



SIXTEENTH ITEM ON THE AGENDA

Pensions questions

**(b) Report of the Board of the Special
Payments Fund**

1. The forty-ninth report of the Board of Trustees of the Special Payments Fund, established by the Governing Body at its 143rd Session (November 1959), is submitted overleaf. Paragraph 10 of the report proposes changes to the rules of the Fund concerning the eligibility of those who request payment. As this may have financial implications for the Fund, and consequently for the Office, the Director-General will study the proposal of the Board and report back to the Governing Body at its session of November 2003.

Geneva, 31 January 2003.

Appendix

Forty-ninth report of the Board of Trustees of the Special Payments Fund

1. Since its last report, which was examined by the Governing Body at its 282nd Session (November 2001),¹ the Board of Trustees of the Special Payments Fund has met once, on 21 October 2002.

Payments authorized for 2001 at the Board's 62nd Session (June 2001)

2. Total grants amounted to US\$30,389. These included three grants under the terms of reference as extended in 1989² and four grants under the terms of reference as extended in 1992.³

Payments authorized for 2002 at the Board's 63rd Session (October 2002)

3. Total grants amounted to US\$53,737. Grants paid included four grants under the extension of 1989 and four grants under the extension of 1992.
4. As in previous years, the Board of Trustees awarded grants according to the criteria in its terms of reference and gave particular attention to individual cases of hardship. The average age of recipients is 80 years.
5. Most of the payments are in Swiss francs. Expenditure in 2002 did not exceed the Fund's current balance, and 2002-03 budget provisions are adequate.⁴

Proposal for amendment of the terms of reference of the Special Payments Fund

6. When the Fund was set up to assist former officials, the then Director-General stressed that "the position of those officials who had given many years of service to the ILO and who on retirement had found themselves in a position of hardship because of the inadequacy of pensions benefits currently available to them could not be ignored".⁵ The Governing Body upheld this principle, and on the recommendation of the Board of Trustees decided to amend the criteria of the terms of reference to ensure that the Fund could continue to meet the needs of former officials and their surviving spouses. The Fund's terms of reference were amended in 1962, 1973, 1974, 1980, 1989 and 1992.⁶
7. To be eligible for assistance, former officials or their surviving spouses must meet the following criteria:

¹ GB.282/PFA/13/1.

² GB.244/PFA/10/8.

³ GB.254/PFA/10/13.

⁴ Programme and Budget for 2002-03, information annexes, para. 71.

⁵ GB.143/FA/D.27, para. 89.

⁶ GB.151/FA10/26; GB.190/FA/18/26; GB.193/PFA/17/15; GB.213/PFA/8/5, GB.244/PFA/10/8; GB.254/PFA/7/28.

- (a) have an annual net income of less than the local G1/6 grade salary⁷ that is paid to General Service staff in the country of residence;
 - (b) have served in the ILO for at least ten years, including at least five years after the age of 45;
 - (c) have not taken part of the UN Joint Staff Pension Fund (UNJSPF) retirement benefit in the form of a lump sum (an exception is made for surviving spouses);
 - (d) have not taken a UNJSPF withdrawal settlement;
 - (e) be at least 60 years of age.
8. Most recipients receive assistance over a long period of time. There has never been any reason to believe that recipients were not wholly honest; indeed many long-term beneficiaries have not requested assistance every year. The Board recognizes the need to maintain the strict financial evaluation and income criteria that are provided for in the terms of reference. There are four major categories of beneficiaries, which are based on the amendments to the terms of reference. Recent awards have been granted to recipients under the categories related to the amendments of 1989 and 1992. There are no longer any beneficiaries who meet the eligibility criteria of the first two categories, which refer respectively to employment prior to the Second World War and a provision of the UNJSPF Regulations that was eliminated several years ago.⁸ However, in recent years the Board has received applications from other groups of needy retired officials, or their surviving spouses, that it has not been able to accept under the current terms of reference, including requests from widows who have children. While widows are entitled to a periodic UNJSPF pension, the amount of the individual benefit may be low in comparison to local salary scales for a variety of different reasons. More flexible eligibility criteria would permit the Fund to better meet social needs among the population of retired officials and surviving spouses.
9. Therefore, the Board recommends that subparagraph 7(b) above be modified to permit applications from UNJSPF beneficiaries who have served in the UN system for at least ten years, provided that the last employment was with the ILO. It recommends that the age limit set out in subparagraph 7(e) above be eliminated to permit applications from all UNJSPF beneficiaries, regardless of age. It is expected that such a change would result in few additional applications, primarily from persons residing in developing countries. The current budgetary allocations would be sufficient to meet any additional expenditures and the Board would continue to report all expenditures to the Governing Body.
10. The Committee may wish to recommend that the Governing Body decide:
- (a) to amend the terms of reference of the Special Payments Fund, with retroactive effect as from 1 January 2003, so as to provide for payments on an ex gratia basis, without entailing any contractual entitlement, to former ILO officials (or their surviving spouses) irrespective of age, provided that they are UNJSPF beneficiaries, that they have had at least ten years of United Nations system employment and that their last employment was with the ILO;
 - (b) to authorize the Board of Trustees of the Special Payments Fund to make such payments to the former ILO officials and surviving spouses mentioned in subparagraph (a) above;
 - (c) to authorize the coverage of the expenditure necessitated by this amendment to the terms of reference of the Fund, by the resources currently available in the Fund, as approved under the programme entitled "Other budgetary provisions" in the 2002-03 Programme and Budget.

⁷ The level of annual net income is 70 per cent of the G1/6 grade salary for applicants who are single and 75 per cent for applicants who have a dependent spouse.

⁸ The Original Mandate and the Extension of 1980 (Article XVIII).