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Agenda item 122

### UNITED NATIONS PENSION SYSTEM

#### Report of the Fifth Committee

Rapporteur: Mr. Igor V. GOUMENNY (Ukraine)

#### I. INTRODUCTION

1. At its 3rd plenary meeting, on 20 September 1996, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-first session the item entitled "United Nations pension system" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered the item at its 32nd to 34th, 36th, 37th, 39th, 46th and 47th meetings, on 25, 27 and 29 November and 4, 6, 11, 17 and 18 December 1996. Comments and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/51/SR.32-34, 36, 37, 39, 46 and 47).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Report of the United Nations Joint Staff Pension Board;<sup>1</sup>

(b) Report of the International Civil Service Commission for the year 1996;<sup>2</sup>

(c) Report of the Advisory Committee on Administrative and Budgetary Questions (A/51/644);

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<sup>1</sup> Official Records of the General Assembly, Fifty-first Session, Supplement No. 9 and corrigendum (A/51/9 and Corr.1).

<sup>2</sup> Ibid., Supplement No. 30 (A/51/30).

(d) Report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund (A/C.5/51/4).

4. At the 32nd meeting, on 25 November, the Chairman of the United Nations Joint Staff Pension Board introduced the report of the Board, and the representative of the Secretary-General for the investments of the Fund introduced the report of the Secretary-General on the investments of the Fund (see A/C.5/51/SR.32).

## II. CONSIDERATION OF DRAFT RESOLUTION A/C.5/51/L.36

5. At the 46th meeting, on 17 December, the representative of New Zealand introduced a draft resolution entitled "United Nations pension system" (A/C.5/51/L.36), submitted by the Chairman on the basis of informal consultations.

6. At the 47th meeting, on 18 December, the representative of Ukraine proposed that consideration of section IV of draft resolution A/C.5/51/L.36 be deferred until the resumed fifty-first session. Statements were made by the representatives of the Russian Federation and Ukraine (see A/C.5/51/SR.47).

7. At the same meeting, the Committee rejected the proposal to defer consideration of section IV of draft resolution A/C.5/51/L.36 by a recorded vote of 18 to 4, with 61 abstentions. The voting was as follows:

In favour: Estonia, Latvia, Marshall Islands, Ukraine.

Against: Argentina, Armenia, Australia, Austria, Belgium, Brazil, Canada, France, Germany, India, Japan, Kazakhstan, Morocco, New Zealand, Russian Federation, United Kingdom of Great Britain and Northern Ireland, United States of America, Zambia.

Abstaining: Algeria, Andorra, Bahamas, Barbados, Belarus, Belize, Bolivia, Botswana, Bulgaria, Chile, Colombia, Czech Republic, Denmark, Ecuador, Egypt, Fiji, Finland, Guatemala, Guyana, Haiti, Hungary, Iceland, Ireland, Italy, Jamaica, Kenya, Libyan Arab Jamahiriya, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Namibia, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Republic of Korea, Romania, Samoa, Saudi Arabia, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Thailand, The former Yugoslav Republic of Macedonia, Trinidad and Tobago, Tunisia, Turkey, Uganda, Uruguay, Venezuela, Zimbabwe.

8. After the vote, statements were made by the representatives of Ukraine, Germany, France and Austria.

9. At the same meeting, in accordance with rule 129 of the rules of procedure of the General Assembly, the representative of Ukraine proposed the deletion of section IV of draft resolution A/C.5/51/L.36. Statements were made by the representatives of Senegal, the Russian Federation and Ukraine.

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10. At the same meeting, the Committee rejected the proposal to delete section IV of draft resolution A/C.5/51/L.36 by a recorded vote of 31 to 2, with 50 abstentions. The voting was as follows:

In favour: Latvia, Ukraine.

Against: Andorra, Argentina, Armenia, Austria, Azerbaijan, Belgium, Brazil, Czech Republic, Denmark, Finland, France, Georgia, Germany, Iceland, India, Ireland, Italy, Japan, Kazakhstan, Liechtenstein, Luxembourg, Morocco, New Zealand, Republic of Korea, Russian Federation, Singapore, Spain, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Zambia.

