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Proposed programme budget for 2022

Report of the United Nations Joint Staff Pension Board on the work of its sixty-ninth session and administrative expenses of the United Nations Joint Staff Pension Fund

Report of the United Nations Joint Staff Pension Board

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Abbreviations

CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
EEPO	European and Mediterranean Plant Protection Organization
FAFICS	Federation of Associations of Former International Civil Servants
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
IAS	International Accounting Standard
ICAO	International Civil Aviation Organization
ICCROM	International Centre for the Study of the Preservation and the Restoration of Cultural Property
ICGEB	International Centre for Genetic Engineering and Biotechnology
ICSC	International Civil Service Commission
ICT	Information and communications technology
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
IOM	International Organization for Migration
IPAS	Integrated pension administration system
IPSAS	International Public Sector Accounting Standards
IPU	Inter-Parliamentary Union
ISA	International Seabed Authority
ISAE	International Standard on Assurance Engagements
ISO	International Organization for Standardization
ITLOS	International Tribunal for the Law of the Sea
ITU	International Telecommunication Union
OIOS	Office of Internal Oversight Services
STL	Special Tribunal for Lebanon
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNISERV	United Nations International Civil Servants Federation

UNWTO	World Tourism Organization
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Summary

The United Nations Joint Staff Pension Board held its annual regular session from 22 to 30 July 2021. The meeting was held virtually owing to the ongoing coronavirus disease (COVID-19) pandemic. The Board considered a wide range of issues that pertain to the functioning, management, governance and oversight of the United Nations Joint Staff Pension Fund.

In her opening statement, the Chief Executive of Pension Administration reported that, despite the impact of COVID-19 on staff and operations, all services to clients had been maintained and delivered and targets had been achieved. She highlighted digital transformation initiatives, such as the introduction of a digital certificate of entitlement. As part of her budget proposal, she underlined the critical need to invest in a new customer relationship management system to improve front-line client support, collect data, track transactions and offer new channels of communication to clients.

The Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund reported that, as at 31 December 2020, the market value of the portfolio was \$81.5 billion. The Office of Investment Management attained 13.4 per cent in nominal returns in 2020. The long-term annualized rate of return for the 15-year period was 4.84 per cent, well above the minimum of 3.50 per cent required to fund the liability. The performance of the portfolio has been consistently below the benchmark for the 1-, 3-, 5-, 7- and 10-year horizons, owing primarily to a lack of adequate resources (staff and tools) and to unattainable asset allocations and benchmarks. The Representative of the Secretary-General stated that the proposed budget for 2022 and the new asset allocation and benchmarks would help correct that situation.

The Board approved, for consideration by the Advisory Committee on Administrative and Budgetary Questions and approval by the General Assembly, the proposed budget estimates for the administrative expenses of the Fund for 2022 amounting to \$122,081,000 (after recosting). In addition, the Board approved an amount not to exceed \$112,500 for the Emergency Fund.

The Board approved a governance reform plan following the conclusions of its (special) session in February 2021 and the relevant guidance and resolutions from the General Assembly. The Board is submitting to the Assembly a proposal on its size and composition and is recommending changes to the regulations to establish an ethics policy that implements its code of conduct, as requested by the Assembly, in the present report. The Board has approved updated terms of reference for the Chair and updated responsibilities for Board members, as well as new terms of reference for the Fund Solvency and Assets and Liabilities Monitoring Committee, the Budget Committee (formerly the Budget Working Group) and the Succession Planning and Evaluation Committee (formerly the Succession Planning Committee). The Board also endorsed a proposal on the frequency of its meetings and several efficiency measures that should improve its decision-making process.

The Board endorsed the assumptions for the next actuarial valuation as at 31 December 2021. The Board noted that the Fund's solvency monitoring dashboard as at 31 December 2020 did not include any high risks that would require immediate action.

On audit matters, the Board took note of the reports of OIOS and the Board of Auditors. The Board welcomed the unqualified audit opinion issued by the Board of Auditors, and reviewed and approved the Fund's financial statements for 2020.

The Board discussed several items related to the Fund's benefit system and agreed on measures to streamline the administration of disability cases, on a framework for addressing cases in which a beneficiary of a disability benefit is engaged in paid activities while remaining incapacitated, and on related amendments to section H of the rules of procedure. The Board also recommends that the General Assembly adopt a new article 33 (g) of the Regulations of the Fund.

The Board requested that a study be undertaken by the Chief Executive of Pension Administration, with the support of member organizations, on pension cases for which all documentation had been received but were not processed within the 15-day processing benchmark, as well as those cases for which all documentation was not received, and the reasons for the delay. The Board decided to grant discretionary authority to the Chief Executive of Pension Administration to advance, where reasonable and appropriate, periodic pension payments in respect of financial hardship in cases that lacked the full set of documents, not to exceed 50 per cent of the estimated monthly periodic benefit per case. Such authority would be for a period of one year, renewable annually.

In addition to the proposed amendments to the Fund's Regulations reflected above, the Board approved an amendment to article 7 of the Regulations to reflect the appointment of the Secretary of the United Nations Joint Staff Pension Board by the Secretary-General, and an amendment to article 48 of the Regulations to clarify the scope of the jurisdiction of the United Nations Appeals Tribunal in relation to the Fund's review and appeals procedure. The Board also approved an amendment to paragraph 19 of the pension adjustment system to clarify the conditions for the application of a second cost-of-living adjustment in the same calendar year.

The Board approved, subject to the concurrence of the General Assembly, transfer agreements between the Fund and the European Investment Bank and between the Fund and the European Investment Fund.

Recommendations and decisions of the Board that require action by the General Assembly

After careful consideration and consultation, the Board approved a governance reform plan in response to General Assembly resolution 75/246. The Board is submitting to the Assembly a proposal on its size and composition, and an ethics policy that implements its code of conduct, as requested by the Assembly. The Board has approved updated terms of reference for the Chair and updated responsibilities for Board members, as well as new terms of reference for the Fund Solvency Assets and Liabilities Monitoring Committee, the Budget Committee and the Succession Planning and Evaluation Committee. The Board endorsed a proposal on the frequency of its meetings and several efficiency measures to improve its decision-making process.

In line with the adoption of the ethics policy, the Board recommends that the General Assembly approve the following amendments to the Fund's Regulations:

- (a) An amendment to article 4 (c) of the Regulations to incorporate a reference to the code of conduct and ethics policy approved by the Board;
- (b) An amendment to article 6 of the Regulations to align it with section C.1 of the rules of procedure, adopted by the Board and reported to the Assembly in 2017, 2018, 2019 and 2020.

The Board also recommends that the General Assembly approve the following amendments to the Fund's Regulations, Rules and Pension Adjustment System:

- (a) An amendment to article 7 of the Regulations to reflect the appointment of the Secretary of the Board by the Secretary-General, in line with the appointment of the Chief Executive and Deputy Chief Executive of Pension Administration under article 7 (a) of the Regulations;
- (b) A new article 33 (g) to allow the beneficiary of a disability benefit under article 33 (a) to engage in paid activity while remaining incapacitated;
- (c) An amendment to article 48 of the Regulations to clarify the scope of the jurisdiction of the United Nations Appeals Tribunal in relation to the Fund's governance and review and appeals procedure;
- (d) An amendment to paragraph 19 of the pension adjustment system to clarify the conditions for the application of a second cost-of-living adjustment in the same calendar year.

The Board approved, subject to the concurrence of the General Assembly, transfer agreements between the Fund and the European Investment Bank and between the Fund and the European Investment Fund.

In respect of the budget estimates for 2022, the Board recommends that the Advisory Committee on Administrative and Budgetary Questions consider and the General Assembly approve:

- (a) The Fund budget estimates for 2022 amounting to \$122,081,000, comprising:
 - (i) Secretariat of the Pension Board (\$1,438,800);
 - (ii) Pension Administration (\$64,408,300);
 - (iii) Office of Investment Management (\$54,149,200);
 - (iv) Audit (\$2,084,700);

Of this amount, \$8,304,200 would be directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee;

- (b) An amount not exceeding \$112,500 to supplement the contributions to the Emergency Fund.

I. Opening of the session

1. The sixty-ninth session of the United Nations Joint Staff Pension Board was held virtually from 22 to 30 July 2021. The meeting was opened by the Chair of the sixty-seventh and sixty-eighth (special) session of the Board and representative of the Secretary-General of the United Nations to the Board.

A. Election of officers

2. In keeping with the Board's decision to elect its officers on the basis of a cyclical rotation schedule among its three groups, the following officers were selected to serve the Board until its next session in 2022:

Chair:	J. Levins, representative of the participants of WFP
First Vice-Chair:	P. Poroli, representative of the General Assembly
Second Vice-Chair:	A. Vanhoutte, representative of the Executive Head of FAO
Rapporteur:	P. Nemeth, representative of the participants of the United Nations

B. Statement by the Chief Executive of Pension Administration

3. In her statement, the Chief Executive of Pension Administration highlighted the Pension Administration's achievements during the reporting period and provided justification for the 2022 budget proposal.

4. The Chief Executive of Pension Administration reported that, despite the impact of the coronavirus disease (COVID-19) pandemic on staff and operations, all services to clients had been maintained and delivered, and targets had been achieved. Payments of benefits had been processed on time, and the Fund had initiated a digital transformation, in line with the 2021–2023 strategic plan for the Pension Administration, as endorsed by the Pension Board and the General Assembly in 2020.

5. As part of pillar 1 of the strategic plan ("simplify client experience"), participants, retirees and beneficiaries have been able to upload and submit documents to the Fund through a member self-service portal since November 2020. Member organizations have been able to submit separation documents electronically since April 2020 through dedicated secure mailboxes. The launch of a digital certificate of entitlement in January 2021 offers a simple option to retirees and beneficiaries to fulfil their annual obligation using a phone application to provide the Fund with proof of life and location. More than 10,000 enrolment requests have been received, and over 4,000 digital certificates of entitlement have already been issued in the first half of the year. A new payment method through the United Nations Treasury to lower the cost of banking fees for beneficiaries and retirees was introduced as a pilot programme in two countries, Chile and Peru.

6. New online training modules are being developed in collaboration with the United Nations System Staff College. As the Fund is unable to conduct in-person briefings owing to the pandemic, it has organized multiple virtual sessions and seminars, allowing the Fund to reach more participants in 2021 than in the past.

7. Turning to the implementation of pillar 2 of the strategic plan ("modernize pension services"), the Chief Executive of Pension Administration reported enhancements to the Fund's human resources data interface with employing

organizations, the adoption of a strategic deployment framework for 2021–2023 with identifiable and practical deliverables and outcomes and the implementation of the Lean Six Sigma “continuous improvement” methodology for process improvement, including training for staff. To better monitor performance, 16 key performance indicators are currently under development. To improve internal operations, strategies have been finalized for new human resources, learning and development, and leadership culture change, with related action plans.

8. Progress was made in the implementation of pillar 3 of the strategic plan (“develop a strong, global partnership network”) through the Chief Executive of Pension Administration’s individual sessions with each staff pension committee as well as numerous specialized seminars/workshops on pension matters for the secretaries of those committees, pension focal points and human resource specialists. ICT support was provided to employing organizations through status reports, webinars and tools, along with a dedicated website for each member organization, increasing the ability to resolve issues.

9. A unified communications strategy has been adopted by the Pension Administration and the Office of Investment Management, and a project to merge the websites of the Pension Administration and the Office of Investment Management is under way.

10. In addition to the complexity of the Fund’s plan design and its unique features as a global pension fund, the Chief Executive of Pension Administration highlighted that the Pension Administration will face further challenges in the coming years. The workload will significantly increase owing to continued growth in the number of participants, retirees and beneficiaries, to the number of separations stemming from the increase in the mandatory age of separation and a post-COVID-19 catch-up effect and to the ageing of the retiree/beneficiary group.

11. To address this workload increase, the budget proposal for 2022 is aimed at strengthening the Fund’s client services with the redeployment of an existing post at the D-1 level to head a separate Client Services Section. The plan includes restructuring the client services function in the New York office and additional staffing for the client services and pension entitlement functions in Geneva by redeploying existing resources.

12. The Chief Executive of Pension Administration also explained that investment in a new customer relationship management system is critical to improving front-line client support, collecting data, tracking transactions and offering new channels of communication to clients.

13. The budget proposal for 2022 also includes the review of all general temporary assistance positions, as requested by the General Assembly, and proposes the conversion of 41 existing general temporary assistance positions to posts. A new Business Support Services Unit would be created to provide human resources, training and facilities support to the Office of Investment Management, the Pension Administration and the secretariat of the Pension Board.

14. The Chief Executive of Pension Administration noted that, overall, the increase planned in the budget proposal for 2022 amounts to a conservative 3.5 per cent before recosting, primarily attributable to the requested new customer relationship management system.

15. The Board thanked the Chief Executive of Pension Administration and took note of her statement, including the adoption of the new joint Pension Administration-Office of Investment Management human resources strategy and communications strategy.

C. Statement by the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund

16. The Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund stressed that the Office of Investment Management has one absolute goal of maintaining a 3.5 per cent long-term real rate of return. As at 31 December 2020, the market value of the portfolio was \$81.5 billion. The long-term annualized rate of return for the 15-year period was 4.84 per cent: well above the minimum of 3.50 per cent required to fund the liability. By year-end, the market value of the assets represented 128.5 per cent of the actuarial value of the liabilities.

17. As at 9 July 2021, the preliminary market value of the portfolio was \$87.4 billion. The preliminary nominal year-to-date return was 6.96 per cent and the real rate of return as at 30 June 2021 was 4.87 per cent. The Representative of the Secretary-General mentioned that the Fund was heavily concentrated in public equities (59.31 per cent). As a result, the Office of Investment Management would decrease risks by diversifying into private markets. He added that the process to invest in private markets was slower and operationally more complex, which was the basis for requesting resources in the proposed budget for 2022 to strengthen internal capacity to leverage external partners to increase those portfolios.

18. The Representative of the Secretary-General underlined that the performance of the portfolio had been consistently below the benchmark with regard to the 1-, 3-, 5-, 7- and 10-year horizons, owing primarily to a lack of adequate resources (staff and tools) and to unattainable asset allocations and benchmarks. He stated that the proposed budget for 2022 and the new asset allocation and benchmarks would help correct that situation.

19. The Representative of the Secretary-General gave an update regarding the strategic asset allocation and benchmarks, which were reviewed at the request of the internal auditor. The Office of Investment Management set out an investment path that would help the Office monitor the implementation of that recommendation based on available resources. He mentioned that the results of the study were consistent with the long-term results of the 2019 asset and liability management study. He noted that the Investments Committee, the Audit Committee, the Committee of Actuaries and the Fund Solvency and Assets and Liabilities Monitoring Committee endorsed the approach and supported the need for resources. The Office of Investment Management would move towards full implementation by diversifying into asset classes that were more complex to operate: decreasing investments in large capitalization equities, emerging market equities and mortgage-backed securities, and increasing investments in United States bonds (government- and investment-grade), small capitalization public equities, and private equities, real estate and infrastructure. The Representative of the Secretary-General noted that the implementation of the asset allocation and benchmark study would move the Fund to a less risky scenario.

20. The Representative of the Secretary-General explained that the budget proposal for 2022 emanated from the strategic priorities set out in the audit conducted by OIOS of governance mechanisms and related processes of the Office of Investment Management (A/75/215), including a bottom-up workforce planning exercise to reveal gaps in capacity in terms of staffing and the development of a strategy to fill those gaps in order to implement the investment strategy in a cost-effective manner, and the conduct of a culture transformation programme that would help set the tone for a more harmonious, high-performing and ethical culture in the Office. Based on those priorities, the Office would need \$6.8 million more in comparison with the

previous year to fulfil its mandate, while its request for 152 staff members would be still under the average number of staff members (162) of other investment firms that manage a similar level of assets.

21. The Representative of the Secretary-General reiterated that the General Assembly had allowed the Office of Investment Management to use derivatives for two years on a trial basis as a risk management tool, and that the cross-functional teams of the Office had proposed four projects, entailing the use of: (a) “to be announced” mortgage-backed securities to provide additional sources of market liquidity and inventories of securities; (b) foreign exchange swaps to manage cash efficiently with regard to the Fund’s pension payments in currencies other than the United States dollar; (c) foreign exchange forwards to reduce currency risk in the emerging markets fixed-income portfolio; and (d) United States Treasury futures to reduce the interest rate risk and price volatility and as an additional source of market liquidity. The Representative of the Secretary-General underlined that these projects were simple, safe and would improve the management of the portfolios.

22. The Representative of the Secretary-General highlighted the achievements from 2020–2021. The Office of Investment Management attained 13.4 per cent nominal return in 2020 (about 4 basis points below the benchmark), appointed its first Chief Investment Officer, restructured the Internal Investment and the Private Markets Committees, implemented environmental, social and governance measures and took steps regarding climate action (e.g. divesting from thermal coal, investing in net-zero fossil fuels) and joined the Task Force on Climate-related Financial Disclosures. In addition, the Office restructured its internal committees on risk and compliance, implemented recusal policies to avoid conflicts of interest, improved personal trading policy, and became compliant with the Global Investment Performance Standards. The Office performed bottom-up workforce planning and resources benchmarking activities, obtained ISO certifications for information security and business continuity, created a human resources strategy and guidelines, restructured its ICT committee and relaunched its data strategy. The Office has created business cases for repurchase agreements, the lending of United States Treasury securities, “to be announced” mortgage-backed securities, foreign exchange swaps for cash management, foreign exchange forwards for portfolio management and the use of United States Treasury futures.

23. The Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund ended his statement by emphasizing that the Fund was financially sound, responsible, sustainable, efficient and prudent.

24. **The Board thanked the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund and took note of his statement.**

II. Financial matters, including the administrative expenses of the United Nations Joint Staff Pension Fund for 2022

A. Financial statements for the year ended 31 December 2020

25. The Pension Board considered the financial statements of the Fund for the year ended 31 December 2020. The Board was informed that the financial statements presented a snapshot of the current financial situation as at 31 December 2020, using a presentation specific to pension funds and not comparable to other United Nations system organizations.

26. The Fund's Chief Financial Officer indicated that the report of the Board of Auditors on the audit of the Fund's financial statements for the year ended 31 December 2020 contained an unqualified audit opinion.

27. It was highlighted that the statement of changes in net assets showed an investment income of \$9.5 billion for 2020, which resulted in an increase in net assets of \$9.5 billion. It was further recalled that the Fund is mature, although in 2020, in an exception to prior years, contributions received exceeded benefit payments.

28. Regarding the annexes to the financial statements, the Chief Financial Officer explained the increase in the number of participants and benefits in payment, though benefits awarded were lower than in previous years owing to a lower number of separations during the COVID-19 pandemic period and the continued effects of the increase in the normal age of separation.

Discussion in the Board

29. The Board appreciated the comprehensive presentation and supported the approval of the financial statements.

30. Board members from the participants' group asked whether the after-service health insurance liability for staff of the Fund was reported to other United Nations inter-agency bodies and if assets were separated and ring-fenced to meet the liability. The Chief Financial Officer explained that the Fund did not segregate or ring-fence assets for this purpose, although the after-service health insurance liability is fully funded by the overall assets of the Fund, as it is deducted from net assets available for benefits. This practice was acknowledged by the Board at its fifty-ninth session.

31. The Board took note of the unqualified audit opinion of the Board of Auditors and approved the financial statements for the year ended 31 December 2020 for presentation to the General Assembly.

B. Budget estimates for 2022

32. The Chair of the Budget Working Group presented the report of the Working Group on the estimates for 2022. The Working Group began its work on 8 June 2021 and met virtually to discuss the proposed estimates for 2022 for the administrative expenses of the Fund and held meetings with the members of the secretariat of the Pension Board, the Pension Administration and the Office of Investment Management.

33. The Fund proposes a budget of \$120.4 million (before recosting), reflecting an increase of 8.2 per cent compared with the approved budget for 2021.

34. The Working Group:

(a) Recalled paragraph 15 of section VIII of General Assembly resolution [74/263](#), in which the Assembly requested that the staff composition of the Office of Investment Management and the Pension Administration represent the widest possible geographical basis, and paragraph 8 of Assembly resolution [75/246](#), in which the Assembly requested that the Office and the Pension Administration ensure that all vacancy announcements advertised before approval of the corresponding resources by the Assembly indicate clearly that recruitment is subject to a decision of the Assembly;

(b) Reviewed the proposed general temporary assistance positions with a view to identifying potential duplication of functions and efficiencies and compliance with the respective resolutions and the Staff Regulations and Rules of the United Nations;

(c) Discussed the development of future office space needs of the Fund.

35. The Working Group recommended that the Board approve:
- (a) The proposed post resources, including the reassignments related to the strengthening of client services and operations in the Pension Administration in both New York and Geneva, and the centralization of finance functions in New York;
 - (b) The proposed non-post resources, including:
 - (i) General temporary assistance resources, including for the conversion of general temporary assistance positions into established posts, as the functions of these positions are long-term core functions of the Fund and are required on a permanent basis;
 - (ii) Resources to start the implementation of an up-to-date customer relationship management system, on the basis of the project document submitted to the Budget Working Group;
 - (iii) All non-post resources, with downward adjustments of \$97,200 regarding travel of staff in the Office of Investment Management, stemming from the use of economy class for travel of staff below the level of Assistant Secretary-General for travel related to conferences;
 - (c) The integration of the human resources support services of the Fund into the Business Support Services Unit.
36. Consequently, the Budget Working Group recommended that the Board approve total resources in the amount of \$120.3 million (before recosting) for 2022.

Discussion in the Board

37. The Chair of the Budget Working Group introduced the report, thanked the Fund's management and members of the Working Group for their contributions and noted that the decisions of the Group were unanimous.
38. Representatives of the governing bodies suggested that the Budget Working Group, at its next session in 2022, discuss the possibility of including a long-term plan for the Pension Fund, along with annual requirements, in future proposed budgets. The representatives of the governing bodies also explored whether it would be feasible for management to submit the budget proposals to the Budget Working Group earlier. The Board agreed that budget submissions should be submitted between 31 May and 4 June 2022.
39. Representatives of the executive heads recommended that the Pension Administration and the Office of Investment Management rationalize office space as soon as possible, taking into account the experience of the pandemic.
40. The Board supported the recommendations of the Budget Working Group.

Recommendations of the Board

41. **The Board approved, for submission to the General Assembly, the proposed budget estimates amounting to \$122,081,000 (after recosting), as reflected in table 1. Of that amount, \$8,304,200 (after recosting) was attributable to the cost of services provided to the United Nations for the United Nations Staff Pension Committee and was chargeable to the United Nations.**
42. **In addition, the Board approved an amount not to exceed \$112,500 for the Emergency Fund.**

Table 1
Summary of total estimates for 2022

(Thousands of United States dollars)

	<i>Estimate (before recosting)</i>	<i>Estimate (after recosting)</i>	<i>Number of posts</i>
Secretariat of the Pension Board	1 423.7	1 438.8	3
Pension Administration ^a	63 166.1	64 408.3	246
Office of Investment Management	53 621.0	54 149.2	139
Audit	2 083.5	2 084.7	6
Total	120 294.3	122 081.0	394

^a Includes the amount of \$8,304,200, after recosting, directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee.

III. Actuarial matters

A. Valuation methodology and assumptions for the thirty-sixth actuarial valuation of the Fund as at 31 December 2021

43. The Pension Board considered the report of the Committee of Actuaries which contained, inter alia, recommendations on the actuarial methodology and assumptions for the thirty-sixth actuarial valuation of the Fund as at 31 December 2021. The Board also had before it a note prepared by the consulting actuary.

44. The Chair and Rapporteur of the Committee of Actuaries and representatives of the consulting actuary summarized the key findings contained in the consulting actuary's note and the committee's note prepared for the Board, and answered questions from the Board.

45. The consulting actuary provided an overview of the methods for evaluating the suitability of current assumptions for the upcoming actuarial valuation. In performing this experience review, it was noted that, in certain cases, it was necessary to take into consideration changes in data reporting methods (as with the implementation of the Integrated Pension Administration System and Umoja in 2015) and changes in the formula for determining pensionable remuneration in 2019, as well as demographic experiences during 2020 as influenced by the COVID-19 pandemic.

46. The Pension Board agreed with the recommendation of the Committee of Actuaries concerning the following changes to the demographic and other related assumptions for the purposes of the actuarial valuation as at 31 December 2021:

(a) **The reset of the mortality improvement period to 20 years (through 2041);**

(b) **The modification of certain withdrawal, early retirement and normal retirement rates;**

(c) **The modification of the assumption regarding utilization of the commutation option from an effective commutation rate of 18.0 per cent to 14.4 per cent.**

47. **The Pension Board agreed with the recommendation of the Committee of Actuaries regarding the two-track adjustment system where, for the purposes of the 31 December 2021 actuarial valuation, the assumed long-term cost of the two-**

track feature should remain at 2.1 per cent of pensionable remuneration. The Board also agreed that the Committee's monitoring exercise should continue on the occasion of each actuarial valuation.

48. The financial effects of the suggested changes are set out in table 2.

Table 2
Summary of financial effects

<i>Change</i>	<i>Estimated increase in contribution rate as a percentage of pensionable remuneration</i>
Reset of mortality improvement period to 20 years (through 2041)	0.06
Lower utilization of commutation option (from an effective commutation rate of 18.0 per cent to 14.4 per cent)	0.24
Modification of withdrawal, early and normal retirement rates	0.00
Total	0.30

49. Reference was also made to capital market assumptions for 2021, which drive the selection of the valuation interest rate. These assumptions were arrived at after taking note of the assumptions used in the asset allocation optimization study performed in 2021, taking into account input provided by the Investments Committee and the Fund Solvency and Assets and Liabilities Monitoring Committee, with the Office of Investment Management taking ownership of these assumptions. Based on these capital market assumptions and the Fund's strategic asset allocation, and corroborated by the consulting actuary, it was determined that the expected long-term real rate of return remains over 3.5 per cent per annum, and that therefore a valuation interest rate of 3.5 per cent real rate of return (net of inflation) could continue to be supported.

50. With regard to the real rate of return on investments, the Pension Board agreed to the recommendations of the Committee of Actuaries that, based on the concurrence of the Investments Committee and the Fund Solvency and Assets and Liabilities Monitoring Committee, the expected asset return based on the revised capital market assumptions, strategic asset allocation and the Fund's historical longer-term investment performance, the 3.5 per cent real rate of return assumption should continue to be used for the upcoming actuarial valuation as at 31 December 2021.

51. With regard to the inflation assumption, the Pension Board agreed to the recommendation of the Committee of Actuaries that the long-term inflation assumption remain at 2.5 per cent per annum.

52. The Pension Board also agreed to the recommendations of the Committee of Actuaries that two additional sets of economic assumptions be used for the 31 December 2021 actuarial valuation, based on 2.5 per cent and 4.0 per cent real rates of return, which, when combined with the 2.5 per cent inflation assumption, would produce nominal investment return assumptions of 5.0 per cent and 6.5 per cent per annum, respectively.

53. Regarding growth in the future number of active participants, the Pension Board agreed with the recommendation of the Committee of Actuaries that the regular valuation should reflect that the rate of growth for staff in the General Service and related categories remains at zero, while the rate of increase assumed for staff in the Professional and higher categories should remain unchanged from prior valuations at 0.5 per cent per year for 10 years and 0.0 per cent thereafter. The Board further agreed to the recommendation of the Committee that the

31 December 2021 actuarial valuation include an additional set of assumptions that reflect a negative growth in participants equal to (1.0) per cent per annum for 10 years, followed by zero growth thereafter.

54. The various sets of assumptions to be used for the 31 December 2021 actuarial valuation are set out in table 3.

Table 3

Economic and participant growth assumptions used in the 2021 valuation

	<i>Assumption (percentage)</i>		
	<i>I^a</i>	<i>II</i>	<i>III</i>
A. Economic factors			
Increases in pensionable remuneration (in addition to static increases)	3.0	3.0	3.0
Nominal rate of interest (investment return)	6.0	6.5	5.0
Wage increases (reflected in assumed increases in pensionable remuneration)	3.0	3.0	3.0
Price increases (reflected in increases of pensions to beneficiaries)	2.5	2.5	2.5
Real rate of interest (investment return after inflation)	3.5	4.0	2.5
Usual designation	3.0/6.0/2.5	3.0/6.5/2.5	3.0/5.0/2.5
Cost of two-track adjustment system (2.1 per cent of pensionable remuneration)	Included	Included	Included
B. Future growth of participant population			
For each of the first 10 years (zero growth thereafter):			
Professional staff		0.5	(1.0)
General Service staff		0.0	(1.0)

^a The regular valuation would be A.I combined with B.I. The other valuations showing sensitivity to economic assumptions would be A.II combined with B.I and A.III combined with B.I. The other valuation showing sensitivity to future participant growth would be A.I combined with B.II.

55. It should be noted that the Committee of Actuaries sought to clarify to the Board that the asymmetric recommendation of alternative assumptions for the real return was intended to recognize the risk dynamics of the Fund, and was not reflective of a more pessimistic view of the Fund realizing the 3.5 per cent real annualized return over the long term. Table 4 summarizes the four sets of assumptions.

Table 4

Summary of assumptions

(Percentage)

<i>Assumption set</i>	<i>Nominal interest</i>	<i>Price inflation</i>	<i>Wage inflation</i>	<i>Participant growth^a</i>
Baseline	6.0	2.5	3.0	+0.5, 0.0
High interest	6.5	2.5	3.0	+0.5, 0.0
Low interest	5.0	2.5	3.0	+0.5, 0.0
Declining population	6.0	2.5	3.0	-1.0, -1.0

^a Professional and General Service staff, respectively. Rate of arithmetic growth shown assumed for 10 years, followed by 0 per cent.

B. Report of the Committee of Actuaries

56. The Rapporteur of the Committee of Actuaries presented the report of the sixtieth session of the Committee, which was held virtually from 9 to 11 June 2021. The Committee's comments and conclusions on the proposed methodology and assumptions for the actuarial valuation results as at 31 December 2021 are summarized above.

57. The Board was informed that the biennial joint meeting with the Investments Committee and the Committee of Actuaries was held on 7 June 2021. The Board recalled that the joint meeting seeks to maintain and enhance the link between the Fund's investment performance and its long-term liabilities, and, importantly, the joint session assists the Committee of Actuaries in the formulation of its recommendations on the economic assumptions for the actuarial valuation. The Rapporteur informed the Board that the Committee of Actuaries had, through its joint meeting with the Investments Committee, noted the results of the asset optimization study commissioned by the Fund and was supportive of the actions proposed by the Fund.

58. In addition to the actuarial valuation methodology and assumptions, the Board was informed that the Committee of Actuaries had discussed an analysis produced by the consulting actuary on the potential impact of COVID-19. The Committee reported that this would be an area it would continue to monitor.

59. The Board noted that the Committee of Actuaries had reviewed and updated the Fund's risk solvency monitoring dashboard for discussion with the Fund Solvency and Assets and Liabilities Committee. The Rapporteur highlighted areas that would be closely monitored, particularly in respect of uncertainty in the global economy, the impact of COVID-19 on mortality experience and future employment patterns in the United Nations family. The Board was informed that the Committee of Actuaries had concluded that no item on the dashboard required immediate action.

60. The Rapporteur updated the Board on the development of a funding policy for the Fund, to be presented to the Board in 2022.

61. The Board was reminded that the Committee had completed an annual evaluation of the services provided to the Fund by the consulting actuary. The Committee confirmed in its most recent overall appraisal that the consulting actuary continued to consistently apply high professional standards.

62. The Board thanked the Committee of Actuaries for its report and continued service to the Fund and took note of the Committee's report.

C. Membership of the Committee of Actuaries

63. The Chief Executive of Pension Administration recalled that article 9 of the Regulations of the Fund stated that a committee consisting of five independent actuaries shall be appointed by the Secretary-General upon the recommendation of the Board. The terms of reference for the Committee of Actuaries provide that the terms of regular members will be 3 years, renewable up to a maximum of 15 years. The rules of procedure of the Fund (sect. E) and the terms of reference of the Committee also allow for ad hoc members to serve for 2-year terms, renewable up to 15 years. The Board was informed that the terms of two committee members were expiring at the end of 2021; two regular members had completed their full 15-year term and two members, who are currently ad hoc members, had expressed an interest in continuing to serve the Pension Fund as regular members. **The Board thanked D. Latulippe and B. Yen for their excellent service.**

64. **The Board recommends that the Secretary-General appoint the following members beginning 1 January 2022:**

(a) **A. Billig (Canada), regular member (Western European and other States) for a term of three years;**

(b) **R. Nantambi-Amiri (Uganda), regular member (African States) for a term of three years.**

65. In accordance with past practice, the Chief Executive of Pension Administration invited staff pension committees and the members of the Committee of Actuaries to offer comments and to submit the names of suitably qualified candidates, with due regard for gender balance, who would be willing to serve on the Committee as ad hoc members. Two candidates were submitted: Marcia A. Dush from the United States of America and Senthamangalam Ganesan Venkatramani from India.

66. **Based on the recommendation of the Chief Executive of Pension Administration, the Board recommends that the Secretary-General appoint the following members beginning 1 January 2022:**

(a) **M. Dush (United States of America), ad hoc member (Western European and other States) for a term of two years;**

(b) **S. Venkatramani (India), ad hoc member (Asian States) for a term of two years.**

67. The Board welcomed the fact that the regular membership would cover all five regions. In addition, the Board noted that there was still one open ad hoc membership after the above appointments and encouraged its members to propose any suitable candidates to the Chief Executive of Pension Administration.

IV. Investments of the Fund

A. Management of the investments of the Fund

68. The Representative of the Secretary-General for the investment of the assets of the Fund informed the Board that, despite the COVID-19 crisis, 2020 was a very successful year in the global financial markets and for the investments of the Fund. As at 31 December 2020, the Fund was valued at \$81,528 million, an increase of \$9,558 million from \$71,970 million as at 31 December 2019. The Fund achieved a nominal return of 13.40 per cent, just slightly trailing the policy benchmark return of 13.44 per cent by 4 basis points for the calendar year 2020. The real return was 11.88 per cent for calendar year 2020, 8.09 per cent above the long-term real rate of return objective of 3.5 per cent in United States dollar terms. The cumulative annualized nominal rate of return for the 50-year period ending 31 December 2020 was 8.67 per cent. This represents an annual real rate of return of 4.67 per cent for the same period, which is above the long-term objective. The annual real rates of return for the 10-year and 15-year periods ending 31 December 2020 are 5.57 per cent and 4.84 per cent, which were always above the long-term objective.

69. Over a three-year period (annualized), the Fund's performance was 8.65 per cent versus 8.86 per cent of the policy benchmark. The underperformance against the benchmark was owing to a lack of adequate resources (staff and tools) and unattainable asset allocations and benchmarks. The budget proposal for 2022 and the new asset allocation and benchmarks will build the foundation needed to reverse this trend.

70. Following the recommendation of OIOS and an analysis by an internal task force, the Office of Investment Management hired an independent consultant to conduct an asset management and benchmark study to update the asset allocation based on the new environment of capital market assumptions and to review the appropriateness of the benchmarks for the various asset classes, particularly the fixed-income portfolios. Although the Fund completes a full asset and liability management study every four years, it was necessary to conduct this asset management and benchmark study simultaneously with another benchmark study as a result of the unprecedented changes in market conditions owing to the global COVID-19 crisis. According to the recommendations from the asset management and benchmark study, the Office of Investment Management should: decrease investments in large capitalization equities, emerging markets and mortgage-backed securities, and increase investments in United States bonds (government- and investment-grade) and small capitalization public equities, and at the same time increase allocation to private equities, real estate and infrastructure.

71. Other relevant actions and implementations of OIOS recommendations were the restructuring of the internal committees on risk, compliance, internal investments and private markets, establishing recusal policies to avoid conflicts of interest, tightening personal trading policies, improving transparency through compliance with Global Investment Performance Standards of disclosure and updating the terms of reference of the Chief Investment Officer and the Investments Committee.

72. In addition, the Office of Investment Management initiated two projects to address additional OIOS recommendations: the conduct of a bottom-up workforce planning exercise to reveal gaps in capacity in terms of staffing and develop a strategy to fill those gaps in order to implement the investment strategy in a cost-effective manner, which served as a basis for the proposed budget for 2022; and the development and implementation of a culture transformation programme to cultivate a harmonious, high-performing and ethical culture in the Office, including by conducting culture surveys as appropriate.

73. In December 2020, the General Assembly allowed the use of derivatives for two years on a trial basis as a risk management tool. Cross-functional teams from the Office of Investment Management proposed four projects, which were simple, safe and would improve the management of the portfolios, entailing the use of:

(a) “To be announced” mortgage-backed securities to provide additional sources of market liquidity and inventories of securities;

(b) Foreign exchange swaps to manage cash efficiently with regard to the Fund’s pension payments in currencies other than the United States dollar;

(c) Foreign exchange forwards to reduce currency risk in the emerging markets fixed-income portfolio;

(d) United States Treasury futures to reduce the interest rate risk and price volatility and as an additional source of market liquidity.

74. In addition to the projects on derivatives, the teams proposed two additional business cases: to enter into lending for United States Treasury securities only and to transact in repurchase agreements.

75. In 2020, the Office of Investment Management reached key milestones in its sustainable investing activities. These developments included the integration of environmental, social and governance investments into the Fund’s portfolios and its post-investment activities, as well as major initiatives linked to climate. The Office finalized its sustainable investing guidelines for all asset classes. In September 2020, the Fund finalized its divestment from thermal coal, following the commitment made

in 2019 to divest from publicly traded companies in the coal energy sector before the end of 2020. The Fund also joined the United Nations-convened Net-Zero Asset Owner Alliance and committed itself to implementing the recommendations of the Task Force on Climate-related Financial Disclosures. These initiatives will aid the Office in enhancing its sustainable investing approach, with the goal of reaching carbon neutrality by 2050.

76. The Fund constantly tries to identify opportunities to diversify its investments by asset class and geographical region, and currently holds direct securities investments in 48 countries and 35 currencies, along with indirect investments in additional countries through externally managed funds. Direct and indirect public market investments in developing countries amounted to \$14,898 million as at 31 December 2020, an increase of 18.9 per cent from \$12,537 million as at 31 December 2019, despite the divestment in frontier market funds. The exposure in developing countries represented 18.27 per cent of total Fund assets as at 31 December 2020.

Comments by the Chair of the Investments Committee

77. The Chair of the Investments Committee thanked the Representative of the Secretary-General for facilitating the work of the Committee. He reiterated the advisory role of the Committee, which was to provide advice to the Representative of the Secretary-General and the Office of Investment Management on market risk, opportunities and best practices. He said that the members of the Committee were also asked to engage with other Board committees. The Chair said that the Committee's role was very important, especially given the pandemic. He said that the Fund was a unique entity, as it was very large at \$87 billion, and was well funded, with 30 per cent more than was needed to meet actuarial liabilities, as it did not only seek to match benchmarks, but also had to meet a fixed target of 3.5 per cent real rate of return.

78. The Chair of the Investments Committee said that the world had experienced unprecedented economic conditions and markets were able to recover from external shocks in a period of continued dramatic stimulus provided by Governments. He noted that the United States alone had committed trillions of dollars in fiscal stimulus. He predicted strong economic growth in some economies and on a global scale in the upcoming quarters. He cautioned that an outcome of pent-up demand and economic stimulus could lead to potential inflation, which could present obstacles, but stated that he was confident that central banks would take action to keep it in check.

79. The Chair noted the recovery of the Fund in 2020, which indicated the extraordinary resilience of the Representative of the Secretary-General and his team and their bravery in adhering to the strategic asset allocation, even when the Fund reached a low of \$60 billion in March 2020.

80. He added that the Investments Committee was supportive of the Office of Investment Management's approach to environmental, social and governance issues and Net-Zero targets, which would need to be managed and monitored to ensure that the environmental, social and governance solutions did not lead to the deterioration of returns but would instead lead to more sustainable returns in the longer term. The Investments Committee had been actively engaged with the Office in discussions about environmental, social and governance investing and had met with the Secretary-General. He said that the full participation by both long-serving and new members was also enhancing the breadth of expertise on the Committee.

Discussion in the Board

81. A member of FAFICS thanked the Chair and the members of the Investments Committee for their service to the Fund. He also thanked the previous Chair for his contribution and long service to the Fund. He said that although the Fund had met the 3.5 per cent real rate of return, he was concerned about the current environment of low interest rates and did not expect that situation to persist in the future, and raised awareness about the need to pay close attention to this risk. The member of FAFICS highlighted improvements regarding the use of derivatives and securities lending; environmental, social and governance issues; and alternative investments. Regarding the use of derivatives, the member of FAFICS recognized that those innovations were important and consistent with resolution 75/246 of the General Assembly. He noted that those derivatives had been available in the markets for several decades and were in line with industry standards.

82. The member of FAFICS thanked the Office of Investment Management for the improvements and the new emphasis on risk management, specifically with regard to valuations, liquidity and currencies. Finally, the member of FAFICS welcomed the increased transparency demonstrated by the Fund and expressed appreciation that the Office had successfully become compliant with the Global Investment Performance Standards.

83. In response to a question from a representative of the governing bodies on the measures in place to reduce exposure to equities, the Representative of the Secretary-General said that the teams were working on a transition plan that would be implemented in the next two to five years.

84. A representative of the governing bodies expressed appreciation for the work of the Investments Committee. He said that while the General Assembly mandated the Fund to increase exposure in emerging markets, he wanted to know how the Office of Investment Management was exercising caution. The Chair said that the Fund had done well mitigating geographic risk with its investments in developed and developing markets. He informed the Board that the Office of Investment Management had reduced its exposure to frontier markets. With regard to inflation, the baseline increase in wages would lead to an increase in costs because of improvement in economic activity and inflation expectations, and supply chain contraction would cause a slowdown because of the increase in demand for goods and services. He shared the optimistic view of a 2.0 to 2.5 per cent baseline inflation, while an incremental 3.0+ per cent would come from the temporary factors, which would need to be monitored carefully in the coming quarters.

85. A representative of the governing bodies and a member of FAFICS wanted to know the critical factors that were being monitored with regard to investing in environmental, social and governance securities. The Representative of the Secretary-General said that taking into account environmental, social and governance issues when investing was not a portfolio but rather an approach to investing that helped determine which securities were selected. He explained that it was another criterion for investment, in addition to the four criteria of safety, profitability, liquidity and convertibility. He also pointed out that there were no conflicts of interest because this approach was aligned with the 2030 Agenda for Sustainable Development of the General Assembly, and not part of the Secretary-General's agenda.

86. A member of the Investments Committee also confirmed that environmental, social and governance investing was a way for investors to integrate the various components of environmental, social and corporate governance, and that such investing was becoming increasingly popular in asset management. She said that in

2020, sustainable investing was worth \$35 trillion, an increase of 78 per cent from 2014.

87. Members of the governing bodies, the participants' group and FAFICS inquired about underperformance in fixed income and real assets and wanted to know what was being done to address that situation. The Representative of the Secretary-General said that both portfolios were underresourced and lacked the necessary tools relative to other portfolios in the Fund for the long term. He said that he had requested four additional posts for the team handling fixed income and added that he hoped that the business cases would serve as additional tools to help the team improve its performance. Regarding real assets, the Representative of the Secretary-General said that the Office of Investment Management had divested from the non-performers and was exploring better options. He also said that the team handling real assets had been integrated into the team handling private equities and was developing an infrastructure strategy.

88. A participants' representative noted that the underperformance on the fixed-income portfolio might not be related to a lack of resources but relate to management issues highlighted by OIOS. He also sought assurance that the use of derivatives was limited to containing risks rather than increasing returns, as derivatives could increase potential liabilities. He noted that the geographic spread of investments needed to be balanced against risks that might not be appropriate to a pension fund. He requested that further information be published on the Fund's environmental, social and governance investing methodology and greater transparency on the Fund's investments be provided, in line with other public pension funds. Another member of the participants' group said that there should be more information on the website of the Office of Investment Management and wanted to see what the Fund was investing in and receive more information on diversification.

89. The Representative of the Secretary-General reiterated that the team handling fixed income was underresourced and lacked the necessary tools relative to other portfolios in the Fund for the long term. With regard to a question on the Office of Investment Management's investments in emerging markets from a representative of the governing bodies, the Representative of the Secretary-General said that the Office of Investment Management had a very active approach to investing in emerging markets, as evidenced by the proposal in the budget for 2022 for more than 15 staff members in the Office to explore opportunities to invest in emerging markets in public equities, private equities and fixed income. He said that the Office invested and divested as opportunities arose without sacrificing the four criteria of safety, profitability, liquidity and convertibility, together with the integration of the environmental, social and governance investing criterion.

90. In response to questions raised about individual holdings in the portfolio and disclosures on the website, the Representative of the Secretary-General said that while the Office of Investment Management could improve on the disclosures on the website with regard to sustainability reporting, it would not be appropriate to disclose the individual holdings of the Fund. He reassured the members that the Office had procedures in place to monitor its holdings, carry out independent analyses and take corrective actions as needed.

91. A member of the participants' group wanted to know the Investments Committee's views on derivatives. The Chair commented that the Office of Investment Management would not invest in derivatives but would instead use them as tools to improve the risk/return of certain investments and transactions. The Representative of the Secretary-General said that the Office would use derivatives cautiously to manage the portfolio risks.

92. The executive heads thanked the Representative of the Secretary-General and the Chair of the Investments Committee and welcomed the good results of the Fund, which were above the real rate of return.

93. The participants' group expressed appreciation for the work performed and the presentation of the report.

94. **The Board took note of the information provided to it.**

B. Membership of the Investments Committee

95. The Representative of the Secretary-General for the investment of the assets of the Fund informed the Board about the guiding principles that underlay the composition of the Investments Committee. He also informed the Board that, based on an OIOS recommendation, the terms of reference of the Investments Committee had been updated to show the independence of the Committee, to show the frequency of meetings and to reflect the current working methods of the Committee.

96. The Pension Board welcomed the intention of the Secretary-General to reappoint Keiko Honda (Japan) as a regular member of the Investments Committee for a three-year term, commencing 1 January 2022.

97. The Pension Board welcomed the reappointment of Macky Tall (Mali) as an ad hoc member of the Investments Committee for a one-year term, commencing 1 January 2022.

98. The Board was pleased to note the improved geographic representation that reflected the five regions, diversity in skill sets and gender balance.

99. The Board expressed its appreciation to the Secretary-General for his active engagement with the Investments Committee.

100. **The Board took note of the Secretary-General's proposals for the nomination of the Investments Committee members.**

C. Progress report on risk management

101. During the reporting period, risk management and compliance services continued to monitor, assess, calculate and evaluate the risk, performance and compliance of the Fund. Several activities were undertaken to strengthen the Office of Investment Management's controls, including the creation of a request for proposal for a quarterly strategic risk report that would create a more detailed and robust report and would better address risk management needs, and the creation of a new operational risk team with a dedicated Risk Management Officer to provide oversight and conduct risk assessments of the overall operational risk controls of the Office. In addition, an asset allocation and benchmark study was conducted in 2021 by an independent consultant, a new automated personal trading and gift and hospitality compliance monitoring system was successfully implemented in 2020 and a new conflict of interest and recusal policy, providing a detailed explanation on how to identify potential conflicts of interest, was issued and communicated to staff in 2021. Furthermore, an independent third party finalized the Global Investment Performance Standards verification process and successfully ascertained that the Fund was able to claim compliance the Standards compliance. The verification process will take place yearly.

102. The Office of Investment Management also confirmed that progress had been made on implementing and closing recommendations from OIOS and the Board of Auditors.

D. Implementation of the information and communications technology strategy

103. At its sixty-sixth session in 2019, the Board requested that the Representative of the Secretary-General for the investment of the assets of the Fund present an update to the Pension Board on the ICT strategy of the Office of Investment Management. The present report is an update on the progress of the ICT strategy based on the events of the reporting period, including with regard to COVID-19 and the implementation of the Office's target operating model.

104. The ICT strategy is intended to support the needs of the Office over the long term and to ensure that the Office can meet its commitments to its stakeholders through the effective management of the assets of the Fund. The Office is continuously working on enhancing its ICT infrastructure and implementing new applications to better support the Fund's investment activities as the Fund continues to grow.

105. The Office has been operating remotely since March 2020 because of the COVID-19 pandemic. This has tested the resiliency of the Office's infrastructure and its operating model. Simultaneously, the Office has been making significant changes to its underlying application and data infrastructure. This work was laid out under the target operating model study that was completed in 2017, which is central to the Office's ICT strategy and also fulfils the implementation of the recommendations made by OIOS in key areas of the Office's management of its ICT infrastructure and business processes.

106. The Office achieved ISO certifications for both its business continuity and ICT security practices, reflecting all the work it has done to ensure its continued safety and security. These accomplishments underscore the importance of ensuring that the ICT strategy is aligned to the overall strategy of the Fund, and that continued investment is made to support the efforts on the target operating model.

V. Audit

A. Report of the Audit Committee

107. The Vice-Chair of the Audit Committee introduced the report of the Committee. She recalled that the Committee's role was to advise the Pension Board on audit, accounting, financial management and risk management issues of the Fund.

108. The Vice-Chair of the Audit Committee reported that the Committee had reviewed the Fund's unaudited financial statements for 2020, and commended the Pension Administration and the Office of Investment Management for their commitment to working together, once again producing an unqualified audit opinion. The Committee received the report of the Board of Auditors on 22 July 2021 and met on 26 July 2021, which allowed the Committee to review the audit report before meeting with the Pension Board.

109. With regard to the internal audit, the Vice-Chair reported that the Committee had endorsed the OIOS workplan for 2021 in November 2020, in accordance with its terms of reference. The risk-based annual workplan was developed in consultation with the Fund management. Overall, the Committee noted the good working

relationship established between OIOS and management, which was reflected in the progress regarding the closing of outstanding audit recommendations.

110. In addition, in accordance with its mandate, the Audit Committee received regular updates from the Enterprise-wide Risk Management Working Group and reviewed the minutes of its meetings, and reviewed revised risk treatment and response plans and the work of the Business Continuity and Disaster Recovery Working Group. The Committee noted the implementation of business continuity measures during the COVID-19 pandemic by the Pension Administration, the Office of Investment Management and OIOS.

111. The Board expressed its appreciation for the work of the Audit Committee, and endorsed its recommendations that:

(a) The Fund's Pension Administration and the Office of Investment Management increase the coordination of their assessment of common risks, in particular as they relate to risks arising from systems used across the organization, for example, human resources;

(b) The Fund's management undertake a wider market and economic assessment to ensure that all risks or events impacting the organization, or the related controls in a reporting period, be adequately described in the statement of internal control;

(c) The Fund's management provide draft financial statements and the financial overview in advance, in order for comments and/or suggestions for amendments or improvements to be incorporated before their finalization.

112. The Board took note of the conclusions of the Committee that:

(a) The Committee was not satisfied with the scope of verification procedures regarding the \$10 billion in "level 3" investments held by the Fund, in particular those used to validate the source documents used by the third party with regard to the valuation and ownership by the Fund of these financial instruments;

(b) The Committee did not receive written audit plans or draft final reports from the Board of Auditors in order to allow for review or comments by the Committee before the presentation of final reports to the Pension Board. It was unable therefore to provide advice on them.

B. External audit

113. The Deputy Director of External Audit, Chile, introduced the report of the Board of Auditors on the audit of the financial statements of the Fund for the year ended 31 December 2020, approved by the Board of Auditors at its annual session on 22 July 2021.

114. The Pension Board was informed that, in the light of the continued effects of the COVID-19 pandemic, the Board of Auditors remotely conducted an internal control audit from 26 October to 9 December 2020, and the audit of the Fund's financial statements in May 2021.

115. The Pension Board was informed that the Board of Auditors had issued an unqualified audit opinion on the Fund's financial statements for the year ended 31 December 2020, which were prepared in accordance with IPSAS and IAS 26.

116. The Deputy Director acknowledged the efforts of management towards the implementation of previous audit recommendations. The Board of Auditors highlighted that 68.2 per cent of outstanding recommendations had been fully

implemented, and that this showed the commitment of management to working with the Board of Auditors.

117. The Board of Auditors concluded the presentation by stating that the personnel of the Pension Fund were fully committed to the audit, which was key to the success of the audit process.

Discussion in the Board

118. All constituent groups expressed their appreciation to the Board of Auditors for the work conducted under unprecedented circumstances.

119. The Deputy Director of the Board of Auditors provided details on the scope of the audit and audit recommendations and noted that the implementation rate of the recommendations compared favourably with other entities.

120. The Board took note of the report of the Board of Auditors and management's report on the implementation of audit recommendations. The Board thanked the Board of Auditors for their professional work. The Board acknowledged the earlier submission date of the audit report and reiterated its prior request that the audit report for the year 2021 be submitted for the Board's consideration in advance of its next session.

C. Office of Internal Oversight Services

121. The Director of the Internal Audit Division presented the report on the activities of OIOS at the Fund for the year ended 30 June 2021.

122. OIOS reported that during the reporting period it had issued five audit reports: three for the Pension Administration and two for the Office of Investment Management. As a result, OIOS had made 43 audit recommendations: 22 for the Pension Administration and 21 for the Office.

123. It was reported that as at 30 June 2021, there were 46 open audit recommendations, including 7 recommendations for the Pension Board, 21 recommendations for the Pension Administration, and 18 recommendations for the Office of Investment Management. These recommendations included four critical recommendations for the Pension Board, two for the Office and one for the Pension Administration. OIOS highlighted the significant number of recommendations closed, and the continued dialogue with the Fund's management regarding the implementation of audit recommendations.

124. The Board was informed that the 2021 internal audit plan covered eight audit engagements, three of which were in the reporting stage: the audit of client services in the Pension Administration; the audit of data governance, management and reporting; and the audit of human resources management in the Office of Investment Management.

125. Regarding the status of investigation activities, OIOS reported that during the reporting period, there had been 13 reports of possible unsatisfactory conduct related to the Fund. It was reported that five investigations from 2020 were ongoing, and one new investigation had been opened in April 2021.

126. It was reported that OIOS regularly met with the Audit Committee, the management of the Fund and the Board of Auditors. OIOS concluded the presentation with assurances of its commitment to working with the management of the Fund to provide timely, effective and independent internal oversight services.

Discussion in the Board

127. The Board took note of the OIOS report and expressed its appreciation of the fact that the Representative of the Secretary General for the investment of the assets of the Fund and the Chief Executive of Pension Administration had accepted all audit recommendations.

128. All three constituent groups thanked OIOS for the work carried out, the comprehensive report and the recommendations made. The groups acknowledged the very good working relationship and dialogue with the Fund's management regarding the implementation of outstanding audit recommendations.

129. FAFICS asked OIOS to provide additional comments about the status of implementation of the recommendations issued in the audit of the Pension Board governance structure and related processes.

130. OIOS indicated that the three outstanding recommendations of the audit of Pension Board governance structure were under implementation and would be closed once there was a decision by the General Assembly on the matter.

131. The Pension Board took note of the report of the Office of Internal Oversight Services for the year ended 30 June 2021. The Board acknowledged the good cooperation and dialogue between management and OIOS over the past year for the conduct of the audit work.

VI. Governance matters

A. Report of the Governance Working Group

132. The Chair of the Governance Working Group introduced the report of the Working Group, focusing on its mandates received from the (special) session of the Board in February 2021 as well as its relevant mandates from the General Assembly. He stated that the Working Group focused in particular on the issue of size, composition and frequency of meetings, taking into account best practices and respecting the unique nature of the Fund. The Working Group further focused on the review of the terms of reference for the Chair, which encompasses the Bureau (appendix 9 to the rules of procedure of the Board), the responsibilities of the members of the United Nations Joint Staff Pension Board (appendix 8 to the rules of procedure) as well as the terms of reference of the Fund Solvency and Assets and Liabilities Monitoring Committee, the Budget Working Group (now the Budget Committee) and the Succession Planning Committee (now the Succession Planning and Evaluation Committee). Finally, the Working Group developed an ethics policy to implement the code of conduct, and proposed efficiency measures to improve the functioning of the Board.

133. Board members of all constituent groups underlined the importance of the work done by the Governance Working Group and the need for the Board to consistently aim at being more effective and efficient. Members also expressed a wide variety of views on the optimum size and composition of the Board. The Board reiterated the importance of dealing with the governance issues in a comprehensive way and underlined the timeliness of the report of the Governance Working Group in that regard.

134. After careful consideration and consultations, the Board decided the following with regard to the recommendations of the Governance Working Group in response to General Assembly resolution [75/246](#):

1. The Board recommended that the General Assembly maintain a Board of 33 voting members.
2. With regard to attendance at Board sessions, the Board approved the following procedures for attendance at Board sessions under section A.9 of its rules of procedure:
 - Physical attendance at the Board will consist of 33 members, 4 General Assembly alternates and 4 FAFICS representatives.
 - Virtual attendance at the Board will consist of alternate members (other than General Assembly alternates), alternate representatives of FAFICS, representatives from member organizations that have no voting members, observers and secretaries of staff pension committees.
 - The Secretary of the Board and her or his team will attend in person.
 - The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund will attend in person, as will a small number of personnel from their teams, as necessary (their teams, where possible, will attend virtually).
 - Medical consultants, the consulting actuary, members of the Committee of Actuaries, members of the Investments Committee, the Ethics Adviser and others will attend virtually.
3. With the implementation of the above efficiencies, the physical attendance at meetings of the Board would decrease from over 100 to 59 in-person participants.
4. The Board was unable to reach agreement on whether the 18 representatives from the member organizations (6 representing governing bodies, 6 representing executive heads and 6 participants' representatives) that have 1 or 2 voting Board members may travel to attend the Board in person or may participate virtually. The Board agreed to discuss this matter at the next in-person session, planned for July 2022.
5. Regarding the frequency of meetings, the Board decided to hold three meetings per year normally, subject to the decision of the Chair in consultation with the Bureau and the spokespersons. One virtual meeting will be held in February, another virtual meeting in April and one in-person meeting in July. The Board decided that the in-person meeting should normally be five working days, subject to the decision of the Chair in consultation with the Bureau and the spokespersons. The annual cycle of the Board would commence in February each year.
6. Any decision made in a virtual meeting shall be taken note of at the in-person meeting in July and will be part of only one final Board report to be submitted to the General Assembly, while those decisions may come into effect immediately after a virtual meeting if the Board so decides.
7. The Board approved the updated appendix 5 (terms of reference for the Fund Solvency and Assets and Liabilities Monitoring Committee), appendix 8 (responsibilities of Board members) and appendix 9 (terms of reference for the Chair of the United Nations Joint Staff Pension Board) of the rules of procedure of the United Nations Joint Staff Pension Fund. The Board also decided to add two new appendices to these rules of procedure with terms of reference for the Budget Committee and terms of reference for the Succession Planning and Evaluation Committee. All documents are contained in annex III to the present report.

8. The Board adopted an ethics policy to implement the code of conduct, as set out in annex III.G. The ethics policy will become an appendix to the rules of procedure of the United Nations Joint Staff Pension Fund, in response to General Assembly resolution [75/246](#).
9. In response to General Assembly resolution [75/246](#), the Board therefore requests the Assembly to approve the following amendments to the Regulations of the United Nations Joint Staff Pension Fund, in line with the adoption of the ethics policy by the Board:
 - An amendment to article 4 (c) to incorporate the code of conduct and ethics policy into the Fund's regulations:

Article 4¹
Administration of the Fund

(c) Subject to the provisions of these Regulations, the Board shall adopt its own Rules of Procedure, **including a code of conduct and ethics policy**, which shall be reported to the General Assembly and to the member organizations

- A new article 6 (d) to incorporate the provisions in section C.1 of the Rules of Procedure, in line with general provisions of the ethics policy:

Article 6
Staff Pension Committees

(d) Staff members of the Board secretariat, Pension Administration and the Office of Investment Management of the Fund, and staff members of the secretariat of each Staff Pension Committee shall not be eligible to be elected or appointed to represent any constituent group in the Staff Pension Committee of any member organization of the Fund, and consequently to serve on the Pension Board.

10. The Board endorsed the efficiency measures proposed by the Governance Working Group to improve its effectiveness as follows:
 - Informal consultations within and among the three constituent groups shall be held as a good practice intersessionally, through the coordination of spokespersons.
 - Documents for items that require action by the Board shall include draft decisions.
 - Proposed amendments and changes by constituent groups to draft decisions shall be circulated among Board members prior to Board sessions as a general practice.
 - The Board will approve an executive summary of the decisions/recommendations at the end of the plenary, which shall be included in the final report. The Board entrusts the Chair, Vice-Chairs, Rapporteur and Board Secretary, in consultation with spokespersons and the Head of the FAFICS delegation, with the preparation of the final report, including the substance of the discussion made during the plenary, and submit it to the General Assembly.
11. The Board endorsed the findings of the Governance Working Group on the current arrangement for the independence of the Secretary of the Board and concluded that its implementation is fully in line with decisions taken

¹ Proposed additions appear in boldface and underlined type, and proposed deletions are indicated by strikethrough.

by the General Assembly and the Board in this regard. The terms of references of the Chief Executive of Pension Administration and the Secretary of the Board, and the organizational chart, are attached as annexes III.H and III.I to the present report.

12. The Board agreed to develop a template for a letter to be sent to the executive heads of member organizations clarifying the responsibilities of Board members, including the time requested to fulfil their obligations.
13. The Board decided to conduct a full review of all adopted reform proposals in July 2025.

B. Report of the Fund Solvency and Assets and Liabilities Monitoring Committee

135. A representative of the Fund Solvency and Assets and Liabilities Monitoring Committee introduced the report of the Committee. During the year, in line with its mandate, the Committee continued to monitor the asset allocation, the performance and risks of the Fund's investments, actuarial matters and other factors affecting the Fund's solvency. The Board was informed that the Committee had held six virtual meetings since its most recent report. During its meetings, the Committee was assisted by the Chief Executive of Pension Administration, the Representative of the Secretary-General for the investment of the assets of the Fund, the consulting actuary and representatives of the Investments Committee and of the Committee of Actuaries.

136. The Fund Solvency and Assets and Liabilities Monitoring Committee held several briefing sessions with both the Representative of the Secretary-General and the Chair of the Investments Committee, who informed the Committee about the Fund's investment performance in the light of the impact of the volatility in the global financial markets on the assets of the Fund. The Committee noted that the Fund remained well-funded. The long-term annualized rate of return for the 15-year period was 4.84 per cent, well above the minimum 3.50 per cent required to fund the liability.

137. The representative of the Committee reported that the Committee had been consulted on the development of the terms of reference of the asset allocation and benchmark study and had discussed its results with the Office of Investment Management and the consultant who performed the study.

138. Regarding actuarial matters, the Committee discussed with the Committee of Actuaries and the consulting actuary the valuation methodology and assumptions for the thirty-sixth actuarial valuation of the Fund as at 31 December 2021. The Committee received clarifications on the growth assumption for future participants, the cost of the two-track system, the utilization of the commutation option, other demographic assumptions (withdrawal and retirement rates) and other related topics.

139. At the request of the Fund Solvency and Assets and Liabilities Monitoring Committee, the consulting actuary provided an analysis of the potential COVID-19 mortality impact on the Fund. The consulting actuary shared its opinion and the Committee agreed that, on balance, it was prudent to wait before making any changes to mortality rates or longevity improvement scales, to see if either set of emerging effects on death rates would prevail.

140. The Board thanked the Committee for its work, and endorsed its conclusions and recommendations as follows:

(a) **The Committee noted that in spite of the COVID-19 crisis, 2020 was a successful year for the investments of the Fund. As at 31 December 2020, the Fund was valued at \$81,528 million, an increase of \$9,558 million from \$71,970**

million as at 31 December 2019. The Fund achieved a nominal return of 13.40 per cent, just slightly trailing the policy benchmark return of 13.44 per cent by 4 basis points for the calendar year 2020;

(b) The Committee also noted that some of the underperformance against the policy benchmark in the shorter term was due to a lack of resources, and expressed its support for the Office of Investment Management's budget proposal for 2022;

(c) The Committee welcomed the findings of the asset allocation and benchmark study concluded in 2021 and noted that the conclusions were consistent with that of the 2019 asset and liability management study that stressed the need for increased allocation to private equity, real estate and infrastructure;

(d) As recommended by the Committee, the Pension Board adopted the economic and demographic assumptions recommended by the Committee of Actuaries for completion of the actuarial valuation as at 31 December 2021;

(e) The Board took note that the Fund's solvency monitoring dashboard as at 31 December 2020 did not include any high risks that would require immediate action;

(f) On the development of a funding policy, the Board took note that further work was required, and that this would form part of the Committee's future tasks;

(g) The Board took note of the successful implementation of business continuity measures and teleworking arrangements during the COVID-19 pandemic in the Pension Administration and the Office of Investment Management.

C. Report of the Succession Planning Committee

141. The Chair of the Succession Planning Committee introduced the report of the Committee. She recalled that the Board, at its sixty-fifth session, decided to establish the Succession Planning Committee, the purpose of which would be to assist the Board with, among other things, developing performance evaluation methodologies for the positions of the Chief Executive and the Deputy Chief Executive of Pension Administration. The Committee submitted a draft proposal of the performance evaluation process and a report template for the consideration of the Board.

142. It was proposed that the reporting cycle be from July to June, while keeping in mind the rotating function of the Chair. The Chief Executive of Pension Administration would report to the Chair of the Pension Board.

143. The Committee also suggested that the report include no more than three to four goals. The goals should be clear, simple, realistic and attainable, and should be clearly linked to the expected results of the Fund, as set out in its annual programme budget.

144. It was envisaged that, following a self-evaluation by the Chief Executive of Pension Administration, the Chair of the Pension Board would provide comments as to whether or not the incumbent had met expectations, and any material and significant deficiencies could be highlighted. The Chair would provide the Board with a high-level summary of the evaluation at its annual session.

145. The Deputy Chief Executive of Pension Administration would be subject to the standard United Nations performance evaluation document and report to the Chief Executive of Pension Administration, unless performing as the Acting Chief

Executive of Pension Administration in the event of the prolonged absence of the Chief Executive of Pension Administration.

146. **The Board agreed to the proposal of the Committee that it be renamed as the Succession Planning and Evaluation Committee (SPEC) in order to distinguish it from the Staff Pension Committee (SPC).**

147. **The Board approved the performance evaluation process and report template as suggested by the Committee, subject to a review in two years.**

148. **The Board thanked the Committee and its Chair, and expressed its appreciation for the support of the Office of Human Resources of the United Nations.**

VII. Benefits system/participants

A. Restoration of deferred retirement benefits

149. In 2015, in the context of an appeal, the Staff Pension Committee of WHO considered certain provisions of the Regulations of the Fund regarding the restoration of prior contributory service for participants who re-enter the Fund after electing a deferred retirement benefit. The WHO Staff Pension Committee initially raised the issue at the Board's sixty-third session in 2016, but its note was withdrawn for further discussion. In July 2016, the United Nations Appeals Tribunal considered a case that gave rise to the issue that was mentioned by the Staff Pension Committee (judgment No. 2016-UNAT-656), and the Tribunal stated that the Fund might wish to reconsider whether the revised article 24 (a) was in fact achieving what it was intended to achieve, namely, the enhancement of the mobility of staff and the portability of pensions (para. 27).

150. The Board considered the matter at its sixty-fourth session in 2017. At its sixty-fifth session in 2018, it reviewed an analysis by the consulting actuary that included an estimate of the cost to reinstate the restoration provisions for participants who had elected or were deemed to have had elected a deferred retirement benefit and re-enter the Fund after being rehired. The Board considered the legislative history of the restoration provisions, building on the content that it had considered at its fifty-fifth session, in 2008, in the context of the last changes that had been made to article 24 of the Regulations. Following the discussion by the Board and taking into account the decision by the General Assembly in its resolution [59/269](#) that it would not consider any further proposals to enhance or improve pension benefits until action was taken on the issues contained in its resolution [57/286](#) to reverse certain benefit changes that were made as cost-saving measures, the Board decided that the then Secretary/Chief Executive Officer should undertake a study of possible options for allowing restoration of deferred retirement benefits that would be cost-neutral for the Fund.

151. In 2019, the secretariat of the Fund considered the matter with the consulting actuary, and options were discussed with the Committee of Actuaries at its fifty-eighth session in May 2019. The Committee concluded that there were limited cost-neutral alternatives and noted that the Fund did not provide for the purchase of additional service under any circumstances. The Committee suggested that the only available alternative would be to convert the value of the deferred benefit on an actuarial basis to the number of years of service that could be "purchased" on a future service basis. It was noted that the same procedures could be followed as those used for conversion of provident fund accounts in the case of transfers into the Fund. However, the actuaries cautioned that such an approach could be problematic, as the number of years of service arising from restoration of deferred retirement benefits would most

likely not be equivalent to the actual prior years of service earned. In addition, the prior accrued benefit plus the future service benefit could be greater than that generated using total service (i.e. past plus future service), owing to changes in pensionable remuneration. The Board requested that the Fund submit in 2020 a proposal, based on a general formula developed by the consulting actuary, that would offset the past service to be “purchased” in order to ensure that the alternative remained cost neutral. The matter was deferred in 2020 to the sixty-ninth session of the Board in 2021.

152. In accordance with the Board’s request in 2019, the consulting actuary developed a cost-neutral method to provide for the restoration of partial service to the group under consideration. The method uses the value of the deferred retirement benefit held by the Fund to determine how much past service the rehired participant would be able to “purchase”, which would then be restored and added to future service. By using the value of the benefit held by the Fund to determine how much service could be purchased under restoration, the entire process is cost neutral to the Fund. The benefit using this total projected service would then be compared to the sum of the past and future service benefits that would have been paid without restoration.

153. The consulting actuary noted that each instance of restored service was specific to the individual participant and would depend on a variety of factors, including the length of initial service, pensionable remuneration at the end of initial service, age at rehire and pensionable remuneration at rehire. The consulting actuary further noted that in most cases, however, the restored service benefit was expected to be less than the benefit that would have been paid had restoration not been applied, because the cost of restoring service is usually expensive, owing to the higher level of pensionable remuneration for the second period of contributory service compared with the pensionable remuneration at initial separation.

154. The Board considered the methodology presented by the consulting actuary and approved its adoption as a basis for allowing restoration on a cost-neutral basis in cases where a beneficiary has elected or is deemed to have elected a deferred retirement benefit. The Board requested the Fund secretariat to submit an amendment to article 24 of the Regulations to allow restoration in the case of deferred retirement benefits on a cost-neutral basis. If approved by the General Assembly, implementation of the new measure would be undertaken within existing resources. The amendment to article 24 of the Regulations should be presented at the Board’s next session in 2022.

B. Ceiling under article 28 of the Regulations of the Fund

155. At its sixty-sixth session in 2019, the Board considered a proposal by a member of the governing bodies group that the ceiling on the benefits payable to participants in the Fund at the level of Under-Secretary-General and Assistant Secretary-General under article 28 (d) of the Regulations should be removed or that the same ceiling should be applied in calculating the contributions of other participants in the Fund. The Board discussed the proposal and requested that the secretariat of the Fund study the issue for the Board’s review in 2020. This item was deferred from sixty-seventh session of the Board in 2020, and the Chief Executive of Pension Administration presented the outcome of the study at the current session.

156. The conclusion of the study was that:

(a) The ceiling only affected staff members with more than 32 years of service;

(b) The ceiling might be considered minimal for staff at the level of Assistant Secretary-General, while the reduction at the level of Under-Secretary-General was roughly 9.6 per cent with 38 or more years of service at separation;

(c) Contributions continued to be made at the same level irrespective of the application of the ceiling;

(d) Only 40 staff members and beneficiaries, out of a total number of participants of 214,978 as at 31 December 2020, or 0.02 per cent, were affected by the ceiling.

157. The overall conclusion was that the financial effects of eliminating the ceiling were negligible. However, there would be administrative costs and work in order to amend the Fund's Regulations, organize communications and reprogram the Fund's Integrated Pension Administration System. The Chief Executive of Pension Administration also noted that, even though the cost of this change would be negligible, it would still be an improvement, meaning that the Board would need to consider it in the context of benefit provisions already approved, in accordance with General Assembly resolutions [57/286](#) and [59/269](#), which were still awaiting implementation when the actuarial valuation of the Fund showed a clear upward pattern of surpluses.

Discussion in the Board

158. In the context of the above-mentioned benefit provisions that had already been approved by the General Assembly, the Board considered a proposal by the executive heads of an interim measure that could be adopted in which, for those Assistant Secretaries-General and Under-Secretaries-General, or those at their equivalent level, who were about to reach the application of the ceiling set forth in article 28 (d), the level of their pensionable remuneration would be frozen, such that those participants would make contributions into the Fund at the same level as the benefit to be received upon separation from service. The executive heads further proposed that the ceiling in article 28 (d) be removed once the actuarial valuation of the Fund showed a clear upward pattern of surpluses, as referred to by the Assembly in its resolutions [57/286](#) and [59/269](#).

159. The Board agreed with the idea of the proposal put forward by the executive heads, and agreed to revisit the proposal, together with those benefit provisions that had already been approved by the General Assembly, once the Fund showed a clear upward pattern of surpluses.

C. Provisional payments

160. At its sixty-third session in 2016, the Pension Board requested the then Secretary/Chief Executive Officer to propose measures in response to the request by the executive heads and the participants' group for a provisional payment measure to accelerate and simplify benefit processing procedures where there was a delay in payment. In accordance with what was then article 7 (c) of the Regulations of the Fund, the Board authorized the then Chief Executive Officer to implement a measure for provisional payment by early November 2016. The measure was applicable only to periodic benefits that had not been put into payment within three months of receipt of all documentation required for processing the benefit. The payment was limited to 80 per cent of the estimated monthly benefit payable. The Board noted that the measure would entail more work for the Fund secretariat and might require additional resources.

161. The representatives of participants on the United Nations Staff Pension Committee submitted further proposals in 2018 and 2019 as an amendment to the measure approved in 2016 to enable an interim advance payment as long as payment instructions had been received. Noting that there was already an existing provisional payment mechanism in place, the Board asked the secretariat of the Fund to provide statistics in 2020 on the number of cases that could benefit from the proposed expanded measure to enable the Board to consider the matter more fully. The secretariat of the Fund agreed that it would consider an innovative mechanism and report back to the Board. In 2020, the Chief Executive of Pension Administration reported to the Board that in 2019, the Fund met and exceeded the benefit processing benchmark by processing 88.3 per cent of initial separations within 15 business days. In addition, the Fund continued to maintain payment of all its periodic benefits across the globe on time, including the timely collection and reconciliation of contributions.

162. The representatives of the General Assembly and the Secretary-General on the United Nations Staff Pension Committee, while recognizing and appreciating the significant improvement achieved by the Pension Administration in relation to processing new pension cases within 15 days of receipt of all required documentation, submitted a proposal at the current session of the Board requesting that the Pension Administration undertake a study on the feasibility of and implications for amending the provisional payments mechanism approved by the Board in 2016, which would include making a provisional payment of 80 per cent of the expected periodic benefit to new retirees within 30 calendar days of a participant's separation from the member organization, even in the absence of a notification of separation form from the member organization, and present the results of the study to the Board at its next session. The representatives of the Assembly and the Secretary-General set out other issues to be considered as part of the study.

Discussion in the Board

163. The Board considered the proposal by the representatives of the General Assembly and the Secretary-General and determined that there should be a study and a report prepared that would: (a) address the types of documents required by the Fund from a member organization before new benefits could be processed; (b) together with the human resources and payroll sections within member organizations, conduct a complete review of the cases in which all documents had been received by the Fund but were not processed within the 15-day benchmark, and the cases in which all three separation documents had not been received by the Fund, to identify the causes of all delays in issuing the required documents and the measures that would be taken to mitigate the factors contributing to the delays; and (c) to the extent possible, include information from public-service pension funds of Member States on their provisional payment practices.

164. The report to be obtained would be considered by the United Nations Staff Pension Committee and shared with other staff pension committees with a view to establishing whether to request the Pension Administration to examine all implications, including the possible impact on the Fund's resources, of making provisional payments in cases in which the required separation documents had been received by the Fund and the benefits had not been processed within the 15-day processing benchmark and in cases in which all three required separation documents had not been received by the Fund.

165. The Board approved the study to be undertaken by the Chief Executive of Pension Administration in consultation with the member organizations of the Fund. The Board also decided to grant discretionary authority to the Chief Executive of Pension Administration under article 7 (b) of the Regulations to advance, where reasonable and appropriate, periodic pension payments in

respect of financial hardship in cases lacking the full set of documents and not exceeding 50 per cent of the estimated monthly periodic benefit per case. The Board also requested the Chief Executive of Pension Administration to provide periodic reports to the staff pension committees on the exercise of the authority and on the rate of processing benefits in general.

166. In approving such advance payment in respect of financial hardship, the Chief Executive of Pension Administration is requested to first confirm with the member organization that the participant has been duly separated or that the survivor is the eligible spouse, and to maintain appropriate records of the same. Such authority is renewable for a period of one year and the Chief Executive of Pension Administration is requested to provide a report on the exercise of such authority to the seventieth session of the Board in July 2022.

D. Application of paragraph 26 of the pension adjustment system

167. The Board recalled that the pension adjustment system of the Fund was intended to ensure that the periodic benefit payable to retirees and beneficiaries never fell below the “real” value of the United States dollar amount and to preserve the purchasing power of the monthly pension benefit as initially established in the currency of the recipient’s country of residence.

168. Paragraph 26 of the pension adjustment system was included in anticipation that there would be a need for some administrative flexibility to protect the Fund and retirees in situations where the economic environment relative to the United States dollar was not always stable. Paragraph 26 provides for measures that may be exercised by the Chief Executive of Pension Administration when extreme economic situations develop within a country, when local currency track benefits cannot be calculated owing to missing consumer price index (CPI) data or when there is a change in the valuation of a currency.

169. The measures include the suspension of existing local currency track benefits, as well as the suspension of the option of the local currency track option for new retirees. Paragraph 26 (a) stipulates that the Chief Executive of Pension Administration must inform the Board as soon as feasible of any suspension of local currency track benefits.

170. The Board was thus informed that the local currency track benefits for both existing and future retirees in the Central African Republic were suspended as at 1 January 2021 owing to the absence of reliable CPI data for an extended period. Since the country had no retirees who opted for the two-track feature, the suspension only affected potential retirees.

171. The Board took note of the suspension of the local currency track benefit in the Central African Republic as at 1 January 2021.

E. Framework for cases in which the beneficiary of a disability benefit is engaged in paid activities

172. At the Board’s sixty-seventh session in 2020, the United Nations Staff Pension Committee proposed amendments to article 33 (f) of the Fund’s Regulations to address instances in which a beneficiary of a disability benefit was working while in receipt of a disability benefit and proposed a framework for its application. The Board decided to establish a task force to address an amendment to article 33 (f) and to develop the framework for its application.

173. Article 33 (f) of the Regulations provides that a disability benefit may be reduced when the beneficiary, although remaining incapacitated within the meaning of the article, is nevertheless in paid employment. After considering various options as to how a reduction could be applied in line with the current wording of article 33 (f), the task force concluded that there were a number of factors that made the application of a reduction complex within the context of the Fund and its operations, but also made the application difficult and stressful for the beneficiaries. Therefore, the task force focused its efforts on proposing a clear and transparent framework to address the suspension of payment of the disability benefit where earnings from paid activities exceed a certain threshold. In that regard, the task force recommended that article 33 (f) be left unchanged, and that the Board approve a new provision, article 33 (g), together with a framework under section H of the Administrative Rules of the Fund, that would allow the suspension of payment of the disability benefit in cases where the beneficiary was earning above a certain threshold but remained incapacitated.

174. With respect to the threshold, the task force recommended that an individual might earn, through paid activity outside the United Nations system, during a 12-month period, up to a gross amount of \$30,000 or the G-2/step 1 net remuneration in the duty station where the beneficiary resided, whichever was higher. Where the earnings exceeded the threshold, payment of the benefit would be suspended until such time as the beneficiary's earnings from paid activities were below the established threshold, the paid activity ceased or when the beneficiary reached what would have been his or her normal retirement age. The task force also proposed a process to allow requests for the reinstatement of benefit payments when earnings no longer exceeded the established threshold or when the beneficiary reached the normal age of retirement.

175. The task force noted that the periodic disability benefit awarded to the beneficiary would not be discontinued within the meaning of article 33 (e) of the Regulations under the proposed framework; rather, the beneficiary would still be considered disabled under article 33 (a) of the Regulations and, therefore, remain eligible for the disability benefit.

176. **The Board considered and approved the proposals made by the task force. The Board therefore recommends that the General Assembly adopt a new article 33 (g) of the Regulations as follows:**

“(g) The Board may prescribe the extent to which and the circumstances in which payment of a disability benefit may be suspended when the beneficiary, although remaining incapacitated within the meaning of this article, is nevertheless engaged in paid activities. In cases where a beneficiary is engaged in paid activities at the time he/she reaches the age at which incapacity shall be deemed permanent under article 33 (b), the Board may require continued reporting of earnings and authorize the suspension of the payment of the disability benefit up to the age at which the beneficiary would have been entitled to receive a normal retirement benefit at which time the disability benefit may be reinstated”.

177. **The Board approved the addition of the following provisions to section H of the Administrative Rules with respect to the application of the proposed article 33 (g):**

H.11 (a) A beneficiary in receipt of a disability benefit may earn, through paid activities during a 12-month period, up to the maximum gross amount of USD 30,000 or the G2/Step 1 net remuneration applicable for the duty station where the beneficiary resides, subject to subsequent adjustments as may be determined by the Board, whichever is higher.

(b) A disability benefit shall be discontinued should a beneficiary be employed by a member organization irrespective of whether the beneficiary again becomes a participant.

H.12 A beneficiary who has engaged in, or will soon engage in, a paid activity shall report any earnings to the staff pension committee annually. In accordance with article 33 (g), where the beneficiary's earnings from paid activities exceed, or will exceed, the threshold established in Rule H.11, the staff pension committee shall suspend payment of the disability benefit. Suspension will take effect in accordance with Rule H.7(a). Where earnings from paid activities do not exceed the threshold, the staff pension committee shall not suspend payment of the disability benefit under this Rule. The staff pension committee shall review such cases on an annual basis, as long as the beneficiary remains engaged in a paid activity, until he/she reaches what would have been his/her normal retirement age. The beneficiary shall be required to submit proof of his/her earnings to enable the review of his/her case by the staff pension committee. The staff pension committee may accept proof of earnings in any form that it considers sufficient to establish the beneficiary's earnings.

H.13 A beneficiary who has had payment of his or her disability benefit suspended under Rule H.12 may notify the staff pension committee of any material changes in his or her earnings and request that payment of the benefit be reinstated. The staff pension committee shall request updated proof of earnings and may request a new medical report. Payment of the disability benefit shall recommence from the date on which the beneficiary's earnings no longer exceed the established threshold, unless the staff pension committee decides that it shall re-commence from a later date.

178. The Board noted that the framework should be applied to all beneficiaries currently in receipt of a disability benefit under article 33 (a) of the Regulations. The Board decided that the framework should be reviewed in four years to determine how well it is working. The Board also recommended that OIOS include in its audit plan within the coming four years a review of the disability cases in general and, in particular, of the implementation of the new provisions by the Pension Administration and by staff pension committees.

F. Streamlining the administration of disability cases

179. The Chief Executive of Pension Administration presented recommendations to the Board for streamlining the administration of disability cases. Two of the recommendations arose from recommendations by OIOS, which undertook an audit of disability benefits in 2020 (OIOS audit report 2020/050) and recommended that the Pension Administration bring to the attention of the Board the need to amend certain parts of section H of the Administrative Rules to address: (a) the referral of disability cases to be considered by the staff pension committee of another member organization in certain circumstances; and (b) the framework for suspension and discontinuation of disability benefits, in instances where a medical report is not received, to ensure that all staff pension committees apply consistent practices in that regard. In addition, at its 336th meeting on 22 April 2021, the United Nations Staff Pension Committee recommended that a proposal be submitted to the Board to eliminate the deadline for submission of requests for child disability benefits under article 36 (b) of the Regulations and section H.8 of the Administrative Rules.

180. The Board considered an amendment to section H.1 of the Fund's Administrative Rules to allow for the referral of cases to the staff pension committee

of a different member organization, as well the criteria and procedures that would be issued by the Chief Executive of Pension Administration as guidance in that regard. Substantively, the referral of disability cases to another staff pension committee would be based on the following criteria:

(a) The member organization does not have sufficient members on its staff pension committee to convene a meeting and deems that it will not be able to appoint members by the time the paid leave entitlements of the staff member are exhausted;

(b) The member organization uses the medical service of another member organization and, administratively, it is practical to submit the case to the staff pension committee that the medical service supports; and/or

(c) The Administration of the member organization deems it would be in the best interests of the organization and/or the staff member concerned for the case to be addressed by the staff pension committee of another member organization.

181. With respect to the procedures to be applied when referring cases, the executive heads group noted the need for flexibility to allow the staff pension committee that awarded the disability benefit to also undertake a future review of the continued eligibility of the staff member/participant to receive the benefit, if the circumstances are appropriate.

182. The Board also considered an amendment to section H.6 (d) of the Administrative Rules that would result in the adoption and application by all staff pension committees of the same criteria for suspension and discontinuation of a disability benefit in cases in which the beneficiary does not submit a medical report to enable the review of his or her continued eligibility to receive the benefit. The criteria are based on those that have been applied by the United Nations Staff Pension Committee since 2012.

183. The final proposal considered by the Board was an amendment to section H.8 (e) of the Administrative Rules that would eliminate the five-year deadline for requests for child disability benefits in cases in which the child was reported as disabled at the time of the retiree's separation from service. The proposal included an exception in cases where the medical condition could not have been diagnosed at the time of the retiree's separation from service; however, in such cases, the request to the Fund must be made within one year of the diagnosis.

184. The Board welcomed and approved the proposals for streamlining the administration of disability cases, taking into account the proposal by the executive heads in the case of referral of disability cases to another staff pension committee. The Board also approved the related amendments to sections H.1, H.6 (d) and H.8 of the Administrative Rules, set out in annex VI to the present document.

G. Changes to the Regulations, Rules and Pension Adjustment System of the Fund

185. In its resolution [75/246](#), the General Assembly deferred consideration of amendments to article 7 of the Regulations and paragraph 19 of the pension adjustment system to its seventy-sixth session. The Assembly also requested that the Pension Board provide further analysis of and clarification on the proposed amendment to article 48 of the Regulations in the context of the Board's next report.

Article 7 of the Regulations

186. By its resolution 73/274 in 2018, the General Assembly decided to separate the roles of the Chief Executive Officer and the Secretary of the Board and replace the single position with two distinct and independent positions. In that regard, article 7 (c) was amended to address the appointment of the Secretary of the Board in 2019; however, the Chief Executive of Pension Administration proposed a further amendment to align the process of the appointment of the Secretary of the Board with that of the appointment of the Chief Executive of Pension Administration and the Deputy Chief of Pension Administration in article 7 (a) of the Regulations. The proposed amendment is set out below.

Article 7

PENSION ADMINISTRATION AND SECRETARIAT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

(c) A Secretary of the Board shall be appointed **by the Secretary-General** with the on the **recommendation** ~~concurrence~~ of the Board.

