A/77/9

United Nations

Report of the United Nations Joint Staff Pension Board

Seventy-second session (25–29 July 2022)

General Assembly

Official Records
Seventy-seventh Session
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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

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
ICSC	International Civil Service Commission
ICT	Information and communications technology
IMO	International Maritime Organization
IPAS	Integrated pension administration system
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
ITU	International Telecommunication Union
OIOS	Office of Internal Oversight Services
UNESCO	United Nations Educational, Scientific and Cultural Organization
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization

Chapter I

Summary

1. The United Nations Joint Staff Pension Board held its seventy-second session from 25 to 29 July 2022. The Board considered a wide range of issues that pertained to the functioning, management, governance and oversight of the United Nations Joint Staff Pension Fund. This was the first in-person session of the Board since the adoption of a governance reform package by the Board in July 2021 and its endorsement by the General Assembly in December 2021.

2. In her opening statement, the Chief Executive of Pension Administration updated the Board on the Fund's financial health, key statistics on the current status of the Fund and its overall performance, and the 2023 budget proposal. The Chief Executive mentioned that the actuarial valuation conducted as at 31 December 2021 showed a surplus of 2.3 per cent of pensionable remuneration and a funding ratio of 117 per cent, confirming that the Fund was well funded. The population that the Fund serves continues to grow across all age groups, and retirees and beneficiaries are living longer. This increases the services required.

3. The Representative of the Secretary-General for the investment of the assets of the Fund was pleased to report that, owing to the good performance of the Fund in 2020 and 2021, its funding ratio had improved from 107.1 per cent as at 31 December 2019 to 117 per cent as at 31 December 2021. The Fund recovered and ended with a market value of $91.5 billion at the end of 2021. As a result, the Fund was above the benchmark and well above the 3.5 per cent real rate of return for the 1-, 3-, 10- and 50-year horizons. He noted that the good performance of the Fund had provided a buffer to navigate challenging times in the markets.

4. 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 2023 amounting to $130,228,700.

5. The Consulting Actuary submitted to the Board the report on the thirty-sixth actuarial valuation of the Fund as at 31 December 2021. The previous valuation had been done as at 31 December 2019 and the results had been reported to the General Assembly at its seventy-fifth session, in 2020. The Board also had before it the observations of the Committee of Actuaries, which had examined the valuation report prior to its submission to the Board. The Board noted that the current valuation revealed a surplus of 2.30 per cent of pensionable remuneration and expressed its satisfaction at the surplus. The Board highlighted the points made by the Consulting Actuary and the Chair of the Committee of Actuaries, namely, that earning a real return of 3.5 per cent per annum over the very long term would be key to the continued sufficiency of assets in the Fund.

6. With regard to audit matters, the Pension Board took note of the reports of OIOS and the Board of Auditors. The Pension Board welcomed the unqualified audit opinion issued by the Board of Auditors. The Pension Board reviewed and approved the Fund's financial statements for 2021.

7. The Board discussed the report of the Ethics Adviser and concluded that ethics issues should remain high on its agenda in the light of the further operationalization of the ethics policy, in line with earlier requests made by the General Assembly.

8. The Board discussed a wide range of other items that related to the management of the Fund and the United Nations pension system such as the status of the work of the Plan Review Group. The Board also appointed new members to its committees.

9. The Board proposed changes to the Regulations of the Fund and approved changes to the Administrative Rules of the Fund, in line with its approval at its sixty-ninth session, in 2021, of a cost-neutral measure for restoration in the case of deferred retirement benefits.

Chapter II

Recommendations and decisions of the United Nations Joint Staff Pension Board that require action by the General Assembly

10. In line with the measure that allows for restoration on a cost-neutral basis in cases in which a beneficiary has elected or is deemed to have elected a deferred retirement benefit, the Board recommended that the General Assembly approve the following amendments to the Regulations of the Fund, as set out in annex III to the present report:

(a) An amendment to article 1 to allow for restoration of all or partial contributory service in the case of deferred retirement benefits;

(b) A new article 24 bis to introduce restoration of prior contributory service in the case of deferred retirement benefits.

11. In respect of the budget estimates for 2023, the Board recommended that the Advisory Committee on Administrative and Budgetary Questions consider and that the General Assembly approve:

(a) The proposed budget estimates for 2023 amounting to $130,228,700, comprising:

(i) Secretariat of the Pension Board ($1,254,800);

(ii) Pension Administration ($67,294,800);

(iii) Office of Investment Management ($59,539,400);

(iv) Audit ($2,199,700).

12. Of the $130,228,700, a total of $8,701,100 would be chargeable to the United Nations directly for services related to the United Nations Staff Pension Committee.

13. The Board also recommended that the Advisory Committee on Administrative and Budgetary Questions consider and that the General Assembly approve an amount not exceeding $112,500 for the Emergency Fund.

Chapter III
Opening of the session

14. The seventy-second session of the Board was held at the United Nations Office at Vienna from 25 to 29 July 2022. The meeting was opened by Vilém Veselý, Chair of the seventieth, seventy-first and seventy-second sessions of the Board and representative of the governing body of ITU.

15. The Chair welcomed the Board members. He highlighted various important issues on the agenda pertaining to the administrative budget of the Fund for 2023, as well as items related to the benefits plan of the Fund, the actuarial and financial situation of the Fund, the investments of the assets of the Fund, and its systems for oversight and audit.

16. The Board adopted the agenda and took note of the decisions taken during its virtual sessions in February 2022 (seventieth session) and April 2022 (seventy-first session).

17. At its seventieth session, the Board:

(a) Elected its officers for the year 2022 (seventieth, seventy-first and seventy-second session of the Board);

(b) Took note of an update/statement by the Chief Executive of Pension Administration;

(c) Took note of an update by the Representative of the Secretary-General on the investment of the assets of the Fund;

(d) Took note of the decisions taken by the General Assembly in its resolution 76/246 and discussed a way forward on the implementation of the agreed governance reform proposals;

(e) Took note of the report of its Succession Planning and Evaluation Committee and appointed Peter Liria as Ethics Adviser for a period of one year, effective immediately;

(f) Agreed on a proposed way forward for the training and professional development of Board members;

(g) Took note of the survey results of its sixty-ninth session, in July 2021;

(h) Took note of the proposed workplan for 2022 presented by the Secretary of the Board;

(i) Appointed new members to its Audit Committee and its Fund Solvency and Assets and Liabilities Monitoring Committee;

(j) Took note of the report of the 205th meeting of the Standing Committee;

(k) Reached a consensus to establish the Plan Review Group and invited the staff pension committees to provide input for the terms of reference and workplan of the Group.

18. At its seventy-first session, the Board:

(a) Took note of an update/statement by the Chief Executive of Pension Administration;

(b) Took note of a statement by the Representative of the Secretary-General on the investment of the assets of the Fund;

(c) Approved the terms of reference for the Plan Review Group and confirmed the composition of the Group based on the nominations received;

(d) Considered a proposal regarding the allocation of Board seats and decided that a paper should be presented to the Board no later than the July 2023 meeting of the Board containing an outline on the current arrangements and a description of how new member organizations to the Fund would be accommodated on the Board in terms of representation;

(e) Took note of language proposed for changes in the Regulations and Administrative Rules of the Fund, which was presented for further discussion and decision at the July 2022 session;

(f) Took note of the report of the 206th meeting of the Standing Committee;

(g) Took note of decisions of the United Nations Appeals Tribunal of interest to the Board.

19. For its seventy-second session, the following officers remained elected:

Chair:	Vilém Veselý, representative of the governing body of ITU
First Vice-Chair:	Christian Saunders, representative of the Secretary-General
Second Vice-Chair:	Kathrin Bruchmann, representative of the participants of WHO (until 31 May 2022)
	Andrew Larcos, representative of the participants of ICAO (from 1 June 2022)
Rapporteur:	Patricia Nemeth, representative of the participants of the United Nations

A. Statement by the Chief Executive of Pension Administration

20. The Chief Executive of Pension Administration updated the Board on the Fund's financial health, key statistics on the current status of the Fund, Pension Administration performance and the 2023 budget proposal.

21. The Chief Executive stated that the actuarial valuation as at 31 December 2021 showed an actuarial surplus of 2.3 per cent of pensionable remuneration and a funding ratio of 117 per cent, confirming that the Fund was well funded. The population that the Fund serves continues to grow, and retirees and beneficiaries are living longer across all age groups. This increases the need for services required to support the growing population.

22. With regard to the Fund's operational performance, the Chief Executive informed the Board that more than 90 per cent of initial separation cases continued to be processed within 15 business days, notwithstanding an increase in the volume of separations since the beginning of the year. The cost-of-living adjustment for the dollar track applied as at 1 April 2022 was the highest since 1980 (8.6 per cent). The Fund's call centre in Valencia, Spain, was experiencing higher workloads than in previous years, and a range of options, including the possible expansion of call centre services to 24 hours/5 working days a week, were being considered to address the situation.

23. The Chief Executive provided an update on the implementation of the client-focused, action-oriented, relations-builder and efficacy-driven (CARE) strategy since the last report at the seventy-first session of the Board, in April 2022. With regard to

pillar 1 (simplify client experience), more than 11,500 digital certificates of entitlement were received in 2022 and the digital certificates of entitlement won the 2021 United Nations Secretary-General's Award for innovation and sustainability. Eleven e-learning modules on various aspects of the Fund were launched in May 2022 to make participation and benefits clearer for the Fund's clients and staff in member organizations. With regard to pillar 2 (modernize pension services), the acquisition of a new customer relationship management system, approved by the Board and the General Assembly in 2021, is undergoing the procurement process. With regard to pillar 3 (build a strong, global partnership), a new, integrated Office of Investment Management/Pension Administration website was successfully launched in June 2022.

24. In 2023, the Pension Administration plans to further leverage technology to drive efficiency and improve service, including the deployment of the customer relationship management system, the digital capture of pension forms in member self-service, the separation notification pilot interface project with the United Nations, the automation of signature recognition on forms and additional financial interfaces with member organizations.

25. The move of Geneva-based Pension Administration staff to the Palais des Nations was successfully implemented in September 2021 to better service the Fund's clients in the region. The new lease agreement for the Fund's New York office, which runs until 31 December 2031, includes one year's free rent, creating savings in the 2021 budget. The planned redesign of the office space in New York will reduce the Fund's space requirements by 29 per cent, which will allow one floor to be sublet, potentially offsetting some of the rental cost.

26. The Chief Executive stated that several recommendations of the IPAS technical review had been implemented. Twenty-two audit recommendations made by OIOS were closed over the past 12 months and no audit recommendations were past due for more than one year. The Board of Auditors provided its report on the Fund's financial statements and 10 of 15 open recommendations were closed.

27. The Pension Administration and Office of Investment Management updated the Fund's enterprise-wide risk management policy and internal control policy.

28. With respect to the 2023 administrative budget proposal for the Pension Administration, the Chief Executive explained that the priorities were to address the Pension Administration's growth in its client base and client service needs, to be able to respond to geopolitical challenges, to continue to transform the secretariat of the Fund into a digital and data-driven organization and to prioritize risk management. Overall, the 2023 administrative budget is conservative, decreasing by 0.5 per cent before recosting. In terms of staffing, the 2023 budget proposal includes the second phase of the conversion of general temporary assistance positions to posts, given the core and continuing nature of the associated functions. Ten new posts are proposed to address capacity gaps and resourcing priorities. To highlight the risk profile across the Pension Administration with regard to risk and internal control matters, the creation of a Risk Management Unit with direct reporting to the Deputy Chief Executive of Pension Administration and the upgrading of the post of Risk Management Officer to Senior Risk Management Officer are proposed.

29. FAFICS congratulated the Chief Executive and her office, stressing that the Fund should continue to provide "human" services, bearing in mind that at least a 25 per cent of the retiree population did not have email.

30. **The Board thanked the Chief Executive of Pension Administration and took note of her report.**

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

31. The Representative of the Secretary-General for the investment of the assets of the Fund indicated that, owing to the good performance of the Fund in 2020 and 2021, its funding ratio had improved from 107.1 per cent as at 31 December 2019 to 117 per cent as at 31 December 2021. The market value of the Fund was $91.5 billion as at 31 December 2021. As a result, the Fund performed above the institutional benchmark and the 3.5 per cent real rate of return over the long term was exceeded for the 1-, 3-, 10- and 50-year periods. The Representative of the Secretary-General noted that the good performance of the Fund provided a buffer to navigate challenging times in the markets.

32. The new benchmark for public equities was implemented in June 2022 and the new allocation and benchmark for the fixed-income portfolio will be implemented in September 2022.

33. In terms of the Fund's approach to sustainable investment, the Representative of the Secretary-General informed the Board that, on 31 December 2021, ahead of schedule, there was a decrease of 40 per cent in carbon emissions of the holdings in the investment portfolio, compared with the 2019 baseline, without sacrificing returns.

34. The Representative of the Secretary-General informed the Board that the Office of Investment Management had obtained ISO certification for cybersecurity and business continuity and that the Fund was compliant with the Global Investment Performance Standards. (The Standards are a set of voluntary standards used by investment managers throughout the world to ensure the full disclosure and fair representation of their investment performance.)

35. **The Board thanked the Representative of the Secretary-General for the investment of the assets of the Fund and the staff of the Office of Investment Management for achieving the good results, the challenging markets notwithstanding.**

Chapter IV
Actuarial matters

A. Thirty-sixth actuarial valuation of the Fund as at 31 December 2021

36. Article 12 (a) of the Regulations of the Fund provides that "[t]he Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary". The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities. The practice of the Board has been to carry out a valuation every two years.

37. The Consulting Actuary submitted to the Board the report on the thirty-sixth actuarial valuation of the Fund as at 31 December 2021. The previous valuation was as at 31 December 2019 and its results had been reported to the General Assembly at its seventy-fifth session, in 2020. The Board also had before it the observations of the Committee of Actuaries, which had examined the valuation report prior to its submission to the Board.

1. Actuarial valuation bases

38. The valuation was prepared on the basis of the actuarial assumptions recommended by the Committee of Actuaries and approved by the Board in 2021.

39. The actuarial value of the assets is calculated using a five-year smoothing methodology, subject to a limiting corridor of 15 per cent below and above the market value of the assets as at the valuation date. For the 31 December 2021 valuation, the value of actuarial assets was determined to be $82,911.7 million, which is 90.65 per cent of the market value of the assets as at that date ($91,459.6 million). It was noted that, given that the actuarial valuation was a measurement taken as at one point in time and prior to the market correction of early in 2022, the value of actuarial assets would be lower had the valuation been performed at the current date. For example, had the value of market assets as at 10 June 2022 (the date when the Fund's financial statements were signed) been used, the value of market assets would have been $79,384.1 million, and the corresponding value of actuarial assets would have been $80,496.6 million, or 101.40 per cent of the value of market assets.

40. The actuarial assumptions include three sets of economic assumptions and two sets of participant growth assumptions. Valuations were performed on the basis of three sets of real rates of investment return assumptions: 4.0, 3.5 and 2.5 per cent. In addition, in coordination with the 2.5 per cent long-term inflation assumption, the annual rates of static increases in pensionable remuneration were increased by 3.0 per cent for all three sets of economic assumptions.

41. In addition, two sets of assumptions were used to reflect changes in the projected growth in the number of future active participants: (a) for Professional staff, positive growth of 0.5 per cent per annum over the next 10 years, with zero growth thereafter, and for General Service staff, zero growth for all years; and (b) negative growth of 1.0 per cent per annum over the next 10 years for both Professional and General Service staff, with zero growth thereafter.

42. The Committee of Actuaries recommended, and the Pension Board agreed in 2021, that the following assumptions be the basis for the 2021 regular valuation: a 3.0 per cent annual increase in pensionable remuneration in addition to the static scale, a 6.0 per cent nominal interest rate and a 2.5 per cent annual inflation rate with respect to increases in pensions after awarding, as well as the "10-year 0.5/0.0 per cent participant growth" assumptions.

43. The four specific combinations included in the actuarial valuations as at 31 December 2021 are shown in table 1.

Table 1
Key assumption variations for actuarial valuation scenarios
(Percentage)

	Regular valuation	*Higher real return*	*Lower real return*	*Decrease in population*
Static increases in pensionable remuneration (in addition to merit scale)	3.0	3.0	3.0	3.0
Nominal rate of interest (investment return)	6.0	6.5	5.0	6.0
Price increases (reflected in increase of pensions payable to beneficiaries)	2.5	2.5	2.5	2.5
Real rate of interest (investment return net of inflation)	3.5	4.0	2.5	3.5
Usual designation	3.0/6.0/2.5	3.0/6.5/2.5	3.0/5.0/2.5	3.0/6.0/2.5
Cost of two-track adjustment system included as a percentage of pensionable remuneration	2.1	2.1	2.1	2.1
Future growth of participant population for each of the first 10 years, with zero growth thereafter				
Professional Staff	0.5	0.5	0.5	(1.0)
General Service Staff	0.0	0.0	0.0	(1.0)

44. The other demographic and related assumptions used for the 31 December 2021 actuarial valuation were the same for all sets of assumptions. The valuation reflected the following changes to demographic assumptions since the prior valuation, as recommended by the Committee of Actuaries and approved by the Board in 2021:

(a) Reset the period for forecasting mortality improvements for healthy pensioners and beneficiaries to 20 years from the date of the 2021 actuarial valuation, or through 2041;

(b) Revise certain withdrawal, early and normal retirement rates to better align with recent experience;

(c) Modify the current commutation assumption to anticipate an effective commutation rate of 14.4 per cent, revised from the prior estimate of 18.0 per cent, to align better with recent experience.

2. Comparison of asset and liability measurement bases

45. The Board was informed that the determination of the Fund’s liability (and the associated funded status) varied, depending on the purpose of the measurement. Three different measurements are regularly determined for the Fund for the following purposes: the actuarial valuation to evaluate the adequacy of the current contribution level to meet the long-term obligations; a check on the Fund’s solvency based on two calculations required under article 26 of the Regulations of the Fund; and the determination of the Fund’s liability as required to be reported on the Fund’s financial statements based on accounting standards. These various measurements are summarized in table 2.

Table 2
Actuarial valuation bases utilized by the Fund

Basis	*Definition of liabilities*	*Definition of assets*
Actuarial valuation (funding) basis	An open group measure of liabilities that includes liabilities attributable both to services already rendered and services not yet rendered, for current and future participants	Includes value of actuarial assets (smoothed assets) plus the present value of future contributions attributable to current and future participants
Solvency bases (Article 26 of the Regulations of the Fund)	Two measures of liabilities computed on the basis that all active participants terminate employment on the valuation date and elect to receive the benefit of highest actuarial value One measure assumes there will be future adjustments to benefits; the other assumes no future increases	Value of actuarial assets (smoothed assets)
Financial statements (in accordance with the accounting requirements under IAS 26)	Liabilities are computed on the basis of an ongoing plan, including the potential to grow into more valuable benefits, but benefits are based only on service rendered to date and on pensionable remuneration and final average remuneration as computed on the valuation date	Net assets available for benefits (no asset smoothing)

3. Analysis of the valuation results

46. Table 3 provides the results of the thirty-sixth actuarial valuation and compares them with the results of the regular valuation as at 31 December 2019.

Table 3
Comparison of results of the thirty-sixth actuarial valuation and the results of the regular valuation
(Percentage)

		Contribution rate required (percentage of pensionable remuneration) to attain actuarial balance of the Fund		
Valuation date	*Valuation basis*	*Required rate*	*Current rate*	*Difference (surplus)/deficit*
31 December 2021	3.0/6.0/2.5 with 10-year 0.5/0.0 per cent participant growth (regular valuation)	21.40	23.70	(2.30)
	3.0/6.5/2.5 with 10-year 0.5/0.0 per cent participant growth (higher real return)	17.55	23.70	(6.15)
	3.0/5.0/2.5 with 10-year 0.5/0.0 per cent participant growth (lower real return)	29.54	23.70	5.84
	3.0/6.0/2.5 with 10-year 1.0 per cent participant growth (decrease in population)	21.37	23.70	(2.33)
31 December 2019	3.0/6.0/2.5 with 10-year 0.5 per cent participant growth (regular valuation)	23.20	23.70	(0.50)

47. Therefore, the regular valuation as at 31 December 2021 showed that the required contribution rate as at 31 December 2021 was 21.40 per cent, compared with the current contribution rate of 23.70 per cent, resulting in an actuarial surplus of 2.30 per cent of pensionable remuneration. This represents a decrease of 1.80 per cent in the required contribution rate from the rate disclosed as at 31 December 2019 (i.e., a decrease from

23.20 to 21.40 per cent), when the valuation had revealed a surplus of 0.50 per cent. As can be seen in table 3, under real rate of return assumptions of 4.0 and 2.5 per cent, with a 10-year 0.5/0.0 per cent participant growth, the results would be, respectively, a surplus of 6.15 per cent and a deficit of 5.84 per cent of pensionable remuneration. This demonstrates the major effect of the real rate of return assumption on the valuation results.

48. The Consulting Actuary performed an analysis of sources of gains and losses to reconcile the prior actuarial valuation to the current valuation. Major categories of gain and loss are summarized in table 4.

Table 4
Major categories of gains and losses between the current and prior actuarial valuation
(Percentage)

Increase/(decrease) in required contribution rate as a percentage of pensionable remuneration	
Assumption changes	0.40
Asset performance	(1.88)
Actual inflation	(0.03)
Other	(0.29)
Total	**(1.80)**

4. Current value of accrued benefits under article 26 of the Regulations of the Fund

49. The actuarial valuation contained the required comparison, under article 26 of the Regulations of the Fund, of the current assets of the Fund with the value of the accrued benefits on the valuation date on a termination basis (i.e., the benefits for retired participants and beneficiaries and the benefits considered to have been earned by all current participants if their service were terminated on that date).

50. The Board was informed that, with respect to its liabilities on a "plan termination" basis, the Fund was in a sound funded position, as had been the case for the past 16 valuations. The funded ratio determined under the regular valuation basis and without future pension adjustments was 158.2 per cent. This means that the Fund has considerably more assets than needed to pay benefits if no adjustments are made in pensions for changes in the cost of living. The funded position decreased considerably when account was taken of the current system of pension adjustments, including the estimated cost of the two-track system (2.1 per cent of pensionable remuneration); the current valuation indicated that, under the regular valuation basis, the funded ratio was 117.0 per cent. Table 5 shows the funded ratios revealed through actuarial valuations since 1993, both with and without assuming future adjustments of pensions for inflation.

Table 5
Funded ratios revealed through actuarial valuations, 1993–2021
(Percentage)

	If future pension payments are made:	
Valuation as at 31 December	*Without pension adjustments*	*With pension adjustments*
1993	136.2	80.5
1995	132.4	81.1
1997	141.4	88.5
1999	180.1	113.4
2001	160.6	106.1

Valuation as at 31 December	*If future pension payments are made:* Without pension adjustments	With pension adjustments
2003	144.5	95.4
2005	139.9	92.4
2007	146.9	95.3
2009	139.6	91.0
2011	130.0	86.2
2013	127.5	91.2
2015	141.1	100.9
2017	139.2	102.7
2019	144.4	107.1
2021	158.2	117.0

5. Results of valuation in dollar terms and other disclosure statements

51. In its resolutions 47/203 and 48/225, the General Assembly requested the Pension Board to consider the form in which it presented the valuation results, taking into account, among others, the observations made by the Board of Auditors. The auditors had requested the Pension Board to include in its reports to the Assembly disclosures and opinions with regard to the valuation results, namely, presentations of the valuation results in dollar terms, a statement of sufficiency under article 26 of the Regulations of the Fund and a statement by the Committee of Actuaries and the Consulting Actuary on the actuarial position of the Fund, to which the Board of Auditors may refer in their observations on the accounts of the Fund.

52. Accordingly, table 6 provides a summary of the valuation results as at 31 December 2021, both as a percentage of pensionable remuneration and in dollar terms, under the four combinations of economic and participant growth assumptions:

Table 6
Valuation results as at 31 December 2021

Valuation basis	*Contribution rate required (percentage of pensionable remuneration)[a]* Total required	(Surplus)/deficit versus current 23.70 percentage rate	*(Surplus)/deficit (millions of United States dollars)*
10-year 0.5/0.0 per cent participant growth assumptions			
3.0/6.0/2.5 (regular valuation)	21.40	(2.30)	(9 173.8)
3.0/6.5/2.5 (higher real return)	17.55	(6.15)	(21 424.3)
3.0/5.0/2.5 (lower real return)	29.54	5.84	32 894.6
10-year (1.0) per cent participant growth assumptions			
3.0/6.0/2.5 (decline in population)	21.37	(2.33)	(8 317.7)

[a] Provision for future administrative expenses is assumed at the rate of 0.38 per cent of pensionable remuneration.

53. As they have done in the past, the Consulting Actuary and the Committee of Actuaries stressed that care must be taken when considering the dollar amounts of the valuation results. The liabilities shown in table 6 include those for individuals who have

yet to join the Fund; similarly, the assets include the contributions for future participants. The surplus/deficit indicates only the future effect of continuing the current contribution rate under various actuarial assumptions with regard to future economic and demographic developments. The valuation results were highly dependent on the actuarial assumptions used. As indicated in table 6, a deficit of 5.84 per cent of pensionable remuneration was indicated on the 3.0/5.0/2.5 valuation basis (i.e., a real rate of return of 2.5 per cent). A surplus of 6.15 per cent of pensionable remuneration was indicated on the 3.0/6.5/2.5 valuation basis (i.e., a real rate of return of 4.0 per cent).

54. Table 7 provides the projected liabilities and assets of the Fund in dollar terms, as reflected in the regular valuation results as at 31 December 2021 and 31 December 2019.

Table 7
Projected liabilities and assets of the Fund as at 31 December 2021 and 31 December 2019
(Millions of United States dollars)

	31 December 2021	*31 December 2019*
Liabilities		
Present value of benefits:		
Payable to or on behalf of inactive participants and beneficiaries	38 595.2	36 554.7
Expected to become payable on behalf of present and future participants	128 245.5	115 277.2
Total	**166 840.7**	**151 831.9**
Assets		
Actuarial asset value	82 911.7	67 815.9
Present value of future contributions	93 102.8	85 860.9
Total	**176 014.5**	**153 676.8**
(Surplus)/deficit	**(9 173.8)**	**(1 844.9)**

6. Hypothetical projection models

55. Hypothetical models of the estimated progress of the Fund over the next 50 years were also prepared on the basis of the economic assumptions in the regular valuation, using the 10-year 0.5/0.0 per cent participant growth assumptions. The results were presented in both nominal and inflation-adjusted terms. Those models showed that, on the basis of the regular valuation assumptions, the Fund's assets increased in real dollar terms for the entire 50-year projection period. The models also showed that assets as a multiple of annual benefit payments would decline from 27.2 to 25.6 by the end of the 50-year period. Additional models, in which the assumed real rate of return on investments ranged from 1.5 to 5.5 per cent, were also prepared. The models showed that, if the Fund were to earn less than the assumed 3.5 per cent real rate of return, its assets in real dollar terms would begin to decrease (e.g., after approximately 20 years under the 2.5 per cent real rate of investment return assumption).

7. International Accounting Standard 26

56. At its fifty-seventh session, the Board decided to adopt IPSAS as the accounting standards for the Fund as from 1 January 2012. At its fifty-ninth session, the Board also decided that the Fund should adopt IAS 26, Accounting and reporting by retirement benefit plans, in its entirety.

57. Accordingly, the Fund's actuarial liabilities are measured and presented in accordance with IAS 26 in the following manner:

(a) Actuarial present value of accrued benefits will be disclosed as a note to the Fund's financial statements;

(b) IAS 26 liabilities will be calculated every biennium, concurrent with the actuarial valuation schedule;

(c) IAS 26 actuarial information will be added to the valuation reports.

58. Note 18 of the financial statements provides the IAS 26 accounting and reporting information as at 31 December 2021.

8. Additional topics

59. The Consulting Actuary presented estimates of the costs if certain economy measures that had previously been approved and implemented were to be reversed going forward.

60. The Consulting Actuary reviewed the following two items:

(a) Elimination of the 0.5 per cent reduction in the first cost-of-living adjustment due after retirement;

(b) Commencement of cost-of-living adjustments for deferred benefits as from age 50 (a change from the current age 55).

61. The cost of eliminating the 0.5 per cent reduction in the first cost-of-living adjustment was estimated to be 0.15 per cent of pensionable remuneration. This cost equals the 0.15 per cent of pensionable remuneration cost determined when the matter was last considered, in 2010.

62. The cost of restoring the age of commencement of cost-of-living adjustments for deferred vested participants, from the current age 55 to age 50, was determined to be 0.27 per cent of pensionable remuneration. This compares to the cost of 0.36 per cent of pensionable remuneration estimated the last time the matter was considered, in 2010. The reason for the change in the magnitude of the impact is that the cost-of-living adjustment assumption has decreased since it was last studied.

9. View of the Committee of Actuaries

63. In its report to the Board, the Committee of Actuaries noted that the Fund had changed from having a modest surplus of 0.50 per cent of pensionable remuneration at the time of the prior actuarial valuation (2019) to a more significant surplus of 2.30 per cent as at 31 December 2021. The Committee recalled its previous recommendation that it would be prudent for the required contribution rate to remain within a corridor of 2 per cent of pensionable remuneration of the actual 23.70 per cent contribution rate, to recognize the normal volatility that occurs from year to year owing to differences in emerging experience, compared with assumptions. The Committee noted that, on the basis of calculations from the Consulting Actuary, with the market correction of early in 2022, if the actuarial valuation were to be performed on the basis of assets as at the date of the signing of the financial statements (10 June 2022), the required contribution rate would increase to 22.00 per cent of pensionable remuneration. This would nevertheless represent a surplus and remain inside the 2 per cent corridor.

64. The Committee noted that the increase in the size of the surplus was almost entirely due to the superior asset returns experienced in 2020–2021.

65. The Committee also noted that the projections indicated that, if the Fund earned the expected annual real rate of return of 3.5 per cent over the long term, the Fund would be expected to remain adequately funded during the 50-year projection period.

In addition, contributions plus investment return would continue to cover benefit payments and expenses throughout the period. The Committee further noted that the assumption would be reviewed again in 2023 in the context of the actuarial assumptions review and in consultation with the Investments Committee.

66. The Committee concluded that, in the light of the emerging investment challenges in the current coronavirus disease (COVID-19) pandemic and geopolitical environment, it could be challenging for the Fund to earn 3.5 per cent in the short term. The Committee noted, however, that the 3.5 per cent rate was a long-term assumption and acknowledged that there could be significant short-term variation.

67. The results of alternative sets of economic assumptions, consisting of a 4.0 per cent real rate of investment return and inflation of 2.5 per cent per annum and a 2.5 per cent real rate of investment return and inflation of 2.5 per cent per annum, clearly indicated the strong link between future long-term investment returns and the results of future actuarial valuations. The Committee noted that the two alternatives demonstrated that a 1 per cent difference in the real rate of investment return was equivalent to a change in the required contribution rate on the order of 8 per cent of pensionable remuneration. As in prior years, the Committee noted that the investment return continued to be the most important factor affecting the Fund's financial position.

68. The Committee reviewed the funded status as measured on a solvency basis under article 26 of the Regulations of the Fund, which increased from 144.4 per cent at the previous valuation to 158.2 per cent without application of the pension adjustment system and increased from 107.1 per cent to 117.0 per cent when considering those adjustments. The Committee noted that the cost-of-living and two-track adjustments assumed to apply annually to pension benefits had an impact of approximately 41 per cent on the funded status of the plan (considering the base scenario). The Committee will continue to monitor the funded status closely, in particular the impact of the cost-of-living adjustments.

69. Reviewing the long-term, year-by-year projections of cash flow completed by the Consulting Actuary, the Committee did not foresee liquidity constraints for a long period of time. The Committee will continue to monitor this through the biennial actuarial valuations and future asset liability management studies.

10. Statements on the valuation results

70. In addition, the Committee of Actuaries considered and approved the following statement prepared by the Consulting Actuary regarding the sufficiency of the assets to meet the liabilities under article 26 of the Regulations of the Fund (reproduced in annex II to the Committee's report): "the actuarial value of assets exceeds the actuarial value of all accrued benefit entitlements under the Fund, based on the Regulations of the Fund in effect on the valuation date. Accordingly, there is no requirement, as of 31 December 2021, for deficiency payments under article 26 of the Regulations of the Fund. The market value of assets as at 31 December 2021 is $91,459.6 million. Therefore, the market value of assets also exceeds the actuarial value of all accrued benefit entitlements as at the valuation date".

71. The following statement of the actuarial position of the Fund as at 31 December 2021, adopted by the Committee of Actuaries, is reproduced in annex III to the Committee's report: "At its meetings in June 2022, the Committee of Actuaries reviewed the results of the actuarial valuation as of 31 December 2021, which was carried out by the Consulting Actuary. Based on the results of the Regular valuation, and after consideration of further relevant indicators and calculations, the Committee of Actuaries and the Consulting Actuary were of the opinion that the present contribution rate of 23.7 per cent of pensionable remuneration is sufficient to meet the benefit requirements under the Plan and would be reviewed at the time of the next actuarial valuation, as of 31 December 2023."

72. The Committee of Actuaries also informed the Board that it would continue to review the evolving experience of the Fund. It would submit recommendations to the Board in 2023 on the assumptions to be used in the actuarial valuation of the Fund as at 31 December 2023.

73. The Board noted that the current valuation revealed a surplus of 2.30 per cent of pensionable remuneration and expressed its satisfaction at the surplus disclosed in the valuation. The Board emphasized the points made by the Consulting Actuary and the Chair of the Committee of Actuaries, namely, that earning a real rate of return of 3.5 per cent over the long term was key to the continued sufficiency of assets in the Fund.

74. The Board raised questions with respect to recent increases in inflation, both in the United States of America and the rest of the world, and expectations for future inflation. The Consulting Actuary and representatives of the Committee of Actuaries observed the following:

(a) The impact of an 8.6 per cent cost-of-living adjustment as at 1 April 2022 was not reflected in the actuarial valuation. To the extent that this exceeds the expected 2.5 per cent cost-of-living adjustment, it will lead to an actuarial loss that will be reflected in the next actuarial valuation. It was observed that this loss would, all else being equal, nevertheless leave the Fund in a surplus position;

(b) It was asked whether an increase in assumed inflation should be considered. It was observed that, while inflation in the past year had been in the order of 8 to 9 per cent, current market expectations were for higher-than-expected inflation for the next year, but with inflation reverting to recent norms within the next couple of years. This would be reviewed on the occasion of the next actuarial experience review, scheduled for 2023. While inflation would have an impact on liabilities, if changes to pensionable remuneration kept pace with inflation, this would not present a problem;

(c) A question was raised regarding the impact of the strengthening dollar on the status of the Fund. It was explained that the two-track benefit system complicated a quantification of the impact. The long-term cost of the two-track benefit system continued to be monitored, and any necessary changes would be brought to the attention of the Board.

75. **The Board took note of the lower rate of retirees electing lump-sum commutation and observed that this reflected both a desire of retirees to receive benefits in the form of an inflation-protected annuity and confidence in the ability of the Fund to deliver these benefits.**

76. **The Board took note of the valuation results, thanked the Consulting Actuary for its work, including its observations regarding developments subsequent to the actuarial valuation date, and welcomed the fact that the Fund was experiencing a surplus position as at 31 December 2021. The Board stressed the importance of the Fund continuing to achieve the 3.5 per cent real rate of return over the long term for the future solvency of the Fund.**

B. Report of the Committee of Actuaries

77. The Rapporteur of the Committee of Actuaries presented the report of the sixty-first session of the Committee. The Committee's comments and conclusions on the actuarial valuation results as at 31 December 2021 are summarized in paragraphs 63 to 74 above.

78. The Board was informed that the Committee had discussed a range of external trends and risk factors that could erode the Fund's solvency position. This included, but was not limited to, uncertainties arising from geopolitics, surging inflation, climate change, changing currency exchange rates, changes in employment patterns within the United Nations system and demographic changes. The forthcoming asset

liability management study will explore various scenarios to better understand the range of potential outcomes. The Board was also informed that the Committee would be commissioning a risk quantification study from the Consulting Actuary to identify risk items that are expected to have the greatest impact.

79. The Rapporteur welcomed the Board's approval of the funding policy principles, as submitted by the Fund Solvency and Assets and Liabilities Monitoring Committee. The Committee of Actuaries will use the asset liability management study to validate the 2 per cent corridor that has been the long-held risk tolerance for the Fund's solvency, and that tolerance is expected to form part of the documented funding policy.

80. 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 apply high professional standards, with areas for future development identified to continue to enhance the service from the Consulting Actuary. A member of the group of executive heads suggested consideration of a mandatory rotation of the Consulting Actuary. The Chair of the Committee noted there were only a few defined benefit plans remaining and that there were only a limited number of actuarial firms around the world qualified to provide actuarial services to those plans. Therefore, the pool of potential suppliers was very limited. The Chief Executive of Pension Administration confirmed that the provider of the services would continue to be selected through a competitive procurement process. In addition, the feasibility of placing a term limit on future appointments of the Consulting Actuary would be considered, taking into account the related practical challenges.

81. The Board was also informed that the Committee had, for the first time, carried out its own self-assessment through an effectiveness review.

82. **The Board thanked the Committee of Actuaries for its report and took note of the Committee's report.**

C. Membership of the Committee of Actuaries

83. The Board was reminded that article 9 of the Regulations of the Fund provided that "A committee consisting of five independent actuaries shall be appointed by the Secretary-General upon the recommendation of the Board". It is stipulated in the terms of reference for the Committee of Actuaries that the terms of regular members will be 3 years and renewable up to a maximum of 15 years. The terms of reference of the Committee also allows for ad hoc members to serve for 2-year terms, renewable up to 15 years. The Board was informed that the terms of three committee members were expiring at the end of 2022 and that all three members had expressed their interest in continuing to serve the Fund.

84. **The Board decided to recommend that the Secretary-General reappoint, beginning 1 January 2023, the following members of the Committee of Actuaries:**

(a) **Mr. T. Párniczky (Hungary) – regular member (Eastern European States) for a term of three years;**

(b) **Ms. A. Scardino Devoto (Uruguay) – regular member (Latin American and Caribbean States) for a term of three years;**

(c) **Mr. R. Schmid (Switzerland) – ad hoc member (Western European and other States) for a term of two years.**

85. The group of executive heads highlighted with appreciation that the regular membership reflected all five geographical regions.

Chapter V
Investments of the Fund

A. Management of the investments of the Fund

86. The year 2021 was a positive one in the global financial markets and for the investments of the Fund. As at 31 December 2021, the Fund was valued at $91,482 million, an increase of $9,954 million from $81,528 million as at 31 December 2020. The annualized nominal rate of return for the 50-year period ending 31 December 2021 was 8.60 per cent. This has represented an annual real rate of return of 4.52 per cent for the same period after adjustment for the United States consumer price index and above the long-term objective. The Representative of the Secretary-General for the investment of the assets of the Fund has been assisted by the Office of Investment Management in managing the assets of the Fund. Investments must meet the four criteria of safety, profitability, liquidity and convertibility.

87. The Fund exceeded the 3.5 per cent annualized real rate of return over the past 15 years as at 31 December 2021, achieving a 15-year annualized real rate of return of 4.3 per cent. The Fund also met the performance goal to outperform the total policy benchmark return over the short run, defined as three years, as at 31 December 2021. The Fund returned a three-year annualized nominal return of 14.76 per cent, outperforming the benchmark return of 14.74 per cent. Implementation of the new strategic asset allocation and new benchmarks have been in progress. In addition, the Office of Investment Management has made good progress in implementing and closing recommendations from OIOS and the Board of Auditors.

88. In 2021, the Office of Investment Management enhanced environmental, social and governance integration in its investment processes, with a focus on climate change and divesting investment in fossil fuels. The Office has achieved much progress in its culture transformation programme during 2021, through the work of its change agent network.

89. The Fund continued to identify opportunities to diversify its investments by asset class and geographical regions globally. As requested by the General Assembly, the Fund will explore impact investing for part of the portfolio, leveraging its existing internal and external resources to develop a credible impact investing strategy, and present its findings in 2023.

90. With regard to the use of derivatives on a trial basis as a risk management tool, the Secretary-General will request the General Assembly to provide an extension of two years. The Office of Investment Management may use exchange-traded futures, swaps, to be announced, repo (repurchase agreements) and reverse repo, and F/X forwards only, for the purpose of risk management and hedging. The Office may use securities lending only for United States treasuries to generate revenue and enter into repurchase transactions to enhance returns. Owing to reputational risk concerns, the securities lending programme scope has been limited to United States Treasury bonds to facilitate the implementation of its investment strategies.

91. The Office of Investment Management’s investing approach is intended to promote sustainable business practices and stewardship that advocates improvement in the areas of the environment, fair labour practices, non-discrimination and the protection of human rights, and references such internationally recognized sustainability-related initiatives as the United Nations Environment Programme Finance Initiative, Principles for Responsible Investment, the United Nations Global Compact, the Global Reporting Initiative and the conventions of the International

Labour Organization. The Fund is also increasing investment in affordable and clean energy.

92. The Fund restricts investment in the tobacco industry and in the securities of companies producing armaments, including weapons of mass destruction. The Office of Investment Management is using a customized equity and fixed-income benchmark provided by a leading index provider to reflect these restrictions.

1. Presentation of the Representative of the Secretary-General for the investment of the assets of the Fund

93. The Representative of the Secretary-General for the investment of the assets of the Fund made a brief presentation on the current status of the portfolio. As at 22 June 2022, the Fund was valued at $80.2 billion, compared with $91.5 billion as at 31 December 2021, which represented a drop of 13 per cent in 2022. He noted that the Fund had managed to earn 3.5 per cent real rate of return over the long-term period.

94. The Representative of the Secretary-General said he expected that 2022 would be challenging because of anticipated supply chain disruptions, inflation and economic slowdowns due to the COVID-19 pandemic and that it was impossible to predict the outcome of the crisis in Ukraine, which exacerbated the existing volatility in the financial markets.

