

UNITED NATIONS  
JOINT STAFF  
PENSION FUND

# Second Management Charter

2005 - 2007



UNITED NATIONS

## Foreword

- ① I have the honor to submit herewith the second **Management Charter for the United Nations Joint Staff Pension Fund (UNJSPF)**. It includes proposed goals, objectives and related action plans for the remainder of 2005, and for the full biennium 2006-2007.
- ② This document has been prepared with the aim of setting a framework for future action and to provide the basis for a concrete and enhanced relationship between the management of the UNJSPF and the Pension Board.
- ③ In formulating these proposals, paramount consideration has been given to continued progress in actions aimed at contributing to our clients' satisfaction. Being truly customer-oriented obviously requires a firm commitment to quality-controlled services, easily accessible information, quick and reliable responses and complete transparency vis-à-vis our participants and pensioners/beneficiaries. All these objectives are addressed in a detailed action plan for which staff and management are making commitments to ensure their full implementation.
- ④ As far as the member organizations are concerned, emphasis is put on the necessary and on-going contacts between the Fund and each of those organizations with a view to maintaining and enhancing these relationships.
- ⑤ This Management Charter also identifies the challenges the Fund will have to address over the next couple of years and clearly sets out its priorities in terms of timely delivery of services, cost-effective pension administration, and an efficient investment management strategy. All of these priorities will contribute significantly to the Fund's durable competitiveness.
- ⑥ In addition, Management is committed to put in place all necessary means to assure business continuity in response to the perceived higher level of financial and operational risks. Finally, thanks to the successful implementation of information technology projects during the last biennium, and subsequent availability of modern tools, all stakeholders, including staff, will take advantage of a more open pension information system operating as a global web-based network.
- ⑦ Considering that some of the proposed objectives have budgetary implications, full implementation of the related action plan would be under the condition that the required resources are made available.
- ⑧ Management is confident that the objectives and action plans proposed in this Management Charter are achievable. As part of its commitment to accountability, Management will report to the Board on their implementation.

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*United Nations Joint Staff Pension Fund*

# Management Charter

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## Introduction

The United Nations Joint Staff Pension Fund is a fund established by the General Assembly of the United Nations to provide retirement, death, disability and related benefits for the staff of the United Nations and the other organizations admitted to membership in the fund.

In addition to the Regulations and the Administrative Rules, this Management Charter aims to provide a set of goals and objectives for the management of the Fund. Based on shared views by the United Nations Joint Staff Pension Board and the secretariat acting in accordance with their own distinctive but closely related capacities and responsibilities, the Management Charter affirms a strong commitment to a service-oriented pension fund.

Established with a three-year perspective, from 2005 through the end of 2007, this Charter presents clear objectives to be achieved within a specific timeframe, and a plan of action for their implementation. Giving increased visibility to management's action it should facilitate monitoring of Fund's activities and performance assessment. It thus provides the basis for a concrete and ongoing relationship between the Pension Board and the secretariat therefore constituting part of the Fund's global governance mechanisms.



## Mission Statement

Our mission is to manage the UNJSPF under the authority of the Pension Board and to provide related services to participants, as well as pension revenues and related benefits to retirees and beneficiaries in the best conditions of security, performance, responsibility and accountability and in full compliance with the highest standards of efficiency, competence, and integrity.



## Challenges

Some of the challenges the UN Pension Fund will have to address are related to changes in its environment and mainly concern structural and rapid changes affecting societies, employment patterns, social priorities, economic trends, financial markets performance in different regions of the world and cultural attitudes; others relate more specifically to the long-term needs of the Fund and its constituent groups.

Indicated below are the challenges identified by management as having relevance to the operations of the Fund; they need to be taken into account when planning for resources required for internal change and risk management:

- **Increasing number of participants and beneficiaries serviced by the Fund and increased longevity**

An increasing number of active participants combined with a growing number of individuals reaching retirement age and the effects of a growing life expectancy will translate into an increasing workload. In addition to the continued increase in the total number of active participants serviced by the Fund, it is assumed that the number of periodic benefits in award will increase by 12.8 per cent to 60,750 by the end of 2007 compared to 53,879 at the end of 2004.

- **Retirement of Fund's staff and challenges to its institutional memory and experience at a time of continuing changes in benefit provisions and related studies as mandated by the Board**

The Fund already has to deal with a complex set of regulations, linked to past decisions taken either on the grounds of economy measures or in response to strong social demand in favor of new categories of beneficiaries. Also, the Fund has to adapt its processes and procedures to an ever changing banking and regulatory environment. The Fund needs to find an appropriate response to the situation in which essential information, knowledge and expertise are partly unwritten or difficult to access, and that some key staff members will retire in the near future, and to the risk of losing important knowledge and experience, as well as institutional memory.

