants	34.0	-	-	-	-	-	34.0
Committee of Actuaries	68.1	-	(22.0)	-	-	(22.0)	46.1
Data processing costs							
Services rendered by United Nations	40.0	-	-	-	-	-	40.0
Rental and maintenance of equipment	161.3	-	-	-	-	-	161.3
Acquisition of equipment	46.4	-	-	-	-	-	46.4
Contractual services	42.2	-	-	-	-	-	42.2
Supplies and materials	67.9	-	-	-	-	-	67.9
External audit	18.9	-	-	-	-	-	18.9
Communications services	10.0	-	-	-	-	-	10.0
Hospitality	9.6	-	-	-	-	-	9.6
Miscellaneous supplies and services	27.1	-	-	-	-	-	27.1
Total administrative costs	6 115.4	(5.0)	(79.8)	(360.3)	-	(445.1)	5 670.3

Table 1 (continued)

Object of expenditure	Estimates of additional requirements or decreases							
	Initial approved estimates (1)	Decisions of policy-making organs (2)	Other changes (3)	Variances from stand-ard costs (4)	Exchange rates (5)	Inflation (6)	Total requirements (2+3+4+5+6) (7)	Revised estimates (1+7) (8)
	\$	\$	\$	\$	\$	\$	\$	\$
B. INVESTMENT COSTS								
Established posts	981.3	-	-	(142.0)	-	-	(142.0)	839.3
Common staff costs	363.5	-	-	(105.0)	-	-	(105.0)	258.5
Temporary assistance	19.3	-	-	-	-	-	-	19.3
Common staff costs	7.2	-	-	-	-	-	-	7.2
Overtime	10.7	-	-	-	-	-	-	10.7
Travel of staff	102.5	-	-	-	-	-	-	102.5
Advisory and custodial fees	9 700.0	-	1 165.0	-	-	-	1 165.0	10 865.0
Investment consultants	107.6	-	-	-	-	-	-	107.6
Investments Committee	290.5	-	-	-	-	-	-	290.5
Investment reference services	45.3	-	-	-	-	-	-	45.3
Communications services	67.9	-	-	-	-	-	-	67.9
Data processing	45.3	-	-	-	-	-	-	45.3
Hospitality	9.8	-	-	-	-	-	-	9.8
Miscellaneous supplies and services	6.8	-	-	-	-	-	-	6.8
Training	22.6	-	-	-	-	-	-	22.6
Total investment costs	11 780.3	-	1 165.0	(247.0)	-	-	916.0	12 698.3
Total administrative costs	6 115.4	(5.0)	(79.8)	(360.3)	-	-	(445.1)	5 670.3
GRAND TOTAL	17 895.7	(5.0)	1 085.2	(607.3)	-	-	472.9	18 368.6

Table 2

UNJSPF budget estimates for the biennium 1988-1989

(Thousands of United States dollars)

Object of expenditure	Approved budget for 1986-1987	Estimated additional requirements			Total increase	1988-1989 estimates
		Revaluation of 1986-1987 resource base (at 1987 rates)	Resource growth (at 1987 rates)	Inflation in 1988 and 1989		
A. ADMINISTRATIVE COSTS						
Established posts	3 600.8	(1.3)	-	154.3	153.0	3 753.8
Common staff costs	1 321.0	(89.1)	-	51.3	(37.8)	1 283.2
Temporary assistance	58.1	1.7	104.1	6.3	112.1	170.2
Common staff costs	21.5	(0.7)	36.1	2.0	37.4	58.9
Overtime	107.8	(32.8)	1.8	2.3	(28.7)	79.1
Travel of staff	95.5	(2.7)	(27.8)	1.3	(29.2)	66.3
Actuarial consulting services	385.0	-	-	20.0	20.0	405.0
Consultants	34.0	-	150.0	1.0	151.0	185.0
Committee of Actuaries	68.1	(1.3)	(13.3)	1.5	(13.1)	55.0
Data processing costs						
Services rendered by United Nations	40.0	-	-	-	-	40.0
Rental and maintenance of equipment	161.3	-	74.2	7.1	81.3	242.6
Acquisition of equipment	46.4	-	60.9	3.2	64.1	110.5
Contractual services	42.2	-	(16.0)	0.8	(15.2)	27.0
Supplies and materials	67.9	-	(22.0)	1.4	(20.6)	47.3
External audit	18.9	-	-	0.6	0.6	19.5
Communications services	10.0	-	-	-	-	10.0
Hospitality	9.8	-	-	0.3	0.3	10.1
Miscellaneous supplies and services	27.1	(0.5)	7.8	1.0	8.3	35.4
Total administrative costs	6 115.4	(126.7)	355.8	254.4	483.5	6 598.9

Table 2 (continued)

