



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. SIRITHON WAIRATPANIJ, COUNSELLOR, PERMISSION MISSION OF THE KINGDOM OF THAILAND TO THE UNITED NATIONS, ON AGENDA ITEM 142: UNITED NATIONS PENSION SYSTEM, AT THE MAIN PART OF THE SEVENTY-FIRST SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY, FIFTH COMMITTEE (New York, 28 November 2016)

Madam Chairperson,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 142 entitled "United Nations Pension System".
2. At the outset, the Group of 77 and China would like to thank Mr. Paul Dooley, Deputy Chief Executive Officer, United Nations Joint Staff Pension Fund, Ms. Carolyn Boykin, Representative of the Secretary-General for Investments of the Fund, Mr. Carlos Ruiz Massieu, Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for introducing the respective reports on this agenda item. The Group would also like to thank Mr. Salhina Mkumba, Director of External Audit, the United Republic of Tanzania, Chair of the Audit Operations Committee, Board of Auditors, for introducing the related report of the Board.

Madam Chairperson,

3. The Group of 77 and China have taken note that number of participants in the Fund increased from 120,294 to 126,892 representing 5.5 per cent and that periodic benefits awarded to retirees and other beneficiaries of 23 organizations increased from 69,980 to 71,474 representing 2.1 per cent.
4. The Group would like to register our concern on the continued delays in the benefit payment and would like to stress the need for urgent measures to address the underlying challenges including by taking advantage of the use of the information technology. The Group is also of the views that, intergovernmental bodies of the participating organizations need to take appropriate measures to ensure claims are submitted and processed on time and that there are mechanisms in place to hold managers accountable if they contribute to the delays.
5. With regard to the staffing requirement, the Group has taken note of the proposed request for 20 temporary positions in the taskforce and we will be interested to study carefully the details of each of the proposal and the justification of the proposed requirement during our informal consultations.
6. Turning to the amendments on the Fund's Regulations related to medical matters, the Group has taken note of the proposed adjustments and we look forward to receiving additional information on the matter, including best practice of other similar pension funds, planned implementation mechanisms as well as expected benefits of the amendments to the operation of the Fund.

Madam Chairperson,

7. Turning to the actuarial matters, the Group notes the result of the valuation as at 31 December 2015 resulted in surplus of 0.16 per cent was partly linked to the General Assembly decision to change normal retirement age from 62 to 65 for new staff as at 1 January 2014

8. The Group notes the successful implementation of Integrated Pension Administration System (IPAS) and we would like to encourage the continued efforts, as a matter of priority, to address underlying challenges taking into account comments, observations and recommendations of the ACABQ and the Board of Auditors.

9. The Group recalls that, by paragraph 7 section VIII of its resolution 68/247 B, the General Assembly requested the Secretary-General, in the context of future reports on the investments of the Fund, to provide information on the performance of his representative in discharging his or her responsibilities. The Group is disappointed that the current report of the Secretary-General did not include such information. The Group will be interested to receive information on the implementation of the said provisions, including the mechanisms and arrangement in place to evaluate the representative.

10. The Group has also taken note of the information related to the evaluation of the Chief Executive Officer, and we look forward to benefit from the work of the Evaluation Panel during our informal consultations.

Madam Chairperson,

11. Turning to the investment of the Fund, the Group notes that the Fund had an inflation-adjusted negative real rate of return of 1.7 per cent in 2015 compared with a positive real rate of return of 2.4 per cent in 2014. The Group also notes with serious concern that investment income fell by US\$ 5.26 billion or 76 per cent in 2014 compared with 2013, and by a further US\$ 2.12 billion or 127 per cent in 2015 compared to 2014, thus adversely affecting the performance of the Fund over the short-term period and potentially attracting a negative impact on the long-term objective being fully funded. In this regard, the Group recalls that by its resolution 70/248 the General Assembly requested the Secretary-General to make every effort to improve the Fund's investment performance. The Group is seriously concerned on the continued underperformance and that the Fund did not meet its long-term target of an annualized real rate of return of 3.5 per cent. The Group will be interested to receive measures in place to address this negative trend.

12. The Group is also seriously concerned that key posts of Director of Investment Management Division, Deputy Director for Investments, Deputy Director for Risks and Compliance and Chief Operating Officer were vacant in 2015 creating managerial vacuum and possibly contributing to poor performance on the investment of the Fund. The Group will seek specific explanation on the matter and on whom were held accountable for this anomaly.

13. With regard to the diversification of the investment of the Fund, the Group has taken note of the information provided and will be interested to learn in details of the planned strategies to further increase diversification to the developing countries and countries with economies in transition, taking into account the four criteria for investment namely safety, profitability, liquidity and convertibility under volatile market conditions.

Madam Chairperson,

14. Turning to the audit of the Fund, the Group of 77 and China welcome the preparation and consideration for the first time stand-alone report of the Board of Auditors on the Pension Fund which will allow the General Assembly to better perform its oversight responsibilities. We appreciate the efforts of the stakeholders who contributed to this success.

15. The Group notes the unqualified audit opinion on the financial statement and strongly

encourages the Fund to fully implement all the recommendations of the Board of Auditors in a timely manner, in particular those related to human resources management, investment management and benefits payment management. The Group also welcomes the new anti-fraud and anti-corruption policy, and we look forward for its full implementation taking into account comments, observation and the recommendations of the Board of Auditors.

16. The Group also would like to emphasize the continued strengthening of the internal control and oversight arrangement. We strongly emphasize the need for the Pension Board to ensure that the internal oversight on the Fund is carried out by using the existing expertise in the United Nations, namely Office for Internal Oversight Services. The Group strongly discourages any attempt to create a separate entity or use the external consultants in this regard.

17. In conclusion, the Group of 77 and China would like to reaffirm our constructive engagement on a number of key items including membership in the Pension Board and Investment Committee during the informal consultations.

I thank you, Madam Chairperson.

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