95. The Representative of the Secretary-General informed the Board that the Committee of Actuaries had undertaken a stress test analysis to see the impact of using a lower market value for the portfolio, using $79 billion instead of $91.5 billion. The Committee concluded that the funding ratio was 113 per cent, which was nevertheless higher than the December 2019 funding ration of 107.1 percent. Owing to the good performance of the Fund in 2020 and 2021, the funding ratio had improved to 117 percent as at 31 December 2021. He attributed the good performance of the Fund to the investment team’s adherence to the long-term strategic goals and the good tactical decisions to realize profits and build a sizeable position in cash, namely, 6 per cent of the portfolio, which helped to insulate the portfolio against the most recent fluctuations in the markets.

96. The Representative of the Secretary-General shared with the Board the real rate of return of the Fund over a 50- year time horizon as at 30 June 2022 and noted that the Office of Investment Management had achieved returns above the benchmark of 3.5 per cent real rate of return for the 1-, 3-, 10- and 50-year periods. The Fund did not meet the 3.5 real rate of return over the 5- and 15-year periods. The underperformance during those periods was attributed to the two largest financial crises: in 2008–2009 and the 2022 crisis, which is still unfolding.

97. The Representative of the Secretary-General informed the Board that the Fund did not expect changes in the benchmarks and that, as had been agreed with the Fund Solvency and Assets and Liabilities Monitoring Committee, the benchmarks should not change frequently.

2. Comments by the Chair of the Investments Committee

98. The Chair of the Investment Committee said that he was honoured to meet with the entire Board. He reiterated the advisory nature of the Committee, which was to provide advice to the Representative of the Secretary-General for the investment of the assets of the Fund and the Office of Investment Management on market risk, opportunities and best practices. He mentioned the unique mandate of the Fund, which was to achieve a 3.5 per cent real rate of return over the long term while pursuing maximum returns within the risk mandate. The Chair said that the Committee was

extremely active, with monthly meetings with the Office. He said that, the challenging past years notwithstanding, the Fund remained extremely strong and that the management team of the Office was a very capable, focused group that understood the current market challenges.

99. The Chair described the dramatic reversals over the past two years. Initially, the Fund had hit a low of $60 billion in March 2020, when the current Representative of the Secretary-General joined the Fund, and in the following year it recovered and stood at $80 billion. The Fund was down by one third from its valuation but remained markedly better, compared with its peers. The Chair noted the conservative positioning of the Fund by the Representative of the Secretary-General and his team, to increase the level of cash and reduce exposure to public equities and emerging markets relative to the strategic asset allocation, which had served the Fund well, compared with its peers.

100. The Chair said that the world was experiencing an economic slowdown owing to high inflation, supply chain constraints and the conflict in Ukraine. Financial markets had experienced unusually higher-than-normal volatility, a reduction in asset prices and a historically strong dollar, and central banks had been increasing interest rates to tame inflation. The Chair stated that there was a more heightened risk of geopolitical uncertainty and that such concerns required high vigilance by being highly attuned to the risks and market declines, which could provide unique investment opportunities.

101. He concluded by stating that he was pleased with the thoughtful navigation by the Representative of the Secretary-General and the Office of Investment Management of volatile markets and communication with the Investments Committee. He said that the Committee was honoured to participate and believed that there would soon be opportunities to extend the value of the Fund, adding that he hoped that the Office would be in a very good position with a more balanced portfolio.

102. A representative of the governing bodies asked that information on the total cost of the management of assets, together with its historical evolution and a comparison against relevant comparable groups of institutions, be included in the report on the management of investments.

103. **The Board thanked the Representative of the Secretary-General for the investment of the assets of the Fund for his report and the Office of Investment Management for its work and took note of the information provided in the paper.**

B. Updated investment policy statement

104. The updated investment policy statement was presented to the Board for observation. The statement was updated in consultation with the Investments Committee and took into account the results of the 2019 asset liability management study. The Representative of the Secretary-General for the investment of the assets of the Fund indicated that the statement was a living document, updated, amended and enhanced, as needed, by the Representative of the Secretary-General to provide the Fund with the policies and tools required to address specific market conditions or developments.

105. Updates to the investment policy statement reflect changes in the organizational structure of the Office of Investment Management, the establishment of the role of the Chief Investment Officer, updated decision-making processes within the Office, and the new strategic asset allocation and benchmarks that were implemented in June 2022.

106. In response to audit recommendations, the investment policy statement includes a credit-rating policy and addresses the sub-asset class allocation target issue by removing absolute return strategies, commodities and gold from the eligible investment universe. With regard to restrictions and sustainable investing, the statement reflects the sustainable investing approach that restricts fossil fuels and thermal coal companies from the investable universe, in line with the customization of the benchmarks for both equity and fixed income to reflect those restrictions.

107. The Board noted the updated investment policy statement.

C. Membership of the Investments Committee

108. Article 20 of the Regulations of the Fund provides for a nine-member Investments Committee. The members are appointed by the Secretary-General after consultation with the Board and the Advisory Committee on Administrative and Budgetary Questions, subject to confirmation by the General Assembly. The Board welcomed the intention of the Secretary-General to:

(a) Reappoint Luciane Ribeiro (Brazil/Latin American and Caribbean States) and Michael Klein (United States/Western European and other States) as regular members for a three-year term, commencing 1 January 2023;

(b) Reappoint Simon Jiang (China/Asia-Pacific States) as a regular member for a one-year term, commencing 1 January 2023. Mr. Jiang will reach his term limit of 15 years on 31 December 2023;

(c) Appoint Jens Fricke (Germany/Western European and other States) as a regular member for a three-year term, commencing 1 January 2023. It is intended that Mr. Fricke will replace Achim Kassow (Germany), whose term limit of 15 years will expire on 31 December 2022;

(d) Reappoint Macky Tall (Mali/African States) as an ad hoc member for a one-year term, commencing 1 January 2023.

109. Given that Mr. Kassow will reach his term limit on 31 December 2022, the Board thanked him for his excellent service on the Investments Committee.

110. **The Board took note of the Secretary-General's proposals for the nominations of the Investments Committee members and ad hoc member.**

D. Progress report on risk management

111. During the reporting period, the Risk Management and Compliance Service of the Office of Investment Management continued to monitor, assess, calculate and evaluate risk, performance and compliance of the Office. Several activities were undertaken to strengthen the Office's controls, such as implementing an operational risk tool that would automate specific operational risk assessment activities, issuing a revised reputational risk policy and creating a new reputational risk dashboard to assist in the monitoring of activities. The Office is implementing new benchmarks and a new strategic asset allocation as a result of the asset allocation and benchmark study conducted in 2021 by an independent consultant. In addition, the Fund was certified, for the first time, as Global Investment Performance Standards-compliant for 2020 after the conclusion of a successful verification process by an independent party. The Fund maintained its Global Investment Performance Standards compliance status for 2021. This represents a great achievement for the Fund and, going forward, a verification process will take place annually. The Office also made significant progress in implementing and closing OIOS and Board of Auditors recommendations.

E. Implementation of the information and communications technology strategy

112. The ICT strategy is intended to support the Office of Investment Management's needs over the long term and to ensure that it can meet its commitments to its stakeholders through the effective management of the assets of the Fund. During the continuing COVID-19 pandemic through 2021, the Office operated remotely while continuing to add staff and grow the investments of the Fund. A large part of the ICT strategy is tied to the implementation of the recommendations regarding the target operating model and other investment-related activities. In addition, OIOS and the Board of Auditors made further observations and recommendations that are in the process of being implemented.

113. During 2021, the Office of Investment Management was able to establish a new data management and application support team to help to align the Office's data strategy with the Data Strategy of the Secretary-General for Action by Everyone, Everywhere and work on data governance. The Office also successfully retained the ISO certifications for both their business continuity and information security practices on the basis of an external audit in 2021. This helps to ensure the continued safety and security of the Fund's assets.

Chapter VI
Governance matters

A. Progress report of the Plan Review Group

114. At its seventieth session, in February 2022, the Board decided to establish a Plan Review Group and approved its terms of reference in April 2022 at its seventy-first session. The Group has met four times to consider its work and presented a progress report describing its work, including the selection of the officers of the Group, the establishment of a document library, document review and discussions with the Consulting Actuary.

115. The Group noted the need to establish a framework for prioritizing proposals to be considered and studied further. The Group proposed that the first priority would be given to the measures that had already been approved by the General Assembly for implementation but that had not been implemented, owing to the absence of an upward trend of actuarial surpluses.

116. At its meetings in the fall of 2022, the Group will continue to review and prioritize proposals received, including the 42 proposals made by the staff pension committees, and will consider proposals for simplification of the Fund's regulations and rules once they are made available.

117. **The Board took note of the progress report of the Plan Review Group.**

B. Report of the Succession Planning and Evaluation Committee

118. The Board, at its sixty-fifth session, decided to establish a Succession Planning and Evaluation Committee to assist the Board in selecting senior staff, in particular, the Chief Executive Officer and the Deputy Chief Executive Officer, for recommendation to the Secretary-General for appointment; to develop evaluation methodologies for both positions; and to take a long-term strategic approach to succession planning at the senior executive levels of the Fund.

119. The General Assembly, in paragraph 11 of section VIII of its resolution A/74/263, decided that the Secretary of the Board shall be selected and evaluated by the Succession Planning Committee of the Board in accordance with relevant staff regulations and rules.

120. The members of the Committee at the time of the recruitment process for the Secretary of the Board and who were nominated by the relevant constituent groups of the Board are:

Governing bodies:	David Traystman (General Assembly); Ahmed Al-Kabir (General Assembly)
Executive heads:	Marta Helena Lopez (United Nations); Magdolna Bona (UNESCO)
Participants:	Youssef Sfeir (United Nations); Jude Mariani (ITU)
FAFICS:	Marco Breschi; Linda Saputelli

121. In a closed session, the Board opened the discussion of the selection process undertaken for the position of Secretary of the Board.

122. The Committee presented one candidate for further consideration by the Board. The candidate made a short presentation and responded to questions from the Board.

123. After the presentations made by the recommended candidate as well as thorough discussions within the groups, **the Board unanimously decided to recommend to the Secretary-General, in accordance with article 7 (c) of the Regulations of the Fund, that Mr. Wiryanto Sumitro (Indonesia) be appointed as Secretary of the Board.**

124. The participants' representatives requested that, for future selection processes, concerted efforts be made by the Succession Planning and Evaluation Committee to present more than one candidate for the Board's consideration, with due regard given to geographical diversity and gender balance, if possible.

125. The Board thanked the members of the Succession Planning and Evaluation Committee for their work.

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

126. The year 2021 was a successful year for the investments of the Fund. Assets under management reached a peak in excess of $91 billion as at 31 December 2021. This result is almost 27 per cent greater than that achieved during the 2020–2021. The actuarial valuation calculations as at 31 December 2021 showed that the ratio of assets to liabilities was 158.2 per cent without the cost-of-living adjustment and 117 per cent with the cost-of-living adjustment. By the end of May 2022, the value of the assets under management was approximately $81.9 billion, an amount comparable to the smoothed actuarial value of assets as at 31 December 2021 of $82.9 billon. Therefore, even considering the dollar value of the assets under management at the end of May 2022, the funding ratio was above 100 per cent.

127. The Committee looked at various risks, including inflation and asset performance. Of all variables considered, the one that represents the most important determinant of whether the 23.7 per cent contribution rate is sufficient to maintain the Fund's actuarial balance is the ability of the Fund to earn a 3.5 per cent long-term real rate of return. The Committee reported that the real rates of return over the 5- and 15-year periods were 3.43 and 2.94 per cent, respectively, slightly lower than the 3.5 per cent real rate of return over the long term. As a result, the current status of this in the solvency risk monitoring dashboard was changed from green (no immediate risk) to yellow (medium risk). The Committee concluded that the dashboard did not present any high risks that would require immediate action. However, it required continuous monitoring.

128. At the suggestion of the Committee of Actuaries, the Fund Solvency and Assets and Liabilities Monitoring Committee, along with the Consulting Actuary and the Pension Administration, have been working with the Committee to develop a funding policy document.

129. **Following a request by the Fund Solvency and Assets and Liabilities Monitoring Committee, the Board approved the following principles in the Fund's funding policy:**

(a) **Maintain long-term solvency within the risk appetite set by the Board. The risk tolerance is aimed at a required contribution rate within a corridor of the actual contribution rate (open group basis); and a minimum accrued benefit funded ratio, including future cost-of-living improvements (closed group and termination basis). The specific corridor and funded ratio targets are set by the Board and will be outlined in an annex to the policy;**

(b) **A trend towards equitable generational funding, with the funding policy mindful of distortions in future generational funding;**

(c) **Monitor short- and long-term cash flow needs for administrative and investment purposes.**

130. The Committee looked at the mortality impact of COVID-19 on the Fund. Data available indicate that, for the biennium 2020–2021, there was an increase in retiree mortality, leading to a gain of 0.10 per cent of pensionable remuneration, but there were insufficient data at the time to modify projections of the Consulting Actuary or to change mortality tables.

131. The Board noted the report of the Fund Solvency and Assets and Liabilities Monitoring Committee and approved the above-mentioned principles in the Fund's funding policy.

D. Self-evaluation survey of the Board

132. In April 2022, the Board confirmed the practice of an annual self-evaluation survey and the need to discuss the outcome of such a survey. The Board agreed that a small group of volunteers would work with the Secretary of the Board to propose for Board endorsement an updated survey for the seventy-second session.

133. **The Board thanked the small group that prepared the questionnaire and approved the questionnaire proposed for use following the conclusion of the seventy-second session. The Board encouraged all members to complete the survey on an annual basis and prior to completing their term on the Board. The executive heads asked the secretariat of the Board to compile the results and to keep the Board informed.**

E. Status of requests of the General Assembly, including on governance reform

134. In its resolution 76/246, the General Assembly endorsed the governance reform plan approved by the Board at its July 2021 session. The Board considers that the plan has started to contribute to improved efficiency and effective decision-making, and it will continue to monitor progress in this regard and to report thereon to the Assembly.

135. **The General Assembly is invited to take note of the present update.**

136. The Board has taken the following steps to implement the governance reform plan:

(a) The updated terms of reference for the Chair and updated responsibilities of Board members, as well as new terms of reference for the Fund Solvency and Assets and Liabilities Monitoring Committee, the Budget Committee and the Succession Planning and Evaluation Committee, have been reflected under the various appendices to the rules of procedure of the Fund and implemented;

(b) In 2022, the Board has met three times: short virtual meetings in February and April and a shortened in-person meeting in July. In-person attendance in July was limited to 33 members and 4 alternates from the General Assembly and 4 FAFICS representatives;

(c) The Board has taken steps to clarify the functions of the Budget Committee;

(d) The Board took note of the initial report of the Ethics Adviser, which included observations and recommendations for further consideration by the Board, which provide a basis for further reflection and deliberation. Following discussions, the Board agreed that any decisions to be taken on the observations and recommendations presented by the Ethics Adviser should be taken in a holistic manner;

(e) Moreover, in response to the paragraph 13 in section XIII of General Assembly resolution 76/246, it was recalled that the Board had initiated a review of the ethics policy in consultation with the Ethics Adviser, who provided his initial views on the policy as part of his report. In that regard, the Board agreed to continue its work on reviewing the policy in close collaboration with the Ethics Adviser, it being understood that, in the light of the constitution and tripartite nature of the Board, the process would entail further refinement of the observations and recommendations presented by the Ethics Adviser. The Board decided to provide outcomes thereon to the Assembly at the main part of its seventy-eighth session.

Chapter VII
Administrative matters

A. Status report on the Emergency Fund

137. The Board was provided with a status report on the Emergency Fund for the period 1 January to 31 December 2021. The Emergency Fund, which is not an integral part of the pension benefit system, is financed from the assets of the Pension Fund through an annual appropriation of $112,500, as approved by the General Assembly.

138. In 2021, the total amount paid out of the Emergency Fund was $52,234, representing 28 disbursements. This was a slight decrease in value compared with 2020 ($55,242), but there was one more case (2020: 27). Unlike prior years, few cases were submitted concerning relief for major natural disasters. Most emergency fund payments were made to assist in funeral or medical costs.

139. The Fund continues its efforts to publicize the Emergency Fund. Clearer instructions and processes have been established to ensure the prioritization and efficient processing of Emergency Fund requests. Applications can be submitted through the Fund's member self-service portal on the Fund's website. The Pension Administration is automatically notified of the request and an information letter is sent by reply e-mail immediately that includes the details required to make a claim and a copy of the information booklet. The booklet is available in Arabic, English, French and Spanish. The Fund also continues to advertise the existence of the Emergency Fund on its website, in its pre-retirement seminars and in briefings held by the Fund on pension matters.

140. **The Board took note of the activities related to the Emergency Fund during the year 2021.**

B. Status of the information and communications technology systems and initiatives

141. The Chief Executive of Pension Administration issued an update on the status of ICT systems and operations of the Fund's Pension Administration since the last regular session of the Board, held in July 2021. The update included details on the enhancements implemented in accordance with the Fund's strategy, to simplify and secure client facing systems (i.e., member self-service); modernize business processes (i.e., IPAS and robotic process automation); transform the Fund into a data-driven organization (i.e., data interfaces, dashboards and business intelligence reporting); and strengthen partnerships with its stakeholders (i.e., improved connectivity and support for the secretaries of staff pension committees and Fund member organizations). Further details were provided on the progress made in the implementation of the digital certificate of entitlement solution and the acquisition of the customer relationship management system. After the successful deployment of the digital certificate of entitlement to retirees and beneficiaries in 2021, the Fund started to engage with some member organizations to pilot the inclusion of the digital certificate of entitlement during the separation process of retiring participants. With regard to the customer relationship management system, the Fund is collaborating with the United Nations Procurement Division to acquire the software licences with a view to deploying the initial phase of the new system by the end of 2022.

142. Lastly, the update included information on the progress made in the implementation of ICT-related decisions taken by the General Assembly and oversight bodies, including the completion of the independent audit of the IPAS

system in December 2021, which confirmed the stability of the system, recommended the acquisition of the customer relationship management solution and provided specific recommendations for improvement.

143. **The Board took note of the report on the status of ICT systems, operations and projects.**

Chapter VIII
Financial matters

A. Financial statements for the year ended 31 December 2021

144. The Board considered the financial statements of the Fund for the year ended 31 December 2021. The Board was informed that the financial statements presented a snapshot of the financial situation as at 31 December 2021, using a presentation specific to pension funds and not comparable to other United Nations system organizations.

145. The Fund's Chief Financial Officer confirmed that the report of the Board of Auditors on the Fund for the year ended 31 December 2021 contained an unqualified audit opinion.

146. It was highlighted that the statement of net assets available for benefits presented investments valued at $89.9 billion as at 31 December 2021 and that the value of the investments was significantly lower at the time of the Pension Board session owing to recent market developments.

147. The statement of changes in net assets showed investment income of $10 billion for 2021, which resulted in an increase in net assets of $9.9 billion for 2021.

148. With regard to the annexes to the financial statements, the Chief Financial Officer explained the increase in the number of participants and benefits in payments, as well as the substantial increase in benefits awarded, which offset the lower number of separations in the prior year due to the impact of the COVID-19 pandemic and the reduction in the impact of the increase in the mandatory age of separation.

Discussion in the Board

149. A representative of the governing bodies highlighted the growth in the number of participants and beneficiaries and investments of the Fund and the very positive asset-to-liability ratio. The governing bodies requested that the total amount of investment management-related expenses be noted in the next financial statements, namely, by combining the amount presented under investment income and the amount presented under administrative expense.

150. The participants' representatives requested clarification on the reported increase in taxes on investment income. The Chief Financial Officer explained that note 8 of the financial statements provided detailed information on tax receivables by jurisdiction and that, while the Fund was exempt from all direct taxes on Fund investments in each of the Member States, such an exemption was not always respected and continued to be pursued.

151. The executive heads requested that the Chief Executive and the Representative of the Secretary-General for the investment of the assets of the Fund include details in their presentations to the Board on budget performance for the previous year and projections for the following year.

152. In response to a question regarding the current growth in inflation and rising interest rates, the Chief Financial Officer explained that he expected those developments to result in a faster increase in benefit payments compared with the increase in contributions. He added that, following the strengthening of the dollar, benefits denominated in another currency might decline in dollar value. He added that, in recent years, the Fund had experienced a decline in the number of beneficiaries requesting two-track benefits.

153. **The Pension Board took note of the unqualified audit opinion of the Board of Auditors, thanked the Chief Financial Officer for his presentation and approved the financial statements for the year ended 31 December 2021 for presentation to the General Assembly.**

B. Budget estimates for the year 2023

154. The 2023 budget estimates originally proposed by the Fund amounted to $123,157,200 (before recosting), representing an increase of $1,338,100, or 1.1 per cent, compared with the appropriation for 2022. The budget submission was presented for the secretariat of the Board ($1,203,000), Pension Administration ($63,955,000), the Office of Investment Management ($55,905,900) and Audit ($2,093,300). In addition, the estimates provided an amount not exceeding $112,500 for the Emergency Fund.

1. Secretariat of the Board

155. The proposed budget for 2023 for the Board secretariat amounts to $1,203,000 (before recosting), representing a decrease of 12.6 per cent compared with the appropriation for 2022. The request includes a reduction in non-post costs of $172,700. There are no proposed changes to posts.

2. Pension Administration

156. The proposed budget for 2023 for administrative costs under Pension Administration amounts to $63,955,000 (before recosting), representing a decrease of 0.5 per cent compared with the appropriation for 2022.

157. The proposal includes 10 new posts, 20 conversions from general temporary assistance positions to established posts, 3 reassignments, 2 redeployments and 3 reclassifications. It also includes two new general temporary assistance positions and the discontinuation of one general temporary assistance position.

3. Office of Investment Management

158. The proposed budget for 2023 for investment costs under the Office of Investment Management amounts to $55,905,900 (before recosting), reflecting an increase of 3.4 per cent compared with the appropriation for 2022.

159. The proposal includes five new posts, eight conversions from general temporary assistance positions to established posts and one reclassification.

4. Audit

160. The Fund requests $2,093,300 (before recosting) to cover external ($393,200) and internal ($1,700,100) audit costs, representing an increase of 0.4 per cent compared with the appropriation for 2022. There is no change in the number of posts.

5. Summary of movement in posts and general temporary assistance positions

161. A summary of the movement in posts and general temporary assistance positions in the Fund between the approved 2022 numbers and proposed 2023 numbers is presented in table 8.

Table 8
Number of posts and positions in the United Nations Joint Staff Pension Fund, 2022 (approved) and 2023 (proposed)

		Approved 2022	*General temporary assistance conversions*	*New*	*Discontinuations*	*Proposed 2023*
Secretariat	Posts	3	–	–	–	3
Pension Administration	Posts	231	20	10	–	261
	General temporary assistances	25	(20)	2	(1)	6
	Subtotal	**256**	**–**	**12**	**(1)**	**267**
Office of Investment Management	Posts	137	8	5	–	150
	General temporary assistances	15	(8)	–	–	7
	Subtotal	**152**	**–**	**5**	**–**	**157**
Internal audit	Posts	6	–	–	–	6
	General temporary assistances	2	–	–	–	2
	Subtotal	**8**	**–**	**–**	**–**	**8**
Pension Fund (overall)	Posts	377	28	15	–	420
	General temporary assistances	42	(28)	2	(1)	15
	Total	**419**	**–**	**17**	**(1)**	**435**

6. Emergency Fund

162. An amount not to exceed $112,500 was requested to supplement the Emergency Fund.

Discussion in the Board

163. The Chair of the Budget Committee introduced its report (see annex VI), expressed his appreciation for the support of the Fund’s management and thanked the members of the Committee for their contribution.

164. A member of the governing bodies recalled that the General Assembly, in its resolution 76/246, had called for the Board’s budget review to be strengthened and expressed appreciation for the work of the Budget Committee in its review of the 2023 budget proposal.

165. A member of the executive heads commended the clarity of the budget proposal, welcomed the Fund’s effort to reduce workspaces and encouraged continued efforts in that regard.

166. The participants group and FAFICS noted that, in the future, documentation related to the budget proposal should be provided to the Budget Committee in advance of the Board meeting.

Recommendations of the Board

167. Having considered the clarification provided by the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, the Board concluded that the risk profiles of Pension Administration and the Office of Investment Management were very different. Accordingly, the Board took note of the recommendation of the Budget Committee and decided to approve the upward reclassification of the post of Risk Management Officer (P-4) to Senior Risk Management Officer (P-5), taking into account the clarifications provided by the Chief Executive of Pension Administration on the risk management framework in place and the reclassification advice received from the Office of Human Resources after the Committee had concluded its work.

168. The Board requested that the post of the Senior Risk Management Officer (P-5) be advertised and selected through a competitive process and that the Board be updated on the progress in establishing a risk management unit in the Pension Administration.

169. **The Board approves, for submission to the General Assembly, the proposed budget estimates for 2023 amounting to $130,228,700 (after recosting), as reflected in table 9, of which $8,707,100 (after recosting) is attributable to the cost of services provided by the Fund to the United Nations for the United Nations Staff Pension Committee, chargeable to the United Nations.**

170. In addition, the Board approved an amount not to exceed $112,500 for the Emergency Fund.

Table 9
Summary of total estimates for 2023
(Thousands of United States dollars)

	Estimate (before recosting)	*Estimate (after recosting)*	*Number of posts*
Pension Board secretariat	1 203.0	1 254.8	3
Pension Administration[a]	63 955.0	67 294.8	261
Office of Investment Management	55 905.9	59 539.4	150
Audit	2 093.3	2 199.7	6
Total	**123 157.2**	**130 288.7**	**420**

[a] Includes the amount of $8,707,100, after recosting, directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee.

171. Detailed information on the Board's budget proposal is presented in Annex X.

Chapter IX
Audit

A. Audit Committee

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

173. The Chair reported that the Committee had reviewed the Fund's unaudited financial statements for 2021 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 2022, after the Committee had submitted its report to the Pension Board.

174. With regard to the internal audit, the Chair reported that the Committee had endorsed the OIOS workplan for 2022 in November 2021, in accordance with its terms of reference. The risk-based annual workplan was developed in consultation with 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.

175. In addition, in accordance with its mandate, the Committee received regular updates from the Enterprise-wide Risk Management Working Group and reviewed the minutes of its meetings, and it reviewed revised risk treatment and response plans and the work of the Business Continuity and Disaster Recovery Working Group. The Committee also reviewed the updates made to the Fund's enterprise-wide risk management and internal control policies.

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

(a) **Management consider and discuss with the Board of Auditors the development of a statement of management responsibility for the financial statements;**

(b) **The Pension Board request the Board of Auditors to provide written documentation on audit planning;**

(c) **Fund management share the draft financial statements with the Committee before they are signed;**

(d) **The Pension Administration and the Office of Investment Management present a common assessment of and a common approach to common risks.**

177. **The Board approved the revised terms of reference of the Audit Committee, except for the proposed change to section 5.13, which needs to be consulted with OIOS.**

178. **The Board thanked the outgoing Chair, Adnan Chughtai, for his dedicated service to the Audit Committee.**

B. Board of Auditors

179. The 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 2021, which was issued by the Board at its annual session on 21 July 2022.

180. The Pension Board was informed that the Board of Auditors issued an unqualified audit opinion on the Fund's financial statements for the year ended 31 December 2021, which had been prepared in accordance with IPSAS and IAS 26.

181. The Director of External Audit highlighted that 63 per cent of outstanding recommendations had been fully implemented and that one recommendation was overtaken by events (3 per cent), and that this showed the strong commitment of the Fund towards the implementation of previous audit recommendations.

182. The Board of Auditors concluded the presentation by recognizing that the Fund's management and staff were fully committed to the audit process and that this was a key for the success of the audit.

Discussion in the Board

183. All constituent groups expressed appreciation to the Board of Auditors for the work conducted and for the submission of the final audit report in time for the Pension Board session.

184. The Director of External Audit provided details on the audit scope and audit recommendations made and noted that the rate of implementation of audit recommendations compared favourably with other entities.

185. A governing bodies representative asked about the audit recommendation to improve budget accuracy, which related to a similar request from the General Assembly. The Director of External Audit explained that the observation was raised in the light of the trend in underexpenditure to highlight the opportunity for improved accuracy and planning. The Chief Financial Officer recalled that, in contrast to programmatic organizations in the United Nations system, the Fund budget was funded directly from the Fund and that unspent budget resources were returned to the Fund and should therefore be considered as savings rather than underimplementation. He explained that the Fund prepared estimates of expenditure representing a reasonable ceiling for expenses rather than appropriations. He assured the Board that Fund management would continue to communicate the specific nature of the Fund's budget and that budget owners in the Fund were instructed to provide accurate estimates of expenditure.

186. **The Pension Board took note of the report of the Board of Auditors and management's report on the implementation of previous audit recommendations. The Pension Board appreciated that the audit report for the year 2021 was submitted in advance of its session.**

C. Office of Internal Oversight Services

187. The Under-Secretary-General for Internal Oversight Services presented the report on the internal audit and investigation activities of OIOS at the Fund, for the period from 1 July 2021 to 30 June 2022.

188. OIOS reported that, during the year, it had issued eight audit reports: three for the Pension Administration and five for the Office of Investment Management. As a result, OIOS made 52 audit recommendations: 26 for the Pension Administration and 26 for the Office.

189. It was reported that, as at 30 June 2022, there were 46 open important audit recommendations, including 24 for the Pension Administration, and 22 for the Office of Investment Management. It was noted that all previous recommendations for the Board had been closed. OIOS highlighted the significant number of recommendations closed and the continued dialogue with the Fund's management regarding the implementation of audit recommendations.

190. The Board was informed that the internal audit plan for 2022 covered nine audit engagements. OIOS reported that, as at 30 June 2022, it had completed the audit of compliance with investment policies in the Office of Investment Management, while the audit of procurement and contract management in the Office was in the reporting stage. It was reported that OIOS was carrying out fieldwork for two audits in the Pension Administration.

191. With regard to the status of investigation activities, OIOS reported that, over the past year, there were 13 reports of possible unsatisfactory conduct related to the Fund. It was reported that eight investigations were ongoing, including two from 2021 and three opened in 2022.

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

Discussion in the Board

193. The Board took note of the OIOS report and expressed appreciation that the Fund's management had accepted all audit recommendations made by OIOS.

194. All three constituent groups thanked OIOS for the work carried out and the recommendations made. The groups acknowledged the very good relationship and continuous dialogue with Fund management regarding the implementation of audit recommendations.

195. **The Board took note with appreciation the report of OIOS for the year ended 30 June 2022. The Board acknowledged the good cooperation and continued dialogue between management and OIOS over the past year.**

Chapter X
Benefits system

A. Changes in the Regulations, Rules and Pension Adjustment System of the Fund

196. At its sixty-ninth session, the Board approved a measure allowing for restoration on a cost-neutral basis in cases in which a beneficiary has elected or is deemed to have elected a deferred retirement benefit. The methodology adopted by the Board was developed by the Consulting Actuary and uses the value of the deferred retirement benefit held by the Fund to determine how much contributory 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 contributory service purchased would not exceed the contributory service for which the deferred retirement benefit was elected or deemed to have been elected.

197. In adopting the measure, the Board requested that the Pension Administration submit an amendment to article 24 of the Regulations of the Fund for implementation of the new measure within existing resources. In accordance with the Board's request, the Chief Executive of Pension Administration proposed amendments to article 1 of the Regulations and the adoption of article 24 *bis* in the Regulations and related amendments to section F of the Administrative Rules.

198. The Chief Executive of Pension Administration also proposed an amendment to the Administrative Rules to allow for the utilization of electronic forms and other electronic means in cases in which participants, retirees and other beneficiaries are required to submit instructions, requests and appeals in writing. In such cases, electronic submissions would have the same authority as those submitted in writing.

199. In that regard, FAFICS urged the Chief Executive of Pension Administration to ensure that appropriate cybersecurity measures and processes were put in place.

200. **The Board considered amendments to the Regulations and Administrative Rules of the Fund in line with its approval at its sixty-ninth session, in 2021, of a cost-neutral measure for restoration in the case of deferred retirement benefits. It recommended that the General Assembly approve the related amendments to the Regulations to allow for restoration in the case of deferred retirement benefits. The Board approved the Administrative Rules in that regard and approved amendments to the Administrative Rules to allow for the utilization of electronic forms. Annexes III and IV to the present report set out the proposed amendments.**

B. Report on the provisional payments study

201. At its sixty-ninth session, in July 2021, the Board authorized the Chief Executive of Pension Administration to make provisional payments in the absence of all separation documents, in instances when there are reasonable and appropriate grounds for financial hardship. In such cases, the Board also decided that the provisional payment should not exceed 50 per cent of the estimated monthly benefit. The Board, starting in 2016, had previously considered a number of proposals for making provisional payments to former participants.

202. In its consideration of the issue in 2021, the Board recognized that the time taken to pay a pension benefit was linked closely to the overall separation process. Therefore, the Board requested the Chief Executive of Pension Administration, in collaboration with member organizations, to undertake a study of the separation

process in the context of provisional payments to be considered by the United Nations Staff Pension Committee. The study was intended to identify the common causes of the delays in the submission of separation documents, the processing of the benefits and measures to mitigate the factors contributing to the delays.

203. The Chief Executive of Pension Administration conducted the study in consultation with the 14 member organizations with the highest number of cases with missing separation documents. The United Nations Staff Pension Committee subsequently met to examine the issues arising from the study and submitted its report thereon to the Board at its seventy-second session.

204. The United Nations Staff Pension Committee noted that the Pension Administration had continued to meet or exceed the 15-day benchmark for the processing of benefits. It also observed differences in the separation processes of the member organizations of the Fund and that there were ongoing measures aimed at reducing the processing time for separation documents in the member organizations, including implementing overpayment thresholds, initiating separation procedures earlier and streamlining the separation clearance process.

205. Within the Fund, action was also taken, such as monthly reporting and the proactive follow-up of cases with missing documents; creating different methods for the digital transmission of separation documents; raising the awareness of human resources and payroll partners to the requirements for processing separations; and embarking on a pilot project with the United Nations Secretariat to automate the submission of the separation notification form to the Fund.

206. In the light of these ongoing initiatives, the United Nations Staff Pension Committee requested the Board to note the progress that the Pension Administration and member organizations had made in improving the processing times in relation to the submission of separation documents and benefits processing. The Committee recommended that the Board not make any change at that time with respect to the mechanisms already in place for provisional payments and that the Chief Executive of Pension Administration continue to have authority to issue such payments in cases of financial hardship and report back to the Board on the use of the provisional payments mechanism on an annual basis. The Committee would continue to monitor the issue. It was noted that the Chief Executive had not, during the past 12 months, needed to exercise the delegation of authority to make a provisional payment.

207. **The Board thanked the United Nations Staff Pension Committee for its report and welcomed the progress made by the Pension Administration in meeting the benchmark for processing separation cases. It expressed appreciation for the study and noted the initiatives that had been adopted, stating that it expected further improvements in the process for issuing separation documents. The Board renewed the authority of the Chief Executive of Pension Administration to make provisional payments in cases of financial hardship for another one-year period and requested that a report be submitted to the Board annually on improvements in the separation process and any use of provisional payments.**

C. Report on monitoring the impact of currency fluctuations on pension benefits

208. The Board reviewed the report on the monitoring of the impact of currency fluctuations on the pension benefits of the Fund. The document contained details on the biennial monitoring of the operation of the two-track feature of the pension adjustment system. As in the past, the results indicated that the pension benefit amounts in the local currency track continued to be maintained at or near the targeted levels.

209. **The Board took note of the report.**

Chapter XI
Other items

A. Report of the medical consultant

210. The medical consultant to the Board presented a report with respect to the two-year period from 1 January 2020 to 31 December 2021. The report contained detailed information and analyses with regard to the 262 new disability benefits awarded during that period, together with data on new benefits for children living with disabilities and on the deaths of participants while in service. The report contained an analysis of the incidence rate for new cases, of 0.97 per 1,000 participants, which was a decrease from the rate of 1.30 per 1,000 participants reported for the previous biennium. The report also included diagnostic categories by gender and average age, as well as the average contributory service of Fund participants to whom new disability benefits were awarded. The medical consultant presented the incidence rate and the count of cases by member organization.

211. The medical consultant noted that the leading cause of disability cases continued to be psychiatric (45 per cent), which, combined with the three diagnostic categories (neoplasm, 15 per cent; neurological, 12 per cent; and musculoskeletal, 6 per cent), represented 78 per cent of all new disability cases. While mental health remained the leading cause of disability, there was no significant change in its incidence. The medical consultant noted that a major factor in future incidence rates for mental health cases would be the diagnostic classification of long COVID cases. If mental health symptoms are dominant in the typical mix of long COVID symptoms, then it can be expected that more mental health diagnoses will be issued.

212. The medical consultant also provided statistics on the distribution of new disability cases by gender and age group. Women outnumbered men in the psychiatric and neoplasm cases, while men outnumbered women in neurology cases. Participants aged 50 to 59 accounted for 55 per cent of awarded cases and participants aged 60 and above accounted for 12 per cent of awarded cases.

213. A total of 340 deaths in service had been reported, representing an average annual mortality rate of 1.25 per 1,000, which was an increase from the average of 0.62 per 1,000 reported for the previous period. The average age of death in service was 52.

214. With regard to new benefits for children living with disabilities, 58 new cases were awarded during the period under review. The leading causes were neurological (24 cases), psychiatric (21 cases) and genetic (9 cases). These were the same three leading causes from the previous biennium.

215. The medical consultant also provided an update on the United Nations System Workplace Mental Health and Well-being Strategy, which was endorsed by the heads of management of all United Nations system entities and applies to the entire United Nations system. Key activities included a comprehensive review of the impact of COVID-19 on the mental health of United Nations personnel. He showed the preliminary results of a survey on physical health that will assist in identifying preventive measures for overall improvements in health.

216. The medical consultant also provided an update on COVID-19/long COVID and noted that, during the reporting period, there were two disability cases in which COVID-19 was a co-morbidity, among other conditions that contributed to the participants' unfitness for work. To date, there has not been a case in which COVID-19 was the sole reason for disability. The medical consultant noted that there were a number of unanswered questions concerning the aetiology, classification, treatment and prognosis of long COVID, but that, given the severity of symptoms in many long COVID cases, an effect on disability cases could be expected in the coming years.

217. **The Board expressed its appreciation for the information provided and took note of the report of the medical consultant for the biennium 2020–2021.**

B. Report on the 207th meeting of the Standing Committee

218. The Board took note of the report of the 207th meeting of the Standing Committee, held on 6 July 2022 ahead of the seventy-second session of the Board. The Board had already considered the reports of the 205th meeting at its seventieth session, in February 2022, and the report of the 206th meeting of the Standing Committee at its seventy-first session, in April 2022.

C. Membership of the Board committees

219. **The Board endorsed the nominations of George Sarpong (representing the governing bodies group) and George Kyriacou (representing the executive heads group) as new members of the Audit Committee to serve for a non-renewable term of four years starting 1 January 2023.**

220. **The Board extended the terms of Philip Richard O. Owade (representing the governing bodies group) and Kathrin Bruchmann (representing the participants group) as members of the Fund Solvency and Assets and Liabilities Monitoring Committee for four years starting 1 January 2023.**

D. United Nations Appeals Tribunal judgments of interest to the Board

221. The Chief Executive of Pension Administration provided information on two judgments in which the Board was the respondent that had been issued by the United Nations Appeals Tribunal since the last report on judgments at the sixty-seventh session of the Board, in July 2020. The judgments concerned a request for revision of judgment and an appeal of the decision of the Standing Committee at its 204th meeting, in March 2021. The Tribunal rejected the request for a revision of judgment and upheld the decision of the Committee.

222. In the first case, concerning judgment 2022-UNAT-1193, *Carolina Larriera v. UNJSPB*, the appellant sought revision of judgment 2020-UNAT-1004 in which the Tribunal held that the Standing Committee had correctly decided that the appellant was not entitled to a widow’s benefit pursuant to article 34 of the Regulations of the Fund. In her request for revision of judgment, the appellant presented evidence that she claimed showed that Government of France authorities had recognized her stable union with a participant in the Fund, who died in August 2003, and provided a legal opinion in which a French legal expert had concluded that the applicant’s stable union with the late participant was legally valid under French law.

223. The Tribunal rejected the appellant’s request on multiple grounds, noting that the request for revision of judgment had been filed beyond the statutory limit of 30 days after the discovery of the alleged facts, and that the alleged facts did not exist at the time of the 2020 judgment, as required under article 11 of the Tribunal statute. The Tribunal found that the evidence presented did not, in fact, amount to official recognition by French authorities of a stable union between the applicant and the late participant. It reaffirmed that, “in accordance with general principles of private international law, marital status must be assessed and determined in accordance with the lex loci celebrationis”.

224. The second judgment concerned an appeal of the decision of the Standing Committee at its 204th meeting, held on 8 March 2021, rejecting the appellant's request to change his pension payment from the local currency track to the dollar track. The appellant, who is a resident of Turkey, requested the change after his benefit payment fell below 100 per cent of the dollar track. The Standing Committee rejected the request because the requirements of paragraphs 31 and 38 of the pension adjustment system were not met.

225. The Tribunal considered that the appellant's "freely made and informed choice to move to the two-track was irreversible unless the pre-conditions in Paragraph 31(b) and 38(e) applied" and that it was "not disputed" that the appellant did not meet the pre-conditions. Therefore, it found that the decision of the Standing Committee was in observance of the Regulations of the Fund and that there was no basis to grant the appellant the right to revert to the dollar track. In respect of the appellant's request for the Chief Executive of Pension Administration to suspend Turkey from the two-track system, the Tribunal concluded that "[i]f the refusal of the Chief Executive of Pension Administration to suspend Turkey from the two-track bears a rational relationship to the purpose of the two-track system and is based on reasonable data (the official CPI supported by DESA and the IMF) there can be no basis for review, whatever the view of the Tribunal on the wisdom of the policy and the adequacy of the steps taken to implement it".