Article 48 of the Regulations

187. Further to the request of the General Assembly, the Chief Executive of Pension Administration resubmitted to the Board for its consideration the amendments to article 48 of the Regulations. The primary purpose of the amendments is to clarify the jurisdiction of the United Nations Appeals Tribunal with regard to cases alleging non-observance of the Regulations of the Fund. Decisions on the pension rights of participants, retirees and other beneficiaries are made by the Chief Executive of Pension Administration and by staff pension committees. In cases in which a participant, retiree, beneficiary or other third party entitled to rights under the Regulations is dissatisfied with the decision of the Chief Executive of Pension Administration or a staff pension committee, section K of the Administrative Rules of the Fund sets out the Fund's review and appeals procedure for review of those decisions by the Standing Committee and then by the Tribunal, thereby providing successive levels of judicial review.

188. To date, the United Nations Appeals Tribunal has considered 37 appeals against the United Nations Joint Staff Pension Board, which was the respondent in cases against the Fund before the Tribunal. The majority of the pension cases before the Tribunal concerned issues related to benefit provisions, mainly widow's benefits and the restoration and validation of pension rights. Of the 37 cases considered by the Tribunal between July 2009 and March 2020, 34 cases concerned benefit provisions. Three cases concerned Board governance, and in two of those cases the Tribunal considered appeals of decisions of the Standing Committee, acting on behalf of the Board, on Board membership and attendance at the meetings of the Board. It was those judgments that gave rise to the need to clarify the jurisdiction of the Tribunal with regard to Fund cases and maintain the authority of the General Assembly over decisions pertaining to the governance of the Fund.

189. The amendment to article 48 clarifies the types of rights conferred by such participation, the breach of which would give rise to an appeal to the United Nations Appeals Tribunal, specifically rights affecting participation, contributory service and benefit entitlements under the Regulations of the Fund, and that only these decisions are subject to appeal under section K of the Administrative Rules and article 48 of the Regulations and receivable under the Statute of the Tribunal.

190. Therefore, the proposed amendments to article 48 of the Regulations would not have an impact on the rights of participants, retirees and other beneficiaries to continue to appeal decisions of the Chief Executive of Pension Administration or of

a staff pension committee in respect of participation, contributory service and benefit entitlements before the United Nations Appeals Tribunal. The clarification reflects the existing accountability framework vis-à-vis the Board, the General Assembly and the Tribunal in that the clarification ensures that the Board and the Assembly would continue to decide on matters of governance of the Fund, which are matters that are the ultimate province of the Assembly, and to insulate the Assembly's final decision-making on such matters from oversight by the United Nations Appeals Tribunal.

191. Should the General Assembly approve the proposed amendments to article 48, corresponding amendments would need to be made to articles 2.9 and 7 of the Statute of the United Nations Appeals Tribunal to ensure uniformity of language between the amended text of article 48 of the Regulations of the Fund and the Statute of the Tribunal, as well as legal certainty with respect to the jurisdiction of the Tribunal. The proposed amendments to article 48 are as follows:

Article 48

JURISDICTION OF THE UNITED NATIONS APPEALS TRIBUNAL

(a) Applications alleging non observance of these Regulations **in regard to rights affecting participation, contributory service and benefit entitlements under the Regulations** arising out of decisions of the **Standing Committee acting on behalf of the Pension Board under Section K of the Administrative Rules**, may be submitted directly to the United Nations Appeals Tribunal by:

(i) Any staff member of a member organization which has accepted the jurisdiction of the Tribunal in Joint Staff Pension Fund cases who is eligible under article 21 of these Regulations as a participant in the Fund, even after his or her employment has ceased, and any person who has succeeded to such staff member's rights upon his or her death;

(ii) Any other person who can show that he or she is entitled to rights under these Regulations by virtue of the participation in the Fund of a staff member of such member organization.

(b) In the event of a dispute as to whether the Tribunal has competence, the matter shall be settled by a decision of the Tribunal. **Remands, if any, shall be to the Standing Committee acting on behalf of the Pension Board.**

(c) The decision of the Tribunal shall be final and without appeal.

(d) The time limits prescribed in article 7 of the Statute of the Tribunal are reckoned from the date of the communication of the contested decision of the **Standing Committee acting on behalf of the Pension Board**.

Paragraph 19 of the pension adjustment system

192. The Chief Executive of Pension Administration also proposed an amendment to paragraph 19 of the pension adjustment system, which provides for cost-of-living adjustments in respect of benefits payable in United States dollars and local currencies using the CPI of the United States for the United States dollar amount and the CPI of the country of residence for the local currency amount. Adjustments are made in instances where the applicable CPI has moved by 2 per cent or more since the date of the most recent adjustment. If applicable, the adjustments are made on 1 April. However, in instances where there has been an adjustment on 1 April and the CPI used for the April adjustment has moved by 10 per cent or more, paragraph 19 of the pension adjustment system provides that a second adjustment shall be made on 1 October of the same calendar year. Owing to the fact that a number of retirees and other beneficiaries have raised questions regarding the current wording of paragraph 19, it is recommended that the provision be amended to clarify that the CPI

must have moved by 10 per cent or more based on the CPI used for the adjustment made in April, and there must have been an adjustment on 1 April of the same calendar year in order to have the second adjustment on 1 October. The proposed amendment to paragraph 19 of the pension adjustment system is as follows:

19. If the applicable CPI has moved by 10 per cent or more ~~since~~ **from** the CPI used for the ~~date of the last adjustment~~ **made on 1 April as stated in paragraph 17 above**, ~~the~~ **an additional** adjustment of the dollar amount or the local currency amount, as the case may be, ~~is~~ **shall be** made on a ~~semi-annual basis on 1 April as stated in paragraph 17 above and also on 1 October~~ **of the same calendar year**.

193. **The Board reaffirmed its approval of amendments to articles 7 (c) and 48 of the Regulations, and paragraph 19 of the pension adjustment system, to be reconsidered by the General Assembly pursuant to its resolution 75/246.**

194. Some representatives of the participants of the United Nations Staff Pension Committee disagreed with the consensus to amend article 48.

VIII. Other items

A. Administrative matters: status report of the Emergency Fund

195. The Board was provided with a report on the Emergency Fund for information. The Emergency Fund, which is not an integral part of the pension benefit system, is financed from the assets of the Fund through an appropriation of \$112,500 every year, as approved by the General Assembly.

196. In 2020, the total amount paid out of the Emergency Fund was \$55,242, representing 27 disbursements. Unlike prior years, there were few cases submitted in relation to major natural disaster relief, and more Emergency Fund payments were made to assist with funeral or medical costs.

197. The Board of Auditors, in its report for the year ended 31 December 2019 (A/75/5/Add.16), recommended that the Fund establish a procedure to make uniform the criteria, evaluation, and the granting of resources from the Emergency Fund, which would allow more transparency and consistency in the decisions taken by the Fund's management. In response to this audit recommendation, the Fund has updated the procedures to align the evaluation criteria for Emergency Fund assistance applied in its offices in New York and Geneva. In addition, changes to note A to the Regulations, Rules and Pension Adjustment System of the Fund have been implemented to further streamline the review process and to clarify the specific circumstances under which Emergency Fund payments can be made to third parties.

198. **The Board observed the underspending of the allocated resources while taking note of the activities related to the Emergency Fund during the one-year period of 2020 and the changes to note A.**

B. Transfer agreements

199. The Board considered a request by the Chief Executive of Pension Administration for the Fund to enter into transfer agreements with the European Investment Bank and the European Investment Fund. In accordance with article 13 of the Regulations of the Fund, the Board may, subject to the concurrence of the General Assembly, approve agreements with Member States of a member organization and with intergovernmental organizations, with a view to securing continuity of pension

rights between the Governments of such States or organizations and the Fund. Both entities are agencies of the European Union; therefore, as intergovernmental organizations, they meet the requirements under article 13. The respective Pension Board of each organization has approved the transfer agreement.

200. At its fifty-ninth session in 2012, the Board approved a model transfer agreement, which was developed after a comprehensive review of the administration and operations of the Fund's existing transfer agreements, as further reviewed by the Committee of Actuaries. The proposed transfer agreements with the European Investment Bank and the European Investment Fund are based on the model transfer agreement. The Committee of Actuaries was informed of the proposed transfer agreements at its sixtieth session, held from 9 to 11 July 2021, in accordance with its conclusion at its fifty-seventh session, in June 2018, that should new transfer agreements, based on the approved model agreement, be concluded with other intergovernmental organizations, the Committee wished to be informed but agreed there was no need to obtain a separate concurrence from the Committee of Actuaries.

201. The Board approved, subject to the concurrence of the General Assembly, the transfer agreements between the Fund and the European Investment Bank and between the Fund and the European Investment Fund, as set out in annex VIII to the present document.

C. Venue and date of the next session of the Board

202. The Board took note with appreciation of the invitation received from the United Nations to hold its July 2022 session at its offices in Vienna.

203. The Board agreed to meet as follows, subject to final confirmation by the Secretary and/or the Chair, and subject to any potential travel restrictions:

(a) **In February 2022: a virtual meeting of two working days (tentatively 21 and 22 February);**

(b) **In April 2022: a virtual meeting of two working days (tentatively 25 and 26 April);**

(c) **In July 2022: an in-person meeting of five working days (tentatively 25–29 July), at the United Nations Office at Vienna.**

D. Report of the medical consultant for the biennium 2018–2019

204. The medical consultant to the Board presented a report with respect to the two-year period from 1 January 2018 to 31 December 2019. The report contained detailed information and analyses with regard to the 339 new disability benefits awarded during that period, together with data on new benefits for disabled children and on the deaths of participants while in service. The report contained an analysis of the incidence rate for new cases of 1.30 per thousand participants, which was an increase from the rate of 0.96 per thousand reported for the previous biennium. The report also included diagnostic categories by gender and the average age, as well as the average contributory service, of Fund participants to whom new disability benefits were awarded.

205. The medical consultant noted that the leading cause of disability cases continued to be psychiatric (45 per cent), which, combined with the following three diagnostic categories, represented over 80 per cent of all new disability cases: neurological (13 per cent), neoplasm (13 per cent) and orthopaedic (10 per cent). Of note was the 7 per cent increase in psychiatric cases, the 7 per cent decrease in neurological cases

and the 3 per cent decrease in neoplasm cases compared with the previous biennium. The medical consultant also provided statistics on the average number of years of contributory service by diagnostic category, with the average number of years of service in psychiatric cases being 14 years, in neurological cases 12 years and in neoplasm cases 16 years. The members of the age group who received the most disability benefits were between the ages of 55 and 59 (99 of 339 cases). A total of 162 deaths in service had been reported, presenting an average annual mortality rate of 0.62 per thousand, which was an increase from the average of 0.51 per thousand reported for the previous period, which had been the lowest since 2002. The average age of death-in-service was 51.

206. With regard to new benefits for disabled children, a total of 77 new cases had been awarded during the period under review. The main causes were psychiatric (38 cases), neurological (21 cases) and congenital (6 cases).

207. The medical consultant also provided an update on the United Nations System Mental Health and Well-being Strategy (2018–2023), launched in late 2018 and implemented in 2019. Implementation of the strategy is overseen by a system-wide implementation board. Key activities undertaken to date include psychosocial services, which provide counselling resources across the United Nations system. There has also been an increase in telecounselling through insurance providers.

208. Following the adoption of a new medical clearance process in April 2018 using a self-questionnaire, the medical consultant noted that 62,713 medical clearance requests had been received for staff members from the United Nations Secretariat and New York-based agencies, funds and programmes. For the reporting period under review, there were no staff members with an entry on duty date after April 2018 who were recommended for a disability benefit.

209. The medical consultant also reported on measures that were adopted to address working conditions during the global public health crisis as a result of the COVID-19 pandemic. A number of policy changes were made to support personnel during the period of remote working, the necessary exceptions were made to the Staff Rules and guidelines were issued to provide personnel with the skills required to effectively telecommute, and to assist managers in effectively managing virtual teams and supporting personnel.

210. In addition to addressing issues concerning the well-being of staff during the pandemic, the medical consultant reported on the impact of COVID-19 across the United Nations system and on case development in the future. The medical consultant noted that the pandemic was not yet under control in many parts of the world, though some countries showed positive developments, triggered by high vaccination rates and the effective implementation of public health measures. The future outbreak dynamic would be determined by vaccination roll-out and the development of new, more infectious virus variants. The medical consultant also noted that a symptom complex called “long COVID” might have an impact on the trends in new disability cases, but the results would only be determined in 2022.

211. The Board took note of the report of the medical consultant for the biennium 2018–2019.

E. Terms of reference for the medical consultant

212. Section D of the rules of procedure of the Fund provide for the appointment by the Board of a medical consultant, who shall assist the Board in all medical questions.

213. In an audit of disability benefits conducted in 2020, OIOS recommended that the Chief Executive of Pension Administration, in consultation with the medical

consultant, prepare terms of reference documenting the roles and responsibilities of the medical consultant to the Board. To that end, and in consultation with the medical consultant, who also consulted on the provisions with the medical directors in the United Nations Medical Directors Working Group, the Chief Executive of Pension Administration developed terms of reference reflecting the existing roles and responsibilities of the medical consultant, which have remained largely unchanged throughout the history of the Fund, and which can be grouped into four areas: (a) general assistance to the Board and the Pension Administration on medical matters and liaison with medical officers of member organizations; (b) providing medical advice in relation to the awarding of and continued eligibility for disability benefits; (c) providing medical advice on issues related to fitness for participation in the Fund; and (d) reporting to the Board on medical matters on a regular basis.

214. The Board considered and approved the terms of reference for the medical consultant to the Board as set out in annex VII to the present document.

F. Appointment of a medical consultant

215. The Chief Executive of Pension Administration informed the Board that the previous United Nations Medical Director and medical consultant to the Board, Dr. Jillann Farmer, had separated from the service of the United Nations in May 2020. Dr. Bernhard Lennartz was appointed as the new United Nations Medical Director in April 2021. The position of medical consultant to the Board has traditionally been held by the United Nations Medical Director.

216. The Board approved Dr. Lennartz as the medical consultant to the Board following his appointment as the United Nations Medical Director.

G. Policy framework for admission fees for new member organizations

217. At its sixty-seventh session in 2020, the Board was informed that, with the anticipated membership growth and additional workload associated with the admission process, the secretariat of the Fund had embarked on a process of reviewing its procedures and practices when admitting new member organizations to the Fund. The purpose of the review was to estimate the administrative costs of the admission of a new member organization and to ensure that the Fund secretariat would continue to be able to service all its member organizations, participants and retirees effectively and efficiently. The analysis of the costs used the experience of the admission in 2018 of the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization as a baseline. The review covered work and costs related to legal and technical reviews, administrative work and operational costs associated with the admission process.

218. The Board reviewed the analysis and approved the proposed one-time flat fee of \$25,000 and a fee of \$20 per staff member/new participant, payable by a new, joining organization, to cover administrative and other additional costs related to the admission process. It further agreed that the admission fee would be included in the presentation to the Board, as well as to the General Assembly, when the admission of a new member organization was submitted for their approval, and subsequently incorporated into the agreement between the Fund and the new organization. The executive heads requested that the Pension Administration submit to the Board at its next session a policy framework on admission fees. The Chief Executive of Pension Administration presented the policy framework on admission fees and the process involved in the admission of a new member organization in the context of article 3 of the Regulations of the Fund.

219. **The Board noted the policy framework and the process involved in respect of the admission of new member organizations to the Fund.**

H. Reports of the 203rd and 204th meetings of the Standing Committee

220. **The Board took note of the reports of the 203rd and 204th meetings of the Standing Committee, held in July 2020 during the sixty-seventh session of the Board, and in March 2021, respectively.**

I. Update on the status of information and communications technology initiatives

221. The Board considered the report of the Chief Executive of Pension Administration on the status of the ICT systems, operations and projects, including the project initiation document of the customer relationship management system. The Chief Executive of Pension Administration provided details in her report on the progress made by the Fund on the stabilization and continuous enhancement of the Integrated Pension Administration System, with particular regard to the enhancements made to member self-service, accounting/finance processes, benefits processing, business intelligence and reporting and data interfaces. Details were also provided on how the ICT infrastructure supported the operations of the Fund during the COVID-19 pandemic, and on the strengthening of cybersecurity. In addition, the report included an update on the implementation of innovative solutions, such as the deployment of the digital certificate of entitlement system, a way for members to upload documents and the electronic transfer of separation documents.

222. **The Board took note of the report on the status of information and communications technology systems, operation and projects.**

J. Committee appointments

223. **The Board expressed its appreciation to outgoing members, and endorsed the following nominations:**

Audit Committee

For a four-year term starting on 1 August 2021:

Ian Richards	Participants
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For a two-year term starting on 1 January 2022:

Carolina Bascones (to replace John Levins)	Participants
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Fund Solvency and Assets and Liabilities Monitoring Committee²

For a four-year term starting on 1 August 2021:

Jeff Kobza	Executive heads
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Christian Castelli	Participants
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Marashetty Seenappa	FAFICS
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² Member(s) representing the governing bodies on the Fund Solvency and Assets and Liability Monitoring have yet to be confirmed.

Budget Committee

For a three-year term starting on 1 August 2021:

Vladimir Yossifov	Governing bodies
David Traystman	Governing bodies
Arnab Roy	Executive heads
Jean-Paul Lovato	Executive heads
Christian Castelli	Participants
John Levins	Participants
Linda Saputelli	FAFICS
Adriana Gomez	FAFICS

Succession Planning and Evaluation Committee³

For a three-year term starting on 1 August 2021:

Ahmed Al Kabir	Governing bodies
Martha Helena Lopez	Executive heads
Magdolna Bona	Executive heads
Kathrin Bruchmann	Participants
Youssef Sfeir	Participants
Warren Sach	FAFICS
Marco Breschi	FAFICS

IX. Closure of the sixty-ninth session of the Board

224. **The Board adopted the report of its sixty-ninth session.**

225. The Board thanked Hendrik Garcia for his leadership of the Governance Working Group and wished him well in his future endeavours.

226. The Board expressed its appreciation to the Chair, the other officers of the Board and to the Fund and Board secretariats for their contributions to the efficient and effective conduct of the session.

³ Some member(s) representing the governing bodies on the Succession Planning and Evaluation Committee have yet to be confirmed.

Annex I

Summary of the operations of the United Nations Joint Staff Pension Fund for the year ended 31 December 2020

1. During the year ended 31 December 2020, the number of participants in the United Nations Joint Staff Pension Fund increased from 131,583 to 134,632, or 2.3 per cent; the number of periodic benefits in award increased from 79,975 to 80,346, or 0.5 per cent. As at 31 December 2020, the breakdown of the periodic benefits in award was as follows: 29,039 retirement benefits, 17,110 early retirement benefits, 8,715 deferred retirement benefits, 13,163 widows' and widowers' benefits, 10,414 children's benefits, 1,871 disability benefits and 34 benefits for secondary dependants. In the course of the year, 4,862 lump-sum withdrawals and other settlements were paid. A breakdown by member organization of participants and of benefits awarded during the year ended 31 December 2020 is shown in tables 1 and 2 of the appendix to annex XI to the present report.
2. During the one-year period from 1 January 2020 to 31 December 2020, the net assets available for benefits increased from \$72,034,478,000 to \$81,511,675,000 (see annex XI to the present report, financial statements for the year ended 31 December 2020, statement of net assets available for benefits). The investment income of the Fund during the period amounted to \$9.5 billion and contributions and other income amounted to \$2.8 billion.
3. Benefit payments and expenses for the one-year period ended 31 December 2020 amounted to \$2.8 billion.
4. Contributions received exceeded benefit payments for the one-year period ended 31 December 2020 by \$58 million.
5. The Fund's overall investment performance for the calendar year ended 31 December 2020 was 13.40 per cent, compared with the Fund's performance benchmarks for the same period of 13.44 per cent.
6. A summary of the Fund's investments as at 31 December 2020 and their market values are given in the report of the Board on its sixty-ninth session (see annex XI to the present report, financial statements for the year ended 31 December 2020, statement of net assets available for benefits).

Annex II

Membership of the United Nations Joint Staff Pension Fund and of the United Nations Joint Staff Pension Board and its committees

Member organizations of the United Nations Joint Staff Pension Fund

The member organizations of the United Nations Joint Staff Pension Fund are the United Nations and the following:

European and Mediterranean Plant Protection Organization
Food and Agriculture Organization of the United Nations
International Atomic Energy Agency
International Centre for Genetic Engineering and Biotechnology
International Centre for the Study of the Preservation and the Restoration of Cultural Property
International Civil Aviation Organization
International Criminal Court
International Fund for Agricultural Development
International Labour Organization
International Maritime Organization
International Organization for Migration
International Seabed Authority
International Telecommunication Union
International Tribunal for the Law of the Sea
Inter-Parliamentary Union
Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization
Special Tribunal for Lebanon
United Nations Educational, Scientific and Cultural Organization
United Nations Industrial Development Organization
Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies
World Health Organization
World Intellectual Property Organization
World Meteorological Organization
World Tourism Organization

Membership of the United Nations Joint Staff Pension Board and attendance at the sixty-ninth session

1. The Secretary of the Board has been notified of the appointment of the following persons by the staff pension committees as members and alternate members of the Board for the sixty-ninth session, in accordance with article 5 of the Regulations and rule A.2 of the rules of procedure:

<i>Representing</i>	<i>Member</i>	<i>Alternate</i>
United Nations		
General Assembly	D. Chumakov	L. Mazemo
General Assembly	D. Traystman	J. Stosberg
General Assembly	P. R. O. Owade	P. Porolí ^a
General Assembly	A. Al-Kabir	T. Yamaguchi
Secretary-General	C. Pollard	C. Ramanathan
Secretary-General	M. H. Lopez	A. Roy
Secretary-General	C. Saunders	
Secretary-General	K. Alford	
Participants	P. Nemeth ^b	I. Richards
Participants	M. Abu Rakabeh	Y. Sfeir
Participants	C. Castelli	
Participants	I. Faye	
Food and Agriculture Organization of the United Nations/World Food Programme		
Governing body	V. Mustaciosu	H. B. Hammad
Executive head	A. Vanhoutte ^c	D. Marzano
Participants	J. Levins ^d	C. Ascone
World Health Organization		
Governing body	A. Ludowyke	K. Zaehle
Executive head	C. Hennetier Rossier	X. Daney
Participants	K. Bruchmann	O. C. Bascones
United Nations Educational, Scientific and Cultural Organization		
Governing body	N. Opilo	
Participants	M. Mone	T. Jongwe
International Labour Organization		
Executive head	L. Bormioli	A. Zhang
Participants	E. Fombuena	F. Leger

<i>Representing</i>	<i>Member</i>	<i>Alternate</i>
International Atomic Energy Agency		
Governing body	R. Bin Zaman	
Executive head	W. Tam	
United Nations Industrial Development Organization		
Executive head	K. Ivanov	
World Intellectual Property Organization		
Governing body	V. Yossifov	
Executive head	J. Cook Robbins	A. Morawiec Mansfield
International Civil Aviation Organization		
Governing body	M. Ramirez Koppel	
International Telecommunication Union		
Participants	J. Mariani	M.-A. Pegorier
World Meteorological Organization		
Governing body	F. Teshome	A. Laing
International Maritime Organization		
Executive head	A. Gireud	A. Richardson
International Fund for Agricultural Development		
Participants	A. Saitto	R. Creswell
International Organization for Migration		
Participants	F. Forster	A. A. Akinyera

^a First Vice-Chair.

^b Rapporteur.

^c Second Vice-Chair.

^d Chair.

2. The Secretary of the Board has also been informed that the following have been appointed as representatives for the sixty-ninth session of the Board, in accordance with rule A.9 of the rules of procedure, or as secretaries of staff pension committees:

<i>Representatives</i>	<i>Organization</i>	<i>Representing</i>
M. Bona	UNESCO	Executive head
F. Merle	ILO	Governing body
I. Zabaar	IAEA	Participants
T. Islam	UNIDO	Governing body
A. Killmeyer-Oleche	UNIDO	Participants

<i>Representatives</i>	<i>Organization</i>	<i>Representing</i>
N. Marin-Cudraz Davi	WIPO	Participants
K. Balram	ICAO	Executive head
A. Larcos	ICAO	Participants
V. Vesely	ITU	Governing body
J.-P. Lovato	ITU	Executive head
W. Zhang	WMO	Executive head
M. Schalk	WMO	Participants
H. Decker	IMO	Governing body
B. Martin-Castex	IMO	Participants
B. Rajender	IFAD	Governing body
A. Lario	IFAD	Executive head
A. Rovira	IOM	Executive head
M. L. Fichera	ICGEB	Executive head
R. Ritter	ITLOS	Participants
R. Bchara	STL	Participants
W. Schoen	CTBTO Preparatory Commission	Governing body
S. Zamyatin	Wassenaar Arrangement	Executive head
M. Breschi	FAFICS	Pensioners
W. Sach	FAFICS	Pensioners
L. Saputelli	FAFICS	Pensioners
G. Schramek	FAFICS	Pensioners
M. Sebti (alternate)	FAFICS	Pensioners
A. Gomez Saguez (alternate)	FAFICS	Pensioners
<hr/>		
<i>Secretary</i>	<i>Staff pension committee</i>	
F. Lorient	WHO	
C. McGarry	ILO	
I. Welter	UNESCO	
S. You	FAO/WFP	
R. Dotzauer	UNIDO	
M.-S. Zinzindohoué	WIPO	
S. Suedi	ITU	

<i>Secretary</i>	<i>Staff pension committee</i>
J. Kratzheller	WMO
I. Lopez-Cardona	IMO
Malcolm Grant	IOM
F. Maselli	IFAD
M. Kashou	STL
S. Gordon Hall	CTBTO Preparatory Commission
G. Nikolovski	IAEA
T. Muradzikwa	ICAO
K. Gaba	ITLOS
M. Moriconi	ICCROM
G. Kremnitzer	Wassenaar Arrangement

3. The following attended the Board session as observers:

Coordinating Committee for International Staff Unions and Associations of the United Nations System

P. Chaoui

Federation of International Civil Servants' Associations

T. Quinn-Maguire

Consulting actuary

T. Manning

S. Schulman

Committee of Actuaries

D. Latulippe, Chair

B. Yen, Rapporteur

Governance Working Group (Friday, 23 July)

J. E. Garcia, Chair

Audit Committee (Thursday, 29 July)

M. McMahon, Vice-Chair

Office of Internal Oversight Services (Thursday, 29 July)

E. Burns

G. Kumar

V. Bendapudi

F. Odusote

Q. He

N. Yamakawa

G. Menekse

J. Kaur

External auditors (Thursday, 29 July)

P. Dequero

M. F. del Fierro

K. Campora

M. Caceres

Office of Investment Management

P. Guazo, Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund

T. Shindo

W. Wilkinson

W.-C. Wang

I. Munch

S. Peerthum

V. Gradinaru

Pension Administration

R. McClean, Chief Executive of Pension Administration

D. Penklis

M. C. O'Donnell

C. Dell'Accio

K.-L. Soll

S. Gas

D. Mapondera

K. Manosalvas

S. Win

J.-Y. Dupont

4. J. De Preter served as Secretary of the Board for the session, with the assistance of K. Toomel and G. Arndt.

Membership of the Standing Committee

<i>Representing</i>	<i>Member</i>	<i>Alternate</i>
United Nations (Group I)		
General Assembly	A. Al-Kabir T. Yamaguchi	J. Stosberg
Secretary-General	M. H. Lopez K. Alford	
Participants	P. Nemeth I. Faye	Y. Sfeir
Specialized agencies (Group II)		
Governing body	A. Ludowyke (WHO)	K. Zaehle (WHO)
Executive head	A. Vanhoutte (FAO)	D. Marzano (FAO)
Participants	G. Basu (WHO)	H. Willmann (WHO)
Specialized agencies (Group III)		
Governing body	To be nominated (ILO)	
Executive head	M. Bona (UNESCO)	
Participants	I. Zabaar (IAEA)	
Specialized agencies (Group IV)		
Executive head	A. Morawiec Mansfield (WIPO)	
Participants	A. Larcos (ICAO)	
Specialized agencies (Group V)		
Governing body	To be nominated (WMO/IMO/IFAD)	
<hr/>		
<i>Member</i>	<i>Alternate representative</i>	
Federation of Associations of Former International Civil Servants		
L. Saputelli	G. Schramek	
M. Sebti	A. Gomez Saguez	

Membership of the Committee of Actuaries

<i>Member</i>	<i>Representing</i>
B. K. Y. S. Yen (Mauritius)	Region I (African States)
S. Inagaki (Japan)	Region II (Asian States)
T. Párniczky (Hungary)	Region III (Eastern European States)
A. Scardino Devoto (Uruguay)	Region IV (Latin America and the Caribbean)
D. Latulippe (Canada)	Region V (Western European and Other States)

<i>Ad hoc member</i>	<i>Representing</i>
A. Billig (Canada)	Region V (Western European and Other States)
R. Schmid (Switzerland)	Region V (Western Europe and Other States)
R. Nantambi-Amiri (Uganda)	Region I (African States)

Membership of the Investments Committee

Member

M. Klein (Chair – United States of America)

K. Honda (Japan)

S. Jiang (China)

A. Kassow (Germany)

L. Ribeiro (Brazil)

P. Parise (Argentina)

N. Khanjenkova (Russian Federation)

S. Omotunde Alade (Nigeria)

Y. Al-Rumayyan (Saudi Arabia)

Ad hoc member

M. Tall (Mali)

Membership of the Audit Committee

<i>Member</i>	<i>Representing</i>
V. Yossifov (WIPO)	Governing bodies
L. Mazemo (United Nations)	Governing bodies
A. Chughtai (ILO) (Chair)	Executive heads
A. Roy (United Nations)	Executive heads
J. Levins (WFP)	Participants
N. Ndiaye-Dieng (United Nations)	Participants
M. Breschi	FAFICS

<i>Expert member</i>
T. Yli-Viikari
M. McMahon

Membership of the Budget Committee (three-year term starting on 1 August 2021)

<i>Member</i>	<i>Representing</i>
V. Yossifov (WIPO)	Governing bodies
D. Traystman (United Nations)	Governing bodies
J. P. Lovato (ITU)	Executive heads
A. Roy (United Nations)	Executive heads
J. Levins (WFP)	Participants
C. Castelli (United Nations)	Participants
L. Saputelli	FAFICS
A. Gomez Saguez	FAFICS

Membership of the Succession Planning and Evaluation Committee (three-year term starting on 1 August 2021)

<i>Member</i>	<i>Representing</i>
A. Al-Kabir (United Nations)	Governing bodies
To be nominated	Governing bodies
M. H. Lopez (United Nations)	Executive heads
M. Bona (UNESCO)	Executive heads
Y. Sfeir (United Nations)	Participants
K. Bruchmann (WHO)	Participants
W. Sach	FAFICS
M. Breschi	FAFICS

**Membership of the Fund Solvency and Assets and Liabilities
Monitoring Committee**

<i>Member</i>	<i>Representing</i>
O. Briones (UNESCO)	Governing bodies
P. R. O. Owade (United Nations)	Governing bodies
J. Kobza (WHO)	Executive heads
T. Panuccio (United Nations)	Executive heads
F. Leger (ILO)	Participants
K. Bruchmann (WHO)	Participants
W. Sach	FAFICS
M. Seenappa	FAFICS

Annex III*

Overview of the decisions of the Governance Working Group

A. Proposed amendments to the Regulations of the United Nations Joint Staff Pension Fund¹

Ethics Policy

Article 4

Administration of the Fund

(c) Subject to the provisions of these Regulations, the Board shall adopt its own Rules of Procedure, **including a code of conduct and ethics policy**, which shall be reported to the General Assembly and to the member organizations.

Article 6

STAFF PENSION COMMITTEES

(d) Staff members of the Board secretariat, Pension Administration and the Office of Investment Management of the Fund, and staff members of the secretariat of each Staff Pension Committee shall not be eligible to be elected or appointed to represent any constituent group in the Staff Pension Committee of any member organization of the Fund, and consequently to serve on the Pension Board.

Some representatives of the participants of the United Nations Staff Pension Committee disagreed with the consensus to amend article 6 and certain portions of the ethics policy.

* The present annex is being issued without formal editing.

¹ In section A of the present annex, proposed additions appear in boldface and underlined type, and proposed deletions are indicated by strikethrough.

B. Responsibilities of members of the United Nations Joint Staff Pension Board

Appendix 8

RESPONSIBILITIES OF MEMBERS OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

Pension Board members shall, inter alia:

- a) Demonstrate commitment and contribute to the work of the Board in the interest of ensuring proper governance of the Fund;
- b) Demonstrate fiduciary responsibility by acting in the best interest of the Fund, its participants and beneficiaries as a whole, and its sustainability;
- c) Contribute to the administration of the Fund in accordance with its Regulations and Administrative Rules, including Financial Rules for the operation of the Fund, in an impartial, prudent, responsible and honest manner;
- d) Observe the highest ethical standards and abide by obligations under the Code of Conduct and Ethics Policy;
- e) Respect the Board's decisions and support the role of the Chair;
- f) Acquaint themselves with the Regulations and Rules governing the Pension Fund and the broader legislative framework;
- g) Keep abreast of developments in the Fund and prepare for Board sessions;
- h) Develop general knowledge of risk management and financial principles related to the Fund and the investment of its assets, through attending training offered to Board members and other learning opportunities;
- i) Respect diversity and act in a spirit of dialogue, in particular through consultation with other Board members and representatives from other groups, and making best efforts to reach agreement;
- j) Contribute to the work of committees and working groups of the Board, as appropriate;
- k) Not seek employment in the secretariat or the Office of Investment Management of the Fund, within a period of one year after the end of their term on the Board or upon resignation from the Board;
- l) Respect the tripartite nature of the Board and the role of the spokespersons of the three constituent groups, while maintaining the right to express individual views.

C. Terms of reference for the Chair of the United Nations Joint Staff Pension Board

Appendix 9

TERMS OF REFERENCE FOR THE CHAIR OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

The role of “Chair of the Board” shall be guided by the following terms of reference, in addition to the powers conferred upon the Chair under the Regulations and Rules of the United Nations Joint Staff Pension Fund.

- a) The Chair will be elected by the United Nations Joint Staff Pension Board (the “Board”), normally based on rotation among the three groups that constitute the Board (representatives from Governing Bodies, Executive Heads and Participants) (“constituent groups”). Election of the Chair, First and Second Vice-Chairs and Rapporteur shall be held at the first session of the year, whether it is a regular or special session. The Bureau will oversee the proceedings of the Board for the working year.
- b) Once elected, the Chair will be responsible for the orderly conduct and agenda-setting for Board meetings for the corresponding year. The Chair will be supported by the Secretary to the Board in all matters relating to Board proceedings/activities. The Chair will consult, as necessary, with members of the Bureau and representatives (“spokespersons”) of the constituent groups and head of the FAFICS delegation, as well as members of the Board, to facilitate the decision-making process of the Board.
- c) During the Board session, the Chair shall inter alia:
 - (i) Declare the opening and closing of the session;
 - (ii) Direct the discussion;
 - (iii) Take such steps, as may be required, to facilitate decision-making of the Board, including regular consultations with the spokespersons of the constituent groups and the head of the FAFICS delegation;
 - (iv) Ensure the observance of the Pension Fund Regulations and Rules of Procedure in respect of Board sessions and issues pertaining to Board members and their conduct, in accordance with the Code of Conduct and Ethics Policy for the Board;
 - (v) Accord the right to speak, rule on points of order, make best efforts to reach consensus, and, as necessary, put questions to the vote.
- d) In between Board sessions, the Chair shall inter alia:
 - (i) Present the report of the Board to the Advisory Committee on Administrative and Budgetary Questions (“ACABQ”) and the Fifth Committee of the General Assembly;
 - (ii) Defend the positions/conclusions of the Board to the ACABQ and the Fifth Committee with the authority to act as the sole spokesperson of the Board in that regard;
 - (iii) Liaise with the Chairs of the committees and the working groups of the Board regarding the status of their work programmes;
 - (iv) Liaise and consult regularly with the Secretary of the Board for the preparation and conduct of Board sessions and receive updates on the work of the committees and working groups;

- (v) Liaise with the Chief Executive of Pension Administration and the Representative of the Secretary-General for the Investments of the assets of the Fund;
- (vi) Keep Board members and Staff Pension Committees informed of all relevant activities and developments.
- e) The Chair speaks on behalf of the Board, announces decisions of the Board and, as appropriate, communicates such decisions to stakeholders and the wider public.
- f) Upon their invitation, the Chair may attend meetings of Staff Pension Committees as well as the different committees and working groups of the Board.
- g) The First and Second Vice Chairs shall step in, respectively, for the Chair when the Chair is not available. They shall be guided by these terms of reference.

D. Terms of reference for the Budget Committee

UNITED NATIONS JOINT STAFF PENSION BOARD

Budget Committee

Terms of Reference

Roles and responsibilities

1. In accordance with Article 15 of the Regulations of the United Nations Joint Staff Pension Fund (the "Fund") and the relevant Financial Rules governing the administrative expenses of the Fund, the United Nations Joint Staff Pension Board ("Pension Board") is responsible for submitting to the General Assembly for approval the estimates of expenses to be incurred in the administration of the Regulations. The Pension Board has established the Budget Committee as an advisory committee of the Pension Board to review, provide advice and make recommendations to the Board on:
 - The Fund's budget proposal on the administrative expenses to the General Assembly;
 - The Fund's budget performance and revised budget estimates;
 - The Fund's budget methodology.
2. The Budget Committee prepares a report for the July session of the Board, to be presented by the Chairperson of the Committee to the Board, with clear recommendations to the Board on the proposed budget proposal, budget performance and budget methodology.
3. The report will be circulated to the members of the Board well before the start of the annual in-person Board meeting and at a minimum of 10 working days before the start of that session.
4. While exercising their functions, Members of the Budget Committee will not impede the good management and operations of the Fund.

Appointment and representation

5. The Budget Committee has eight members. It will be comprised of six members designated by the Board from amongst members of Staff Pension Committees,² two from each of the three constituent groups of the Board, as well as two additional members designated by the Federation of Associations of Former International Civil Servants (FAFICS). Members of the Budget Committee shall serve for a minimum term of three years, which can be renewed once. The Board shall designate a replacement for the remainder of a term of any member unable to serve a full term.
6. Members of the Budget Committee shall not delegate their duties and shall to the extent possible attend all Committee meetings.
7. Members of the Budget Committee shall not be staff of Pension Administration or the Office of Investment Management of the Fund.
8. Whenever between sessions of the Board a member of the Budget Committee resigns from the Board, another member shall be appointed by

² If a member of the Budget Committee is no longer a member of her/his Staff Pension Committee, this member will be replaced at the latest by the next Board session.

the constituent group to which the former member belonged, to serve until the Board appoints a new membership of the Committee.

9. Each year at its first meeting, the Budget Committee shall elect a Chair who will represent the Budget Committee and present the report of the Committee to the Pension Board. The Chair shall rotate annually amongst the three constituent groups.
10. The Pension Board Secretariat shall serve as the Secretary to the Committee. The meetings shall also be attended by the Chief Financial Officer and the Budget Officer of the Fund, who are responsible for the preparation of the Fund's consolidated budget documentation.

Meetings and decisions

11. Meetings of the Budget Committee shall normally be held in a virtual format.
12. Meetings of the Budget Committee shall be convened by the Chair. The programme of work/schedule for the meetings shall be prepared by the Chair, in consultation with the Secretary. The Secretary will prepare the draft report of the Committee and will submit it for the approval of the Chairperson, who will consult with all members of the Committee.
13. To meet, a quorum of a majority of the Committee's membership (five members) is required, provided each of the three constituent groups and FAFICS is represented.
14. The Committee shall reach its recommendations and advice on the basis of the widest agreement possible. The Budget Committee members commit to fully support the final decision and proposal of the group.
15. The Budget Committee members will not engage in any action in any form to change or misrepresent or the final decision and proposal of the group and the proposed budget as submitted to the General Assembly by the Board.
16. All Committee meetings shall be held in private. The Committee may invite the Chief Executive of Pension Administration, the Representative of the Secretary-General, the Board Secretary, and their staff to attend as necessary. The records and correspondence of the Budget Committee shall be held in private and kept in the care of the Secretary of the Board.

Confidentiality/Duty of care

17. The members of the Budget Committee shall be subject to the Fund's obligations of confidentiality, whether related to business information, or personal information relating to the UNJSPF participants, former participants, UNJSPF beneficiaries or former beneficiaries.
18. While performing their functions, the Committee members shall exercise duty of care reasonably expected of them.

Conflict of interest

19. Prior to the start of each session of the Budget Committee all members of the Budget Committee will sign the Declaration of Conflict of Interest approved by the Pension Board, and disclose any potential conflicts of interest in accordance with the established standards of conduct and ethical principles.

Administrative expenses

20. The Fund shall bear the administrative expenses of the Budget Committee.

E. Terms of reference for the Succession Planning and Evaluation Committee

TERMS OF REFERENCE FOR THE SUCCESSION PLANNING AND EVALUATION COMMITTEE

Background

The Succession Planning and Evaluation Committee (“Committee”), was established by the United Nations Joint Staff Pension Board (“Pension Board”) at its sixty-fifth session held in Rome, Italy, from 26 July–3 August 2018 (A/73/9, paragraphs 392–396).

Purpose

1. The purpose of the Committee is to assist the Pension Board, on an ongoing basis, in (i) selecting the Chief Executive of Pension Administration, the Deputy Chief Executive of Pension Administration and the Secretary to the Board, for recommendation to the Secretary-General for appointment; (ii) developing evaluation processes, methodologies and formats; and (iii) taking a long-term strategic approach to succession planning in the senior executive levels of the Fund.
2. Consistent with paragraph 1 above for the filling of the Chief Executive of Pension Administration, the Deputy Chief Executive of Pension Administration and the Secretary to the Board vacancies, the Committee, with the assistance of the Office of Human Resources of the UN Secretariat, shall:
 - a) Prepare updated job descriptions and job openings;
 - b) Decide on the outreach strategy (e.g., printed, on-line and social media, circulation to UN and other international organizations, professional associations and other);
 - c) Establish guidelines for reviewing candidates;
 - d) Review the long list of all candidates meeting the minimum requirements as set out in the job opening;
 - e) Select an initial short-list of candidates for the first round of interviews and, if deemed necessary, other appropriate evaluation mechanisms, such as written tests or work samples;
 - f) Conduct the first round of interviews of the initial short-list of candidates and, if deemed necessary, carry out other appropriate evaluation mechanisms;
 - g) Decide on a final short-list of suitable candidates for consideration and interview by the Pension Board;
 - h) Further to the implementation of the UN System-wide Action Plan (UN SWAP) on gender equality, the Succession Planning and Evaluation Committee shall be composed of an equal number of men and women to the extent possible.
 - i) Keep the Pension Board/Bureau informed of the Committee’s work, as necessary and/or as requested by the Pension Board; and
 - j) Develop evaluation processes, methodologies, and report formats for evaluation of the Chief Executive of Pension Administration and the Deputy Chief Executive of Pension Administration positions;

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- k) Take a long-term strategic approach to succession planning in the senior executive levels of the Fund.

Composition

3. The Succession Planning and Evaluation Committee has eight members. It will be comprised of six members designated by the Board from amongst members of Staff Pension Committees,³ two from each of the three constituent groups of the Board, as well as two additional members designated by the Federation of Associations of Former International Civil Servants (FAFICS). Members of the Succession Planning and Evaluation Committee shall serve for a minimum term of three years, which can be renewed once. The Board shall designate a replacement for the remainder of a term of any member unable to serve a full term.

Meetings and Procedures

4. Meetings of the Committee shall be held as required. The Committee shall adopt its own procedures and the records of its meetings shall be kept private.
5. The Committee will designate a Chair on a yearly basis.

³ If a member of the Succession Planning and Evaluation Committee is no longer a member of her/his Staff Pension Committee, this member will be replaced at the latest by the next Board meeting.

F. Terms of reference for the Fund Solvency and Assets and Liabilities Monitoring Committee

TERMS OF REFERENCE FOR THE FUND SOLVENCY AND ASSETS AND LIABILITIES MONITORING COMMITTEE OF THE BOARD

Section 1

Constitution:

1. The Board of the United Nations Joint Pension Fund (UNJSPF or Fund) established the Fund Solvency and Assets and Liabilities Monitoring Committee of the Board (FSALM Committee). The FSALM Committee operates in accordance with these Terms of Reference and subject to the Regulations and Administrative Rules of the UNJSPF.

Section 2

Purpose and objectives:

2. In order to assist the Board of the UNJSPF in carrying out its responsibility for the overall management of the Fund, the FSALM Committee will work with the support of the Fund's management, the Investments Committee, the Committee of Actuaries and the Consulting Actuary to monitor the solvency of the Fund and to provide advice and recommendations to the Board with regard to risk management, funding policy, asset-liability management and investment policy.

Section 3

Role and Responsibilities:

3. The FSALM Committee will review, provide advice and make recommendations to the Board of the UNJSPF on:
 - (i) the methodology and assumptions, and their appropriateness, that are used by the management of the Fund and its consultants for asset-liability management studies of the Fund;
 - (ii) the results of periodic asset-liability management studies of the Fund that are undertaken by the management of the Fund as well as other reports and studies prepared by the Fund or its consultants relating to asset-liability management;
 - (iii) risks associated with imbalances between the assets and the liabilities of the Fund;
 - (iv) the development and application of funding policy; and,
 - (v) observations or suggestions the Board may wish to make on the investments policy as contemplated under Article 19(a) of the Fund's Regulations.

Section 4

Composition and Support:

4. The FSALM Committee will be comprised of six members designated by the Board of the UNJSPF from amongst members of Staff Pension Committees,⁴ two from each of the three constituent groups of the Board,

⁴ If a member of the FSALM Committee is no longer a member of her/his Staff Pension Committee, this member will be replaced at the latest by the next Board meeting.

as well as two additional members designated by FAFICS. Members of the FSALM Committee shall serve for a minimum term of four years, which can be renewed once. The Board shall designate a replacement for the remainder of a term of any member unable to serve a full term. The Chair or a selected member of the Committee may attend sessions of the Board as a representative of the Committee. Whenever possible, they should participate remotely.

5. All members of the FSALM Committee are expected to have strong analytical skills and a high-level understanding of asset-liability management.
6. The Chief Executive of Pension Administration, the Representative of the Secretary-General for Investment of the Assets of the Fund, two members each of the Investments Committee and the Committee of Actuaries, as designated by the Chairs of those Committees, and the Consulting Actuary, shall attend meetings and support the work of the FSALM Committee.
7. The Pension Board Secretariat shall serve as the Secretariat of the Committee.
8. Unless it otherwise decides, the FSALM Committee shall normally meet twice per year in coordination with meetings of the Investments Committee and the Committee of Actuaries. The FSALM Committee may also meet one additional time, if necessary, during a year when the Fund carries out an asset-liability study.
9. The FSALM Committee shall decide upon its working methods. The Committee shall adopt its own rules of procedure, which shall be communicated to the Board.

Section 5

Administrative Expenses:

10. The Fund shall bear the administrative expenses of the FSALM Committee, including but not limited to the cost of travel and allowances of all of the members of the FSALM Committee.

Section 6

Reporting and Review:

11. The FSALM Committee report is presented by the Chair of the Committee or any person designated by the Chair to the July session of the Board.
12. The FSALM Committee will conduct from time to time a self-assessment of the Committee's performance and effectiveness.

G. Ethics policy

ETHICS POLICY FOR MEMBERS AND ALTERNATE MEMBERS OF THE UNITED NATIONS JOINT STAFF PENSION BOARD, ITS SUBCOMMITTEES, STAFF PENSION COMMITTEES, REPRESENTATIVES AND OBSERVERS

Purpose

In order to foster the highest standards of ethical behaviour, efficiency, competence, and integrity, the Board has adopted Secretary-General's bulletin, [ST/SGB/2002/9](#), of 18 June 2002, entitled, "*Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission*", which has been recognized, *mutatis mutandis* as its code of conduct (the "Code of Conduct"), without prejudice to the legal status, privileges and immunities of those attending sessions of the Board or any of its committees or working groups. The Code of Conduct applies to members and alternate members of the Board and its subcommittees, members of Staff Pension Committees, retiree representatives, and representatives and observers attending Board sessions. The Code of Conduct does not impinge on any other codes of conduct or ethics policies that apply to Board members, representatives and observers in their respective member organizations.

The United Nations Joint Staff Pension Board has also adopted this ethics policy (the "Ethics Policy") to complement the Code of Conduct so that high ethical standards are followed by Board members, alternate members, representatives and observers who attend Board sessions.

The Ethics Policy sets out the ethical principles and standards to be adhered to by Board members, alternate members, representatives and observers attending Board sessions.

It addresses conflicts of interest and enforcement measures that the Board can take in the event of a breach. There is provision for the appointment of an Ethics Adviser to the Board to assist the Board in its interpretation and application of the code of conduct and ethics policy. Individuals covered by the code of conduct must also sign a declaration acknowledging that they have received, will abide and be bound by the Code of Conduct and Ethics Policy before they can attend a Board session and receive Board documents. Members of Staff Pension Committees should receive the Code of Conduct and Ethics Policy upon becoming a member of a Staff Pension Committee.

Overview

Board members have a fiduciary duty to the Fund's member organizations, participants and beneficiaries to act in their best interests with prudence, competence, independence and objectivity. The Ethics Policy is based upon the duty that all Board members, as fiduciaries, owe to the member organizations, participants and beneficiaries of the UNJSPF. The Ethics Policy also affirms the Board's commitment to fairness, openness, and transparency in its operations. It is important to the Board that it preserves the confidence of the member organizations, participants and beneficiaries, and the general public by avoiding even the appearance of impropriety. Every Board member, alternate member, representative and observer has not only the obligation to follow the provisions of the Board's Code of Conduct and Ethics Policy, but also the obligation to adhere to and promote high ethical principles, including those set forth below.

This Ethics Policy is not a complete statement of all fiduciary responsibilities; therefore, compliance with this Policy does not necessarily ensure compliance with all requirements that apply to Board members, alternate members, representatives,

members of Staff Pension Committees and observers covered by the Code of Conduct and Ethics Policy. The provisions below are to aid individuals in identifying conflicts of interest, avoiding them, disclosing them in a proper way, and managing them if they cannot be avoided. A “conflict of interest” is where a Board member, alternate member, representative, member of a Staff Pension Committee or observer has, or reasonably could be perceived to have, an incentive to decide a matter or provide a recommendation for a reason that would be inconsistent with acting solely in the interest of the UNJSPF or that would provide a financial benefit to the Board member, alternate member, representative, member of Staff Pension Committee or observer. The provisions are also meant to assist Board members, alternate members, representatives, members of Staff Pension Committees and observers, in identifying prohibited conduct and circumstances that cannot be managed through disclosure or recusal from participating in the deliberations of the Board and its subsidiary bodies.

The Ethics Adviser to the Board will advise the Board on matters relating to the interpretation and application of the Code of Conduct including requests for guidance concerning conflicts of interest and other ethical aspects of conduct in respect of Board members, alternate members, representatives and observers. The Board secretariat shall provide administrative support to the Board on matters of ethics.

Upon a decision of the Board, a breach of the code of conduct or any conduct unbecoming by a Board member, alternate member or representative who represents the Governing Bodies may be referred to the President of the United Nations General Assembly, or the equivalent chair of the relevant governing body of the Board member or representative’s member organization.

Board members, alternate members or representatives who represent the Executive Head and Participants in each member organization shall in addition to the Board’s code of conduct be bound by the Standards of Conduct of the International Civil Service Commission, and the Staff regulations and rules governing conduct and ethical standards in their respective member organization. Upon a decision of the Board, a breach of the Code of Conduct or any conduct unbecoming may be referred to the Administration of the member organization that the Board member, alternate member or representative represents and addressed under the applicable policy for misconduct in that member organization.

The Board in consultation with its Ethics Adviser shall determine the best course of action in respect of any breach of the Code of Conduct by an observer.

Except as provided herein in respect of the application of the codes of conduct and ethics policies of the UNJSPF member organizations, matters arising under the Code of Conduct and Ethics Policy shall be addressed solely by the Pension Board. Decisions under the Code of Conduct and Ethics Policy shall be made solely by the Board, and shall be binding on Board members, alternate members and representatives. Decisions of the Board in respect of the Code of Conduct and Ethics Policy shall not be subject to appeal under the Fund’s Review and Appeals Procedure.

In accordance with Article 105 of the Charter of the United Nations and the applicable provisions of the Convention on the Privileges and Immunities of the United Nations (1 UNTS 15 (1946)), Board members, alternate members and representatives may be accorded such privileges and immunities as are required to enable them to fulfill their functions as a Board member, alternate member or representative.

In order to reflect the importance of the Board’s code of conduct and the obligations contained herein, each Board member, alternate member or representative shall upon appointment or election to a Staff Pension Committee, certify that they have read, understood and agree to be bound by the Code of Conduct, Ethics Policy and the Declaration on Conduct, Confidentiality and Conflict of Interest (the “Declaration”)

and deposit the signed document with the Secretary of the Staff Pension Committee of the member organization that they represent. Thereafter, Board members, alternate members and representatives shall sign the Declaration at each Board session. Observers invited to attend the Board session under Section A.9(e) of the UNJSPF Rules of Procedure are not considered Board members or representatives but shall be required to adhere to the Board's code of conduct and Ethics Policy while attending each Board session and sign the Declaration before the start of the session.

Board members, alternate members and representatives shall attend training in relation to their role on the Pension Board and its sub-committees, and their unique responsibilities. Such training shall cover issues of governance and ethics and shall be mandatory for all Board members and alternate members.

The following provisions establish the standards of conduct and principles of ethics for Board members, alternate members, representatives and observers in accordance with their roles and responsibilities in the Pension Board as fiduciaries. The ethics policy affirms the commitment of Board members, alternate members, representatives and observers to fairness, openness and transparency in undertaking their duties on the Board.

Section A – Ethical Principles and Accountability

1. The Board is accountable to the United Nations General Assembly, member organizations of the Fund, and its participants and beneficiaries.
2. Board members, alternate members and representatives shall act only in the interest of the UNJSPF and the participants and beneficiaries thereunder. As such they shall:
 - a) Act in accordance with their obligations under the Fund's Regulations.
 - b) Act with prudence and reasonable care.
 - c) Act with civility and respect towards other Board members, alternate members, representatives, observers and others attending Board meetings, Staff Pension Committees and other sub-committees and working groups of the Board, or attending other meetings convened in relation to the Board, such as town halls.
 - d) Act with skill, competence, and diligence.
 - e) Act with integrity, including acting with honesty and truthfulness in all matters affecting their role.
 - f) Refrain from intentionally misrepresenting the facts (including Board decisions) to Board members, alternate members, representatives, observers and others attending the Board and also to those outside of the Board, including constituent groups of the Board.
 - g) Contribute to the work of the Board in the interest of the UNJSPF and uphold the highest standards of governance of the Fund, and abide by all Board decisions;
 - h) Act as fiduciaries in the best interest of the Fund and its sustainability, and of its participants and beneficiaries;
 - i) Not seek to personally benefit from the Fund;
 - j) Acquaint themselves and comply with the Regulations and Rules governing the Pension Fund and the broader legislative policy;

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- k) Acquaint themselves with the financial principles related to the Fund and the investment of its assets;
 - l) Contribute to the administration of the Fund in accordance with the Regulations, and with the Administrative Rules, including the Financial Rules for the operation of the Fund in accordance with Article 4(b) of the Fund's Regulations, and in an impartial, prudent, responsible and honest manner;
 - m) Consider the diversity of experience and opinions among Board members, alternate members and representatives to be a strength and not a weakness. When differing viewpoints are expressed during Board sessions and in meetings, Board members, alternate members and representatives shall be respectful in the discussions, honor diversity and act in a spirit of dialogue.
 - n) Make a good faith effort to attend and be sufficiently prepared for all meetings of the Board and any committees on which they serve.
 - o) Respect the decisions of the Board and not undertake, in any form, actions to contravene or undermine the decisions, agreed positions or report of the Board.
 - p) Deal fairly, objectively, and impartially with all participants and beneficiaries.
 - q) Take actions that are consistent with the established mission of the UNJSPF and the policies that support that mission.
 - r) Review on a regular basis the efficiency and effectiveness of the Fund's success in meeting its goals.
 - s) Uphold the highest standards of efficiency, competence and integrity. The concept of integrity includes, but is not limited to, probity, impartiality, fairness, honesty and truthfulness in all matters affecting their work and status.
3. Board members, alternate members and representatives shall observe the highest ethical standards and principles of good governance and carry out their responsibilities to the best of their ability and judgment in the best interests of the UNJSPF, its participants and beneficiaries. They shall avoid conduct that could bring the Fund into disrepute, question their independence and impartiality or create the appearance of impropriety.
 4. Board members, alternate members and representatives shall act with prudence, reasonable care, skill, competence and diligence. Board member, alternate members or representatives shall also act in good faith and in the best interest of the Fund and its sustainability, and of the Fund's participants and beneficiaries.
 5. Board members, alternate members and representatives shall maintain independence and objectivity by, among other actions, refraining from self-dealing, refusing any gift that could reasonably be expected to affect their loyalty, and dealing fairly, objectively, and impartially with all participants and beneficiaries.
 6. Board members, alternate members and representatives shall abide by the Code of Conduct, the Ethics Policy and any other codes of conduct and regulations and rules that apply to them in respect of their role and conduct as Board members, alternate members or representatives, including the Rules of Procedure of the Fund, and take actions that are consistent with the established mandate of the Fund and the policies that support its mission.

7. Board members, alternate members and representatives shall not seek or accept instructions from any government, person or entity external to their member organization.
8. Board members, alternate members and representatives shall not seek to influence Member States, principal or subsidiary organs of the United Nations or expert groups in order to obtain a change from a position or decision taken by the Board or in order to secure support for improving their personal situation or the personal situation of any individual who is a stakeholder in the Fund.
9. Board members, alternate members and representatives shall not attempt to exert undue influence on the staff members of the UNJSPF Pension Administration, Office of Investment Management or the secretariat of the Board or of SPCs with respect to: (i) the awarding of contracts for the procurement of goods or services; (ii) the investigation and resolution of any dispute or allegations dealt with in accordance with the applicable policies and procedures of UNJSPF; and (iii) the appointment, compensation and termination of staff members of the UNJSPF secretariat, Office of Investment Management and the secretariat of the Board and of SPCs.
10. Board members, alternate members and representatives shall treat each other and staff of the Pension Administration, Office of Investment Management, Board secretariat and SPCs with courtesy, civility and respect, promoting a positive work environment.
11. Board members, alternate members and representatives shall not take action that compromises the Fund in pending litigation, including acting as legal counsel to participants and beneficiaries in cases against the Fund.
12. Board members, alternate members and representatives shall commit to undertaking training to build their expertise in relation to their governance of the Board.

Section B – Conflict of Interest

13. A Board member, alternate member or representative is in an actual, apparent or potential conflict of interest situation if he or she:
 - a) exercises power, duty or function that provides an opportunity to improperly further the Board member or representative's personal or private interests or to improperly further another person's interests;
 - b) takes actions or has interests that make it difficult to perform his or her work as a Board member or representative objectively and effectively;
 - c) is in a situation where the individual's personal or private interests can reasonably be perceived by an independent third party to impair or appear to impair the Board member, alternate member or representative's ability to perform his/her duty as a Board member, alternate member or representative objectively, impartially and effectively; or
 - d) has personal or private interests that could conflict with the Board member, alternate member or representative's duties in the future.
 - e) is a staff member of the secretariat of the Fund or of the Office of Investment Management of the Fund, or of the secretariat of a Staff Pension Committee.

14. Each Board member, alternate member and representative shall:
 - a) Avoid even the appearance of any conflict of interest or impropriety, and preemptively declare any potential conflict of interest and recuse themselves from any discussion and/or decisions relative to said conflict.
 - b) take reasonable steps to avoid any conflict of interest, real, apparent or potential, in connection with his/her engagement;
 - c) disclose to the Board in advance any conflict of interest that may arise in the course of carrying out his/her duties;
 - d) recuse him/herself from participating in the deliberations or decision-making connected with a matter if he/she knows or reasonably should know or has been made aware by a majority of Board members, alternate members or representatives that he/she would be in a conflict of interest situation in participating in the deliberations or decision-making over a matter. The Board member, alternate member or representative concerned, or the Board Chair shall, as soon as possible, seek the guidance of the Ethics Adviser when there is a doubt whether a conflict exists. If the Board Chair determines that an actual conflict of interest exists, the Board member, alternate member or representative shall continue such recusal. If the Board Chair determines that an apparent conflict of interest exists, such recusal shall be required where necessary in the interests of the UNJSPF.
15. Upon election or appointment, Board members, alternate members and representatives, through the Secretary of the Pension Board, shall disclose to the Chair of the Board any conflict of interest or doubts about whether a conflict of interest exists and shall take such actions to resolve such conflicts prior to taking up office as the Ethics Adviser shall determine.
16. Board members, alternate members and representatives shall not participate in or influence a recruitment process conducted by the Board or canvass for a candidate in a recruitment process in which the Board member, alternate member or representative has an actual, apparent or potential personal interest.
17. Where the Board Chair has a conflict of interest, the First Vice-Chair shall assume the duties of the Chair until such conflict has been resolved.

Section C – Use of Information and Protection of Confidentiality

18. In accordance with Section A.11 of the Fund's Rules of Procedure, all meetings of the Board are held in private and the records and correspondence of the Board are private and maintained in the care of the Secretary of the Board. Board members, alternate members, representatives and observers shall maintain confidentiality of Board sessions and any information that is not publicly known and provided to them in their capacity as a Board member, alternate member representative or observer, including information on participants and beneficiaries.
19. Board members, alternate members and representatives may take appropriate action in the interests of their respective constituencies, including keeping them informed of decisions of the Board provided that such measures are consistent with the rules and procedures of the Board and any information provided is not confidential.
20. Board members, alternate members, representatives and observers shall observe the Fund's rules of procedure regarding the protection of restricted information and the disclosure and sharing of information and adhere to the UN guidelines

on media and personal use of social media. Board members, alternate members, representatives and observers whose service on the Board has ended shall continue to respect this provision on non-disclosure of restricted information.

21. Board members, alternate members, and representatives may speak on behalf of the Board only when authorized to do so by the Board Chair and shall make clear in what capacity they are speaking when issuing public statements and comply with the requirements of paragraph 18 above. All public statements on behalf of the Fund, including communications with the media, shall be coordinated with the Board secretariat.
22. Board members, alternate members and representatives shall not use to their personal advantage information that has not been made public and is known to them by virtue of their position as a Board member, alternate member, representative or observer.

Section D – Employment post membership

23. Board members, alternate members and representatives shall not seek employment in the Pension Administration, the Office of Investment Management, the Board secretariat or an SPC secretariat within a period of one year after the end of their term as a Board member, alternate member or representative, Board sub-committee member or member, alternate member or representative of an SPC.

Section D – Compliance and Enforcement

Enforcement measures

24. In cases where there is a confirmed breach of the Code of Conduct or this Ethics Policy by a Board member, alternate member, representative or observer during a session of the Board, upon the review and recommendation of the Ethics Adviser, the Board Chair shall have the right to undertake the following actions:
 - a) Request the Board member, alternate member, representative or observer to desist from any action that is deemed contrary to this Code of Conduct or this Ethics Policy;
 - b) Suspend and remove the Board member, alternate member, representative or observer from the Board's deliberations and decision-making processes for all or part of the Board session or until any investigation that may be required has been concluded.
 - c) If the Board member, alternate member, representative or observer is part of a Board sub-committee, suspend the Board member, alternate member or representative from further participation in the work of the sub-committee.
 - d) Recommend that the Board member, alternate member, representative or observer take the United Nations mandatory courses on "Ethics and Integrity at the United Nations", "Preventing Fraud and Corruption at the United Nations" or any other courses deemed relevant to the conduct under consideration. If recommended for such course, the individual concerned shall provide proof of having taken the course to the Secretary of the Board.
 - e) In the case of conduct that is egregious, the Board may consider a motion, properly tabled and seconded, to permanently expel a member, alternate member, representative or observer from the Board or Board session as applicable. A motion to expel a Board member, alternate member,

representative or observer from the Board permanently shall be put to a vote of the full Board and shall be decided by majority.

25. Each Board member, alternate member, representative or observer alleged to have committed misconduct, is under a duty to cooperate fully with the Board and relevant authority in a UNJSPF member organization at all stages of the consideration and investigation of the alleged misconduct.
26. In cases where the subject of the breach of the Code of Conduct or this Ethics Policy is the Chair of the Board, the First or Second Vice-Chair as appropriate shall take the place of the Chair under this policy.

**DECLARATION BY MEMBERS AND ALTERNATE MEMBERS OF THE
UNITED NATIONS JOINT STAFF PENSION BOARD, ITS
SUBCOMMITTEES AND STAFF PENSION COMMITTEES,
REPRESENTATIVES AND OBSERVERS**

PREAMBLE

The United Nations Joint Staff Pension Fund (Fund) was established by the United Nations General Assembly to provide retirement, death, disability and related benefits for staff of the United Nations and other participating Member Organizations. The Fund is administered by the United Nations Joint Staff Pension Board, the Chief Executive of Pension Administration, a staff pension committee for each member organization and a secretariat to each such committee. The Board consists of [33] members, represented equally by the representatives of the General Assembly and other Governing Bodies, Executive Heads and Participants in service. The Board ensures that the Fund is administered in accordance with the Fund's Regulations, Rules and Pension Adjustment System; it reports annually to the General Assembly and member organizations. The Board has adopted a code of conduct ([ST/SGB/2002/9](#), Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission), and an ethics policy for all members and alternate members of the Board, its sub-committees and Staff Pension Committees, representatives and observers and each Board member, alternate member, representative and observer shall sign the declaration below

DECLARATION

I acknowledge that the role of a Pension Board member, alternate member or representative is to provide general oversight and consistently administer the Fund following its Regulations, Rules and Pension Adjustment System. While performing these functions, I shall exercise in all loyalty, discretion and conscience the functions entrusted to me and to discharge these functions and regulate my conduct with the interests of the Fund only in view. In discharging my responsibilities, I shall act independently, with integrity and duty of care reasonably expected from a Pension Board member, alternate member or representative.

Privileges and Immunities

I understand that, in accordance with Article 105 of the Charter of the United Nations and with the applicable provisions of the *Convention of the Privileges and Immunities of the United Nations* (1 UNTS 15 (1946)), Pension Board members may be accorded by the Secretary-General such privileges and immunities as are required to enable them to fulfill their functions.

General

I acknowledge that I have been provided with a copy of the Secretary-General's bulletin, [ST/SGB/2002/9](#), of 18 June 2002, entitled, "***Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials, and Experts on Mission***", which has been recognized, *mutatis mutandis*, as the Board's code of conduct without prejudice to the legal status, privileges and immunities of those attending Board sessions of the Board or any of its committees or working groups as the Board's code of conduct. I affirm that I shall carry out my duties as a Board member, alternate member or representative of the United Nations Joint Staff Pension Fund, or observer at the Board session, in accordance with the Fund's Regulations and Rules including, without limitation, the Code of Conduct and Ethics Policy. I shall observe the highest ethical standards and principles of good governance and carry out my responsibilities to the best of my ability and judgment. I shall avoid

conduct that could bring the Fund into disrepute or create the appearance of impropriety.

_____	_____
Signature of Board Member, Alternate Member Representative	Date

_____	_____
Staff Pension Committee/Board Sub-Committee	Date

_____	_____
Observer	Date

Terms of Reference for the Ethics Adviser

1. The Ethics Adviser shall:
 - a) Receive, review and advise the Board on conflict of interest disclosures and requests for authorization and guidance by Board members, alternate members, representatives and observers under the Code of Conduct or the Ethics Policy, including conflicts of interest and other ethical aspects of their conduct, and take action to confirm that in cases of a breach that has been considered by the Board, the decision of the Board has been complied with by the individual.
 - b) Investigate and refer to the Board Chair filed ethics complaints where appropriate.
 - c) Timely communicate the final disposition of ethics complaints to the Board Chair who shall advise the Board member, alternate member, representative or observer accordingly.
 - d) Provide an annual report on his/her work to the Board in such detail as the restrictions in favour of confidentiality permit.
 - e) Periodically undertake a review of the Code of Conduct and Ethics Policy and suggest any amendments to the Board, or other policies and practices to strengthen the ethical culture of the Board as appropriate.
2. The Ethics Adviser may attend regular and special sessions of the Board, ex officio, and be available to provide advice to the Board in order to address any breach of the Code of Conduct or the Ethics Policy. In between Board sessions, the Ethics Adviser shall consider any matters referred to him/her by the Board Chair, a Board member, alternate member or representative or the decision of a member organization in a matter referred to it.
3. Breaches of the Code of Conduct or the Ethics Policy arising in a Board sub-committee shall be referred by the Chair of the relevant Committee to the Board Chair, who shall refer them to the Ethics Adviser for review and recommendation.
4. Breaches of the Code of Conduct or the Ethics Policy by a member or alternate member of a Staff Pension Committee shall be referred by Chair of the Staff Pension Committee to the Board Chair through the Secretary of the Board for communication to the member organization concerned for the breach to be addressed as appropriate under the member organization's policies and procedures.
5. Board members, alternate members, representatives and observers shall fully cooperate with any inquiries by the Ethics Adviser to ensure compliance with the Code of Conduct, the Ethics Policy and the Declaration. During such inquiry, any relevant personal information requested by the Ethics Adviser must be provided.
6. If a Board member, alternate member or representative suspects or knows that a fellow Board member, alternate member, representative or observer has breached the Code of Conduct or the Ethics Policy, any other applicable codes of conduct or the Rules of Procedure of the Board, he/she shall promptly inform the Chair of the Board, who may refer the matter to the Ethics Adviser for review. In the event of referral, the Ethics Adviser shall make a recommendation to the Chair of the Board on the matter.

7. In cases where the subject of the breach of the Code of Conduct or the Ethics Policy is the Chair of the Board, the First or Second Vice-Chair as appropriate shall take the place of the Chair under these terms of reference.

H. Terms of reference for the Chief Executive of Pension Administration and the Secretary of the Board

Terms of Reference for the CEPA and the Secretary of the Board

Posting Title: **Chief Executive Officer – Pension Benefits Administrator, ASG**

Job Code Title: **CHIEF EXECUTIVE OFFICER**

Department/Office: United Nations Joint Staff Pension Fund

Duty Station: NEW YORK; NEW YORK;

Posting Period: 14 April 2019–24 May 2019

Job Opening Number: 19-Administration-UNJSPF-115400-R-New York (G)

Staffing Exercise N/A

United Nations Core Values: Integrity, Professionalism, Respect for Diversity

Org. Setting and Reporting

THIS JOB OPENING IS ISSUED ON BEHALF OF THE UNITED NATIONS JOINT STAFF PENSION FUND (UNJSPF), NEW YORK.

The UNJSPF is an inter-agency body established by the United Nations General Assembly and independent of the United Nations (UN). The applicable human resource procedures are governed by a Memorandum of Understanding (MOU) between the Pension Fund and the UN Secretariat.

In accordance with the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF) (the “Pension Fund”), the Chief Executive Officer (CEO) – Pension Benefits Administrator – performs the functions under the authority of the UNJSPF Board (the “Pension Board”). The Pension Fund pays benefits in 15 currencies to 78,000 beneficiaries who reside in 190 countries and services 127,000 participants who work in the 23 Member Organizations of the Pension Fund.

The CEO is an appointed position under a five-year fixed term contract with the opportunity, upon Pension Board approval, for one additional five-year contract. The CEO reports to the Pension Board annually.

Responsibilities

The CEO is responsible for administering the Pension Fund servicing the stakeholders – participants, retirees, Pension Board members, and participating employers; and the observance, by all concerned, of the Pension Fund’s Regulations, Rules and Pension Adjustment System.

The relevant functions include:

- Establishing strategic policy;
- Overseeing the Pension Fund’s operations and managing its staff of over 200;
- Participating in the meetings of the Pension Board, its Standing Committee, the Audit Committee, the Committee of Actuaries and other related bodies;
- Representing the Pension Board in meetings of the Fifth Committee of the UN General Assembly, the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the International Civil Service Commission (ICSC) and any other pertinent bodies; and

- Effectively collaborating with the Representative of the Secretary-General for investments, and the Office of Investment Management (OIM) which has responsibility for investment of Pension Fund assets.

The CEO is also responsible for providing a range of administrative functions to ensure the smooth functioning of the Office of Investment Management.

Competencies

- **Professionalism:** Strong knowledge of pension funds and/or social security schemes. Excellent conceptual, analytical and innovative skills with knowledge in the administration of pension schemes and/or social security systems in the areas pertaining to pension operations (preferably in benefit entitlements and client servicing), finance; operations; actuarial and plan design studies; asset liability modelling; strategic planning and reporting; legal and compliance; and information management; knowledge of the UN system and UNJSPF. Shows pride in work and achievements; demonstrates professional competence and mastery of subject matter; is conscientious and efficient in meeting commitments, observing deadlines and achieving results; is motivated by professional rather than personal concerns; shows persistence when faced with difficult problems or challenges; remains calm in stressful situations.
- **Accountability:** Takes ownership of all responsibilities and honours commitments; delivers outputs for which one has responsibility within prescribed time, cost and quality standards; operates in compliance with organizational regulations and rules; supports subordinates; provides oversight and takes responsibility for delegated assignments; takes personal responsibility for own shortcomings and those of the work unit, where applicable.
- **Client Orientation:** Considers all those to whom services are provided to be “clients” and seeks to see things from clients’ point of view; establishes and maintains productive partnerships with clients by gaining their trust and respect; identifies clients’ needs and matches them to appropriate solutions; monitors ongoing developments inside and outside the clients’ environment to keep informed and anticipate problems; keeps clients informed of progress or setbacks in projects; meets timeline for delivery of products or services to client.
- **Leadership:** Serves as a role model that other people want to follow: empowers others to translate vision into results; is proactive in developing strategies to accomplish objectives; establishes and maintains relationships with a broad range of people to understand needs and gain support; anticipates and resolves conflicts by pursuing mutually agreeable solutions; drives for change and improvements; does not accept the status quo; shows the courage to take unpopular stands. Provides leadership and takes responsibility for incorporating gender perspectives and ensuring the equal participation of women and men in all areas of work; demonstrates knowledge of strategies and commitment to the goal of gender balance in staffing.
- **Vision:** Identifies strategic issues, opportunities and risks; clearly communicates links between the Organization’s strategy and the work unit’s goals; generates and communicates broad and compelling organizational direction, inspiring others to pursue that same direction; conveys enthusiasm about future possibilities.
- **Building Trust:** Provides an environment in which others can talk and act without fear of repercussion; manages in a deliberate and predictable way; operates with transparency; has no hidden agenda; places confidences in colleagues, staff members and clients; gives proper credit to theirs; follows

through on agreed upon actions; treats sensitive or confidential information appropriately.

- **Judgement/Decision-making:** Identifies the key issues in a complex situation, and comes to the heart of the problem quickly; gathers relevant information before making a decision; considers positive and negative impacts of decisions prior to making them; takes decisions with an eye to the impact on others and on the Organization; proposes a course of action or makes a recommendation based on all available information; checks assumptions against facts; determines the actions proposed will satisfy the expressed and underlying needs for the decision; makes tough decisions when necessary.

Education

Advanced university degree in public or business administration, finance, economics, law or related fields. A first-level university degree in combination with two additional years of qualifying experience may be accepted in lieu of the advanced university degree.

Work Experience

At least fifteen (15) years in executive or managerial positions in, on, or with a national or international pension fund or social security system or comparable professional experience is required. Proven management and leadership experience is required. Candidate must have a thorough knowledge of pension funds and/or social security schemes obtained through working experience, including substantive direct working experience and professional acumen in at least three of the primary pension fund management responsibilities (e.g. finance, operations, actuarial and plan design studies, asset-liability setting, strategic planning and reporting, and legal and compliance), as well as the interdisciplinary skills to manage these at an international level. Knowledge of the UN system and Pension Fund would be an asset.

Languages

English and French are the working languages of the United Nations. For the post advertised, fluency in English is required. Knowledge of French is desirable. Knowledge of another UN official language is an advantage.

Assessment

Evaluation of qualified candidates may include an assessment exercise, which may be followed by competency-based interview. Short listed candidates may be requested to make a presentation to the Pension Board as part of the assessment/selection process.

Posting Title: **Secretary of the Pension Board. D1**

Job Code Title: **SECRETARY OF THE BOARD**

Department/Office: United Nations Joint Staff Pension Fund

Duty Station: NEW YORK; NEW YORK;

Posting Period: 21 April 2020–20 May 2020

Job Opening Number: 20-Administration-UNJSPF-132990-R-New York (O)

Staffing Exercise N/A

United Nations Core Values: Integrity, Professionalism, Respect for Diversity

Org. Setting and Reporting

This position is located in the Bureau of the Pension Board of the United Nations Joint Staff Pension Fund (UNJSPF) Office in New York. The Secretary reports directly to the Chair of the Pension Board.

Responsibilities

The Secretary of the Pension Board is responsible for the overall planning, development, management, coordination and delivery of a full range of secretariat conference management.

Overall coordination and delivery of a full range of technical and support services to the Board and its subsidiary bodies, including:

- Acts as the Secretary of the Pension Board and to its Committees and working groups;
- Provides guidance to the Chair and other Board members on procedural matters and established practices of the Pension Board;
- Directs and coordinates under the general guidance of the Rapporteur the preparation of final sessional reports of the Pension Board, ensuring that they accurately reflect the discussions, decisions and recommendations;
- Directs the preparation of the reports of the Pension Board's subsidiary bodies in an accurate and timely manner;
- Manages the compilation of the agenda of sessions of the Pension Board and subsidiary bodies and preparation of their annual work programmes, ensuring that work complies with relevant mandates;
- Undertakes planning and administrative arrangements for all meetings, including conference space, ICT arrangements, report writers, conference officers and assistants;
- In accordance with the relevant rules of procedure of the Fund, ensures that agendas, procedural notes, work programme, minutes, reports and other documents relating to meetings of the Pension Board and its subsidiary bodies are submitted and issued;
- Manages accreditation to meetings of the Board and its subsidiary bodies; Information management and sharing;
- Maintains contact and shares information with all parties involved;
- Maintains and updates the records and all correspondence of the Board and its subsidiary bodies, and makes them available to Pension Board members, upon request;
- Receives appeals to the Standing Committee in accordance with the Administrative Rules of the Fund;
- Ensures the effective and efficient management of the Office of the Secretary of the Pension Board, including the preparation of budgets, reporting on budget performance, and managing staff;
- Collaborates with secretaries of governing bodies on matters of mutual interest.

Competencies

Professionalism: Knowledge of the work of the United Nations Joint Staff Pension Fund, and specific areas of responsibilities. Ability to produce reports and papers.

Shows pride in work and in achievements. Demonstrates professional competence and mastery of subject matter. Is conscientious and efficient in meeting commitments, observing deadlines and achieving results. Is motivated by professional rather than personal concerns. Shows persistence when faced with difficult problems or challenges; remains calm in stressful situations. Provides leadership and takes responsibility for incorporating gender perspectives and ensuring the equal participation of women and men in all areas of work; demonstrates knowledge of strategies and commitment to the goal of gender balance in staffing.

Communication: Speaks and writes clearly and effectively. Listens to others, correctly interprets messages from others and responds appropriately. Asks questions to clarify and exhibits interest in having two-way communication. Tailors language, tone, style and format to match the audience. Demonstrates openness in sharing information and keeping people informed.

Planning and organizing: Develops clear goals that are consistent with agreed strategies. Identifies priority activities and assignments; adjusts priorities as required. Allocates appropriate amount of time and resources for completing work. Foresees risks and allows for contingencies when planning. Monitors and adjusts plans and actions as necessary. Uses time efficiently.

Building trust: Provides an environment in which others can talk and act without fear of repercussion. Manages in a deliberate and predictable way. Operates with transparency; has no hidden agenda. Places confidence in colleagues, staff members and clients. Gives proper credit to others. Follows through on agreed upon actions. Treats sensitive or confidential information appropriately.

Judgement/decision making: Identifies the key issues in a complex situation, and comes to the heart of the problem quickly. Gathers relevant information before making a decision. Considers positive and negative impacts of decisions prior to making them. Takes decisions with an eye to the impact on others and on the Organization. Proposes a course of action or makes a recommendation based on all available information. Checks assumptions against facts. Determines that the actions proposed will satisfy the expressed and underlying needs for the decision. Makes tough decisions when necessary.

Education

Advanced university degree (Master's degree or equivalent) in business or public administration, law, political sciences, social sciences or related field. A first-level university degree in combination with two years of additional experience may be accepted in lieu of the advanced university degree.

Work Experience

A minimum of 15 years of progressively responsible experience, of which at least 3 years should be at the United Nations, international organizations or at the international level is required.

In-depth experience of the intergovernmental machinery of international organizations is required.

Experience in servicing governing bodies as well as experience in the application of rules, procedures and practices of intergovernmental or tripartite bodies is desirable.

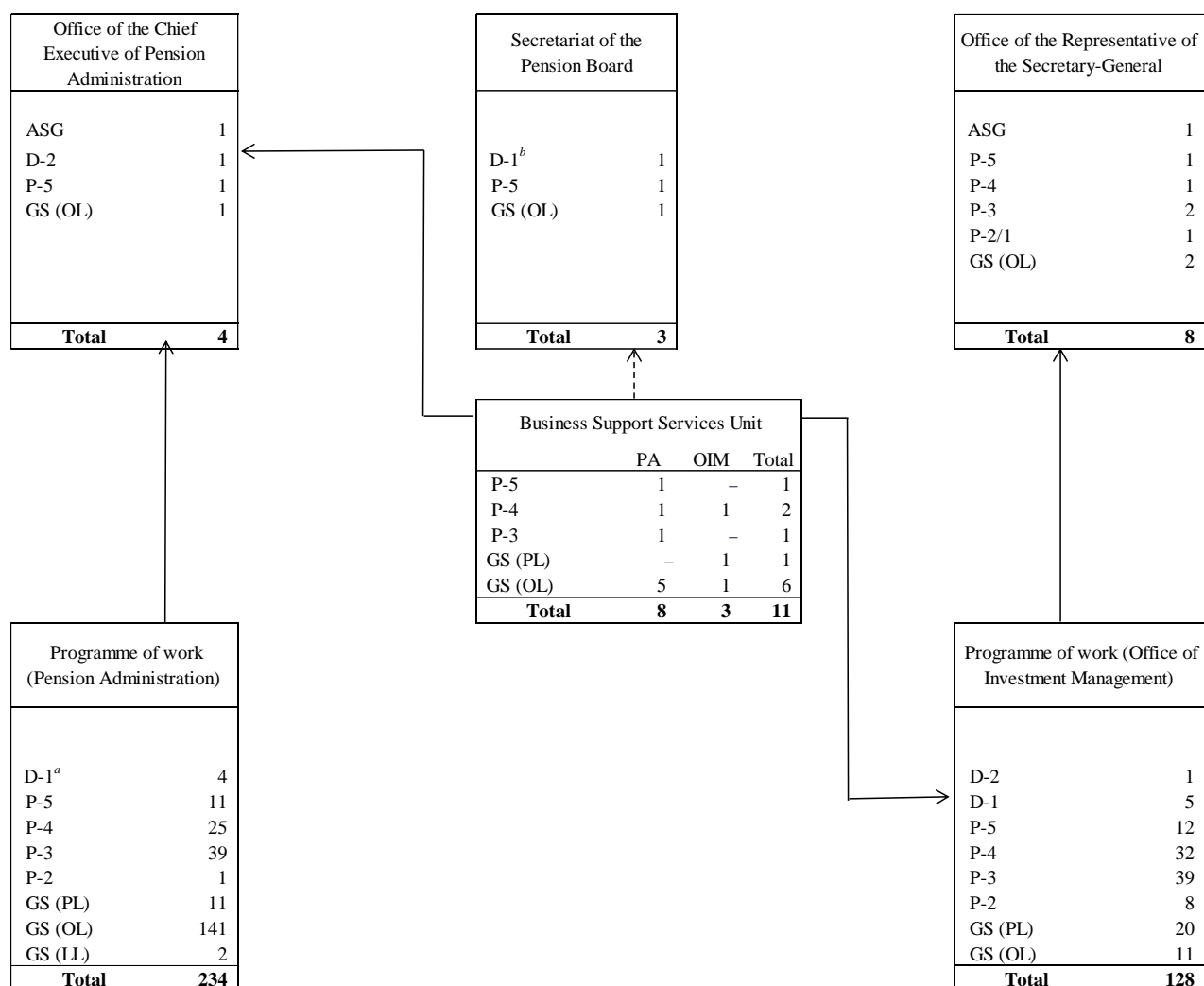
Languages

English and French are the working languages of the Fund Secretariat. For this post, fluency in English (both oral and written) is required. Knowledge of other official languages is an advantage.

Assessment

Evaluation of qualified candidates may include an assessment exercise which may be followed by competency-based interview.

I. Proposed organization chart for the United Nations Joint Staff Pension Fund for 2022



Note: The organization chart represents the combined Business Support Services Unit structure. The Pension Administration and the Office of Investment Management posts shown in the chart are budgeted separately under the separate Pension Administration and Office of Investment Management staffing tables. The Business Support Services Unit has a dual reporting line to the Deputy Chief Executive of Pension Administration and the Chief of Operations of the Office of Investment Management. The Business Support Services Unit also provides administrative services to the Secretariat of the Pension Board.

Abbreviations: ASG, Assistant Secretary-General; GS (LL), General Service (Local level); GS (OL), General Service (Other level); GS (PL), General Service (Principal level); OIM, Office of Investment Management; PA, Pension Administration.

^a The post of Chief Financial Officer in the programme of work for Pension Administration reports to the Chief Executive of Pension Administration and the Representative of the Secretary-General for investment of the assets of the United Nations Joint Staff Pension Fund. The Chief Financial Officer also supervises the accounting teams of the Office of Investment Management.

^b The Secretary of the Board reports to the Chair of the Board.

