



United Nations Joint Staff Pension Fund

**UNJSPF Strategic Framework
for the period 2016-2017**

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UNJSPF Strategic Framework for the period 2016-2017

I. Introduction

1. As requested by the Pension Board, this Strategic Framework has been prepared following the approach and format used in the United Nations strategic planning and budgeting processes. However, due to the Fund's unique governance structure, regulatory framework and the mandate, the format used varies somewhat from that used by the United Nations. The United Nations Joint Staff Pension Fund ("UNJSPF" or "the Fund") is an inter-agency body established by the United Nations General Assembly to provide retirement, death, disability and related benefits for international civil servants employed by the United Nations and the other international organizations admitted to membership in the Fund. The Fund is administered by the United Nations Joint Staff Pension Board ("the Board"), a subsidiary organ of the United Nations General Assembly.

2. The Strategic Framework identifies the main priorities and objectives of the Fund for the biennium 2016-2017, and serves as the basis for programme planning, budgeting, monitoring and evaluation. The Framework represents a compact between the Fund's Management and the Pension Board outlining the main objectives for the Fund in the period as well as the corresponding strategies to achieve them. It provides insight into Management's actions with the aim of facilitating the overall monitoring of results and performance assessment of the Fund. It establishes the basis for a concrete and on-going relationship between the Pension Board and Management, thus constituting an important and integral part of the Fund's governance mechanisms.

3. The Strategic Framework for the period 2016-2017 builds on the findings and recommendations of various assessments and reports that have been submitted for the consideration of the Board at its past sessions. These include the Strategic Frameworks for 2012-2013 and 2014-2015¹, the *Carte Blanche* document submitted to the Working Group on Sustainability and to the Board in 2013², the strategic planning exercises conducted in 2007 and 2013, the Third Management Charter³, the comprehensive risk assessment studies undertaken in 2005⁴, 2009⁵ and 2013, the overall review of the UNJSPF staffing and organizational structure ("Whole Office Review") considered in 2008⁶ and the Medium-Term Human Resources Action Plan (2010-2017)⁷, the Asset-Liability Management Studies conducted in 2007⁸ and 2011⁹ and the Current State Assessment and Target Operating Model studies¹⁰ undertaken in preparation for the implementation of the Integrated Pension Administration System (IPAS).

¹ JSPB/58/R.20 and JSPB/59/R.27

² JSPB/60/R.26/Add.2

³ JSPB/55/R.26

⁴ JSPB/53/R.46

⁵ JSPB/57/R.23

⁶ JSPB/55/R.23

⁷ JSPB/57/R.21 and JSPB/57/R.22

⁸ JSPB/54/R.20

⁹ JSPB/58/R.8

¹⁰ JSPB/55/R.22

II. Overall Orientation of the Fund

A. Mission

4. Under the authority of the Pension Board, the Fund is entrusted to provide retirement, death, disability and other benefits and related services to its participants, retirees and beneficiaries.¹¹

5. To meet its long-term commitments and liabilities, the Fund must ensure an adequate level of investment return on its assets while remaining mindful of the approved risk appetite and its related risk tolerance philosophy. It must also ensure that all of its activities reflect the best conditions of security, accountability, social responsibility and sustainable development while operating in full compliance with the highest standards of quality, efficiency, competence, and integrity.

6. The Strategic Framework reaffirms a strong commitment to a service-oriented Pension Fund. Pensions are a critical element of the overall conditions of service for all staff of the 23 member organizations of the Fund. They are an integral part of the package of pay and benefits that determines the competitiveness and attractiveness of the organizations as employers in the labour market.

B. Longer-term objectives

7. Considering the outcome of the key studies carried out over recent years and the strategic planning exercise conducted in 2013, the following long-term challenges and objectives for the Fund have been identified:

- i. Strengthened governance;
- ii. Ensuring the Fund is an agile organization;
- iii. Enhancing the service-oriented nature of the Organization;
- iv. Using Information Technology as an agent for change;
- v. Achieving the long term investment objectives.

(i) Strengthened Governance

8. The UNJSPF is an entity with long-term vision and objectives, which requires sound governance in order to meet pension promises decades into the future. As the Fund has reached a high level of maturity, the stability of the benefit provisions should be maintained and risk management reinforced.

9. Unique features, such as the two-track feature of the Pension Adjustment System, add complexity to the Fund's long-term financial management. The Fund continues to enhance its control structure; implementing an effective enterprise-wide risk management process, developing and maintaining specific internal control mechanisms, and, carrying out periodic asset-liability management studies, in order to make informed decisions regarding

¹¹ The legislative mandate of the Fund is derived from the General Assembly resolution 248 (III) in 1948 that approved the UNJSPF Regulations, as well as subsequent General Assembly resolutions and the Pension Board decisions. The General Assembly resolution also determined that the investment of the assets of the Fund will be decided by the Secretary-General.

plan design and investment policy. To that effect, it is important to provide and maintain the framework for a well-funded and actuarially sound Pension Fund, balancing the increasing interdependency of the Fund's assets and liabilities.

Stability in plan design

10. Mindful of the Fund's maturing nature and its complex plan design, any significant changes to that plan design, or modifications to the Regulations, Administrative Rules and the Pension Adjustment System, represent not only a potential risk to actuarial status of the Fund but also a possible significant administrative burden. This could lead to intergenerational inequities. Therefore, all future changes to the plan design should be carefully studied and coordinated keeping in mind the principles set forth by the Committee of Actuaries in 2010, namely:

- a) income replacement;
- b) long-term solvency;
- c) intra and inter-generational equity;
- d) cost control and stability;
- e) simplicity of administration; and
- f) risk control.

11. Amendments should be proposed, planned and implemented keeping in mind long-term strategies, legal implications, simplicity of the related provisions, financial soundness, and administrative viability.

Interdependence of assets and liabilities – coordinated mechanism

12. One of the findings of the asset-liability management (ALM) studies, considered by the Pension Board in 2007 and 2011, was that there is a complicated interaction between the Fund's assets and liabilities which requires an integrated approach, especially when dealing with solvency matters and with the determination of the strategic asset allocation for the Fund's investments. The bifurcated governance structure of the Fund could lead to significant risks, which affect its overall effectiveness, and may not yield optimum results, unless there is constant and high degree of coordination, consultation and information sharing between the secretariat (liabilities) and Investment Management Division (IMD) (assets). The wish to ensure the Fund's long-term sustainability was the Board's main driving force, which resulted in establishing an Assets and Liabilities Monitoring Committee. In the future, the Committee will have a significant and increasing role in the governance of the Fund, providing advice and recommendations to the Board with regard to risk management, particularly with regard to risk tolerance, funding policy, asset-liability management and investment policy.

Internal control framework – Statements of Internal Control

13. The Fund continues to strengthen its internal control framework. Following the implementation of International Public Sector Accounting Standards (IPSAS), the Fund introduced the Statement of Internal Control for all its areas in 2014 and intends to introduce Statements of Internal Control with its partners, including with the UNJSPF Member Organizations, thereafter. These Statements would include disclosures on the scope of

responsibility, the purpose of the system of internal control, capacity to handle risk, the risk and control framework and review of its effectiveness.