- **Social and environmental responsibility as an organization**

Like many other organizations, the Fund needs to review its processes and procedures in order to assure its constituent groups that their concerns about social and environmental issues are properly addressed. In particular, the Fund would need to avoid shifting the burden of under-funded prior liabilities and commitments onto future generations, make necessary arrangements within its operational activities to protect the environment and be a socially responsible investor concerned with sustainable development principles and values included in the Global Compact as promoted by the United Nations.

**- Demand for more information, improved contacts and direct access by individuals to their personal information**

All stakeholders maintain an expectation of easy access, immediate availability, customized information services and advice. As pension promises are, from time to time, adjusted to reflect economic and demographic changes, the increased demand for information should be dealt with. Extended information services and proximity relations tend to be valued almost at the same, if not higher, level as the traditional and basic timely delivery of pension payments. The options contained in the Regulations and offered to participants and potential beneficiaries assume the availability of estimates and personalized calculations in order for the concerned parties to be able to make the best possible choices based on reliable information; this would require an intensive use of modern information technology for benefit processing, search and retrieval of data, and on-line connection to member organizations information systems and a more open pension information system, operating as a fully integrated component of a vast global web-based network. Also, the older, and thus often more dependant retirees, will require more unique and dedicated attention.

**- Greater reliance on investment income**

The maturity of the Fund and the subsequent expected imbalance between contributions and benefit payments will put more pressure on financial performance and on the need for security. One can assume that the investment decision making process, as well as the asset and liability management as a way of making sure that the Fund will meet its strategic objective of funding liabilities, will be under close scrutiny and periodic review.

**- A need of statistics and research reports**

There is a growing demand for longer-term financial projections, building up of scenarios and other necessary prospective work to anticipate trends and to prepare for future decisions. This demand is particularly strong whenever a working group is established by the Pension Board; also, for Management, statistics are necessary tools to improve and strengthen the Fund internal control mechanisms.

**- Preservation of a high quality institutional image and signature in an environment of increased levels of financial and operational risks**

Paying pensions and related benefits to an increasing variety of beneficiaries in more than 190 countries in 15 currencies represents legal as well as administrative risks in the conduct of the Pension Fund operations. The Fund in particular has to reassure its constituents of its sustainable long-term actuarial position for retirement income security. Furthermore, the Fund will have to prove that the fiduciary role entrusted to it and its role as a safe harbor for pension rights and record keeping for almost 140,000 individual files are supported by strong security and internal control policies.

# IV

## Management goals and objectives

### **Objective 1 - To promote responsible and sustainable management by combining operational performance objectives, personnel development for staff and attention to durability**

- Set goals and establish work plans for managers and ensure that these are used to develop the work plans for staff members' performance appraisals.
- Develop, as a priority, training programmes for staff members on the enhancement of leadership, management, supervision, teamwork, communication and client servicing skills.
- Promote the principles of sustainable development and durability in day-to-day operations.
- Develop regular and quality staff management meetings.

### **Objective 2 - To manage risks properly, strengthen safeguards for the protection of Pension Fund's assets, and maintain compliance with the Regulations and Rules of the Fund and with the decisions, mandates and guidelines issued by the Pension Board and the General Assembly**

This will require:

- Maintaining clearly defined internal control policy.
- Monitoring uniform compliance by all parts of the Fund Secretariat within their respective areas of responsibility.
- Improving governance mechanisms by documenting terms of reference throughout the Fund.

### **Objective 3 - To strengthen and modernize the Fund's information system**

This will require:

- A visionary approach to the organization, and driving new technology processes and products that support the UNJSPF objectives and its clients' and partners'.
- The alignment of technical solutions and investments with the organization's objectives to deliver superior value with strict attention to information security.
- A teamwork culture that promotes creative opportunities and flexible thinking, along with rapid and quality-sensitive delivery of technological solutions.

- Reliable, technology-assisted methods for the communication of information between the UNJSPF and its clients.
- A work culture that practices, promotes and nurtures teamwork and continuously focuses on product quality improvement.
- Adequate training to reinforce and evolve skills aligned to core business initiatives and related quality sensitivities.
- Information security systems and procedures that identify violations and initiate recovery plans, as necessary.
- Quantifiable commitments to quality and performance. Use the Service Level Agreement (SLA) to communicate commitments. Establish comparisons and evaluate results against performance objectives.
- Guidelines to evaluate and measure risk exposure. Develop contingency plans, where appropriate, for problem recovery.
- Technology architectures that consider long-term growth, maintainability, customer requirements, information security, vendor reliability, and cost. Exploit opportunities to mitigate software costs through increased usage of appropriate “Open Source” and “Packaged” Software.
- A search for opportunities in outsourcing to achieve increased efficiency and cost savings.
- Adequate representation of all parties affected by technological changes. Each project will be managed with strict adherence to a clear definition of project tasks, responsibilities and delivery timeframes. Results will be communicated regularly to all affected parties.

