

*Check Against Delivery*

**Agenda Item 149  
United Nations Pension System**

**Report of the United Nations Joint Staff Pension Board (A/75/9)**

**FIFTH COMMITTEE**

**Statement by Ms. Martha Helena Lopez  
Chairperson United Nations Joint Staff Pension Board  
30 November 2020**

Mr. Chairman,  
Distinguished Delegates,

1. It is a pleasure to introduce the Report of the United Nations Joint Staff Pension Fund Board A/75/9 in my capacity as Chair of the Pension Board.

Mr. Chairman,

2. The **Pension Board** held its sixty-seventh session from 16 to 24 July 2020, as a virtual meeting due to COVID-19. The Board considered many aspects of the Fund, including amendments to its regulations, the financial situation of the Fund, and a report on the Fund's governance that was requested by the General Assembly in resolution 74/263. The Fund remains in **very good financial health**. The Board reviewed the latest actuarial valuation as of 31 December 2019, which revealed a small surplus of 0.5% of pensionable remuneration. This shows that the Fund is very close to actuarial balance and is considered to be well funded and fully capable of meeting its current and future liabilities.

3. A priority for the Board was the report by independent pension governance consulting experts Mosaic Governance Advisors, LLC ("*Mosaic*") which provides a comprehensive, objective, and comparative analysis of **the governance of the Fund** against industry best practices. The report is attached as an annex to the report of the

Board. This report makes fifteen recommendations covering the structure, composition, role, conduct, and frequency of meetings. Since the report was only finalized while the Board was already in session, only preliminary comments from the Board are included in the report presented to you. However, the Governance Working Group of the Board is currently analysing the recommendations in detail, with a view to submitting a report to a Special Board session that will take place in February 2021, with an agenda entirely devoted to governance issues. In general, the Board continues to be seized by matters pertaining to its governance, including when it comes to the continued implementations of governance recommendations made by OIOS in 2018. Based on the action taken by the Board, OIOS recently closed three of those recommendations, in addition to the three closed previously.

4. On proposed amendments to Regulations, I draw your attention to the proposed change to **Article 48**. The amendment will clarify the jurisdiction of the UNAT concerning the decisions of the Standing Committee of the Board. This change will ensure that only administrative decisions challenging the pension rights of staff members and participants arising from the Fund's regulations are appealable and not decisions of the Pension Board in regard to the governance of the Fund. This change and clarification will benefit participants, members, and the Fund.

Mr. Chairman,

Distinguished delegates,

5. Due to COVID-19, this year has been a turbulent time for the Fund. The financial markets have been in turmoil, and our staff members are working from home. Despite the challenges, the financial and operational aspects of the Fund are sound. All pension payments were made on time, processing targets met, the rates of return achieved, and the long-term stability and viability of the Fund is good. The impact of COVID-19 has made us question our structure and operations and seek better ways of operating. For example, the Fund adapted to the COVID-19 situation by accelerating the modernization of the digital documentation process, so now the Fund is accepting digital format separation documents.

6. As we look to 2021, with a new leadership team in **Pension Administration**, a new vision to improve and enhance the Fund has been developed. The Chief Executive of Pension Administration has set the new strategic target for 2021-23. The target is to provide outstanding service globally. The 2021-2023 strategy focuses on three critical pillars: (1) Simplify the Client Experience, (2) Modernize Pension Services, (3) Develop a Strong, Global Partnership Network. This essential and ambitious strategy and transformation will require business analysis and improvement, automation, information technology, and expert capacity.

7. A critical component to the success of the new strategy will be the proposed new Head (P-5) of the Business Transformation Unit. This role will monitor and advise on organizational change, map the value stream of the Fund to improve processes, and enhance efficiency. This role will ensure that a systematic business transformation and a structured change management approach is embedded across the functions in Pension Administration to move the Fund towards a more efficient and paperless organization. This capability and capacity are not currently available within the Fund and will have a significant positive impact.

8. Furthermore, the Pension Board recommends a number of key reclassifications, redeployments and conversions for long-term requirements that are critical to the effective functioning of the Fund and the implementation of the vision and strategy proposed by the Chief Executive of the Pension Administration and the Representative of the Secretary-General. These staffing requirements and requests were carefully studied by the UN Joint Staff Pension Board before final approval and endorsement. In the past the 5<sup>th</sup> Committee has approved the flexible use of general temporary assistance to quickly respond to unforeseen workforce demands and events. The UN Joint Staff Pension Fund has made successful use of these arrangements, in line with applicable General Assembly resolutions and Staff regulations and rules of the United Nations. For 2021 and beyond, the Fund continues to count on such arrangements for effective mandate implementation.

9. The **Office of Investment Management** has skillfully used sound financial management to weather the turbulent markets of 2020, recovering from the initial market downturn. The Fund is operating at a funded ratio of 107.1 per cent. To meet the demands of the investment portfolio work and improve the management and operation aspects, a restructuring of the office, which also addresses OIOS observation, is outlined in the report involving post abolishments, reclassifications, conversions and redeployments. These are essential changes to ensure the best operation of the Office and portfolio.

10. The **budget estimates** to operate the Fund for 2021 amount to US\$112.4M after recosting. This amount comprises Secretariat of the Pension Board of \$1.3M, Pension Administration of \$61.5M, Office Investment Management \$47.5M, and Audit \$2.1M. The services provided to the Staff Pension Committee of US\$7.9M directly chargeable to the United Nations and are covered under Section 1 of the regular budget.

11. Finally, you will note that, as usual, the Report of the Pension Board includes both the **Board of Auditors'** report and the Fund's annual financial statements. I am pleased to report the unqualified audit opinion on the financial statements from the UN Board of Auditors, and a significant increase in the implementation of BOA recommendations, from 31% in 2018 to 73% in 2019.

12. To support and improve services to the Fund's expanding client base, the resources reviewed and approved by the Board are critical to moving the Fund to an outstanding service globally. Your support and guidance to the Fund are important and appreciated.

13. Thank you, Mr. Chairman, for your consideration. We look forward to answering any questions the Committee may have on this report.