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Summary record of the 14th meeting
Held at Headquarters, New York, on Friday, 9 November 2018, at 10 a.m.

Chair: Mr. Lipand (Vice-Chair) .... (Estonia)
Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Sene

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18-19038 (E)

In the absence of Ms. Bird (Australia), Mr. Lipand (Estonia), Vice-Chair, took the Chair.

The meeting was called to order at 10.05 a.m.

Agenda item 136: Programme budget for the biennium 2018–2019 (*continued*)

Revised estimates relating to the United Nations Truce Supervision Organization under section 5, Peacekeeping operations (A/73/402 and A/73/492)

1. Mr. Ramanathan (Acting Controller), introducing the report of the Secretary-General on revised estimates relating to the United Nations Truce Supervision Organization (UNTSO) under section 5, Peacekeeping operations, of the programme budget for the biennium 2018–2019 (A/73/402), said that the revised estimates related to the gradual return and re-establishment of the United Nations presence on the Bravo side of the Golan, following improvements in the security situation. He recalled that UNTSO, established by Security Council resolution 50 of 29 May 1948, had been made responsible, under the terms of Security Council resolution 73 (1949), for assisting the parties to the 1949 Armistice Agreements in the supervision and observance of the terms of those Agreements, and for observing and maintaining the ceasefire between the parties.

2. With the escalation of the conflict in the Syrian Arab Republic in 2014, the United Nations Disengagement Observer Force (UNDOF) had withdrawn temporarily from observation posts and other positions, curtailing the majority of operations in the areas of separation and limitation on the Bravo side monitored under the Disengagement of Forces Agreement. Following recent security improvements in the Golan, the technical assessment on the resumption of activities on the Bravo side had determined that conditions on the ground would permit the accelerated return of the observers to the areas of activity. Owing to the timeline for consideration of the UNTSO budget proposal and the uncertain future security conditions at that time, the proposal had not included resources for that resumption of activities.

3. The report of the Secretary-General presently before the Committee contained resource requirements for UNTSO for the period 1 January to 31 December 2019 of $2.3 million, which would provide for the gradual resumption of observation activities on the Bravo side of the Golan for the biennium 2018–2019 and would cover the costs of construction of accommodation and office space in Camp Faouar, logistical support and the deployment of observers.

4. **Mr. Sene** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/73/492), said that the amount covered by the revised estimates would provide for non-post requirements necessary for the gradual return of UNTSO to the Bravo side of the Golan following improvements in the security situation and for the resumption of UNTSO operations in support of the mandate of UNDOF. The requested resources related primarily to the reconstruction and rehabilitation of observation posts 71 and 72. The Advisory Committee trusted that the Secretary-General would provide the General Assembly with additional information on the amount being sought for the projected refurbishments, particularly in light of the low implementation rate for funds already approved for improvement of premises in the biennium 2018–2019. The Advisory Committee was recommending the approval of the additional resources requested for UNTSO.

5. **Mr. Awad** (Syrian Arab Republic) said that his delegation reaffirmed its support for UNTSO, which, having been established by Security Council resolution 50 (1948), was the oldest of the Organization's peacekeeping missions. It must be provided with the financial and operational resources needed to maintain its continuity. While the role of UNTSO was important, its presence must not be regarded as an alternative to addressing the primary causes of the conflict, namely, putting an end to the Israeli occupation of Palestine, the Syrian Golan and other Arab territories, or to the withdrawal of Israel to the 4 June 1967 line, in accordance with the relevant resolutions of the Security Council and General Assembly.

6. His delegation also reaffirmed the requirement that reports of the Secretariat should remain neutral and unpoliticized. The authors of the report of the Secretary-General had failed to mention repeated Israeli acts of aggression against Syrian territory, as well as the open support lent by the Israeli occupying Power to armed terrorist groups including Islamic State in Iraq and the Levant (ISIL), the Nusrah Front and other affiliated terrorist groups designated as such and appearing on the lists established by the Security Council. His delegation called on the Secretariat to correct those errors, and to include in its reports clear references to and condemnation of those violations.