14. The importance of the Statements of Internal Control is highlighted in the context of the implementation of the new Integrated Pension Administration System (IPAS), which is a robust IT system and depends on the correct data feeds from the employing organizations. While the operating model has changed the way the Fund does business with its Member Organizations through increasing automation, the fundamental principle of data ownership has not. The UNJSPF relies on the accurate and opportune reporting of the participation and contributions of the staff members by the Member Organizations, and it is in the interest of all – Member Organizations, the staff members/UNJSPF participants, and the Fund – that the personnel data is correct and that the contributions are calculated and remitted to the Fund accurately and on time.

(ii) Ensuring the Fund is an Agile Organization

Challenges

15. The Fund is responding to its mandate and addressing its objectives in an ever-changing, complex and uncertain environment. The drivers for change include; the dramatic growth in membership of the Fund over the last 15 years (from 115,134 participants and beneficiaries in 1999 to 190,274 in 2013), an enlarged group of staff members moving into retirement and the increasing longevity of retirees who have specific service needs of advanced old age, the highly volatile financial and economic environment with changing foreign exchange rates and CPIs, the complex and evolving plan design that reflects societal and legislative changes, the high level of maturity of the Fund that requires enhanced solvency management processes to respond to the challenges of the interdependency of assets and liabilities; the global change in IT systems and technology, coupled with changes in the UNJSPF member organizations, and, finally, the strive for efficiency – doing more with less.

16. The organizational culture of the Fund needs to adapt to this new uncertainty; the Fund needs to recognize that constant change has, today, become more of a norm than an exception. While the Fund has undertaken a number of modernization initiatives over the years, it needs to respond to the challenges by becoming more agile: it needs to become responsive, flexible, adaptable and innovative. This all originates from the nature of the business of the Fund, which, in respect of its operations, is essentially that of a financial institution. The idea is to enhance the strategic planning, create and empower an effective middle-management team, and establish a learning organization with a service orientation. By building an aligned and cohesive group of “functional” managers, the senior management team has the potential to increase effectiveness. In addition, the budget process of the Fund should be further reviewed and the paradigm of administrative services reviewed and assessed in the future.

17. While the Fund is going through the paradigm shift brought by IPAS, the second phase of modernizing processes for further productivity gains and excellence in service delivery should start almost simultaneously. While the goal is constant modernization and an efficiency driven culture, it should be recognized that there will be need to strengthen the

staffing levels of the Fund secretariat, particularly in the operations and client service areas, in the future, given the “shoe string” approach the Fund has had over the years.

Permanent training and staff development platform

18. It is important to safeguard a seamless transition to the new pension administration system and address immediate “unknowns” resulting from the aftermath of the IPAS implementation. Only that will guarantee that the Fund continues to meet its commitment to ensure a constant stream of income for active participants as they move into retirement status. This requires intensified, systematic training and staff development, which, due to the need to understand and apply the Fund’s complicated benefit provisions, can only be conducted in-house. The Fund will create a corporate learning culture in which every employee drives his/her learning and development, and in which every line manager actively supports this culture and contributes to building a learning organization. The Fund also requires adequate levels of resources to address important change management, knowledge transfer, and quality control issues.

Active human resources management

19. The Fund will develop and implement a human resources strategy aligned to its business objectives. Most importantly, the Fund will initiate active talent and career management. In this regard, the Fund will design a talent management strategy and identify and implement technology to deliver strategies. Furthermore, the Fund will develop and deploy a career framework across business functions. To that effect, the Fund will design, develop and execute an organization-wide talent identification process, succession planning process and methodology. It will start the process from skills identification and inventory, and develop planning and prioritization processes, taking into account the most pressing business needs arising in the aftermath of the IPAS implementation and from the results of the organizational review conducted post-IPAS. The Fund will also review performance management improvement initiatives and develop identification and tracking measurements to determine the effectiveness and financial impact of different human resources policies and strategies.

Review the paradigm of administrative services

20. The Fund will review its policies, procedures, standards and tools to ensure effective management and control as well as efficient delivery of administrative services. It will develop and promote innovation and best practices in these areas. Administrative operations, particularly human resources management, will be monitored to improve consistency, coherence and client-orientation and to ensure open and transparent administrative services. Administrative systems, policies and procedures will be developed and adjusted to meet the evolving needs of the Fund in the short and long term.

(iii) Enhancing the Service-Oriented Nature of the Organization

21. It should be noted at the outset that although the Fund has a dedicated section dealing with client services, the vast majority of the Fund secretariat is also involved in client servicing activities. The Fund has reaffirmed its strong commitment to a service-oriented Pension Fund. The ongoing growth in the transactional volume related to active participants

serviced by the Fund, combined with increasing numbers of individuals reaching retirement age and further increases in life expectancy, continue to translate into heavier workloads for the Fund. In addition, the recent trend towards providing coverage for a wider scope of circumstances is resulting in more complex workloads. The growing numbers as well as the aging of the Fund's retirees will call for greater care and attention to unique needs that only a "state of the art" client servicing section would be able to provide. The Fund must therefore continue strengthening its client servicing capabilities, including its overall work flows and document management and distribution functions.

22. While IT systems can be an agent of change, nothing can replace human involvement when dealing with the clients. The core function of the Fund secretariat is to pay and administer pension benefits, not only for the current participants and retirees, but for future generations. Quality performance standards have been incorporated in the work plan of the Operations, which continue to ensure that all pension entitlements are estimated, calculated and paid consistently, in a timely manner and in full conformity with the Regulations, Rules and Pension Adjustment System.

23. The Fund is well aware that a large share of its clients lives in the various regions of the world that are not within close proximity to the Fund's NY or Geneva offices. The Fund will continue identifying ways to better reach and provide full client services for participants, retirees and other beneficiaries residing in all parts of the world, including enhancing self-service capabilities, significantly increasing its outreach efforts and reviewing possibilities of establishing small regional service centers, or possibly establishing "roving benefit officer" positions within the Fund with the aim of providing more frequent and extended missions to those field offices which are not easily catered for by the more permanent offices

24. The Fund will also enhance its ongoing, comprehensive communication policy with all constituents of the Fund to ensure full transparency and that participants and beneficiaries are in a position to make fully informed decisions and choices regarding their participation and benefit election.

(iv) Using Information Technology as an Agent for Change

25. As benefit provisions and payments are adjusted to reflect economic and demographic changes, the increased demand for up-to-date information needs to be met. Thus, the Fund will focus on updating and upgrading its information systems infrastructure, improving its overall operational processes, system capabilities and performance, and automating data exchanges with member organizations as much as possible. The Fund will enhance information sharing with Member Organizations, expanding the use of dedicated interfaces, and ensure that the UNJSPF's information technology infrastructure keeps pace with the changing requirements of business users while taking advantage of advanced technologies to support improvements in security, performance, and quality of service.

26. As the processes are simplified, streamlined, and harmonized, the emphasis shifts to not only "state of the art" client servicing, but also "state of the art" IT systems that enable enhanced knowledge management as well as knowledge generation. While efficiency gains are realized through IPAS, the Fund will further invest and change its attention to IT systems and business intelligence tools that facilitate focused information, reports and analysis. Such

reporting would be invaluable to reinforce internal controls, advance technical analysis, improve compliance functions, as well as generally develop intelligent performance reporting for the benefit of the managers and the governing bodies alike.

