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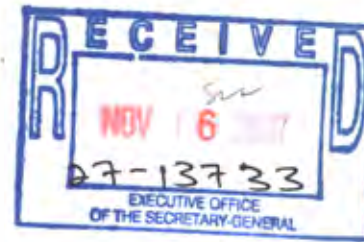


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MEMORANDUM

Ref:

V.d.

New York, 15 November 2007

To / A: Mr. Warren Sach
Representative of the Secretary-General
for the Investments of the UNJSPF

From / De : Bernard Cochemé
Chief Executive Officer
United Nations Joint Staff Pension Fund

Subject / Objet: Selection process, Director of Investment Management Service (D-2)

1. This is in response to your memorandum dated 25 October in which you provide additional information regarding the selection process for the Director of the Investment Management Service. While I take note of the additional information provided, it appears the memorandum did not fully address the two basic concerns expressed in my previous communications on this matter, namely the consultation process and the required competencies.

2. My first concern relates to the consultation process required in respect to this critical post. In 2006, the Pension Board called for a strengthening of the coordination and consultation process between the Representative of the Secretary-General for the investment of the assets of the Fund and the CEO. This year, following its consideration of the issues relating to the investments of the Fund, the Board specifically recommended that action be taken, in consultation with the CEO, to fill the empty posts and that consideration be given to the required technical, managerial and communication competencies when selecting candidates. Also in this connection, the Board further noted that particular attention is required in the case of the position of the IMS Director.

3. Notwithstanding this advice from the Board, the Fund was unfortunately excluded from the interview process. In addition, past practices that had been aimed at better coordination were not followed. The established procedure has been that once a short-list is compiled from the list of applicants, the CEO would be given an opportunity to review the list and once a shorter short list was prepared, the CEO would be asked to interview the applicants included on that shorter list.

4. I trust you would agree that this process does not in any way impinge on the fiduciary responsibility on investments granted to the Secretary-General by the Fund's Regulations. It is believed that the quality and transparency of the consultation process assists the Secretary-General in the exercise of his unique decision-making authority. Given this, it is difficult to understand why the Fund would be excluded from the consultative process. Indeed, I find it

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odd that the Secretary-General would consult with the Board on the appointments of members to the Investments Committee, but would not consult in respect to the recruitment of the Director of the Fund's Investment Management Service. It is doubtful to me that had the Secretary-General been informed of the departure from the established consultation process he would have approved. Should this now be the case, however, then I believe the Board should be duly informed.

5. I believe it is also somewhat inconsistent that the CEO of the Fund would not be given an opportunity to interview the shorter list of candidates, whereas a high ranking official from an investment bank, providing brokerage services to the Fund, notwithstanding his impeccable credentials, participated in this internal interview process.

6. With respect to my second concern regarding the required competencies, I would note that in your memorandum of 25 October you provided additional information to support the selection of one candidate. However, this additional information was not reflected in either the respective PHP or in the interview summary that you had originally provided. In that memorandum, you also informed me that you are endorsing only one candidate. However, as the interview panel unanimously recommended two candidates, could you please comment as to why the second candidate is now being excluded and will not be presented for the consideration of the senior review group?

7. In addition, in its report to the General Assembly this year, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) made particular reference to the vacant post of the Director of IMS. More specifically, ACABQ noted the importance of ensuring that the management of the Fund's \$41.2 billion portfolio is entrusted to an experienced portfolio manager. It considered that the person chosen for the post of Director of IMS should (a) possess a strong and relevant academic background; (b) have an established record of managing long-term pension investments; and (c) have extensive experience and the required competency to conduct the challenging initiatives undertaken by the IMS.

8. With regard to the meeting you mentioned with Ms. Alicia Bárcena, Under-Secretary-General for Management, I would only point out at this time that she requested the meeting, out of concern about the selection of the next Director of IMS. Moreover, as it was on her initiative and at her request that we considered different ideas, you may wish to discuss the context and the content of that discussion with her.

9. Finally, I reiterate my earlier request that our exchange of correspondence on this matter be made available to the senior review group.

cc. The Secretary-General ✓
Ms. A. Bárcena
Ms. J. Beagle
Mr. A. Dossal
Mr. J. Karia