

**PREPARATORY COMMISSION FOR THE
INTERNATIONAL RENEWABLE ENERGY AGENCY**

Fifth Session

Abu Dhabi, 3 April 2011

Agenda item 6

**Draft decision on the establishment of a Staff Provident Fund of the
International Renewable Energy Agency**

The Preparatory Commission for the International Renewable Energy Agency, at its fifth session,

Recalling that paragraph 10(h) of the Resolution on Establishing a Preparatory Commission for the International Renewable Energy Agency (IRENA) mandated the Commission to prepare such reports, studies and recommendations as it deems relevant to ensure the effective and early start of the Agency's activities;

Recalling its decision PC.3/DC.5 establishing a Staff Provident Fund for the staff of the Preparatory Commission and the Principles on the basis of which the Fund would function;

Recognizing the need to ensure continuity of the Staff Provident Fund after the Agency has come into being and the Preparatory Commission is no longer in existence pursuant to Article 12 of the resolution establishing the Preparatory Commission (IRENA/FC/res.1);

Having considered the draft Principles for the Staff Provident of the International Renewable Agency agreed upon by the Working Group on Legal Issues, annexed hereto;

1. *Decides* to recommend to the Assembly that it establishes a Staff Provident Fund for the staff of the International Renewable Energy Agency and that it approves the annexed draft Principles for the Staff Provident Fund of the International Renewable Energy Agency.

2. *Decides* to recommend to the Assembly that it appoints two Members to serve on the Management Board of the Staff Provident Fund, in accordance with Article 4.7 of the annexed draft Principles for the Staff Provident Fund of the International Renewable Energy Agency.

**Draft Principles for the Staff Provident Fund of the
International Renewable Energy Agency**

Article 1

Objectives and Status of the Staff Provident Fund

1.1. A Staff Provident Fund (hereinafter the "Provident Fund") is established for the exclusive purpose of providing participating staff members of the International Renewable Energy Agency (hereinafter "staff members" or "Agency", respectively) participating in the Provident Fund, upon separation from their service, with a benefit in the form of a lump sum.

1.2. The Provident Fund is established as a segregated fund within the Agency with a distinct governance structure. The Provident Fund does not have separate legal personality from the Agency.

1.3 The Provident Fund and its assets enjoy all the privileges and immunities accorded to the Agency.

1.4. The operations of the Provident Fund shall be managed by the Staff Provident Fund Management Board (hereinafter the "Management Board") which shall be elected in accordance with Article 4 of these Principles and which shall develop and adopt its own Charter, the Provident Fund Benefits Rules (hereinafter the "Rules"), and the Investment Policy. The Management Board shall establish all operating procedures as may be necessary for the effective operation of the Provident Fund.

1.5. The Provident Fund shall provide for an appropriate investment policy with due regard to the principle of the preservation of capital, including the forming criteria for investment, namely safety, profitability, credibility, convertibility. This policy and any future changes to this policy shall be submitted to the Assembly of the Agency for approval.

1.6. The membership of the Provident Fund, obligations of participating staff members and of the Agency, and benefits under the Provident Fund shall be governed by these Principles and such supplementary Rules which the Management Board will establish.

1.7. The assets of the Provident Fund shall be segregated from all other assets of the Agency. The Provident Fund assets shall be received, invested and disbursed wholly and exclusively for the purpose of the Provident Fund.

Article 2

Benefits provided by the Provident Fund

2.1 The Provident Fund shall provide lump sum benefits for participating staff members of the Agency.

2.2 The Provident Fund shall maintain an account for each participating staff member which shall be credited with contributions and an investment return as specified in the investment policy.

2.3 The entire balance of a participating staff member's account shall be paid upon separation from service with the Agency.

Article 3

Funding of the Provident Fund

3.1 The Provident Fund shall be funded by contributions from both the Agency and the participating staff members.

3.2 Contributions to the Provident Fund shall include Basic Contributions by the Agency and contributions by participating staff members. In addition, the Management Board may establish Rules to permit participating staff members to make voluntary contributions.

3.3 Provident Fund assets, including contributions, shall be invested by the Provident Fund in accordance with the Provident Fund Investment Policy.

Article 4

Management Board and Operations

4.1 The Management Board is to be a separate body from the Agency and is to be constituted in accordance with, and governed by, a Charter which it will develop and maintain.

4.2 The Management Board will develop and maintain the Provident Fund Benefit Rules.

4.3 The membership of the Management Board is comprised of six members as follows:

(a) one Professional and one General Service staff member;

(b) two Executive Management representatives;

(c) two Members of the Agency.

4.4 All resolutions shall be adopted by the affirmative vote of an absolute majority of the members present or represented. The Management Board elects a chair who has "casting vote" authority where necessary.

4.5 The Professional and General Service Staff representatives shall be elected by participating staff members of their respective groups.

4.6 The Executive Management representatives shall be two Members of the Executive Management Team as appointed by the Director-General.

- 4.7 The Agency appoints two of its Members to serve on the Management Board.
- 4.8 One of the duties of the Management Board will be to agree the term limits and election processes of future Management Board representatives.
- 4.9 The accounting and audit policies of the Provident Fund shall be consistent with those of the Agency. The Management Board shall maintain accurate accounting records and shall provide an annual report on operations of the Provident Fund to the Assembly and Provident Fund Members within 180 days of the end of the Fiscal Year. The annual report shall include financial statements that clearly show the result of operations and the financial condition of the Provident Fund for the relevant year. The financial statements of the Provident Fund shall be audited by the external auditors of the Agency. The Management Board may establish additional accounting policies and procedures for the Provident Fund.
- 4.10 The operations of the Provident Fund and the Management Board will be subject to any future internal audit rules and procedures of the Agency.
- 4.11 The Management Board has a fiduciary responsibility to manage the Provident Fund in the best interests of all participating staff members.
- 4.12 The Management Board shall be authorized to engage service providers as required for the proper operation of the Provident Fund, including investment managers, administrative and accounting service providers and consultants, in accordance with the Agency's relevant financial regulations and financial procedures on procurement.
- 4.13 The Administrative Costs of the Provident Fund shall be borne by the Provident Fund.

Article 5

Contributions and Allocations

- 5.1 Both, the Agency and participating staff members shall make Contributions to the Provident Fund. The Management Board is responsible to determine the level of these Contributions and the subsequent Allocations.
- 5.2 For each participating staff member, the contribution basis and rates shall be determined in accordance with the United Nations common system.

Article 6

Amendment / Termination

6.1 The Agency intends to maintain the Provident Fund in operation in accordance with these Principles. However, the Agency reserves the right to amend these Principles or otherwise alter the mechanism for providing benefits to its participating staff members, if it determines that it is in the best interests of the Agency and of its participating staff members to do so. The Agency shall consult with the Management Board prior to any decision to alter the mechanism for providing benefits to its participating staff members, which may involve amending the structure of the Provident Fund or terminating the Provident Fund.

6.2 Any amendment of the structure of the Provident Fund or termination of the Provident Fund shall be without prejudice to rights to benefits acquired during any period prior to the effective date of amendment or termination.

Article 7

Jurisdiction

7.1 Any dispute regarding the application or interpretation of any provision of these Principles shall be adjudicated under the applicable provisions of the Staff Regulations and Rules.

Article 8

Dissolution

8.1 In the event the Management Board determines that the Provident Fund is unable to meet its obligations as they fall due, the Provident Fund may be dissolved at the proposal of the Management Board, approved by the Assembly. The Management Board shall carry out the liquidation unless it designates another party to act as liquidator.

Article 9

Enactment

9.1 These Principles are effective as of the date of the approving Assembly meeting.