Object of expenditure	Approved budget for 1986-1987	Estimated additional requirements				1988-1989 estimates
		Revaluation of 1986-1987 resource base (at 1987 rates)	Resource growth (at 1987 rates)	Inflation in 1988 and 1989	Total increase	
B. INVESTMENT COSTS						
Established posts	981.3	(19.0)	161.0	35.6	177.6	1 158.9
Common staff costs	363.5	(29.7)	55.9	12.1	38.3	401.8
Temporary assistance	19.3	1.6	-	0.6	2.2	21.5
Common staff costs	7.2	-	-	0.2	0.2	7.4
Overtime	10.7	0.2	1.7	0.4	2.3	13.0
Travel of staff	102.5	(2.0)	-	3.0	1.0	103.5
Advisory and custodial fees	9 700.0	-	4 300.0	-	4 300.0	14 000.0
Investment consultants	107.6	(2.0)	-	3.2	1.2	108.8
Investments Committee	290.5	(5.5)	-	8.5	3.0	293.5
Investment reference services	45.3	(0.9)	-	1.3	0.4	45.7
Communications services	67.9	(1.4)	-	2.0	0.6	68.5
Data processing	45.3	(0.9)	-	1.3	0.4	45.7
Hospitality	9.8	(0.1)	-	0.3	0.2	10.0
Miscellaneous supplies and services	6.8	(0.2)	-	0.2	-	6.8
Training	22.6	(0.5)	-	0.7	0.2	22.8
Bank charges	-	-	20.0	0.5	20.6	20.6
Total investment costs	11 780.3	(60.4)	4 538.6	70.0	4 548.2	16 328.5
Total administrative costs	6 115.4	(126.7)	355.8	254.4	483.5	6 598.9
GRAND TOTAL	17 895.7	(187.1)	4 894.4	324.4	5 031.7	22 927.4

Table 3

Staffing table for the biennium 1988-1989

A. Secretariat of the Pension Fund

	<u>Established posts</u>		<u>Temporary posts</u>		<u>Total</u>	
	1986-1987	1988-1989	1986-1987	1988-1989	1986-1987	1988-1989
<u>Professional category and above</u>						
D-2	1	1	-	-	1	1
D-1	2 <u>a/</u>	2	-	-	2	2
P-5	3	3	-	-	3	3
P-4	5	5	-	-	5	5
P-3	12	12	-	-	12	12
P-2/1	4	4	-	1	4	5
Total	27	27	-	1	27	28
<u>General Service category</u>						
Principal level	2	2	-	-	2	2
Other levels	58	58	-	2	58	60
Total	60	60	-	2	60	62
GRAND TOTAL	87	87	-	3	87	90

a/ Includes classification of one P-5 post to the D-1 level requested in the revised estimates for the biennium 1986-1987.

This staffing table reflects the implementation of the results of the classification exercise as approved under section IX, Job classification of the General Service and related categories, of General Assembly resolution 41/209 of 11 December 1986.

Table 3 (continued)

H. Investment Management Staff

Established posts	1986-1987	1988-1989
<u>Professional category and above</u>		
D-1	1	1
P-5	1	2
P-4	2	2
P-3	2	2
Total	6	7
<u>General Service category</u>		
Principal level	1	1
Other levels	7	9
Total	8	10
GRAND TOTAL	14	17

This staffing table reflects the implementation of the results of the classification exercise as approved under section IX, Job classification of the General Service and related categories, of General Assembly resolution 41/209 of 11 December 1986.

ANNEX VI

Member organizations of the Fund

The member organizations of the Fund are the United Nations and the following:

European and Mediterranean Plant Protection Organization (EPPO)
Food and Agriculture Organization of the United Nations (FAO)
Interim Commission for the International Trade Organization (ICITO)
International Atomic Energy Agency (IAEA)
International Centre for the Study of the Preservation and the
Restoration of Cultural Property (ICCROM)
International Civil Aviation Organization (ICAO)
International Fund for Agricultural Development (IFAD)
International Labour Organisation (ILO)
International Maritime Organization (IMO)
International Telecommunication Union (ITU)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
United Nations Industrial Development Organization (UNIDO)
World Health Organization (WHO)
World Intellectual Property Organization (WIPO)
World Meteorological Organization (WMO)

ANNEX VII

Membership of the Board and attendance at its thirty-seventh session

A. Membership of the Board

1. The following members and alternates were accredited by the staff pension committees of the member organizations of the Fund in accordance with the rules of procedure:

