

FICSA CIRCULAR



FICSA/CIRC/1236

Geneva, 26 July 2016

Ref: Pensions/all/unjspb

To: Chairs, Member Associations/Unions
Members of the Executive Committee
Chairs, Members with Associate Status
Chairs, Associations with Consultative Status
Presidents, Federations with Observer Status
Chairs and Vice-Chairs of Standing Committees

From: Gemma Vestal, General Secretary

**JOINT WRITTEN STATEMENT BY
THE FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS (FICSA) AND THE
COORDINATING COMMITTEE OF INTERNATIONAL STAFF UNIONS AND ASSOCIATIONS (CCISUA)
TO THE 63RD SESSION OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (UNJSPB)**

Submitted on Friday, 22 July 2016

Mr. Chairman, Distinguished members of the Board, Observers, Pension Fund staff, Ladies and Gentlemen,

Thank you for this opportunity to convey to you through this joint statement some of the views and concerns of the constituents of our two respective staff federations, the staff members of the United Nations common system. We appreciate this possibility of exchange as it provides the Board with an opportunity to hear the views of the staff, views which will hopefully be taken into consideration prior to final decisions being taken on important matters under consideration at this session.

Let us begin by firstly expressing our deepest appreciation and gratitude to those staff of the Pension Fund who have been working exceptionally hard over these past months under exhausting circumstances. Their efforts and dedication during these trying times must be commended.

This being said, we would now like to turn to some of the agenda items under discussion at this session of the Board. First and foremost, we would like to align ourselves with those Board members who consider that the most urgent and crucial issue to be addressed is the late payment of benefits and withdrawal settlements to new retirees. It is clear that this backlog constitutes mismanagement in the Fund's operations. When it is stated that the required information is sometimes not received from staff members or the organizations, we believe there is an

important nuance which requires clarification. In the past, when the Pension Fund Secretariat received an incomplete claim, it was immediately returned to the sender for completion. We understand that today a claim can be pending with the Fund for months before the initial review even begins to determine whether or not there is a discrepancy.

The staff federations firmly believe that should this session of the Board take decisions which can be implemented in order to promptly correct this unacceptable hardship on new retirees, the Board will have taken an important step towards restoring the Fund's credibility. Furthermore, should the Board ensure the prompt processing of the backlog of requests for benefits from new retirees, the Board will have accomplished much more than any communication strategy by demonstrating that it cares about its participants and beneficiaries, and that normal operations in the Fund's Secretariat have been restored. Furthermore, the Board will have also complied with the instruction of the General Assembly in Resolution 70/248 to "take appropriate steps to ensure the fund addresses the causes of such delays".

In this respect, we assisted the Participants Group in drafting a conference room paper containing both short- and long-term measures which could be taken to eliminate the backlog. These measures include payment of provisional benefits when there is no doubt of the beneficiary's identity and right to the entitlement. We were pleased to observe yesterday that the Board is giving its fullest consideration of these proposals. We hope that participants and beneficiaries will be quickly informed of the Board's decisions thereon.

Further down the road, we would ideally like to see the Fund be even more proactive by introducing the concept of provisional payments, as seen in many governments and some international organizations, whereby the first pension payment is paid as a provisional one shortly before a staff member retires so to assist the new retiree face the significant costs of the first month of retirement.

Our second concern is regarding the investments of the Fund. At last year's meeting of the Board we had expressed concern that the investment policy document had not yet been updated, and therefore expected it to be available for the Board's review at this session. Just before the beginning of this Board meeting, we were pleased to hear that apparently the updated version of the policy has been completed and signed. It would have been ideal to get these documents sooner rather than later in order for meeting participants to have sufficient time to critically review these important documents.

Meanwhile, staff would like to be assured that there will be no outsourcing of investment management. It is common knowledge that many pension funds have lost their capitals when outsourced. The success of the investments of our Fund is related to the fact that they have always, for the most part, been managed internally. We are, as we hope you are, deeply concerned about the preservation of the capital of our Fund, as well as achieving the targeted real rate of return on investments. It is on this basis that we have expressed concern over paragraph D.13 of the draft Financial Rules, which formalizes outsourcing of investments. Furthermore, we are disturbed by the Fund's investments in exchange tracker funds which include positions in arms and tobacco. At a time when our staff are engaged in peacekeeping and coming under weapon fire, and when the WHO is fighting tobacco use, we believe that the Fund should move away from investments of this nature.

