

Twenty-fifth meeting of the Council  
Abu Dhabi, 23-24 May 2023

**Information Note**  
**Expert evaluation on joining the United Nations Joint Staff Pension Fund (UNJSPF) and the Inter-Organisation Agreement concerning Transfer, Secondment or Loan of Staff among the Organisations applying the UN Common System of Salaries and Allowances (IOA)**

## **I. Background**

1. The Council, at its twenty-fourth meeting requested the Secretariat to provide further information and analysis on shifting to the United Nations Joint Staff Pension Fund (UNJSPF) and for the Inter-Organisation Agreement concerning Transfer, Secondment or Loan of Staff among the Organisations applying the UN Common System of Salaries and Allowances (IOA) initiative to the Council at its twenty-fifth meeting. The Agency engaged an independent expert to conduct a comprehensive assessment of the financial, human resources (HR) and policy implications of joining these initiatives and prepare a technical paper outlining key findings and recommendations in this regard.
2. Guided by the discussions of the Council and the Administration and Finance Committee on the matter, the technical paper prepared by the independent expert includes, inter alia, the costs and benefits as well as opportunities and risks of joining the UNJSPF and IOA from the point of view of IRENA, as an independent intergovernmental agency. The expert performed the project during the period from 1 March 2023 to 15 April 2023 and produced a detailed report outlining these issues and providing relevant analytics, information, and recommendations for consideration by IRENA and its Membership.
3. This Information Note provides a summary of the technical evaluation, with the full technical paper<sup>1</sup> available upon request. The Council may wish to consider the issues presented and provide its guidance, as appropriate.

## **United Nations Joint Staff Pension Fund (UNJSPF)**

4. The technical paper outlines several options for the Agency to consider:
  - a. joining UNJSPF
  - b. joining IOA
  - c. joining both UNJSPF and IOA
  - d. further review to include alternate pension plans and experience by CTBTO.

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<sup>1</sup> Technical Paper Expert evaluation on joining the United Nations Joint Staff Pension Fund (UNJSPF) and the Inter-Organisation Agreement concerning Transfer, Secondment or Loan of Staff among the Organisations applying the UN Common System of Salaries and Allowances (IOA), prepared by Michael Buch Senior HR and Pension Expert

The paper identifies possible alternatives to UNJSPF and IOA in terms of examining the possibility of joining an external defined pension benefit scheme (e.g., the Global People Pension Fund) and After-Service Health Insurance (ASHI) which may be available through Cigna Group or the United Nations Staff Mutual Insurance Society against Sickness and Accident (UNSMIS) in Geneva. The latter two entities are among the main ASHI providers for organisations of the United Nations Common System of Salaries, Allowances and Benefits.

5. Joining both UNJSPF and IOA could<sup>2</sup> help maximise the benefits for current and prospective employees of IRENA through inter-agency staff mobility and enhanced attractiveness for qualified individuals working in the UN Common System. It also suggests that the Agency could consider initially joining UNJSPF, which would then create appropriate conditions for its admission to IOA (as all agencies who are party to IOA must provide prior endorsement of IRENA’s admission). This is consistent with similar practices in other international tenured organisations such as the Preparatory Commission for the Comprehensive Nuclear Test-Ban Treaty Organisation (CTBTO) based in Vienna. In this regard, the experiences of such organisations with respect to their participation in UNJSPF may provide a useful template for IRENA going forward.
  
6. The estimated costs associated with joining UNJSPF versus the costs of the Agency’s contributions to SPF and its operations is summarised in Tables 1 and 2 of this document. Joining UNJSPF may lead to increased annual costs of up to USD 192,000 if all recommended expenses are accounted for (including establishment of a professional post of Secretary of the Staff Pension Committee and a reserve for potential actuarial costs). At the same time, it may also generate annual savings of up to USD 108,000 should the aforementioned expenses be excluded. In total over a 10-year period, Table 1 indicates the maximum cost scenario in which the UNJSPF would entail USD 1.675 million additional cost. Over the same 10-year period Table 2 shows a minimum cost scenario, which indicates a saving USD 1 million by switching to the UNJSPF. However, this could only be achieved by forgoing a P4 Secretary of the Staff Pension Committee and actuarial costs. It should be kept in mind that After Service Health Insurance (ASHI) is paired with the UNJSPF as offered by the UN. Should IRENA offer the same benefits to maximise the attractiveness to UN staff, additional costs over and above that shown in tables 1 and 2 would be incurred. Please refer to paragraph 9 of this document for more information on ASHI cost.