7. His delegation welcomed the return of UNTSO personnel to their positions as part of Observer Group Golan through the intended transfer to the Bravo side of nine military observers based in Lebanon. That return must, however, be accomplished in coordination with, and with the agreement of, the Government of the Syrian

Arab Republic. In addition, UNTSO must adhere to its mandate, and the reports relating to it should make no mention of the role of other United Nations missions, whether operating in Syria or elsewhere in the region, as they had different mandates. His Government understood and tolerated the technical and logistical cooperation between UNTSO and certain other missions, including the United Nations Interim Force in Lebanon (UNIFIL). The UNTSO staff complement must be preserved, the Secretariat must stop its gradual elimination of local posts, and any announcement regarding UNTSO local posts in Syria must be made through the organization's office in Damascus rather than its headquarters in Jerusalem. The Government of the Syrian Arab Republic remained committed to, and appreciated the role played by, UNTSO, looked forward to the end of the Israeli occupation of Arab territory, the withdrawal of Israel to the 4 June 1967 line, and the achievement of a full and just peace in the region, in accordance with the relevant international resolutions, and urged members of the Fifth Committee to approve in full the resources requested.

Agenda item 144: United Nations pension system (A/73/5/Add.16, A/73/9, A/73/341, A/73/342, A/73/489 and A/C.5/73/3)

8. **Mr. Levins** (Chair of the United Nations Joint Staff Pension Board), recalling that the United Nations Joint Staff Pension Fund operated under Regulations and Rules adopted by the General Assembly, said that chapter II of the report of the Joint Staff Pension Board (A/73/9) contained a summary of the Board recommendations and decisions requiring action by the Assembly. Those included a recommendation to admit the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization to membership of the Fund with effect from 1 January 2019; approval of a transfer agreement between the Fund and the African Development Bank, and recommendations for amendments to the Regulations of the Fund, as described in Annex XI to the report. The proposed amendments related to article 48 of the Regulations and to the statute of the United Nations Appeals Tribunal, in order to clarify the scope of jurisdiction of that Tribunal with regard to the Standing Committee of the Board when the Standing Committee acted on behalf of the Board itself in a dual role covering – on the one hand – matters of governance and – on the other hand – matters relating to appeals involving Fund participants. Those amendments would neither alter nor limit the existing jurisdiction of the Appeals Tribunal, but rather would reflect the approximately 70 years of practice since the establishment of the Pension Fund. The Board was also seeking approval from the General Assembly for an exception to article 15(b) of the Regulations of the Fund, in order to change from a biennial to an annual budget, beginning with the 2020 budget year.

9. The Board had taken note of the actuarial valuation of the Fund, which showed that it was in effect in actuarial balance, with a small deficit of 0.05 per cent of pensionable remuneration as at 31 December 2017, and of the unqualified opinion of the Board of Auditors on the financial statements for the year ending on that date. For the sixth consecutive year, the financial statements had been established in accordance with the International Public Sector Accounting Standards.

10. Despite its significant reservations regarding the process of the comprehensive audit by the Office of Internal Oversight Services (OIOS) of the governance structure of the Pension Board, requested by the General Assembly in its resolution 72/262 A, the Board had supported the audit itself. It had considered the resulting audit report closely, convening a working group representing the tripartite structure of the Board (governing bodies, executive heads and participants) and representatives of beneficiaries. The working group had helped the Board to respond to the report and associated recommendations

11. The Board had welcomed the progress made in reducing the number of cases outstanding and in decreasing processing time, progress that had been noted by the Board of Auditors. In August, September and October 2018, over 75 per cent of cases relating to initial separation had been processed within 15 business days of receipt of all necessary documentation, indicating compliance with the Fund's benchmark. The median processing time had been 8 business days. By the day before the current meeting of the Fifth Committee, updated information had shown that 80 per cent of cases relating to initial separation had been processed within 15 business days of receipt of documentation and 90 per cent had been processed within 30 business days of receipt of documentation.

12. The Board had faced the dual challenge of the extended absence of the Fund's Chief Executive Officer and the impending retirement, on 31 August 2018, of the Deputy Chief Executive Officer. The Board had decided to recommend to the Secretary-General the appointment of the current Deputy Chief Executive Officer as Acting Chief Executive Officer from 1 September to 31 December 2018, and the Deputy Chief Executive Officer had agreed to postpone his retirement. The Board had also formed a succession planning committee to help it to adopt a long-term strategic approach to succession planning in the senior executive levels of the Fund and further strengthen methodologies for

assessment of the performance of those senior managers. Profiting from the presence of the succession planning committee, the Board had asked that committee to identify a suitable candidate for appointment as Acting Chief Executive Officer from 1 January 2019.

