

Letter to UN Administration
from Annick Van Houtte, Chair of 64th UNJS Pension Board
regarding UN Broadcast message from the UN Staff Associations of 2 August 2017
“What happened at this year's meeting of the Pension Fund Board”

10 August 2017

To: United Nations Administration

Further to my email to Mr. Victor Kisob dated 26 July 2017, copied below for easy reference, I wish to express my serious concern with the irresponsible communication below from UN Staff Associations concerning Pension Board matters, "A Message from the UN Staff Associations: What happened at this year's meeting of the Pension Fund Board - Ce qui s'est déroulé à la réunion annuelle du Conseil d'Administration de la Caisse des Pensions", disseminated using UN IT infrastructure and systems. After its wide broadcast within the UN, this communication has now also already been propagated through social media. It clearly damages the reputation of the United Nations, the Pension Board and the Fund; it jeopardizes the operational effectiveness of the Fund; and weakens the Fund's long-standing governance mechanism.

Regarding the operational aspects of the Fund, for example, under the heading "negative audit reports", the broadcast presents misleading, partial and incorrect information. Indeed, the Audit Committee in its report to the Pension Board ([JSPB/64/R.25 attached for ease of reference](#)) acknowledged the Fund's progress in many areas within its purview, and presented an objective, balanced and fair assessment of progress made as well as opportunities for improvement. Progress was noted in respect of the filling of senior level vacancies, the important reduction in the inventory of actionable cases, the measures taken to improve client services; and greater clarity in developing the IMD ICT strategy. Additionally, the Committee (and accordingly the Board members) was pleased to note that the long-standing goal of having the final report of the Board of Auditors (BOA) presented to the Pension Board has been fulfilled at the recent Board Session in Vienna. It was also pleased to learn that the BOA expected to issue an unqualified audit opinion on the Fund's Financial Statements for the year ended 31 December 2016, and that the Fund's Statement of Internal Control for 2016 was supported by independent assessment and testing of the internal controls over financial reporting. On the other hand, the Audit Committee expressed concerns about the deteriorating working relationship between the Fund's management (both secretariat and IMD) and the internal audit service, the need for improvement with respect to the IMD's strategy for ICT, and concerning reporting on the universe of its actual workflows and potential caseload.

You will appreciate, that it is misleading and incorrect to portray the audit results as "negative audit reports" and as "damming" when important progress has been acknowledged by the Pension Board and its Audit Committee and when considering that the Fund is receiving an unqualified "clean" audit opinion.

Under the same heading, there is also an unsubstantiated allegation of "false information" being provided by the Fund, which needlessly may alarm the Fund's participants and beneficiaries who will flood the Fund's client services with queries related to the misleading broadcast, preventing the Fund from opportunely answering "true" queries or service needs.

The UN Staff Unions' communication contains also misleading, inflammatory and incorrect information on the outcome of the recent Board session which took place in Vienna, hence undermining its role and work.

To illustrate the foregoing, under the heading "budget", the broadcast advances a flawed and deceptive notion that the increase in the budget requested by the Fund secretariat and supported by the Board "will eat into the fund's future financial position". This is not only technically incorrect but also inflammatory. The total increase requested for the biennium represents only 0.0002 of the market value of assets as of 28 July 2017. The increase is immaterial for the Fund's future financial position. As you know, the most critical economic variable for the Fund's future financial position is the investment return. To portray the requested increase as "eating into the fund's future financial position" is technically incorrect.

The broadcast labels the budget increase recommended by the Pension Board as "irresponsible". This allegation has no foundation. As you may know, in accordance with the decision made by the Board at its sixty-third session (A/71/9<<http://undocs.org/A/69/9>>, para. 465), the Board established a Budget Working Group with representation of the Governing Bodies, Executive Heads, Participants and FAFICS representatives. The Working Group carefully and thoroughly reviewed the budget request from IMD and the Fund secretariat. The Working Group met with the Fund's Chief Executive Officer and the Representative of the Secretary-General for the investment of the assets of the Fund, and with their staff to discuss and clarify the budget proposal in detail. Additionally, in its deliberations, the Working Group also took into account relevant comments made by the Audit Committee, the external and internal auditors, the Investments Committee and the Assets and Liabilities Monitoring Committee.