Abstaining: Australia, Bahamas, Barbados, Belarus, Belize, Bolivia, Bulgaria, Canada, Chile, Colombia, Costa Rica, Ecuador, Egypt, Estonia, Guyana, Haiti, Hungary, Jamaica, Kenya, Liberia, Libyan Arab Jamahiriya, Lithuania, Malaysia, Malta, Mexico, Namibia, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Romania, Samoa, Saudi Arabia, Sierra Leone, Slovakia, South Africa, Sri Lanka, Thailand, The former Yugoslav Republic of Macedonia, Togo, Trinidad and Tobago, Turkey, Uganda, Uruguay, Venezuela, Zimbabwe.

11. After the vote, the representative of Ukraine made a statement.

12. At the same meeting, the representative of Ukraine requested a separate vote on section IV of draft resolution A/C.5/51/L.36.

13. At the same meeting, the Committee adopted section IV of draft resolution A/C.5/51/L.36 by a recorded vote of 32 to 1, with 48 abstentions. The voting was as follows:

In favour: Andorra, Argentina, Armenia, Austria, Belgium, Brazil, Costa Rica, Czech Republic, Denmark, Finland, France, Georgia, Germany, Guyana, Iceland, India, Ireland, Italy, Japan, Kazakhstan, Liechtenstein, Luxembourg, Morocco, New Zealand, Republic of Korea, Russian Federation, Spain, Sweden, Syrian Arab Republic, United Kingdom of Great Britain and Northern Ireland, United States of America, Zambia.

Against: Ukraine.

Abstaining: Australia, Azerbaijan, Bahamas, Barbados, Belize, Bolivia, Bulgaria, Canada, Chile, Colombia, Ecuador, Egypt, Estonia, Guatemala, Haiti, Hungary, Jamaica, Latvia, Liberia, Libyan Arab Jamahiriya, Lithuania, Malaysia, Malta, Mexico, Namibia, Norway, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Moldova, Romania, Saudi Arabia, Sierra Leone, Singapore, Slovakia, South Africa, Sri Lanka, Thailand, Togo, Trinidad and Tobago, Turkey, Uganda, Uruguay, Venezuela, Zimbabwe.

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14. After the vote, the representative of Germany made a statement.
15. At the same meeting, the representative of Ukraine requested a recorded vote on draft resolution A/C.5/51/L.36 as a whole.
16. At the same meeting, the Committee adopted draft resolution A/C.5/51/L.36 by a recorded vote of 78 to 1, with 19 abstentions. The voting was as follows:

In favour: Algeria, Andorra, Argentina, Armenia, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Belize, Bolivia, Brazil, Burkina Faso, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, Egypt, Finland, France, Georgia, Germany, Guatemala, Guyana, Haiti, Iceland, India, Ireland, Italy, Japan, Kazakhstan, Kenya, Kuwait, Latvia, Liechtenstein, Luxembourg, Malaysia, Malta, Mauritania, Micronesia (Federated States of), Morocco, Mozambique, Namibia, New Zealand, Norway, Philippines, Poland, Republic of Korea, Romania, Russian Federation, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Slovakia, Solomon Islands, South Africa, Spain, Sri Lanka, Sweden, Syrian Arab Republic, Thailand, The former Yugoslav Republic of Macedonia, Togo, Trinidad and Tobago, Tunisia, Uganda, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Viet Nam, Zambia, Zimbabwe.

Against: Ukraine.

Abstaining: Azerbaijan, Belarus, Bulgaria, Ecuador, Estonia, Hungary, Jamaica, Liberia, Libyan Arab Jamahiriya, Lithuania, Mexico, Oman, Pakistan, Panama, Paraguay, Peru, Republic of Moldova, Uruguay, Venezuela.