13. In conclusion, the Board was able to report that the Fund was in good financial and operational condition, as a result of clear priorities, coordinated strategies and actions and effective guidance and oversight at all levels of governance. However, with the Fund marking 70 years since its establishment, it faced challenges including the ageing of beneficiaries, and a changing environment. Its goal was to ensure that young recruits joining the Organization anywhere in the world at the present time would receive pension payments in full and on time a further 70 years later.

14. **Mr. Rajkumar** (Representative of the Secretary-General for the Investment of the Assets of the United Nations Joint Staff Pension Fund) said that, as the new representative of the Secretary-General for the investment of the assets of the Fund since January 2018, he had brought to his post 30 years of experience at the World Bank, involving international public- and private-sector investment in developed and emerging markets, and investment- and governance-related advisory services to large pension funds. Introducing the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund and measures undertaken to increase the diversification of the Fund (A/C.5/73/3), he said that that report had focused on the performance of the Fund's investments during the biennium from 1 January 2016 to 31 December 2017; currency exposure; an asset and liability management study; diversification of the Fund's investments; and the Fund's approach to sustainable investing.

15. In the 2016–2017 biennium, the investment performance of the Fund had exceeded the long-term objective of 3.5 per cent in real terms (net of inflation), primarily due to high real investment returns of 16.2 per cent during 2017. It was important to note the Fund's goal of discharging all of its obligations to current and future beneficiaries; in order to meet that goal, it did not need, and could not realistically expect, to meet its long-term return objective every quarter, or even every year. For example, investment returns for 2018 – as at 8 November 2018 – were close to zero, because financial markets remained volatile as they adjusted to the effects of rising United States dollar interest rates and the reversal of the quantitative easing measures in place in the United States since the 2008 global financial crisis. However, annualized returns on the Fund's assets had comfortably exceeded the long-term objective for periods of 5, 10, 15, 20, 25 and 50 years ending on 30 September 2018, leading to the current status of nearly 100-per-cent funding. Measuring returns over periods of 15 years or more was most appropriate for pension funds, because pensions were paid out over a very long time. It was in the best interests of beneficiaries for pension fund investments to maintain a long-term focus in the face of short-term market volatility.

16. The nominal returns of the Fund were measured against a policy benchmark - a weighted average of the individual benchmarks for the various asset classes – which provided a near-term indicator of the Fund's investment performance. In that context, although in 2017 the Fund's nominal return of 18.6 per cent had exceeded the benchmark by 0.5 per cent, during 2016–2017 that return had been 0.7 per cent below the benchmark, in annualized terms, primarily due to significant underperformance in 2016. As at 30 September 2018, the Fund's nominal returns had exceeded the policy benchmark. The market value of the Fund's assets, standing at $63.8 billion on 8 November 2018, was not far from the market value of $64.1 billion on 31 December 2017; that value had so far remained largely preserved during 2018, despite a challenging market environment.

17. During 2018, the Fund had launched an asset-liability management study. Such studies took place every four years, providing an opportunity to test the feasibility of the Fund's long-term objective of a 3.5 per cent real return and to make any necessary adjustments to its strategic asset allocation. The study, undertaken by a third-party service provider, was expected to be completed by mid-2019, and would lead, following consultation of the Fund's stakeholder and specialist committees, firstly to an updating of the policy benchmark, to reflect the new strategic asset allocation for each class of assets and secondly to an updated investment policy statement. As the strategic asset allocation usually determined over 90 per cent of a pension fund's risk and returns, the Fund devoted significant resources to the periodic studies, and attached great importance to them. Along with the currency management study undertaken in 2017, the current asset-liability study would enable the Fund to reduce uncompensated currency exposures when operationally feasible. The Fund had already taken action in that regard, in consultation with the Board of Auditors and the Fund's stakeholder and specialist committees.

