

**Agenda item 135:
Proposed Programme budget 2020**

FIFTH COMMITTEE

**Administrative expenses of the United Nations Joint Staff Pension Fund and report
of the United Nations Joint Staff Pension Board on the work of its sixty-sixth session
(A/74/331)**

**Statement by H.E. Philip Richard Owade
Chairman of the United Nations Joint Staff Pension Board**

2 December 2019

*Mr. Chairman,
Distinguished Delegates,*

It is an honour for me to present the report of the United Nations Joint Staff Pension Board, Document A/74/331.

Following the change to an annual budget cycle, the document includes the report of the 66th Session of the Pension Board, and the Pension Fund's proposed budget estimates for 2020. I had the privilege to present the report to the ACABQ on 15 October. I am grateful to the Committee for their expeditious consideration of the matter.

At its sixty-sixth session in Nairobi in July, the Board was pleased to note that various studies have all confirmed the Fund's long-term financial stability. The Board also noted that the Fund has been meeting its benefit processing benchmarks and that there was no backlog of entitlement cases in 2017 or 2018. You will be pleased to note that the Fund is now performing at over 90 percent in processing new claims, which is way above its benchmark.

The Board took appropriate action on the General Assembly recommendations last year. Allow me to highlight just a few salient aspects of these decisions.

First, on timely succession planning for the post of the Chief Executive Officer, following a competitive process, the Board recommended the appointment of Ms. Rosemarie McClean from Canada as CEO/Pension Benefits Administrator. She is set to take over from 1st January, 2020.

Second, on the decision to replace the dual role of the Chief Executive Officer with two distinct and independent posts of Pension Benefits Administrator and Secretary of the Board, the Pension Board agreed on the Secretary's job description, recruitment procedure, reporting lines, and staffing of the Pension Board secretariat.

Third, the Board examined all the governance related issues identified in last year's UNGA resolution, including the size and the composition of the Board. The Board agreed that the total number of Board seats with voting rights would remain at 33, but has recommended a re-adjustment to add a seat for IOM.

You will agree with me that the matter of size and composition of the Board is as complex as it is delicate. The Board has deliberated on the matter for more than a decade. I assure the Committee of the Board's commitment to continue discussions on the matter until an outcome desirable to all, including the General Assembly, is reached. In this regard, the Board renewed the mandate of its Working Group on Governance to continue with consideration of the matter. Any views of the Assembly would be welcome.

Fourth, as regards Article 48 of the Fund's Regulations, the Board reviewed additional information on the impact of the amendment of this article, as requested by the Assembly. I emphasize that the matter is before the 5th Committee primarily as a *governance* issue rather than a legal question. The Board recalled the established division of responsibility, authority and accountability in the governance of the Fund: namely the prerogative of the Pension Board and the Assembly to oversee and govern the Fund, with judicial review by the United Nations Appeals Tribunal of administrative decisions made by the CEO or SPCs concerning pension rights of individual participants and beneficiaries. Through this amendment, the General Assembly is requested to reaffirm its authority as the highest legislative and governing body of the Fund.

Fifth, *Mr. Chairman,*

In keeping with its usual practice, the Pension Board formed a Budget Working Group to consider the 2020 budget proposal which made recommendations for the approval the Board.

All of the Fund's administrative expenses are met by the Fund. Outside the Fund's core mandate, the Fund and the UN have in place a cost-sharing agreement for reciprocal services. Following a request by the ACABQ, the Fund and the UN Secretariat agreed on a new methodology for cost sharing, which better reflects reality. The new methodology results in a significant decrease in the UN regular budget net contribution to the Fund.

The 2020 budget for the Fund secretariat largely reflects last year's UN General Assembly decisions.

It is proposed to create an independent secretariat of the Pension Board with responsibility for the overall planning and delivery of a full range of services to the Pension Board and its subsidiary bodies. The implementation of functional reporting across the Fund allows us to propose redeployment instead of new post creation.

Furthermore, the budget reflects the longer-term strategic objective of agility. The use of GTA rather than creating new established posts provides the flexibility needed for changing processing demands resulting from the downsizing of peacekeeping missions.

The second priority aims at enhancing service-delivery by the Fund. The Fund has included in its 2020 budget proposal the continuation of its call centers and the establishment of two client services liaison offices in Nairobi and Bangkok. This is expected to enhance service delivery to beneficiaries in far flung

areas of Asia and Africa.

The third priority relates to Information Technology as an agent for change. Electronic interfaces with member organizations and related processes will be strengthened to accommodate monthly contribution reporting and reconciliation. Automated certificate of entitlement signature verification and the creation of a digital Certificate of Entitlement are now in a pilot phase.

Finally, the budget aims to strengthen other priority areas highlighted by the Pension Board, including communication and administrative services.

The administrative expenses of both entities of the Fund – the Fund Secretariat and the Office of Investment Management – are paid out of the Pension Fund’s assets; they are not funded from the Regular Budget of the United Nations. The Committee may wish to note that there has been no increase in established posts in the Office of Investment Management for six years, during which period the assets under their management have increased by 36%. It is significant that the Office of Investment Management will pay for the entire proposed increase in the number of posts through savings already realized; its 2020 budget is actually lower in dollar terms than the budget for 2019. I would therefore appeal to the Committee to approve the budget proposed by the Board to enable the Office to meet the investment targets.

In conclusion allow me to reiterate that the Fund is in sound and solid footing, contrary to the propaganda mounted by its detractors over the last 4 or 5 years. With the full support of the Assembly we should be able to steer the Fund to greater heights. I assure you of the Board’s commitment to play its part.

I look forward to the discussions on these items. The Acting CEO and the RSG and their able teams are accompanying me ready, willing and able to respond to any questions.

Thank you.