226. **The Board took note of the above decisions of the United Nations Appeals Tribunal.**

Action arising from judgment 2020-UNAT-996

227. At its sixty-sixth and sixty-seventh sessions, held in July 2019 and July 2020, respectively, the Board took note of the decisions of the United Nations Appeals Tribunal in *Oglesby v. UNJSPB* (judgments No. 2019-UNAT-914 and 2020-UNAT-996). The judgments related to an appeal against the decision of the Standing Committee to deny a request for recognition of the appellant's same-sex spouse as a prospective survivor under articles 34 and 35 of the Regulations of the Fund, on the basis that the parties were not married at the time of the participant's separation from service. The Tribunal, in consideration of both the appeal and the application for revision of judgment, upheld the decision of the Committee on the basis that, under articles 34 and 35, a spousal benefit was payable only to a spouse who was married to the participant at the time of the participant's separation from service and remained married to the participant until the participant's death. Given that the appellant and his spouse were not married when he separated from service, his spouse was ineligible for a surviving spouse's benefit under said articles.

228. Between 2006 and 2016, the Board considered the issue of spousal benefits extensively. In that regard, the United Nations Appeals Tribunal noted that, since 2016, the Board had recognized marital status on the basis of the location where the status is entered and that, therefore, same-sex spouses now had access to the same spousal benefits as opposite-sex spouses. The Tribunal also noted that the appellant had been able to purchase an annuity for his spouse under the provisions of article 35 ter of the Regulations of the Fund. However, the Tribunal found that the Regulations were "discriminatory and outdated" in respect of individuals who, such as the appellant, could not formalize their union prior to separation from service and who could not therefore benefit from the spousal benefit under articles 34 and 35 of the Regulations. Thus, the Tribunal requested its Registrar to bring its judgments to the attention of the Secretary-General and the General Assembly, with a view to "right[ing] this obvious disconnection from human rights' norms, both for Mr. Oglesby and any others in his situation".

229. **The Board considered the United Nations Appeals Tribunal's reference to the policy issues arising in the case and noted that, in paragraphs 28 and 29 of its judgment 2019-UNAT-914, the Tribunal found that the Fund had acted in keeping with its Regulations in determining that it could not recognize the appellant's spouse married after separation from service. The Tribunal had confirmed that, at the time of his separation from service, the appellant was not married to his spouse, that their same-sex relationship did not enjoy a similar status to marriage under the law of the Member State concerned and that the Regulations did not afford retrospective recognition to their 2018 marriage. In that regard, the Board determined that any action to amend the Regulations to recognize unions entered into after separation from service would require retroactive application of the Regulations, which is not permissible in accordance with article 50 of the Regulations.**

E. Applications for membership in the Fund

230. The Board expressed its concurrence with having the Chief Executive of Pension Administration continue to undertake a review of the expression of interest of the International Cocoa Organization and the International Renewable Energy Agency in joining the Fund. Such a review would include a determination of whether the organizations meet the requirements of article 3 (b) of the Regulations of the Fund, including a review by ICSC of each organization's participation in the common system of salaries, allowances and other conditions of services of the United Nations and the specialized agencies, and a review of the staff profile of each organization of current pension and social security arrangements, on the understanding that such a review would be without prejudice to any conclusion to be made by the Board on the membership of the two organizations in the Fund.

231. The Board recalled its decision at its seventy-first session in which it requested the Pension Administration to prepare a paper on new organizations requesting membership in the Fund.

232. **The Board requested the Chief Executive of Pension Administration to submit the outcome of such a review to the Board for consideration at its July 2023 meeting.**

F. Venues and dates of the 2023 sessions of the Board

233. On behalf of the Secretary-General of IMO, the representative of IMO informed the Board that IMO was ready to host the July 2023 session of the Board at IMO headquarters in London.

234. **The Board accepted the invitation with appreciation and decided to hold its July 2023 session at IMO headquarters in London, tentatively scheduled during the week of 24 July 2023. The executive heads asked that the Board exercise flexibility in determining the length of the session, with a view to making most effective use of the time.**

G. Other business

235. The participants' representatives informed the Board that, following an assessment of the results of the self-evaluation survey, the participants' representatives would prepare and present a paper for consideration at a future session of the Board.

Chapter XII
Closure of the seventy-second session of the Board

236. **The Board adopted the report of its seventy-second session.**

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

Annex I

Summary of the operations of the United Nations Joint Staff Pension Fund for the year ended 31 December 2021

1. During the year ended 31 December 2021, the number of participants in the Fund increased from 134,632 to 137,261, or 1.9 per cent; the number of periodic benefits in award increased from 80,346 to 82,332, or 2.4 per cent. As at 31 December 2021, the breakdown of the periodic benefits in award was as follows: 29,461 retirement benefits; 17,351 early retirement benefits; 9,034 deferred retirement benefits; 13,569 widows' and widowers' benefits; 10,048 children's benefits; 1,927 disability benefits; and 33 benefits for secondary dependants. In the course of the year, 5,954 lump-sum withdrawal and other settlements were paid. A breakdown by member organization of participants and of benefits awarded during the year ended 31 December 2021 is shown in tables 1 and 2 of annex IX.

2. During the one-year period from 1 January 2021 to 31 December 2021, the net assets available for benefits increased from $81,511,675,000 to $91,459,553,000 (see annex IX, financial statements for the year ended 31 December 2021, statement of net assets available for benefits). The investment income of the Fund during the period amounted to $10.0 billion and contributions and other income amounted to $2.9 billion.

3. Benefit payments and expenses for the one-year period ended 31 December 2021 amounted to $3.1 billion.

4. Benefit payments exceeded contributions for the one-year period ended 31 December 2021 by $6.5 million.

5. The Fund's overall investment performance for the one-year period ended 31 December 2021 was 12.31 per cent, compared with the Fund's performance benchmarks for the same period of 11.36 per cent.

6. A summary of the Fund's investments as at 31 December 2021 and their market values are given in annex IX.

Annex II

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

A. Member organizations of the 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

B. Membership of the Board and attendance at the seventy-second session

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

2. Below is the list of the members entitled to attend in person.

Representing	*Member*	*Alternate*
United Nations		
General Assembly	Tomoya Yamaguchi	Dmitry Chumakov
General Assembly	Jörg Stosberg	Philip Richard O. Owade
General Assembly	Pia Poroli	David Traystman
General Assembly	Lovemore Mazemo	Ahmed Al-Kabir
Secretary-General	Catherine Pollard	
Secretary-General	Martha Helena Lopez	
Secretary-General	Christian Saunders	
Secretary-General	Kathryn Alford	
Participants	Patricia Nemeth	
Participants	Mary Abu Rakabeh	
Participants	Christian Castelli	
Participants	Ibrahima Faye	
Food and Agriculture Organization of the United Nations/World Food Programme		
Governing body	Guillermo Rodolico	
Executive head	Annick Vanhoutte	
Participants	John Levins	
World Health Organization		
Governing body	Alan Ludowyke	
Executive head[a]	Claude Hennetier Rossier	
Participants	Olga Carolina Bascones	
United Nations Educational, Scientific and Cultural Organization		
Governing body	George Sarpong	
Executive head	Magdolna Bona	
International Labour Organization		
Governing body[a]	Fabrice Merle	
Participants[a]	Elisabeth Fombuena	
International Atomic Energy Agency		
Executive head	Peter Frobel	
Participants	Imed Zabaar	

Representing	*Member*	*Alternate*
United Nations Industrial Development Organization		
Governing body[a]	Andrea Nemes	
World Intellectual Property Organization		
Participants[a]	Nicoletta Marin-Cudraz Davi	
International Civil Aviation Organization		
Executive head	Kamini Balram	
Participants	Andrew Larcos	
International Telecommunication Union		
Governing body	Vilém Veselý	
World Meteorological Organization		
Executive head	Brian Cover	
International Maritime Organization		
Participants	Edwin Titi-Lartey	
International Fund for Agricultural Development		
Governing body	Mohammed A. M. Alghamdi	
International Organization for Migration		
Executive head	Alejandro Rovira	
Federation of Associations of Former International Civil Servants		
Representatives	Jerry Barton	
Representatives	Linda Saputelli	
Representatives	Gerhard Schramek	
Representatives	Suzanne Bishopric	
Office of Investment Management		
Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund	Pedro Guazo	
	Toru Shindo	
	William Wilkinson	
Pension Administration		
Chief Executive of Pension Administration	Rosemarie McClean	
	David Penklis	
	Karl-Ludwig Soll	
	Dulcie Mapondera	

Representing	Member	Alternate
Pension Board secretariat		
Secretary of the Board	Jan De Preter	
	Katrin Toomel	
	Gedma Arndt	

[a] Decided to attend virtually.

3. Below is the list of those who attended virtually for all or part of the session.

Representing	Representative	Alternate
United Nations		
Secretary-General		Chandramouli Ramanathan
Secretary-General		Maria Costa
Participants		Ian Richards
Participants		Youssef Sfeir
Food and Agriculture Organization of the United Nations/World Food Programme		
Governing body		Hammad B. Hammad
Executive head		Davide Marzano
Participants		Cristina Ascone
Secretary	Shasha You	
World Health Organization		
Governing body		Gerald Anderson
Executive head[a]		Xavier Daney
Participants		Paul De La Croix-Vaubois
Secretary	Frederick Loirat	
United Nations Educational, Scientific and Cultural Organization		
Governing body		Rodrigo Waghorn
Executive head		Amol Khisty
Participants	Anna-Christina D’Addio	
Secretary	Immo Welter	
International Labour Organization		
Executive head	Luca Bormioli	
Participants		Florian Leger
Secretary	Colleen McGarry	

Representing	*Representative*	*Alternate*
International Atomic Energy Agency		
Executive head		William Tam
Participants		Markus Kohl
Secretary	Gjorgji Nikolovski	
United Nations Industrial Development Organization		
Governing body		Charitha Weerasinghe
Executive head	Dana Vavrikova	
Participants	Steven Eales	
Secretary	Ralf Dotzauer	
World Intellectual Property Organization		
Governing body	Vladimir Yossifov	
Executive head	Janice Cook Robbins	
Participants		William Meredith
Secretary	Marie-Sylvie Zinzindohoué	
International Civil Aviation Organization		
Governing body	Mauricio Ramirez Koppel	
Executive head		Olga Nam
Participants		Christiane Dermarkar
Secretary	Susan Mwangi	
International Telecommunication Union		
Governing body		Jacques Sanou
Executive head	Jean-Paul Lovato	
Participants	Jude Mariani	
Secretary	Subira Suedi	
World Meteorological Organization		
Governing body	Arlene Laing	
Participants	Monique Salmon Schalk	
Secretary	Chenchen Hu	
International Maritime Organization		
Governing body	Watchara Chiemanukulkit	
Executive head	Andrew Richardson	
Secretary	Ingrid Lopez-Cardona	

Representing	Representative	Alternate
International Fund for Agricultural Development		
Executive head	Alvaro Lario	
Participants	Allegra Saitto	
Secretary	Francesca Maselli	
International Organization for Migration		
Participants	Florian Forster (25–27 July)	
Participants	Aanuoluwapo Akinyera (28–29 July)	
Secretary	Malcolm Grant	
International Tribunal for the Law of the Sea		
Participants	Roman Ritter	
Secretary	Svitlana Buergers-Vereshchak	
International Centre for Genetic Engineering and Biotechnology		
Governing body	Maria Luisa Fichera	
Comprehensive Nuclear-Test-Ban Treaty Organization		
Participants	Vesselin Grozdanov	
Secretary	Sanchia Gordon Hall	
Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies		
Executive head	Sergey Zamyatin	
Secretary	Gabriela Kremnitzer	
Federation of Associations of Former International Civil Servants		
		Adriana Gómez Saguéz
		Mohammed Sebti
Medical consultant (25 July)		
	Bernhard Lennartz	
Investments Committee (26 July)		
Chair	Michael Klein	
	Keiko Honda	
	Simon Jiang	
	Luciane Ribeiro	
	Patricia Parise	
	Sarah Alade	

Representing	*Representative*	*Alternate*
	Yasir Al-Rumayyan	
	Macky Tall	
Audit Committee (28 July)		
Chair	Adnan Chughtai	
Vice-Chair	Marian McMahon	
Pension Board – Ethics Adviser (28 July)		
Ethics Adviser to the Pension Board	Peter Liria	
Consulting Actuary		
	Tonya Manning	
	Stuart Schulman	
Committee of Actuaries		
Chair	Assia Billig	
Rapporteur and Vice-Chair	Rosemary Nantambi-Amiri	
Federation of International Civil Servants' Associations		
	Tanya Quinn-Maguire	
Coordinating Committee for International Staff Unions and Associations of the United Nations System[b]		
	Prisca Chaoui	
United Nations International Civil Servants Federation		
	Mark Polane	
Office of Investment Management		
	Isabela Munch	
	Sandhya Peerthum	
	Anastasia Rotheroe	
	Terezie Hesounova	
Pension Administration		
	Maria Clarissa O'Donnell	
	"Dino" Cataldo Dell'Accio	
	Alan Blythe	
	Serge Gas	
	Sarah Mathieson	
	Kathalina Manosalvas	

Representing	*Representative*	*Alternate*
	Abu Bockarie (25 July)	
	Cristiano Papile (25–27 July)	
	Gilles Fado (25–27 July)	

[b] The Coordinating Committee for Independent Staff Unions and Associations of the United Nations System decided to withdraw its status as observer for the remainder of the session following its statement made on 28 July. Under section A.9 (e) of the rules of procedure, observers are invited by the Board to attend each session.

C. Membership of the Standing Committee

Representing	*Member*	*Alternate*
United Nations (Group I)		
General Assembly	A. Al-Kabir	J. Stosberg
	T. Yamaguchi	
Secretary-General	M. H. Lopez	
	K. Alford	
Participants	P. Nemeth	Y. Sfeir
	I. Faye	
Specialized agencies (Group II)		
Governing body	A. Ludowyke (WHO)	K. Zaehle (WHO)
Executive head	A. Vanhoutte (FAO)	D. Marzano (FAO)
Participants	P. De La Croix Vaubois (WHO)	K. Miller (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)[a]	
Participants	A. Larcos (ICAO)	
Specialized agencies (Group V)		
Governing body	A. Sly (IMO)	W. Chiemanukulkit (IMO)

	Member	*Alternate representative*
Federation of Associations of Former International Civil Servants		
	L. Saputelli	G. Schramek
	M. Sebti	A. Gomez Saguez

[a] Chair.

D. Membership of the Committee of Actuaries

Member	*Representing*
R. Nantambi (Uganda)	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)
A. Billig (Canada)	Region V (Western European and other States)

Ad hoc member	*Representing*
M. Dush (USA)	Region V (Western European and other States)
R. Schmid (Switzerland)	Region V (Western Europe and other States)
S. Venkatramani (India)	Region II (Asian States)

E. Membership of the Investments Committee

Member	*Representing*
M. Klein (Chair)	United States of America/Western European and other States
K. Honda	Japan/Asia-Pacific States
S. Jiang	China/Asia-Pacific States
A. Kassow	Germany/Western European and other States
L. Ribeiro	Brazil/Latin American and Caribbean States
P. Parise	Argentina/Latin American and Caribbean States
N. Khanjenkova	Russian Federation/Eastern European States
S. Omotunde Alade	Nigeria/African States
Y. Al-Rumayyan	Saudi Arabia/Asia-Pacific States

Ad hoc member	
M. Tall	Mali/African States

F. Membership of the Audit Committee

Member	*Representing*
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

Expert member
M. McMahon
G. Amon

G. Membership of the Budget Committee

Member	*Representing*
V. Yossifov (WIPO)	Governing bodies
D. Traystman (United Nations)	Governing bodies
J. P. Lovato (ITU)	Executive heads
M. Costa (United Nations)	Executive heads
J. Levins (WFP)	Participants
C. Castelli (United Nations)	Participants
L. Saputelli	FAFICS
A. Gomez Saguez	FAFICS

H. Membership of the Succession Planning and Evaluation Committee

Member	
A. Al-Kabir (United Nations)	Governing bodies
D. Traystman (United Nations)	Governing bodies
M. H. Lopez (United Nations)	Executive heads
M. Bona (UNESCO)	Executive heads
Y. Sfeir (United Nations)	Participants
J. Mariani (ITU)	Participants
L. Saputelli	FAFICS
M. Breschi	FAFICS

I. Membership of the Fund Solvency and Assets and Liabilities Monitoring Committee

Member	
N. O. Opilo (UNESCO)	Governing bodies
P. R. O. Owade (United Nations)	Governing bodies
J. Kobza (WHO)	Executive heads
M. Costa (United Nations)	Executive heads
C. Castelli (United Nations)	Participants
K. Bruchmann (WHO)	Participants
S. Bishopric	FAFICS
M. Seenappa	FAFICS

Annex III

Recommendations to the General Assembly for amendments to the Regulations of the Fund[1]

For approval

Existing text	*Proposed text*	*Comments*
Article 1	Article 1	
(s) "*Restoration*" shall mean the inclusion in contributory service of the prior contributory service of a former participant who again becomes a participant.	(s) "*Restoration*" shall mean the inclusion in contributory service **<u>of all or part</u>** of the prior contributory service of a former participant who again becomes a participant.	*Amendment to allow restoration of all or partial contributory service in the case of deferred retirement benefits.*
	<u>Article 24 *bis*</u>	
	<u>Restoration of prior contributory service in the case of a deferred retirement benefit</u>	*New provision to introduce in the Regulations restoration of prior contributory service in the case of deferred retirement benefits.*
	(a) <u>A participant who on or after 1 April 2007 had elected under article 30, or was deemed to have elected under article 32, a periodic deferred retirement benefit that is not yet in payment may, within one year of re-commencement of participation, elect to restore such contributory service as shall be determined to be equivalent to the actuarial value of the deferred retirement benefit not yet in payment. Such restoration shall also be open, on the same terms, to those participants who are in service as at 1 January 2023, whose election must be made by 31 December 2023.</u>	
	(b) <u>For restoration under (a) above, the actuarial value of the benefit held by the Fund shall determine how much contributory service shall be purchased, which shall not exceed the contributory service for which the deferred retirement benefit was elected or deemed to have been elected.</u>	
	(c) <u>An election under (a) above shall irrevocably forfeit the right to the deferred retirement benefit previously elected.</u>	

[1] Proposed additions appear in boldface and underlined type.

Annex IV

Amendments to the Administrative Rules of the Fund[2]

For information

Existing text	*Proposed text*	*Comments*
	Introduction	
	(h) **For the purposes of benefit elections, instructions, requests, and notices specified under the Regulations and these Administrative Rules to be submitted to the Fund in writing, an electronic record may satisfy such requirement. The Chief Executive of Pension Administration may provide electronic forms and other electronic means for such purposes, which shall have the same authority as those submitted in writing.**	*New provision to allow for the use of electronic forms under the Regulations and Administrative Rules.*
	Section F **Restoration of prior contributory service**	
	Restoration in the case of a deferred retirement benefit under article 24 *bis* of the Regulations **F.7 The period of past service to be restored under article 24 *bis* shall be determined based on the actuarial value of the deferred retirement benefit held by the Fund, and shall not exceed the contributory service for which the deferred retirement benefit was elected or was deemed to have been elected.**	*New provision in the Administrative Rules to complement article 24 bis of the Regulations in respect of restoration of prior contributory service in the case of deferred retirement benefits.*
	F.8 A participant who wishes to restore prior contributory service as a former participant under article 24 *bis* of the Regulations shall give notice in writing of such intent to the secretary of the staff pension committee of the member organization by which he or she is	*As above.*

[2] Proposed additions appear in boldface and underlined type.

Existing text	*Proposed text*	*Comments*
	employed within the time limits provided in article 24 *bis* (a).	
	F.9 The secretary of the committee, if satisfied that the conditions of article 24 *bis* have been fulfilled, shall ascertain from the Chief Executive of Pension Administration the actuarial value of the deferred retirement benefit held by the Fund and the period to be purchased by such value that can be restored and inform the participant in writing. The participant shall then inform the secretary of the committee in writing of his or her election to restore within sixty (60) days of receipt of the notification of the period to be purchased.	*As above.*

Annex V

Actuarial statements

A. Statement of the actuarial sufficiency, as at 31 December 2021, of the Fund to meet the liabilities under article 26 of the Regulations

1. In its report on the thirty-sixth actuarial valuation of the United Nations Joint Staff Pension Fund, the Consulting Actuary has assessed the actuarial sufficiency of the Fund, for purposes of determining whether there is a requirement for deficiency payments by the member organizations under article 26 of the Regulations of the Fund. The assessment as at 31 December 2021 was based on participant and asset information submitted by the secretariat of the Fund and on the Regulations in effect as from 1 January 2014.

2. The demographic and other actuarial assumptions used, including a 6.0 per cent discount rate, were those adopted by the Pension Board at its sixty-ninth session, in 2021, except that future participants were not taken into account and no future salary growth was assumed.

3. The liabilities were calculated on a plan termination methodology. Under this methodology, the accrued entitlements of active participants were measured on the basis of their selecting the benefit of the highest actuarial value available to them, assuming termination of employment on the valuation date. The liabilities for pensioners and their beneficiaries were valued on the basis of their accrued pension entitlements as of the valuation date. For purposes of demonstrating sufficiency under article 26 of the Regulations, no provision was made for pension adjustments subsequent to 31 December 2021.

4. **All calculations were performed by the Consulting Actuary in accordance with established actuarial principles and practices.**

5. **The results of the calculations are outlined in the table below:**

Actuarial sufficiency of the Fund as at 31 December 2021

(Millions of United States dollars)

Item	*Amount*
Actuarial value of assets[a]	82 911.7
Actuarial value of accrued benefit entitlements	52 416.7
Surplus	**30 495.0**

[a] Five-year moving average market value methodology, as adopted by the Pension Board for determining the actuarial value of the assets.

6. As indicated in the table above, the actuarial value of assets exceeds the actuarial value of all accrued benefit entitlements under the Fund, based on the Regulations of the Fund in effect on the valuation date. **Accordingly, there is no requirement, as at 31 December 2021, for deficiency payments under article 26 of the Regulations of the Fund.** The market value of assets as at 31 December 2021 is $91,459.6 million. Therefore, the market value of assets also exceeds the actuarial value of all accrued benefit entitlements as of the valuation date.

B. Statement of the actuarial position of the Fund as at 31 December 2021

Introduction

1. The actuarial valuation as at 31 December 2021 was performed on a range of economic assumptions regarding future investment earnings and an assumed long-term inflation assumption of 2.5 per cent. In addition, two sets of participant growth assumptions were used. The remaining actuarial assumptions, which are of a demographic nature, were derived on the basis of the emerging experience of the Fund, in accordance with sound actuarial principles. The assumptions used in the valuation were those adopted by the Pension Board at its sixty-ninth session, in 2021, based on the recommendations of the Committee of Actuaries.

Actuarial position of the Fund as at 31 December 2021

2. At its meetings in June 2022, the Committee of Actuaries reviewed the results of the actuarial valuation as at 31 December 2021, which was carried out by the Consulting Actuary. On the basis of the results of the regular valuation and after consideration of further relevant indicators and calculations, the Committee and the Consulting Actuary were of the opinion that the present contribution rate of 23.7 per cent of pensionable remuneration was sufficient to meet the benefit requirements under the plan and would be reviewed at the time of the next actuarial valuation, as at 31 December 2023.

Annex VI

Report of the Budget Committee

1. The Budget Committee's comments and recommendations are set out below.

2. In accordance with the decision made by the Board at its sixty-seventh session, the final composition of the Committee was as follows, with each member serving a four-year term:

V. Yossifov (WIPO)	Governing bodies
J. Stosberg (United Nations)	Governing bodies
J. P. Lovato (ITU)	Executive heads
M. Costa (United Nations)	Executive heads
J. Levins (FAO/WFP)	Participants
C. Castelli (United Nations)	Participants
L. Saputelli (FAFICS)	
A. Gómez Saguez (FAFICS)	

3. The Committee began its work on 6 June 2022, meeting virtually on all occasions to discuss the proposed budget estimates for 2023 for the Fund's administrative expenses. It held five meetings with members of the secretariat of the Board, the Pension Administration and the Office of Investment Management. The secretariat of the Fund provided six sets of supplementary information and detailed explanations. The Committee discussed the budget estimates for 2023 with the accompanying supplementary information.

A. Overview

4. The Fund proposes a budget of $123.2 million (before recosting) for 2023, reflecting an increase of $1.3 million (or 1.1 per cent) compared with the approved budget for 2022.

5. The Committee underlined that the budget of the Fund represented a ceiling of reasonable expenditure to administer the Fund rather than a mandate for implementation. Any unspent appropriation represents savings rather than underimplementation and is returned to the Fund. It was noted that all expenses for the administration of the Fund were funded through contributions from participants, member organizations on behalf of the participants and investment returns.

6. The Committee recommended that the Pension Board endorse the Fund's budget for 2023, as follows:

(a) The Fund budget estimates for 2023 amounting to $123,121,500 (before recosting), comprising:

(i) Secretariat of the Board ($1,203,000);

(ii) Pension Administration ($63,919,300), of which $8,345,900 would be chargeable directly to the United Nations for services related to the United Nations Staff Pension Committee;

(iii) Office of Investment Management ($55,905,900);

(iv) Audit ($2,093,300);

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

B. Secretariat of the Board

7. Having considered the budget proposal for 2023 for the secretariat of the Board, including both post and financial resources, the Committee recommended that the Board approve the amount of $1,203,000 (before recosting), representing a decrease of 12.6 per cent compared with the appropriation for 2022 for the secretariat of the Board.

C. Pension Administration

8. Having considered the budget proposal for 2023 for the Pension Administration, the Committee recommended the approval of the amount of $63,919,300 (before recosting), representing a decrease of 0.6 per cent compared with the appropriation for 2022 for the Pension Administration. Of this, $8,345,900 would be chargeable directly to the United Nations for services related to the United Nations Staff Pension Committee.

1. Post resources

9. The Committee discussed the following on a case-by-case basis and requested additional information, where necessary:

(a) The proposed establishment of 10 posts;

(b) The proposed redeployment of 2 posts (1 P-4 and 1 P-3);

(c) The proposed reclassification of 3 posts (1 P-4 to P-5, 1 P-3 to P-4 and 1 General Service (Other level) to General Service (Principal level));

(d) The proposed conversion of 20 general temporary assistance positions to established posts;

(e) The proposed reassignment of 3 posts (1 P-4, 1 P-3 and one General Service (Other level)).

10. The Committee enquired whether the four additional posts (1 P-3 and one General Service (Other level) for backstopping within the United Nations Treasury, and one General Service (Principal level) and one General Service (Other level) in the Payments Section) proposed under financial services in relation to establishing alternative payment channels could be general temporary assistance positions, noting that sanctions and banking disruptions were usually temporary. The Committee was informed that the move to alternate payment channels was long term in nature, given that the banking disruptions had become too frequent and ingrained to be considered temporary. In this context, the Fund is seeking to make the transition from using a few correspondent banks to establishing local payment channels through the Treasury and the Fund's member organizations in more jurisdictions as a proactive measure to address future disruptions. Furthermore, with global shifts in the banking industry, a number of key banks used by the Fund were withdrawing from specific markets where the Fund has beneficiaries, necessitating significant long-term structural changes.

11. In addition, the Committee was informed that the Fund, in common with other New York-based United Nations entities, was finding it challenging to attract suitably qualified candidates for its temporary positions owing to the very tight labour market in the wider New York area.

12. The Committee reviewed the proposals to establish six other posts, comprising one Legal Officer (P-3) in the Legal Unit, one Benefits Officer (P-3) in the Operations Service, one Information Systems Officer (P-3) in the Information Management Systems Service, one Programme Management Assistant (General Service (Other level)) in the Business Transformation and Accountability Unit, one Human Resource Assistant (General Service (Other level)) in the Business Service Support Unit and one Benefits Assistant in Client Services (General Service (Other level)).

13. The Committee noted that the temporary positions for conversion were long term and performed core functions of the Fund, even though some had been in existence for fewer than five years. The Committee verified that those requests complied with the principles of phasing the conversions from general temporary assistance positions to established posts as requested by the General Assembly.

14. The Committee was also informed, upon enquiry, that the risk management functions in the Pension Administration and the Office of Investment Management required different skill sets, and that the request for reclassification of the post of Risk Management Officer (P-4) to Senior Risk Management Officer (P-5) and the establishment of the Risk Management Unit in the Pension Administration would not amount to a duplication of functions. The Committee recognized the need to strengthen the risk management function in the Pension Administration, given the change in the risk management landscape. However, it did not see how the request to reclassify the post of Risk Management Officer (P-4) to Senior Risk Management Office (P-5) fit with the risk management strategy of the Fund. The Committee believed that the Fund should review the Fund’s overall risk management framework, strategy and functions to assess how effective this framework is.

15. The Committee recommended that the Pension Administration management make available to the General Assembly the additional information provided to the Committee and, if needed, further justifications on the proposed new posts and conversions in response to the Assembly’s request for increasing efficiency through eliminating the duplication of functions.

16. Having considered the proposed post changes and the additional information provided by Pension Administration, the Committee recommended that the Board approve the post changes as presented in table 1.

Table 1
Changes in post resources (Pension Administration)

Component	*Action*	*Post title*	*Category*	*Number*
Executive direction and management				
	Conversion	Special Assistant to Chief Executive	P-5	1
Programme of work				
	New	Treasurer	P-3	1
	New	Treasury Assistant	General Service (Other level)	1
	New	Senior Accounting Assistant	General Service (Principal level)	1
	New	Accounting Assistant	General Service (Other level)	1
	New	Programme Management Assistant	General Service (Other level)	1

Component	Action	Post title	Category	Number
	New	Legal Officer	P-3	1
	New	Benefits Officer	P-3	1
	New	Benefits Assistant	General Service (Other level)	1
	New	Information Systems Officer	P-3	1
	Redeployment	Risk Management Officer	P-4	1
	Redeployment	Programme Management Officer	P-3	1
	Redeployment	Risk Management Officer	P-4	(1)
	Redeployment	Programme Management Officer	P-3	(1)
	Reclassification	Information Systems Officer	P-3	(1)
	Reclassification	Information Systems Officer	P-4	1
	Conversion	Data Specialist	P-4	1
	Conversion	Accountant	P-3	1
	Conversion	Accounting Assistant	General Service (Other level)	11
	Conversion	Public Information Officer	P-3	1
	Conversion	Team Assistant	General Service (Other level)	1
	Conversion	Benefits Assistant	General Service (Other level)	1
	Conversion	Information Systems Officer	P-3	1
	Conversion	Information Systems Assistant	General Service (Other level)	1
	Reassignment	Financial Information Officer	P-4	(1)
	Reassignment	Programme Management Officer	P-4	1
	Reassignment	Legal Officer	P-3	(1)
	Reassignment	Programme Management Officer	P-3	1
	Reassignment	Research Assistant	General Service (Other level)	(1)
	Reassignment	Legal Assistant	General Service (Other level))	1
Programme support				
	New	Human Resources Assistant	General Service (Other level)	1
	Reclassification	Human Resources Assistant	General Service (Other level)	(1)
	Reclassification	Senior Human Resources Assistant	General Service (Principal level)	1
	Conversion	Facility Management Assistant	General Service (Other level)	1
Total net change				**30**

2. Non-post resources

17. The Committee considered the proposed non-post resources, including:

(a) General temporary assistance resources, including the conversion of general temporary assistance positions to established posts;

(b) Other non-post resources.

18. Upon request, the Committee was provided with detailed information for significant expenditure objects and analyses of historical data for general operating expenses (which include rent) and contractual services.

19. Having considered the proposed non-post resources and the explanation provided by the Pension Administration, the Committee recommended that the Board approve non-post resources amounting to $28,898,700 (before recosting) and the general temporary assistance positions as presented in table 2.

Table 2
General temporary assistance positions (Pension Administration)

Component	*Position title*	*Category*	*Number*
Programme of work			
	Information Systems Officer	P-3	1
	Benefits Assistant	General Service (Other level)	2
	Information Systems Assistant	General Service (Other level)	1
Programme support			
	Chief, Business Support Services Unit	P-5	1
	Human Resources Officer (Training and Development)	P-3	1
Total			**6**

D. Office of Investment Management

20. Having considered the budget proposal for 2023 for the Office of Investment Management, the Committee recommended approval of the amount of $55,905,900 (before recosting), representing an increase of 3.4 per cent compared with the appropriation for 2022 for the Office.

21. The Committee emphasized that the objective of the Office of Investment Management was to generate a real rate of return of 3.5 per cent over the long term.

1. Post resources

22. The Committee discussed the following on a case-by-case basis and requested additional information, where necessary:

(a) The proposed establishment of five posts;

(b) The proposed conversion of eight general temporary assistance positions to established posts;

(c) The proposed reclassification of one P-4 post to P-5.

23. The Committee took note of the Secretary-General's fiduciary responsibility and authority over investment decisions, as delegated to the Representative of the Secretary-General for the investment of the assets of the Fund. It reiterated its view that that authority and the related prerogatives must be respected and that no undue political or other influence should be allowed to influence decisions on how the investments are managed.

24. Upon enquiry, the Committee was informed that the proposal to have part of the fixed-income portfolio managed externally (incorrectly called "outsourcing") was not a budgetary matter but rather the exercise of the Secretary-General's fiduciary responsibilities for the investments of the assets of the Fund. The Committee was provided with a cost analysis of internal versus external management of the fixed-income portfolios. The Committee was informed that management fees were not part of the Fund's budget but were accounted for in the long-term return on investment.

25. The Committee was informed of the reversal of the fixed-income strategy for external management in response to changing market conditions and the request for three additional posts of Investment Officer (P-3) to reflect the medium-term strategy

of the Representative of the Secretary-General for the investment of the assets of the Fund for the fixed-income portfolio. The Committee believed that any shift to external management of the Fund's fixed-income portfolio – or indeed any portfolio – required internal oversight and monitoring as a risk mitigation measure.

26. The Committee recommended that the Office of Investment Management make available the additional information provided to it and, if needed, further justifications for the proposed new posts and conversions, including opinions on reclassifications, to the General Assembly, also in response to the Assembly's request for increasing efficiency through the elimination of the duplication of functions.

27. Having considered the proposed post changes and the explanation provided by the Office of Investment Management, the Committee recommended that the Board approve the post changes as presented in table 3.

Table 3
Changes in post resources (Office of Investment Management)

Component	*Action*	*Post title*	*Category*	*Number*
Programme of work				
	New	Investment Officer (Europe)	P-3	1
	New	Associate Programme Management Officer	P-2/1	1
	New	Investment Officer (fixed income)	P-3	3
	Reclassification	Compliance Officer to Senior Compliance Officer	P-4 to P-5	-
	Conversion	Investment Officer (North America)	P-4	1
	Conversion	Investment Officer (fixed income)	P-4	2
	Conversion	Associate Investment Officer (environmental, social and governance)	P-2/1	2
	Conversion	Accountant	P-3	2
	Conversion	Information Systems Officer	P-4	1
Total net change				**13**

2. Non-post resources

28 The Committee considered the proposed non-post resources, including:

(a) General temporary assistance resources, including for the conversion of general temporary assistance positions to established posts;

(b) Other non-post resources.

29. Upon request, the Committee was provided with detailed information for significant expenditure objects and analyses of historical data for the general operating expenses (which include rent) and contractual services.

30. Having considered the proposed non-post resources and the explanation provided by the Office of Investment Management, the Committee recommended that the Board approve non-post resources amounting to $30,112,500 (before recosting) and the general temporary assistance positions as presented in table 4.

Table 4
General temporary assistance positions (Office of Investment Management)

Component	*Position/title*	*Category*	*Number of positions*
Programme of work			
	Accountant –Securities Lending (pilot programme)	P-3	1
	Accountant – Repo (pilot programme)	P-3	1
	Accountant – Futures/Currency (pilot programme)	P-3	1
	Accountant – Futures/Currency (pilot programme)	P-2/1	1
	Senior Accounting Assistant – Futures/Currency (pilot programme)	General Service (Principal level)	1
	Risk Officer – Derivatives (pilot programme)	P-4	1
	Associate Accountant (Asia-Pacific)	P-2/1	1
Total			**7**

E. Audit

31. Having considered the budget proposal for 2023 for Audit, the Committee recommends the approval of the amount of $2,093,300 (before recosting), representing an increase of 0.4 per cent compared with the appropriation for 2022. For internal audit, there are no proposed changes in the number of posts (six) and the number of general temporary assistance positions (two).

F. Conclusion

32. Table 5 reflects a summary of resource changes recommended by the Committee. The recommended reduction of $35,700 reflects the concerns noted in paragraph 14 above regarding the proposed upward reclassification of the Risk Management Officer from the P-4 to P-5 level.

Table 5
Recommended resources for 2023

	Resources (before recosting) (Thousands of United States dollars)			*Number of posts*	
		Budget Committee			
	Fund's proposal	*Changes*	*Estimates*	*Fund's proposal*	*Budget Committee*
Pension Board secretariat	1 203.0	–	1 203.0	3	3
Pension Administration	63 955.0	(35.7)	63 919.3	261	261
Office of Investment Management	55 905.9	–	55 905.9	150	150
Audit	2 093.3	–	2 093.3	6	6
Total	**123 157.2**	**(35.7)**	**123 121.5**	**420**	**420**

G. General observations

33. The Committee drew the attention of the Board to paragraph 12 of section XIII of General Assembly resolution 76/246, in which the Assembly emphasized that the budget of the Pension Fund should be accountable to all stakeholders, including beneficiaries and the member organizations, and encouraged the Pension Board to strengthen the functions of the Budget Committee with the aim of ensuring proper oversight of the resource requirements in the light of the operational needs and budget accuracy of the Pension Fund.

34. In the above regard, the Committee noted that, in its first operational session, it had adopted working methods that reflected the best practices of its predecessor organ, the Budget Working Group. These included early consideration of the budget proposals, well ahead of the July Board meeting, to ensure that Committee members had sufficient time to undertake a comprehensive review of the proposals, including discussions with Fund representatives, which properly addressed the priorities and views of its member constituent groups. In addition, the Committee noted that its work benefited from a continuity in membership as opposed to the ad hoc nature of its predecessor. The Committee, under the guidance of the Board and taking into account the decisions of the General Assembly, including any endorsements of the recommendations of the Advisory Committee on Administrative and Budgetary Questions, will continuously evaluate its working methods to ensure proper oversight and accountability for the resources of the Fund. At its 2023 session, the Committee, as a full-fledged Committee of the Board, with members appointed to a three-year term by the three constituent groups and FAFICS, intends to review its terms of reference, as established by the Board and, if deemed necessary, will propose modifications thereon to the Board.

35. With regard to future reclassification requests, for efficiency and to arrive at better-informed decisions, the Committee noted the importance of receiving all justifications, including relevant classification opinions, when reclassification requests are presented to the Committee. The Committee encouraged the Fund to engage with the Office of Human Resources on this in a timely manner.

36. The Committee also requested that, in future years, the Fund convey to the Committee the first draft financial statements when they become available and have been certified in April or May, on a confidential basis, so that the Committee may familiarize itself with the actual administrative expenses for the Fund for the preceding year (in particular in note 16 to those statements) and its operational statistics, prior to the completion of the budget documents.

37. The Committee acknowledged the quality of the Fund's information, as provided by both the Pension Administration and the Office of Investment Management, the prompt and comprehensive responses to the Committee's enquiries and the invaluable support provided by the Board's secretariat.

Annex VII

Statements by observers

A. Coordinating Committee for International Staff Unions and Associations

Distinguished Members of the UN Joint Staff Pension Board,

The Coordinating Committee of International Staff Unions and Associations represents 60,000 staff in the UN common system through 15 member unions. Among its responsibilities noted in its statutes is the requirement to "promote and safeguard the rights, interests and welfare of all staff of the United Nations System".

For this reason, CCISUA supports a robust and effective UN Pension Fund, which for many staff provides their only form of retirement income. It has worked hard to bring staff concerns regarding their pensions to the attention of the Fund's various supervisory instances, namely the Pension Board, to which CCISUA has been an observer, the UN Secretary-General, and the UN General Assembly.

Earlier this year CCISUA raised staff concerns regarding the outsourcing and externalisation of investment management, an issue directly under the responsibility of the Secretary-General. Those concerns were heard and acted on. We thank the Representative of the Secretary-General for Investments for his transparency and openness, both in his meetings with staff federations and directly with staff.

Yet, CCISUA is today being threatened with expulsion from the Board. Following a review, the Ethics Adviser has accused it of sharing confidential information. CCISUA pointed out, and is happy to provide evidence, that it was only sharing information already placed in the public domain during a global staff townhall by the Fund's leadership. The Ethics Adviser replied to CCISUA that he would not change his conclusions on this matter as he was not required to seek its version of events and needed only to act on the facts initially provided.

CCISUA understands that this situation has led to further proposals that would see participants at the Pension Board, including elected members, disciplined with immediate expulsion for legitimately discussing or commenting on the Board's decisions with their constituencies. CCISUA does not believe that a culture of secrecy contributes to the effective governance of an $80 billion public pension fund, particularly in these volatile times, nor that Board participants are able to carry out their work effectively if they must operate in fear of punishment. This appears contrary to the culture of tolerance and risks undermining staff confidence in the Fund.

CCISUA instead encourages the Fund to promote a spirit of transparency that allows Board members and observers to discuss, comment on and explain the Fund, in good faith, with those that appointed or elected them. Scrutiny can contribute to further good decision-making.

CCISUA must now choose between staying at the Board, within the confines of secrecy that are being requested, or having the freedom to represent its staff in good faith in accordance with its statutes. It cannot now do both.