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>United Nations</u>		
Ambassador M. Majoli (Italy) Mr. M. Okeyo (Kenya)	Mr. U. Kalbitzer (Federal Republic of Germany) Mr. S. Kuttner (United States of America) Mr. M.A. Ortega-Nalda (Mexico) Mr. Y. Takasu (Japan)	General Assembly General Assembly General Assembly General Assembly
Mr. J. R. Foran (Canada) Mr. A. A. Annan (Ghana)	Mr. M. de la Mota (Spain) Mr. M. Baquerot (France) Mr. A. Miller (Australia)	Secretary-General Secretary-General Secretary-General
Ms. S. Johnston (United States of America) Mr. G. Fuicheri (Italy)	Mr. B. Hillis (Canada) Mr. L. Bourne (United Kingdom) Ms. N. Sadka (Australia) Mr. G. Irving (United States of America)	Participants Participants Participants Participants
<u>International Labour Organisation</u>		
Mr. A. Busca (Italy)	Mr. J.-C. Petitpierre (Switzerland) Mr. J.-P. Picard (Canada) Mr. I. A. Ioannides (Cyprus) Mr. D. C. McLean (United Kingdom)	Executive head Executive head Executive head Executive head
<u>World Health Organization</u>		
Sir John Reid (United Kingdom)	Dr. A. A. A. Nasher (Democratic Yemen) Dr. M. Quijano (Mexico) Dr. S. D. M. Fernando (Sri Lanka) Dr. H. Ntaba (Malawi) Dr. T. Shimao (Japan)	Governing body Governing body Governing body Governing body Governing body
Mr. W. W. Furth (United States of America)	Mr. R. L. Munteanu (Romania) Dr. D. Barmes (Australia) Mr. J. E. Morqan (Australia)	Executive head Executive head Executive head

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
	Mr. H. R. Crockett (Canada) Dr. S. E. Holck (United States of America)	Executive head Executive head
<u>Food and Agriculture Organization of the United Nations</u>		
Mr. A. D. Weygandt (United States of America)	Mr. J. Glistrup (Denmark) Mr. I. Kaba (Guinea) Mr. V. Isarankura (Thailand) Mr. H. Isfahani (Islamic Republic of Iran) Mr. J. Watson (Panama)	Governing body Governing body Governing body Governing body Governing body
Mr. A. Marcucci (Italy)	Mr. M. Arrigo (Italy) Mr. J. M. Taylor (Sweden) Mr. C. Cherubini (Italy) Ms. T. Fortunato-Marra (Italy) Mr. M. Palmieri (Italy)	Participants Participants Participants Participants Participants
<u>United Nations Educational, Scientific and Cultural Organization</u>		
Mr. G. V. Rao (India)		Governing body
<u>International Civil Aviation Organization</u>		
Mr. D. Goethel (Federal Republic of Germany)		Executive head
<u>International Atomic Energy Agency</u>		
Mr. W. Price (United States of America)	Mr. W. P. Scherzer (Austria)	Participants
<u>World Meteorological Organization</u>		
Mr. R. M. Perry (United Kingdom)	Mr. S. Mbele-Mbong (Cameroon)	Participants
<u>International Maritime Organization</u>		
Mr. R. Tchibota-Souamy (Gabon)	Dr. A. Walczak (Poland)	Governing body

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>International Telecommunication Union</u>		
Mr. A. B. MacLennan (United Kingdom)	Mr. J.-P. Baré (France)	Executive head
<u>Interim Commission for the International Trade Organization/General Agreement on Tariffs and Trade</u>		
Mr. G. Thorn (Belgium)	Mr. R. Delaune (France)	Participants
<u>World Intellectual Property Organization</u>		
Mr. W. Frei (Switzerland)		Governing body
<u>International Fund for Agricultural Development</u>		
Mr. J. B. McGhie (United Kingdom)		Participants
<u>United Nations Industrial Development Organization</u>		
Mr. K. Ahmed (Sudan)		Executive head

B. Attendance at the thirty-seventh session

2. The following members and alternates attended the thirty-seventh session:

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>United Nations</u>		
Ambassador M. Majoli Mr. M. Okeyo	Mr. U. Kalbitzer Mr. S. Kuttner Mr. M. A. Ortega-Nalda Mr. Y. Takasu	General Assembly General Assembly General Assembly General Assembly
Mr. J. R. Foran Mr. K. A. Annan	Mr. M. de la Mota Mr. M. Baquerot Mr. A. Miller	Secretary-General Secretary-General Secretary-General
Ms. S. Johnston Mr. G. Fulcheri a/	Mr. B. Hillis Mr. L. Bourne Ms. N. Sadka Mr. G. Irving	Participants Participants Participants Participants

