



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. WALEED AL-SHAHARI, PERMANENT MISSION OF THE REPUBLIC OF YEMEN TO THE UNITED NATIONS, ON AGENDA ITEM 137, UNITED NATIONS PENSION SYSTEM, AT THE MAIN PART OF THE SIXTY-FIFTH SESSION OF THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New York, 16 November 2010)**

Mr. Chairman,

1. I have the honor to speak on behalf of the Group of 77 and China on this agenda item.
  2. The Group of 77 and China wishes to thank Mr. Vladimir Yossifov, Chair of the United Nations Joint Staff Pension Board, for introducing the report of the Pension Board. The Group also wishes to thank Mr. Warren Sach, Assistant Secretary-General and Representative of the Secretary-General for Investments of the United Nations Joint Staff Pension Fund, and Ms. Sharon Van Buerle, Director of the Programme Planning and Budget Division, for presenting the relevant reports of the Secretary-General. We further wish to thank Ms. Susan McLurg, Chair of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), for introducing the related report under this item.
  3. The Group of 77 and China believes that improvements in the United Nations Pension System should be implemented in such a way that they provide retirement, death, disability and related benefits for participants and retirees of the United Nations, on the basis of full respect of the principles of transparency and accountability.
  4. The Group notes the developments in the management of the United Nations Joint Staff Pension Fund (UNJSPF), and the results reported following the fifty-seventh session of United Nations Joint Staff Pension Board, held in July 2010.
- Mr. Chairman,
5. The G77 and China wants to express its satisfaction with the fact that by the end of the biennium 2008-2009, the data shows an increase in the number of participants in the Fund from 106,566 to 117,580, an increase in the number of periodic benefits in award from 58,084 to 61,841 and an increase in the principal of the Fund from \$30.6 billion to \$33.1 billion, or 8.3 per cent. The net investment income of the Fund during the period amounted to approximately \$2.7 billion.
  6. The G77 and China, taking a look at actuarial matters, notes as well that, including the results of the thirtieth actuarial valuation of the Fund, data showed an actuarial deficit of 0.38 per cent of pensionable remuneration at the end of 2009, or \$1.2 billion, which is the first negative actuarial result after six consecutive positive actuarial results over the past 14 years. The Fund's investments had shown considerable volatility and the change resulted primarily from investment losses; although these losses were partially offset by gains as a result of cost-of-living adjustments provided to retirees and beneficiaries which were lower than expected.
  7. In addition, the total market value of the Fund's assets increased by 32.2 per cent, from approximately \$26.7 billion as at 31 March 2009, to \$38.3 billion, as at 31 March 2010. As at 22 October 2010, the Fund's market value amounted to \$40.4 billion. For the biennium 2008-2009, total

realized investment gains amounted to \$3.1 billion and total realized investment losses amounted to \$2.7 billion, resulting in a net realized gain of \$411 million. However, as indicated in the report of the Secretary-General, during the biennium, the Fund encountered the most volatile markets in its history (A/C.5/65/2, para. 61).

8. In view of the above information, the G77 and China would like to reiterate that the world financial crisis still going on calls for a cautious analysis of any type of investments, which could jeopardize the benefits for the staff of the United Nations and the other member organizations. In that sense, the Group insists that every effort should be made to ensure that future investments take into account potential risks and that the Investment Committee plays a key role in providing guidance to the Investment Management Service.

9. In this context, the G77 and China agrees with the Advisory Committee in welcoming the initiatives currently being implemented by the Investment Management Division. It also concurs with the Board's recommendations regarding the revised risk management policy and that the Division continue to implement its newly developed Risk Management Manual. The Group also wishes to underline the four main criteria established by the General Assembly resolution 32/73, in which any investment should be safe, profitable, liquid and convertible.

10. As it is in the case of the present financial and economic crisis which has made even more imperative that the Fund acts on its commitment to engage in a wider geographical diversification when investing. The Group notes that, despite some investments in a few developing countries, it still remains much underrepresented in the Fund's portfolio. Investments in developing world could provide balance in the market and avoid negative impacts and setbacks of markets. Therefore, we urge the Fund to diversify its investments by increasing investments in developing regions and countries and to report back to the General Assembly on this issue.

Mr. Chairman,

11. The G77 and China has noted that the Board of Auditors issued a modified audit opinion on the financial statements of the Fund with one emphasis of matter on the management of investments of the Fund as a result of its audit of the financial statements and review of the operations of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 2009. Specifically, the audit opinion related to the non-disclosure of realized and unrealized losses on the investments of the Fund in the financial statements during the period under review.

12. In the course of the informal consultations the Group will seek further information on the steps the Board of the Pension Fund will take in order to implement the recommendations of the Board of Auditors.

13. In addition, the G77 and China will seek clarification on the governance matters reflected in paragraph 23 of the report of the ACABQ, regarding the decision of the Secretary-General not to accept the recommendation of the Pension Board with regard to the length of appointment of the Deputy CEO of the Board of the Pension Fund and its impact on the Rules of Procedure of the Fund.

Mr. Chairman,

14. In conclusion, the G77 and China is ready to engage in a constructive exchange with the Secretariat and the Fund on the merits of the proposals before the Fifth Committee under this agenda item.

I thank you.

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