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## Implementation of the United Nations Resolution on the Mandatory Age of Separation

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For: Information

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# Implementation of the United Nations Resolution on the Mandatory Age of Separation

## I. Context

1. At its seventieth session in December 2015, the United Nations General Assembly adopted resolution 70/244,<sup>1</sup> thereby raising the mandatory age of separation to 65 years also for staff recruited before 1 January 2014 by the organizations of the United Nations common system, taking into account the acquired rights of staff. Such decision would enter in force at the latest by 1 January 2018. The resolution is based on the 2015 report and recommendations of the International Civil Service Commission (ICSC).<sup>2</sup>
2. In application of the acquired rights referred to in resolution 70/244, staff members recruited before 1 January 2014 retain the right to retire, without any adverse impact on or penalty with respect to their pension benefits, at their applicable normal age of retirement (60 or 62) – which has remained unchanged in the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund (UNJSPF) – or between their normal age of retirement and the age of 65.
3. At its creation, IFAD decided not to adhere to the Statute of the ICSC and is therefore not legally bound by its recommendations. However, based on the powers vested in him by the Agreement Establishing IFAD, pursuant to the Human Resources Policy and with the endorsement of IFAD's Executive Management Committee, on 25 April 2016, the President approved the implementation of the increase in the mandatory age of separation to 65 years for all staff in IFAD. Such approval was provided with the proviso that the implementation date would be determined within the context of staff and financial resource planning for the Eleventh Replenishment of IFAD's Resources (IFAD11) and in the best interests of the Fund. On 1 March 2018, the President decided to implement the mandatory age of separation of 65 years (MAS65) for all staff with an effective date of 1 January 2020.

## II. Background

4. The normal age of retirement (NAR) is the age determined by UNJSPF at which staff members can retire with the full retirement benefits they have acquired according to the regulations and rules of the UNJSPF. The NAR is currently set at:
  - Age 60 for a participant whose participation in the UNJSPF commenced or recommenced before 1 January 1990;
  - Age 62 for a participant whose participation in the UNJSPF commenced or recommenced on or after 1 January 1990 but before 1 January 2014;
  - Age 65 for a participant whose participation in the UNJSPF commenced or recommenced on or after 1 January 2014.
5. A retirement benefit is payable to a participant whose age upon separation is the normal age of retirement or higher and whose contributory service is five years or longer.
6. The mandatory age of separation (MAS) is the age, determined by each organization, at which staff members shall not be retained in active service, unless otherwise decided by the head of the organization.
7. The NAR and MAS are normally the same. The MAS should never be lower than the NAR, as this would mean that a staff member might not enjoy his or her full

<sup>1</sup> See <https://undocs.org/A/RES/70/244>.

<sup>2</sup> See <http://undocs.org/A/70/30>.

pension benefit on leaving the organization. If a staff member is in continued service beyond the NAR, pension benefits continue to accrue.

8. The ICSC recommendation to increase the MAS to 65 years for all staff was partly prompted to respond to trends both in national governments and in international organizations to raise the age at which people can retire, and continue to do so as life expectancy continues to increase. Additionally, the Commission also addressed the practice by organizations of extending the appointment of staff members beyond their normal age of retirement or to rehire former staff members who had retired.
9. The extension of the MAS to 65 years for serving staff means that all staff members – whether they are in the international Professional category, the national Professional category or the General Service (GS) category – will not be required to retire from IFAD's service on the basis of age until they reach 65 years, i.e. up to an additional three years if their NAR is 62 or up to an additional five years if their NAR is 60. There will be no adverse impact on or penalty with respect to their pension benefits whether they opt to remain in active service for longer or they choose to retire at their NAR.
10. The majority of United Nations organizations implemented resolution 70/244 on 1 January 2018, as recommended by the ICSC. Others, although legally bound to adopt the resolution and the ICSC's recommendations, have decided to postpone the implementation of MAS65. For example, the World Health Organization, the Joint United Nations Programme on HIV/AIDS and the International Civil Aviation Organization have postponed implementation until 2019, and the World Intellectual Property Organization has done so until 2020. The Food and Agriculture Organization of the United Nations has informed IFAD that they will present proposals to their Finance Committee in May 2018.
11. As mentioned in paragraph 1, resolution 70/244 is based on the 2015 report and recommendations of the ICSC. At its creation in 1978, IFAD decided not to adopt the Statute of the ICSC and therefore is not legally bound by its recommendations. Nonetheless, in accordance with the Agreement between IFAD and the United Nations, the Fund agreed to cooperate with the ICSC on matters concerning the regulation and coordination of the conditions of service of staff. In IFAD, the President is vested with the authority under the Agreement Establishing IFAD to develop and implement staff rules and procedures that he considers necessary for the efficient and effective conduct of IFAD's business, and to establish provisions regarding the social security and welfare of staff. The MAS has been adopted in adherence with this principle.