Annex IV

Status of the requests of the General Assembly

<i>No.</i>	<i>Resolution and paragraph</i>	<i>Topic</i>	<i>Action taken</i>
1	75/246, paras. 6, 20, 32	Address all recommendations of the Board of Auditors and OIOS. Provide detailed updates for any recommendation of the Board of Auditors that has not been agreed upon or implemented	Over the past 12 months, to 31 May 2021, a combined total of 58 OIOS and Board of Auditors audit observations were closed by the Pension Administration, 38 new observations were received and 24 observations are being implemented. The Office of Investment Management closed 12 OIOS and 17 Board of Auditors recommendations in the past 12 months. As at 31 May 2021, there were no audit observations that had not been agreed upon, either by the Pension Administration or the Office of Investment Management.
2	75/246, para. 7	Ensure that the staff composition of the Pension Administration and of the Office of Investment Management is based on as wide a geographical basis as possible, and provide an update	The joint Pension Administration and Office of Investment Management human resources strategy includes activities and targets to improve geographical representation. As at 31 May 2021, the geographical representation of the Fund comprised 67 countries for the entire Fund, compared with 65 countries as at 31 May 2020.
3	75/246, para. 8	Review all the general temporary assistance positions of the Fund with a view to identifying potential duplication of functions and efficiencies, while ensuring that their establishment and management comply with the applicable General Assembly resolutions and the Staff Regulations and Rules of the United Nations	A review of all the approved general temporary assistance positions for 2021 was conducted between January and May 2021. The in-depth review revealed the opportunity to optimize capacity and abolish positions, and identified long-term core roles. The outcomes of the review and proposed changes are presented in the proposed budget for 2022.
4	75/246, paras. 13–15	Board to provide recommendations on governance in its next annual report, with particular focus on the size, composition and frequency of meetings	The recommendations of the Governance Working Group and the Board, with particular focus on the size, composition and frequency of meetings, are included in chapter VI, section A, of the present report.
5	75/246, para. 16	Include the terms of reference and related reporting lines for both the Secretary and the Chief Executive of Pension Administration in its next report	The Secretary of the Board is fully independent. The reporting line to the Chair of the Board works effectively. The terms of reference and reporting lines are included in annex III to the present report.

No.	Resolution and paragraph	Topic	Action taken
6	75/246, para. 18	Consider the proposed amendment to article 6 in the context of the review of the recommendations of the Board on the report of the independent external entity and upon submission of further proposals, including changes to the Regulations and Rules of the Fund to ensure adherence to the code of conduct	The report of the Governance Working Group includes the proposed ethics framework to complement the code of conduct adopted in 2020, and confirms the suggested amendment to article 6.
7	75/246, para. 19	Pension Administration to implement a procedure for following up on cases with missing or invalid documents and to report thereon at the seventy-sixth session of the General Assembly, including on statistics, the entities involved and progress made	The Pension Administration has undertaken several actions to address the issue of cases with missing or invalid documents, including the following: (a) a procedure was issued to ensure that cases with missing or invalid documents were appropriately tracked and the necessary follow-up actions were undertaken; (b) monthly lists of cases with missing documents were sent to the focal points of member organizations in an effort to clear these cases; (c) the functionality in IPAS of sending automated letters requesting payment instructions was enabled; (d) a document quality control function within the Records Management Unit was introduced, which involves the vetting of separation documents received from participants and member organizations first to ensure that the file submission is complete and that the forms are appropriately completed, paving the way for smoother processing downstream. These actions were meant to improve and expedite the submission of documents to the Fund and have allowed a related audit recommendation made by the Board of Auditors to be closed. A full progress report showing the number of cases with missing separation documents, by entity, is available.
8	75/246, para. 21	Clarify the functional responsibilities and reporting lines of the New York and Geneva offices and submit, in the context of its next report, information on specific measures to ensure the efficiency of the Geneva office	A review was conducted between January to May 2021 of Pension Administration operations, client services and finance functions. A proposal to strengthen client services and operations and realize efficiencies and cost savings is presented in the proposed budget for 2022.

No.	Resolution and paragraph	Topic	Action taken
9	75/246, para. 22	Board to conduct proper monitoring through annual reports regarding the status of IPAS, specifically the challenges experienced and enhancements made to address them	In 2020/21, the ICT initiatives of the Fund Secretariat continued to be focused on stabilizing and improving IPAS, with particular regard to enhancements made to its key components, represented by the member self-service, accounting/finance, benefit processing, business intelligence/reporting and data interfaces. These initiatives are presented in chapter VIII, section I, of the present report.
10	75/246, para. 24	Secretary of the Board to restructure and streamline the report of the Board with the aim of making it more concise and presenting the rationale of financial and administrative proposals in a more comprehensive manner	The report of the Board is presented in a streamlined format, with a focus on action taken in response to requests of the General Assembly and the financial proposals clearly highlighted.
11	75/246, para. 27	Pension Administration to continue to adhere to the target benchmark of 75 per cent of initial benefit processing in 15 business days and to eliminate the practice of postponing the benchmark for additional documentation requirements, and to report the actual time for completion of the processing of initial benefits, including those without proper documentation, as well as the reasons for exceeding the 15-business-day target benchmark as appropriate, in the context of the next report of the Board	Effective 1 July 2020, the Fund introduced a system enhancement in IPAS to address the recommendation of the Board of Auditors related to the handling of cases with missing or invalid documents in the calculation of the performance indicator for benefits processing. Under the new calculation methodology, the pausing and resetting of the benchmark was eliminated, as recommended. Despite the change in the methodology, the Fund's performance in benefit processing remained strong. The benchmark of processing 75 per cent of initial separations within 15 business days continued to be met. The Board of Auditors reviewed the actions taken by the Pension Administration and considered the audit recommendation implemented.
12	75/246, para. 28	Stresses the importance of developing key performance indicators to assess its efficiency and its impact on the work of the Fund and requests an update in the next report	The new Business Transformation and Accountability Unit has begun reviewing and developing a suite of key performance indicators for the Fund.
13	75/246, para. 37	Secretary-General to provide updated information on vacant posts and the granting of special post allowance in the Office of Investment Management in the next report of the Board	This information is included in the proposed budget for 2022.

<i>No.</i>	<i>Resolution and paragraph</i>	<i>Topic</i>	<i>Action taken</i>
14	75/246, para. 39	Board to provide further analysis of and clarification on the proposed amendment to article 48	The clarification on the proposed amendment to article 48 is presented in chapter VII, section G, of the present report.
15	75/246, para. 41	Decides to defer consideration of the amendments to article 7 of the Regulations and paragraph 19 of the pension adjustment system	The proposed amendments are resubmitted in chapter VII, section G, of the present report.
16	74/263, sect. VIII, para. 34	Find appropriate solutions to resolve the situation of the P-4 and P-5 posts in the Executive Office	A solution has been found for the incumbent of the P-4 post. The vacant P-4 post has been temporarily filled and is part of the budget proposal of the Business Support Services Unit for 2022. The Department of Management Strategy, Policy and Compliance is actively working to find a solution for the incumbent of the P-5 post.

Annex V

Recommendations to the General Assembly for amendments to the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund¹

Amendments to the Regulations of the United Nations Joint Staff Pension Fund

<i>Existing text</i>	<i>Proposed text</i>	<i>Comments</i>
Article 4 ADMINISTRATION OF THE FUND	Article 4 ADMINISTRATION OF THE FUND	
(a)–(b)	(a)–(b)	<i>No change</i>
(c) Subject to the provisions of these Regulations, the Board shall adopt its own Rules of Procedure, which shall be reported to the General Assembly and to the member organizations.	(c) Subject to the provisions of these Regulations, the Board shall adopt its own Rules of Procedure, <u>including a code of conduct and ethics policy</u> , which shall be reported to the General Assembly and to the member organizations.	<i>Amendment to incorporate a reference to the code of conduct and ethics policy approved by the Board.</i>
(d)–(e)	(d)–(e)	<i>No change</i>
Article 6 STAFF PENSION COMMITTEES	Article 6 STAFF PENSION COMMITTEES	
(a)–(c)	(a)–(c) <u>(d) Staff members of the Board secretariat, Pension Administration and the Office of Investment Management of the Fund, and staff members of the secretariat of each Staff Pension Committee shall not be eligible to be elected or appointed to represent any constituent group in the Staff Pension Committee of any member organization of the Fund, and consequently to serve on the Pension Board.</u>	<i>New provision to reflect the provision in section C.1 of the rules of procedure adopted by the Board and reported to the General Assembly in 2017, 2018, 2019 and 2020.</i>

¹ Proposed additions appear in boldface and underlined type, and proposed deletions are indicated by strikethrough.

Existing text	Proposed text	Comments
<p>Article 7 PENSION ADMINISTRATION AND SECRETARIAT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD</p>	<p>Article 7 PENSION ADMINISTRATION AND SECRETARIAT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD</p>	
(a)–(b)	(a)–(b)	<i>No change</i>
(c) A Secretary of the Board shall be appointed with the concurrence of the Board.	(c) A Secretary of the Board shall be appointed by the Secretary-General with the on the recommendation concurrence of the Board.	<i>Amendment to reflect the appointment of the Secretary of the Board by the Secretary-General.</i>
(d)	(d)	<i>No change</i>
<p>Article 33 DISABILITY BENEFIT</p>	<p>Article 33 DISABILITY BENEFIT</p>	
(a)–(f)	(a)–(f)	<i>No change</i>
	<p><u>(g) The Board may prescribe the extent to which and the circumstances in which payment of a disability benefit may be suspended when the beneficiary, although remaining incapacitated within the meaning of this article, is nevertheless engaged in paid activities. In cases where a beneficiary is engaged in paid activities at the time he/she reaches the age at which incapacity shall be deemed permanent under article 33(b), the Board may require continued reporting of earnings and authorize the suspension of the payment of the disability benefit up to the age at which the beneficiary would have been entitled to receive a normal retirement benefit at which time the disability benefit may be reinstated.</u></p>	<i>New provision to allow the beneficiary of a disability benefit under article 33 (a) to engage in paid activity while remaining incapacitated.</i>
<p>Article 48 JURISDICTION OF THE UNITED NATIONS APPEALS TRIBUNAL</p>	<p>Article 48 JURISDICTION OF THE UNITED NATIONS APPEALS TRIBUNAL</p>	
(a) Applications alleging non-observance of these Regulations arising out of decisions of the Board may be submitted directly to the United Nations Appeals Tribunal by:	(a) Applications alleging non-observance of these Regulations <u>in regard to rights affecting participation, contributory service and benefit entitlements under the Regulations</u> arising out of decisions of the <u>Standing Committee acting on behalf of the Pension Board under Section K of the Administrative</u>	<i>Amendment to clarify the scope of the jurisdiction of the United Nations Appeals Tribunal in the context of article 21 of the Regulations referenced in the existing article 48 (a) (i) and (ii) of the Regulations. A similar change is also proposed by</i>

Existing text	Proposed text	Comments
	Rules , may be submitted directly to the United Nations Appeals Tribunal by:	<i>the Secretary-General to article 2.9 of the Statute of the Tribunal, which addresses the jurisdiction of the Tribunal in cases alleging non-observance of the Regulations of the Fund.</i>
(i) Any staff member of a member organization which has accepted the jurisdiction of the Tribunal in Joint Staff Pension Fund cases who is eligible under article 21 of these Regulations as a participant in the Fund, even after his or her employment has ceased, and any person who has succeeded to such staff member's rights upon his or her death;	(i) Any staff member of a member organization which has accepted the jurisdiction of the Tribunal in Joint Staff Pension Fund cases who is eligible under article 21 of these Regulations as a participant in the Fund, even after his or her employment has ceased, and any person who has succeeded to such staff member's rights upon his or her death;	<i>No change</i>
(ii) Any other person who can show that he or she is entitled to rights under these Regulations by virtue of the participation in the Fund of a staff member of such member organization.	(ii) Any other person who can show that he or she is entitled to rights under these Regulations by virtue of the participation in the Fund of a staff member of such member organization.	<i>No change</i>
(b) In the event of a dispute as to whether the Tribunal has competence, the matter shall be settled by a decision of the Tribunal.	(b) In the event of a dispute as to whether the Tribunal has competence, the matter shall be settled by a decision of the Tribunal. <u>Remands, if any, shall be to the Standing Committee acting on behalf of the Pension Board.</u>	<i>Amendment to reflect the language in article 2.9 of the Statute of the United Nations Appeals Tribunal and clarify the treatment of cases remanded by the Tribunal.</i>
(c)	(c)	<i>No change</i>
(d) The time-limits prescribed in article 7 of the Statute of the Tribunal are reckoned from the date of the communication of the contested decision of the Board.	(d) The time-limits prescribed in article 7 of the Statute of the Tribunal are reckoned from the date of the communication of the contested decision of the <u>Standing Committee acting on behalf of the Pension Board.</u>	<i>Amendment to reflect terminology that is consistent with article 48 (a) of the Regulations.</i>

Amendment to the Pension Adjustment System of the United Nations Joint Staff Pension Fund

*Existing text**Proposed text**Comments*

H. SUBSEQUENT ADJUSTMENTS OF THE BENEFIT

19. If the applicable CPI has moved by 10 per cent or more since the date of the last adjustment, the adjustment of the dollar amount or the local currency amount, as the case may be, is made on a semi-annual basis on 1 April as stated in paragraph 17 above and also on 1 October.

H. SUBSEQUENT ADJUSTMENTS OF THE BENEFIT

19. If the applicable CPI has moved by 10 per cent or more ~~since~~ **from** the **CPI used for the** ~~date of the last~~ adjustment **made on 1 April as stated in paragraph 17 above, the an additional** adjustment of the dollar amount or the local currency amount, as the case may be, ~~is~~ **shall be** made on a ~~semi-annual basis on 1 April as stated in paragraph 17 above and also on~~ 1 October **of the same calendar year.**

Amendment to clarify the conditions for the application of a second cost-of-living adjustment in the same calendar year.

Annex VI

Amendments to the Administrative Rules of the United Nations Joint Staff Pension Fund¹

<i>Existing text</i>	<i>Proposed text</i>	<i>Comments</i>
SECTION H. DETERMINATIONS OF INCAPACITY AND INABILITY TO ENGAGE IN GAINFUL EMPLOYMENT	SECTION H. DETERMINATIONS OF INCAPACITY AND INABILITY TO ENGAGE IN GAINFUL EMPLOYMENT	
General	General	
H.1 (a) The determination of incapacity for the purpose of disability benefits under article 33(a) and (b) of the Regulations and of children's and secondary dependants' benefits under article 36(b) and (c) shall, by virtue of powers hereby delegated in accordance with article 4(d), be made in each case by the staff pension committee of the organization by which the participant is employed, subject to the provision that, failing unanimity, a determination with respect to a disability benefit shall be referred to the Standing Committee for decision.	H.1 (a) The determination of incapacity for the purpose of disability benefits under article 33(a) and (b) of the Regulations and of children's and secondary dependants' benefits under article 36(b) and (c) shall, by virtue of powers hereby delegated in accordance with article 4(d), be made in each case by the staff pension committee of the organization by which the participant is employed, subject to the provision that, failing unanimity, a determination with respect to a disability benefit shall be referred to the Standing Committee for decision.	<i>No change</i>
	<u>(b) In accordance with criteria approved by the Board, a staff pension committee may consider a request for a determination of incapacity for the purpose of disability benefits under article 33(a) and (b) of the Regulations for a participant employed by another member organization.</u>	<i>New section H.1 (b) to allow for disability cases to be considered by the staff pension committee of a member organization other than that of the participant's employing organization.</i>
(b) For entitlement to a disability benefit, the incapacity for further service must be found to exist or to have existed on the participant's date of separation.	<u>(c)</u> For entitlement to a disability benefit, the incapacity for further service must be found to exist or to have existed on the participant's date of separation.	<i>Current section H.1 (b) becomes section H.1 (c).</i>
H.3–H.5	H.3–H.5	<i>No change</i>
H.6 (a) A determination that a participant is incapacitated within the meaning of article 33(a) shall be reviewed by the committee from time to time for the purpose of establishing the participant's continued eligibility for a disability benefit, in accordance with	H.6 (a) A determination that a participant is incapacitated within the meaning of article 33(a) shall be reviewed by the committee from time to time for the purpose of establishing the participant's continued eligibility for a disability benefit, in accordance	<i>Amendment to clarify when the final review of a disability benefit shall take place before it is deemed permanent.</i>

¹ Proposed additions appear in boldface and underlined type, and proposed deletions are indicated by strikethrough.

Existing text	Proposed text	Comments
<p>article 33(b) until the participant reaches an age seven years less than that when he or she would have been entitled to receive a normal retirement benefit, except in cases where the normal retirement age is 60, in which case the period shall be five years less than the normal retirement age.</p>	<p>with article 33(b) until the participant reaches an age seven years less than that when he or she would have been entitled to receive a normal retirement benefit, except in cases where the normal retirement age is 60, in which case the period shall be five years less than the normal retirement age. <u>The final review of the benefit shall take place at the time that the beneficiary reaches the age stipulated in article 33(b) or, at the earliest, up to two years prior to that date and the disability benefit may be deemed permanent at that time if the medical condition so warrants.</u></p>	
H.6 (b)–(c)	H.6 (b)–(c)	<i>No change</i>
<p>(d) Upon review, the committee shall continue a disability benefit if it determines that the participant remains incapacitated; it may suspend or discontinue a benefit if the participant has failed to submit to a medical examination when required to do so, or if the results of a medical examination are inconclusive; it may impose on the participant the fulfillment of a condition precedent to the continuation of a benefit or the removal of a suspension; and it shall discontinue a benefit when the evidence before it shows beyond reasonable doubt that the participant is no longer incapacitated, provided that a benefit so discontinued may be re-instated by the committee if it is satisfied, upon further evidence, that the participant was in fact incapacitated.</p>	<p>H.6 (d) Upon review, the committee shall:</p> <ul style="list-style-type: none"> (i) continue a disability benefit if it determines that the participant remains incapacitated; (ii) it suspend or discontinue a disability benefit if the participant has failed to submit a medical report for review of the disability benefit for <u>one year</u> after being submit to a medical examination when required to do so, or if the results of a medical examination are inconclusive; (iii) <u>discontinue the benefit (a) if for a period of two years after suspension the participant has failed to submit a medical report; or (b) when the evidence before it shows beyond a reasonable doubt that the participant is no longer incapacitated, provided that a benefit so discontinued may be re-instated by the committee if it is satisfied, upon further evidence, that the participant was in fact incapacitated and the participant has not received a withdrawal settlement under article 33(c).</u> 	<p><i>Amendment to include additional provisions on suspension and discontinuation in cases where a medical report is not received for review.</i></p> <p><i>Amendment to provide a deadline of one year for submission of a medical report for review of a disability benefit before suspension of the benefit.</i></p> <p><i>Amendment to provide for discontinuation of a disability benefit if the benefit has been suspended for two years owing to failure to submit a medical report. In addition, the disability benefit so discontinued may be reinstated if the beneficiary</i></p>

Existing text	Proposed text	Comments
		<i>has not received a withdrawal settlement.</i>
H.7	H.7	<i>No change</i>
H.8 (a)–(d)	H.8 (a)–(d)	<i>No change</i>
(e) i) A staff pension committee may accept a request for a disabled child's benefit under Article 36(b) or secondary dependant's benefit under Article 37(c) (ii) that is made more than two years but less than five years after separation from service. In such case, if the benefit is awarded regardless of the reasons for the delayed request or other circumstance of the case, payment of the benefit shall commence on the day after the date of the staff pension committee's decision, with no retroactive payment.	H.8 (e) (i) A staff pension committee may accept a request for a disabled child's benefit under Article 36(b) or secondary dependant's benefit under Article 37(c)(ii) that is made more than two years but less than five years after separation from service In such case, if the benefit is awarded regardless of the reasons for the delayed request or other circumstance of the case, <u>provided that the disability was reported before separation from service. In cases where the request is made more than two years after separation from service,</u> payment of the benefit, if awarded, shall commence on the day after the date of the staff pension committee's decision, with no retroactive payment.	<i>Amendment to eliminate the deadline for requests for child disability benefits where the child was reported as disabled before separation from service. The benefit shall be paid prospectively where the request is made more than two years after separation from service.</i>
(ii) A staff pension committee shall not consider a request for a disabled child's benefit under Article 36(b) or a secondary dependant's benefit under Article 37 (c) (ii) that is made more than five years from a) the date that the participant became eligible to receive a retirement, early retirement or disability benefit from the Fund and no child or secondary dependant's benefit was previously in payment; or b) the participant's death in service. Nevertheless, a staff pension committee may consider such a request where the Medical Consultant concludes that the medical condition was in existence at the time of the participant's separation from service but could not have been diagnosed prior to the time of the request.	(ii) A staff pension committee shall not consider a request for a disabled child's benefit under Article 36(b) or a secondary dependant's benefit under Article 37(c)(ii) that is made more than five years from a) the date that the participant became eligible to receive a retirement, early retirement or disability benefit from the Fund and no child or secondary dependant's benefit was previously in payment; or b) the participant's death in service. Nevertheless, a staff pension committee may consider such a request where <u>A staff pension committee may accept a request for a child disability benefit where the disability was not reported before separation from service</u> if the Medical Consultant concludes that the medical condition was in existence at the time of the participant's separation from service but could not have been diagnosed prior to	<i>Amendment to provide a deadline for submission of a request for a child disability benefit in cases where the condition could not have been diagnosed at time of separation from service. The benefit, if awarded in such cases, shall be paid prospectively.</i>

the time of the request. **In such cases, the request must be made within one year of diagnosis. Payment of the benefit, if awarded, shall commence on the day after the date of the staff pension committee's decision with no retroactive payment.**

H.9–H.10

H.9–H.10

No change

H.11 (a) A beneficiary in receipt of a disability benefit may earn, through paid activities during a 12-month period, up to the maximum gross amount of USD 30,000 or the G2/Step 1 net remuneration applicable for the duty station where the beneficiary resides, subject to subsequent adjustments as may be determined by the Board, whichever is higher.

New sections H.11, H.12 and H.13 to address situations allowed for under the new article 33 (g) of the Regulations in which the beneficiary of a disability benefit may engage in paid activity while remaining incapacitated.

(b) A disability benefit shall be discontinued should a beneficiary be employed by a member organization irrespective of whether the beneficiary again becomes a participant.

H.12 A beneficiary who has engaged in, or will soon engage in, a paid activity shall report any earnings to the staff pension committee annually. In accordance with article 33(g), where the beneficiary's earnings from paid activities exceed, or will exceed, the threshold established in Rule H.11, the staff pension committee shall suspend payment of the disability benefit. Suspension will take effect in accordance with Rule H.7(a). Where earnings from paid activities do not exceed the threshold, the staff pension committee shall not suspend payment of the disability benefit under this Rule. The staff pension committee shall review such cases on an annual basis, as long as the beneficiary remains engaged in a paid activity, until he/she reaches what would have been his/her normal retirement age. The

*Existing text**Proposed text**Comments*

beneficiary shall be required to submit proof of his/her earnings to enable the review of his/her case by the staff pension committee. The staff pension committee may accept proof of earnings in any form that it considers sufficient to establish the beneficiary's earnings.

H.13 A beneficiary who has had payment of his or her disability benefit suspended under Rule H.12 may notify the staff pension committee of any material changes in his or her earnings and request that payment of the benefit be reinstated. The staff pension committee shall request updated proof of earnings and may request a new medical report. Payment of the disability benefit shall recommence from the date on which the beneficiary's earnings no longer exceed the established threshold, unless the staff pension committee decides that it shall re-commence from a later date.

Annex VII*

Terms of reference for the medical consultant to the United Nations Joint Staff Pension Board

Terms of reference for the Medical Consultant to the United Nations Joint Staff Pension Board

General

- a) Pursuant to Section D of the UNJSPF Rules of Procedure, assist the United Nations Joint Staff Pension Board in all medical questions and policies related to the UNJSPF plan.
- b) Maintain regular contact with medical officers of member organizations on policies on medical issues relevant to the UNJSPF and to ensure the application of uniform medical standards in the management of disability cases.
- c) Advise the Chief Executive of Pension Administration on medical issues arising in the administration of the UNJSPF plan, including the medical aspects of eligibility for participation in the Fund, award and review of disability cases, and claims for medical expenses under the Emergency Fund where such assessment is requested.

Disability benefits

- d) Review the decisions made by Staff Pension Committees relating to disability benefits and make the requisite recommendation to the Chief Executive of Pension Administration, in order to ensure the uniform application of the medical standards for eligibility for a disability benefit prescribed by the Board.
- e) Where an Independent Medical Evaluation (IME) or Medical Board is required under Section K.7 of the UNJSPF Administrative Rules, assist the Administration and Medical Officers of member organizations to: draft terms of reference for the IME and/or Medical Board; assist in identifying medical professionals who may undertake the IME or sit on the Medical Board where appropriate; and/or advise the UNJSPF on the outcome of the IME and/or Medical Board.

Participation in the Fund

- f) Advise the Board on medical issues related to participation in the Fund, including standards for medical fitness for participation in the Fund and eligibility for disability benefits.

Reporting to the Board

- g) Regularly submit and present reports to the Board on the application of medical standards prescribed by the Board, the medical conditions giving rise to the award of disability benefits, and policy matters and risks related to medical issues relevant to the UNJSPF plan.

* The present annex is being issued without formal editing.

Annex VIII

Agreements on the transfer of pension rights of participants in the United Nations Joint Staff Pension Fund and of officials of the European Investment Bank and in the European Investment Fund

A. Agreement on the transfer of pension rights of participants in the United Nations Joint Staff Pension Fund and of officials of the European Investment Bank

Whereas, pursuant to the policy of international intergovernmental organizations to facilitate the exchange of personnel, it is desirable to secure continuity of pension rights of staff members transferring between these organizations,

Whereas the Regulations of the United Nations Joint Staff Pension Fund and the Rules of the Pension Scheme and Regulations of the European Investment Bank (EIB), namely, the EIB Pension Scheme Regulations, authorize the conclusion of such agreements with other international organizations and with the Governments of member States for the transfer and continuity of such rights,

Whereas the EIB Pensions Board was consulted and provided on 11 June 2021 its approval of the Agreement between EIB and UNJSPF, whereas the EIB Management Committee has formally delegated, by its decision of 17 April 2012, the power to approve and sign such agreements to the President of EIB, and whereas the latter has approved on [date] the present Agreement and has delegated his power to sign to the Director General of Personnel,

Whereas at its ___ session, held on ___ July ____, the United Nations Joint Staff Pension Board approved and the United Nations General Assembly, by its resolution _____ of [date], concurred, the Agreement between EIB and UNJSPF,

It has been agreed, as follows:

Article 1 Definitions

1.1 For the purposes of the present Agreement:

- (a) “UNJSPF” means the United Nations Joint Staff Pension Fund;
- (b) “UNJSPF participant” means a participant in the United Nations Joint Staff Pension Fund;
- (c) “EIB” means the European Investment Bank;
- (d) “EIB Pension Scheme” means the Pension Scheme applicable to officials of the European Investment Bank;
- (e) “Official” means a staff member of the EIB affiliated to the EIB Pension Scheme;
- (f) “Parties” means collective references to both parties of this Agreement, i.e., UNJSPF and EIB and/or its Pension Scheme.

Article 2

Transfers from the United Nations Joint Staff Pension Fund to the European Investment Bank Pension Scheme

2.1 A former UNJSPF participant who has not received a benefit under the UNJSPF Regulations and becomes affiliated to the EIB Pension Scheme within one year after separation from service from a UNJSPF member organization and the cessation of UNJSPF participation may, within a further period of one year after the commencement of service and participation in the EIB Pension Scheme, elect to be covered by the provisions of the present Agreement and to transfer the accrued entitlements from UNJSPF to the EIB Pension Scheme.

2.2 Upon a written and binding election by the former UNJSPF participant, UNJSPF shall pay to the EIB Pension Scheme, upon request by EIB, an amount equal to the larger of:

(a) The equivalent actuarial value, calculated in accordance with the relevant articles of the UNJSPF Regulations, of the retirement benefit which the UNJSPF participant had accrued in UNJSPF based on the contributory service and final average remuneration up to the date participation in the UNJSPF ceased; or

(b) The withdrawal settlement to which the former UNJSPF participant would have been entitled under the UNJSPF Regulations, upon separation from the service of a UNJSPF member organization.

2.3 Based on the amount transmitted by UNJSPF under article 2.2 of this Agreement, the former UNJSPF participant's account in the Pension Scheme of EIB will be credited in full, in accordance with the relevant EIB Pension Scheme Regulations.

2.4 Upon such election, the former UNJSPF participant shall cease to be entitled to any benefit under the UNJSPF Regulations.

Article 3

Transfers from the European Investment Bank Pension Scheme to the United Nations Joint Staff Pension Fund

3.1 A former official of EIB who has not received a benefit under the EIB Pension Scheme and becomes a UNJSPF participant within one year after separation from the service of EIB, may, within a further period of one year after the commencement of service with a UNJSPF member organization and participation in the UNJSPF, elect to be covered by the provisions of the present Agreement and to transfer the accrued entitlements from the EIB Pension Scheme to UNJSPF.

3.2 Upon a written and binding election by the former official of EIB, EIB shall pay to UNJSPF, upon request from UNJSPF, an amount equal to the larger of:

(a) The actuarial equivalent of the pension rights acquired by the former official in the EIB Pension Scheme, established in accordance with article 71-1.1 of the EIB Pension Scheme Regulations; or

(b) The total amount of the entitlement, under article 71-1.1 of the EIB Pension Scheme Regulations, as at the date on which the official left the service of EIB.

3.3 On the basis of the amount determined under article 3.2, the former official shall be credited for the purposes of UNJSPF with contributory service equal to such period as determined in accordance with the actuarial assumptions applied by UNJSPF as of

the date of the election and the relevant articles of the UNJSPF Regulations, to be equal in value to the amount paid to UNJSPF by the EIB Pension Scheme.

3.4 The maximum pensionable service credit granted in UNJSPF by application of this Agreement cannot exceed the length of the actual past service that the EIB official concerned had performed in that organization. After calculating the actuarial value determining the amount required for the maximum available recognition of past service, only the amount required for recognition will be transferred by the EIB Pension Scheme to UNJSPF.

3.5 Upon such election, the former official of the EIB shall cease to be entitled to any benefit under the EIB Pension Scheme Regulations.

Article 4

Leave without pay

4.1 Transfer of pension rights cannot be completed until formal separation from service and cessation of participation in the original pension plan. Persons on secondment or loan are not considered separated and, accordingly, are not covered by this Agreement. Leave without pay status has to be terminated before pension rights are transferred. If a person is on a leave without pay status for more than three consecutive years, during which no concurrent pension contributions are made, no pension rights can be transferred, as stipulated below. Transfer of pension rights is not permitted if the person contributes concurrently both to UNJSPF and the EIB Pension Scheme during the leave without pay period.

United Nations Joint Staff Pension Fund participant on leave without pay

4.2 If a UNJSPF participant becomes a participant in the EIB Pension Scheme during a period of leave without pay from a UNJSPF member organization and, upon the termination of such period, ceases to be a participant in the EIB Pension Scheme and resumes contributory service in UNJSPF without any break in participation, the UNJSPF participant shall not be entitled to any benefit under the EIB Pension Scheme Regulations in respect of such period but shall instead receive credits in UNJSPF as provided in article 3 above. The EIB Pension Scheme shall pay to UNJSPF an amount determined in accordance with article 3.2 above. Such period shall count for the UNJSPF participant as contributory service in UNJSPF under article 22 (b).

4.3 The provisions of articles 2.2 and 2.3 above shall apply if, upon the termination of the leave without pay period, the UNJSPF participant ceases to be a UNJSPF participant and continues to be a participant of the EIB Pension Scheme and the former UNJSPF participant makes an election in writing to that effect within one year of the termination of the leave without pay period. These provisions shall also apply to the former UNJSPF participant in the event of the death or disability retirement during leave without pay under the EIB Pension Scheme, as long as no benefit election has been made under the UNJSPF Regulations.

European Investment Bank official on leave without pay

4.4 If a participant of the EIB Pension Scheme becomes a UNJSPF participant during a period of leave without pay from EIB and, upon the termination of such period (not exceeding three consecutive years when no contributions are made), ceases to be a UNJSPF participant and resumes contributory service in the EIB Pension Scheme, the participant shall not be entitled to any benefit under the UNJSPF Regulations in respect of the leave without pay period but shall instead receive credits

in the EIB Pension Scheme as provided in article 2 above. UNJSPF shall pay to the EIB Pension Scheme an amount determined in accordance with article 2.2 above.

4.5 The provisions of articles 3.2 and 3.3 above shall apply if, upon the termination of the leave without pay period, the EIB Pension Scheme participant ceases to be a participant in the EIB Pension Scheme and continues to be a UNJSPF participant and the former participant in the EIB Pension Scheme makes an election in writing to that effect within one year of the termination of the leave without pay period. These provisions shall also apply to the EIB Pension Scheme participant in the event of the death or disability retirement during leave without pay under the UNJSPF Regulations, as long as no benefit election has been made under the EIB Pension Scheme Regulations.

Article 5

Transitional period

5.1 Officials who entered the service of EIB and its Pension Scheme within one year preceding the effective date of this Agreement, and who have not received any payments from UNJSPF, may elect to avail themselves of the provisions of this Agreement by so informing UNJSPF, in writing, within one year of the effective date of the Agreement. Upon so electing, the relevant provisions (particularly articles 2, 3 and 4 above) of this Agreement apply.

5.2 Staff members who entered the service of a UNJSPF member organization and became UNJSPF participants within one year preceding the effective date of this Agreement, and who have not received any payments from the EIB Pension Scheme, may elect to avail themselves of the provisions of this Agreement by so informing EIB, in writing, within one year of the effective date of the Agreement. Upon so electing, the relevant provisions (particularly articles 2, 3 and 4 above) of this Agreement apply.

Article 6

Implementation of the Agreement and administration costs

6.1 The implementation of this Agreement shall be subject to the UNJSPF Regulations and Administrative Rules and to the EIB Pension Scheme Regulations, as well as any internal implementation guidance and procedures established by either Party.

6.2 In order to ensure consistent interpretation and implementation of the provisions of this Agreement, the Parties shall keep each other informed and consult on any changes in implementation practice or other applicable procedures.

6.3 Each Party covers the relevant administrative and other costs incurred in dealing with individual cases arising out of this Agreement, including the determination of transfer values.

6.4 Payments pursuant to this Agreement are remitted promptly. However, no Party shall impose or add interest on account of delays that may occur in transmitting amounts pursuant to this Agreement.

6.5 All payments are made and recorded by UNJSPF in United States dollars and UNJSPF is not responsible for fluctuations in exchange rates. All payments are made and recorded by EIB in euros and EIB is not responsible for fluctuations in exchange rates.

Article 7 Consultations and settlement of disputes

7.1 The Parties shall consult on any matter arising out of the present Agreement. The Parties shall use their best efforts to amicably resolve any issue concerning the interpretation or implementation of the terms of the present Agreement through negotiation.

7.2 Any individual UNJSPF participant or EIB official may bring an administrative action against their employing organization or pension scheme, in accordance with their respective dispute settlement mechanisms.

Article 8 Termination

8.1 The present Agreement shall continue in effect until modified or terminated by the mutual consent in writing of the Parties hereto or terminated unilaterally upon not less than one year's prior notice given in writing by either Party.

Article 9 Effective date of the Agreement

9.1 The present Agreement shall enter into force on signature with effect from [*date*]. It has been duly signed in duplicate originals, in English, at the dates and places given below:

For the European Investment Bank

For the United Nations Joint Staff
Pension Fund

Maj **Theander**
Director General, Personnel

[*TBD*]

Rosemarie **McClean**
Chief Executive of Pension
Administration

Date:

Date:

Date:

Luxembourg
Luxembourg

Luxembourg
Luxembourg

New York
United States of America

B. Agreement on the transfer of pension rights of participants in the United Nations Joint Staff Pension Fund and of officials in the European Investment Fund

Whereas, pursuant to the policy of international intergovernmental organizations to facilitate the exchange of personnel, it is desirable to secure continuity of pension rights of staff members transferring between these organizations,

Whereas the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF) and the Rules of the Pension Scheme Regulations of the European Investment Fund (EIF), namely, the EIF Pension Scheme Regulations and EIF Transitory Pension Scheme regulations, authorize the conclusion of such agreements with other international organizations and with the Governments of member States for the transfer and continuity of such rights,

Whereas the EIF Pensions Board was consulted on 15 May 2020 and confirmed its interest in concluding the Agreement between EIF and UNJSPF, and whereas the EIF Chief Executive has the power to approve and sign such agreements,

Whereas, at its ___ session, held on ___ July ____, the United Nations Joint Staff Pension Board approved and the United Nations General Assembly, by its resolution _____ of [date] concurred, the Agreement between EIF and UNJSPF,

It has been agreed, as follows:

Article 1 Definitions

1.1 For the purposes of the present Agreement:

- (a) “UNJSPF” means the United Nations Joint Staff Pension Fund;
- (b) “UNJSPF participant” means a participant in the United Nations Joint Staff Pension Fund;
- (c) “EIF” means the European Investment Fund;
- (d) “EIF Pension Scheme” means the Pension Scheme applicable to officials of the European Investment Fund;
- (e) “Official” means a staff member of the EIF affiliated with the EIF Pension Scheme;
- (f) “Parties” means collective references to both parties of this Agreement, i.e., UNJSPF and EIF and/or its Pension Scheme.

Article 2 Transfers from the United Nations Joint Staff Pension Fund to the European Investment Fund Pension Scheme

2.1 A former UNJSPF participant who has not received a benefit under the UNJSPF Regulations and becomes affiliated with the EIF Pension Scheme within one year after separation from service from a UNJSPF member organization and the cessation of UNJSPF participation may, within a further period of one year after the commencement of service and participation in the EIF Pension Scheme, elect to be covered by the provisions of the present Agreement and to transfer the accrued entitlements from UNJSPF to the EIF Pension Scheme.

2.2 Upon a written and binding election by the former UNJSPF participant, UNJSPF shall pay to the EIF Pension Scheme, upon request by EIF, an amount equal to the larger of:

(a) The equivalent actuarial value, calculated in accordance with the relevant articles of the UNJSPF Regulations, of the retirement benefit which the UNJSPF participant had accrued in UNJSPF based on the contributory service and final average remuneration up to the date participation in the UNJSPF ceased; or

(b) The withdrawal settlement to which the former UNJSPF participant would have been entitled under the UNJSPF Regulations, upon separation from the service of a UNJSPF member organization.

2.3 Based on the amount transmitted by UNJSPF under article 2.2 of this Agreement, the former UNJSPF participant's account in the Pension Scheme of EIF will be credited in full, in accordance with the relevant EIF Pension Scheme Regulations.

2.4 Upon such election, the former UNJSPF participant shall cease to be entitled to any benefit under the UNJSPF Regulations.

Article 3

Transfers from the European Investment Fund Pension Scheme to the United Nations Joint Staff Pension Fund

3.1 A former official of EIF who has not received a benefit under the EIF Pension Scheme and becomes a UNJSPF participant within one year after separation from the service of EIF may, within a further period of one year after the commencement of service with a UNJSPF member organization and participation in the UNJSPF, elect to be covered by the provisions of the present Agreement and to transfer the accrued entitlements from the EIF Pension Scheme to UNJSPF.

3.2 Upon a written and binding election by the former official of EIF, EIF shall pay to UNJSPF, upon request from UNJSPF, an amount equal to the larger of:

(a) The actuarial equivalent of the pension rights acquired by the former official in the EIF Pension Scheme, established in accordance with article 71-1.1 of the EIF Pension Scheme Regulations; or

(b) The total amount of the entitlement, under article 71-1.1 of the EIF Pension Scheme Regulations, as at the date on which the official left the service of EIF.

3.3 On the basis of the amount determined under article 3.2, the former official shall be credited for the purposes of UNJSPF with contributory service equal to such period as determined in accordance with the actuarial assumptions applied by UNJSPF as of the date of the election and the relevant articles of the UNJSPF Regulations, to be equal in value to the amount paid to UNJSPF by the EIF Pension Scheme.

3.4 The maximum pensionable service credit granted in UNJSPF by application of this Agreement cannot exceed the length of the actual past service that the EIF official concerned had performed in that organization. After calculating the actuarial value determining the amount required for the maximum available recognition of past service, only the amount required for recognition will be transferred by the EIF Pension Scheme to UNJSPF.

3.5 Upon such election, the former official of EIF shall cease to be entitled to any benefit under the EIF Pension Scheme Regulations.

Article 4

Leave without pay

4.1 Transfer of pension rights cannot be completed until formal separation from service and cessation of participation in the original pension plan. Persons on secondment or loan are not considered separated and, accordingly, are not covered by this Agreement. Leave without pay status has to be terminated before pension rights are transferred. If a person is on a leave without pay status for more than three consecutive years, during which no concurrent pension contributions are made, no pension rights can be transferred, as stipulated below. Transfer of pension rights is not permitted if the person contributes concurrently both to UNJSPF and the EIF Pension Scheme during the leave without pay period.

United Nations Joint Staff Pension Fund participant on leave without pay

4.2 If a UNJSPF participant becomes a participant in the EIF Pension Scheme during a period of leave without pay from a UNJSPF member organization and, upon the termination of such period, ceases to be a participant in the EIF Pension Scheme and resumes contributory service in UNJSPF without any break in participation, the UNJSPF participant shall not be entitled to any benefit under the EIF Pension Scheme Regulations in respect of such period but shall instead receive credits in UNJSPF as provided in article 3 above. The EIF Pension Scheme shall pay to UNJSPF an amount determined in accordance with article 3.2 above. Such period shall count for the UNJSPF participant as contributory service in UNJSPF under article 22 (b).

4.3 The provisions of articles 2.2 and 2.3 above shall apply if, upon the termination of the leave without pay period, the UNJSPF participant ceases to be a UNJSPF participant and continues to be a participant of the EIF Pension Scheme and the former UNJSPF participant makes an election in writing to that effect within one year of the termination of the leave without pay period. These provisions shall also apply to the former UNJSPF participant in the event of the death or disability retirement during leave without pay under the EIF Pension Scheme, as long as no benefit election has been made under the UNJSPF Regulations.

European Investment Fund official on leave without pay

4.4 If a participant of the EIF Pension Scheme becomes a UNJSPF participant during a period of leave without pay from EIF and, upon the termination of such period (not exceeding three consecutive years when no contributions are made), ceases to be a UNJSPF participant and resumes contributory service in the EIF Pension Scheme, the participant shall not be entitled to any benefit under the UNJSPF Regulations in respect of the leave without pay period but shall instead receive credits in the EIF Pension Scheme as provided in article 2 above. UNJSPF shall pay to the EIF Pension Scheme an amount determined in accordance with article 2.2 above.

4.5 The provisions of articles 3.2 and 3.3 above shall apply if, upon the termination of the leave without pay period, the EIF Pension Scheme participant ceases to be a participant in the EIF Pension Scheme and continues to be a UNJSPF participant and the former participant in the EIF Pension Scheme makes an election in writing to that effect within one year of the termination of the leave without pay period. These provisions shall also apply to the EIF Pension Scheme participant in the event of the death or disability retirement during leave without pay under the UNJSPF Regulations, as long as no benefit election has been made under the EIF Pension Scheme Regulations.

Article 5

Transitional period

5.1 Officials who entered the service of EIF and its Pension Scheme within one year preceding the effective date of this Agreement, and who have not received any payments from UNJSPF, may elect to avail themselves of the provisions of this Agreement by so informing UNJSPF, in writing, within one year of the effective date of the Agreement. Upon so electing, the relevant provisions (particularly articles 2, 3 and 4 above) of this Agreement apply.

5.2 Staff members who entered the service of a UNJSPF member organization and became UNJSPF participants within one year preceding the effective date of this Agreement, and who have not received any payments from the EIF Pension Scheme, may elect to avail themselves of the provisions of this Agreement by so informing EIF, in writing, within one year of the effective date of the Agreement. Upon so electing, the relevant provisions (particularly articles 2, 3 and 4 above) of this Agreement apply.

Article 6

Implementation of the Agreement and administration costs

6.1 The implementation of this Agreement shall be subject to the UNJSPF Regulations and Administrative Rules and to the EIF Pension Scheme Regulations, as well as any internal implementation guidance and procedures established by either Party.

6.2 In order to ensure consistent interpretation and implementation of the provisions of this Agreement, the Parties shall keep each other informed and consult on any changes in implementation practice or other applicable procedures.

6.3 Each Party covers the relevant administrative and other costs incurred in dealing with individual cases arising out of this Agreement, including the determination of transfer values.

6.4 Payments pursuant to this Agreement are remitted promptly. However, no Party shall impose or add interest on account of delays that may occur in transmitting amounts pursuant to this Agreement.

6.5 All payments are made and recorded by UNJSPF in United States dollars and UNJSPF is not responsible for fluctuations in exchange rates. All payments are made and recorded by EIF in euros and EIF is not responsible for fluctuations in exchange rates.

Article 7

Consultations and settlement of disputes

7.1 The Parties shall consult on any matter arising out of the present Agreement. The Parties shall use their best efforts to amicably resolve any issue concerning the interpretation or implementation of the terms of the present Agreement through negotiation.

7.2 Any individual UNJSPF participant or EIF official may bring an administrative action against their employing organization or pension scheme, in accordance with their respective dispute settlement mechanisms.

**Article 8
Termination**

8.1 The present Agreement shall continue in effect until modified or terminated by the mutual consent in writing of the Parties hereto or terminated unilaterally upon not less than one year's prior notice given in writing by either Party.

**Article 9
Effective date of the Agreement**

9.1 The present Agreement shall enter into force on signature with effect from [date]. It has been duly signed in duplicate originals, in English, at the dates and places given below:

For the European Investment Fund

For the United Nations Joint Staff
Pension Fund

Alain Godard
Chief Executive

Martine Lepert
Head of Human and Resources
Management

Rosemarie McClean
Chief Executive of Pension
Administration

Date:

Date:

Date:

Luxembourg
Luxembourg

Luxembourg
Luxembourg

New York
United States of America

Annex IX**Report of the Board of Auditors on the financial statements
of the United Nations Joint Staff Pension Fund for the year
ended 31 December 2020**

Letters of transmittal

**Letter dated 28 May 2021 from the Chief Executive of Pension
Administration of the United Nations Joint Staff Pension Fund
and the Representative of the Secretary-General for the
investment of the assets of the United Nations Joint Staff Pension
Fund addressed to the Chair of the Board of Auditors**

In accordance with financial rule G.5 of the United Nations Joint Staff Pension Fund, we have the honour to transmit the financial statements of the Fund for the year ended 31 December 2020, which we hereby approve. The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund approved the financial statements for their respective areas of responsibility. The financial statements have been completed and certified by the Chief Financial Officer of the Fund as correct in all material respects.

(Signed) Rosemarie **McClellan**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

(Signed) Pedro **Guazo**
Representative of the Secretary-General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

**Letter dated 22 July 2021 from the Chair of the Board of Auditors
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and audited financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2020.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations Joint Staff Pension Fund, which comprise the statement of net assets available for benefits (statement I) as at 31 December 2020 and the statement of changes in net assets available for benefits (statement II), the cash flow statement (statement III) and the statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses (statement IV) for the year ended 31 December 2020, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2020 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the Fund, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor’s report thereon

The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, within their respective authority under the Regulations of the Fund, are responsible for the other information, which comprises the financial overview contained in chapter IV below, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Chief Executive of Pension Administration and the Representative of the Secretary-General, within their respective authority under the Regulations of the

Fund, are responsible for the preparation and fair presentation of the financial statements in accordance with International Accounting Standard 26 and IPSAS and for such internal control as the management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- (d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Fund that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and the financial rules of the Fund and their legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations Joint Staff Pension Fund.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

(Signed) Kay **Scheller**
President of the German Federal Court of Auditors

(Signed) Hou Kai
Auditor General of the People's Republic of China

22 July 2021

Chapter II

Long-form report of the Board of Auditors

Summary

The United Nations Joint Staff Pension Fund was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and other organizations admitted to the membership of the Fund. It is administered by the United Nations Joint Staff Pension Board.

The Board of Auditors audited the financial statements of the Fund and reviewed its operations for the year ended 31 December 2020 in accordance with General Assembly resolutions 74 (I) of 1946 and 680 (VII) of 1952 and in conformity with article VII of the Financial Regulations and Rules of the United Nations and the International Standards on Auditing. The audit was carried out remotely from Santiago owing to the coronavirus disease (COVID-19) pandemic, and included the Fund's headquarters in New York and the Geneva office, from 26 October to 9 December 2020, and the Fund's headquarters in New York from 26 April to 28 May 2021.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with the management of the Fund, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2020 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26. The audit included a general review of the financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the Fund's operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations.

The Board also reviewed a detailed follow-up of actions taken in response to recommendations made in previous years.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2020 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with IPSAS and International Accounting Standard 26.

Overall conclusion

The Fund has prepared its financial statements in accordance with International Accounting Standard 26 and following the provisions of IPSAS since 2012. The Fund has incorporated the guidance from International Accounting Standard 26 into its financial policies. Its financial presentation is based on that guidance, and additional information is presented where requested by IPSAS.

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of the Fund for the year ended 31 December 2020. However, the Board identified scope for improvements in the areas of cash management, census data, reputational risk, external managers and external advisers.

Key findings

The Board's key findings are as follows:

Pension Administration

Census data quality issues

The Board examined the five Microsoft Excel files that comprised the census data used by the Consulting Actuary to determine the actuarial valuation, identifying several inconsistencies or gaps in the data on active participants, the pensionable remuneration rates for active participants, the separations processed, the active beneficiaries and the terminated periodic benefits. In this context, it was observed that there were participants who had more than two records in the identifier field, records that had the same date of birth for different children, records showing that the number of children for each participant may be erroneously registered, records of deceased participants that had no date of death, records of deceased participants with null values, records with null values on the last contribution date for active and non-deceased persons and records that contained null values in the information on the pensionable remuneration rates, among other data inconsistencies.

Validation process for the census data

The Board observed that to validate the reasonableness of the headcounts, a review of the census data is performed by the Fund using the queries run by the Data Analysis and Legal Services Section. After consultations with the Fund, it was verified that this validation was time-consuming for the entity, especially when it required the merging of multiple data sets. When the process was modified even slightly, it took a very long time to see the updated result. In addition, the process was not aimed at detecting every inconsistency in the data. With regard to the audit process conducted by the Financial Services on the census data, it was verified that during the reconciliation process for the census data, a new column was added during the query process to identify the status of each member. In turn, it was observed that the procedure included a reconciliation between opening and closing balances, and it was noted that exceptions were adjusted during the reconciliation to the year-end headcounts, a practice that the Board has noticed for the past three audit periods.

Review of the census data for after-service health insurance

The Board observed that the census data for the valuation of the after-service health insurance of the Fund was extracted from Umoja by the Health and Life Insurance Section of the Secretariat. Moreover, it was observed that the census data provided by the United Nations included the details of the active participants and retirees of the Fund with a cut-off date of 31 October 2019 for their review. In this regard, the Fund pointed out that the data was reviewed to verify its reasonableness

by taking into account communications with the Health and Life Insurance Section. Nevertheless, the Board could not identify which reviews were carried out by the Fund or which thresholds had been established for any deviation that may have been found.

Office of Investment Management

ComplySci system for personal securities trading

The Board observed that the ComplySci system included an automatic process for the pre-clearance of personal trading; however, the system did not have the configuration to validate whether a staff member bought and sold the same security within 60 calendar days of the initial purchase (the mandatory holding period) or whether a staff member conducted more than 10 trades per month, since that part of the process continued to be carried out manually and the system did not issue notifications to alert the compliance team of those issues. It was also detected that the current system configuration was enabled for the trade module only; therefore, the broker feeds for automatic transmission of brokerage statements (the broker account module), outside activities and gifts and hospitality were outside of the scope of initial implementation.

Reputational risk

The Board noticed that the reputational risk policy and framework did not establish in detail how a staff member of the Office of Investment Management should proceed in practice when a reputational risk event arose and which mechanisms and criteria should be weighed when taking action on a reputational risk issue before such a risk materialized. It was observed that, in 2020, the Office renewed the contract of an external manager, which in October 2019 had presented a situation of reputational risk. Moreover, there was no clear procedure for or evidence of how the Office measured the reputational risk of the vendors, external managers, advisers and other third parties on an ongoing basis, nor which tools or systems were used for monitoring those issues or which criteria should be weighed when taking action on a reputational risk issue before such a risk materialized. In addition, while the Office implemented the “RepRisk” tool to identify the reputational risk issues in companies in which the Fund invested, the Office did not have a clear procedure that defined how it used the information provided by the tool and what decisions it had made after considering that information.

External managers

The Board noted that there was no standardization regarding the requirements established for external managers on reporting, in accordance with annex B to their contracts, to the Office of Investment Management. Furthermore, the Office did not provide evidence that it carried out the monthly performance reviews to external managers during 2020, as required by the external manager policy. Moreover, two contracts with external managers had to be extended because the Office had not completed the search for an external manager for small capitalization investments in the United States of America and Europe. Finally, it was noticed that there was no clear procedure that defined the steps of the due diligence process carried out on external managers.

Main recommendations

On the basis of the audit findings, the Board recommends that:

Census data quality issues

(a) **The Pension Administration design, develop and implement a control mechanism that establishes periodic reviews of the data quality, in conjunction with the member organizations and beneficiaries of the Fund, if necessary, with the purpose of maintaining the data and preventing potential inconsistencies in the information recorded in the Integrated Pension Administration System and ensuring the reliability of the information provided to users;**

(b) **The Pension Administration perform an analysis to define the circumstances in which the inconsistencies in the key data used for the actuarial valuation become material and to define tolerance thresholds in order to make the criteria used transparent for future reviews;**

(c) **The Pension Administration carry out a review of the status of the participants and beneficiaries, considering the eventual effects of the COVID-19 pandemic situation, in advance of the actuarial valuation as at 31 December 2021;**

Validation process for the census data

(d) **The Pension Administration develop or implement a tool aligned with the best standards and practices of the industry on data analytics issues that simplifies the reconciliation process for census data and allows for the optimization of the whole process, guaranteeing the reliability of the validation process for both the Data Analysis and Legal Services Section and the Financial Services;**

Review of the census data for after-service health insurance

(e) **The Pension Administration develop and implement an official procedure that specifies the review by the Fund and the United Nations of the after-service health insurance census data and includes the validations and/or controls, the tolerable thresholds for any deviation, the responsible officials and the deadlines associated with the review, as well as details of the communications that will be carried out between the Fund and the United Nations;**

(f) **The Pension Administration issue an official report with the results of the review and of the adjustments made to the after-service health insurance census data each year, in order to support the reasonableness review performed in the context of the preparation of the financial statements;**

ComplySci system for personal securities trading

(g) **The Office of Investment Management include an annotation in the system explaining the reasons for the rejection of pre-clearance requests, such as the 60-day mandatory holding period or the maximum of 10 trades per month;**

(h) **The Office of Investment Management enable the broker account module to include the direct broker feeds for the verification of staff members' brokerage accounts to comply adequately with the best practices of the industry and contribute to mitigating the risks related to potential conflicts of interest with the activities of the Fund;**

(i) **The Office of Investment Management enable the gift and entertainment module to include the compliance rules to effectively address the gifts, hospitality and outside activities policy to avoid any potential conflicts of interest with the activities of the Fund;**

Reputational risk

(j) **The Office of Investment Management strengthen the efforts carried out in the area of reputational risk and establish an effective mechanism to ensure that the reputational risk policy and framework integrate all activities that may cause reputational risk issues within the scope of the Office;**

(k) **The Office of Investment Management establish a procedure that defines the criteria that should be weighed when a reputational risk event arises so that the Office's staff members can take the necessary measures before the reputational risk materializes;**

(l) **The Office of Investment Management keep a permanent and updated record of the reputational risks assessed during the year, with the respective action taken in that regard, for all activities within the scope of the Office's management (including vendors, external managers, advisers and other third parties);**

(m) **The Office of Investment Management strengthen its commitments with regard to the international standards on reputational risk and define a mechanism and procedure that allows for the reputational risk perspective to be incorporated into the investment decision-making process in accordance with the international standards;**

External managers

(n) **The Office of Investment Management establish a roster of candidates from a manager search to ensure that contracts are not extended for the sole reason of not having candidates available;**

(o) **The Office of Investment Management define the reports that will be requested in the contracts for external managers for small capitalization investments and align monitoring activities with the external manager policy, thus allowing the Office to conduct more effective and timely reviews;**

(p) **The Office of Investment Management strengthen and evaluate its current control mechanisms to ensure the comprehensive and effective monitoring of the management of external managers on an ongoing basis, which allows for the mitigation of potential investment, operational and reputational risks;**

(q) **The Office of Investment Management provide details in the external manager policy on the due diligence process that is performed on external managers, including which aspects will be addressed, when and how often it should be performed, which reports and results are generated from the review and who is responsible, among other things.**

Follow-up of previous recommendations

The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2019. Of the 44 outstanding recommendations, the Fund had implemented 30 (68.2 per cent), 13 (29.5 per cent) were under implementation and 1 (2.3 per cent) had been overtaken by events. Details of the status and progress of all previous outstanding recommendations are provided in the annex to chapter II.

Key facts

24	Number of member organizations
134,632	Participants in the Fund
80,346	Periodic benefits
\$81.79 billion	Total assets
\$81.51 billion	Net assets available for benefits
\$12.37 billion	Income and contributions
\$2.89 billion	Total expenses, including benefit payments
\$9.52 billion	Investment income

A. Mandate, scope and methodology

1. The United Nations Joint Staff Pension Fund was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and other organizations admitted to the membership of the Fund. It is administered by the United Nations Joint Staff Pension Board and as at 31 December 2020 had 24 participating organizations, including the United Nations. The Fund is a multiple-employer defined benefit plan.

2. The Board has audited the financial statements of the Fund and has reviewed its operations for the year ended 31 December 2020 in accordance with General Assembly resolutions 74 (I) of 1946 and 680 (VII) of 1952. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2020 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26. This included an assessment of whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenses had been properly classified and recorded. The audit included a general review of the financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. In addition to the audit of the accounts and financial transactions, the Board reviewed the operations of the Fund under financial regulation 7.5 of the Financial Regulations and Rules of the United Nations. This allows the Board to make observations concerning compliance with the financial procedures, the accounting system, internal financial controls and, in general, the administration and management of the Fund operations. The Board coordinated with the Office of Internal Oversight Services in the planning of its audits in order to avoid duplication

of effort and to determine the extent to which the Board could rely on the latter's work.

5. The audit was carried out remotely owing to travel restrictions following the coronavirus disease (COVID-19) pandemic. The Board adjusted its processes of analysis and utilized alternative audit procedures to obtain reasonable assurance. It is the Board's view that this remote audit was performed as an exception under unique circumstances and should not be viewed as a standard occurrence in future audits.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the management of the Fund, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

7. The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2019. Of the 44 outstanding recommendations, the Fund had implemented 30 (68.2 per cent), 13 (29.5 per cent) were under implementation and 1 (2.3 per cent) had been overtaken by events. Details of the status and progress of all previous outstanding recommendations are provided in the annex to chapter II and in the table below.

Status of implementation of recommendations

<i>Report and audit year</i>	<i>Number of recommendations</i>	<i>Recommendations pending as at 31 December 2019</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>	<i>Recommendations pending as at 31 December 2020</i>
A/72/5/Add.16 , chap. II (2016)	26	1	–	–	–	1	–
A/73/5/Add.16 , chap. II (2017)	41	4	1	3	–	–	3
A/74/5/Add.16 , chap. II (2018)	38	7	4	3	–	–	3
A/75/5/Add.16 , chap. II (2019)	44	32	25	7	–	–	7
Total	149	44	30	13	–	1	13

8. The Board acknowledges the management's efforts towards the implementation of its recommendations. However, the Board expects the Fund to further expedite its efforts on this matter, especially regarding the recommendations dating from 2017, one of which remains under implementation and refers to the procurement process of the acquisition of the trade order management system, and another of which refers to the audit of the Integrated Pension Administration System.

2. Financial overview

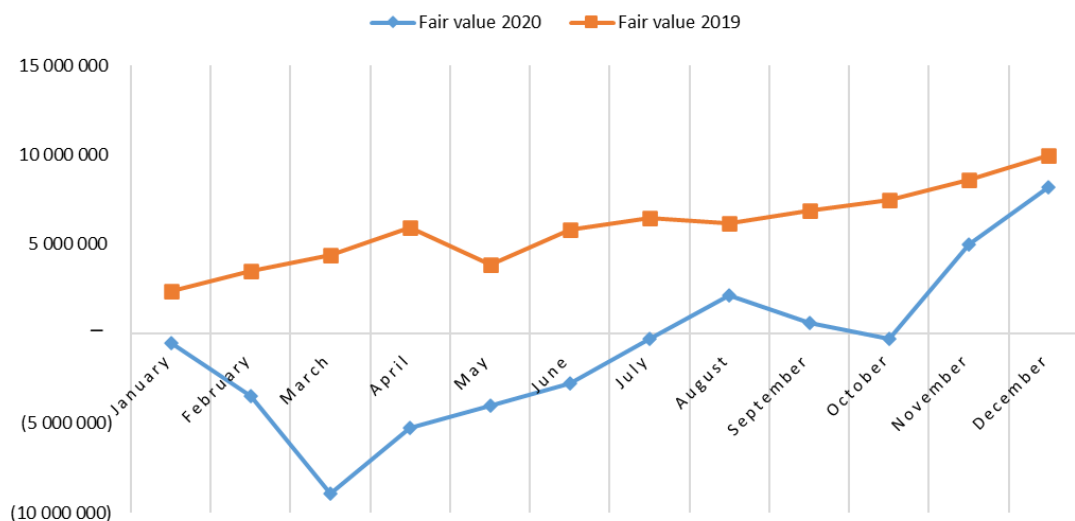
9. During 2020, as a result of the spread of the COVID-19 pandemic, the volatility of the financial markets had an impact on the return on investments of the Fund, which decreased by 18 per cent during the financial year in comparison to 2019. Monthly variations are illustrated in figure II.I.

10. Nonetheless, the value of total investments of the Fund as at 31 December 2020 amounted to \$80.89 billion, reflecting an increase of 13 per cent in comparison to the previous year.

Figure II.I

Monthly return on investments for 2020 in comparison to 2019

(Thousands of United States dollars)

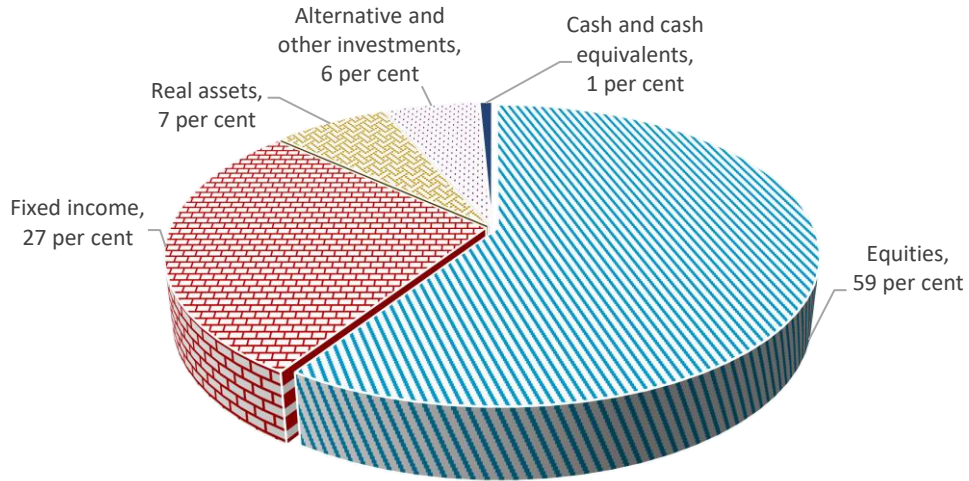


Source: United Nations Joint Staff Pension Fund financial statements.

11. As at December 2020, the total assets of the Fund amounted to \$81.79 billion (2019: \$72.29 billion) and the total liabilities amounted to \$0.27 billion (2019: \$0.26 billion). The net assets available for benefits amounted to \$81.51 billion (2019: \$72.03 billion), which represented an increase of \$9.48 billion (13.15 per cent) compared with the increase of \$11.26 billion in 2019.

12. The Fund's assets consist mainly of investments, representing 98.90 per cent (\$80.89 billion) of the total assets. The asset allocation was \$48.25 billion (59 per cent) in equities, \$22.38 billion (27 per cent) in fixed income, \$5.63 billion (7 per cent) in real assets, \$4.64 billion (6 per cent) in alternative and other investments and \$0.59 billion (1 per cent) in cash and cash equivalents. The percentage share of each component of investment is shown in figure II.II.

Figure II.II
Percentage share of components in the fair value of investments in 2020

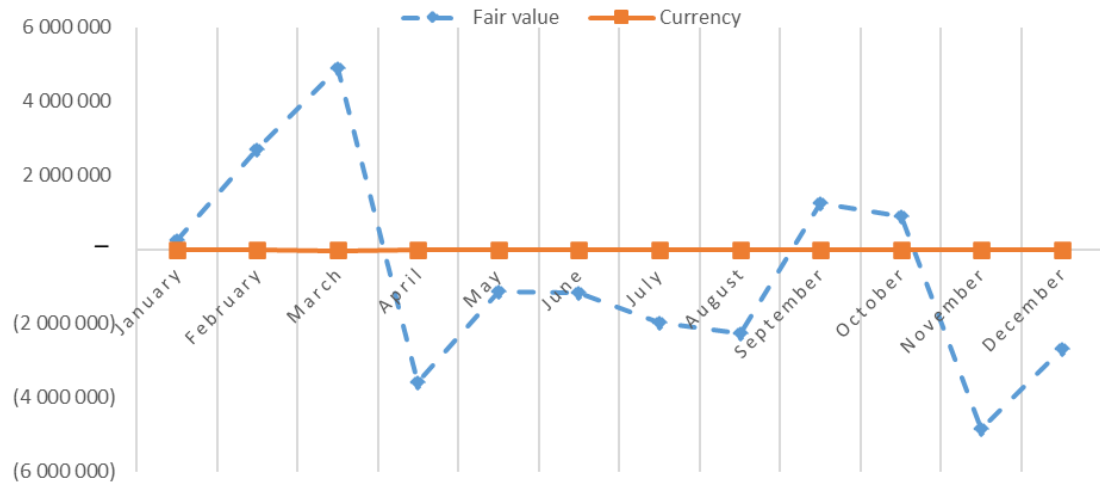


Source: United Nations Joint Staff Pension Fund financial statements.

13. The total income of the Fund in 2020 amounted to \$12.37 billion (2019: \$14.05 billion), comprising investment income of \$9.52 billion (2019: \$11.36 billion), contributions of \$2.85 billion (2019: \$2.69 billion) and income from services provided to the United Nations of \$0.007 billion. The total expenses of the Fund were \$2.89 billion (2019: \$2.79 billion), comprising benefit payments of \$2.79 billion (2019: \$2.70 billion) and administrative expenses and other expenses amounting to \$0.10 billion (2019: \$0.09 billion). The monthly breakdown of investment income in 2020 is shown in figure II.III.

Figure II.III
Investment income in 2020

(Thousands of United States dollars)

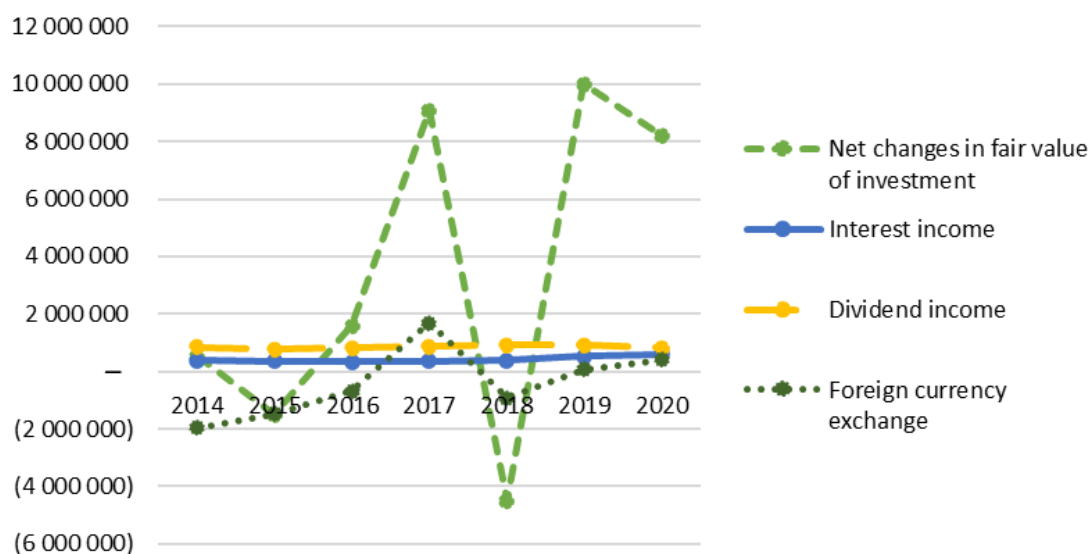


Source: United Nations Joint Staff Pension Fund financial statements.

14. In 2020, the total investment income of the Fund was \$9.52 billion (2019: loss of \$1.84 billion), including appreciation in the fair value of the investments of \$8.21 billion (2019: depreciation in the fair value of investments of \$10 billion), with a foreign exchange gain of \$0.42 billion (2019: loss of \$0.07 billion). Historically, appreciation/depreciation in the fair value of investments has been the driving force for investment income. The other components have largely remained constant. The different components of investment income are shown in figure II.IV.

Figure II.IV
Components of investment income, 2014–2020

(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

Participants and benefits

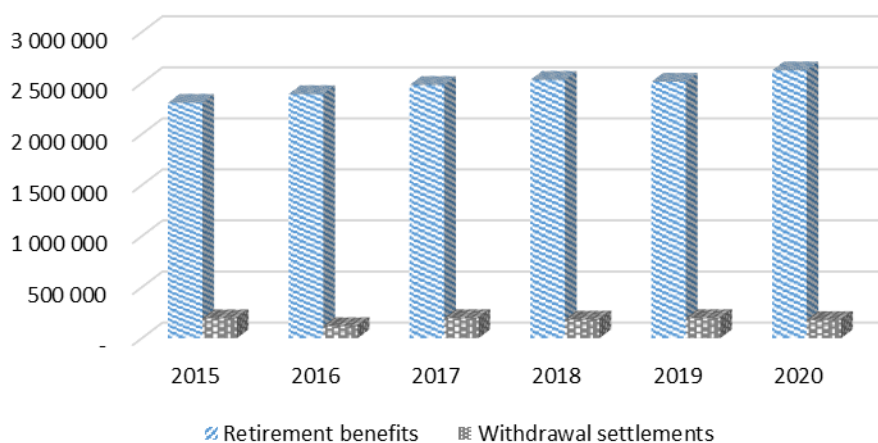
15. As at 31 December 2020, the Fund had 134,632 participants (2019: 131,583 participants) and the contributions amounted to \$2.85 billion for the year then ended.

16. The Fund reported a total number of periodic benefits of 80,346 as at 31 December 2020 (2019: 79,975) and total benefits payments of \$2.79 billion for the year then ended, which were issued in 15 currencies in some 190 countries. For the year ended 31 December 2020, the retirement benefits amounted to \$2.62 billion (2019: \$2.51 billion) and the withdrawal settlements and full commutation of benefits amounted to \$0.18 billion (2019: \$0.19 billion). The comparison of these amounts during the past six years is shown in figure II.V.

17. The expenditure on benefits in 2020 was lower than the contributions by 2 per cent.

Figure II.V
Comparison of retirement benefits and withdrawal settlements, 2015–2020

(Thousands of United States dollars)



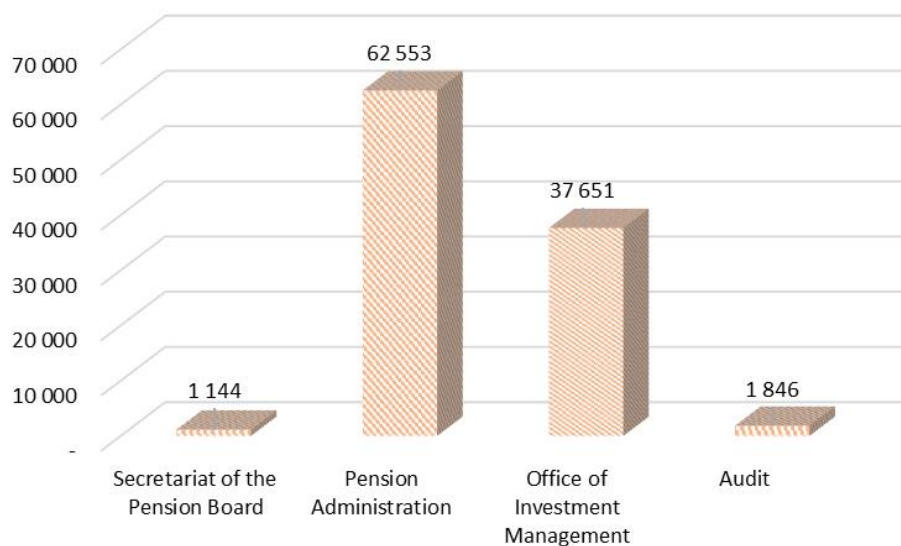
Source: United Nations Joint Staff Pension Fund financial statements.

Administrative expenses

18. The total administrative expenses of the Fund in 2020 amounted to \$0.10 billion (2019: \$0.09 billion) and include the expenses of the secretariat of the United Nations Joint Staff Pension Board, audit, the Pension Administration and the Office of Investment Management, as shown in figure II.VI. The main expense categories were the established posts of \$0.04 billion (41.90 per cent), contractual services of \$0.02 billion (23.91 per cent), general operating expenses of \$0.01 billion (12.73 per cent) and changes in the value of the after-service health insurance of \$0.01 billion (11.22 per cent).

Figure II.VI
Administrative expenses for 2020

(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

Financial statements

19. Various suggestions made by the Board for enhancement of the disclosures in the financial statements were reflected in the final version of the statements.

3. Pension Administration*Cash management*

20. Under article 17 of the Regulations of the United Nations Joint Staff Pension Fund, the assets of the Fund shall be derived from the contributions of the participants, the contributions of the member organizations, the yield from the investments of the Fund, deficiency payments, if any, under article 26 and receipts from any other source.

21. In addition, financial rule D.7 of the Fund establishes that the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, together with the Chief Financial Officer, shall consult with one another and agree on the level of liquid funds in the form of cash or negotiable instruments that will be held in the Fund's bank accounts to the extent required for the payment of the expenses of the Fund, including such amounts as may be required for purposes of business continuity and disaster recovery. All other cash and negotiable instruments shall be made available to the Representative of the Secretary-General/Office of Investment Management.

22. The Board observed that once the Pension Administration receives the monthly contributions from member organizations, it deducts the estimated amount of weekly payments (withdrawal settlements, lump-sum payments, reissued payments, the retroactive amount due, reinstatement amounts and one-time residual settlements) and monthly disbursements paid to the United Nations for the payments made by the Organization on behalf of the Fund. The resulting balance is transferred to the Office of Investment Management to be invested.

23. The Board detected the absence of a formal procedure on how to estimate the level of liquid funds that should be held in the Fund's bank accounts for the payment of its expenses, including such amounts as may be required for purposes of business continuity and disaster recovery, in accordance with financial rule D.7 of the Fund.

24. The Board considers that the absence of a clear procedure on the level of liquid funds to be held in the Fund's bank accounts may not allow for the identification of the amounts that the Pension Administration should maintain and the amounts that should be transferred to the Office of Investment Management. Not having such a procedure could result in an eventual opportunity cost in the use of funds originated by not knowing, with an appropriate level of certainty, the funds that must be made available to the Office.

25. The Board recommends that the Pension Administration, in conjunction with the Office of Investment Management, establish a procedure to estimate the level of liquid funds necessary for the payment of the expenses of the Fund, including the amounts required for purposes of business continuity and disaster recovery, with the purpose of determining the funds that must be made available to be managed and invested by the Office.

26. The Pension Administration accepted the recommendation.

Census data quality issues

27. In accordance with article 12 of the Regulations of the Fund, the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary.

28. In this regard, the Fund performs a full actuarial valuation every two years and a roll forward of the actuarial valuation the following year. The Fund carried out the last full actuarial valuation to ascertain its position in 2019.

29. It should be noted that, to prepare the actuarial valuation process, the Consulting Actuary requests the data on the participants of the Fund, beneficiaries and separations processed as at 31 December, which are composed of key fields for the actuarial calculation and also the underlying data that are relevant for the operation of the Fund in the processing of benefits.

30. The census data used to determine the Fund's actuarial liabilities are constructed from the information provided by the member organizations of the Fund and include demographic and personal data of and employment information on their active and retired participants.

31. The Board of Auditors reviewed the census data provided to the Consulting Actuary to perform the actuarial valuation as at 31 December 2019. The Fund informed the Board that no census data were necessary or utilized for the roll-forward valuation of 2020.

32. The Board examined the five Microsoft Excel files that composed the census data, which are:

- (a) Data on active participants as at 31 December 2019;
- (b) Data on pensionable remuneration rates for active participants as at 31 December 2019;
- (c) Separations processed as at 31 December 2019;
- (d) Data on active beneficiaries as at 31 December 2019;
- (e) The terminated periodic benefits as at 31 December 2019.

33. Regarding the data on active participants and the pensionable remuneration rates for active participants as at 31 December 2019, the Board analysed the integrity of 131,601 records contained in two Excel files provided by the Pension Administration, identifying the following inconsistencies or gaps in the data:

- (a) A total of 4,064 records had the same date of birth for different children;
- (b) In a total of 469 records, the number of children per participant may be erroneously registered;
- (c) A total of 50 records of deceased participants had no date of death;
- (d) A total of 3,972 records of deceased participants had null values;
- (e) A total of 5,995 records contained null values on the last contribution date for active and non-deceased persons;
- (f) A total of 1,652 records contained null values in the information on the pensionable remuneration rates.

34. With respect to the separations processed as at 31 December 2019, the file contained 9,175 records and provided the Consulting Actuary with the details of benefits processed during the year, and would be used to update the Consulting Actuary's records by removing participants and confirming new established periodic

benefits. During the review of the data, the Board identified the following inconsistencies or gaps in the data:

- (a) In a total of 28 records, there was more than one Fund identification number for the same name;
- (b) A total of 106 records had null value in the field “deceased”;
- (c) A total of 184 records had the same date of birth for different children;
- (d) In a total of 777 records, the last monthly contribution was previous to 31 December 2014;
- (e) In a total of 744 records, the last contribution date was five years ago;
- (f) Five records had the field “deceased” as “yes” but did not have a registered death date.

35. Concerning the active beneficiaries data as at 31 December 2019, the Board reviewed the file related to the periodic benefits in payment as at 31 December 2019 to verify the integrity of the 79,975 records, and identified the following inconsistencies or gaps in the data:

- (a) A total of 23,785 records had a null value for the total number of children;
- (b) A total of 19,603 records had a null value for the country of nationality;
- (c) In a total of 293 records, although the payment termination cause indicated “death”, there was no date of death;
- (d) There were 12 records of deceased persons with active accounts, single and without children.

36. Regarding the terminated periodic benefits as at 31 December 2019, the file contained 2,963 records and provided the actuary with the details of periodic benefits that had been terminated during the fiscal year, which are used by the actuary to update its records. From the analysis, the Board observed the following issues:

- (a) A total of 1,658 records had a null value for the total number of children;
- (b) In a total of 73 records, although the payment termination cause indicated “death”, there was no date of death;
- (c) A total of 1,372 records had a null value for the country of nationality;
- (d) In 64 records, the values contained in the maximum cost-of-living percentage field did not comply with the 110 per cent cap when the separation date was after 1 July 1995.

37. After consulting with the Fund, the Board noted that such data inconsistencies were already known. The Fund pointed out that those data depended on interface data and relied on the accuracy of the records provided by the member organizations, and that some data issues were due to the migration of the data from the legacy system to the Integrated Pension Administration System in 2015, among other reasons.

38. The Fund also informed the Board that the data inconsistencies were fixed during benefits processing and the issue had not had an impact on the headcounts or actuarial valuation results.

39. The Board considers that the inconsistencies or gaps in the data observed could affect the reliability of the information for users, taking into account that of all the inconsistencies found, some of them have a direct impact on the census data used by the actuary for the actuarial valuation, and others are related to problems in the quality of the data from an operational perspective for the processing of the Fund’s benefits.

40. The Board is of the view that even though the Fund pointed out that the inconsistencies had no impact on headcounts or the actuarial valuation results and that they are regularly fixed during the benefits processing, the Fund should carry out an analysis to define the circumstances in which the inconsistencies in the census data could be material and to define tolerance thresholds in order to make transparent the criteria used before the next actuarial valuation.

41. The Board considers that the Fund's data still has scope for improvement to ensure the completeness, accuracy and reliability of the census data used to determine the actuarial valuation and for benefits processing. The Fund should adopt the measures necessary to maintain the data and also implement the controls necessary to support the review of reasonableness of the data. This will allow for a more accurate calculation of the actuarial valuation and thus for the Consulting Actuary to make fewer assumptions about missing, incorrect or incomplete key data.

42. The Board recommends that the Pension Administration design, develop and implement a control mechanism that establishes periodic reviews of the data quality, in conjunction with the member organizations and beneficiaries of the Fund, if necessary, with the purpose of maintaining the data and preventing potential inconsistencies in the information recorded in the Integrated Pension Administration System and ensuring the reliability of the information provided to users.

43. The Board also recommends that the Pension Administration perform an analysis to define the circumstances in which the inconsistencies in the key data used for the actuarial valuation become material and to define tolerance thresholds in order to make the criteria used transparent for future reviews.

44. The Board further recommends that the Pension Administration carry out a review of the status of the participants and beneficiaries, considering the eventual effects of the COVID-19 pandemic situation, in advance of the actuarial valuation as at 31 December 2021.

45. The Pension Administration agreed with all the recommendations.

Validation process for the census data

46. In accordance with a document on the actuarial valuation data collection process, which was issued in March 2020 and describes the process leading to the collection of the actuarial valuation data, the Data Analysis and Legal Services Section, through an internal control, runs queries provided to the Financial Services and compares the headcounts summarized in the final actuarial report with those contained in the annex to the notes to the financial statements.

47. In turn, the Financial Services ensure that the required data fields are captured in the report and that headcounts are reasonable and accurate in comparison to the previous year's data before submission to the Consulting Actuary (third party).

48. The Data Analysis and Legal Services Section and the Financial Services sign off on the census data report to certify their reviews.

49. To address the internal control, for 2020 the Data Analysis and Legal Services Section used a document describing the different stages of the data validation process using structured query language applications called Power Query and Power Pivot, which are part of the Microsoft Office 365 Suite.

50. The Financial Services used a separate document describing the process for the validation of census data and confirming the official headcounts for 2019, in which the Financial Services reconcile census data reports against each other, taking into consideration the movement of participants into separation, specifically to beneficiary

status, and resulting survivor and/or child benefits through benefit termination, and reconcile census data reports against tables 1, 2 and 3 provided in the annex to the notes to the financial statements.

51. The Board observed that to validate the reasonableness of the headcounts, a review of the census data is performed by the Fund using the queries run by the Data Analysis and Legal Services Section through Power Query and Power Pivot.

52. After consulting with the Fund, the Board verified that this validation was time-consuming for the entity, especially when it required merging multiple data sets. Hence, when the process was modified even slightly, it took a very long time to see the updated result.

53. In addition, the process was not aimed at detecting every inconsistency in the data.

54. Finally, with regard to the audit process conducted by the Financial Services on the census data, it was verified that the reconciliation process for the census data was carried out through the creation of a column called "PA_Group", which was added during the query process to identify the status of each member. In turn, it was observed that such a procedure included a reconciliation between opening and closing balances, and exceptions noted during the reconciliation were adjusted to the year-end headcounts, a practice that the Board has noticed for the past three audit periods.

55. The Board is of the view that this process could result in misstatements, omissions and inadequate performance, which could affect the reliability and integrity of the data, considering that the data are used by the Consulting Actuary as official information, which is highly sensitive.

56. Moreover, the Board considers that the procedure supported by Microsoft Excel Power Query and Power Pivot that has been designed and implemented to carry out the validation process for the census data is not efficient, considering the working hours taken to carry out the validation, and, in turn, is not aligned with the best practices and standards of the industry in terms of data analysis.

57. Finally, it would be beneficial for the Fund to have an automated validation process that decreases the time involved in the validation and takes advantage of new, more efficient and updated technologies.

58. The Board recommends that the Pension Administration develop or implement a tool aligned with the best standards and practices of the industry on data analytics issues that simplifies the reconciliation process for census data and allows for optimization of the whole process, guaranteeing the reliability of the validation process for both the Data Analysis and Legal Services Section and the Financial Services.

59. The Pension Administration accepted the recommendation.

Review of the census data for after-service health insurance

60. In accordance with IPSAS 39: Employee benefits, the after-service health insurance benefits constitute a post-employment benefit and are classified as a defined benefit plan. Under these kinds of plans, the entity has the obligation to provide the agreed benefits to current and former employees, and the actuarial risk and the investment risk fall, in substance, on the entity. Thus, the measurement of the defined benefit shall be made by applying an actuarial valuation method.

61. In the preparation of its financial statements, a consulting actuary hired by the United Nations performed the actuarial valuation of the end-of-service benefits, including after-service health insurance, as at 31 December 2020, based on the roll

forward to 31 December 2020 of the end-of-service benefit liabilities as at 31 December 2019.

62. It should be noted that for 2020, the roll forward of the actuarial valuation of after-service health insurance was determined using the same census data provided in the process for 2019. This is the common practice for the roll-forward process performed by the Fund.

63. From the review process, it was observed that the census data for the valuation of the after-service health insurance of the Fund were extracted from Umoja by the Health and Life Insurance Section of the Secretariat.

64. In this context, the aforementioned census data were provided to the Fund for its review and included the details of the active participants and retirees of the Fund, with a cut-off date of 31 October 2019.

65. The Fund stated that the decision to take 31 October 2019 as the census data cut-off date and to project it for the year-end valuation was made by all participating organizations in the valuation and was considered an acceptable methodology by the actuary.

66. In this regard, the Fund pointed out that the data were reviewed to verify their reasonableness, an activity that took into account communications with the Health and Life Insurance Section. Nevertheless, the Board could not identify which reviews were carried out by the Fund or which thresholds had been established for any deviation that may have been found.

67. In this context, it was identified that there was no clear procedure on how the Pension Administration carried out the reasonableness review of the after-service health insurance census data, and no formal document with the review results or the adjustments made between the Health and Life Insurance Section and the Fund to support the data provided by the actuary in the report.

68. The Board considers that although the after-service health insurance data are managed and provided by the United Nations for the preparation of the financial statements, this does not relieve the Fund of its responsibilities towards the information and its review, owing to the fact that any inconsistency or gap in the data could imply errors in the estimation of the liabilities and therefore not assure, with an appropriate level of certainty, that the information is comprehensive and accurate and faithfully reflects the records of the personnel.

69. The Board is of the view that the Fund should have a clear procedure that provides assurance of how the Pension Administration reviews the reasonableness of the data provided by the United Nations to determine the actuarial valuation or the roll-forward values, as appropriate.

70. The Fund should adopt the necessary measures and implement the controls that are required to support the reasonableness review of the data carried out, in order to ensure the integrity and accuracy of that information.

71. The Board recommends that the Pension Administration develop and implement an official procedure that specifies the review by the Fund and the United Nations of the after-service health insurance census data and includes the validations and/or controls, the tolerable thresholds for any deviation, the responsible officials and the deadlines associated with the review, as well as details of the communications that will be carried out between the Fund and the United Nations.

72. The Board also recommends that the Pension Administration issue an official report with the results of the review and of the adjustments made to the

after-service health insurance census data each year, in order to support the reasonableness review performed in the context of the preparation of the financial statements.