**Table 1**

<b>Comparison of Incremental Costs (UNJSPF vs. Staff Provident Fund)</b>									
<b>(Maximum)- includes cost for P4 support and actuarial reserve</b>									
All amounts-USD (000)	Year 1		Year 2 thru 4		Year 5 thru 10		Total 10 year cost		
	UNJSPF	SPF	UNJSPF	SPF	UNJSPF	SPF	UNJSPF	SPF	Difference
Description	amount	amount	amount	amount	amount	amount	amount	amount	Amount
Costs of Joining	28.6	0.0	0.0	0.0	0.0	0.0	28.6	0.0	28.6
actuarial reserve cost	50.0	0.0	150.0	0.0	0.0	0.0	200.0	0.0	200.0
Operational Cost	275.0	132.8	825.0	398.4	1650.0	796.8	2750.0	1328.0	1422.0
IT adjustments ( contingency)	25.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	25.0
<b>Total</b>	<b>378.6</b>	<b>132.8</b>	<b>975.0</b>	<b>398.4</b>	<b>1650.0</b>	<b>796.8</b>	<b>3003.6</b>	<b>1328.0</b>	<b>1675.6</b>

<sup>2</sup> Provided IRENA staff upon reaching tenure limits obtain employment within the UN system to allow transfer of pension credits to UN.

Table 2

<b>Comparison of Incremental Costs (UNJSPF vs. Staff Provident Fund)</b>									
<b>(Minimum)-assumes UNJSPF support to be absorbed by existing staff and no actuarial reserve</b>									
All amounts-USD (000)	Year 1		Year 2 thru 4		Year 5 thru 10		Total 10 year cost		Difference
	UNJSPF	SPF	UNJSPF	SPF	UNJSPF	SPF	UNJSPF	SPF	
Description	amount	amount	amount	amount	amount	amount	amount	amount	Amount
Costs of Joining	28.6	0.0	0.0	0.0	0.0	0.0	28.6	0.0	28.6
actuarial reserve cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Cost	25.0	132.8	75.0	398.4	150.0	796.8	250.0	1328.0	(1078.0)
IT adjustments ( contingency)	25.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	25.0
<b>Total</b>	<b>78.6</b>	<b>132.8</b>	<b>75.0</b>	<b>398.4</b>	<b>150.0</b>	<b>796.8</b>	<b>303.6</b>	<b>1328.0</b>	<b>(1024.4)</b>

7. Table 3 compares the participation in the IRENA Staff Provident Fund (SPF) and UNJSPF and highlights similarities and differences of both social security plans. The chief difference stems from the fact that UNJSPF is a defined benefit scheme while SPF is a defined contribution scheme. This gives UNJSPF an advantage in terms of security and predictability of pension benefits, especially in the case of long-term participation, whereas SPF may be more advantageous for short-to-mid-term participation given that the latter vests (100%) Agency contributions after 6 months of service.

Table 3 – Major Difference UNJSPF versus SPF

<b>IRENA Staff Provident Fund (SPF)</b>	<b>UNJSPF</b>
Defined contribution plan - purpose is to provide employees with lump sum payments at the time of exit from their place of employment.	Defined benefit plan - a type of pension plan in which the member organisations promise a specified pension payment, lump-sum, or combination thereof on retirement that depends on an employee's earnings history, tenure of service and age, rather than depending directly on investment returns.
Payment of the withdrawal settlement after 6 months of participation includes the organisation's contribution.	Payment of the withdrawal settlement below 5 years covers only staff member contribution. Lumpsum settlement after 15 years would still not include full organisation contribution.
Participants can opt to add voluntary contributions.	Participants cannot opt to add voluntary contributions.
No monthly retirement benefit	Monthly retirement benefit is guaranteed.
No current mandatory retirement age	Mandatory retirement age for Professional staff of 65 years

**Table 4 - Opportunities and risks of joining the UNJSPF**

Table 4 highlights some of the opportunities and risks associated with switching to the UNJSPF and stresses the potential to attract additional candidates' interest in IRENA.

