

## Central African Federation Pensions

The British Government agreed in 2010 to clear the whole deficit in the Central African Pension Fund, by paying the outstanding shares of the three African governments which had declined to pay, as well as its own share. This meant 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, who were transferred with their work to Federal service).

That 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 sometimes in the past to pay discretionary increases, but that always depended on actuarial valuations and estimates of mortality. The 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. The most recent formal valuation of the Scheme was as at 31 July 2012.

OSPA acknowledged that the Government's decision to pay the £3.3 million to clear the deficit and assure future pension payments was a generous one, and that though it had been hoped that account could have been taken of the need for pension increases, OSDA recognised that there are constraints.

March 2014