(v) Achieving the Long Term Investment Objectives

27. Achieving the actuarial real rate of return objective over the long term is vital to the sustainability of the UNJSPF. Over the past fifty years, the Investment Management Division has met this objective, however, prolonged low interest rates, increasing market volatility, and significant competition for sound investment opportunities will present challenges to IMD over the period 2016-2017. Moreover, the reduced dominance of the US dollar will impact the diversification strategies of the Fund, particularly with respect to the Fixed Income and cash portfolios. While in the long term, a multi-polar currency environment may provide stability in a global fund such as the UNJSPF, IMD staff must be continuously researching market opportunities and remain up-to-date with best practices and fully abreast of market developments.

28. To compete successfully in such a market environment, it will be necessary to ensure that IMD is staffed with experienced investment professionals, and equipped with reliable and accurate investment tools. Because the investment management and related systems are undergoing rapid changes due to regulations, innovation and competition, IMD must be constantly investing and renewing its IT systems and software environment. A prudent level of investment and upgrading of custodial arrangements, analytical, accounting, risk management and transactions software and robust IT infrastructure to support investment activities is imperative.

29. With respect to the diversification of the Portfolio, IMD will continue the gradual and incremental expansion of the portfolio of alternative assets, with methodical research and adequate due diligence. As has been noted in previous ALM studies, the diversification of the investments is necessary to reduce the vulnerability of the Fund to stock market volatility and to add additional sources of return. In keeping with the fiduciary duties of the Secretary-General, the use of outside expertise, whether from consultants, advisors or specialty fund managers, will remain essential when investing in new and specialized asset classes, where IMD lacks sufficient expertise, experience or staffing. IMD will continue to build its team of experienced investment staff and to improve internal procedures and controls.

30. As for investment policy, the IMD Investment policies and procedures are continuously reviewed for improvements, be they necessary because of changes in the regulatory environment, banking practices, market opportunities or economic environment. Due consideration will be given to the guidance of the Investments Committee, ALM and benchmarking studies or other reliable authorities who provide valuable expert input into the asset allocation decision.

31. Most important is the due diligence, monitoring and oversight of the investment process and all components of the portfolio. Effective compliance, risk management and analysis require experienced and dedicated professionals, whose constant vigilance and judgment will support the soundness of the Fund over the long term.

III. Priorities for 2016-2017

32. As a result of a strategic planning exercise conducted in 2013 and subsequent consultative process, and in line with the Fund's mission and the long-term objectives discussed above, the following priorities have been identified for the biennium 2016-2017:

- i. Sustainability and Risk Management Framework
- ii. Organizational review and establishment of training platform
- iii. Continued enhancements to the Fund's operational and financial systems
- iv. Information sharing and communication

(i) Sustainability and Risk Management Framework

33. The Fund's enterprise-wide risk management framework, which includes policies, strategies and monitoring and reporting tools, will continue to be enhanced, as necessary, to promote the Fund's ability to achieve its strategic objectives in the ever changing operating environment. The Fund will concentrate on further desegregating and mitigating potential sources of risk to increase awareness and develop technical expertise and to recommend appropriate strategies with the primary goal of promoting the Fund's sustainability. The Fund will monitor critical trends and contributing factors through its dashboards and key risk indicators to identify risks in an opportune manner. The Fund will continue strengthening its governance arrangements and controls to ensure that its internal control system continues to be effective, as well as provide adequate and professional, integrated technical analysis for informed decision-making at the legislative (Pension Board) and managerial level.

34. A long-term priority for the Fund is to continue to identify plan features that could be simplified and/or streamlined for easier administration and communications. To that end, plan design issues will be researched, analyzed, and coordinated with an aim of ensuring cohesiveness among the various constituents and to minimize complexity in the overall plan design (e.g. provisions concerning small pensions or two-track feature). The Fund's third asset liability management (ALM) study will be completed in 2015. A priority for 2016 and 2017 will be to ensure appropriate implementation of any changes generated from the results of this study, as well as ongoing monitoring of ALM metrics and support for the Assets and Liabilities Monitoring Committee. The ongoing monitoring of the two-track feature and other plan benefits and related risks will continue to be enhanced, taking advantage of implementation of IPAS.

(ii) Organizational Review and Establishment of Training Platform

35. Over the years, the Fund's client base and the complexity of its regulations have been growing at a faster pace than the secretariat's resources. While the Fund has made great strides in modernization and efficiency-driven culture, there will be need to further strengthen the staffing levels of the secretariat in order to adequately respond to the challenges the new operating environment demands. It is envisaged that the implementation of IPAS in 2014 will result in efficiency gains that should enable the redeployment of staff within the Fund, as the efficiency measures are fully implemented and take effect. However, the implementation of IPAS will, in itself, likely generate an increased demand for effective interaction with constituents. An increased emphasis upon the provision of self-service

functionality for both member organizations (Employer self-service) and for participants and beneficiaries (Member self-service) will create a need for a dynamic and competent cohort of operations and client service staff to ensure that organizations and constituents are fully and properly informed regarding the way the Fund operates.

36. Following the IPAS implementation and stabilization period, a comprehensive review of the Fund's organizational structure, and allocation of its resources, including in different geographical locations, will be conducted to ensure that the secretariat's human resources are appropriately aligned with the changed functions and the Fund's mandate and strategic objectives and priorities. In addition, the optimal paradigm of provision of administrative and other support services will be assessed. The Fund will place strong emphasis on putting in place a structure that enhances its ability to respond to the current and future needs of its member organizations and clients within an ever-changing and complex environment, while increasing overall performance, taking advantage of synergies and maximizing efficiencies.

37. Linked to the organizational review is the need to retain qualified staff and to pass on their knowledge to others, including the improved training of staff in the specialized fields. The Fund aims at becoming a learning organization with a service orientation. This requires intensified, systematic training and staff development, which, due to the need to understand and apply the Fund's complicated benefit provisions and internal processes, can only be conducted in-house. The Fund must therefore put in place a permanent framework that will address the need for comprehensive, ongoing in-house training, better career prospects and long-term succession planning. The Fund will design and develop a talent management strategy and solutions which ensure that it will manage, develop, motivate and retain employees while creating a high-performance, sustainable organization capable of achieving its strategic objectives.

38. A permanent training platform will provide specialized and targeted training, mentoring and job-shadowing, and thereby effectively shorten the current excessively long learning curve for staff in the Fund secretariat both in New York and Geneva offices. Such an ongoing, progressive and systematic training will provide for an overall expanded base of well-trained, versatile, and multi-skilled technical staff, enhance knowledge transfer, improve career prospects and mitigate the impact of the retirement of senior long experienced staff. Such a platform would also help provide the Fund with ongoing documentation on policy guidance, preparation and updating of new administrative procedures and guidelines, draw lessons learned and carry out special projects and operational reviews, thereby addressing important change management, knowledge management and quality control/compliance issues.

(iii) Continued enhancements to the Fund's operational and financial systems

39. The Fund's operations must regularly deal with a complex set of regulations in carrying out its business. The Fund must also continue to adapt its processes and procedures to a changing accounting, banking and regulatory environment. Furthermore, ongoing growth in the transactional volume related to active participants serviced by the Fund, combined with increasing numbers of individuals reaching retirement age and further increases in life expectancy, continue to translate into heavier workloads for the Fund. In response, the Fund has been focusing on optimizing its operational model, moving to IPAS.