Opportunities	Risks
Potential increased interest in IRENA as a potential and attractive employer.	Due to a potential timely lack of understanding and training IRENA might run the risk of taking action or omission in violation or disregard of guidance or advice provided by the Fund's secretariat, which may lead to early and possible actuarial cost that has to be borne by IRENA.
Potential increase pool of suitable and eligible candidates to be recruited for the services at IRENA.	Not having a seat at the table at the Board, as the number of current Board members is restricted to 14 member organisations, may potentially lead to amendments of the Fund's Regulations and Rules which might not be in the interest of participants, retirees, and beneficiaries from IRENA, nor the Director-General and/or the member states of IRENA.
Potential increase of staff member satisfaction related to social security.	Considering the fact that IRENA has a tenure policy in place the employee satisfaction of those already serving might be limited and lead to disappointment and lack of motivation, as well as possible early departures.
	Serving staff members IRENA might not be in the position to obtain a reasonable buy-in option at the time of joining the UNJSPF. The withdrawal from the IRENA Provident Fund to reinvest in the UNJSPF to buy-in contributory service time might not be in the interest of serving staff members, who have no intention of remaining in the UN common system after their separation from IRENA.

### Interorganisational Agreement (IOA)

8. There are no costs incurred when signing and becoming a party to IOA. However, some basic liabilities may pertain to absorbing staff at senior salary steps as well as staff with high leave balance and long prior service, which would entail higher mobility classification and separation costs (such as repatriation grant). Other liabilities such as home leave and education grant credits would have marginal cost impact. To provide context, an estimate of the liabilities that could be incurred in hiring a grade P-4 staff member from the UN at step 11 with 15 years of service could approach USD 195,000 as a result of liabilities for accrued leave, repatriation grant, mobility incentive, and pension contributions. This amount may or may not be offset by staff leaving IRENA and taking their liabilities to another organisation.
9. Another potential liability which could be significant is After Service Health Insurance (ASHI). If the intent is to attract UN staff to IRENA, then the UNJSPF and IOA would have to be combined with ASHI as is done in the UN. The cost of funding After Service Health Insurance for life for staff that retire from IRENA and their dependents could become significant over time. For example, at United Nations Framework Convention on Climate Change (UNFCCC) the retired staff member pays one-third, and the organisation pays two-thirds of monthly ASHI costs.

### Opportunities and risks of joining the IOA

Opportunities	Risks
Agency will be able to tap into the talent pool from the wider international system and attract more applicants.	Low – limited to administrative oversights
Agency will become part of a wider international organisation common system thereby increasing mobility options for staff.	Possible higher costs for IRENA related to joiners, such as accrued leave, education grant, repatriation grant, separation costs and ASHI costs.

### Recommendations and Way Forward

10. The expert makes several recommendations based on the analysis and findings of the review. While some recommendations are operational in nature, the basic guidance suggests that there is no urgency for joining the UNJSPF as a member organisation at the moment due to the fact that IRENA has an active Provident Fund. However, if a decision is eventually made concerning the advisability for joining the UNJSPF and IOA, then it is recommended to join the UNJSPF only as a first step in the process as this will pave the way for IRENA's admission to IOA.
11. The expert further recommends that the Agency should it move forward with joining the UNJSPF, obtain observer status in the Human Resources Network of the Chief Executive Board of the United Nations. This would allow IRENA to support its request of becoming a party to the IOA by demonstrating high interest.

12. Another recommendation is that IRENA contact CTBTO to seek information on its experiences as a member organisation and not a party to the IOA. Also, the expert recommends that the Agency consider evaluating different available options on the market, including the Global People Pension Fund, before making a final decision on how to move forward.
  
13. In view of the above and contingent upon the guidance of the Council, it is proposed that the Agency further examines the utility of joining both UNJSPF and IOA through contacts/consultations with other international organisations (e.g., CTBTO, IAEA) with a view to ascertaining their experiences of participation in these bodies and thereby refining the recommendations emanating from this assessment. Additionally, it may be worthwhile to explore the possibility of the Agency's participation in other defined pension benefit schemes (such as Global People Pension Fund) and After-Service Health Insurance (ASHI) programmes available in the UN Common System and beyond. A solid understanding of the implications of IRENA's participation in such arrangements will help develop a comprehensive vision and action plan to be pursued by the Agency to position itself as an employer of choice on the global international arena.