After careful, thorough and objective analysis of the facts and needs, the Working Group reviewed the development of participants and beneficiaries in recent years in comparison to the resources in the Fund secretariat over the previous 5 biennia. It was concluded that the growth in workload of the Fund secretariat represented by the number of participants and beneficiaries, and the number of benefits processed has grown substantially faster than the increase of Fund secretariat staff. This is a long-standing development. The maturing of the Fund has resulted in significant workload increase, as the effort required to process of pension benefits and ensuring the payroll for the beneficiaries is significantly higher than the administration of participants. The Working Group's aim in its recommendation was to maintain the capacity of the Fund secretariat to cope with this increasing workload in the short and medium term.

Also, as you know, the process involves extensive consultations, exchange of views and discussion within the different Groups and during the Board. The result of this extensive, detailed and diligent process is the decision by Pension Board to recommend a certain level of resources for a set of agreed objectives and benchmarks. It is the fiduciary duty of all Board

members to participate actively and constructively during this process. It is questionable for the Board members who also participated in the discussions and decision-making process of the Board to attempt to disqualify its work and decisions which were reached by consensus.

Another sample of misleading information can be found under the heading entitled "Attempts by the CEO to prevent elected board members from attending [the Board session]". The facts are as follows: On 8 June 2017 the UNJSPF Standing Committee decided to disallow two UNJSPF staff members to attend the 64th UNJSPF Board session because of conflicts of interest that arise in the course of carrying out their duties as UNJSPF staff members. This decision was based on a legal opinion prepared by the UN Office of the Legal Affairs, in November 1992. The existence of such a conflict of interest was addressed in the memorandum dated 6 November 1992 from the then Fund CEO, Mr. Raymond Gieri, to the then United Nations Legal Counsel, Mr. Carl-August Fleischhauer, regarding a UNJSPF staff member who was standing for election to the UNSPC as a Participants' Representative. The then Legal Counsel confirmed that the situation as described by Mr. Gieri in his memorandum constituted a conflict of interest. Subsequent to the decision of the Standing Committee, both Mr. Faye and Ms. Rockcliffe, the elected Fund's staff members, filed separate appeals against the Standing Committee's decision to the United Nations Appeals Tribunal. In addition to the appeals, they filed requests for interim measures to allow them to be given access to documents and to attend the 64th Board session. Ms. Rockcliffe also filed a motion for her request for interim measures to be considered by a three-judge panel, which was granted under Order No. 287. By Order Nos. 284 and 288, respectively, the Tribunal dismissed both motions for interim measures rejecting their request to attend the Board session. The Tribunal decided to uphold the decision of the Standing Committee specifying that its decision is without prejudice to any further consideration it may have in respect of the appeals.

The statement under the heading "Monitoring and follow-up" concerning the membership of the Audit Committee and the election of a Vice-Chair of the Standing Committee suggest a "victory" of the Participants Group. However, it should be noted that that Group, was entitled and, thus, expected to nominate a member of the Audit Committee and the Vice-Chair of the Standing Committee in accordance with the Terms of Reference of the Audit Committee and "Section B" of the Rules of Procedure of the UNJSPF. Such nominations are in line with the Pension Fund rules and practice.

Finally, in the last paragraph, the signatories of the broadcast question the ability of the Board "to properly oversee [emphasis added] the ongoing operations of the complex fund..." because it only meets once a year for five days. Disqualifying the Board and its ability to properly carry-out its mandate of overseeing the Fund is inappropriate, if not highly irresponsible, and damages the reputation of the Board, weakening its role and responsibility. The statement also highlights either a lack of understanding of the complex governance structure of the Fund or a malicious intent, or possibly both.

As you know, the governance mechanism of the Fund is complex and multitiered. It has evolved over the years to adequately meet the Fund's needs and to properly oversee and guide the Fund. The UNJSPF is only one of a few defined benefit pension funds with a very solid financial position. The Fund also adequately operates on a truly global scale achieving high efficacy in disbursements (with levels of 99.2%).

The governance mechanism of the Fund includes the Board as the key governance body, but it is assisted in its work by the Audit Committee, the Committee of Actuaries, the Assets and Liabilities Monitoring (ALM) Committee, the Consulting Actuary, the Medical Consultant and other working groups that are created as required; for example, the Working Group on Sustainability that was created in 2012 to assist the Board with exploring possible measures to strengthen its long-term solvency. The recommendations of this Working Group, approved by the Board and General Assembly, led to the adoption of important measures and the strengthening of the Fund's actuarial position and governance mechanism.

