UN Financial Situation

At a briefing in October 2004 to the UN’s Fifth (Administrative and Budgetary) Committee, UN Under Secretary-General for Management Catherine Bertini (United States) provided a cautiously optimistic presentation on the UN’s financial situation for the remainder of the year. She noted that the United Nations was in a stronger financial position in most areas than at the same time in 2003, but stressed that the availability of cash for cross-borrowing from closed peacekeeping missions remained a concern, particularly in light of the poor financial state of the two international war crimes tribunals (former Yugoslavia and Rwanda). At the time of her presentation, a total of $80 million was owed to the two tribunals by UN members. The figure was subsequently reduced to $19.7 million by the end of December. The United States paid in full its 2004 assessments, which were $72.3 million, for the two tribunals.

With respect to reimbursements to troop contribution countries for UN peacekeeping operations, Under Secretary-General Bertini noted that the United Nations would owe approximately $605 million for troop and equipment costs at the end of the year, against a total of $439 million at the end of 2003. The increase in total debt was attributable primarily to the deployment of troops and equipment to three new missions in Burundi, Cote d’Ivoire, and Haiti. In concluding her presentation, Bertini noted that, although the UN’s financial situation remained stable at present, serious problems could occur in the future unless member states pay their assessments in a more timely fashion. In this connection, she stated, “the importance of member states paying their assessed contributions in full and on time cannot be overemphasized.”

The United Nations ended 2004 with members’ arrears totaling $2.332 billion for assessments relating to the UN regular budget, UN peacekeeping operations, and the international war crimes tribunals for the former Yugoslavia and Rwanda. This figure was considerably higher than the arrears at the end of 2003, which were $1.603 billion. The higher arrearage figure was attributable primarily to higher assessment levels in 2004. Overall assessments in 2004 totaled $6.8 billion, compared to $3.9 billion in 2003. The most significant increase in assessments related to UN peacekeeping budgets, which more than doubled from $2.2 billion in 2003 to $5.1 billion in 2004.

The United States accounted for $975 million of the $2.332 billion owed by all UN member states at the end of 2004. Most of this amount, $722 million, was related to UN peacekeeping operations. The U.S. payment pattern regarding all UN assessments was affected by the delay in the U.S. appropriation process for fiscal year 2005. For example, the delay reduced by
approximately $72 million the amount that normally would have been paid to the UN regular budget during the calendar year, or by December 31, 2004. The payment subsequently would be made in early 2005. Overall, the United States accounted for $1.515 billion, or 29 percent, of the $5.255 billion in total payments made by all UN members in the course of 2004. Most of the U.S. payments, nearly $1.1 billion, related to assessments for peacekeeping.

UN Budget

At its regular 59th session in fall 2004, the UN General Assembly approved the revised appropriation level for the UN regular budget for the biennium 2004–2005 and the level of the UN budget outline for the biennium 2006–2007. These resolutions were adopted by the consensus.

On December 23, 2004, the General Assembly adopted Resolution 59/277, which approved the revised appropriation level of $3.608 billion for the biennium 2004–2005. This represented an increase of $447 million over the initial budget level of $3.161 billion, approved one year earlier by Resolution 58/271. The increase was attributable primarily to the following three factors: (1) additional requirements for special political missions (SPMs) in Iraq, Afghanistan, and Sudan, and support for the newly created Counter-Terrorism Executive Directorate; (2) resources for implementation of the Secretary-General’s Phase I and II initiatives to improve the safety and security of UN staff and facilities worldwide; and (3) the impact of the dramatic decline in the value of the U.S. dollar against other currencies by which UN expenditures are incurred, notably the Swiss franc and the Euro.

The United States supported the increased requirements for SPMs, which accounted for about $192 million of the $447 million increase in the revised 2004–2005 budget. The mandates of the major SPMs were established and renewed by the UN Security Council, where the United States had a major role in their disposition. The United States was in the forefront of creating and enhancing SPMs, particularly in Afghanistan, Iraq, and Sudan, and establishing the new Counter-Terrorism Executive Directorate under the auspices of the Security Council.

The United States also was a strong advocate for strengthening the safety and security of UN personnel and facilities following the events of 9/11 and the August 2003 bombing of the UN facility in Baghdad, where 22 UN staff lost their lives. The revised 2004–2005 UN budget included an increase of nearly $118 million for this purpose. The funds would be used to bring all UN facilities under the new Minimum Operating Security Standards and would establish a new UN Security Management Directorate to coordinate all UN security management activities on a system-wide basis. The new Directorate would be headed by an Under Secretary-General, whose position would last for a single term of five years. Sir David Veness (United Kingdom), a former senior official of Scotland Yard, was appointed as the first head of the Directorate by the UN Secretary-General.
The revised 2004–2005 UN budget also included an increase of nearly $124 million for “recosting” factors, most of which related to exchange rate losses due to the decline in the value of the U.S. dollar. While the UN budget is denominated in U.S. dollars, its expenditure pattern encompasses several foreign currencies, most notably the Swiss franc and the Euro. The annual “recosting” exercise, which also takes account of inflation rate adjustments and personnel vacancy factors, is part of the UN budget process and is tied mainly to external factors that are beyond the UN’s control. In past years, when the U.S. dollar was appreciating against foreign currencies, the “recosting” exercise resulted in a decline in the UN budget level. This occurred primarily in the 1990s. The event could recur in the future; however, it cannot be predicted. The United States continued to advocate maximum absorption by the United Nations of such non-discretionary cost increases through the use of efficiency savings and other management improvements.

On December 23, 2004, the General Assembly also adopted Resolution 59/278, the proposed UN budget outline for the biennium 2006–2007. The resolution approved an outline level of $3.622 billion and eight priorities which will be used by the Secretary-General as a guide for the preparation of his detailed budget estimates for the next biennium. The detailed estimates will be issued in late spring 2005 and will be considered by the General Assembly in the autumn during its 60th regular session. In accordance with Resolution 41/213 (1986), which established the provision of a budget outline in the UN’s budget process, the approved outline for 2006–2007 also included a contingency fund level of $27.7 million, which represented 0.75 percent of the preliminary estimate. This percentage figure has remained fixed since the first budget outline was introduced in the 1980s.