17. After the vote, statements were made by the representatives of Austria, Latvia and Estonia.

### III. RECOMMENDATION OF THE FIFTH COMMITTEE

18. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

#### United Nations pension system

The General Assembly,

Recalling its resolutions 45/242 of 21 December 1990, 46/192 of 20 December 1991, 47/203 of 22 December 1992, 48/224 and 48/225 of 23 December 1993 and 49/224 of 23 December 1994, section VII of resolution 50/216 of 23 December 1995 and decision 50/485 of 7 June 1996,

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Having considered the report of the United Nations Joint Staff Pension Board for 1996 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund,<sup>3</sup> chapter III of the report of the International Civil Service Commission for the year 1996,<sup>4</sup> the report of the Secretary-General on the investments of the Fund<sup>5</sup> and the related report of the Advisory Committee on Administrative and Budgetary Questions,<sup>6</sup>

I

ACTUARIAL MATTERS

Recalling section II of its resolution 47/203, section II of its resolution 48/225 and section I of its resolution 49/224,

Having considered the results of the valuation of the United Nations Joint Staff Pension Fund as at 31 December 1995 and the observations thereon of the Consulting Actuary of the Fund, the Committee of Actuaries and the Board,

1. Takes note of the decrease in the actuarial imbalance from 1.49 to 1.46 per cent of pensionable remuneration, reflected in the valuation of the Fund as at 31 December 1995, and in particular of the opinions provided by the Consulting Actuary and the Committee of Actuaries, as reproduced in annexes IV and V, respectively, to the report of the Board,<sup>3</sup> that there was no requirement, as at 31 December 1995, for deficiency payments under article 26 of the Regulations of the Fund and that the current contribution rate of 23.7 per cent of pensionable remuneration could be maintained for funding purposes, pending a review at the time of the next valuation, as at 31 December 1997, and in the light of future developments;

2. Takes note also of the reviews by the Standing Committee of the Pension Board in 1995 and the Board in 1996 of the interest rate used to determine lump-sum commutations, and of the decision by the Board, under article 11 of the Regulations of the Fund, to retain the current 6.5 per cent interest rate, which would be reviewed again by the Board in 1998;

3. Takes note further of the review by the Board of further amendments required to article 28 of the Regulations of the Fund as a consequence of the increase in the maximum number of years of creditable contributory service that had been adopted by the General Assembly in resolution 49/224 and had entered into effect on 1 July 1995;

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<sup>3</sup> Official Records of the General Assembly, Fifty-first Session, Supplement No. 9 and corrigendum (A/51/9 and Corr.1).

<sup>4</sup> Ibid., Supplement No. 30 (A/51/30).

<sup>5</sup> A/C.5/51/4.

<sup>6</sup> A/51/644.

4. Approves, with retroactive effect as from 1 July 1996, amendments to paragraphs (d) and (g) of article 28 of the Regulations of the Fund, as set out in annex I to the present resolution.

## II

### PENSIONABLE REMUNERATION OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES AND IN THE GENERAL SERVICE AND RELATED CATEGORIES

Recalling paragraph 3 of section I of its resolution 45/242 and paragraph 4 of section III of its resolution 47/203 concerning its request to the International Civil Service Commission to undertake, in full cooperation with the United Nations Joint Staff Pension Board, a further comprehensive review of the methodology for the determination of the scale of pensionable remuneration of staff in the Professional and higher categories, for monitoring the level of the scale and for its adjustment between comprehensive reviews, and to submit recommendations thereon to the General Assembly at its fifty-first session, in 1996,

Recalling also section I of its resolution 48/225, in which it approved (a) the use of the income replacement approach to determine the pensionable remuneration for staff in the General Service and related categories; (b) the application of an interim adjustment procedure similar to that applicable to staff in the Professional and higher categories, namely on the basis of a 1:1 relationship to increases in the net salaries; and (c) the procedure recommended by the Commission for determining a common staff assessment scale, with two separate sets of rates (single and dependent), for introduction in 1997,

Recalling further its request, in the same resolution to the Commission, in close cooperation with the Pension Board and as part of the comprehensive review in 1996 of the methodology to determine the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, to develop a common staff assessment scale for the determination of the pensionable remuneration of all categories of staff using the approved procedure and reflecting the latest available tax rates,

