

Chairman of the United Nations Joint Staff Pension Board

20 October 2011

representative of the Executive Heads group from the World Food Program

I am honored to present the report of the Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund document A/66/266.

The United Nations Joint Staff Pension Fund operates under Regulations promulgated by the General Assembly. Pursuant to those Regulations, the Pension Fund is administered by a Board, composed of representatives of

member Board has a tripartite composition, consisting of equal numbers of representatives of the participating organizations, of their participants in service, and of their executive heads.

the biennial budget proposals of the Fund are presented in odd-numbered

years. The Fifth Committee and the Assembly consider the budget of the

United Nations Joint Staff Pension Fund as sub-items under the second

items for the biennial programme budget of the United Nations.

Accordingly, in its report to the General Assembly this year, with the

exception of one ad hoc item, the Board covered only the Pension Fund's

programme budget for 2010-2011 and its proposed programme budget for

2012-2013. The Board's report, which is submitted to the Board

Board this year, and in some cases decided upon, will be reported to you

next year during the 67th session of the Assembly. The one ad hoc item

recommends a transitional measure for reporting under the International

Public Sector Accounting Standards (IPSAS), beginning 1 January 2012.

The format of this year's budget document is slightly different from prior

years. Background and supplementary financial information are now

included in a separate document. The budget estimates for the biennium

2010-2011 and 2012-2013 are presented in A/66/266, with the budget

estimates for the biennium 2010-2011 contained in section II. The budget

proposals for the biennium 2012-2013 are presented in section III. The

Board's usual request for authorization in respect to the Fund is included in section IV. The special request regarding Pensions implementation is included in section V. The Board's specific recommendations, which require action by the General Assembly, are contained in section VI and a summary of follow-up actions, taken in respect to Pension Board and ACABQ requests, is provided in section VII.

As background, drawing your attention to section II of the supplemental document, the Fund continues to grow significantly (over 500% in the last 10 years). There are now 23 member organizations and more than 185,000 active participants, retirees and other beneficiaries covered by the Fund. In addition, the scope and complexity of the operations continue to grow as the Fund has been expanding its provisions to cover not only a greater number of individuals residing in some 100 countries but also within a wide range of unique circumstances.

Back in 2000, the then Chairman of the Board reported to you that the market value of Fund assets had declined sharply from 41.7 billion IIS

Fund has recovered well since 2008, with the market value of assets reported

1. On 1 October 2010, the Fund's assets were valued at the beginning of the year. As of 30 September 2011, the market value was US\$ 28.1 billion dollars.

With respect to the Fund's budget, it should be recalled that the administrative expenses of the Fund are separated into three main programmes. In addition, and in order to make the submission clearer, only summarized information has been given in the main part of the document with all justification and subsidiary information contained in the supplemental document.

1. On 1 December 2010, the General Assembly approved some redeployment of appropriations to meet the requirements of the Fund.

1. On 1 December 2010, the total revised appropriation was comprised of administrative costs (\$92,308,500), investment costs (\$81,197,500), audit costs (\$2,645,000) and Board expenses (\$167,500). The amount chargeable directly to the Fund and the share of costs borne by the United Nations remain unchanged at \$154,759,100 and \$21,569,400, respectively.

The appropriations for this year total \$154,545,700.

B.4 post for IPSAS related implementation for administrative costs effect a

a decrease in contractual services for investment costs of \$94,600. Total

expenditure for the 2010-2011 biennium is \$154,545,700.

Administrative costs (200,470,000)

(\$71,280,000) audit costs (\$2,530,000) and Board costs (\$245,200)

resulting in a total of \$1,770,900, or 1.2 per cent of the

total appropriation. In addition, the projected expenditure of \$144,300 for

extra budgetary costs will result in an under expenditure of \$13,900 or

8.8 per cent of the appropriation.