The United States joined consensus in the adoption of Resolution 59/278. The outline level of $3.622 billion reflects near zero-growth, in real terms, and the program priorities reflect several activities of high importance to the United States. These priorities included the maintenance of international peace and security; promotion of human rights; effective coordination of humanitarian assistance efforts; and drug control, crime prevention, and the combating of international terrorism in all its forms and manifestations.

**Capital Master Plan**

There were no resolutions adopted during 2004 by the General Assembly with respect to the UN Capital Master Plan (CMP). Further consideration of the CMP, including its financing, was deferred by the General Assembly until its resumed 59th session in 2005.

The UN Capital Master Plan is the proposed renovation of the UN headquarters complex in New York. Completed in 1952, the complex does not meet current building codes for fire prevention and safety, does not use energy efficiently, and is in need of upgrades regarding security measures and space utilization. The proposal for the CMP was first introduced by the UN Secretary-General in 2000 and endorsed, in principle, by the General
Assembly in 2002 by Resolution 57/292. The CMP is expected to cost over $1 billion and take five or six years to complete.

Among the more contentious issues surrounding the CMP has been the question of financing the overall cost. As enacted in the fiscal year 2005 Department of State appropriation legislation, the United States made an offer of a loan of up to $1.2 billion, at 5.54 percent annual interest, payable up to 30 years, in order to finance the cost of the CMP. All UN members would share in the cost of the re-payment of the loan based on the UN regular scale of assessments. The U.S. share would be 22 percent, the largest of any UN member. In addition, the United States also would pay $6 million to cover the cost of default risk relating to the loan. The original terms of the U.S. loan offer were to be in effect through the end of fiscal year 2005.

The reaction by others to the U.S. offer was mixed. While the Secretary-General expressed appreciation for the U.S. offer, some UN members, especially those from the European Union, expressed disappointment that the U.S. loan included the payment of annual interest. They believed the U.S. offer of a loan should have been interest-free, similar to what occurred with the original UN construction in the early 1950s. They also believed that provision for an interest-free loan would have been consistent with the U.S. responsibility as the host country for UN headquarters.

The U.S. offer was the only financing proposal that had been tabled through the end of 2004. There were no other offers from the rest of the UN’s membership. Members’ consideration of the U.S. offer, other possible financing proposals, and further financing of CMP design and project costs would continue in 2005, at the resumed session of the 59th General Assembly.

**Scale of Assessments**

At its 59th regular session, the UN General Assembly considered the requests of 11 UN members for temporary exemption from the loss-of-vote provision of Article 19 of the UN Charter. Article 19 prescribes that a UN member, which is in arrears to the organization, shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the two preceding years. The General Assembly may, nevertheless, permit such a member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the member.

In Resolution 59/1, adopted by consensus, the General Assembly granted temporary exemption through June 30, 2005, to the following 11 UN members: Central African Republic, Comoros, Georgia, Guinea-Bissau, Iraq, Liberia, Niger, the Republic of Moldova, Sao Tome and Principe, Somalia, and Tajikistan. Except for Georgia and Liberia, all requests for exemption had been previously reviewed by the UN’s expert Committee on Contributions in accord with Rule 160 of the Rules of Procedure of the UN General Assembly. In approving the requests for Georgia and Liberia, the General Assembly invited both members to submit appropriate information to the Committee on
Contributions if similar circumstances regarding loss-of-vote prevail in the future.

In was noted that Niger, the Republic of Moldova, and Tajikistan were abiding by the multi-year payment plans of arrears that each had submitted in previous years on a voluntary basis. At the June 2004 session of the Committee on Contributions, the representatives from Comoros, Guinea-Bissau, and Iraq had informed the Committee that their countries were considering the submission of voluntary payment plans in the future if their economic circumstances would permit. Such plans would be submitted in advance of the Committee’s next session in June 2005.

The UN scale of assessments is adopted by the General Assembly for a three-year period. The next UN scale will be adopted in 2006 for the period 2007–2009.

### Committee for Program and Coordination (CPC)

The Committee for Program and Coordination (CPC) is comprised of 34 members elected by the General Assembly on the basis of equitable geographic distribution among regions. The United States is one of the longest serving members of the CPC, participating every year since 1974. CPC members serve for periods of three years, and may serve multiple successive terms. The CPC is the main subsidiary organ of the Economic and Social Council (ECOSOC) and the General Assembly for planning, programming, and coordination. The CPC is charged with reviewing and recommending priorities among UN programs, guiding the Secretariat on translating legislation into programs, developing evaluation procedures, and making recommendations on where duplication could be avoided. The CPC considers the activities of UN agencies on a sectoral basis in order to recommend guidelines that take into account the need for system-wide coherence and coordination.

The CPC held its 44th session from June 7 to July 2, 2004, in New York. This was the first opportunity for the CPC to consider the Secretary-General’s proposed Strategic Framework for the period 2006–2007. General Assembly Resolution 58/269 established this two-year Strategic Framework comprised of two parts to replace the four-year Medium-Term-Plan. In its 2004 session, members could not agree on Part One of the Strategic Framework, the program outline that includes the longer-term objectives of the organization, as a result of divergent views on the role of the Secretary-General in establishing the longer-term objectives. The United States and others argued that it was within the Secretary-General’s authority to articulate the UN’s priorities while others maintained that it was the exclusive right of member states. All agreed on the actual priorities.

During the discussion on Part Two, the biennial program plan, the United States vigorously encouraged the inclusion of language on improving baseline data and target performance indicators in Program 1 (General Assembly affairs and conference services). Program 8 (least developed
countries, landlocked developing countries, and small island developing states) sparked contention in the CPC as the developing countries requested that the program be redrafted for CPC approval. Citing insufficient time to review the revised program, the United States recommended that Program 8 be deferred to the 59th session of the General Assembly. The Group of 77 argued that deferral was not necessary. In the final moments of the negotiation, the United States accepted the adoption of Program 8 in order to avoid a resumed session of the CPC in August. The United States was successful in altering the language of Program 11 (environment) to better reflect the mandate of the UN Environmental Program. The CPC failed to reach agreement on a number of major programs in Part Two of the Strategic Framework, including human rights, disarmament, internal oversight, and public information.

As a result of divergent views on the proper role of member states and the Secretariat on setting priorities at the subprogram level, the CPC deferred consideration to the Fifth Committee of the Secretary-General’s report on priority setting. The United States and the Western delegates argued that member states should agree on broad programmatic priorities and entrust the Secretariat to implement the priorities at the program and subprogram levels. The Group of 77 contended that priority-setting at all levels is the sole prerogative of member states.