#### **Objective 4 - To improve overall performance**

Emphasis will be put on:

- Measuring performance against indicators and benchmarks.
- Monitoring and enhancing performance in the Fund operational areas in New York and Geneva.
- Providing regular central coordination for implementation of the Fund’s entire Action Plan.
- Promoting a results-based culture by ensuring that all line supervisors share management’s expectations and goals.

#### **Objective 5 - To ensure that clients receive quality services and information**

Continue to:

- Improve outreach to the member organizations, participants and pensioners/beneficiaries within the framework of the Quality Management Policy document issued in 2002.
- Enhance communication with clients and customers in accordance with the guidelines and priorities set in the Fund’s Communication Policy issued in 2003.



**Objective 6 - To develop an investment policy and strategic asset allocation, which reflect the Fund's strategic purpose of funding liabilities**

- Ensure that investments are managed to preserve the funded status of the Fund and to obtain a long-term real rate of investment return that is in line with the actuarial assumptions, without jeopardizing the capital of the Fund by taking excessive risks.
- Commit to a socially responsible investment approach together with the objective to protect economic returns of investments subject to observance of the established criteria of safety, profitability, liquidity and convertibility.



## **Action Plan**

### **1. Executive Direction**

- Each senior manager is to be provided with his or her own statement of objectives and action plan.
- Coordination with different services within the Fund will continue to be ensured by regular management meetings every two weeks; Senior Management Meetings, which include the Investment Management Service (IMS), are to be held on a quarterly basis.
- Management will provide on a regular basis up-to-date organizational charts and a diagram of functions (i.e., reflecting operational and support services).
- Internal controls will be maintained and enhanced through the use of monthly performance reports, and internal audit work plans based on a comprehensive risk assessment.

### **2. Executive Office**

The Executive Office will strengthen the general central administrative support to the Fund Secretariat and the IMS by:

- Preparing timely budget proposals and performance reports of the Fund, for senior management approval and subsequent presentation to the Board and/or other bodies concerned, as necessary;
- Issuing timely initial and revised allotments on the basis of approved budget estimates;
- Exercising internal controls, monitoring all administrative expenses and reporting to senior management, as necessary;
- Providing administrative support to staff and ensuring that the full range of human resources-related issues, including entitlements and benefits under the Staff Rules and Regulations, are effectively dealt with;

- Assisting managers in the expeditious recruitment, placement and/or promotion of staff;
- Providing advice and information on personnel policy; assisting management in the efficient and timely procurement of goods and services; expeditiously preparing administrative/financial reports for submission to legislative bodies; assisting internal and external auditors in their work; preparing procedures manuals to document rules, procedures and practices of the Executive Office;
- Overseeing the management of staff development by encouraging substantive and information technology training and development, and for administering funds allotted for this purpose;
- Assisting managers and staff in completing performance appraisals in a timely manner;
- Efficiently managing the Fund's office accommodation.

### **3. Information Management**

The Information and Communication Technology (ICT) action plan for the coming years will focus on knowledge retention and sharing, communication, risk management and internal control, quality management, sustainable development and studying the merits of implementing an Enterprise Resource Planning (ERP) system to maximize efficiency and improve overall performance.

#### **● Creation of a Knowledge Fund**

Sophisticated software tools will be obtained to capture, manage and disseminate explicit and tacit data across the UNJSPF and made available to its clients including participants, pensioners/beneficiaries, Pension Board members, the retiree associations, the Investments Committee and the Committee of Actuaries. The Fund will also use the Knowledge Management System to develop, modify and distribute internal policies and procedures to all the staff.

#### **● Seamless transaction sharing**

The seamless exchange of data between the UNJSPF and its member organizations calls for all such entities currently sending paper to take advantage of existing electronic interface systems, sharing data stored in multiple systems and file formats. This requires the translation and transfer of data among different database management systems for eventual inclusion in the Fund's Data Warehouse where this information will be available for management reporting and planning initiatives. ICT will work with member organizations to integrate their systems, including new ERP systems with the Fund's integrated systems environment.

#### **● Risk management**

The Fund is committed to develop appropriate policies, defined in the "UNJSPF Information Security Policy" document, to address each of the nine areas of security as defined by the International Standards Organization in ISO 17799.

The ICT infrastructure should be reviewed regularly to ensure that adequate technology is in place to protect the integrity of data, provide optimum system availability and to support on-going UNJSPF operations.

### ● **Quality management**

The vehicle for measurement of Service Level Performance is the Service Level Agreement (SLA) which assigns timeliness and delivery accountability to the staff responsible for response time, system performance, system availability software defects and application programme delivery. Regular reviews by ICT governance bodies will be performed to evaluate performance and reassess priorities as necessary.