Noting with satisfaction that the close cooperation between the Commission and the Board has resulted in agreement between the two bodies on the methodologies for determining the pensionable remuneration for all categories of staff and on the development and application of a common staff assessment scale for pensionable remuneration purposes, as reflected in their respective reports,

Noting that the Commission, in accordance with article 10 (d) of its statute, has developed the common staff assessment scale for pensionable remuneration purposes, contained in annex IV to the report of the Commission,<sup>4</sup> taking into account the views of the Board as set out in paragraphs 152 to 159 of its report<sup>3</sup> and the considerations set out in paragraphs 83 to 89 of the report of the Commission,

Recalling its decision in section III of resolution 51/216 of 18 December 1996 that the common scale of staff assessment recommended by the

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Commission should be applied in determining the pensionable remuneration for all categories of staff, with effect from 1 January 1997, subject, in the case of staff in the General Service and related categories, to the procedure set out in paragraph 107 of the report of the Commission,

1. Decides, as regards staff in the Professional and higher categories, that:

(a) The income replacement in New York should continue to be used as the basis for the methodology for the determination of the pensionable remuneration of such staff;

(b) The methodology to determine the current scale of pensionable remuneration, described in annex I to the report of the Commission,<sup>4</sup> should continue to be used in the future;

(c) The current interim adjustment procedure for adjusting pensionable remuneration for such staff between comprehensive reviews should be continued, as described in annex I to the report of the Commission;

(d) The monitoring of pensionable remuneration and the United Nations/United States income replacement ratios should be carried out on the occasion of periodic comprehensive reviews of the pensionable remuneration and consequent pensions of such staff, and, between comprehensive reviews, the Commission should review every two years the factors affecting the comparisons of pensionable remuneration and income replacement ratios and, if necessary, submit a report thereon to the General Assembly;

2. Takes note of the decision of the Commission to carry out, in close cooperation with the Pension Board, on the occasion of future comprehensive reviews of the pensionable remuneration of staff in the Professional and higher categories, actuarial analyses of the pension benefits from the United Nations Joint Staff Pension Fund scheme and those applicable to the staff of the comparator service, and to report thereon to the General Assembly;

3. Amends, with effect from 1 January 1997, article 54 (b) of the Regulations of the United Nations Joint Staff Pension Fund, as set out in annex I to the present resolution, to incorporate the revised scale of pensionable remuneration for staff in the Professional and higher categories, using the approved common staff assessment scale;

4. Decides, as regards staff in the General Service and related categories, that:

(a) The income replacement approach and the methodology related thereto should continue to be used for the determination of pensionable remuneration of such staff, including the use of 66.25 per cent of the net pensionable salary for grossing-up purposes;

(b) The current interim adjustment procedure should continue to be used in the future;

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5. Takes note of the decision of the Commission to establish a working group to review the methodology for identifying and quantifying the non-pensionable components of the salaries of staff in the General Service and related categories, as part of the Commission's review of the General Service salary setting methodologies for Headquarters and other duty stations scheduled for 1997;

6. Requests the Commission, in full cooperation with the Board, to undertake in 2002 further comprehensive reviews of the methodologies for the determination of the pensionable remuneration of staff in the Professional and higher categories and in the General Service and related categories, and for the adjustment of pensionable remuneration between comprehensive reviews, and to submit recommendations thereon to the General Assembly at its fifty-seventh session.

### III

#### PENSION ADJUSTMENT SYSTEM

Recalling section IV of its resolution 46/192, section V of its resolution 47/203, section I of its resolution 48/225 and section III of its resolution 49/224,

1. Takes note of the reviews carried out by the United Nations Joint Staff Pension Board, as described in section VII of its report,<sup>3</sup> on various aspects of the pension adjustment system;

2. Takes note also of the results of the monitoring of the costs/savings of recent modifications of the two-track feature of the pension adjustment system, and of the intention of the Board to continue to monitor those costs/savings every two years, on the occasion of the actuarial valuations of the Fund;