During discussion of the UN’s program performance for the biennium 2002–2003, the United States welcomed the improved format of the Secretary-General’s report on the subject, which focused on results achieved, rather than the delivery of outputs. The United States noted that the format could still be improved upon, arguing that it was necessary to establish baselines against which the Secretariat could evaluate its performance.

The CPC also considered a number of program evaluation and coordination reports. The evaluation reports dealt with strengthening the role of evaluation findings in program design, delivery, and policy directives; the in-depth evaluation of the program on public administration finance and development; the triennial review of the implementation of the recommendations made by the Committee at its 41st session on the in-depth evaluation of sustainable development; and the triennial review of the recommendations made by the Committee at its 41st session on the in-depth evaluation of the population program. The CPC selected “Linkages between headquarters and field activities: a review of best practices for poverty eradication in the framework of the United Nations Millennium Declaration” as the topic for the pilot thematic evaluation to be considered in its 45th session.

All delegates welcomed the improved content and format of the Annual Report of the UN System Chief Executives Board for Coordination (CEB) for 2003. During its consideration of the UN system’s support for the New Partnership for Africa’s Development (NEPAD), the CPC encouraged the Special Advisor on Africa to take a larger role in coordinating NEPAD and leading efforts to mobilize sufficient resources in supporting it. The United
States and others chastised the Secretariat for including a conclusion that more resources must be identified in future budgets in order to fully implement the program of action, arguing that resource decisions were outside the purview of the CPC.

Consistent with what the United States sees as the increasing inability of the CPC to work efficiently and effectively to complete its work in a timely manner, the CPC was unable to agree on changes to its working methods. Delegates were divided on the need for change and the direction reform would take. The CPC submitted its report to ECOSOC in July 2004. The General Assembly considered the CPC’s report in its 59th session. In Resolution 59/275, the General Assembly welcomed the CPC’s decision to revert to a discussion of its working methods as a matter of priority in its 45th session. The General Assembly also endorsed the findings and recommendation of the CPC on, among other things, the proposed biennial program plan for the period 2006–2007, the evaluation reports, the CEB report, the NEPAD report, and the Secretary-General’s report on priority setting.

Audit Reports

The Board of Auditors (BOA), based in New York, serves as the external auditor of UN accounts, its funds and programs, the International War Crimes Tribunals for Rwanda and the former Yugoslavia, and the International Court of Justice. The General Assembly elects members to serve six-year terms, though members of the BOA may not serve consecutive terms. In 2004, the Board was composed of the Auditors-General of South Africa, the Philippines, and France. Additional information about the Board is available at [http://www.unsystem.org/auditors/](http://www.unsystem.org/auditors/).

The Board of Auditors issues most of its reports in even-numbered years. The financial periods of most organizations the BOA reviews are two years in length ending in odd-numbered years. Accordingly, the Fifth Committee had 17 financial reports to consider in 2004, for the period ending December 31, 2003, compared to just four reports in 2003.

In 2004, the Fifth Committee considered the following 17 BOA reports:

- UN peacekeeping operations;
- United Nations;
- International Trade Center/UN Conference on Trade and Development/World Trade Organization;
- UN University;
- UN Development Program (UNDP);
- UN Children’s Fund;
- UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA);
- UN Institute for Training and Research;
United States Participation in the United Nations—2004

- Voluntary funds administered by the UN High Commissioner for Refugees (UNHCR);
- Fund of the UN Environment Program;
- UN Population Fund (UNFPA);
- UN Human Settlements Program (UN-HABITAT);
- Fund of the UN International Drug Control Program (UNDCP);
- UN Office for Project Services (UNOPS);
- International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighboring States between January 1 and December 31, 1994;
- International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the former Yugoslavia since 1991; and
- UN Joint Staff Pension Fund, included in the report of the UN Joint Staff Pension Board.

In May, the Fifth Committee considered the annual BOA peacekeeping operations report for the financial period ending June 30, 2003. The General Assembly adopted by consensus Resolution 58/249B, which concerned the separate peacekeeping operations financial report. During these discussions, the United States commended the Board for its excellent efforts, and highlighted the adoption of many of the Board’s previous recommendations that resulted in improvements in the management of peacekeeping operations. While the United States noted these improvements, there were still instances of lengthy procurement delays and lack of compliance with regulations and procedures across the spectrum of peacekeeping missions.

On October 18, 2004, the Chair of the Board of Auditors presented the remaining financial reports and reports of the BOA to the Fifth Committee. The General Assembly adopted by consensus Resolution 59/264, which concerned these audit reports and their recommendations. During the Fifth Committee discussions, the United States raised the following concerns (additional information can be found at http://usunweb.state.gov/04print_194.htm):

- low implementation rate for BOA recommendations;
- inability of the Board to issue unqualified opinions on the financial statements for UNOPS, UNDP, UNFPA, and UNDCP;
- lack of accountability at UNHCR;
- doubts in the ability of both War Crimes Tribunals to complete their work before their respective mandates expire;
improper accounting of equipment; and
expired mandates for active trust funds.

The BOA itself emphasized that as of mid-2004, only 46 percent of the recommendations issued during the previous biennium had been implemented, leading to continuing financial and management deficiencies. The United States noted that expeditious implementation of audit recommendations will help ensure that management irregularities are both corrected and prevented from recurring.

The United States was particularly concerned with the financial statements of the four organizations the BOA could not properly audit—UNOPS, UNDP, UNFPA, and UNDCP. The Board did not issue any opinions for UNOPS because it was unable to obtain adequate assurance on its financial statements. For UNDP, UNFPA, and UNDCP, the Board had certain concerns, which did not affect its opinion on the financial statements, but focused more narrowly on management issues such as the lack of adequate internal controls and, specifically for UNDP, a need to improve assurances obtained from third parties regarding the proper utilization of funds. The United States noted a chronic problem with the presentation and disclosure of financial statements by UN organizations due to inconsistencies in accounting policies and the financial reporting of organizations.

The Board noted in its report that the UNHCR had not begun to address the General Assembly’s request to examine its governance structures, principles, and accountability. The United States indicated that, given the recent publicity concerning the allegations of sexual misconduct by the High Commissioner, it is critical to know how the UNHCR holds individuals at all levels accountable when their actions run counter to established regulations.