Section III, on the proposed budget for the biennium 2012 - 2013, provides

explanations in respect to resource growth and/or savings for each of the

three main components of the budget. It should be recalled that the

administrative costs include all the services and activities required on behalf

of the participants, retirees and other beneficiaries of the Fund, namely:

the financial management of contributions received from the active

participants and their employing organizations,

the management and payment of pension benefits to retirees and their beneficiaries.

the management of financial technology systems operated by the Fund, and,

the administrative services provided to the staff of the Fund

The investment costs, which are charged fully against the principal of the Fund, relate to the activities of the Investment Management Division (IMD)

The audit costs relate to both internal and external auditing of the operations of the Fund.

of each component, a summary table is provided containing

activities involved. It should be noted that, for the first time, the Board instructed the budget working group to begin reviewing the proposed budget 90 days before the Board's 2011 session. This new practice allowed appropriate time to consider the budget.

The working group was comprised of two members from each of its

constituent groups and two retiree representatives from FAFICS. After review of the budget estimates presented by the Fund secretariat and IMD,

the working group developed a revised budget for the Board's review. Based on the proposal of its working group the

Board approved the budget for 2012-2013 as presented in the report you have

before you. The budget totals \$194,164,000, which includes:

- \$98,407,600 for administrative costs;
- \$92,938,200 for investment costs;
- \$ 2,613,800 for audit costs; and

The Board also approved extra-budgetary costs for 11 civil society

organizations amounting to \$156,900 for the information technology

system.

Of the total amount approved for the 2012-2013 biennium, \$172,260,600

would be apportioned to the Fund and \$20,003,400 to the United Nations

Development Programme. This compares to \$166,600,000 for the

amount allocated to the United Nations compared to prior biennium budget.

For the Secretariat, the budget fully reflects the priorities outlined in the

Fund's first Strategic Framework, as approved by the Board. The Secretariat's

objectives, expected accomplishments, indicators of achievement and planned

outputs for the upcoming biennium are summarized in Table 13 of the budget.

document. The priorities continue to be the new Integrated Pension Administration System (IPAS), implementation of the new accounting standards (IPSAS), providing responsive client services and improving operational efficiencies, risk evaluation and management, e-learning, training and knowledge management. Regarding the posts associated with Administrative costs, the Board did not recommend any new posts, but did recommend the reclassification of the Budget Officer from P-3 to P-4, as well as approved additional General Temporary Assistance equivalent to 2 posts for client services in Operations. In addition, it agreed on the continuation of 1 extra-budgetary post to be funded by the member organizations for the after-service health insurance system.

In this budget proposal, the bulk of the requested funding for the Secretariat relates to the Fund's new Integrated Pension Administration System, otherwise referred to as IPAS. The Board had considered and approved the project plan and implementation approach in 2008, including a comprehensive work plan for IPAS implementation. Detailed costs relating to hardware, software, contractual services and other costs required for the project and 18 temporary posts (one P-4 of which was approved for 12 months only and was abolished in 2011) for the duration of the project

were approved within the 2010-2011 budget. Details of the project are provided in the supplemental budget document

Regarding investment costs, the Board

additional General Temporary Assistance funding

the Investment Management Division

As it does in each of its budget proposals, the Board also requests

authorization to supplement contributions to the Investment Fund for the

biennium 2012-2013 by an amount not exceeding \$200,000.

In addition, due to the Board's decision to adopt the IPSAS

beginning 1 January 2012 and the fact that the Fund utilizes the United

Nations financial rules and regulations, a transitional measure will need to

be adopted this year with respect to the financial rules to be followed by the

Fund during the interim period until the UN admin its own financial rules

for 2014 IPSAS implementation. The transitional measure recommended by

the Board is included in section V of the budget document.

The Board notes that the ACARO considered the report of the Board in a meeting held on 28 September 2011 and is recommending that the General

Meeting be held on 28 September 2012 and 2013 for the current and subsequent bienniums.

Thank you, Mr. Chairman.