18. The investment portfolio of the Fund's Office of Investment Management was one of the world's most diversified, with investments in 100 countries by the end

of 2017. If offset by expected additional returns on investment, or by benefits of diversification in the form of reduced overall risk, currency exposure was a valued component of the Fund's investment strategy. However, such currency exposure would result in some volatility from year to year in the data reported in United States dollars. The aim of the Office of Investment Management was to identify and minimize uncompensated currency exposure in the Fund's investment portfolio whenever that was operationally feasible.

19. The desire of the Office of Investment Management to be a leader in sustainable investment, in a manner fully consistent with its fiduciary responsibilities, was founded on the belief that portfolios using environmental, social and governance metrics in their decision-making process would provide returns higher than those of conventional portfolios, while having lower long-term risk; and the belief that the Fund must acknowledge its responsibility to society, as part of an organization committed to social progress, and as a supporter of the Sustainable Development Goals. The Fund had been incorporating environmental, social and governance metrics into its investment process whenever feasible, and had been recognized internationally for doing so.

20. Financial markets were likely to remain volatile in the near future as they adjusted to the reversal of a decade of quantitative easing without any frame of past reference to judge how that adjustment might progress. However, the fully-funded status of the Fund provided it with a financial cushion to withstand a period of low investment returns. He was confident that the Office of Investment Management, with the support and encouragement of the General Assembly, would be able to deal with whatever challenges the markets might present.

21. **Ms. Sen** (Chair of the Audit Operations Committee of the Board of Auditors), introducing the report of the Board of Auditors on the financial report and audited financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2017 (A/73/5/Add.16), said that the Board of Auditors had issued an unqualified opinion on the financial statements of the Fund for the year ended 31 December 2017.

22. In addition to the audit opinion of the Board of Auditors, the report contained a number of key findings. With regard to benefits payment management, the Fund had 5,537 cases awaiting processing by the end of 2017, an increase of approximately 53 per cent over the previous year. The number of cases processed within the prescribed limit of 15 days had increased significantly, to 62 per cent, but still fell short of the internal target of 75 per cent. The Fund should take proactive steps, in collaboration with its member organizations, to expedite the receipt of the documents needed to process pension benefits.

23. The Fund should streamline the process for obtaining certificates of entitlement. Non-receipt of the certificates resulted in suspension of benefits; the Board of Auditors had noted that, of the 1,619 cases of suspended benefits, certificates of entitlement relating to 937 cases, from the years 2006 to 2016, had remained pending for considerable periods. The Fund should also address deficiencies in the Integrated Pension Administration System (IPAS); improve the client grievance management system and strengthen risk management, management of foreign currency exposure and planning for acquisition of critical software such as trade order management software.

24. With specific reference to the trade order management system, the Board of Auditors recalled that the Fund had adopted Bloomberg Asset and Investment Manager in 2015 through a non-competitive process, under a contract regarded as temporary, covering the period from July 2015 to July 2018. No request for proposal had been issued for a successor, and it had been proposed that the Bloomberg Asset and Investment Manager contract should be extended by two years, renewable for a further two years thereafter, with the prospect that the contract could therefore be in force until the end of July 2022.

25. Lastly, the Board of Auditors had noted that, of the 41 outstanding recommendations applying to the period ended 31 December 2016, 20 had been implemented, 19 were in the process of implementation, and 2 had not been implemented.

26. **Mr. Dooley** (Acting Secretary of the United Nations Joint Staff Pension Board), introducing, on behalf of the Fund secretariat and Office of Investment Management, the report of the United Nations Joint Staff Pension Board on the implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2017 on the United Nations Joint Staff Pension Fund (A/73/342), said that the report contained information further to the comments already submitted by the Pension Board to the Board of Auditors and included in the Board of Auditors' final report on the Fund; information regarding the status of implementation of the Board of Auditors' recommendations and the priority given to each recommendation; and an update on those of the Board of Auditors' recommendations relating to

previous periods that the Board considered not to have been fully implemented. The Fund secretariat and the Office of Investment Management had accepted all of the recommendations relating to 2017 and had made every effort to ensure their timely implementation, in line with the request of the General Assembly. With regard to recommendations relating to prior financial periods, the 8 recommendations directed at the Office of Investment Management and the 12 recommendations directed at the Fund secretariat were either implemented or in the process of being implemented. The report of the Board of Auditors (A/73/5/Add.16) had noted improved progress in the implementation of recommendations.