In addition, the U.S. delegate raised the following concerns in response to the BOA reports:

- Auditors lacked confidence in the ability of the War Crimes Tribunals (Rwanda and former Yugoslavia) to complete their Security Council mandated work by 2010;
- Assets, worth in excess of $220 million, were improperly accounted for at the UNDP, UNFPA, UN-HABITAT, UNDCP, UNOPS, and UNRWA, due to inadequate physical inventory counts and inaccurate and unreliable inventory records; and
- Sixty-three trust funds remained active despite the fact that no expenditures were recorded during the last two-year reporting period. The United States noted that there had been an increase in the number of trust funds that no longer served a purpose. As of December 31, the combined reserves and balances of these funds totaled $54.1 million.

**Joint Inspection Unit (JIU)**

The Joint Inspection Unit (JIU), based in Geneva, Switzerland, is an external oversight body for the entire UN system. Its purpose is to inspect,
investigate, and evaluate UN programs and administrative and financial matters. The JIU produces reports, notes, and confidential letters detailing its recommendations. It is accountable to member states through the General Assembly and through the governing bodies of UN specialized agencies. The JIU is funded from the UN general budget and reimbursed from the regular budgets of specialized UN agencies.

The JIU is comprised of 11 inspectors as well as research and support personnel. According to the JIU statute, the inspectors should be “chosen from among members of national supervision or inspection bodies, or from among persons of a similar competence on the basis of their special experience in national or international administrative and financial matters, including management questions.” The inspectors are elected by the General Assembly and limited to serve two five-year terms. In 2004, Mr. Ion Gorita (Romania) served as the Unit’s Chair, and Ms. M. Deborah Wynes (United States) served as the Vice-Chair.

The JIU produced the following 10 reports in 2004, in addition to a separate document titled “Program of Work of the JIU for 2004.” These reports and other information on the JIU are available at http://www.unsystem.org/jiu.

- Multilingualism and Access to Information: Case Study of the International Civil Aviation Organization (JIU/REP/2004/1);
- Review of the Headquarters Agreements Concluded by the Organizations of the United Nations System: Human Resources Issues Affecting Staff (JIU/REP/2004/2);
- Administration of Justice: Harmonization of the Statutes of the United Nations Administrative Tribunal and the International Labor Organization Administrative Tribunal (JIU/REP/2004/3);
- Review of Management and Administration in the Office of the United Nations High Commissioner for Refugees (JIU/REP/2004/4);
- Overview of the Series of Reports on Managing for Results in the United Nations System (JIU/REP/2004/5);
- Implementation of Results-Based Management in the United Nations Organizations (Part I) Series on Managing for Results in the United Nations System (JIU/REP/2004/6);
- Delegation of Authority and Accountability (Part II) Series on Managing for Results in the United Nations System (JIU/REP/2004/7);
- Managing Performance and Contracts (Part III) Series on Managing for Results in the United Nations System (JIU/REP/2004/8);
- Procurement Practices Within the United Nations System (JIU/REP/2004/9); and
The United States and other countries, interested in improving efficiency and accountability at the United Nations, urged the General Assembly to strengthen the JIU. Responding to these concerns, on December 23, the Assembly adopted by consensus Resolution 59/267, Reports of the Joint Inspection Unit. This resolution was the result of nearly two years of effort by the United States and members of the Geneva Group, a group of major UN contributors.

This long-debated resolution was the subject of intense negotiations during spring and fall 2004, primarily between members of the Geneva Group and a small group of G-77 delegations. The resolution spelled out more clearly that the JIU inspector candidates should have audit and program evaluation experience. The resolution also authorized the JIU Chair to exercise more authority over the other inspectors in an effort to improve JIU report quality. Delegates worked through differences to produce an agreement that maintained the JIU statute but provided substantial guidance for implementing it more effectively. Passage of the JIU resolution paved the way for the General Assembly’s approval of the JIU’s $5.4 million budget for 2005. This single year budget cycle, instead of the normal two-year cycle, was intended to keep the Fifth Committee involved in the continuing reform effort of the JIU.

One issue that was not settled but remained open for further discussion was the process used to select JIU inspectors. The United States pushed hard to streamline the flawed selection process, which required the General Assembly to select only a country candidate during the first year of the process. In the following year, the selected country was only then required to announce a candidate for appointment to the JIU. Because member states had little or no knowledge of the individuals who will become inspectors when they selected the country, the United States and others wanted to create a direct appointment system that would be completed during a single General Assembly session and would require the President of the General Assembly to screen candidates for their qualifications. The Russians, as well as some G-77 members, were adamantly opposed to this improvement. The United States ultimately settled for a requirement that the President of the General Assembly present a report in early 2006 on ways to make the selection process more efficient.

During Fifth Committee deliberations in fall 2004, the JIU Chair presented a new methodology for assessing risk in the various UN organizations. This methodology would ensure that all organizations have a common review mechanism to yield coherent analyses and identify areas of risk in the UN system.

The United States expressed some satisfaction during the Fifth Committee deliberations that the “culture of reform” was beginning to reshape the JIU, although there was great concern with the duplication of effort and the lack of quality in some reports. The United States was concerned that the JIU continued to publish an annual report that contained little additional
information beyond a listing of the JIU statute and published reports. Also, the JIU issued a report with a disclaimer that it did not meet its own established quality standards. The United States questioned why this report was still submitted, at substantial production cost, to the General Assembly. This report, in part, acted as the catalyst for the General Assembly to adopt by consensus Resolution 59/267 to strengthen the JIU.

**Office of Internal Oversight Services (OIOS)**

The Office of Internal Oversight Services (OIOS) is based in New York. The OIOS chief, Under Secretary-General Dileep Nair (Singapore) reports to the Secretary-General. According to General Assembly Resolution 48/218B (1994), the “purpose of OIOS is to assist the Secretary-General in fulfilling his internal oversight responsibilities in respect of the resources and staff of the organization” through monitoring, internal audit, inspection, evaluation, investigation, and “implementation of recommendations and reporting procedures.” In addition to these mandated responsibilities, OIOS provides some management consulting services. Chief Nair serves a five-year non-renewable appointment that expires April 2005.

