

## Central African Pensions

The British Government has agreed to clear the whole deficit in the Central African Pension Fund, by paying the outstanding shares of the three African governments as well as its own share. This means that pension payments at their present level are assured for the remaining pensioners for life. But there is no provision for pension increases (i.e. for those pensioners who were not HMOCS members transferred with their work to Federal service).

This decision by the Secretary of State for International Development, Mr. Andrew Mitchell, MP, followed requests by the Crown Agents, as the Trustee of the Fund, and by OSPA as representing the pensioners. The OSPA Chairman's letter to the Minister about the deficit included a statement that we believed that it was not acceptable that there had been no pension increase for some pensioners since 1997, while UK inflation since then had exceeded 35%. But the difficulty has always been that the original agreements setting up the Pension Fund made no provision for pension increases, thus leaving it to the trustees to manage the funds in whatever way they would judge to be in the best interests of the pensioners. It has been possible at some time in the past to pay discretionary increases, but that always depended on actuarial valuations and estimates of mortality. The last Actuarial Valuation Report as at 31 July 2009 said that there was no established practice of granting increases, and no allowance had been made for them in future.

OSPA acknowledges that the Government's decision to pay the £3.3 million (subject to a satisfactory review by the Crown Agents of the Fund's investment strategy) which would clear the deficit and assure future pension payments is a generous one, and that though it had been hoped that account could have been taken of the need for pension increases, there are constraints.

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