### ● **Communication**

The Fund will make available a web-based information “portal” which will direct clients to areas of the site, customized to their pension interests and language preference. New functionality will include Certificate of Entitlement tracking, Separation case monitoring, Annual Benefit Statements and Cost of Living notifications. Secure, password-protected areas for appropriate use by authorized Pension Fund partners (e.g. local Pension Secretariats and the Federation of Associations of Former International Civil Servants) will give access to special-purpose information such as file histories and administrative, health and life insurance data and reports. The “portal” will also take account of differences in client access conditions and be sensitive to local technology restrictions (e.g. bandwidth and computer processing speed).

### ● **Sustainable Development**

ICT activities play a major role in the Fund’s Sustainable Development efforts. The key areas of focus are Environmental, Social and Economic. Environmental improvements call for a reduction in paper, installation of energy efficient hardware and the proper disposal of waste to include obsolete equipment. Social improvements will include the purchase of high-resolution monitors to protect eyesight. Systems will also be developed in a “user-friendly fashion” to reduce client stress and fatigue. Economic improvements call for appropriate use of funding and the expansion of the Fund’s Knowledge-Based Systems to promote the retention and distribution of acquired information. The protection of the Fund’s information assets must also be considered in economic sustainable development.

### ● **ICT Governance**

The UNJSPF governance model for ICT is client-sensitive and provides the means to monitor relevant activities through the UNJSPF Information Technology Steering and Executive Committees. Procedures have been established to record and monitor new system requests, and all project activities follow the Fund’s System Development Methodology. ICT performance is reported regularly to users via the Service Level Agreement, which compares ICT progress to established quality and timeliness indicators and benchmarks. The ICT Service must continue to ensure that adequate contacts and related consultations take place with all parties affected by technological change, and that each project is managed with strict adherence to a clear definition of project tasks, responsibilities and delivery time frames. Results will be communicated regularly to all affected parties including the internal and external auditors.

### ● **Resources and outsourcing**

The Fund’s ICT Service is dedicated to providing value at the most reasonable cost. Human resource requirements, in particular, represent a significant component of overall ICT costs and various options for recruitment and procurement are available. The Fund, like other similar institutions, prefers to outsource certain functions that are unrelated to its core and unique business functions. The Fund will proceed cautiously

in this regard and will only outsource ICT activities that do not violate the Fund's security and confidentiality standards and policies. The International Computing Center (ICC), for instance offers the Fund the opportunity to outsource functions to a UNJSPF member organization. The Fund has expanded its relationship with ICC, which previously provided only mainframe support, to also include the outsourcing of certain project management and software maintenance services.

#### **4. Performance of day-to-day operations**

##### **4.1 Operations**

###### **Operations: General management**

- Organize bi-annual meetings with staff at large for updates on Board and Standing Committee issues as well as issues at hand.
- Organize meetings at least bi-monthly with Section Chiefs. At least four times a year attend staff meetings held by Section Chiefs with their staff.
- Organize quarterly meetings with the Chief of the Geneva Office.
- Ensure that all performance appraisals in Operations are completed in a timely manner and that due attention is paid to competencies and project planning in devising work plans. At beginning of process, mid-year review and year-end.
- Continue to review and enhance monthly performance reporting particularly in Records Management and the Accounts and Payments Units. This will improve management monitoring and provide better tools for ensuring quality products.
- Continue to work on quality management standards encouraging appropriate training on client servicing orientation and lessons-learned seminars at least every quarter with managers on issues that require attention.
- Work with the staff to promulgate an awareness of sustainable development principles and work on actions to be taken by the staff of Operations with information on achievements to be provided annually to the Fund's Committee on Sustainable Development.
- Conduct Information and Training seminars in major regions covered. Provide such training in Latin America in 2006 and in New York once a year for participants and at least once a biennium for administrative personnel of the main entities (UN, UNDP, UNICEF, DPKO).

###### **Operations: Pension Entitlements and Client Servicing Section (PECSS)**

- Process all benefits within 15 days as benchmarked in the UNJSPF and continue to improve the quality and level of service to an increasing number of participants and pensioners/beneficiaries using the reports developed for monitoring.
- Promulgate procedures for all work-types. Incorporate in the Knowledge Management System the procedures, precedent cases and samples for ready access by all staff so that internal controls, incorporating consistency of processing, are understood by all staff.