73. The Pension Administration accepted the recommendations.

Deficiencies in the review of users' accounts in the Integrated Pension Administration System

74. In July 2020, the Pension Administration approved the United Nations Joint Staff Pension Fund Information Management Systems Service access control and account management procedure, with the purpose of defining the stages of the complete life cycle of user account management, from initial registration to final deregistration.

75. Paragraph 6.2.1, entitled "Access level and approval process", of the aforementioned procedure establishes that the Fund's systems are categorized into three levels based on the "need to know/use" of Fund staff:

(a) Level 1: systems used by all Fund staff, including active directory accounts and intranet access;

(b) Level 2: systems used by most Fund staff, including the Integrated Pension Administration System (predefined profiles);

(c) Level 3: systems used by some Fund staff, including non-predefined access to the Integrated Pension Administration System, among other things.

76. On the other hand, paragraph 6.2.2 of the procedure, entitled "Termination of user access", establishes that:

(a) When a user no longer requires access to all or any information resources, the authorized requester shall notify the service desk of the Information Management Systems Service to disable the user's access;

(b) In case of separation, retirement or transfer from the Fund, the Executive Office shall communicate to the service desk of the Information Management Systems Service the separation date of any staff member;

(c) Where feasible, active directory accounts that have not been accessed for 90 days shall be automatically disabled;

(d) User access to the Fund's information resources will be revoked at the end of the last day of service with the Fund. Users' accounts shall be deactivated but not deleted.

77. In addition, paragraph 6.24 of the procedure, entitled "Review of access rights", states that a review of user accounts shall be conducted at least every six months or quarterly if possible.

78. The aforementioned procedure uses as a reference the standard established in the International Organization for Standardization (ISO) 27002:2013 certification entitled "Information technology – Security techniques – Code of practice for information security controls".

79. In this regard, section 9.2.1 of the aforementioned standard, on user registration and deregistration, establishes that the process for managing user identifications should immediately disable user identifications of users who have left the organization, periodically identifying and disabling redundant user identifications and ensuring that redundant user identifications are not issued to other users.

80. From the review performed of the list of active user accounts in “V3” (the application in the Integrated Pension Administration System that serves as the pension administration system) provided by the Fund in December 2020, it was verified that 28 users had connected for the last time to the System more than 90 days before and they had not been disabled in the application.

81. In addition, the Board identified 13 other accounts created between 2014 and 2020 that had not been used, since there was no information about the last connection, and remained enabled in V3.

82. Moreover, it was observed that one user created in 2014 no longer worked at the Fund according to the Fund’s human resources list as at 31 December 2020; however, the user had not been disabled.

83. The Board also detected that 75 users were classified with the profile of “system administrator” with different subprofiles of access rights; however, the Board could not identify in the access control and account management procedure or in the Integrated Pension Administration System access profile matrix which users, internal or external of the Fund, should be granted the role of system administrator. In that sense, the Board observed that among the 75 users with the same “system administrator” with “business analyst” role, there were users ranging from auditors to head officers of the Fund, among others.

84. Regarding the users who had not been disabled in V3, the Fund indicated that all users, independently of the application, are automatically blocked by Microsoft Active Directory after 90 days without login; however, they remain enabled in the V3 application for the purposes of record, backup for emergency accounts and control, by virtue of their role.

85. In turn, the Fund confirmed that users have been correctly disabled at the Active Directory level, in full compliance with the provisions established in paragraph 6.2.2 of the access control and account management procedure, and therefore the users cannot access the application without first accessing the network.

86. With respect to the 75 users observed, the Fund indicated that its segregation of duties security matrix clearly indicates that the “system administrator” with “business analyst” role has “read only” access to the system and confirmed that the identification of which user should be assigned relevant profiles and roles is based on predefined “authorized requesters” for each business unit.

87. The Board considers that although the user’s accounts could be correctly disabled at the Active Directory level after 90 days, prior to that period of time, such a procedure would not allow for mitigation of the risk of access to the application by internal users who continue to work at the Fund but have changed their role. The same situation is applicable, during those 90 days, to those who no longer work at the Fund or to other external users, unless access is immediately disabled from the application by authorized personnel.

88. Furthermore, even if the profile assigned to most users is “read only”, certain users could be accessing confidential information that they should not have access to.

89. In addition, it should be noted that of the 13 observed accounts, not all met the criteria reported by the Fund, that is, to serve as backup for emergency accounts by virtue of their role.

90. The foregoing would not be contributing to mitigating and giving adequate treatment to risk No. 35, associated with information and communications technology (ICT) security, which was defined as high in September 2020 in the Fund’s residual risk map, with regard to adequately preventing potential instances of unauthorized

access to or misuse or disclosure of the Fund's ICT assets (data, information, applications, systems, networks and operating systems).

91. The Board is of the view that the Fund should manage on a daily basis the accounts and permissions of the system, in order to respond to the changes that are a normal part of the entity's operation, specifically, disabling in the application those users who no longer work at the Fund or who have been transferred to other functions and still have access to the systems from their previous post.

92. The Board is also of the view that the creation of read-only profiles and subprofiles should consider differentiated permissions and privileges, depending on the need for information of users according to the role they perform and position they hold within or in relation to the organization.

93. Finally, the verified shortcomings are not aligned with ISO 27002:2013, in particular with respect to immediately disabling user identifications of users who have left the organization and periodically identifying and disabling redundant user identifications.

94. The Board recommends that the Pension Administration implement an effective control mechanism to ensure that the user accounts are reviewed in a timely manner in order to adequately prevent potential instances of unauthorized access to or misuse or disclosure of the Fund's ICT assets.

95. The Board also recommends that the Pension Administration change the high-level and read-only profiles and roles, taking into account differentiated permissions and privileges depending on the need for information of users according to their position within the organization.

96. The Pension Administration accepted the recommendations.

Reportability in V3 (Integrated Pension Administration System)

97. In August 2015, with the objective of automating the processing of benefits, the Fund launched the Integrated Pension Administration System, an integrated set of applications that includes the V3 platform as the pension administration system and works closely with the Oracle E-Business Suite, Kofax and Microsoft Power BI and related tools.

98. Subsequently, in its report for the year ended 31 December 2017 ([A/73/5/Add.16](#), chap. II), the Board recommended that the Fund perform an audit of the Integrated Pension Administration System with the purpose of fixing several systemic issues detected during the audit and ensuring that it functioned reliably.

99. After five years, an agreement was signed to perform an audit of the Integrated Pension Administration System of the Fund. It should be noted that the audit began in April 2021.

100. According to the statement of work of the audit, the objectives of the audit engagement are to determine the adequacy of the operational processes, functionalities and technical configurations of the Integrated Pension Administration System as implemented by the Fund and to recommend any potential changes and/or improvements.

101. Lastly, in reference to the information provided to its users, the standard stated in section 9.1.2, "Customer satisfaction", of ISO 9001:2015, entitled "Quality management systems – Requirements", indicates that the organization should monitor customer perceptions of the degree to which their needs and expectations are being met. The organization shall determine the methods for obtaining, tracking and reviewing the information.

102. From the review carried out on the tool reports on V3, the Board verified that although V3 has preconfigured data reports in accordance with the Fund's reports user guide, issued in 2015, the system did not have a reportability function that allowed for the generation of personalized reports based on parameters chosen by the user at any time of the year.

103. After consultations with the Fund, the Board noticed that V3 had a limitation and did not have the technological capability to extract information at a cut-off date at any time of the year; for instance, the census data information of the participants and beneficiaries could not be extracted through V3.

104. For that reason, at the end of the year and with the purpose of preparing the financial statements, the information of the participants and beneficiaries had to be extracted through information technology queries directly applied to the database using Microsoft Power BI.

105. With regard to this matter, the Fund indicated that it would not be feasible or recommended to extract reports from V3 since the Fund manages data owned and provided by its member organizations in different forms that need to be validated, analysed and consolidated outside the V3 application.

106. The Board considers that the technological limitations in V3, related to the lack of customization in the generation of reports, may have an impact on the Fund's human resources management owing to the working hours taken by the staff to obtain the data required.

107. The Board is of the view that in any organization, ready access to the reports provided by its systems is considered an essential factor in the decision-making process. In this regard, it would be beneficial for the Fund to have information available at any time of the year with the purpose of optimizing the operations of the Fund and improving transparency for its stakeholders, taking into account the provisions of ISO 9001:2015.

108. The Board recommends that the Pension Administration implement a solution for the Integrated Pension Administration System aligned with the best industry standards and practices in this matter that allows for the generation of reports on all information recorded in the System through customized parameters at any time of the year, considering the different stakeholders that use it.

109. The Board also recommends that the Pension Administration develop an information technology solution in order to obtain the Fund's data on the participants and beneficiaries at a cut-off date at any time of the year.

110. The Board further recommends that, once the audit of the Integrated Pension Administration System is finished, the Pension Administration evaluate and implement any potential changes and/or improvements to the System in terms of reportability that are required.

111. The Pension Administration accepted the recommendations.

4. Office of Investment Management

ComplySci system for personal securities trading

112. In the personal securities policy and procedure, approved in September 2016 and updated in August 2020 by the Office of Investment Management, it is established that in general, the personal financial affairs of staff members should be conducted in a manner that will (a) avoid actual or apparent conflicts between personal interests, whether direct or indirect, and the interests of the Fund; and (b) not compromise the

independence of judgment or action required in the performance of duties on behalf of the Fund.

113. The same set of rules also provides that staff members must disclose all activity in covered accounts – any account in which a staff member has a financial interest, as well as the accounts of a staff member’s spouse or dependent relatives or any other account over which the staff member has investment discretion – unless an exemption applies. Any securities transaction in which the staff member has or acquires a financial interest must be pre-cleared. In addition, the rules state that personal trading will be deemed excessive if a staff member buys and sells the same security within 60 calendar days of the initial purchase (the mandatory holding period) or conducts more than 10 trades per month. Excessive personal trading raises concerns that the staff member’s energies and interests are not properly aligned with the interests of the Fund.

114. On 15 April 2020, the Office of Investment Management signed an agreement with the company Compliance Science (ComplySci) to provide its compliance platform for an annual fee of \$9,900.

115. On 21 August 2020, the Office of Investment Management implemented the platform, with the aim of having a web-based compliance monitoring solution that tracks employee activities against the Fund’s rules and regulations. The platform contains eight modules: broker account, trade, political contributions, initial public offering, gift and entertainment, private placement, outside affiliation and market material.

116. During the review of the ComplySci system, the Board identified the following issues:

(a) The ComplySci system included an automatic process for the pre-clearance of personal trading. However, it was noticed that the system did not have the configuration to validate whether a staff member bought and sold the same security within 60 calendar days of the initial purchase (the mandatory holding period) or whether a staff member conducted more than 10 trades per month, since that part of the process continued to be carried out manually and the system did not issue a notification to alert the compliance team;

(b) It was identified that in two instances, one employee requested pre-clearance of a trade on behalf of his wife, who bought and sold the same stocks within 60 calendar days of the initial purchase. The personal securities policy and procedure, however, states that although there was a loyalty obligation that was owed by staff members to the Fund as part of the employment agreement, that obligation did not extend to family members, such as the spouse;

(c) The current system configuration was enabled for the trade module only; therefore, the broker feeds for automatic transmission of brokerage statements (the broker account module) and outside activities, gifts and hospitality (the gift and entertainment module) and political contributions were outside of the scope of initial implementation.

117. The Board is of the view that the best practices of the industry include the direct feeds, since they are the most reliable, accurate and secure way to collect and review employees’ brokerage account data. With direct feeds, an entity has complete control over its data, maximum visibility into the health and status of its data and the greatest levels of security with end-to-end encryption.

118. In addition, the Board deems that the new system and its current configuration are not aligned with the best practices of the industry on this matter and therefore it does not help to mitigate the risks associated with potential conflicts of interest with

the activities of the Fund. There is a risk of that information being overlooked or inappropriately disregarded.

119. Finally, the Board considers that the customization of the system would be the ideal situation, in order to alert the compliance team of the buying and selling of the same securities within the aforementioned time frame or the maximum trades per month. However, the Office of Investment Management indicated that it was not feasible to customize the system, since it is an external system and the company provides the same one to all its clients. The Board deems that having the reasons for the denial of pre-clearance requests clearly established in the ComplySci system could be an alternative solution for the purpose of transparency in the revision made by the compliance team.

120. The Board recommends that the Office of Investment Management include annotations in the system explaining the reasons for the rejection of pre-clearance requests, such as the 60-day mandatory holding period or the maximum of 10 trades per month.

121. The Board also recommends that the Office of Investment Management enable the broker account module to include the direct broker feeds for the verification of staff members' brokerage accounts to comply adequately with the best practices of the industry and contribute to mitigating the risks related to potential conflicts of interest with the activities of the Fund.

122. The Board further recommends that the Office of Investment Management enable the gift and entertainment module to include the compliance rules to effectively address the gifts, hospitality and outside activities policy to avoid any potential conflicts of interest with the activities of the Fund.

123. The Office of Investment Management accepted the three recommendations.

Reputational risk

124. Under the investment policy statement, approved in August 2019, the Office of Investment Management will strive, on a best efforts basis, to ensure that the investments of the Fund conform with the high ethical standards of the United Nations and do not to expose the Fund to reputational risk.

125. Reputational risk is part of the Fund's enterprise-wide risk management policy, approved in April 2016, which defines the risk assessment, the risk response and the internal control activities. In the Office of Investment Management risk map, the risk associated with reputational risk called "misinformation/reputation" was catalogued as high-level risk, which means that it is a very significant risk that will require the implementation of risk response and treatment plans.

126. In this regard, the Office of Investment Management stated, through a fraud questionnaire elaborated by the Board, that there is zero tolerance of fraud, which applies to those risks that may pose a catastrophic risk of financial or reputational damage.

127. Finally, to support its objective of preventing and managing reputational risk, the Office of Investment Management also elaborated the reputational risk framework included in its risk manual, approved in October 2020.

128. As a result of the review of the reputational risk policy and framework, the following issues were identified:

(a) The reputational risk policy and framework did not establish in detail how a staff member of the Office of Investment Management should proceed in practice when a reputational risk event arose and which mechanisms and criteria should be

weighed when taking action on a reputational risk issue before such a risk materialized;

(b) In 2020, the Office of Investment Management renewed the contract of an external manager, which in October 2019 had presented a situation of reputational risk;

(c) There was no clear procedure for or evidence of how the Office of Investment Management measured the reputational risk of the vendors, external managers, advisers and other third parties on an ongoing basis, nor which tools or systems were used for monitoring those issues or which criteria should be weighed when taking action on a reputational risk issue before such a risk materialized. Also, as reported by the Office, those responsible for monitoring the external managers were the staff members who worked directly with external managers, advisers and other third parties. However, there was no single or standardized criterion on how to carry out the reputational risk review, since each staff member did it in their own manner;

(d) Even though the Office of Investment Management implemented the “RepRisk” tool to identify the reputational risk issues in companies in which the Fund invested (excluding investments in private markets), the Office did not have a clear procedure to define how it used the information provided by the tool and what decisions it had made after considering that information. Although there was a registry, it did not detail what decisions or measures had been taken for each analysed event, considering that in the risk map, the reputational risk had been evaluated as a high-level risk;

(e) In 2000, the Fund became associated with the United Nations Global Compact, whose mission was to support companies to do business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the Sustainable Development Goals, with emphasis on collaboration and innovation. Regarding this issue, through the “RepRisk” tool, the Office of Investment Management incorporated the “RepRisk United Nations Global Compact violator flag”, which is an indicator that allowed for the easy identification of the companies that had a high risk or potential risk of violating one or more of the Global Compact principles. However, there was no established procedure to identify how this indicator was integrated into the investment decision-making process and what actions were taken when companies most likely or potentially violated one or more of the principles.

129. The Board considers that the current reputational risk policy and framework do not ensure that the reputational risk events are treated and addressed adequately to avoid any possible damage to the image and reputation of the United Nations. This could be perceived by stakeholders as inappropriate, unethical or inconsistent with the values and beliefs of the Office of Investment Management and the United Nations.

130. The Board is of the view that while reputational risk is one of many factors influencing the investment decision-making process, the Office of Investment Management should ensure that the investments of the Fund conform with the high ethical standards of the United Nations and do not expose the Fund to reputational risks, in order to be aligned with the investment policy statement and the United Nations Global Compact.

131. Reputational risk may cause a potential loss of financial capital, equity capital and/or market share as a result of damage related to a company’s reputation.

132. **The Board recommends that the Office of Investment Management strengthen the efforts carried out in the area of reputational risk and establish an effective mechanism to ensure that the reputational risk policy and framework integrate all activities that may cause reputational risk issues within the scope of the Office.**

133. **Furthermore, the Board recommends that the Office of Investment Management establish a procedure that defines the criteria that should be weighed when a reputational risk event arises so that the Office's staff members can take the necessary measures before the reputational risk materializes.**

134. **The Board also recommends that the Office of Investment Management keep a permanent and updated record of the reputational risks assessed during the year, with the respective action taken in that regard, for all activities within the scope of the Office (including vendors, external managers, advisers and other third parties).**

135. **The Board further recommends that the Office of Investment Management strengthen its commitments with regard to the international standards on reputational risk and define a mechanism and procedure that allows for the reputational risk perspective to be incorporated into the investment decision-making process, in accordance with the international standards.**

136. The Office of Investment Management accepted the four recommendations.

External managers

137. In the investment procedures, approved in May 2020, paragraph III.9, on external management, establishes that the Office of Investment Management uses external managers to manage a portion of its investments for a variety of reasons, for example no internal capabilities due to lack of resources, specialized expertise or investment data and/or technology, and that the Office will ensure that all related processes and controls are in line with industry best practice with respect to research and analysis, due diligence, negotiation of terms and conditions, documentation, selection, monitoring, review and/or termination of external managers.

138. The external managers policy, approved in April 2018, states in part II, Procedures, monitoring and review process, that the Office of Investment Management staff will track the performance of the external managers. The policy also establishes monthly performance reviews.

139. The investments managed by external managers, as a whole, represent 15.7 per cent of the total portfolio of the Office of Investment Management as at 30 September 2020, of which 3.39 per cent belongs to the United States and Europe small capitalization investments.

140. The Board reviewed all external managers related to the United States and Europe small capitalization investments, which represent an estimated annual fee of approximately \$11,193,587.

141. As a result of the review, the Board observed the following issues:

(a) There was no standardization regarding the reports that the external managers have to deliver to the Office of Investment Management, as required in annex B to their contracts, as follows:

(i) In three of six contracts, a copy of the audited financial statements was not requested as in the other contracts;

(ii) In two contracts, in the Fund's quarterly questionnaire, the report detailing account and firm information was not requested. On the other hand, in the other

four contracts, although the Fund's quarterly questionnaire was requested, the delivery times after each quarter were all different;

(iii) In four contracts, the report of the "performance of account assets" was requested every quarter and considered information related to nine topics, for example, performance by quarter, asset allocation, industry weighting, purchase and sale for the period. In the other two contracts, the same report was requested but included 11 topics;

(iv) In five contracts, it was verified that the deadline to submit the "performance of the account's assets" report after the end of each quarter was different for each case;

(v) In one contract, a deadline to submit the "performance of the account's assets" report was not requested;

(b) The Office of Investment Management did not provide evidence of having carried out the monthly performance reviews for external managers during 2020, as required by the external manager policy;

(c) Two contracts were extended because the Office of Investment Management had not completed the search for an external manager for small capitalization investments in the United States and Europe, for example:

(i) For one external manager, a situation of reputational risk was observed in October 2019, as was reported to the Fund through the letter issued by the external manager. On 6 January 2020, the Office recommended an extension of the contract until 6 January 2021 despite the fact that the Office was aware of the reputational risk arising from the external manager's situation. The reasons indicated by the Office to extend the contract were that the manager had strongly outperformed the benchmark consistently in the short- and long-term periods and the recommendation was made primarily to ensure sufficient time for the United States small capitalization value search, which was deferred owing to delay in the onboarding of the investment manager database, internal capacity constraints and competing priority searches;

(ii) With respect to another external manager, it was identified that the Office had approved a one-year extension to allow additional time for completion of the ongoing Europe small capitalization external manager search;

(d) There was no clear procedure that defined the steps of the due diligence process carried out on external managers regarding which aspects were addressed, when and how often it was carried out, which reports and results were generated from the review and who was responsible, among other things.

142. The Board is of the view that for external managers who provide the same service (small capitalization), not having standardized aspects to be measured in the contracts may not allow for ensuring that the activities related to the monitoring and review process of the contracts are aligned with the activities established in the external manager policy and for effective and efficient monitoring of compliance with both the policy and the contracts.

143. The Board considers that the contracts should not be renewed for an external manager for the sole reason of not having other candidates available when the contracts expire, and that such a situation could be avoided through the implementation of a timely and adequate mechanism for searching for external managers, taking into account the expiration date of the contracts.

144. The Board deems that while performance is one of the criteria to consider for the extension of a contract, it should not be the only criterion that should be

considered when extending a contract, especially when reputational risk issues have arisen.

145. Finally, taking into account the amounts of management fees paid to external managers, the Board considers that not having strong control mechanisms to ensure exhaustive monitoring of the management of external managers on an ongoing basis could not allow for the mitigation of potential investment, operational and reputational risks.

146. The Board recommends that the Office of Investment Management establish a roster of candidates from a manager search to ensure that contracts are not extended for the sole reason of not having candidates available.

147. Furthermore, the Board recommends that the Office of Investment Management define the reports that will be requested in the contracts for external managers for small capitalization investments and align monitoring activities with the external manager policy, thus allowing the Office to conduct more effective and timely reviews.

148. The Board also recommends that the Office of Investment Management strengthen and evaluate its current control mechanisms to ensure the comprehensive and effective monitoring of the management of external managers on an ongoing basis, which allows for the mitigation of potential investment, operational and reputational risks.

149. The Board further recommends that the Office of Investment Management provide details in the policy on the due diligence process that is performed on external managers, including which aspects will be addressed, when and how often it should be performed, which reports and results are generated from the review and who is responsible, among other things.

150. The Office of Investment Management accepted the four recommendations.

External advisers

151. The external non-discretionary adviser policy, approved on 27 May 2020, establishes that the quality of services of and the value added by the external adviser will be monitored systematically. The external adviser's performance will be evaluated on an ongoing basis against the criteria set out in the statement of work, in the contract and, as required, by the Office of Investment Management's investment policy statement, investment procedures manual and risk manual. The key areas that the Office will monitor are the value of recommendations, reporting, meetings, client service and compliance and organizational issues. The review process leading to any decision by the Office to renew the adviser is documented in a recommendation memorandum that includes the Office's rationale, along with a detailed evaluation of the adviser's performance. The recommendation memorandum is approved by the Deputy Director, the Director and the Representative of the Secretary-General.

152. The Board noted that the United Nations had five contracts with external advisers for and on behalf of the Fund, one of which was cancelled in May 2020.

153. The main purpose of the contract advisory services is to provide consulting and advisory services and undertake research concerning investment issues. As at September 2020, the Office of Investment Management had paid more than \$1.9 million for advisory services.

154. The Board reviewed all contracts with advisers in force during 2020, including the agreement with an external adviser that was cancelled. As a result of the review, the Board observed the following issues:

(a) There was no standardization regarding the reporting requirements in the contracts for the advisers, considering that some provide the same service depending on the asset class, as follows:

(i) In three contracts with advisers who provide the same service, it was verified that the reporting requirements differed;

(ii) For one adviser, it was verified that a deadline was defined for submitting three reports; however, for another adviser, no deadline was established for submitting the same reports;

(b) For two contracts, the annual fee report for 2019 required in the contract was not provided by the adviser during 2020;

(c) In four of five contracts, the Office of Investment Management did not provide evidence of the adviser's code of ethics document or the document that certifies the adviser's compliance with the requirements of the code of ethics during the previous year, as required by the contract;

(d) For one contract, it was verified that the Office had no evidence that the adviser had provided the "real estate industry update" report, as required in the contract;

(e) The Office did not provide evidence that it evaluated external non-discretionary advisers on an ongoing basis during 2020, under the key areas defined and required by the policy specified in the "evaluation of external non-discretionary advisers/research provider" form;

(f) One contract expired in August 2020 and was extended for two years until 31 August 2022. However, the Office did not provide the vendor's performance evaluation and provided the recommendation memorandum with the decision approved only by the Deputy Director, which is contrary to what is stated in the policy;

(g) There was no clear procedure on how the reputational risk of the advisers is measured by the teams who work directly with them and are responsible for their supervision;

(h) It was noticed that there was no clear procedure that defines the steps of the due diligence process carried out on advisers regarding which aspects are addressed in the process, when and how often it is carried out, which reports and results are generated from the review and who is responsible, among other things.

155. The Board considers that the external non-discretionary adviser policy was established and approved to comply with the aspects regulated therein, specifically, those related to conflicts of interest, the confidentiality of information, the publication and dissemination of investment research and the criteria for evaluating the contract and services provided, which were not being met.

156. The Board is of the opinion that the Office of Investment Management should ensure that the activities related to the monitoring and review process of the contracts are aligned with the activities established in the new policy, for the effective monitoring of compliance with both the policy and the contracts.

157. The Board considers that, taking into account the amounts of annual fees paid to advisers, it is relevant for the Office of Investment Management to strengthen its control mechanisms in order to ensure exhaustive monitoring of the advisers' management on an ongoing basis, which would allow for the mitigation of potential investment, operational and reputational risks.

158. **The Board recommends that the Office of Investment Management define which reports will be requested from non-discretionary advisers in their contracts for the same type of service so that those reports are aligned with the monitoring activities established in the external non-discretionary adviser policy, allowing the Office to conduct a more effective and timely review.**

159. **The Board also recommends that the Office of Investment Management strengthen and evaluate its current control mechanisms to ensure comprehensive and effective monitoring of the management of external advisers on an ongoing basis, allowing the Office to identify, evaluate and mitigate potential investment, operational and reputational risks.**

160. **The Board further recommends that the Office of Investment Management establish a procedure that defines the steps of the due diligence process that is performed on non-discretionary advisers after onboarding, including which aspects will be addressed in that process, when and how often it should be done, which reports and results are generated from the review and who is responsible, among other things.**

161. The Office of Investment Management accepted the three recommendations.

Fund's custodian due diligence

162. The United Nations, acting for and on behalf of the Fund, has a custody and record-keeper agreement with the Northern Trust Corporation, established in contract No. PD/C0001/18, which was signed in October 2018. The agreement includes an annual fee of \$775,000.

163. Under that contract, the role of the custodian and independent record keeper is to record, review and certify all transactions of the Fund's investments accurately and completely, including all associated fees and other cash-flow authorizations. In its role, the custodian and record keeper will also record the change in fair value of investments and other investment-related income.

164. In accordance with the risk manual, issued in October 2020, the Office of Investment Management will conduct the due diligence on the Fund's custodian on an annual basis. The Office's staff members visit Northern Trust once a year (at its office in Chicago, United States) to conduct the due diligence process.

165. The Board verified that there was no consolidated written procedure or manual on how the due diligence process is carried out each year on the Fund's custodian to identify how the legal and technical aspects are addressed, what are the stages of the due diligence process, who is responsible for each stage, milestones and dates, evaluation results and a record of the measures adopted in the face of identified risks and the responses to them, among other things.

166. The Board considers that the due diligence process is essential for the review and verification of all the relevant aspects of the Fund's custodian in detail, such as integrated reporting, accounting for trades, corporate actions and the paying down of mortgage-backed securities, cash flow review and management, the time taken to perform a valuation of private equity and real estate, service level agreements, benchmarks, attribution and ICT, to determine with enough accuracy the possible risks that could arise, both in the present and in the future. Therefore, such a review should be regulated to ensure that the due diligence is carried out promptly and in compliance with all the legal and technical aspects.

167. The Board is of the view that, taking into account the magnitude of the transactions handled and the amounts paid in annual fees for the service provided, the

due diligence should be carried out at the beginning of the year, to mitigate the possible risks that could arise in the financial year.

168. The Board recommends that the Office of Investment Management establish a clear procedure that regulates the Fund's custodian due diligence process and considers how the legal and technical aspects are addressed, what are the stages of the due diligence process, who is responsible for each stage, milestones and dates, evaluation results, a record of the measures adopted in the face of identified risks and the responses to them, among other things.

169. The Office of Investment Management accepted the recommendation.

Non-compliance with the "Ethics and integrity at the United Nations" and "Preventing fraud and corruption at the United Nations" courses

170. The annex to Secretary-General's bulletin [ST/SGB/2018/4](#), issued on 11 July 2018, contains a list of mandatory training programmes that must be completed by staff members within six months of the issuance of the bulletin or, in the case of new staff members, within six months of joining the Organization.

171. The aim of the mandatory programmes is to build a common foundation of knowledge and promote a shared organizational culture among the staff of the Organization. The mandatory courses include training on ethics and integrity and preventing fraud and corruption.

172. Supervisors and heads of departments and offices are responsible for ensuring compliance with mandatory learning requirements and shall allocate sufficient time for staff members to complete them as part of their official duties.

173. On 30 September 2020, the Board requested the Office of Investment Management to provide information regarding the completion of all mandatory learning programmes included in the annex to [ST/SGB/2018/4](#) and observed the non-fulfilment of several mandatory courses within the given deadline, specifically, the courses entitled "Ethics and integrity at the United Nations" and "Preventing fraud and corruption at the United Nations".

174. The above-mentioned courses on ethics and the prevention of fraud and corruption are part of the measures indicated by the Office of Investment Management to prevent fraud.

175. The Office of Investment Management indicated that the measures to eliminate or reduce fraud risks included the mandatory United Nations online courses on the topic of ethics and anti-fraud, which are required to be completed by all staff members.

176. The Board considers that the effective completion of all mandatory courses would help to promote a shared organizational culture among the staff of the Office of Investment Management and a better understanding of the rules and principles of the Fund.

177. Also, in the Board's opinion, the timely completion of the mandatory courses on ethics and the prevention of fraud and corruption is a measure to protect the Office of Investment Management from fraud.

178. Furthermore, the non-completion or late completion of mandatory learning programmes infringes Secretary-General's bulletin [ST/SGB/2018/4](#).

179. In the case of the staff of the Office of Investment Management, the Board considers that because of the nature of the Office's functions, concerning managing the assets of the Fund, the Office should put particular effort into promoting the timely completion by its staff of the mandatory courses "Ethics and integrity at the United

Nations” and “Preventing fraud and corruption at the United Nations” for the proper accomplishment of their duties, both of which are fundamental to preventing fraud and enhancing the Fund’s internal controls.

180. **The Board recommends that the Office of Investment Management strengthen the current mechanism and design controls to ensure that all staff complete the mandatory training within six months of the issuance of Secretary-General’s bulletin ST/SGB/2018/4 or, in the case of new staff members, within six months of joining the Fund, especially the mandatory courses “Ethics and integrity at the United Nations” and “Preventing fraud and corruption at the United Nations”, which are fundamental to preventing fraud and enhancing the Fund’s internal controls.**

181. The Office of Investment Management accepted the recommendation.

C. Disclosures by management

1. Write-off of cash, receivables and property

182. During 2020, the Pension Administration recorded write-offs of receivables of \$617,702.65 as a result of normal business operations in accordance with the established policy on benefit overpayments receivable. There were no write-offs of receivables from the Office of Investment Management. There were no write-offs of losses of cash or property in the respective areas of responsibility.

2. Ex gratia payments

183. The Fund reported to the Board that there were no ex gratia payments in 2020.

3. Cases of fraud and presumptive fraud

184. The Fund reported that there were no cases of fraud and presumptive fraud for the financial year ended 31 December 2020.

D. Acknowledgement

185. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Representative of the Secretary-General for the investment of the assets of the Fund, the Chief Executive of Pension Administration and the members of their staff.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

(Signed) Kay **Scheller**
President of the German Federal Court of Auditors

(Signed) Hou Kai
Auditor General of the People’s Republic of China

22 July 2021

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2019

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2016	A/72/5/Add.16, chap. II, para. 106	The Board recommends that the member organizations identify all cases due for separation in the next six months before the date of separation, send updated demographic details to the Fund and reconcile all differences in contributions.	The Pension Administration stated that this recommendation is addressed to the Fund's member organizations. The Fund has engaged and performed outreach programmes with its member organizations to stress the importance of preparing in advance the separating staff and vetting their demographic details. Monthly reports are sent to individual member organizations to assist them in monitoring and proactively taking action on the cases that are still incomplete for processing. Member organizations have access to a business intelligence dashboard for the monitoring of their participants, missing documents, released benefits and monthly financial information.	The Board verified that the obligation of notifying the Fund of the employees who will be separated from service six months in advance was under the control of the member organization. Accordingly, this recommendation is considered to have been overtaken by events.				X
2	2017	A/73/5/Add.16, chap. II, para. 38	The Board further recommends that the Fund have a system audit done of the Integrated Pension Administration System to identify the deficiencies and issues in the system so that they can be corrected.	The Fund has procured consulting services to conduct the audit of the Integrated Pension Administration System.	The Board verified that in April 2021 the Fund started the audit of the Integrated Pension Administration System; however, at the end of the Board's visit, the audit had not yet finished, therefore this recommendation remains under implementation.			X	
3	2017	A/73/5/Add.16, chap. II, para. 47	The Board further recommends that the Fund develop a system for receiving the required documents through a secure electronic interface.	Owing to the coronavirus disease (COVID-19) pandemic, the electronic submission of separation documents is available for all member organizations. The Fund has created dedicated mailboxes for this purpose. The Fund also expanded member self-service functionalities to allow the receipt of	The Board verified that in view of the circumstances regarding the COVID-19 pandemic situation, the Fund had to expand the member self-service	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
				electronic documents. In parallel, the Fund continues to improve its already strong relations with the member organizations through the use of designated focal points to facilitate and expedite the submission of separation documents.	functionalities in the Integrated Pension Administration System to allow the receipt of electronic documents and also had to create dedicated mailboxes for the electronic submission of separation documents. Therefore, the Board considers the recommendation implemented.				
4	2017	A/73/5/Add.16 , chap. II, para. 62	The Board further recommends that the Fund develop an automatic signature verification system to facilitate the certificate of entitlement process.	The procurement process for the automated signature verification system was completed. The Fund has started the implementation of the system, which will be deployed in the third quarter of 2021. In parallel, the digital certificate of entitlement went live in 2021 and beneficiaries are being gradually onboarded.	The Board verified that the Fund started the implementation of the automatic signature verification system; however, the implementation has not yet finished, therefore the recommendation remains under implementation.		X		
5	2017	A/73/5/Add.16 , chap. II, para. 86	The Board recommends that the Fund properly plan and execute the acquisition of critical software.	The Office of Investment Management stated that the procurement process had been completed for the critical software.	The Board verified that the contract to provide the critical software had not yet been signed, hence this recommendation remains under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
6	2018	A/74/5/Add.16 , chap. II, para. 79	The Board recommends that the Fund create a project with committed member organizations to carry out the reconciliation process more than once per year, defining the different criteria, activities, deadlines, roles and responsibilities applicable to the Fund and the member organization and establishing percentages for the progress of its implementation, in order to obtain complete and accurate information regarding the contributions of each participant in a timely manner.	The pilot project with the International Civil Aviation Organization was completed in October 2019. The project development team approved the extension of the pilot project to the United Nations Industrial Development Organization and two other member organizations (the World Intellectual Property Organization and the International Fund for Agricultural Development). Schedules for pending interface projects and the roll-out of the monthly contribution project to other member organizations will be completed in the medium term. The participation, reconciliation and exceptions business intelligence dashboard was implemented in April 2020 and was shared with member organizations in June 2020. The reconciliation data are updated daily to reflect any resolution of the discrepancies. When the monthly financial interface is in operation, the participation, reconciliations and exceptions can be processed and viewed the day after the data are received.	The Board verified that the Fund had created an electronic system consisting of a dashboard where the member organizations could upload their reconciliation process files, using this centralized means to improve the frequency and accuracy of the records sent to the Fund. Therefore, the Board considers that the recommendation has been implemented.		X		
7	2018	A/74/5/Add.16 , chap. II, para. 80	The Board also recommends that the Fund make efforts to establish a method of working with organizations that have not yet committed to carrying out the reconciliation process periodically, in order to ensure that the reconciliation process takes place more than once per year and that the Fund receives the necessary information on the	The pilot project with the International Civil Aviation Organization was completed in October 2019. The project development team approved the extension of the pilot project to the United Nations Industrial Development Organization and two other member organizations (the World Intellectual Property Organization and the International Fund for Agricultural Development). Schedules for pending interface projects and the roll-out of the monthly contribution project to other member organizations will be completed in the medium term.	The Board verified that the Fund had created an electronic system consisting of a dashboard, where the member organizations could upload their reconciliation process files, using this centralized means to improve the frequency and accuracy of the records sent to the Fund. Therefore, this recommendation has been implemented.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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			same date. In the case of member organizations that cannot participate in the periodic reconciliation project more than once per year, the Fund secretariat should obtain technical documentation that supports the decisions made.						
8	2018	A/74/5/Add.16 , chap. II, para. 136	The Board recommends that the Office design and implement instructions, training and procedures that explain the process to be performed by the investment officers regarding the analysis and evaluation of environmental, social and governance metrics for each asset class, including the metrics to be used during the investment decision-making process, as well as the record of and support for the decision made on the basis thereof.	The Office of Investment Management created environmental, social and governance guidelines that clearly explain the integration of environmental, social and governance metrics and are to be used in the investment decision-making process for each asset class.	The Board verified that the Office of the Investment Management had carried out the training sessions and the guidelines had been approved. Therefore, the recommendation is considered implemented.	X			
9	2018	A/74/5/Add.16 , chap. II, para. 138	In the case of private markets, while finalizing the implementation of the system for this type of investments, the	The Office of Investment Management's sustainable investment team developed due diligence guidelines on external managers for private market teams that outlined material environmental, social and governance factors to consider how	The Board verified that the Office of the Investment Management had implemented guidelines to include	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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			Office should reinforce the due diligence process with the Fund's external managers, in order to ensure that environmental, social and governance metrics are considered in the aforementioned process.	each factor was used in the context of private markets, best practices for the incorporation of environmental, social and governance factors by an external fund and how those material factors could have an impact on the risk-adjusted return of the Fund's private markets portfolio. Furthermore, the Office's sustainable investment team finalized and streamlined a formal environmental, social and governance process that is now embedded in each private market team for their decision-making process relating to investments and must be followed prior to submitting investment recommendations. The sustainable investment team is currently developing a dashboard system for private markets, similar to that used for public equity, to display material fundamental and environmental, social and governance data.	environmental, social and governance metrics in the context of private markets. Therefore, the Board considers this recommendation implemented.				
10	2018	A/74/5/Add.16, chap. II, para. 148	The Board recommends that the Office of Investment Management develop and implement an independent system to carry out, in real time, the registration and monitoring of investments in real assets and alternative investments as soon as the Front Office receives the notification by the Fund's investment managers.	The Office of Investment Management has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, the recommendation remains under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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11	2018	A/74/5/Add.16 , chap. II, para. 149	In addition, the Board recommends the information on each transaction carried out by the Office, such as amounts, instructions and administration fees, be recorded in the aforementioned independent system.	The Office of Investment Management has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, this recommendation remains under implementation.		X		
12	2018	A/74/5/Add.16 , chap. II, para. 150	Lastly, the Board recommends that the process be traceable through the system, so as to provide complete and accurate information for decision-making, in a timely manner, and that the information be compared with the information maintained in the independent master record keeper's official book of records.	The Office of Investment Management has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, this recommendation remains under implementation.		X		
13	2019	A/75/5/Add.16 , chap. II, para. 26	The Board recommends that the Fund clearly establish the management accountability structure of the	The Pension Administration stated that the recommendation had been implemented and indicated that, recognizing the need for closer coordination between the Geneva and New York offices, it had implemented a	The Board verified that the functional units of the Geneva office reported directly to the respective chiefs in	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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			Geneva office within the pension administration structure, which should, in turn, enable timely and complete information flow between the Geneva office's finance and client services and the Pension Administration in New York.	functional leadership approach, effective 1 January 2020. Functional reporting had enhanced accountability, facilitated strategic planning and execution, offered quality control, shared best practices and ensured that risks were successfully managed. Under functional reporting, functional units of the Geneva office reported directly to the respective chiefs in the New York office. Functional chiefs were accountable for service delivery to beneficiaries and participants across all geographic locations.	the New York office in order to allow for a timely and complete information flow between the Geneva office's finance and client services and the Pension Administration in New York. Therefore, this recommendation is considered implemented.				
14	2019	A/75/5/Add.16 , chap. II, para. 27	In order to close the gaps between the Geneva and New York offices, the Board recommends that the Pension Administration ensure that the risk control matrix be amended to include the risks of the Geneva office operations; develop a manual on administrative procedures regarding client services, finance and human resources; evaluate the training needs of the Geneva office staff on the iNeed software; and include the Geneva office's performance indicators in the strategic framework	The Pension Administration stated that the recommendation had been implemented and indicated that, effective 1 January 2020, it had implemented a functional leadership approach to enhance accountability, facilitate strategic planning and execution, offer quality control, share best practices and ensure that risks were successfully managed. Under functional reporting, functional units of the Geneva office reported directly to the respective chiefs in the New York office. Functional chiefs were accountable for service delivery to beneficiaries and participants across all geographic locations. The Fund had provided extensive client services and outreach training on the use of iNeed, and there were procedures for its use. On 1 September 2020, the call centre started to handle all tier-1 calls in Geneva to free resources in that office. The risk and control matrix was revised to include relevant information on controls applicable to both offices. The Chief Executive Officer presented to the Pension Board the Fund's strategy for the period 2021–2023, which includes key	The Board verified that the risk matrix had been updated, taking into account the characteristics and operations of the Geneva office. Hence, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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15	2019	A/75/5/Add.16, chap. II, para. 35	of the Pension Administration. The Board recommends that the Fund establish a procedure to make uniform the criteria, evaluation process and granting of resources from the emergency fund, which would allow more transparency and consistency in the decisions taken by the Fund's management.	performance indicators applicable to all offices. The Pension Administration will establish a procedure to make evaluation criteria for emergency fund assistance uniform for both the New York and Geneva offices. The Client Services and Outreach Section will assess alternatives to align procedures in New York and Geneva. The New York office would use steps and/or scoring applied by the Geneva office, as well as supporting documentation. Following discussions, the internal procedure will be updated.	The Board observed that the Pension Administration had been working on a procedure that established the criteria for emergency fund assistance; however, this procedure has not yet been approved. Therefore, this recommendation is considered under implementation.		X		
16	2019	A/75/5/Add.16, chap. II, para. 36	The Board recommends that the Fund establish a guideline to record emergency fund-specific supporting information in the Integrated Pension Administration System before granting the emergency fund assistance.	The Pension Administration introduced a naming convention in the Integrated Pension Administration System to record emergency fund-specific supporting documents. The naming convention is currently being applied by the Record Management and Quality Control Unit when documents are scanned and indexed.	The Board verified that the Fund had included an option in the Integrated Pension Administration System to record the supporting documents needed before granting the emergency fund assistance. Hence, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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17	2019	A/75/5/Add.16 , chap. II, para. 43	The Board recommends that the Fund establish standardized requirements for the development of terms of reference for consultants.	The Pension Administration adopted the new guidelines for the preparation of terms of reference for consultants in alignment with the administrative instruction on consultants and individual contractors (ST/AI/2013/4).	The Board verified that the Pension Administration had adopted the new consultant and individual contractor guidelines provided by the United Nations Secretariat and disseminated them to all staff for compliance. Hence, the Board considers that the recommendation has been implemented.	X			
18	2019	A/75/5/Add.16 , chap. II, para. 50	The Board recommends that the Fund pause the period of 15 business days in the Integrated Pension Administration System only in cases of missing or invalid documents and resume the period once the necessary documentation has been received.	Effective 1 July 2020, the Pension Administration introduced a system enhancement of the Integrated Pension Administration System to address the calculation of the performance indicator for benefit processing, in line with the audit recommendation related to the handling of cases with missing or invalid documents. The benchmark calculations are exported directly from the Integrated Pension Administration System to the business intelligence report.	The Board observed that the benchmark calculations were captured directly from the Integrated Pension Administration System. On that basis, the Board considers the recommendation implemented.	X			
19	2019	A/75/5/Add.16 , chap. II, para. 51	The Board recommends that the Fund establish a procedure for the follow-up of cases with missing or invalid documents.	The Fund issued a procedure to ensure that attention is paid to cases with missing or invalid documents and they are subject to regular follow-up.	The Board has reviewed the evidence provided, and the Pension Administration has issued a procedure for the follow-up of cases with missing or invalid documents. On that basis, the Board considers that the recommendation has been implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
20	2019	A/75/5/Add.16 , chap. II, para. 61	The Board recommends that the Fund continue to reduce the timelines of the signature verification process in order to reduce the risk of improper benefit payments.	The Fund implemented a signature verification project to ensure the completion of all outstanding signature verification cases related to certificates of entitlement by April 2020. The Fund will continue to ensure that cases are processed in accordance with the specified timeline.	The Board reviewed the evidence provided and identified that the Pension Administration had reduced the timelines of the signature verification process between 2015 and 2020. Hence, the Board considers the recommendation implemented.	X			
21	2019	A/75/5/Add.16 , chap. II, para. 62	The Board recommends that the Fund prioritize the signature verification of the 35 backlogged cases from the period prior to 2019 and the 1,598 backlogged cases from 2019.	Since the implementation of the signature verification project, there has been no backlog of signature verification cases from the current or prior periods. The Fund considers this recommendation to have been implemented and requests its closure by the Board.	The Board reviewed the evidence provided and identified that the Pension Administration had completed the signature verification process of the backlogged cases from 2018 and 2019. On that basis, the Board considers the recommendation implemented.	X			
22	2019	A/75/5/Add.16 , chap. II, para. 75	The Board recommends that the Fund evaluate the technical feasibility of establishing parameters for the different roles involved in the workflows for the creation of benefits to ensure an adequate segregation of duties.	The Fund indicated that the recommendation had been implemented and added that the benefit assistants in the Pension Entitlements Section had dual calculating and auditing roles. The Integrated Pension Administration System included controls to ensure that the required segregation of duties between those roles was enforced in the benefit processing system by ensuring that no user could perform consecutive actions in the same case.	The Board verified the segregation of duties in the system through a sample of benefits processed. Hence, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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23	2019	A/75/5/Add.16 , chap. II, para. 76	The Board recommends that the Fund ensure that the establishment of parameters for the different roles is consistent with the roles granted to each user and in accordance with the recertification carried out by the Information Management Systems Service in conjunction with the Chief of the Pension Entitlement Section.	The Fund indicated that the recommendation had been implemented and stated that the required segregation of duties was verified through the annual user recertification process carried out by the Enterprise Security Unit. The Fund had improved the reports used during the annual user recertification process to confirm the segregation of duties.	The Board verified that the establishment of the parameters for the roles was consistent. On that basis, the recommendation is considered implemented.	X			
24	2019	A/75/5/Add.16 , chap. II, para. 88	The Board recommends that the Office of Investment Management issue to all staff members a formal document that establishes which officials should answer the questions stated in the trade order pre-clearance form.	The trade order pre-clearance form was eliminated and replaced with the ComplySci paperless automated system. The questions are mandatory for all investment officers, who are defined in the list of staff members provided to ComplySci during the implementation phase, which is based on the official organization chart that is issued by the Representative of the Secretary-General on a monthly basis to all staff. Investment officers must respond to the two additional questions in ComplySci as part of the pre-clearance process for trades. The fields are mandatory. This process is paperless and provides enhanced control mechanisms as well as more robust record management since all the approvals and rejections are saved on the ComplySci platform. Most importantly, by going paperless, the organization is going green, in keeping with the sustainability values of the United Nations, while automating the document management processes.	The Board verified that the Office of Investment Management had compiled a list that established which officials should answer the questions, and the questions were included in the system. Also, the Office included the investments officer, the Deputy Director, the Director and the Representative of the Secretary-General. Hence, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
25	2019	A/75/5/Add.16 , chap. II, para. 89	The Board recommends that the Office of Investment Management review, clarify and adjust its personal securities trading policy in matters related to excessive personal trading and the minimum holding period of 60 days of any investment to enable a better understanding of the policy.	The personal securities trading policy was revised to include a mandatory 60-day holding period as well as a maximum number of trades per month for staff members of the Office of Investment Management. A copy of the revised policy was communicated to all staff members.	The Board verified that the personal securities trading policy had been revised by the Representative of the Secretary-General to include a mandatory 60-day holding period as well as a maximum number of trades per month for staff members. The updated policy was communicated to all staff members. On that basis, the Board considers that the recommendation has been implemented.	X			
26	2019	A/75/5/Add.16 , chap. II, para. 90	The Board recommends that the Office of Investment Management develop and implement a system that allows for the tracking of the personal trading accounts of all the staff members of the Office and also of those employees of the Fund who have a clear reporting line to the Office of Investment Management staff for preventing potential conflicts of interest with the activities of the Fund.	The Office of Investment Management implemented the ComplySci system on 21 August 2020 after a short pilot period, which consisted of testing as well as the engagement of a user focus group. The project updates were provided to the Compliance Committee on an ongoing basis and, as part of the internal change management process, the project was presented to the Change Advisory Board on 3 August 2020. In addition to the above, all staff were provided with training on 17 August, as well as supplementary training on 19 August for staff members who could not attend the first session. The new system was implemented for all staff members of the Office, as well as those employees of the Fund who have a clear reporting line to the Representative of the Secretary-General.	The Board verified that the Office of Investment Management had implemented a system for monitoring the personal trading of staff members and also of those employees of the Fund who have a clear reporting line to the Office for the prevention of potential conflicts of interest with the activities of the Fund. Therefore, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
27	2019	A/75/5/Add.16 , chap. II, para. 91	The Board recommends that the Office of Investment Management monitor and control the possible conflicts of interest of employees and adopt the measures necessary to address cases in which conflicts are detected.	The Office of Investment Management implemented the ComplySci system on 21 August 2020, and additional modules have been rolled out.	The Board verified that the Office of Investment Management had approved the conflict of interest and recusal policy in January 2021, which was disseminated by email to all staff members. In addition, the Office implemented the ComplySci system and additional modules have been rolled out. Therefore, this recommendation is considered implemented.	X			
28	2019	A/75/5/Add.16 , chap. II, para. 98	The Board recommends that the Office of Investment Management redefine the applicability of the personal securities policies and procedures, with the purpose of applying them to any staff member of the Fund involved in the work of the Office, including the personnel of the Fund secretariat.	The Office of Investment Management redefined the applicability of the personal securities policy and procedures, with the purpose of applying them to any staff member of the Fund who reports to the Representative of the Secretary-General for the investment of the assets of the Fund, as indicated by the staff certification form signed by the Chief Financial Officer agreeing to abide by the policies and procedures of the Office.	The Board verified that the Office of Investment Management had redefined the applicability of the personal securities policy and procedures, with the purpose of applying them to any staff member of the Fund who reports to the Representative of the Secretary-General. In this sense, the Office included the Chief Financial Officer because he has a direct reporting line to the Representative of the Secretary-General.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
					On that basis, the Board considers the recommendation implemented.				
29	2019	A/75/5/Add.16 , chap. II, para. 106	The Board recommends that the Office of Investment Management develop a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers.	This recommendation has been implemented. The Office developed a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers.	The Board verified that the Office of Investment Management had developed a special policy for external advisers that addressed the topics requested in the recommendation. Hence, the recommendation is considered implemented.	X			
30	2019	A/75/5/Add.16 , chap. II, para. 107	The Board recommends that the Office of Investment Management review the current guidelines on conflicts of interest and design a procedure that allows for the staff of the Office to be informed in a timely manner about the current list of external advisers, so that the staff can disclose potential conflicts between an employee and external adviser.	The Office of Investment Management stated that the conflict of interest and recusal policy had been approved by the Representative of the Secretary-General for the investment of the assets of the Fund after being presented to the Compliance Committee, and had been communicated to all staff.	The Board verified that the Office of Investment Management had approved the conflict of interest and recusal policy in January 2021 and that it had been disseminated by email to all staff members. Therefore, the Board considers this recommendation implemented.	X			
31	2019	A/75/5/Add.16 , chap. II, para. 119	The Board recommends that the Office of Investment Management review	In response to the recommendation, the Office of Investment Management updated the investment procedures.	The Board has reviewed the updated investment policies and procedures in	X			

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			and update at least once a year the investment guidelines in order to align them with the investment policy statement.		order to check their alignment with the investment policy statement, verifying that all the topics in the investment policy statement are contained in the aforementioned procedures. Hence, this recommendation is considered implemented.				
32	2019	A/75/5/Add.16 , chap. II, para. 120	The Board recommends that the Office of Investment Management disseminate updated versions of internal procedure manuals and guidelines previous to the enforcement of such procedures.	In response to this recommendation, the Office of Investment Management updated the investment procedures.	The Board verified that the Office of Investment Management had provided the updated version of the investment procedures and had disseminated it by email to the Internal Investment Committee and the Private Market Committee. Considering the above, the Board considers the recommendation implemented.	X			
33	2019	A/75/5/Add.16 , chap. II, para. 121	The Board recommends that the Office of Investment Management incorporate the policy on the operations and risk management of external managers into the investment policy, considering that 15 per cent of the portfolio is externally managed.	In response to this recommendation, the Office of Investment Management updated the investment procedures.	The Board deems that as long as the investment policy statement does not include the issues regarding the policy on the operations and risk management of external managers, this recommendation will remain under implementation.			X	

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
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34	2019	A/75/5/Add.16 , chap. II, para. 128	The Board recommends that the Office of Investment Management establish and implement a formal procedure that defines, among other matters, the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines, according to the support that the team provides to the other sections of the Office.	In response to the recommendation, the Office of Investment Management established a formal procedure that defines the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines.	The Board has reviewed the legal procedures manual and verified that it contained, among other matters, the functions, activities, responsibilities and workflow timelines of the legal team. Therefore, this recommendation is considered implemented.	X			
35	2019	A/75/5/Add.16 , chap. II, para. 129	The Board recommends that the Office of Investment Management define a mechanism that allows for, among other functions, the tracking of documents reviewed and processed by the legal team and the recording of the complexity of the matters, the status of the documents, the allocation of tasks, and the timelines of the document revisions.	In response to the recommendation, the Office of Investment Management established a mechanism that allows for the tracking of the status of documents reviewed by the legal team.	The Board observed that the Office of Investment Management had established a tool that allowed for, among other functions, the tracking of documents reviewed and processed by the legal team and the recording of the complexity of the matters, the status of the documents and the timelines of the document revisions. On that basis, the recommendation is considered implemented.	X			
36	2019	A/75/5/Add.16 , chap. II, para. 144	The Board recommends that the Office of Investment Management define a formal mechanism for	In response to the recommendation, the administration team developed a procedure to monitor whether all staff members of the Office of Investment Management had completed the	The Board verified that there were staff members who had not completed their mandatory training.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			monitoring and ensuring that all staff members of the Office, in particular new employees, complete the United Nations mandatory learning programmes within six months of joining the Organization or assuming a role for which additional learning is mandatory.	mandatory learning programmes within six months of joining the Organization.	Hence, this recommendation is considered under implementation.				
37	2019	A/75/5/Add.16 , chap. II, para. 145	The Board recommends that the Office of Investment Management ensure that its staff send the appropriate certificate to the corresponding section in relation to United Nations mandatory learning programmes, the courses conducted by the Office and compliance with policies designed and implemented by the Office, and any other document of the employee that should be available in a repository.	In response to the recommendation, the administration team developed a procedure to monitor whether all staff members of the Office of Investment Management had completed the mandatory learning programmes within six months of joining the Organization.	The Board verified that the certificates were made available in each staff member's Inspira profile, which would serve as the central repository. Administrators can track completion using the management dashboards, which draw data from Inspira. Therefore, the Board considers this recommendation implemented.	X			
38	2019	A/75/5/Add.16 , chap. II, para. 153	The Board recommends that the Office of Investment Management develop and implement a mechanism or	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been made by the Office of Investment Management;		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
39	2019	A/75/5/Add.16 , chap. II, para. 154	methodology that allows for the tracking of all investment commitments to be disclosed in the financial statement at any time of the year. The Board recommends that the Office of Investment Management establish a formal procedure among the legal team, Senior Investment Officers and operations team to obtain timely information about the deals that have been closed during the year for preparing the note on investment commitments included in the notes to the financial statements.	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	however, implementation is considered to be in progress. Hence, the Board considers that the recommendation is under implementation. The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, this recommendation is considered under implementation.		X		
40	2019	A/75/5/Add.16 , chap. II, para. 160	The Board recommends that the Office of Investment Management develop a digital repository/file containing all the information for each fund needed to support the acquisition process, from the evaluation stage to the point at which the transaction has been deemed satisfactory from a business and legal perspective and	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, the Board considers this recommendation as under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			has satisfied any conditions imposed by the Private Markets Committee.						
41	2019	A/75/5/Add.16 , chap. II, para. 161	The Board recommends that the Office of Investment Management develop, document and implement a detailed procedure that establishes the stages for closing an agreement concerning real assets and alternative investments.	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Therefore, this recommendation is under implementation.		X		
42	2019	A/75/5/Add.16 , chap. II, para. 170	The Board recommends that the Office of Investment Management assess the design and operation of the current controls and develop a method to detect inaccuracies related to the financial statements closing process in order to ensure that the controls operate effectively, as designed.	To comply with the audit recommendation, the Fund proposes to update the existing accounting procedure by adding the Office of Investment Management's financial statements checklist and to disseminate the accounting procedures manual at least on an annual basis to enhance control over the financial statements closing process.	The Board verified that the Office of Investment Management had implemented a financial statement checklist to detect inaccuracies related to the financial statements closing process. Hence, the Board considers this recommendation implemented.	X			
43	2019	A/75/5/Add.16 , chap. II, para. 171	The Board recommends that the Office of Investment Management disseminate an enhanced and approved version of its procedures manual once the procedures and controls	To comply with the audit recommendation, the Fund updated the accounting procedure by adding attached the Office of Investment Management's financial statements checklist and disseminated the accounting procedures manual at least on an annual basis to enhance control over the financial statements closing process.	The Board verified that the Office of Investment Management had updated the accounting procedure, including the controls to be carried out, and had disseminated it by email to all staff	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	
44	2019	A/75/5/Add.16 , chap. II, para. 180	performed have been appropriately reflected in the manual. The Board recommends that the authorities of the Office of Investment Management ensure compliance with the mandatory leave policy, avoiding possible fraudulent situations.	In 2020, United Nations Headquarters issued a broadcast message to all staff that exceptions would be made considering the travel restrictions imposed by a growing number of countries in order to contain the spread of COVID-19. Consequently, an exception to staff rule 5.1, on annual leave, was approved whereby all United Nations Secretariat staff members under certain conditions were permitted to carry forward any annual leave balance in excess of the maximum allowed beyond 31 March 2020. Similarly, the Office of Investment Management, in consideration of the travel restrictions imposed in order to contain the pandemic, granted 14 exceptions to the mandatory leave requirement for the year ended 31 March 2020. The Office sent a broadcast message to all staff reminding them of this deadline and encouraging staff members to regularly avail of their annual leave entitlement to benefit from rest periods. Since staff members will no longer be permitted to carry forward annual leave days in excess of the 60-day maximum, this will be an added incentive for staff members to take their leave, since the excess days will be deemed lost and/or forfeited. In addition to the above, there has been regular follow-up by the Office's senior management regarding the mandatory leave policy.	members. Therefore, the Board considers this recommendation implemented. The Board verified through the mandatory leave notification that all staff members took their mandatory leave in accordance with the policy. Therefore, the Board considers this recommendation implemented.	X				
Total number of recommendations						44	30	13	–	1
Percentage of the total number of recommendations						100	68.2	29.5	–	2.3

Annex X

Statements made to the United Nations Joint Staff Pension Board by members, representatives and observers

A. Statement by the International Labour Organization participants' representative on behalf of major specialized agencies

Thank you, Chair.

Credentials

I speak to this esteemed Board on behalf of the participants' representatives from the three founding specialized agencies of the Fund, those whose own formation precedes that of the United Nations in 1945 and who, voluntarily in a spirit of solidarity, pooled their pension arrangements with that of the then infant United Nations in October 1950, at the first Pension Board, to form this very Fund.

We comprise ILO, formed in 1919 through the Treaty of Versailles; WHO, whose origins date back to the Pan American Health Organization's foundation in 1902; and FAO, now incorporating WFP, founded prior to the United Nations in 1945.

All three of us are, in effect, founding members of this Fund, with the United Nations. Equally.

Appreciation and recognition

We thank the members of the Governance Working Group for their tremendous work in examining the recommendations formulated by Mosaic; the prior requests of the Board; and the General Assembly in resolutions [74/263](#) and [75/246](#). It was not an easy task.

Adding context

I will focus on the twin issues of the size and composition of the Board, on the one hand, and its effectiveness and efficiency, on the other, noting that the two are not necessarily related.

We are happy to note that, in this regard, "The GWG strove, as much as possible, to put aside political issues and approach the tasks mandated to it through a technical, pragmatic and holistic lens."

Allow me to establish with precision the historical context:

- Concerning the 2020 Mosaic report: We have moved on from this, but we all recognize that so-called best practices outlined therein on optimal Board sizes for large public sector pension funds are based on national, state or provincial level pension funds,^a mostly with participants confined to a single limited geographical area and/or single occupation. We are, however, an international fund, as part of the United Nations system where appropriate representation is a United Nations Charter principle. Best practices must be contextual. Mosaic's recommendations may have been contextual for these so-called "comparator" funds. Many of them were not contextual for us. We are *sui generis*.
- The "uncommon" characteristics of our Fund mentioned by Mosaic were then ignored by them for what they are: a need to accomplish our mandate. Again, I

^a National Association of State Retirement Administrators, "Overview of public pension governance" (November 2019).

quote Mosaic: “Researchers and sociologists have concluded that regardless of sector or industry, smaller boards are correlated with better performance”.^b But we are neither an industry nor a sector. We are an ecosystem of international organizations, bound together by mutual agreement, cooperation and coordination in the cause of humankind. And which researchers and sociologists?

- The Board’s size and composition, as well as its effectiveness, have been discussed in the Board’s reports to the General Assembly in 2002, 2004 and 2006, with the conclusion that there was no better solution available than the existing one. The Assembly accepted this, although in 2002 they rejected an increase in the Board by three seats, all for the United Nations, to 33. By doing so, they set a limit on both the absolute number of voting seats on the Board and on the percentage of those seats that the United Nations should hold. Then nothing further until 2018. The question is: “what happened then?”
- During the special session of the sixty-eighth Board in February 2021, representatives of the General Assembly repeatedly indicated that the Assembly never asked for a smaller Board. Unless I am mistaken, the Assembly has never once officially called into question the effectiveness of the existing Board.

Evidence

In paragraph 8 of its report, the Governance Working Group indicates that “the Board is now recognized as being too big to discharge its functions efficiently and effectively”. We seek clarity on this vague and passive statement, including at which point it was recognized as too big, as well as the evidence. Who is of this view, since when, and what is the evidence and reference to support this statement? Saying something does not make it so.

The clear evidence before us is that any lack of effectiveness is due not to the size and composition of the Board but to the recalcitrant behaviour of some members of the Board since 2017 and their activities outside the Board. That is the real truth, leading to well-known ethical issues arising during the plenary sessions and repeatedly disturbing the discussions. The very fact that we had to define the basic terms “conflict of interest” and “confidentiality”, and that Mosaic considered our code of conduct as, amongst other things, “too general”, speaks for itself. That is the sole reason the General Assembly started looking at the Board’s effectiveness in 2018. The disruption. Before that, everything was fine.

This is perhaps because, in the past, our predecessors, with a naïve faith in human nature, saw no need to be more precise. They probably adhered to what we in France call the “*bienséance*”: the exercise of basic decorum and decency and embracing the concept of consensus. In their own decency, they did not foresee that such individuals would ever serve on the Board.

We have therefore been forced to create mechanisms to solve problems that should never have existed in the first place, problems created to make us lose a great deal of time and waste immense energy, at the expense of the essential questions on the Board’s agenda.

We, the three largest specialized agencies, provide the counterbalance to the United Nations as the largest member organization. We, as its participants’ representatives, say this to you loud and clear:

^b Robert C. Pozen, “What GE’s Board could have done differently”, *Harvard Business Review*, 17 July 2018.

- There is no need to review the size and change the composition of the Board.
- There is no need to reduce the participation of the Staff Pension Committee Secretaries. They are our support and our institutional knowledge, the professionals supporting our preparation, our understanding and even more.
- There is no need to reduce the participation of the alternates. They are our support and the future Board when we members end our terms.
- There is no need to propose a hybrid solution that is unworkable due to time zones and imposes a physical Board where one member organization has the clear advantage.
- There is no need to try to fix something that is not broken. Our Board is not broken!

Conclusion

It is not being weak to choose to maintain the status quo size while improving working methods when you are unsure what drastic effects an impetuous decision may have. Will it have a positive impact or cause irreversible damage, especially when the decision is not based on facts and numbers but on political considerations?

Where is the risk assessment of a smaller Board?

Will it lead to the break-up on the Fund as the specialized agencies, tired of the toxic politics of New York and no longer able to exercise effective oversight of their own pensions, and little concerned with the once almighty United States dollar, seek their own arrangements. Europe is long recovered from the post-World War II ashes it was in at the time the Fund was founded.

Let me be clear. We heard a narrative from the esteemed Governance Working Group Chair that “the big organizations want to reduce the size of the Board, so we all have to make sacrifices, to walk the talk”. This is not so. I speak with one voice for the participants’ representatives for the three biggest specialized agencies and probably many of the other eight agencies who are members of this Fund. We have never once advocated a smaller Board, and a smaller Board is not the consensus position of any of our Staff Pension Committees.

There is only one member organization that wants a smaller Board, and we must ask, *qui bono*? Who benefits? To what end?

It has also not escaped our attention that a shift in balance of influence in the Board, with a smaller Board where one big organization can be more influential, poses a threat to the sacred bifurcated nature of the Fund.

In this regard, we note with appreciation how past Secretaries-General have avoided having their representatives take the Chair when it was the Executive Heads constituency’s turn. For the first 70 years of the Fund, this happened only twice: in 1954 and 2008. We appreciate the United Nations Secretariat’s hosting of the Fund and its renewed support of it in recent years. We value beyond words the service of our esteemed Board colleagues, the Secretary-General’s delegates on the Board. But we wonder why the Secretary-General is now taking a far more direct interest in the liabilities side of the Fund when his role, mandated by the General Assembly, is to look after the assets.

Politics should have nothing to do with this debate. We are all here to represent our constituencies. We have a duty to refocus on our real mandate. Apart from most of our esteemed governing body colleagues, we are all beneficiaries to be. We have to remember that cruel fate, nothing more, nothing less. We work for our future, the

future of our colleagues that are working and those who have worked all their life for their pension.

For the sake of efficiency and effectiveness, for decency, let us be wise. Let us stop playing games and concentrate on the most important item on the agenda: the common and typical issues that a Board such as ours must consider.

We have spent too much time discussing how we organize ourselves and pandering to the egos of a few, walking on eggshells to avoid offence, instead of doing the job we are here to do. That is the failing of the Board. We have been too polite. Now we must get down to business. The Board as we have it now was a brilliant recommendation of the United Nations Staff Pension Committee itself in 1987. It is their idea, their structure, their baby. Why now do they want to throw it out?

I seek the Rapporteur's indulgence to have this statement included verbatim in the Board's report.

Thank you for attention and your patience.

B. Statement by participants representative member of the International Organization for Migration

Mr. Chair,

I am speaking in my capacity as IOM participant representative and member of this year's Board session. IOM cannot support retaining a 33-member Board as is.

1. The current Board structure of 33 seats does not represent a fair and equitable distribution of seats as demanded by the United Nations General Assembly.
2. IOM, which has its own Staff Pension Committee, is the fourth largest organization in the United Nations Pension Fund, with 7,800 active participants today.
3. IOM accepts the original proposal of the Governance Working Group with a reduced 24-member Board. A 33-member Board proposal does, in our view, not represent any meaningful reform to the Board as demanded by the General Assembly.

There is no true consensus or efficiencies, and I would like my statement mentioned in the final report.

C. Joint letter with regard to the United Nations Joint Staff Pension Board to the Secretary-General from the International Telecommunication Union, the United Nations Industrial Development Organization and the World Meteorological Organization

26 July 2021

Dear Mr. Guterres,

We are writing concerning the United Nations Joint Staff Pension Board virtual meeting that took place from 2 to 5 February 2021 and the ongoing discussions regarding the size and composition of the Pension Board that are being discussed in the 2021 Board session.

We note the 2019 General Assembly resolution [74/263](#), section VII, paragraph 8, in which it called for a comprehensive and objective analysis of Pension Fund governance matters; the report of the independent external entity (Mosaic) that carried out the analysis (annex XIV of [A/75/9](#)); and the request by the 2020 Board that the Governance Working Group review and analyse the Mosaic report.

As the size and composition of the Board is being discussed at the Board meeting, we, the undersigned specialized agencies, would like to voice our views and concerns.

1. We note member organizations' (MO) responsibility in relation to article 26 of the Fund's Rules and Regulations: "In the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under these Regulations, there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency". In that context and in particular the deficiency payment liabilities that may be imposed upon those MO governing bodies, we are concerned that decisions are taking place without consultation with governing bodies of MOs. Governing bodies should be consulted concerning any change to the size and composition of the Board to ensure that MOs have the appropriate representation to fulfil their fiduciary responsibilities and mitigate such risk. We note, during discussions in 1987 leading to the current iteration of the Board, a robust consultative process took place with MOs. However, during the 2019 discussions on reorganization of voting seats, neither governing bodies, executive heads nor staff pension committees were consulted.

2. We fully support appropriate representation on the Board for every member organization of the Fund. However, this should not affect the rights of existing MOs with many years of contributory participation in the Fund nor the basis of the consensus upon which new MOs are recommended for admission. A clear and transparent procedure for the representation of new MOs needs to be established so that both they and current MOs are clear as to how they will be represented, in particular for those MOs that joined the Fund after its "entry into maturity" in 1994.

3. We highlight the importance of having a fair and equitable representation of United Nations Joint Staff Pension Fund MOs, maintaining the tripartite representation of the constituent groups, consisting of the governing bodies, the administrations of the MOs and the elected representatives of the participants to ensure that the interests and voices of each representative group is upheld.

4. We should also like to support retaining unchanged the percentage of seats allocated to specialized agencies as a whole.

We count on your support, and by copy of this letter we request that the Secretary of the Board place this letter on the agenda of the July 2021 Board session, so that our concerns are considered. We look forward to a constructive discussion during the meeting to identify an appropriate way forward in a participatory and transparent manner.

(Signed) **ZHAO** Houlin
Secretary-General
International Telecommunication Union

(Signed) **LI** Yong
Director General
United Nations Industrial Development Organization

(Signed) **Petteri Taalas**
Secretary-General
World Meteorological Organization

D. Coordinating Committee for International Staff Unions and Associations of the United Nations Systems intervention at the sixty-ninth session of the United Nations Joint Staff Pension Board

Mr. Chair,

Dear colleagues,

It is a great pleasure for me to address the Pension Board on behalf of CCISUA. I would like to thank you, Mr. Chair, for leading the work of the sixty-ninth session of the Board in a very able manner.

Allow me first of all to welcome the new members of the Board and congratulate the newly elected representatives of the participants to the Board and wish them well in their tenure. In this regard, we believe that the election process should, in all circumstances, uphold the principles of impartiality and independence, without any direct or indirect intervention from any other representative group.

CCISUA has been following with great attention the Board's deliberations during its current session and would like to raise the following points for your consideration:

As you may be aware, for the majority of United Nations Joint Staff Pension Fund participants, the defined benefit pension plan is their most important lifetime investment, and, therefore, CCISUA would be opposed to any attempts to move to a provident fund saving scheme that would introduce a measure of uncertainty into the social security of thousands in our system.

Regarding the size of the Pension Board, CCISUA believes that there shouldn't be any change.

For the Board functioning per se, since the United Nations Joint Staff Pension Fund is a public pension fund and is therefore subject to a higher level of transparency and scrutiny by beneficiaries and member States, CCISUA urges the Board to adopt a transparent culture by which all matters are discussed with participants via open meetings of the Board in accordance with best practices of peer pension funds.

Regarding the participation of alternates to the Pension Board sessions, we believe that all alternates should be allowed to attend the Pension Board sessions in person and be able to substitute for the member representatives when they are absent. We also believe that adequate time release should be given to members of the Staff Pension Committees, as well as to the Chair, in order to allow them to perform their fiduciary duties responsibly.

CCISUA is pleased to see the progress made in the area of divestment from fossil fuels by the Office of Investment Management and its commitment to achieving net zero greenhouse gas emissions. However, it requests that further information be published on this.

CCISUA has taken note of the reasons provided for the portfolio performance below the benchmark for 1-, 3-, 5-, 7- and 10-year horizons and wishes to highlight the fixed income portfolio, which has underperformed the benchmark over the last several years. In the light of the OIOS recommendations in the 2020 Office of Investment Management governance audit ([A/75/215](#)), CCISUA expects that this matter will be addressed shortly in line with General Assembly requests to align management responsibility and accountability with performance.

We are also watching with concern the Secretary-General's decision to use derivative instruments at this time, given our positively funded status. We expect that the detailed proposals requested by the General Assembly in its resolution [75/246](#) (para. 33) should be provided prior to implementation and principles of safety, profitability, liquidity and convertibility adhered to.

CCISUA has strong reservations in regard to the increase in the annual budget for 2022. We believe that an increase of over 8 per cent in addition to the 32 per cent has only led to an increased cost to participants over the last four years. About the staffing of the Pension Fund, CCISUA shares concerns regarding the lack of diversity, especially in leadership and other professional posts, and expects changes in recruitment practices so as to ensure a better geographical representation which reflects the membership of the Fund.

CCISUA supports better client service and recalls its resolution 2020/1 on the issue of the closure of the Finance Section in Geneva and believes this will cause and increase the backlog and will not enhance client service. We believe closure of this section in view of the time difference and thousands of workflows and tasks performed by the Geneva Finance Section each year, which are indeed third-level client service, will negatively affect service to Europe, the Middle East and Africa in the French, Spanish and Arabic languages. CCISUA is not convinced that the loss of institutional knowledge can be replaced by new posts in New York. We are also concerned at the lack of formal leadership in the Geneva office, reducing its stature when it has been established that the Geneva office should reflect the New York office, since they both serve more than 60,000 participants each. CCISUA believes that there is a need to strengthen the liaison offices in Bangkok, Nairobi, Santiago and Addis Ababa in order to further improve the client service.

Furthermore, CCISUA is concerned that, as with the implementation of IPAS, there will be heavy backlogs during the implementation of digital certificate of entitlement and customer relationship management projects. We are already hearing that appointments for the digital certificate of entitlement are being given for December 2021, while it is now July, and that the waiting time for other services has increased. At the conservative rate of 9,000 digital certificate of entitlement registrations per year, it will take six years for this project to reach the maintenance stage, and while we are excited at this new cutting-edge technology, CCISUA wonders if there are not opportunities to apply Lean Six Sigma principles adopted by the Pension Administration so as to cut down on time, so as to avoid more backlog.

CCISUA strongly supports the proposal to pay former participants a provisional payment comprising 80 per cent of their own contributions, in the event that the member organization does not finalize papers within three months. We note that the retained 20 per cent will address the risk concerns.

CCISUA is disturbed by the proposal by the Board year after year and again in the sixty-ninth session to amend articles 6 and 48. These amendments would negatively impact administration of justice for participants in certain pension fund and board matters, including due process and disenfranchisement of hundreds of participants who work in the Fund administration, Office of Investment Management and Staff Pension Committees of specialized agencies, inhibiting them from fully exercising their rights, duties and responsibilities to participants of the Fund. CCISUA therefore insists on maintaining articles 6 and 48 of the Fund's Regulations without amendment.

CCISUA is happy to see the amendment that will allow beneficiaries on disability to work to a certain extent, as this can be therapeutic or may supplement a low benefit to allow a living wage while keeping their after-service health insurance. However, CCISUA urges the Board to take the time to ensure the streamlining of administrative policies with the Regulations so as not to infringe on the rights of beneficiaries in the process of awarding disability benefits.

Allow me finally to thank all the staff at the Pension Fund for their hard work and dedication.

E. Statement on behalf of the Federation of International Civil Servants' Associations and the United Nations International Civil Servants Federation

Mr. Chair, distinguished members of the Board, dear colleagues, dear friends,

On behalf of two of the United Nations system staff federations, FICSA and UNISERV, I thank you for granting me the opportunity to address you today. My name is Tanya Quinn-Maguire and I am the President of FICSA.

I would like to start by taking this opportunity to underline to you the importance of the Pension Fund for our members, who see this as their primary source of social security. As such, on behalf of our members, we appreciate the opportunity to participate in the meeting of the Board as observers, and we look forward to continuing to play this role for many years to come.

FICSA and UNISERV appreciate the efforts made by the Chief Executive of Pension Administration and the secretariat of the Fund to ensure business continuity despite the numerous challenges experienced due to the COVID-19 pandemic. We also note the reported consistent improvements with regard to the prompt payment of benefits compared to the unfortunate situation experienced by some participants just a few short years ago. In this regard, we support all efforts that ensure that no participant has their pension benefit unduly delayed, including proposals to ensure that the CEPA has the delegated authority, i.e., the “necessary tools in her toolbox”, to deal with exceptional cases which continue to be reported. We hope that all members of the Board will also support such proposals.

We take note of the report of the Governance Working Group and urge the Board, in particular the members of the General Assembly, to take into account the fundamental role of the Staff Pension Committees and their respective representatives in the governance of the Board. We strongly reiterate our position that no member organization should lose their voice or their right to be part of the decision-making processes. We are of the opinion that limiting the participation of members' representatives without voting rights to virtual attendance is not in the spirit of the tripartite nature of the Board. Irrespective of the outcome of the ongoing discussions regarding the size and composition of the Board, all three constituents' groups should be equitably represented and have a say when important decisions are being discussed and made.

Our federations particularly welcome the establishment of the code of conduct and ethics policy. This is a great step towards a new culture of strong accountability. FICSA and UNISERV hope that, with the approval of the code of conduct and ethics policy, the General Assembly would consider the amendment of article 6 to put an end to any outstanding issues of conflict of interest.

With regard to the proposal to lifting the cap under article 28 of the Regulations of the United Nations Joint Staff Pension Fund, our federations believe that, while the world is going through a serious economic crisis due to the negative impact of COVID-19 measures, this may give the wrong perception, which may in turn lead to reputational damage for the United Nations. Furthermore, this proposal still needs to be evaluated and fully dollarized to obtain a clear overview of the financial implication on the Fund.

Our two federations also take note of appendix 8, entitled “Responsibilities of members of the United Nations Joint Staff Pension Board”, and appeals to all member organizations to take note that Pension Board members' responsibilities are considered official duties. As such, we respectfully request that all organizations will ensure that Pension Board members are supported, as necessary, to discharge their

responsibilities, including but not limited to sufficient time for preparation and participation to all Board-related meetings.

FICSA and UNISERV are also delighted to see that all the participants' representatives have reunited into one group as per previous practice, and we look forward to continuing to contribute to the work of that group in the best interest of the Fund and its participants.

In our statement to the Board last year, we welcomed the CEPA's vision of a modern, fit-for-purpose Fund with one eye firmly on the future. During the difficult and uncertain times of COVID-19, investment in technology and communication has already shown a positive impact for staff, particularly for those in field duty stations. In line with this new strategy, which will hopefully continue to simplify processes for staff, we would, however, encourage the secretariat of the Fund to keep in mind that, in some deep field duty stations, not everyone will be able to deal with the increased reliance on the latest technology.

Many of our members have benefited from online presentations by the Fund's secretariat to their staff in the last 12 months, and we can only encourage a continuation of this approach. We look forward to strengthening our engagement with the Fund to support participants' understanding and to facilitate improved transparency and accountability.

In closing, I would like to express the staff federations' appreciation to both the staff and management of the Pension Fund for their efforts and dedication in serving both participants and beneficiaries.

I particularly note with pleasure that the CEPA will be soon travelling to Geneva. FICSA would be delighted to organize a meeting with her and our member organizations while she is in town.

Thank you for your attention.

Annex XI

Financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2020

Letter of transmittal

Letter dated 28 May 2021 from the Chief Executive of Pension Administration of the United Nations Joint Staff Pension Fund and the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

In accordance with Financial Rule G.5 of the of the United Nations Joint Staff Pension Fund (“Fund”), we have the honour to transmit the financial statements of the Fund for the year ended 31 December 2020, which we hereby approve. The Chief Executive of Pension Administration and the Representative of the Secretary General for the Investment of the Assets of the Fund approve the financial statements for their respective areas of responsibilities. The financial statements have been completed and certified by the Chief Financial Officer of the Fund as correct in all material respects.

(Signed) Rosemarie **McClellan**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

(Signed) Pedro **Guazo**
Representative of the Secretary-General for the investment
of the assets of the United Nations Joint Staff Pension Fund

Chapter III

Certification of the financial statements

Letter dated 28 May 2021 from the Chief Financial Officer of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2020 have been prepared in accordance with the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund,¹ International Public Sector Accounting Standards (IPSAS), as issued by the International Public Sector Accounting Standards Board, and International Accounting Standard (IAS) 26, Accounting and reporting by retirement benefit plans, as issued by the International Accounting Standards Board. The summary of significant accounting policies applied in the preparation of the financial statements is included in the notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Fund during the period covered by these statements.

I certify that the appended financial statements of the United Nations Joint Staff Pension Fund are correct in all material respects.

(Signed) Karl-Ludwig W. Soll
Chief Financial Officer
United Nations Joint Staff Pension Fund

¹ The financial rules of the United Nations Joint Staff Pension Fund are promulgated by the United Nations Joint Staff Pension Board in accordance with article 4 (b) of the Regulations of the Fund with effect from 1 January 2017. Subject to the provisions of the Regulations of the Fund and to resolutions and decisions of the General Assembly pertaining to the financial operations of the Fund, those financial rules shall govern the financial management and administration of the Fund and should be read in conjunction with the Administrative Rules. With regard to any matter not specifically covered by those rules, the appropriate provisions of the Financial Regulations and Rules of the United Nations shall apply, mutatis mutandis.

Statement of internal control for the year ended 31 December 2020

Scope of responsibility

The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan.

The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund.

The Chief Executive of Pension Administration discharges the Pension Board's responsibility for the administrative supervision of the Pension Administration. The Chief Executive, acting under the authority of the Pension Board, collects contributions, ensures record-keeping for the Pension Administration, certifies benefit payments and deals with other issues related to the Fund's participants and beneficiaries. The Chief Executive is also responsible for ensuring that actuarial matters are addressed with a view to maintaining the long-term sustainability and financial health of the Fund.

The investment of the assets of the Fund is the responsibility of the Secretary-General, who has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative has the delegated responsibility for the management and accounting of the investments of the Fund. The Representative exercises that duty and makes investment decisions after consultation with the Investments Committee and in the light of observations made from time to time by the Pension Board on investment policy.

The Chief Executive and the Representative of the Secretary-General are responsible for establishing and maintaining a sound system of internal controls, in their respective areas of responsibility, to ensure the accomplishment of objectives, the economical use of resources, the reliability and integrity of information, compliance with rules and regulations and the safeguarding of assets.

Purpose of the system of internal control

The system of internal control is designed to reduce and manage, rather than eliminate, the risk of failure to achieve the objectives of the Fund and to improve performance. Therefore, it can provide only a reasonable, and not an absolute, assurance of effectiveness. Internal control is an ongoing process, effected by the Fund's governing bodies, senior management and other personnel, designed to provide reasonable assurance concerning the achievement of the following internal control objectives:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable rules and regulations

The Pension Fund statement of internal control is related to the control objective of reliability of financial reporting, and therefore, its scope is limited to the effectiveness of internal controls over financial reporting as at 31 December 2020.

Capacity to handle risk

The Pension Fund has implemented a governance structure, a management process and internal and external oversight mechanisms to adequately identify, assess, manage, monitor and report the risks inherent to its operations. The enterprise-wide risk management framework adopted by the Fund reflects the nature of its operations and development, as well as its specific requirements.

The Pension Fund internal control policy, approved in May 2014, defines internal control objectives, components and responsibilities, as well as the lines of defence in terms of internal control, including those related to: (a) management; (b) risk management and compliance sections; (c) internal audit; and (d) external audit. The Fund's internal controls over financial reporting provide reasonable assurance that assets are safeguarded, that transactions are properly recorded and authorized and that there are no material misstatements in the financial statements.

Pension Fund risk management and internal control framework

The purpose of the enterprise-wide risk management framework is to identify events that may affect the Pension Fund and manage risk within the Fund's risk appetite. The Fund's risk management framework includes the following components:

(a) *Risk management governance.* The operation of the risk management framework is supported by the full ownership and accountability of the Pension Board, management and staff for risk management activities. Specialized committees conduct oversight and provide advice to the Pension Board on risk management and internal control, as follows:

(i) The Audit Committee provides general oversight of and offers recommendations on the Fund's internal and external auditing and its internal control framework;

(ii) The Fund Solvency and Assets and Liabilities Monitoring Committee advises the Pension Board on risk management, funding policy, asset-liability management and investment policy matters;

(b) *Enterprise-wide risk management policy.* The policy provides the basis for the operation of the risk management framework and specifies its applicability throughout the Fund. The enterprise-wide risk management methodology complements the policy and defines the steps, roles and responsibilities in the risk management process;

(c) *Risk assessments.* The Fund conducts periodic risk assessment exercises, which serve as a basis for defining strategies to address the Fund's key risks;

(d) *Risk monitoring.* The Enterprise-wide Risk Management Working Group, chaired by the Chief Executive of the Fund and the Representative of the Secretary-General, includes representatives from all units and monitors the Fund's risk profile and the implementation of risk management strategies. Risk management officers promote the implementation of the enterprise-wide risk management framework, facilitate risk assessments, advise on the implementation of risk management strategies and monitor and report on the Fund's risk profile;

(e) *Fraud risk assessment.* The Pension Administration and the Office of Investment Management perform fraud risk assessments to identify specific fraud schemes and risks and assess their likelihood and significance, evaluate existing fraud control activities and implement actions to mitigate residual fraud risks.