Additionally, the Investment Committee also provides information and support to the Pension Board. All of these Committees have specific terms of reference and mandates and meet periodically and throughout the year to carry out their work. Many of these Committees also exchange information or hold joint sessions. Some of the Committees are composed by expert members only, such as the Committee of Actuaries and Investment Committee, and others are also assisted by expert, independent members, such as the Audit Committee and ALM Committee. In addition, as per Article 4 (a) of the Fund's Regulations, the Fund is administered by the Board and a staff pension committee for each member organization, and a secretariat to the Board and to each such committee.

Therefore, the oversight and management of the Fund is much more complex and involved process than just a five-day meeting of the Pension Board. It is a thorough, multifaceted exercise carried out by many Committees with the support of independent experts, as well as the periodic work of 23 Staff Pension Committees and their secretariats. The results of a well-managed and overseen fund are evident as it has achieved an excellent financial and operational situation. To disqualify and disseminate distrust in the Board's ability to properly oversee the operations of the Fund because of a lack of adequate understanding of its complex and professional governance process is harmful and irresponsible.

The foregoing samples show how unbalanced, incorrect and partial the communication of the UN Staff Association is. It is further unclear to me and concerning why the UN Administration decided to disseminate such a broadcast without prior consultation of the rapporteur of the 64th UNJSPF Board Session or myself. You will appreciate that disseminating incorrect and inflammatory information is not only unethical but also goes against the UN Staff Rules and the Code of Conduct for International Civil Servants. They are "responsible for safeguarding the resources of United Nations organizations which are to be used for the purpose of delivering an organization's mandate and to advance the best interests of the organization." (paragraph 25)

Because disclosure of incorrect and misleading information may seriously jeopardize the efficiency and credibility of the Pension Fund and its Board, I should be grateful for your direct and prompt intervention to prevent the use of the UN IT infrastructure and systems in the future with a view to disseminating incorrect and misleading information about the Board 64th session or the operation of the Fund.

In light of the foregoing facts and considerations, I respectfully ask you to address this serious matter as soon as possible and request the issuance of a broadcast correcting the misinformation regarding the deliberations and decisions taken by the Board at its recent session. I am available

to contribute to the text of the broadcast and would, accordingly, very much appreciate you sharing the content of this broadcast with me before sending it out.

Thank you and kind regards,

Annick Van Houtte
Chair 64th Pension Board

On Jul 26, 2017, at 5:51 PM, Van Houtte, Annick (LEGA) <Annick.VanHoutte@fao.org> wrote:

Dear Mr. Kisob,

I am highly concerned with the irresponsible communication below concerning an information session on pension matters, moderated by the President of the UN Staff Union, New York, and held in the UN premises.

As a Board member you know that any possible change to the Fund's plan design needs to be approved by the Pension Board and ratified by the General Assembly. As you also know there are NO items on the Board's Agenda that refer to any change in the plan design or move to a defined contribution scheme. Quite the contrary, the CEO in his presentation on the status of the Fund outlined all the measures taken over the past 10 years to strengthen the Fund. Both the CEO and the Committee of Actuaries also informed the Board of the healthy financial situation of the Fund.

As an HR manager you are fully aware that disseminating incorrect and malicious information is not only unethical but also goes against the Staff Rules. Therefore, I ask your direct and urgent intervention in order that the premises of the UN are not utilized to disseminate lies about the Pension Board or the Fund. Additionally, the infrastructure or other facilities of the Organization should not be used to disseminate incorrect information or outright lies.

Finally, I request that a broadcast be sent to correct the misinformation regarding of what is being discussed and decided by the Board.

Thank you and best regards,
Annick Van Houtte
Chair 64th Pension Board

From: BROADCAST-UNHQ /UNHQ

Sent: Wednesday, August 2, 2017 11:25 PM

To: OAH; DPKO; HQ_NY_Secretariat; UN_Funds_Programs_&_Tribunals

Subject: A Message from the UN Staff Associations: What happened at this year's meeting of the Pension Fund Board - Ce qui s'est déroulé à la réunion annuelle du Conseil d'Administration de la Caisse des Pensions

A Message from the UN Staff Associations

Dear Colleagues,

The annual meeting of the UN Pension Board has just concluded and we would like to inform you of the outcome. It is important to know that UN staff representatives numbered 4 of the 33 board members. In addition, a statement by the staff federations is attached.

