State of PALESTINE G77 Chairmanship 2019

STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS NADA TARBUSH, FIRST SECRETARY, MISSION OF THE STATE OF PALESTINE TO THE UNITED NATIONS, ON AGENDA ITEM 135: PROGRAMME BUDGET FOR 2020, ADMINISTRATIVE EXPENSES OF THE UNITED NATIONS JOINT STAFF PENSION FUND. AT THE FIFTH COMMITTEE DURING THE MAIN PART OF THE SEVENTY-FOURTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

(New York, 2 December 2019)

Mr. Chair,

I have the honour to speak on behalf of the Group of 77 and China on agenda item 135 proposed programme budget for 2020: Administrative Expenses of the United Nations Joint Staff Pension Fund.

The Group of 77 and China wishes to thank Mr. Philip Richard Owade, Chair of the United Nations Joint Staff Pension Board and Mr. Chandru Ramanathan, Assistant Secretary-General, Controller, Office of Programme Planning, Finance and Budget, for introducing their respective reports. The Group also wishes to thank Mr. Peter Korn, Director of External Audit (Germany) and Chair of the Audit Operations Committee, Board of Auditors, and Mr. Cihan Terzi, Chair of the Advisory Committee on Administrative and Budgetary Questions, for introducing their respective reports.

Mr. Chair,

The Group of 77 and China recalls that the United Nations Joint Staff Pension Fund was established by the General Assembly in 1948 to provide retirement, death, disability and related benefits for staff members of the United Nations and other organisations, as may be admitted to membership.

The Group notes that the United Nations Joint Staff Pension Board, which reports to the General Assembly, continues to function as the main oversight, policymaking and decision-making body of the United Nations Joint Staff Pension Fund and has ultimate responsibility for the administration of the Fund and the protection of the best interests of the Pension Fund participants, retirees and other beneficiaries.

As part of strengthening the Board's oversight functions, the General Assembly legislated in its resolution 73/274 to replace the position of Chief Executive Officer by two distinct and independent positions. The General Assembly named them "Pension Benefits Administrator" and the "Secretary of the Pension Board". We hereby take note of the resultant budgetary proposal for 2020 to create an independent secretariat of the Pension Board, which would be separate but also needs to be independent from the benefits administration of the Pension Fund, in accordance with paragraph 13 of General Assembly resolution 73/274.

Mr. Chair,

For the budget as a whole, the Group of 77 and China will examine the merits of the 2020 estimates which are presented and apportioned as follows:

a. Secretariat of the Pension Board -$1,781,800;

b. Pension Administration of the Fund -$53,821,700;

c. Office of Investment Management -$44,923,300;

d. Audit -$1,608,000.

The total estimates for 2020 amount to $102,134,800, which represents an increase of $9,676,400 compared with the 2019 revised appropriation.

The Group intends to analyse factors that have contributed to the reduction of the 2018-2019 biennium appropriation.

Looking through the 2020 resource proposals, the Group's interest is particularly piqued by proposals on staffing of the respective entities of the Fund. We will seek information on the needs assessment carried out for functions that have been assigned to these posts and positions.

On another note, the Group recognizes the work of the Governance Working Group on issues of composition, rotation and equitable representation on the Board. The Group notes that the composition of the Governance Working Group violated paragraph 14 of General Assembly resolution 73/274. We will discuss this further during informal consultations.

Mr. Chair,

Turning to the activities of the Pension Fund, the G77 and China notes that in 2018 the Fund met and exceeded the benefit processing benchmark of 75 per cent by processing 79.7 per cent of initial separations within 15 business days thus the caseload inventory reducing to manageable levels and processing rates meeting the benchmark.

Though the Group welcomes this progress, we will seek to understand the operationalisation of the benchmark and other related parameters and their application in the processing of cases, particularly considering that there have been significant delays in the receipt of payments as well as a backlog of cases in the recent past.

