

**Fifth Committee
Item 138. Proposed programme budget 2022:
Report of the United Nations Joint Staff Pension Board**

**Opening remarks by Mr. John Levins
Chair, United Nations Joint Staff Pension Board**

23 November 2021

Mr. Chair,

It is my great honour to introduce the report of the United Nations Joint Staff Pension Board A/76/297 in my capacity as Chair of the Pension Board. The report contains the conclusions of the work of the United Nations Joint Staff Pension Board at its sixty-ninth session and the proposal for the administrative expenses of the United Nations Joint Staff Pension Fund for 2022. The Pension Board held its sixty-ninth session from 22 to 30 July 2021 in a virtual setting.

First and foremost, I am immensely proud to announce that the Board noted with satisfaction that our Fund is in good financial health. All actuarial and investment parameters remain sound. Despite the challenges of COVID-19, all services to clients were maintained and delivered, except for the walk-in services. All pension payments made on time; processing targets not only met but exceeded; and all investment management activities conducted smoothly, thanks to the detailed business continuity plans.

It is my privilege to thank and commend ASG Ms. Rosemarie McClean, Chief Executive of Pension Administration, and ASG Mr. Pedro Guazo, Representative of the Secretary-General for the investment of the assets of the Fund, for their exemplary leadership since their appointments early last year.

Mr. Chair,

At its sixty-ninth session, the Pension Board considered in-depth a broad range of topics. These include the 2022 budget estimates, actuarial assumptions, investments, audit, governance, and matters related to the benefits system, administration, transfer agreements, and the status of ICT initiatives.

As a subsidiary organ of the General Assembly, the Board has made recommendations to the General Assembly for its consideration in the following areas:

<p>1. <i>Budget Estimates for 2022</i></p>
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The Board approved, for further approval by the General Assembly, proposed budget estimates for the administrative expenses of the Fund for 2022 amounting to \$122,081,000 after recosting. It is important to reiterate that these administrative expenses are covered by the Fund and are not a direct charge on the Member States. The overall increase in the 2022 budget proposal for the Fund amounts to 8.1 per cent. These proposals were reviewed by the Board's Budget Working Group in detail in June 2021 and subsequently reviewed and endorsed by the entire Board in July 2021.

The United Nations Joint Staff Pension Board unequivocally supports the proposals made in the report, especially in terms of posts and non-post resources. This will enable the Fund to implement the 2021-2023 Pension Administration Strategy, supported by the General Assembly at its Seventy-Fifth session in December 2020, as well as OIM's strategic priorities. These proposals will secure the operations of the Fund, with its assets now of more than 90 billion dollars, for years to come.

1.1. Pension Administration

To address the expected significant future workload increase as people who delayed separation during the first years of COVID now retire, together with a growing and on average older beneficiary population, the 2022 budget proposal aims to strengthen the Fund's client services with the redeployment of existing resources and investment in a critically needed Customer Relationship Management (CRM) system.

The 2022 budget proposal also includes the abolishment of five and the conversion of 42 out of 52 General Temporary Assistance (GTA) funded positions, on the basis of a thorough review undertaken upon the request of the General Assembly. The proposed conversions relate to core-work GTAs to posts. There is no monetary impact. The review indeed removes duplications as requested by the General Assembly, and delivers efficiencies through abolishing and redeployment of GTA positions and proposed conversions of core GTA positions to posts.

1.2. Office of Investment Management

OIM's 2022 budget proposal emanates from the need to further diversify the investment portfolio to reduce risk whilst maintaining returns, and to fill historic gaps in human resources and tools to properly invest, manage risks and improve the organizational culture of the Office, as highlighted in the 2020 OIOS Governance Audit of the Office.

This budget aims to consolidate and strengthen the private markets activities, from the front office to the middle and back office, including the legal team. This area will be the main driver for diversification and risk mitigation in the portfolio. The budget also aims to strengthen the public equities portfolio by increasing investments in small capitalization companies. It further aims to strengthen the fixed income operations given its historical underperformance and increased complexity. Finally, adding resources to consolidate the sustainability team that supports and advises the investment teams is essential to keep our Fund at the forefront of contributing to the achievement of the Sustainable Development Goals.

The increase of only 6.8 million dollars represents a marginal 0.007% of the total value of the portfolio and can be fully self-financed with the additional revenue expected from only one of the new projects included in this budget.

1.3. Pension Board secretariat

I am pleased to report that the separation of the roles of the Chief Executive and the Secretary of the Board, as requested by the General Assembly, has proved to be a resounding success, allowing a much higher level of focus and professionalism in the

Pension Board Secretariat function. Having served as Chair under both the combined and separated models, I can personally attest to this. The Board is grateful to the General Assembly for this guidance.