IPAS, which should be fully implemented by the end of 2014, will encompass the adoption of new process-driven working practices, the modernization of the information technology platform and the introduction, where required, of new systems. The project can therefore be considered an investment in the future operational set-up and control environment of the Fund that, in the long term, will achieve increased capacity in operations and significant improvements in service levels.

40. The Fund has been extensively involved in issues related to designing, testing and implementation of IPAS during the 2013 to 2014 period. During this time, Fund staff has been also simultaneously dealing with very heavy day to day operational issues. Immediately after the IPAS go-live date, the Fund is certain to encounter an important stabilization period. During this time, the Fund will be addressing, on a priority basis, any backlogs and pressing issues that might arise as a result of the transition to a new system. One of the priorities that the Fund has identified for the 2016-2017 biennium is therefore the further and on-going refinements that will need to be made to IPAS during the post go-live period. This is expected and well anticipated as all wide reaching projects such as IPAS are regularly followed by a period in which fine tuning of all processes is required and aimed at further enhancing efficiency and productivity. Some of the refinements that the Fund already envisages are the adaptation of any processes that may not have been taken fully into account in the design phase, further development of a monthly reconciliation of contributions process, preparation of comprehensive training materials, user guides and General Procedures that may be required as a result of the implementation of an entirely new administrative system.

41. The implementation of IPAS provides the Fund with a platform to also introduce monthly reconciliation of the contributions reported by member organizations. However, the Fund will have to develop new iterative monthly reconciliation processes with member organizations to utilize this data now accessible in the IPAS. The initiative for the implementation of the monthly reconciliation process will entail a collaborative effort with member organizations to define, design and implement a monthly reconciliation process in order to significantly reduce the time for the resolution of participant reconciliation exceptions (PRE) as well as the average number of unresolved PREs. The implementation of automated interfaces for HR and financial data exchange is closely related to this project. Furthermore, the deployment of the IPAS project will allow for the creation of additional web-based self-service functionalities for participants, retirees and beneficiaries as well as for UNJSPF member organizations, resulting in further efficiencies in service, more accurate information and improved customer experience.

(iv) Information sharing and communication

42. The on-going challenges associated with information sharing and communication continue to provide the Fund with opportunities for improved client support. The objectives as stated in the Fund's Communications Policy remain valid in the longer term and particularly in the 2016-2017 biennium. The Fund continues to strive for excellence in communication through professionalism, clarity, accessibility, customization, timeliness and responsiveness in all interactions with our clients. The means to achieve these communications objectives continue to include the distribution of publications, reports, and the delivery of appropriate content through the revised and modernized web-site. One

significant area of additional focus will be the provision of client self-service made possible with the deployment of the IPAS project.

43. Moreover, a clear identity and an effective and clear communications style are now necessary to accommodate a diverse and growing client population who are familiar and desirous of modern technologies and the related tools. The Pension Fund has evolved over its 60 year lifetime from a single employer plan of the UN to a fund providing benefits to the members of 23 organizations and covering almost 200,000 participants and beneficiaries. The Fund's distinction as a premier provider of pension services continually needs to be communicated throughout the UN common system. It is also important for the Fund to seamlessly provide direction and respond to the needs of its various constituents, namely participants, retirees and beneficiaries; Member Organizations; and Board members. In order to do this, an updated communications identity of the Fund will be developed coupled with standardization of the Fund communications process. Utilizing its new identity and style, the Fund will be easily and universally recognized as a preeminent service provider. This will be accomplished by improving communications with constituents through utilization of modern technology; timely notifications and standardized language, keeping in mind the communications objectives. In order to accomplish these goals, the Fund will require resources to work with appropriate Fund staff to initiate the changes discussed above and, on an on-going basis, review all Fund communications material and content for quality.

IV. Biennial objectives and programme plan by functional area

44. As requested by the Pension Board, the biennial programme plan outlines the main objectives and the corresponding strategies identified by Management for the period under consideration. These objectives and strategies are based on the priorities described above and provide the basis for planning of outputs and activities, budgeting, and allocation of the required resources for the next biennium.

A. Fund Secretariat

Component 1: Executive direction and management

Objective of the Organization: Ensure efficient administration of the Fund and full implementation of the Fund's mandate in compliance with the Regulations and Rules of the Fund and with decisions and guidelines issued by the Pension Board and the General Assembly.

Expected accomplishments	Indicators of achievement
(1) Effective management of the Fund's programme of work	(1.1) 100% of the Board and General Assembly decisions and resolutions implemented by deadline (1.2) Full compliance with the Fund's Regulations, Rules, policies and procedures
(2) Effective substantive, technical and procedural support to the Pension Board, Committees and Working Groups	(2.1) No negative feedback from the Pension Board, Standing Committee, UNSPC and other Committees and Working Groups about support provided
(3) Effective management of Fund-wide governance mechanisms	(3.1) Quarterly meetings held and all decisions implemented by deadline
(4) Improved communication with the Fund's governing and advisory bodies and diverse constituent base	(4.1) Information on the Fund's key activities, operational statistics, actuarial and investment performance shared with governing and advisory bodies on a regular basis (4.2) Increased number of website visits (4.3) Increased number of briefings, training, and seminars for the Fund's constituents

Strategy:

45. The Office of the CEO will continue to ensure full implementation of the Fund's work programme through overall strategic planning, policy-setting, direction, supervision and management of the Fund, in line with the Fund's long-term priorities and the guidance provided by its governing bodies. The Office ensures that key decisions and management responses to short and long-term challenges are consistent with the Fund's mission, values and strategy. The Office provides the focus and required coordination to ensure that the Fund provides, in a most responsive, efficient and effective way, services and pay benefits to its active participants, retirees and beneficiaries working and living worldwide. The Office will also continue to lead the Fund's several important modernization initiatives (e.g. Business Continuity, Risk Management, etc.).

46. Moreover, the Office of the CEO will continue to organize and service the meetings of the Pension Board, the Standing Committee, the UNSPC and the Audit Committee, and to provide substantive support, as needed, to the Committee of Actuaries, the joint sessions between the Investments Committee and the Committee of Actuaries, and the Assets and Liabilities Monitoring Committee. Thus, the Office must ensure that it remains in a position to provide each level of the Fund's governance with clear, accurate and up-to-date information on managerial, financial and technical issues.

47. The Office will place strong emphasis on strengthening the capacity for policy analysis and developing a broader performance management framework. An effective results-based culture will be promoted by ensuring that all line supervisors share Management's expectations and goals. The Office will regularly monitor and improve, as required, operational performance in the Fund's New York and Geneva offices, measuring performance against specific and appropriate indicators. In particular, tailored performance metrics will continue to be developed to support the measurement and monitoring of the effectiveness and efficiency of the Fund in its different operational, investment and support processes. Additional enhancements and regular maintenance of the Fund's Knowledge Management System will provide for better sharing, retention and more standard and efficient use of information, experience and knowledge.

Component 2: Programme of work

Operations

Objective of the Organization: Ensure that all eligible participants, retirees and other beneficiaries are serviced in accordance with the Regulations, Rules and Pension Adjustment System of the Fund, while fully adhering to the communications, quality management and internal control policies as outlined in the Fund's management charter.