### III. Implementation of MAS65 in IFAD

12. In March 2018, the President of IFAD implemented the extension of the mandatory age of separation to 65 years for serving staff appointed before 1 January 2014, with effect from 1 January 2020, taking into account their acquired rights. Accordingly, effective 1 January 2020, the MAS will be set at age 65 for all IFAD staff.
13. The increase in the mandatory age of separation has given the option to staff who have the acquired right to full retirement benefits at 60 or 62 to decide whether to retire at that age or at 65, or at any time in between. If they decide to continue working until they reach 65, they will continue to receive their salaries and entitlements and contribute to their United Nations pension until then, potentially increasing their pension benefits. If they choose to retire between 60 or 62 and 65, they will submit their resignation and will be required to give three months' notice to the organization. Upon separation for retirement, they will receive their full pension benefits.

14. Until 31 December 2019, the MAS will continue to be applied as follows:
  - Age 60 for staff who were appointed before 1 January 1990;
  - Age 62 for staff appointed on or after 1 January 1990 but before 1 January 2014; and
  - Age 65 for staff appointed on or after 1 January 2014.
15. In exceptional cases, the President may, in the interest of the Fund, extend the service of staff beyond the MAS.

#### IV. Rationale for the decision

16. IFAD recognizes the positive dimension of MAS65 and has decided to implement the General Assembly resolution, as has been the case with other organizations. Within the context of staffing and financial resources planning for the end of the IFAD10 period and for IFAD11, IFAD assessed the financial implications and the impact on human resources of the decision, and implemented MAS65 with effect of 1 January 2020, the date deemed most appropriate for the organization.
17. As of March 2018, pursuant to the MAS65 decision, approximately 95.6 per cent of IFAD's fixed-term staff has a mandatory age of separation of 65. Table I below gives an overview of the changes in the mandatory age of separation for fixed-term staff since 2014.

Table 1  
**Mandatory age of separation for staff since 2014**  
(Percentage)

MAS	Jan-14	Jan-15	Jan-16	Jan-17	Jan-18	Mar-18
<b>60</b>	6	4.7	4.2	3.6	2.3	0.5
<b>62</b>	94	82.8	74.7	69.2	65.3	3.9
<b>65</b>	-	12.5	21.1	27.2	32.4	95.6

Note: Mandatory age of separation calculated based on last hiring/rehiring date.

18. Taking into consideration the 2018 programme of work approved by the Governing Council at its forty-first session, the following variables were considered in the decision to implement MAS65 effective 1 January 2020:
  - IFAD's human resources strategy and staffing needs within the context of the ongoing decentralization exercise;
  - IFAD's workforce age structure and skill sets;
  - Gender parity;
  - Equitable geographical representation.

#### V. IFAD's human resources strategy and staffing needs within the context of the ongoing decentralization exercise

19. The Operational Excellence for Results exercise is well under way. This entails designing and implementing an organizational restructuring process that includes the structural and staffing changes required to increase IFAD's operational capacity on the ground. The roll out of the decentralization and operational realignment processes planned for 2018 and 2019 will require flexibility in position management so as to enable the Fund to take appropriate action on organizational reductions in headquarters and other workforce requirements.
20. Delaying the implementation of the increase in MAS until January 2020 has a positive impact on IFAD's ability to effectively implement the new decentralized structure.