- Develop training modules to facilitate training of staff as regards participation and benefit processing.
- Ensure a dynamic and always evolving website to enhance the level of services to clients: (a) For participants, make available applications for estimating cost of validation, restoration and transfer of pension rights, and (b) For pensioners/beneficiaries, allow access to view the current value of a deferred retirement benefit not yet in payment as well as the current value of a potential survivor's benefit. Follow-up on third-party notification so that up-to-date information is maintained for all beneficiaries.
- Implement systems/interfaces to electronically process personnel actions relating to locally recruited staff of UN peacekeeping missions, UNICEF and UNDP.
- Automate the assignment of Pension, Retirement, and Termination numbers in conjunction with PENSYS rewrite.
- Redesign the payment instructions forms to include e-mail address and telephone number of pensioner/beneficiary, and find method to ensure that the same number of folders are updated with this information.
- Undertake a review of benefit entitlement letters in conjunction with the replacement of the Office Vision Benefit Letter System.
- Continue to participate in the IMIS review as regards PENSYS rewrite.
- Redesign the annual statement to provide online a more complete pension record summary for participants.
- Develop a system to handle "deemed separations" for participants on extended SLWOP without making concurrent pension contributions.
- Conduct a full review of the system used by the Fund to determine continued eligibility to a UNJSPF benefit in payment. Contact other pension plans to obtain information on the process undertaken in such plans as regards benefits in payment.
- Redesign the current Certificate of Entitlement so as to make available a more user-friendly form that would include an identification card for the beneficiary. As part of the annual certificate of entitlement exercise, review the folders of all beneficiaries over age 80.
- Put in place a system for tracking telephone calls to the staff of Client Services in order to monitor level of service to clients and make available statistical data.
- Organize participants and pensioners/beneficiaries surveys to establish customer service satisfaction; one survey each year.
- Continue to review and update training materials for workshops and seminars. Provide training to participants, pensioners/beneficiaries and staff of member organizations as warranted. Organize pension "tables" in UN Secretariat lobby once a year to distribute new documentation or information material.

### **Operations: Financial Services Section (FSS)**

The Financial Services Section will continue to provide comprehensive financial services for the Fund's operations: benefit payroll, payments, financial accounting - including production of the Financial Statements - and cashiers.

### FSS: Accounts Unit

- Issue the financial statements without error - unqualified biennial statements during 2006 and annual statements in 2007 that conform to the Fund's accounting policies and newly adopted UNJSPF Financial Rules.
- Following completion of accounting and administrative procedure documentation, establish and gather procedures for specific tasks in detailed level.
- Ensure complete follow up of contributions issues in timely manner, especially with the larger entities (United Nations, UNDP and UNICEF), so that balances due can be settled in due course.
- Monitor bank accounts on a real-time basis - perform timely accounting on transactions relating to participants or pensioners/beneficiaries.
- Overhaul procedures on "resolving" and "reporting" participants reconciliation exceptions (PRE) - publish user-friendly guide for pension reporting for member organizations. Devise system-assisted reporting tool on the status. Organize periodic training seminars to assist member organizations in conjunction with user-friendly training modules.
- Enhance accounting controls and financial reporting by performing monthly analysis on major accounts, subject to increased resources.
- Establishment of a new Accounting Sub-Unit. The new sub-unit should be given responsibility for a number of accounting functions: Accounts receivable, Approving Officer duties, Control of Lawson, Control of accounting entries, and participation in the production of Financial Statements and in replying to audit observations.

### FSS: Cashier's Unit

- Review the implementation of the new banking contracts to establish whether the benefits of streamlining treasury management activities and improving reporting have been achieved.
- Continue to ensure that, under the changed banking structure, payments to beneficiaries are carried out in an effective and efficient manner with improved services and at lowest possible cost to the Fund and its pensioners/beneficiaries.
- Ensure that the complaints of non-receipt/delay of pensions and bank charges are kept to a minimum.
- Enhance procedures related to contributions "receiving" and "reporting" with a view to improving and streamlining cash flow.
- Enhance communications with member organizations so as to improve cash forecasting.
- Continuing interaction with the Geneva Office on similar issues.

### FSS: Payments Unit

- Undertake continuous interaction with the Geneva Office, particularly with regard to similar activities.
- Continuously review, update and add to information available on the UNJSPF website regarding payments issues for beneficiaries. Potential areas of improvement are: Annual Benefit Statement; verification of banking data by pensioner/beneficiary; Payment Instructions; and recording of common complaints - non-receipt, excess or unexpected charges.

- Review and consolidate disaster-recovery procedures for payroll with Geneva Office and IMSS, and finalize procedures therein.
- Develop an initial training module for all new staff to the Fund.
- Participate in major IT initiatives.
- Contribute to Fund-wide effort to ensure proper and fully understood system of internal control is in place and operational.
- Review of business operations, addressing in particular the use of Accounts Receivable module, enhanced control of software use and revision of current separation of Accounting function (removing part of Accounts clearance for AP and AR from Payments Unit).