Its members have therefore chosen the second option. Following this statement, CCISUA will respectfully withdraw from the current, ongoing session of the Pension Board. In doing so, CCISUA wishes to emphasise its continuing support to the UN Pension Fund. This includes providing friendly and constructive criticism when necessary.

CCISUA hopes all the same that the Pension Board and General Assembly will ultimately decide on path of greater transparency in administering staff members' pensions and asks the Board to reconsider its actions, including policies restricting the freedom of speech of Pension Board participants and concomitant threats of expelling observers.

In friendliness and solidarity.

B. Statement on behalf of 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 UN system staff federations, FICSA and UNISERV, thank you for the opportunity to address you today.

It has been an established practice for the Staff Federations to participate in the Board as observers and to provide input based on feedback received from our member staff associations/unions. Unfortunately, the participants representatives' group has not included the federations in its deliberations at this session of the Board, so this is our only opportunity to provide input on these proceedings. We note that the Board is meeting for the first time in the new format and appreciate that we can continue to be part of the agenda, albeit from afar.

As you are all aware, the Pension Fund is the primary source of social security for United Nations staff. As such, the careful management of the Fund is understandably of paramount importance to our members, and we take our role as observers very seriously.

It is impossible, on day three of this session of the Board, not to remark on what appears to be unanimous support for the work of both the CEPA and the RSG and their teams. FICSA and UNSERV would like to join that chorus of support. We note with appreciation the presentations made by the CEPA and the RSG and particularly efforts made to clarify the issues raised with regard to the use of external experts in the management of fixed income portfolio. Effective communication is crucial in times when misinformation is spread rapidly through social media and other channels. While there is always room for improvement, we have experienced firsthand the concerted efforts to improve communications with UNJSPF participants with prompt responses to concerns raised as well as opportunities for staff to ask questions directly during virtual Q and A sessions. We strongly encourage continued efforts to engage with staff directly and to continue to improve transparency and accountability.

During our statement last year, FICSA and UNISERV welcomed the establishment of the Code of Conduct and Ethics Policy. We understand that the Board will be discussing the report of the Ethics Advisor which we commend as another step towards strengthening the governance of the Board and enhancing transparency and accountability. In this context we would like to share with you that the ICSC has initiated a review of the Standards of conduct for the International Civil Service. This is yet again another confirmation from the General Assembly on the need to continuously work on strengthening governance and establish procedures to address cases of inappropriate and unethical behavior.

FICSA and UNISERV noted with appreciation the report of the Medical Adviser in document R.29. In particular, we note that mental health issues remain the leading cause of disability, as well as the likely impact of long-COVID on disability cases in the coming years. As such, we applaud the attention paid by the medical adviser to the implementation of the UN Strategy on Mental Health and Wellbeing. Huge strides have been made in this regard and we entreat the common system organizations not to lose the momentum just as we are seeing the efforts of the past five years come to fruition.

In closing, I would like to express our federations' appreciation to both the staff and management of the Pension Fund for their efforts and dedication in serving both participants and beneficiaries. We particularly applaud the new Pension eLearning Modules and would like to end by congratulating the FUND Secretariat for the United Nations Secretary-General Award for innovation and sustainability.

Thank you for your attention.

Annex VIII

A. Report of the Board of Auditors on the financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2021: audit opinion

Letters of transmittal

Letter dated 25 April 2022 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 2021, 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 **McClean**
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 21 July 2022 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 the audited financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2021.

(*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 2021, 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 for the year ended 31 December 2021 (statement IV), 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 2021 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 report for the year ended 31 December 2021, 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 management;

(d) Draw conclusions as to the appropriateness of 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

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 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

21 July 2022

B. Long-form report of the Board of Auditors on the financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 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 2021 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 interim audit was carried out at headquarters in New York from 6 to 24 September and from 15 November to 17 December 2021, and the final audit was conducted from 25 April to 4 June 2022.

Scope of the report

The present 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 2021 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 action 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 2021 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 2021. However, the Board identified scope for improvement in the areas of data quality, strategic planning, benchmarks, budget management, trade approvals, private markets, brokers and counterparties, and external managers.

As at December 2021, the total assets of the Fund amounted to $91.77 billion and the total liabilities amounted to $0.31 billion. Net assets available for benefits totalled $91.46 billion.

The Fund’s total value of investments as at 31 December 2021 translated to $89.86 billion owing to an increase in the appreciation of fair value, and this led to an increase of $9.95 billion in the net assets available for benefits.

Key findings

The Board’s key findings are as follows:

Budget management

Significant variances between budget allocations and expenditure

The Board noted that, in the past two budgetary periods (2018–2019 and 2020), expenditure had been lower than appropriations, by 9.47 per cent for the biennium 2018–2019 and by 11.21 per cent for 2020. For 2021, expenditure as at 31 December 2021 followed the same trend from previous years, with underexpenditure of $11.61 million, or 10.44 per cent. With regard to the Pension Administration, the Board observed that other staff costs and general operating expenses had underexpenditure greater than $1 million in 2020. For 2021, other staff costs and general operating expenses had underexpenditure of $2.38 million and $7.43 million, respectively. With regard to the Office of Investment Management, it was noted that general operating expenses had underexpenditure greater than $1 million in 2019 and 2020. For 2021, posts and other staff costs had underexpenditure of $1.91 million and $0.06 million, respectively.

Pension Administration

Deficiencies in the implementation of the 2021–2023 strategic plan

The Board observed that, almost 11 months since the start of the implementation of the 2021–2023 strategic plan, the Pension Administration had a list of projects related to the strategy but lacked a formal action plan that encompassed and allowed for the operationalization of the overall strategic plan. The Board noted that the measures designed for the successful implementation of the strategic plan did not ensure that the defined outcomes were fully achieved as expected, nor was the fulfilment of the objectives established for each pillar set out in the overall strategic plan verified. The Board also noted that the Pension Administration had not carried out an analysis or study in order to determine the critical success factors and the most appropriate metrics for each pillar of the strategy.

Data-quality issues remaining in 2021

The Board observed several data-quality issues in the census data on active participants and beneficiaries. There were, among others, records that contained null or erroneous values concerning information on the pensionable remuneration rates, records that contained null or erroneous values related to information on two-track benefits, records of participants who had more than two records in the identifier field, records that had the same date of birth for different children and spouses, records showing that the number of children for each participant might be erroneously registered, records of deceased participants that had no date of death, and records with null values on the last contribution date for active and non-deceased persons.

Lack of benchmarks for certain types of benefits calculations and other key processes

The Board identified that the Pension Administration had not implemented benchmarks to measure the processing times for certain types of benefits contemplated in the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund. It was verified that the current benchmarks covered only the benefits related to retirement, early retirement, disability, withdrawal settlements and survivor's benefits due to death in service when they were initial separation cases, while the rest of the benefits and those that did not belong to initial separation cases were not covered.

Office of Investment Management

Trade approvals made during annual leave or absences of investment officers

The Board verified that fixed-income transactions were approved in the Bloomberg system by an investment officer who was on annual leave during that time. The Board also observed that the Office of Investment Management had not put in place the backup staff necessary to continue operations.

Deficiencies in the brokers and counterparties procedure

The Board observed that the current procedure for brokers and counterparties did not reflect how the evaluation of brokers and counterparties was carried out in practice nor the criteria to remove a broker or counterparty. The Board observed that the procedure did not include which standards should be evaluated in the event of non-compliance by the brokers and counterparties, with the purpose of taking appropriate remedial action. With regard to quarterly monitoring and oversight, the Board identified that only one control was included in the procedure after the selection of the broker or counterparty, namely, the quarterly review comparisons among the list of approved brokers and counterparties and the comparison of their respective pre-approved commission rates with the previous quarterly rates. With regard to the removal process, there was no clear identification of which criteria should be weighed by the Risk Committee to remove a broker or counterparty.

Inadequate broker evaluations

The Board observed that, for foreign exchange transactions, there were brokers considered in the foreign exchange brokerage evaluation report who were evaluated in the first and the second quarter as being satisfactory without presenting foreign exchange transactions or transactions using another type of instrument. For equities transactions, there were brokers considered in the equities brokerage evaluation report who had been assessed as satisfactory; however, those brokers did not perform trades during the evaluated quarters.

Main recommendations

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

Significant variances between budget allocations and expenditure

(a) **The Fund carry out an analysis of the categories that present the most significant differences between what is approved and what is executed, to improve the budgetary estimates and thus make budget proposals more accurate and better adjusted to actual expenditure made in the execution period;**

Deficiencies in the implementation of the 2021–2023 strategic plan

(b) **The Pension Administration finalize and implement a formal action plan for each pillar of the strategy, which includes critical success factors, objectives, activities, projects, milestones, staff responsible, key results indicators and key performance indicators;**

(c) **The Pension Administration enhance the monitoring and regular review of the workplan to ensure the fulfilment of the strategic plan in the remaining period;**

(d) **The Pension Administration develop and implement a dashboard incorporating key results and key performance indicators using a business intelligence technology platform to review and monitor performance and assist in taking corrective action, as required;**

Data-quality issues remaining in 2021

(e) **The Pension Administration develop and implement an action plan in the short term to fix erroneous, missing and incomplete data with business owners of the different processes that input data into the Integrated Pension Administration System, to ensure that the information is accurate for the actuarial valuation and benefits processing by the Fund;**

Lack of benchmarks for certain types of benefits calculations and other key processes

(f) **The Pension Administration broaden the established benchmarks for main benefits and other key processes, especially those related to participants and beneficiaries, with the purpose of measuring and knowing the overall performance of the Fund better;**

Trade approvals made during annual leave or absences of investment officers

(g) **The Office of Investment Management establish a procedure and adopt the measures necessary to ensure that investment officers on annual leave or who are absent do not participate in or approve any commercial transaction involving the movement of funds and securities transactions, and that backup staff are in place to ensure that there is no interruption in the process;**

(h) **The Office of Investment Management strengthen and evaluate its current monitoring mechanism over users' accounts in the Bloomberg system in order to keep track of investment officers who can approve transactions through the system during staff leave or absences;**

Deficiencies in the broker and counterparty procedure

(i) **The Office of Investment Management strengthen and update the current procedure for brokers and counterparties, including the standards that brokers and counterparties need to meet, the reports and reviews currently carried out by the risk team and the Risk Committee, and the criteria that need to be weighed and evaluated in the removal of or decision to retain brokers and counterparties;**

Inadequate broker evaluations

(j) **The Office of Investment Management re-evaluate the current application of the evaluation report used for the evaluation of brokers and counterparties and enhance their monitoring, in order to ensure that these are assessed in accordance with the service or transactions provided during the period under evaluation, with the purpose of measuring actual performance and preventing the Best Execution Committee from making any erroneous decisions.**

Follow-up of previous recommendations

The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2020. Of the 41 outstanding recommendations, the Fund had implemented 26 (63 per cent), 14 (34 per cent) were under implementation and 1 had been overtaken by events (3 per cent). A detailed status and progress of all previous outstanding recommendations are given in the annex to chapter II.

Key facts	
25	Number of member organizations
137,621	Participants in the Fund
82,312	Periodic benefits
$91.77 billion	Total assets
$91.46 billion	Net assets available for benefits
$13.02 billion	Income and contributions
$3.07 billion	Total expenses, including benefit payments
$10.05 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 currently has 25 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 2021 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 2021 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 in accordance with the Financial Regulations and Rules of the United Nations.

4. 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

5. The Board also reviewed Fund operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations. This requires that the Board make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls and, in general, the administration and management of Fund operations.

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 for the period ended 31 December 2021. Of the 41 outstanding recommendations, the Fund had implemented 26 (63 per cent), 14 (34 per cent) were under implementation and 1 had been overtaken by events (3 per cent). A detailed status and progress of all previous outstanding recommendations are given in the annex to chapter II and in the table below.

Status of implementation of recommendations

Report and audit year	*Number of recommendations*	*Recommendations pending as at 31 December 2020*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2021*
A/73/5/Add.16, chap. II (2017)	41	3	1	1	–	1	1
A/74/5/Add.16, chap. II (2018)	38	3	3	–	–	–	–
A/75/5/Add.16, chap. II (2019)	44	7	3	4	–	–	4
A/76/5/Add.16, chap. II (2020)	28	28	19	9	–	–	9
Total	**151**	**41**	**26**	**14**	**–**	**1**	**14**

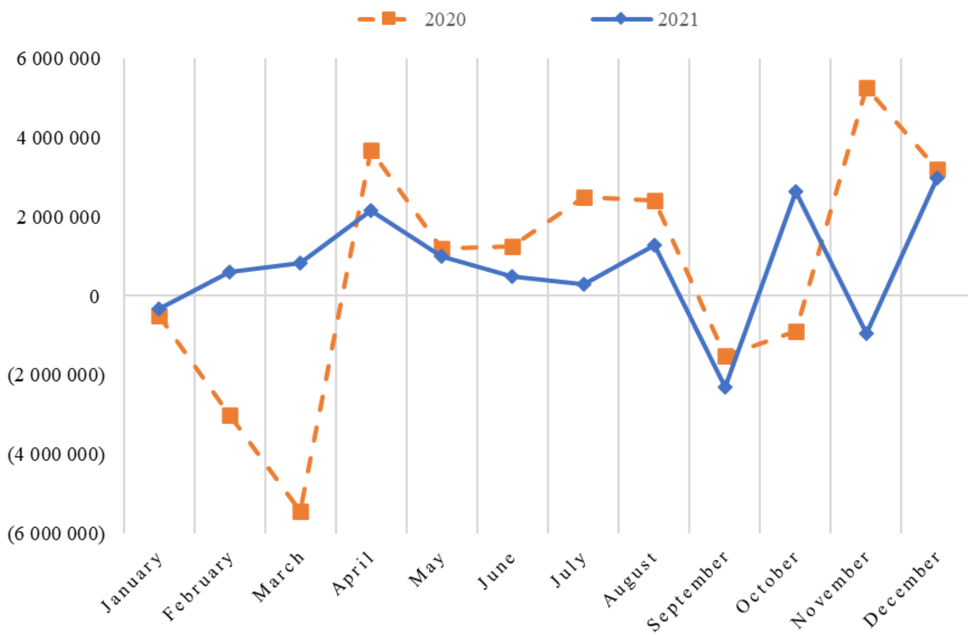
8. The Board considers that a 63 per cent rate of implementation indicates a strong commitment of the Fund to managing long-standing recommendations. The Board acknowledges management's efforts and encourages the Fund to continue, especially regarding the recommendation dating from 2017, which remains under implementation and refers to the automatic signature verification system.

2. Financial overview

9. In 2021, owing to the spread of the coronavirus disease (COVID-19) in 2020, the volatility of the financial markets continued to have an impact on the return on investment for various industrial sectors.

10. The value of total investments of the Fund as at 31 December 2021 amounted to $89.86 billion, reflecting an increase of 11.08 per cent compared with the prior year (2020: $80.89 billion). This was a result of an increase in dividends of $0.89 billion, or 9.37 per cent (2020: $0.82 billion), as a consequence of the appreciation in fair value of investments of $8.71 billion, or 6.10 per cent (2020: $8.21 billion). Monthly variations of the net change in the fair value of investments are illustrated in figure II.I.

Figure II.I
Monthly return on investment for 2021, compared with 2020
(Thousands of United States dollars)

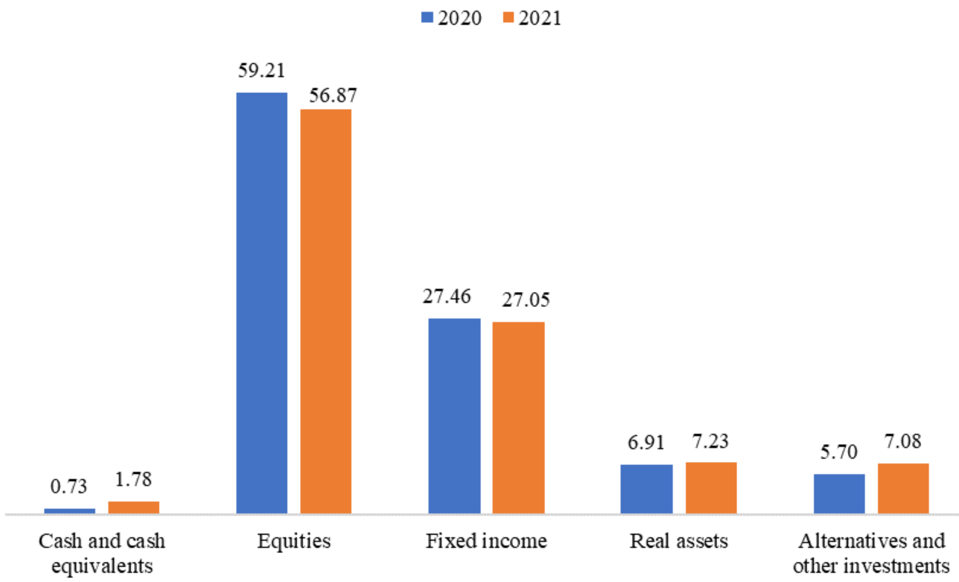


Source: Board formulation based on United Nations Joint Staff Pension Fund investment transactions.

11. As at December 2021, the total assets of the Fund amounted to $91.77 billion (2020: $81.79 billion) and the total liabilities amounted to $0.31 billion (2020: $0.27 billion). Net assets available for benefits were $91.46 billion (2020: $81.51 billion), which represented an increase of $9.95 billion (12.20 per cent) compared with the increase of $9.48 billion in 2020.

12. The Fund assets consist mainly of investments, representing 97.92 per cent of the total assets, whose fair value by the Fund as at 31 December 2021 was $89.86 billion. The asset allocation was $52.02 billion (56.87 per cent) in equities, $24.74 billion (27.05 per cent) in fixed income, $6.61 billion (7.23 per cent) in real assets, $6.47 billion (7.08 per cent) in alternative and other investments and $1.63 billion (1.78 per cent) in cash and cash equivalents. The percentage share of each component of investment, compared with 2020, is shown in figure II.II.

Figure II.II
Share of components in the fair value of investments in 2021, compared with 2020
(Percentage)



Source: Board formulation based on United Nations Joint Staff Pension Fund financial statements.

13. As at 31 December 2021, investments were distributed in more than 90 countries. The largest concentration of investments was allocated in the United States of America, corresponding to 66.01 per cent of total investments, followed by China with 4.11 per cent, Japan with 3.48 per cent and the United Kingdom of Great Britain and Northern Ireland with 3.25 per cent. The geographical distribution of the portfolio (by counterparty's place of primary listing) is illustrated in figure II.III. Consequently, most investments were allotted to emerging markets in North America (67.82 per cent), Europe (12.15 per cent) and Asia and the Pacific (10.35 per cent).

Figure II.III
Geographical distribution of investments as at 31 December 2021, by counterparty's place of primary listing

Source: Board formulation based on data extracted from investment portfolio of the Fund as at 31 December 2021.

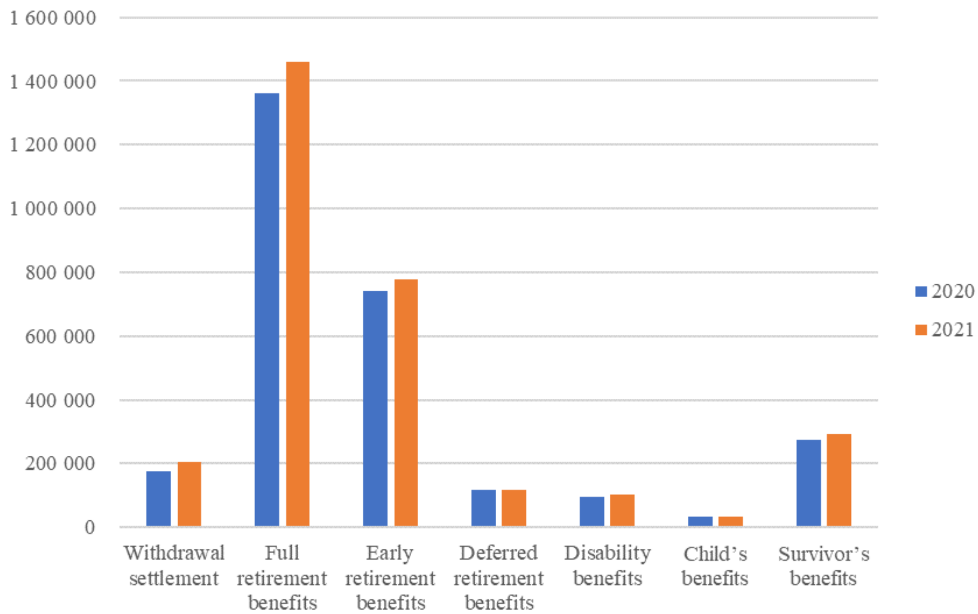
14. In the year 2021, the total investment income of the Fund was $10.05 billion (2020: $9.52 billion), including appreciation in fair value of investments of $8.71 billion (2020: $8.21 billion), which includes foreign exchange income of $0.97 billion (2020: $0.42 billion). Historically, appreciation/depreciation in the fair value of investment has been the driving force for investment income. The other components have in large part remained constant.

15. Other components of the changes in net assets available for benefits were income from services provided to the United Nations ($8.00 million), administrative expenses ($99.01 million) and other expenses ($1.77 million).

Participants and benefits

16. As at 31 December 2021, the Fund had 137,261 participants (2020: 134,632 participants) and 82,312 beneficiaries (2020: 80,346 beneficiaries). In 2021, pension contributions amounted to $2.97 billion (2020: $2.84 billion) and the annual payment of periodic benefits made by the Fund amounted to $2.98 billion (2020: $2.79 billion) and were issued in 15 currencies in some 190 countries. The benefits paid by type of benefit in 2021 and 2020 are shown in figure II.IV.

Figure II.IV
Benefits paid in 2021 by type of benefit, compared with 2020
(Thousands of United States dollars)



Source: Board formulation based on United Nations Joint Staff Pension Fund financial statements.

Financial statements

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

3. Budget management

18. In section E, titled "Budgeting for administrative expenses", of annex II of the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund, concerning the review and approval of the budget, it is established that, in accordance with article 15 (b) (Administrative expenses) of said Regulations and Rules, the Chief Executive of Pension Administration and the Representative of the Secretary-General shall submit the proposed budget for the administrative expenses of the Fund for the following budget period to the Pension Board for its review and endorsement. The General Assembly shall approve the budget for the administrative expenses endorsed by the Pension Board, as well as the report of the Advisory Committee on Administrative and Budgetary Questions, thereon.

19. The proposed budget for the administrative expenses for 2021 considered four estimates related to the Pension Administration, the Office of Investment Management, the secretariat of the Pension Board and external and/or internal audit. In turn, two indicators were included in the 15-day benchmark for the Pension Administration and the Fund's long-term return objective of an annualized 3.5 per cent real return for the Office.

20. The General Assembly, in its resolution 75/246, approved the estimates of $111.21 million for the administration of the Fund for 2021.

(a) Significant variances between budget allocations and expenditure

21. The Board compared budget allocations against actual expenditure and noted that, in the past two budgetary periods (2018–2019 and 2020), the actual amounts had been lower than the appropriations by 9.47 per cent for 2018–2019 and by 11.21 per cent for 2020, as shown in table II.1. For 2021, expenditure as at 31 December 2021 followed the same trend from previous years, with underexpenditure of $11.61 million, or 10.44 per cent.

Table II.1
Comparison of budget and actual amounts in relation to administrative expenses, 2018–2021
(Thousands of United States dollars)

Budget year	*Appropriation*	*Actuals on a comparable basis*	*Variance*	*Percentage*
2018–2019	191 659.8	173 507.8	(18 152.0)	(9.47)
2020	100 681.3	89 395.5	(11 285.8)	(11.21)
2021	111 212.7	99 601.9	(11 610.8)	(10.44)

Source: Based on data extracted from the financial statements from 2018 to 2021.

22. It was noted that, for the Pension Administration, other staff costs and general operating expenses had underexpenditure greater than $1 million in 2020. For 2021, other staff costs and general operating expenses had underexpenditure of $2.38 million and $7.43 million, respectively.

23. With regard to the Office of Investment Management, general operating expenses had underexpenditure greater than $1 million in 2019 and 2020. For 2021, posts and other staff costs had underexpenditure of $1.91 million and $0.90 million, respectively.

24. The Board is concerned that the Fund is not undertaking an optimal allocation of resources in its budget proposals according to trends in recent years, which may lead to inaccurate budget estimates and show savings, instead of the Fund proposing a budget more adjusted to its execution.

25. With regard to the above, the Fund has stated that its budget should be considered an approved reasonable ceiling to meet the expenses necessary to support the operation and administration of the Fund.

26. The Board is of the opinion that the Fund's budget formulation could improve in order to be more accurate and better adjusted to actual expenditure made in the execution period.

27. **The Board recommends that the Fund carry out an analysis of the categories that present the most significant differences between what is approved and what is executed, to improve the budgetary estimates and thus make budget proposals more accurate and better adjusted to actual expenditure made in the execution period.**

28. The Fund accepted the recommendation.

(b) Lack of key performance indicators linked to the estimated budget categories

29. With respect to performance indicators, while two measures were included in the 2021 budget proposal,[3] the Board observed the absence of key performance indicators linked to the estimated budget categories in order to ensure optimal resource allocation, in accordance with the Fund's annual operations.

30. Given that the Fund's client base is growing and that investments have been rising in the past years, an increase is expected in the number of reconciliations of contributions, client services, benefits awarded, investment transactions and research analysis, among others, as shown in table II.2.

Table II.2
Trend analysis for key aspects of the Fund, 2018–2020

	Year		
	2018	*2019*	*2020*
Total investments (thousands of United States dollars)	60 874 700	71 549 974	80 891 308
Member organizations	23	24	25
Number of participants	128 594	131 583	134 632
Number of periodic benefits	78 716	79 975	80 436

Source: Based on data extracted from the financial statements from 2018 to 2020.

31. The Board considers that not having key performance indicators linked with the categories does not allow the Fund to determine and justify in the budget proposals the resource requirements for the Fund's annual operations.

32. **The Board recommends that the Fund define and implement key performance indicators linked to the main budgetary categories, for example, staff costs and contractual services, to determine and justify the resource requirements with the governance bodies.**

33. The Pension Administration accepted the recommendation.

(c) Extended budget process

34. The Board noticed that the budget process for 2021 had been carried out according to the milestones and dates indicated in table II.3.

Table II.3
Milestones and dates for formulation and approval of the 2021 budget

Milestone	*Date*
Preparation of proposed budget for 2021	7 February to 31 May 2020
Chief Executive of Pension Administration/ Representative of the Secretary-General approval	2 June 2020
Pension Board review	26 August 2020

[3] The benchmarks included correspond to the 15-day benefit processing of initial separations for the Pension Administration and the Fund's long-term return objective of an annualized 3.5 per cent real return for the Office of Investment Management.

Milestone	*Date*
Advisory Committee on Administrative and Budgetary Questions review	18 November 2020
Fifth Committee review	1 December 2020
General Assembly approval	31 December 2020

Source: Based on data extracted from the support information provided by the Fund and the entity's response.

35. The Board observed that the entire process of formulation and approval of the 2021 budget had lasted approximately 11 months in 2020. The same situation occurred in the 2020 budget. The Board also identified that some budget commitments had to be charged in Umoja in part before the final approval that was held on 31 December 2020, to meet the obligations at the beginning of January 2021, owing to the length of the final approval process by the governance bodies.

36. The Board deems that, because the Fund formulates an annual budget, the extended period between budget formulation and approval may lead to planning and scheduling difficulties, given that activities and commitments need to be determined in advance in order to be carried out in the first months of the year to comply with the approved budget.

37. The Board acknowledges that the budget is subject to the General Assembly resolutions governing the established budgetary procedures and methodologies for budgeting at the United Nations, namely, resolutions 41/213 and 42/211. The Board encourages the Fund to continue to work with its governing bodies to meet the budgetary stages in a timely manner.

4. Pension Administration

Deficiencies in the implementation of the 2021–2023 strategic plan

38. The 2021–2023 strategic plan for the Pension Administration was introduced by the Chief Executive of Pension Administration to the Pension Board at its sixty-seventh session (A/75/9) in July 2020, and it was welcomed by the General Assembly in its resolution 75/246. The strategic plan is based on three pillars:

(a) Simplify client's experience;

(b) Modernize pension services;

(c) Develop a strong global partnership network.

39. The strategy of the Pension Administration for 2021–2023 was established in a document titled "CARE" in which the objectives, enablers, actions, outcomes and measures of success for each pillar are outlined.

40. The Board observed that, almost 11 months since the start of the implementation of the 2021–2023 strategic plan, the Pension Administration had a list of projects related to the strategy. However. there was no formal action plan on the part of the Pension Administration that would encompass and allow for the operationalization of all the objectives, actions and outcomes in the strategic plan in order to achieve them in the defined period.

41. The Board noted that the measures designed for the success of the strategic plan did not ensure that the defined outcomes were fully achieved as expected, nor was the

fulfilment of the objectives established for each pillar in the overall strategic plan verified.

42. The Board also identified that the Pension Administration had not carried out an analysis or study to determine the critical success factors and the most appropriate metrics for each pillar of the strategy. At the end of 2021, there was no definition of the key results indicators nor were there key performance indicators to measure each pillar of the strategy.

43. The Fund stated that a strategic deployment framework had been developed and translated into a comprehensive list of strategic projects and that a project management office had been established to assist in the management and monitoring of the execution of approved projects and reporting on their status.

44. The Board is concerned that the absence of an action plan one year into the implementation of the strategic plan may lead to difficulties in determining the achievement of the objectives that are expected to be met within the remaining two-year period of the strategy.

45. The Board considers that any strategic planning process should consider the design and implementation of key results indicators and key performance indicators. The key results indicators would measure results on a monthly, quarterly or semi-annual basis, and, as the name indicates, these are results-oriented and can be taken only as measures to improve what has already happened. Key performance indicators can be measured by management round the clock, weekly or biweekly. Therefore, improvements can be made quickly.

46. The Board is of the view that the lack of indicators may hinder their tracking and measurement and would not allow them to be used for internal decision-making or to enhance accountability towards the Fund's stakeholders.

47. The best practices in this regard are that the benefits of ascertaining an organization's critical success factors and the associated performance measures give clarity of purpose, from aligning daily staff action to the organization's critical success factors and improving performance to having fewer and more meaningful measures and creating wider ownership, empowerment and fulfilment at all levels of the organization.

48. **The Board recommends that the Pension Administration finalize and implement a formal action plan for each pillar of the strategy, which includes critical success factors, objectives, activities, projects, milestones, staff responsible, key results indicators and key performance indicators.**

49. **The Board recommends that the Pension Administration enhance the monitoring and regular review of the workplan to ensure the fulfilment of the strategic plan in the remaining period.**

50. **The Board recommends that the Pension Administration develop and implement a dashboard incorporating key results and key performance indicators using a business intelligence technology platform to review and monitor performance and assist in taking corrective action, as required.**

51. The Pension Administration accepted the recommendations

Deficiencies in the operation of the Business Transformation and Accountability Unit and the Data Analysis Unit

52. The Business Transformation and Accountability Unit and the Data Analysis Unit were created and approved by the Pension Board at its sixty-seventh session (A/75/9), in July 2020, and by the General Assembly through its resolution 75/246 in

the framework of the strategy for the period 2021–2023 and the budget proposal for 2021, in order to transform the way in which the Fund operates, increasing efficiency and establishing a more dexterous workplace, through data-driven leadership, critical process improvements, analytics and modern technology solutions.

53. The Pension Board and the General Assembly approved the following broad key functions for each Unit:

(a) The Business Transformation and Accountability Unit will contribute to the second pillar of the strategy, namely, modernizing pension services, so that the Fund is able to build capacity in the areas of business transformation and change management. The Unit will also facilitate the automation and the streamlining of efforts, preventing client delays and removing unnecessary steps, further shifting the Fund's focus from transactional processing to client orientation;

(b) The Data Analysis Unit will contribute to the third pillar of the strategy, namely, developing a strong global partnership network that starts with establishing the Fund as a data-driven organization, and will assist the Fund in identifying important trends and potential performance problems, and support a well-informed decision-making process through a new, dedicated and focused capacity, with a view to ensuring data accuracy and consistency and facilitating the collection, analysis and communication of data.

54. Sixteen months since the approval of the creation of both Units and almost one year after their entry into operation, the Board observed that the Pension Administration had not undertaken adequate planning in terms of defining the functions and responsibilities, and the proposed workplans for each Unit in advance. In that regard, the following situations were identified:

(a) Business Transformation and Accountability Unit:

(i) The functions and responsibilities associated with the new compliance area were still in the process of being defined, as reported by the Fund on November 2021;

(ii) The terms of reference of the risk management and compliance areas had not been formalized;

(iii) The workplan of the Unit was conceived and had been submitted on 29 November 2021, nine months after the entry into operation of the Unit. In addition, the workplan was still in the process of being defined with respect to the new compliance area at the end of the year;

(iv) With regard to the activities related to the compliance area, the Pension Administration did not provide evidence of the activities carried out during 2021 in terms of tracking and reporting adherence to certain regulations, policies, guidelines, procedures, activities and internal controls;

(v) No indicators had been defined to measure the performance of each of the Unit's areas and to evaluate their contribution to the three pillars of the strategy;

(b) Data Analysis Unit:

(i) Since its entry into operation, no major changes had been noted since the creation of the Unit. The terms of reference and the functions and responsibilities that would govern the Unit had not yet been formalized nor approved;

(ii) The workplan of the Unit was conceived and had been submitted on 4 January 2022, one year after the entry into operation of the Unit. The workplan listed the activities to be carried out between 2021 and 2022, without details of specific tasks and deadlines;

(iii) No indicators had been defined to measure the performance of the Unit and to evaluate its contribution to the three pillars of the 2021–2023 strategy by establishing the Fund as a data-driven organization.

55. The Board considers the fact that the Units have operated for almost one year and continue to operate without having defined activities in the short term may delay or hinder the fulfilment of the objectives for which both Units were created.

56. The Board is concerned that the lack of a clear definition of functions and responsibilities, workplans and performance indicators of the Units may lead to difficulties in quantifying their impact and contribution to the achievement of the 2021–2023 strategy, considering that the Pension Administration has already completed the first year of the strategic plan.

57. **The Board recommends that the Pension Administration take the measures necessary to further define the functions and responsibilities and the terms of reference for both the Business Transformation and Accountability Unit and the Data Analysis Unit.**

58. **The Board recommends that the Pension Administration finalize and formalize the workplans, including activities, responsibilities and timelines, given the remaining two years of the strategy, for the Business Transformation and Accountability Unit and the Data Analysis Unit and monitor the progress on and achievement of the objectives of the Units.**

59. **The Board recommends that the Pension Administration set key performance indicators for the Business Transformation and Accountability Unit and the Data Analysis Unit in order to measure their performance and contribution to the achievement of the strategy.**

60. The Pension Administration accepted the recommendations.

Data-quality issues remaining in 2021

61. In accordance with article 12 of the Regulations of the Fund, revised in 2021, the Pension Board shall ensure an actuarial valuation of the Fund, at least once every three years, prepared by the Consulting Actuary.

62. The Fund performed a full actuarial valuation in 2021 on the basis of census data on the participants and beneficiaries as at 31 December 2021. The census data are composed of key fields for the actuarial calculation and the underlying data relevant to the operation of the Fund in the processing of benefits.

63. In 2020 the Board carried out a review of the census data provided to the Consulting Actuary to perform the actuarial valuation as at 31 December 2019. Three recommendations were included in the Board's report of 2020 (see A/76/5/Add.16). Two of them remain under implementation by the Fund.

64. In the framework of the strategic plan for 2021–2023 and the budget proposal for 2021, the Fund created the Data Analysis Unit in order to "transform the way the Fund operates, increasing efficiency and establishing a more dexterous workplace, through data-driven leadership, critical process improvement, analytics and modern technology solutions". Accordingly, the functions of the new Unit would include action to improve the quality of the census data.

65. During the audit period, the Board reviewed the census data provided to the Consulting Actuary to perform the actuarial valuation as at 31 December 2021, applying similar procedures carried out in 2020 on the 2019 census data.

66. Through a sample review, the Board compared the information contained in the data of participants and beneficiaries for the actuarial valuation with the supporting documentation in the Integrated Pension Administration System.

67. From the review carried out, the following data-quality issues were detected:

(a) Records had the same date of birth for different children and spouses;

(b) The number of children per participant may be erroneously registered;

(c) Records of deceased participants had no date of death;

(d) Records in which there was more than one identification number for the same name;

(e) Records contained null values on the last contribution date for active and non-deceased persons;

(f) Records contained null values or erroneous information on the pensionable remuneration rates;

(g) Records contained null values or erroneous information on two-track benefits.

68. It is important to mention that the Consulting Actuary uses the data provided by the Fund and can adjust and make assumptions concerning the missing data, but not the erroneous data.

69. The Fund pointed out that the data-quality issues were not relevant for the actuarial valuation and did not have an impact on the processing of benefits. Ongoing data-quality issues will continue to be addressed by relevant functions through a coordinated effort.

70. The Board acknowledges the progress made by the Pension Administration to identify and fix the data-quality issues in the census data during the processing of benefits according to the benefit creation procedure. However, it believes that the Fund's data still have scope for improvement to ensure the completeness, accuracy and reliability of the census data used to determine the analysis experience and actuarial valuation and for benefits processing.

71. The Board considers that the Data Analysis Unit should have a leading role in the data governance framework and data quality for the entire Fund, as defined in the 2021–2023 strategic plan.

72. **The Board recommends that the Pension Administration develop and implement an action plan in the short term to fix erroneous, missing and incomplete data with business owners of the different processes that input data into the Integrated Pension Administration System, to ensure that the information is accurate for the actuarial valuation and benefits processing by the Fund.**

73. The Pension Administration accepted the recommendation.

Lack of benchmarks for certain types of benefits calculations and other key processes

74. In part V (Benefits) of the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund, all the types of benefits that are available are established: retirement, early retirement, deferred retirement, withdrawal settlement, deferment of payment or choice of benefit, disability benefit, widow's benefit, widower's benefit, divorced surviving spouse's benefit, spouses married after separation, child's benefit, secondary dependant's benefit, residual settlement, limitation of entitlements during leave without pay, and effect of re-entry

into participation. All these types of benefits are processed by the Pension Entitlements Section.

75. In July 2020, the Pension Administration approved and implemented the Fund's benchmark methodology for initial separation entitlement cases, which establishes that initial separation cases that require immediate payment are benchmarked, including retirement, early retirement, disability, withdrawal settlement and survivor's benefits due to death in service. The benchmark for initial separation entitlement cases is to release 75 per cent of the cases every month within 15 business days.

76. The Board verified that the Pension Administration had not implemented benchmarks to measure the processing times for some of the benefits contemplated in the above-mentioned regulations and rules. In that regard, it was verified that the benchmark referred to in the paragraph above covered the benefits related to retirement, early retirement, disability, withdrawal settlement and survivor's benefits due to death in service only when they were initial separation cases, while the rest of the benefits and those not belonging to initial separation cases, were not covered. The Board also observed that workflows from pending processing, such as not-ready-for-payment and inventory cases, although they were tracked, were not being measured to verify their actual processing times and did not show progress in terms of workflows.

77. The Board further observed that the processing times of other key processes that were related to participants and that did not depend on the Pension Entitlement Section, such as restoration, validation and transfers in and out, had not been measured.

78. The Board is concerned that the lack of a comprehensive view of the overall performance in the processing of key benefits and other processes could affect decision-making at the operational and strategic levels of the Fund.

79. The Board considers that having benchmarks to monitor the progress of all the workflows, especially for those related to participants and beneficiaries, would be advantageous to the Fund so that it could identify the time needed to perform key processes, process other types of benefits, adopt the measures necessary to address those cases with delays, and deliver more precise and transparent information to the Fund's stakeholders.

80. **The Board recommends that the Pension Administration broaden the established benchmarks for main benefits and other key processes, especially those related to participants and beneficiaries, with the purpose of measuring and knowing the overall performance of the Fund better.**

81. The Pension Administration accepted the recommendation.

Mandatory age of separation

82. The mandatory age of separation is the age at which staff members must be separated from the service of their employing United Nations organization as set pursuant to the Staff Regulations and Rules of the United Nations. In that regard, the General Assembly, in its resolution 72/254, adopted an amendment to regulation 9.2 of the Staff Regulations and Rules of the United Nations (ST/SGB/2018/1) that promulgates the mandatory age of retirement at 65 for all staff as from 1 January 2018. The Secretary-General may, in the interest of the Organization, retain staff members in service beyond this age limit in exceptional cases.

83. The Board reviewed the list of the Fund's participants used for the actuarial valuation as at 31 December 2021 and noted that, on the basis of the mandatory age of separation, 692 participants were 65 years old or above. Of those, 533 participants were United Nations employees; however, some of those participants could be in the

process of separating from the Organization or fall under the exceptions admitted pursuant to the Staff Regulations and Rules.

84. The Board acknowledges that the Fund does not have any decision on when a staff member retires, and each member organization is responsible for managing their human resources including adherence to the relevant staff regulations on mandatory age of separation, retention of service beyond the mandatory age of separation and the employment of retirees.

85. However, the Board considers that it would be beneficial for the Fund to be aware of the number of participants who are expected to separate from the member organizations, in order to analyse how this could affect the Fund's obligations, future contributions, actuarial valuation, benefits payments and investment strategy in the short or medium term.

86. **The Board recommends that the Pension Administration carry out an analysis and issue a management information report on the age profile of the Fund's participants.**

87. The Pension Administration accepted the recommendation.

Absence of synchronization of human resources and financial interfaces

88. Early in 2012, the Fund established the pension interface programme approved by the Pension Board to centrally oversee a series of interface projects and to monitor and manage them collectively to achieve the goals of the Fund.

89. The Fund implemented the human resources interface, which contains demographic information. This interface operates between the member organizations' enterprise resource planning systems and the Integrated Pension Administration System for 23 member organizations with more than 300 participants, including 99 per cent of participants' human resources data, which are transmitted electronically.