3. Approves changes in the pension adjustment system, as set out in annex II to the present resolution, (a) to include, without creating a precedent for other situations, with retroactive effect from 1 January 1996, a special measure for determining local currency track pension amounts for beneficiaries residing in countries where a new currency unit has been introduced that significantly strengthens the relationship of the local currency to the United States dollar, subject to the eligibility criteria set out in paragraph 208 of the report of the Board, and (b) to provide greater specificity in the criteria set out in paragraph 26 of the pension adjustment system for discontinuing the local currency track pension amounts when they lead to aberrant results in a particular country;

4. Takes note of the further review carried out by the International Civil Service Commission and the Board of the provisions of the special index for pensioners, which are used to reduce or eliminate the compensation made for cost-of-living differences in the determination of the initial local currency track pensions under the two-track feature of the pension adjustment system whenever beneficiaries have a tax advantage in an otherwise high-cost country of retirement, and approves the agreed recommendation of the Commission and the

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Board that the current provisions of the special index for pensioners should be maintained.

IV

ACTIVITIES RELATED TO RESOLVING PROBLEMS CONCERNING THE  
IMPLEMENTATION OF THE TRANSFER AGREEMENTS BETWEEN THE  
FUND AND THE FORMER UNION OF SOVIET SOCIALIST REPUBLICS,  
THE FORMER UKRAINIAN SOVIET SOCIALIST REPUBLIC AND THE  
FORMER BYELORUSSIAN SOVIET SOCIALIST REPUBLIC

Recalling its resolutions 48/225 and 49/224,

Noting that the United Nations Joint Staff Pension Fund had transferred to the Social Security Fund of the former Union of Soviet Socialist Republics the actuarial value of the pension rights accrued by individual former participants, as required under the relevant transfer agreements with the former Union of Soviet Socialist Republics, the former Ukrainian Soviet Socialist Republic and the former Byelorussian Soviet Socialist Republic,

1. Takes note of the legal opinion of the United Nations Legal Counsel set out in paragraph 124 of the report of the Board to the General Assembly at its forty-eighth session;<sup>7</sup>
2. Notes that the proposed agreement between the Government of the Russian Federation and the United Nations Joint Staff Pension Board, as set out in annex VI to the report of the Board,<sup>3</sup> does not give rise to any rights or entitlements of any kind for any person under the Regulations of the Fund, and that the provisions of the proposed agreement are not incorporated in any way in the Regulations or Administrative Rules of the Fund;
3. Concurs with the proposed agreement, which would represent the first step in resolving the problems that have arisen with respect to the application of the transfer agreements;
4. Notes that some Member States have expressed concern that the proposed agreement only covers certain former Fund participants who are now citizens of the Russian Federation;
5. Endorses the further steps envisaged in the proposed agreement and in paragraph 246 of the report of the Board, as endorsed by the Advisory Committee on Administrative and Budgetary Questions in paragraph 32 of its report,<sup>6</sup> and, towards this end, urges the Governments of the Member States concerned to undertake direct discussions aimed at resolving the financial issues involved in respect of those former participants who are their citizens or permanent residents;

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<sup>7</sup> Official Records of the General Assembly, Forty-eighth Session, Supplement No. 9 (A/48/9).

6. Requests the Board to report to the General Assembly at its fifty-third session on the developments in respect of the further steps mentioned in paragraph 5 above and to submit recommendations related thereto to the General Assembly, as appropriate.

V

FINANCIAL STATEMENTS OF THE FUND AND  
REPORT OF THE BOARD OF AUDITORS

1. Notes with satisfaction that the report of the Board of Auditors on the accounts of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 1995 had revealed no material weakness or errors in the procedures and operational systems of the Fund, nor any evidence of fraud;

2. Takes note of the measures taken and under consideration by the secretariat of the United Nations Joint Staff Pension Fund to improve the procedures for verifying continuing eligibility for benefits from the Fund;

3. Takes note also of the arrangements made for internal audits of the Fund, to be carried out by the United Nations Office of Internal Oversight Services;

4. Requests the Secretary-General to continue to make available to the Fund the United Nations machinery for contracting and procurement, as recommended by the Board in paragraph 111 of its report.<sup>3</sup>

VI

ADMISSION TO MEMBERSHIP OF THE INTERNATIONAL  
TRIBUNAL FOR THE LAW OF THE SEA

Noting that the International Tribunal for the Law of the Sea meets the conditions set out in article 3 of the Regulations of the United Nations Joint Staff Pension Fund for membership in the Fund,

Decides to approve the admission to membership in the United Nations Joint Staff Pension Fund of the International Tribunal for the Law of the Sea, as from 1 January 1997.