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>International Labour Organisation</u>		
Mr. A. Busca <u>b/</u>	Mr. J.-C. Petitpierre Mr. J.-P. Picard	Executive head Executive head
<u>World Health Organization</u>		
Sir John Reid		Governing body
Mr. W. W. Furth	Mr. R. L. Munteanu Mr. J. E. Morgan Mr. H. R. Crockett	Executive head Executive head Executive head
<u>Food and Agriculture Organization of the United Nations</u>		
Mr. A. D. Weygandt		Governing body
Mr. A. Marcucci	Mr. J. M. Taylor	Participants
<u>United Nations Educational, Scientific and Cultural Organization</u>		
Mr. G. V. Rao <u>c/</u>		Governing body
<u>International Civil Aviation Organization</u>		
Mr. D. Goethel		Executive head
<u>International Atomic Energy Agency</u>		
Mr. W. Price	Mr. W. P. Scherzer	Participants
<u>World Meteorological Organization</u>		
Mr. R. M. Perry <u>d/</u>	Mr. S. Mbele-Mbong	Participants
<u>International Maritime Organization</u>		
Mr. R. Tchibota-Souamy	Dr. A. Walczak	Governing body
<u>International Telecommunication Union</u>		
Mr. A. B. MacLennan	Mr. J.-P. Baré	Executive head

MembersAlternatesRepresentingInterim Commission for the
International Trade
Organization/General
Agreement on Tariffs and
Trade

Mr. G. Thorn

Mr. R. Delaune

Participants

World Intellectual Property
Organization

Mr. W. Frei

Governing body

International Fund for
Agricultural Development

Mr. J. B. McGhie

Participants

United Nations Industrial
Development Organization

Mr. K. Ahmed

Executive head

3. Also present during the discussion of relevant items on the agenda were Mr. A. Faria, Mr. J. Guyot, Mr. G. Johnston, Mr. M. Matsukawa, The Honourable David Montagu, Governor B. K. Nehru, M. Y. Oltramare, Mr. E. N. Omahoe and Professor S. Raczkowski, members of the Investments Committee, H. E. Sheik Ahmed Abdullatif, Mr. J. Reimnitz (ad hoc members of the Investments Committee), Mr. R. J. Myers, Rapporteur of the Committee of Actuaries, and Dr. J. Demé, Director of the Joint Medical Service in Geneva. The Board was assisted, in addition, by Mrs. M. H. Adams, representing George B. Buck Consulting Actuaries, Inc. (consulting actuary to the Board), and Mr. L. Thomas, Vice-Chairman, Fiduciary Trust Company of New York, the Fund's investment adviser. Mr. R. Gieri and Mr. S. K. Chow attended as Secretary and Deputy Secretary, respectively, of the Board.

4. The following attended the session of the Board as observers for member organizations or other bodies or as secretaries of staff pension committees:

<u>Observer</u>	<u>Secretary</u>	<u>Staff Pension Committee</u>
Mr. W. M. Yoffee (Alt. Ambassador G. Falchi)	Mr. R. Leone de Maqistris	ILO
Mr. E. Denti (Alt. Ms. H. T. Perret-Nguyen Mr. M. Voirin Mr. M. Copin Ms. B. Debbas Ms. C. Thomasson)		

<u>Observer</u>	<u>Secretary</u>	<u>Staff Pension Committee</u>
Mr. C. Garcia-Martinez (Alt. Ms. V. Pedersen Ms. M. Melloni Mr. A. Pares Dr. A. Vessereau)	Ms. R. Wiedmer Mr. G. Jeannin	WHO
Mr. M. Bel Hadj Amor	Mr. G. Eberle Ms. J. Montalto-Dubery	FAO
Mr. Y. Kochubey Mr. M. Ait Si Selmi Mr. A. McLurg	Mr. M. Saberi Hachim	UNESCO
Mr. B. M. Nierobisch Mr. L. T. Mortimer	Mr. D. Gerdes	ICAO
Mr. J. Morales Pedraza Mr. S. Amdal	Mr. P. Uhl	IAEA
Mr. M. Mlaki	Mr. E. Renlund	WMO
Mr. H. M. Montgomery Mr. P. A. Traub	Mr. E. Augsburgger	ITU
Mr. M. Ahmad Mr. P. Rolian	Mr. H. Glanzmann	ICITO
Mr. C. Woodford Mr. G. Frammery	Mr. C. L. Kindler Mr. J. L. Perrin	WIPO
Mr. D. Aitken Mr. D. Bertaud Mr. F. Frère van Tongerlooy	Ms. B. Harris	IMO
	Ms. M. Brocklesby	IFAD
Mr. E. Zador Mr. S. Zampetti	Ms. U. Peer	UNIDO
Mr. P. Pegazzano		ICCROM
		<u>Other bodies</u>
Mr. S. Grabe Ms. P. K. Tsien (Alt. Mr. A. Ali Ms. M. Bruce Mr. C. Buonaccorsi Mr. A. Chakour Ms. I. Poulsen Mr. W. Zyss)		FAFICS