90. Subsequently and in coordination with the member organizations, the Pension Administration implemented the financial interface for 11 member organizations that contains financial information. The interface also operates between member organizations' enterprise resource planning systems and the Integrated Pension Administration System and has different stages. To date, two of the organizations had onboarded in full and the other nine were in the interim stage of onboarding.

91. In line with the Fund's technical specifications for the monthly financial interface (version 5.6, updated in December 2020), the interface is designed to create a facility for a member organization to provide contribution data on the active participants to the Fund on a monthly basis through electronic transmission.

92. In the section titled "Monthly process flow overview", the following steps are outlined:

(a) There must be one human resources interface batch that is in synch with the financial interface data, normally around the payroll cut-off date;

(b) All the new entries must be provided through the human resources interface, and the new pension numbers must be populated in the financial interface data;

(c) The financial interface should run immediately after the "synched" human resources interface (before the next human resources interface), so that the common interface system can refer to the most relevant human resources data, to perform the verification and reconciliation for the contribution data provided by the member organization.

93. The Board verified that the synchronization between the human resources interface and the financial interface was not coded and implemented in the common interface system as indicated in the technical specifications.

94. The Pension Administration confirmed that the synchronization was not coded into the interface because only two monthly financial interfaces were in place at the time, so they therefore had a procedure in place instead of such synchronization.

95. The Fund stated that it was the responsibility of each member organization to ensure that the data between the human resources and financial interfaces were synchronized before sending the contribution data through the financial interface, and that the Fund should not modify the interfaces' data that were owned by the organizations.

96. The Board observed that such a procedure implied that the Pension Administration had to conduct further verification of any financial data inconsistencies detected between the files provided by the human resources and financial interfaces, and such procedures were extremely time-consuming in terms of analysis and interaction with the member organization.

97. The Board considers that the aim of implementing automatic interfaces is to receive and process the data without the need for further verification, thereby preventing an unnecessary use of time and human resources. Interaction with member organizations should occur only in exceptional situations and not as a matter of course.

98. The Board is of the view that automatic synchronization, as recommended in the technical specifications, contributes to reducing data consistency issues, given that the human resources information is dynamic and that the financial information such as contributions depend on the participant's demographic information provided through the human resources interface.

99. The Board deems that, even though few member organizations have a financial interface, given that it is a process that takes time and requires the commitment of each member organization, the Fund must ensure that information technology developments are made, because having all member organizations fully onboard with the project through the interfaces is in line with the objectives of the Fund, specifically concerning data governance and improving the quality of data.

100. **The Board recommends that the Pension Administration develop and implement automatic synchronization between both interfaces, in order to avoid the reprocessing of files and potential data inconsistencies.**

101. **The Board recommends that the Pension Administration continue to advance and collaborate with the member organizations in the interface implementation project, defining a workplan to increase, in the short term, the financial interfaces of those entities that already have a human resources interface.**

102. The Pension Administration accepted the recommendations.

5. Office of Investment Management

Trade approvals made during annual leave or absences of investment officers

103. Pursuant to section 24 (Authorization for trades/investments) of the investment policy statement, approved in August 2019, and section II (Authorization process) of the investment procedures, approved in June 2020, the internal authorization process requires an approval from two investments officers or other senior officers of the Office of Investment Management for all purchases and sales of securities and other types of investments, including equities, bonds, interest in private market assets (real

estate, private equity, infrastructure and timber), commodities, currencies and short-term investments. The level of officials authorized to approve purchases and sales of securities and other types of investments varies depending on the asset class and the size of the transaction, either as a percentage of assets in the regional group or an absolute dollar amount.

104. During its review, the Board confirmed that the first investment officer was involved in the process of buying or selling the transaction, while the second investment officer approved the transaction through a confirmation in the Bloomberg system.

105. The Board also reviewed and compared the investment transactions for fixed-income and global equities in the Bloomberg system with the list of absences, medical leave and annual leave, among others, as at 30 September 2021. It was verified that 18 fixed-income transactions had been approved in the Bloomberg system by a second investment officer who was on annual leave during that time.

106. The Board observed that the Office of Investment Management had not assigned the backup staff necessary to continue operations, considering that during that period other investment officers of the fixed-income portfolio and the Chief Investment Officer/Director were available.

107. The Board considers that, during such leave periods, business interaction between staff members and the Office of Investment Management should be kept to a minimum and the individual on leave should not participate in any business transactions involving the movement of funds or securities transactions, following the same rules established in the Office's mandatory leave policy.

108. The Board is of the view that the Office of Investment Management should define and have backup staff available during this period for the approval of transactions in the Bloomberg system in order to ensure business continuity.

109. **The Board recommends that the Office of Investment Management establish a procedure and adopt the measures necessary to ensure that investment officers on annual leave or who are absent do not participate in or approve any commercial transaction involving the movement of funds and securities transactions, and that backup staff are in place to ensure that there is no interruption in the process.**

110. **The Board recommends that the Office of Investment Management strengthen and evaluate its current monitoring mechanism over users' accounts in the Bloomberg system in order to keep track of the investment officers who can approve transactions through the system during staff leave or absences.**

111. The Office of Investment Management accepted the recommendations.

Deficiencies in the broker and counterparty procedure

112. In line with the procedure for brokers and counterparties, approved in February 2019, the selection of brokers and other counterparties by the Office of Investment Management is done to ensure they meet the standards through a vetting and approval process. In cases in which the Office believes that such counterparties have failed to comply with the standards or their contractual commitments, appropriate remedial action shall proceed on a case-by-case basis.

113. It is also indicated in the procedure that the risk team will undertake quarterly reviews to compare the list of approved brokers and counterparties and their pre-approved commission rates with the previous quarterly rates and will highlight significant discrepancies, which will subsequently be presented to the Risk Committee with details on such discrepancies and/or relevant findings.

114. Also indicated in the procedure is that the Risk Committee is responsible for considering all aspects of the selection and removal of the Office of Investment Management's brokers and counterparties. The Risk Committee will notify the Best Execution Committee of the selection and/or removal of brokers so that the Risk Committee may update its evaluation.

115. The Board reviewed the procedure for brokers and counterparties, in particular compliance with the standards or contractual commitments and the quarterly monitoring and oversight carried out by the Risk Committee.

116. The Board observed that the current procedure for brokers and counterparties did not reflect how the evaluation of brokers and counterparties was carried out in practice nor the criteria to remove a broker or counterparty. The following was identified:

(a) The procedure did not include which standards or contractual commitments should be evaluated in the event of non-compliance by the brokers or counterparties, with the aim of taking appropriate remedial action;

(b) With regard to quarterly monitoring and oversight, it was identified that only one control was included in the procedure after the selection of the broker or counterparty (i.e., the quarterly review comparisons among the list of approved brokers and counterparties and their pre-approved commission rates compared with the previous quarterly rates). The risk team did not provide evidence of having carried out the review as indicated in the procedure;

(c) As for the removal process, there was no clear definition of which criteria should be used by the Risk Committee to remove a broker or counterparty.

117. The Board considers that the current procedure for brokers and counterparties would not ensure that the brokers and counterparties were being evaluated adequately by the Risk Committee (which is responsible for assessing all aspects of their removal, if applicable), given that this procedure does not include the standards that they should meet nor the reports that the risk team should utilize to carry out the quarterly reviews.

118. The Board is of the view that the quarterly reviews carried out by the risk team should be aligned with the parameters and criteria utilized by the Risk Committee and with those presented in the Best Execution Committee, with the aim that the evaluation and removal of brokers and counterparties are made with previously determined fact-based arguments.

119. **The Board recommends that the Office of Investment Management strengthen and update the current procedure for brokers and counterparties, including the standards that brokers and counterparties need to meet, the reports and reviews currently carried out by the risk team and the Risk Committee and the criteria that need to be weighed and evaluated in the removal of or decision to retain brokers and counterparties.**

120. The Office of Investment Management accepted the recommendation.

Inadequate broker evaluations

121. It is established in section I (Formation, purpose and authority) of the terms of reference of the Best Execution Committee that the Committee is responsible for monitoring the performance and services of the Office of Investment Management's brokers and counterparties in order to ensure the optimal execution of public market transactions to maximize the returns of the Fund. The Committee reviews both direct costs for security execution and indirect costs in terms of the quality execution, as well as the research services provided to the investment teams.

122. In order to perform the monitoring, the Office of Investment Management explained that the trade execution team for equities transactions and the fixed-income team for foreign exchange transactions prepared and submitted to the Best Execution Committee, among other reports, a brokerage evaluation report, which covers three areas, subdivided into nine parameters, to be evaluated: execution (prompt reporting, works trades well, and size restrictions); research services (written reports, meetings and conferences, and access to analysts); and general services (overall response to Office of Investment Management needs, specialized expertise, and clearing and settlement).

123. If, during the evaluation, all areas are evaluated as not satisfactory, then the brokers are removed from the approved list of brokers.

124. The Board reviewed the evaluations undertaken on the 44 brokers for equities and 32 brokers for foreign exchange prepared by the trade execution and fixed-income teams during the first and second quarter of 2021 and subsequently presented to the Best Execution Committee.

125. As a result of the review, it was observed that 18 brokers had been assessed in the brokerage evaluation report during the first and second quarter of 2021, under the criterion “Execution (trades well)”, as satisfactory, with regard to circumstances in which they neither provided such a service nor performed trades in accordance with the Bloomberg investment transaction report.

126. The Board identified the following:

(a) For foreign exchange transactions, 6 of the 32 brokers considered in the foreign exchange brokerage evaluation report were evaluated in the first and the second quarter as satisfactory without transactions in foreign exchange or transactions in another type of instrument, such as equities or fixed income, having been presented;

(b) For equities transactions, 12 of 44 brokers considered in the equities brokerage evaluation report were assessed as satisfactory, of which 4 did not perform trades either in the two-quarter period and 8 did not perform trades either in the first or the second quarter.

127. The Board also noticed that, in order to evaluate according to the areas and parameters in the brokerage evaluation report, each portfolio manager responded to the criteria as satisfactory or not satisfactory in the Best Execution Committee, on the basis of input from the trade execution and fixed-income teams.

128. The Board noted that some brokers had been evaluated for the criteria “trades well” even though they did not perform trades. The Office of Investment Management explained that “good relationships with them are necessary, since some of them were potentially involved in initial public and secondary offerings, and others were involved in highly customized service offerings, among others”.

129. The Board considers that the use of the brokerage evaluation report would not cover the objective of monitoring the current performance and services provided by the brokers and counterparties. In turn, the fact that brokers were evaluated for a service that has not been provided could result in erroneous decisions taken by the Best Execution Committee, which is responsible for such monitoring.

130. The Board deems that brokers and counterparties must be evaluated in accordance with the service provided for each area (execution, research services and general services), and evaluated correctly in the relevant report by the type of service that they provide during that period (equities, fixed income or foreign exchange) and not with another service.

131. The Board is of the view that, even though good relationships are necessary with brokers, the brokerage evaluation criteria for these brokers must be consistent with the parameters under evaluation and avoid consideration of the execution criteria as satisfactory in circumstances in which brokers did not perform transactions during the period under evaluation.

132. **The Board recommends that the Office of Investment Management re-evaluate the current application of the evaluation report used for the evaluation of brokers and counterparties and enhance their monitoring, in order to ensure that these are assessed in accordance with the service or transactions provided during the period under evaluation, with the purpose of measuring actual performance and preventing the Best Execution Committee from making any erroneous decisions.**

133. The Office of Investment Management accepted the recommendation.

Excessive processing time in private markets investment agreements

134. In section III.5.1 (Private markets) of the investment procedures approved in May 2020, it is established that the investment decision process to be followed for investments in private markets comprises the following stages: sourcing, initial review, first-stage memorandum presented to Private Markets Committee for first approval, comprehensive due diligence, second-stage investment memorandum presented to Committee for final approval, and legal negotiations, documentation and final close.

135. In section III.5.2 of the aforementioned procedure, it is established that each private market investment team is responsible for all aspects of its portfolio management, including making recommendations and seeking approval from the Private Markets Committee, negotiating the commercial terms of legal agreements, and executing the purchase and sale of private market investments.

136. Furthermore, the private market investment teams should prepare and present to the Private Markets Committee the approved annual strategic plan, along with a pacing strategy to estimate investment commitments according to geography and risk strategy, in order to meet the overall longer-term goals of the strategic asset allocation to each of the private market's portfolios.

137. The Board reviewed 16 private market investments that had their first capital call during 2021, which represented an amount in capital calls of approximately $425.91 million as at 30 September 2021, and noted that, in two investments, amounting to $69.96 million, the processing time from the first-stage memorandum for first approval to the signing of the agreement exceeded 365 days.

138. In relation to the amounts invested into the portfolio according to geography and risk strategy for 2021, these were presented in the annual strategic plan and pacing strategy and discussed with the Private Markets Committee at its forty-third session and its extraordinary session, in December 2020. The Board observed that those private market investments were sought and approved under a previous annual strategic plan and pacing strategy; however, the investment commitments were signed more than one year later.

139. The Board considers that the processing times of agreements with private funds should not exceed a term beyond a period of one year, given that the investment strategies are associated directly with the amount invested into the portfolio of the annual strategic plan and pacing strategy, which are subject to change and reviewed annually.

140. In addition, the Board is of the view that the private market investment terms may have changed and may no longer meet the objectives proposed in the annual strategic plan presented to the Private Markets Committee, for example, in terms of the investment strategy and market risk, allocation in different regions, the nature of the investment, and the fact that the process ends in a different period than the one that started as from its first approval. In that regard, the above could not be aligned with the overall longer-term goals of strategic asset allocation for each of the private market’s portfolios.

141. **The Board recommends that the Office of Investment Management establish a maximum term in the investment process for private markets as from their first and second approvals to the signing of the agreements of no more than one calendar year, in order for it to be properly aligned with the annual strategic plan and pacing strategy for private markets.**

142. The Office of Investment Management accepted the recommendation.

Deficiencies in the monitoring of external managers’ monthly reports

143. It is stated in the policy on external managers, approved in April 2018, that the Office of Investment Management is responsible for ensuring that all related processes and controls are in line with best practices, in particular concerning monitoring, review and/or termination of external managers.

144. In section II of the aforementioned policy (procedures, monitoring and review process), it is stated that Office of Investment Management staff will track the performance of external managers. In the same section, it is stated that the risk team will carry out external managers’ monthly performance reviews.

145. In terms of monitoring performance, the Office of Investment Management reported that, as part of the new requirements established for external managers in “schedule B” of investment management agreements, as from April 2021, the external managers should provide monthly questionnaires and monthly standard reports for the Fund by email to the Office in order to ensure a timely review.

146. In 2021, there were nine active external managers for the United States, Europe and Japan (small capitalization investments), of which six had been carried over from previous periods and three that were in place through new agreements that had been closed in 2021. As of October 2021, total investments managed by the external managers amounted to $3.9 billion.

147. The Board reviewed the submission of the monthly questionnaires and the Fund’s monthly standard reports requested pursuant to schedule B from the external managers from April (date reported in the new requirements) to October 2021, as well as the review performed by the Office of Investment Management of those reports.

148. During the period analysed, it was observed that the Office of Investment Management had not required or received all monthly questionnaires and monthly standard reports for the Fund and did not carry out all the monthly performance reviews as indicated in the policy on external managers. The following was observed:

(a) Two external managers had not provided the new monthly standard reports pursuant to schedule B under the Investment Management Agreement throughout the entire period. Another external manager had not submitted the monthly standard reports from June to October 2021;

(b) One external manager had not provided the monthly questionnaire throughout the entire period. Another two had not submitted the monthly questionnaire reports for June and September 2021;

(c) Two external managers had not provided the monthly questionnaires and the Fund's monthly standard reports. The Office of Investment Management stated that, in some cases, monthly reports were not necessary, for example, in June and September, because the quarterly reports were issued in the same month and provided more comprehensive information, even though the Office had requested such reports on a monthly basis.

149. The Board considers that the monthly reports requested in line with schedule B of the investment management agreements are part of the current control mechanism in place, given that such information is relevant for the monthly evaluations that need to be carried out as stipulated in the policy on external managers for the external managers team. In other words, if the Office of Investment Management has defined a report with a certain frequency, this means that there is an objective behind it, even when there are other control mechanisms.

150. The Board is of the view that the reports' frequency has different objectives. The receipt of the monthly reports and their subsequent monthly review may allow for deviations in performance to be detected and for action to be taken in a timely manner.

151. The Board deems that it would be beneficial for the Office of Investment Management to have an electronic platform or solution for receiving the reports in order to have a single channel for receiving reports (not through email), to allow for the traceability of reports (submission dates, delays and alerts) for improved documents control and to carry out the monthly review in a more efficient and timely manner, as well as take advantage of new, more efficient and updated technologies.

152. **The Board recommends that the Office of Investment Management evaluate and redesign its current mechanism for monitoring the monthly requirements, in order to ensure that compliance with the monthly review is strictly fulfilled, with the purpose of adopting the measures necessary to address cases in which deviations are detected.**

153. **The Board recommends that the Office of Investment Management develop and implement an electronic platform or solution that allows for the receipt of the reports by external managers in order to track all requirements and delays incurred by each external manager to ensure the timely review by the Office.**

154. The Office of Investment Management accepted the recommendations.

Need for increasing the frequency of reviews of user access

155. In August 2021, the Office of Investment Management approved the access control procedure (version 1.4), with the purpose of defining the existing standards, procedures and technical measures to control access to Office systems.

156. In section 4.2.2 (User termination) of the aforementioned procedure, it is stated that the termination of access rights can be initiated either by the Office of Investment Management administration group if the staff member is leaving the section (resignation, retirement, termination of contract or transfer to another department) or by the chief of section, if it is decided that the user is no longer required to have access to Office systems.

157. In addition, under the procedure it is established that "the active directory accounts are disabled three months after creation, if there is no user activity".

158. In section 2.1 (Normative references) of the procedure, it is set out that it uses as a reference the standard established in the International Organization for Standardization 27002:2013 (Information technology – Security techniques – Code of practice for information security controls).

159. In this regard, it is established in section 9.2.1 of the standard, on user registration and deregistration, that the process for managing user identifications should immediately disable those 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.

160. The Board verified with the Bloomberg system administrator that the process to request the cancellation of access to the systems of those users who are no longer part of the Office of Investment Management could be initiated either by the Office's administration group or by the chief of section in accordance with the access control procedure. The procedure also includes a quarterly review with respect to disabling the active directory accounts, that is, after 90 days, if there is no user activity. The information security operations and monitoring process procedure (version 1.2) also considers a quarterly review of user access.

161. The Board noted that the access control procedure regarding user termination did not contemplate intermediate reviews (before 90 days), bearing in mind that staff could have left the organization or relocated to other functions long before 90 days and that the Office of Investment Management administration group or the chief of section may not have notified the information technology team of the cancellation of access promptly.

162. The Board also observed that the situation became even more relevant owing to the COVID-19 pandemic, during which Office of Investment Management staff was telecommuting and therefore had remote access to the Bloomberg system through various mobile devices.

163. The Board is of the view that there is scope for improvement in the frequency of the controls over terminated user accounts in the Bloomberg system. Given that they are currently not established nor are they aligned with International Organization for Standardization standard 27002:2013 that is used as a reference, with respect to the immediate disabling or removal of identifications of users who have left the organization and to the periodic identification and removal or disabling of terminated user identifications.

164. The Board considers that this situation would result in a potential risk that a person separated from the Office of Investment Management could still have access to the Bloomberg system and could make use of confidential information and disclose it.

165. **The Board recommends that the Office of Investment Management increase the frequency of user access reviews and update version 1.4 of the access control procedure and version 1.2 of the information security operations and monitoring process procedure.**

166. The Office of Investment Management accepted the recommendation.

C. Disclosures by management

1. Write-off of losses of cash, receivables and property

167. During the year 2021, the Pension Administration recorded receivable write-offs for $1,504,604.92 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

168. The Fund reported to the Board that there were no ex gratia payments in 2021.

3. Cases of fraud and presumptive fraud

169. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularity, including those resulting from fraud. The audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

170. During the audit, the Board made enquiries to management regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that management had identified or that had been brought to their attention. The Board also enquired whether management had any knowledge of any actual, suspected or alleged fraud, and this included enquiries of the Office of Internal Audit and Investigations. The additional terms of reference governing external audits included cases of fraud and presumptive fraud in the list of matters that should be referred to in its report.

171. The Fund reported that there was no case of fraud and presumptive fraud related to the staff of the Fund for the financial year ended 31 December 2021.

D. Acknowledgement

172. The Board expresses its sincere appreciation and gratitude to 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 for the assistance and cooperation extended during the conduct of the audit.

(*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

21 July 2022

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2020

No.	*Audit report year*	*Report reference*	*Recommendation*	*Management response*	*Board's assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
1	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 Integrated Pension Administration System audit report was delivered in December 2021, and during the first quarter of 2022 the Pension Administration presented the audit results and the action plan to address the recommendations to the Pension Board Audit Committee.	The Board verified that the Pension Administration had carried out an audit of the Integrated Pension Administration System and prepared an action plan to address the deficiencies and issues identified in the system to be corrected. Hence, this recommendation is considered to have been implemented.	X			
2	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 Pension Administration reported that end-user testing for the signature build had been completed and that the system was in use. User acceptance testing for the signature build was close to completion, with full deployment of the signature build planned for June 2022.	The Board acknowledges the progress that has been made by the Pension Administration; however, as long as the automatic signature verification system has not been launched and implemented, the recommendation remains under implementation.		X		
3	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 critical software was implemented and is working well. The Office of Investment Management understands that the recommendation was implemented because it went through the plan according to the internal policies and went through the request for proposal process. The contract needed to be amended because, owing to another project, new benchmarks needed to be added to the contract. For that reason, the contract remains under negotiations with the vendor.	The Board verified that the Office of Investment Management was acquiring the Bloomberg system as a critical software for trade order management; however, the negotiations regarding and sign-off of the contract are under the control of the Procurement Division. Accordingly, this recommendation is considered to have been overtaken by events.				X

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
4	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.	A system platform was implemented as from 1 April 2022 for the automation of the entire alternative investment process.	The Board verified that the Office of Investment Management had implemented a new system platform to carry out, in real time, the registration and monitoring of investments in real assets and alternative investments. Therefore, the recommendation is considered to have been implemented.	X			
5	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.	A system platform was implemented as from 1 April 2022 for the automation of the entire alternative investment process.	The Board verified through a demonstration of the new system platform that the information on each transaction carried out by the Office of Investment Management, such as amounts, instructions and administration fees, had been recorded in the system. Hence, the recommendation is considered to have been implemented.	X			
6	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.	A system platform was implemented as from 1 April 2022 for the automation of the entire alternative investment process.	The Board verified through a demonstration of the new system platform that the investing process was traceable and that the information had been compared with the information maintained in the independent master record keeper's official book of records. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
7	2019	A/75/5/Add.16, chap. II, para. 35	The Board recommends that the Fund establish a procedure to uniform criteria, evaluation process and the granting of resources for the emergency fund, which would allow more transparency and consistency for the decisions taken by the Fund's management.	The Pension Administration updated the processing guidelines to align the evaluation criteria for emergency fund assistance applied in its offices in New York and Geneva. Updated procedures have been disseminated to client services staff in New York and Geneva.	The Board verified that the Pension Administration had established a procedure for uniform criteria and evaluation, for granting emergency fund assistance. Hence, the recommendation is considered to have been implemented.	X			
8	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 the recommendation, the Office of Investment Management updated the investment procedures, but the revised investment policy statement is pending approval.	The Board deems that the investment policy statement draft does not include the issues regarding the policy on the operations and risk management of external managers and therefore considers that this recommendation remains under implementation.		X		
9	2019	A/75/5/Add.16, chap. II, para. 144	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.	In response to the recommendation, a procedure was implemented to ensure that all staff members of the Office of Investment Management complete the mandatory learning programme within six months after joining the Organization. As a result, all Office staff are up to date with the mandatory learning requirements.	The Board verified that all staff members had completed their mandatory training. Hence, this recommendation is considered to have been implemented.	X			
10	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 methodology that allows for the tracking all investment commitments to be disclosed in the financial statement at any time of the year.	A system platform was implemented as from 1 April 2022 for the automation of the entire alternative investment process.	The Board verified that all investments commitments for the year 2021 had been recorded by the Office of Investment Management in the new system. Hence, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
11	2019	A/75/5/Add.16, chap. II, para. 154	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 in the notes to the financial statements.	A system platform was implemented as from 1 April 2022 for the automation of the entire alternative investment process. The procedure is under implementation.	The Board acknowledges the progress that was made by the Office of Investment Management; however, given that the procedure presented to the Board was not approved or implemented, this recommendation remains under implementation.		X		
12	2019	A/75/5/Add.16, chap. II, para. 160	The Board recommends that the Office of Investment Management develop a digital repository/file with all 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.	The Office of Investment Management is reviewing the best alternatives in order to develop a digital repository 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.	The Board acknowledges the progress that was made by the Office of Investment Management; however, the development of a digital repository/file is in progress in the new system platform. Hence, the Board considers that the recommendation is under implementation.		X		
13	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 of real assets and alternative investments.	As soon as the revised investment policy statement is approved, the investment procedure will also be updated to reflect needed changes and to include a detailed procedure that establishes the process to close agreements.	The Board acknowledges the progress made by the Office of Investment Management; however, the investment policy statement was not approved and the investment procedure does not include the stages to close an agreement of real assets and alternative investments. Therefore, this recommendation remains under implementation.		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
14	2020	A/76/5/Add.16, chap. II, para. 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.	The Fund issued a procedure for the determination of the level of liquid funds to be held in Pension Administration bank accounts for the payment of the expenses of the Fund, including the amounts required for business continuity and disaster recovery. The procedure documents long-standing practices executed by the Pension Administration and the Office of Investment Management.	The Board verified that the Pension Administration had established a procedure to estimate the level of liquid funds necessary for the payment of the expenses of the Fund, in order to transfer surplus funds to the Office of Investment Management. Therefore, this recommendation is considered to have been implemented.	X			
15	2020	A/76/5/Add.16, chap. II, para. 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.	The Pension Administration will address this audit recommendation in the context of the development and implementation of the data governance framework, which will include a continued focus on data quality. A data-quality improvement project is under way.	The Board acknowledges the progress made by the Pension Administration on the matter. However, inconsistencies in the census data persist and the data-quality improvement project remains under development. Hence, the recommendation remains under implementation.		X		
16	2020	A/76/5/Add.16, chap. II, para. 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	During 2021, the Consulting Actuary reviewed and identified the census data fields that were essential to the actuarial valuation. This list of essential data fields would be used to assess the criticality of data-quality issues in future valuations. Actuarial methods would be applied by the	The Board verified that the Pension Administration had defined the essential data fields for the actuarial valuation 2021 as determined by the Consulting Actuary. However, the Pension Administration has not performed an analysis to define the circumstances in which the		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			make the criteria used transparent for future reviews.	Consulting Actuary to address any data issues identified. At the same time, the Fund continues to maintain the data set to address or prevent data issues, in particular those related to essential data fields.	inconsistencies in the key data used for the actuarial valuation become material and defined tolerance thresholds in order to make the used criteria transparent for future reviews. Hence, the recommendation remains under implementation.				
17	2020	A/76/5/Add.16, chap. II, para. 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.	The Consulting Actuary conducted an analysis of potential COVID-19 mortality impact on the Fund, which was reviewed by the Fund Solvency and Assets and Liabilities Monitoring Committee and the Committee of Actuaries, and subsequently presented to the Pension Board. The study concluded that, on balance, weighing all factors, COVID-19 was not a reason to change mortality base tables and that there were insufficient data to warrant modifying projection scales. Demographic and economic impact is expected to be seen in the longer term (i.e., mortality experience or number of separations). On this basis, the impact of COVID-19 will continue to be reviewed in the coming years in the light of the ongoing nature of the pandemic.	The Board verified that the Pension Administration had evaluated the impact of COVID-19 on the experience analysis and actuarial valuation. To address this, the Consulting Actuary carried out an analysis of the potential COVID-19 pandemic mortality impact for the Fund. Hence, the recommendation is considered to have been implemented.	X			
18	2020	A/76/5/Add.16, chap. II, para. 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	For reconciliation purposes, starting in 2021, the Data Analysis Unit adopted software R, which allows for the systematic assessment of the quality of data and identification of inconsistencies in an efficient manner. This powerful tool simplified the reconciliation	The Board verified that the Pension Administration had implemented software R to simplify the reconciliation process for the census data. Hence, this recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			process, guaranteeing the reliability of the validation process for both the Data Analysis and Legal Services Section and the Financial Services.	process while allowing for proper recording of the steps performed. The process can be repeated annually with minimal manual intervention. Complementarily, the Fund is developing a census data business intelligence dashboard.					
19	2020	A/76/5/Add.16, chap. II, para. 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.	The Fund's human resources officers and the Chief of the Accounts Section prepared and issued a procedure for the review of the post-employment benefits census data. The procedure provides details on the reports generated from the review performed.	The Board verified that the Pension Administration had developed a procedure. Nevertheless, it has not been implemented for the review of the after-service health insurance census data for the valuation in 2021. Therefore, the recommendation remains under implementation.		X		
20	2020	A/76/5/Add.16, chap. II, para. 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.	The Pension Administration prepared and issued a procedure for the review of the post-employment benefits census data. The procedure provides details on the reports generated from the review performed.	The Pension Administration did not issue an official report with the results of the review and the adjustments made to the after-service health insurance census data. Therefore, the recommendation remains under implementation.		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
21	2020	A/76/5/Add.16, chap. II, para. 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.	The Enterprise Security Unit conducts quarterly user access reviews that address the audit recommendation. The Information Management Systems Service requests a meeting with the Board to explain the process.	The Board carried out a review to check the user accounts in the Integrated Pension Administration System and the active directory with respect to the staff list to date, and no deficiencies were identified. Therefore, the recommendation is considered to have been implemented.	X			
22	2020	A/76/5/Add.16, chap. II, para. 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.	The Pension Administration confirmed that it was possible to change the "naming/label" of the role in V3. The Enterprise Security Unit implemented the corresponding change in V3PROD.	The Board verified through the Integrated Pension Administration System that the high-level and read-only profiles and roles had been changed. Hence, this recommendation is considered to have been implemented.	X			
23	2020	A/76/5/Add.16, chap. II, para. 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.	The Pension Administration has already implemented the audit recommendation through the adoption and implementation of Microsoft Power business intelligence as a reporting "tool". This tool will continue to be used by the Pension Administration to generate reports with customized parameters at any time of the year. The tool implemented by the Fund was selected to obtain reports from the Integrated Pension Application System's integrated set of applications, which includes the V3 platform as a pension administration transactional system and works closely with the financial suite, namely, Oracle eBusiness, Kofax and related tools. The use of business	The Board verified that the Pension Administration had implemented Microsoft Power business intelligence as a reporting tool for the generation of reports on all information recorded in the Integrated Pension Administration System through customized parameters at any time of the year, considering the different stakeholders, such as payment section, pension entitlements, record management and contributions, among others. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				intelligence also avoids possible performance issues when generating and extracting reports from V3.					
24	2020	A/76/5/Add.16, chap. II, para. 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.	The Pension Administration has already implemented the audit recommendation through the adoption and implementation of Microsoft Power business intelligence as a reporting "tool". This tool will continue to be used by the Pension Administration to generate reports with customized parameters at any time of the year. The tool implemented by the Fund was selected to obtain reports from the Integrated Pension Administration System integrated set of applications, which includes the V3 platform as a pension administration transactional system and works closely with the financial suite, namely, Oracle eBusiness, Kofax and related tools. The use of business intelligence also avoids possible performance issues when generating and extracting reports from V3.	The Board verified that the Pension Administration had implemented Microsoft Power business intelligence as a reporting tool in order to obtain the Fund's data on the participants and beneficiaries at a cut-off date at any time of the year. Therefore, the recommendation is considered to have been implemented.	X			
25	2020	A/76/5/Add.16, chap. II, para. 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.	The recommendation is implemented. The Integrated Pension Administration System audit report was delivered in December 2021. The audit report did not contain recommendations specifically related to the System's ability to generate reports. The audit reviewed the business intelligence system but did not make any specific audit recommendations related to business intelligence or reports.	The Board verified that the Integrated Pension Administration System audit report did not find any deficiencies related to evaluating and implementing any potential changes and/or improvements in the system in terms of reportability. Hence, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
26	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management has already implemented this recommendation by including the required annotation in the "supervisor notes" section for each pre-clearance request that is denied in the compliance system.	The Board verified that the Office of Investment Management had included annotations in the ComplySci system explaining the reasons for the rejection of the pre-clearance requests and that the description of the reasons for rejected pre-clearance requests was sufficiently detailed. Therefore, this recommendation is considered to have been implemented.	X			
27	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management will implement the recommendation and estimates a target completion date in 2023.	The Board deems that, because the broker account module has not been enabled in the system, the recommendation remains under implementation.		X		
28	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management has already implemented the recommendation by enabling the gifts, entertainment and outside activities modules in the compliance system. These modules were enabled in February 2021 and evidence of implementation was provided to the Board.	The Board verified that the Office of Investment Management had enabled the gift and entertainment modules 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. Hence, this recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
29	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management revised the reputational risk policy to establish an effective mechanism to address those issues. The policy was approved by the Representative of the Secretary-General on 13 August 2021.	The Board verified that the Office of Investment Management had issued a reputational risk policy in order to establish an effective mechanism to address the reputational risk issues. Therefore, the recommendation is considered to have been implemented.	X			
30	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management revised the reputational risk policy to define the criteria that should be weighed when a reputational risk event arises. This revised policy was approved by the Representative of the Secretary-General on 13 August 2021.	The Board considers that, although the new reputational risk policy was approved, the procedure that defines the required criteria to weight the reputational risk has not been established. Therefore, the recommendation remains under implementation.		X		
31	2020	A/76/5/Add.16, chap. II, para. 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).	The Office of Investment Management revised the reputational risk policy to address those issues. The Office of Investment Management will maintain a permanent and updated record of the reputational risks assessed during the year with the respective action taken in this regard for all activities within the scope of the Office (including vendors, external managers, advisers and other third parties).	The Office of Investment Management provided the reputational risk registry; however, it did not include the respective action taken. Hence, the recommendation remains under implementation.		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
32	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management has already implemented this recommendation. Several solutions have been deployed as part of the continuing commitment to international standards on reputational risk. The reputational risk service tool was introduced in 2018 to systematically identify and assess material environmental, social and governance risks. In addition to the implementation of RepRisk, the Office of Investment Management implemented "MSCI ESG Manager", which is an online environmental, social and governance research and analytics platform that assists in determining how well companies adhere to international norms and principles, and in assessing company strategies, disclosure and performance with respect to these norms and principles. The revised reputational risk policy, which was approved on 13 August 2021, will enhance and align the policy with current practices.	The Board considers that the Office of Investment Management strengthened its commitments regarding international standards on reputational risk and that the reputational risk perspective was incorporated into the investment decision-making process in accordance with the international standards. Therefore, the recommendation is considered to have been implemented.	X			
33	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management approved the policy on external managers on 11 May 2022.	The Board verified that the Office of Investment Management approved the policy on external managers, including the objective and usage of a roster. Hence, this recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
34	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management provided evidence to the Board of the clarified and expanded schedule B "reporting requirements" in the investment management agreements, which was expressed in bullet-point paragraphs, to make the requirements explicit in a table format that itemizes a list of reports, due dates and recipients. This has been standardized and applied across new and existing managers. Any changes can be easily communicated to managers through email, as needed, without having to amend the contract. The scope of the quarterly attestations will be expanded to include all reporting requirements stipulated in the investment management agreements. Previously, quarterly attestations from external managers covered investment parameters. The scope is being broadened to include all contractual obligations related not only to investment parameters.	The Board verified that the Office of Investment Management had defined the reports that would be requested for external managers in schedule B of the contracts for small capitalization investments and align monitoring activities with the external manager policy. Therefore, the recommendation is considered to have been implemented.	X			
35	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management approved the policy on external managers on 11 May 2022.	The Board verified that the Office of Investment Management had approved the policy on external managers, including all control mechanisms in place to ensure effective monitoring. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
36	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management approved the policy on external managers on 11 May 2022.	The Board verified that the Office of Investment Management had approved the policy on external managers, including details on the due diligence process that is performed on external managers, for example, 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. Hence, the recommendation is considered to have been implemented.	X			
37	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management developed a new vendor management framework, and the charter was reviewed and approved by the ICT Steering Committee in June 2021. The implementation of this framework will be rolled out with external vendors and internal owners to ensure a collaborative working relationship and ultimately maximize the value of vendor engagement. The Office will ensure that the non-discretionary external investment advisers will be included in the roll-out and that the evaluation form (annex of the external non-discretionary advisor policy) will be filled out diligently during the regular vendor review.	The Board verified that the Office of Investment Management had developed and approved a new vendor management framework in order to align it with the monitoring activities in the external non-discretionary adviser policy. Therefore, the recommendation is considered to have been implemented.	X			
38	2020	A/76/5/Add.16, chap. II, para. 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	The Office of Investment Management is rolling out the newly defined vendor management framework. The framework will cover performance, relationships and risks of vendors by rationalizing vendors and continuously managing	The Board deems that the new vendor management framework is still in process of implementation. Hence, the recommendation remains under implementation.		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			of external advisers on an ongoing basis, allowing the Office to identify, evaluate and mitigate potential investment, operational and reputational risks.	vendor contracts, performance, relationships, and risk through the defined templates, dashboards and scorecards. The relevant investment teams at the Office of Investment Management, with the support of the Vendor Management Office, will ensure that key risk indicators are clearly defined and monitored for the non-discretionary external investment advisers. In addition to the above, the revised reputational risk policy, which was approved on 13 August 2021 by the Representative of the Secretary-General, will address any aspects relating to reputational risks.					
39	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management investment teams, with the support of the Vendor Management Office, will further review its vendor management framework and templates, along with the external non-discretionary adviser policy, to include additional details regarding the due diligence process specific to non-discretionary external investment advisers.	The Board considers that the external non-discretionary adviser policy does not include the steps of the due diligence process. Therefore, this recommendation remains under implementation.		X		
40	2020	A/76/5/Add.16, chap. II, para. 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	The Office of Investment Management drafted a clear procedure that regulates the Fund's custodian due diligence process.	The Board verified that the Office of Investment Management had approved the new due diligence procedure, including the legal and technical aspects, stages, staff responsible, milestones and evaluation results, among others. Hence, this recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	*Status after verification* Implemented	Under implementation	Not implemented	Overtaken by events
			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.						
41	2020	A/76/5/Add.16, chap. II, para. 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.	The Office of Investment Management implemented the recommendation and 100 per cent of staff are up to date with United Nations mandatory training.	The Board verified that the Office of Investment Management had ensured that all the mandatory courses for staff members of the Office of Investment Management, in particular new employees, were completed, especially the "Ethics and integrity at the United Nations" and "Preventing fraud and corruption at the United Nations" courses. Hence, the recommendation is considered to have been implemented.	X			
Total number of recommendations					**41**	**26**	**14**	**–**	**1**
Percentage of total number of recommendations					**100**	**63**	**34**	**–**	**3**

Annex IX

Financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2021

Chapter III

Certification of the financial statements

Letter dated 13 June 2022 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 2021 have been prepared in accordance with the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund,[4] International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board, and International Accounting Standard 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

[4] The financial rules 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 2021[5]

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 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, under the authority of the 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. 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. The Representative of the Secretary-General has delegated responsibility for the management and accounting of the investments of the Fund and for the management of the Office of Investment Management. The Representative of the Secretary-General exercises this 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 economic 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 United Nations Joint Staff Pension Fund and to improve performance. It can therefore provide only a reasonable but 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 regarding the achievement of the following internal control objectives:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable rules and regulations

[5] The statement of internal control, which accompanies the financial statements, is issued by the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund in accordance with financial rule G.4 of the Fund.

Internal control is a key function of management and an integral part of the overall process of managing operations. United Nations Joint Staff Pension Fund management at all levels therefore has the responsibility to:

- Establish an environment and culture that promotes effective internal control
- Identify and assess risks that may affect the achievement of objectives
- Specify and implement policies, plans, operating standards, procedures, systems and other control activities to manage risks
- Ensure an effective flow of information and communication so that all Fund staff have the information that they need to fulfil their responsibilities
- Monitor the effectiveness of the internal control system

Operating environment of the Fund

The Fund is exposed by its plan design, investments and operations to the fluctuations of financial markets, demographic changes, internal risks related to its operations, and risks affecting its member organizations, service providers or clients located in more than 190 countries. All significant identified risks are captured in formal risk registers, which are subject to regular review by senior managers and internal and external auditors.

Fund risk management and internal control framework

The Fund has implemented a governance structure, management processes and internal and external oversight mechanisms to adequately identify, assess, manage, monitor and report the risks inherent to its operations.

The internal control policy of the Fund defines internal control objectives, components and responsibilities, as well as the roles of management, risk management and compliance functions, internal audit and external audit, in line with the three lines model. 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. The internal control system and the review of its effectiveness is consistent with the criteria established in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

The internal control framework is integrated with and complemented by specific control frameworks to provide reasonable assurance on the use of information, consistent with the Control Objectives for Information and Related Technologies, and its integrity and availability, in accordance with the International Organization for Standardization ISO/IEC 27001 standard.

The enterprise-wide risk management framework adopted by the Fund reflects the nature of its operations and development and its specific requirements. The purpose of the enterprise-wide risk management framework is to identify events that may affect the Fund and manage risk within the Fund's risk appetite. The Fund's risk management framework includes the following components:

- 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) Audit Committee: As an advisory committee of the Pension Board, it provides general oversight and offers recommendations for the Fund's internal and external auditing, and the Fund's risk management and internal control framework;

(ii) Fund Solvency and Assets and Liabilities Monitoring Committee: It advises the Pension Board on risk management, funding policy, asset-liability management and investment policy matters.