Expected accomplishments	Indicators of achievement
(1) Effective processing of Pension Fund benefit entitlements	(1.1) Increased percentage of withdrawal settlements, retirement benefits and other benefits processed within 15 business days
(2) Enhanced quality of client-oriented services to the Pension Fund	(2.1) Increased percentage of incoming correspondence through mail and e-mail

clientele

responded to within 15 business days

Strategy:

48. As the elevated numbers of active participants begin moving into their retirement years, and as those who retire continue living longer, the need for strengthened client services continues to grow. The aging of the Fund's retirees is calling for greater attention to specific needs that only a "state of the art" client servicing operation can provide, especially given the increasing complexity of the Fund's benefit provisions.

49. The number of two-track cases has increased significantly, calling for more frequent and more extensive consultations and communications with the Fund's clients. Moreover, with the aging of the clientele being serviced and with a wider geographical dispersion of the retirees and other beneficiaries, such efforts are consuming more and more time and resources from the existing client servicing staff. As a result of the Fund's ongoing efforts to provide benefits to address a wider scope of individuals with more unique circumstances, as well as provide adequate services to the aging and more dispersed population, there is now a greater need for specialization in client servicing staff. These issues, combined with the implementation and stabilization of IPAS and the adoption of the "process driven" approach, call for an increased focus and continued strengthening of the client servicing capabilities of the Fund.

50. With this in mind, and as part of its enhanced internal control, the Fund intends to strengthen its Certificate of Entitlement (CE) distribution, tracking and related follow up activities, while exploring ways and means of greater automation. Given the steadily increasing demands on client services and the growing pressures related to servicing a greater number of individuals overall and the aging and further dispersion of the population being serviced, the Fund intends to provide for more specific training in client servicing techniques. In addition, and in view of the growing dispersion of the population being serviced, the Fund also intends to provide greater outreach activities, including a feasibility review and analysis of possibly providing additional service centers in certain locations and/or the establishment of "roving benefit officer" posts. In addition, and as part of a longer term post-IPAS reassessment, the Fund intends to consider the possibility of introducing a permanent training and development platform along the lines of the recommendation it had made initially in its 2010-2011 budget proposal and reiterated in its 2012-2013 proposals (i.e. the Operational Review and Development Unit).

Financial Services

Objective of the Organization: Ensure timely, accurate and secure payment of benefits and full accountability for all financial, accounting, and disbursement operations of the Fund.

Expected accomplishments

Indicators of achievement

(1) Effective management of benefit

(1.1) Timely, accurate and secure

payments	payment of Pension Fund periodic benefit payments
	(1.2) Timely, accurate and secure payment of Pension Fund non-periodic benefit payments
(2) Enhanced accuracy and consistency of contribution recording	(2.1) Increase in the number of resolved participant reconciliation exceptions
	(2.2) All participant records verified within six weeks of receipt of year-end schedule
	(2.3) Implementation of monthly reconciliations of contribution schedules for one pilot organization
(3) Enhanced transparency of financial reporting, improved information for internal control and governance purposes	(3.1) Timely provision of financial statements (draft statement issued by end of April of the following year)
	(3.2) Unqualified audit opinion by Board of Auditors on financial statements prepared under the financial reporting standards adopted by the Fund
	(3.3) Absence of significant adverse audit findings on financial services
	(3.4) Expansion of the scope of the Statement of Internal Control

Strategy:

51. Financial Services will continuously strive to strengthen the Accounts, Payments and Cashiers Units. Continuous interaction with the United Nations will remain important in the area of recording and reporting on the administrative expenses of the Fund. Financial Services will continue to combine and present financial information to the Pension Board to assist in its decision-making process and in monitoring the performance of the entire Fund.

52. The Fund will continue to strengthen the Fund's internal control system through the continuous improvement of the Statement of Internal Control introduced with the financial statements as of 31 December 2013. After successful documentation and testing of internal controls executed by the management of the Fund in 2014 and 2015, the Fund will also strive to integrate the controls applied by member organization over the information provided to the Fund in the Statement of Internal Control.

53. The International Public Sector Accounting Standards (“IPSAS”) have been adopted as the accounting standards of the Fund starting 1 January 2012, further strengthening the Fund’s financial reporting processes and enhancing transparency. The Fund will continue monitoring the ongoing development of IPSAS and International Financial Reporting Standards (IFRS), particularly in the area of accounting and reporting for financial instruments, in order to determine the continuing standards most appropriate for the needs of the Fund and its governing bodies.

Risk Management and Legal Service

Objective of the Organization: To protect the legal interests and financial stability of the Fund through the provision of integrated advice, technical leadership and monitoring to the Fund’s management and governing bodies in plan design, risk management and legal and compliance matters.

Expected accomplishments	Indicators of achievement
(1) Improved uniformity and consistency in the application of the UNJSPF Regulations, Rules and Pension Adjustment System	(1.1) Percentage of requests for review and appeals where the Fund’s position has been upheld either by the Standing Committee or the Appeals Tribunal
(2) Modernized and improved communication and knowledge sharing in respect to legal matters	(2.1) Percentage of legal decisions and jurisprudence documented and disseminated using the UNJSPF Case Digest and other knowledge management tools
(3) Monitoring of the overall actuarial status and sustainability of the Fund	(3.1) Periodic monitoring reports on actuarial status and risk measures based on interim asset-liability management studies and other tools completed
(4) Enhanced capacity to manage risks to the Fund’s long-term sustainability	(4.1) Periodic risk and control analyses completed and consolidated for the whole Fund
	(4.2) Risk management strategies and pension policy changes defined and proposed to the Fund’s management and to its governing and advisory bodies with a focus on ensuring the Fund’s long-term sustainability
	(4.3) Percentage of completion of periodic monitoring of the implementation of risk treatment plans and actions plans for

(5) Consistency of technical analysis

critical audit recommendations

(5.1) Percentage of decisions related to plan design that take into account the funding principles suggested by the Committee of Actuaries¹².

Strategy:

54. The Legal and Compliance Section continues to provide unified legal service for the Fund's management and operations in the New York and Geneva offices. It is responsible for strengthening the compliance functions and facilitating consistent interpretation and application of the UNJSPF Regulations, Administrative Rules and provisions of the Pension Adjustment System. The Section will provide substantive, procedural and administrative support to the Standing Committee (appeals) of the Pension Board as well as to the United Nations Staff Pension Committee (disability cases). The Section will continue to support the Fund's operations by providing legal services and assistance to all sections and offices in the secretariat of the Fund. The Section also serves participants and retirees and/or their legal representatives in regard to the application of the Fund's Regulations and Rules in individual cases. Furthermore, the Section, together with the Risk Management and Technical Analysis Section, conceptualizes plan design issues and initiates the implementation of new provisions and modifications to existing ones, while taking into account the past provisions, the Fund's legislative history, as well as the acquired rights of participants and former participants of the Fund. The Section will continue to document and disseminate legal opinions and jurisprudence, as well as train some key operational staff dealing with pension matters with legal implications.

