

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

Staff Provident Fund for the Preparatory Commission

Third session

Sunday, 17 January 2010

Emirates Palace, Abu Dhabi, UAE

IRENA/PC.3/dc.5

Agenda item 10

**Decision PC.3/dc.5 on the Establishment
of a Staff Provident Fund for the Preparatory Commission**

*The Preparatory Commission for the International Renewable Energy Agency
("Commission"), at its third session,*

recalling regulation 7.1 of the staff regulations for the Commission, which states that the Commission shall adopt an appropriate pension scheme and that the Interim Director-General shall make a proposal to the Commission, with due regard to the advantages of the United Nations Joint Staff Pension Fund,

considering the report of the Interim Director-General on the advantages of a Staff Provident Fund as a response to the need for a form of pension scheme in light of the initial stage of the Commission,

considering the proposal from the Interim Director-General on a set of Principles for a Staff Provident Fund,

1. *Decides* to establish a Staff Provident Fund based on the Principles annexed hereto;
2. *Requests* the Interim Director-General to implement the decision on the establishment of a Staff Provident Fund together with the Managing Board and to report on the work of the Management Board at the next session of the Commission.

**Principles for the Staff Provident Fund of the
Preparatory Commission for 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:

(a) all Employees of the Preparatory Commission (hereinafter "Employees") for the International Renewable Energy Agency (hereinafter "the Commission") participating in the Provident Fund, upon separation from their service in case of retirement or for other reasons, with a benefit in the form of a lump sum as well as:

(b) with death and disability benefits for them or their qualifying dependants and beneficiaries.

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

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

(a) the Headquarters Agreement between the Commission and the United Arab Emirates;

(b) any applicable national and international laws.

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 Preparatory Commission for approval.

1.6. The membership of the Provident Fund, Employer and Employee obligations, 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 Commission. 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 eligible Employees of the Commission.

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

2.3 The entire balance of an Employee's account shall be paid upon retirement or upon leaving the employment at the Commission.

2.4 The Provident Fund shall provide death and disability benefits for eligible Employees or their qualifying dependants and beneficiaries.

Article 3

Funding of the Provident Fund

3.1 The Provident Fund shall be funded by contributions from both the Commission as Employer and the Employees.

3.2 Contributions to the Provident Fund shall include Basic Contributions by the Commission as Employer and the Employees. In addition, the Management Board may establish Rules to permit Employees to make voluntary contributions.

3.3 Basic Contributions shall be allocated to Fund Retirement Savings, Survivor and Disability Benefits and Administrative Costs of the Provident Fund. The method of such allocation shall be determined by the Management Board and be set out in the Rules.

3.4 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 Commission 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 Commission.

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 all Staff Members of their respective groups.

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

4.7 The Commission 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 Commission. The Management Board shall maintain accurate accounting records and shall provide an annual report on operations of the Provident Fund to the Commission 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 Commission. 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 Commission.

4.11 The Management Board shall appoint an independent actuary to report periodically on the Provident Fund's actuarial position.

4.12 The Management Board has a fiduciary responsibility to manage the Provident Fund in the best interests of all the Employees.

4.13 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 Commission's relevant financial regulations and rules on procurement.

4.14 The Administrative Costs of the Provident Fund shall be borne by the Provident Fund.

Article 5

Contributions and Allocations

5.1 The Employer and the Employees shall make Contributions to the Provident Fund. The Management Board is responsible to determine the level of these Contributions and the subsequent Allocations. The initial Contributions are as follows:

(a) each Employee's Basic Contribution is 7.9% of applicable Pensionable Remuneration. The Employer's Basic Contribution is 15.8% of applicable Pensionable Remuneration;

(b) each Employee's Basic Contribution shall be deducted by the Employer from salary or salary replacement and shall be transmitted by the Employer to the Provident Fund together with the Employer's Basic contribution on a monthly basis.

5.2 For each Employee, Pensionable Remuneration is determined by rule 101.2 lit. (c) of the draft Staff Rules of the Commission.

5.3 The Provident Fund shall allocate Contributions to credit the relevant Employees Retirement Account and to fund survivor and disability benefits, Administrative Costs and the Investment Fluctuation Reserve in accordance with the following table:

Allocation of Basic Contributions <i>(as a percentage of Pensionable Remuneration)</i>	Employer	Employee	Total
Retirement Savings	13.0%	7.0%	20.0%
Survivor and disability benefits and Administrative Costs	2.8%	0.9%	3.7%
Total	15.8%	7.9%	23.7%

5.4 The above levels of Contribution and Allocation shall be subject to periodic review and adjustment by the Management Board in consultation with appropriate external actuarial advice.

Article 6

Amendment / Termination

6.1 The Commission intends to maintain the Provident Fund in operation in accordance with these Principles. However, the Commission reserves the right to amend these Principles or otherwise alter the mechanism for providing benefits to its Employees, if it determines that it is in the best interests of the Commission and of its Employees to do so. The Commission shall consult with the Management Board prior to any decision to alter the mechanism for providing benefits to its Employees, 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.

6.3 In the event that, after the 25th ratification of the IRENA Statute, the Commission changes its status from a Preparatory Commission to the new legal body, the International Renewable Energy Agency, the current obligations and responsibilities of the Commission with regard to the Provident Fund will remain unchanged.

Article 7

Jurisdiction

7.1 Any dispute regarding the application of any provision of these Principles or the Rules shall be adjudicated by arbitration under UNCITRAL rules. Application may be initiated by:

- (a) an Employee, or former Employee, or any person claiming to be a qualifying dependant or beneficiary of such Employee or former Employee; and
- (b) any other person able to show that he or she is entitled to rights under the Rules.

Article 8**Dissolution**

8. In the event that the Commission is dissolved and not transferred to another legal body or the Management Board determines that the Provident Fund is unable to meet its obligations as they fall due, the Provident Fund shall be dissolved. The Management Board shall carry out the liquidation unless it designates another party to act as liquidator.

Article 9**Enactment**

9. These Principles are effective as of the date of the approving Commission meeting.