VII

ADMINISTRATIVE EXPENSES

Recalling section VII of its resolution 50/216 and its request, made on the recommendation of the Advisory Committee on Administrative and Budgetary Questions, that the United Nations Joint Staff Pension Board review the additional staffing proposals for the Investment Management Service that had been presented to the General Assembly at its fiftieth session in the budget proposals for the biennium 1996-1997,

Having considered the observations of the Board on the staffing of the Investment Management Service and on other requests for additional resources, as set out in paragraphs 313 to 328 of its report,<sup>3</sup>

Approves the additional staffing and other resources recommended by the Board, in paragraphs 330 and 332 of its report, involving expenses amounting to 1,187,200 United States dollars net for the biennium 1996-1997, chargeable directly to the United Nations Joint Staff Pension Fund, for the administration of the Fund.

## VIII

### OTHER MATTERS

Recalling its decision 50/485 concerning the provisions of the Regulations of the United Nations Joint Staff Pension Fund governing the suspension of benefits in cases of re-employment of retirees in a member organization of the Fund, and in particular its invitation to the United Nations Joint Staff Pension Board to examine the possibility of suspending benefits in case of re-employments for periods of less than six months,

1. Takes note of the review carried out by the Board, as set out in paragraphs 252 to 261 of its report,<sup>3</sup> and of its decision to defer consideration of a possible amendment of article 40 (a) of the Regulations of the Fund, pending action by the General Assembly at its fifty-first session on the report it had requested from the Secretary-General on the question of employment of retirees by the United Nations;

2. Recalls its decision 51/408 of 4 November 1996 by which it decided, inter alia, to set a ceiling on the amount that retired staff in receipt of a pension benefit from the United Nations Joint Staff Pension Fund who are re-employed by the United Nations may earn per calendar year and limits such employment to no more than six months per calendar year;

3. Requests the Board to continue its consideration of an amendment of article 40 (a) of the Regulations of the Fund in respect of re-employment of retirees in receipt of benefits from the Fund under appointments of more than two but less than six months, and to submit a recommendation thereon to the General Assembly at its fifty-third session;

4. Takes note of the review by the Board of the entitlement to survivors' benefits for spouses and former spouses, and of the intention of the Board to examine further the various aspects of this issue, including consideration by the Standing Committee of the Pension Board in 1997 of a limited modification to the Fund's administrative rule B.4 on confidentiality and of the implications of introducing a payment facility in respect of court orders on family support, as well as consideration by the Board at its session in 1998 of the more far-reaching issue of possible revision of articles 34 and 35 of the Regulations of the Fund;

5. Takes note also of the other matters dealt with in section IX of the report of the Board.

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IX

INVESTMENTS OF THE FUND

1. Takes note of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund, on the review of the new custodial arrangements for the Fund's assets implemented in 1994 and on the review of the arrangements for the provision of institutional advisory services,<sup>6</sup> as well as the observations of the United Nations Joint Staff Pension Board thereon in its report;<sup>3</sup>

2. Takes note also of the observations of the Board of Auditors on the outstanding tax refunds due to the Fund from some Member States in respect of direct taxes imposed on the Fund's investment income, as set out in paragraphs 41 to 43 of its report and reproduced in annex III to the report of the United Nations Joint Staff Pension Board, and the comments of the Pension Board thereon;

3. Takes note with satisfaction of the increase in the number of Member States that have granted tax exemption for the investments of the Fund;

4. Reiterates its request to those Member States which do not grant such exemptions to make all possible efforts to do so as soon as possible;

5. Urges those Member States which have outstanding balances on foreign tax accounts receivable, as shown in schedule 6 of the financial statements contained in annex II to the report of the Board, to make all possible efforts to reimburse the amounts due as quickly as possible.

