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United Nations pension system

Report of the United Nations Joint Staff Pension Board on its sixty-eighth session

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board on its sixty-eighth session ([A/75/9/Add.1](#)). During its consideration of the report, the Committee interacted remotely with the secretariat of the Pension Board, which provided additional information and clarification, concluding with written responses received on 26 February 2021.

2. The Pension Board held its sixty-eighth session remotely from 2 to 5 February 2021. This special session was dedicated to the issue of governance. The Board indicates that its discussion was based on a study on governance made by an external entity, a progress report of the Governance Working Group, inputs received from the different staff pension committees and the guidance of the General Assembly as contained in its resolution [75/246 \(A/75/9/Add.1, para. 2\)](#).

3. The Advisory Committee was informed, upon enquiry, that the current report of the Pension Board, pursuant to paragraph 15 of General Assembly resolution [75/246](#), provided an update based on the action taken by the Board on the progress report of the Governance Working Group. Concrete proposals will be included in the annual report of the Board to the General Assembly.



II. Study on governance

Background

4. As requested by the General Assembly in its resolution [72/262 A](#), the Office of Internal Oversight Services (OIOS) conducted a comprehensive audit of the governance structure of the Pension Board in 2018.¹

5. At its sixty-fifth session, the Pension Board discussed the findings and recommendations of the OIOS report and established a Governance Working Group to consider the issues of participation, rotation and equitable representation on the Board ([A/73/9](#), paras. 339–355).

6. In its resolution [74/263](#), the General Assembly requested the Chief Executive of Pension Administration, drawing on the expertise of the Procurement Division of the Secretariat, to engage promptly, through a transparent and competitive procurement process, an independent external entity with expertise in pension fund governance matters to conduct a comprehensive and objective analysis, giving due regard to best practice standards of pension funds.

The Mosaic report

7. The independent external entity (Mosaic Governance Advisors) submitted its analysis of the governance of the Board to the Board at its sixty-seventh session, in July 2020. In their report, the consultants found that the variance between the governance practices of the Pension Fund and pension fund governance best practices in the context of the utilized comparator group was “significant across all categories.” They made 15 groups of recommendations and suggested a transition strategy to align the governance of the Pension Fund with the practices identified. The Board then decided to convene a special session dedicated to governance ([A/75/9](#), part one, paras. 288–315, and annex XIV).

III. Main conclusions and decisions of the Pension Board

Reiteration of principles

8. With respect to its organization and decision-making process, the Pension Board reiterated at its sixty-eighth session the following principles: (a) its tripartite nature, as the basis for its functioning and representation (the Board is composed of representatives of the governing bodies, the executive heads and the participants of the different member organizations); (b) its strive for consensus while adhering to the rules, which specify that decisions which require a vote shall be taken by a majority of the Board members present and voting and; (c) the importance of rotation of seats to maintain representation and the tripartite nature of the Board (see [A/75/9/Add.1](#), paras. 20–22).

Size and composition of the Board

9. Concerning its size and composition, the Pension Board agreed to ask the Governance Working Group to provide concrete options on this matter, bearing in

¹ The size of the Pension Board has increased over the years, from 12 members in 1949 to 33 in 1987, when the General Assembly, by its resolution [42/222](#), approved a 33-member Board composed of 12 members appointed by the United Nations and 21 members appointed by other member organizations. The United Nations represented 51 per cent of the total number of participants, but in the following years the portion of active United Nations participants increased, to reach 68 per cent as at 31 December 2016.

mind a smaller board, for consideration at its sixty-ninth session, in July 2021, and invited the staff pension committees to submit their comments and ideas to the Working Group no later than 12 March 2021 (*ibid.*, paras. 23 and 24).

10. The report of the Board indicates that the representatives of the Secretary-General expressed a strong preference for the Governance Working Group to take into consideration the number of participants of the member organizations when determining options for the size and composition of the membership of the Board. The report also indicates that this position, which aligns with General Assembly resolutions [57/286](#), [74/263](#) and [75/246](#), was also supported by the United Nations participants' representatives and the executive head representative of the International Organization for Migration. The report further indicates that the participants' representatives of specialized agencies noted that within the context and meaning of "fair and equitable representation", the Working Group should ensure the principle that every member organization that currently has a vote retains that right (*ibid.*, paras. 25–27).

11. With regard to actual attendance at meetings of the Board, the Board decided to hold in abeyance the recommendation to provide retirees with voting rights until the matter of the Board's size and composition had been addressed. In addition, the Board recommended that alternates be allowed to observe Board sessions virtually and to replace Board members only when they are not able to attend sessions (*ibid.*, paras. 33 and 35).

Frequency of Board meetings

12. The Board held in abeyance the recommendation to establish a requirement to hold an annual general meeting, but agreed to have more frequent meetings and requested the Governance Working Group to provide concrete options regarding their frequency, schedule and length for consideration at its sixty-ninth session (*ibid.*, paras. 40 and 43). Upon enquiry, the Advisory Committee was informed that when discussing the frequency of meetings, the Board had considered the lessons learned from its sixty-seventh and sixty-eighth sessions, which were held virtually and resulted in savings in travel costs.

Rotation of the Chair

13. The Board did not agree with the recommendation to eliminate the rotation cycle of the Chair of the Board. To the contrary, it stressed the importance of maintaining the practice of the annual rotation of the Chair. However, the Board underlined the need for the Chair to be elected well in advance of the start of each Board session/cycle, to allow the Chair to adequately prepare for the session (*ibid.*, para. 52).

Development of terms of reference

14. The Board requested the Governance Working Group to present proposed terms of reference or comparable documents for the Standing Committee, Bureau, Succession Planning Committee and working groups, as applicable, to the Board at its sixty-ninth session. Moreover, the Board recommended that the Working Group continue to update the terms of reference of the Chair and consider the need to develop terms of reference for the Board as a collective body (*ibid.*, paras. 29, 50, 53 and 56).

Fiduciary role and professional standards

15. Concerning the standards of professional conduct of its members, while noting that the General Assembly had approved a code of conduct in its resolution [75/246](#), the Board requested the Governance Working Group to further elaborate appropriate procedures and measures to ensure adherence to the code of conduct, including

through the development of a draft ethics framework, for consideration at its sixty-ninth session. In addition, the Board recognized the importance of Board members being aware of their fiduciary roles and duties and requested the Board secretariat to provide adequate information and training on fiduciary responsibilities to all Board members (*ibid.*, paras. 44 and 59).

Other issues

16. The Board decided to develop an annual workplan for itself and its Committees (with the exception of the Investments Committee). The Secretary of the Board was requested to present such a workplan for consideration and adoption by the Board at its sixty-ninth session (*ibid.*, para. 41).

17. With regard to the recommendation to establish staggered terms of service for all Board seats, the Board requested the staff pension committees to enhance the predictability of their Board representatives through nominations for appropriate term lengths, to help ensure that their Board representatives can make appropriate time commitments in that role and to ensure proper overlap between incoming and outgoing Board Members (*ibid.*, paras. 47–49).

IV. Conclusion

18. The Advisory Committee notes from the report of the Pension Board on its sixty-eighth session some areas of agreement regarding the governance of the Pension Fund, including the decision to develop concrete options on the size and composition of the Board. The Committee also notes that many challenges remain to be reviewed by the Board at its sixty-ninth session. The Committee looks forward to receiving updates on these issues in the next report of the Board.

19. The Advisory Committee recommends that the General Assembly take note of the report of the United Nations Joint Staff Pension Board on its sixty-eighth session.
