

**Agenda item 144:  
United Nations Pension System**

**FIFTH COMMITTEE**

**Report of the United Nations Joint Staff Pension Board (A/73/9)**

**Statement by Mr. John Levins  
Chairman of the United Nations Joint Staff Pension Board**

**9 November 2018**

Madam Chair, Distinguished Delegates:

As the Chair of the Pension Board, I am indeed both honoured and privileged to present to the Fifth Committee the report of the 65th session of the Board, which took place at the Food and Agriculture Organization of the United Nations, Rome from 26 July to 3 August 2018.

As you know, the United Nations Joint Staff Pension Fund (“UNJSPF”, or “Fund”) is a defined benefit plan providing benefit payments to more than 78,000 retirees and beneficiaries in 207 countries and territories in 15 different currencies. The Fund has some 127,000 participants employed by 23 Member Organizations and operates under Regulations promulgated by the General Assembly.

Pursuant to those Regulations, the Pension Fund is administered by a Board, composed of representatives of the 23 member organizations of the Pension Fund. The investment of the assets of the Fund is the responsibility of the United Nations Secretary-General who has delegated this authority to his Representative.

The Report of the Pension Board before you, document A/73/9, includes in Chapter II a summary of the recommendations and decisions which require action by the General Assembly.

*First*, the Board made an affirmative recommendation to the United Nations General Assembly to admit the Preparatory Commission for Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO) to membership in the Fund, with effect from 1 January 2019.

*Second*, the Board approved, subject to the concurrence of the United Nations General Assembly, the UNJSPF - African Development Bank Transfer Agreement.

*Third*, the Board recommended for approval by the General Assembly amendments to Articles 4, 6, 30, 32 and 46 of the Regulations of the Fund as set out in **Annex XI** of the report of the Board, to clarify the scope of the application of the Regulations and Administrative Rules and to refine some internal procedures of the Board.

In addition, the General Assembly has before it an amendment to Article 48 of the Fund’s Regulations and the corresponding amendments to the Statute of the United Nations Appeals Tribunal. The purpose of the amendment to Article 48 is merely to clarify the scope of the jurisdiction of the United Nations Appeals Tribunal (UNAT) in regard to decisions of the Standing

Committee of the Pension Board in its dual role as a governing body when it acts on behalf the Board on governance matters, and when its acts as an appellate body. The amendments do not alter or limit the existing jurisdiction of the Tribunal, as approved by the Pension Board, but reflect almost 70 years of practice, since the inception of the Fund.

Furthermore, the Board requested the General Assembly to approve an exception to Article 15(b) of the Fund's Regulations in order to effect a change from a biennial to an annual budget for the UNJSPF on a trial basis, beginning with the budget for the year 2020.

I will highlight other topics discussed by the Board. Firstly, the 34th actuarial valuation of the Fund, as of 31 December 2017, indicated a small actuarial deficit of 0.05% of pensionable remuneration. The Fund is, in effect, in actuarial balance, exactly where it should be.

As noted by the Committee of Actuaries, this is the second consecutive actuarial valuation in which the Fund remains very close to actuarial balance. The Fund continues to be well-funded. In reference to Article 26 of the Fund's Regulations, the Consulting Actuary stated that there is no requirement for deficiency payments by member organizations.

With regard to the Fund's investments, at 31 December 2017, investments managed by the Fund's Office of Investment Management (previously IMD) were valued at US\$64.1 billion, an increase of US\$9.7 billion from 31 December 2016. On the back of strong markets, the portfolio achieved a nominal investment return of 18.6%, compared to the 18.1% policy benchmark. Real investment returns meet or exceed the long-term real rate of return of 3.5% actuarially required to ensure the Fund's long-term solvency.

