



NINETEENTH ITEM ON THE AGENDA

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

1. The 50th report of the Board of Trustees of the Special Payments Fund, established by the Governing Body at its 143rd Session (November 1959), is appended. Paragraphs 10 and 16 of the report contain two recommendations on points for decision.
2. Paragraph 10 of the report relates to the composition of the Board. Paragraph 16 recommends an amendment to the terms of reference that would allow applications from former officials, or their survivors, who have worked at least ten years in the UN system, provided that the last employment was with the ILO. The Director-General suggests that this be limited to cases where the last five years of employment were with the ILO. Such a change would align eligibility requirements with those of the ILO/ITU Staff Health Insurance Fund (SHIF) for continued medical insurance coverage after separation from service. The Board has accepted the Director-General's proposal.
3. Paragraph 16 of the Board's report recommends that the amendment should be effective from 1 January 2005. As the Governing Body is considering this paper during the month of March 2005, the Director-General suggests that the effective date should be 1 April 2005.
4. *The Committee may wish to recommend to the Governing Body that it appoint Ms. G. Stoikov and Mr. T. Montant as members of the Board of Trustees of the Special Payments Fund.*
5. *The Committee may wish to recommend to the Governing Body that it:*
 - (a) *amend the terms of reference of the Special Payments Fund, as from 1 April 2005, 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 UN Joint Staff Pension*

*Fund beneficiaries, that they have had at least ten years of UN system employment and that the last five years of employment were with the ILO;*¹

- (b) 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; and*
- (c) consider this amendment to be subject to annual review, to ensure that it will not entail any large unforeseen expenditures.*

Geneva, 8 February 2005.

Points for decision: Paragraph 4;
Paragraph 5.

¹ The amendments should read as follows (see para. 12 of the report of the Board): (i) After “(b) have served ... the age of 45,” *add*: “or are UNJSPF beneficiaries having served for ten years in the UN system, provided that the last five years of employment were with the ILO;”. (ii) Subparagraph (e) is deleted.

Appendix

Fiftieth 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 288th Session (November 2003),¹ the Board of Trustees of the Special Payments Fund has met twice, on 25 March 2003 and on 24 June 2004.

Payments authorized for 2003 at the Board's 64th Session (March 2003)

2. Total grants amounted to US\$65,287. Grants paid included five grants under the extension of 1989² and three grants under the extension of 1992.³ The average age of the recipients was 80 years.

Payments authorized for 2004 at the Board's 65th Session (June 2004)

3. The Board authorized grants amounting to US\$78,055. The total amount of grants paid amounted to US\$80,006, due to exchange rate variations. The grants included five grants under the extension of 1989 and three grants under the extension of 1992. The average age of the recipients was 79 years.
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.
5. Most of the payments are in Swiss francs. Expenditures did not exceed the Fund's current balance, and 2004-05 budget provisions are adequate.⁴

Appointments to the Board, replacement of Mr. Nicolas Valticos

6. Mr. Nicolas Valticos had served as a member of the Board from 1989 until his death on 26 November 2003. At its subsequent meeting, which was held in June 2004, the Board expressed its sorrow and paid tribute to the memory of Mr. Valticos. Mr. Valticos had served in various capacities as an ILO official for many years. Throughout his retirement, he had continued to dedicate himself to Office activities and remained firmly committed to the principles of the ILO. The Chair recalled that the professional competence, personal integrity, and human qualities of Mr. Valticos had contributed greatly to the work of the Board.
7. It is recommended that Ms. Gabriele Stoikov fill the position that had been occupied by Mr. Valticos. Ms. Stoikov was Acting Director of the InFocus Programme on Strengthening Social Dialogue when she retired in 1999, after 30 years of ILO service.

¹ GB.288/PFA/18.

² GB.244/PFA/10/8.

³ GB.254/PFA/10/13.

⁴ Programme and Budget for 2004-05, information annexes, para. 77.

8. Another Board member, Mr. Roger-Marc Schibli, retired in October 2004, after having served on three pension-related ILO committees for approximately 30 years. It is recommended that he be replaced by Mr. Thierry Montant, a Swiss pension expert who has agreed to serve on the ILO Staff Pension Committee (UN Joint Staff Pension Fund) as well.
9. In accordance with the terms of reference of the Fund, the Board is comprised of three members who are appointed by the Governing Body. The terms of reference do not permit current members of the Governing Body and officials of the Office to serve on the Board.
10. The Board recommends that the Governing Body decide to appoint Ms. G. Stoikov and Mr. T. Montant as members of the Board of Trustees of the Special Payments Fund.

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

11. 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 when it amended the Fund’s terms of reference in 1962, 1973, 1974, 1980, 1989 and 1992.⁶
12. The current terms of reference require that former officials, or their surviving spouses, meet the following criteria in order to be eligible for assistance:
 - (a) have an annual net income of less than the local G1/6 grade salary⁷ that is paid to General Service staff in their 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.
13. The Fund receives a contribution from the regular budget of Swiss francs 200,000 every biennium. In recent years the Board has received applications from other groups of needy former officials, or their surviving spouses, that it has not been able to accept under the current terms of reference. Some former project staff have spent many years working in the UN family of organizations but have not obtained the ten years of ILO employment that is required. The Board recommends that subparagraph 12(b) above be modified to allow 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.

⁵ GB.143/FA/D.27, para. 89.

⁶ GB.151/FA/10/26; GB.190/FA/18/26; GB.193/PFA/17/15; GB.213/PFA/8/5; GB.244/PFA/10/8; GB.254/PFA/10/13.

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.

- 14.** The Board has been faced with requests from widows and disabled beneficiaries who are less than 60 years of age. While these beneficiaries receive 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 former officials and surviving spouses. Therefore, the Board recommends that the age limit in subparagraph 12(e) above be eliminated to permit applications from all UNJSPF beneficiaries, regardless of age.
- 15.** It is expected that these amendments to the terms of reference 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 it is understood that the amount of the awards authorized would not exceed the amount of the income that the Fund receives. The Board would continue to report all expenditures to the Governing Body.
- 16.** The Board recommends that the Governing Body decide:
- (a) to amend the terms of reference of the Special Payments Fund, with retroactive effect as from 1 January 2005, 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 UN system employment and that the 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 consider this amendment to be subject to annual review, to ensure that it will not entail any large unforeseen expenditures.