21. The programme of work document presented to the Board in December 2017 (EB 2017/122/R.2) details the staffing requirements for 2018 and specifies that the increase in number of positions foreseen within the context of the new decentralized structure will be offset by the planned decrease of 12-15 positions at headquarters in subsequent years. Furthermore, any anticipated staff increases due to decentralization in 2019 are expected to be minimal, as they will be offset by further reductions in headquarters positions. It is expected that a reduction of positions at headquarters will be possible through natural attrition. The abolition of encumbered positions at headquarters is not foreseen under the current reform. Natural attrition will ensure no job loss for existing staff members and will avoid costly and unnecessary termination of appointments of staff in positions that are not part of the organizational realignment, which could amount to as much as US\$1.5 million.
22. Between 2018 and 2019 a total of 34 staff members with a current NAR of 60 or 62 are due to retire (15 are in the international Professional and higher categories, 13 are GS staff members based at headquarters, and 6 are national Professional staff members). Of these, 22 are women and 12 are men.
23. With the implementation date of the MAS65 of 1 January 2020, IFAD will have greater flexibility to reduce positions at headquarters, since at least 13 GS positions vacated by retiring staff will be utilized as part of the realigned staffing structure.
24. In this respect and based on past experience, workforce management procedures applied internally during IFAD10 proved to be an effective management tool to smoothly reduce 10 GS positions through natural attrition, ensuring no job losses.
25. As per above, natural attrition will allow positions vacated by retiring staff members to be abolished in line with the new IFAD staffing structure that is foreseen. At the same time, vacant positions can be downgraded or filled by candidates at the same grade but with lower steps (five of the staff members due to retire during the period 2018 and 2019 have already reached the maximum step in their grades), thus generating savings for the organization. This is known as the Noria Effect, i.e. the positive consequence of changes in compensation due to hiring and departures.

## VI. IFAD's workforce age structure and skill sets

26. In order to effectively deal with the evolving financial model and the need to acquire new skills in emerging technical areas, IFAD needs to be able to manage the composition and skill sets of its workforce, within a zero-budget context. Increased attrition rates and functional reviews will provide opportunities to rejuvenate IFAD's workforce and repurpose vacant positions to better fit the evolving needs and skills required by the organization at this moment of change and reform.
27. Currently, IFAD's average workforce age is 47.5 for staff members in the Professional and higher categories.

## VII. Gender parity

28. In 2017, the United Nations adopted the System-Wide Strategy on Gender Parity with the goal of achieving gender parity across the system before 2030: possibly by 2026 and ideally by 2021. Individual organizations have been tasked with developing or renewing their own gender parity plans in line with the system-wide strategy. As a consequence, on 30 November 2017, IFAD's Executive Management Committee endorsed an IFAD Gender Action Plan for implementation in 2018.
29. IFAD has set a target of 35 per cent of women in positions at the P-5 level and above for both IFAD10 (2016-2018) and IFAD11 (2019-2021). As at 1 January

2018, only 26.4 per cent of the staff members with a fixed-term/indefinite appointment in the Professional and higher categories were women.

30. Since 2010, improvements in gender balance in IFAD have been recognized; however, progress has been slow. The planned natural attrition of staff is seen as an opportunity to improve gender balance.

## VIII. Equitable geographical representation

31. IFAD is also committed to improving equitable geographical representation and the under-representation of some Member States.
32. Among the staff members in the Professional and higher categories due to retire between 2018 and 2019, 53.3 per cent are from List A countries. The current geographical distribution stands at 60 per cent from List A countries and 40 per cent from List B and List C countries combined.
33. Opportunities for equitable geographical representation can be enhanced through a proactive outreach to candidates from List B and List C to apply for vacant positions.
34. As of 31 December 2017, IFAD has a total of 100 nationalities represented in its staff. This means that at least 43 per cent of its Member States are unrepresented, and many are under-represented, particularly Members of Lists B and C.
35. Further efforts can be made both to improve geographical representation and to address under-representation at all grades. Natural attrition will provide IFAD with the opportunity to address geographical imbalances and under-representation of certain countries.

## IX. Conclusions

36. In light of these considerations, IFAD recognized the positive dimension of MAS65. IFAD believes that the implementation of the increased mandatory age of separation for all staff with effect from 1 January 2020 is key to ensuring harmonization among United Nations organizations and reflects trends in both national governments and international organizations. At the same time, IFAD considered that the attrition rates expected for 2018-2019 would have a positive impact on its ability to effectively implement the organizational restructuring under way as part of the decentralization exercise.
37. At a time when IFAD needs the flexibility to implement the new business model endorsed by Member States, succession planning is key in aligning human resources and corporate priorities. Natural attrition constitutes the least harmful and the most cost-effective way to reduce the workforce.
38. Accordingly, IFAD considered the range of possible implementation dates and, given the positive implications of a postponement of the entry into force of MAS65, decided on an implementation date of 1 January 2020 for all staff.