#### 4.2 Office in Geneva

##### **Geneva: General management**

- Develop awareness and enforcement of the Fund security policy principles.
- Promote sustainable development principles in office management.
- Pursue promotion of modern administrative and staff management, with emphasis on accountability and risk awareness.
- Promote client servicing attitude, enforcing communications and quality policies by:
  - (1) Promoting development of clients' knowledge and transparency of Fund's rules;
  - (2) Participating in the management of the Fund at the highest level;
  - (3) Promoting client-oriented communication culture, overseeing implementation of the Fund communications policy, and formulating recommendations for standardization of communications on repetitive topics.
  - (4) Promote dissemination of information, monitor elaboration and issuance of modern publications and communication means.
  - (5) Quality service: enforce quality commitment undertaken by the Fund vis-à-vis its clients. In cooperation with the New York office pursue streamlining of the monthly management information reporting.
- Provide office backstopping in all administrative matters required for the operations of the Fund's Geneva office.
- Monitor budget implementation.
- Monitor preparation and submission of disability cases in coordination with Human Resources services and Medical service.

##### **Geneva: Participation, Entitlements and Contributions Section (PECS)**

- Enhance participation processing system: Pursue automation of participation record processing of United Nations entities through implementation and rolling IMIS downloading interface and through rewriting, testing and running a modern e.status reporting device for entries, changes and break in service.

- Enhance benefit processing system: Continue automation of benefit processing system under recalculation and revision processes involving complex situations such survivor benefits with current and former spouse, children and orphan benefits and intricate two track entitlements.
- Promote client service orientation.
- Issue procedures streamlining work methods.
- Report on annual basis to agencies and United Nations offices on benefit processing.
- Provide training to the staff of new Staff Pension Committees.
- Provide training to agencies and offices in the field through workshops to Finance and Human Resources staff in agencies and United Nations Offices both in Geneva and in the regions covered from Geneva (Europe, Africa and Middle East).

### **Geneva: Finance and Information Systems Section FISS**

- Promote client service orientation.
- Issue procedures streamlining work methods and carry out ongoing review of existing processes to strengthen financial control and other sections' processes.
- Enforce pro-active client servicing and organize round table for AAFI and other retiree associations and Staff Pension Committees on topics specific to pensioners.
- Provide telephone and in-person services.
- Support business continuity planning and processing for key functions identified as requiring immediate production capacity from the UNJSPF Geneva Office. Execute, from Geneva, all processes necessary when a severe service disruption takes place at the UNJSPF facility in New York and the Business Continuity and Disaster Recovery plans must be invoked.

## **5. Management of the Investments of the Fund**

### **5.1 Long-term investments objectives**

The long-term investment objectives of the Fund are:

- a) to generate investment returns to meet future obligations of the Fund liabilities.
- b) to avoid undue risks to achieve the return objectives.

The long-term strategies applied to achieve these objectives are designed to be effective over an investment cycle, which can last from two to five years depending on the economic and market forces in operations during the period.

### **5.2 Investments policies**

The investment policies of the Fund, which take into account the observations and requests made by the General Assembly and the Pension Board, as reviewed and considered by the Investments Committee are:

- (a) Safety: Safety is achieved by ensuring adequate asset and currency diversification, by carefully researching and documenting investment recommendations, and by constant



review of the portfolio in order to take advantage of the unsynchronized economic cycles, market and currency movements.

- (b) **Profitability:** Profitability requires that each investment at the time of purchase be expected to earn a positive total return, taking into account potential risk, particularly market risk, which is common to all securities of the same general class - normally not eliminated by diversification.
- (c) **Convertibility:** Convertibility is the ability to readily convert investments from one currency to another. Convertibility facilitates payments in local currencies. Fiduciary responsibility to the Fund's participants mandates that due to the U.S. dollar-based market valuation of the Fund, and the U.S. dollar-based appraisal of its actuarial soundness, all investments should be readily and fully convertible into U.S. dollars.
- (d) **Liquidity:** Liquidity is the ready marketability of the assets in recognized sound, durable and competitive exchanges or markets. Liquidity is required so that the portfolio can be restructured in the shortest possible time in order to enhance total return and/or to minimize potential loss. To ensure liquidity, investments normally should be instruments that are readily tradable.

### 5.3 Accounting

From the accounting and contract points of view, the Operations Section of IMS is to make sure that the assets of the Fund are fairly presented and secure: proper accounting principles such as Generally Accepted Accounting Principles (GAAP), UN Financial Rules; assets are properly classified; overall verifications are adequate; adequate control (delegation of authority, limits on amounts, dual signatory, double checking on all vouchers and use of Master Record Keeper) exist over the receipts, disbursement and recording of investment, income and expenses.

### 5.4 Investment Strategy

#### (1) Asset Allocation Strategy

- Determine permissible asset classes for investment including a review of alternative investments.
- Recommend to the Representative of the Secretary-General (RSG) an asset mix policy facilitating profitability goals with levels of risk appropriate to the Fund's actuarial assumptions, risk tolerances, and liabilities.
- Establish appropriate performance benchmarks for each asset class and appropriate asset classes in aggregate while ensuring that each benchmark appropriately fits assets under management or consideration.
- Establish risk parameters for Tactical Asset Allocation (TAA) that are consistent with performance objectives and risk tolerances for the Fund.