5. Certain other bodies or organizations were represented during the whole or part of the session as follows:

<u>Organization</u>	<u>Representative</u>
International Civil Service Commission (ICSC)	Mr. M. Ordelt
Consultative Committee on Administrative Questions (CCAQ)	Mr. J. Tassin
Federation of International Civil Servants' Associations (FICSA)	Ms. F. Sala Mr. R. Beattie
Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA)	Mr. L. Leonetti Ms. A. Swetzer
International Bank for Reconstruction and Development (IBRD)	Mr. R. A. Hamamo
World Tourism Organization (WTO)	Mr. K. Vasak

Notes

- a/ Chairman.
- b/ 1st Vice-Chairman.
- c/ 2nd Vice-Chairman.
- d/ Rapporteur.

ANNEX VIII

Membership of the Standing Committee

The Board appointed the following members and alternate members of the Standing Committee, under rule B.1 of the rules of procedure, from among the members and alternate members of the Board and of staff pension committees:

<u>Members</u>	<u>Alternates</u>	<u>Representing</u>
<u>United Nations (Group I)</u>		
Mr. S. Kuttner	Ambassador M. Majoli Mr. M. Okeyo Mr. U. Kalbitzer Mr. M. A. Ortega-Nalda Mr. Y. Takasu	General Assembly General Assembly General Assembly General Assembly General Assembly
Mr. K. A. Annan	Mr. J. R. Foran Mr. M. de la Mota Mr. M. Baquerot Mr. A. Miller	Secretary-General Secretary-General Secretary-General Secretary-General
Ms. S. Johnston	Mr. G. Fulcheri Mr. B. Hillis Mr. L. Bourne Ms. N. Sadka Mr. G. Irving	Participants Participants Participants Participants Participants
<u>Specialized agencies</u> <u>(Group II)</u>		
Mr. W. M. Yoffee (ILO)	Mr. E. Zador (UNIDO)	Governing body
Mr. W. W. Furth (WHO)	Mr. R. L. Munteanu (WHO) Mr. D. Barmes (WHO) Mr. J. E. Morgan (WHO) Mr. H. R. Crockett (WHO)	Executive head Executive head Executive head Executive head
Mr. W. E. Price (IAEA)	Mr. D. Bertaud (IMO) Mr. P. A. Traub (ITU) Mr. R. M. Perry (WMO)	Participants Participants Participants
<u>Specialized agencies</u> <u>(Group III)</u>		
Mr. A. D. Weygandt (FAO)	Mr. J. Glistrup (FAO) Mr. I. Kaba (FAO)	Governing body Governing body
Mr. Y. Rochubey (UNESCO)	Mr. R. M. Angelides (UNESCO)	Executive head
Mr. G. Thorn (ICITO)	Mr. G. Frammery (WIPO) Mr. L. Mortimer (ICAO) Mr. J. B. McGhie (IFAD)	Participants Participants Participants

ANNEX IX

Membership of the Committee of Actuaries

The membership of the Committee is as follows:

Mr. A. O. Ogunshola (Nigeria) - Region I (African States)

Mr. K. Takeuchi (Japan) - Region II (Asian States)

Mr. E. M. Chetyrkin (Union of Soviet Socialist Republics) - Region III
(Eastern European States)

Dr. G. Arroba (Ecuador) - Region IV (Latin American States)

Mr. R. J. Myers (United States of America) - Region V (Western European
and other States)

ANNEX X

Recommendations to the General Assembly for the amendment of the Regulations of the United Nations Joint Staff Pension Fund

Existing text	Proposed text	Comments
<u>Article 5</u>		
<u>United Nations Joint Staff Pension Board</u>	<u>United Nations Joint Staff Pension Board</u>	
(a) The United Nations Joint Staff Pension Board shall consist of:	(a) The United Nations Joint Staff Pension Board shall consist of	To increase the membership of the Board from twenty-one (21) to thirty-three (33) and the number of seats held by the United Nations from six (6) to twelve (12). The rotation of seats where applicable, will be fixed in the Rules of Procedure of the Fund.
(i) Six members appointed by the United Nations Staff Pension Committee, two of whom shall be from the members and alternate members elected by the General Assembly, two from those appointed by the Secretary-General, and two from those elected by the participants in service in the United Nations; and	(i) Twelve members appointed by the United Nations Staff Pension Committee, four of whom shall be from the members and alternate members elected by the General Assembly, four from those appointed by the Secretary-General, and four from those elected by the participants in service in the United Nations; and	
(ii) Fifteen members appointed by the staff pension committees of the other member organizations in accordance with a table fixed by the Administrative Rules, five of whom shall be from the members and alternate members chosen by the bodies of the member organization corresponding to the General Assembly, five from those appointed by the chief administrative officers of the member organizations, and five from those chosen by the participants in service.	(ii) Twenty-one members appointed by the staff pension committees of the other member organizations in accordance with the Rules of Procedure of the Fund, seven of whom shall be from the members and alternate members chosen by the bodies of the member organizations corresponding to the General Assembly, seven from those appointed by the chief administrative officers of the member organizations, and seven from those chosen by the participants in service.	
(b) Alternate members may be appointed by each staff pension committee.	(b) No change.	