- 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 framework methodology complements the policy and defines the steps, roles and responsibilities in the risk management process.
- Risk assessments: The Fund conducts periodic risk assessment exercises and maintains an enterprise risk register, which serves as the basis for defining mitigation strategies or internal controls to address the Fund's key risks. The enterprise risk register is supplemented by detailed risk registers on business continuity risks and information and communications technology (ICT) security risks. Guidelines for the assessment and reporting of project risks were developed to integrate risk management into project management and develop risk registers for projects.
- Risk monitoring: The Enterprise-wide Risk Management Working Group, chaired by the Chief Executive and the Representative of the Secretary-General, includes representatives from all offices, 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 in the implementation of risk management strategies, and monitor and report on the Fund's risk profile.
- Fraud risk assessment: The Pension Administration and the Office of Investment Management perform fraud risk assessments to identify specific fraud schemes and risks, 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

The review of the effectiveness of Fund's internal controls for the year ended 31 December 2021 is supported by:

- Evaluation of internal controls over financial reporting by management, which involved the identification, documentation and evaluation of the design and operational effectiveness testing of internal controls; the preparation and implementation of mitigation plans to address any control deficiencies identified; and assertion letters submitted by key officers in the Pension Administration and the Office of Investment Management, who recognized their responsibility for maintaining and executing effective internal controls and reported any deficiencies identified. Internal control evaluations and assertion letters were reviewed carefully, and action plans to implement corrective actions were prepared, where applicable.
- In accordance with its mandate, the Office of Internal Oversight Services (OIOS) provided assurance that internal controls are adequate and functioning effectively. In the execution of a risk-based audit plan endorsed by the Board's Audit Committee, OIOS conducted audits 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 areas of

responsibility, took appropriate actions to address recommendations resulting from internal audits.

- In accordance with its mandate, the Board of Auditors examined independently the Fund's management, internal controls and financial statements, performing such tests and other procedures as they considered necessary to express an opinion in their 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.
- The review of the results of independent service audits on the controls applied by key service providers, including Northern Trust, the master record keeper for the Fund's investments and the custodian banks for the investments, as well as the United Nations International Computing Centre information and communication technology services and related controls over financial reporting. Service audits concluded that, in all material respects, the controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved.
- In December 2021, the Pension Administration renewed its ISO 27001:2013 Information Security Management System certification for the Integrated Pension Administration System, the scope of which was extended to the digital certificate of entitlement and is valid for three years, until March 2025. In March 2021, the Office of Investment Management obtained certifications for ISO 22301:2019 for the Business Continuity Management System and ISO 27001:2013 for the Information Security Management System. Both certificates are valid for three years, until March 2024. These certifications confirm that information security and business continuity management processes function as expected and effectively meet the requirements of the international standards.

Internal control matters during 2021 and planned action

The review of assertion letters signed by key officers in the Fund, as well as the results of internal and external audits, independent service audits and International Organization for Standardization certification audits, provide assurance on the effectiveness of internal controls. No significant internal control matters were identified; however, the Fund will continue to work on reviewing and improving internal controls, as follows:

1. In its previous report (A/76/5/Add.16), 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, it identified scope for improvements in the areas of cash management, census data, reputational risk, external managers and external advisers. Management accepted and has initiated the implementation of the recommendations made by the Board.

2. Investments and market risks (Office of Investment Management): During 2021, market volatility continued owing to the consequences arising from the coronavirus disease (COVID-19) pandemic and, most recently, to geopolitical crises. The impact of recent market movements and limitations on the convertibility of certain investments will be determined through ongoing monitoring of the markets. The Office of Investment Management also conducted an asset allocation and benchmark study in 2021, and the implementation of the new benchmarks and strategic asset allocation is expected for 2022. In addition, as from 2021 the Fund was compliant with the Global Investment Performance Standards.

3. Risks derived from geopolitical and related crises (shared): The Fund has rapidly acted to minimize the impact of unexpected geopolitical events in various countries on the Fund's investments, operations and clients. Among other responses, the Fund promptly identified and implemented new distribution channels through the United Nations Treasury to ensure continuity of benefit payments and lower banking charges for beneficiaries located in countries affected by disruptions in the international transaction system. The Fund will continue to monitor and take prompt action to mitigate potential risks derived from geopolitical crises.

4. Organizational culture and change management (shared): A leadership culture assessment in line with the United Nations system leadership framework was conducted with the participation of a majority of Fund staff to better understand the leadership culture of the organization and teams. The results of the assessment, the human resources strategy and learning and development guidelines were considered in developing a culture transformation plan. The implementation of culture transformation initiatives will continue over 2022 and is expected to indirectly influence the Fund's internal control environment in a positive manner.

5. Business continuity management (shared): The Fund has continued to respond and adapt to the "future of work" brought about by the COVID-19 pandemic. The Fund monitored and introduced changes to crisis management and business continuity procedures and ICT systems for a hybrid working environment, to ensure the safety of staff and the continuity of operations. Fund staff have gradually returned to work in the Fund's premises in line with United Nations guidance for flexible working arrangements. The introduction of back-up payroll authorization mechanisms, new benefit payments channels and new functionalities in the Fund's member self-service and the digital certificate of entitlement ensured continuity of operations, while maintaining effective controls. In 2022, the Fund will deploy other digitalization initiatives and further strengthen internal controls.

6. ICT Security (shared): The current unpredictable environment and the increased sophistication of possible threats elevate the Fund's exposure to cybersecurity risks. Both the Pension Administration and the Office of Investment Management have obtained ISO27001:2013 Information Security Management System certification to strengthen the organization's cyberposture and maintain mechanisms to prevent and respond to possible cyberthreats. Cybersecurity awareness plans and the assessment of possible cyberrisks will continue in 2022 to increase staff and key stakeholders' awareness on how to respond to possible threats, in particular in the light of staff remote working arrangements

7. Data governance (shared): Both the Pension Administration and the Office of Investment Management have undertaken projects to analyse business functions and data for the development and implementation of a data governance framework. A better understanding of data will allow the Fund to develop a data strategy drawing on the vision of the Secretary-General, to support the Fund's strategy of becoming a data-driven organization and strengthening controls related to privacy and data protection.

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. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

On the basis of the above, we conclude that, to our best knowledge and information, there were no material weaknesses in internal controls, in our respective areas of responsibility, during the year ended 31 December 2021.

We are committed, within the scope of our respective areas of responsibility, to addressing any weaknesses in internal controls identified during the year and to ensuring continuous improvement in internal controls.

(*Signed*) Rosemarie **McClean**
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 Fund

25 April 2022

Chapter IV
Financial overview

A. Introduction

1. The United Nations Joint Staff Pension Fund was established by the United Nations 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 of 31 December 2021, there were 25 member organizations participating in the Fund. All participating organizations and employees contribute to the Fund based on 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 Secretary-General appoints the independent Secretary of the Pension Board on the recommendation of the Pension Board. The Secretary of the Pension Board is responsible for a full range of secretariat conference management and 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 of the Pension Board 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. This includes responsibility for strategic planning and operational direction; 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. Pension Administration staff, under the authority of the Chief Executive, provide technical support services, prepare background documentation and offer 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 of Pension Administration shall perform the functions of the Chief Executive.

5. 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 Fund. The Representative of the Secretary-General shall arrange for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which shall be open to examination by the Pension Board.

B. Financial performance

Changes in net assets available for benefits

6. There was an increase in the net assets available for benefits for the year ended 31 December 2021 of $9,947.9 million (2020: an increase of $9,477.2 million). The increase was attributable primarily to investment income for the year.

7. The investment income for 2021 was $10,047.2 million (2020: $9,516.0 million). Investment income for 2021 comprised mainly a net change in fair value of investments of $8,709.1 million, dividend income of $894.0 million and interest income of $582.8 million. The increase of $531.1 million from prior year was mostly the result of the net change in the fair value of investments.

8. Total contributions (from participants $990.3 million, member organizations $1,969.6 million, and other contributions of $9.4 million) for 2021 were $2,969.3 million (2020: $2,847.1 million), reflecting an increase of $122.1 million (an increase of 4.3 per cent) compared with the 2020 total contributions. The increase is a result of the growth of participants and related compensation.

9. Pension benefits for 2021 of $2,975.8 million (2020: $2,789.0 million) reflected an increase of $186.8 million, or 6.7 per cent, compared with the 2020 benefits. The increase is mainly a result of an increased number of retirements during the year 2021 compared with the year 2020.

10. Administrative expenses for 2021 of $99.0 million (2020 on a comparable basis: $103.2 million) reflected a decrease of $4.2 million (4.1 per cent).

Statement of net assets available for benefits

11. Net assets available for benefits at 31 December 2021 were $91,459.6 million (2020: $81,511.7 million), an increase of $9,947.9 million (12.2 per cent).

12. The fair value of investments at 31 December 2021 was $89,856.1 million (2020: $80,891.3 million), reflecting an increase of $8,964.8 million (11.1 per cent). Details on the investment classes at 31 December 2021 and 31 December 2020 are shown in the table below:

(Millions of United States dollars)

	31 December 2021	*31 December 2020*	*Change*	*Percentage*
Equities	52 022.6	48 245.2	3 777.4	7.8
Fixed income	24 741.9	22 377.5	2 364.4	10.6
Real assets	6 613.9	5 627.4	986.5	17.5
Alternatives and other investments	6 477.7	4 641.2	1 836.5	39.6
Investments	**89 856.1**	**80 891.3**	**8 964.8**	**11.1**

13. Investments and cash and cash equivalents are presented in the following table:

(Millions of United States dollars)

	31 December 2021	*31 December 2020*	*Change*	*Percentage*
Investments	89 856.1	80 891.3	8 964.8	11.1
Cash and cash equivalents	1 625.1	591.6	1 033.5	174.7
Total investments	**91 481.2**	**81 482.9**	**9 998.3**	**12.3**

14. As a result of the COVID-19 pandemic, economic uncertainties have arisen that have the potential to negatively affect the financial condition, operations and cash flows of the Fund. Fund staff in New York, Geneva, Bangkok and Nairobi made the transition to remote working arrangements when office locations were closed owing to pandemic-related measures taken by the Organization in alignment with the guidance of local authorities. All Fund operations continued to fulfil their functions, although in-person visits by plan participants were suspended as from in March 2020. The situation did not change significantly in 2021, although a substantial part of Fund staff returned to work from the office for two days per week in 2021. Pension Administration operations were affected by the limitations of international banking and postal services during 2021 and the first quarter of 2022. The issues were mitigated by identifying and implementing new payment disbursement channels through the Secretariat and replacing paper-based communications with digital communication methods.

15. The events in Ukraine since 24 February 2022 are considered non-adjusting subsequent events. The wide range of financial sanctions imposed on the Russian Federation, including on international payment channels by numerous jurisdictions worldwide, had negative impacts on the financial markets. The Russian rouble reached all-time lows, the Moscow Stock Exchange suspended stock trading, the Central Bank of Russia suspended local custodians' ability to process and settle delivery of securities transactions for certain clients, several publicly listed securities in the Russian Federation have had their listing suspended on certain stock exchanges, and index providers excluded those stocks from market indices. As at 31 December 2021, the Fund's investment at market value in the Russian Federation's securities was $608 million, including equity securities valued at $205 million, fixed-income securities valued at $324 million, one real estate fund valued at $9 million and investments through one private equity fund valued at $70 million. Prior to 24 February 2022, the Fund had sold fixed-income and equity securities for $161 million. As at the date of issuance of these financial statements, the Fund cannot fully determine the negative impact on investments in the Russian Federation owing to uncertainty in the demand for Russian Federation assets, significant volatility in the exchange rate, current capital controls in place, an increased risk premium on Russian Federation assets and the potential for further sanctions.

16. In the first quarter of 2022, the value of the Fund's portfolio declined in line with the market downturn. The portfolio value at the time of the issuance of these financial statements is below the value as at 31 December 2021. The estimated unaudited market value of total investments of the Fund, exclusive of the Pension Administration's cash and cash equivalents, as at 10 June 2022 was approximately $79.4 billion. The Fund expects that the volatility in the markets may persist for the foreseeable future. For additional information and weekly fund performance updates, please refer to the Fund's website (https://www.unjspf.org/the-fund/historical-fund-performance/).

17. Total liabilities of the Fund as at 31 December 2021 were $309.6 million (2020: $274.0 million), an increase of $35.6 million, or 13.0 per cent. The increase in total liabilities was due primarily to the total increase in payable from investments traded of $13.5 million and the total increase of benefits payable by $10.1 million.

C. Actuarial situation of the Fund

18. 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.

19. The actuarial present value of accumulated plan benefits as of 31 December 2021 is as follows:

(Millions of United States dollars)

	If future pension payments are made under the Regulations	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	28 176	36 784
Vested terminated participants	1 066	1 810
Active participants	19 477	26 790
Total vested benefits	**48 719**	**65 384**
Non-vested benefits	1 005	1 272
Total actuarial present value of accumulated plan benefits	**49 724**	**66 656**

Key statistics

20. The number of Fund participants as at 31 December 2021 was 137,261 (2020: 134,632), an increase of 2,629, or 2.0 per cent.

21. The number of periodic benefits paid by the Fund as at 31 December 2021 was 82,312 (2020: 80,346), an increase of 1,966, or 2.4 per cent.

Chapter V

Financial statements for the year ended 31 December 2021

United Nations Joint Staff Pension Fund

I. Statement of net assets available for benefits

(Thousands of United States dollars)

	Note	*31 December 2021*	*31 December 2020*
Assets			
Cash and cash equivalents	4	1 625 122	591 585
Investments	5, 6		
Equities		52 022 627	48 245 215
Fixed income		24 741 886	22 377 531
Real assets		6 613 872	5 627 373
Alternatives and other investments		6 477 746	4 641 189
		89 856 131	**80 891 308**
Contributions receivable		46 800	50 364
Accrued income from investments	7	144 168	155 355
Receivable from investments traded	5	9 627	17 645
Withholding tax receivable	8	64 701	52 150
Other assets	9	22 643	27 310
Total assets		**91 769 192**	**81 785 717**
Liabilities			
Benefits payable	10	154 441	144 372
Payable from investments traded	5	15 767	2 234
After-service health insurance and other employee benefit liabilities	11	119 720	116 330
Other accruals and liabilities	12	19 711	11 106
Total liabilities		**309 639**	**274 042**
Net assets available for benefits		**91 459 553**	**81 511 675**

The accompanying notes are an integral part of these financial statements.

United Nations Joint Staff Pension Fund

II. Statement of changes in net assets available for benefits

(Thousands of United States dollars)

	Note	*For the year 2021*	*For the year 2020*
Investment income	13		
Net change in fair value of investments		8 709 060	8 208 579
Interest income		582 824	598 316
Dividend income		893 950	817 362
Income from unitized real estate funds		78 015	74 344
Less: transaction costs and management fees		(201 233)	(179 840)
Less: withholding tax		(12 701)	(3 606)
Other investment related (expenses)/income, net		(2 744)	885
		10 047 171	**9 516 040**
Pension contributions	14		
From participants		990 272	949 291
From member organizations		1 969 606	1 888 877
Other contributions		9 387	8 979
		2 969 265	**2 847 147**
Pension benefits	15		
Withdrawal settlements and full commutation benefits		204 672	176 971
Retirement benefits		2 785 110	2 622 862
Other benefits/adjustments		(14 005)	(10 852)
		2 975 777	**2 788 981**
Income from services provided to the United Nations	2.3	7 995	7 313
Administrative expenses	16		
Secretariat of the Pension Board		692	1 144
Pension Administration		58 147	62 553
Office of Investment Management		38 350	37 651
Audit		1 821	1 846
		99 010	**103 194**
Other expenses	17	1 766	1 128
Increase in net assets available for benefits		**9 947 878**	**9 477 197**

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)

	Note	*For the year 2021*	*For the year 2020*
Cash flows from investing activities			
Purchase of investments		(28 640 783)	(27 798 050)
Proceeds from sale/redemption of investments		28 398 707	26 632 723
Dividends received from equity investments		880 167	786 783
Interest received from cash and cash equivalents and fixed-income investments		575 541	606 027
Income received from unitized real estate funds		77 734	73 815
Other investment-related (expenses)/income, net		(2 744)	896
Transaction costs, management fees and other expenses paid		(203 165)	(182 759)
Withholding taxes reimbursement		12 409	12 718
Net cash provided by investing activities		**1 097 866**	**132 153**
Cash flows from operating activities			
Contribution from member organizations and participants		2 964 729	2 857 730
Benefits payments		(2 961 765)	(2 748 529)
Net transfer to/from other plans		4 756	1 744
Administrative expenses paid		(84 464)	(91 549)
Other expenses paid		(1 766)	(1 135)
Income from services provided to the United Nations		7 995	7 313
Net cash provided (used)/provided by operating activities		**(70 515)**	**25 574**
Net increase/(decrease) in cash and cash equivalents		1 027 351	157 727
Cash and cash equivalents at the beginning of year	4	591 585	436 354
Exchange gains/(losses) on cash and cash equivalents		6 186	(2 496)
Cash and cash equivalents at the end of year	4	**1 625 122**	**591 585**

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 2021

(Thousands of United States dollars)

	Appropriation 2021[a]	*Actuals on a comparable basis 2021*	*Variance*	*Percentage*
A. Secretariat of the Pension Board				
Posts	575.3	589.5	14.2	2
Other staff costs	28.1	69.2	41.1	146
Travel of representatives	392.1	–	(392.1)	(100)
Travel of staff	55.6	–	(55.6)	(100)
Contractual services	68.6	–	(68.6)	(100)
General operating expenses	169.9	15.5	(154.4)	(91)
Subtotal	**1 289.6**	**674.2**	**(615.4)**	**(48)**
B. Pension Administration				
Posts	27 382.2	27 637.6	255.4	1
Other staff costs	8 334.1	5 949.4	(2 384.7)	(29)
Hospitality	3.1	–	(3.1)	(100)
Consultants	207.2	32.5	(174.7)	(84)
Travel of staff	403.3	47.2	(356.1)	(88)
Contractual services[b]	12 792.6	20 574.9	7 782.3	61
General operating expenses	11 115.3	3 680.9	(7 434.4)	(67)
Supplies and materials	92.3	48.6	(43.7)	(47)
Furniture and equipment	707.1	154.6	(552.5)	(78)
Subtotal	**61 037.2**	**58 125.7**	**(2 911.5)**	**(5)**
C. Office of Investment Management				
Posts	18 738.5	16 823.1	(1 915.4)	(10)
Other staff costs	3 159.2	2 257.6	(901.6)	(29)
Hospitality	3.1	–	(3.1)	(100)
Consultants	182.6	188.3	5.7	3
Travel of representatives	188.5	–	(188.5)	(100)
Travel of staff	468.6	33.5	(435.1)	(93)
Contractual services	19 347.7	16 164.4	(3 183.3)	(16)
General operating expenses	4 526.5	3 208.9	(1 317.6)	(29)
Supplies and materials	30.6	16.1	(14.5)	(47)
Furniture and equipment	161.3	349.4	188.1	117
Subtotal	**46 806.6**	**39 041.3**	**(7 765.3)**	**(17)**

	Appropriation 2021[a]	*Actuals on a comparable basis 2021*	*Variance*	*Percentage*
D. Audit				
External audit	393.2	393.2	–	–
Internal audit	1 686.1	1 367.5	(318.6)	(19)
Subtotal	**2 079.3**	**1 760.7**	**(318.6)**	**(15)**
Total administrative expenses	**111 212.7**	**99 601.9**	**(11 610.8)**	**(10)**

The purpose of this statement is to compare budget amounts to actual amounts on a comparable basis, that is, actual amounts on the same basis as the budget. Given that 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 because that statement is prepared on an accrual basis.

[a] The General Assembly approved the appropriation for 2021 in its resolution 75/246.
[b] Actuals include the expenditure for the International Computing Centre of $13.5 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 2021 (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

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 attributable to the non-utilization of resources for a professional writing service, which was provided through an in-house resource.

General operating expenses: The underexpenditure is due primarily to a one-year rent concession granted by the landlord upon the signing of a new lease agreement at the end of 2020 and the non-utilization of resources for conference services owing to the Pension Board meeting being held virtually owing to the COVID-19 pandemic.

B. Pension Administration

Other staff cost: The underexpenditure is attributable primarily to lower-than-projected expenditure for general temporary assistance stemming from difficulties recruiting qualified temporary staff.

Hospitality: The underexpenditure relates to the cancellation of hospitality events during the year owing to the COVID-19 pandemic.

Consultants: The underexpenditure is attributable mainly to expenditure incurred for benchmarking studies and website-related services being recorded under contractual services.

Travel: The underexpenditure is due to the travel restrictions imposed during the COVID-19 pandemic.

Contractual services: The overexpenditure relates mainly to information technology-related projects such as computing platform management, a robotic process automation consultancy, a detailed design of cloud services, network and security infrastructure enhancements, data governance assessments, business intelligence customer master data and key performance indicators, interface systems development, Integrated Pension Administration System enhancement, improvement and integration, a proof of concept for customer relationship management, a digital certificate of entitlement and the United Nations digital identity.

General operating expense: The underexpenditure is due primarily to a one-year rent concession granted by the landlord upon the signing of a new lease agreement at the end of 2020 for the New York office.

Supplies and materials: The underexpenditure is due mainly to the lower-than-projected requirements during the telecommuting period.

Furniture and equipment: The underexpenditure is due mainly to lower-than-anticipated requirements for office equipment.

C. Office of Investment Management

Posts: The underexpenditure is attributable primarily to higher-than-budgeted vacancy rates owing to difficulties in finding suitable candidates for specialized posts.

Other staff costs: The underexpenditure is attributable primarily to lower-than-projected expenditure for general temporary assistance owing to difficulties in finding suitable candidates for specialized positions.

Hospitality: The underexpenditure relates to the cancellation of hospitality events during the year due to the COVID-19 pandemic.

Travel: The underexpenditure is due to the travel restrictions for both staff and representatives in place during the COVID-19 pandemic.

Contractual services: The underexpenditure is due to delays in the procurement and the implementation phases of the alternative investments project and in the procurement phase of the financial data warehouse project, as well as the postponement of other ICT initiatives, to focus on the infrastructure and security aspects for enabling a sustainable hybrid working environment. The delays are due mainly to the complexity and unique nature of the solutions being procured, to ensure that the Office of Investment Management's most recent requirements are better aligned with the evolving landscape of vendors and the new industry standards.

General operating expenses: The underexpenditure relates mainly to lower rent expenditure stemming from surrendering one floor, which was deemed surplus to requirements, and a concession of a one-year rent-free period for 2021 granted when a new lease contract was signed at the end of 2020.

Supplies and materials: The underexpenditure is due mainly to the lower-than-projected requirements during the work from home period.

Furniture and equipment: The overexpenditure is due to the purchase of videoconferencing equipment and hardware for the new conference rooms on the new floor.

D. Audit

Internal audit: The underexpenditure is attributable mainly to lower-than-projected expenditure for general temporary assistance due to the delays in the recruitment.

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 Fund in force are available at the Fund's website (www.unjspf.org).

1.1 General

2. The 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 25 member organizations participating in the Fund as at 31 December 2021, and the Wassenaar Arrangement entered the Fund as its twenty-fifth member organization as from 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, 4 of whom are elected by the General Assembly, 4 appointed by the Secretary-General and 4 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, 7 of whom are chosen by the bodies of the member organizations corresponding to the Assembly, 7 appointed by the chief administrative officers of the member organizations and 7 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 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 of the Pension Board 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 certification of benefit payments; risk management; regulatory compliance; the overall supervision of staff; and stakeholder communications. 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 Fund's Regulations, 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 Fund. The Representative of the Secretary-General 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 reporting to the Deputy Chief Executive.

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, for reviewing budgetary, financial and accounting operations of the Fund and for ensuring that an adequate financial control environment of the Fund is in place to protect the Fund's resources and guarantee 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, 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 comply 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 25 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 service without an interruption of more than 30 days. As at 31 December 2021, the Fund had contributors (participants) from member organizations and agencies, 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 and various specialized agencies such as the Food and Agriculture Organization of the United Nations, the World Health Organization, the International Organization for Migration, the International Labour Organization, the International Atomic Energy Agency and the United Nations Educational, Scientific and Cultural Organization. (See annex for a complete list of member organizations.) Periodic benefits are currently paid to individuals in some 190 countries. The total annual pension benefit payments are approximately $3.0 billion, which are paid in 17 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 receipt of monthly contributions from member organizations and the disbursement 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 the actuarial situation of the Fund as at 31 December 2021.

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 his or her 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 before 1 January 2014; 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 final average remuneration multiplied by the first five years of contributory service;

(b) 1.75 per cent of final average remuneration multiplied by the next five years of contributory service;

(c) 2 per cent of 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, 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 final average remuneration multiplied by contributory service not exceeding 30 years plus 1 per cent of 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 (top step for the preceding five years).

18. The retirement benefit shall, however, be payable at the minimum annual rate that 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 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 lesser of $1,816.32 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States consumer price index 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 he or she 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 retirement date and normal retirement age, except that: (a) if the participant has completed 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 participating 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 his or her 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 he or she had remained in service until normal retirement age and his or her 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 consumer price index 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 his or her 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, in general, 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 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 these 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 dollar amount, as determined under the Regulations 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 dollar amount is that amount adjusted over time for movements of the United States consumer price index, while the purchasing power of a recipient's benefit, once established in local currency, is preserved by adjusting it to follow movements of the consumer price index in his or her 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 year ended 31 December 2021 and 31 December 2020 were $990.3 million and $949.3 million, respectively. The contribution figures do not include interest on the contributions.

36. The member organizations' funding policy is to make contributions on an estimated monthly basis and then to reconcile these estimated amounts in an annual year-end process. The member organizations' contributions 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 of the Fund, the member organizations' contribution rate is currently 15.8 per cent, and the contributions to the Fund totalled $1,969.6 million and $1,888.9 million during calendar year 2021 and 2020, respectively. When combined with the participants' contributions and expected investment returns, total funding is estimated to be sufficient to provide for all employees' benefits 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 of the Fund;

(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 of the Fund.

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 terminations 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. 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 International Accounting Standard 26, Accounting and reporting by retirement benefit plans, of the International Financial Reporting Standards. While International Accounting Standard 26 provides accounting guidance, it also offers direction on the presentation of financial statements, given that it requires the presentation of a statement of net assets available for benefits and a statement of changes in net assets available for benefits. Given that the Fund has incorporated the guidance in International Accounting Standard 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. Additional information is presented where required by IPSAS. For example, 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 it is stated in IPSAS 24 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 dollars and all values are rounded to the nearest thousand 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. Given that the Fund's investments are carried at fair value, an initial high-level analysis indicates that the impact of change on measurement of financial instruments is not expected to be material. The Fund expects to finish evaluating 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 the year 2022.

49. In January 2019, 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. This standard does not apply to cash transfers to individuals and households that do not address social risks, for example, emergency relief. This standard is effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted. An initial analysis indicates that the Fund does not expect any impact on its financial statements upon adoption of this accounting standard.

50. Other accounting standards and amendments to the existing standards that have been issued by the IPSAS Board are either not expected to have any impact or have an immaterial impact on the Fund's financial statements.

2.3 Other general information

51. The Fund compiles its financial statements with data collected from three main areas. For operational activities (pension contributions and pension 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 administrative expenses, the Fund utilizes United Nations systems (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 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.

Note 3
Significant accounting policies

3.1 Cash and cash equivalents

52. 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

53. 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.

54. 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.

55. 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/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)
- Alternative and other investments (including investments in private equity funds).

Valuation of financial instruments

56. The Fund uses the established and documented process of its independent record keeper for determining fair values, which 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, appropriate valuation techniques are used.

57. Investments in certain comingled funds, private equity and private real assets investment funds are not quoted in an active market and therefore do 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 most recent 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

58. Interest income is recognized on a time-proportionate basis. It includes interest income from cash and cash equivalents and fixed income investments.

59. Dividend income is recognized on ex-dividend date when the right to receive payment is established.

Income from real assets and alternative investments

60. Income distributed from unitized funds is treated as income in the period in which they are earned.

Receivable/payable from/to investments traded

61. 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 to the extent that the most recently available net asset value of the fund that declares a distribution has recognized the distribution to be made.

62. 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

63. The Fund’s portfolio comprises of direct investments and indirect investments. Indirect investments are typically through an investment vehicle such as real estate investment trusts, exchange-traded funds, limited liability partnerships or depository receipts. The Fund is exempt from national taxation of 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.

64. 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 a claim. In these instances, the Fund, with assistance from the Fund’s custodians or tax advisers, files 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 the end of the year, the Fund measures its withholding tax receivable at the amount deemed recoverable. The Fund does not have a confirmation of tax-exempt status in

certain Member States. Accordingly, the taxes withheld on direct investments in these jurisdictions are accrued and deemed not recoverable.

65. For indirect investments the investment vehicle is typically a 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.

66. 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. Transaction-based taxes are recognized in the statement of changes in net assets available for benefits and are included under "other transaction cost". To the extent that the Fund is subsequently virtually certain that the taxes will be recovered the amount is recognized as "other receivable" in the statement of net assets available for benefits and "other income" in the statement of net assets available for benefits.

3.4 Critical accounting estimates

67. 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

68. The Fund holds financial instruments that are not quoted in active markets. Fair values of such instruments are determined using appropriate 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.

69. When 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.

70. Fair values 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.

71. 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 (both the Fund and 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.

72. 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.

73. The valuation of investments in real assets and alternative investments through limited liability partnerships requires significant judgment 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 performed by the investee company's independent auditors and the individual investment managers' compliance with generally accepted accounting standards and valuation procedures.

Taxes

74. 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

75. 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

76. 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

77. The Fund uses actuarial methods for the disclosure of employee benefits liabilities. The related assumptions are disclosed in note 11 in respect of after-service health insurance and other employee benefits of the Fund's staff and in note 18, which contains information on assumptions used for the actuarial liability to the beneficiaries of the Fund.

3.5 Contributions

78. Contributions are recorded on an accrual basis. Participants and their employing member organizations are required to contribute 7.9 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 periodic grade step increase to individual pensionable remuneration received by all participants.

3.6 Benefits

79. 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 instruction 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

80. Non-dollar-denominated currency transactions are translated using the spot exchange rate between the functional currency and the non-dollar-denominated currency at the date of the transaction.

81. At each reporting date, non-dollar-denominated monetary items are translated using the closing spot rate. The Fund applies WM/Reuters Company rates (primary source) and 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 change in net assets available for benefits in the period in which they arise.

3.8 Leases

82. All 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

83. 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 are capitalized. The Fund reviews this threshold annually for reasonableness. The Fund does not own land or buildings.

84. Depreciation is provided for property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives for property, plant and equipment classes are as follows:

Class	*Estimated useful life in years*
Computer equipment	4
Office equipment	4
Office furniture	10
Office fixtures and fittings	7
Audiovisual equipment	7

85. 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

86. 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:

Class	*Estimated useful life in years*
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

87. 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

88. 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.

89. 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

90. Among certain short-term and other long-term benefits, the Fund provides its employees with certain post-employment benefits.

91. After-service health insurance and repatriation grant are classified as defined benefit schemes and accounted for as such.

92. The employees of the Fund are themselves participating 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

93. The Fund's budget is prepared on a modified cash basis, whereas the financial statements are prepared on an accrual basis.

94. The General Assembly approves the annual budget for Fund's administrative expenses. Budgets may be subsequently amended by the Assembly or through the exercise of delegated authority.

95. 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 2021 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 (> +/-5 per cent) between the actual and budget amounts.

96. 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

97. 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.

98. The following parties are considered related parties for the Fund in 2021:

(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 Office of Investment Management and the Chief Financial Officer;

(b) The General Assembly;

(c) The 25 member organizations participating in the Fund;

(d) The United Nations International Computing Centre.

99. A summary of the relationship and transactions with the above parties is given in note 23.

3.16 Subsequent events

100. 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.

101. 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

102. Cash and cash equivalents include:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Cash at bank – Office of Investment Management	1 354 959	328 389
Cash at bank – Pension Administration	212 581	199 716
Cash held by external managers – Office of Investment Management	57 582	63 480
Total cash and cash equivalents	**1 625 122**	**591 585**

Note 5
Financial instruments by category

103. The tables below provide an overview of all financial instruments held by category as at 31 December 2021 and 31 December 2020:[6]

(Thousands of United States dollars)

	As at 31 December 2021		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	1 625 122	–	–
Investments			
Equities	52 022 627	–	–
Fixed income	24 741 886	–	–
Real assets	6 613 872	–	–
Alternative and other investments	6 477 746	–	–
Contributions receivable	–	46 800	–
Accrued income from investments	–	144 168	–
Receivable from investments traded	–	9 627	–
Withholding tax receivables	–	64 701	–
Other assets	–	22 265	–
Total financial assets	**91 481 253**	**287 561**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	154 441
Payable from investments traded	–	–	15 767

[6] Non-financial assets and liabilities other than employee benefits are excluded from the table, given that this analysis is required only for financial instruments.

	As at 31 December 2021		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
After-service health insurance and other employee benefit liabilities	–	–	119 720
Other accruals and liabilities	–	–	19 711
Total financial liabilities	–	–	**309 639**

Investments exceeding 5 per cent of net assets

104. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2021.

105. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2021. The Fund held a total of $847.3 million in two real estate funds as at 31 December 2021, which represented 5 per cent or more of investments in the real assets category.

(Thousands of United States dollars)

	As at 31 December 2020		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
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	–	–
Alternative 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

106. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2020.

107. 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 real assets category.

Note 6
Fair value measurement

108. 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, then that investment is classified as level 3.

109. Assessing the significance of a specific input to the fair value measurement of an investment in its entirety requires judgment, considering factors specific to the investment.

110. The tables below present the fair value hierarchy of the Fund’s investments (by asset class) measured at fair value as at 31 December 2021 and 31 December 2020:

(Thousands of United States dollars)

Fair value hierarchy as at 31 December 2021	*Level 1*	*Level 2*	*Level 3*	*Total*
Equities				
Common and preferred stock	50 143 927	–	2 448	50 146 375
Funds – exchange-traded funds	1 800 533	–	–	1 800 533
Funds – common stock	13 573	–	601	14 174
Stapled securities	61 545	–	–	61 545
Total equities	**52 019 578**	**–**	**3 049**	**52 022 627**
Fixed income				
Government and agencies securities	–	23 123 799	–	23 123 799
Asset backed securities	–	207 406	–	207 406
Corporate bonds/commercial paper	–	587 638	22 789	610 427
Municipal/provincial bonds	–	38 991	–	38 991
Commercial mortgage-backed	–	705 297	–	705 297
Funds – corporate bond	–	–	55 966	55 966
Total fixed income	**–**	**24 663 131**	**78 755**	**24 741 886**

Fair value hierarchy as at 31 December 2021	Level 1	Level 2	Level 3	Total
Real assets				
Real estate funds	–	224 791	6 246 587	6 471 378
Infrastructure assets	–	–	125 518	125 518
Timberlands	–	–	16 976	16 976
Total real assets	**–**	**224 791**	**6 389 081**	**6 613 872**
Alternatives and other investments				
Private equity	–	–	6 477 746	6 477 746
Total alternatives and other investments	**–**	**–**	**6 477 746**	**6 477 746**
Total	**52 019 578**	**24 887 922**	**12 948 631**	**89 856 131**

(Thousands of United States dollars)

Fair value hierarchy as at 31 December 2020	Level 1	Level 2	Level 3	Total
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 agencies 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
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**

Equities

111. Common and preferred stocks, exchange-traded funds and stapled securities were classified under level 1 if bid prices were available from institutional vendors.

112. Common stock funds amounting to $0.6 million as at 31 December 2021 (31 December 2020: $3.2 million) were valued using a net asset value approach and hence classified under level 3. Common and preferred stocks amounting to $2.4 million as at 31 December 2021 (31 December 2020: $0.1 million) were temporarily restricted for trading owing to corporate action and hence were classified under level 3.

Fixed income

113. 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 brokers' bids, which were indicative quotes and therefore classified as level 2.

114. Corporate bond funds amounting to $56.0 million as at 31 December 2021 (31 December 2020: $53.9 million) and corporate bonds/commercial paper amounting to $22.8 million as at 31 December 2021 (31 December 2020: $22.8 million) were considered to be level 3. Inputs for the value of those investments, while available from third-party sources, were not well-defined, readily observable market data. Consequently, the Fund decided to classify such investments as level 3.

Real assets and alternatives and other investments

115. Real assets amounting to $6,389.1 million as at 31 December 2021 (31 December 2020: $5,415.6 million), net of carried interest of $250.1 million (31 December 2020: $163.1 million), as well as alternative and other investments amounting to $6,477.7 million as at 31 December 2021 (31 December 2020: $4,641.2 million), net of carried interest of $502.9 million (31 December 2020: $336.2 million), were classified under level 3 because they were priced using the net asset value methodology for which the Fund was unable to corroborate or verify 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.

116. Two real estate funds amounting to $224.8 million (31 December 2020: $211.7 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.

117. There were no transfers between levels for the year ended 31 December 2021.

118. The table below presents the inter-level transfers for the year ended 31 December 2020:

(Thousands of United States dollars)

	Level 1	*Level 2*	*Level 3*	*Total*
Transfers into				
Fixed income	–	4 183	–	4 183
Equities	–	–	–	–
Real assets	–	–	–	–
Alternatives and other investments	–	–	–	–
Total	–	**4 183**	–	**4 183**
Transfer out of				
Fixed income	–	–	(4 183)	(4 183)
Equities	–	–	–	–
Real assets	–	–	–	–
Alternative 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, compared with a single vendor as at 31 December 2019. Accordingly, the Fund decided to classify this investment as level 2.

120. The table below presents the movements in level 3 instruments for the year ended 31 December 2021 by class of financial instrument:

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternative and other investments*	*Total*
Opening balance	**3 274**	**76 673**	**5 415 648**	**4 641 189**	**10 136 784**
Purchases	2 685	2 995	1 106 708	1 655 736	2 768 124
Sales/return of capital	(4 370)	–	(1 183 996)	(1 495 719)	(2 684 085)
Transfers (out of)/into level 3	–	–	–	–	–
Net gains and losses recognized in the statement of changes in net assets available for benefits	1 460	(913)	1 050 721	1 676 540	2 727 808
Closing balance	**3 049**	**78 755**	**6 389 081**	**6 477 746**	**12 948 631**
Change in unrealized gains and losses for level 3 assets held at the period-end and included in statements of changes in net assets available for benefits	2 591	(913)	706 463	1 524 594	2 232 735

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)

	Equities	Fixed income	Real assets	Alternative and other investments	Total
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 the period end and included in statements of changes in net assets available for benefits	13 483	(3 093)	113 550	711 291	835 231

Note 7
Accrued income from investments

122. 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)

	31 December 2021	*31 December 2020*
Fixed-income securities	94 987	91 820
Dividends receivable on equities	40 856	57 914
Real assets and alternative investments	8 325	5 621
Total accrued income from investments	**144 168**	**155 355**

Note 8
Withholding tax receivables

123. Withholding tax receivable as at 31 December 2021 and 31 December 2020 and withholding tax expense for the year ended 31 December 2021 and 31 December 2020 by country are as follows:

(Thousands of United States dollars)

Country	For the year 2021			As at 31 December 2021			For the year 2020			As at 31 December 2020		
	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	384	–	50	903	–	903	458	–	(67)	569	–	569
Austria	147	–	5	142	–	142	–	–	–	–	–	–
Belgium	346	127	57	942	–	942	87	–	(63)	780	–	780
Brazil	187	–	187	286	(286)	–	220	–	220	299	(299)	–
Canada	–	–	–	13	–	13	–	–	(1)	13	–	13
Chile	399	429	(44)	55	–	55	435	607	(175)	41	–	41
China	5 006	220	4 786	20 318	(20 318)	–	5 435	1 020	4 712	17 176	(17 176)	–
Colombia	153	1	31	263	–	263	122	1	(13)	142	–	142
Czechia	163	451	3	162	–	162	426	218	(12)	453	–	453
Denmark	1 151	–	51	1 224	–	1 224	121	–	(3)	124	–	124
Egypt	2 283	–	–	3 769	–	3 769	1 479	–	(7)	1 486	–	1 486
Finland	1 469	–	112	1 904	–	1 904	495	–	(52)	547	–	547
Germany	6 129	7 426	1 668	19 362	–	19 362	5 892	1 187	(1 954)	22 327	–	22 327
Greece	–	–	–	112	(112)	–	–	–	–	121	(121)	–
India	110	–	10	644	–	644	533	–	(11)	544	–	544
Indonesia	3 391	–	3 391	3 660	(3 660)	–	266	–	266	267	(267)	–
Ireland	166	–	9	157	–	157	–	–	–	–	–	–
Israel	–	–	–	–	–	–	–	704	(704)	–	–	–
Japan	–	–	4	4	(4)	–	–	–	–	4	–	4
Luxembourg	31	–	22	49	(19)	30	1	–	(1)	21	–	21
Mexico	–	–	–	55	(55)	–	–	–	60	56	(56)	–
Netherlands	1 231	689	127	2 263	–	2 263	1 059	2 447	(187)	1 848	–	1 848
Norway	–	368	13	200	–	200	189	–	(27)	581	–	581
Papua New Guinea	–	–	–	21	(21)	–	–	–	–	20	(20)	–
Philippines	630	–	94	1 570	–	1 570	930	–	(39)	1 034	–	1 034
Russian Federation	2 925	1 249	1 263	761	(346)	415	3 281	1 211	3 511	2	–	2
Singapore	51	56	2	51	–	51	56	45	(2)	58	–	58
Spain	1 204	926	28	399	–	399	1 283	1 390	(8)	149	–	149
Sweden	900	–	20	920	(30)	890	10	–	–	43	(33)	10
Switzerland	8 652	–	486	28 713	–	28 713	9 249	2 549	(1 752)	20 547	–	20 547
Thailand	214	–	214	204	(204)	–	–	–	–	–	–	–
Türkiye	–	–	81	149	(149)	–	–	–	20	268	(187)	81
United Kingdom of Great Britain and Northern Ireland	339	467	31	636	(6)	630	658	1 339	(105)	795	(6)	789
Total	**37 661**	**12 409**	**12 701**	**89 911**	**(25 210)**	**64 701**	**32 685**	**12 718**	**3 606**	**70 315**	**(18 165)**	**52 150**

124. In Brazil, some provinces in China and for certain periods in Greece, Luxembourg, Mexico, Papua New Guinea, the Russian Federation, Sweden and Türkiye, there is no formally established reclamation mechanism in place, and in these cases the Fund, with assistance from the Fund's custodians or the tax advisers, have, to date, 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 2021, unless there is certainty of reclaim in subsequent years. The Fund does not currently have a confirmation of tax-exempt status for Indonesia and Thailand. Accordingly, the taxes withheld on direct investments in Indonesia and Thailand are accrued and deemed not recoverable in 2021.

