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UNITED NATIONS JOINT STAFF PENSION FUND
CAISSE COMMUNE DES PENSIONS DU PERSONNEL DES NATIONS UNIES

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Dear Presidents of Staff Unions FICSA, CCISUA and UNISERV,

This is in response to your letter of 18 February 2016 addressed to the Pension Board and Executive Heads of UN Common System Organizations.

I thank you for the issues raised and wish to assure you that I personally, both as the current Chairman of the Pension Board, as well as representative of the Participants' Group, value the input of staff unions and associations and can only emphasize that the Board and its Committees (including the Audit Committee) are monitoring closely the situation and have requested that the Fund take all available measures to increase the processing rates for the new retirees. As suggested by you, the efforts should also include amplified coordination and active liaising with the UNJSPF member organizations, and all 80+ reporting entities, to reduce the overall time it takes for the separation process to be completed prior to the pension benefit processing.

As you are aware, the Fund's new Integrated Pension Administration System (IPAS) was introduced in August 2015 mainly to repair process fragmentation, integrate several outdated and piecemeal programmes, mitigate IT risks, and establish the foundation for future improvements, including self-service features which were not possible under the old technology - all to enable the Fund to cope with the unprecedented growth it had experienced over the last 10 years without a corresponding increase in its resources to meet the challenges.

The Pension Fund has been entrusted to execute one of the biggest and most complicated payroll processes in the entire UN System. Therefore, in order to maintain the benefit payroll of its 72,000 existing retirees and beneficiaries that reside in 190 countries, the Pension Board established a controlled and fully tested transition to the new system as the key priority. This was to ensure continued benefit payments without interruption or delay. This goal was successfully accomplished as of August 2015 and the new system has now completed six payroll cycles. Other objectives to improve efficiency were also achieved.

Having said that, I fully acknowledge that those, who were not already in in-pay status and who are now awaiting their payments, may face unfortunate hardships at delayed new pensions. I can only assure you that the Fund management and the Pension Board are aware of the difficulties and challenges facing newly separated staff members and are fully committed to take all possible actions to improve its processing rates.

However, it is important to recognize that the Fund is still dealing with two main challenges: one is temporary and the other, structural.

The temporary challenge is the important increase in the inventory of cases to be processed. In the first few months of IPAS implementation, intensive transitional activities to assure accuracy were simultaneously taking place and this slowed processing. Since then processing has been brought up to speed and in fact exceeds all previous processing rates, with more improvements expected in the future. Other unexpected developments were the higher than average number of separations, due mainly to the

downsizing of peacekeeping missions, and the predictable teething issues associated with the UN's new IT system Umoja and its interface with the Fund's systems. I understand that it is these factors both within and outside the Pension Fund secretariat that have contributed to the backlog.

With this being noted, I am pleased to report that the Pension Fund is constantly improving the proficiency in the new system and the Fund, as mentioned, has already exceeded its target processing rates surpassing both the previous year's and the long-term average (in December 2015 - only 4 months after the implementation of IPAS - the Fund processed and paid over 1,000 new benefits, attesting to the successful processing capabilities of the new system). Other efforts include intensified training by the technical and project personnel, "on-the job" training, adding temporary staff (particularly former UNJSPF staff who have knowledge of the Fund's complex benefit provisions and systems), the recent redeployment of a significant number of support staff to a temporary task force established to deal with full withdrawal settlements, establishment of focal points particularly for field missions, as well as process reviews to streamline where possible. In the future, self-service features of the IPAS, additional interfaces with various IT systems of the employing organizations and ongoing refinements to the new system will improve the client experience as well as further speed up the processing.

The Fund also assures me that it is taking full advantage of the improved resources situation as a result of the budget changes recently recommended by the Pension Board and approved by the General Assembly. Accordingly, active recruitment of additional staff is underway.

The Pension Board and the Fund's management regret and fully acknowledge and recognize this situation and the importance of taking all possible action to reduce the backlog and pay pensions in a timelier manner. In order for this to happen, however, the structural challenge, described below, must also be addressed.

In most member organizations a major cause of delay relates to the time it takes them to provide the separation documentation and payment instructions (including election of benefit) to the Pension Fund. From many organizations and missions, these delays exceed six months and from others, receipt rarely occurs within 60 days. The Fund is not able to start the processing of a benefit until it receives *all* the required documentation.

This structural challenge is also being addressed in a coordinated manner. Recently, the Fund management met with the United Nations Under-Secretary-General for Management, UN Controller and other senior officials of the UN, including representatives from the Department of Field Support. It was agreed that immediate actions will be taken jointly to improve coordination, feedback and cooperation with the HR offices to ensure that separation documentation is sent promptly to the Fund. Longer term actions were also identified: It was agreed that pre-retirement seminars will be reinstated, training for HR officers in pension matters will be initiated, and an end-to-end review of the separation to entitlement process will be conducted to identify streamlining opportunities. This review will be organized in a joint manner between the Fund and representatives from the UN and other member organizations. The Fund has also had similar discussions with UNDP, UNICEF, UNHCR, WHO, FAO, and others, as to how to continue to improve coordination and streamline the overall process. It is fundamental to address this structural problem with the Pension Fund partners.

The possibility of providing advances by the Fund was carefully studied. However, it was concluded that to pay advances would require developing new systems with adequate controls, which would also require additional reconciliation process. A new payment facility such as this would certainly require time for development, testing and implementation and would therefore inevitably generate a greater workload, slowing down the payment of pensions which should remain the major objective. At

this time I believe it would be counterproductive to consider this measure which would also require a study of the legal aspects involved.

It is expected that with all of the above measures the bulk of the backlog will be practically eliminated by early June. The Fund will be returning shortly thereafter to processing times of between one and two months after receipt of all separation documentation and payment instructions and provided there are no documentation discrepancies.

In light of all that I have described above, an extraordinary meeting of the Pension Board would be unnecessary and counterproductive, since the possible measures mentioned in your letter (including additional staffing, coordination with member organizations, and increased processing rates) have already been taken by the Fund, with the exception of the advance payment facility, which would not produce the results we all want for the reasons provided above.

Let me assure you that I am committed to ensure that the temporary and structural problems are addressed by the means just discussed. I value the concern of the staff unions and others, including FAFICS which has been actively voicing its own concerns and making constructive suggestions to the Fund. I can only emphasize that the Pension Board and its Committees, are closely monitoring the situation and have requested the Fund to take all available measures to further increase the processing rates. The Fund is currently addressing these problems with utmost urgency and diligence. The objective is to reduce the overall time of the separation to entitlement process which also requires the active participation of the Fund's partners in the 23 member organizations.

I trust that by the time the Board meets in July, we will be in a much better place and that these delays will be largely a thing of the past. I count on your understanding and cooperation. Finally, may I also encourage the Staff Unions to consider a structured engagement with all serving staff in coordination with their respective Human Resource offices, especially for those staff nearing retirement or in cases such as downsizing or closure of peacekeeping operations, in order to assist in communicating key facts about the separation process such as pre-separation clearances which include settling all outstanding claims, submitting all leave requests, and signing payment instructions to go to the Pension Fund, as well as communicating pension aspects concerning retirement benefit elections. This will help reduce the knowledge gap of such staff and improve their readiness for separation, which the Staff Unions should consider an important element of staff representation.

Once again, thank you for bringing the issues raised to the attention of the Pension Board.

Yours sincerely,

(signed)

Olusoji Adeniyi
Chairman

United Nations Joint Staff Pension Board