In 2004, OIOS marked its 10-year anniversary, which included a review of its mandate by the UN Fifth Committee. To assist the Fifth Committee with the review, OIOS conducted a self-evaluation of its operations and activities. During the Fifth Committee discussion, the United States presented a plan for strengthening OIOS. The U.S. proposals included measures to bolster the independence and transparency of OIOS by creating an independent budget for OIOS, requiring the release of all OIOS reports, and extending the term of office for the OIOS chief. As a result of U.S. efforts, the General Assembly adopted resolution 59/272, which required the release of OIOS reports to any member state upon request and directed the Secretary-General to report on measures needed to achieve full operational independence for OIOS in accordance with its mandate. This resolution would result in the release of 55 OIOS reports on the Oil-for-Food Program. Many of OIOS' reports to the General Assembly are available on its website: [www.un.org/depts/oios](http://www.un.org/depts/oios).

In 2004, OIOS continued to work as an effective oversight body. The Fifth Committee considered several OIOS reports, including the annual report for the year ending June 30, 2004. According to the annual report, OIOS made 1,515 recommendations. OIOS classified 35.7 percent of these recommendations as “critical,” a designation utilized beginning in January 2000 to focus attention on “areas with far-reaching consequences for the organization’s performance,” as stated in the OIOS annual report. Of all the recommendations OIOS issued during the reporting period, 52.3 percent had already been implemented as of June 30, 2004. In the period covered by the latest annual report, OIOS recommendations identified approximately $16.4 million in potential cost savings and recoveries. Total actual savings and recoveries as a result of recommendations from this and previous reporting periods was $26.6 million.
OIOS continued to use a risk-management framework in determining its annual work program in 2004. In its annual report, OIOS explained that it used this framework to prioritize and rationalize the allocation of resources to oversight of programmatic and operational areas that have the greatest exposure to fraud, waste, abuse, inefficiencies, and mismanagement. OIOS outlined the criteria used in determining its annual work program as follows: “risk to the organization’s resources and reputation; requests from the General Assembly, departments, and offices for oversight coverage; large budget items; new activities with no previous oversight coverage; and priority areas for the reform program of the Secretary-General,” as well as the “need for follow-up of critical recommendations in high-risk areas that have not been implemented by program managers.”

Examples of specific activities and investigations performed by OIOS in the period covered by its annual report included the following:

- An audit of the UN Mission of Support in East Timor that resulted in a decrease in unliquidated obligations from $10.1 million to $5.1 million from June 2003 to June 2004;
- An audit of the telephone billing system at the UN Mission in Ethiopia and Eritrea identified serious control weaknesses that allowed staff to make fraudulent use of telephone personal identification numbers. The mission’s own internal investigation estimates the losses at $1.1 million;
- A joint investigation conducted by OIOS and the Anti-Fraud Office of the European Commission resulted in the conviction of a former official at the UN Interim Administration Mission in Kosovo and the recovery of $4.3 million in embezzled funds;
- OIOS audits of the operations of the UN High Commissioner for Refugees included work in 29 countries and at headquarters and covered 22 percent of the total expenditures for 2003. OIOS issued 34 reports to senior management, and estimated savings and recoveries totaled $1.7 million. OIOS also investigated allegations of sexual harassment by the High Commissioner;
- OIOS developed an audit charter in close cooperation with the secretariat of the UN Joint Staff Pension Fund that was subsequently approved by the Pension Board. Because of its considerable investments and large number of participants, OIOS continued to employ a risk-based approach to planning audit coverage of the fund’s $26.5 billion in assets; and
- OIOS provided information to the Independent Inquiry Committee (IIC), headed by Paul Volcker, who was appointed by the Secretary-General to look into allegations of corruption in the UN’s Oil-for-Food Program. All OIOS reports on the Oil-for-Food Program were released to the IIC.

During UN Fifth Committee discussion of OIOS reports, the United States called for the implementation of all OIOS recommendations. The U.S. delegate noted a relative decline in the implementation rate compared with
previous annual reports and called upon OIOS to create an automated system that would track the recommendations.

In 2004, OIOS had 180 staff; it had a budget of $23.5 million.

**Human Resources Management**

In 2004, the UN General Assembly’s Fifth Committee considered and reached consensus on a wide range of human resource management issues. During the discussion of human resource management, the United States strongly supported efforts to integrate recruitment, selection, broad geographic representation, gender parity, and mobility into human resources planning and management. The United States also supported reducing the number of days a vacancy must be advertised from 60 to 45 days.

Many of the U.S. recommendations and proposals addressed actions under the jurisdiction of the Secretary-General. The United States encouraged the Secretary-General to promote and expand the use of the Galaxy system in order to facilitate a transparent selection process. The United States called on the Secretary-General to make increased efforts to achieve equitable geographic representation, including establishing greater accountability for managers. The United States also supported the Secretary-General’s proposal to establish national focal points with unrepresented and under-represented member states and to create a special roster of candidates endorsed by the Central Review Board.

The United States urged member states to support UN efforts to increase the percentage of women in professional and decision-making positions by identifying and encouraging more women to apply and by nominating more female candidates. The United States encouraged the Secretariat to continue its information, planning, and training and evaluation campaigns to ensure a smooth transition to the mandatory mobility policy, which will take effect in May 2007. The United States also expressed concern about the organization’s practice of spending millions of dollars annually to hire consultants, contractors, and retired personnel rather than developing in-house resources to meet essential needs.

The Fifth Committee devoted more than 200 hours (two to three times more time than allotted to any other of its agenda items) in formal and informal sessions to complete a delicately balanced hard-fought resolution on human resources management. Throughout the discussion and formulation of the resolution, the United States and the Western European and Others Group effectively advocated U.S. positions, limiting G-77 proposals to micromanage the UN Secretariat. In the interest of compromise, long-term solutions on equitable geographic distribution, mobility, and contractual arrangements were deferred.