125. An ageing analysis of withholding tax receivable as of 31 December 2021 and 2020 is presented as follows:

(Thousands of United States dollars)

	As at 31 December 2021			*As at 31 December 2020*		
Country	*Greater than 3 years*	*Less than 3 years*	*Tax receivable*	*Greater than 3 years*	*Less than 3 years*	*Tax receivable*
Australia	–	903	903	–	569	569
Austria	–	142	142	–	–	–
Belgium	–	942	942	–	780	780
Canada	–	13	13	–	13	13
Chile	–	55	55	–	41	41
Colombia	–	263	263	–	142	142
Czechia	–	162	162	–	453	453
Denmark	–	1 224	1 224	–	124	124
Egypt	–	3 769	3 769	–	1 486	1 486
Finland	–	1 904	1 904	–	547	547
Germany	8 257	11 105	19 362	–	22 327	22 327
India	–	644	644	–	544	544
Ireland		157	157	–	–	–
Japan	–	–	–	–	4	4
Luxembourg	–	30	30	–	21	21
Netherlands	16	2 247	2 263	–	1 848	1 848
Norway	–	200	200	–	581	581
Philippines	–	1 570	1 570	–	1 034	1 034
Russian Federation	–	415	415	–	2	2
Singapore	–	51	51	–	58	58
Spain	–	399	399	–	149	149
Sweden		890	890		10	10
Switzerland	–	28 713	28 713	–	20 547	20 547
Türkiye	–	–	–	–	81	81
United Kingdom of Great Britain and Northern Ireland	–	630	630	–	789	789
Total	**8 273**	**56 428**	**64 701**	**–**	**52 150**	**52 150**

Note 9
Other assets

126. The other assets included in the statement of net assets available for benefits are broken down as follows:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Prepayments and benefits receivable	21 451	18 439
Property, plant and equipment	106	–
Intangible assets under development	272	–
United Nations receivables	–	7 173
Other receivables	814	1 698
Total	**22 643**	**27 310**

9.1 Prepayments and benefits receivables

127. An overview of the prepayments and other accounts receivable held by the Fund is presented as follows:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Prepayments	10 766	7 309
Advance benefit payments due to payroll conversion	4 786	5 732
Benefits receivable	11 214	10 504
Benefits receivable – provision	(5 315)	(5 106)
Total	**21 451**	**18 439**

9.2 Property, plant and equipment

128. An overview of the fixed assets held by the Fund is shown as follows:

(Thousands of United States dollars)

	Information technology equipment	*Leasehold improvements*		
	In use	*In use*	*Under construction*	*Total*
Cost				
1 January 2021	1 148	18 624	–	19 772
Additions	–	–	106	106
Disposals/transfers	(584)	(2 680)	–	(3 264)
31 December 2021	564	15 944	106	16 614

	Information technology equipment	Leasehold improvements		
	In use	*In use*	*Under construction*	*Total*
Accumulated depreciation				
1 January 2021	1 148	18 624	–	19 772
Depreciation	–	–	–	–
Disposals/transfers	(584)	(2 680)	–	(3 264)
31 December 2021	564	15 944	–	16 508
Net book value, 31 December 2021	**–**	**–**	**106**	**106**

(Thousands of United States dollars)

	Information technology equipment	Leasehold improvements		
	In use	*In use*	*Under construction*	*Total*
Cost				
1 January 2020	1 234	18 624	–	19 858
Additions	–	–	–	–
Disposals/transfers	(86)	–	–	(86)
31 December 2020	1 148	18 624	–	19 772
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	**–**	**–**	**–**	**–**

129. 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

130. An overview of the intangible assets held by the Fund is presented as follows:

(Thousands of United States dollars)

	Intangible assets in use	*Under construction*	*Total*
Cost			
1 January 2021	20 336	–	20 336
Additions	–	272	272
Transfers	–	–	–
Disposals	–	–	–
31 December 2021	20 336	272	20 608

	Intangible assets in use	Under construction	Total
Accumulated amortization			
1 January 2021	20 336	–	20 336
Amortization	–	–	–
Disposals	–	–	–
31 December 2021	20 336	–	20 336
Net book value, 31 December 2021	**–**	**272**	**272**

	Intangible assets in use	Under construction	Total
Cost			
1 January 2020	20 336	–	20 336
Additions	–	–	–
Transfers	–	–	–
Disposals	–	–	–
31 December 2020	20 336	–	20 336
Accumulated amortization			
1 January 2020	20 336	–	20 336
Amortization	–	–	–
Disposals	–	–	–
31 December 2020	20 336	–	20 336
Net book value, 31 December 2020	**–**	**–**	**–**

Note 10
Benefits payable

131. The amount shown in the statement of net assets is broken down as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Withdrawal settlements	95 781	92 670
Lump-sum payments	19 065	14 411
Periodic benefits payable	38 283	37 254
Other benefits payable/adjustments	1 312	37
Total	**154 441**	**144 372**

Note 11
After-service health insurance and other employee benefits

132. 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)

	31 December 2021	31 December 2020
After-service health insurance liability	106 946	105 186
Repatriation grant and related costs	5 324	5 493
Education grant and related costs	437	410
Annual leave	6 630	4 882
Home leave	383	359
Total	**119 720**	**116 330**

After-service health insurance, annual leave and repatriation grants liability

133. 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.

134. The liabilities as of 31 December 2021 were the result of the roll-forward to 31 December 2021 of the end-of-service benefit obligations as at 31 December 2020 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.

135. In performing the roll-forward to 31 December 2021, only the financial assumptions such as the discount rates, inflation and health-care cost trend rates were reviewed as at 31 December 2021 and updated when necessary. All other assumptions remain the same as those used for the full valuation as at 31 December 2020.

136. 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.

137. The yield curves used in the calculation of the discount rates in respect of the 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.

138. For 31 December 2021, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 2.76 per cent for the after-service health insurance scheme
- 2.68 per cent for repatriation benefits
- 2.76 per cent for annual leave

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 comparison purposes, the table below shows the change resulting from a 0.5 per cent change in the discount rate.

Discount rate	*After-service health insurance*	*Repatriation benefit*	*Annual leave*
Increase of 0.5 per cent	11 per cent decrease	4 per cent decrease	4 per cent decrease
Decrease of 0.5 per cent	12 per cent increase	4 per cent increase	4 per cent increase

141. The comparison of health-care cost trend rates is as follows:

	31 December 2021	*31 December 2020*
United States non-Medicare	5.17 per cent trending down to 3.95 per cent after 10 years	5.31 per cent trending down to 3.65 per cent after 14 years
United States Medicare	5.03 per cent trending down to 3.95 per cent after 10 years	5.15 per cent trending down to 3.65 per cent after 14 years
United States dental	4.53 per cent trending down to 3.95 per cent after 10 years	4.59 per cent trending down to 3.65 per cent after 14 years
Non-United States – Switzerland	3.44 per cent trending down to 2.25 per cent after 7 years	3.65 per cent trending down to 2.75 per cent after 8 years
Non-United States – eurozone	3.75 per cent and no change	3.73 per cent trending down to 3.25 per cent after 6 years

142. For comparison purposes, the table below shows the changes in the obligations resulting from a 0.5 per cent change in the assumed medical cost trend rate:

(Thousands of United States dollars)

2021	*Increase*	*Decrease*
Effect on the defined-benefit obligation	12 679	(10 984)
Effect on the aggregate of the current service cost and the interest rate	(1 078)	(3 130)

2020	*Increase*	*Decrease*
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)

143. The increase in the total after-service health insurance liabilities reported from 31 December 2020 to 31 December 2021 is due primarily to the impact of changing the financial assumptions, in particular the decrease in the discount rates for benefits denominated in dollars.

144. The table below illustrates the movements in post-employment net defined-benefit liabilities:

(Thousands of United States dollars)

	2021			*2020*		
	After-service health insurance	*Repatriation grant*	*Annual leave*	*After-service health insurance*	*Repatriation grant*	*Annual leave*
Net defined-benefit liability as at 1 January	**105 186**	**5 493**	**4 882**	**93 611**	**4 977**	**4 686**
Current service cost	4 444	328	399	3 955	297	383
Interest cost	2 550	111	105	2 643	144	112
Benefits paid	(1 300)	(347)	(386)	(1 157)	(342)	(418)
Actuarial (gains)/losses	(3 934)	(261)	1 630	6 134	417	119
Net defined-benefit liability as at 31 December	**106 946**	**5 324**	**6 630**	**105 186**	**5 493**	**4 882**

145. The table below illustrates the estimated benefit payments net of participant contributions for the next 10 years.

(Thousands of United States dollars)

	2022	*2023*	*2024*	*2025*	*2026*	*2027–2031*
After-service health insurance	1 307	1 496	1 678	1 858	2 030	13 209
Repatriation grant	480	479	396	370	351	1 644
Annual leave	611	559	459	409	408	1 891

146. Other specific key assumptions used in the calculations on the basis of census data as at 31 October 2021 are outlined below.

After-service health insurance

147. A total 273 active staff were included in the calculation: 234 United States-based and 36 non-United States-based. A total of 102 retired staff or their surviving spouses were included in the calculation: 79 United States-based and 20 non-United States-based. In addition, three active staff and three retirees or their surviving spouses that participated in dental only plans were included. For active staff, the average age was 48 years with 10 years of service. The average age of retirees was 70 years.

Repatriation benefits

148. Staff members who are appointed as international staff are eligible for the payment of a repatriation grant after one year of active service outside his or her country of nationality, as long as the reason for separation is not summary dismissal or abandonment of post.

149. 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.

150. A total of 114 eligible staff with an average annual salary of $85,872 were considered.

Annual leave

151. 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 unused day of annual leave.

152. A total of 345 active staff with an average annual salary of $106,380 were considered.

Note 12
Other accruals and liabilities

153. The amount shown as other accruals and liabilities in the financial statements is broken down as follows:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Accruals for management fees and expenses	7 115	6 630
Accrual for contractual services	49	483
Restoration payable	3 686	3 533
Operating leases accrual	6 274	61
United Nations payable	2 192	–
Audit fee accrual	197	197
Other	198	202
Total	**19 711**	**11 106**

Note 13
Investment income

154. The table below presents a summary of 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.

155. 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 Fund is part of the United Nations and hence exempt from national taxation of 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)

	2021	*2020*
Total change in fair value for financial assets designated at fair value	**8 709 060**	**8 208 579**
Interest income		
Interest income on cash and cash equivalents	–	1 571
Interest income on fixed-income instruments	582 824	596 745
Total interest income	**582 824**	**598 316**
Total dividend income	**893 950**	**817 362**
Total income from unitized real estate funds	**78 015**	**74 344**
Transaction costs		
Management fees and other related fees	(164 538)	(151 599)
Small capitalization fund management fees	(16 466)	(11 726)
Brokerage commissions	(12 880)	(12 571)
Other transaction costs	(7 349)	(3 944)
Total transaction costs	**(201 233)**	**(179 840)**
Withholding tax	**(12 701)**	**(3 606)**
Other investment-related income/(expenses), net	**(2 744)**	**885**
Net investment income	**10 047 171**	**9 516 040**

156. The tables below present 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 year ended 31 December 2021 and 31 December 2020.

(Thousands of United States dollars)

	2021			*2020*		
	Market price	*Currency*[a]	*Total change*	*Market price*	*Currency*[a]	*Total change*
Equities	7 729 315	(695 609)	7 033 706	6 158 393	490 825	6 649 218
Fixed income	(1 025 500)	(199 286)	(1 224 786)	624 926	(153 441)	471 485
Real assets investments	1 197 848	(48 326)	1 149 522	137 369	59 144	196 513
Alternative investments	1 776 365	(25 928)	1 750 437	872 357	34 747	907 104
Cash, cash equivalents and receivable and payable from investment traded	–	181	181	–	(15 741)	(15 741)
Total change in fair value for financial assets designated at fair value	**9 678 028**	**(968 968)**	**8 709 060**	**7 793 045**	**415 534**	**8 208 579**

[a] Change in currency exchange gain/(loss) includes a realized currency exchange loss of $71.2 million (2020: loss of $338.6 million) and an unrealized currency exchange loss of $897.7 million (2020: gain of $754.1 million).

Note 14
Pension contributions

157. Pension contributions received during the period are broken down as follows:

(Thousands of United States dollars)

	2021	*2020*
Contribution from participants		
Regular contributions	984 174	943 677
Contributions for validation	629	761
Contributions for restoration	5 469	4 853
	990 272	**949 291**
Contributions from member organizations		
Regular contributions	1 968 348	1 887 354
Contributions for validation	1 258	1 523
	1 969 606	**1 888 877**
Other contributions		
Contributions for participants transferred in under agreements	8 101	3 964
Receipts of excess actuarial value over regular contributions	319	217
Other contributions/adjustments	967	4 798
	9 387	**8 979**
Total contributions for the period	**2 969 265**	**2 847 147**

158. 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 and the periodic step increase to individual pensionable remuneration received by all participants.

Note 15
Pension benefits

159. Pension benefits during the period are broken down as follows:

(Thousands of United States dollars)

	2021	*2020*
Withdrawal settlements and full commutation of benefits		
For contributory services of 5 years or less	51 780	39 409
For contributory services more than 5 years	152 892	137 562
	204 672	**176 971**
Retirement benefits		
Full retirement benefits	1 460 664	1 360 779
Early retirement benefits	778 423	742 084
Deferred retirement benefits	119 081	117 459

	2021	2020
Disability benefits	101 386	94 335
Survivor benefits	290 783	275 417
Child benefits	34 773	32 788
	2 785 110	**2 622 862**
Other benefits/adjustments		
Payments for participants transferred out under agreements	3 345	2 219
Forfeitures	(14 144)	(11 048)
Other benefits/adjustments	(3 206)	(2 023)
	(14 005)	**(10 852)**
Total pension benefits for the period	**2 975 777**	**2 788 981**

Note 16
Administrative expenses

160. Administrative expenses in 2021 are as follows:

(Thousands of United States dollars)

	2021				
	Secretariat of the Pension Board	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
Established posts (excluding change in the value of the after-service health insurance liability)	598	28 728	17 301	–	46 627
Changes in the value of the after-service health insurance liability	12	1 200	516	32	1 760
Other staff costs	69	5 949	2 258	–	8 276
Consultants	–	59	375	–	434
Travel	–	44	33	–	77
Contractual services	–	14 097	14 211	–	28 308
General operating expenses	13	8 018	3 396	–	11 427
Supplies and materials	–	52	17	–	69
Furniture and equipment	–	–	243	–	243
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	1 789	1 789
Total administrative expense	**692**	**58 147**	**38 350**	**1 821**	**99 010**

(Thousands of United States dollars)

	2020				
	Secretariat of the Pension Board	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
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
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**

Note 17
Other expenses

161. Other expenses during the period are as follows:

(Thousands of United States dollars)

	2021	*2020*
Emergency fund expense	52	55
Provision for unrecoverable overpayment of benefits	1 714	1 073
Total other expenses	**1 766**	**1 128**

Note 18
Actuarial situation of the Fund
(see also note 1.5)

162. 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 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.

163. 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.

164. 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.

165. The Fund is applying the guidance included in International Accounting Standard 26.28 (b) and discloses the actuarial present value of promised retirement benefits in the notes to its financial statements.

Key assumptions

166. The significant actuarial assumptions used are the same as those used in the valuation as at 31 December 2020:

- Life expectancy of participants (2017 United Nations mortality tables adjusted for forecast improvements in mortality);
- Age-specific retirement and turnover assumptions;
- Additional assumptions regarding percentage of benefit commuted and 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.

167. These key assumptions were recommended by the Committee of Actuaries and adopted by the Pension Board at its sixty-ninth session, in July 2021. 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

168. The actuarial present value of accumulated plan benefits as at 31 December 2021 is as follows (see note 1.11 for a description of the pension adjustment system):

(Millions of United States dollars)

	If future pension payments are made under the Regulations:	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	28 176	36 784
Vested terminated participants	1 066	1 810
Active participants	19 477	26 790
Total vested benefits	**48 719**	**65 384**
Non-vested benefits	1 005	1 272
Total actuarial present value of accumulated plan benefits	**49 724**	**66 656**

Information on participation in the Fund

169. The last valuation was provided by the consulting actuaries as at 31 December 2021, on the basis of the participation, shown below:

	As at 31 December 2021
Active participants accruing benefits	
Number	128 051
Annual remuneration (millions of United States dollars)	12 775
Average remuneration (United States dollars)	**99 763**
Inactive participants no longer accruing benefits	
Number	9 210
Annual benefits payable at normal retirement age (millions of United States dollars)	91
Average benefit payable at normal retirement age (United States dollars)	**9 921**
Retired participants and beneficiaries	
Number	82 312
Annual benefits (millions of United States dollars)	2 662
Average benefit (United States dollars)	**32 342**

Note 19
Commitments and contingencies

19.1 Investment commitments

170. As at 31 December 2021 and 31 December 2020, the Fund was committed to the following investment commitments:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Real estate funds	2 751 886	3 035 723
Private equity	3 636 897	3 303 070
Infrastructure funds	320 194	209 497
Timberland funds	3 769	11 270
Total commitments	**6 712 746**	**6 559 560**

171. In the private equity, 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. 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

172. As at 31 December 2021 and 31 December 2020, the Fund was committed to the following lease commitments:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Obligations for property leases		
Less than 1 year	6 779	560
1–5 years	19 403	17 903
Greater than 5 years	43 154	51 107
Total property lease obligations	**69 336**	**69 570**

19.3 Legal or contingent liabilities and contingent assets

173. There are no contingent liabilities arising from legal actions and claims that are likely to result in a material liability to the Fund.

174. 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 2021 or 31 December 2020.

Note 20
Risk assessment

175. 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).

176. The Fund's investment risk management programme is intended to measure and monitor the risk to which the Fund is exposed and 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.

177. The Fund uses appropriate 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

178. 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.

179. 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 fixed-income investment benchmarks. The benchmark requires at least one well-known credit rating agency (S&P, Moody's or Fitch) to have rated the issue/issuer.

180. The tables below provide a summary of the credit ratings obtained from rating agencies (Moody's, S&P or Fitch) for the Fund's fixed-income portfolio as at 31 December 2021 and 31 December 2020. The Fund uses Moody's issue ratings 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 the issue/issuer is not evaluated by Moody's, then issue/issuer ratings are obtained from S&P or Fitch.

(Thousands of United States dollars)

	31 December 2021					
Fixed income	*Aaa/AA to Aa3/AA-*	*A1/A+ to A3/A-*	*Baa1/BBB+ to Baa3/BBB-*	*Ba1/BB+ to B3/B-*	*Not rated[a]*	*Total*
Government and agencies securities	20 163 361	566 651	1 677 226	716 560	–	23 123 798
Asset-backed securities	207 406	–	–	–	–	207 406
Corporate bonds/commercial paper	46 301	248 130	315 997	–	–	610 428
Municipal/provincial bonds	38 991	–	–	–	–	38 991
Commercial mortgage-backed	705 297	–	–	–	–	705 297
Funds – corporate bonds	–	–	–	–	55 966	55 966
Total	**21 161 356**	**814 781**	**1 993 223**	**716 560**	**55 966**	**24 741 886**
Percentage	**85.52**	**3.29**	**8.06**	**2.90**	**0.23**	**100.00**

[a] One security, amounting to $56.0 million, was a bond fund and, accordingly, was not evaluated by any credit rating agency.

(Thousands of United States dollars)

	31 December 2020					
Fixed income	*Aaa /AA to Aa3/AA-*	*A1/A+ to A3/A-*	*Baa1/BBB+ to Baa3/BBB-*	*Ba1/BB+ to B3/B-*	*Not rated[a]*	*Total*
Government and agencies 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 bonds	–	–	–	–	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**	**100.00**

[a] One security, amounting to $53.9 million, was a bond fund and, accordingly, was not evaluated by any credit rating agency.

181. A maturity analysis of fixed-income securities as at 31 December 2021 and 31 December 2020 is presented as follows:

(Thousands of United States dollars)

Maturity	*31 December 2021*	*31 December 2020*
Less than 1 year	3 828 801	1 581 072
1–5 years	5 272 208	4 348 672
5–15 years	4 780 823	5 488 058
Greater than 15 years	10 860 054	10 959 729
Total	**24 741 886**	**22 377 531**

20.2 Liquidity risk

182. Liquidity risk is the risk of not being able to meet the 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

183. Market risk is the risk of change in the value of plan assets due to 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 and asset management institutions. The Fund also has 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.

184. VaR, as a single number, summarizes the portfolio's exposure to market risk and 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 VaR 95 number (in percentage or in dollar terms) indicates that there is 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.

185. 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 contributes to the total Fund risk. Clearly, total Fund risk is 100 per cent, and each of the asset class 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 times when losses exceed VaR 95.

186. All numbers in the tables below are reported for a one-year term horizon. For 2021, the estimated volatility on absolute basis (benchmark not included) of the total Fund was 13.41 per cent, the estimated VaR (95 per cent) was 17.39 per cent and the

estimated expected shortfall (5 per cent) was 34.07 per cent. VaR of 17.39 per cent indicates that there is a 95 per cent chance that portfolio losses will not exceed 17.39 per cent over a year. The asset class with the lowest VaR (lowest risk) is cash and short term, followed by fixed income and total equities. 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 asset class: (a) risk; (b) weights in portfolio; and (c) correlation with other assets in the portfolio. Accordingly, for 2021, the total equity portfolio contributed 80.20 per cent to total fund risk, while fixed income contributed -0.52 per cent, real estate 11.31 per cent and private equity 8.79 per cent. As at 31 December 2021, equities represented 56.88 per cent of the net assets available for benefits.

187. All numbers in the tables below are annualized using historical simulation.

(Percentage)

	2021			
Asset class	*Volatility (standard deviation)*	*VaR (95 per cent)*	*Contribution to risk*	*Expected shortfall (5 per cent)*
Total fund	13.41	17.39	100.00	34.07
Total equity	18.81	24.26	80.20	47.81
Fixed income	2.98	4.30	(0.52)	7.12
Cash and short term	0.06	0.10	0.00	0.14
Real estate	26.62	31.21	11.31	67.76
Private equity	17.95	24.99	8.79	46.64
Infrastructure	17.78	24.43	0.19	46.40
Timberlands	17.78	24.43	0.03	46.40

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2021. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

	2020			
Asset class	*Volatility (standard deviation)*	*VaR (95 per cent)*	*Contribution to risk*	*Expected shortfall (5 per cent)*
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
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 of 31 December 2020. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

188. Since early 2020, the outbreak of the COVID-19, which the World Health Organization declared a pandemic, has continued to cause significant uncertainty in the world economy. The increased volatility (standard deviation), VaR (95 per cent) and expected shortfall (5 per cent) in 2021 and 2020 were due to the unprecedented market volatility caused primarily by the pandemic

189. 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 the Monte Carlo simulation, which may not cover all possible scenarios, especially those of an exceptional nature.

Price risk

190. 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 dollar, the price is initially expressed in non-dollar-denominated currency and is then converted into dollars, which will also fluctuate because of changes in currency exchange rates.

191. As at 31 December 2021 and 31 December 2020, the fair value of equities exposed to price risk was as follows:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Common and preferred stock	50 146 375	46 584 756
Funds – exchange-traded funds	1 800 533	1 577 111
Funds – common stock	14 174	8 888
Stapled securities	61 545	74 460
Total equity instruments	**52 022 627**	**48 245 215**

192. Considering the total Fund risk as 100 per cent, the contribution to risk due to equities is 80.20 per cent (2020: 82.41 per cent) of the total Fund risk and the rest is contributed by all other asset classes.

193. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weights.

194. The Fund's equity investment portfolio by industrial sector based on the General Industry Classification Standard as at 31 December 2021 and 31 December 2020 was as follows:

(Percentage)

	31 December 2021		*31 December 2020*	
General Industry Classification Standard	*Fund's equity portfolio*	*Benchmark*[a]	*Fund's equity portfolio*	*Benchmark*[b]
Financials	14.77	15.59	13.50	14.16
Information technology	23.88	25.35	21.43	22.26
Communication services	8.81	9.51	9.31	9.68
Consumer discretionary	13.00	13.35	13.49	13.61
Consumer staples	6.14	6.65	6.33	6.83
Energy	0.04	0.04	2.88	3.20

General Industry Classification Standard	31 December 2021		31 December 2020	
	Fund's equity portfolio	Benchmark[a]	Fund's equity portfolio	Benchmark[b]
Health care	12.05	11.82	11.44	11.60
Industrials	8.99	8.17	8.61	7.86
Materials	4.22	4.98	4.77	5.23
Utilities	1.40	1.71	2.44	2.98
Real estate	2.62	2.83	2.34	2.59
Other	4.08	Not applicable	3.46	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.

195. The following table presents an analysis of the Fund's concentration of equity price risk in the Fund's equity portfolio by geographical distribution, based on the counterparty's place of primary listing or, if not listed, place of domicile.

(Percentage)

	31 December 2021	31 December 2020
North America	61.4	55.5
Europe	14.9	14.8
Asia Pacific	7.9	9.6
Emerging markets	15.8	20.1
Total	**100.0**	**100.0**

Currency risk

196. 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 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.

197. The Fund does not use hedging to manage its non-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.

198. 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 2021 and 31 December 2020. Net financial assets amounting to $22.1 million in 2021 (2020: $28.8 million) not held at fair value (see note 5) are excluded from this table. Assets held in exchange-traded funds are included as dollar assets.

(Percentage)

Currency	As at 31 December 2021 Equity	Fixed income	Real assets	Alternative and other	Cash	Total
United States dollar	36.45	23.33	5.76	6.00	1.74	73.28
Euro	4.05	0.03	0.69	0.94	0.01	5.72
Japanese yen	3.08	–	0.13	–	0.00	3.21
Hong Kong dollar	2.56	–	–	–	0.00	2.56
British pound sterling	1.93	–	0.15	0.14	0.00	2.22
Canadian dollar	1.47	0.02	0.30	–	0.00	1.79
Republic of Korea won	1.19	0.40	–	–	0.00	1.59
Swiss franc	1.43	–	–	–	0.00	1.43
Australian dollar	0.85	0.00	0.21	–	0.00	1.06
Indian rupee	0.93	0.10	–	–	0.00	1.03
Mexican peso	0.27	0.43	–	–	0.00	0.70
Brazilian real	0.27	0.40	–	–	0.00	0.67
Swedish krona	0.62	–	–	–	0.00	0.62
Indonesian rupiah	0.12	0.43	–	–	0.00	0.55
South African rand	0.28	0.18	–	–	0.00	0.46
Russian rouble	0.09	0.35	–	–	0.01	0.45
Malaysian ringgit	0.09	0.32	–	–	0.00	0.41
Danish krone	0.38	–	–	–	0.00	0.38
Chinese yuan (renminbi)	0.34	–	–	–	0.00	0.34
Thai baht	0.07	0.24	–	–	0.00	0.31
Polish zloty	0.03	0.17	–	–	0.00	0.20
Egyptian pound	–	0.18	–	–	0.00	0.18
Philippine peso	0.07	0.09	–	–	0.00	0.16
Singapore dollar	0.14	–	–	–	–	0.14
New Israeli shekel	0.02	0.07	–	–	0.00	0.09
United Arab Emirates dirham	0.07	–	–	–	0.00	0.07
Hungarian forint	0.01	0.05	–	–	0.00	0.06
Czech koruna	–	0.07	–	–	0.00	0.07
Peruvian sol	–	0.06	–	–	0.00	0.06
Colombian peso	–	0.05	–	–	0.00	0.05
Turkish lira	0.01	0.03	–	–	0.00	0.04
Chilean peso	–	0.03	–	–	0.00	0.03
Norwegian krone	0.03	0.00	–	–	0.00	0.03
Romanian leu	–	0.02	–	–	0.00	0.02
New Zealand dollar	0.02	–	–	–	0.00	0.02
Total	**56.87**	**27.05**	**7.24**	**7.08**	**1.76**	**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 2020					
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternative 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
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.

Interest rate risk

199. 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 rate securities, floating-rate debt instruments, cash and cash equivalents that expose the Fund to interest rate risk.

200. The table below presents a summary 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)

	2021		*2020*	
	Fund	*Benchmark*	*Fund*	*Benchmark*
Effective duration	5.00	5.83	4.96	4.81

201. 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 5.00 per cent (2020: 4.96 per cent), compared with the benchmark, which can lose or gain approximately 5.83 per cent (2020: 4.81 per cent). This arises primarily from the increase/decrease in the fair value of fixed-interest securities. Floating-rate debt instruments comprise less than 1 per cent of the total fixed-income investments used for calculating effective duration as at 31 December 2021 and 31 December 2020.

Note 21
Budget information: reconciliation between the actual amounts on a comparable basis and the statement of changes in net assets available for benefits

202. 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)

	2021	*2020*
Actual amount on a comparable basis	**99 602**	**89 396**
Basis differences		
Asset additions/disposals	(378)	–
Depreciation, amortization and impairment	–	3 724
Unliquidated obligations	(5 857)	924
Prepayments	1 565	(1 661)
Employee benefits	3 390	12 341
Other accruals	688	(1 530)
Actual amount for administrative expenses in the statement of changes in net assets available for benefits	**99 010**	**103 194**

203. 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 are received. Unliquidated obligations for goods or services not received or prepayments are not recognized as expense. Economic services received but not yet 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

204. 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.

205. Pursuant to General Assembly resolutions 2951 (XXVII), by which the Assembly established the United Nations University (UNU), and 3081 (XXVIII) and article IX of the UNU Charter (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 managers 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 Fund, which are maintained separately. Costs of the Office's management advisory fees, 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

206. Key management personnel remunerated by the Fund for the years ended 31 December 2021 and 31 December 2020 are as follows:

	Number of individuals	*Compensation and post adjustment*	*Entitlements*	*Pension and health plans*	*Total remuneration*	*Outstanding advances against entitlements*	*Outstanding loans*
		(Thousands of United States dollars)					
2021	5	1 126	306	277	1 709	–	–
2020	5	995	457	228	1 680	–	–

207. 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/the Chief Investment Officer and the Chief Financial Officer, given that they have the authority and responsibility for planning, directing and controlling the activities of the Fund.

208. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

209. There were no outstanding advances against entitlements of key management personnel as at 31 December 2021 and 31 December 2020.

210. Key management personnel are also qualified for post-employment benefits (see note 11) on the same basis as other employees. The actuarial valuation of the benefits for the key management personnel are as follows:

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
After-service health insurance	1 602	423
Repatriation grant	364	180
Annual leave	217	79
Total	**2 183**	**682**

Other related parties

211. 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

212. The General Assembly is the highest legislative body for the 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

213. Member organizations of the Fund (international, intergovernmental organizations) join the Fund by decision of the General Assembly upon the recommendation of the Pension Board and at the time of admission agree to adhere to the Regulations of the Fund. Each Fund 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

214. The International Computing Centre was established in January 1971 pursuant to General Assembly resolution 2741 (XXV). The Centre provides ICT 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 2021, there were no known claims that affected 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 by the Management Committee by a formula defined at that time.

215. The role of the International Computing Centre is to:

- Provide information technology services on a full cost-recovery basis
- Assist in exploiting networking and computing technology
- Provide information management services
- Advise on questions related to information management
- Provide specialized training.

Note 24
Subsequent events

216. The General Assembly, in its resolution 75/246, 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 a limited purpose on a trial basis for two years. The Fund is assessing the feasibility of the implementation of this pilot programme and expects to report more detailed proposals to the Assembly at its seventy-seventh 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.

217. The events in Ukraine since 24 February 2022 are considered non-adjusting subsequent events. The wide range of financial sanctions imposed on the Russian Federation, including on international payment channels by numerous jurisdictions worldwide, had negative impacts on the financial markets. The Moscow Stock Exchange suspended stock trading, the Central Bank of Russia suspended local custodians' ability to process and settle the delivery of securities transactions for certain clients, several publicly listed securities in the Russian Federation have had their listing suspended on certain stock exchanges, and index providers excluded those stocks from market indices. As at 31 December 2021, the Fund's investment at market value in equity securities in the Russian Federation was $205 million, fixed-income securities was $324 million, one real estate fund was $9 million and investment through one private equity fund was valued at $70 million. The events in Ukraine since 24 February 2022 and the subsequent sanctions environment is expected to result in valuation impairment for the Fund's investments. As at the date of issuance of these financial statements, the Fund cannot fully determine the negative impact on investments in the Russian Federation owing to uncertainty in the demand for Russian Federation assets, significant volatility in the exchange rate, current capital controls in place, an increased risk premium on Russian Federation assets and the potential for further sanctions.

218. 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 2020*	*New entrants*	*Transfer In*	*Transfer Out*	*Separations*	*Adjustments*[a]	*Participants as at 31 December 2021*	*Percentage increase/ (decrease)*
United Nations[b]	86 963	6 287	222	256	6 215	174	86 827	(0.2)
Food and Agriculture Organization of the United Nations[c]	12 341	2 214	93	70	656	22	13 900	12.6
World Health Organization	11 189	763	75	51	657	9	11 310	1.1
International Organization for Migration	7 687	1 425	35	52	452	7	8 636	12.3
International Labour Organization	4 050	481	32	30	245	5	4 283	5.8
International Atomic Energy Agency	2 777	158	18	35	170	5	2 743	(1.2)
United Nations Educational, Scientific and Cultural Organization	2 511	187	27	14	166	6	2 539	1.1
World Intellectual Property Organization	1 215	52	6	4	61	(2)	1 210	(0.4)
International Criminal Court	1 179	50	20	15	64	4	1 166	(1.1)
International Telecommunication Union	765	52	7	3	42	1	778	1.7
International Civil Aviation Organization	739	30	4	4	48	1	720	(2.6)
United Nations Industrial Development Organization	711	42	6	4	42	–	713	0.3
International Fund for Agricultural Development	633	61	14	7	51	4	646	2.1
World Meteorological Organization	353	52	12	6	21	2	388	9.9
International Maritime Organization	358	13	2	3	27	(2)	345	(3.6)
Comprehensive Nuclear-Test-Ban Treaty Organization	309	26	16	5	16	1	329	6.5
Special Tribunal for Lebanon	400	7	–	26	125	(3)	259	(35.3)
International Centre for Genetic Engineering and Biotechnology	168	12	–	1	10	–	169	0.6
World Tourism Organization	89	4	–	1	5	–	87	(2.2)
International Seabed Authority	44	11	–	2	5	–	48	9.1
International Centre for the Study of the Preservation and Restoration of Cultural Property	49	5	1	1	7	–	47	(4.1)
Inter-Parliamentary Union	43	4	–	–	2	–	45	4.7
International Tribunal for the Law of the Sea	40	1	–	–	1	–	40	0.0

Member organization	Participants as at 31 December 2020	New entrants	Transfer In	Transfer Out	Separations	Adjustments[a]	Participants as at 31 December 2021	Percentage increase/ (decrease)
European and Mediterranean Plant Protection Organization	19	1	–	–	1	–	19	0.0
Wassenaar Arrangement	–	14	–	–	–	–	14	–
Total	**134 632**	**11 952**	**590**	**590**	**9 089**	**234**	**137 261**	**2.0**

[a] Corrections of erroneous entries from prior years.
[b] United Nations Headquarters, regional offices and all funds and programmes.
[c] Including the World Food Programme.

Table 2
Benefits awarded to participants or their beneficiaries during the year ended 31 December 2021

Member organization	*Number of benefits awarded*											
	Retirement benefit	*Early retirement benefit*	*Deferred retirement benefit*	*Withdrawal settlement* < 5 years	*Withdrawal settlement* > 5 years	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
United Nations[a]	877	507	353	2 703	1 483	1 391	157	–	86	2	23	7 582
Food and Agriculture Organization of the United Nations[b]	94	58	52	313	95	146	27	–	4	1	3	793
World Health Organization	102	62	35	281	140	152	20	–	7	–	2	801
International Organization for Migration	23	9	15	307	86	30	8	–	–	1	–	479
International Labour Organization	51	19	19	121	24	25	9	–	3	–	–	271
International Atomic Energy Agency	70	15	29	46	6	19	2	–	2	–	–	189
United Nations Educational, Scientific and Cultural Organization	44	17	24	64	7	17	3	–	5	–	–	181
World Intellectual Property Organization	18	9	7	22	–	5	1	–	3	–	–	65
International Criminal Court	9	3	5	29	16	2	1	–	–	–	–	65
International Telecommunication Union	16	5	2	12	4	4	–	–	2	–	–	45
International Civil Aviation Organization	19	5	7	10	6	6	1	–	1	–	–	55
United Nations Industrial Development Organization	18	7	–	13	1	5	–	–	3	–	–	47
International Fund for Agricultural Development	12	10	10	16	1	7	2	–	–	–	2	60
World Meteorological Organization	7	3	1	9	1	10	–	–	–	–	–	31
International Maritime Organization	9	4	–	11	2	3	–	–	1	–	–	30
Comprehensive Nuclear-Test-Ban Treaty Organization	1	–	1	12	1	–	–	–	1	–	–	16
Special Tribunal for Lebanon	5	1	12	47	56	4	–	–	–	–	–	125
International Centre for Genetic Engineering and Biotechnology	3	3	4	–	–	2	–	–	–	–	–	12
World Trade Organization	2	1	–	1	1	–	–	–	–	–	–	5
International Seabed Authority	4	–	–	1	–	2	–	–	–	–	–	7
International Centre for the Study of the Preservation and Restoration of Cultural Property	2	–	–	5	–	–	–	–	–	–	–	7
Inter-Parliamentary Union	–	1	–	–	1	–	–	–	–	–	–	2
International Tribunal for the Law of the Sea	1	–	–	–	–	–	–	–	–	–	–	1

Member organization	Number of benefits awarded: Retirement benefit	Early retirement benefit	Deferred retirement benefit	Withdrawal settlement: < 5 years	Withdrawal settlement: > 5 years	Child benefit	Widow and widower benefit	Other death benefit	Disability benefit	Secondary dependency benefit	Transfer under agreement	Total
European and Mediterranean Plant Protection Organization	1	–	–	–	–	–	–	–	–	–	–	1
Wassenaar Arrangement	–	–	–	–	–	–	–	–	–	–	–	–
Total	**1 388**	**739**	**576**	**4 023**	**1 931**	**1 830**	**231**	**–**	**118**	**4**	**30**	**10 870**
Table 1 separations	1 388	739	576	4 023	1 931	49	231	–	118	4	30	9 089
One-time benefits	–	–	–	4 023	1 931	–	–	–	–	–	30	5 984
Table 4 new	1 388	739	576	–	–	1 830	231	–	118	4	–	4 886

[a] United Nations Headquarters, regional offices and all funds and programmes.
[b] Including the World Food Programme.

Table 3
Benefits awarded to participants or their beneficiaries during the year ended 31 December 2020

Member organization	*Number of benefits awarded*											
	Retirement benefit	*Early retirement benefit*	*Deferred retirement benefit*	*Withdrawal settlement < 5 years*	*Withdrawal settlement > 5 years*	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
United Nations[a]	380	316	589	2 380	754	723	101	–	93	3	13	5 352
Food and Agriculture Organization of the United Nations[b]	87	108	101	271	95	147	18	–	9	–	1	837
World Health Organization	63	51	93	248	108	103	19	–	6	–	3	694
International Organization for Migration	16	8	31	354	109	7	1	–	4	–	1	531
International Labour Organization	22	15	39	161	36	14	3	–	3	–	2	295
International Atomic Energy Agency	33	13	72	58	14	10	–	–	6	–	1	207
United Nations Educational, Scientific and Cultural Organization	24	14	44	72	10	20	3	–	3	–	2	192
World Intellectual Property Organization	12	9	6	22	3	7	3	–	4	–	–	66
International Criminal Court	3	3	28	21	14	–	1	–	1	–	–	71
International Telecommunication Union	8	13	6	5	2	6	–	–	4	–	–	44
International Civil Aviation Organization	12	5	6	24	5	6	–	–	–	–	1	59
United Nations Industrial Development Organization	9	3	9	6	2	1	–	–	4	–	–	34
International Fund for Agricultural Development	10	2	8	10	3	2	–	–	1	–	–	36
World Meteorological Organization	13	10	3	14	3	4	–	–	2	–	–	49
International Maritime Organization	1	3	4	5	–	2	–	–	3	–	–	18
Comprehensive Nuclear-Test-Ban Treaty Organization	–	1	–	14	–	–	–	–	–	–	–	15
Special Tribunal for Lebanon	6	5	11	10	20	6	1	–	2	–	–	61
International Centre for Genetic Engineering and Biotechnology	6	3	–	1	–	1	–	–	–	–	–	11
World Trade Organization	2	–	3	–	–	–	–	–	–	–	–	5
International Seabed Authority	–	–	–	–	2	–	–	–	–	–	–	2
International Centre for the Study of the Preservation and Restoration of Cultural Property	–	–	–	1	–	–	–	–	–	–	–	1
Inter-Parliamentary Union	2	–	3	2	–	–	–	–	–	–	–	7
International Tribunal for the Law of the Sea	1	–	–	1	–	–	–	–	–	–	–	2
European and Mediterranean Plant Protection Organization	–	–	–	2	–	–	–	–	–	–	–	2
Wassenaar Arrangement	–	–	–	–	–	–	–	–	–	–	–	–
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.
[b] Including the World Food Programme.