55. Working with the Legal Section, the Risk Management and Technical Analysis Section will research, analyze, advise and coordinate relevant plan design and pension policy issues with the aim to ensure continuity and cohesiveness among the various constituents of the Fund and to minimize complexity in overall plan design as well as to simplify and streamline the Regulations. The Section will provide the CEO and the Pension Board with a formal and permanent specialized structure for monitoring the overall actuarial status and sustainability of the Fund through facilitating the completion of periodic actuarial valuation processes, periodic asset-liability modeling studies and other tools. The Risk Management and Technical Analysis would also work closely with IMD to coordinate internal control, risk management and sustainability policies and processes, which are key elements to assure that the long term objectives of the Fund are met. The Section advises and provides technical support to the CEO and the Pension Board, as well as its various committees and working groups, in the long-term strategic planning, the management of risks from an integrated perspective and implementation of pension policy issues with a focus on ensuring the Fund's long-term sustainability, including liaising with and representing the CEO in dealings with internal and external oversight mechanisms, the Consulting Actuary and the Committee of Actuaries and the Assets and Liabilities Monitoring Committee to ensure that any proposed changes to the plan design are sound

¹² 1) income replacement; 2) long-term solvency; 3) intra and inter-generational equity; 4) cost control and stability; 5) simplicity of administration; and 6) risk control

from a risk management and actuarial point of view and that all actuarial assumptions, projections, potential risks and costs are taken into account. The Section will ensure the adoption of enhanced integrated risk management methods and tools that allow the Fund effectively to identify and assess the changes in the overall risk profile and to develop and adopt measures to address risks identified.

56. The Section will provide statistical and actuarial support as well as technical documentation to the CEO, Pension Board, Committee of Actuaries, Member Organizations, and outside entities. It will support and coordinate all matters associated with actuarial funding and reporting, manage actuarial costings, participant data submissions, the Fund’s actuarial valuation process; research, analyze and draft notes regarding plan design and funding and sustainability matters, including proposals to rectify current or potential anomalies due to shortfalls in the current design.

Component 3: Programme support

Information Management Systems Service

Objective of the Organization: Facilitate the achievement of the operational and strategic goals of the Fund through the efficient and effective use of information and communications technology.

Expected accomplishments	Indicators of achievement
(1) Improved information technology services	(1.1) Percentage of information technology systems at satisfactory level (or above) of support
(2) Increased Information Security	(2.1) Percentage increase in compliance, for the defined deliverables as per the International Standardization Organization (ISO) security standards
(3) Improved sharing of electronic information with member organizations, participants, beneficiaries and other clients	(3.1) Percentage of participants human resources information electronically delivered.
	(3.2) Percentage of participants financial information delivered electronically

Strategy:

57. The IMSS will support the Fund’s newly modernized technology environment to include all functionality introduced with the IPAS project and associated ancillary systems and data bases that are specific to the Fund’s new operating model. IMSS will also provide first line support functions for systems infrastructure and analysis services while working closely with system vendors that have been contracted to provide maintenance services.

58. Data exchanges with member organizations will be maintained and adjusted as new requirements for information sharing are requested. The captured data will continue to be routed to the Fund's expanded data warehouse which is accessible using modern analytical system tools. Contributions data will be retrieved and reconciled on a monthly basis to improve information timeliness and quality. Data repositories will be established for member-wide organization access. This will assist member organizations with establishing UNJSPF participation eligibility bearing in mind that member organizations own the data generated from their systems and are responsible for its integrity and validity. The Fund's website will be also be strengthened to provide greater functionality with additional links to the IPAS self-service subsystems for the benefit of member organizations, participants and beneficiaries.

59. The IT infrastructure necessary to support the Fund secretariat will be consistent with the IPAS operating model that was established to provide greater consistency while eliminating fragmentation caused by an over-reliance on system interfaces. The IT infrastructures of the Fund secretariat and IMD will also experience greater consolidation within common physical facilities. Business continuity and disaster recovery will be seamless and regularly tested in New York and Geneva.

60. The IMSS will periodically update its risk register and monitor the efficiency and effectiveness of defined risk mitigation measures for the risks under its responsibility.

Executive Office

Objective of the Organization: Facilitate the achievement of the operational and strategic goals of the Fund through efficient and effective administrative and programme support.

Expected accomplishments	Indicators of achievement
(1) Timely recruitment and placement of best qualified candidates	(1.1) Recruitment of staff within organizational timelines (1.2) Increased percentage of women at the Professional level and above for appointments of one year or more
(2) Ensure all staff receive emoluments in a timely manner	(2.1) Deadlines met for payment of all entitlements
(3) All staff e-performances completed in a timely manner	(3.1) All e-performances finalized by 30 June of each year
(4) Effective consultation with staff on matters concerning staff welfare	(4.1) Regular staff-management meetings of the Fund secretariat and IMD held pursuant to Staff Regulations 8.1 and 8.2.

(5) Improved management and monitoring of the Fund's administrative budget	(5.1) Reduce unliquidated obligations and cancellation of prior-period obligations as a percentage of final appropriations
(6) Enhanced quality and timeliness of facilities and property services	(6.1) Decreased working days lost due to down-time of building facilities

Strategy:

61. The Executive Office provides administrative and programme support to the Fund's secretariat and Investment Management Division. In addition, it provides administrative and travel support to the Pension Board, the Audit Committee, the UNSPC, the Committee of Actuaries, Investments Committee, the Assets and Liabilities Monitoring Committee and various working groups. The Executive Office will continue to play a key role in the success of the Fund by enforcing the adherence of regulations and rules, as well as by issuing guidance on processes and procedures related to the regulations and rules. Furthermore, the Executive Office supports hiring managers in line with policies and training opportunities, as well as provides them, as well as staff at large, with policy and procedural advice. The Executive Office will continue to ensure payroll and benefits and entitlements are processed in a timely manner. The Office supports budget development, implementation and control, coordinates facilities management related issues and provides support services to the governance bodies, particularly in the area of travel and conference support.

B. Investment Management Division

Component 1: Executive direction and management

Objective of the Organization: To achieve the required actuarial real rate of return adopted by the Pension Board over the long term without undue risk while observing the four investment criteria of safety, profitability, liquidity and convertibility.

Expected accomplishments	Indicators of achievement
(1) Effective alignment of the programme of work of Investment, Risk and Compliance, Operations and Information Systems Sections and well as provision of legal and administrative support.	(1.1) 100% compliance with the submission deadlines of reports, responses, presentations, documents, meeting materials to Investments Committee, Pension Board and its Committees and other Governing Bodies.
	(1.2.) Increased number of coordination, monitoring and project implementation monitoring meetings and 100% of decisions made implemented.
	(1.3.) Critical audit recommendation implemented as planned.
	(1.4.) Increased number of negotiated and approved investment transaction and agreements for products and services used by IMD.
(2) Effective information sharing and communication with various stakeholders on investment policies, strategies, priorities and results	(2.1) Increased number of briefings, training sessions, and town hall meetings.
	(2.2.) Increased number and more regular updating of investment reports on IMD website.

Strategy:

62. The Office of the Representative of the Secretary-General leads the investment operations and sets up relevant policies and strategies as well as coordinates the work of the Division and sets forth the framework under which IMD's Sections establish their strategies and priorities to ensure that IMD carries out its mandate while affirming the best conditions of security, performance, responsibility and accountability and ensuring full compliance with the highest standards of efficiency, competence and integrity. The RSG will ensure that

all investment decisions adhere to the four criteria set by the General Assembly of safety, profitability, liquidity and convertibility. Without prejudice to the four criteria, IMD makes every effort to find suitable investment opportunities in emerging markets.