Review of the effectiveness of internal controls over financial reporting

The Pension Fund has considered the *Internal Control-Integrated Framework* of the Committee of Sponsoring Organizations of the Treadway Commission as a guideline for assessing its internal controls over financial reporting. The review by the Fund management of the effectiveness of internal controls over financial reporting as at 31 December 2020 was supported by the following:

- (a) The preparation of the statement of internal control, which involved:
 - (i) A scoping exercise to identify key processes, accounts and disclosures and their supporting key information and communications technology (ICT) services;
 - (ii) The identification of key financial reporting risks;
 - (iii) The identification and documentation of:
 - a. Entity-level controls;
 - b. Key controls over financial reporting;
 - c. Anti-fraud controls;
 - d. Key ICT general controls that support the operation of other controls over financial reporting;
 - e. Operational effectiveness testing of the entity-level key controls over financial reporting and anti-fraud controls performed by management;
 - f. Assertion letters on the effectiveness of internal controls over financial reporting signed by key officers in the Pension Administration and the Office of Investment Management. These officers recognize their responsibility for maintaining and executing internal controls over financial reporting and reporting any deficiencies identified;
- (b) An independent service auditor performed an independent service audit on the controls applied by Northern Trust, which is the record keeper for the Fund's investments, and the custodian banks for the investments. The audit was conducted in accordance with the standards issued by the American Institute of Certified Public Accountants and the International Auditing and Assurance Standards Board. The audit concluded that, in all material respects, the controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved;
- (c) In April 2016, the Pension Administration obtained the International Organization for Standardization (ISO) 27001 information security certification for the Integrated Pension Administration System, which was valid for three years, until March 2019. In a surveillance audit conducted in 2018, it was concluded that the information security processes functioned as expected and effectively met the requirements of the standard. Since then, the Fund has suspended the yearly surveillance audit in order to seek certification on its conformance with the ISO 27701 standard on privacy information management systems, which would extend the scope of its security controls to personal identifiable information. The Fund continues to maintain and update the controls originally certified under the ISO 27001 certification schema;
- (d) An independent auditor performed an International Standard on Assurance Engagements (ISAE) 3402 type II audit of the United Nations International Computing Centre's ICT services and related controls over financial reporting. The ISAE 3402 type II audit provides an independent assessment of whether the Centre's controls are suitably designed and operated effectively. The conclusion of the ISAE 3402 type II audit report for 2020 was an unqualified opinion;

(e) The Audit Committee reviewed the results of the audits by the Office of Internal Oversight Services (OIOS) and the Board of Auditors and received information on the implementation of audit recommendations. The Representative of the Secretary-General and the Fund's Chief Executive, Chief Financial Officer, Risk and Compliance Officers and internal and external auditors had periodic meetings with the Audit Committee;

(f) In accordance with its mandate, OIOS provided assurance that internal controls are adequate and functioning effectively. In the execution of a risk-based audit plan endorsed by the Audit Committee, OIOS conducted audit examinations to provide assurance on the effectiveness of internal controls and identify control deficiencies. The Chief Executive and the Representative of the Secretary-General, in their respective areas of responsibility, took appropriate actions to address recommendations resulting from internal audits;

(g) In accordance with its mandate, the Board of Auditors independently examined the Fund's internal controls and financial statements, performing such tests and other procedures as it considered necessary to express an opinion in its annual audit report. The Board was given full and unrestricted access to all financial records and related data and to the Fund's management and Audit Committee to discuss any findings related to the integrity and reliability of the Fund's financial reporting. The external audit report accompanies the financial statements.

Significant internal control matters arising during the year

The statement of internal control for the year ended 31 December 2020 draws attention to key areas having an impact on internal controls over financial reporting, as follows:

(a) At its sixty-sixth session, in July 2019, the Pension Board established the Office of the Secretary of the Board. At its seventy-fifth session, the General Assembly adopted resolution [75/246](#), in which it recalled its resolutions [73/274](#) and [74/263](#), in which, among other aspects, it decided that the Secretary of the Pension Board should be fully independent of the Chief Executive of Pension Administration and the Representative of the Secretary-General and should report directly to the Board, while being provided with administrative support from the Pension Administration and the Office of Investment Management, as necessary;

(b) Since mid-March 2020, in the light of the global coronavirus disease (COVID-19) pandemic crisis and following the Secretary-General's guidance and local authorities' directives, crisis management mechanisms have been activated and the Fund's staff has been working remotely. Essential Fund staff continued to perform critical functions in situ and other services were digitalized or provided remotely to ensure smooth business continuity.

Statement

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error or circumvention. Accordingly, even effective internal controls can provide only reasonable, but not absolute, assurance. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time.

We are committed, within the scope of our respective areas of responsibility, to address any weaknesses in internal controls over financial reporting identified during the year and to ensure continuous improvement of internal controls.

On the basis of the above, we conclude that, to our best knowledge and information, there are no material weaknesses in internal controls over financial

reporting, in our respective areas of responsibility, that would prevent the external auditors from providing an unqualified opinion on the financial statements or would need to be raised in the present document for the year ended 31 December 2020.

(Signed) Rosemarie **McClellan**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

(Signed) Pedro **Guazo**
Representative of the Secretary-General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

26 April 2021
New York

Chapter IV

Financial overview

A. Introduction

1. The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan. As at 31 December 2020, there were 24 member organizations participating in the Fund. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers.

2. The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund. The Pension Board appoints an independent Secretary, who is responsible for a full range of secretariat conference management and other secretariat services. The role of the Secretary of the Pension Board is distinct from the roles and responsibilities pertaining to all aspects of the management, administration and investments of the Fund. The Secretary reports directly to the Pension Board.

3. The Chief Executive of Pension Administration is appointed by the Secretary-General on the recommendation of the Pension Board.

4. The Chief Executive acts under the authority of the Pension Board in the discharge of the latter's responsibility for the administrative supervision of the Fund as a whole. That includes responsibility for strategic planning and operational direction; the establishment of policy; the administration of the Fund's operations and the certification of benefit payments; risk management; regulatory compliance; the overall supervision of staff; and stakeholder communications. The Fund secretariat staff, under the authority of the Chief Executive, provides technical support services, prepares background documentation and offers guidance and advice to the Pension Board and its subsidiary bodies, including its Standing Committee and the Committee of Actuaries. The Chief Executive serves as Secretary of the United Nations Staff Pension Committee. The Chief Executive participates in the meetings of the Fifth Committee of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Commission and any other pertinent bodies. In accordance with article 7 (b) of the Regulations of the Fund, in the absence of the Chief Executive of Pension Administration, the Deputy Chief Executive of Pension Administration performs the functions of the Chief Executive.

5. Until 31 December 2019, the Chief Executive Officer/Secretary of the Pension Board was responsible for both of the roles now assigned separately to the Secretary of the Pension Board and the Chief Executive of Pension Administration.

6. The investment of the assets of the Fund is decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative arranges for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which are open to examination by the Pension Board.

B. Financial performance

Changes in net assets available for benefits

7. There was an increase in the net assets available for benefits for the year ended 31 December 2020 of \$9,477.2 million (2019: an increase of \$11,258.5 million). The increase was attributable primarily to investment income for the year.

8. The investment income for 2020 was \$9,516.0 million (2019: income of \$11,362.3 million). Investment income for 2020 primarily comprised a net change in the fair value of investments of \$8,208.6 million, dividend income of \$817.4 million and interest income of \$598.3 million. The decrease of \$1,846.3 million from the prior year was mostly the result of the extraordinary volatility of the financial markets in 2020.

9. Total contributions (from participants: \$949.3 million; member organizations: \$1,888.9 million; and other contributions: \$9.0 million) for 2020 were \$2,847.1 million (2019: \$2,688.9 million), reflecting an increase of \$158.3 million (or 5.9 per cent) compared with the total contributions for 2019.

10. Pension benefits for 2020 of \$2,789.0 million (2019: \$2,700.0 million) reflected an increase of \$89.0 million (or 3.3 per cent) compared with the benefits for 2019.

11. Administrative expenses for 2020 of \$103.2 million (2019 on a comparable basis: \$103.6 million) reflected a decrease of \$0.4 million (or 0.4 per cent).

Statement of net assets available for benefits

12. Net assets available for benefits as at 31 December 2020 were \$81,511.7 million (2019: \$72,034.5 million), reflecting an increase of \$9,477.2 million (or 13.2 per cent).

13. Cash and cash equivalents as at 31 December 2020 were \$591.6 million (2019: \$436.4 million), reflecting an increase of \$155.2 million (or 35.6 per cent).

14. The fair value of investments as at 31 December 2020 was \$80,891.3 million (2019: \$71,550.0 million), reflecting an increase of \$9,341.3 million (or 13.1 per cent). Details with regard to the investment classes as at 31 December 2020 and 31 December 2019 are as follows:

(Millions of United States dollars)

	31 December 2020	31 December 2019	Change	Percentage
Equities	48 245.2	42 309.1	5 936.1	14.0
Fixed income	22 377.5	20 412.6	1 964.9	9.6
Real assets	5 627.4	5 265.7	361.7	6.9
Alternatives and other investments	4 641.2	3 562.6	1 078.6	30.3
Total investments	80 891.3	71 550.0	9 341.3	13.1

15. Investments and cash and cash equivalents are as follows:

(Millions of United States dollars)

	31 December 2020	31 December 2019	Change	Percentage
Investments	80 891.3	71 550.0	9 341.3	13.1
Cash and cash equivalents	591.6	436.4	155.2	35.6
Total investments and cash and cash equivalents	81 482.9	71 986.4	9 496.5	13.2

16. As a result of the global spread of the COVID-19 pandemic, economic uncertainties arose, which had the potential to negatively affect the financial condition, operations and cash flows of the Fund. Staff of the Fund in New York, Geneva and Nairobi transitioned to remote working when office locations were closed owing to measures in response to COVID-19 taken by the United Nations in alignment with the guidance of local authorities. All Fund operations continued to fulfil their functions, although in-person visitations by plan participants were suspended starting in March 2020.

17. In the first quarter of 2020, the value of the Fund's portfolio declined in line with the market downturn; however, the financial markets recovered in the remaining quarters of 2020 and the value of the portfolio increased to record highs. The portfolio value at the time of the issuance of these financial statements exceeds the value as at 31 December 2020. As at 21 May 2021, the estimated unaudited market value of the total investments of the Fund, net of the cash and cash equivalents held by the Fund secretariat, was approximately \$85.4 billion. Given that the COVID-19 pandemic is still unfolding, the Fund expects that the volatility in the markets may persist in the months to come. For additional information and weekly fund performance updates, please refer to the Fund's website (<https://oim.unjspf.org/investments-at-glance/weekly-fund-performance>). The Fund's Pension Administration operations were affected by the limitations of international postal services in the second quarter of 2020. The issues were mitigated by replacing paper-based communication with digital communication methods.

18. Total liabilities of the Fund as at 31 December 2020 were \$274.0 million (2019: \$256.5 million), reflecting an increase of \$17.5 million (or 6.8 per cent). The increase in total liabilities was due primarily to the total increase in benefits payable by \$38.4 million and in after-service health insurance and other employee benefits by \$12.3 million, offset in part by a decrease in payable from investments traded of \$25.0 million.

Actuarial situation of the Fund

19. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries. The amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. An early indication of any impact of COVID-19 on the mortality and morbidity of participants and beneficiaries will be derived from the experience analysis that will be carried out in advance of the next full valuation.

20. The actuarial present value of accumulated plan benefits as at 31 December 2020 is as follows:

(Millions of United States dollars)

	<i>If future pension payments are made under the Regulations</i>	
	<i>Without pension adjustments</i>	<i>With pension adjustments</i>
Actuarial value of vested benefits		
Participants currently receiving benefits	26 589	35 701
Vested terminated participants	1 142	1 963
Active participants	17 676	24 343
Total vested benefits	45 407	62 007
Non-vested benefits	984	1 252
Total actuarial present value of accumulated plan benefits	46 391	63 259

Key statistics

21. The number of Fund participants as at 31 December 2020 was 134,632 (2019: 131,583), an increase of 3,049, or 2.3 per cent.
22. The number of periodic benefits paid by the Fund as at 31 December 2020 was 80,346 (2019: 79,975), an increase of 371, or 0.5 per cent.

Chapter V

Financial statements for the year ended 31 December 2020

United Nations Joint Staff Pension Fund

I. Statement of net assets available for benefits

(Thousands of United States dollars)

	Note	31 December 2020	31 December 2019 (reclassified) ^a
Assets			
Cash and cash equivalents	4	591 585	436 354
Investments	5, 6		
Equities		48 245 215	42 309 141
Fixed income		22 377 531	20 412 531
Real assets		5 627 373	5 265 732
Alternatives and other investments		4 641 189	3 562 570
		80 891 308	71 549 974
Contributions receivable		50 364	64 912
Accrued income from investments	7	155 355	163 163
Receivable from investments traded	5	17 645	15 390
Withholding tax receivable	8	52 150	35 789
Other assets	9	27 310	25 398
		81 785 717	72 290 980
Liabilities			
Benefits payable	10	144 372	105 970
Payable from investments traded	5	2 234	27 191
After-service health insurance and other employee benefit liabilities	11	116 330	103 989
Other accruals and liabilities	12	11 106	19 352
		274 042	256 502
		81 511 675	72 034 478

The accompanying notes are an integral part of these financial statements.

^a See note 24 for details with regard to the reclassifications.

United Nations Joint Staff Pension Fund

II. Statement of changes in net assets available for benefits

(Thousands of United States dollars)

	<i>Note</i>	<i>For the year 2020</i>	<i>For the year 2019</i>
Investment income/(loss)	13		
Net change in fair value of investments		8 208 579	10 009 778
Interest income		598 316	518 791
Dividend income		817 362	918 469
Income from unitized real estate funds		74 344	78 547
Less: transaction costs and management fees		(179 840)	(158 748)
Less: withholding tax		(3 606)	(3 232)
Other investment-related income/(expenses), net		885	(1 348)
		9 516 040	11 362 257
Pension contributions	14		
From participants		949 291	890 381
From member organizations		1 888 877	1 771 258
Other contributions		8 979	27 217
		2 847 147	2 688 856
Pension benefits	15		
Withdrawal settlements and full commutation benefits		176 971	194 582
Retirement benefits		2 622 862	2 511 119
Other benefits/adjustments		(10 852)	(5 736)
		2 788 981	2 699 965
Income from services provided to the United Nations	2.3	7 313	–
Administrative expenses	16		
Secretariat of the Pension Board		1 144	678
Pension Administration		62 553	49 428
Office of Investment Management		37 651	40 028
Audit		1 846	1 631
		103 194	91 765
Other expenses	17	1 128	952
Increase/(decrease) in net assets available for benefits		9 477 197	11 258 431

The accompanying notes are an integral part of these financial statements.

United Nations Joint Staff Pension Fund

III. Cash flow statement

(Thousands of United States dollars)

	<i>Note</i>	<i>For the year 2020</i>	<i>For the year 2019</i>
Cash flows from investing activities			
Purchase of investments		(27 798 050)	(48 917 774)
Proceeds from sale/redemption of investments		26 632 723	47 553 775
Dividends received from equity investments		786 783	878 922
Interest received from cash and cash equivalents and fixed-income investments		606 027	525 863
Income received from unitized real estate funds		73 815	75 641
Other investment-related income/(expense), net		896	(1 348)
Transaction costs, management fees and other expenses paid		(182 759)	(159 551)
Withholding taxes reimbursement		12 718	11 582
Net cash provided/(used) by investing activities		132 153	(32 890)
Cash flows from operating activities			
Contribution from member organizations and participants		2 857 730	2 656 821
Benefits payments		(2 748 529)	(2 693 636)
Net transfer from/(to) other plans		1 744	21 780
Administrative expenses paid		(91 549)	(80 574)
Other expenses paid		(1 135)	(950)
Income from services provided to the United Nations		7 313	–
Net cash provided/(used) by operating activities		25 574	(96 559)
Net increase/(decrease) in cash and cash equivalents		157 727	(129 449)
Cash and cash equivalents at the beginning of year	4	436 354	564 891
Exchange (losses)/gains on cash and cash equivalents		(2 496)	912
Cash and cash equivalents at the end of year	4	591 585	436 354

The accompanying notes are an integral part of these financial statements.

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2020

(Thousands of United States dollars)

	<i>Appropriation 2020^a</i>	<i>Actuals on a comparable basis 2020</i>	<i>Variance</i>	<i>Percentage</i>
A. Secretariat of the Pension Board				
Posts	530.0	695.5	165.5	31
Other staff costs	1.2	101.0	99.8	8 317
Travel of representatives	808.7	20.5	(788.2)	(97)
Travel of staff	34.6	28.7	(5.9)	(17)
Contractual services	315.0	249.5	(65.5)	(21)
General operating expenses	61.0	–	(61.0)	(100)
Subtotal	1 750.5	1 095.2	(655.3)	(37)
B. Pension Administration				
Posts	25 076.3	25 483.9	407.6	2
Other staff costs	7 583.1	5 667.3	(1 915.8)	(25)
Hospitality	3.0	–	(3.0)	(100)
Consultants	172.2	173.8	1.6	1
Travel of staff	564.3	59.4	(504.9)	(89)
Contractual services ^b	10 073.1	13 338.1	3 265.0	32
General operating expenses	8 765.1	7 344.7	(1 420.4)	(16)
Supplies and materials	105.5	26.0	(79.5)	(75)
Furniture and equipment	883.0	825.2	(57.8)	(7)
Improvement of premises	200.8	–	(200.8)	(100)
Subtotal	53 426.4	52 918.4	(508.0)	(1)
C. Office of Investment Management				
Posts	16 547.9	16 427.1	(120.8)	(1)
Other staff costs	1 806.9	1 689.0	(117.9)	(7)
Hospitality	13.7	0.3	(13.4)	(98)
Consultants	179.2	303.6	124.4	69
Travel of representatives	272.3	1.9	(270.4)	(99)
Travel of staff	657.2	76.7	(580.5)	(88)
Contractual services	20 439.5	12 559.6	(7 879.9)	(39)
General operating expenses	3 643.2	2 495.8	(1 147.4)	(31)
Supplies and materials	31.8	3.7	(28.1)	(88)
Furniture and equipment	304.7	184.5	(120.2)	(39)
Subtotal	43 896.4	33 742.2	(10 154.2)	(23)

	<i>Appropriation 2020^a</i>	<i>Actuals on a comparable basis 2020</i>	<i>Variance</i>	<i>Percentage</i>
D. Audit				
External audit	393.2	393.2	–	–
Internal audit	1 214.8	1 246.5	31.7	3
Subtotal	1 608.0	1 639.7	31.7	2
Total administrative expenses	100 681.3	89 395.5	(11 285.8)	(11)

The purpose of the statement is to compare budget amounts with actual amounts on a comparable basis, i.e., actual amounts on the same basis as the budget. As the Pension Fund's budget is prepared on a modified cash basis and the actual costs on a comparable basis are consequently also shown on a modified cash basis, the total for actual costs on a comparable basis does not agree with the administrative expenses shown in the statement of changes in net assets, as that statement is prepared on an accrual basis.

^a The General Assembly approved the appropriation for 2020 in its resolution [74/263](#).

^b Actuals include expenditure for the United Nations International Computing Centre (\$8.5 million).

United Nations Joint Staff Pension Fund**IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2020 (continued)****Explanation of significant differences (greater than +/-5 per cent) between budget and actual amounts on a comparable basis****A. Secretariat of the Pension Board**

Posts. The overexpenditure reflects the actual expenditure compared with the budgeted rates in relation to standard costs.

Other staff costs. The overexpenditure is due primarily to higher-than-projected requirements for general temporary assistance.

Travel. The underexpenditure is due to the travel restrictions during the COVID-19 pandemic.

Contractual services. The underexpenditure is due primarily to lower-than-projected requirements for the recruitment of the Deputy Chief Executive of Pension Administration, offset in part by the requirements for consultancy services to support and advise on the governance structure of the Fund.

General operating expenses. The underexpenditure relates to the conference and security services for the Pension Board meeting as the meeting was held virtually owing to the COVID-19 pandemic.

B. Pension Administration

Other staff costs. The underexpenditure is attributable primarily to lower-than-projected expenditure for general temporary assistance and overtime in the Client Services and Outreach Section of the Operations Service owing to the lower-than-expected workload, as member organizations delayed separations, and a reduction in the recruitment of temporary staff as well as a reduction in the utilization of overtime during the COVID-19 pandemic.

Hospitality. The underexpenditure relates to limited in-person meetings during the COVID-19 pandemic.

Travel. The underexpenditure is due to the travel restrictions during the COVID-19 pandemic.

Contractual services. The overexpenditure relates mainly to the information technology-related projects, such as consultancy services related to information technology strategy and industry standards, the digital signature verification project using Kofax TotalAgility, the United Nations digital identity, a project to implement the digital certificate of entitlement, the upgrade of the SAP pension interface, the migration of the Fund's Case Digest database, external access rights management for Fund applications, the upgrade of SharePoint, the cloud strategy and architecture plan, robotic process automation, learning services, business intelligence dashboards and interfaces, automated testing tools, improvements to and integration of the Integrated Pension Administration System, business process improvements and software development life-cycle models and methodologies, the data quality improvement project, including human resources interface enhancements and data cleansing, and the accounts payable project.

General operating expenses. The underexpenditure relates mainly to the prepayment of one month of rent and half the amount of real estate taxes for 2020 in 2019 to comply with the payment schedule during the system transition from a biennial to an

annual budget, delays in the procurement process for a cleaning contract and lower-than-projected requirements for bank fees.

Supplies and materials, and furniture and equipment. The underexpenditure is due mainly to the lower requirements during the work-from-home period.

Improvement of premises. The underexpenditure relates to the postponement of the relocation of the Geneva office to the Palais des Nations from 2020 to 2021.

C. Office of Investment Management

Other staff costs. The underexpenditure is attributable primarily to lower-than-projected expenditure for general temporary assistance.

Hospitality. The underexpenditure is due to the reduction in in-person meetings as a result of the COVID-19 pandemic.

Consultants. The overexpenditure is related to services of a research provider that had been budgeted under contractual services.

Travel. The underexpenditure is due to the travel restrictions for both staff and representatives during the COVID-19 pandemic.

Contractual services. The underexpenditure is due to delays in the contract execution phase for key projects under the target operating model, such as the alternatives platform and the financial data warehouse solution, and the provision of a new ICT managed services provider. The delays are due mainly to the complexity and unique nature of the solutions being procured and, at the same time, the assurance that the Office's latest requirements are better aligned with industry standards.

General operating expenses. The underexpenditure relates mainly to the prepayment of one month of rent and half the amount of real estate taxes for 2020 in 2019 to comply with the payment schedule during the system transition from a biennial to an annual budget, delays in the procurement process for a cleaning contract and underutilization of many services owing to the COVID-19 pandemic.

Supplies and materials, and furniture and equipment. The underexpenditure is attributable primarily to lower-than-anticipated expenditure for supplies and materials, the acquisition of hardware owing to the ongoing consolidation and optimization of staff equipment, and continued efforts for more cost-effective alternatives for software licences, including leveraging existing solutions.

United Nations Joint Staff Pension Fund Notes to the financial statements

Note 1

Description of the plan

1. The following is a brief description of the United Nations Joint Staff Pension Fund. The Regulations and Administrative Rules of the Pension Fund are available at the Fund's website (www.unjspf.org).

1.1 General

2. The Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan. There were 24 member organizations participating in the Fund as at 31 December 2020, and the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies entered the Fund as its twenty-fifth member organization on 1 January 2021. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers (see also note 3.5).

3. The Fund is governed by a Pension Board made up of: (a) 12 members appointed by the United Nations Staff Pension Committee, of whom 4 are elected by the General Assembly, 4 are appointed by the Secretary-General and 4 are elected by the participants in service in the United Nations; and (b) 21 members appointed by the staff pension committees of the other member organizations in accordance with the rules of procedure of the Fund, of whom 7 are chosen by the bodies of the member organizations corresponding to the General Assembly, 7 are appointed by the chief administrative officers of the member organizations and 7 are chosen by the participants in service.

1.2 Administration of the Fund

4. The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund. The Pension Board appoints an independent Secretary, who is responsible for a full range of secretariat conference management and other secretariat services. The role of the Secretary of the Pension Board is distinct from the roles and responsibilities pertaining to all aspects of the management, administration and investments of the Fund. The Secretary reports directly to the Pension Board.

5. The Chief Executive of Pension Administration is appointed by the Secretary-General on the recommendation of the Pension Board.

6. The Chief Executive acts under the authority of the Pension Board in the discharge of the latter's responsibility for administrative supervision of the Fund as a whole. This includes responsibility for strategic planning and operational direction; the establishment of policy; the administration of the Fund's operations and the certification of benefit payments; risk management; regulatory compliance; the overall supervision of staff; and stakeholder communications. The Pension Administration staff, under the authority of the Chief Executive, provides technical support services, prepares background documentation and offers guidance and advice to the Pension Board and its subsidiary bodies, including its Standing Committee and the Committee of Actuaries. The Chief Executive serves as Secretary of the United Nations Staff Pension Committee. The Chief Executive participates in the meetings of the Fifth Committee of the General Assembly, the Advisory Committee on

Administrative and Budgetary Questions, the International Civil Service Commission and any other pertinent bodies. In accordance with article 7 (b) of the Regulations of the Fund, in the absence of the Chief Executive, the Deputy Chief Executive performs the functions of the Chief Executive.

7. The investment of the assets of the Fund is decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative arranges for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which are open to examination by the Pension Board.

8. A range of administrative functions supporting the Pension Board secretariat, the Pension Administration and the Office of Investment Management are provided by the Fund's Executive Office, which reports to the Deputy Chief Executive. Until September 2020, the Executive Office was supervised by the Chief Financial Officer on a temporary basis.

9. The Chief Financial Officer reports to the Chief Executive and to the Representative of the Secretary-General in their respective substantive responsibilities. The Chief Financial Officer is responsible for formulating financial policy for the Fund, reviewing budgetary, financial and accounting operations of the Fund and ensuring that an adequate financial control environment is in place to protect the Fund's resources, and guarantees the quality and reliability of financial reporting. In addition, the Chief Financial Officer is responsible for setting the rules for the collection, from the different information systems and areas of the Fund, of the financial and accounting data necessary for the preparation of the Fund's financial statements, and has full access to such systems and data. The Chief Financial Officer ensures that the financial statements are in compliance with the Regulations and Rules of the Fund, the accounting standards adopted by the Fund and the decisions of the Pension Board and the General Assembly. The Chief Financial Officer also certifies the Fund's financial statements.

1.3 Participation in the Fund

10. Members of the staff of each of the 24 member organizations of the Fund become participants in the Fund upon commencing employment under an appointment for six months or longer or upon completion of six months of service without an interruption of more than 30 days. As at 31 December 2020, the Fund had active contributors (participants) from member organizations including the main United Nations Secretariat, the United Nations Children's Fund, the United Nations Development Programme and the Office of the United Nations High Commissioner for Refugees, as well as the various specialized agencies, such as the World Health Organization, the International Labour Organization, the International Atomic Energy Agency, the International Civil Aviation Organization and the United Nations Educational, Scientific and Cultural Organization (see the annex to the present notes for a complete list of member organizations). There are currently periodic benefits paid to individuals in some 190 countries (see the annex to the present notes for details). The total annual pension benefit payments are approximately \$2.8 billion and are paid in 15 different currencies.

1.4 Operation of the Fund

11. Participant and beneficiary processing and queries are handled by operations of the Pension Administration, in offices located in New York, Geneva, Nairobi and Bangkok. All the accounting for operations is handled in New York by the centralized

Financial Services. The Financial Services of the Pension Administration also manage the receipt of monthly contributions from member organizations and the disbursements of the monthly pension payroll.

12. The Representative of the Secretary-General is assisted by the staff of the Office of Investment Management, where investments are traded and processed and investment transactions are reconciled and accounted for.

1.5 Actuarial valuation of the Fund

13. Article 12 of the Regulations of the Fund provides that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years. The Fund performs actuarial valuations every two years and intends to continue to do so in the future. Article 12 further provides that the actuarial report shall state the assumptions on which the calculations are based, describe the methods of valuation used and state the results, as well as the recommendations, if any, for appropriate action. See note 18 for a summary of the actuarial situation of the Fund as at 31 December 2020.

1.6 Retirement benefit

14. Any participant who has five years of contributory service receives, upon separation at or after normal retirement age, a retirement benefit payable for the remainder of the participant's life. "Normal retirement age" means age 60 for a participant whose service commenced prior to 1 January 1990, age 62 for a participant whose service commenced or recommenced on or after 1 January 1990 and age 65 for a participant whose service commenced or recommenced on or after 1 January 2014.

15. The standard annual rate of retirement benefit for a participant who enters the Fund on or after 1 January 1983 is the sum of:

(a) 1.5 per cent of the final average remuneration multiplied by the first five years of contributory service;

(b) 1.75 per cent of the final average remuneration multiplied by the next five years of contributory service;

(c) 2 per cent of the final average remuneration multiplied by the next 25 years of contributory service;

(d) The years of contributory service in excess of 35 and performed as from 1 July 1995, multiplied by 1 per cent of the final average remuneration, subject to a maximum total accumulation rate of 70 per cent.

16. The standard annual rate of retirement benefit for a participant who entered the Fund prior to 1 January 1983 is 2 per cent of the final average remuneration multiplied by contributory service not exceeding 30 years, plus 1 per cent of the final average remuneration multiplied by such service in excess of 30 years, not exceeding 10 years.

17. The maximum benefit to participants, subject to the terms specified in the Regulations and Rules of the Fund, is the greater of 60 per cent of pensionable remuneration at the date of separation or the maximum benefit that would be payable, at that date, to a participant at the D-2 level (who has been at the top step for the preceding five years).

18. The retirement benefit shall, however, be payable at the minimum annual rate, which is obtained by multiplying the years of the participant's contributory service, not exceeding 10, by the smaller of \$1,141.84 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States of America consumer price index (CPI) under the pension adjustment system) or one thirtieth of the final average remuneration.

19. The annual rate of the retirement benefit shall, nevertheless, not be less, when no other benefit is payable on account of the participant, than the smaller of \$1,816.32 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States CPI under the pension adjustment system) or the final average remuneration of the participant.

20. "Final average remuneration" means the average annual pensionable remuneration of a participant during the 36 completed months of highest pensionable remuneration within the last five years of contributory service.

21. A participant may, except in the case where a minimum benefit is payable and the participant does not waive the rights thereto, elect to receive: (a) if the retirement benefit is \$300 per annum or more, a lump sum not greater than the larger of one third of the actuarial equivalent of the retirement benefit (not exceeding the maximum amount payable to a participant then retiring at normal retirement age, with final average remuneration equal to the pensionable remuneration for the top step of the P-5 level) or the amount of the participant's own contributions at retirement, and the participant's retirement benefit is then reduced accordingly; or (b) if the participant's retirement benefit is less than \$1,000 per annum, the lump sum actuarial equivalent of the full retirement benefit, including the prospective spouse's benefit, if any, if the participant so elects.

Early retirement

22. An early retirement benefit is payable to a participant whose age on separation is at least 55 (58 for a participant whose participation commenced on or after 1 January 2014) but less than the normal retirement age and who has five years or more of contributory service at separation.

23. The early retirement benefit for a participant whose participation commenced prior to 1 January 2014 is payable at the standard annual rate for a retirement benefit reduced by 6 per cent for each year between the retirement date and normal retirement age, except that: (a) if the participant has completed at least 25 but less than 30 years of contributory service at the date of retirement, the part of the benefit for service before 1 January 1985 is reduced by 2 per cent a year, and the remaining part of the benefit is reduced by 3 per cent a year; or (b) if the participant has completed 30 or more years of contributory service at the date of retirement, the benefit is reduced by 1 per cent a year, provided, however, that the rate in (a) or (b) applies to no more than five years. The methodology of calculation of the early retirement benefits for employees whose participation commenced on or after 1 January 2014 is detailed in article 29 of the Regulations and Administrative Rules of the Fund.

24. The early retiree may elect to receive a lump sum on the same terms as for a retirement benefit.

Separation from service prior to eligibility for early retirement

25. A deferred retirement benefit is payable to a participant whose age on separation is less than normal retirement age and who has five years or more of contributory service at separation. The deferred retirement benefit is payable at the standard rate for a retirement benefit and commences at normal retirement age. The participant may elect to have the benefit commence at any time once the participant becomes eligible to receive an early retirement benefit from the Fund on the same terms as for an early retirement benefit.

26. A withdrawal settlement is payable to a participant separating from service before normal retirement age or on or after normal retirement age if the participant is not entitled to a future retirement benefit. The participant receives the participant's

own contributions increased by 10 per cent for each year of contributory service in excess of five years, to a maximum increase of 100 per cent.

1.7 Disability benefit

27. A disability benefit is payable to a participant incapacitated for further service for a period likely to be permanent or of long duration.

28. The disability benefit is payable at the standard or minimum annual rate for a retirement benefit if the participant is at least normal retirement age at disability. If the participant is under normal retirement age, it is payable at the rate of the retirement benefit to which the participant would have been entitled if the participant had remained in service until normal retirement age and the participant's final average remuneration had remained unchanged.

29. The annual rate of the benefit shall, notwithstanding the above, not be less, when no other benefit is payable on account of the participant, than the smaller of \$3,024.24 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States CPI under the pension adjustment system) or the final average remuneration of the participant.

1.8 Survivor benefit

30. A benefit is payable to a surviving spouse of a participant who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of the participant's death or who died in service if they were married at the time of separation and remained married at the time of death. Certain limitations on eligibility apply in cases of divorced surviving spouses. The surviving spouse's benefit is generally payable at half the amount of the participant's retirement or disability benefit and is subject to certain minimum levels.

1.9 Child benefit

31. A child benefit is payable to each child under the age of 21 of a participant who is entitled to a retirement, early retirement or disability benefit or who has died in service, while the child remains under 21. The benefit may also be payable in certain circumstances to a child who is over the age of 21, such as when the child is found to have been incapacitated for substantial gainful employment. The child benefit for each child is generally one third of any retirement or disability benefit due to a participant or that would have been due in the case of a participant who died in service, subject to certain minimum amounts and also limited in terms of maximum amount. In addition, there are certain total maximum amounts that apply in cases of multiple children of the same participant.

1.10 Other benefits

32. Other benefits include the secondary dependant's benefit and the residual settlement benefit. A full description of those benefits is available in the Regulations and Administrative Rules of the Fund.

1.11 Pension adjustment system

33. The provisions of the Fund's pension adjustment system provide for periodic cost-of-living adjustments in benefits. In addition, for participants who retire in a country whose currency is not the United States dollar, the current pension adjustment system is intended to ensure that, subject to certain minimum and maximum provisions, a periodic benefit never falls below the "real" value of its United States dollar amount, as determined under the Regulations, Rules and Pension Adjustment System of the Fund, and preserves its purchasing power as initially established in the

currency of the recipient's country of residence. This is achieved by establishing a dollar base amount and a local currency base amount (the two-track system).

34. The "real" value of a United States dollar amount is that amount adjusted over time for movements of the United States CPI, while the purchasing power of a recipient's benefit, once established in local currency, is preserved by adjusting it to follow movements of the CPI in the recipient's country of residence.

1.12 Funding policy

35. As a condition of participation in the Fund, participants are required to contribute 7.9 per cent of their pensionable remuneration to the plan and earn interest at a rate of 3.25 per cent per year in accordance with article 11 (c) of the Regulations of the Fund. The participants' contributions for the years ended 31 December 2020 and 31 December 2019 were \$949.3 million and \$890.4 million, respectively. The contribution figures do not include interest on the contributions.

36. Under the funding policy, member organizations are to make contributions on an estimated monthly basis and then to reconcile these estimated amounts in an annual year-end process. The contributions of member organizations are also expressed as a percentage of the participants' pensionable remuneration as defined in article 51 of the Regulations of the Fund. In accordance with the article 25 of the Regulations, the contribution rate for member organizations is currently 15.8 per cent; these contributions to the Fund totalled \$1,888.9 million and \$1,771.3 million during calendar years 2020 and 2019, respectively. When combined with the contributions of participants and expected investment returns, total funding is estimated to be sufficient to provide for the benefits of all employees by the time they retire.

37. The assets of the Fund are derived from:

- (a) The contributions of the participants;
- (b) The contributions of the member organizations;
- (c) The yield from the investments of the Fund;
- (d) Deficiency payments, if any, under article 26 of the Regulations;
- (e) Receipts from any other source.

1.13 Plan termination terms

38. Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board, following an application for termination by a member organization or continued default by an organization in its obligations under the Regulations.

39. In the event of such termination, a proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund on such date, pursuant to an arrangement mutually agreed between such organization and the Pension Board.

40. The amount of the proportionate share shall be determined by the Pension Board after an actuarial valuation of the assets and liabilities of the Fund.

41. In the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under the Regulations, there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency.

42. Each member organization shall contribute to this sum an amount proportionate to the total contributions which each paid under article 25 during the three years preceding the valuation date.

43. The contribution of an organization admitted to membership less than three years prior to the valuation date shall be determined by the Pension Board.

1.14 Changes in funding policy and plan termination terms during the reporting period

44. There were no changes in the funding policy or plan termination terms during the reporting period.

Note 2

General information

2.1 Basis of presentation

45. In accordance with the Regulations of the Fund adopted by the General Assembly and the Administrative Rules of the Fund, including the financial rules, established by the Pension Board and reported to the Assembly and the member organizations, the accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26, Accounting and reporting by retirement benefit plans, of the International Financial Reporting Standards. The financial statements of the Fund consist of the following:

- (a) A statement of net assets available for benefits;
- (b) A statement of changes in net assets available for benefits;
- (c) A statement of cash flows;
- (d) A statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses;
- (e) A note disclosing the actuarial present value of defined retirement benefits, distinguishing between vested benefits and non-vested benefits;
- (f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.

46. The Fund adopted IPSAS as from 1 January 2012. This also specifically included the adoption of IAS 26, which not only provides accounting guidance, but also offers direction on the presentation of financial statements, as it requires the presentation of a statement of net assets available for benefits and a statement of changes in net assets available for benefits. As the Fund has incorporated the guidance in IAS 26 into its financial policies, the presentation of its financial statements is based on this guidance. On a voluntary basis and at the request of the Board of Auditors, the Fund has also presented cash flow statements on a comparative basis in accordance with IPSAS 2: Cash flow statements, since 2016. Additional information is presented where requested under IPSAS standards. For instance, as required by IPSAS 24: Presentation of budget information in financial statements, the Fund has included in its financial statements a comparison of budget and actual amounts on a comparable basis and a reconciliation between the actual amounts on a comparable basis (see note 21). While IPSAS 24 stipulates that the actual cost on a comparable basis should be reconciled to the cash flows from operating, investing and financing activities as presented in the cash flow statement, management has decided to reconcile these amounts to the administrative expenses recognized in the statement of changes in net assets. This is due to the fact that the Fund's budget is limited to the administrative expenses incurred in a year.

47. The financial statements are prepared on an annual basis. The financial statements are presented in United States dollars, and all values are rounded to the nearest thousand United States dollars except where otherwise indicated.

2.2 Significant standards, interpretations and amendments during the year

48. In August 2018, the IPSAS Board issued IPSAS 41: Financial instruments, which establishes new requirements for classifying, recognizing and measuring financial instruments and replaces those in IPSAS 29: Financial instruments: recognition and measurement. IPSAS 41 is based on International Financial Reporting Standard 9, Financial instruments, developed by the International Accounting Standards Board. The significant changes introduced by IPSAS 41 compared with IPSAS 29 are the application of a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; the application of a single forward-looking expected credit loss model that is applicable to all financial instruments, subject to impairment testing; and the application of an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted. An initial high-level analysis indicated that, since the Fund's investments are carried at fair value, the impact of the change on the measurement of financial instruments is not expected to be material. The Fund expects to complete its evaluation of the requirements of IPSAS 41 in detail and the impact of the change in measurement and disclosure requirements on the Fund's financial statements during 2021.

49. In January 2019, the IPSAS Board issued IPSAS 42: Social benefits, which provides guidance on accounting for social benefits expenditure. Social benefits are defined as cash transfers provided to specific individuals and/or households who meet eligibility criteria, to mitigate the effect of social risks and address the needs of society as a whole. IPSAS 42 requires recognition of an expense and a liability for the next social benefit payment. The standard does not apply to cash transfers to individuals and households that do not address social risks, for example emergency relief. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted. Following an initial analysis, the Fund does not expect any impact on its financial statements upon adoption of the accounting standard.

50. Other accounting standards and amendments to the existing standards that have been issued by the IPSAS Board are expected either to not to have any impact or to have immaterial impact on the Fund's financial statements.

51. In November 2020, the IPSAS Board deferred the effective dates of IPSAS 41 and IPSAS 42 by one year, to 1 January 2023, owing to the COVID-19 pandemic and the challenges it has created.

2.3 Other general information

52. The Fund compiles its financial statements with data collected from three main areas. For operational activities (contributions and payment of benefits), the Fund maintains its own records on the Integrated Pension Administration System. For investment activities, the Fund receives a monthly general ledger feed from the independent record keeper, collected and reconciled from source data provided by the Office of Investment Management and fund managers. For its administrative expenses, the Fund utilizes systems of the United Nations (Umoja) to record and compile its administrative expense activity. Umoja provides information on a modified cash basis, which is subsequently restated to a full accrual basis by the Fund. Some of the administrative expenses of the Fund, including costs associated with the administrative tasks of the United Nations Staff Pension Committee secretariat performed by the Fund on behalf of the United Nations, are reimbursed by the United Nations under the terms of a cost-sharing arrangement. Following the revision of the

cost-sharing arrangement in 2020, the Fund presents the reimbursement by the United Nations Secretariat as income from services provided to the United Nations, replacing the previous presentation, which showed a reduction of administrative expenses in full accrual accounting in accordance with IPSAS requirements. Under the new agreement, the Fund also reimburses the United Nations Secretariat for the services provided to the Fund by the Secretariat, whereas previously those services were provided free of charge in recognition of the services provided by the Fund to the Secretariat.

Note 3

Significant accounting policies

3.1 Cash and cash equivalents

53. Cash and cash equivalents are held at nominal value and include cash on hand, cash held with external managers and short-term, highly liquid time deposits held with financial institutions with maturities of three months or less from the date of acquisition.

3.2 Investments

Classification of investments

54. All investments of the Fund are designated at fair value through surplus and deficit. Consequently, the Fund's investments are carried and reported at fair value on the statement of net assets available for benefits, with changes in fair value recognized in the statement of changes in net assets available for benefits. Purchases and sales of securities are recorded on trade date basis. The designation and classification of the investments are carried out at initial recognition and reassessed at each reporting date.

55. Any transaction costs arising as part of an investment trade designated at fair value are expensed and recognized in the statement of changes in net assets.

56. The Fund classifies its investments into the following categories:

- Equities (including exchange-traded funds, common and preferred stocks, stapled securities and publicly traded real estate investment trusts)
- Fixed income (including government and agency securities, corporate and municipal/provincial bonds and mortgage- and asset-backed securities)
- Real assets (including investments in funds where the underlying assets are real assets such as real estate, infrastructure assets, timberland, commodity funds and agriculture)
- Alternatives and other investments (including investments in private equity funds)

Valuation of financial instruments

57. The Fund uses the established and documented process of its independent record keeper for determining fair values. That process is reviewed and validated by the Fund at the reporting date. Fair value is based on quoted market prices where available. If fair market value is not available, valuation techniques are used.

58. Investments in certain commingled funds, private equity and private real assets investment funds are not quoted in an active market and therefore may not have a readily determinable fair market value. However, the fund managers generally report investments of the funds on a fair value basis. Therefore, the Fund determines fair value using the net asset value information as reported by the investee fund managers in the latest available quarterly capital account statements, adjusted by any cash flows not included in the latest net asset value reported by the investee fund manager. For

financial assets and liabilities not designated at fair value through surplus and deficit, the carrying value approximates fair value.

Interest and dividend income

59. Interest income is recognized on a time-proportionate basis. It includes interest income from cash and cash equivalents and fixed-income investments.

60. Dividend income is recognized on the ex-dividend date when the right to receive payment is established.

Income from real assets and alternative investments

61. Income distributed from unitized funds is treated as income in the period in which they are earned.

Receivable/payable from/to investments traded

62. Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of net assets available for benefits. These amounts are recognized at the amount expected to be paid or received to settle the balance. Distributions from real assets and alternative fund investments declared but not received prior to year-end are also included under receivables from investments traded, to the extent that the latest available net asset value of the fund that declares a distribution has recognized the distribution to be made.

63. Impairment of receivables from investments traded is recorded when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization, and default in payments are considered indicators that the receivable from investments traded is impaired.

3.3 Tax status and withholding tax receivables

64. The Fund's portfolio comprises direct investments and indirect investments. Indirect investments are typically made through investment vehicles such as real estate investment trusts, exchange-traded funds, limited liability partnerships or depository receipts. The Fund is exempt from national taxation by Member States in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a), of the Convention on the Privileges and Immunities of the United Nations.

65. For direct investments, some Member States grant relief at source for the Fund's investment-related transactions and income from investments, whereas other Member States continue to withhold taxes and reimburse the Fund upon the filing of claim. In these instances, the Fund's custodians file claims to the governmental taxing authorities for refunds on behalf of the Fund. Taxes withheld on direct investments are initially recognized as "withholding tax receivable" in the statement of net assets available for benefits. After initial recognition, if there is objective evidence that the taxes are not recoverable, the carrying amount of the asset is reduced through the use of an allowance account. Any amount considered to be unrecoverable is recognized in the statement of changes in net assets available for benefits and is included under "withholding tax expense". At end of the year, the Fund measures its withholding tax receivable at the amount deemed recoverable.

66. For indirect investments, the investment vehicle is typically taxable entity and the Fund is not directly responsible for any tax; furthermore, the taxes incurred by investment vehicle can seldom be attributed to the Fund other than investment in depository receipts. Taxes attributed to the Fund on indirect investments are

recognized in the statement of changes in net assets available for benefits and are included under “withholding tax expense”. To the extent that the Fund is subsequently virtually certain that the taxes will be recovered, the amount is recognized as “withholding tax receivable” in the statement of net assets available for benefits.

67. The Fund also incurs costs on account of certain taxes that are based on the value of the transaction. Transaction-based taxes include stamp duty, security transaction tax and financial transaction tax, among others. Transaction-based taxes are recognized in the statement of changes in net assets available for benefits and are included under “transaction costs”. To the extent that the Fund is subsequently virtually certain that the taxes will be recovered, the amount is recognized as “other assets” in the statement of net assets available for benefits and “transaction costs” in the statement of changes in net assets available for benefits.

3.4 Critical accounting estimates

68. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of financial instruments

69. The Fund holds financial instruments that are not quoted in active markets. The fair values of such instruments are determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed and modified as required. Where available, valuation models are calibrated by back-testing to actual transactions to ensure that outputs are reliable. The Fund relies primarily on these tests, which are performed by the investee company’s independent auditors.

70. When the fair value is based on an observable market price, the quoted price at the reporting date is used. The fair value of an asset determined in accordance with IPSAS 29 reflects a hypothetical exit transaction at the reporting date. Changes in market prices after the reporting date are therefore not reflected in asset valuation.

71. The fair value of financial instruments not quoted in an active market may also be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund exercises judgment on the quantity and quality of pricing sources used.

72. Where no market data is available, the Fund may value financial instruments using internal valuation models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are created using observable data to the extent practicable. However, in areas such as credit risk (of both the Fund and the counterparty), volatilities and correlations may require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

73. The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available; regularly distributed or updated; reliable and verifiable; not proprietary; and provided by independent sources that are actively involved in the relevant market.

74. The valuation of investments in real assets and alternative investments through limited liability partnerships requires significant judgement owing to the absence of quoted market values, the inherent lack of liquidity and the long-term nature of such investments. The valuation of these investments is based on the valuation provided

by the general partners or managers of the underlying investments. The Fund relies primarily on these tests, which are performed by the investee company's independent auditors, and on the individual investment managers' compliance with generally accepted accounting standards and valuation procedures.

Taxes

75. Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on withholding tax. Given the wide range of international investments, differences arising between the actual income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded during the year and any tax receivable deemed recoverable at the end of the year.

Impairment

76. The annual review to assess potential impairment is another area where the Fund exercises significant judgment.

Provision for the Fund's non-investment-related receivables

77. A provision is established to reflect the position of the accounts receivable for all non-performing overpayments of pension benefits that are two years or older as of the respective year-end date of the financial statements.

Actuarial assumptions

78. The Fund uses actuarial methods for the disclosure of employee benefits liabilities. The related assumptions in respect of after-service health insurance and other employee benefits of staff of the Fund are disclosed in note 11. Note 18 contains information on assumptions used for the actuarial liability to the beneficiaries of the Fund.

3.5 Contributions

79. Contributions are recorded on an accrual basis. Participants and their employing member organizations are required to contribute 7.9 per cent and 15.8 per cent, respectively, of their pensionable remuneration to the Fund. Each month, the Fund accrues a receivable amount for contributions expected. When contributions are actually received, the receivable is offset. Contributions are due to be paid by member organizations by the second business day of the month following the month to which the contributions relate. The contributions vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by the International Civil Service Commission, and the yearly grade step increase to individual pensionable remuneration received by all participants.

3.6 Benefits

80. Payments of benefits, including withdrawal settlements, are recorded on an accrual basis. The right to a benefit is generally forfeited if, for two years (withdrawal settlement or residual settlement) or five years (retirement, early retirement, deferred retirement or disability benefit) after payment has been due, the beneficiary has failed to submit payment instructions or has failed or refused to accept payment. An estimated benefit liability is recognized for withdrawal settlements with a participation period of less than five years for which the beneficiary has not submitted the payment instructions for 36 months from the time of the obligating event. The estimate is based on the average of the last five-year expense for such cases.

3.7 Accounting for non-United States dollar-denominated currency translations and balances

81. Non-United States dollar-denominated currency transactions are translated using the spot exchange rate between the functional currency and the non-United States dollar-denominated currency at the date of the transaction.

82. At each reporting date, non-United States dollar-denominated monetary items are translated using the closing spot rate. The Fund applies the Intercontinental Exchange rates (primary source) and the Bloomberg and Refinitiv rates (secondary source) as spot rate for the investment activities and the United Nations operational rate of exchange for non-investment activities. Exchange differences arising on the settlement of these monetary items or on the translation of these monetary items at rates different from those at which they were previously translated are recognized in the statement of changes in net assets available for benefits in the period in which they arise.

3.8 Leases

83. All of the Fund's leases are categorized as operating leases. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

3.9 Property, plant and equipment

84. Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. All assets acquired for a cost of \$20,000 and above will be capitalized. The Fund reviews this threshold annually for reasonableness. The Fund owns no land or buildings.

85. Depreciation is provided for property, plant and equipment over their estimated useful life using the straight-line method. The estimated useful lives for property, plant and equipment classes are as follows:

<i>Class</i>	<i>Estimated useful life in years</i>
Computer equipment	4
Office equipment	4
Office furniture	10
Office fixtures and fittings	7
Audiovisual equipment	7

86. Leasehold improvements are recognized as assets and valued at cost and are depreciated over the lesser of seven years or the lease term. Impairment reviews are undertaken if indicators of impairment exist.

3.10 Intangible assets

87. Intangible assets are capitalized if their cost exceeds the threshold of \$20,000, except for internally developed software where the threshold is \$50,000. The capitalized cost of internally developed software excludes those costs related to research and maintenance. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is recognized over the estimated useful life using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

<i>Class</i>	<i>Estimated useful life in years</i>
Software acquired externally	3
Internally developed software	6
Licences and rights, copyrights and other intangible assets	Shorter of 3 years or the life of the asset

3.11 Emergency fund

88. The appropriation is made when the authorization is approved by the General Assembly. Participants wishing to avail themselves of this benefit submit an application to the Fund. After review and authorization, approved amounts are paid to the participant. Payments are charged directly against the appropriation account up to the amount authorized by the Pension Board. Current expense for the year is reported in the statement of changes in net assets available for benefits.

3.12 Provisions and contingent liabilities

89. A provision is recognized for future liabilities and charges if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

90. Contingent liabilities are disclosed for any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

3.13 Employee benefits

91. Among certain short-term and other long-term benefits, the Fund provides its employees with certain post-employment benefits.

92. After-service health insurance and the repatriation grant are classified as defined benefit schemes and accounted for as such.

93. The employees of the Pension Fund themselves participate in the Fund. While the Fund is a defined benefit scheme, it has been classified as a multi-employer fund. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Fund, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Fund's contributions to the plan during the financial period are recognized as expenses in the statement of changes in net assets available for benefits.

3.14 Reconciliation of budget information

94. The Fund's budget is prepared on a modified cash basis and the financial statements on an accrual basis.

95. The General Assembly approves the annual budget for the Fund's administrative expenses. Budgets may be subsequently amended by the Assembly or through the exercise of delegated authority.

96. As required by IPSAS 24, the statement of comparison of budget and actual amounts in relation to administrative expenses for the year ended 31 December 2020 provides a comparison of budget and actual amounts on a comparable basis. The comparison includes the original and final budget amounts, the actual amounts on the same basis as the corresponding budgetary amounts and an explanation of material differences (greater than +/-5 per cent) between the actual and budget amounts.

97. Note 21 provides a reconciliation of actual amounts presented on the same basis as the budget and administrative expense included in the statement of changes in net assets.

3.15 Related party transactions

98. Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

99. The following parties are considered related parties for the Fund in 2020:

(a) Key management personnel: the Chief Executive of Pension Administration (see note 1.2), the Representative of the Secretary-General, the Deputy Chief Executive of Pension Administration, the Director of the Office of Investment Management and the Chief Financial Officer;

(b) The General Assembly;

(c) The 24 member organizations participating in the Fund;

(d) The United Nations International Computing Centre.

100. A summary of the relationship and transactions with the above parties is given in note 23.

3.16 Subsequent events

101. Any information about conditions that existed at the date of the statement of net assets available for benefits that is received after the reporting period but before the financial statements are signed and that is material to the Fund is incorporated in the financial statements.

102. In addition, any event that occurs after the date of the statement of net assets available for benefits but before the financial statements are signed that is material to the Fund are disclosed in the notes to the financial statements.

Note 4

Cash and cash equivalents

103. Cash and cash equivalents include:

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Cash at bank – Office of Investment Management	328 389	199 937
Cash at bank – Pension Administration	199 716	171 194
Cash held by external managers – Office of Investment Management	63 480	65 223
Total cash and cash equivalents	591 585	436 354

Note 5
Financial instruments by category

104. The tables below provide an overview of all financial instruments held by category as at 31 December 2020 and 31 December 2019.²

(Thousands of United States dollars)

	<i>As at 31 December 2020</i>		
	<i>Financial instruments at fair value</i>	<i>Loans and receivables</i>	<i>Other financial liabilities</i>
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	591 585	–	–
Investments			
Equities	48 245 215	–	–
Fixed income	22 377 531	–	–
Real assets	5 627 373	–	–
Alternatives and other investments	4 641 189	–	–
Contributions receivable	–	50 364	–
Accrued income from investments	–	155 355	–
Receivable from investments traded	–	17 645	–
Withholding tax receivables	–	52 150	–
Other assets	–	27 310	–
Total financial assets	81 482 893	302 824	–
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	144 372
Payable from investments traded	–	–	2 234
After-service health insurance and other employee benefit liabilities	–	–	116 330
Other accruals and liabilities	–	–	11 106
Total financial liabilities	–	–	274 042

Investments exceeding 5 per cent of net assets

105. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2020.

106. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2020. The Fund held a total of \$724.1 million in two real estate funds as at 31 December 2020, which represented 5 per cent or more of investments in the real assets category.

² Non-financial assets and liabilities other than employee benefits are excluded from the table, as this analysis is required only for financial instruments.

(Thousands of United States dollars)

	<i>As at 31 December 2019</i>		
	<i>Financial instruments at fair value</i>	<i>Loans and receivables</i>	<i>Other financial liabilities</i>
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	436 354	–	–
Investments			
Equities	42 309 141	–	–
Fixed income	20 412 531	–	–
Real assets	5 265 732	–	–
Alternatives and other investments	3 562 570	–	–
Contributions receivable	–	64 912	–
Accrued income from investments	–	163 163	–
Receivable from investments traded	–	15 390	–
Withholding tax receivables	–	35 789	–
Other assets	–	21 674	–
Total financial assets	71 986 328	300 928	–
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	105 970
Payable from investments traded	–	–	27 191
After-service health insurance and other employee benefit liabilities	–	–	103 989
Other accruals and liabilities	–	–	19 352
Total financial liabilities	–	–	256 502

Investments exceeding 5 per cent of net assets

107. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2019.

108. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2019. The Fund held a total of \$651.6 million in two real estate funds as at 31 December 2019, which represented 5 per cent or more of investments in real assets category.

Note 6**Fair value measurement**

109. IPSAS establishes a three-level fair value hierarchy under which financial instruments are categorized on the basis of the significance of inputs to the valuation technique. Level 1 includes those securities where unadjusted quoted prices are available in active markets for identical assets or liabilities. Level 2 includes those securities where inputs other than quoted prices included within level 1 are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 includes those securities where inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). The level in the fair value hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level of information that is significant to the fair value measurement. If a fair value

measurement of an investment uses observable inputs that require significant adjustment on the basis of unobservable inputs, that investment is classified as level 3.

110. Assessing the significance of a particular input to the fair value measurement of an investment in its entirety requires judgment, considering factors specific to the investment.

111. The tables below present the fair value hierarchy of the Fund's investments (by asset class) measured at fair value as at 31 December 2020 and 31 December 2019.

(Thousands of United States dollars)

<i>Fair value hierarchy as at 31 December 2020</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities				
Common and preferred stock	46 584 636	–	120	46 584 756
Funds – exchange-traded funds	1 577 111	–	–	1 577 111
Funds – common stock	5 734	–	3 154	8 888
Stapled securities	74 460	–	–	74 460
Total equities	48 241 941	–	3 274	48 245 215
Fixed income				
Government and agency securities	–	21 000 548	–	21 000 548
Asset-backed securities	–	152 242	–	152 242
Corporate bonds/commercial paper	–	352 922	22 789	375 711
Municipal/provincial bonds	–	24 103	–	24 103
Commercial mortgage-backed	–	771 043	–	771 043
Funds – corporate bond	–	–	53 884	53 884
Total fixed income	–	22 300 858	76 673	22 377 531
Real assets				
Real estate funds	–	211 725	5 268 878	5 480 603
Infrastructure assets	–	–	17 515	17 515
Timberlands	–	–	129 255	129 255
Commodity funds	–	–	–	–
Total real assets	–	211 725	5 415 648	5 627 373
Alternatives and other investments				
Private equity	–	–	4 641 189	4 641 189
Total alternatives and other investments	–	–	4 641 189	4 641 189
Total	48 241 941	22 512 583	10 136 784	80 891 308

(Thousands of United States dollars)

<i>Fair value hierarchy as at 31 December 2019</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities				
Common and preferred stock	40 686 191	–	–	40 686 191
Funds – exchange-traded funds	1 388 880	–	–	1 388 880
Funds – common stock	–	–	138 935	138 935
Stapled securities	95 135	–	–	95 135
Total equities	42 170 206	–	138 935	42 309 141
Fixed income				
Government and agency securities	–	18 863 212	–	18 863 212
Asset-backed securities	–	153 402	4 183	157 585
Corporate bonds	–	552 610	42 856	595 466
Municipal/provincial bonds	–	37 873	–	37 873
Commercial mortgage-backed	–	704 655	–	704 655
Funds – corporate bond	–	–	53 740	53 740
Total fixed income	–	20 311 752	100 779	20 412 531
Real assets				
Real estate funds	–	229 906	4 818 178	5 048 084
Infrastructure assets	–	–	137 037	137 037
Commodity funds	–	–	63 897	63 897
Timberlands	–	–	16 714	16 714
Total real assets	–	229 906	5 035 826	5 265 732
Alternatives and other investments				
Private equity	–	–	3 562 570	3 562 570
Total alternatives and other investments	–	–	3 562 570	3 562 570
Total	42 170 206	20 541 658	8 838 110	71 549 974

Equities

112. Common and preferred stocks, exchange-traded funds, real estate investment trusts and stapled securities were classified under level 1 if bid prices were available from institutional vendors.

113. Common stock funds amounting to \$3.3 million as at 31 December 2020 (31 December 2019: \$138.9 million) were valued using a net asset value approach and hence classified under level 3.

Fixed income

114. The vast majority of the fixed-income securities prices were not obtained from an active market directly, which would have led to a level 1 classification. Instead, prices were obtained through bids from brokers, which were indicative quotes and therefore classified as level 2.

115. Corporate bond funds amounting to \$53.9 million as at 31 December 2020 (31 December 2019: \$53.7 million), asset-backed securities of zero (31 December 2019: \$4.2 million), and corporate bonds/commercial paper amounting to \$22.8 million as at 31 December 2020 (31 December 2019: \$42.9 million) were considered to be level 3. Inputs for the value of these investments, while available from third-party sources, were not well defined, readily observable market data. Consequently, the Fund has decided to classify such investments as level 3.

Real assets and alternatives and other investments

116. Real assets amounting to \$5,415.6 million as at 31 December 2020 (31 December 2019: \$5,035.8 million), net of carried interest of \$163.1 million (31 December 2019: \$171.9 million) as well as alternatives and other investments amounting to \$4,641.2 million as at 31 December 2020 (31 December 2019: \$3,562.6 million), net of carried interest of \$336.2 million (31 December 2019: \$222.5 million) were classified under level 3, as they were priced using the net asset value methodology, for which the Fund was unable to corroborate or verify inputs using observable market data. In addition, limited options were available to the investors to redeem units, hence making the investments in such funds relatively illiquid.

117. Two real estate funds amounting to \$211.7 million (31 December 2019: \$229.9 million), which were readily redeemable at net asset value without penalties, were classified as level 2 assets, representing the net asset value as reported by the fund manager.

118. The table below presents the inter-level transfers for the year ended 31 December 2020.

(Thousands of United States dollars)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Transfers into				
Fixed income	–	4 183	–	4 183
Equities	–	–	–	–
Real assets	–	–	–	–
Alternatives and other investments	–	–	–	–
Total	–	4 183	–	4 183
Transfers out of				
Fixed income	–	–	(4 183)	(4 183)
Equities	–	–	–	–
Real assets	–	–	–	–
Alternatives and other investments	–	–	–	–
Total	–	–	(4 183)	(4 183)

119. For the year ended 31 December 2020, there was a transfer of one fixed-income security, amounting to \$4.2 million as at 31 December 2020, out of level 3 and into level 2. The security was priced by multiple vendors as at 31 December 2020, as compared with a single vendor as at 31 December 2019. Consequently, the Fund decided to classify this investment as level 2.

120. There were no transfers between levels for the year ended 31 December 2019.

121. The table below presents the movements in level 3 instruments for the year ended 31 December 2020 by class of financial instrument.

(Thousands of United States dollars)

	<i>Equities</i>	<i>Fixed income</i>	<i>Real assets</i>	<i>Alternatives and other investments</i>	<i>Total</i>
Opening balance	138 935	100 779	5 035 826	3 562 570	8 838 110
Purchases	890	3 179	851 260	911 499	1 766 828
Sales/return of capital	(103 692)	(20 000)	(600 163)	(673 966)	(1 397 821)
Transfers (out of)/into level 3	–	(4 183)	–	–	(4 183)
Net gains and losses recognized in the statement of changes in net assets available for benefits	(32 859)	(3 102)	128 725	841 086	933 850
Closing balance	3 274	76 673	5 415 648	4 641 189	10 136 784
Change in unrealized gains and losses for level 3 assets held at period-end and included in the statement of changes in net assets available for benefits	13 483	(3 093)	113 550	711 291	835 231

122. The table below presents the movements in level 3 instruments for the year ended 31 December 2019 by class of financial instrument.

(Thousands of United States dollars)

	<i>Equities</i>	<i>Fixed income</i>	<i>Real assets</i>	<i>Alternatives and other investments</i>	<i>Total</i>
Opening balance	127 585	88 692	4 195 403	2 640 817	7 052 497
Purchases	7 941	8 025	1 215 337	977 215	2 208 518
Sales/return of capital	(516)	(308)	(715 327)	(500 844)	(1 216 995)
Transfers (out of)/into level 3	–	–	–	–	–
Net gains and losses recognized in the statement of changes in net assets available for benefits	3 925	4 370	340 413	445 382	794 090
Closing balance	138 935	100 779	5 035 826	3 562 570	8 838 110
Change in unrealized gains and losses for level 3 assets held at period-end and included in the statement of changes in net assets available for benefits	(8 758)	4 370	157 920	383 528	537 060

Note 7

Accrued income from investments

123. Accrued income from investments is income earned during the year that has yet to be received as at the date of the statement of net assets available for benefits.

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Cash and cash equivalents	–	130
Fixed-income securities	91 820	101 121
Dividends receivable on equities	57 914	56 820
Real assets and alternative investments	5 621	5 092
Total accrued income from investments	155 355	163 163

Note 8**Withholding tax receivables**

124. Withholding tax receivables as at 31 December 2020 and 31 December 2019 and withholding tax expense for the years ended 31 December 2020 and 31 December 2019 by country are as follows:

(Thousands of United States dollars)

Country	For the year 2020			As at 31 December 2020			For the year 2019			As at 31 December 2019		
	Tax withheld	Tax received	Tax expense	Tax recoverable	Deemed not recoverable	Tax receivable	Tax withheld	Tax received	Tax expense	Tax recoverable	Deemed not recoverable	Tax receivable
Australia	458	–	(67)	569	–	569	42	–	(2)	44	–	44
Belgium	87	–	(63)	780	–	780	625	–	(5)	630	–	630
Brazil	220	–	220	299	(299)	–	196	–	196	401	(401)	–
Canada	–	–	(1)	13	–	13	12	–	–	12	–	12
Chile	435	607	(175)	41	–	41	401	434	(58)	38	–	38
China	5 435	1 020	4 712	17 176	(17 176)	–	3 578	587	2 790	14 747	(14 450)	297
Colombia	122	1	(13)	142	–	142	8	–	–	8	–	8
Czechia	426	218	(12)	453	–	453	148	–	–	233	–	233
Denmark	121	–	(3)	124	–	124	–	–	–	–	–	–
Egypt	1 479	–	(7)	1 486	–	1 486	–	–	–	–	–	–
Finland	495	–	(52)	547	–	547	–	–	–	–	–	–
Germany	5 892	1 187	(1 954)	22 327	–	22 327	7 531	6 431	206	15 668	–	15 668
Greece	–	–	–	121	(121)	–	–	–	–	111	(111)	–
India	533	–	(11)	544	–	544	–	–	–	–	–	–
Indonesia	266	–	266	267	(267)	–	–	–	–	–	–	–
Ireland	–	–	–	–	–	–	–	31	–	–	–	–
Israel	–	704	(704)	–	–	–	–	–	–	–	–	–
Japan	–	–	–	4	–	4	4	–	–	4	–	4
Luxembourg	1	–	(1)	21	–	21	4	–	–	4	–	4
Mexico	–	–	60	56	(56)	–	–	–	(2)	60	–	60
Netherlands	1 059	2 447	(187)	1 848	–	1 848	2 198	91	13	3 064	–	3 064
Norway	189	–	(27)	581	–	581	363	–	(2)	365	–	365
Papua New Guinea	–	–	–	20	(20)	–	–	–	–	19	(19)	–
Philippines	930	–	(39)	1 034	–	1 034	107	43	(1)	65	–	65
Russian Federation	3 281	1 211	3 511	2	–	2	1 894	–	451	1 443	–	1 443
Singapore	56	45	(2)	58	–	58	44	42	(1)	45	–	45
Spain	1 283	1 390	(8)	149	–	149	2 260	2 530	19	248	–	248
Sweden	10	–	–	43	(33)	10	–	–	–	30	(30)	–
Switzerland	9 249	2 549	(1 752)	20 547	–	20 547	9 166	–	(391)	12 095	–	12 095
Turkey	–	–	20	268	(187)	81	72	–	8	334	(233)	101
United Kingdom	658	1 339	(105)	795	(6)	789	1 817	1 393	11	1 365	–	1 365
Total	32 685	12 718	3 606	70 315	(18 165)	52 150	30 470	11 582	3 232	51 033	(15 244)	35 789

125. In Brazil and some provinces in China, and for certain periods in Greece, Mexico, Papua New Guinea, Sweden and Turkey, there is no formally established reclamation mechanism in place, and in these cases the Fund's custodians have thus far been unable to file and/or reclaim the taxes withheld. While these Member States have confirmed the Fund's tax-exempt status, the taxes withheld from direct investments in these countries are accrued and continue to be deemed not recoverable in 2020, unless there is certainty of reclaim in the subsequent years. The Fund does not currently have confirmation of tax-exempt status in Indonesia and is in the process of planning to seek this confirmation. Accordingly, the taxes withheld from direct investments in Indonesia are accrued and deemed not recoverable in 2020.

126. An ageing analysis of withholding tax receivable as at 31 December 2020 and 31 December 2019 is presented in the table below.

(Thousands of United States dollars)

Country	As at 31 December 2020			As at 31 December 2019		
	Greater than 3 years	Less than 3 years	Tax receivable	Greater than 3 years	Less than 3 years	Tax receivable
Australia	–	569	569	–	44	44
Belgium	–	780	780	–	630	630
Canada	–	13	13	–	12	12
Chile	–	41	41	–	38	38
China	–	–	–	–	297	297
Colombia	–	142	142	–	8	8
Czechia	–	453	453	–	233	233
Denmark	–	124	124	–	–	–
Egypt	–	1 486	1 486	–	–	–
Finland	–	547	547	–	–	–
Germany	–	22 327	22 327	–	15 668	15 668
India	–	544	544	–	–	–
Japan	–	4	4	–	4	4
Luxembourg	–	21	21	–	4	4
Mexico	–	–	–	–	60	60
Netherlands	–	1 848	1 848	–	3 064	3 064
Norway	–	581	581	–	365	365
Philippines	–	1 034	1 034	–	65	65
Russian Federation	–	2	2	–	1 443	1 443
Singapore	–	58	58	–	45	45
Spain	–	149	149	–	248	248
Sweden	–	10	10	–	–	–
Switzerland	–	20 547	20 547	–	12 095	12 095
Turkey	–	81	81	–	101	101
United Kingdom	–	789	789	–	1 365	1 365
Total	–	52 150	52 150	–	35 789	35 789

Note 9
Other assets

127. The other assets included in the statement of net assets available for benefits can be broken down as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Prepayments and benefits receivable	18 439	14 976
Property, plant and equipment	–	3 724
United Nations receivables	7 173	6 039
Other receivables	1 698	659
Total	27 310	25 398

9.1 Prepayments and benefits receivables

128. An overview of the prepayments and other accounts receivable held by the Fund is as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Prepayments	7 309	4 206
Advance benefit payments due to payroll conversion	5 732	6 345
Benefits receivable	10 504	9 076
Benefits receivable – provision	(5 106)	(4 651)
Total	18 439	14 976

9.2 Property, plant and equipment

129. An overview of the fixed assets held by the Fund is as follows:

(Thousands of United States dollars)

	<i>Information technology equipment</i>		<i>Leasehold improvements</i>		<i>Total</i>
	<i>In use</i>		<i>In use</i>	<i>Under construction</i>	
Cost					
1 January 2020	1 234		18 624	–	19 858
Additions	–		–	–	–
Disposals/transfers	(86)		–	–	(86)
31 December 2020	1 148		18 624	–	19 772

	<i>Information technology equipment</i>	<i>Leasehold improvements</i>		<i>Total</i>
	<i>In use</i>	<i>In use</i>	<i>Under construction</i>	
Accumulated depreciation				
1 January 2020	1 234	14 900	–	16 134
Depreciation	–	3 724	–	3 724
Disposals/transfers	(86)	–	–	(86)
31 December 2020	1 148	18 624	–	19 772
Net book value, 31 December 2020	–	–	–	–

	<i>Information technology equipment</i>	<i>Leasehold improvements</i>		<i>Total</i>
	<i>In use</i>	<i>In use</i>	<i>Under construction</i>	
Cost				
1 January 2019	1 320	13 963	2 439	17 722
Additions	–	4 661	(2 439)	2 222
Disposals/transfers	(86)	–	–	(86)
31 December 2019	1 234	18 624	–	19 858
Accumulated depreciation				
1 January 2019	1 249	12 532	–	13 781
Depreciation	7 1	2 368	–	2 439
Disposals/transfers	(86)	–	–	(86)
31 December 2019	1 234	14 900	–	16 134
Net book value, 31 December 2019	–	3 724	–	3 724

130. The leasehold improvements in use and under construction included above relate to the Fund's improvements to its offices at New York.

9.3 Intangible assets

131. An overview of the intangible assets held by the Fund is as follows:

(Thousands of United States dollars)

	<i>Intangible assets</i>		<i>Total</i>
	<i>In use</i>	<i>Under construction</i>	
Cost			
1 January 2020	20 336	–	20 336
Additions	–	–	–
Transfers	–	–	–
Disposals	–	–	–
31 December 2020	20 336	–	20 336

	<i>Intangible assets</i>		<i>Total</i>
	<i>In use</i>	<i>Under construction</i>	
Accumulated amortization			
1 January 2020	20 336	–	20 336
Amortization	–	–	–
Disposals	–	–	–
31 December 2020	20 336	–	20 336
Net book value, 31 December 2020			
–			
Cost			
1 January 2019	20 980	–	20 980
Additions	–	–	–
Transfers	–	–	–
Disposals	(644)	–	(644)
31 December 2019	20 336	–	20 336
Accumulated amortization			
1 January 2019	20 955	–	20 955
Amortization	2 5	–	2 5
Disposals	(644)	–	(644)
31 December 2019	20 336	–	20 336
Net book value, 31 December 2019			
–			

Note 10

Benefits payable

132. The amount shown in the statement of net assets can be broken down as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Withdrawal settlements ^a	92 670	59 490
Lump-sum payments	14 411	12 146
Periodic benefits payable	37 254	34 297
Other benefits payable/adjustments	37	37
Total	144 372	105 970

^a For 2020, the methodology used to estimate liabilities for unprocessed withdrawal settlement benefits was changed, leading to a substantial increase in the liability. The Fund now considers all cases eligible for processing rather than the experience from prior periods.

Note 11**After-service health insurance and other employee benefits**

133. A breakdown of the after-service health insurance and other benefits payable amount shown in the statement of net assets is as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
After-service health insurance liability	105 186	93 611
Repatriation grant and related costs	5 493	4 977
Education grant and related costs	410	381
Annual leave	4 882	4 686
Home leave	359	334
Total	116 330	103 989

After-service health insurance, annual leave, and repatriation grants liability

134. The Fund provides its employees who have met certain eligibility requirements with the following after-service and end-of-service benefits:

- Health-care benefits after they retire. This benefit is referred to as after-service health insurance.
- Repatriation benefits to facilitate the relocation of expatriate staff members.
- Annual leave benefits to provide staff members with periods of time off from work at full pay for personal reasons and for purposes of health, rest and recreation. Upon separation from service, staff members who have accrued unused annual leave will be paid for each day of unused leave up to a maximum of 60 days.

135. The liabilities as at 31 December 2020 were the result of the roll forward to 31 December 2020 of the end-of-service benefit obligations as at 31 December 2019 for the Fund by the Consulting Actuary; and:

- Health insurance premium and contribution data provided by the United Nations
- Actual retiree claims experience under health insurance plans
- Estimated travel and shipment costs and annual leave balances reported by the United Nations in the census data
- Various economic, demographic and other actuarial assumptions
- Generally accepted actuarial methods and procedures

136. In performing the roll forward to 31 December 2020, only the financial assumptions such as the discount rates, inflation and health-care cost trend rates were reviewed as at 31 December 2020 and updated when necessary. All other assumptions remain the same as those used for the full valuation as at 31 December 2019.

137. The key assumptions in the calculation of after-service liabilities are the discount rate and health-care trend rates. The discount rate is based on the “spot” rate that reflects the market expectations at the time of the calculations to meet future expected benefit payments, based on high-quality bonds. The discount rate is then the equivalent single rate that would produce the same liability as the full spot curve using the multiple bonds necessary to meet the future cash flow expectations.

138. The yield curves used in the calculation of the discount rates in respect of the United States dollar, the euro and the Swiss franc are those developed by Aon Hewitt, consistent with the decision of the Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

139. For 31 December 2020, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 2.44 per cent for the after-service health insurance scheme
- 2.08 per cent for repatriation benefits
- 2.23 per cent for annual leave

140. For 31 December 2019, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 2.84 per cent for the after-service health insurance scheme
- 2.99 per cent for repatriation benefits
- 2.50 per cent for annual leave

141. For the purpose of comparison, the table below shows the impact on accrued liability based on a 0.5 per cent change in the discount rate.

<i>Discount rate</i>	<i>After-service health insurance</i>	<i>Repatriation benefit</i>	<i>Annual leave</i>
Increase of 0.5 per cent	11 per cent decrease	4 per cent decrease	4 per cent decrease
Decrease of 0.5 per cent	13 per cent increase	4 per cent increase	4 per cent increase

142. The comparison of health-care cost trend rates is as follows:

	<i>31 December 2020</i>	<i>31 December 2019</i>
United States non-Medicare	5.31 per cent trending down to 3.65 per cent after 14 years	5.44 per cent trending down to 3.85 per cent after 13 years
United States Medicare	5.15 per cent trending down to 3.65 per cent after 14 years	5.26 per cent trending down to 3.85 per cent after 13 years
United States dental	4.59 per cent trending down to 3.65 per cent after 14 years	4.66 per cent trending down to 3.85 per cent after 13 years
Non-United States – Switzerland	3.65 per cent trending down to 2.75 per cent after 8 years	3.76 per cent trending down to 2.85 per cent after 8 years
Non-United States – eurozone	3.73 per cent trending down to 3.25 per cent after 6 years	3.83 per cent trending down to 3.65 per cent after 3 years

143. For the purpose of comparison, the table below shows the effect on the obligations of a 0.5 per cent change in the assumed medical cost trend rate.

(Thousands of United States dollars)

2020	<i>Increase</i>	<i>Decrease</i>
Effect on the defined-benefit obligation	12 628	(10 919)
Effect on the aggregate of the current service cost and the interest rate	1 140	(963)
2019	<i>Increase</i>	<i>Decrease</i>
Effect on the defined-benefit obligation	11 238	(9 717)
Effect on the aggregate of the current service cost and the interest rate	1 015	(857)

144. The increase in the total after-service health insurance liabilities reported from 31 December 2019 to 31 December 2020 is due primarily to the impact of changing the financial assumptions, in particular the decrease in the discount rates for benefits denominated in United States dollars.

145. The table below illustrates the movements in post-employment net defined-benefit liabilities.

(Thousands of United States dollars)

	2020			2019		
	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Annual leave</i>	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Annual leave</i>
Net defined-benefit liability as at 1 January	93 611	4 977	4 686	80 478	3 271	3 468
Current service cost	3 955	297	383	2 833	181	218
Interest cost	2 643	144	112	3 418	131	140
Benefits paid	(1 157)	(342)	(418)	(1 608)	(218)	(267)
Actuarial (gains)/losses	6 134	417	119	8 490	1 612	1 127
Net defined-benefit liability as at 31 December	105 186	5 493	4 882	93 611	4 977	4 686

146. The table below illustrates the estimated benefit payments net of participant contributions for the next 10 years.

(Thousands of United States dollars)

	2021	2022	2023	2024	2025	2026–2030
After-service health insurance	1 300	1 474	1 654	1 812	1 983	12 589
Repatriation grant	347	433	415	371	370	1 757
Annual leave	386	383	325	289	286	1 261

147. Other specific key assumptions used in the calculations on the basis of census data as at 31 October 2019 are outlined below.

After-service health insurance

148. A total of 250 active staff were included in the calculation: 202 United States-based and 44 non-United States-based. A total of 91 retired staff or their surviving

spouses were included in the calculation: 73 United States-based and 15 non-United States-based. In addition, four active staff and three retirees or their surviving spouses who participated in dental-only plans were included. For active staff, the average age was 47 years with 10 years of service. The average age of retirees was 70 years.

Repatriation benefits

149. Staff members who are appointed as international staff are eligible for the payment of a repatriation grant after one year of active service outside their country of nationality, as long as the reason for separation is not summary dismissal or abandonment of post.

150. The amount ranges from 2 to 28 weeks of salary, depending on the category of employment and years of service of the eligible staff. Travel and shipment of personal effects may also be authorized to the recognized country of home leave.

151. A total of 101 eligible staff with an average annual salary of \$83,424 were considered.

Annual leave

152. Staff are entitled to accrue annual leave from the date of their appointment. Staff members who, upon separation from service, have accrued leave will be paid up to a maximum of 60 days if on a fixed-term appointment or up to 18 days on a temporary appointment. Payment amount is calculated at 1/261 of applicable salary amounts for each day of unused annual leave.

153. A total of 325 active staff with an average annual salary of \$101,136 were considered.

Note 12

Other accruals and liabilities

154. The amount shown as other accruals and liabilities in the financial statements can be broken down as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Accruals for management fees and expenses	6 630	14 452
Accrual for contractual services	483	–
Restoration payable	3 533	3 342
Operating leases accrual	61	1 109
Audit fee accrual	197	197
Other	202	252
Total	11 106	19 352

Note 13

Investment income

155. The table below summarizes the Fund's income from investments net of transaction costs recognized during the period. Any transaction cost that can be allocated to a single transaction or trade is netted off against investment income. Examples are broker commissions, other transaction costs and management fees. Any management expense charged to the income statement of a real asset or alternative fund was recorded separately as management expenses in the Fund's statement of changes in net assets and included under transaction costs.

156. In some jurisdictions, the Fund receives dividend income, interest income and real estate income without any withholding tax. This is primarily a result of the fact that pension funds are exempt from withholding taxes in many jurisdictions. However, a number of jurisdictions do not provide this benefit to all pension funds, but recognize that the United Nations Joint Staff Pension Fund is part of the United Nations and hence exempt from national taxation by Member States on its direct investments in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a), of the 1946 Convention on the Privileges and Immunities of the United Nations (see also note 3.3). The Fund is not able to reliably measure the value of the additional tax exemption obtained by being part of the United Nations and therefore does not disclose the value of this additional benefit on the face of the statement of changes in net assets available for benefits as non-exchange income in accordance with IPSAS 23: Revenue from non-exchange transactions.

(Thousands of United States dollars)

	2020	2019
Total change in fair value for financial assets designated at fair value	8 208 579	10 009 778
Interest income		
Interest income on cash and cash equivalents	1 571	11 477
Interest income on fixed-income instruments	596 745	507 314
Total interest income	598 316	518 791
Total dividend income	817 362	918 469
Total income from unitized real estate funds	74 344	78 547
Transaction costs		
Management fees and other related fees	(151 599)	(129 209)
Small capitalization fund management fees	(11 726)	(11 892)
Brokerage commissions	(12 571)	(14 374)
Other transaction costs	(3 944)	(3 273)
Total transaction costs	(179 840)	(158 748)
Withholding tax	(3 606)	(3 232)
Other investment-related income/(expenses), net	885	(1 348)
Net investment income	9 516 040	11 362 257

157. The table below presents the change in the fair value of investments by asset class as a result of change in market price and currency exchange rate for the years ended 31 December 2020 and 31 December 2019.

(Thousands of United States dollars)

	2020			2019 (reclassified)		
	Market price	Currency ^a	Total change	Market price	Currency ^a	Total change
Equities	6 158 393	490 825	6 649 218	8 388 111	72 595	8 460 706
Fixed Income	624 926	(153 441)	471 485	674 440	(2 336)	672 104
Real assets investments	137 369	59 144	196 513	373 325	5 818	379 143
Alternative investments	872 357	34 747	907 104	506 071	(3 556)	502 515
Cash, cash equivalents and receivable and payable from investment traded	–	(15 741)	(15 741)	–	(4 690)	(4 690)
Total change in fair value for financial assets designated at fair value	7 793 045	415 534	8 208 579	9 941 947	67 831	10 009 778

^a Change in currency exchange gain/(loss) includes a realized currency exchange loss of \$338.6 million (2019: loss of \$467.7 million) and an unrealized currency exchange gain of \$754.1 million (2019: gain of \$535.5 million).

Note 14**Pension contributions**

158. Pension contributions received during the period can be broken down as follows:

(Thousands of United States dollars)

	2020	2019
Contributions from participants		
Regular contributions	943 677	884 515
Contributions for validation	761	1 006
Contributions for restoration	4 853	4 860
	949 291	890 381
Contributions from member organizations		
Regular contributions	1 887 354	1 769 030
Contributions for validation	1 523	2 228
	1 888 877	1 771 258
Other contributions		
Contributions for participants transferred in under agreements	3 964	23 013
Receipts of excess actuarial value over regular contributions	217	444
Other contributions/adjustments	4 798	3 760
	8 979	27 217
Total contributions for the period	2 847 147	2 688 856

159. The contributions received vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by the

International Civil Service Commission (ICSC) and the yearly step increase to individual pensionable remuneration received by all participants.

160. During 2020, ICSC revised the pensionable remuneration rates for staff in the Professional and higher categories effective 1 February 2020. As a result, the pensionable remuneration rates increased by 2.9 per cent on average for staff in the Professional category compared with the previous revision, effective 1 February 2019.

Note 15

Pension benefits

161. Pension benefits during the period can be broken down as follows:

(Thousands of United States dollars)

	2020	2019
Withdrawal settlements and full commutation of benefits		
For contributory service of 5 years or less	39 409	54 360
For contributory service of more than 5 years	137 562	140 222
	176 971	194 582
Retirement benefits		
Full retirement benefits	1 360 779	1 308 496
Early retirement benefits	742 084	717 656
Deferred retirement benefits	117 459	107 173
Disability benefits	94 335	86 227
Survivor benefits	275 417	259 820
Child benefits	32 788	31 747
	2 622 862	2 511 119
Other benefits/adjustments		
Payments for participants transferred out under agreements	2 219	1 232
Forfeitures	(11 048)	(1 408)
Other benefits/adjustments	(2 023)	(5 560)
	(10 852)	(5 736)
Total pension benefits for the period	2 788 981	2 699 965

Note 16

Administrative expenses

162. Administrative expenses in 2020 are as follows:

(Thousands of United States dollars)

	2020				
	<i>Secretariat of the Pension Board</i>	<i>Pension Administration</i>	<i>Office of Investment Management</i>	<i>Audit</i>	<i>Total</i>
Established posts (excluding change in the value of the after-service health insurance liability)	711	25 870	16 661	–	43 242
Changes in the value of the after-service health insurance liability	58	7 975	3 345	197	11 575
Other staff costs	101	5 663	1 694	–	7 458
Hospitality	–	–	–	–	–
Consultants	–	143	105	–	248
Travel	26	35	36	–	97
Contractual services	248	11 649	12 781	–	24 678
General operating expenses	–	10 134	3 005	–	13 139
Supplies and materials	–	22	2	–	24
Furniture and equipment	–	1 062	22	–	1 084
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	1 649	1 649
Total administrative expenses	1 144	62 553	37 651	1 846	103 194

163. The administrative expenses for 2020 are not comparable to those for 2019 owing to a revision of the cost-sharing arrangement between the Fund and the United Nations Secretariat, as stated in paragraph 52 of the present notes. Following the revision of the cost-sharing arrangement, the income from services provided to the United Nations is presented separately from the administrative expenses for 2020. For 2019, the payment received from the United Nations had been deducted from the administrative expenses. The administrative expenses for 2019 on a comparative presentation as for 2020 are as follows:

(Thousands of United States dollars)

	2019				
	<i>Secretariat of the Pension Board</i>	<i>Pension Administration</i>	<i>Office of Investment Management</i>	<i>Audit</i>	<i>Total</i>
Established posts (excluding change in the value of the after-service health insurance liability)	–	27 576	14 604	–	42 180
Changes in the value of the after-service health insurance liability	–	9 114	3 797	222	13 133
Other staff costs	–	4 935	2 262	–	7 197
Hospitality	–	–	3	–	3
Consultants	–	148	105	–	253

	2019				
	Secretariat of the Pension Board	Pension Administration	Office of Investment Management	Audit	Total
Travel	–	435	727	–	1 162
Contractual services	–	10 508	17 261	–	27 769
General operating expenses	–	7 157	740	–	7 897
Supplies and materials	–	65	15	–	80
Furniture and equipment	–	1 020	514	–	1 534
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	1 681	1 681
Pension Board expenses	678	–	–	–	678
Total administrative expenses on a comparable basis	678	60 958	40 028	1 903	103 567
Payment received from the United Nations Secretariat	–	(11 530)	–	(272)	(11 802)
Total administrative expenses	678	49 428	40 028	1 631	91 765

Note 17**Other expenses**

164. Other expenses during the year are as follows:

(Thousands of United States dollars)

	2020	2019
Emergency fund expense	55	38
Provision for unrecoverable overpayments of benefits	1 073	914
Total other expenses	1 128	952

Note 18**Actuarial situation of the Fund**

(see also note 1.5)

165. The Fund provides retirement, death, disability and related benefits for staff of the United Nations and other organizations admitted to membership in the Fund. Accumulated (promised) plan benefits represent the total actuarial present value of those estimated future benefits that are attributable under the Fund's provisions to the service that staff have rendered as at the valuation date. Accumulated plan benefits include benefits to be paid to: (a) retired or terminated staff or their beneficiaries; (b) beneficiaries of staff who have died; and (c) present staff or their beneficiaries.

166. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included to the extent that they are deemed attributable to service that staff have rendered as at the valuation date.

167. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries and the amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of

decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

168. The Fund is applying the guidance included in IAS 26.28 (b) and discloses the actuarial present value of promised retirement benefits in the notes to its financial statements.

Key assumptions

169. The significant actuarial assumptions used are the same as those used in the valuation as at 31 December 2019 and are as follows:

- Life expectancy of participants (2017 United Nations mortality tables adjusted for forecast improvements in mortality)
- Age-specific retirement and turnover assumptions
- Additional assumptions regarding the percentage of benefit commuted and the percentage of participants who are married, among others
- Annual investment return of 6.0 per cent, which serves as the discount rate for liabilities
- Annual rate of 2.5 per cent for cost-of-living increases in pensions
- No adjustment to the liabilities has been made on account of the COVID-19 pandemic, since its impact cannot be readily quantified until the next full valuation of the Fund, to be performed as at 31 December 2021.

170. These key assumptions were recommended by the Committee of Actuaries and adopted by the Pension Board at its sixty-sixth session, in July 2019. The foregoing actuarial assumptions are based on the presumption that the Fund will continue. Were the Fund to be terminated, different actuarial assumptions and other factors may be applicable in determining the actuarial present value of accumulated plan benefits.

Statement of accumulated benefits

171. The actuarial present value of accumulated plan benefits as at 31 December 2020 is as follows (see note 1.11 for a description of the pension adjustment system):

(Millions of United States dollars)

	<i>If future pension payments are made under the Regulations</i>	
	<i>Without pension adjustments</i>	<i>With pension adjustments</i>
Actuarial value of vested benefits		
Participants currently receiving benefits	26 589	35 701
Vested terminated participants	1 142	1 963
Active participants	17 676	24 343
Total vested benefits	45 407	62 007
Non-vested benefits	984	1 252
Total actuarial present value of accumulated plan benefits	46 391	63 259

Information on participation in the Fund

172. The last valuation was provided by the consulting actuaries as at 31 December 2019, on the basis of the participation, shown below.

As at 31 December 2019

Active participants accruing benefits	
Number	119 932
Annual remuneration (millions of United States dollars)	11 467
Average remuneration (United States dollars)	95 613
Inactive participants no longer accruing benefits	
Number	11 651
Annual benefits payable at normal retirement age (millions of United States dollars)	119
Average benefit payable at normal retirement age (United States dollars)	10 219
Retired participants and beneficiaries	
Number	79 975
Annual benefits (millions of United States dollars)	2 455
Average benefit (United States dollars)	30 697

Note 19

Commitments and contingencies

19.1 Investment commitments

173. As at 31 December 2020 and 31 December 2019, the Fund was committed to the following investment commitments:

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Real estate funds	3 035 723	2 736 907
Private equity	3 303 070	2 912 648
Infrastructure funds	209 497	224 881
Timberland funds	11 270	11 270
Total commitments	6 559 560	5 885 706

174. In the private equity and real estate, infrastructure and timberland investments, funds are drawn down in accordance with the terms and conditions of the fund agreements. The fund agreements are unique to each individual investment. However, funds are drawn down to: (a) fund investments in assets that have been purchased or are being contracted for purchase; and (b) pay fees earned by the general partner or manager under the terms and conditions of the fund agreement.

19.2 Lease commitments

175. As at 31 December 2020 and 31 December 2019, the Fund was committed to the following lease commitments:

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Obligations for property leases		
Less than 1 year	560	5 745
1–5 years	17 903	–
Greater than 5 years	51 107	–
Total property lease obligations	69 570	5 745

176. The leases for the Fund's office in New York expired on 31 December 2020. A renewal of the leases for a period of 11 years, with the first year rent-free, was agreed with the landlord on 31 December 2020.

19.3 Legal or contingent liabilities and contingent assets

177. There are no contingent liabilities arising from legal actions and claims that are likely to result in a material liability to the Fund.

178. Contingent assets are excluded from the statement of net assets available for benefits on the basis that the inflow of economic benefits is not virtually certain but reliant on the incurrence of an event outside of the control of the Fund. There were no contingent assets as at 31 December 2020 or 31 December 2019.

Note 20

Risk assessment

179. The Fund's activities expose it to a variety of financial risks, including, but not limited to, credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

180. The Fund's investment risk management programme seeks to measure and monitor the risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance, consistent with the Fund's strategic asset allocation policy. The Investments Committee provides advice to the Representative of the Secretary-General on investment strategy and reviews the investments of the Fund at its quarterly meetings. The Committee advises on long-term policy, asset allocation and strategy, diversification by type of investment, currency and economic sector and any other matters.

181. The Fund uses different methods to measure, monitor and manage the various types of financial risks to which it is exposed. These methods are explained below.

20.1 Credit risk

182. Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms, resulting in a loss. The risk of a trading partner not fulfilling its obligations to another in a timely manner is a risk that all obligors face. Ensuring adequate control over credit risk and effective risk management is critical to the long-term sustainability of the Fund. The Fund manages risk by addressing the following important areas:

- Approving and maintaining appropriate credit exposure measurement and monitoring standards
- Establishing limits for amounts and concentrations of credit risk and monitoring and implementing a review process for credit exposure

- Ensuring adequate controls over credit risk

183. The Fund is primarily exposed to credit risk in its fixed income asset class. The Fund manages credit risk in line with the authorized investment policy statement and the relevant benchmarks for fixed-income investments. The benchmarks require the issue or issuer to have been rated by at least one of the following well-known credit rating agencies: S&P Global Ratings, Moody's and Fitch.

184. The tables below summarize the credit ratings obtained from rating agencies (Moody's, S&P Global Ratings or Fitch) for the Fund's fixed-income portfolio as at 31 December 2020 and 31 December 2019. The Fund used the issue ratings of Moody's as the primary source for the information shown in the tables. If the issue is not rated, then the Moody's issuer rating is used. If neither the issue nor the issuer is evaluated by Moody's, then ratings for the issue or issuer are obtained from S&P Global Ratings or Fitch.

(Thousands of United States dollars)

Fixed income	31 December 2020					Total
	Aaa/AA to Aa3/AA-	A1/A+ to A3/A-	Baa1/BBB+ to Baa3/BBB-	Ba1/BB+ to B3/B-	Not rated ^a	
Government and agency securities	17 867 385	859 661	1 647 622	625 880	–	21 000 548
Asset-backed securities	152 242	–	–	–	–	152 242
Corporate bonds/commercial paper	58 848	149 013	167 850	–	–	375 711
Municipal/provincial bonds	24 103	–	–	–	–	24 103
Commercial mortgage-backed	771 043	–	–	–	–	771 043
Funds – corporate bond	–	–	–	–	53 884	53 884
Total	18 873 621	1 008 674	1 815 472	625 880	53 884	22 377 531
Percentage	84.34	4.51	8.11	2.80	0.24	100.0

^a One security, amounting to \$53.9 million, was a bond fund and, as such, was not evaluated by any credit rating agency.

(Thousands of United States dollars)

Fixed income	31 December 2019					Total
	Aaa/AA to Aa3/AA-	A1/A+ to A3/A-	Baa1/BBB+ to Baa3/BBB-	Ba1/BB+ to B3/B-	Not rated ^a	
Government and agency securities	15 725 534	1 463 835	1 082 996	590 847	–	18 863 212
Asset-backed securities	157 585	–	–	–	–	157 585
Corporate bonds	45 031	479 792	70 643	–	–	595 466
Municipal/provincial bonds	37 873	–	–	–	–	37 873
Commercial mortgage-backed	704 655	–	–	–	–	704 655
Funds – corporate bond	–	–	–	–	53 740	53 740
Total	16 670 678	1 943 627	1 153 639	590 847	53 740	20 412 531
Percentage	81.67	9.52	5.66	2.89	0.26	100.0

^a One security, amounting to \$53.7 million, was a bond fund and, as such, was not evaluated by any credit rating agency.

185. The table below presents a maturity analysis of fixed-income securities as at 31 December 2020 and 31 December 2019.

(Thousands of United States dollars)

<i>Maturity</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Less than 1 year	1 581 072	959 882
1–5 years	4 348 672	3 150 021
5–15 years	5 488 058	6 119 642
Greater than 15 years	10 959 729	10 182 986
Total	22 377 531	20 412 531

20.2 Liquidity risk

186. Liquidity risk is the risk of not meeting cash requirements for the Fund's obligations. Cash requirements can arise from settlement needs for various investment trades, capital calls from uncalled or unfunded commitments, and benefit payment disbursements in various currencies. The Fund manages its liquidity risk by investing the vast majority of its investments in liquid securities.

20.3 Market risk

187. Market risk is the risk of change in the value of plan assets as a result of various market factor movements such as asset price, interest rates, major market index movements, currency exchange rates and market volatility. The Fund has adopted value at risk (VaR) as a parameter to measure the market risk, in addition to standard deviation and tracking risk. VaR is a universally accepted parameter to communicate market risk for financial institutions and asset management institutions. The Fund includes risk tolerance for investment risks in the investment policy approved by the Representative of the Secretary-General. On the basis of this risk tolerance, a risk budget has been assigned to each portfolio manager. The risk budget is modified once a year.

188. VaR, as a single number, summarizes the portfolio's exposure to market risk, as well as the probability of an adverse move, or, in other words, level of risk. The main purpose of VaR is to assess market risks that result from changes in market prices. There are three key characteristics of VaR: (a) the amount (in percentage or dollar terms); (b) the time horizon (in this case, one year); and (c) the confidence level (in this case, 95 per cent). When reported as 95 per cent confidence, the VaR95 number (in percentage or in dollar terms) indicates that there is a 95 per cent chance that portfolio losses will not exceed the given VaR 95 number (in percentage or dollar terms) over a year. In addition, the Fund reports tail risk or expected shortfall, which measures the average expected loss for the 5 per cent of the time when the losses exceed VaR 95. The Fund also reports contribution to risk. Considering the risk of the whole Fund as 100 per cent, contribution to risk indicates how much of the risk is contributed by that asset class. Contribution to risk is additive (all contributions will add up to 100 per cent). VaR 95 is not additive, owing to the diversification effect.

189. The table below depicts four important aspects of risk. It shows volatility or standard deviation in percentage, followed by VaR 95 for the given portfolio in percentage terms. Contribution to risk indicates how much each asset class is contributing to the total Fund risk. Clearly, total Fund risk is 100 per cent and each of the asset classes below indicates the contribution to the risk. Expected shortfall at 5 per cent (because the Fund is indicating VaR at 95 per cent) indicates the average value or expected value of losses for the 5 per cent of the time when losses exceed VaR 95.

190. All numbers in the tables below are reported for a one-year term horizon. For 2020, the estimated volatility on absolute basis (benchmark not included) of the total Fund was 13.37 per cent, the estimated VaR 95 was 17.61 per cent and the estimated expected

shortfall (5 per cent) was 34.00 per cent. A VaR 95 of 17.61 per cent indicates that there is a 95 per cent chance that portfolio losses will not exceed 17.61 per cent over the year. The asset class with lowest VaR (lowest risk) is cash and short-term, followed by fixed income and total equity, and the asset class with the highest VaR (highest risk) is real estate, followed by private equity, infrastructure and timberland. The contribution to risk statistics is driven by the risk of the asset class, its weight in the portfolio and its correlation with other assets in the portfolio. Accordingly, for 2020, total equity contributed 82.41 per cent to total fund risk, while fixed income contributed -0.48 per cent, real estate 10.95 per cent and private equity 6.88 per cent. As at 31 December 2020, equities represented 59.19 per cent of the net assets available for benefits.

191. All numbers in the tables below are annualized using historical simulation.

(Percentage)

<i>Asset class</i>	<i>2020</i>			
	<i>Volatility (standard deviation)</i>	<i>VaR (95 per cent)</i>	<i>Contribution to risk</i>	<i>Expected shortfall (5 per cent)</i>
Total fund	13.37	17.61	100.00	34.00
Total equity	18.52	25.05	82.41	47.12
Fixed income	2.88	4.12	(0.48)	6.74
Cash and short-term	0.09	0.13	0.00	0.18
Real estate	26.77	31.98	10.95	69.50
Private equity	18.36	25.97	6.88	48.05
Commodities	–	–	–	–
Infrastructure	18.13	25.61	0.21	47.75
Timberlands	18.13	25.16	0.03	47.75

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2020. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

(Percentage)

<i>Asset class</i>	<i>2019</i>			
	<i>Volatility (standard deviation)</i>	<i>VaR (95 per cent)</i>	<i>Contribution to risk</i>	<i>Expected shortfall (5 per cent)</i>
Total fund	6.86	11.32	100.00	17.45
Total equity	10.17	18.16	86.17	26.08
Fixed income	2.58	4.36	(0.24)	5.65
Cash and short-term	0.16	0.25	0.00	0.34
Real estate	12.83	21.59	7.09	30.42
Private equity	9.88	17.62	6.65	25.48
Commodities	10.41	17.38	0.04	24.76
Infrastructure	9.67	17.52	0.26	25.32
Timberlands	9.67	17.52	0.03	25.32

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2019. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

192. Since early 2020 and as at the date on which the financial statements were approved, the COVID-19 pandemic continues to cause significant uncertainty in the world economy. The significant increase in volatility (standard deviation), VaR 95

and the expected shortfall (5 per cent) in 2020 compared with 2019 were due to the unprecedented market volatility caused primarily by the COVID-19 pandemic.

193. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations. Key assumptions include: a one-day holding period to hedge or dispose of positions, which may not be the case for illiquid assets or may be due to adverse market conditions; a 95 per cent confidence level, which indicates that there is a 5 per cent probability of losses exceeding the VaR at 95 per cent; VaR calculated on an end-of-day basis, which does not reflect changes during the trading day; and the use of historical data and Monte Carlo simulation, which may not cover all possible scenarios, especially those of an exceptional nature.

Price risk

194. The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the United States dollar, the price is initially expressed in non-United States dollar-denominated currency and is then converted into United States dollars, which will also fluctuate because of changes in currency exchange rates.

195. As at 31 December 2020 and 31 December 2019, the fair value of equities exposed to price risk was as follows:

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Common and preferred stock	46 584 756	40 686 191
Funds – exchange-traded funds	1 577 111	1 388 880
Funds – common stock	8 888	138 935
Stapled securities	74 460	95 135
Total equity instruments	48 245 215	42 309 141

196. Considering the total Fund risk as 100 per cent, the contribution to risk due to equities is 82.41 per cent (2019: 86.17 per cent) of the total Fund risk and the rest is contributed by all other asset classes.

197. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weights.

198. The Fund's equity investment portfolio by industrial sector based on the Global Industry Classification Standard as at 31 December 2020 and 31 December 2019 was as follows:

(Percentage)

<i>Global Industry Classification Standard</i>	31 December 2020		31 December 2019	
	<i>Fund's equity portfolio</i>	<i>Benchmark^a</i>	<i>Fund's equity portfolio</i>	<i>Benchmark^b</i>
Financials	13.50	14.16	16.25	17.29
Information technology	21.43	22.26	17.80	17.69
Communication services	9.31	9.68	8.27	9.01
Consumer discretionary	13.49	13.61	11.82	11.03
Consumer staples	6.33	6.83	6.70	7.48

<i>Global Industry Classification Standard</i>	<i>31 December 2020</i>		<i>31 December 2019</i>	
	<i>Fund's equity portfolio</i>	<i>Benchmark^a</i>	<i>Fund's equity portfolio</i>	<i>Benchmark^b</i>
Energy	2.88	3.20	5.15	5.40
Health care	11.44	11.60	11.85	12.15
Industrials	8.61	7.86	8.33	8.30
Materials	4.77	5.23	4.49	4.90
Utilities	2.44	2.98	2.78	3.43
Real estate	2.34	2.59	2.89	3.32
Other	3.46	Not applicable	3.67	Not applicable
Total	100.00	100.00	100.00	100.00

^a Benchmark source: 80 per cent MSCI World Developed Markets Environmental, Social and Governance Indexes and 20 per cent MSCI Emerging Markets Environmental, Social and Governance Indexes, customized to exclude tobacco and certain modalities of armament and thermal coal companies.

^b Benchmark source: MSCI All Country World Index, customized to exclude tobacco and controversial weapons.

199. The table presents an analysis of the Fund's concentration of equity price risk in the Fund's equity portfolio by geographical distribution (on the basis of counterparty's place of primary listing or, if not listed, place of domicile).

(Percentage)

	<i>31 December 2020</i>	<i>31 December 2019</i>
North America	55.5	56.0
Europe	14.8	17.3
Asia-Pacific	9.6	9.7
Emerging markets	20.1	17.0
Total	100.0	100.0

Currency risk

200. The Fund is one of the most globally diversified pension funds in the world and therefore holds both monetary and non-monetary assets denominated in currencies other than the United States dollar, the Fund's base currency. Currency exchange risk arises as the value of financial instruments denominated in other currencies fluctuates owing to changes in currency exchange rates. Management monitors the exposure to all currencies. The unrealized foreign exchange gain/loss is attributable primarily to the fluctuation in currency exchange rates during the period.

201. The Fund does not use hedging to manage its non-United States dollar-denominated currency risk exposure, because the Fund expects currency impact to net out to zero over a full market cycle, as has been the case historically. Currency risk refers to risk due to foreign exchange rate changes.

202. The tables below illustrate the foreign exchange risk exposure of the Fund by class of investments. These summarize the Fund's cash and investments at fair value as at 31 December 2020 and 31 December 2019, respectively. Net financial assets amounting to \$28.8 million in 2020 (2019: net financial assets of \$44.4 million), not held at fair value (see note 5) are excluded from this table. Assets held in exchange-traded funds or externally managed specialty funds are included as United States dollar assets.

(Percentage)

Currency	As at 31 December 2020					
	Equity	Fixed income	Real assets	Alternatives and other	Cash	Total
United States dollar	35.93	23.40	5.32	4.71	0.69	70.05
Euro	4.21	0.05	0.73	0.88	0.02	5.89
Japanese yen	3.93	–	0.17	–	0.00	4.10
Hong Kong dollar	3.06	–	–	–	0.00	3.06
British pound sterling	2.20	–	0.17	0.11	0.00	2.48
Republic of Korea won	1.59	0.38	–	–	0.00	1.97
Canadian dollar	1.43	0.02	0.30	–	0.00	1.75
Swiss franc	1.36	–	–	–	0.01	1.37
Australian dollar	1.08	0.00	0.22	–	0.00	1.30
Indian rupee	0.98	0.14	–	–	0.00	1.12
Brazilian real	0.49	0.45	–	–	0.00	0.94
Mexican peso	0.25	0.52	–	–	0.00	0.77
South African rand	0.46	0.16	–	–	0.00	0.62
Swedish krona	0.58	–	–	–	0.00	0.58
Indonesian rupiah	0.12	0.40	–	–	0.00	0.52
Chinese yuan (renminbi)	0.44	–	–	–	0.00	0.44
Russian rouble	0.05	0.36	–	–	0.00	0.41
Thai baht	0.09	0.32	–	–	0.00	0.41
Malaysian ringgit	0.11	0.29	–	–	0.00	0.40
Danish krone	0.37	–	–	–	0.00	0.37
Polish zloty	0.03	0.23	–	–	0.00	0.26
Philippine peso	0.10	0.11	–	–	0.00	0.21
Singapore dollar	0.17	–	–	–	0.00	0.17
Egyptian pound	–	0.10	–	–	0.00	0.10
Turkish lira	0.04	0.06	–	–	0.00	0.10
Peruvian sol	–	0.09	–	–	0.00	0.09
Hungarian forint	0.02	0.07	–	–	0.00	0.09
Czech koruna	–	0.08	–	–	0.00	0.08
New Israeli shekel	–	0.07	–	–	0.00	0.07
Colombian peso	–	0.07	–	–	0.00	0.07
United Arab Emirates dirham	0.06	–	–	–	0.00	0.06
Chilean peso	–	0.05	–	–	0.00	0.05
Norwegian krone	0.04	0.00	–	–	0.00	0.04
Romanian leu	–	0.03	–	–	0.00	0.03
New Zealand dollar	0.03	–	–	–	0.00	0.03
African franc	–	–	–	–	0.00	0.00
Pakistani rupee	–	–	–	–	0.00	0.00
Total	59.22	27.45	6.91	5.70	0.72	100.00

Note: Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

As at 31 December 2019

<i>Currency</i>	<i>Equity</i>	<i>Fixed income</i>	<i>Real assets</i>	<i>Alternatives and others</i>	<i>Cash</i>	<i>Total</i>
United States dollar	35.40	23.95	5.67	4.16	0.56	69.74
Euro	4.88	0.05	0.72	0.69	0.02	6.36
Japanese yen	3.79	–	0.19	–	0.01	3.99
British pound sterling	2.91	–	0.19	0.09	0.00	3.19
Hong Kong dollar	2.63	–	–	–	0.00	2.63
Canadian dollar	1.78	0.03	0.32	–	0.00	2.13
Republic of Korea won	1.11	0.43	–	–	0.00	1.54
Swiss franc	1.51	–	–	–	0.01	1.52
Brazilian real	0.73	0.70	–	–	0.00	1.43
Australian dollar	1.13	0.03	0.24	–	0.00	1.40
Indian rupee	0.79	0.17	–	–	0.00	0.96
Mexican peso	0.27	0.63	–	–	0.00	0.90
Malaysian ringgit	0.15	0.36	–	–	0.00	0.51
South African rand	0.39	0.12	–	–	0.00	0.51
Russian rouble	–	0.50	–	–	0.00	0.50
Swedish krona	0.48	–	–	–	0.00	0.48
Thai baht	–	0.43	–	–	0.00	0.43
Danish krone	0.31	–	–	–	0.00	0.31
Polish zloty	–	0.24	–	–	0.00	0.24
Singapore dollar	0.21	–	–	–	0.00	0.21
Philippine peso	0.10	0.10	–	–	0.00	0.20
Turkish lira	0.06	0.08	–	–	0.00	0.14
Peruvian sol	–	0.10	–	–	0.00	0.10
Czech koruna	–	0.09	–	–	0.00	0.09
Hungarian forint	–	0.08	–	–	0.00	0.08
New Israeli shekel	–	0.08	–	–	0.00	0.08
Colombian peso	–	0.07	–	–	0.00	0.07
Chinese yuan (renminbi)	0.07	–	–	–	0.00	0.07
Norwegian krone	0.05	0.00	–	–	0.00	0.05
Chilean peso	–	0.05	–	–	0.00	0.05
Egyptian pound	–	0.04	–	–	–	0.04
Romanian leu	–	0.03	–	–	0.00	0.03
New Zealand dollar	0.02	–	–	–	0.00	0.02
African franc	–	–	–	–	0.00	0.00
Pakistani rupee	–	–	–	–	0.00	0.00
Total	58.77	28.36	7.33	4.94	0.60	100.00

Note: Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

Interest rate risk

203. Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future

cash flows. The Fund holds fixed-interest securities, floating-rate debt instruments, cash and cash equivalents that expose the Fund to interest rate risk.

204. The table below summarizes the Fund's relative sensitivity to interest rate changes versus its reference fixed-income benchmark. This measure of duration for the portfolio indicates the approximate percentage change in the value of the portfolio if interest rates change by 100 basis points.

(Percentage)

	2020		2019	
	Fund	Benchmark	Fund	Benchmark
Effective duration	4.96	4.81	5.00	4.89

205. Effective duration is the sensitivity to interest rates. This means if the interest rate changes by 1 per cent, the Fund can lose or gain approximately 4.96 per cent (2019: 5.00 per cent) compared with the benchmark, which can lose or gain approximately 4.81 per cent (2019: 4.89 per cent). This arises primarily from the increase/decrease in the fair value of fixed-interest securities. Floating-rate debt instruments comprise approximately 1 per cent of the total fixed-income investments used for calculating effective duration as at 31 December 2020 and 31 December 2019.

Note 21

Budget information: reconciliation between the actual amounts on a comparable basis and the statement of changes in net assets available for benefits

206. Differences between the actual amounts on a comparable basis with the budget and the actual amounts recognized in the financial statements can be classified into the following:

(a) Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis, as stated in note 3.14;

(b) Timing differences, which occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for the Fund for the purpose of comparison of budget and actual amounts;

(c) Entity differences, which occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. There are no entity differences for the Fund.

(Thousands of United States dollars)

	2020	2019
Actual amount on a comparable basis	89 396	71 763^a
Basis differences		
Asset additions/disposals	–	(2 222)
Depreciation, amortization and impairment	3 724	2 464
Unliquidated obligations	924	5 322
Prepayments	(1 661)	(722)

	2020	2019
Employee benefits	12 341	16 087
Other accruals	(1 530)	(927)
Actual amount for administrative expenses in the statement of changes in net assets available for benefits	103 194	91 765

^a Actual amount on a comparable basis refers to the actual amounts of the administrative expenditure related to the Pension Fund and does not include the expenditure related to the United Nations.

207. The above reconciliation illustrates key differences between total administrative expenditure on a budget basis (modified cash basis) and total expenditure on an IPSAS basis. The main differences can be categorized as follows:

- *Depreciation/amortization expense.* Fixed assets and intangible assets meeting the threshold for capitalization are capitalized and depreciated/amortized over their useful lives on an IPSAS basis. Only depreciation/amortization expense is recognized over the useful lives of the asset, whereas the total expense is recognized on a budget basis at the time of acquisition.
- *Expense recognition.* On a budget basis, expenditure is recognized at the time of disbursement or commitment as unliquidated obligations. Under IPSAS, expenses are recognized at the time goods or services have been received. Unliquidated obligations for goods or services not received or prepayments are not recognized as expense. Economic services received but not paid for are recognized as expense under IPSAS.
- *Employee benefits.* On a budget basis, employee benefit expenses are recognized when the benefit is paid. Under IPSAS, an expense for an employee benefit should be recognized in the period in which the benefit is earned, regardless of time of payment. IPSAS therefore recognizes expenses for post-employment benefits such as after service health insurance, annual leave or repatriation benefits.

Note 22

Funds under management

208. Funds under management are defined as other United Nations funds for which the Fund has engaged the services of external fund managers, independent of the Fund.

209. Pursuant to General Assembly resolution [2951 \(XXVII\)](#), establishing the United Nations University (UNU), and Assembly resolution [3081 \(XXVIII\)](#) and article IX of the Charter of the University ([A/9149/Add.2](#)), the Office of Investment Management is providing oversight services for the investments of the United Nations University Endowment Fund that are outsourced to BlackRock Financial Management with a separate custodian bank. Formal arrangements between the Office and the Endowment Fund regarding these services have been agreed upon. Resulting funds are reflected in the accounts of UNU. There is no commingling of investment funds with those of the Pension Fund, which are maintained separately. The costs of the management advisory fees of the Office of Investment Management, amounting to \$50,000 per year, are reimbursed by the Endowment Fund to the Office and recorded as other investment-related income.

Note 23
Related party transactions

Key management personnel

210. Key management personnel remunerated by the Fund for the years ended 31 December 2020 and 31 December 2019 are as follows:

	Number of individuals	Compensation and post adjustment	Entitlements	Pension and health plans	Total remuneration	Outstanding advances against entitlements	Outstanding loans
		<i>(Thousands of United States dollars)</i>					
2020	5	995	457	228	1 680	–	–
2019	4	857	343	204	1 404	–	–

211. Key management personnel are the Chief Executive of Pension Administration (see note 1.2), the Representative of the Secretary-General, the Deputy Chief Executive of Pension Administration, the Director of the Office of Investment Management and the Chief Financial Officer, as they have the authority and responsibility for planning, directing and controlling the activities of the Fund.

212. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and entitlements such as the representation allowance and other allowances, the assignment grant and other grants, the rental subsidy, personal effect shipment costs and employer pension and current health insurance contributions.

213. There were no outstanding advances against entitlements of key management personnel as at 31 December 2020 and 31 December 2019.

214. Key management personnel are also qualified for post-employment benefits (see note 11) at the same level as other employees. The actuarial valuation of the benefits for the key management personnel are as follows:

(Thousands of United States dollars)

	<i>As at 31 December 2020</i>	<i>As at 31 December 2019</i>
After-service health insurance	423	377
Repatriation grant	180	163
Annual leave	79	76
Total	682	616

Other related parties

215. While no transactions occurred with the following parties, they are considered as related parties, and a summary of the Fund's relationship with these parties is provided below.

General Assembly

216. The General Assembly is the highest legislative body for the Pension Fund. It reviews reports submitted by the Pension Board, approves the budgets for the Fund, decides on the admittance of new member organizations to the Fund and amends the Regulations of the Fund.

Member organizations participating in the Fund

217. The member organizations of the Fund (which are international intergovernmental organizations) join the Fund by decision of the General Assembly and, at the time of admission, agree to adhere to the Regulations of the Fund. Each member organization has a staff pension committee and a secretary to the committee; the committees and their secretariat are an integral part of the Fund's administration.

United Nations International Computing Centre

218. The United Nations International Computing Centre was established in January 1971 pursuant to General Assembly resolution [2741 \(XXV\)](#). The Centre provides information and communications technology services to partners and users in the United Nations system. As a partner bound by the mandate of the Centre, the Fund would be proportionately responsible for any third-party claim or liability arising from or related to service activities of the Centre, as specified in the Centre's mandate. As at 31 December 2020, there were no known claims having an impact on the Fund. Ownership of assets is with the Centre until dissolution. Upon dissolution, the division of all assets and liabilities among partner organizations shall be agreed upon by the Management Committee by a formula defined at that time.

219. The role of the Centre is:

- To provide information technology services on a full cost-recovery basis
- To assist in exploiting networking and computing technology
- To provide information management services
- To advise on questions related to information management
- To provide specialized training

Note 24**Reclassification and comparative numbers**

220. Beginning in 2020, the Fund has updated the presentation of the statement of net assets available for benefits by reclassifying investments in commodity funds from alternatives and other investments to real assets. The change is intended to provide more meaningful information to the users of the financial statements, in line with the investment policy statement.

221. As a result, certain line items have been amended in the statement of net assets available for benefits and related notes to the financial statements. All comparative figures have been adjusted to conform to the current-year classification. The reclassification has no impact on net assets available for benefits. As at 31 December 2020, the Fund did not have any investments in commodity funds.

222. The net zero effect of reclassifying commodity funds from alternatives and other investments to real assets on the statement of net assets available for benefits is as follows:

(Thousands of United States dollars)

	<i>Previously reported as at 31 December 2019</i>	<i>Regrouping</i>	<i>After regrouping as at 31 December 2019</i>
Investments			
Equities	42 309 141	–	42 309 141
Fixed income	20 412 531	–	20 412 531
Real assets	5 201 835	63 897	5 265 732
Alternatives and other investments	3 626 467	(63 897)	3 562 570
Total	71 549 974	–	71 549 974

Note 25**Subsequent events**

223. In its resolution [75/246](#), the General Assembly noted the report of the Representative of the Secretary-General on the proposal of the Pension Board to engage, for the first time, in a range of derivative instruments available to the Fund, to effectively manage the Fund's investments and address the increasing complexity of the global capital markets environment, and authorized the Secretary-General to conduct margin trading for the limited purpose set out in paragraphs 43 and 44 of his report ([A/C.5/75/2](#)) on a trial basis for two years. The Fund is currently assessing the feasibility of the implementation of this pilot programme and expects to report more detailed proposals to the Assembly at its seventy-sixth session, including information on the use of derivative instruments, engagement in margin trading and participation in securities lending, as well as compliance measures, with a view to ensuring strict adherence to the existing policies and accountability framework and a cost-effective investment strategy.

224. Only the Fund's management has the authority to amend these financial statements.

Annex to the notes to the financial statements

Statistics on the operations of the United Nations Joint Staff Pension Fund

Table 1
Number of participants

Member organization	Participants as at 31 December 2019	New entrants	Transfer				Adjustments ^a	Participants as at 31 December 2020	Percentage increase/ (decrease)
			In	Out	Separations				
United Nations ^b	85 363	6 468	234	239	4 643	220	86 963	1.9	
International Labour Organization	3 939	404	25	31	282	5	4 050	2.8	
Food and Agriculture Organization of the United Nations	11 760	1 282	80	77	692	12	12 341	4.9	
United Nations Educational, Scientific and Cultural Organization	2 539	149	11	12	172	4	2 511	(1.1)	
World Health Organization	11 056	732	63	49	598	15	11 189	1.2	
International Civil Aviation Organization	761	34	5	8	53	–	739	(2.9)	
World Meteorological Organization	374	20	5	2	45	(1)	353	(5.6)	
International Atomic Energy Agency	2 802	181	17	26	197	–	2 777	(0.9)	
International Maritime Organization	365	10	2	1	16	2	358	(1.9)	
International Telecommunication Union	748	56	7	6	38	2	765	2.3	
World Intellectual Property Organization	1 216	58	8	5	60	2	1 215	(0.1)	
International Fund for Agricultural Development	612	50	11	7	35	(2)	633	3.4	
International Centre for the Study of the Preservation and Restoration of Cultural Property	45	5	–	–	1	–	49	8.9	
European and Mediterranean Plant Protection Organization	20	1	–	–	2	–	19	(5.0)	
International Centre for Genetic Engineering and Biotechnology	175	6	–	–	13	–	168	(4.0)	
World Tourism Organization	89	3	–	–	3	–	89	0.0	
International Tribunal for the Law of the Sea	41	–	2	1	2	–	40	(2.4)	
International Seabed Authority	43	4	–	1	2	–	44	2.3	
United Nations Industrial Development Organization	712	30	9	5	33	2	711	(0.1)	
International Criminal Court	1 230	28	10	18	71	–	1 179	(4.2)	
Inter-Parliamentary Union	47	3	–	–	7	–	43	(8.5)	
International Organization for Migration	6 897	1 312	47	33	527	9	7 687	11.5	
Special Tribunal for Lebanon	449	20	5	17	55	2	400	(10.9)	
Comprehensive Nuclear-Test-Ban Treaty Organization	300	27	4	7	15	–	309	3.0	
Total	131 583	10 883	545	545	7 562	272	134 632	2.3	

^a Corrections of erroneous entries from prior years.

^b United Nations Headquarters, regional offices and all funds and programmes.

Table 2
Benefits awarded to participants or their beneficiaries during the year ended 31 December 2020

Member organization	Number of benefits awarded											Total
	Retirement benefit	Early retirement benefit	Deferred retirement benefit	Withdrawal settlement		Child benefit	Widow and widower benefit	Other death benefit	Disability benefit	Secondary dependency benefit	Transfer under agreement	
				< 5 years	> 5 years							
United Nations ^a	380	316	589	2 380	754	723	101	–	93	3	13	5 352
International Labour Organization	22	15	39	161	36	14	3	–	3	–	2	295
Food and Agriculture Organization of the United Nations	87	108	101	271	95	147	18	–	9	–	1	837
United Nations Educational, Scientific and Cultural Organization	24	14	44	72	10	20	3	–	3	–	2	192
World Health Organization	63	51	93	248	108	103	19	–	6	–	3	694
International Civil Aviation Organization	12	5	6	24	5	6	–	–	–	–	1	59
World Meteorological Organization	13	10	3	14	3	4	–	–	2	–	–	49
International Atomic Energy Agency	33	13	72	58	14	10	–	–	6	–	1	207
International Maritime Organization	1	3	4	5	–	2	–	–	3	–	–	18
International Telecommunication Union	8	13	6	5	2	6	–	–	4	–	–	44
World Intellectual Property Organization	12	9	6	22	3	7	3	–	4	–	–	66
International Fund for Agricultural Development	10	2	8	10	3	2	–	–	1	–	–	36
International Centre for the Study of the Preservation and Restoration of Cultural Property	–	–	–	1	–	–	–	–	–	–	–	1
European and Mediterranean Plant Protection Organization	–	–	–	2	–	–	–	–	–	–	–	2
International Centre for Genetic Engineering and Biotechnology	6	3	–	1	–	1	–	–	–	–	–	11
World Tourism Organization	2	–	3	–	–	–	–	–	–	–	–	5
International Tribunal for the Law of the Sea	1	–	–	1	–	–	–	–	–	–	–	2
International Seabed Authority	–	–	–	–	2	–	–	–	–	–	–	2
United Nations Industrial Development Organization	9	3	9	6	2	1	–	–	4	–	–	34
International Criminal Court	3	3	28	21	14	–	1	–	1	–	–	71
Inter-Parliamentary Union	2	–	3	2	–	–	–	–	–	–	–	7
International Organization for Migration	16	8	31	354	109	7	1	–	4	–	1	531
Special Tribunal for Lebanon	6	5	11	10	20	6	1	–	2	–	–	61
Comprehensive Nuclear-Test-Ban Treaty Organization	–	1	–	14	–	–	–	–	–	–	–	15
Total	710	582	1 056	3 682	1 180	1 059	150	–	145	3	24	8 591

^a United Nations Headquarters, regional offices and all funds and programmes.

Table 3
Analysis of periodic benefits for the year ended 31 December 2020

<i>Type of benefit</i>	<i>Total as at 31 December 2019</i>	<i>New</i>	<i>Benefits discontinued, resulting in award of survivor benefit</i>	<i>All other benefits discontinued</i>	<i>Total as at 31 December 2020</i>
Retirement	29 225	710	(344)	(552)	29 039
Early retirement	17 065	582	(200)	(337)	17 110
Deferred retirement	8 102	1 056	(54)	(389)	8 715
Widow	11 775	121	684	(587)	11 993
Widower	1 121	29	73	(53)	1 170
Disability	1 798	145	(29)	(43)	1 871
Child	10 855	1 059	–	(1 500)	10 414
Secondary dependant	34	3	–	(3)	34
Total	79 975	3 705	130	(3 464)	80 346

Table 4
Inventory of deferred and active entitlement cases

	<i>As at 31 December 2020</i>		<i>As at 31 December 2019</i>	
	<i>Number</i>	<i>Percentage</i>	<i>Number</i>	<i>Percentage</i>
No payment due at all				
Possible re-employment under article 21 of the Regulations of the Fund	17	< 1	101	2
No immediate payment due				
Deferred retirement benefit under article 30 of the Regulations of the Fund (payment not due until retirement age or from early retirement age)	349		499	
Deferment of choice under article 32 of the Regulations of the Fund (election/payment of benefits deferred by the beneficiary up to 36 months)	3 149		3 615	
Subtotal	3 498	80	4 114	76
Not ready for payment				
Cases reviewed but more information/clarification required	692	16	900	17
For payment (case inventory)				
Cases in progress	57		86	
Cases scheduled for review	87		181	
Subtotal	144	3	267	5
Total	4 351		5 382	

Annex XII

Budget estimates for 2022

The budget estimates for the year 2022 are provided in the document below and should be considered in conjunction with the supplementary information.

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Summary

The present report contains budget estimates for the year 2022, which amount to \$120,294,300 (before recosting).

Resource requirements for 2022

(Thousands of United States dollars)

	<i>Resources</i>		<i>Posts</i>	
	<i>2021 approved</i>	<i>2022 estimate (before recosting)</i>	<i>2021 approved</i>	<i>2022 estimate</i>
Secretariat of the Pension Board	1 289.6	1 423.7	3	3
Pension Administration	61 037.2	63 166.1	198	246
Office of Investment Management	46 806.6	53 621.0	108	139
Audit	2 079.3	2 083.5	–	6
Extrabudgetary ^a	88.8	–	1	–
Total	111 301.5	120 294.3	310	394

^a One extrabudgetary General Service post funded by member organizations.

I. Overview

1. The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949. The Pension Fund is responsible for providing retirement, death, disability and related benefits for the staff of the United Nations and other organizations that might be admitted to membership.

2. The Fund secretariat, or Pension Administration, reports, through the Chief Executive of Pension Administration, to the Pension Board. The Secretary of the Board also directly reports to the Pension Board. The Office of Investment Management reports to the Secretary-General through his Representative regarding the investment of the assets of the Fund.

Funding source

3. The Pension Fund is funded primarily through investment income as well as contributions from its member organizations and participating staff members, whereby the contributions of member organizations are resourced from member States and other resources. The Fund is not directly funded from the assessed contributions of Member States.

4. In addition to the administration of the Fund, the Pension Administration also serves as the secretariat of the United Nations Staff Pension Committee on behalf of the United Nations (including its funds and programmes), whereas all other member organizations administer their own staff pension committees. The United Nations reimburses the Fund for the expenses incurred in providing these services. As the Fund's host organization, the United Nations also provides a number of administrative services to the Fund and charges the Fund accordingly. Hence, the Budget for the year 2022 reflects the estimates for the remuneration for the services provided to the United Nations in line with the methodology of the valuation of the services exchanged between the Fund and the United Nations, as endorsed by the General Assembly in its resolution [74/263](#).

A. Proposed programme plan for 2022

5. The current budget proposal continues to follow the results-based framework used by the United Nations Secretariat in its proposed programme budget for 2022. The Fund consists of the secretariat of the Pension Board, the Pension Administration and the Office of Investment Management.

6. The secretariat of the Pension Board provides conference management and technical support to the Pension Board and its subsidiary bodies.

7. The objective of the Pension Administration's programme of work is to administer the provision of retirement, death, disability and related benefits for the staff members of the United Nations and the other organizations admitted to membership in the Fund.

8. The Office of Investment Management invests the assets to ensure that the United Nations Joint Staff Pension Fund can fully discharge its obligations by ensuring that the assets of the Fund are managed prudently and optimally and that it can achieve its long-term investment return objective so as to ensure the financial sustainability of the Fund.

B. Proposed post and non-post resource requirements for 2022

9. The total resource requirements for 2022, including the breakdown of resource changes, as applicable, are reflected in table 1. The proposed resource level provides for the full, efficient and effective implementation of mandates.

10. The following factors have been used in the calculation of resources: (a) delayed recruitment factors for both New York and Geneva for 2022 have been applied to continuing Professional posts (incumbency rate of 96.7 per cent), new Professional posts (50.0 per cent), continuing General Service posts (92.1 per cent) and new General Service posts (50.0 per cent) based on the standard salary costs for 2022; (b) an average annual inflation rate of 2 per cent for New York and 0.7 per cent for Geneva; and (c) exchange rate SwF 0.89566 to 1 United States dollar for Geneva.

Table 1
Evolution of financial resources by office

(Thousands of United States dollars)

	2020 expenditure	2021 appropriation	Resource change				2022 estimate (before recosting)	2022 estimate (after recosting)	Recosting	2022 estimate (after recosting)
			Technical adjustments	Other	Total	Percentage				
Secretariat of the Pension Board	1 095.2	1 289.6	–	134.1	134.1	10.4	1 423.7	15.1	1 438.8	
Pension Administration	52 918.4	61 037.2	118.2	2 010.7	2 128.9	3.5	63 166.1	1 242.2	64 408.3	
Secretariat of the Pension Fund	45 136.2	53 042.1	118.2	1 991.8	2 110.0	4.0	55 152.1	952.0	56 104.1	
United Nations Staff Pension Committee services, payment from the United Nations Secretariat ^a	7 782.2	7 995.1	–	18.9	18.9	0.2	8 014.0	290.2	8 304.2	
Office of Investment Management	34 988.5	46 806.6	–	6 814.4	6 814.4	14.6	53 621.0	528.2	54 149.2	
Audit	1 639.7	2 079.3	–	4.2	4.2	0.2	2 083.5	1.2	2 084.7	
Subtotal	90 641.8	111 212.7	118.2	8 963.4	9 081.6	8.2	120 294.3	1 786.7	122 081.0	
Extrabudgetary resources	105.4	88.8	–	(88.8)	(88.8)	(100.0)	–	–	–	
Total	90 747.2	111 301.5	118.2	8 874.6	8 992.8	8.1	120 294.3	1 786.7	122 081.0	

^a Payment from the United Nations relates to the United Nations Staff Pension Committee services provided by the Pension Fund.

C. Emergency Fund

11. The General Assembly, in paragraph 49 of its resolution [75/246](#), authorized the United Nations Joint Staff Pension Board to supplement the voluntary contributions to the Emergency Fund for 2021 by an amount not exceeding \$112,500. The Fund is requesting the same level of funding for the year 2022, by an amount not exceeding \$112,500.

D. Action to be taken by the General Assembly

12. The Pension Board recommends that the General Assembly approve the estimates for the year 2022 amounting to \$122,081,000 comprising:

- (a) Secretariat of the Pension Board (\$1,438,800);
- (b) Pension Administration (\$64,408,300);
- (c) Office of Investment Management (\$54,149,200);
- (d) Audit (\$2,084,700).

13. Of this amount, (\$8,304,200) would be directly chargeable to the United Nations for the services related to the United Nations Staff Pension Committee secretariat.

II. Secretariat of the Pension Board

Overall orientation

14. The Pension Board is a subsidiary organ of the General Assembly and reports annually to the Assembly. The Pension Board is the main oversight and decision-making body of the United Nations Joint Staff Pension Fund. The Pension Board has ultimate responsibility for the administration of the Fund and protects the best interests of the Pension Fund participants and beneficiaries by setting strategic goals and policies and by providing general oversight and monitoring. The Pension Board reports to the General Assembly on strategic questions and policy matters regarding the management of the Fund, the Fund's budget, plan design issues and its long-term financial situation.

15. In its resolutions [73/274](#) (2018) and [74/263](#) (2019), the General Assembly decided to create the function of the Secretary of the Board to lead an independent secretariat of the Pension Board. In its resolution [74/263](#), the Assembly stressed that the Secretary of the Pension Board was to be fully independent from the Chief Executive of Pension Administration and the Representative of the Secretary-General, and decided that the Secretary should report directly to the Board while being provided with administrative support from the Pension Administration and the Office of Investment Management, as necessary. In its resolution [75/246](#), the Assembly requested the Board to include the terms of reference and related reporting lines for both the Secretary and the Chief Executive in the context of its next report.

16. Following recent decisions by the General Assembly (including the external review of the governance of the Board requested in resolution [74/263](#)) and the outcomes of the Board's sixty-eighth (special) session, held in February 2021, the secretariat of the Pension Board has seen an increase in activities and mandates related to the governance of the Board, including on issues related to its size and composition, the frequency of its meetings, its working methods, and its decision-making and effectiveness, as well as the further development and implementation of an ethics framework and self-evaluation of the Board. Overall, the secretariat of the Pension Board has received a broad mandate to contribute to the professionalization of the Board's work, its committees and working groups.

Strategy for 2021–2023

17. In 2022, the secretariat of the Pension Board will focus on the further professionalization of the Board and implement a strengthened annual work plan for the Board, based on the mandates given to it by the Board and the General Assembly with regard to improving the governance and overall effectiveness of the Board,

thereby maintaining the highest standards of efficiency in terms of substantive and technical support to the Chair, the Board and all its committees and working groups.

18. The main objective of the secretariat of the Pension Board is to assist and advise the Chair of the Pension Board in all aspects related to the work of the Board, its committees and working groups, as well as the relationship of the Board with the General Assembly as a subsidiary organ. The Secretary of the Board is supported by a small secretariat that is responsible for the daily management of the Board and its different subcommittees in terms of providing substantive and procedural input and advice, as well as logistical support and the full range of conference management services.

19. Another main objective for 2022 is the implementation of the governance reform agenda mandated by the Board and the General Assembly. The objective of the secretariat of the Pension Board is to support a more effective Board by ensuring high-quality services and support for the governance review that will include proposals on size and composition of the Board, frequency of meetings and overall efficiencies.

Programme performance in 2020

20. With the impact of the COVID-19 pandemic in 2020, the secretariat of the Pension Board discharged its mandate effectively under challenging circumstances as the Board and its committees adapted quickly to virtual meetings. A survey conducted among Board members found that the virtual experience of the July 2020 Board was satisfactory and that the meeting had been held and organized professionally.

Planned results for 2022

Improved support services provided to the Board and the Chair

21. The secretariat of the Pension Board will apply more effective planning, development, management, coordination and better delivery of a full range of conference management, substantive and technical support services to the Pension Board and its subsidiary bodies and committees. The secretariat will focus on ensuring quality, timeliness, cost-effectiveness, sustainability and accessibility in the services provided through client orientation, innovation and partnerships.

22. The secretariat of the Pension Board will plan, coordinate and service the Pension Board and its subsidiary bodies in close cooperation with the Bureau of the Board. The Secretary will manage the related activities and will provide guidance and advice to the Chairs and other members of these bodies on the application of the rules of procedure and practice in order to ensure efficient and effective functioning of all proceedings.

23. The secretariat of the Pension Board will direct the preparation of the reports of the Board, its subcommittees and working groups under the general guidance of the Chair of the Board and the Chairs of the committees. The secretariat will assist the Chair with the presentation of the report of the Board to the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee.

Table 2
Performance measure

	2021 (planned)	2022 (planned)
Improved positive survey results on secretariat support services, organization of meetings and technical support provided	60 per cent positive survey results planned	70 per cent positive survey results planned

Improved functioning of the Board through mandated governance reform

24. The secretariat of the Pension Board will effectively implement the governance reforms mandated by the Board and the General Assembly aimed at professionalizing the Board.

25. The secretariat of the Pension Board will work closely together with Board Members, United Nations Staff Pension Committee secretaries and the staff of the Pension Fund to ensure effective communication, optimize working methods and capacity utilization and improve the experience of participants in the meetings serviced by the secretariat of the Pension Board, as evidenced by the responses to the survey of Board/committee members.

Table 3
Performance measure

	2021 (planned)	2022 (planned)
Improved positive survey results on overall improved effectiveness, quality of communication, improved experience of participants and optimized working methods	60 per cent positive survey results planned	70 per cent positive survey results planned

26. Information on compliance with regard to the timely submission of documentation and advance booking for air travel is reflected in table 4 below. Efforts have been made to further enhance the rate of travel compliance by reminding travellers of the requirements and re-enforcing mandatory justification on non-compliance. The non-compliance reported in 2020 was mainly due to the late nomination of travellers and exigency of operational requirements.

Table 4
Compliance rate
(Percentage)

	Planned 2020	Actual 2020	Planned 2021	Planned 2022
Timely submission of documentation	100	100	100	100
Air tickets purchased at least two weeks before the commencement of travel	77	75	100	100

Proposed post and non-post resource requirements for 2022

Overview of resources

27. The proposed resources provide for the continuation of the mandate of the independent secretariat of the Board, as well as for the implementation of the new mandates from the General Assembly relating to the governance reforms and professionalization of the Board.

28. The proposed resources for 2022 amount to \$1,423,700 and reflect a net increase of \$134,100 compared with the appropriation for 2021. Additional details are reflected in table 5.

Table 5

Secretariat of the Pension Board: evolution of financial and post resources

(Thousands of United States dollars/number of posts)

	2020 expenditure	2021 appropriation	Changes			2022 estimate (before recosting)	
			Technical adjustments	Other	Total		Percentage
Financial resources by the main category of expenditure							
Post	695.5	575.3	–	35.4	35.4	6.2	610.7
Non-post	399.7	714.3	–	98.7	98.7	13.8	813.0
Total	1 095.2	1 289.6	–	134.1	134.1	10.4	1 423.7
Post resources by category							
Professional and higher	–	2	–	–	–	–	2
General Service and related	–	1	–	–	–	–	1
Total	–	3	–	–	–	–	3

Other changes

29. Resource changes reflect a net increase of \$134,100 as follows:

(a) The increase of \$35,400 under post resources relates to the reclassification of one post of Programme Management Officer (P-4 to P-5).

(i) The reclassification is requested in the light of the mandated governance reform of the Board. The preparation, implementation and design of this reform is under the purview of the secretariat of the Pension Board in terms of preparing options for size and composition of the Board, frequency of meetings, better reporting to the General Assembly and overall efficiency measures that should lead to better decision-making. This also includes the development and implementation of a strategic work plan for the Board. All of this will require intensive interactions with Board members and senior officials of the Fund, the United Nations Secretariat and representatives from the Fund's member organizations. It is, therefore, requested that this complex technical, substantive and diplomatic work be performed at the P-5 level.

(ii) This should allow the secretariat of the Pension Board to adequately respond to the expectations from the General Assembly and the Board in terms of delivering these services, and to respond to the increased complexity of the work of the Board and its subcommittees and the heightened level of scrutiny by all stakeholders. The workload of the secretariat of the Pension Board will

continue to increase in the next few years in the light of the further implementation of mandates by the Board and the General Assembly. These mandates lead to a more important role for the secretariat of the Pension Board, dealing with more complex issues in servicing the Board and its Committees.

(iii) The reclassification from P-4 to P-5 will also guarantee a better service of meetings at a high level and the delivery of higher-quality products for a more impactful and effective Board, and more responsive and more pro-active Committee work, as is requested by the Board and the General Assembly. It is expected that the Board, Committees and working groups will depend more frequently upon high value and good quality in servicing meetings and substantive inputs, as well as the development of new guidance and training. As they focus on their role and seek to add value to the processes for which they are responsible, their requirements are increasing in terms of the quantity, quality and complexity of information. The proposed Senior Programme Management Officer (P-5) would also act as the de facto Deputy Secretary.

(b) The non-post resources comprise administrative expenses related to the Pension Board, including the travel of the Chair to attend the meetings of the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee, and the travel of representatives of the Board's advisory committees and of the Federation of Associations of Former International Civil Servants to Pension Board meetings. The net increase of \$98,700 under non-post resources reflects the increase under contractual services (\$161,900) relating to the implementation of the decisions of the General Assembly on governance structure of the Pension Board. The increase is offset in part by the decreased requirements under other staff costs for general temporary assistance (\$26,900); the decrease under travel of representatives mainly relates to the non-requirement of the joint meeting with the Committee of Actuaries and the Investment Committee, offset in part by the increase in the number of participants in the Fund Solvency and Assets and Liabilities Monitoring Committee (\$16,600); the decrease under general operation expenses (\$16,400), mainly relates to the decrease in the share of the Secretariat of the Pension Board in the rental of premises associated with the extension of the lease contract in 2020 for the New York office; the decrease under travel of staff mainly relates to the non-attendance at the Committee of Actuaries meeting (\$3,300).

III. Pension Administration

Foreword

Since the start of the COVID-19 pandemic in 2020, the Fund has been working effectively to meet our commitments to serve participants and retirees and launch the new strategy endorsed last year by the General Assembly and the Pension Board.

In keeping with the Fund's objective to develop a robust global partnership network, I have met with many of our clients and stakeholders, who reaffirmed their support for the Fund's new strategic goals and expressed their satisfaction with our performance. As part of the strategy, in 2021, the Business Transformation and Accountability Unit and Data Analytics Unit were established and have begun their work, and the digital certificate of entitlement project is moving ahead.

In 2022, a substantial increase in separations is expected as member organizations will catch up after a relatively low number of separations attributed to the COVID-19 pandemic in 2020. The population of participants and retirees, and beneficiaries that the Fund serves will continue to grow, with a projected increase of 16.6 per cent in 10 years. The continual growth in our client base highlights the need to ensure the best possible service provided to participants and retirees by strengthening the client services function.

The frontline of client engagement and services is our Client Services and Outreach Section. Strengthening and improving this function will significantly benefit our clients. A more substantial level of technical expertise and leadership will improve service delivery. To achieve this, I propose to add a director-level leadership role (D-1) dedicated explicitly to Client Services. The D-1 will be redeployed from the Data Analysis and Legal Services Section. The redeployment will minimize the cost to the Fund and greatly enhance client service delivery. Client services will also be bolstered by the introduction of a modern customer relationship management system, which is a major part of the 2022 ICT budget requirement.

I also recognize that client services in Geneva need extra support to cope with the growing client demands and meet performance expectations. To accomplish this, I seek your approval for additional capacity in Client Services, comprising one P-3 officer and two General Service staff. The Geneva Pension Entitlements Section also needs to be strengthened, with one P-3 post and one General Service post. To mitigate the cost of this increased capacity, the staff and posts equating to two P-3 and three General Service posts will be redeployed from the Geneva Financial Services team, and the Financial Services in New York will take over the work from Geneva. This change will deliver both efficiencies and cost savings. As requested by the Board last year, a cost-benefit analysis is included in this budget proposal that demonstrates the value added of this move.

Turning to shared human resources and facilities functions, a new Business Support Services Unit is proposed as part of a one-Fund approach between the Office of Investment Management and the Pension Administration. The new Unit will implement a new human resources, learning and development strategy and improve support services to staff. The Unit will jointly service and report to both sides of the Fund. I am pleased that the Pension Administration and the Office of Investment Management have agreed to combine functions in an integrated structure conducive to harmonizing practices across the Fund.

As requested by the General Assembly in its 2021 resolution [75/246](#) on pension matters, the Pension Administration and the Office of Investment Management conducted a review of all general temporary assistance positions. This review

identified some efficiencies, gaps, redeployments and a significant amount of long-term core work being undertaken by staff on general temporary assistance positions. A request to convert those core long-term general temporary assistance positions is being made in the present budget submission, as a large percentage of these positions has existed for more than five years and their relevance as a core function has been demonstrated. Although there is a significant number of conversions, they are cost-neutral in budgetary terms. These conversions will provide a staffing structure that better reflects our workforce needs.

The efficiencies gained through the structural realignment of resources will allow us to make these adjustments with a moderate 2022 budget increase of 3.5 per cent. The proposed budget reflects our commitment to drive efficiency and make client services delivery and human resources management a 2022 priority.

The adoption of the 2022 budget proposal will greatly facilitate improvements in the Fund and help to fulfil the strategic vision that the Board and the General Assembly endorsed last year, to provide outstanding services globally.

(Signed) Rosemarie **McClellan**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

Overall orientation

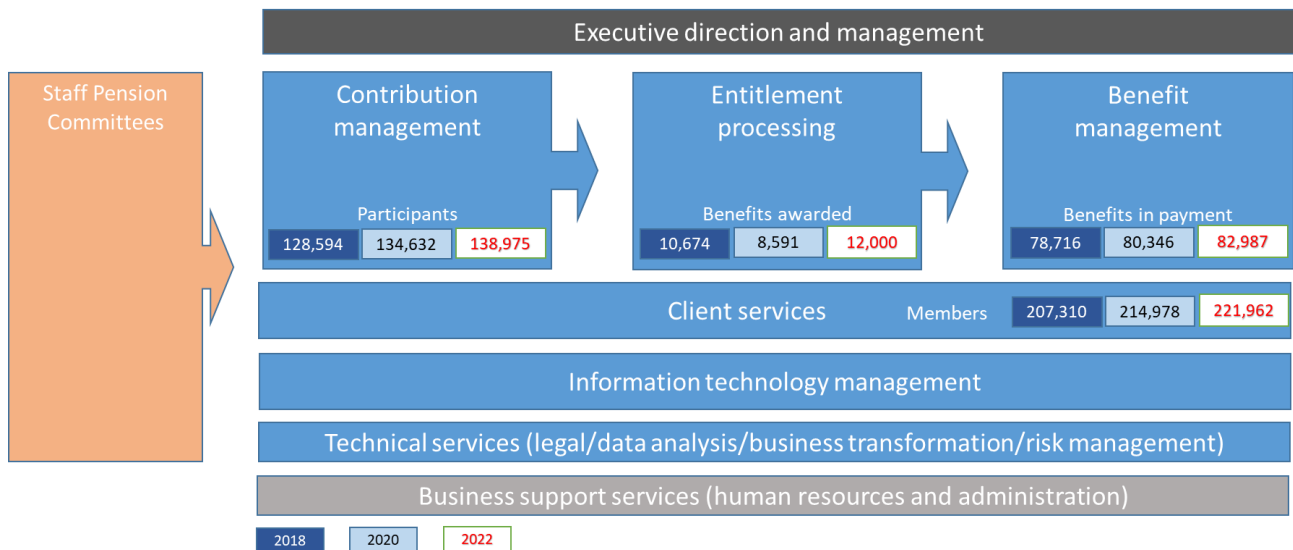
30. As reflected in figure I, Pension Administration, in connection with the Staff Pension Committees of each member organization, is responsible for the day-to-day operations of the Pension Fund. This includes:

- (a) Contribution management (collecting and updating participant information and contributions necessary for retirement);
- (b) Entitlement processing (defining eligibility for various benefits as well as communicating with staff/participants about their options);
- (c) Benefits management (paying retirement and disability benefits, cost-of-living adjustments and processing survivors' benefits);
- (d) Providing client services to all participants, retirees and other beneficiaries.

31. Pension Administration also acts as the secretariat to the United Nations Staff Pension Committee, which is funded directly by the United Nations.

32. In addition, Pension Administration establishes the strategy and policy for the Fund, assesses the risk to which the Fund is exposed by virtue of its plan design and its operations and ensures that the Fund complies with its Regulations and Rules, and Pension Adjustment System. It is also responsible for the administration of the Fund, which includes human resources and facilities management.

Figure I
Functions of the Pension Administration



Estimates for 2022.

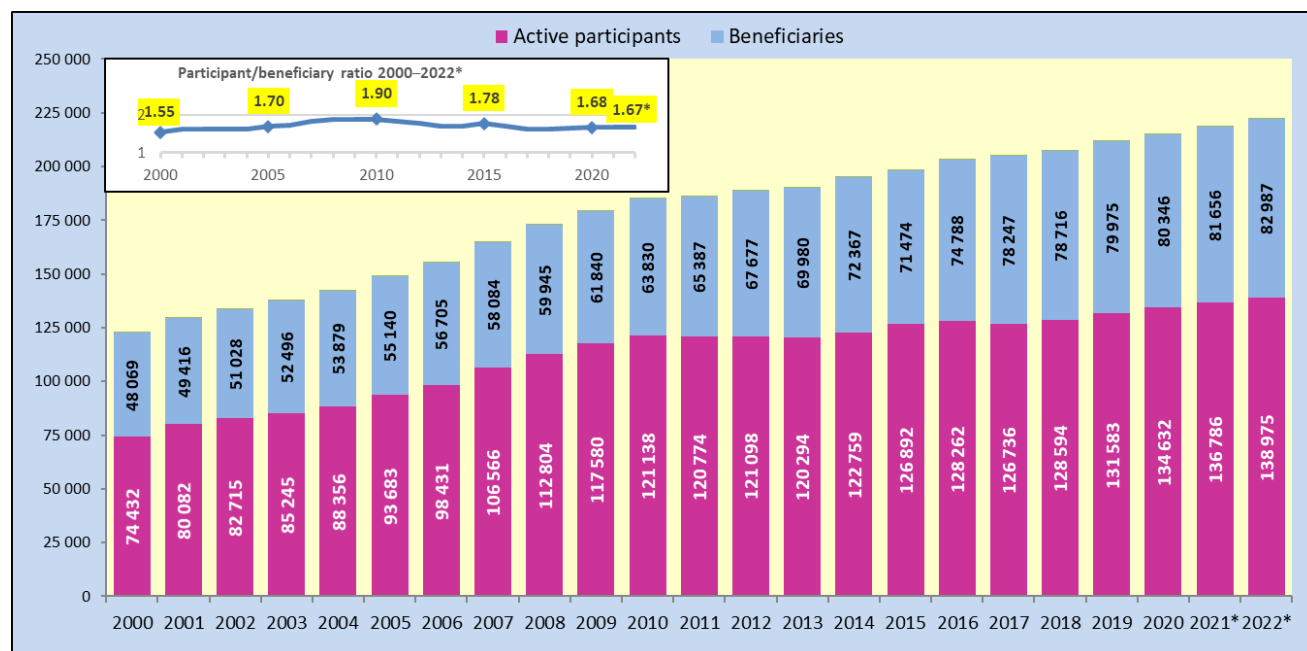
Workload drivers

Number of participants and beneficiaries

33. The Fund continues to experience a high rate of growth in the number of participants, retirees and other beneficiaries. Figures from 2020 confirm this trend, with an increase of 2.3 per cent in the number of participants and 0.5 per cent in the number of retirees. Figure II below reflects the overall growth of the Fund in terms of the number of participants, retirees and other beneficiaries at the end of each year

since the year 2000. It also presents the ratio of participants to retirees and other beneficiaries, reflecting a maturing Fund. As retirees and other beneficiaries are the key clients of the Fund and require more administrative resources than participants, the Fund's overall workload is increasing disproportionately.

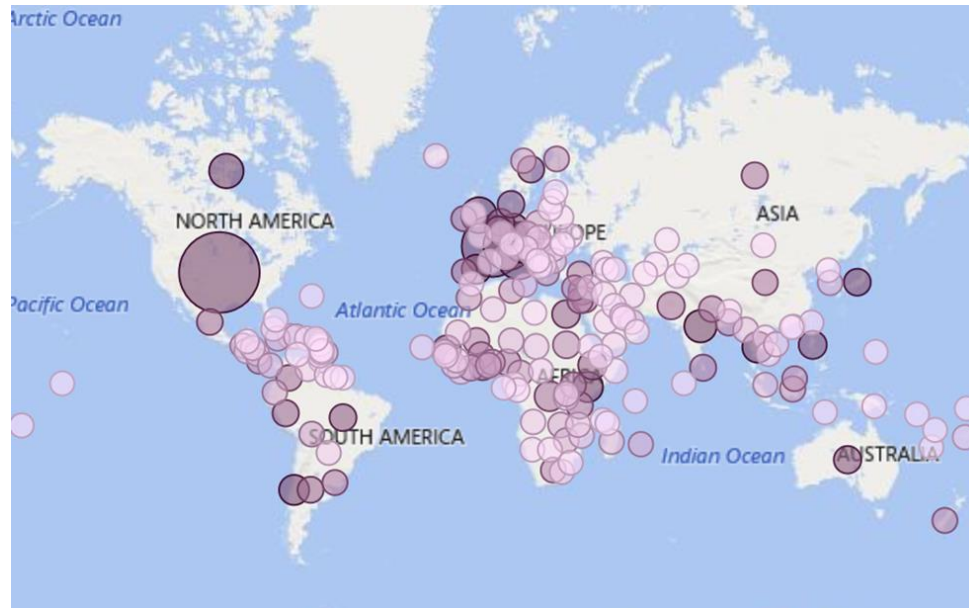
Figure II
Growth in the number of participants, retirees and beneficiaries at the end of each year*



* Estimates.

34. The Fund's distribution of retirees and other beneficiaries across the world is unique among defined benefit plans. Furthermore, the geographical dispersion of participants adds to the complexity of the Fund's operations and its demands for more global reach. Periodic benefits are paid in 17 currencies worldwide in more than 190 countries and territories, including countries with limited banking structures. The map below displays the Fund's service coverage for retirees.

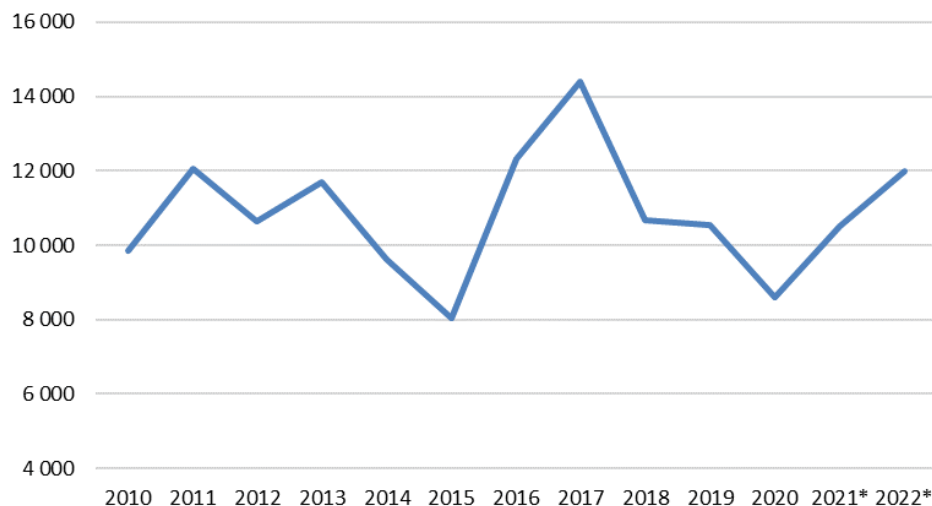
Figure III
Periodic benefits by country



Number of separations

35. Whereas the number of participants and beneficiaries follows a relatively stable and predictable pattern year over year, the number of separations of participants is much more volatile. Although the separation of long-term staff largely correlates with the mandatory age of separation of the Fund's member organizations, the separation of short-term staff is primarily influenced by member organizations' human resource strategy, business requirements and budget availability. The increase of the mandatory age of separation from age 62 to 65 and business decisions (such as the closing of peacekeeping missions) affect the number of separations and initial entitlement claims for any given year. The Pension Administration's objective is to award initial entitlement benefits as soon as all required documentation is received. Figure IV below shows the number of benefits awarded in a given year.

Figure IV
Number of benefits awarded



* Estimates.

Number of client service requests

36. Serving clients involves many activities, including informing participants, retirees and beneficiaries of their rights and options, responding to queries and processing cases (workflows) relating to participation, separation, retirement, payment of and the continued entitlement to benefits, the pension adjustment system, emergency fund requests and other pension-related processes. The number of client service requests submitted to the Fund is primarily influenced by the number of beneficiaries and participants, changes in the client base (such as admissions of new member organizations), procedural changes in the Pension Administration (e.g. introduction of the digital certificate of entitlement), the number of separations or retirements and outreach activities to participants and beneficiaries.

Strategy for 2021–2023

37. For 2022, the Fund will continue to deliver its core functions and implement the strategy for 2021–2023, as endorsed by the Pension Board and the General Assembly in 2020. The strategy has three key pillars:

(a) **Simplify client experience.** This pillar aims to make client service and client satisfaction the priority. This will be done by developing a new service delivery model, streamlining the entitlement process, reducing banking fees for the receipt of pension payments in selected jurisdictions and making pensions clearer for our clients and partners in member organizations;

(b) **Modernize pension services.** The Fund will focus on innovation, streamlined and paperless processes, new technologies, improving reconciliation of data and upscaling of staff skills, and become a data-driven organization. These undertakings will be the backbone of the Fund's modernization;

(c) **Develop a strong global partnership network.** The Fund will further develop internal and external partnerships, transparency and accuracy of reporting to increase trust and confidence between the Fund and its staff, clients, stakeholders and decision-makers while empowering member organizations.

38. In 2022, the Fund will focus on client service delivery by creating a dedicated structure, enhancing client-focused capacity and strengthening the Geneva office's client services and pension entitlement functions. It also plans to procure a new customer relationship management system, which will dramatically improve interactions between the Fund and its clients. The system will provide much-needed functionalities and automation to improve the quality of client services and simplify the client experience by offering new communication channels. This will enable clients to gain more visibility of their interactions with the Fund by tracking the status of their queries online, offering a knowledge base of frequently asked questions, and many additional features.

External factors

39. The overall plan for 2022 is based on the following assumptions:

(a) The client population served by the Fund continues to grow and live longer and is increasingly geographically dispersed. This evolution is outside the Fund's control;

(b) Transactional volumes are not significantly above expectations;

(c) Participants and member organizations provide timely information and documents/data to the Fund;

(d) There are no significant changes in the Fund's operating environment, such as changes to available human and financial resources, significant modifications to plan design provisions, serious political conflicts, natural disasters, pandemic, etc.

Evaluation activities

40. The following evaluations completed in 2020 have guided the programme plan for 2022:

(a) Office of Internal Oversight Services (OIOS) audit of human resources management in the Pension Administration;

(b) OIOS audit of data governance, data management and reporting in the Pension Administration;

(c) OIOS audit of client services in the Pension Administration.

41. A review of key performance indicators is planned for 2021 and 2022.

A. Proposed programme plan for 2022 and programme performance for 2020

Programme of work

Objective

42. The objectives of the Pension Administration are to:

(a) Collect and update participant information and contributions to the Fund;

(b) Process entitlements, including the definition of eligibility to the benefits provided by the Fund;

(c) Manage benefits (including payment of retirement and disability benefits), adjust pension based on the regulatory cost of living, and verify entitlements;

(d) Provide client services to all participants, retirees and other beneficiaries, including communication with staff/participants about their options, and respond to their queries.

Impact of coronavirus disease (COVID-19) pandemic on programme delivery in 2020

43. As a result of the spread of the global COVID-19 pandemic, economic uncertainties have arisen that could have a negative impact on the Fund's financial condition, operations and cash flows. The Fund's staff members in New York, Geneva and Nairobi transitioned to remote working when office locations were closed owing to COVID-19-related measures taken by the United Nations in alignment with the guidance of local authorities. All Fund operations continued to fulfil their functions remotely. To limit disease transition, the in-person client service had to be suspended starting in March 2020 and will resume when possible.

44. The limitations of international postal services had an impact on the Fund's Pension Administration operations in the second quarter of 2020. The issues were mitigated by replacing paper-based communication with digital communication methods. The Fund also experienced a substantial decline in pension entitlement cases, as member organizations deferred separations. It is to be expected that this deferral will lead to a significant increase in workload after the pandemic.

45. The actuarial present value of accumulated (promised) plan benefits, which does not consider future increases in pensionable remuneration, is determined by independent actuaries. The amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (using decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. An early indication of any impact of COVID-19 on the mortality and morbidity of participants and beneficiaries will be known from the experience analysis that will be carried out in advance of the next full valuation as of 31 December 2021.

Programme performance in 2020 and planned results for 2022

46. The programme performance for 2020 and the planned results for 2022 are measured for each of the core objectives of the Pension Administration.

Contribution management (collecting and updating participant information and contributions necessary for retirement)

47. Managing participants' and member organizations' contributions allows the Fund to accurately calculate entitlements and process pensions. This is a core financial function that is fulfilled through the regular exchange of data with member organizations throughout the year and an annual reconciliation exercise between December and March. Only 2 member organizations out of 25 (UNIDO and ICAO) have automated monthly interfaces with the Fund. Hence, this process requires a great deal of work every year.

Table 6
Performance measures

	2018 (actual)	2019 (actual)	2020 (actual)	2021 (planned)	2022 (planned)
Number of participants	128 594	131 583	134 632	136 786	138 975
Value of contributions (billions of United States dollars)	2.5	2.7	2.9	3.0	3.1
Percentage of contributions reconciled	100	100	100	100	100

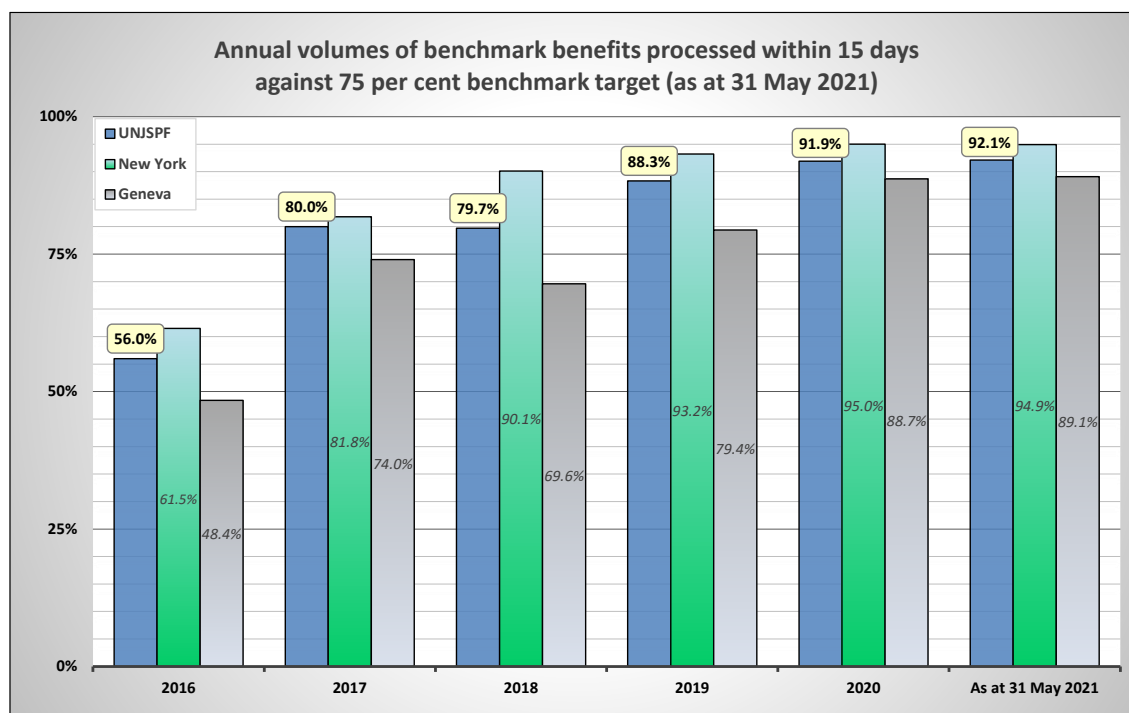
Number of entitlements processed within 15 days

Meeting the benefit processing benchmark

48. The Fund's strategic planning documents for the previous years specified the target for benefits processing. The benchmark was set at 75 per cent of benefits (initial separations) being processed within 15 business days of receipt of all the required separation documents. The same benchmark is applied to all initial benefit types. The benchmark methodology was changed in July 2020 following a recommendation of the United Nations Board of Auditors. The Board recommended to pause and resume instead of pause and reset the benchmark count for those cases requiring additional documentation, as reflected in figure V below. The Fund has continued to meet and exceed the benefits processing benchmark with the new methodology, processing 90 per cent of initial separations within 15 business days.

49. While the benchmark is met, figure V also shows that although the implementation of functional reporting across the Fund's offices has resulted in narrowing the performance gap between the New York and Geneva offices. There is a performance gap that is planned to be addressed in the proposed 2022 budget by strengthening the pension entitlement workforce in the Geneva office (see the section on proposed post and non-post resource requirements 2022 for more details).

Figure V
Performance benefits benchmark



50. The Fund is committed to adhering to its prescribed benchmark in benefits processing. While the 2020 volumes were exceptionally low owing to the member organizations experiencing fewer separations during the pandemic, it is anticipated that the volumes will increase in 2021.

Table 7
Performance measures

	2018 (actual)	2019 (actual)	2020 (actual)	2021 (planned)	2022 (planned)
Number of benefits awarded	10 674	10 555	8 591	10 500	12 000
Percentage of entitlements processed within 15 days	79.7	88.3	91.9	75.0	75.0

Benefits management (paying retirement and disability benefits, cost-of-living adjustments and processing survivors' benefits)

51. Paying pensions is the core deliverable of the Fund, whether it is a lump sum or a periodical benefit, mainly operated through monthly payrolls. The primary indicator is to issue payments on time, so retirees and beneficiaries receive their benefit payments without delay and according to their entitlements.

Table 8
Performance measures

	2018 (actual)	2019 (actual)	2020 (actual)	2021 (planned)	2022 (planned)
Number of benefits in payments	78 716	79 975	80 346	81 656	82 987
Value of benefits distribution (billions of United States dollars)	2.7	2.7	2.8	3.0	3.2
Percentage of benefits payments issued on time	100	100	100	100	100

Providing client services to all participants, retirees and other beneficiaries

52. The leading workload indicator for Client Services' activities is the number of queries and cases handled. Clients submit their queries via different modes of communication, such as email, telephone, online contact form, post mail, fax and walk-in visits.

Table 9
Performance measures

	2018 (actual)	2019 (actual)	2020 (actual)	2021 (planned)	2022 (planned)
Total participants and beneficiaries	207 310	211 558	214 978	218 442	221 962
Total client queries received	–	54 239	61 365	97 951	113 524
Percentage of client queries resolved within 15 days	–	86	68	80	80

B. Proposed post and non-post resource requirements for 2022

Overview of resources

53. The total resource requirements for 2022, including the breakdown of resource changes, as applicable, are reflected in tables 10 to 15 and figure VI.

54. The overall resources proposed for 2022 amount to \$63.2 million before recosting, reflecting a net increase of \$2.1 million (or 3.5 per cent) compared with the appropriation for 2021:

(a) The net increase of \$5.0 million (or 18.4 per cent) under post resources reflects the technical adjustments relating to the annual provision of 1 new post established in 2021, conversions of 41 general temporary assistance positions and 1 extrabudgetary post to established posts, and proposed 6 new posts. The increase related to the conversion of 41 general temporary assistance positions to post under post resources leads to a corresponding reduction of 41 general temporary assistance positions under other staff costs, as presented under (b). Annex III contains details of the proposed changes in post resources.

(b) The net decrease of \$2.9 million (or 8.7 per cent) under non-post resources reflects:

(i) The corresponding reduction for conversion of 41 general temporary assistance positions to posts. The increase under posts is presented under (a). As the 41 general temporary assistance positions are converted to posts and presented under posts, the related resources for 41 general temporary assistance

positions under other staff costs are reduced for these positions. The proposed changes are based on the comprehensive review of the general temporary assistance positions in Pension Administration at the request of the General Assembly in its resolution 75/246 as detailed in annex VI.

(ii) The reduction is offset in part by the net increase mainly under the requirements for the information technology and, specifically, the planned procurement of a modern customer relationship management system in line with the Fund's strategic plan for the period, as reflected under the section entitled "Strategy for 2021–2023" above.

55. The details on the variance and proposed adjustments between the budget classes are reflected in the paragraphs below. The proposed level of resources provides for the full, efficient, and effective implementation of the Fund's mandate and in line with the strategy and programme plan envisioned for the year 2022.

Table 10

Overall: evolution of financial and post resources, by object of expenditure (Pension Administration)

(Thousands of United States dollars)

Category	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)	2022 estimate (after recosting)	
			Technical adjustments	Other	Total	Percentage			
Posts	25 483.9	27 382.2	118.2	4 923.6	5 041.8	18.4	32 424.0	689.7	33 113.7
Other staff costs	5 667.3	8 334.1	–	(5 155.7)	(5 155.7)	(61.9)	3 178.4	60.1	3 238.5
Hospitality	–	3.1	–	–	–	–	3.1	0.1	3.2
Consultants	173.8	207.2	–	109.5	109.5	52.8	316.7	6.9	323.6
Travel of staff	59.4	403.3	–	(7.8)	(7.8)	(1.9)	395.5	8.5	404.0
Contractual services	13 338.1	12 792.6	–	3 786.3	3 786.3	29.6	16 578.9	333.5	16 912.4
General operating expenses	7 344.7	11 115.3	–	(1 436.9)	(1 436.9)	(12.9)	9 678.4	131.2	9 809.6
Supplies and materials	26.0	92.3	–	(51.2)	(51.2)	(55.5)	41.1	1.2	42.3
Furniture and equipment	825.2	707.1	–	(157.1)	(157.1)	(22.2)	550.0	11.0	561.0
Total	52 918.4	61 037.2	118.2	2 010.7	2 128.9	3.5	63 166.1	1 242.2	64 408.3

Table 11

Overall: proposed posts and post changes for 2022

Post changes	Number	Level
Approved	198	1 ASG, 1 D-2, 4 D-1, 12 P-5, 24 P-4, 33 P-3, 1 P-2/1, 11 GS (PL), 109 GS (OL), 2 GS (LL)
New	6	6 GS (OL)
Conversion	42	1 P-5, 2 P-4, 7 P-3, 32 GS (OL) (41 from general temporary assistance and 1 from extrabudgetary)
Redeployment	–	1 P-5, 1 P-4, 2 P-3 from Executive direction and management to programme of work 1 P-3 from executive direction and management to programme support 1 GS (OL) from programme of work to programme support
Reassignment	–	1 D-1, 1 P-4, 2 P-3, 3 GS (OL)
2022	246	1 ASG, 1 D-2, 4 D-1, 13 P-5, 26 P-4, 40 P-3, 1 P-2/1, 11 GS (PL), 147 GS (OL), 2 GS (LL)

The breakdown of post changes by component, subprogramme and post level is provided in annex III.

Abbreviations: ASG, Assistant Secretary-General; GS, General Service; LL, Local level; OL, Other level; PL, Principal level.

Table 12
Overall: proposed posts by category and grade (Pension Administration)

	<i>2021 established</i>	<i>Changes</i>	<i>2022 estimate</i>
Professional and higher			
ASG	1	–	1
D-2	1	–	1
D-1	4	–	4
P-5	12	1	13
P-4	24	2	26
P-3	33	7	40
P-2/1	1	–	1
Subtotal	76	10	86
General Service			
Principal level	11	–	11
Other level	109	38	147
Local level	2	–	2
Subtotal	122	38	160
Total	198	48	246

Abbreviation: ASG, Assistant Secretary-General.