The outsourcing of investment management carries multiple risks which are out of the Fund's control and therefore kindly request that they not be outsourced.

We have noted, with some disappointment, the reported real rate of return on investments. We concur with the view that a maturing fund of this nature will continually become more dependent on the targeted return rate of 3.5 per cent. Anything less will, in time, have important consequences.

In light of these multiple challenges we have not felt it wise for the Fund to be granted further autonomy through new financial rules.

The third concern that we would like to flag to the Board is the performance evaluation of the Fund's senior manager, and we would respectfully request the Board to take into account the absence of staff-management consultations as well as the breakdown in operations which has created enormous delays in the processing of benefit claims and withdrawal settlements for new retirees, delays which have been noted by the UN General Assembly itself.

The fourth and final point that the staff federations want to flag is related to the performance of the Fund's senior manager is the deteriorating staff-management relations in the Fund's Secretariat. We believe it is important to recall that, at last year's session of the Board, the staff federations had informed you that there were serious concerns in regard to staff-management relations in the Fund's Secretariat, and that there was a need for enhanced transparency, improved communication and consultation, not only with the Fund's staff, but also with the Staff Pension Committees and participants at large.

On numerous occasions, the Fund's staff representatives have expressed disagreement with the Fund's disrespect of the United Nations Staff Regulations and Rules. As stated at Article 7 of the Fund's Regulations and Rules, the Fund's staff are appointed by the UN Secretary-General. Therefore, they hold UN Secretariat contracts governed by the Staff Regulations and Rules of the United Nations. By virtue of these, staff must be consulted, through staff representatives, on conditions of service and policies related thereto. However, in May of this year a serious change was introduced without any such consultation. We are concerned by the fact that this change may allow for bypassing the existing checks and balances, such as hiring without selection panels and reduced career progression for existing staff. For example, a retiree can be hired for a year without the post being advertised, denying opportunities to capable internal staff members. Excessive flexibility to retain staff beyond the age of retirement is not needed, given that the mandatory age of separation will be increased to 65 for current staff. Furthermore, excessive use of retirees would discourage succession planning and opportunities for current staff.

It is problematic that staff have not been consulted concerning the proposals for the reorganization of the office. The staff federations are concerned that this constant refusal to conduct staff consultations has contributed to extremely low staff morale.

We were pleased that the Board, at its session of last year, when discussing the MoU and staff-management relations, had instructed the management of the Fund's Secretariat to begin consulting with the staff. However, we regret to have to inform you that the Board's decision relative to staff consultation has not been implemented, and we would like to respectfully request the Board to ensure that the management in the Fund's Secretariat will, without further delay, consult with the staff representatives of the Fund on all proposals concerning their welfare and

conditions of service. It would also be highly conducive to improving staff relations if management were to consult with the staff representatives prior to submitting to the Board proposals which concern staff's conditions of service.

Taking into account all of the concerns expressed previously and the ongoing difficulties, we would like to express our hope that the Board will fulfill its oversight function accordingly. We understand that the Board will soon be establishing a Search Committee, and we would like to kindly request that the above-described preoccupations and concerns be taken into consideration by that Committee.

Mr. Chairman, Distinguished members of the Board and Observers,

Today our Pension Fund is going through a difficult period, but let us not forget that our United Nations system has successfully addressed many challenges in the past. Therefore, we have full trust in the United Nations system, in the collective wisdom of the Board, as well as in the wisdom of the UN General Assembly and its subsidiary bodies. We firmly believe that this wisdom will allow us to overcome the current crisis, and ultimately restore the sound operation of the Fund, as well as its credibility and reputation.

Both current and future beneficiaries will be awaiting, with hope, the outcome of this Board meeting. On their behalf, the staff federations also hope that your actions will address their urgent concerns.

Thank you for your attention.