On December 23, 2004, the General Assembly adopted by consensus Resolution 59/266, the Fifth Committee’s recommended resolution on human resources management, which, among other things:
• Called for reconstituting the Accountability Panel in order to strengthen the UN internal system of accountability and to ensure program managers are held accountable for complying with individual department human resource plans;

• Requested the Secretary-General to make efforts to ensure that the central review bodies carry out their roles in the staff selection process;

• Requested the Secretary-General to continue his efforts to reduce the time required to fill vacancies;

• Requested the Secretary-General to fully develop and strengthen the Galaxy recruitment tool and to make it more efficient and user-friendly;

• Authorized the Secretary-General to appoint to posts not subject to geographical distribution at the P-2 level each year up to seven successful candidates from the General Service to Professional examination;

• Authorized the Secretary-General to appoint each year up to three successful candidates from the General Service to Professional examination to P-2 posts in duty stations with chronically high vacancy rates when no successful candidates from the national competitive examination are available;

• Requested the Secretary-General to make special efforts to appoint successful candidates from unrepresented and under-represented member states who have passed the national competitive examination to relevant vacant posts in the Secretariat;

• Authorized the Secretary-General, for a trial period of two years, to establish a special roster of candidates from unrepresented and under-represented member states, for a number of posts at the P-4 and P-5 levels;

• Requested the Board of Auditors to perform an audit on the realization of equitable geographical representation in the Secretariat;

• Requested the Secretary-General to increase his efforts to attain and monitor the goal of gender parity in the Secretariat, with special focus on senior levels;

• Requested the Secretary-General to make proposals to the General Assembly to reform the post structure with a view to considering a possible increase in the proportion of P-2 and P-3 posts, taking advantage of the projected senior management retirements;

• Authorized the Secretary-General to reappoint under the 100 series of the Staff Rules those mission staff whose service under 300-series contracts had reached the four-year limit by December 31, 2004, or later; and

• Requested the Secretary-General to continue the practice of using 300 series contracts as the primary instrument for the appointment of new mission staff.
The report of the Secretary-General’s High Level Panel of Experts proposed several administrative, management, and structural reform that, if implemented, would strengthen the Office of the Secretary-General and his authority to manage the UN Secretariat. Specifically, the report recommended that the General Assembly review the relationship between the General Assembly and the Secretariat and grant greater flexibility to the Secretary-General to manage UN staff; approve a one-time review and buyout of staff; affirm Article 100 and 101 of the UN Charter, which stipulate that member states will not seek to influence UN staff in the discharge of their duties and that the UN will hire staff of the highest levels of competence and integrity; add 60 new Secretariat positions; and create a second Deputy Secretary-General for peace and international security.

**International Civil Service Commission (ICSC)**

The International Civil Service Commission (ICSC), a 15-member body of recognized experts, is responsible for making recommendations on salaries, allowances, benefits, and other conditions of service (the “common system”) for employees of the United Nations and its specialized agencies. Lucretia Myers, a U.S. citizen, served the third year of her current four-year term as the U.S. member on the Commission in 2004.

In 2004, the Commission met in Paris and New York for its 58th and 59th sessions, respectively. At the two sessions, the Commissioners focused on testing broad-banding and pay-for-performance models, standardization of paternity leave, increasing by 1.88 percent the base/floor salary scale for professional staff via a consolidation of post adjustment, and reviewing the level of the education grant.

The Fifth Committee of the General Assembly discussed the 2004 report of the ICSC during its 59th session. The United States raised concerns regarding the broad-banding and pay-for-performance systems proposed in the report and sought assurances that the performance appraisal systems used by the organizations included in the current study were credible, reliable, and acceptable to all parties. In the context of the pilot project on broad-banding, the United States noted that thought should be given to how grade equivalencies with the comparator will be determined in the future and how the system will track career progression under broad-banding.

The United States supported the ICSC’s 2004–2006 Allowances and Benefits Review schedule, which will determine the civil service that pays the highest and included a comparison between the United Nations and the U.S. federal civil service for 2005–2006. The United States urged the ICSC to complete expeditiously its review of contractual arrangements so that member states will be in a better position to consider the Secretary-General’s proposal to reform and simplify contractual arrangements during the 60th General Assembly. The United States indicated that contractual arrangements must address the changing priorities and needs in the workforces of the organizations.
The United States welcomed the ICSC’s decision to de-link mobility from hardship as well as to de-link these allowances from the base floor salary scale. The United States also welcomed the ICSC’s efforts to reconcile work and family life responsibilities, including the introduction of paternity leave benefits as well as its adherence to the Noblemaire principle (the basis for the determination of conditions of service of staff in the professional and higher categories). Nevertheless, the United States stressed the view that the ICSC recommendation for four weeks of paid paternity leave for headquarters and family duty stations and eight weeks paid paternity leave for non-family duty stations or in exceptional circumstances, was excessive and greatly exceeded the comparator standard.

On December 23, 2004, the General Assembly adopted by consensus Resolution 59/268, which, among other things:

- Decided that no new strategy or pilot project in broad-banding or pay-for-performance should be undertaken until the General Assembly had an opportunity to review the results of the pilot study on broad-banding and pay-for-performance being conducted by the Commission;
- Requested the Commission to report on the rationale for continuing to maintain separate salary scales for single staff and those with dependants in the context of its report on pay and benefits review;
- Requested the Commission, when reviewing and modernizing the system of grants and allowances, to attach priority to improving transparency and administrative simplicity;
- Reaffirmed use of the range of 110 to 120 for the margin between the net remuneration of Professional and higher categories staff in New York and the officials in comparable positions in the comparator civil service (United States), on the understanding that the margin would be maintained at a level around the midpoint of 115 over a period of time;
- Approved the Commission’s recommendation that the current base/floor salary scale for the Professional and higher categories of staff should be increased by 1.88 percent through consolidation of post adjustment with effect from January 1, 2005;
- Approved the increase in the maximum reimbursement level for education grant expenses in certain countries;
- Reiterated the General Assembly’s request in 2000 for UN common system organizations to harmonize their education grant practices for internationally recruited staff with those of the United Nations;
- Requested the ICSC to review common system allowance benefits with the comparator service;
- Confirmed that the ICSC’s recommendation for paternity leave should be adopted system-wide; and
• Defined the jurisdictional boundaries among the ICSC, the UN Chief Executives Board for Coordination, and the General Assembly regarding the implementation of a senior management service.

**Employment of Americans**

The U.S. Department of State assists qualified U.S. citizens in competing for professional positions in the United Nations and other international organizations. The Department’s UN Employment Information and Assistance Unit, along with counterparts within numerous other federal agencies, supports this effort by disseminating announcements of vacancies in international organizations to Americans worldwide. In a typical year, the Department provides direct assistance to hundreds of Americans and general information about employment opportunities in international organizations to thousands of others. U.S. missions to the United Nations and other international organizations in New York, Geneva, Montreal, Nairobi, Paris, Rome, and Vienna, as well as some embassies, also provide support for this function through regular contacts with UN agency officials. While the U.S. Government places special emphasis on recruiting and promoting Americans for key, senior-level positions throughout the UN system, it supports recruitment at all levels, including by sponsoring the UN’s National Competitive Recruitment Exam to identify Americans for entry-level positions.