ANNEX I

Amendments to the Regulations of the United Nations  
Joint Staff Pension Fund

Article 28

Retirement benefit

1. Replace paragraph (d) (i) (B) with the following:

"(d) (i) (B) The maximum benefit payable under the same provisions of (b) or (c) above to a participant at the level D-2 (top step for the preceding five years) separating on the same date as the participant."

2. Replace paragraph (g) (i) (B) with the following:

"(g) (i) (B) The actuarial equivalent of one third of the maximum benefit that would be payable to a participant retiring at the normal retirement age, on the same date as the participant, with a final average remuneration equal to the pensionable remuneration on that date for the top step of level P-5 on the scale of pensionable remuneration appended to article 54."

Article 54

Pensionable remuneration

1. Replace the first sentence of paragraph (b) with the following:

"In the case of participants in the Professional and higher categories, the scale of pensionable remuneration effective 1 January 1997 shall be as set out in appendix B hereto."

2. Replace appendix B with the following:

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ANNEX II

Changes in the pension adjustment system

I. Payment of the benefit

1. Replace paragraph 26(a) with the following text:

"26(a) For countries where the application of the local-currency track would lead to aberrant results, with wide fluctuations depending on the precise commencement date of the underlying benefit entitlement, establishment of a local currency base amount in accordance with section C may be discontinued by the Secretary of the Pension Board. In such cases, the Secretary shall duly inform the Board or the Standing Committee of this action, as soon as feasible;"

2. Add a new paragraph 26 (b) reading:

"26(b) Aberrant results in (a) above may be due, inter alia, to:

"(i) Very high inflation rate and an exchange rate which either remained fixed or whose fluctuation was very limited in relation to the level of the inflation rate;

"(ii) The 36-month average of exchange rates covered different currency units or included a currency unit that was no longer applicable;

"(iii) Substantial depreciation of the local currency, combined with non-existent, inconsistent or outdated information on the movement of the country's consumer price index."

3. Renumber paragraph 26(b) as 26(c).

4. Add a new section Q reading:

"Q. Special measure for determination of the local currency base amount in certain countries with a new currency unit

"38(a) For countries where a new currency unit was introduced on or after 1 January 1990 which represented, at the time of its introduction, an increase in the value of the local currency, in relation to the United States dollar, of at least 100 per cent, the local currency base amount under section C, paragraph 5 (b) (iii) above, shall be determined in the following manner:

"(i) For beneficiaries separating before or during the month of introduction of the new currency unit: by applying to the dollar base amount, as adjusted under section H above to the date of introduction of the new local currency unit,

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the United Nations operational exchange rate in effect as of such date;

"(ii) For beneficiaries separating after the end of the month of introduction of the new currency unit: by applying to the dollar base amount the average of the United Nations operational exchange rates for the new local currency unit over the period from the effective month of introduction of the new currency unit to the month of separation, up to a maximum of thirty-six months;

"(b) This special measure shall apply to all beneficiaries who have provided, or will provide in future, proof of residence in a country which meets the criteria in subparagraph (a) above;

"(c) (i) The local currency base amount determined in accordance with (a) (i) above shall be adjusted by the consumer price index movement, in accordance with section H above, as from the date of introduction of the new currency unit;

"(ii) The local currency base amount determined in accordance with (a) (ii) above shall be adjusted by the consumer price index movement, in accordance with section H above;

"(d) The local currency amount calculated under this special measure will be paid only with effect from the first day of the quarter following submission of proof of residence, or in cases where proof of residence had been submitted earlier, as from the first day of the quarter following the date of introduction of the new local currency unit, with retroactive effect only as from 1 January 1996;

"(e) Should the new local currency unit depreciate against the United States dollar by 50 per cent or more from its value on the date of introduction, beneficiaries covered by the special measure may exercise an option, within two years as from the date of implementation of the special measure, 1 January 1997, to withdraw their proof of residence and to have their pension benefits paid thereafter solely on the United States dollar track. Such reversion to the dollar track alone would be effective as from the first quarter following receipt by the Fund secretariat of the beneficiary's withdrawal of proof of residence."

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