United Nations Joint Staff Pension Fund

Statement by the Chairman of the Advisory Committee on Administrative and Budgetary Questions to the Fifth Committee

(ACABQ report: A/66/7 Add.2; SG's report: A/66/266))

Mr. Chairman,

The Advisory Committee has considered the report of the United Nations Joint Staff Pension Board on the administrative expenses of the Fund, containing the revised estimates for the biennium 2010-2011 and the proposed budget estimates for the biennium 2012-2013.

The Advisory Committee was informed that recent market trends have left the value of the Fund's assets at approximately $39.1 billion as at 28 September 2011, compared to $41.4 billion as at 31 December 2010. The Committee was further informed that the Fund's equity investments in emerging markets have increased from 13 percent at 31 March 2010 to 15.5 per cent at 31 August 2011. Recalling its previous recommendation in this regard, the Advisory Committee welcomes the progress achieved to increase diversification of the fund's portfolio towards equities in emerging markets; however, it reiterates its position that decisions concerning the investments should be based on the four main criteria for investment, namely, safety, profitability, liquidity and convertibility.

The Advisory Committee notes that, as in the previous biennium, the Pension Board utilized a working group to review the budgetary requirements of the Fund in preparing the estimates for 2012-2013, which has contributed to guiding management in the preparation of a realistic budget. The Committee appreciates the role of the working group in focusing on priority needs and trusts that its continued input will be utilized in the preparation of future budget submissions.

The Advisory Committee does not object to the recommendations of the Pension Board in respect of the resource proposals of the Fund for the biennium 2012-2013. The Committee noted that the Fund has faced significant challenges in both the volume and the complexity of its work, resulting, on the one hand, from the increase in the population served and the longevity of its beneficiaries, and, on the other hand, the steady loss in institutional memory owing to a high number of retirements and other separations within the Fund's secretariat. Nevertheless, the Committee is concerned about the high number of vacant posts and the difficulties encountered by the Fund in recruiting candidates with the requisite specialized skills and experience.

Regarding non-post requirements for the Fund, the Committee notes that the implementation of the Integrated Pension Administration System (IPAS) project has been delayed. The Committee was informed that IPAS is now expected to be concluded by the end of 2014, although the overall cost of the project, in the amount of $22.7 million, remains unchanged. A revised timeline for IPAS implementation is included as Annex I to the Committee's report.

While recognizing the need to mitigate risk in the investments area and enhance service delivery to a growing population of active participants, retirees and other beneficiaries, the Committee expects that, with the completion and anticipated benefits of IPAS, the requirements for resources will be proportionately reduced in future budget submissions.

The Advisory Committee concurs with the request of the Secretary-General concerning appointments of Members to the Investments Committee.

Finally, the Committee notes the intention of the Fund to implement the International Public Sector Accounting Standards (IPSAS) in January 2012. In this context, the Committee does not object to transitional measures proposed by the Pension Board that the Fund be authorized to continue to apply the Financial Regulations and Rules of the United Nations in a manner that allows it to be IPSAS-compliant.