**Total Employment Numbers**

The following chart shows the total number of Americans in professional and senior positions as of December 31, 2004, in the United Nations, its specialized agencies, and the International Atomic Energy Agency (IAEA). It does not include the international financial institutions or the International Court of Justice (ICJ), although for the latter, the total number of professional staff is included.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>U.S. Representation in the UN System</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Professional and Senior Staff</td>
</tr>
<tr>
<td>Total</td>
<td>Americans</td>
</tr>
<tr>
<td>UN Secretariat</td>
<td>4,076</td>
</tr>
<tr>
<td>UN Peacekeeping Operations</td>
<td>1,543</td>
</tr>
<tr>
<td>UN Subsidiary Bodies</td>
<td>11,425</td>
</tr>
<tr>
<td>UN Specialized Agencies and IAEA</td>
<td>8,736</td>
</tr>
<tr>
<td>Total</td>
<td>25,780</td>
</tr>
</tbody>
</table>

**Agencies with Geographic Targets**

The UN Secretariat and several of the specialized agencies have established systems of “desirable ranges” reflecting each organization’s targeted geographic representation for member states. Generally, these ranges are driven by formulas that weight variables—typically
membership, individual member country assessment level, and population. Each individual agency’s governing body establishes these formulas and the number and type of positions subject to geographic consideration. The following chart lists those UN agencies that had such ranges in 2004—the Food and Agriculture Organization (FAO), the International Civil Aviation Organization (ICAO), the International Labor Organization (ILO), the UN Educational, Scientific, and Cultural Organization (UNESCO), and the World Health Organization (WHO)—and the number and status of Americans on board as of December 31, 2004. (Note: These figures represent only those professional posts “subject to geographic distribution” that were funded from the UN agencies’ assessed budgets.)

In 2004, the percentage of U.S. citizens in posts subject to geographic distribution in the United Nations, ILO, and WHO declined from the previous year, while the percentage increased in FAO, ICAO, and UNESCO.

<table>
<thead>
<tr>
<th>UN Agency</th>
<th>U.S. 2004 Assessment</th>
<th>Total Filled</th>
<th>Desirable Range</th>
<th>Filled by Americans</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN</td>
<td>22%</td>
<td>2,547</td>
<td>288-389</td>
<td>313</td>
</tr>
<tr>
<td>FAO</td>
<td>22%</td>
<td>1,127</td>
<td>138-187</td>
<td>147</td>
</tr>
<tr>
<td>ICAO</td>
<td>25%</td>
<td>210</td>
<td>31</td>
<td>13</td>
</tr>
<tr>
<td>ILO</td>
<td>22%</td>
<td>683</td>
<td>91-122</td>
<td>94</td>
</tr>
<tr>
<td>UNESCO</td>
<td>22%</td>
<td>743</td>
<td>46-76</td>
<td>27</td>
</tr>
<tr>
<td>WHO</td>
<td>22%</td>
<td>1,441</td>
<td>142-193</td>
<td>167</td>
</tr>
</tbody>
</table>

### Agencies Seeking Geographic Balance

Other UN specialized agencies and IAEA do not have official geographic ranges but are required to give due consideration to geographic balance when making appointments. The following chart lists those UN agencies, the level of the U.S. regular budget contribution, total professional posts filled that are subject to geographic consideration (i.e., not necessarily all professional posts), the number of total filled professional posts, and the number of Americans in such posts as of December 31, 2004. These agencies are the IAEA, the International Maritime Organization (IMO), the International Telecommunication Union (ITU), the Universal Postal Union (UPU), the World Intellectual Property Organization (WIPO), and the World Meteorological Organization (WMO).
Table 3
UN-Related Agencies without Geographic Ranges for Employment

<table>
<thead>
<tr>
<th>UN Agency</th>
<th>U.S. 2004 Assessment</th>
<th>Total</th>
<th>U.S. Number</th>
<th>U.S. Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAEA</td>
<td>25.8%</td>
<td>743</td>
<td>86</td>
<td>11.6%</td>
</tr>
<tr>
<td>IMO</td>
<td>3.6%</td>
<td>92</td>
<td>4</td>
<td>4.3%</td>
</tr>
<tr>
<td>ITU</td>
<td>8.9%</td>
<td>276</td>
<td>17</td>
<td>6.2%</td>
</tr>
<tr>
<td>UPU</td>
<td>5.7%</td>
<td>89</td>
<td>5</td>
<td>5.6%</td>
</tr>
<tr>
<td>WIPO</td>
<td>6.6%</td>
<td>366</td>
<td>22</td>
<td>6.0%</td>
</tr>
<tr>
<td>WMO</td>
<td>21.6%</td>
<td>116</td>
<td>4</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Following is a chart of staffing levels in other major UN bodies funded through voluntary contributions to which official geographic ranges do not apply. These bodies include the Joint UN Program on HIV/AIDS (UNAIDS), the UN Development Program (UNDP), the UN High Commissioner for Refugees (UNHCR), the UN Children’s Fund (UNICEF), the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the World Food Program (WFP).

Table 4
UN Programs and Funds Receiving Voluntary Contributions with No Geographic Employment Ranges

<table>
<thead>
<tr>
<th>UN Agency</th>
<th>Total</th>
<th>U.S. Number</th>
<th>U.S. Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNAIDS</td>
<td>147</td>
<td>10</td>
<td>6.8%</td>
</tr>
<tr>
<td>UNDP</td>
<td>2,521</td>
<td>157</td>
<td>6.2%</td>
</tr>
<tr>
<td>UNHCR</td>
<td>1,429</td>
<td>117</td>
<td>8.2%</td>
</tr>
<tr>
<td>UNICEF</td>
<td>3,676</td>
<td>230</td>
<td>6.3%</td>
</tr>
<tr>
<td>UNRWA</td>
<td>129</td>
<td>15</td>
<td>11.6%</td>
</tr>
<tr>
<td>WFP</td>
<td>1,153</td>
<td>111</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

In 2004, for at least part of the year, Americans held the top position in three UN agencies: UNICEF (Carol Bellamy, Executive Director), UPU (Thomas Leavey, Director-General), and WFP (James Morris, Executive Director). Americans also held one of the second-most senior posts in FAO (Deputy Director-General), IAEA (Deputy Director-General), ILO (Executive Director, Social Dialogue Sector), UNAIDS (Deputy Executive Director), Office of the UNHCR (Deputy High Commissioner), UNRWA (Deputy Commissioner-General), WHO (Under Secretary-General), and WIPO (Deputy Director-General). Four Americans held the rank of Under Secretary-General (USG) at the UN Secretariat, including the USG for Management, the
Special Representative of the Secretary-General for the UN Mission in the Republic of Congo, the Special Representative of the Secretary-General and Coordinator of UN Operations in Liberia, and the President of the Staff-Management Coordination Committee. Six other Americans held UN Secretariat positions at the Assistant Secretary-General level.

