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Human Resources Annual Report – 2024

**Recommendations and decisions of the International Civil Service
Commission and United Nations Joint Staff Pension Board to the United
Nations General Assembly (including Changes in Salary Scales and
Allowances)**

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Recommendations and decisions of the International Civil Service Commission

1. At its 79th Session in December 2024, the United Nations General Assembly (hereafter referred to as “the General Assembly”) took the following decisions regarding items falling under Article 10 of the International Civil Service Commission (ICSC and hereafter referred to as “the Commission”) Statute and requiring the General Assembly’s approval:

Net base/floor salary for staff in the Professional and higher categories

2. The General Assembly approved a 9.5 percent adjustment of the unified base or floor salary scale as recommended by the Commission. The updated salary scale is effective as of 1 January 2025, together with the revised pay protection points for previously existing steps. As a result of the increase in the base or floor salary, the post adjustment multipliers will be consolidated on a no-gain and no-loss basis with effect as of 1 January 2025.

Evolution of the margin

3. The General Assembly reaffirmed its understanding that the net remuneration margin would be maintained at a level around the desirable midpoint of 115. It recalled its decision that the Commission should take appropriate action through the operation of the post adjustment system if the margin trigger levels of 113 or 117 were breached. The margin for the calendar year 2024 was estimated at 116.9.

Children’s and secondary dependants’ allowances and education grant

4. The General Assembly maintained the levels of the children’s and secondary dependants’ allowances, as well as the education grant, at the current levels.

Pilot programme for D and E duty stations not designated as non-family

5. The General Assembly approved the continuation of the pilot programme for payment of an annual amount to be paid in lieu of settling-in grant for recognized family members not installed at category D and E duty stations that are not designated as non-family. The annual amounts are USD 15 000 in the case of E duty stations and USD 14 000 of D duty stations.

6. The General Assembly welcomed the Commission’s decisions on geographical diversity as set out in paragraph 167 in its 2024 annual report.¹ It also welcomed multilingualism of the workforce in the programme of work of the Commission and encouraged the Commission to achieve a higher response rate and increase the representativeness of staff responses in global staff surveys. It also requested that the Commission provide information on the policies of the organizations on flexible work arrangements.

7. On the specific matter of the comprehensive review of the compensation package, the General Assembly looked forward to the timely completion and publication of the review for consideration of the General Assembly at its 81st Session. In doing so, it underlined the importance of comprehensive oversight of the common systems in a holistic manner and noted the importance of the premise of overall cost containment and sustainability, as well as the agreed criteria of competitiveness and flexibility of the compensation package. The Commission was requested to present proposals to the General Assembly that encompass all agreed-upon parameters, objectives, criteria and overall premises as agreed by the General Assembly for the review.

8. Finally, the General Assembly also requested that the Commission explore the options for non-financial incentives in its next report and continue to monitor the trends in the organizations regarding the age distribution of the workforce and encouraged the commons system organizations to foster and support rejuvenation of the workforce.

¹ A/79/30

Information on the United Nations Joint Staff Pension Fund

9. The Seventy-eighth Session of the United Nations Joint Staff Pension Board (hereinafter referred to as “the Board”) was held from 29 July to 2 August 2024. The Board considered a wide range of issues pertaining to the functioning, management, governance and oversight of the United Nations Joint Staff Pension Fund. It was the third session of the Board, the first two having been held virtually in February and April 2024.

1. Investment of United Nations Joint Staff Pension Fund assets

10. As of 31 December 2023, the Fund was valued at USD 88.25 billion, an increase of USD 10.33 billion from USD 77.92 billion as of 31 December 2022. In relation to the absolute return goals, the 15-year annualized real rate of return was 4.81 percent, above the long-term objective of 3.5 percent. The 15-year period includes the impact of two major market downturns: part of the global financial crisis and the evolution of the global pandemic. In relation to the relative return goals, as of 31 December 2023, the Fund had achieved its objective of outperforming the total policy benchmark return over the short term, which was defined as three years. The Fund had returned a three-year annualized nominal return of 2.90 percent, outperforming the benchmark return of 2.63 percent.

2. Actuarial valuation of the Fund

11. The number of participants in the Fund continued to grow, with the number of active staff members nearing 150 000 and retirees and beneficiaries just passing 86 000. The Fund continued to meet or exceed its operational performance targets, and the pension payroll was consistently issued on time.

