International Labour Organization

▶ GB.350/PFA/INF/9

For information

Governing Body

350th Session, Geneva, 4–14 March 2024

Programme, Financial and Administrative Section **PFA**

Date: 26 January 2024

Original: English

Decisions of the United Nations General Assembly on the report of the 75th session of the United Nations Joint Staff Pension Board (2023)

Summary: This report summarizes the major topics discussed by the United Nations Joint Staff Pension Board and the decisions of the United Nations General Assembly on the Board's report.

Author unit: Human Resources Development Department (HRD).

Related documents: Official records of the United Nations General Assembly, 78th session: A/RES/78/253 and A/78/329 and related documents. Further information about the United Nations Joint Staff Pension Fund and its investments is available on the public website: www.unjspf.org.

Introduction

1. A summary of the sessions of the United Nations Joint Staff Pension Board ("the Board") held in 2023, namely the 73rd, 74th and 75th sessions, and of the decisions of the United Nations (UN) General Assembly on the Board's report is set out below. The UN General Assembly considered the report of the Board and related documents and adopted UN General Assembly resolution 78/253 on 22 December 2023.

Investment management

2. The market value of the assets of the United Nations Joint Staff Pension Fund ("the Fund") decreased from US$91.5 billion as at 31 December 2021 to US$77.9 billion as at 31 December 2022. The decrease was mainly due to the decline in the market value of public equity and fixed-income investments. As a result, over the 15-year period ending on 31 December 2022, which includes two major market downturns, the annualized real rate of return was 2.2 per cent. The rate over the last 50 years, adjusted for the United States consumer price index, remains above the long-term objective of 3.5 per cent.

3. The Office of Investment Management has enhanced environmental, social and governance integration in its investment processes, with a particular focus on climate change, divesting investment in fossil fuels and contributing to the protection and restoration of biodiversity.

4. The UN General Assembly requested that information on the Fund's performance in comparison with peers be provided in future budget reports.

Actuarial assumptions

5. The external consulting actuary prepares an actuarial valuation of the Fund every two years in odd-numbered years. The valuation determines whether the current and estimated future assets of the Fund will be sufficient to meet projected liabilities to secure the sound financial health of the Fund and the ability to maintain the current contribution rate.

6. The actuary reviewed the assumptions serving as the basis for the next actuarial valuation as at the end of 2023. In line with the actuary's recommendations, which reflect views on future trends, the assumption for the long-term real rate of return will be 3.4 per cent instead of the previous 3.5 per cent, while the assumption for the inflation rate will be 2.6 per cent instead of the previous 2.5 per cent.

Budgetary, financial and auditing matters

7. The Board approved the financial statements for the year ended 31 December 2022 with the unqualified audit opinion of the Board of Auditors (external auditors).

8. The UN General Assembly approved the total budgetary expenditures for the year 2024 amounting to US$139,789,700, up from US$126,283,400 in 2023, which corresponds to an increase of approximately 10.7 per cent. The United Nations as a member organization contributes US$8,423,100 of this amount for services provided to the UN Staff Pension Committee, down from US$8,707,100 in 2023, representing a decrease of approximately 3.3 per cent.

9. The Pension Administration budget includes the creation of a business intelligence team. In line with the guidance of the Advisory Committee on Administrative and Budgetary Questions, the UN General Assembly decided against the creation of such a team pending an assessment of the Data Analysis Unit and the Business Transformation Unit owing to deficiencies identified in the operations of these two recently established units.

Governance

10. In 2022, the Board established a Plan Review Group. Its terms of reference included a review of the pension plan and a simplification of the Fund's Regulations. The Plan Review Group reviewed proposals made by the Working Group on Plan Design (2008–10), as well as those issued by the staff pension committees of the Fund's member organizations. Before recommending the implementation of these proposals, the Plan Review Group decided to await the results of the next actuarial valuation to decide whether the long-term financial situation of the Fund would be able to accommodate the related changes to the pension plan.

11. In view of the recent applications for membership in the Fund expressed by several international organizations, the Board established a working group tasked with defining criteria for the future admission of new member organizations into the Fund. The working group will submit its report to the Board in 2024.

12. Further to the governance reform initiated in 2021, the Board decided to conduct a full review of the reform in 2024, with a view to making recommendations on governance matters in 2025.

Proposed amendments to the Regulations of the Fund

13. In 2022, the UN General Assembly requested the Pension Administration to study how to allow retrospective recognition of beneficiaries arising from marriages in certain conditions, in cases where changes occurred under national law after the time of the former participant's separation from service. The Pension Administration therefore proposed a legal framework to include these benefits, provided that specific criteria are met. After discussing the possibility of including the new legal framework in the Regulations of the Fund and having identified areas of legal risk, the Board decided to incorporate the new legal framework in the Fund's guidelines on determining eligibility for spousal benefits.

14. The UN General Assembly requested the Board to examine any other circumstances where the guidelines on determining eligibility for spousal benefits could be extended in the context of changes in national law and marital status.

15. In line with the Pension Adjustment System, the Fund suspended Albania, Ethiopia, Nigeria, Samoa, Slovakia and Tonga from the local currency track (two-track system) as of 1 November 2023. The decision was made owing to the inability to calculate meaningful or consistent benefit amounts in the local currencies of those countries as a result of changes in the valuation of the currency or missing consumer price index data.

Other matters

16. The Board discussed the reports submitted by its advisory committees and the related appointments, as well as information technology aspects, the Emergency Fund for beneficiaries suffering financial hardship, applications for membership in the Fund, the report of the medical consultant and disability-related issues.

17. The Standing Committee met twice to examine individual legal appeals.

18. The UN General Assembly acknowledged that some Board members were unable to attend the 75th session of the Board due to challenges beyond their control and looked forward to the future efforts of hosting governments and the Board’s secretariat in facilitating the participation of the members of the Board at its sessions.