Article b
Staff pension committees

(a) The United Nations Staff Pension Committee shall consist of three members and three alternate members elected by the General Assembly, three members and three alternate members appointed by the Secretary-General, and three members and three alternate members, who shall be participants in the Fund and on the staff of the United Nations, elected by the participants in service in the United Nations by secret ballot.

Article b
Staff pension committees

(a) The United Nations Staff Pension Committee shall consist of four members and four alternate members elected by the General Assembly, four members and two alternate members appointed by the Secretary-General, and four members and two alternate members, who shall be participants in the Fund and on the staff of the United Nations, elected by the participants in service in the United Nations by secret ballot.

To revise the composition of the United Nations Staff Pension Committee.

No changes in subparagraphs (b) and (c)

Article 25
Contributions

(a) Contributions by the participant and by the employing member organization shall be payable to the Fund concurrently with the accrual of contributory service under article 22(a) at the percentage rates of pensionable remuneration specified below:

	A	B	C
	<u>Employing member organization (percentage)</u>		
For periods of contributory service	Participants (percentage)	Participants (percentage)	Participants (percentage)
before 1984	7.00	7.00	14.00
As from 1984	7.25	7.25	14.50

Article 25
Contributions

(a) Contributions by the participant and by the employing member organization shall be payable to the Fund concurrently with the accrual of contributory service under article 22(a) at the percentage rates of pensionable remuneration specified below:

	A	B	C
	<u>Employing member organization (percentage)</u>		
For periods of contributory service	Participants (percentage)	Participants (percentage)	Participants (percentage)
before 1984	7.00	7.00	14.00
As from 1 January 1984 to 31 December 1987	7.25	7.25	14.50
As from 1 January 1988	7.50	7.50	15.00

To increase the rate of contributions as from 1 January 1988.

No changes in subparagraphs (b)-(e)

ANNEX XI

Recommendations to the General Assembly for changes
in the pension adjustment system

1. The interim measures recommended by the Board in section III.E of this report for the determination of the local currency base amount of the periodic pension benefit call for amendments to the provisions of the pension adjustment system, as approved by the General Assembly in resolution 37/131 and subsequently amended by resolutions 39/246 and 41/208. These changes are set out below.

(a) Section C. Determination of base amounts

The following would be added to paragraph 5:

"(c) For beneficiaries to whom the interim measures set out in section P below apply, the local currency base amount calculated in (b) above shall be subject to the minimum determined in accordance with section P."

(b) The following new section would be added immediately following section O:

"P. Interim measures for calculation of local currency base amount

38. For countries where the 36-month average exchange rate under subparagraph 5 (b) (iii) showed an overall decline during the years 1986 and 1987, the local currency base amount for participants in the Professional and higher categories shall not be less than the amount derived by applying, to the dollar base amount in paragraph 5 (a), the average monthly ratio between the local currency base amount and the dollar base amount during 1987. For each such country, the ratio for each month in 1987 shall be determined by dividing the local currency base amount derived from paragraph 5 (b) by the dollar base amount derived from paragraph 5 (a), for a participant at grade P-4, step XII, retiring with twenty years of contributory service who becomes entitled to a retirement benefit as of the first day of the month following his retirement.

39. The amount derived under paragraph 38 shall be applicable:

(a) To the benefits of participants who separate from service, or die in service, during the years 1988, 1989 or 1990, and to survivors' and other benefits derived therefrom, except for deferred retirement benefits and survivors' and other benefits derived therefrom;

(b) To the benefits of participants who separated from service, or died in service, during the year 1987 and to survivors' and other benefits derived therefrom, except for early retirement and deferred retirement benefits and survivors' and other benefits derived therefrom, provided that any adjustment hereunder shall be payable only as from 1 January 1988."