#### (2) General Policies

- Review hedging opportunities and costs to develop appropriate policies for the Fund.
- Analyze potential manager structures that optimize benefit to the Fund including advisor to internal management, externally managed, and hybrid approaches.

- Global Compact - work to promote UN principles within the IMS high standards of fiduciary responsibility to the Fund.

### 5.5 Organization

- Determine the optimal IMS organizational structure within resource and operational mandates.
- Analyze requirements for possible new IMS posts in areas including Real Estate, Compliance, and Risk Management.

### 5.6 Operations

- One unified Global Custodian (Master Record Keeper plus Custodian) will be engaged by the Fund to enhance consistency of information and performance monitoring standards.
- Determine the optimal IMS operations infrastructure parameters within resource and operational mandates.
- Optimize the IMS relationship with the new Global Custodian to enhance performance and control.

### 5.7 Information Technology and Management Systems

- Modernize IMS technology and management systems infrastructure within resource, current, and future operational requirements to enhance systems reliability and availability while improving Fund performance, controls, and reporting.

### 5.8 Business Continuity Planning (BCP)

- Create appropriate business impact analysis, contingency audit and assurance, risk analysis, and service level agreements. Review standards for BCP to determine appropriate items for IMS consideration.
- Create appropriate disaster recovery plans and procedures.

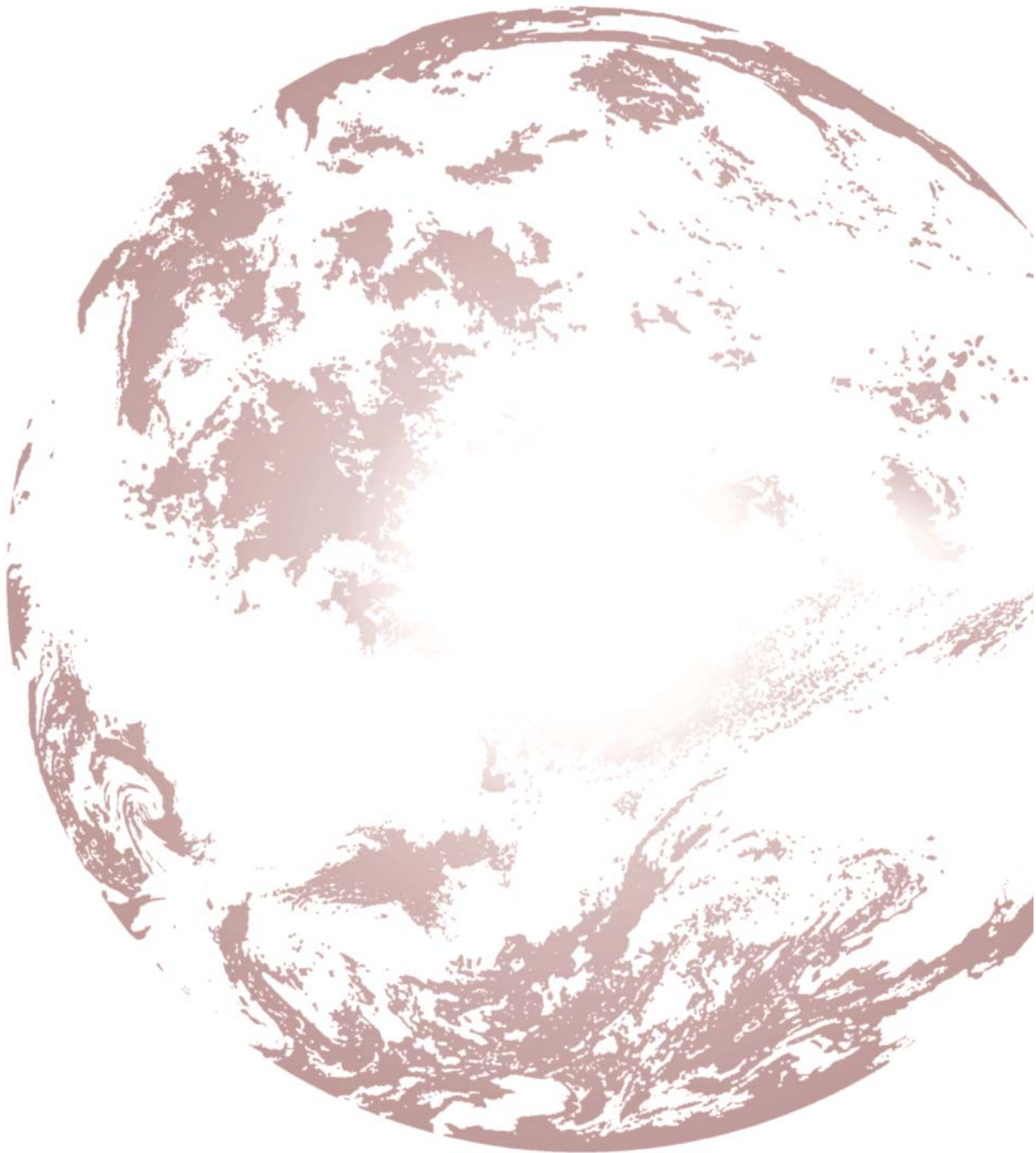
### 5.9 Reporting and Risk Management

- Establish appropriate risk parameters for each portfolio within Fund objectives and risk tolerances.
- Create appropriate formula, metrics, benchmarks, systems, policies, and procedures for performance and risk management.
- Quantify, qualify, report, and monitor portfolio risk.