63. The RSG will work closely with the CEO to implement appropriate asset-liability management policies and ensure that ALM studies will be carried out periodically in order to be able to make more informed decisions regarding plan design and investment policy and strategy. The management will closely review and implement ALM study recommendations to ensure financial health and solvency of the Fund. The RSG leads IMD's work with the UN Investments Committee and cooperation with the Pension Board its Committees and, the Board of Auditors and the Office of Internal Oversight Services.

64. In the increasingly complex, competitive and demanding investment environment, the Office of the Representative of the Secretary-General (RSG) leads and manages the work of the IMD to ensure effective utilization of the financial and other resources and coordinates the implementation of the Division's programme of work for the achievement of the Fund's long-term real rate of return target that is in line with the actuarial assumptions. In doing so, the RSG promotes a controlled, efficient and effective management of the assets of the Fund through a work plan designed to reflect the long-term goals/priorities of the IMD and the Fund as a whole. The RSG provides leadership and guidance in setting up and implementing the appropriate risk management and compliance policies and risk budgets.

65. The Office of the RSG will oversee the consolidation of the work of the Operations and Information Systems Sections under the management and leadership of the Chief Operating Officer to ensure the proper alignment of operations, accounting and information technology and systems services in support of the investment policies and strategies aiming at outperformance of the Fund's performance benchmarks. In particular the RSG will oversee and lead the implementation of the integrated and comprehensive information technology and systems framework.

66. In view of the need to compete with financial institutions, corporations, sovereign wealth funds and governments in order to hire the best talent available, IMD will work to establish a working environment that will attract talented, ambitious and highly motivated investment professionals and is supportive to the retention of qualified investment professionals.

Component 2: Programme of work

Investment Section

Objective of the Organization: To achieve the required actuarial real rate of return adopted by the Pension Board over the long term without undue risk while observing the four investment criteria of safety, profitability, liquidity and convertibility.

Expected accomplishments	Indicators of achievement
(1) Effective management and monitoring of the implementation of tactical and strategic asset allocation.	(1.1) Total Fund return against the Fund's objective over a 10-year period.

	(1.2) Subject to fluctuating market conditions, 100% compliance with the asset allocation ranges.
	(1.3) Total return against the policy benchmark over a 5-year period.
(2) Reduction of currency and country risk through sound diversification.	(2.1) Number of currencies invested in.
	(2.2) Number of countries invested in.
(3) Diversification of investments into alternative asset classes, including private equity, infrastructure, commodities, timber, agriculture and hedge funds of fund.	(3.1) Allocation of alternative asset classes invested in as a percentage of the total Fund.
(4) Achievement of best execution in security trades and efficient implementation of the investment strategy.	(4.1) Average transaction costs against industry benchmarks.
(5) Enhanced capacity of staff in issues related to investments and portfolio management.	(5.1) Percentage of staff who attend at least one relevant conference or seminar.

Strategy:

67. The investment decision-making process, including an appropriate strategic long-term asset allocation policy and the findings of the asset-liability management study, must aim to ensure that the Fund will continue to meet its strategic objective of funding its long-term liabilities. The portfolio must be diversified with respect to asset classes, currency and geographical distribution to improve its risk/return characteristics and gain the benefits of diversification. Opportunities for introducing additional asset classes may be examined in light of the Fund's overall long-term financial viability and liability profile. Any investment strategy must consider the interests of the participants, retirees and their beneficiaries, conform to the investment policies and strategies recommended by the Investments Committee and approved by the Representative of the Secretary-General, observe the four investment criteria of safety, profitability, liquidity and convertibility approved by the General Assembly, and consider the observations and suggestions made from time-to-time by the Pension Board on investment policy.

68. To ensure an optimal return for the Fund, IMD will seek to further diversify by asset class, country and currency. IMD will continue to diversify the portfolio in alternative asset classes including private equity, infrastructure, commodities, timber and agricultural lands, and hedge funds of funds. The investments in alternative assets should be done judiciously and incrementally, taking into account cost implications, and upon regular consultation with the Investments Committee. The fund will also continue seeking investment opportunities in the emerging and frontier markets to enhance investment returns without undue risks.

69. To ensure an optimal return for the Fund, IMD will focus on improving its internal investment processes and practices. The combination of a challenging economic environment and the opportunities to diversify into asset classes which help preserve the real value of the Fund has resulted in increased demands on IMD staff, infrastructure and supervision. IMD will strengthen its internal research capability with increased investment staff, analytical tools, and risk tools supported by an enhanced advisory framework. IMD will implement an investment approach which is consistent across geographical regions by using equity analytical tools to enhance its internal research capability. The risk tools provided by the Risk Management and Compliance section will be integrated into the investment review process. IMD will also consider the adoption of an investment approach based on a global view of sectors and industries. Furthermore, IMD will continually assess the role and functioning of the non-discretionary advisers. The new fund selection process will be implemented to ensure timely and effective selection of externally managed funds.

70. IMD will continue to develop its trade execution capabilities through the centralization of the trading function in the Trade Execution Unit, and by using improved information technology that will allow the unit to better pursue best execution for transactions. Achieving best execution for IMD trades will minimize transaction costs and improve investment performance for the Fund.

Risk and compliance

Objective of the Organization: To achieve the required actuarial real rate of return adopted by the Pension Board over the long term without undue risk while observing the four investment criteria of safety, profitability, liquidity and convertibility.

Expected accomplishments	Indicators of achievement
<p>(1) Effective oversight of all material risks involved in the Fund's investment decisions and effective monitoring of all external fund managers, both in public and private markets.</p>	<p>(1.1) Quarterly relative and absolute risk reports submitted with no negative feedback from the IC.</p> <p>(1.2) Risk budget revised annually.</p> <p>(1.3) Annual training on effective risk management to all staff.</p> <p>(1.4) Improved due diligence (including onsite visits) on private market investments.</p> <p>(1.5) Improved monitoring, including an increased number of onsite visits, of all external managers.</p>
<p>(2) Effective implementation of all risk controls as indicated in the risk manual, including fraud scenarios. Compliance with Investment Management Division's compliance policies and procedures.</p>	<p>(2.1) Quarterly compliance exception report listing risk control breaches.</p> <p>(2.2) Fraud scenarios and controls tested on annual basis.</p>

(2.3) Full compliance in recording of personal trading, reporting of hospitality events and gifts returned.

(2.4) All of audit recommendations are responded to and majority implemented and closed by agreed deadline.

(3) Comprehensive implementation of ESG (Environmental and Social Governance) factors and PRI (Principles of Responsible Investments) in investment process.

(3.1) At least one PRI/SRI conference annually.

(3.2) PRI annual survey completed and submitted within deadline.

(4) Comprehensive reporting of all performance and risk statistics of the Fund with effective collaboration from the independent MRK, Private-I, RiskMetrics and MSCI.

(4.1) Quarterly reports reviewed by the IC and negative feedback received.

(4.2) Weekly, monthly and quarterly reports published on the website.

(4.2) Regular performance and risk management updates posted in the IMD website. Monthly website usage statistics.

Strategy:

71. The Risk and Compliance Section strategy for the period 2016-2017 will include implementing much tighter integration of ESG and PRI principles into the investment process and be an active voice in ESG and PRI forums. The Section will also develop and implement fraud scenarios and controls to be tested annually. The implementation of Private-I will improve Private Equity portfolio risk and performance analytics. The Section will also strengthen due diligence and monitoring procedures and processes of all external managers in both private and public markets.