27. The Fund secretariat had made considerable progress by meeting the benchmark of processing 75 per cent of cases within 15 business days from the receipt of the required separation documents, and had established new client-service mechanisms with improved response times. It had also taken a proactive approach to improving the process for the submission and follow-up of separation documents from member organizations. The Fund secretariat's target implementation dates for the remaining recommendations took account of the need to obtain approval for the required resources and to accommodate complex multi-year projects involving various stakeholders.

28. The Representative of the Secretary-General for the investment of the assets of the Fund, and the leadership of the Office of Investment Management, were pleased to report that, during 2018, the Office had closed 12 recommendations from prior years. The Office was confident that the 8 remaining recommendations from prior years would be closed during 2019, and had accepted the 9 new recommendations made by the Board of Auditors during 2018, while noting that some were recurring recommendations from prior periods; it was strongly committed to implementing the new recommendations during 2019 in accordance with established target dates.

29. In October 2018, the Office had launched an internal fraud-risk assessment. In addition, a specialized information and communications technology security consultant had been recruited to analyse, and recommend solutions for, potential security gaps. That task would be completed in 2019. The Office had also expedited initiatives to address currency exposure.

30. **Mr. Kanja** (Assistant Secretary-General for Internal Oversight Services), introducing the report of OIOS on the comprehensive audit of the governance structure and related processes of the United Nations Joint Staff Pension Board (A/73/341) requested by the General Assembly in its resolution 72/262, said that the findings of the comprehensive audit indicated a need for the United Nations Joint Staff Pension Board to strengthen governance in a number of critical areas. Those included fair and equitable representation on the Pension Board of member organizations of the Pension Fund; making the Standing Committee of the Pension Board responsible for providing more effective oversight of the operations of the Pension Fund; ensuring the Pension Board's independence from the Pension Fund's management by separating the functions of Pension Board Secretary and Chief Executive Officer of the Pension Fund; ensuring effective performance management to promote a culture of accountability; and setting the appropriate tone with regard to integrity and ethical values.

31. The Pension Board should also take steps to facilitate transparent and democratic representation of beneficiaries; to retire its Assets and Liabilities Monitoring Committee, which duplicated the work of the Investments Committee and the Committee of Actuaries; to ensure that the Fund secretariat used resources in accordance with legislative decisions; and to ensure proper succession planning for the positions of Chief Executive Officer and Deputy Chief Executive Officer, leaving adequate time for their selection through a competitive process.

32 The Pension Board had accepted seven OIOS recommendations, but had declined to accept six others, including two critical recommendations concerning fair and equitable representation on the Board of member organizations, and separation of functions of Pension Board Secretary and Chief Executive Officer of the Pension Fund to ensure the Pension Board's independence from the Fund management. However, OIOS maintained that the two recommendations related to critical issues to address in connection with the Pension Board's governance structure. The Board had indicated in response that four out of the six recommendations that it had declined to accept (including two critical recommendations) were acceptable to the United Nations Joint Staff Pension Committee participants' representatives on the Board, but not to the other constituent groups on the Board. In conclusion, OIOS took the view that its comprehensive audit report provided an opportunity to review the existing structure and practices of the Pension Board, and to bring about appropriate changes to strengthen its governance and effectiveness.

33. **Mr. Sene** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/73/489), said that the Advisory

Committee had noted an acceleration in processing of cases by the Pension Fund in 2017 and 2018, but also a continued delay in the receipt of payment by some new beneficiaries and retirees. The Advisory Committee therefore recommended that the General Assembly request the Secretary-General and the Pension Board to take concrete steps to address the issues raised by the Board of Auditors in its current and previous reports. While acknowledging an improvement in the overall vacancy situation of the Fund, the Committee was concerned at the increase in the number of vacant General Service posts in the Fund secretariat, and trusted that appropriate steps would be taken to fill all vacant posts expeditiously.

34. The Advisory Committee took the view that the adoption of the amendments to the Regulations of the Fund proposed by the Pension Board would have legal consequences, and therefore trusted that those amendments would be considered by the appropriate bodies of the General Assembly. Welcoming the investment performance of the Fund in 2017, and the efforts made to diversify the Fund's investment profile, the Advisory Committee recommended that the General Assembly request the Secretary-General to include in his next report on the Fund's investments detailed information on the Fund's long-term strategy, performance and factors affecting performance.