2. The application of the proposed interim measures is illustrated in tables 1 to 6, which follow.

Table 1

Pension for a P-4 top step official who retired at age 60
with 20 years of contributory service

Country of residence: Austria

Effective date	Current Entitlement				Proposed Floor Provision
	(1) United States dollar pension	(2) 36-month average exchange rate <u>a/</u>	(3) Cost-of-living differential <u>b/</u>	(4) Local currency pension [(1) x (2) + (3)] (8)	(5) Local currency pension using LCP/\$P average for 1987 [(1) x (17.63)] (8)
1 April 1987	28 709	18.09	-	519 346	506 140
1 August 1987	28 709	17.39	-	499 250	506 140
1 January 1988	28 706	16.27	-	467 047	506 087
1 January 1989	28 689	13.60	-	390 170	505 787
1 January 1990	28 579	12.73	-	363 811	503 848
1 January 1991	28 458	12.70	-	361 417	501 715

a/ Thirty-six-month average exchange rates projected for 1988-1990 on the basis of continuation of September 1987 exchange rate for all future months.

b/ Under sect. D, para. 6, of the Pension Adjustment System (JSPB/G.12).

Table 2

Pension for a P-4 top step official who retired at age 60
with 20 years of contributory service

Country of residence: France

Effective date	Current Entitlement				Proposed Floor Provision
	(1) United States dollar pension	(2) 36-month average exchange rate <u>a/</u>	(3) Cost-of-living differential <u>b/</u>	(4) Local currency pension [(1) x (2) + (3)] (FF)	(5) Local currency pension using LCP/\$P average for 1987 [(1) x (7.86)] (FF)
1 April 1987	28 709	8.03	-	230 533	225 653
1 August 1987	28 709	7.78	-	223 356	225 653
1 January 1988	28 706	7.36	-	221 276	225 629
1 January 1989	28 689	6.37	-	182 749	225 496
1 January 1990	28 579	6.07	-	173 475	224 631
1 January 1991	28 458	6.06	-	172 455	223 680

a/ Thirty-six-month average exchange rates projected for 1988-1990 on basis of continuation of September 1987 exchange rate for all future months.

b/ Under sect. D, para. 6, of the Pension Adjustment System (JSPB/G.12).

Table 3

Pension for a P-4 top step official who retired at age 60
with 20 years of contributory service

Country of residence: Italy

Effective date	Current Entitlement				Proposed Floor Provision
	(1) United States dollar pension	(2) 36-month average exchange rate <u>a/</u>	(3) Cost-of-living differential <u>b/</u>	(4) Local currency pension ((1) x (2) + (3)) (Lit)	(5) Local currency pension using LCP/\$P average for 1987 ((1) x (1,668)) (Lit)
1 April 1987	28 709	1 696	-	48 690 464	47 886 612
1 August 1987	28 709	1 655	-	47 513 395	47 886 612
1 January 1988	28 706	1 582	-	45 412 892	47 881 608
1 January 1989	28 689	1 381	-	39 619 509	47 853 252
1 January 1990	28 579	1 318	-	37 667 122	47 669 772
1 January 1991	28 458	1 320	-	37 564 560	47 467 944

a/ Thirty-six-month average exchange rates projected for 1988-1990 on basis of continuation of September 1987 exchange rate for all future months.

b/ Under sect. D, para. 6, of the Pension Adjustment System (JSPB/G.12).

Table 4

Pension for a P-4 top step official who retired at age 60
with 20 years of contributory service

Country of residence: Switzerland

Effective date	Current Entitlement				Proposed Floor Provision
	(1) United States dollar pension	(2) 36-month average exchange rate <u>a/</u>	(3) Cost-of-living differential <u>b/</u> (SWF)	(4) Local currency pension ((1) x (2) + (3)) (SWF)	(5) Local currency pension using LCP/\$P average for 1987 ((1) x (2.09)) (SWF)
1 April 1987	28 709	2.15	-	61 724	60 002
1 August 1987	28 709	2.07	-	59 428	60 002
1 January 1988	28 706	1.93	1 386	56 789	59 996
1 January 1989	28 689	1.61	4 935	51 124	59 960
1 January 1990	28 579	1.51	6 606	49 760	59 730
1 January 1991	28 458	1.50	6 762	49 449	59 477

a/ Thirty-six-month average exchange rates projected for 1988-1990 on basis of continuation of September 1987 exchange rate for all future months.

b/ Under sect. D, para. 6, of the Pension Adjustment System (JSPB/G.12).

Table 5

Pension for a P-4 top step official who retired at age 60
with 20 years of contributory service

Country of residence: United Kingdom

Effective date	Current Entitlement				Proposed Floor Provision
	(1) United States dollar pension	(2) 36-month average exchange rate <u>a/</u>	(3) Cost-of-living differential <u>b/</u>	(4) Local currency pension [(1) x (2) + (3)] (2)	(5) Local currency pension using LCP/SP average for 1987 [(1) x (.724)] (2)
1 April 1987	28 709	.733	-	21 044	20 785
1 August 1987	28 709	.722	-	20 748	20 785
1 January 1988	28 706	.697	-	20 008	20 783
1 January 1989	28 689	.641	-	18 390	20 771
1 January 1990	28 579	.619	-	17 690	20 691
1 January 1991	28 458	.615	-	17 502	20 604

a/ Thirty-six-month average exchange rates projected for 1988-1990 on basis of continuation of September 1987 exchange rate for all future months.

b/ Under sect. D, para. 6, of the Pension Adjustment System (JSPB/G.12).