### 5.10 Human Resources

- Requirements assessment, planning, and recruiting: The IMS must plan to retain and obtain the best possible staff to enhance the performance and security of the Fund and meet its current and future needs. There may be upcoming requirements in the areas of Real Estate, Compliance, and Risk Management to plan for.

- Training: In the competitive and increasingly dynamic and sophisticated field of investment management, knowledge represents power and ability to perform. It is vital that IMS staff have top cutting-edge skills to enhance Fund performance. Current and future training requirements need to be analyzed within this context.
- The IMS Code of Professional Conduct mandates that all of its staff, consultants, and vendors maintain the high standard of professional ethics and conduct that is commensurate with the IMS fiduciary responsibility to the Fund's beneficiaries.



## Annex

### The United Nations Joint Staff Pension Fund

The UNJSPF is the most diverse and complex international public pension system in the world, with annual pension benefit payments exceeding 1 billion US dollars paid in 15 currencies, with participants working throughout the world and pensioners/beneficiaries residing in over 190 countries.

#### Services

The services provided by the Fund's central secretariat include: establishing and maintaining records for all participants; establishing all benefits/entitlements under the Regulations, Rules and administrative procedures, calculating and processing all types of pension benefits/entitlements upon separation from service or death of a participant or former participant, including disability, survivor's, and children's benefits, calculating and processing pension entitlements under the Pension Adjustment System; and preparing estimates of future entitlements upon request. It also acts as local staff pension secretariat for the United Nations (including UNDP, UNICEF, UNHCR, and all other UN programmes/missions), and thus provides all pension administrative services for two thirds of all active participants.

The product-generating operations are supported by (a) information technology services, including the maintenance, design and update of operating systems; (b) accounting, payment and treasury services, including case management; and (c) other support services including executive office and legal functions.

The central secretariat also provides services to the member organizations; these include reconciliation of accounts, contribution verification, training of administrative staff on pension matters, in addition to benefit processing upon separation from service. In relation to the Chief Executive Officer's (CEO) capacity as Secretary of the Board, the Fund's central secretariat is responsible for the servicing of meetings of the Board, the Standing Committee, the Committee of Actuaries as well as of all other related bodies, including research for and preparation of all documents. The secretariat also represents the Board before the United Nations Advisory Committee on Budgetary Questions, the Fifth Committee, the International Civil Service Commission, the Investments Committee and inter-agency bodies.

#### Structure

The Fund has offices in New York and Geneva. The Fund is organized along the following lines:

- (a) **Office of the CEO:** includes the CEO, the Deputy CEO, the Senior Legal Advisor, the Special Assistant to the CEO, and support conference and administrative staff. The office is responsible for overall policy-setting, direction, supervision and management of the Pension Fund, and legal matters, as well as services related to the CEO's duties as Secretary of the Pension Board; directly under it is the Executive Office (budgetary, personnel, administrative matters and internal administrative and financial control, as well as participation in the formulation of policy, and representation before the appointment and promotion bodies; it also provides those services for the Investment Management Service);

- (b) **Operations:** include at Headquarters the Pension Entitlements Section (administration of participants for all UN Secretariat/entities as local staff pension secretariat; establishment and processing of all benefits and entitlements); the Financial Services Section (accounting, payments and cashier/treasury services);
  
- (c) **Information Management Systems:** performs analysis, design, programming and production of new and existing systems, as well as all other tasks related to Information Technology, including processing, recording, storage, retrieval and routing of information through an optical-based imaging system.
  
- (d) **Office of the Fund at Geneva:** performs many of the benefit processing and administration functions for pensioners/beneficiaries of a steadily growing number of European-based member organizations and UN-system offices in Africa and the Middle East; also serves as liaison focal point for European-based organizations, and provides advice and support to the CEO and its office on policy and procedural questions.
  
- (e) **Investment Management Service:** The Fund's investment portfolio is managed by the Investment Management Service (IMS). Decisions regarding investments are placed under the responsibility of the Secretary-General of the United Nations; the Secretary-General has delegated his fiduciary and trustee responsibilities to the Representative of the Secretary-General (RSG) for the investments of the UNJSPF who has in turn delegated some of his operating responsibility to IMS.