35. **Mr. Fouad** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group reaffirmed the prerogatives of the General Assembly, following proper consultation, regarding matters connected with the Fund. The Group expressed serious concern at the long-standing problem of delays in the receipt of payment by some retirees and beneficiaries of the Fund, with more than one third of actionable cases remaining unprocessed, and many cases, both actionable and non-actionable, left outstanding for many years. While acknowledging the progress made, the Group once again urged the Fund to make all efforts to reduce the backlog of cases, and, in cooperation with the participating entities of the Pension Fund, to address the causes of delay in the payment of benefits, which placed retirees and other rightful beneficiaries in stressful and vulnerable situations. Processing of cases could be made more efficient with a well-functioning Integrated Pension Administration System; the Group urged the Fund to expedite implementation of the Board of Auditors recommendations regarding improvement of the System. For more accurate and timely submission of information, the Group also welcomed the recommendation of the Board of Auditors, supported by the Advisory Committee, to make use of electronic signature verification.

36. The Group had noted that the actuarial valuation of the Fund as at 3l December 2017 had revealed an actuarial deficit for the first time in recent years. As the sustainability of the Fund was important to beneficiaries and Member States, it therefore called for vigilance to ensure that the Fund could generate a return sufficient to cover its liabilities and achieve its 3.5-per-cent return target. Sustainability was also affected by expenditure on managing the Fund's investments and liabilities and disbursing benefits, so that expenditure should be monitored carefully, and benchmarked to credible international comparators.

37. The Group had noted that the Fund's annualized real return rate for the biennium 2016–2017 had comfortably exceeded the 3.5-per-cent return target, but remained mindful of the volatile state of global capital markets, and urged the Secretary-General, through his Representative for the Investment of the Assets of the Fund and through other managers of the Fund's assets, to exercise constant fiduciary responsibility over those assets. Specifically, the Group intended to seek more information, during the informal consultations, on the Fund's management of investment in line with its four main criteria of safety, profitability, liquidity, and convertibility. The Group looked forward to further discussion of the comparison of the Fund's investment performance to the established benchmarks, after adjusting for risks, and recalled the request to the Secretary-General made by the General Assembly in its resolution 72/262 to continue to diversify investments between developed, and developing and emerging markets, where such a practice served the interests of the Fund's participants and beneficiaries.

38. The Group called for timely implementation of all Board of Auditors recommendations by the Fund and its member organisations, and for the continued provision of detailed annual implementation updates to explain any delays. The usefully-timed OIOS audit of the governance structure and related processes of the United Nations Joint Staff Pension Board, conducted at the request of the General Assembly, had made some useful and far reaching recommendations which the General Assembly should consider, and which the Group looked forward to discussing in the informal consultations.

39. **Mr. Zeqiri** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia and the former Yugoslav Republic of Macedonia; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the General Assembly had remained vigilant since the establishment of the Fund to ensure that it was managed in a way that was effective,

transparent and accountable to its members and the Member States. The European Union would continue to take a close interest in all issues relating to the efficient operation, regulation and governance of the Fund, which must continue to serve the collective interest of all beneficiaries and members.

40. The European Union welcomed the news that the total assets of the Fund had increased, and that the Fund's long-term objective of a 3.5 per cent real return had been achieved and even exceeded. However, having noted the persistent payment delays affecting some retirees and beneficiaries of the Fund, and the problems still affecting the processing of applications, the European Union called on the Fund to accelerate action – including action to fill vacant posts in a timely manner – to reduce the impact of those issues on retirees deprived of their benefits, and to prevent similar issues from arising in the future. Having also noted the related recommendations of the Advisory Committee, the European Union hoped that the General Assembly would be able to determine at the current session a clear course of action to prevent further delays and ensure the transparent and efficient fulfilment of the Fund's duties.