Negative audit reports: The Board considered a number of audit reports from OIOS and the Board of Auditors. Some were quite damning, raising among other things non-cooperation by the Fund's management with auditors, incorrect figures supplied to the actuaries resulting in the actuarial report having to be dropped, and false information provided to UN staff on the size of the payment backlog.

Extension of the CEO: In view of the above, and taking into account the serious payment backlog, lack of contingency planning and poor staff-management relations at the fund, we worked with others on the Board for the non-renewal of CEO Sergio Arvizu for another five years. The reduction to three years of the second term, with no possibility of renewal, installation of special oversight measures, a search committee to find a successor and a limit on the CEO's ability to start new projects without Board approval, is the result of a long and difficult session. It nevertheless sends a strong signal. However, the Board's decision on renewal is only a recommendation to the Secretary-General who alone must make the final decision.

Budget: The Board approved a large increase in the budget of the Fund's secretariat, with new posts mainly at the top levels. We made clear our reservations about a budget increase we found to be irresponsible, especially as these posts are paid for by you and will eat into the fund's future financial position. This will now be decided by the General Assembly in the fall.

Long-term sustainability: the Fund faces an environment in which lower investment returns and a growing budget are paired with an increasing ratio of beneficiaries to contributors and an increasing ratio of non-staff to staff. This fundamental issue was not discussed even though we consider it the most important challenge for the fund right now. We hope to get this on next year's agenda.

Attempts by the CEO to prevent elected board members from attending: Two staff representatives from the UN were prevented from attending the Board despite 4,600 of you signing a petition. The CEO cited conflict of interest. We are not convinced. Nor did the Secretary-General appear to be in last week's town hall meeting. The matter is currently at the UN Appeals Tribunal.

Monitoring and follow-up: In order to contribute to the monitoring and follow-up of the Fund between Board meetings we were pleased that one of us was elected to the Audit Committee and another as second Vice-Chair of the Standing Committee.

In conclusion: this was our first year at the board meeting during which we worked closely with other board members.

However, we do feel that in the future, Board members must pay more attention to issues of sustainability, governance and management of liabilities. Further, there is an important lack of expertise in areas of finance and management that needs to be corrected.

We also question the ability of a board composed of 33 members and an almost equal number of alternates, all meeting only once a year for five days, to properly oversee the ongoing operations of a complex fund with \$60 billion in assets and obligations to 200,000 beneficiaries and contributors. This isn't without risk and we have suggested more frequent Standing Committee meetings which would place the Board in a better position to exercise its responsibilities on a more regular and sustained basis. We have much to work on.

We will continue to keep you updated and thank you for your trust and support. We will continue to advocate on your behalf.

Mary Abu Rakabeh
Ibrahima Faye
Aissatou Ndeye Ndiaye
Bernadette Nyiratunga
Ian Richards
Michelle Rockcliffe
UN participant representatives

Chères et chers collègues

La réunion annuelle du Conseil d'Administration de la Caisse des Pensions de l'ONU vient de se terminer et nous souhaitons vous faire part des résultats à l'issue de ces rencontres. Les représentants du personnel de l'ONU étaient au nombre de 4 parmi les 33 membres du Conseil d'administration. Vous trouverez aussi en pièce jointe, la déclaration des fédérations du personnel.

Rapports d'Audit négatifs : le Conseil a examiné un certain nombre de rapports d'audit du Bureau des services de contrôle interne (OIOS) et du Comité des commissaires aux comptes (BOA). Certains ont été très négatifs, révélant entre autres un manque de collaboration de la part de la direction du Fonds avec les auditeurs ; des données incorrectes fournies aux actuaires ayant causé l'abandon et la non-publication du rapport actuariel ; ainsi que des informations inexactes fournies au personnel de l'ONU quant au volume des arriérés de paiements des pensions.