Table 13
Overall: evolution of financial resources by component (Pension Administration)

(Thousands of United States dollars)

	<i>2020 expenditure</i>	<i>2021 appropriation</i>	<i>Resource changes</i>				<i>2022 estimate (before recosting)</i>
			<i>Technical adjustments</i>	<i>Other</i>	<i>Total</i>	<i>Percentage</i>	
A. Executive direction and management	2 425.2	2 927.5	118.2	(963.2)	(845.0)	(28.9)	2 082.5
B. Programme of work	43 289.2	47 452.3	–	3 732.4	3 732.4	7.9	51 184.7
C. Programme support	7 204.0	10 657.4	–	(758.5)	(758.5)	(7.1)	9 654.1
Total	52 918.4	61 037.2	118.2	2 010.7	2 128.9	3.5	63 166.1

Table 14
Overall: proposed posts for 2022 by component (Pension Administration)

	<i>2021 established</i>	<i>Changes</i>	<i>2022 estimate</i>
A. Executive direction and management	8	(4)	4
B. Programme of work	185	49	234
C. Programme support	5	3	8
Total	198	48	246

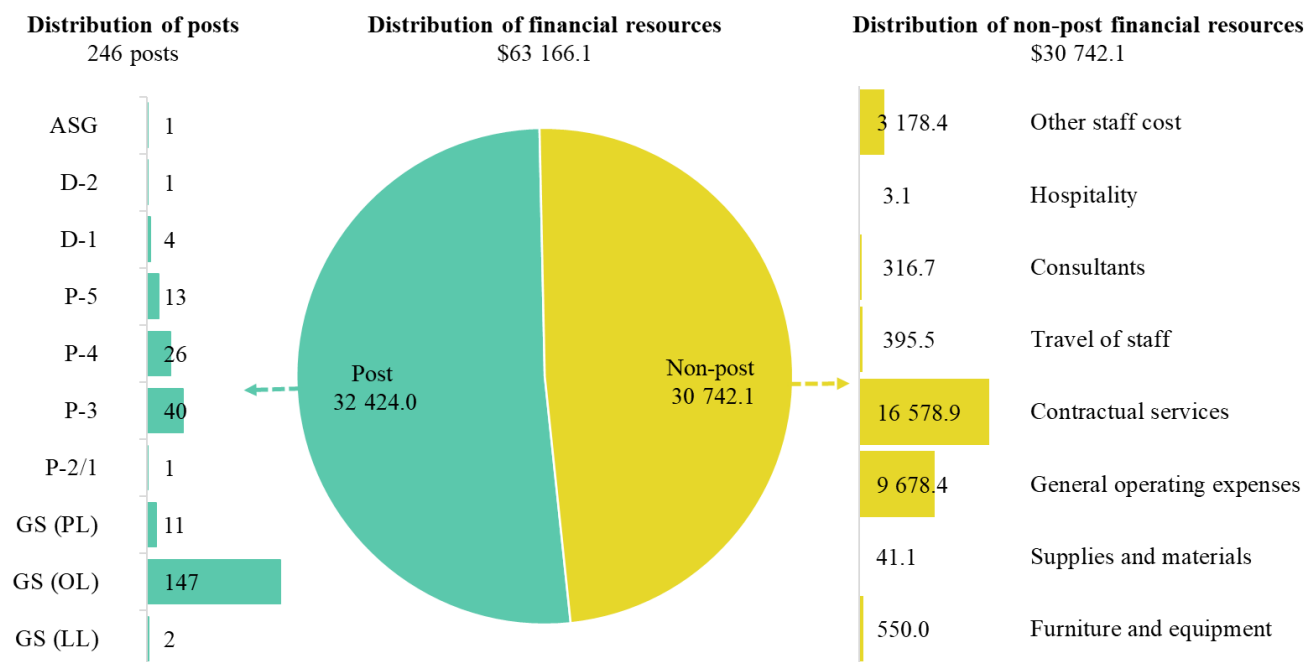
Note: The increase of 41 posts is offset by, and attributed to, the conversion of general temporary assistance positions.

Table 15
Overall: evolution of financial and post resources (Pension Administration)

	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)
			Technical adjustments	Other	Total	Percentage	
Financial resources by the main category of expenditure							
Post	25 483.9	27 382.2	118.2	4 923.6	5 041.8	18.4	32 424.0
Non-post	27 434.5	33 655.0	–	(2 912.9)	(2 912.9)	(8.7)	30 742.1
Total	52 918.4	61 037.2	118.2	2 010.7	2 128.9	3.5	63 166.1
Post resources by category							
Professional and higher		76	–	10	10	13.2	86
General Service and related		122	–	38	38	31.1	160
Total		198	–	48	48	24.2	246

Figure VI
Distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: ASG, Assistant Secretary-General; GS (PL), General Service (Principal level); GS (OL), General Service (Other level); GS (LL), General Service (Local level).

Overall resource changes (Pension Administration)

Technical adjustments

56. Resource changes reflect a net increase of \$118,200 under executive direction and management reflects the annual provision of one new post (P-5) established in 2021.

Other changes

57. Resource changes reflect a net increase of \$2,010,700 as follows:

(a) **Executive direction and management.** The decrease of \$963,200 reflects:

(i) The net decrease of \$735,300 under posts comprises:

a. The outward redeployment of one Human Resources Officer (P-3) to the human resources team under the newly titled Business Support Services Unit to integrate and strengthen all human resources-related support functions under one unit;

b. The proposed movement of the Business Transformation and Accountability Unit, comprising four staff (Chief (P-5), Risk Management Officer (P-4), Programme Management Officer (P-3) and Legal Officer (P-3)), to the programme of work, which will report directly to the Deputy Chief Executive of Pension Administration.

c. The decrease is offset in part by the proposed conversion of one general temporary assistance position of Special Assistant to the Chief Executive (P-5) to an established post, in line with pillar 3 (develop a strong global partnership network), which will also result in a decrease in the corresponding resources allocated previously in order to fund the new general temporary assistance post under other staff costs, as explained below. The details on the proposed conversion are reflected in annex VI on the comprehensive review of the general temporary assistance positions in Pension Administration;

(ii) The net decrease of \$227,900 under non-posts resources is primarily related to the decreased requirements under other staff costs, mainly reflecting the conversion of one P-5 general temporary assistance to the established post as mentioned above, offset in part by the increase for after-service health insurance premiums per expenditure trend (\$176,500); and under contractual services related to risk management (\$51,200).

(b) **Programme of work.** The increase of \$3,732,400 reflects:

(i) The net increase of \$5,367,300 under posts:

a. The proposed conversion of 39 general temporary assistance positions to established posts, as reflected in annex VI on the comprehensive review of the general temporary assistance positions in Pension Administration;

b. The proposed conversion of one extrabudgetary post to established post related to the after-service health insurance premium deduction programme undertaken by the Fund, as detailed in annex III;

c. The inward redeployment of four staff (Chief (P-5), Risk Management Officer (P-4), Programme Management Officer (P-3) and Legal Officer (P-3)) for the proposed movement of the Business Transformation and Accountability Unit from executive direction and management to programme of work;

d. Proposed six new posts: four Accounting Assistants (General Service (Other level)) under Payments Section, one Accounting Assistant (General Service (Other level)) under Accounts Section and one Benefits Assistant (General Service (Other level)) under Operations. Details on the post changes are reflected in annex III.

e. The increase is offset in part by the decreased requirements related to:

- The proposed reassignments of five posts from Financial Services in Geneva:
 - o One Accountant to Operations and one to Client Services in Geneva as Benefits Officers (2 P-3)
 - o One Accounting Assistant to Operations and two Accounting Assistants to Client Services in Geneva as Benefits Assistants (3 General Service (Other Level))
- The proposed reassignment of the Chief of the former Data Analysis and Legal Service Section as Chief of Client Services (1 D-1)
- The proposed outward redeployment of one Administrative Assistant in Geneva office to programme support to reflect the administrative services support functions under one support unit, the Business Support Services Unit

f. The details on the changes in the post resources are reflected in annex III. The proposal also includes one internal redeployment within the Financial Services: one Accountant to the Budget Unit as Finance and Budget Officer (P-3) and one Programme Officer from Operations to Client Services (P-4).

(ii) The net decrease of \$1,634,900 under non-posts mainly reflects:

a. The decreased requirements under other staff costs, to offset the increase under posts for the conversion of 39 general temporary assistance positions and the net abolishment of two positions, as detailed in annex VI; as well as the decreased requirements under overtime (\$5,302,600); under travel of staff, attributable to the continued efforts to reduce travel costs through the use of videoconferencing and teleconferencing (\$7,800); under general operating expenses, relating mainly to the decreased requirements for bank fees and information technology-related operating expenses per expenditure trend (\$121,400); under furniture and equipment, relating mainly to the effort to offset increases in contractual services by optimizing the replacement and acquisition of ICT-related equipment (\$137,400) and under ICT-related supplies per expenditure trend (\$32,200);

b. The net increase under consultants, relating mainly to the requirements for programme management for the strategy deployment framework and process mapping, and to developing business requirements for system enhancement and continuous improvement projects, offset in part by the decreased consultancy requirements for web content and graphic design (\$109,700);

c. The net increase under contractual services, reflecting mainly the net increase under ICT-related projects and maintenance in line with the Fund's strategic vision for the period: acquisition and implementation of a new customer relationship management system; advisory services related to information technology strategy and industry standards; development and implementation of cloud solutions and primary website upgrade as part of the new joint website with the Office of Investment Management; additional requirements for a client support centre dedicated to the digital certificate of entitlement; as well as the resources for the asset and liability management study, offset in part by the process improvement and value stream requirements (\$3,856,800);

d. The proposed new customer relationship management system is part of the strategy for 2021–2023 to improve service delivery and modernize pension services by providing critical data. It will assist with servicing the growth in the number of participants, retirees and other beneficiaries. Accordingly, the Fund strategy aims to modernize pension services through a renewed focus on

innovation, streamlined and paperless processes, new technologies, and by improving the reconciliation of data, upscaling staff skills, and becoming a data-driven organization. The acquisition of a customer relationship management system would support the Fund strategic goals and service delivery by:

- Reducing the number of client paper-based submissions and replacing them with online and real-time interactions with Fund's agents. This will be achieved as the customer relationship management system will enable clients to submit and share/upload images of any supporting documentation with the Fund's client service agents, replacing and extending the options currently available to retirees
- Using innovative new technologies to analyse the client interactions and identify patterns or systemic issues
- Centralizing and integrating into one repository all data related to customer relationships, providing real-time data for trend analysis and reporting. In particular, the centralized availability of all data related to client interactions will enable the Fund to generate comprehensive reports and dashboards on client service metrics, including volume and types of client inquiries, average response time distinct for reply time versus resolution time, client satisfaction scores, first contact resolution rate and number of follow-ups
- Providing clients with better visibility of their queries and tracking status and resolution times
- Creating a global view of the history of interactions between clients and the Fund, enabling each staff member to improve not only the response time (i.e., less time spent searching for the details of past interactions), but also processing quality

e. The Fund previously identified customer relationship management requirements for the initial acquisition of the Integrated Pension Administration System, which was implemented in 2016. The System equipped staff with a powerful entitlement processing engine, integrated with a member self-service portal, payment/accounting processes and document imaging repository. However, the customer relationship management capabilities of the 2016 System were not ready. Since then, customer relationship management technologies have made significant progress, offering the Fund the opportunity to select the best option for addressing its requirements to improving processing and client services.

(c) **Programme support.** The net decrease of \$758,500 primarily reflects:

(i) The net decreased requirements of \$1,050,100 under non-posts, including general operating expenses mainly attributable to the rental and maintenance of premises associated with the extension of the lease contract in 2020 for the New York office and removal of resources related to Geneva office relocation, as the office has been relocated in 2021 (\$1,315,500); decreased requirements under contractual services related mainly to estimated requirements for external printing (\$19,300); under supplies, based on expenditure trend (\$19,000); and under furniture and equipment, related to the relocation of the Geneva office (\$19,700). The decrease is offset in part by the increased requirements under other staff costs, related to general temporary assistance, as reflected in annex VI (\$323,400);

(ii) The net increase of \$291,600 under posts reflects the inward redeployment of one Human Resources Officer (P-3) from executive direction and management to integrate and strengthen all human resources related support

functions under one unit, the Business Support Services Unit; the inward redeployment of one Administrative Assistant (General Service (Other Level)) from Operations to reflect the administrative support services under one support unit, the Business Support Services Unit; and the conversion of one general temporary assistance, Facilities Management Assistant (General Service (Other level), to an established post, as detailed in annex VI. The increase is offset in part by the decrease related to the reassignment of the Administrative Officer to Human Resources Officer (P-4) to strengthen human resources support services in the Business Support Services Unit.

Executive direction and management

58. The Chief Executive of Pension Administration is responsible for managing and providing pension services of the Pension Administration, under the authority of the Pension Board. In addition, the Chief Executive of Pension Administration has a leading role with regard to outreach, communication and relations with stakeholders/decision makers, i.e. in the execution of pillar 3 (develop a strong global partnership network), strengthening internal and external partnerships. The main change in executive direction and management will relate to the Business Transformation and Accountability Unit, which will now be an integral part of the programme of work to make sure business transformation is close to the key services provided by the Fund and ensure effective transformation. The Unit will still report to the Deputy Chief Executive.

59. Information on compliance with regard to the timely submission of documentation and advance booking for air travel is reflected in table 16. Efforts have been made to further enhance the rate of travel compliance by reminding travellers of the requirements and re-enforcing mandatory justification on non-compliance. The non-compliance reported in 2020 mainly owing to the late nomination of travellers and exigency of operational requirements.

Table 16

Compliance rate

(Percentage)

	<i>Planned 2020</i>	<i>Actual 2020</i>	<i>Planned 2021</i>	<i>Planned 2022</i>
Air tickets purchased at least two weeks before the commencement of travel	77	68.2	100	100

60. The proposed resources for 2022 amount to \$2,082,500 and reflect a decrease of \$845,000 compared with the appropriation for 2021. Additional details are reflected in table 17 and figure VII. The proposed reduction is explained in paragraphs 56 and 57 (a).

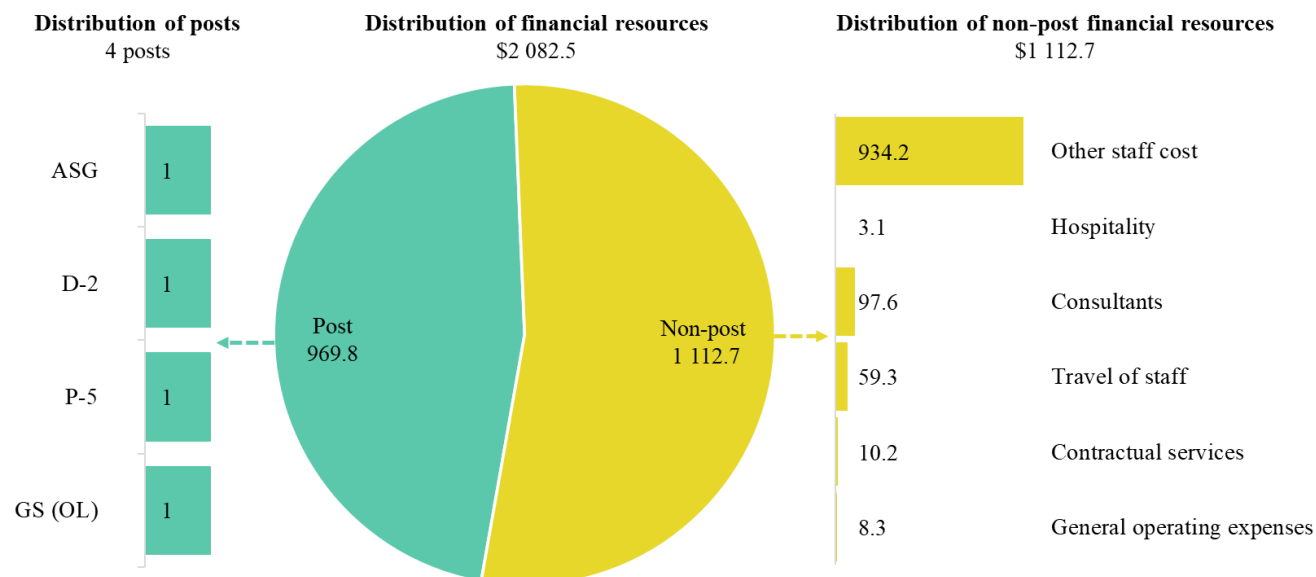
Table 17
**Executive direction and management: evolution of financial and post resources
(Pension Administration)**

(Thousands of United States dollars/number of posts)

	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)
			Technical adjustments	Other	Total	Percentage	
Financial resources by main category of expenditure							
Post	971.8	1 586.9	118.2	(735.3)	(617.1)	(38.9)	969.8
Non-post	1 453.4	1 340.6	–	(227.9)	(227.9)	(17.0)	1 112.7
Total	2 425.2	2 927.5	118.2	(963.2)	(845.0)	(28.9)	2 082.5
Post resources by category							
Professional and higher		7	–	(4)	(4)	(57.1)	3
General Service and related		1	–	–	–	–	1
Total		8	–	(4)	(4)	(50.0)	4

Figure VII
Executive direction and management: distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: ASG, Assistant Secretary-General; GS (OL), General Service (Other level).

Programme of work

61. Programme of work includes Operations Service, the new Client Services, Financial Services and the Information Management Systems Service reporting directly to the Chief Executive. It also includes the Data Analysis Unit, the Legal Office and, as proposed for 2022, the Business Transformation Unit, all reporting to the Deputy Chief Executive of Pension Administration.

62. The proposed resources are in line with the strategy for 2021–2023, as detailed in the strategy and programme plan for 2022 sections of the present document.

Operations Service

63. The Operations Service is entrusted with administering and managing the participation and separation process and post-retirement matters that necessitate strong collaboration with the 25 member organizations at the operational level. The total population of participants, retirees and beneficiaries is approximately 215,000. In addition, the Service also handles all incoming and outgoing correspondences, ensuring that these documents are recorded in the Integrated Pension Administration System, and appropriate workflows are opened for action by the different sections in the Fund.

64. The Operations Service is involved in the implementation of the strategy for 2021–2023, specifically pillar 1 (simplify client experience) and pillar 2 (modernize pension services), with the modernization of systems and processes. Under pillar 3 (develop a strong global partnership network), the Operations Service is working jointly with the member organizations to develop partnerships and empowering them.

Client Services

65. Client Services will be responsible for providing client-focused support to approximately 215,000 participants, retirees and beneficiaries. The services will include pension guidance and advice, serving walk-in clients, handling client inquiries and conducting outreach activities. In addition, Client Services will deliver internal and external communications to clients through briefings, training modules, website content, videos, brochures and multimedia. Client Services has a presence for fact-to-face engagement in New York, Geneva, Nairobi, Bangkok and Client Support Centres in New York and Valencia, Spain.

66. Client Services is a critical component of the Fund's Strategy, mainly under pillar 1 (simplify client experience), undertaking activities to enhance the client experience and making pensions clearer to the Fund's clients and member organizations.

Financial Services

67. Financial Services includes all financial reporting activities, collection and reconciliation of contributions, and the payment of benefits. The Payments Section and the Cashiers Unit facilitate the disbursement of \$2.8 billion of benefits, including quarterly adjustments to the benefit entitlement for all retirees and other beneficiaries. The payments also include adjustments to the entitlement amounts to reflect changes in the cost-of-living in accordance with the Fund's pension adjustment system. The Accounts Section administers and reconciles the receipt of \$2.9 billion in contributions to the Fund and the statements for participants. It is also responsible for producing accurate and timely annual financial statements for the Fund as a whole, including all investment activity reported by the Office of Investment Management. Finally, Financial Services includes the budget unit, which prepares and consolidates the annual budget for the entire Fund and facilitates and monitors the disbursement of the administrative expense through the United Nations Secretariat.

68. Financial Services contributes to the Fund's Strategy under pillar 1 (simplify client experience) by modernizing the processes and workflows and introducing new local payment channels through the United Nations Secretariat, while under pillar 2 (modernize pension services), on new systems and the future of work at the Fund, Financial Services works closely with member organizations to improve financial interfaces and the monthly reconciliation projects for contributions.

Information Management Systems Service

69. Information Management Systems Service is responsible for the Fund's ICT and includes ICT support to clients, staff pension committees, the Board, and its various committees. The scope of ICT services comprises the provision of computing and office automation support; acquisition and maintenance of software/hardware; design of systems; development and implementation of technology-driven solutions; cybersecurity; project management; and support of the telecommunications infrastructure and conferences services.

70. The Information Management Systems Service is an important driver of the strategy of the Fund for the implementation of the initiatives identified under pillar 1 (simplify client experience) and pillar 2 (modernize pension services). The new customer relationship management system proposed to be acquired in 2022, the enhanced member self-service features and the interfaces with member organizations are critical components to deliver the strategy and improve service delivery. In support of the strategy, the Information Management Systems Service will continue the following: (a) to provide project management support to ensure the consistent adoption of standard methodologies and best practices, monitoring milestones and reporting on deliverables; and (b) to support innovation by identifying, evaluating and testing new solutions to improve the efficiency and quality of the Fund's processes and services, including robotic process automation.

Business Transformation and Accountability Unit

71. The Business Transformation and Accountability Unit identifies and implements business transformation and change management solutions that support the Fund in delivering its services in a more effective, streamlined, client-orientated and innovative manner. The Unit is working across all functions to develop a deployment framework for the strategy for 2021–2023 and has created a detailed plan with over 50 projects in support of the three strategic pillars. The Unit has taken over the continuous improvement programme and has initiated regular reviews for ongoing projects, resulting in 9 improvement projects, while 11 projects are in progress. It has also facilitated the evaluation of suggestions for improvements and has undertaken steps for their execution.

72. To promote greater understanding and implementation of continuous improvement methodology among Pension Administration staff, the Business Transformation and Accountability Unit has developed a Lean Six Sigma training programme and initiated monthly training and certifications. Sessions have been conducted to date resulting in the training and certification of 42 staff members.

73. The Business Transformation and Accountability Unit assesses and manages risk as part of enterprise-wide risk management and oversees the Fund's internal control framework, liaises with internal and external oversight bodies, analyses and supports the implementation of the recommendations of oversight bodies and monitors and ensures compliance. The Unit is also responsible for developing and monitoring Fund's performance indicators and driving process improvements. It is crucial to implementing strategic pillar 2 (modernize pension services) as a critical business transformation, improvement and change management agent.

Data Analysis Unit

74. The Data Analytics Unit is responsible for the Fund's centralized data collection, analysis and reporting structure. It acts as the Fund's Centre of Excellence on every data-related matter, including reviewing and communicating actuarial valuation and the asset and liability management study results. The Unit focuses on

enhancing data accuracy and consistency and facilitating data collection, analysis and communication. The Unit ensures that the Fund identifies important trends, makes data-driven decisions and provides vital analytics. The Data Analysis Unit has an important role in transforming the Fund into a data-driven organization, as planned in pillar 2 (modernize pension services).

Legal Office

75. The Legal Office supports the Fund's management and operations by providing unified legal counsel, services and assistance to all sections and offices of the Pension Administration. It is responsible for facilitating the consistent and uniform interpretation and application of the Regulations and Rules of the Fund and the provisions of the pension adjustment system. The Office plays a critical function in advising and supporting the Fund on the use, interpretation and changes of the Fund and United Nations rules and regulations and contractual arrangements.

Proposed structural changes

Strengthening client services

76. The main change proposed in the 2022 budget affects the Operations Service and the Client Services and Outreach Section. In line with the Fund's commitment to enhance its service-oriented nature, the Fund intends to separate the Client Services and Outreach Section from the Operations Service, upgrade the Section to a Service and rename it "Client Services". A Chief will lead it at the D-1 level through the redeployment of the D-1 from the Data Analysis and Legal Services Section. At present, one D-1 handles the Pension Entitlements Section in New York and Geneva and the Operations Support Section and Client Services in New York and Geneva. The creation of Client Services is intended to improve the Fund's overall client experience through the improved structure, capacity for service delivery, processes and a greater focus on serving a growing population of participants, clients and beneficiaries. The service will be further strengthened through the redeployment of additional resources within the Geneva office.

77. Improving the client experience is a core objective of the Fund. Clients expect their Fund to attend to their needs in a timely, efficient and uncomplicated manner. They should be provided with the best possible service from the Fund. To improve the client experience requires the right structure, the capacity to deliver services, streamlined processes and a client-centric focus. A higher level of focus and expertise is needed to deliver a better client experience.

78. As shown in paragraph 52, the number of client service requests are expected to continue to grow, and the Fund must respond accordingly. Process improvement and a new customer relations management system will assist in meeting clients' needs and mitigate the impact of the increase in demand. However, to improve the client experience, client expectations and service gaps need to be captured and addressed. There also needs to be a continual and adaptive focus on client experience. To deliver a significant change in focus requires the right expertise and emphasis. Therefore, a structural change is proposed to enhance expertise and capacity to improve service delivery.

79. Under the new structure, the D-1 will assume the Chief of Client Services role. The current Chief of the Client Services and Outreach Section (P-5) will focus on managing and enhancing Client Services New York and the call centre services and will report directly to the Chief of Client Services (D-1). This will provide the additional capacity and expertise to strengthen and improve the operations and service delivery.

80. The new Chief of Client Services (D-1) will add capacity and provide a higher level of leadership and technical expertise in the delivery of client services. The Chief of Client Services will report directly to the Chief Executive of Pension Administration. The incumbent will have a critical role in implementing the strategy to simplify the service experience for clients and foster an organization-wide client-centric culture. The Chief of Client Services will improve client relationships, create a persistent focus on the client experience and seek to deliver the best in industry client experience. The Chief of Client Services will develop strategies and deliver activities to improve and align the client experience to client expectations and industry best standards.

81. One existing Benefits Officer (P-4) will be moved to a new role and report directly to the Chief of Client Services (D-1). The new role will focus on identifying client service gaps through analysis, surveys and client feedback. The incumbent will manage projects to improve and simplify client experience and recommend structural and organizational realignments to meet client expectations and industry best client experiences. The incumbent will support the Chief of Client Services in managing client relationships, creating a persistent focus on the client and proposing actions to ensure high-quality client experience service delivery.

82. In addition, communication resources consisting of one Communications Officer (P-3) and an Assistant (General Service (Other level)), currently proposed for conversion from general temporary assistance, will report directly to the new Chief of Client Services. The overall coordination of the Fund's communication activities will remain with the Executive Direction and Management.

83. Client Services needs to be strengthened in Geneva to enhance outreach and client engagement and take on new activities, such as statements of participation or certificates of benefits, the determination of two-track eligibility and greater involvement in the certificate of entitlement presuspension and forfeiture activities. The expertise and participation of Client Services Geneva staff at the Professional and General Service levels are needed to support current and future Client Services process improvement projects and initiatives aimed at improving the client experience. The additional capacity required for Client Services is one Benefits Officer (P-3) and two Benefits Assistants (General Service (Other level)) posts.

84. As indicated in paragraph 49 and figure V above, the Pension Entitlements Section Geneva needs to be strengthened to ensure that it is able to keep pace with the Pension Entitlements Section New York. While there has been a notable improvement of the performance of Pension Entitlements Section Geneva as for the processing of initial separations, challenges remain when it comes to handling the recalculation cases, such as the two-track cases, child benefits and deferred retirement benefits, into payment.

85. The redeployment of one P-3 and one General Service (Other level) posts from Geneva Finance to the Pension Entitlements Section Geneva will address this performance gap. The additional capacity will assist in improving the timeliness of processing of actionable cases, open workflows, legacy and other outstanding cases, including the maintenance of records and recalculations.

Cost and benefits of reassignments of Geneva Finance staff

86. The cost of strengthening the frontline Operations Service and Client Services in Geneva with two P-3 and three General Service (Other level) posts is estimated at \$726,000 per year (\$385,000 for the first year). To mitigate the cost impact, Pension Administration confirms the proposal made for the 2021 budget of reassigning all staff in the current Financial Services Team in Geneva to the Operations Service and

Client Services. In turn, the workload of the Financial Services Team in Geneva will be transferred to New York.

87. The reassignment delivers the following benefits:

(a) An offsetting of the cost-benefit will result in a reduction of Finance resources by two P-3 positions. The professional staff in New York will absorb the functions and activities of these two Geneva posts, and the two Geneva posts will be moved to the Operations Service and Client Services;

(b) Supporting the Geneva Operations Service and Client Services functions with experienced staff already familiar with the Fund;

(c) Dedicating more Geneva staff to functions directly responding to and engaging with clients;

(d) Harmonization of Finance back-office functions (tier 3 support) in one location, improving consistency of service delivery while maintaining the same level of service. The centralization of finance functions in New York will not affect the resolution time for finance-related client service inquiries.

88. Table 18 below contains a comparison between the cost implication of new resources required to strengthen the Geneva Operations Service and Client Services (option A) compared with the cost of reassigning those resources from the Geneva finance team and resourcing New York financial services with additional staff to take over the workload of the reassigned staff (option B).

Table 18

Programme of work: cost and benefits of reassignments of Geneva Finance staff

(Thousands of United States dollars/number of posts)

Option A: additional requirements (before recosting)							
<i>Office</i>	<i>Change</i>	<i>Post title</i>	<i>Category</i>	<i>Number of positions</i>	<i>2022 estimate</i>	<i>2023 estimate</i>	
Operations Geneva	New post	Benefits Officer and Assistant	1 P-3 and 1 GS (OL)	2	157.8	298.7	
Client services Geneva	New post	Benefits Officer and Assistants	1 P-3 and 2 GS (OL)	3	227.6		
Option A: total additional requirements				5	385.4	726.0	
Option B: reassignments							
Finance Geneva	Reassign post	From Finance office	2 P-3 and 3 GS (OL)		(340.6)		
Finance NY	New	Accounting Assistants	4 posts and 2 general temporary assistance GS (OL)	6	370.4	532.8	
Geneva	Abolish general temporary assistance	Assistants	3 GS (OL)	(3)	(385.8)	(385.8)	
Option B: net requirements from reassignments				3	(356.0)	147.0	
Savings from option B compared with option A				(2)	(741.4)	(579.0)	

(a) Other changes

89. The programme of work will also include the Data Analysis Unit and the Legal Office, previously positioned in a joint section supervised by a Director level now redeployed to head the new Client Services; the Business Transformation and Accountability Unit will also be transferred to the programme of work as explained

in paragraph 58. These three units are led by P-5 level managers and given their specialized and autonomous functions. It has been assessed that supervision can and will be provided by the Deputy Chief Executive.

Resources

90. The proposed resources for 2022 amount to \$51,184,700 and reflect an increase of \$3,732,400 compared with the appropriation for 2021. Additional details are reflected in table 19 and figure VIII. The proposed increase is explained in paragraph 57 (b).

Table 19

Programme of work: evolution of financial and post resources (Pension Administration)

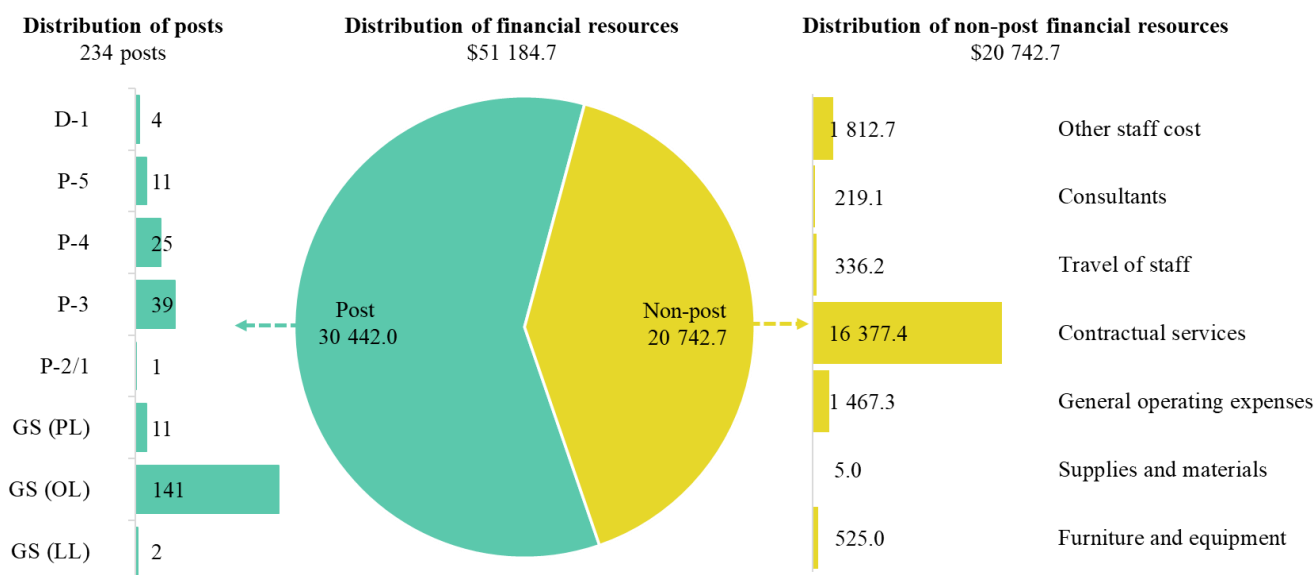
(Thousands of United States dollars/number of posts)

	2020 expenditure	2021 appropriation	Resource changes			2022 estimate (before recosting)	
			Technical adjustments	Other	Total		Percentage
Financial resources by main category of expenditure							
Post	23 984.0	25 074.7	–	5 367.3	5 367.3	21.4	30 442.0
Non-post	19 305.2	22 377.6	–	(1 634.9)	(1 634.9)	(7.3)	20 742.7
Total	43 289.2	47 452.3	–	3 732.4	3 732.4	7.9	51 184.7
Post resources by category							
Professional and higher		67	–	13	13	19.4	80
General Service and related		118	–	36	36	30.5	154
Total		185	–	49	49	26.5	234

Figure VIII

Programme of work: distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level); GS (LL), General Service (Local level).

Programme support

91. Programme support comprises the Fund's administrative support services unit. The Pension Administration and the Office of Investment Management resources are proposed to be consolidated into a new structure, integrating administrative support services structure, called the Business Support Services Unit. The new Unit leverages existing capacity, integrates human resources and facilities activities and introduces new services to support staff. The Unit will provide an integrated and shared service for the Pension Administration and the Office of Investment Management and have a dual reporting line to the Deputy Chief Executive of Pension Administration and Chief Operations, Office of Investment Management.

92. In its resolutions 73/274 and 74/263, the General Assembly recognized the need for a shared support structure, as did OIOS in its audit report of the governance structure and related service processes of the United Nations Joint Staff Pension Board (A/73/341) and the OIOS audit report of 21 December 2020 on human resources management in the Pension Administration of the Fund. These reports raised the need for shared support services. They identified deficiencies in the management and control of human resources activities and the delivery of knowledge and training in the Fund.

93. One shared human resources team will service the Pension Administration, the Office of Investment Management and the secretariat of the Pension Board. As OIOS and management identified deficiencies, additional capacity is proposed to provide training, development and welfare. A new Training and Development Officer (P-3) position will coordinate the training and development of staff and provide a level of welfare support.

94. The human resources and learning and development strategies will be managed and implemented by the new Business Support Services Unit. The Unit will also seek to improve services, client experience and address relevant issues raised by staff, OIOS, the Board of Auditors and surveys.

95. The Fund utilizes the United Nations Staff Rules and Regulations and the United Nations Financial Regulations and Rules with respect to administrative services, such as human resources management, procurement and payments. Accordingly, the Fund is utilizing the United Nations machinery in delivering these services and is therefore integrated with and utilizing the United Nations enterprise resource planning system, Umoja.

96. The proposed resources for 2022 amount to \$9,898,900 and reflect a decrease of \$758,500 compared with the appropriation for 2021. Additional details are reflected in table 20 and figure IX. The proposed increase is explained in paragraph 57 (c).

Table 20

Programme support: evolution of financial and post resources (Pension Administration)

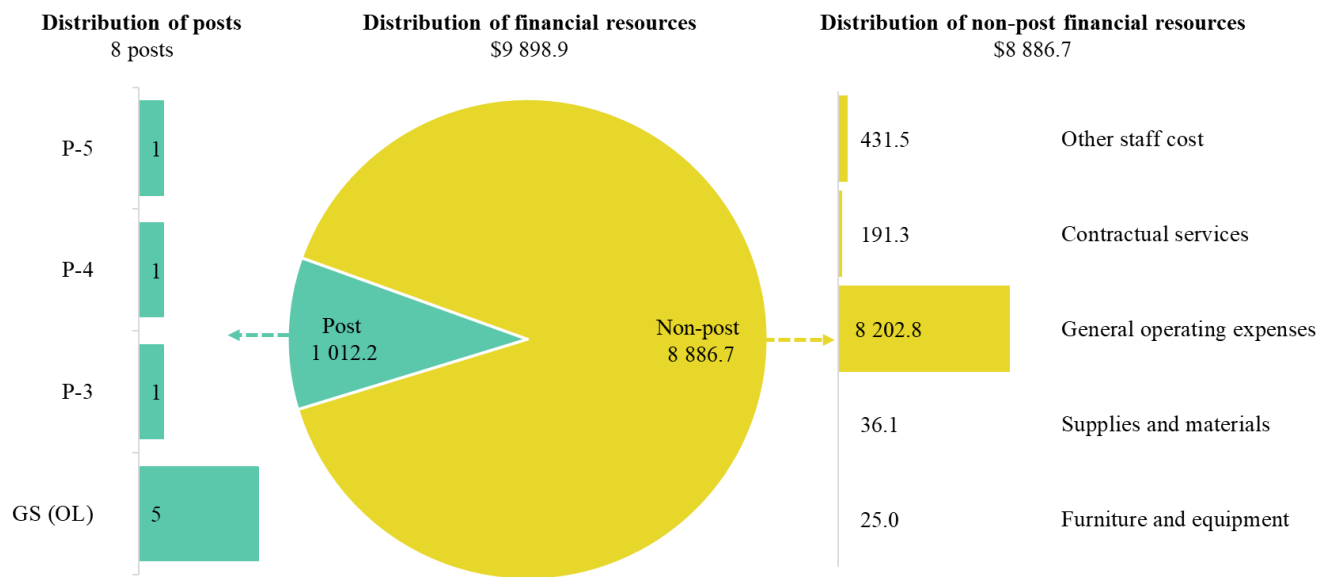
(Thousands of United States dollars/number of posts)

	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)
			Technical adjustments	Other	Total	Percentage	
Financial resources by main category of expenditure							
Post	528.1	720.6	–	291.6	291.6	40.5	1 012.2
Non-post	6 675.9	9 936.8	–	(1 050.1)	(1 050.1)	(10.6)	8 886.7
Total	7 204.0	10 657.4	–	(758.5)	(758.5)	(7.1)	9 898.9

	2020 expenditure	2021 appropriation	Resource changes			2022 estimate (before recosting)
			Technical adjustments	Other	Total	
Post resources by category						
Professional and higher		2	–	1	1	3
General Service and related		3	–	2	2	5
Total		5	–	3	3	8

Figure IX
Programme support: distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: GS (OL), General Service (Other level).

IV. Office of Investment Management

Foreword

The mission of the Office of Investment Management of the United Nations Joint Staff Pension Fund is to contribute to the global mission of the United Nations by ensuring the long-term financial sustainability of the Fund – a vital component of the United Nations family’s employee value proposition – so that it can fully discharge its obligations to current and future beneficiaries by optimally managing the Fund’s assets to achieve its long-term investment return objective in a prudent, cost-effective manner.

The Fund’s long-term return objective is to earn the highest possible investment return consistent with the Fund’s risk tolerance, so as to deliver an investment return that, over the long term (over 15-year period and longer), at least meets the Fund’s annualized real rate of return (the annual percentage return realized on an investment, adjusted for changes in prices as a result of inflation or other external effects) objective, which is currently 3.5 per cent in United States dollar terms.

The management of the investment of the assets of the Pension Fund is the fiduciary responsibility of the Secretary-General of the United Nations, in consultation with the Investments Committee, and in the light of the observations and suggestions made from time to time by the Pension Board on investment policy.

The Representative of the Secretary-General has been delegated the responsibility and authority to act on behalf of the Secretary-General in all matters involving the fiduciary duties of the Secretary-General relating to the investment of the assets of the Fund, including representing the Secretary-General at meetings of the Investments Committee, the Pension Board and other meetings where investment matters pertaining to the Fund are being discussed. The Representative is assisted by the Office of Investment Management. Investments must meet the criteria of safety, profitability, liquidity and convertibility.

The Office of Investment Management strives to ensure that the assets of the Fund are managed prudently and optimally, and achieve its long-term investment return objective, in order to ensure the financial sustainability of the Fund. Its investments are spread over more than 100 countries, and 85 per cent of the assets are managed internally.

The estimate of \$53,621.0 for 2022 represents an increase of 14.6 per cent. The 2022 budget proposal emanates from the findings and recommendations in the report of the Office of Internal Oversight Services on the audit of governance mechanisms and related processes in the Office of Investment Management ([A/75/215](#)), specifically recommendation 5 (b) therein, to conduct a bottom-up workforce planning exercise to determine capacity gaps and develop a strategy to fill them in order to implement the investment strategy in a cost-effective manner, and from General Assembly resolution [75/246](#), in which the Assembly authorized the Secretary-General to engage in margin trading and participate in securities lending. The securities lending programme for United States Treasuries could generate additional returns to offset the proposed increase in resources for the Office of Investment Management. The overall request for resources by the Office of Investment Management is to support its own initiatives and to help achieve its targets to generate net returns in line with expectations while decreasing the overall risk environment.

(Signed) Pedro **Guazo**
Representative of the Secretary-General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

Overall orientation

Mandate and background

97. The Office of Investment Management is responsible for the day-to-day management of the United Nation Joint Staff Pension Fund's investments under the oversight and guidance of the Representative of the Secretary-General and various internal Office of Investment Management committees. The Office implements the approved investment policy and ensures that the portfolio conforms to the approved asset allocation, investment guidelines and risk parameters. Office of Investment Management staff assess global economic, geopolitical and financial market developments and monitor their impact on various asset classes and regions in which the Fund is invested.

98. The Office of Investment Management ensures that performance and portfolio risk analysis reports are accurate and up to date and arranges for the maintenance of appropriate and accurate accounts on the Fund's investments. The main sections of the Office are the Office of the Representative of the Secretary-General, the Investment Section, the Risk and Compliance Section and the Operations, Information Systems and Programme Administration Sections.

Strategy for 2022

99. The strategy and 2022 budget proposals of the Office of Investment Management are driven by four strategic priorities, three of which are set out in the report of OIOS on the audit of governance mechanisms and related processes in the Office of Investment Management ([A/75/215](#)) and one emanates from General Assembly resolution [75/246](#), in which the Assembly authorized the Fund to enter into a range of instruments to help diversify its portfolio. The following resources are being requested to support the Office's initiatives:

(a) **Gaps in resources.** Recommendation 5 (b) of the report is for the Representative to conduct a bottom-up workforce planning exercise to determine capacity gaps and develop a strategy to fill them to implement the investment strategy in a cost-effective manner;

(b) **Asset allocation and benchmark.** Recommendation 5 (c) of the report is for the Representative to review the validity of the inputs used for the 2019 asset-liability management study and strategic asset allocation, taking into consideration changes in the economic and market environment and the results of implementing the current strategic asset allocation, to make appropriate adjustments if necessary; and recommendation 6 (a) is for the Representative to reassess the appropriateness of the new benchmark for fixed income;

(c) **Culture transformation.** Recommendation 10 of the report is for the Representative develop and implement a culture transformation programme to cultivate a harmonious, high-performing and ethical culture in the Office of Investment Management, and conduct of culture surveys as appropriate. The Office is responsible for improving its culture, and steps are being taken to contribute positively to that goal through a culture transformation initiative;

(d) **Diversification of portfolio.** In response to rapidly changing market conditions, the Office of Investment Management has undertaken the following initiatives:

- (i) Effective management of the Fund's investments:
 - a. Securities lending
 - b. Repurchase agreements
 - c. Derivative instruments
 - d. Environmental, social and governance initiatives
- (ii) The Office actively manages market, credit, operational, legal and reputational risks, as follows:
 - a. Key strategic projects will be implemented in order to improve and create capabilities in various areas in the Office
 - b. Data management
 - c. Target operating model

External factors

100. The overall plan for 2022 is based on the following planning assumptions: (a) the world will gradually return to normal as more countries roll out the COVID-19 vaccines and the pandemic is kept under control; (b) all stakeholders will be supportive of the efforts of the Office of Investment Management and will extend their full cooperation; (c) there will be no significant shortfalls in funding for the implementation of the mandate established by the General Assembly; (d) the financial markets, such as public equities, private markets, global fixed income and foreign exchange, will move in the direction of the long-term assumptions; and (e) the procurement and the legal process for requested services/products are completed within the expected time frame.

101. The Office of Investment Management is also exposed to other external market-related factors, such as:

- (a) Residual negative impacts of the COVID-19 crisis persisting in the economy and financial markets;
- (b) More volatile global markets and currencies markets and fluctuations in interest rates;
- (c) More credit risk from sovereign countries and the risk that they default on loans;
- (d) Cybersecurity attacks;
- (e) Operating in inflationary and/or deflationary environments simultaneously in various geographies;
- (f) Supply chain disruptions.

Evaluation activities

102. The following evaluation activities initiated in 2021 continue to guide the programme plan for 2022:

- (a) A specialized consultant was selected by the Office of Investment Management to review and evaluate the results of the asset management study and the suitability of the portfolio benchmarks and evaluate the need to adapt to the new economic and market reality;

(b) The Office of Investment Management requested United Nations System Staff College to help implement a culture transformation programme. This is a long-term endeavour that will span over an extended period of time to help the Office implement the recommendation successfully.

A. Proposed programme plan for 2022 and programme performance for 2020

Programme of work

Objective

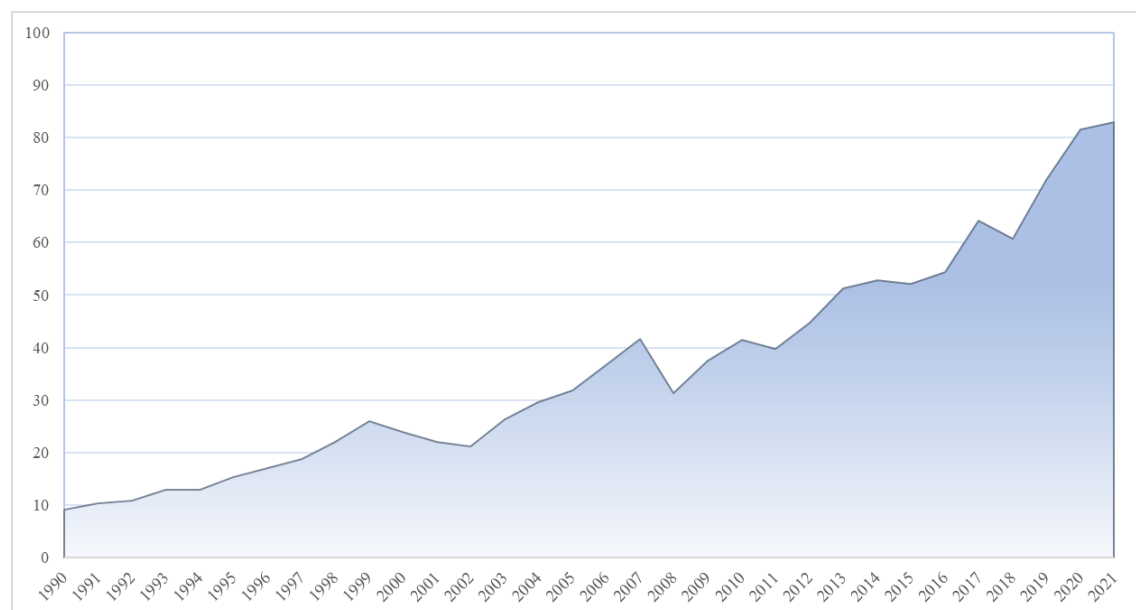
103. The Office of Investment Management strives to ensure that the assets of the Fund are managed prudently and optimally, and achieve its long-term investment return objective, in order to ensure the financial sustainability of the Fund. Its investments are spread over more than 100 countries and regions, and 85 per cent of its assets are managed internally. Investments must meet the criteria of safety, profitability, liquidity and convertibility.

Programme performance in 2020

Figure X

Market value of assets as at 31 March 2021

(Billions of United States dollars)



Impact of the COVID-19 pandemic on programme delivery in 2020

104. In the first quarter of 2020, the value of the Fund's portfolio declined in line with the market downturn. However, the financial markets recovered in the remaining quarters of 2020 and the value of the portfolio increased to record highs. Given that the COVID-19 pandemic was still unfolding at the time of writing, the Fund expects that the volatility in the markets may persist for the months to come. As of 31 December 2020, the Fund market value was \$81.5 billion, with a nominal return

of 13.4 per cent, which contributed 4.84 per cent real rate of return for 15 years, which is above the 3.5 per cent needed to meet the funding requirements.

105. The Fund underperformed the benchmark by 4 basis points (13.40 per cent versus 13.44 per cent). The underperformance was mainly attributed to the mortgage-backed securities portfolio and in emerging markets, both in fixed income and some public equities portfolios. The underperformance of the emerging markets portfolio versus the benchmark is explained partially by the fact that, for a large part of the year, the Office of Investment Management could not invest in some regions of the benchmark.

106. The Office of Investment Management continues to work remotely successfully during the COVID-19 pandemic, thanks to the business continuity and disaster recovery processes that were put in place.

107. In September 2020, the Fund made significant progress regarding its climate change policy. The Fund finalized thermal coal divestment following the commitment made in 2019 to divest from publicly traded companies in the coal energy sector before the end of 2020. The Fund also joined the United Nations-convened Net-Zero Asset Owner Alliance and committed to implement the recommendations of the Task Force on Climate-related Financial Disclosures.

108. Certificates ISO/IEC 27001:2013 and ISO/IEC 22301:2019, to strengthen information security and improve business resilience, were obtained. The Office of Investment Management conducted information security and business continuity awareness training to all staff.

109. The Office made significant disclosures of the investment reports and improved the transparency and communication by expanding the use of the Fund's website.

110. During the period 2020–2021, a total of 13 OIOS and 13 Board of Auditors recommendations were closed, and actions were under way to close the remaining 18 OIOS and 17 Board of Auditors open recommendations.

111. The Office improved the working methods of the Investments Committee (e.g. more frequent virtual meetings) and revised the terms of reference to reflect the independence of the Committee.

112. The Office has become Global Investment Performance Standards compliant. Those Standards are globally accepted and considered as industry best practice for investment performance reporting and presentation. One of the goals is to provide assurance on whether the asset owner's policies and procedures related to total Fund maintenance, as well as the calculation, presentation and distribution of performance, have been designed in compliance with the Standards and have been implemented.

Planned results for 2022

113. The Office of Investment Management remains committed to realizing its vision to continue to be an institution whose mission is to contribute to the global mission of the United Nations by ensuring the long-term financial sustainability of the Fund.

114. The Office will continue to address the gaps in resources and capabilities, work on improving its culture and update its investment policy statement to be able to function successfully in a more challenging investment landscape.

Table 21
Performance measures

	2018 (actual)	2019 (actual)	2020 (actual)	2021 (planned)	2022 (planned)
Meets or exceeds target real rate of return annualized in United States dollar terms (3.5 per cent) over the long-term (15 years or longer)	Yes, with 3.96 per cent	Yes, with 4.32 per cent	Yes, with 4.84 per cent	3.5 per cent	3.5 per cent
Meets or exceeds policy benchmark return over the short-term (3 years annualized nominal performance)	No (5.94 per cent for the total Fund vs. 6.30 per cent for the benchmark)	No (10.29 per cent for the total Fund vs. 10.34 per cent for the benchmark)	No (8.65 per cent for the total Fund vs. 8.86 per cent for the benchmark)	Yes	Yes

Note: As at 31 December 2020, the Fund's market value was \$81.50 billion, up from \$71.97 billion as at 31 December 2019, which is materialized by an annual nominal performance, for the year 2020. The 15-year real rate of return increased from 4.32 per cent at the end of 2019 to 4.84 per cent at the end of 2020, above the target rate of 3.5 per cent.

B. Proposed post and non-post resource requirements for 2022

Overview of resources

115. The proposed budget resources for 2022, including the breakdown of resource changes, as applicable, are reflected in tables 22 to 27 and figure XI.

116. The overall resources proposed for 2022 amount to \$53.6 million before recosting, reflecting a net increase of \$6.8 million (or 14.6 per cent) compared with the appropriation for 2021. Resource changes result from the following:

(a) **Posts.** The net increase of \$4.1 million (or 21.9 per cent) reflects the conversions of 15 general temporary assistance positions to established posts and proposed 16 new posts. Annex III contains details of the proposed changes in post resources;

(b) **Non-posts:** The net increase of \$2.7 million (or 9.6 per cent) relates mainly to requirements under contractual obligations for the Office of Investment Management's multiple projects and legal fees to invest in private markets and other initiatives.

117. The details on the variance and proposed adjustments between the budget classes are reflected below. The proposed level of resources provides for the full, efficient and effective implementation of mandates and in line with the strategy and programme plan envisioned for the year 2022.

Table 22

Overall: evolution of financial and post resources by object of expenditure (Office of Investment Management)

(Thousands of United States dollars)

Category	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)	Recosting	2022 estimate (after recosting)
			Technical adjustments	Other	Total	Percentage			
Posts	16 427.1	18 738.5	–	4 106.2	4 106.2	21.9	22 844.7	0.5	22 845.2
Other staff costs	1 689.2	3 159.2	–	(646.5)	(646.5)	(20.5)	2 512.7	3.5	2 516.2
Hospitality	0.3	3.1	–	(1.1)	(1.1)	(35.5)	2.0	–	2.0
Consultants	411.0	182.6	–	(2.6)	(2.6)	(1.4)	180.0	3.6	183.6
Travel of representatives	1.9	188.5	–	(73.2)	(73.2)	(38.8)	115.3	2.3	117.6
Travel of staff	80.3	468.6	–	(200.3)	(200.3)	(42.7)	268.3	5.3	273.6
Contractual services	13 516.4	19 347.7	–	3 615.1	3 615.1	18.7	22 962.8	459.4	23 422.2
General operating expenses	2 672.4	4 526.5	–	88.0	88.0	1.9	4 614.5	51.2	4 665.7
Supplies and materials	3.7	30.6	–	(17.6)	(17.6)	(57.5)	13.0	0.3	13.3
Furniture and equipment	186.2	161.3	–	(53.6)	(53.6)	(33.2)	107.7	2.1	109.8
Total	34 988.5	46 806.6	–	6 814.4	6 814.4	14.6	53 621.0	528.2	54 149.2

Table 23

Overall: proposed posts and post changes for 2022

Post changes	Number	Level
Approved	108	1 ASG, 1 D-2, 4 D-1, 12 P-5, 27 P-4, 28 P-3, 2 P-2/1, 15 GS (PL), 18 GS (OL)
New	16	1 D-1, 3 P-4, 9 P-3, 2 P-2/1, 1 GS (PL)
Conversion	15	5 P-4, 4 P-3, 5 P-2/1, 1 GS (PL)
Redeployment	–	D-2, P-4, GS (OL)
Reclassification	–	1 P-4 to P-5, 4 GS (OL) to 4 GS (PL)
Reassignment	–	1 GS (PL)
2022	139	1 ASG, 1 D-2, 5 D-1, 13 P-5, 34 P-4, 41 P-3, 9 P-2/1, 21 GS (PL), 14 GS (OL)

Note: Details on justifications for post changes are contained in annex III.

Abbreviations: ASG, Assistant Secretary-General; GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

Table 24
Overall: proposed posts by category and grade (Office of Investment Management)

	<i>2021 approved</i>	<i>Changes</i>	<i>2022 proposed</i>
Professional and higher			
ASG	1	–	1
D-2	1	–	1
D-1	4	1	5
P-5	12	1	13
P-4	27	7	34
P-3	28	13	41
P-2/1	2	7	9
Subtotal	75	29	104
General Service			
Principal level	15	6	21
Other level	18	(4)	14
Local level	–	–	–
Subtotal	33	2	35
Total	108	31	139

Abbreviation: ASG, Assistant Secretary-General.

Table 25
Overall: Evolution of financial resources by component (Office of Investment Management)
 (Thousands of United States dollars)

	<i>2020 expenditure</i>	<i>2021 appropriation</i>	<i>Resource changes</i>				<i>2022 estimate (before recosting)</i>
			<i>Technical adjustments</i>	<i>Other</i>	<i>Total</i>	<i>Percentage</i>	
A. Executive direction and management	5 683.5	4 922.8	–	(837.4)	(837.4)	(17.0)	4 085.4
B. Programme of work	26 800.1	37 621.5	–	8 205.3	8 205.3	21.8	45 826.8
C. Programme support	2 505.0	4 262.3	–	(553.5)	(553.5)	(13.0)	3 708.8
Total	34 988.5	46 806.6	–	6 814.4	6 814.4	14.6	53 621.0

Table 26
Overall: proposed posts for 2022 by component (Office of Investment Management)

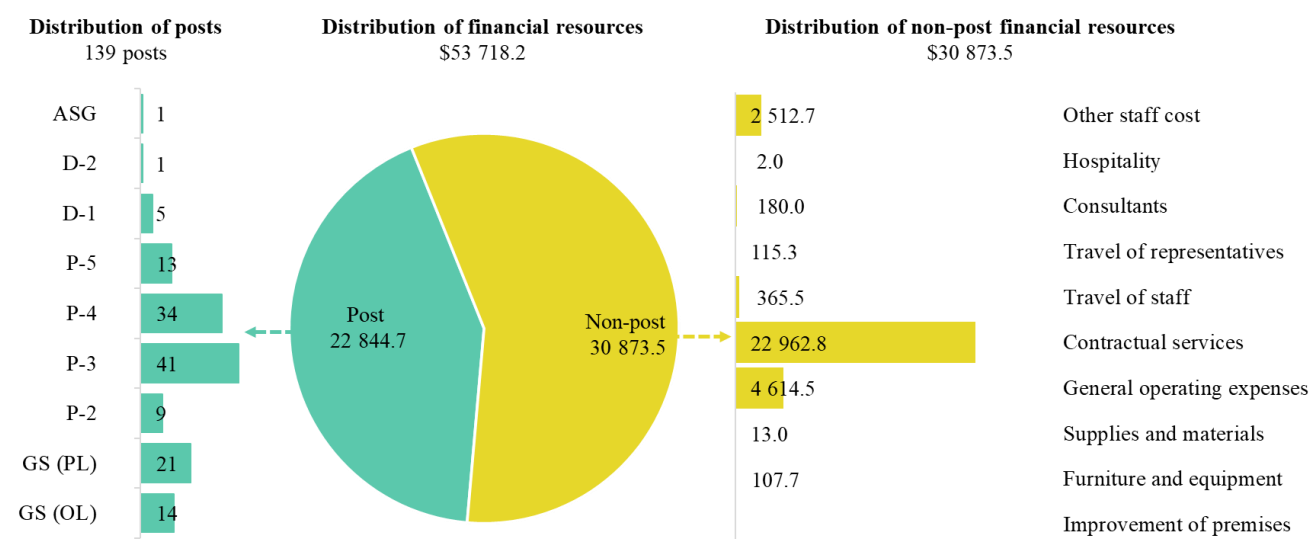
	<i>2021 approved</i>	<i>Changes</i>	<i>2022 proposed</i>
A. Executive direction and management	10	(2)	8
B. Programme of work	98	33	131
Total	108	31	139

Table 27
Overall: evolution of financial and post resources (Office of Investment Management)

	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)
			Technical adjustments	Other	Total	Percentage	
Financial resources by main category of expenditure							
Post	16 427.1	18 738.5	–	4 106.2	4 106.2	21.9	22 844.7
Non-post	18 561.3	28 068.1	–	2 708.2	2 708.2	9.6	30 776.3
Total	34 988.5	46 806.6	–	6 814.4	6 814.4	14.6	53 621.0
Post resources by category							
Professional and higher		75.0	–	29	29	38.7	104
General Service and related		33.0	–	2	2	6.1	35
Total		108	–	31	31	28.7	139

Figure XI
Distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: ASG, Assistant Secretary-General; GS (PL), General Service (Principal level); GS (OL), General Service (Other level).

Other changes

118. Resource changes reflect a net increase of \$6,814,400, as follows:

(a) **Executive direction and management.** The net decrease of \$837,400 relates to:

(i) The net decrease of \$541,200 under posts comprises:

a. The proposed outward redeployment of four posts from executive direction and management to programme of work, to reflect the changes in the organizational structure and to better align the functions in the Office of Investment Management;

b. The proposed new posts of one Legal Officer (P-3) and one Associate Legal Officer (P-2) to provide the legal team with the overall resources required to continue to effectively support the Office of Investment Management in the light of the growth in the number of investment transactions that are reviewed by the team;

(ii) The net decrease of \$296,200 under non-posts reflects mainly:

a. The decreased requirements under hospitality, owing to a reduction in the number of in-person meetings (\$1,100) under travel of representatives (\$73,200) and travel of staff (\$104,800), as the Office of Investment Management anticipates making more efficient use of virtual communication by having more videoconference meetings going forward, and the fact that there were no requests for general temporary assistance in executive direction and management under other staff costs (\$261,700);

b. The increased requirements under contractual services, representing fees for external legal counsel mainly for the complex investments in derivatives and private markets contemplated by the Fund. These types of investments are extensively negotiated and require a considerable level of legal advice from external counsel. A roster of law firms will provide access to expert legal advice on a broader range of substantive areas. The Office of Investment Management also requires the assistance of external legal counsel in connection with a broad range of investment related matters, such as the review of agreements with advisors and service providers, the extent of which cannot be fully anticipated. The increase is offset in part by the redeployment of services related to non-discretionary advisory services and environmental, social and governance tools and services to programme of work in line with the proposed organizational structural changes (\$141,600).

(b) **Programme of work.** The net increase of \$8,205,300 reflects:

(i) A net increase of \$4,647,400 under posts comprises:

a. The proposed conversions of 15 general temporary assistance positions to established posts and the establishment of 14 new posts, as detailed in annex III;

b. The proposed inward redeployment of one Chief Investment Officer (D-2), one Investment Officer (P-4) and one General Service (Other level) position and the reassignment of one General Service (Principal level) position, to reflect the changes in the organizational structure and to better align the functions in the Office of Investment Management;

c. The proposed reclassification of four posts from General Service (Other level) to General Service (Principal level), to reflect the higher level of work performed over the years and the increase in responsibilities as the size of the Fund has increased;

(ii) A net increase of \$3,557,900 under non-post resources relates to:

a. The increase in requirements under contractual service, mainly for reallocating contractual services from executive direction and management to programme of work, owing to organizational structure changes as mentioned above, ICT infrastructure and security, business applications, operations and risk tools and services (\$3,588,800) and under general operating expenses for special ICT-related projects (\$505,600);

b. The decrease in requirements under travel of staff reflects the continued efforts to reduce travel costs through the use of videoconferencing and teleconferencing and by efficiently combining trips whenever possible

(\$95,500); under consultants (\$2,600); and under furniture and equipment, related to the decrease in requirements for ICT equipment (\$53,600);

c. The decrease in requirements under other staff costs (\$384,800) mainly relate to the conversions of 15 general temporary assistant positions to established posts, offset in part by the additional 13 positions to meet the short-term staffing needs of the Office of Investment Management, as detailed in annex IV. The additional positions relate to the following:

- In its resolution 75/246, the General Assembly authorized the Fund to enter into a range of derivative instruments, to engage in margin trading and to participate in securities lending to effectively manage the Fund's investments and address the increasing complexity of the global capital markets environment. Accordingly, six general temporary assistance positions are proposed for this initiative;
- Seven general temporary assistance positions are proposed to help provide short-term support to the Office of Investment Management in its operations, ICT, fixed income and environmental, social and governance teams;

(c) **Programme support.** The net decrease of \$553,500 under non-post resources relates to general operating expenses, mainly attributable to the rental and maintenance of premises associated with the extension of the lease contract in 2020 (\$417,600), a reduction under supplies per expenditure trend (\$20,600) and the cancellation of software applications and switch to a less expensive solution (\$115,300).

Executive direction and management

119. The Representative of the Secretary-General leads the investment operations in terms of strategy and policy analysis, asset allocation, portfolio management and investment decision-making; risk management and compliance and monitoring; and back-office accounting, trade settlement, cash management, systems and information technology requirements, and programme administration. The Representative is responsible for investment policy, strategic and tactical asset allocation and the appropriate investment strategy in consultation with the Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on investment policy. He oversees the implementation of investment decisions and ensures that the approved investment policy and asset allocation are followed. He is responsible for carrying out the responsibilities of the Secretary-General under article 19 (b) of the Regulations of the Fund, including by ensuring that detailed accounts of all investments and other transactions relating to the Fund are maintained and reporting to the Pension Board, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly on the Fund's investments. The Representative also works closely with the Chief Executive Pension Administration of the Fund.

120. Under the improved organizational structure, the Chief Investment Officer helps the Representative of the Secretary-General to ensure that all the investment functions in the Office of Investment Management are properly coordinated, coherent and aligned in order to safeguard fiduciary responsibilities, support the goals and enhance the long-term sustainability of the Fund. The Representative is further assisted by the Chief Operating Officer and the Chief Risk and Compliance Officer to ensure that operations and information systems, programme administration and risk, compliance and monitoring functions are also adequately coordinated.

121. Information on compliance regarding the timely submission of documentation and advance booking for air travel are reflected in table 28. The Office of Investment Management continues to make effort to further enhance the travel compliance rate, taking into consideration the patterns and nature of official travel.

Table 28
Compliance rate

(Percentage)

	<i>Planned 2020</i>	<i>Actual 2020</i>	<i>Planned 2021</i>	<i>Planned 2022</i>
Timely submission of documentation	100	100	100	100
Air tickets purchased at least two weeks before the commencement of travel	80	93	85	100

122. The proposed resources for 2022 amount to \$4,085,400 and reflect a decrease of \$837,400 compared with the appropriation for 2021. Additional details are reflected in table 29 and figure XII. The proposed decrease is explained in paragraph 118 (a).

Table 29

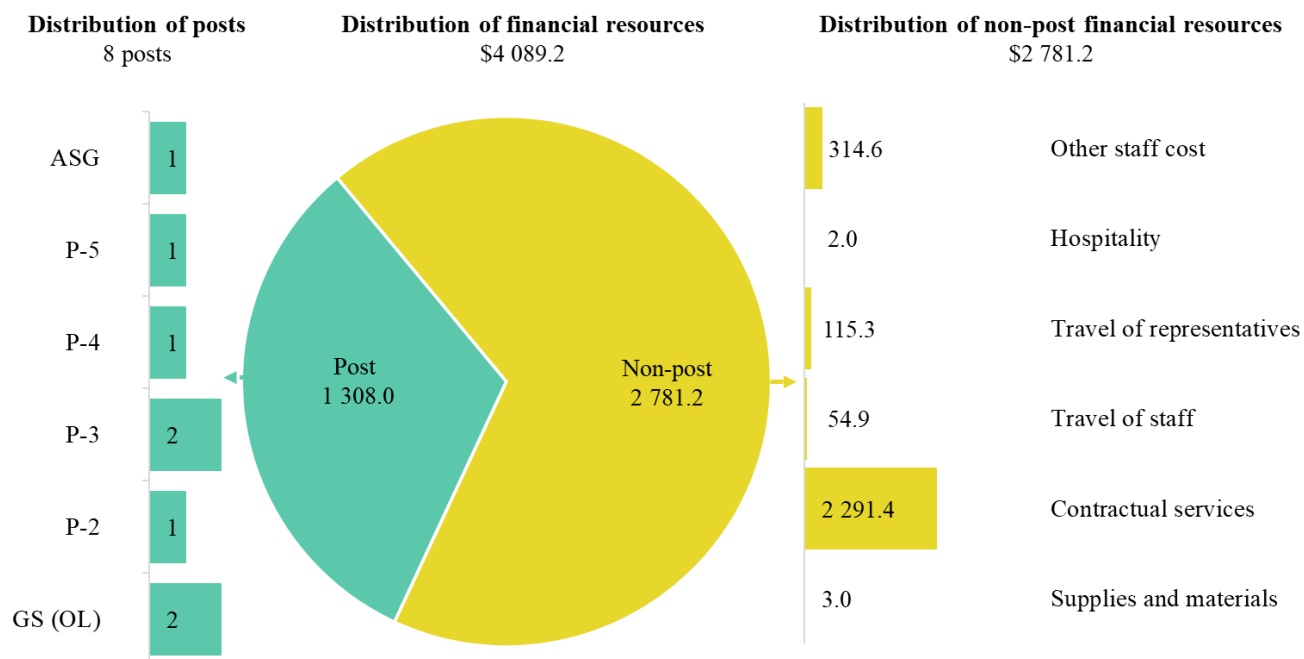
Executive direction and management: evolution of financial and post resources (Office of Investment Management)

(Thousands of United States dollars/number of posts)

	<i>2020 expenditure</i>	<i>2021 appropriation</i>	<i>Resource changes</i>				<i>2022 estimate (before recosting)</i>
			<i>Technical adjustments</i>	<i>Other</i>	<i>Total</i>	<i>Percentage</i>	
Financial resources by main category of expenditure							
Post	2 474.0	1 849.2	–	(541.2)	(541.2)	(29.3)	1 308.0
Non-post	3 209.5	3 073.6	–	(296.2)	(296.2)	(9.6)	2 777.4
Total	5 683.5	4 922.8	–	(837.4)	(837.4)	(17.0)	4 085.4
Post resources by category							
Professional and higher		6	–	–	–	–	6
General Service and related		4	–	(2)	(2)	(50.0)	2
Total		10	–	(2)	(2)	(20.0)	8

Figure XII
Executive direction and management: distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: ASG, Assistant Secretary-General; GS (OL), General Service (Other level).

Programme of work

123. Investment, Risk and Compliance, Operations, Information Systems and Programme Administration Sections are tasked with implementing the programme of work of the Office of Investment Management. In the Office's 2022 budget, the five sections are considered as one programme of work because the Office has one single objective of managing the investment of the Fund's assets, and all of those sections contribute towards achieving that goal.

Investment Section

124. The Investment Section is tasked with implementing the asset and regional exposure strategies as approved by the Representative of the Secretary-General and achieving optimal investment returns for the Fund while avoiding undue risks. The Chief Investment Officer, together with the Directors for Equities and Fixed Income Teams, supervise the public and private markets, which consist of teams focusing on sustainable investment, North American markets, European markets, Asia-Pacific markets, global emerging markets and fixed income, as well as the management of external specialty funds and trade execution, real estate and private equity (real assets was consolidated under private equity). The number of teams is expected to continue to grow in the future as the size and complexity of the Fund's investment portfolio grow, and as new asset classes and investment instruments are added to the Office of Investment Management's toolkit. The primary function of the teams involves investment management through the monitoring of current portfolios, tracking developments in and keeping abreast of financial markets and making and implementing investment decisions.

125. The Office of Investment Management strives to avoid risks that may compromise the long-term objective of the Fund. As such, the Office has expanded

its efforts in understanding and evaluating the impacts that externalities related to environmental, social and governance factors may have on its investment return and risk and is evolving its approach to sustainable investing. The objective of the Office's sustainable investing approach is to integrate environmental, social and governance considerations in its investment decision-making process across all asset classes.

Risk and Compliance Section

126. The Risk and Compliance Section reports to the Representative of the Secretary-General and comprises the risk team, the compliance team and the performance team. The teams are responsible for independently identifying, measuring and monitoring all aspects of market and operational risks to which the Fund is exposed. In addition, the Section is mandated to implement adequate monitoring and control processes covering the Fund's investments to ensure compliance with all Office of Investment Management policies and guidelines. The performance team is responsible for performance measurement and reporting (as calculated by the independent record keeper and custodian) of the Fund.

Operations, Information Systems and Programme Administration Section

127. The Chief Operating Officer reports to the Representative of the Secretary-General and supervises the operations team, the information systems team and the programme administration team.

128. The operations team is responsible for public and private markets investment operations that encompass post-trade processing, accounting, reconciliation, corporate actions monitoring and the financial reporting of all investment transactions and related activities of the Fund. The operations team is also responsible for the cash desk, including payroll funding requirements in and out of the Office's custody cash account and the production of daily cash projections, enabling the Investment Section to manage cash for all currencies utilized by the Office for investment purposes. Furthermore, the operations team is responsible for managing all aspects related to the custody of the assets of the Office and all of the Office's tax related matters, including managing the relationship with the Office's global tax and accounting advisers.

129. The information systems team is responsible for the Office's ICT operations, which encompass the enablement and technical support of the investment operations from portfolio management, risk management, trade execution, trade processing and investment data maintenance. The objective is to implement fit-for-purpose investment applications, equipping portfolio and risk managers with rapid access to the actionable financial data needed to implement effective investment models and make effective decisions to accomplish the investment target, while maintaining the investment criteria of profitability, liquidity, convertibility and safety.

130. The programme administration team coordinates actions related to the effective administration of the growing number of the Office staff and resources. The team provides the requisite support and coordination for budget preparation and workforce planning, as well as recruitment-related support to hiring managers, and coordinates the complex procurement of services for the Office. The programme administration team provides support and guidance to the Office's staff to ensure that administrative actions are carried out in accordance with the United Nations regulations and rules.

131. The proposed resources for 2022 amount to \$45,826,800 and reflect an increase of \$8,205,300 compared with the appropriation for 2021. Additional details are reflected in table 30 and figure XIII. The proposed increase is explained in paragraph 118 (b).

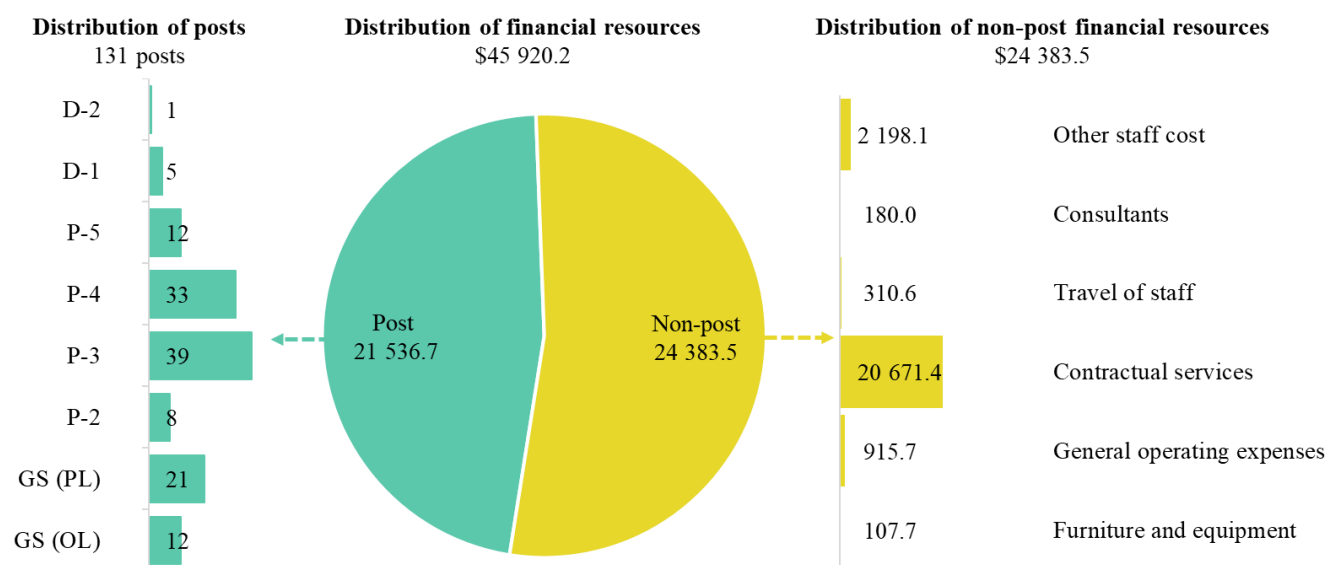
Table 30
Programme of work: evolution of financial and post resources (Office of Investment Management)

(Thousands of United States dollars/number of posts)

	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)
			Technical adjustments	Other	Total	Percentage	
Financial resources by main category of expenditure							
Post	13 953.2	16 889.3	–	4 647.4	4 647.4	27.5	21 536.7
Non-post	12 846.9	20 732.2	–	3 557.9	3 557.9	17.2	24 290.1
Total	26 800.1	37 621.5	–	8 205.3	8 205.3	21.8	45 826.8
Post resources by category							
Professional and higher		69	–	29	29	42.0	98
General Service and related		29	–	4	4	13.8	33
Total		98	–	33	33	33.7	131

Figure XIII
Programme of work: distribution of proposed resources for 2022 (before recosting)

(Number of posts/thousands of United States dollars)



Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

Programme support

132. The proposed resources for 2022 amount to \$3,708,800 and reflect a decrease of \$553,500 compared with the appropriation for 2021. Additional details are reflected in table 31 and figure XIV. The proposed decrease is explained in paragraph 118 (c).

Table 31
Programme support: Evolution of financial resources (Office of Investment Management)

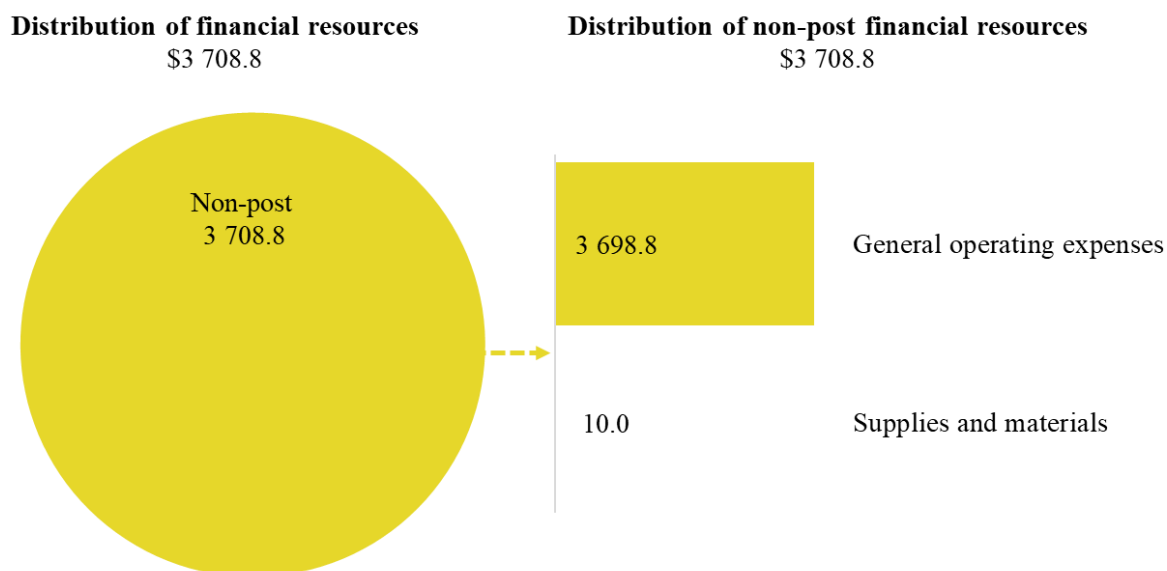
(Thousands of United States dollars)

	2020 expenditure	2021 appropriation	Resource changes				2022 estimate (before recosting)
			Technical adjustments	Other	Total	Percentage	
Financial resources by main category of expenditure							
Non-post	2 505.0	4 262.3	–	(553.5)	(553.5)	(13.0)	3 708.8
Total	2 505.0	4 262.3	–	(553.5)	(553.5)	(13.0)	3 708.8

Figure XIV

Programme support: distribution of proposed resources for 2022 (before recosting)

(Thousands of United States dollars)



V. Audit

A. Proposed post and non-post resource requirements for 2022

133. The proposed resources for 2022 amount to \$2,083,500 and reflect a net increase of \$4,200 compared with the appropriation for 2021. The breakdown is reflected in table 32.

134. The increase of \$4,200 under internal audit primarily relates to requirements for travel related to training. The proposal also reflects conversions of six general temporary assistance positions to the established posts as reflected in annex VI.

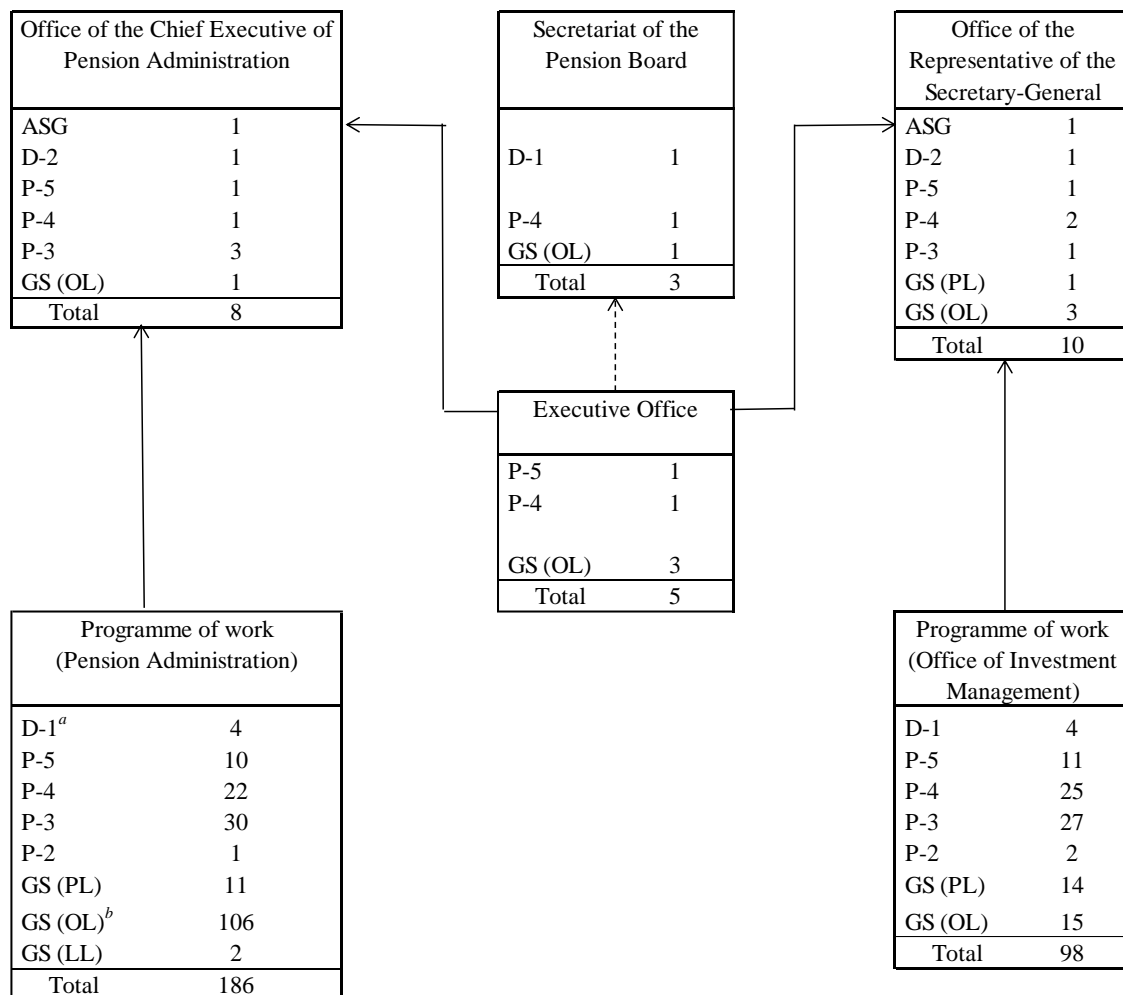
Table 32
Audit: evolution of financial resources by component

(Thousands of United States dollars)

<i>Component</i>	<i>2020 expenditure</i>	<i>2021 appropriation</i>	<i>Resource changes</i>				<i>2022 estimate (before recosting)</i>
			<i>Technical adjustments</i>	<i>Other</i>	<i>Total</i>	<i>Percentage</i>	
External audit	393.2	393.2	–	–	–	–	393.2
Internal audit	1 246.5	1 686.1	–	4.2	4.2	0.2	1 690.3
Total	1 639.7	2 079.3	–	4.2	4.2	0.2	2 083.5

Annex I

Approved organization chart for the United Nations Joint Staff Pension Fund for 2021

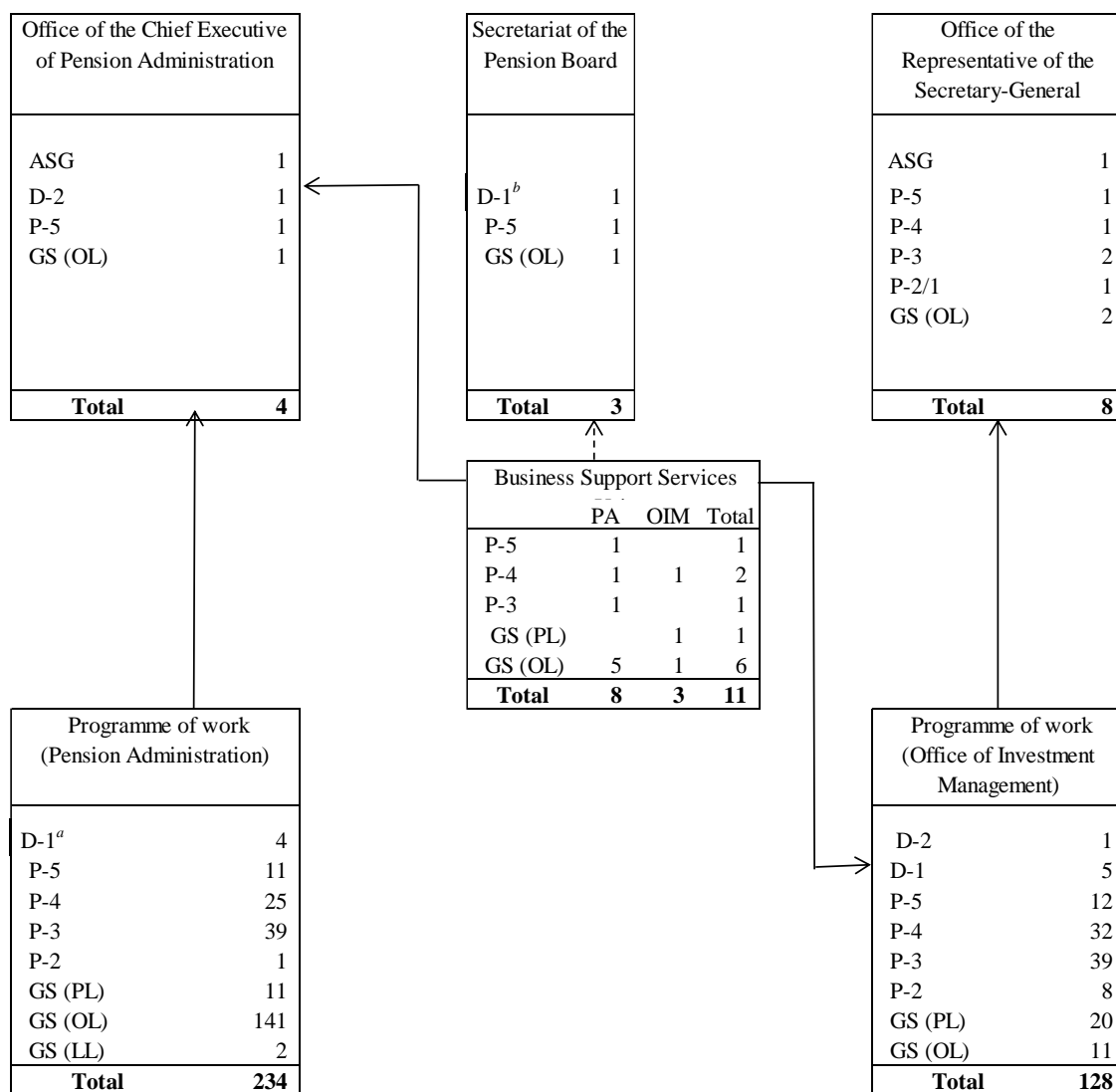


^a The Chief Financial Officer post in the programme of work (Pension Administration) reports to the Chief Executive of Pension Administration and Representative of the Secretary-General. The Chief Financial Officer also supervises the Office of Investment Management accounting team.