72. Annual review of risk limits (relative and absolute) and monthly monitoring of portfolio risks relative to risk targets will provide the portfolio managers with better understanding of different sources of risks especially in cases where portfolio risk has exceeded or is close to exceeding the allocated risk budget. The Section will also research innovating ideas and approaches to improve macro risk and risk indexes forecasts and implementation. The Section will also develop in-house capabilities to create models integrating risk, performance and macro-economic factors to assist in anticipating market trends and optimizing portfolios. The Section will work with the Master Record keeper to further automate risk and performance reports and continue to developing and maintaining IMD's website to publish relevant information and reports.

Operations and Information Systems

Objective of the Organization: To fully support all the trading and related investment activities of the Fund. To provide efficient and suitable technology to fully enable and support mission-critical IMD businesses functions and achieve operational efficiencies.

Expected accomplishments	Indicators of achievement
(1) Increased capacity, efficiency and effectiveness in processing trades and other related investment activities	(1.1) Reduced number of manually-processed investment transactions (1.2) Reduced number of compensation claims due to failed trades
(2) Timely and accurate processing of investment transactions	(2.1) Reduced number of exceptions under cash and holdings/positions aged over two days (2.2) Reduced number of delayed Cash activity and projection reports submitted (2.3) Reduced number of foreign exchange transactions and capital calls for private equity and real estate funds processed beyond cut-off time (2.4) Reconciliation of custody bank accounts within 30 days after month's end
(3) Improved integrity of financial data and reporting	(3.1) Unqualified audit opinion from the Board of Auditors on the Fund's financial statements (3.2) No significant adverse audit findings related to the Fund's investment operations
(4) Improved IMD data management, security and governance.	(4.1) IMD data is more secure and no significant adverse audit findings related to IMD data security. (4.2) Accurate reporting and no significant delays or inaccuracies reported due to data readiness and quality. (4.3) No significant adverse audit finding related to data quality and compliance.
(5) Efficient and resilient business systems.	(5.1) IMD operational imperatives and all system support indicators as described in

IMD Service Level Agreement with end users are met.

(5.2) No significant open issues in the UNJSPF Helpdesk quarterly reports.

(5.3) no significant issues raised during the biannual business continuity tests.

(5.4) Number of Request For proposals (RFP) that have been completed.

(6) Development and implementation of IMD information technology initiatives.

(6.1) Number of business systems implemented.

Strategy:

73. The Operations Section will ensure that all investment activities; such as, trades, foreign exchange transactions, income collection, maturities, tax collections and corporate actions are settled and received in a timely manner and properly recorded in accordance with International Public Sector Accounting Standards (IPSAS) adopted by the Fund for financial statement preparation, with adequate internal controls and audit trails. The Section will work closely with the Custodians and brokers for trade and foreign exchange matching and settlements, investigation of interest claims on failed trades, income collection, maturities, tax collections, and corporate actions. It will also work closely with the Master Record Keeper for the daily reconciliation of cash and holdings, fair valuation of the Fund's investments and the monthly delivery of a general ledger feed. Efforts to estimate the fair value of the Fund's real estate and alternative investments, the accounting treatment of new investment instruments, and the effect of new IPSAS standards affecting the investments of the Fund require expertise not available to the Fund and hence will continue with the hiring of a global accounting firm to assist the Fund in this endeavor for financial statement purposes. Progress has also been made in efforts to obtain tax relief at source on the investments of the Fund particularly in countries where there are no current procedures and tax rulings in place. In this regard, the Fund will continue to hire a global tax advisor to assist in this endeavor.

74. A study for an IMD IT Architecture Assessment is underway to find a more efficient and effective integrated solution that would best fit the Fund's investment and cash management operations, compliance, accounting, and performance reporting. Thereafter, procurement for the recommended products and services will be undertaken. The results of this endeavor would enable the Fund to (a) execute and process volume trades in an automated, straight-through fashion minimizing manual intervention through to settlement by the global custodians and recording by the Master Record Keeper; (b) accommodate new investment instruments and market changes without going through time-consuming procurement and implementation processes; (c) perform automated reconciliation of positions/holdings, cash and transactions; (d) perform automated exception management and

issue resolution; (e) produce automated double-entry accounting and general ledger system; (f) provide automated performance analytics and measurement; among others. The Operations Section, together with ISS, will work with the service providers to implement a more robust middle and back office investment operations as well as the reconciliation and accounting functions. It will seek to enhance the operation of its functions through staff training, job rotation, and reconfiguration of job functions when necessary. It will also seek to establish backup resources to provide sufficient back-office support for the investments of the Fund

75. The Information System Section mission is to provide Information and Communication Technology (ICT) services to IMD users, enabling them to achieve IMD's objectives, in four areas: (1) data management and governance, (2) support of all IMD mission critical systems and enable all operational needs of all IMD business functions, (3) develop and implement IMD ICT initiatives to continue delivering value for IMD mission critical business functions, (4) consolidate the IMD non-core ICT requirements with the Fund wide ICT lowering the IT costs and increasing efficiencies.

76. The ISS strategy to provide a reliable data management and governance is to (1) document all IMD data requirements, (2) delineate the data governance policy (3) streamline the use of the data across all IMD systems and various data vendors, (4) acquire a data management system to implement the data management and governance.

77. The ISS strategy to support all IMD mission critical systems and enable all IMD operational needs of its business functions is to build the ISS capacity by recruiting and training the IT support staff, and by ensuring that the support staff function are solely dedicated to support. The support staff will be trained on both IT and business functions, and they will be working very closely with the business users to ensure that their daily request are processed timely and accurately.

78. The ISS strategy to develop and implement the IMD ICT initiatives is to embrace mature and capable industry de-facto standards buy-side systems. The selected systems should be accepting incremental changes and upgrades to continue delivering value for IMD mission-critical business function.

79. The ISS strategy to consolidate its ICT infrastructure with the Fund wide ICT infrastructure is to find and document the common ICT denominator with the Fund wide ICT needs. The common denominator will include IT equipment, security, staffing, operating systems, office applications and communications. The consolidation will be implemented progressively without disturbing the IMD core-business applications.

Annex: Key strategic studies/processes

Study/process	Reference
Strategic Planning Exercise	2013
<i>Carte Blanche</i> document	JSPB/60/R.26/Add.2
Strategic Framework 2012-2013 and 2014-2015	JSPB/58/R.20 and JSPB/59/R.27
Comprehensive Risk Assessment (Grant Thornton)	2013
Asset-Liability Management Study (2011)	JSPB/58/R.8
Biennial Actuarial Valuations	2009, 2011
Business Impact Analysis	JSPB/57/R.19
Medium-term Human Resources Strategic Plan for the Secretariat	JSPB/57/R.21
Medium-term Human Resources Strategic Plan for the Investment Management Division	JSPB/57/R.22
Revised Enterprise-wide Risk Management (EWRM) Policy	JSPB/57/R.23
Comprehensive Risk Assessment (Deloitte)	2009
Strategic Planning Exercise	2007
Current State Assessment and Target Operating Model (CSA/TOM)	JSPB/55/R.22
Whole Office Review	JSPB/55/R.23
Third Management Charter	JSPB/55/R.26
Asset-Liability Management Study (2007)	JSPB/54/R.20
Enterprise-wide Risk Management (EWRM) Policy	JSPB/53/R.46