Table 6

Pension for a P-4 top step official who retired at age 60
with 20 years of contributory service

Country of residence: Japan

Effective date	Current Entitlement				Proposed Floor Provision
	(1) United States dollar pension	(2) 36-month average exchange rate a/	(3) Cost-of-living differential b/ (Y)	(4) Local currency pension [(1) x (2) + (3)] (Y)	(5) Local currency pension using LCP/\$P average for 1987 [(1) x (220)] (Y)
1 April 1987	28 709	208	360 905	6 332 377	6 315 980
1 August 1987	28 709	199	540 614	6 253 710	6 315 980
1 January 1988	28 706	185	815 093	6 125 703	6 315 320
1 January 1989	28 689	153	993 759	5 383 176	6 311 580
1 January 1990	28 579	143	928 808	5 015 605	6 287 380
1 January 1991	28 458	142	922 284	4 963 320	6 260 760

a/ Thirty-six-month average exchange rates projected for 1988-1990 on basis of continuation of September 1987 exchange rate for all future months.

b/ Under sect. D, para. 6, of the Pension Adjustment System (JSPB/G.12).

ANNEX XII

Amendments to the Administrative Rules of the
United Nations Joint Staff Pension Fund

SECTION H

The following new Rule H.1(b) was added:

"H.1(b) For entitlement to a disability benefit, the incapacity for further service must be found to exist or have existed on the participant's date of separation."

SECTION I

The following new Rule I.5 was added:

"I.5 In no circumstances shall more than one child's benefit be payable in respect of any one child. Where entitlement to more than one child's benefit would otherwise exist in respect of a child, the child's benefit that is the largest shall be payable."

SECTION J

The following new Rule J.9(b) was added, with the previous Rule J.9(b) renumbered as Rule J.9(c):

"J.9(b) The Secretary of the Board may, where appropriate, waive recovery of all or part of an indebtedness to the Fund. Such waivers shall be reported to the Standing Committee annually."

ANNEX XIII

Draft resolution proposed for adoption by the General Assembly

Report of the United Nations Joint Staff Pension Fund

The General Assembly,

Recalling its resolution 41/208 of 11 December 1986,

Having considered the report of the United Nations Joint Staff Pension Board for 1987 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund, a/ and the related report of the Advisory Committee on Administrative and Budgetary Questions,

Taking note of the actuarial situation of the Fund as revealed by the valuation as at 31 December 1986,

I

AMENDMENTS TO THE REGULATIONS OF THE UNITED NATIONS
JOINT STAFF PENSION FUND

1. Decides that, with effect from 1 January 1988, the rate of contribution shall be increased from 21.75 to 22.5 per cent of pensionable remuneration, of which the employing member organization shall pay 15 per cent and the participant 7.5 per cent;

2. Approves, with effect from 1 January 1988, the changes in the size and composition of the United Nations Joint Staff Pension Board and of the United Nations Staff Pension Committee, which are contained in paragraphs 87 and 91, respectively, of section III.F of the report of the United Nations Joint Staff Pension Board; a/

3. Amends, with effect from 1 January 1988, the Regulations of the United Nations Joint Staff Pension Fund as set forth in annex X of the report of the United Nations Joint Staff Pension Board; a/

II

CHANGES IN THE PENSION ADJUSTMENT SYSTEM

1. Takes note of section III.D of the report of the United Nations Joint Staff Pension Board with respect to the review of the two-track pension adjustment system and the intention of the Board to continue to monitor the operation of the system; a/

2. Takes note of section III.E of the report of the United Nations Joint Staff Pension Board on inequalities of benefits caused by different dates of separation, and approves, with effect from 1 January 1988 and without retroactive effect, the changes in the pension adjustment system b/ as set out in annex XI of the report of the Board; a/

III

EMERGENCY FUND

Authorizes the United Nations Joint Staff Pension Board to supplement the voluntary contributions to the Emergency Fund, for the biennium 1988-1989, by an amount not exceeding \$200,000;

IV

ADMINISTRATIVE EXPENSES

Approves expenses, chargeable directly to the United Nations Joint Staff Pension Fund, totalling \$22,927,400 (net) for the biennium 1988-1989 and additional expenses of \$472,900 (net) for the biennium 1986-1987, for the administration of the Fund.

Notes

a/ Official Records of the General Assembly, Forty-second session, Supplement No. 9 (A/42/9).

b/ United Nations Joint Staff Pension Fund: Pension Adjustment System (JSPB/G.12).

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