^b Includes one extrabudgetary General Service (Other Level) post funded by member organizations.

Annex II

Proposed organization chart for the United Nations Joint Staff Pension Fund for 2022



^a The Chief Financial Officer post in the programme of work (Pension Administration) reports to the Chief Executive of Pension Administration and Representative of the Secretary-General. The Chief Financial Officer also supervises the Office of Investment Management accounting team.

^b The Secretary of the Board reports to the Chair of the Board.

Note: The organizational chart represents the combined Business Support Services Unit structure. The Pension Administration and the Office of Investment Management posts shown in the organizational chart are budgeted separately under the separate Pension Administration and Office of Investment Management and staffing tables. The Business Support Services Unit has a dual reporting line to the Deputy Chief Executive of Pension Administration and Chief of Operations, Office of Investment Management. The Business Support Services Unit also provides administrative services to the Secretariat of the Pension Board.

Abbreviations: ASG, Assistant Secretary-General; GS (PL), General Service (Principal level); GS (OL), General Service (Other level); OIM, Office of Investment Management; PA, Pension Administration.

Annex III

Summary of proposed changes in established posts by office and component

A. Secretariat of the United Nations Joint Staff Pension Board

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	Reclassification	Senior Programme Management Officer	P-4 to P-5	1	Request made in the light of the mandated governance reform of the Board. The preparation, implementation and design of this reform is under the purview of the secretariat of the Pension Board. All of this will require intensive interactions with Board members and senior officials of the Fund, the United Nations Secretariat and representatives from the Fund's member organizations. It is therefore requested that this complex technical, substantive and diplomatic work could be performed at the P-5 level. This should allow the secretariat of the Pension Board to adequately respond to the expectations from the General Assembly and the Board in terms of delivering these services, as well as to respond to the increased complexity of the work of the Board. The workload of the secretariat of the Pension Board will continue to increase in the next few years in the light of further implementation of mandates by the Board and the General Assembly. These mandates lead to a more important role for the secretariat of the Pension Board, dealing with more complex issues in servicing the Board and its committees. The reclassification from P-4 to P-5 will also guarantee a better service of meetings at a high level and delivery of higher-quality products for a more impactful and effective Board and more responsive and more proactive Committee work, as is requested by the Board and the General Assembly.

B. Pension Administration

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
Executive direction and management					
	Conversion	Special Assistant to the Chief Executive	P-5	1	Please refer to annex VI for details.
	Redeployment (outward)	Human Resources Officer	P-3	-1	Proposed to redeploy to the Business Support Services Unit to integrate and strengthen all human resources-related support functions under one unit.
	Redeployment (outward)	Chief, Business Transformation and Accountability Unit	P-5	-1	Proposal includes structural changes to further strengthen the Operations and Client Services, including the proposed movement of the Business Transformation and Accountability Unit, comprising four staff, from executive direction and management to programme of work.
		Risk Management Officer	P-4	-1	Reporting line changes are also proposed for the Business Transformation and Accountability Unit, along with the Data Analysis Unit and Legal Office.
		Programme Management Officer (Risk Management)	P-3	-1	
		Legal Officer (Compliance)	P-3	-1	

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
Programme of work					
	Reassignment	Chief	D-1	1	The Chief of the former Data Analysis and Legal Services Section (D-1) is proposed to be reassigned as Chief of Client Services to further strengthen Client Services, as reflected under the above section on proposed structural changes. The new Chief of Client Services will add capacity and provide a higher level of leadership and technical expertise in the delivery of client services. The Chief of Client Services will report directly to the Chief Executive of Pension Administration. The incumbent will have an essential role in implementing the strategy to simplify the service experience for clients and foster an organization-wide client-centric culture. The Chief of Client Services will improve client relationships, create a persistent focus on the client experience, seek to deliver the best in industry client experience, develop strategies and deliver activities to improve and align the client experience to client expectations and industry best standards.
	Reassignment (Geneva)	Benefits Officer (Operation)	P-3	1	Two Accountants and three Accounting Assistants are proposed to be reassigned as Benefits Officers and Benefits Assistants in the Geneva office. The proposal reflects further strengthening of the Operations Service and Client Services in Geneva to provide efficient and effective support, as reflected under the above section on proposed structural changes.
		Benefits Officer (Client Services)	P-3	1	
		Benefits Assistant (Operations Service)	GS (OL)	1	
		Benefits Assistant (Client Services)	GS (OL)	2	
	New	Accounting Assistant (Payments)	GS (OL)	4	Based on geographical work distributions, the Geneva Finance Unit has processed works originated from beneficiaries residing in countries in Africa and Europe. To implement the centralization of finance functions to New York, the Payments Section will take over Geneva works, which consist of approximately 50 per cent of the total transactional volume related to payroll and miscellaneous payments. Work types to be transferred include the update of payment instructions, the suspension, reinstatement and deletion of periodic benefits, miscellaneous reissuance payments after returns and suspensions, emergency fund payments and the mailing of statements of benefits. Four new GS (OL) posts are required to take up additional workloads from Geneva; two posts will be used to cover transactions for payroll payments (i.e., periodic benefit payments) and two posts for miscellaneous payments. Given the fact that eight staff members currently work for the Geneva Finance Unit and at least two thirds of workloads are related to the payments area, four new posts are minimum requirements.
	New	Accounting Assistant (Accounts)	GS (OL)	1	The Fund started a programme to address the cost of receipt of payments for beneficiaries. As part of this programme, the Fund has introduced additional payment channels for local payments through the United Nations Secretariat. The first projects were implemented in January for two countries, and two additional countries will follow each year. This requires additional resources to set up and maintain the reconciliation of these additional payment channels. This position is requested for the Accounts Section to address this need.

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	New	Benefits Assistant	GS (OL)	1	The Operations Coordination and Liaison Unit, which operates within the Operations Support Section, is responsible for the coordination between the Fund and the member organizations at the operational level. One of the main functions of the Unit is to monitor the inventory of missing separation documents and to closely liaise with the member organizations to ensure the submission of the missing documents. The requested post will support this activity, as mandated by the General Assembly in its resolution 75/246. The incumbent of the post will be responsible for the regular monitoring of the inventory and the judicious follow-up with the member organizations and participants for the missing separation documents. This entails sending regular lists to the member organizations and following up on individual cases, as needed. Monitoring also includes making sure that the inventory does not contain invalid, redundant or duplicate workflows and that the stock of missing documents is within the three-year aging cycle. Finally, the incumbent will also participate in the clean-up of long-outstanding unresolved cases. All these tasks are intended to expedite the submission of the separation documents and thus the payment of benefits.
	Redeployment (inward)	Chief, Business Transformation and Accountability Unit	P-5	1	Proposed movement of the Business Transformation and Accountability Unit, comprising four staff, from executive direction and management to programme of work, as explained above.
		Risk Management Officer	P-4	1	
		Programme Management Officer (Risk Management)	P-3	1	
		Legal Officer (Compliance)	P-3	1	
	Redeployment (outward)	Administrative Assistant	GS (OL)	-1	The proposed redeployment is to reflect administrative support functions under one support unit, the Business Support Services Unit in Programme Support.
	Conversions	Programme Management/ Information Systems Officers	P-4	2	Please refer to annex VI for details.
	Conversions	Accountant/Benefits/ Information Systems/ Communications Officers	P-3	7	Please refer to annex VI for details.
	Conversions	Accounting/Benefits/ Documents Management/ Information Systems/Team/ Administrative Assistants	GS (OL)	30	Please refer to annex VI for details.
	Conversion	Accounting Assistant	GS (OL)	1	Proposed conversion from an extrabudgetary post related to the after-service health insurance premium deduction programme.
Programme support					
	Reassignment	Human Resources Officer	P-4	1	Proposed reassignment of Administrative Officer to Human Resources Officer to strengthen the human resources support services in the Business Support Services Unit.
	Redeployment (inward)	Human Resources Officer	P-3	1	Redeployment from executive direction and management to the Business Support Services Unit, to integrate and strengthen all human resources-related support functions under one unit.

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	Redeployment (inward)	Administrative Assistant	GS (OL)	1	The proposed redeployment is to reflect administrative support functions under one support unit, the Business Support Services Unit in Programme Support.
	Conversion	Facilities Management Assistant	GS (OL)	1	Please refer to annex VI for details.

C. Office of Investment Management

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
Executive direction and management					
	New	Associate Legal Officer	P-2/P-1	1	The proposed establishment of an Associate Legal Officer (P-2) is requested to provide the Office of Investment Management legal team with the overall resources required to continue to effectively support the Office of Investment Management in the light of the growth in the number of investment transactions and other matters that are reviewed by the legal team. The increased workload results from the increase in the number of investment officers responsible for generating new investments, as well as the expansion of the types of transactions anticipated to be conducted by the Office. The requested additional post would be responsible for general corporate matters and as a result enable the more senior members of the legal team to focus more effectively on more specialized matters.
	New	Legal Officer	P-3	1	The proposed establishment of a Legal Officer (P-3) is requested to expand the range of professional legal skills available internally at the Office of Investment Management to include the new types of investment products currently contemplated by the Office. These additional types of investment transactions include: (a) trading of “to be announced” mortgage-backed securities conducted on the basis of master securities forward transaction agreements; (b) entering into currency swaps and currency forward transactions conducted on the basis of International Swaps and Derivatives Association master agreements; (c) trading in exchange traded futures; (d) implementing a securities lending programme; and (e) entering into repurchase transactions. This post will add to the legal team’s specialized legal expertise required for these types of investments.
	Redeployment (Outward)	Director, Investment Officer, Senior Investment Assistant, Staff Assistant	D-2, P-4, GS (PL), GS (OL)	-4	The proposed outward redeployment of Chief Investment Officer (D-2), Investment Officer (P-4), and the GS (OL) and GS (PL) to reflect the changes in the organizational structure and to better align the functions in the Office of Investment Management.
Programme of work					
	New	Deputy Director – Private Markets	D-1	1	The proposed establishment of a Deputy-Director (D-1) for Private Markets Investments will be responsible for all of the Fund’s private markets investments. The Deputy-Director for Private Markets Investments will be responsible for the development and implementation of the policies, procedures and investment programmes relating to the Fund’s global private markets investments portfolio. The Deputy-Director for Private Markets Investments will oversee all facets of the private markets investment process to achieve the Fund’s overall portfolio policy

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
					objective. The Deputy-Director for Private Markets Investments will be responsible for ensuring the Fund's investments in private markets follow investment guidelines and are made through the appropriate investment channels, integrating sustainable investing, as described in detail in the Office of Investment Management's investment procedure manual guidelines.
	New	Investment Officer – Trade Execution	P-3	1	The proposed establishment of an Investment Officer (P-3) will be assigned to trade execution as a trader during live market hours from 11.00 pm until 7.00 am (Eastern Time) to help achieve best execution in the global emerging stock markets, namely, emerging Asia, emerging Europe, Africa and the Middle East. Best Execution in these global emerging markets will enable the Office of Investment Management to achieve improved execution prices, lowered transaction costs and reduced market impact.
	New	Investment Officer – Private Equity and Real Assets	P-3	1	The proposed establishment of an Investment Officer, Private Markets (P-3) will be assigned to the private equity and real assets team to address and support the following duties: (a) address the increased asset allocation to both private equity and real assets portfolios; (b) address the new co-investment mandate within these asset classes; (c) address the need to invest prudently in infrastructure as part of the real assets strategy; and (d) be a shared resource and support the work of the team in private equity and real assets fund and sector investment and monitoring analysis.
	New	Investment Officer – North America	P-4	1	The proposed establishment of an Investment Officer – North America (P-4) will be assigned to cover the utility sector and manage the integration of the Office of Investment Management's environmental, social and governance tools into the investment research process of the team. As the Fund divests from fossil fuel related equities, there is a need on the team for an investment officer to focus on renewable energy opportunities. Currently, the utilities sector of the portfolio has 27 investments totalling over \$650 million and is managed by its health-care analyst. Since there are no synergies in that combination of sector coverage, this new role will allow the health-care analyst to focus solely on the sector and enable the new resource to develop expertise in renewable energy. The investment officer will be responsible for standardizing and overseeing the team's research process by integrating the environmental, social and governance metrics into our current process of combining valuations, fundamental analysis and technical analysis.
	New	Investment Officer – Real Estate	P-4	1	The proposed establishment of an Investment Officer (P-4) will manage the real estate portfolio for a large group of funds. The investment officer will conduct due diligence and underwrite new funds in accordance with the annual real estate strategy plan, and proactively monitor the funds assigned to the portfolio manager, including performance reporting. In addition, the investment officer will recommend co-investments and other investment themes in line with the annual strategy plan.
	New	Senior Accounting Assistant – Back Office	GS (PL)	1	The establishment is proposed of a Senior Accounting Assistant GS (PL) Back Office post. The Office of Investment Management's investment activities have broadened geographically in emerging markets, such as Latin America, the Middle East, Asia and Africa. These markets require special settlement instructions, manual intervention in processing and close monitoring on settlement issues. In addition, the increase in trading volume and the complexity of the markets have also caused a rise in delay trade settlements. Hence, the back office requires additional personnel who can handle these complex and time-sensitive situations to reduce potential financial loss owing to trade fails and buy-ins. In addition, with the proposed increased exposure in the alternative investments portfolio (real estate, private equity and real assets). The back office requires additional staff to help support the increasing operational needs.

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	New	Associate Risk Officer – Private Markets	P-2/P-1	1	The proposed establishment of an Associate Risk Officer (P-2) will conduct quantitative analysis, assist the Private Markets Risk Officer in monitoring and assessing the risk of the current private market portfolio and assess the risk of new proposed transactions, including new initiatives, such as co-investments. This request will best serve the needs of the team because of the increase in investments in the private markets portfolio. For the first half of 2021, the team dedicated to private markets consisted of one Risk Officer (P-4) (private markets).
	New	Compliance Officer	P-3	1	The proposed establishment of a Compliance Officer (P-3) will support several new functions related to new initiatives, such as: securities lending, “to be announced” mortgage-backed securities, United States Treasury futures, foreign exchange swaps, currency hedging for emerging markets, repurchase agreements, monitoring and training related to privacy matters (new data classification sensitivity labels). The Compliance Officer will also assist in monitoring of reputational risk, a very important activity that was the subject of a recommendation from the Board of Auditors related to strengthening the monitoring of reputational risk. This resource is being requested given both the increasing volume of work and responsibility and complexity of the Fund.
	New	Risk Officer – Performance	P-4	1	The proposed establishment of a Risk Officer (Performance) (P-4) is a much-needed job function. The assets of the Fund have grown to approximately 80 billion dollars, and are globally invested and very diversified, with investments in global equities, global fixed income, real estate, private equity and real assets. The performance team does important attributions and reviews the performance of the Fund by asset class and by region, and prepares complex reports at regular intervals for internal use and stakeholders. Furthermore, as a result of the General Assembly resolution in which the Assembly permitted new instruments for risk management and hedging purposes, the complexity of the financial instruments will increase. In order to continue to produce quality and complex reports, the performance team must be well staffed. In addition, the Fund has started evaluation to verify compliance with the Global Investment Performance Standards, which adds more responsibility and work to the performance team, as this is an annual recurring verification and certification. Given the increasing volume of work and increasing responsibility and complexity of the Fund, we are requesting a more senior level position (P-4 risk officer) to lead the team.
	New	Investment Officer – Fixed Income Mortgage-Backed Securities	P-3	1	The proposed establishment of an Investment Officer, Fixed Income Mortgage-Backed Securities (P-3) will focus exclusively on the portfolio of agency mortgage-backed securities and other securitized products. The Investment Officer will assist the portfolio manager in identifying opportunities and enhance the dedicated coverage in this competitive and analytically intense sector. This post will focus on the analysis of United States agency mortgage-backed securities and private label mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities products. The post will also support new initiatives, including the implementation of interest rate futures and “to be announced” mortgage-backed securities. As part of this focus, analysis is required of interest rate risks, structured product credit risks, macroeconomic fundamentals, prepayment models and cash flow. In addition, the position will be responsible for the analysis, oversight of prepayments and structures and trading of these securities. A full-time dedicated resource specializing in United States agency mortgages is being requested owing to the specialized skill set required to evaluate the sector. Currently, the mortgage-backed securities portfolio is approximately \$10 billion and, as the consultant’s benchmark report has determined the fixed income team is underresourced, the addition of posts to support large portfolios is justified.

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	New	Investment Officer – Fixed Income Emerging Markets	P-3	1	The proposed establishment of an Investment Officer, Fixed Income Emerging Markets (P-3) will focus exclusively on supporting the analysis of the portfolio of local and hard currency sovereign bonds. The post will support the analysis of a portfolio against a stand-alone local market benchmark, covering 20 countries and approximately 610 securities in both investment-grade and non-investment-grade sovereign credit. The investment universe will cover 100 countries in both local and external markets, with intensive analysis needed to generate alpha and relative value opportunities with minimal risk. Investing in emerging markets requires a global presence for all time zones (New York, London and Asia) from the trading perspective, so it is vital to have a full-time dedicated post to support overnight trading, analysis and modelling. Consultant benchmark reporting has determined the fixed income team is underresourced and, for an important portfolio of this size, an investment officer post is justified.
	New	Investment Officer – Credit	P-3	1	The proposed establishment of an Investment Officer, Fixed Income Credit (P-3) will focus exclusively on United States credit markets and primarily the investment-grade market. Consultant benchmark reporting has determined the fixed income team is underresourced and, owing to the growing importance of this sector and a new official component within the fixed income benchmark as an outcome of the 2021 asset management and benchmark study, additional resources are required. The post will support the analysis of a portfolio against a stand-alone credit market benchmark covering nearly 8,000 securities. The post will also support new initiatives, including the due diligence of private credit and other external managers where the fund does not have current capabilities, which has been recommended for consideration in the 2021 asset management and benchmark study.
	New	Information Systems Officer – ICT Infrastructure	P-3	1	The proposed establishment of an Information Systems Officer (P-3) (Infrastructure) post to provide advanced technical support for all infrastructure-related services covering data centre equipment, network connectivity, endpoint management, office peripherals and business software, such as Office 365 and Azure virtual desktop infrastructure. This role will be critical as the Office of Investment Management outsources the infrastructure-as-a-service and platform-as-a-service to an external provider and needs the right level of managed services governance. Additional functions of the post will be to liaise with OICT, the International Computing Centre, service providers such as Bloomberg and NT and the Pension Administration to support wide area networks; engage with security and business continuity teams to validate and fulfil requests; and be a part of the infrastructure modernization projects, namely, infrastructure migration to the cloud, new service provider implementations, and building and managing virtual networks and desktops.
	New	Information Systems Officer – PMO	P-3	1	The proposed establishment of an Information Systems Officer (P-3) Programme Management Officer is part of the expanded scope of the Programme Management Office and new Enterprise Programme Management Office is being implemented to support the efficient and effective realization of its current and future programme of work, aligned with its strategic road map, and to improve organizational and individual project management capabilities and skills. By ensuring that all projects with an ICT component are realized within time, scope and budget, the Enterprise Programme Management Office supports the vision and goal of the Representative of the Secretary-General concerning the organization. The Enterprise Programme Management Office will provide excellence in the management of all projects and initiatives with an ICT component where project teams embrace the culture and tailored practices to ensure accountability and consistency for all projects. This will be realized through programme governance, a consistent framework and by becoming a centre of excellence.

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	Redeployment (Inward)	Director, Investment Officer, Senior Investment Assistant, Staff Assistant	D-2, P-4, GS (PL), GS (OL)	4	The proposed inward redeployment of Chief Investment Officer (D-2), Investment Officer (P-4) and the GS (OL) and GS (PL) are to reflect the changes in the organizational structure and to better align the functions in the Office of Investment Management.
	Reclassification	Information Systems Officer	P-4 to P-5	1	<p>The proposal is to reclassify the Senior Information Systems Officer, Senior Data Specialist (P-5). The Office of Investment Management is addressing data governance, data-focused programmes and roles and best practices as drivers for the creation of the role of the Senior Data Specialist, who will report directly to the Chief Operating Officer and partner with the Senior Information Systems Officer, since broad executive support is required to become a data-driven organization. In our organization, the importance of data and analytics cannot be understated. Data and analytics leaders, such as Senior Data Specialists and Chief Data Officers, are gaining critical mass globally and proving to be linchpins of digital business transformation.</p> <p>Creating a new executive position at the proper reporting level – by reclassifying an existing P-4 position within the Information Systems team – to oversee all initiatives related to data and analytics will place us at the same level as or higher than similar data-driven organizations, while strengthening our ability to innovate rapidly. Without that kind of focus, the move to becoming data-driven will not happen.</p> <p>The creation of the Senior Data Specialist position is critical to our data-driven enterprise and will ensure data and analytics are no longer afterthoughts but drivers for our digital business transformation.</p>
	Reclassification	Accounting Assistant, Administrative Assistant	GS (OL) to GS (PL)	4	The proposed reclassification of four posts from other level (GS (OL)) to principal level (GS (PL)) is being undertaken to reflect the higher level of work performed over the years and the increase in responsibilities.
	Conversion	Associate Investment Officer – environmental, social and governance	P-2/P-1	1	Please refer to annex VI for details.
	Conversion	Investment Officer – environmental, social and governance	P-3	1	Please refer to annex VI for details.
	Conversion	Investment Officer	P-4	2	Please refer to annex VI for details.
	Conversion	Accountant	P-4	2	Please refer to annex VI for details.
	Conversion	Associate Risk Officer	P-2/P-1	1	Please refer to annex VI for details.
	Conversion	Associate Compliance Officer	P-2/P-1	1	Please refer to annex VI for details.
	Conversion	Risk Officer	P-3	1	Please refer to annex VI for details.
	Conversion	Investment Officer	P-4	1	Please refer to annex VI for details.
	Conversion	Associate Information Systems Officer	P-2	2	Please refer to annex VI for details.

<i>Component</i>	<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
	Conversion	Information Systems Officer	P-3	2	Please refer to annex VI for details.
	Conversion	Senior Admin Assistant	GS (PL)	1	Please refer to annex VI for details.

D. Internal Audit, Office of Internal Oversight Services: proposed post changes

<i>Action</i>	<i>Post title</i>	<i>Level</i>	<i>Number</i>	<i>Reason for change</i>
Conversion	Chief of section, Audit	P-5	1	Please refer to annex VI for details.
	Auditor	P-4	3	
	Auditor	P-3	1	
	Assistant	GS (OL)	1	

Annex IV

Number of participants in the United Nations Joint Staff Pension Fund by member organizations as at 31 December 2020

Member organization	Number of participants																	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
United Nations ^a	57 541	59 542	64 092	68 853	74 575	79 933	82 576	85 617	85 289	86 190	85 721	84 476	86 880	87 111	85 009	84 854	85 363	86 963
International Labour Organization	3 044	3 221	3 330	3 261	3 366	3 572	3 642	3 741	3 697	3 644	3 599	3 692	3 760	3 706	3 629	3 819	3 939	4 050
Food and Agriculture Organization of the United Nations	5 648	5 822	5 918	5 774	5 735	5 722	6 011	6 145	6 243	6 081	6 032	9 558	10 062	10 318	10 533	11 163	11 760	12 341
United Nations Educational, Scientific and Cultural Organization	2 517	2 528	2 508	2 469	2 526	2 553	2 602	2 632	2 651	2 520	2 442	2 376	2 445	2 412	2 434	2 479	2 539	2 511
World Health Organization	8 966	9 498	9 932	10 072	10 157	10 435	11 029	10 986	10 774	10 391	10 153	10 091	10 536	10 724	10 732	10 819	11 056	11 189
International Civil Aviation Organization	863	863	826	806	795	775	784	791	777	778	745	769	787	798	799	789	761	739
World Meteorological Organization	303	287	302	334	332	319	315	309	307	308	315	327	350	351	350	360	374	353
International Atomic Energy Agency	2 207	2 217	2 261	2 278	2 273	2 229	2 245	2 307	2 363	2 447	2 464	2 517	2 666	2 681	2 679	2 734	2 802	2 777
International Maritime Organization	344	351	343	338	337	320	323	313	312	308	291	290	284	284	280	277	365	358
International Telecommunication Union	971	875	871	854	843	823	831	830	822	834	814	781	779	768	721	726	748	765
World Intellectual Property Organization	1 240	1 206	1 166	1 130	1 134	1 139	1 154	1 156	1 161	1 173	1 242	1 246	1 233	1 225	1 209	1 222	1 216	1 215
International Fund for Agricultural Development	462	488	506	502	519	526	534	540	549	556	540	560	578	595	580	586	612	633

Member organization	Number of participants																		
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
International Centre for the Study of the Preservation and Restoration of Cultural Property	34	39	39	40	38	37	36	34	32	34	33	32	33	37	39	43	45	49	
European and Mediterranean Plant Protection Organization	11	11	11	12	12	13	13	13	14	13	13	15	17	18	18	19	20	19	
United Nations Industrial Development Organization	786	791	783	753	759	779	825	826	775	769	735	713	697	669	673	698	712	711	
International Centre for Genetic Engineering and Biotechnology	152	162	171	173	177	191	194	190	189	183	184	177	171	168	175	174	175	168	
World Tourism Organization	88	95	90	99	100	95	95	95	98	97	97	98	97	91	83	88	89	89	
International Tribunal for the Law of the Sea	34	34	36	36	36	38	34	34	37	36	38	36	38	39	41	40	41	40	
International Seabed Authority	34	28	30	29	29	32	31	32	31	32	35	30	33	35	38	42	43	44	
International Criminal Court	–	298	431	578	719	809	865	908	974	936	914	958	1 004	1 099	1 167	1 225	1 230	1 179	
Inter-Parliamentary Union	–	–	37	40	45	45	48	49	45	46	47	45	46	47	45	48	47	43	
International Organization for Migration	–	–	–	–	2 059	2 419	3 134	3 261	3 263	3 326	3 428	3 536	3 924	4 624	5 052	5 951	6 897	7 687	
Special Tribunal for Lebanon	–	–	–	–	–	–	259	329	371	396	412	436	472	462	450	438	449	400	
Comprehensive Nuclear-Test-Ban Treaty Organization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	300	309	
Total, number of participants	85 245	88 356	93 683	98 431	106 566	112 804	117 580	121 138	120 774	121 098	120 294	122 759	126 892	128 262	126 736	128 594	131 583	134 632	
Total, number of member organizations	19	20	21	21	22	22	23	23	23	23	23	23	23	23	23	23	24	24	

^a The United Nations Headquarters, regional offices, and all funds and programmes.

Annex V

Summary of follow-up action taken to implement relevant recommendations of the oversight bodies

(a) Advisory Committee on Administrative and Budgetary Questions (A/75/7/Add.18)

Brief description of the recommendation

Action taken to implement the recommendation

(a) The Advisory Committee notes the investment performance of the Fund and recalls that the General Assembly, in its resolutions [71/265](#), [72/262 A](#) and [73/274](#), emphasized the importance of the Fund meeting its target annual real rate of return of 3.5 per cent (see also [A/74/7/Add.14](#), para. 14, and [A/73/489](#), para. 18). (para. 8)

(b) The Advisory Committee trusts that updated information [on the costs and benefits of aligning the investments of the Fund with those of the international indexes used by the Fund as a benchmark, as opposed to managing the investments of the Fund in-house] will be provided to the General Assembly at the time of its consideration of the present report and an update included in the next report on the investments of the Fund. (para. 9)

(c) The Advisory Committee trusts that updated information on the investments of the Fund by country and geographical region will be provided to the General Assembly at the time of its consideration of the present report and in the context of the next budget report. (para. 10)

(d) The Advisory Committee trusts that detailed information on the proposed use of derivative instruments and the authority required to engage in margin trading will be provided to the General Assembly at the time of its consideration of the present report. (para. 11)

As at 31 December 2020, the Fund had met its target annual rate of return of 3.5 per cent. The Fund's primary objective is to achieve a 15-year real rate of return greater than 3.5 per cent. That target was met, as the annualized 15 years real rate of return was of 4.84 per cent as at 31 December 2020.

The Office of Investment Management conducted a study, available to the members upon request, to compare investment costs.

Page 51 of the study includes a table with data showing a comparison of the Fund's investment implementation – which is active and managed predominantly internally – against peers where the portfolio is managed actively but externally. The data shows all the portfolios in which the Fund invests mainly internally. It shows the amount of assets under management in millions of United States dollars in each portfolio, as of December 2019. It also shows the cost per asset under management for the Fund (for example, 7 basis points, which equals 0.07 per cent, means that the cost to manage the \$20,834 million in the stock United States portfolio is \$14.5 million a year). The data shows the cost per asset under management for the peers that manage their portfolios externally, and the savings per asset under management that the Fund makes by managing its portfolios internally rather than externally. As is evident, managing each portfolio internally makes the Fund more efficient than its peers that manage externally.

The Fund's policy of broad diversification of its investments by asset classes and geographical areas continued to be a reliable method of reducing risk and improving returns over the long-term. The Fund is unique among major pension funds in its commitment to global investments. A detailed breakdown of diversification by country and region for the Fund will be submitted as supplementary information.

The Office of Investment Management is working on identifying whether it can use the instruments and will report back on the progress made and findings.

(e) The Advisory Committee recalls again that the General Assembly has highlighted the fact that the investment strategy of the Fund should be guided by its annualized real rate of return target, and has requested the Secretary-General to continue to diversify its investments among developed, developing and emerging markets and to ensure that decisions concerning the investments of the Fund in any market are implemented prudently, taking fully into account the four main criteria for investment, namely, safety, profitability, liquidity and convertibility (see also resolution [72/262](#) A, sect. XV, para. 19, and resolution [73/274](#), paras. 33 and 35). (para. 13)

(f) While noting the progress made so far [regarding benefit payments], the Advisory Committee still considers that further efforts should be made, including through enhanced cooperation between the Fund and the member organizations, to eliminate all delays in the payment of benefits (see also [A/74/7/Add.14](#), para. 10, and [A/73/489](#), para. 6). (para. 18)

(g) The Advisory Committee concurs with the recommendations of the Board of Auditors [regarding the Geneva office] and reiterates its trust that the redeployment of one D-1 post from the Geneva office will not affect the services provided by that Office (see also [A/74/7/Add.14](#), para. 28). (para. 23)

The primary objective of the Office of Investment Management is to meet or exceed a 3.5 per cent real rate of return (net of inflation, as measured by the United States consumer price index) in United States dollar terms annualized over the long term (15 years). The Fund strives to identify opportunities to diversify its investments by asset class and geographical regions globally. As at 31 December 2020, the Fund had investments in 97 countries and regions, including developed and developing countries. This included direct securities investments in 48 countries and 35 currencies, along with indirect investments in additional countries through externally managed funds, while being mindful of the four criteria of safety, profitability, liquidity and convertibility.

Pension Administration has undertaken several actions to address the issue of cases with missing or invalid documents, as follows: (a) a procedure was issued to ensure that cases with missing or invalid documents are appropriately tracked and that necessary follow-up actions are undertaken; (b) monthly lists of cases with missing documents are sent to the member organization focal points in an effort to clear these cases; (c) the functionality in the Integrated Pension Administration System of sending automated letters requesting payment instructions was enabled; and (d) a document quality control function was introduced within the Records Management Unit that involves vetting the separations documents received from participants and member organizations upfront, ensuring that the file submission is complete and that the forms are appropriately completed, paving the way for a smoother processing downstream. These actions were meant to improve and expedite the submission of documents to the Fund and have made it possible to close a related audit recommendation made by the Board of Auditors.

The Board of Auditors recommendation is implemented.

Recognizing the need for closer coordination between the Geneva and New York offices, the Pension Administration implemented a functional leadership approach effective 1 January 2020. Under functional reporting, functional units of the Geneva office report directly to the respective Chiefs in the New York office. Functional chiefs are accountable for service delivery to beneficiaries and participants across all geographic locations. Functional reporting has enhanced accountability, facilitated strategic planning and execution, quality control and shared best practices, and ensured that risks are adequately managed.

*Brief description of the recommendation**Action taken to implement the recommendation*

(h) The Advisory Committee concurs with the recommendations of the Board of Auditors and stresses the importance of preventing and addressing actual or perceived conflicts of interests in all areas and levels as well as in the outside activities of staff members, including their personal securities trading vis-à-vis their activity in the Fund. The Committee also stresses the importance of ensuring strict compliance with the existing policies and adherence to the accountability framework and trusts that updated information will be provided in the context of the next budget report. (para. 26)

(i) The Advisory Committee is concerned with the significant proposed increase in resources for general temporary assistance positions under other staff costs. The Committee recommends that the General Assembly request the Secretary-General or the Pension Board to review all the general temporary assistance positions of the Fund with a view to identifying potential duplication of functions and efficiencies, while ensuring that their establishment and management complies with the applicable Assembly resolutions and the Staff Regulations and Rules of the United Nations, notably in terms of responding to peak workload and being established following approval by the Assembly (see also paragraphs 36, 37, 38, 40 and 48–50 below). (para. 29)

(j) The Advisory Committee trusts that updated information on vacant posts will be provided to the General Assembly at the time of its consideration of the present report. (para. 39)

(k) In view of the impact of the coronavirus disease (COVID-19) pandemic on the flexible working arrangements and the rental costs in New York, the Advisory Committee trusts that the proposed cost increase for rental and maintenance of premises will be reviewed in order to identify potential savings and efficiencies. The Committee also trusts that information on this matter will be provided to the General Assembly at the time of its consideration of the present report and an update included in the context of the next budget proposal. (paras. 40, 51)

The Office of Investment Management issued and distributed to all staff a new conflict of interest and recusal policy. Additional training on conflict of interest is also being added to the annual compliance ethics training.

There is no duplication of functions. In its 2021 budget, the Office of Investment Management received approval for 17 general temporary assistance positions. Those positions were requested because it was about to launch several initiatives, the outcome of which would help to establish an appropriate headcount. The Office is requesting the conversion of 15 of the 17 general temporary assistance positions in the 2022 budget. More details are provided in the budget document (see annex VI below).

Information on vacant posts is provided in the supplementary information package.

The Fund has engaged the United Nations Global Service Centre architects to review the New York space and provide a space consolidation and optimization floor plan. The work is expected to be completed in 2021, and a cost and feasibility study will be conducted to determine the way forward. A new lease arrangement was finalized by the Office of Investment Management for 10 years, and the thirtieth floor was released in February 2021. The staff working arrangements, space requirements and floor configurations were reviewed, and the possibilities of consolidating and reconfiguring floor space were identified. This is expected to lead to better floor and space configurations in line with more staff working remotely. The Fund has taken into consideration the changes in working arrangements and the market. However, implementing potential space changes will require some additional work and time, and therefore shorter leases with earlier exits were negotiated.

(l) The Advisory Committee reiterates its recommendation that the General Assembly request the Secretary-General to include information on the proposal to link the professional staff performance appraisal to individual portfolio returns in the next report of the Pension Board (see also [A/74/7/Add.14](#), para. 35, and [A/74/331](#), part two, annex IX). (para. 44)

(m) The Advisory Committee trusts that updated information on vacant posts and the granting of special post allowance in the Office of Investment Management will be provided to the General Assembly at the time of its consideration of the present report. (para. 45)

(n) The Advisory Committee recalls again that, pursuant to General Assembly resolutions [73/274](#) and [74/263](#), the Secretary of the Pension Board should be fully independent of the Chief Executive of Pension Administration. The Committee trusts that the Pension Board will provide further details on the independence of the Secretary of the Pension Board, including the draft terms of reference of the Secretary of the Pension Board and of the Chief Executive of Pension Administration, as well as the related reporting lines, to the General Assembly, and recommends that the Assembly request the Pension Board to include information thereon in its next report (see also [A/74/7/Add.14](#), para. 22). (para. 60)

(o) The Advisory Committee trusts that the recruitment of all posts/positions of the Fund will be made in accordance with the relevant Staff Regulations and Rules. (para. 61)

(p) The Advisory Committee concurred with the proposal [on the membership of the Investments Committee] and took note of the progress in relation to equitable geographical representation as well as gender balance, and trusts that all efforts will continue to be made to ensure the respect of these principles for future nominations. With regard to candidates to the Investments Committee having multiple nationalities, the Advisory Committee expressed the view that, as a matter of principle, only one nationality should be selected in the appointment. (para. 66)

In order to align the collective effort of staff in the Office of Investment Management, the Representative of the Secretary-General has proposed to standardize the work plans as five overarching goals, to which the Office's staff will contribute. Those goals are aligned with the Representative's compact with the Secretary-General.

- Contribute to the return of the Fund
- Manage risk and comply with the regulatory framework
- Improve the culture of the Fund
- Support the strategic projects of the Fund
- Develop staff and adequate use of resources

Details about special post allowance and vacant posts is provided in the budget supplementary documents.

The selection and recruitment of a fully independent Secretary of the Board has been completed. The independence of the Secretary is ensured, as the Secretary was selected by the Board and reports to the Board. The separate secretariat of the Board is a small team that services the Board and its committees. The separation of functions is working well. The reporting lines can be found in the budget document. The terms of reference for the Secretary and the Chief Executive were provided to the Fifth Committee at its seventy-fifth session.

The Fund utilizes the United Nations staff rules and regulations and is in compliance when undertaking recruitment.

The Office of Investment Management has taken into consideration the advice from the Advisory Committee and will include only one nationality when proposing appointments in the future.

(b) Board of Auditors (A/75/5/Add.16)

<i>Request/recommendation</i>	<i>Action taken to implement request/recommendation</i>
<p>(a) The Board recommends that the Fund clearly establish the management accountability structure of the Geneva office within the pension administration structure, which should, in turn, enable timely and complete information flow between the Geneva office's finance and client services and the Pension Administration in New York. (para. 26)</p>	<p>The recommendation is implemented.</p> <p>Recognizing the need for closer coordination between the Geneva and New York offices, the Pension Administration implemented a functional leadership approach effective 1 January 2020. Under functional reporting, functional units of the Geneva office report directly to the respective Chiefs in the New York office. Functional chiefs are accountable for service delivery to beneficiaries and participants across all geographic locations. Functional reporting has enhanced accountability, facilitated strategic planning and execution, quality control and shared best practices, and ensured that risks are adequately managed.</p>
<p>(b) In order to close the gaps between the Geneva and New York offices, the Board recommends that the Pension Administration ensure that the risk control matrix be amended to include the risks of the Geneva office operations; develop a manual on administrative procedures regarding client services, finance and human resources; evaluate the training needs of the Geneva office staff on the iNeed software; and include the Geneva office's performance indicators in the strategic framework of the Pension Administration. (para. 27)</p>	<p>The recommendation is implemented.</p> <p>Effective 1 January 2020, the Pension Administration implemented a functional leadership approach to enhance accountability, facilitate strategic planning and execution, offer quality control, share best practices and ensure that risks are successfully managed. Under functional reporting, functional units of the Geneva office report directly to the respective Chiefs in the New York office. There are procedures in place, and the Fund has provided extensive training in the use of the iNeed system. The risk and control matrix includes information and controls applicable to both offices. The Chief Executive presented to the Pension Board the strategy for 2021–2023. The Pension Administration has defined and updated key performance indicators applicable to all offices.</p>
<p>(c) The Board recommends that the Fund establish a procedure to make uniform the criteria, evaluation process and granting of resources from the emergency fund, which would allow more transparency and consistency in the decisions taken by the Fund's management. (para. 35)</p>	<p>The recommendation is implemented.</p> <p>The Fund has updated procedures to align the evaluation criteria for emergency fund assistance applied in its offices in New York and Geneva.</p>
<p>(d) The Board recommends that the Fund establish a guideline to record emergency fund-specific supporting information in the Integrated Pension Administration System before granting the emergency fund assistance. (para. 36)</p>	<p>The recommendation is implemented.</p> <p>To address the audit recommendation, the Fund introduced a naming convention in the Integrated Pension Administration System to record emergency fund-specific supporting documents. The new naming convention is applied by the Record Management and Quality Control Unit when documents are scanned and indexed.</p>
<p>(e) The Board recommends that the Fund establish standardized requirements for the development of terms of reference for consultants. (para. 43)</p>	<p>The recommendation is implemented.</p> <p>To ensure alignment with administrative instruction ST/AI/2013/4, the Fund follows the consultant and individual contractors guidelines issued by the</p>

Request/recommendation	Action taken to implement request/recommendation
(f) The Board recommends that the Fund pause the period of 15 business days in the Integrated Pension Administration System only in cases of missing or invalid documents and resume the period once the necessary documentation has been received. (para. 50)	Headquarters Client Support Service to submit requests for engaging consultants and individual contractors. The guidelines provide a template for terms of reference and job opening for the recruitment of consultants and individual consultants. The guidelines further include reminders, reference to relevant policies and forms, as well as a detailed overall process workflow. The recommendation is implemented.
(g) The Board recommends that the Fund establish a procedure for the follow-up of cases with missing or invalid documents. (para. 51)	Effective 1 July 2020, the Fund introduced a system enhancement in the Integrated Pension Administration System to address the audit recommendation related to the handling of cases with missing or invalid documents in the calculation of the performance indicator for benefit processing. The benchmark calculations are captured directly from the System into the business intelligence report. The recommendation is implemented.
(h) The Board recommends that the Fund continue to reduce the timelines of the signature verification process in order to reduce the risk of improper benefit payments. (para. 61)	The Fund issued a procedure to ensure that cases with missing or invalid documents are given attention and regularly followed up. Implemented. The Fund completed a project for the review of all outstanding certificate of entitlement signature verification cases by April 2020. The Fund continues to ensure signature verification cases are processed in accordance with the specified timeline.
(i) The Board recommends that the Fund prioritize the signature verification of the 35 backlogged cases from the period prior to 2019 and the 1,598 backlogged cases from 2019. (para. 62)	The recommendation is implemented. Following completion of the signature verification project, there is no backlog of signature verification cases from the current or prior periods.
(j) The Board recommends that the Fund evaluate the technical feasibility of establishing parameters for the different roles involved in the workflows for the creation of benefits to ensure an adequate segregation of duties. (para. 75)	The recommendation is implemented. The Integrated Pension Administration System includes controls to ensure that the required segregation of duties between calculators and auditors is enforced in the benefit processing system in that no user can perform consecutive actions in the same case.
(k) The Board recommends that the Fund ensure that the establishment of parameters for the different roles is consistent with the roles granted to each user and in accordance with the recertification carried out by the Information Management Systems Service in conjunction with the Chief of the Pension Entitlements Section. (para. 76)	The recommendation is implemented. The required segregation of duties is verified with the annual user recertification process performed by the Enterprise Security Unit. The Fund refined the query for the reports used during the annual user recertification process to confirm the segregation of duties.

*Request/recommendation**Action taken to implement request/recommendation*

(l) The Board recommends that the Office of Investment Management issue to all staff members a formal document that establishes which officials should answer the questions stated in the trade order pre-clearance form. (para. 88)

This recommendation has been implemented.

The trade pre-clearance form was eliminated and replaced with the automated paperless system, ComplySci. The questions are mandatory for all investment officers, which are defined by the list of staff members provided to ComplySci during the implementation phase was based on the official organizational chart, which is communicated by the Representative of the Secretary-General on a monthly basis to all staff. Investment officers must respond to the two additional questions in ComplySci for their pre-clearance of trades. The fields are mandatory. This process is paperless and provides enhanced control mechanisms as well as more robust records management, since all the approvals and rejections are saved within the ComplySci platform. Most importantly, by going paperless, the organization is going green, in keeping with the sustainability values of the United Nations while automating the document management processes.

(m) The Board recommends that the Office of Investment Management review, clarify and adjust its personal securities trading policy in matters related to excessive personal trading and the minimum holding period of 60 days of any investment in order to enable a better understanding of the policy. (para. 89)

This recommendation has been implemented.

The personal securities trading policy was revised to include a mandatory 60-day holding period as well as a maximum number of trades per month for staff members of the Office of Investment Management. A copy of the revised policy was communicated to all staff members.

(n) The Board recommends that the Office of Investment Management develop and implement a system that allows for the tracking of the personal trading accounts of all the staff members of the Office and also of those employees of the Fund who have a clear reporting line to the Office of Investment Management staff for preventing potential conflicts of interest with the activities of the Fund. (para. 90)

This recommendation has been implemented.

The Office of Investment Management signed a contractual agreement with Compliance Science for a new system to automate the current process. The agreement was signed in April 2020, and implementation of the new system and training sessions were held in August 2020. In addition to the above, the Office has identified that the Chief Financial Officer is the sole employee from the Secretariat that has a clear reporting line to the Office, and steps have been initiated to ensure that this employee is informed of the personal trading policies and the pre-clearance requirements.

(o) The Board recommends that the Office of Investment Management monitor and control the possible conflicts of interest of employees and adopt the measures necessary to address cases in which conflicts are detected. (para. 91)

This recommendation is under implementation.

The United Nations financial disclosure programme conducted through the Ethics Office is the first layer of defence. The programme, which is mandatory for all Office of Investment Management staff members, provides a mechanism to identify, mitigate and manage actual or possible conflict of interests. In addition to the above, the Office has several mechanisms already in place to mitigate possible

<p>(p) The Board recommends that the Office of Investment Management redefine the applicability of the personal securities policies and procedures, with the purpose of applying them to any staff member of the Fund involved in the work of the Office, including the personnel of the Fund secretariat. (para. 98)</p>	<p>conflicts of interest. However, these mechanisms are entirely dependent on self-reporting, which is also the case with the financial disclosure programme filings. The Office of Investment Management staff members are required to sign attestations on an annual basis agreeing to comply with the policies and procedures. The new compliance system has automated the prior process, which was entirely manual. This automation has increased efficiency and the likelihood of detecting potential conflicts of interest by adding another layer of supervision to the existing supervision conducted through the Ethics Office annual financial disclosure programme.</p> <p>This recommendation has been implemented.</p> <p>The Office of Investment Management redefined the applicability of the personal securities policy and procedures, with the purpose of applying it to any staff member of the Fund who report to the Representative of the Secretary-General of the Office of Investment Management.</p>
<p>(q) The Board recommends that the Office of Investment Management develop a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers. (para. 106)</p>	<p>This recommendation has been implemented. The Office developed a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers.</p>
<p>(r) The Board recommends that the Office of Investment Management review the current guidelines on conflicts of interest and design a procedure that allows for the staff of the Office to be informed in a timely manner about the current list of external advisers, so that the staff can disclose potential conflicts between an employee and external adviser. (para. 107)</p>	<p>This recommendation has been implemented.</p> <p>The conflict of interest and recusal policy was approved and circulated to Office of Investment Management staff on 22 January 2021.</p>
<p>(s) The Board recommends that the Office of Investment Management review and update at least once a year the investment guidelines in order to align them with the investment policy statement. (para. 119)</p>	<p>This recommendation has been implemented.</p> <p>In response to these recommendations, the Office of Investment Management updated the investment procedures. The Board has reviewed the updated investment policies and procedures in order to check their alignment with the investment policy statement, verifying that all the topics in the investment policy are contained in the aforementioned procedures.</p>
<p>(t) The Board recommends that the Office of Investment Management disseminate updated versions of internal procedure manuals and guidelines previous to the enforcement of such procedures. (para. 120)</p>	<p>This recommendation has been implemented.</p> <p>In response to these recommendations, the Office of Investment Management updated the investment procedures and disseminated it by email notification to the Internal Investments Committee and Private Market Committee.</p>

*Request/recommendation**Action taken to implement request/recommendation*

(u) The Board recommends that the Office of Investment Management incorporate the policy on the operations and risk management of external managers into the investment policy, considering that 15 per cent of the portfolio is externally managed. (para. 121)

This recommendation is under implementation.

Updates have been drafted. The investment policy statement review is pending results from the asset management and benchmark study.

(v) The Board recommends that the Office of Investment Management establish and implement a formal procedure that defines, among other matters, the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines, according to the support that the team provides to the other sections of the Office. (para. 128)

This recommendation is considered to be implemented.

In response to the aforementioned recommendations, the Office of Investment Management established a formal procedure that defines the functions and activities that the legal team has to carry out, the responsible staff members, timelines and a mechanism that makes it possible to track the status of documents reviewed by the legal team.

(w) The Board recommends that the Office of Investment Management define a mechanism that allows for, among other functions, the tracking of documents reviewed and processed by the legal team and the recording of the complexity of the matters, the status of the documents, the allocation of tasks and the timelines of the document revisions. (para. 129)

This recommendation has been implemented.

In response to the aforementioned recommendations, the Office of Investment Management established a formal procedure that defines the functions and activities that the legal team has to carry out, the responsible staff members, timelines and a mechanism that makes it possible to track the status of documents reviewed by the legal team.

(x) The Board recommends that the Office of Investment Management define a formal mechanism for monitoring and ensuring that all staff members of the Office, in particular new employees, complete the United Nations mandatory learning programmes within six months of joining the Organization or assuming a role for which additional learning is mandatory. (para. 144)

This recommendation has been implemented.

In response to the recommendation, the administration team developed a procedure to monitor that all staff members of the Office of Investment Management complete the mandatory learning programme within six months after joining the organization.

(y) The Board recommends that the Office of Investment Management ensure that its staff send the appropriate certificate to the corresponding section in relation to United Nations mandatory learning programmes, the courses conducted by the Office and compliance with policies designed and implemented by the Office, and any other document of the employee that should be available in a repository. (para. 145)

This recommendation had been implemented.

In response to the recommendation, the administration team developed a procedure to monitor that all staff members of the Office of Investment Management complete the mandatory learning programme within six months of joining the organization.

Regarding the repository, the Office stated that the certificates are available under each staff member's profile in Inspira, which is their central repository. Administrators can track completion using the management dashboards, which draws data from Inspira.

(z) The Board recommends that the Office of Investment Management develop and implement a mechanism or methodology that allows for the tracking of all investment commitments to be disclosed in the financial statement at any time of the year. (para. 153)

This recommendation is under implementation.

The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.

*Request/recommendation**Action taken to implement request/recommendation*

(aa) The Board recommends that the Office of Investment Management establish a formal procedure among the legal team, Senior Investment Officers and operations team to obtain timely information about the deals that have been closed during the year for preparing the note on investment commitments included in the notes to the financial statements. (para. 154)

This recommendation is under implementation.
The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.

(bb) The Board recommends that the Office of Investment Management develop a digital repository/file containing all the information for each fund needed to support the acquisition process, from the evaluation stage to the point at which the transaction has been deemed satisfactory from a business and legal perspective and has satisfied any conditions imposed by the Private Markets Committee. (para. 160)

This recommendation is under implementation.
The Office is in the process of implementing a software platform that would allow the proper tracking of all aspects of investment commitments.

(cc) The Board recommends that the Office of Investment Management develop, document and implement a detailed procedure that establishes the stages for closing an agreement concerning real assets and alternative investments. (para. 161)

This recommendation is under implementation.
The Investment Procedure will be updated to include a detailed procedure that establishes the process to close agreements.

(dd) The Board recommends that the Office of Investment Management assess the design and operation of the current controls and develop a method to detect inaccuracies related to the financial statements closing process in order to ensure that the controls operate effectively, as designed. (para. 170)

This recommendation has been implemented.
To comply with the audit recommendation, the Fund proposes that the existing accounting procedure be updated by adding as an attachment the Office of Investment Management financial statement checklist and disseminating the accounting procedures manual at least on an annual basis to enhance control over the financial statement closing process.

(ee) The Board recommends that the Office of Investment Management disseminate an enhanced and approved version of its procedures manual once the procedures and controls performed have been appropriately reflected in the manual. (para. 171)

This recommendation has been implementation.
The Office of Investment Management enhanced the year-end closing checklist. This was included in the Office's procedures manual and distributed.

(ff) The Board recommends that the authorities of the Office of Investment Management ensure compliance with the mandatory leave policy, avoiding possible fraudulent situations. (para. 180)

This recommendation has been implemented.
Senior management of the Office of Investment Management undertakes every effort to ensure compliance with the Office's mandatory leave policy, which requires staff members to take annual leave for 10 consecutive days as a control mechanism to mitigate fraud. This policy is also used to ensure knowledge transfer so that alternate or back-up staff members can perform for business continuity purposes in cases of extended leave.

Annex VI

Comprehensive review on general temporary assistant positions

1. In paragraph 8 of its resolution 75/246, the General Assembly requested the Pension Administration and the Office of Investment Management to review all the general temporary assistance positions of the Fund with a view to identifying potential duplication of functions and efficiencies, while ensuring that their establishment and management comply with the applicable Assembly resolutions and the Staff Regulations and Rules of the United Nations, notably in terms of responding to peak workload. Accordingly, the Fund has performed a comprehensive review on the existing general temporary assistance positions, and the current budget proposal reflects the finding of the review.

(a) Pension Administration

2. The comprehensive review at the Pension Administration sought to gain efficiencies and provided an opportunity to consolidate, eliminate and redeploy positions and identify new requirements.

3. The exercise focused on the identification of core functions based on the criteria that they have been linked to long-existing positions and/or that they were deemed essential to the support of operational requirements. These core functions were proposed for conversion to regular posts.

4. The general temporary assistance review for 2022 proposed the following:

- Abolishment of five positions
- Redeployment of two existing positions
- Conversion of 41 positions to posts, including 26 positions that would have existed for five years or more by 31 December 2021
- Six positions that remain as general temporary assistance positions
- Four new general temporary assistance positions

5. If supported, the number of approved general temporary assistance positions would significantly decrease, from 52 positions in 2021 to 10 in 2022. The review also identified 41 positions that were deemed core.

6. Details of the positions are reflected in table 1 below.

(b) Office of Investment Management

7. In 2021, 17 general temporary assistance positions were approved for the Office of Investment Management. General temporary assistance positions were proposed instead of posts in 2021, as the Office was about to launch the asset management and benchmark study and bottom-up workforce planning. The study was completed in 2021, and the outcome of the study and the assessment have helped to establish a clearer road map for strategy and resources. Accordingly, the Office is requesting the conversion of 15 of the 17 general temporary assistance positions for 2022. Details of the positions are reflected in table 2 below.

(c) Office of Internal Oversight Services

8. The conversion of six general temporary assistance positions to established posts is proposed for the continued audit coverage of the Fund, as reflected in table 3 below. These are long-standing positions that have been in existence since 2002 and that meet the General Assembly criteria for conversions.

Table 1
Pension Administration: proposed general temporary assistant positions

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Duration of the positions proposed for conversion as of 31 Dec 2021 (number of years)</i>	<i>Justification</i>
Executive direction and management							
Special Assistant to the Chief Executive	P-5	1	Conversion	-1		3	This is a core function required on a permanent basis. As for most Assistant Secretary-Generals in the Secretariat, the Chief Executive of the Pension Administration's work involves numerous official engagements and reporting activities, which require support in drafting numerous official reports, presentations, speeches and correspondence and reviewing drafts from technical divisions. The incumbent provides this type of assistance, as well as the coordination of cross-cutting activities internally for delegated tasks, including drafting/coordinating Pension Administration reports to the Pension Board and strategy-related documents. In addition, the Special Assistant takes care of the Chief Executive's interactions with Board members and the secretaries of staff pension committees, human resources directors, staff unions, retirees associations and other stakeholders. He or she leads the external and internal communication activities of Pension Administration and Office of Investment Management communication undertakings, such as the unification of the visual identity, the website, and social media. He or she would also lead the implementation of pillar 3 (develop a strong, global partnership network) of the Pension Administration's strategy for 2021–2023. The conversion was not approved previously as it was considered premature, as the Chief Executive of the Pension Administration had only been in her functions for a few months. The additional year of implementation of the strategy and Chief Executive's outreach activities have confirmed that the position of Special Assistant was needed on a permanent basis, thereby justifying this request for conversion.
Programme of work							
Accountant	P-3	1	Conversion	-1		2	Managing Accounts Payable is a core function required on a permanent basis. The Accounts Payable Unit was established in the context of 2020 budget with three general temporary assistance posts. The Unit monitors and follows up on outstanding open payables on a regular

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Duration of the positions proposed for conversion as of 31 Dec 2021 (number of years)</i>	<i>Justification</i>
Team Assistant	GS (OL)	1	Conversion	-1		4	basis, sets up and maintains required internal controls and reconciles with accounting journal entries for monthly and yearly accounting closing. A P-3 Accountant in charge of the Unit is essential for Fund's financial operations. The P-3 Accountant reviews and decides on follow-up actions for some 2,200 outstanding open payables of more than \$20 million; leads year-end closing process related to accounts payable while developing new benefit liabilities reporting to automate the process of recognizing benefit liabilities, as recommended by OIOS; and participates in the preparatory discussions for the upgrade of the Oracle e-business – the Fund's financial enterprise resource planning system. In addition, the Accountant provides administrative support to the Chief Financial Officer. This is a core function required on a permanent basis.
Accounting Assistant	GS (OL)	8	6 Conversions	-6	2	2 positions: 4; 4 positions: 2	Six positions are proposed for conversion, as they are core functions and are therefore required on a permanent basis. Two positions are proposed to remain as general temporary assistance. These positions support the monthly reconciliation process for contributions requested by the Board of Auditors; support the permanent forfeiture process to apply article 46, as recommended by the Board of Auditors; provide coverage during peak work periods, as well as additional support in the daily operations in the accounts and payments; process the outstanding backlogs in the area of open payables; and address increasingly complicated subject matters.
Accounting Assistant	GS (OL)		New		2		The Fund proposes to strengthen client services and operations in the Geneva office by reassigning all eight staff members of the finance team in Geneva to these functions. As the workload of the Geneva finance team will have to be absorbed by New York Financial Services, two general temporary assistance positions are requested for the Accounts Section in New York. The Payments Section is requesting that it be strengthened by adding 4 posts.
Systems Analyst	P-2/P-1	1	Abolished				Proposed for abolishment. The automated process for accounting processes as part of pillar 2 of the Fund's strategy for 2021–2023 will no longer be pursued, to establish savings in the 2022 budget.

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Finance/Accounting Assistants (Geneva)	GS (OL)	3	2 Abolishments, 1 Conversion (and redeployment to Client Services Geneva)	-1		6	To cover geographical work distribution related to finance areas. The main function is to process payroll transactions, such as suspensions, reinstatements, deletions of periodic benefits and changes to payment instructions; to process one-time weekly payments, such as the reissuance of returns and issuance of hold-suspended invoices; to process validations, restorations and transfers-in; and to provide the statement of benefits and respond to general enquiries on payments. The Fund proposes to abolish these positions, transition the staff members to positions in operations and client services and establish posts in New York to maintain the work in the finance area. One position will be redeployed to Client Services Geneva.
Benefits Officer	P-3	1	Conversion	-1		6	This is a long-term core function required on a permanent basis. It supervises benefits processing and clean-up projects in the Pension Entitlements Section and serves as the focal point for member organizations and works closely with them to ensure that upcoming non-routine demands are met. The incumbent is in charge of the recruitment, training and supervision of the workforce. With better coordination, the Fund will be better equipped to manage the daily output of teams and surges in separations emanating from any retrenchment exercise or downsizing/liquidating missions.
Benefits/Documents Management Assistant	GS (OL)	7	Conversion (including 1 in the Records Management and Quality Control Unit)	-7		5 positions: 6; 2 positions: 5	Five positions perform core benefits processing functions, such as calculating/auditing benefit payments, participating in data clean-up projects, reviewing and updating human resources records, participating in ongoing data clean-up projects and current and future continuous improvement projects, and testing any system fixes and enhancements. With dependent information starting to come through the human resources interface into the Integrated Pension Administration System, there will be additional work to ensure the data is correct and any duplicate data is cleaned. By having these additional resources on a permanent basis, the section will be better equipped to manage the daily workload, in addition to surges in separation cases due to downsizing or liquidating offices or any special projects. Two positions will be redeployed to the Records Management and Quality Control Unit to provide additional capacity owing to the increasing workload of the Unit following the implementation of the digital

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Benefits Assistant (Operations Coordination and Liaison Unit)	GS (OL)	1	Conversion	-1		1	<p>certificate of entitlement, which added a layer of complexity to the certificate of entitlement process and its related functions, as well as the addition of document quality control to those functions, which requires the vetting of separations documents received from participants and member organizations upfront, and ensuring that the file submission is complete and that the forms are appropriately completed, thereby paving the way for smoother processing downstream. These new functions require additional resources on a permanent basis.</p> <p>This is a core function required on a permanent basis. To strengthen the Operations Coordination and Liaison Unit, support the liaison and reconciliation tasks with the employing organizations with respect to interfaces (human resource and financial), assist in data cleansing, fix interface errors and follow up on missing documents.</p>
Benefits/Documents Management Assistant (Op) (Geneva)	GS (OL)	12	11 Conversions, 1 abolishment	-11		<p>1 position: 7; 7 positions: 6; 3 positions: 5</p> <p>Eight positions in the Pension Entitlements Section Geneva, all performing core functions of a continuing nature. Functions include calculating/auditing benefit payments entitlements, participating in data clean-up projects, reviewing and updating human resources records, participating in ongoing data clean-up projects, as well as current and future continuous improvement projects, and testing of any system fixes and enhancements. With dependent information starting to come through the human resources interface into the Integrated Pension Administration System there will be additional work to ensure the data is correct and any duplicate data is cleaned. Having these additional resources on a permanent basis will enable the section to manage the daily workload better, as well as accommodate any surge in separation cases due to downsizing or liquidating offices or any special projects.</p> <p>Three positions in the Records Management and Quality Control Unit to assist in the receiving, opening and indexing of documents, and processing/scanning of returned certificates of entitlement; assist in verifying the signature of certificates of entitlement; and perform document quality control functions.</p>	

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Communications Officer	P-3	1	Conversion	-1		1	This is a core function required on a permanent basis. The incumbent will manage and lead communication activities, including managing/revamping the website and adding multilingual contents. The incumbent will create or supervise the creation of digital and print contents, including web articles, multimedia, brochures, flyers and posters, organize events and campaigns, implement related tasks and advise on communication matters. This post substantively contributes to pillar 3 (develop a strong, global partnership network) and pillar 1 (simplify client experience) of the strategy for 2021–2023.
Benefits Assistant (Client Services)	GS (OL)	3	1 abolished, 1 Conversion (and redeployment to the Records Management and Quality Control Unit as Documents Management Assistant)	-1	1	6	<p>One position remains as general temporary assistance to support the workload in Client Services activities. Temporary assistants deal with participant, retiree and other beneficiary enquiries, assist in carrying out special projects that may be assigned, provide support to core Client Services functions, maintain productivity levels and increase output during peak workload periods, ensure responsive quality service, and address any new challenges as they arise.</p> <p>One position is proposed for conversion to support the Records Management and Quality Control Unit. This position is to provide added support that would back up the labour-intensive annual certificate of entitlement printing process and to perform specific certificate of entitlement-related functions, such as assisting when necessary in the certificate mailing exercise, performing certificate signature verifications, etc. This is a core function required on permanent basis.</p>
Team Assistant	GS (OL)	1	Conversion	-1		2	This is a core function required on a permanent basis to support the Communications Officer and the Fund's communication activities in general. This is in line with the Strategy implementation, which involves more communication with clients and stakeholders (pillar 3: develop a strong, global partnership network).
Information Management Officer – data analyst	P-4	1				1	Proposed to be established under newly created Data Analysis Unit. The incumbent will be responsible for ensuring the data quality of the underlying sources and manage master data; provide quality assurance of imported data; help develop reports and analysis; manage and design

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Programme Management Officer	P-4	1	Conversion	-1			<p>the reporting environment, including data sources, security and metadata; support initiatives for data integrity and normalization; troubleshoot the reporting database environment and reports; evaluate changes and updates to source production systems; train end users on new reports and dashboards; and provide technical expertise on data storage structures, data mining and data cleansing. The incumbent will play a substantive role in the execution of pillar 3 of the Strategy.</p> <p>6 To support the data interface programme of work, in accordance also with relevant recommendations issued by the oversight bodies, and to strengthen support for the core enterprise resource planning system of the Fund i.e., the Integrated Pension Administration System, as well as business intelligence/reporting, the helpdesk and information security.</p>
Information Systems Officer (Chief of Pension Interface Unit)	P-4	1	Conversion	-1			<p>6 In accordance with the Fund's newly developed strategy, the Information Management Systems Service will be responsible for a wide range of projects in support of business change management, process reengineering and innovation. Accordingly, one P-4 general temporary assistance Project Management Officer is requested for a dedicated subject matter expert in project management to: (a) define, promote and support consistent project management methodologies; (b) develop specific, measurable, achievable, relevant and time-bound deliverables, milestones and timelines; (c) assess project risks and propose corresponding mitigating measures; and (d) monitor and report on the implementation of the various projects.</p>
Project Management Officer	P-4	1			1		<p>In accordance with the Fund's newly developed strategy, the Information Management Systems Service will be responsible for a wide range of projects in support of business change management, process reengineering and innovation. Accordingly, one P-4 general temporary assistance Project Management Officer is requested for a dedicated subject matter expert in project management to: (a) define, promote and support consistent project management methodologies; (b) develop specific, measurable, achievable, relevant and time-bound deliverables, milestones and timelines; (c) assess project</p>

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Duration of the positions proposed for conversion as of 31 Dec 2021 (number of years)</i>	<i>Justification</i>
Information Systems Officer (Project Management Support)	P-3	1	Conversion	-1			risks and propose corresponding mitigating measures; and (d) monitor and report on the implementation of the various projects. 4 Project Management Support/Audit Response Coordinator: the incumbent is responsible for: (a) supporting several new monthly pension interfaces scheduled for implementation in the coming years; (b) providing project management support; and (c) assisting in the implementation of relevant audit recommendations.
Information Systems Officer (Business Intelligence)	P-3	1	Conversion	-1			6 To manage International Computing Centre consultants for the new business intelligence implementations, maintain and support the existing business intelligence reports and dashboards and provide (technical) customer services to the Fund's business and member organizations. The main responsibility will include analysing the business reporting requirements, developing star/snowflake schema data warehousing, providing extract transform load specs, maintaining and developing business intelligence reports, dashboards and scorecards, developing audit reports and coordinating with the Fund's database administrator to improve database performance.
Information Systems Officer (Solution Analyst)	P-3	2	2 Conversions	-2			6 To implement and enhance the following: (a) customer relationship management; (b) the signature verification system; (c) certificate of entitlement processing; (d) manager self-service and employee self-service; (e) data cleansing; and (f) other important Integrated Pension Administration System functionalities (i.e., benefit calculations/estimates, workflows, year-end processing and banking).
Information Systems Assistant	GS (OL)	1	Conversion	-1			2 To provide support to the Information Systems Officer (Innovation).
Information Systems Assistant (Information Management Systems Service) (Geneva)	GS (OL)	1			1		The Geneva office currently has only one information technology technician supporting the entire office. An additional technician is being requested to support the increased demand for local information technology support to the wider user community of the Fund, United Nations Staff Pension Committee secretaries and member organizations.

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Programme support							
Facilities Management Assistant	GS (OL)	1	Conversion	-1		4	In the Secretariat, most facilities and premises functions are performed by the Facilities Management Service. However, at the Fund, these functions are currently performed by one Facilities Management Assistant (General Service (Other level)), in an established post. These functions include, among others, office space planning, coordination of office space construction, renovation, repair and maintenance and control of physical assets. As specialized skills are required for these functions, it is not feasible that other assistants in the Fund could execute these responsibilities. To accommodate for the growing staffing, the Fund plans to reconfigure the floors as much as possible within the existing office space. Accordingly, additional support staff is requested to support the reconfiguration project.
Chief, Business Support Services Unit	P-5		New			1	This new position is needed in order to provide an adequate level of leadership to the newly established Business Support Services Unit. The incumbent will establish the new Unit and coordinate the actions and deliverables of the teams under her/his leadership. The role will be engaged in strategic planning, change implications, workforce planning and improving human resources processes and services and will lead the implementation of the human resources, training and development strategies. This is a temporary arrangement, which is linked to the incumbency of the P-5 Executive Officer post.
Human Resources Officer (Training and Development)	P-3		New			1	This new position is proposed in the context of the Fund's human resource and training strategies. The incumbent will be responsible for coordinating and lead the training and development initiatives of the Fund. This post will also provide a level of welfare support, such as improving support to staff working remotely.
Total, Pension Administration		52		-41		10	

Table 2
Office of Investment Management: proposed general temporary assistant positions

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Justification</i>
Programme of work						
Associate Investment Officer – Environmental, Social and Governance	P-2/P-1	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Associate Investment Officer (P-2). The post will be responsible for developing climate transition model for equities and implement it in each quarterly custom benchmark rebalancing process. This post will also be responsible for the ownership of environmental, social and governance dashboards, investment rationale and environmental, social and governance datasets, which are critical to the more than \$50 billion equities portfolio.
Investment Officer – Environmental, Social and Governance	P-3	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Investment Officer (P-3), which will be responsible for the oversight of the Fund’s sustainable investing activities and will lead the sustainable investing team and coordinate the development and implementation of the sustainable investment approach across the Fund, including policies and processes improvements. The post will also support the private markets in their environmental, social and governance integration, notably regarding due diligence processes and the monitoring of existing external managers. The environmental, social and governance team is also being redeployed to the investment team to better align the functions in the Office of Investment Management.
Investment Officer – North America	P-4	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Investment Officer (P-4), which will be responsible for the United States and Canada portfolio, which exceeds \$27 billion in assets, the prudent management of which requires a seasoned investment officer at the P-4 level. The conversion of this P-4 general temporary assistance position to an established post will support and enhance the build-up of the team’s expertise in sector coverage and add to the long-term stability of the investment team.
Investment Officer – Real Estate	P-4	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Investment Officer (P-4), which will function primarily as portfolio manager for a large group of funds within the real estate portfolio. This includes conducting due diligence and underwriting new funds in accordance with the annual real estate strategy plan and pro-actively monitoring the funds assigned to the portfolio manager, including performance reporting. In addition, the portfolio manager would recommend co-investments and other investment themes in line with the annual strategy plan. In particular, the portfolio manager would work

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Accountant – Middle Office	P-4	1	Conversion	-1		<p>with the senior investment officer and adviser to identify suitable investments for the portfolio, thoroughly research the manager and track record, get them approved through presentation to the Private Markets Committee and work with the Office of Legal Affairs to make sure the legal documentation for each manager meets agreed standards before execution. Monitoring will involve attending annual meetings and quarterly investor and advisory board meetings with management, as well as visiting assets in funds. The portfolio manager would work with the adviser and master record keeper to synchronize financial reporting with the Office of Investment Management’s internal performance reporting. The portfolio manager would regularly evaluate existing fund managers and perform regular portfolio reviews for all of his or her assigned funds and perform an annual strategic review for all funds within his or her designated portfolio.</p> <p>The proposed conversion of one general temporary assistance position of Accountant Middle Office (P-4) in the operations team is a result of: (a) the fact that the Office of Investment Management’s investment activities have broadened significantly in the real assets and alternative investments space; (b) the increase in corporate action processing of complex events; and (c) the need to respond to opportunities in order to increase geographic diversification and diversify investments across different asset classes at the Office of Investment Management, where the Operations Section is dealing with post-trade, pre-settlement investment operations functions that are increasingly complex, high-volume and demanding.</p> <p>As the Fund’s investments are expected to grow continuously, it is critical for the Operations Section team to have the required professional expertise to manage the growing complexities of investment operations. A dedicated professional staff member managing the post-trade pre-settlement, corporate action processing and wiring instructions checking is a permanent requirement aimed at minimizing the potential risks related to investment operations processing. Finally, it should also be noted that this post has been included and filled as a general temporary assistance position for the previous budget cycle.</p>
Accountant – Back Office	P-4	1	Conversion	-1		<p>The proposed conversion of one general temporary assistance position of Accountant Back Office (P-4) in the operations team is crucial in the effort to support the new direction of investment strategies, to manage the increasing volume and complexity of investment operations for a number of new investment initiatives through different asset vehicles and new emerging markets in order to quickly respond to sudden changes in market conditions, to provide support for the ongoing</p>

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						<p>projected implementation of the target operating model, and to take increased responsibilities in maintaining standing instructions and other data as part of data governance effort.</p> <p>Lastly, with the approval of new external managers, including for the Brazil, Japan and Europe markets, as well as additional managers in other markets, such as China, there will be an increase in externally managed account activities and an increase in the need to liaise between external managers and custodians on account set-up questions and transition manager operational functionalities (funding and redemption).</p> <p>In summary, the Operations Section is requesting the conversion of an Accountant (Back Office Investment Specialist) P-4 level general temporary assistance, in alignment with the investment strategies of the Front Office. The increased responsibilities of the position, both in terms of complexity and demand for professional and technical knowledge and competencies, have become a mandatory required function within the back office that justifies the conversion of the general temporary assistance post. Finally, it should also be noted that this post has been included and filled as general temporary assistance for the last budget cycle.</p>
Associate Risk Officer (Performance)	P-2/P-1	1	Conversion	-1		<p>The proposed conversion of one general temporary assistance position Associate Risk Officer (P-2) is needed, as the performance team is responsible for reviewing the calculation of the performance of the Fund for all asset classes and prepares important reports to stakeholders. The assets of the Pension Fund have grown to approximately \$80 billion and, as a result of the General Assembly resolution in which the Assembly permitted the use of derivatives and securities lending for risk management and hedging purposes, the complexity of the financial instruments will increase. The performance team must be staffed with fixed-term appointments, which lends credibility and stability to the team, especially given the small size of the section.</p>
Associate Compliance Officer	P-2/P-1	1	Conversion	-1		<p>The proposed conversion of one general temporary assistance position Associate Compliance Officer P-2 is needed to support the implementation of effective compliance programmes. The assets of the Pension Fund have grown to approximately \$80 billion and, as a result of the General Assembly resolution in which the Assembly permitted the use of derivatives and securities lending for risk management and hedging purposes, the complexity of the financial instruments will increase. In order to implement effective compliance programmes, the compliance team must be staffed with fixed-term appointments, which lends credibility and stability to the team, especially given the small size of the section.</p>

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Risk Officer (Market Risk)	P-3	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Risk Officer (Market Risk) at the P-3 level, to support the monitoring and assessment of the market risk of the \$80 billion Fund, which is globally diversified and invested in several asset classes. The P-3 position will also assist with the asset and liability monitoring, which is conducted on a regular basis.
Investment Officer – Fixed Income Mortgage-Backed Securities	P-4	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Investment Officer P-4 to a fixed-term posted for fixed income mortgage-backed securities, to focus exclusively on the portfolio of agency mortgage-backed securities, and other securitized and interest rate products. In addition, the position will be responsible for the analysis, oversight of prepayments and structures and trading of these securities. A full-time dedicated resource specializing in United States agency mortgages is being requested owing to the specialized skill set required to evaluate the sector. Currently, the post is responsible for assets under management of approximately \$10 billion. The conversion from general temporary assistance to fixed-term is necessary and justified.
Information Systems Officer – ICT Security	P-2/P-1	1	Conversion	-1		The proposed conversion is of one general temporary assistance position Associate Information Systems Officer (P-2). The functions of the post will focus on: maintaining and supporting compliance with the ISO 27001:2013 standard, which includes risk assessment, a business impact analysis and a risk treatment plan to safeguard the Office of Investment Management’s assets; and supporting cybersecurity operations, which include a security information event and audit log review, user access management, data loss prevention, security breaches assessment, penetration testing and security awareness training. In addition, this resource will conduct vulnerability scanning, strengthen endpoint protection, oversee the managed security service for the Office’s network boundary protection and liaise with major solution providers to conduct regular vendor risk management.
Associate Information Systems Officer (Infrastructure)	P-2/P-1	1	Conversion	-1		The proposed conversion of one general temporary assistance position Associate Information Systems Officer (P-2) post will support: <ul style="list-style-type: none"> • All infrastructure-related services covering data centre equipment, network connectivity, endpoint management, office peripherals and business software such as Office 365 and Azure virtual desktop infrastructure; • Liaising with OICT, the International Computing Centre, service providers such as Bloomberg and NT and the Pension Administration to support wide area networks

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Information Systems Officer – Data Analyst	P-3	1	Conversion	-1		<ul style="list-style-type: none"> Engaging with security and business continuity teams to validate requests and fulfil them Being part of infrastructure modernization projects, namely, infrastructure migration to the cloud, new service provider implementations, building and managing virtual networks and desktops <p>The proposed conversion is of one general temporary assistance position Information Systems Officer (P-3), Data Systems Analyst. The functions of the post will focus on: new implementations and supporting of technology interfaces and data management capabilities; collaborating with data engineers to improve data flows, data quality; developing and supporting the Office of Investment Management’s data governance framework, data collection systems, data analytics and other strategies that optimize statistical efficiency and quality; and developing and implementing various analysis, reporting and quality control capabilities.</p>
Information Systems Officer – Developer	P-3	1	Conversion	-1		<p>The proposed conversion is of one general temporary assistance position Information Systems Officer (P-3), Developer. The functions of the post will focus on the implementation, development and configuration of system solutions related to support effective data management. This includes building, managing and optimizing data pipelines and architectures to support the production of analytics, in compliance with data governance, protection, privacy and security requirements. This resource will provide tactical capabilities in the development of new applications and scripts covering technology interfaces and data management capability.</p>
Senior Administration Assistant	GS (PL)	1	Conversion	-1		<p>The proposed conversion of one general temporary assistance position of a Senior Administrative Assistant (GS (PL)) and simultaneously the re-assignment from senior administrative assistant to senior human resource assistant is being requested to continue to help fulfil staffing needs on time. This resource will assist with the full range of human resource partner activities, including the coordinating pre-recruitment formalities, onboarding, inductions, processing personnel actions related to initial appointments, reappointments, extensions and special post allowances.</p>
Environmental, Social and Governance Investment Officer	P-2/P-1		New		2	<p>The proposed request is for two posts to work on improving current policies and processes, reviewing the due diligence questionnaire, benchmarking our strategy against best industry practices and participating in initiatives to improve the integration of environmental, social and governance principles into private markets. The proposed</p>

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Accountant (Alternative Investments)	P-3	1	Continuation		1	resources will manage the monitoring of external managers by increasing the frequency of review, meeting with external managers, following progress in environmental, social and governance integration and monitoring such incidents. The current number of investment vehicles for private equity, real estate and infrastructure, is 82, 112 and 38, respectively. The P-3 Accountant (Alt. Platform) is a proposed extension of one 2021 general temporary assistance post. The Office of Investment Management has completed the process of procuring a solution (real estate, private equity and real assets platform) for the administration of alternative investments (real estate, private equity and real assets), transaction processing and their related information management. The solution will effectively support the Office's ability to grow, monitor, assess and evaluate the risk and performance of the Office's alternative investment portfolio, as well as providing a new verification/reconciliation tool, including management fees. In the 2021 budget, the P-3 position to serve these functions was proposed and approved under the temporary budget as general temporary assistance, owing to unknown timing of the finalization of the request for proposals and the following onboarding of the vendor. Since the request for proposals process and the contract negotiation is still in process, the Fund proposes the extension of the general temporary assistance to 2022.
Associate Accountant (Asia Pacific)	P-2/P-1	1	Continuation		1	The proposed P-2 is an extension of the 2021 general temporary assistance. With the introduction of an investment policy statement in 2019 and the increase in emerging market strategic asset allocation, such as India bonds, China A-shares, Indonesia and Thailand, the Fund requires additional support in the back-office functionalities to cover for Asia Pacific market hours. The post will be responsible for ensuring quality control over trade capture and validation in the trade order management system, validating and confirming trade details using Omgeo (Central Trade Manager/Oasys) for global equities and fixed income securities. In addition to assisting with Asia Pacific trades, the new resource will mainly focus daily on reconciliation functions. The objective of the operations team is to provide and finalize daily position and cash reconciliation as early as possible each morning. The introduction of the post will provide coverage that will allow the operations team to finalize the position reconciliation in a timely manner.
Accountant (Private Markets)	P-3		New		1	The Fund is proposing a P-3 Accountant general temporary assistance position. Since the Office of Investment Management's investment activities have broadened significantly in the alternative investments space, allocations are increasing coupled with growing demand to

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Justification</i>
Accountant – Securities Lending (Pilot Programme)	P-3		New			<p>continuously strengthen internal process control, support and exceptions and adhere with industry standards. The current investment policy statement has increased target strategic asset allocation for the alternative investments portfolio, thereby leading to increased investment activities in the alternative investment space.</p> <p>The requested new P-3 Accountant post will act as an additional line of control for the incremental alternative investments portfolio by performing various checks, implementing monitoring and reviewing each fund, and will add capability to monitor incentive and carry fees for each of our investments. The monitoring of incentive and carry fees is driven by limited partnership agreements, and some clauses or special considerations are unique to each fund, thereby making it a very technical and manual intensive process. The new staff member will also focus on the preparation of operational desk reviews for new proposed private market investments during the budget period.</p> <p>1 The proposed request will support the securities lending programme, which requires manual oversight of the securities lending agent. There has been an increase in trade settlement risk because of tighter timelines to provide instructions to custodians. To mitigate that increase in trade settlement risk, the Accountant will monitor the trade settlement blotter daily to facilitate faster post-trade matching and post-trade settlement functions. The Accountant will also monitor and review the accuracy of “manufactured” economic benefits, additional disclosures for financial reporting purposes, and securities lending revenue calculation. The Accountant will also be responsible for monitoring service provider reports and fees. Without this position, the Office of Investment Management operations team would not be able to monitor the securities lending programme in a timely manner or fulfil additional disclosure requirements for financial reporting purposes.</p>
Accountant – Futures/Currency (Pilot Programme)	P-2/P-1		New			<p>1 The proposed request will help to establish a team that is specialized in a range of financial instruments, such as exchange-traded futures, foreign exchange swaps and foreign exchange forwards, and that has the industry and regulatory knowledge required for the Fund to ensure the accurate processing of such transactions and the reflection of all such transactions in the financial statements, and to provide a proper oversight role for the collateral management service provider. Without these positions, the Operations team would be unable (a) to support the new margin trading instruments; (b) to appropriately manage accounting for complex instruments; (c) to implement the ongoing and necessary changes in industry standards, regulations and IPSAS standards; and (d) to formulate the necessary and complex investment disclosures to the financial</p>

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Justification</i>
Accountant – Futures/Currency (Pilot Programme)	P-3		New		1	<p>statements, thereby increasing the risk of misstatements and the misclassification of accounts and increasing the risk of a modified or qualified opinion on the Fund’s financial statements.</p> <p>The proposed request will help to establish a team that is specialized in a range of financial instruments, such as exchange-traded futures, foreign exchange swaps and foreign exchange forwards, and that has the industry and regulatory knowledge required for the Fund to ensure the accurate processing of such transactions and the reflection of all such transactions in the financial statements, and to provide a proper oversight role for the collateral management service provider.</p> <p>Without these positions, the Operations team would be unable (a) to support the new margin trading instruments; (b) to appropriately manage accounting for complex instruments; (c) to implement the ongoing and necessary changes in industry standards, regulations and IPSAS standards; and (d) to formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts and increasing the risk of a modified or qualified opinion on the Fund’s financial statements.</p>
Accountant – Repurchase Agreements (Pilot Programme)	P-3		New		1	<p>The proposed position will help support this new investment product. Repurchase agreements and reverse repurchase trades are done over-the-counter, with terms ranging from overnight to a few weeks. These transactions need margin and collateral management and monitoring. The operations team requires an accountant to set up new counterparty, and to monitor trade matching, cash and security movement and reconciliation for these transactions. The position will also ensure the security transferred meets the “haircut” requirement based on the master repurchase agreement signed by both the counterparties and the Fund. Without this position, the Office of Investment Management operations team would not be able to process repurchase transactions on time, resolve disputes through reconciliation and valuation challenges related to margin and collateral, monitor activities for pledged securities and fulfil additional disclosure requirement for financial reporting purposes.</p>
Senior Accountant Assistant – Futures/Currency (Pilot Programme)	GS (PL)		New		1	<p>The proposed request will help to establish a team that is specialized in a range of financial instruments, such as exchange-traded futures, foreign exchange swaps and foreign exchange forwards, and that has the industry and regulatory knowledge required for the Fund to ensure the accurate processing of such transactions and the reflection of all such transactions in the financial statements, and to provide a proper oversight role for the collateral management service provider. Without these positions, the Operations team would be unable (a) to support the new margin trading instruments; (b) to appropriately manage accounting</p>

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Justification</i>
Risk Officer – Derivatives	P-4		New			<p>for complex instruments; (c) to implement the ongoing and necessary changes in industry standards, regulations and IPSAS standards; and (d) to formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts and increasing the risk of a modified or qualified opinion on the Fund’s financial statements.</p> <p>1 The proposed request will support new initiatives, including: securities lending, “to be announced” mortgage-backed securities, United States Treasury futures, foreign exchange swaps, currency hedging for emerging markets and repurchase agreements. In order to implement effective risk management programmes for these initiatives, the risk team must be staffed with specialists at a higher level in that area because of the technical expertise required in that field and given the complexity and high profile of those initiatives.</p>
Investment Officer – Treasury Cash/Foreign Exchange	P-4		New			<p>1 The proposed position would focus specifically on cash management, foreign exchange and funding monthly benefits. The position will ensure that each investment team is provided with liquidity in the appropriate currency by optimizing available/forecast foreign currency balances by executing in foreign exchange spot, forwards and swaps within developed, emerging and restricted markets. There is a need to expand the dedicated resources as the investment instruments, counterparty exposure and country exposure grow, especially within emerging market currencies, which involve overnight trading and exceptional knowledge of market conventions and liquidity buckets. The treasury cash/foreign exchange desk takes on more complex tasks in terms of cash management, foreign exchange transaction in 34 currencies for portfolio rebalancing and funding monthly benefits payments for the total fund.</p>
Information Systems Officer – Digital Transformation Officer	P-4		New			<p>1 The proposed request will be needed to support the Senior Data Specialist. This programme is an innovative organizational change. A digital transformation officer will work as part of a team consisting of business analysts, a systems analyst, a data analyst and a data engineer. The P-4 post will facilitate the joint effort of efficient data management and its integration with business applications, supporting the investment life cycle front-to-back of all asset classes, while enabling the incorporation of new financial instruments aimed at hedging risk while positioning fragmented data sources and outputs in a coordinated manner.</p>
Total, Office of Investment Management		17		-15	13	

Table 3
Internal Audit, Office of Internal Oversight Services: proposed general temporary assistant positions

<i>Title</i>	<i>Category</i>	<i>2021 approved positions</i>	<i>Proposed action</i>	<i>Conversions to established post</i>	<i>2022 proposed general temporary assistance positions</i>	<i>Duration as of 31 Dec 2021</i>	<i>Justification</i>
Senior Auditor	P-5	1			1	1 year	To conduct the Fund's audits
Investigator	P-4	1			1	1 year	To conduct the Fund's case investigations
Chief of Section, Audit	P-5	1	Conversion	-1		19 years	Conversions of six general temporary assistance positions to established posts are proposed for the continued audit coverage of the Fund. These are long-standing positions.
Auditor	P-4	1	Conversion	-1		19 years	
Auditor	P-4	1	Conversion	-1		15 years	
Auditor	P-4	1	Conversion	-1		5 years	
Auditor	P-3	1	Conversion	-1		15 years	
Assistant	GS (OL)	1	Conversion	-1		19 years	
Total, OIOS		8		-6	2		