**Representation of U.S. Women**

Throughout the year, UN agencies continued to give special attention to recruiting qualified women. In 2004, American women represented about 49 percent of all Americans in professional and senior positions in the UN Secretariat, and about 41 percent of Americans in such positions in the United Nations, its subsidiary bodies and specialized agencies, and the IAEA.

**U.S. Government Secondments**

The United States has a long-standing policy of supporting UN agencies by assigning federal employees to them either on “transfer” (in which the employee is paid by the UN agency but retains reemployment rights with the U.S. agency), or on “detail” (in which the employee typically remains on the U.S. payroll, but serves at the UN agency). These assignments may last as long as eight years. During fiscal year 2004, a total of 168 federal employees from 16 federal agencies were on detail or transfer to UN system agencies, representing about 7.6 percent of the Americans who worked in professional positions in UN agencies during that year. Of the 84 employees on “detail” to UN agencies, the vast majority came from the Department of Health and Human Services—primarily from the Centers for Disease Control and Prevention—on assignment to WHO. Of the 84 employees on “transfer” to UN agencies, the largest number (14) were from the Department of State who worked for the Multinational Force and Observers, and the next largest number (12) were from the Department of Transportation who worked for ICAO.

**Junior Professional Officers**

The United States also continued to fund a number of Junior Professional Officer positions including some at UNHCR (14), FAO (3), and WFP (1). Such positions allow officers to develop experience to make them competitive for future positions.

**UN Joint Staff Pension Board**

The UN Joint Staff Pension Board administers the UN Joint Staff Pension Fund. The Fund was established under regulations adopted by the General Assembly in Resolution 248 (III) (1948) to provide retirement, death, disability, and related benefits for staff upon leaving UN service. The Board reports every two years to the General Assembly on Fund operations and investment activities and, when necessary, recommends amendments to regulations governing Fund activities. In addition to the United Nations, there are 20 organizations that are members of the Fund. Through the Pension Board, the member organizations jointly administer the Fund. This tri-partite
board represents governing bodies (e.g., the UN General Assembly), administrations (e.g., the UN Secretary-General), and participants (e.g., staff members within UN organizations).

The Pension Board is composed of 33 members; 11 members represent governing bodies of the member organizations, 11 members are appointed by the chief administrative officers of the member organizations, and 11 members are elected by Fund participants. Thomas Repasch, a member of the U.S. delegation to the Fifth (Administrative and Budgetary) Committee, represented the UN General Assembly on the Board in 2004. Additional information about the Fund is available at http://www.unjspf.org/eng/index.html.

At its July meeting in Montreal, the Board was informed that the Fund’s market value was $25.7 billion, with a 1.14 percent surplus during the fiscal period ending December 31, 2003. The 1.14 percent surplus of current and projected contributions and earnings meant the Fund had about one percent more than what was needed to pay current and projected benefits. Additionally, the Board learned that the market value of the Fund increased during the first quarter of 2004, reaching a record $27.1 billion.

During the meeting, representatives of Fund participants made numerous proposals to use the 1.14 percent surplus for a variety of purposes, including building a retirement home for UN pensioners. The United States supported the Board in rejecting these proposals. The United States stated that it would be prudent to maintain “most of the surplus” to ensure the long-term health of the Fund. The United States noted that it was not the time to consider benefit enhancements or other proposals that would sap the Fund’s resources given the fact that this is the third straight decline in the level of the surplus; after reaching 4.25 percent in 1999, the surplus declined to 2.92 percent in 2002, and to 1.14 percent in 2004.

The Fifth Committee considered the report of the Board during meetings in late October and mid December. During these discussions the Committee members noted the 1.14 percent surplus as well as proposals for using some of this surplus for pension benefits and other purposes.

The United States supported the use of some of the current surplus to restore a portion of the reduced first inflation-related adjustment given to beneficiaries after retirement. The United States viewed this modest use of the surplus as a prudent measure reflecting good faith between the Board and beneficiaries. The United States opposed any further use of the current surplus until the Fund valuation improves substantially. The United States reiterated the point in General Assembly Resolution 53/210 (1998) that stated the Pension Board should not improve benefit provisions until the value of the Fund showed a clear upward pattern of surpluses. The United States also welcomed the approval of the internal audit charter for the Fund, which formalizes and strengthens the relationship between the management of the Fund and the internal auditors, helping to provide improved oversight and accountability.
The Fifth Committee subsequently discussed the Board’s recommendations, in which the United States played an active role. Besides supporting the limited use of the surplus mentioned above, the United States opposed continued efforts to increase the size of the Board. The United States reiterated its position that the composition of the Board should be based primarily on broader principles of efficiency and good governance, not strictly numbers of members and alternates.

On December 23, 2004, the General Assembly adopted by consensus Resolution 59/269 on the UN Pension. The resolution:

- noted the decline in the Fund’s surplus from 2.92 percent on December 31, 2001, to 1.14 percent for the period ending December 31, 2003;
- approved the phased elimination of the reduction in the first consumer price index adjustments due after retirement;
- provided for a minimum guarantee of 80 percent of the U.S. dollar amount for those who have their pension benefits paid in their local currency;
- recommended further study of the size and composition of the Board;
- noted the significant increase in the market value of the fund assets and the positive returns achieved; and
- reaffirmed the Fund’s policy of broad diversification of its investments across geographical areas in accordance with the four criteria of safety, profitability, liquidity, and convertibility.