

**Agenda item 136:  
Proposed Programme budget 2018-2019**

**FIFTH COMMITTEE**

**Administrative expenses of the United Nations Joint Staff Pension Fund  
Report of the United Nations Joint Staff Pension Board (A/72/383)**

**Statement by Ms. Annick Vanhoutte  
Chairman of the United Nations Joint Staff Pension Board**

**December 2017**

Mr. Chairman,  
Distinguished Delegates,

Thank you for providing me an opportunity to present the report of the United Nations Joint Staff Pension Board (hereinafter “Pension Board”) on the administrative expenses of the United Nations Joint Staff Pension Fund (Hereinafter “the Pension Fund”), document A/72/383. The report covers the Pension Fund’s estimated expenditure and performance report for the biennium 2016-2017, and its proposed budget estimates for 2018-2019.

Established by the General Assembly, the United Nations Joint Staff Pension Fund is providing pension and other benefit payments to more than 74,000 retirees and beneficiaries from 23 member organizations. By 2020, the Fund is expected to have over 85,000 retirees and beneficiaries. These retirees and beneficiaries reside all over the world, currently in over 190 countries and they can choose to be paid in any of the Fund’s 15 different payroll currencies. Annual benefit payments are currently in the order of \$2.5 billion. The Fund is also servicing more than 128,000 active participants, bringing the total number of its clients to more than 200,000. At the end of 2016, the net assets of the Fund were approximately \$54 billion and in October 2017 they reached some \$ 62 billion.

All of the Fund’s administrative expenses are met by the Fund. In accordance with the Fund’s Regulations, in exchange for the Fund providing services as the secretariat of the Staff Pension Committee of the United Nations (including Funds and Programmes), the United Nations reimburses the Pension Fund for the expenses incurred, under a long established cost sharing arrangement.

The budget before you introduces two main strategies that respond to the Pension Board’s requests to ensure timely processing of pension benefits and to strengthen the Fund’s client servicing capacity. **Firstly**, with respect to processing of benefits, it enhances the Fund’s standard service delivery with the capacity to address other *ad hoc* demands, such as unforeseen surges in volumes, case load peaks and other urgent situations by creating flexible task forces and temporary capacity without creating long-term fixed costs. **Secondly**, it concentrates on enhancing and modernizing client services and communications. The current client services staff are too few to tend to the needs of more than 200,000

clients and the 23 member organizations.

In keeping with its usual practice, the Pension Board formed a Budget Working Group that met prior to and during the Board's last session to consider the budget proposals from both the Investment Management Division (IMD) and the Fund secretariat. The Working Group had the same tripartite membership structure as the Pension Board; its composition and recommendations are included in **Annex I** of the report before you.

The Budget Working Group observed that over the previous five biennia, the workload of the Fund secretariat outpaced the increase in the number of Fund secretariat staff. **The Budget Working Group made a specific effort to support the strengthening of client services and continued enhancement of the Fund's operational systems.** The Working Group also noted that the Fund's workload would be increased by downsizing initiatives taken by the United Nations and other member organizations, suggesting that the next biennium could see significant additional work for the Fund. **Recently achieved servicing rates would not be met or maintained if the human and other resources supported by the Working Group in the budget request were not to be approved.** The Board upon review of the Working Group Report, approved all the recommendations of the Budget Working Group.

The administrative expenses of the Fund, as contained in the report A/72/383 before you, are as follows:

#### **2016 – 2017 biennium**

In its resolutions 70/248 and 71/265, the General Assembly approved appropriations for the biennium 2016-2017 totaling \$180,220,100. However, total expenditure for the biennium 2016-2017 is now estimated at \$175,165,700, resulting in an under-expenditure of \$5,091,100 or 2.8 per cent of the total appropriation. Table 1 of the report before you summarizes the total estimated expenditures for the biennium 2016-2017.

#### **2018 – 2019 biennium**

The 2018 – 2019 **budget** as recommended by the Board after having considered the Report of the Budget Working Group, totals **\$194,664,800** and includes:

- \$105,018,900 for administrative costs;
- \$85,586,400 for investment costs;
- \$2,929,200 for audit costs;
- \$965,600 for Pension Board expenses; and
- \$164,700 for an extra-budgetary post funded by Member Organizations.

The overall increase in resources requested, amounts to \$14,444,700 before re-costing, or 8 per cent, reflecting increases in administrative costs (\$13,640,500), investment costs (\$777,700) and audit costs (\$26,500).

The United Nations share is \$22,881,900.

*Mr. Chairman,*

As stated in the report before you and the related supplementary document, the core functions of the Fund are to pay benefits and service its clients. The two strategies mentioned above are aimed at strengthening these core functions. For many years the Fund has operated with minimal resources. In response to growing needs as evidenced by an aging and more dispersed clientele, changed communication methods and the overall growth in the number of inquiries (more than 300 per cent in the last 16 years), the Fund is requesting the resources required to build and improve the Fund's client servicing capacity. In line with the recommendations following the Whole Office Review carried out in 2016, the Fund intends to separate Client Services NY from Operations NY as starting from biennium 2018-2019. It is envisaged that the Client Services will be headed by a Senior Manager at the D-1 level to ensure the required focus and implementation of the new vision. The Fund will further seek innovative and creative service delivery approaches by leveraging technology to achieve more with less. It is hoped that the implementation of the new client services model will help the Fund to address the deficiencies identified by both internal and external auditors

In addition, the budget proposal for 2018-2019 intends to maintain and expand upon several pilot initiatives tested during the current biennium, such as:

- a) setting up of a task force which has allowed the Fund to process 75-80 per cent of new separation cases (initial benefit payments) during the month they were received;
- b) a pilot call center in New York that includes a special hotline for survivor benefits which has achieved a 100 per cent response rate;
- c) a liaison office in Nairobi to provide outreach activities to the participants and retirees in that region and also to help train the local Human Resources and Payroll units on pension matters;
- d) extensive outreach missions to offices away from headquarters;
- e) a new, client-friendly website, which includes a series of innovative whiteboard "how-to" videos; and
- f) the implementation of Member Self-Service portal.

The majority of requests for additional resources, are for General Temporary Assistance (GTA), as this approach will further enable the Fund to function as an agile organization, creating a flexible temporary work force to address "surges" in volume, cyclical operational peaks, unforeseen events such as the need to supplement data cleansing as a result of efforts by member organizations establishing or modernizing their ERP systems. This approach has been supported, in large part, by the Fund's successful implementation of the Integrated Pension Administration System (IPAS), which has secured the operational viability of the Fund. Now, **the Fund needs to build on the implementation of IPAS and to achieve the system's full potential. This requires the resources to be sufficient to further stabilize and expand the System.**

You will note that, as usual, the report of the Pension Board includes both the Board of Auditors' report (**Annex VI**) and the Fund's annual financial statements (**Annex V**) in accordance with article 14 of the Pension Fund's Regulations. I am pleased to report that the Fund received an *unqualified* audit opinion on these statements from the UN Board of Auditors.

As usual in budget years, the Board reviewed and approved the methodology and assumptions for the

next actuarial valuation. The Fund continues to be in a sound financial and operational situation with an actuarial surplus and a fully funded status.

In conclusion, I would like to thank you for your attention to this report of the Pension Board and seek your support for the approval of the Pension Board recommendations as contained in paragraph 189 of the report.

*Thank you, Mr. Chairman.*