12. The Board noted that at the time of the 31 December 2023 valuation, the contribution rate was 0.68 percent of pensionable remuneration, which was higher than the rate required to maintain the actuarial balance (i.e. a reported surplus). That compared with the surplus of 2.30 percent of pensionable remuneration reported under the prior valuation as of 31 December 2021. The decrease in surplus was due primarily to the higher-than-expected cost-of-living adjustments on benefits and to a reduction in the real rate of return assumption used to perform the actuarial valuation. The Board also noted that no liquidity issues were expected over the next 50 years and that the Fund remained in a strong financial position, with a reported funded status above 100 percent as of 31 December 2023.

13. The Board considered a request for admission to the Fund by the Organisation for the Prohibition of Chemical Weapons (OPCW) and recommends that the General Assembly, in accordance with article 3(c) of the Regulations of the Fund, admit OPCW to membership in the Fund with effect from 1 January 2025, with such admission subject to approval by the OPCW Conference of States Parties at its Twenty-ninth Session, to be held in November 2024, and other specific administrative criteria. The Committee of Actuaries informed the Board that the admission of OPCW presented no apparent actuarial risk to the Fund.

3. Governance

14. Governance has remained high on the agendas of both the Pension Board and the General Assembly. The Board approved the governance reform plan following the conclusions of its Sixty-eighth (special) Session, in February 2021 and the relevant guidance and resolutions from the Assembly, including on the size and composition of the Board, the establishment of an ethics policy that would implement its code of conduct and the updating of the terms of reference for the Chair and the responsibilities of Board members.

15. The Board recalled its previous decision to conduct a full review of all recently adopted reform proposals at its Session in July 2025. It therefore adopted the terms of reference for a Governance Review Working Group and appointed its members, who began meeting in May 2024. The Working Group determined that a key measure of the impact of the governance reforms would be the comments and views of Fund stakeholders on the effectiveness of the reforms and whether any

actions were needed. The Working Group will also be reviewing the terms of reference for the Board and its advisory committees for coordination and applicability with the Board's new reforms.

16. The Board established the Ethics Policy Review Group at its Seventy-third Session, in February 2023, to review the ethics policy and the report of the former Ethics Adviser, and to make proposals for the Board's consideration. The Board discussed the report of the Review Group and requested the Chair of the Board to seek a legal review of the revised policy by the Office of Legal Affairs and to submit the resulting document to the Board for endorsement at its meeting in February 2025.

4. Administration

17. The Board, in consideration of the Plan Review Group's recommendations, agreed with amending the Administrative Rules and the Financial Rules, with an aim to simplify and clarify certain provisions without changing benefits. The Board recommends that the General Assembly adopt the proposed amendments to the Regulations and Pension Adjustment System, which are similarly aimed at simplifying and clarifying various provisions and which facilitate the administration of benefits without changing their nature.

18. The Board also requested the Pension Administration to prepare a document for its July 2025 meeting that would advise the Board on addressing circumstances not covered in the existing guidelines in the context of changes in national law and marital status. Specifically, the Board requested the Pension Administration to advise on the regulatory changes, together with associated costing and estimated actuarial impact, that would be required to extend spousal benefits to former participants who, upon separation, were not married, but were in a relationship, and after separation married the person with whom they were in a relationship at the time of separation.

5. Budget proposal of Pension Administration

19. The Board approved, for consideration by the Advisory Committee on Administrative and Budgetary Questions and approval by the General Assembly, the proposed budget estimates for the administrative expenses of the Fund for 2025 amounting to USD 151 745 300.

6. Audit update

20. With regard to audit and financial matters, the Pension Board took note of the reports of the United Nations Office of Internal Oversight Services (OIOS) and the Board of Auditors. The Board welcomed the unqualified audit opinion issued by the Board of Auditors. The Pension Board approved the Fund's financial statements for the year ended 31 December 2023 for presentation to the General Assembly.

7. Improvements to the United Nations Joint Staff Pension Fund benefits system

21. The Board recommended that the General Assembly approve an amendment to the special adjustment for small pensions under section E of the Pension Adjustment System, with effect from 1 April 2025. The amendment reflects cost-of-living increases since 2016, when the current scale came into effect. The consulting actuary of the Fund confirmed that the change would not have any meaningful impact on the Fund's actuarial balance.

FAO/WFP Staff Pension Committee

22. Appointment of members and alternate members of the Staff Pension Committee (SPC) were completed in 2024. FAO and WFP SPC members were active and effective at Board level and in the committees and working groups.

23. The SPC held nine disability review and policy meetings in 2024 with significant support from its Secretariat. Members also discussed UNJSPF policy issues in an effective and timely manner.