41. **Ms. Norman-Chalet** (United States of America) said that her delegation recognized that the scale, defined benefits and complexity of the United Nations Joint Staff Pension Fund, with its approximately 75,000 beneficiaries in 190 countries, receiving payment in 15 different currencies, made it a fund that carried great responsibility, including responsibility to its beneficiaries. Effective management of the Fund and administration of benefits was of utmost importance; in that connection, her delegation noted the clear delineation of responsibilities between the Fund's Chief Executive Officer, who oversaw the administration of the Fund's operations, and the Representative of the Secretary-General, who was responsible for the investment of the Fund's assets. The United States continued to support efforts to ensure that those investments met the established long- and short-term objectives, including continued efforts to minimize associated risks.

42. Her delegation expressed concern at the finding of the Board of Auditors that, despite some improvement in processing of benefits payments, the Fund had not processed 38 percent of actionable cases within the established 15-day benchmark. All efforts should be made to reduce the backlog of cases, better use should be made of IPAS to support the timely processing of benefits, and a proper grievance mechanism to address concerns raised should be established. Welcoming the OIOS comprehensive audit, her delegation agreed with the OIOS findings that a number of structural reforms were needed for the Pension Board to fulfil its critical role in providing oversight of the Fund, and looked forward to further discussion in order to advance the Fund's mandate of providing benefits to staff that had served the United Nations.

43. **Mr. Fu** Daopeng (China) said that his delegation hoped that the Fund, given its large number of participants and beneficiaries, would operate in a robust and efficient manner, to serve the legitimate interests of every beneficiary. Having noted the difference in the real rate of return on investments between 2016 and 2017, his delegation trusted that the Fund would maintain its long-term minimum target return of 3.5 per cent while optimizing its investment portfolio and increasing its investment in eligible developing countries and in multiple currencies. The basis for efficient operation of the Fund was a sound governance structure. Accordingly, during the informal consultations, his delegation would like to hear more details of the recommendations on that subject made by OIOS and accepted by the Pension Board, and to explore with all parties the matter of improving the governance structure of the Fund.

44. **Mr. Wakabayashi** (Japan) said that the pension system was essential to enabling United Nations staff to work with peace of mind, and that its stability was essential to attracting and retaining high-performing staff. His delegation welcomed the Fund's recent investment performance, and its continuous effort to maintain actuarial balance, but expressed serious concern at the significant number of cases outstanding every year, and at the remaining issues with the Integrated Pension Administration System. That situation would undermine the credibility of the pension system as a whole. In addition, his delegation had examined with great interest the reports of the Board of Auditors and OIOS, particularly with regard to the Pension-Board-related issues raised by OIOS, which included conflict of interest, oversight by the Standing Committee, fair and equitable representation in the Board, effective performance management, and integrity and ethical values.

45. **Ms. Nalwanga** (Uganda) said that her delegation had studied with great interest the report of OIOS on its comprehensive audit of the governance structure and related processes of the United Nations Joint Staff Pension Board. In its view, the audit had been conducted in a professional manner, and the related recommendations would serve as a road map to bring about much-needed enhancements to the structure and processes of the Pension Board. The General Assembly, to which the Pension Board was accountable, had a duty to ensure that the Pension Board addressed the issues

raised in the OIOS report as a matter of urgency. Implementation of the recommendations of OIOS, the Board of Auditors and the Advisory Committee would contribute considerably to strengthening the governance role of the Pension Board. as well as to promoting the accountability of the Pension Fund's management to all stakeholders.

46. **Mr. Kalugin** (Russian Federation) said that his delegation wished to acknowledge the efforts of the leadership of the Fund to continue examining relevant issues connected with the payment of benefits to retirees. It welcomed the increase in the Fund's assets, and the pursuit of geographical diversification of investments, extending investments to countries including developing countries and countries with emerging markets, while retaining adherence to the four main investment criteria, namely safety, profitability, liquidity, and convertibility.

47. His delegation fully agreed with the Advisory Committee that the Secretary-General should be requested to include in his next report on the Fund's investments detailed information on the Fund's long-term strategy, performance and factors affecting performance, and emphasized the importance of the target return of 3.5 per cent. It wished to express its concern at the report of OIOS, finding itself unable to support most of the recommendations made, and taking the view that OIOS had significantly exceeded its powers and mandate in that context. It was prepared to discuss pension system issues in further detail in the informal consultations.

The meeting rose at 11.20 a.m.