I should also like to highlight the following key administrative and governance items:

- The Board of Auditors (BOA) issued a "clean" unqualified audit opinion on the Fund's financial statements for the year ending 31 December 2017. This is the sixth consecutive year in which the Fund presented its financial statements under International Public Sector Accounting Standards (IPSAS).
- In addition to usual governance matters, the Board reviewed a report from the United Nations Office of Internal Oversight Services (OIOS), which was requested by the General Assembly to conduct a comprehensive audit of the governance structure and related processes of the Board. Despite significant reservations with regard to the audit process, the Board embraced the audit itself and considered the report in depth, convening an in-session working group representative of the tripartite nature of the Board, as well as the retirees' representatives, the Federation of Associations of Former International Civil Servants (FAFICS). This working group assisted the Board to respond comprehensively to OIOS and each of the report's recommendations, in the light of the Fund's joint and inter-agency nature and the Board's earlier considerations of these matters. The Board will continue considering all issues raised going forward.
- The Board welcomed the good progress made in reducing the outstanding number of cases and the decreased processing time as noted by the UN Board of Auditors. The Board took note of initiatives implemented by the Fund Secretariat to strengthen benefit processing and client services. In this connection I should like to note that the number of new benefits processed monthly (around 1,000) remains significantly above the long term average of 800. In each of

the three months to October 2018, **over 75%** of initial separations were processed within 15 business days of receiving all necessary documentation (thus meeting the Fund's benchmark). The median processing time was eight business days.

- The Board faced the dual challenge of the extended absence of the Fund's Chief Executive Officer (CEO) and impending retirement, on 31 August 2018, of the Deputy CEO. Following the 64th session of the Board, a Search Panel was established to identify suitable candidates for the Deputy CEO position. Regrettably, after the work of the Search Panel, the decision of the Board at its 65th session, and positive reference checks, the candidate recommended for the position withdrew his candidacy. The Board decided to recommend to the Secretary-General the appointment of the current Deputy CEO as Acting CEO from 1 September up to 31 December 2018 and the Deputy CEO agreed to postpone his retirement. The Board also formed a Succession Planning Committee, to assist the Board to adopt a long-term strategic approach to succession planning in the senior executive levels of the Fund; and further strengthen methodologies for their performance assessment. Taking advantage of this new committee, the Board requested that it identify a suitable candidate for appointment by the Secretary-General as Acting Chief Executive Officer from 1 January 2019. The Committee met last month and earlier this month. Its work is progressing well.

### Conclusion

In summary, the Board reports that the Fund is in a good financial and operational condition as a result of clear priorities, coordinated strategies and actions, as well as effective guidance and oversight at all governance levels.

However, the Fund turns 70 this year. It is older than most if not all of us in this room. We not only face the challenge of aging but the greater one of a changing environment, as well as limitation in resources by Member Organizations who are increasingly engaging personnel on contracts which do not include pension benefits. This is undermining the revenue base of the Fund. Beneficiaries numbers are growing by 3% to 4% a year. Numbers of contributing participants are not. The ratio of contributing participants to beneficiaries is in long-term decline.

The Fund must now adapt. As Chair, I seek your support in allowing it to do so. Remember Darwin: "It is not the fittest that survive, but the most adaptable." We have gone through a system upgrade and cleared the resultant backlog. We are now going forward. But we have to find ways to rejuvenate our base with new contributing participants or contributions, and improve our operational efficiency. We need to adapt to the changing realities of our environment. It is no longer "business as usual".

In opening the Board, I asked it to think 70 years ahead, as the founders of the Fund did in 1946 and Boards have done over the years. None of us can see that far ahead, but our thinking must be at that level, yet built on the challenges of today.

Our job today, Madam Chair and Distinguished Delegates, is to keep the promise of our founders to the staff of the UN and its agencies who selflessly serve the world, often at great personal risk. Our duty is to honour their service and their sacrifice. It is also to ensure that the 25-year-old graduate joining the UN today anywhere in the world will get her pension payments, on time, in full, 70 years from now, in 2087, perhaps in the last month of her life.

Thank you, Madam Chair.