Extension du mandat du Directeur général : Compte tenu de ce qui précède, et compte tenu des nombreux arriérés de paiements aux nouveaux retraités ; du manque de plan de contingence et des mauvaises relations de gestion du personnel au sein du Fonds de la Pension, nous avons par ailleurs collaboré étroitement avec autres représentants du Conseil et fait le plaidoyer pour le non-renouvellement du Directeur général, Mr Sergio Arvizu pour un autre mandat de cinq ans. La réduction à trois ans de ce deuxième mandat non renouvelable couplée de mesures de suivi spéciales avec la mise en place d'un comité de recherche pour trouver un successeur et aussi l'impossibilité de démarrer de nouveaux projets sans l'approbation du Conseil d'administration, sont le résultat d'une longue et difficile session. Ceci constitue un signal fort. Par ailleurs, la décision du Conseil concernant le renouvellement du mandat du Directeur général de la Pension n'est qu'une recommandation faite au Secrétaire Général des Nations Unies, qui seul devra prendre la décision finale.

Budget : Le Conseil a approuvé une forte augmentation du budget du secrétariat du Fonds, qui comprenait la création de nouveaux postes, notamment à des grades élevés. Nous avons clairement indiqué nos réserves quant à cette hausse budgétaire que nous avons qualifiée d'irresponsable, d'autant plus que ces postes seront payés par vous avec toutes les incidences négatives que cela aura sur la situation financière à venir du Fonds. L'Assemblée Générale devra en décider durant l'Automne.

Durabilité dans le long terme : le Fonds se trouve actuellement dans une situation de faibles rendements de ses investissements avec un budget croissant. Parallèlement, il connaît un ratio élevé entre le nombre de ses bénéficiaires et celui de ses contributeurs et un ratio tout aussi élevé entre le nombre de personnel temporaire et celui du personnel régulier. Ce problème fondamental n'a pas été discuté bien que nous considérons qu'il est un des défis majeurs auquel le Fonds fait face en ce moment. Nous espérons que cela sera à l'ordre du jour l'année prochaine.

Les tentatives du Directeur général d'empêcher les membres élus du Conseil d'administration de participer aux rencontres : Deux représentants du personnel de l'ONU ont été empêchés d'assister au Conseil malgré que le fait que 4 600 d'entre vous aient signé une pétition. Le Directeur général a avancé la notion de conflits d'intérêts. Nous n'en sommes pas convaincus. Le Secrétaire Général, lors de son allocution et entretien avec tout le Personnel la semaine passée, ne semblait non plus en être convaincu. Ce problème est actuellement traité au Tribunal d'Appel des Nations Unies.

Monitoring et suivi : Afin de contribuer au monitoring et au suivi dans la gestion du Fonds durant les périodes entre les réunions du Conseil, nous avons été ravis d'avoir obtenu l'appui des membres du Conseil d'administration qui ont bien voulu élire un de nos représentants comme membre du Comité d'Audit et un autre membre comme Vice-Président du Comité Permanent.

En conclusion : Cette rencontre a été notre première année au Conseil où nous avons pu travailler en étroite collaboration avec les autres membres du Conseil d'Administration.

Cependant, nous pensons qu'à l'avenir, le Conseil devrait accorder plus d'attention aux questions de durabilité, de gouvernance et de gestion. En outre, il existe un manque criant d'expertise dans les domaines de la finance et de la gestion qui doit être corrigé. Nous remettons également en

question la capacité de gestion d'un Conseil composé de 33 membres et d'un nombre quasi équivalent de suppléants, qui ne se réunit qu'une seule fois par année pendant cinq jours, pour superviser correctement les opérations en cours d'un Fonds aussi complexe avec plus 60 milliards de dollars d'actifs et d'obligations pour les 200 000 bénéficiaires et contributeurs que nous sommes.

Ce n'est certes pas sans risque, et nous croyons que le Conseil doit trouver un moyen d'assumer ses fonctions de manière plus responsable, plus régulière et consistante. Nous avons donc beaucoup à faire!

Nous continuerons à vous tenir au courant et vous remercions pour votre confiance et votre soutien. Nous continuerons à plaider en votre nom et en votre faveur.

Mary Abu Rakabeh

Ibrahima Faye

Aissatou Ndeye Ndiaye

Bernadette Nyiratunga

Ian Richards

Michelle Rockcliffe

Représentants des participants de l'ONU

(See attached file: PBFederationStatement (1).pdf)