We also expect to receive information on the progress made in the functionality of the Integrated Pension Administration System (IPAS), especially given that issues which arose with the launch of the system have now been resolved.

Mr. Chair,

The Group acknowledges that also as part of not having some of these legacy issues recur, the Fund has increased its efforts in informing and educating separating staff and the member organization focal points in the areas of human resources and finance concerning the separation process and the Fund's specific requirements for processing benefits, particularly for offices facing downsizing or closure through pension briefings, pre-retirement seminars and pension clinics and workshops. We take note of and encourage the continual strengthening of these efforts.

Also on client services, the Group notes that the ongoing growth in transactional volume related to active participants, combined with the increasing numbers of individual reaching retirement age as well as further increases in life expectancy continue to translate into heavier workloads for the Fund.

The Group recognises the Fund's appreciation of this trend and welcomes the latter's commitment to enhancing its client-servicing capabilities and notes its plans to separate client services from operations. We acknowledge the restructuring and renaming of the unit to the Client Services and Outreach Section and welcome the establishment of two client service hubs as liaison offices in Bangkok and Nairobi.

Mr. Chair,

Taking a glance at the Fund's assets, the Group notes that as at 31 December 2018, net assets available for benefits were $60.7 billion compared with 2017 at $64.3 billion, reflecting a decrease of about $3.5 billion (or 5.6 per cent);

Despite the recorded decrease at year ended 31 December 2018, it is noted from the present report that the Fund is financially sound and that the Office of Investment Management has achieved the Fund's long-term return objective to meet or exceed the required 3.5 per cent real rate of return on a 2-, 3-, 10-, 15-, 25- and 50-year basis.

Going forward, the Group wishes to underscore its cognizance of the likely volatility of financial markets over the near-term as the industry tries to gauge and adjust to the future direction of fiscal and monetary policy, as well as rising geopolitical risks around the world.

Against this background, the Group reiterates that long-term sustainability of the fund is critical for participants, beneficiaries and Member States due to these stakeholders being invested in potential financial implications and liabilities. Investments must meet the stated criteria of safety, profitability, liquidity and convertibility.

Mr. Chair,

On the issue of geographical diversification of the Fund's investment portfolio, the Group notes that as at 31 December 2018, the Fund had investments in 102 countries and regions, including both developed and developing countries.

The Group also notes that investment in developing countries is still lagging behind by a distance. The Group further encourages the Fund's Investments Committee to continue to identify investment opportunities in these countries. The Group concurs that investment diversification continues to be a reliable strategy for improving the risk-return profile of the Fund over the long-term.

The Group looks forward to receiving information on progress made in the geographical diversification of investments in the context of the next report on investment activities.

Mr. Chair,

The Group would like to express its appreciation for the report of the Board of Auditors as well as the auditing of the financial statements of the Fund and reviewing its operations for the year ended 31 December 2018 in accordance with relevant General Assembly resolutions, applicable financial rules and regulations and international auditing standards.

It is noted that the Board followed up on the 38 outstanding recommendations as at 31 December 2017 and noted that 12 (32 per cent) had been fully implemented, 22 (58 per cent) were under implementation and 4 (10 per cent) had been overtaken by events

The Group once again stresses the importance of implementing all recommendations of the Board of Auditors by the Fund and member organisations in a timely manner, and to continue to provide detailed annual updates to explain any delays.

Mr. Chair,

The Group also wishes to acknowledge that the Office of Internal Oversight Services (OIOS) issued four audit reports to the Fund's management for the year ended 30 June 2019.

In addition, the OIOS concluded advisory engagement on the fraud risk assessment in the Office of Investment Management. The Board noted that the audit reports included 18 important audit recommendations and 1 critical recommendation accepted by the Fund's management. We anticipate that these recommendations will be implemented expeditiously.

To conclude, Mr. Chair, the Group wishes to assure you of its readiness to engage constructively on this important agenda item with a view to having a timely and successful outcome.

I thank you.