



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MRS KAREN LINGENFELDER, COUNSELOR AT THE PERMANENT MISSION OF THE REPUBLIC OF SOUTH AFRICA TO THE UNITED NATIONS ON AGENDA ITEM 134: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 2016 - 2017: ADMINISTRATIVE EXPENSES OF THE UNITED NATIONS JOINT STAFF PENSION FUND, AT THE FIFTH COMMITTEE DURING THE MAIN PART OF THE SEVENTIETH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 10 November 2015)

Mr Chairman

I have the honour to speak on behalf of the Group of 77 and China on agenda item 134 : proposed programme budget for the biennium 2016 - 2017, in particular the administrative expenses of the United Nations Joint Staff Pension Fund.

At the outset, the Group wishes to thank the Chairman of the United Nations Joint Staff Pension Board (Sixty-second session), Mr Adebowale O Adeniyi, for introducing the report of the United Nations Joint Staff Pension Board contained in document A/70/325, the Director of the Programme Planning and Budget Division, Mr Johannes Huisman, for introducing the report of the Secretary General on administrative and financial implications arising from the report of the United Nations Joint Staff Pension Fund Board contained in document A/C.5/70/2 and the Chair of the Advisory Committee on Administrative and Budgetary Questions, Mr Carlos Ruiz Massieu, for introducing the related report of that Committee, contained in document A/70/7/Add.6.

Mr Chairman

The Group of 77 and China recalls that the United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for the staff of the United Nations and other organizations as might be admitted to membership. The Group would therefore like to reaffirm the prerogative of the General Assembly on matters related to the Fund as per the given mandate.

The Group notes that, at the end of 2014, there were 23 member organizations of the Fund, with a combined total of 195,126 (one hundred and ninety five thousand one hundred and twenty six) active participants and beneficiaries covered by the Fund. The total assets of the Fund as at the end of 2014 amounted to \$53.1 billion with total liabilities of \$217.4 million, resulting in net assets available for benefits of \$52.9 billion. The market value of Fund investments was \$50.7 billion and the total income during 2014 stood at \$3.9 billion.

The Group notes further the benefit payments, administrative expenses and other expenses of \$2.5 billion and the change in net assets available for benefits of \$1.4 billion during the reporting period. For the year 2014, the Group notes that the return on investment of 3.2 per cent was below the stipulated benchmark of 3.7 per cent.

Mr Chairman

With regard to the budget performance of the Fund for the biennium 2014 - 2015, the Group notes that the revised estimate of \$176.6 million for the period represents under-expenditure of \$1.1

million compared to the original appropriation of \$177.7 million. In this regard, the Group notes the information on the variations under different sections of the budget performance.

Turning to the proposed budget for the biennium 2016 - 2017, the Group notes that a total of \$180.7 million is proposed before re-costing, representing an overall increase of \$0.4 million or 0.2 per cent re-costing compared to the revised appropriation for 2014 - 2015. The budget proposal provides for the establishment of an additional twenty posts for the Fund Secretariat and an additional one post for the Investment Management Division, while proposing the abolishment of ten temporary posts bringing total staffing capacity for the Fund over the next biennium to 279.

The Group takes note that the focus for the next biennium will include strengthening governance; ensuring that it is an agile organization; enhancing its service oriented nature; using information technology as an agent for change and achieving its long-term investment objectives.

Mr Chairman

The Group of 77 and China recalls the request by the General Assembly in resolution 68/247B that the Secretary General provides information on the performance of his Representative. The Group will therefore seek clarity on the outcome of the annual assessment and any mechanisms developed to evaluate performance.

The Group is aware that managing fund assets of \$54 billion is a complex task, and therefore warrants close attention. The Group is concerned about recent media reports of possible fraud and will seek clarity, including an update of recent audit or investigations undertaken in this regard. Considering the high value of the Fund's investment portfolio, the Group supports the view of the Advisory Committee that the Secretary General should establish a comprehensive anti-fraud policy to better address the risk of fraud in the management of the Fund's investments.

The Group has taken note of the findings of the Board of Auditors, in particular those related to non-disclosure of different exchange rates applied to currency balances; risks in foreign exchange transactions as well as exchange losses; rate of return on investments; long-term and coherent information technology strategy and implementation of the integrated pension administration system, and we look forward to receiving further information during the informal consultations. The Group of 77 and China emphasizes the need for the timely and full implementation of all recommendations of the Board of Auditors.

Mr Chairman

With regard to the reporting of the Board of Auditors on the Pension Fund, the Group would like to re-affirm the existing mandate that reports of the Board of Auditors on the Pension Fund be transmitted separately, to the General Assembly, through the Advisory Committee and a copy be submitted to the Pension Board in line with the provision of paragraph (g) of the General Assembly resolution 74(I) to guarantee accountability and transparency. The Group shares the Advisory Committee's views on the need to rectify the current existing anomalies in all future reports of the Board of Auditors on the Pension Fund and would like to stress that the issues related to reporting on the Board of Auditors' reports remain the sole prerogative of the General Assembly, as the Pension Board is a subsidiary organ of the General Assembly.

Mr Chairman

In conclusion, the Group would like to assure of our readiness to engage constructively on this matter during our informal consultations.

I thank you, Mr Chairman

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