The Board proposes to consolidate and further strengthen the Pension Board secretariat and therefore proposes the reclassification of a P4 to P5. This should enable the secretariat to deliver the required support to the Board and its Committees, also in support of the implementation of ongoing governance reform, including several more Board sessions to be organized every year, adding to the responsibilities and workload of the post.

The Board and the Fund's Member Organizations believe the important, balanced and well-considered proposals contained in the report will be supported by the General Assembly at its Seventy-Sixth Session.

2. Governance reform plan

Mr. Chair, and Distinguished Members,

The Board also approved a comprehensive governance reform plan following the conclusions of its (Special) Session in February 2021 and the relevant resolutions from the General Assembly at its 74th and 75th Session. The Board has continuously considered its governance since it first met 71 years ago last month, but this is the most comprehensive and holistic review undertaken in this generation of the Board. It is firmly based on its Governance Working Group report. The Board concluded *inter alia* that:

- On size and composition, the number of Board members will be maintained at 33 voting members, as first approved by the General Assembly in 1987, but the number of non-voting ex-officio Members, representatives of Member Organizations without a member seat on the Board, and observers who can attend the Board in-person will be reduced. In-person potential participation would decrease from over 100 to 59.
- The Board could not reach consensus on the in-person participation of 18 non-voting representatives who attend the Board as representatives to ensure that those

Member Organizations that have only one or two seats can still maintain a full tripartite delegation at each Board session. The Board intends to take a decision on their status in July 2022.

- The Board has embraced the lessons of the COVID-19 pandemic that much more can be done effectively, virtually. It will meet more frequently during the year, with no more than two additional virtual meetings to better prepare for the main in-person meeting in July and allow for more focused decisions and better exchange of information between the members and the various committees.
- At the request of the General Assembly, the Board has endorsed an ethics policy to implement its code of conduct. This policy has been prepared by the Board's Governance Working Group and was reviewed by the UN Ethics Officer and the Ethics Network of Multilateral Organizations. The Policy sets out the ethical principles and standards to be adhered to by Board members, alternate members, representatives, and observers attending Board sessions, and is based upon the premise that all Board members, as fiduciaries, owe a duty to the member organizations, participants, and beneficiaries of the UNJSPF.
- The ethics policy focuses in particular on potential conflicts of interest, and in that regard, the Board is requesting an amendment to Article 6 of its Regulations. I believe that all but one of the major Member Organization already give effect to the terms of the proposed amended Article 6 in their HR Regulations, and the effect has existed in the Fund's own Rules of Procedure since 2017. The amendment will not only reinforce an essential element of the ethics policy but bring all Member Organizations onto a consistent basis in this area.
- The Board approved new Terms of Reference for the Chair, for several of its Committees as well as updated guidelines for Board members.
- The Board approved several efficiency measures to improve its functioning and decision-making processes.

As Chair of the Board, I am convinced from my own observations over five years of Board service that we have made immense progress in improving our governance structure and decision-making processes, in the greater interests of the Fund, its Member Organizations,

participants, and beneficiaries. The Board understands that this continues to be a work in progress. Reform always is. It is evolutionary, adaptive. I am confident that all Members of the Board will continue to be engaged to implement the decisions taken in July 2021.

3. Benefit system and proposed changes to the Regulations

The Board discussed several items related to the Fund's benefits system. The Board, *inter alia*, agreed on measures to streamline the administration of disability cases, one of the most important aspects of the plan underlying the Fund. In that regard, it recommends that the General Assembly adopt a new article 33(g) of the Fund's Regulations.

Further to this change, the Board also requests the General Assembly to approve changes to the following articles of its Regulations:

- articles 4 and 6 in light of the adoption of the ethics policy requested by the General Assembly;
- article 7 to reflect the appointment of the Secretary of the Board by the Secretary-General upon the Board's recommendation;
- article 48 to clarify the scope of the jurisdiction of the United Nations Appeals Tribunal; and
- paragraph 19 of the Pension Adjustment System to clarify the conditions for the application of a second cost-of-living adjustment in the same calendar year.

To conclude, it is my firm belief that the Board has delivered on its role and mandate in spite of difficult circumstances. It has risen to the occasion. I am especially proud that it managed to achieve such results by consensus, as is the wish of the General Assembly. This clearly demonstrates the importance that the entire UN System, and those Member Organizations that are part of the Fund but not part of the UN System, attaches to our Pension Fund.

Thank you, Mr. Chairman and Members of the Committee, for your consideration and these deliberations. I wish you good health during these trying times. We look forward to your guidance and answering any questions you may have.