Table 4
Analysis of periodic benefits for the year ended 31 December 2021

Type of benefit	*Total as at 31 December 2020*	*New*	*Benefits discontinued, resulting in award of survivor benefit*[a]	*All other benefits discontinued*	*Total as at 31 December 2021*	*Percent increase/(decrease)*
Retirement	29 039	1 388	(423)	(543)	29 461	1.5
Early retirement	17 110	739	(193)	(305)	17 351	1.4
Deferred retirement	8 715	576	(77)	(180)	9 034	3.7
Widow	11 993	196	788	(644)	12 333	2.8
Widower	1 170	35	94	(65)	1 234	5.5
Disability	1 871	118	(22)	(40)	1 927	3.0
Child	9 534	1 787	–	(1 273)	10 048	5.4
Child with disability	880	43	–	(32)	891	1.3
Secondary dependant	34	4	–	(5)	33	(2.9)
Total	**80 346**	**4 886**	**167**	**(3 087)**	**82 312**	**2.4**

[a] Benefits discontinued resulting in the award of a survivor benefit, can result in a greater number of survivor benefits than those discontinued. This occurs because multiple survivor benefits can be awarded as a result of the discontinuation of a main participant's terminated benefit. In addition, survivor benefits may be awarded in the year or years subsequent to the year in which a primary participant's benefit was discontinued, leading to timing differences.

Table 5
Inventory of deferred and active entitlement cases

	As at 31 December 2021		*As at 31 December 2020*	
	Number	*Percentage*	*Number*	*Percentage*
No payment due at all				
Possible re-employment under article 21 of the Regulations of the Fund	20	< 1	17	< 1
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)	331		349	
Deferment of choice under article 32 of the Regulations of the Fund (election/payment of benefits deferred by the beneficiary up to 36 months)	4 313		3 149	
Subtotal	**4 644**	**82.6**	**3 498**	**80**
Not ready for payment				
Cases reviewed but more information/clarification required	758	13.5	692	16
For payment (case inventory)				
Cases in progress	87		57	
Cases scheduled for review	110		87	
Subtotal	**197**	**3.5**	**144**	**3**
Total	**5 619**		**4 351**	

Annex X

Budget estimates for 2023

The budget estimates for 2023 provided in the document below are to be considered in conjunction with the supplementary information.

Contents

Summary

The present report contains budget estimates for the year 2023, which amount to $123,157,200 (before recosting).

Resource requirements for 2023

(Thousands of United States dollars)

	Resources		*Posts*		*General temporary assistance*	
	2022 approved	*2023 estimate (before recosting)*	*2022 approved*	*2023 estimate*	*2022 approved*	*2023 estimate*
Secretariat of the Pension Board	1 375.7	1 203.0	3	3	1	1
Pension Administration	64 307.3	63 955.0	231	261	25	6
Office of Investment Management	54 051.4	55 905.9	137	150	15	7
Audit	2 084.7	2 093.3	6	6	2	2
Total	**121 819.1**	**123 157.2**	**377**	**420**	**43**	**16**

I. Overview

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

2. The Chief Executive of Pension Administration administers the Fund under the authority of the United Nations Joint Staff Pension Board and is responsible for the management of the Pension Administration. The Secretary of the Board reports directly to the Chair of the Board. The Office of Investment Management reports to the Secretary-General through his Representative for the investment of the assets of the Fund.

Funding source

3. The Fund is funded through contributions from its participating member organizations and staff members, as well as investment income, whereby the contributions of member organizations are resourced from the Member States and other resources. The Fund is not funded directly through the assessed contributions of Member States.

4. Reflecting the nature of the Fund, its budget includes only estimated administrative expenditure; the budget represents a ceiling of reasonable expenditure to administer the Fund, and any underexpenditure should be considered savings, which remain in the Fund.

5. In addition to the administration of the Fund, the Pension Administration 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 are responsible for their expenses under the Regulations of the Fund. 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. Therefore, the budget for 2023 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 2023

6. The present budget proposal continues to follow the results-based framework used by the United Nations Secretariat in its proposed programme budget for 2023. The Fund is comprised of the secretariat of the Board, the Pension Administration and the Office of Investment Management.

7. The secretariat of the Board provides conference management and technical support to the Board and its subsidiary bodies.

8. 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.

9. The Office of Investment Management invests the assets to ensure that the Fund can discharge its obligations in full by ensuring that the assets of the Fund are

Note: The following abbreviations are used in the tables and figures: ASG, Assistant Secretary-General; GS (OL), General Service (Other level); GS (PL), General Service (Principal level); LL, Local level; N/A, Not applicable.

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 2023

10. The total resource requirements for 2023 amount to $123.2 million before recosting, representing an increase of $1.3 million, or 1.1 per cent, compared with the approved budget for 2022, are reflected in table 1. The proposed resource level provides for the full, efficient and effective implementation of mandates.

11. The resource requirements for 2023 are presented at the same price levels and rates of exchange as the approved budget for 2022 for comparability. The budget proposal also includes the impact of recosting of the resources for 2023. Recosting is the process through which adjustments in the level of the budget are made to preserve its purchasing power.

12. The Fund follows the same recosting methodology as the United Nations Secretariat, incorporating adjustments to the budget resulting from variations in four parameters: (a) currency exchange rates; (b) inflation rates; (c) standard staff costs; and (d) vacancy rates.

13. The following assumptions have been made with respect to estimates of the recosting impact of the budget:

(a) Delayed recruitment factors (vacancy rates) have been applied for posts in both New York and Geneva for 2023, as follows: continuing Professional posts (vacancy rate of 3.3 per cent), new Professional posts (50.0 per cent), continuing General Service posts (7.9 per cent) and new General Service posts (50.0 per cent);

(b) Average annual inflation rate of 6.6 per cent for New York, 1.8 per cent for Geneva, 3.4 per cent for Nairobi and 4.0 per cent for Bangkok;

(c) Exchange rate of the United States dollar to 0.989 Swiss francs, 116 Kenya shillings and 34.58 Thai baht.

14. The projected inflation, represented by the consumer price index, takes into consideration the projected inflation for 2022 and 2023 as at May 2022 as provided by *The Economist*. The inflation projections assumed in the 2022 budget of 2.0 per cent for New York, 0.7 per cent for Geneva, 6.3 per cent for Nairobi and 1.7 per cent for Bangkok have been revised to reflect the most recent inflation projections of 7.2, 2.1, 6.6 and 5.0 per cent, respectively. In addition, the estimated inflation projection for 2023 was adjusted by half to arrive at an average that reflects the spread in spending, resulting in a final projection of 6.6 per cent for New York, 1.8 per cent for Geneva, 3.4 per cent for Nairobi and 4.0 per cent for Bangkok.

15. The impact of recosting is presented under the "Recosting" column in table 1.

Table 1
Evolution of financial resources by office
(Thousands of United States dollars)

	2021 expenditure	2022 appropriation	Changes: Technical adjustments	Changes: Other	Changes: Total	Changes: Percentage	2023 estimate (before recosting)	Recosting	2023 estimate (after recosting)
Secretariat of the Pension Board	674.3	1 375.7	–	(172.7)	(172.7)	(12.6)	1 203.0	51.8	1 254.8
Pension Administration	58 125.7	64 307.3	850.5	(1 202.8)	(352.3)	(0.5)	63 955.0	3 339.8	67 294.8
Secretariat of the Pension Fund	50 130.6	56 003.1	850.5	(1 244.5)	(394.0)	(0.7)	55 609.1	2 978.6	58 587.7
United Nations Staff Pension Committee services, payment from the United Nations Secretariat[a]	7 995.1	8 304.2	–	41.7	41.7	0.5	8 345.90	361.2	8 707.1
Office of Investment Management	39 041.3	54 051.4	1 430.5	424.0	1 854.5	3.4	55 905.9	3 633.5	59 539.4
Audit	1 756.9	2 084.7	–	8.6	8.6	0.4	2 093.3	106.4	2 199.7
Total	**99 598.2**	**121 819.1**	**2 281.0**	**(942.9)**	**1 338.1**	**1.1**	**123 157.2**	**7 131.5**	**130 288.7**

[a] Payment from the United Nations relates to the United Nations Staff Pension Committee services provided by the Pension Fund.

C. Emergency Fund

16. The General Assembly, in section XIII of its resolution 76/246, authorized the Board to supplement the voluntary contributions to the Emergency Fund for 2022 by an amount not exceeding $112,500. The Fund is requesting the same level of funding for 2023, by an amount not exceeding $112,500.

D. Action to be taken by the General Assembly

17. The Pension Board recommends that the General Assembly approve the estimates for 2023 amounting to $130,288,700, comprising:

(a) Secretariat of the Board ($1,254,800);

(b) Pension Administration ($67,294,800);

(c) Office of Investment Management ($59,539,400);

(d) Audit ($2,199,700).

18. Of this amount, ($8,707,100) would be chargeable directly to the United Nations for the services related to the United Nations Staff Pension Committee secretariat.

II. Secretariat of the Pension Board

A. Proposed programme plan for 2023 and programme performance in 2021

Overall orientation

Mandates and background

19. The Pension Board is a subsidiary organ of the General Assembly and reports annually to the Assembly. The Board is the main oversight and decision-making body of the Pension Fund. The Board has the ultimate responsibility for the administration of the Fund and protects the best interests of Fund participants and beneficiaries by setting strategic goals and policies and by providing general oversight and monitoring. The Board reports to the Assembly on strategic questions and policy matters regarding the management of the Fund, the Fund's budget, plan design and its long-term financial situation.

20. In its resolutions 73/274 and 74/263, the General Assembly decided to create the function of the Secretary of the Board to lead an independent secretariat of the Board. In its resolution 74/263, the Assembly stressed that the Secretary of the Board was to be fully independent from the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, and decided that the Secretary should report directly to the Board while being provided with administrative support by the Pension Administration and the Office of Investment Management, as necessary.

21. Following recent decisions by the General Assembly (including the external review of the governance of the Board requested in resolution 74/263) and the governance reform package agreed at the sixty-ninth session of the Board, in July 2021, which was endorsed by the Assembly in its resolution 76/246, the secretariat of the 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, frequency of meetings, working methods, decision-making and effectiveness of the Board, as well as the further development and implementation of an ethics framework and self-evaluation of the Board. Overall, the secretariat of the Board has received a broad mandate to contribute to the professionalization of the working of the Board, its committees and working groups.

Objective

22. The main objective of the Secretary of the Board is to provide technical support services to the Board and assist and advise the Chair of the 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 is supported by a small secretariat that is responsible for the daily management of the Board and its various subcommittees, providing substantive and procedural input and advice, as well as logistical support and the full range of conference management services.

23. Another main objective for 2023 is the continued implementation of the governance reform agenda mandated by the Board and the General Assembly. The objective of the secretariat of the Board is to support a more effective Board through ensuring high-quality services and support for the governance review that will include proposals on the size and composition of the Board, frequency of meetings and overall efficiencies.

Strategy and external factors for 2021–2023

24. In 2023, the secretariat of the Board will continue to focus on the further professionalization of the Board and implement a strengthened annual workplan for the Board, based on the mandates given by the Board and the General Assembly with regard to improving 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.

Programme performance in 2021

25. With the continued impact of the COVID-19 pandemic in 2021, the secretariat of the Board discharged its mandate effectively under difficult 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 and 2021 sessions of the Board was satisfactory and that the meetings were held and organized professionally. The biggest achievement of 2021 was the adoption of the governance reform plan by the Board, which was acknowledged by the General Assembly in its resolution 76/246.

Impact of the pandemic

26. In 2021, the meetings of the Board and its committees continued to be held virtually. The experience with the virtual meetings allowed the Board to improve its governance through an agreement on more frequent meetings and reduced attendance at in-person meetings starting in 2022. Holding virtual meetings led to savings in travel resources. At the same time, some committees were able to hold shorter meetings more frequently, which allowed them to better monitor the areas under their mandate.

Planned results for 2023

Improved support services provided to the Board and the Chair

27. The secretariat of the Board will apply more effective planning, development, management and coordination and improved delivery of a full range of conference management, substantive and technical support services to the 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.

28. The secretariat of the Board will direct the preparation of the reports of the Board, its subcommittees and working groups under the general guidance of the Chair, the Rapporteur of the Board and the Chairs of the committees. The Secretariat will assist the Chair in 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)	*2021 (actual)*	*2022 (planned)*	*2023 (planned)*
Improved positive survey results on secretariat support services, organization of meetings and technical support provided	60 per cent positive survey results planned	65 per cent positive survey results	70 per cent positive survey results planned	75 per cent positive survey results planned

Improved functioning of the Board through mandated governance reform

29. The secretariat of the Board will effectively implement the governance reforms mandated by the Board and the General Assembly aimed at professionalizing the Board.

30. The secretariat of the Board will work closely together with Board members, staff pension committee secretaries and the staff of the 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 Board, as evidenced by the responses to the survey of Board/committee members.

Table 3
Performance measure

	2021 (planned)	*2021 (actual)*	*2022 (planned)*	*2023 (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	62 per cent positive survey results	70 per cent positive survey results planned	70 per cent positive survey results planned

31. Information on compliance with regard to the timely submission of documentation and advance booking for air travel is reflected in table 4. Efforts have been made to further enhance the rate of travel compliance by reminding travellers of the requirements and reinforcing mandatory justification on non-compliance. The secretariat of the Board did not undertake any travel in 2021 owing to the COVID-19 pandemic.

Table 4
Compliance rate
(Percentage)

	2019 (actual)	*2020 (actual)*	*2021 (actual)[a]*	*2022 (planned)*	*2023 (planned)*
Air ticket purchased at least two weeks before the commencement of travel	N/A	N/A	N/A	100	100

[a] No travel was undertaken in 2021 owing to COVID-19 travel restrictions.

B. Proposed post and non-post resource requirements for 2023

Overview

32. The proposed resources provide for the continuation of the mandate of the secretariat of the Board, as well as for the implementation of the mandates from the General Assembly relating to the governance reforms and professionalization of the Board.

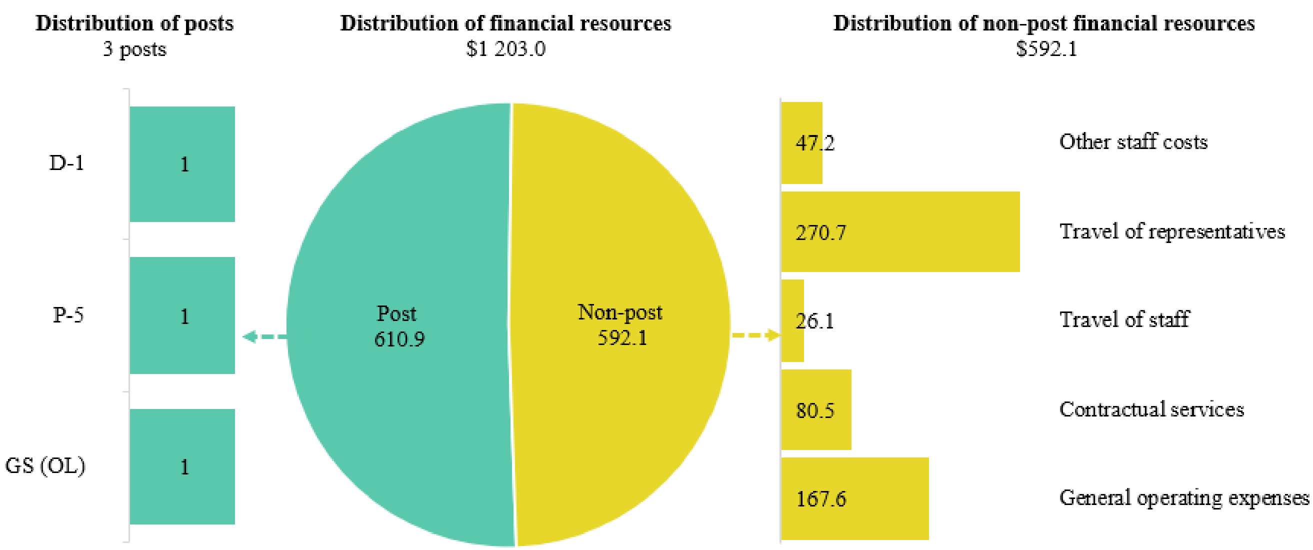
33. As reflected in table 5, the proposed resources for 2023 amount to $1,203,000 before recosting, reflecting a net decrease of $172,700, or 12.6 per cent, compared with the appropriation for 2022 and would provide for the administrative expenses of

the secretariat of the Board and the Board, including the travel of the Chair to attend the meetings of the Fifth Committee and the travel of representatives of the Board's advisory committees and of FAFICS to Board meetings.

Table 5
Secretariat of the Pension Board: evolution of financial and post resources
(Thousands of United States dollars/number of posts)

	2021 expenditure	2022 appropriation	Changes: Technical adjustments	Changes: Other	Changes: Total	Changes: Percentage	2023 estimate (before recosting)
Financial resources by the main category of expenditure							
Post	589.5	610.9	–	–	–	–	610.9
Non-post	84.8	764.8	–	(172.7)	(172.7)	(22.6)	592.1
Total	**674.3**	**1 375.7**	**–**	**(172.7)**	**(172.7)**	**(12.6)**	**1 203.0**
Post resources by category							
Professional and higher		2	–	–	–	–	2
General Service and related		1	–	–	–	–	1
Total		**3**	**–**	**–**	**–**	**–**	**3**

Figure I
Distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



Explanation of variances by factor

Other changes

34. Resource changes reflect a net decrease of $172,700, as follows:

(a) Decrease of $16,500 under travel of representatives, which relates to the travel of FAFICS representatives to the Board meetings, owing to the reduction in the travel days from 10 to 6 and the reduction in the number of travellers from six to four;

(b) Decrease of $13,900 under travel of staff, which relates mainly to the non-provision of resources for travel of staff related to meetings of working groups;

(c) Decrease of $154,600 under contractual services, which relates to the discontinuation of resources for the implementation of Board and General Assembly decisions on the governance of the Board ($204,000), offset in part by resources for the training of Board members on fiduciary responsibilities;

(d) Net increase of $12,300 under general operating expenses, which relates primarily to the full provision for rent in 2023 ($14,600), offset in part by a decrease in the secretariat's share of the cost of United Nations administrative charges.

III. Pension Administration

Foreword

In fulfilling its mandate, the Pension Administration is serving the population of participants, retirees and beneficiaries, which continued to grow in 2021. Notwithstanding the high volume of separations and queries and disruptions of payment in several countries, the Fund delivered on its core functions, while advancing its strategic modernization projects.

The growth in the Fund's client base and its service needs will continue in 2023. The Fund needs to respond to geopolitical and other risks affecting the international banking channels through which pension payments are disbursed. The digitalization of the Fund's services, which has already simplified the lives of retirees and beneficiaries, as well as the work of pension specialists in member organizations, also needs to remain a priority.

The 2023 budget proposal is intended to address these challenges and objectives, while capitalizing on the efficiency gains brought forth by the implementation of the 2021–2023 client-focused, action-oriented, relations-builder and efficacy-driven (CARE) strategy.

One of the most successful digitalization initiatives implemented in 2021 and 2022 relates to the certificate of entitlement. More than 82,000 retirees and beneficiaries need to send their certificate of entitlement to the Fund annually as a proof of life and residence. Thanks to digitization efforts, more than 50 per cent of retirees and beneficiaries now use either the digital certificate of entitlement app on their smartphone or the digital upload feature of the member self-service portal on their computer to complete their annual certificate of entitlement exercise. Through these digital means, the Fund's clients gained efficiency and saved time by fulfilling their annual obligation from the comfort of their homes, instead of using postal services. It has also triggered efficiency for the Fund, given that the growth of retirees would have involved more certificates of entitlement being handled manually, hence more human resources year after year. Thanks to the digitalization, no additional human resources are being requested in this respect, and the Fund can handle more certificates of entitlement within existing staffing capacity.

With this efficient modernization undertaken in just two years, coupled with the rationalization of the structure of the Pension Administration, the Fund can now, for the first time in many years, propose a no-growth budget for 2023, with a decrease of 0.5 per cent compared with the 2022 approved budget for the Pension Administration, in anticipation of further efficiencies that will help to absorb in part the growth in our clients' service needs. They include the deployment of the customer relationship management system that is expected to reduce the time needed to handle clients' queries, the automation of the transfer to the Fund by member organizations of separation forms to initiate the processing of benefits, and the automation of the certificate of entitlement signature verification process, which will further simplify the handling of forms.

Resources for contractual services, which cover ICT requirements mainly, are anticipated to decrease significantly (14.5 per cent less compared with the 2022 appropriation), given that the bulk of the projects under the CAR strategy are close to completion and will not require more investment in 2023.

However, some key functions need strengthening in areas where automation cannot address the workload increase related to the growth of participants, retirees and beneficiaries and the implementation of operational improvements. Ten new posts are therefore proposed for creation as a response to three main challenges: (a) the increased workload in the areas of client services, operations, legal services, business transformation and human resources (5 posts: 2 Professional and 3 General Service); (b) the implications of disruptions on international payments as a result of geopolitical developments and sanctions imposed on some payment channels, requiring the Fund to develop and implement alternative payment channels through the United Nations Treasury, resulting in a significant number of payment reissuances (4 posts: 1 Professional and 3 General Service); and (c) the efforts to become a data-driven organization and to develop the Fund's business intelligence infrastructure (1 General Service).

In line with risk management best practices, the Pension Administration proposes strengthening its risk management capabilities through the creation of a Risk Management Unit. This comprises the redeployment of one P-4 post that will be reclassified at the P-5 level to head the Unit and the redeployment of a Programme Management Officer (P-3). Both posts will be redeployed from the Business Transformation and Accountability Unit, which will be renamed the Business Transformation Unit.

The reclassification of an Information Systems Officer, from P-3 to P-4, is intended to ensure that adequate subject-matter expertise is available within the Fund to manage and support systems based on cloud computing platforms, while the reclassification of a Human Resources Assistant (General Service (Other level)) to Senior Human Resources Assistant (General Service (Principal level)) is intended to ensure adequate human resources expertise for some services previously provided by the Office of Human Resources that have now been assumed by the Pension Administration.

Following the review of the general temporary assistance workforce undertaken for the 2022 budget, the Fund needs to stabilize its workforce for functions that were identified as permanent in nature in 2021, leading to the proposal to convert 20 general temporary assistance positions (15 General Services and 5 Professional) to posts.

Lastly, two new general temporary assistance positions are proposed for securing the services of an integration specialist (P-3) to accelerate efforts to integrate our systems with the new customer relationship management application and a benefits assistant (General Service (Other level)) to support our data-cleansing effort to ensure a smooth roll-out of the application. With the discontinuation of one general temporary assistance position, the total number of general temporary assistance positions, should the proposed post changes be approved, would be reduced to 6, from 25 in 2022.

The adoption of the 2023 budget proposal would allow the Fund to continue to deliver outstanding services to its participants, retirees and beneficiaries, as well as to its member organizations, in keeping with the Fund's vision as endorsed by the Board and the General Assembly.

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

A. Proposed programme plan for 2023 and programme performance in 2021

Overall orientation

Mandates and background

35. The legislative mandate of the Pension Fund is derived from the General Assembly resolution 248 (III) in 1948 that approved the Regulations of the Fund, as well as subsequent Assembly resolutions and the Pension Board decisions.

36. As reflected in figure II, the Pension Administration, in conjunction with the United Nations Staff Pension Committee and its secretariat in each member organization, is responsible for the day-to-day operations of the Fund. This includes:

(a) Contribution management (collecting and updating participant information and contributions necessary for retirement);

(b) Entitlement processing (defining eligibility for various benefits and communicating with staff/participants about their options);

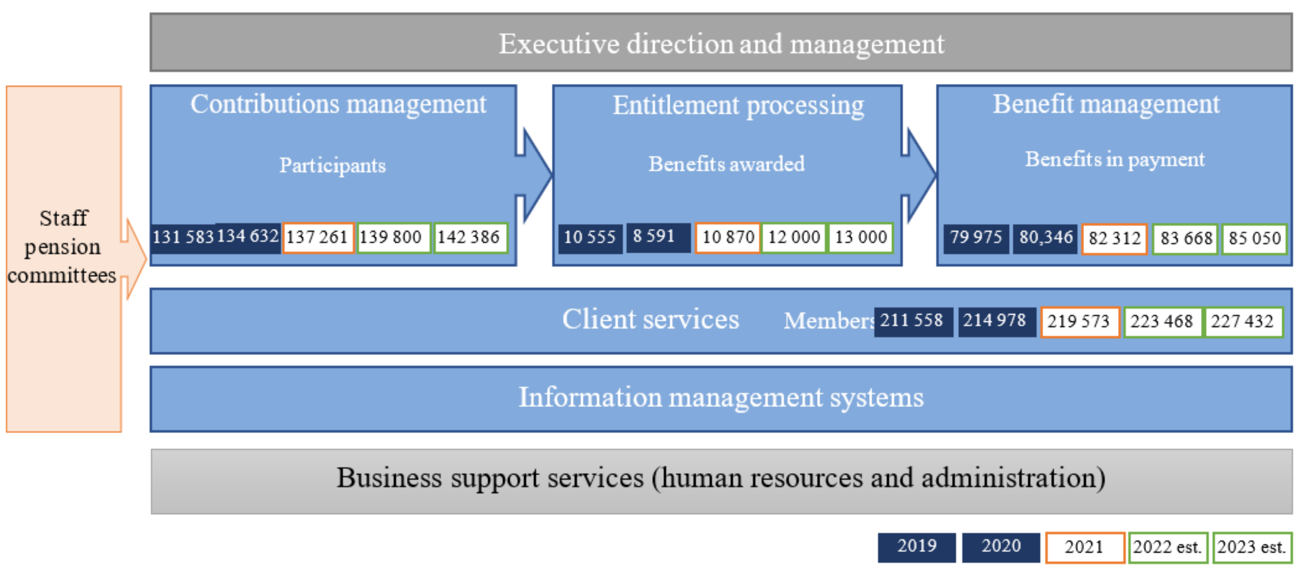
(c) Benefits management (paying retirement and disability benefits, processing cost-of-living adjustments, and processing child and survivors' benefits);

(d) Providing client services to all participants, retirees and other beneficiaries.

37. The Pension Administration provides secretariat services to the United Nations Staff Pension Committee. These services are funded directly through the general budget of the United Nations.

38. In addition, the Pension Administration develops the strategy and policies for the administration of the Fund, assesses the risk to which the Fund is exposed by virtue of its plan design and operations and ensures that the Fund complies with its Regulations, Rules and Pension Adjustment System. It is also responsible for human resources and facilities management.

Figure II
Functions and workload drivers of the Pension Administration

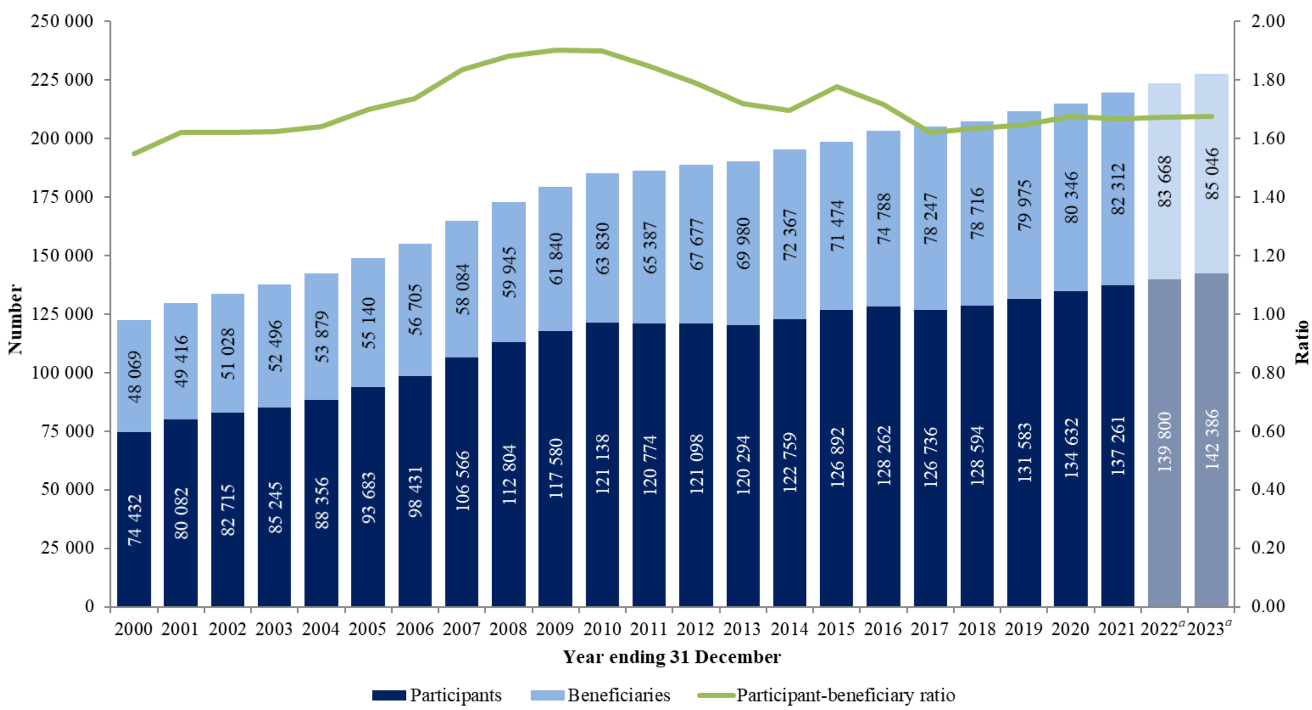


Workload drivers

Number of participants and beneficiaries

39. The Fund continues to experience a high rate of growth in the number of participants, retirees and other beneficiaries. Over the past five years, the number of participants has grown at an average annual rate of 1.4 per cent. During 2021, the number of participants grew by 2.0 per cent and the number of beneficiaries by 2.4 per cent. Figure III 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 2000. It also presents the ratio of participants to retirees and other beneficiaries, reflecting a mature Fund. Given that retirees and other beneficiaries require more administrative resources than participants, the Pension Administration's overall workload is increasing disproportionately in that regard.

Figure III
Growth in the number of Fund participants, retirees and beneficiaries at the end of each year



[a] Year to date/projected.

40. Figures IV and V show the changes in participants and beneficiaries, respectively, over the past five years. Since 2018, the number of new participants joining the Fund has exceeded the number of participants becoming beneficiaries or leaving the Fund altogether, as shown in figure IV. Over the same period, the number of new beneficiaries exceeded the number of beneficiaries discontinuing, as shown in figure V.

Figure IV
Changes in participants of the Fund, 2017–2021

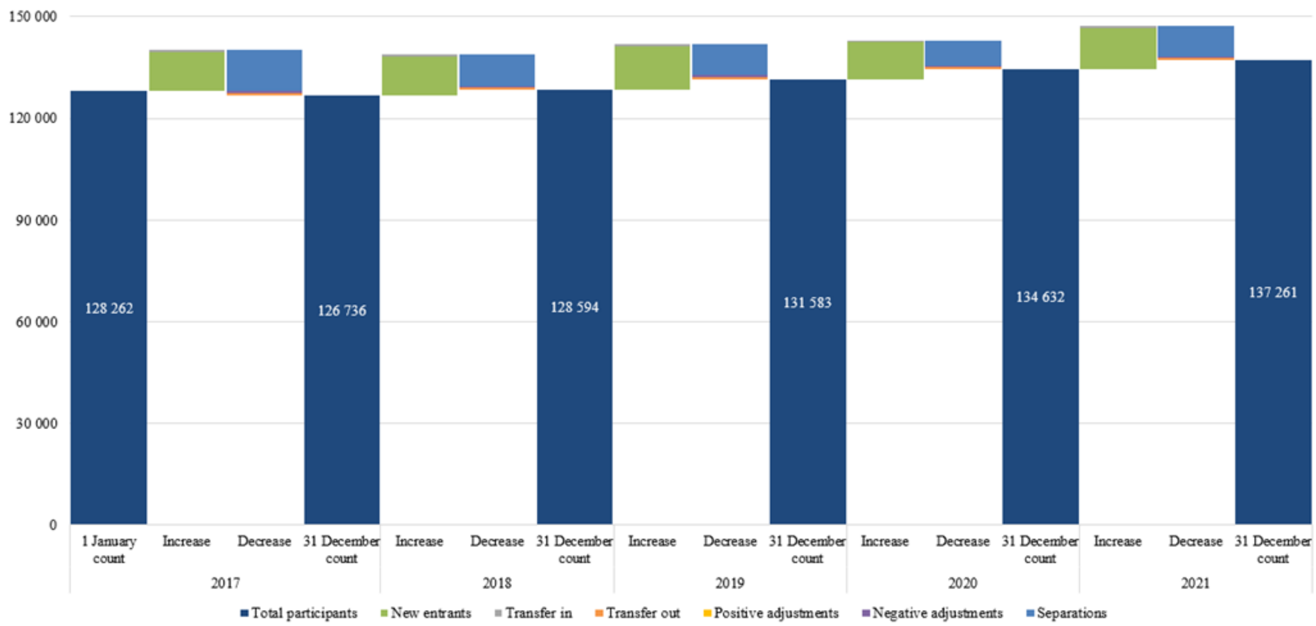
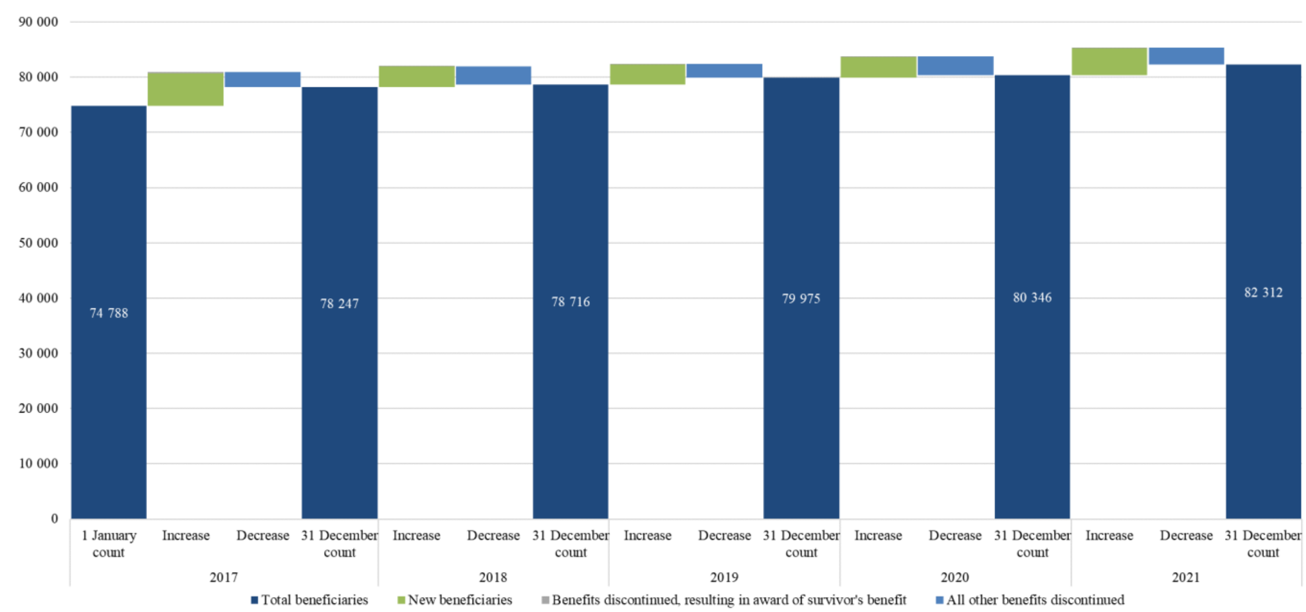
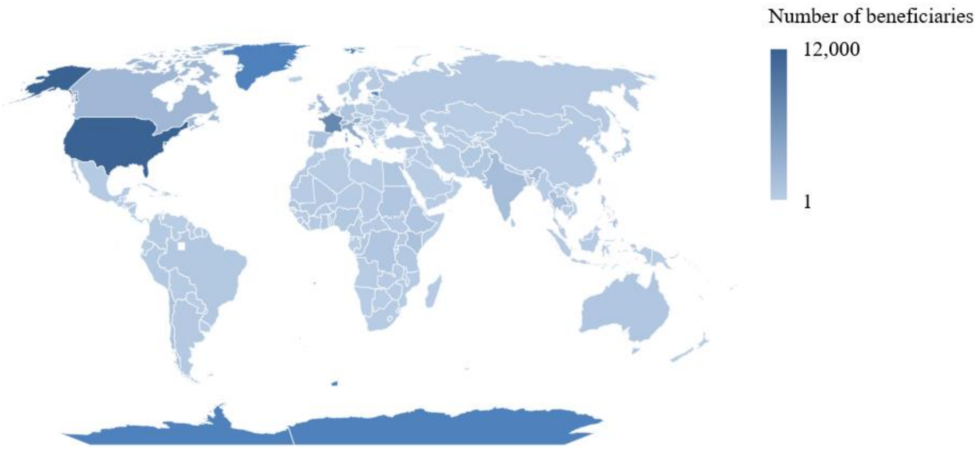


Figure V
Changes in beneficiaries of the Fund, 2017–2021



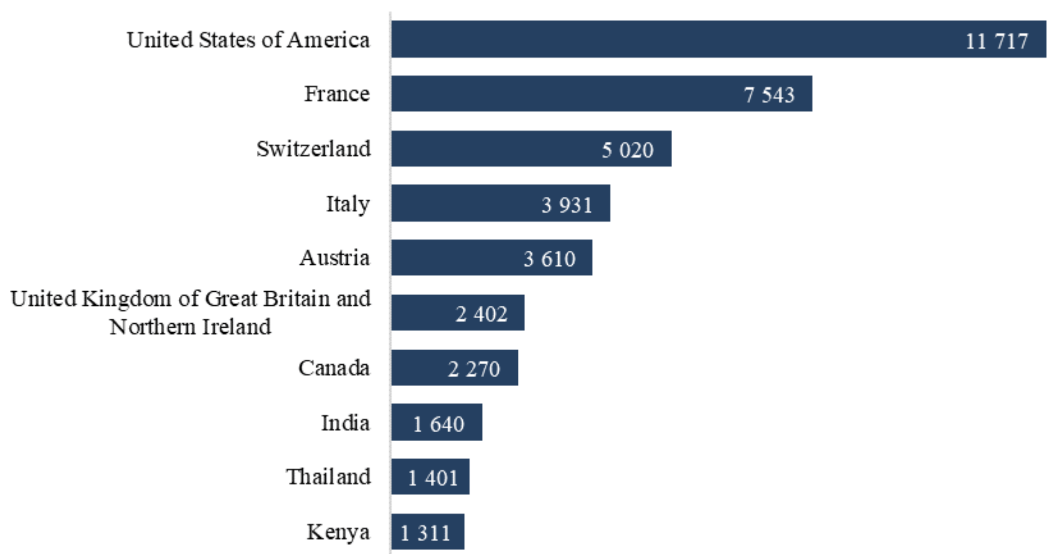
41. The Fund's distribution of retirees and other beneficiaries across the world is unique among defined benefit plans. In addition, the geographical dispersion of participants adds to the complexity of the Fund's operations, requiring greater global reach. Periodic benefits are paid in 17 currencies worldwide in more than 180 countries and territories, including countries with limited banking infrastructure. Figure VI shows the Fund's global service coverage for retirees.

Figure VI
Geographical dispersion of periodic benefits as at 31 December 2021



42. Figure VII shows that, at the end of 2021, approximately half of all beneficiaries had mailing addresses concentrated in 10 countries, with the remaining participants having mailing addresses dispersed across more than 180 countries and territories, which not only contributes to increased costs of administration, but also diminishes the potential for economies of scale in transaction costs.

Figure VII
Concentration of beneficiaries by mailing address as at 31 December 2021

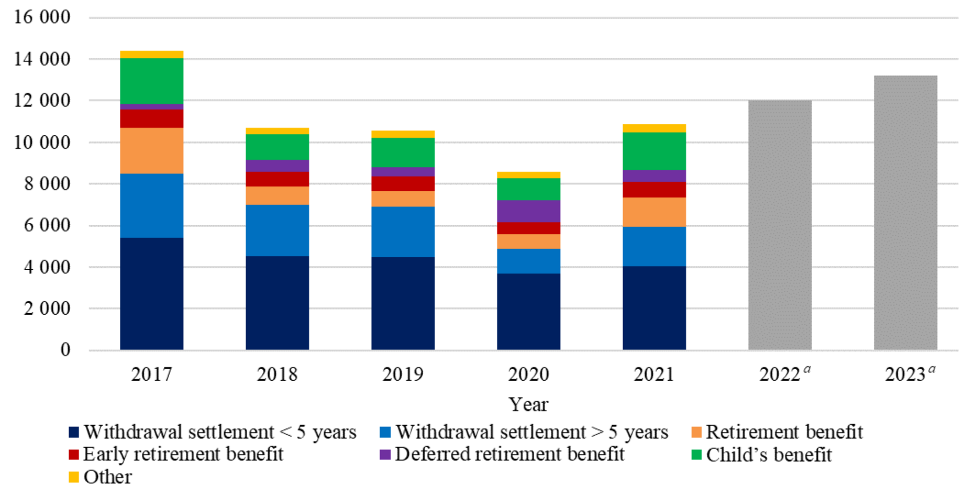


Number of separations

43. Whereas the number of participants and beneficiaries follows a relatively stable and predictable pattern year over year, the number of separations of participants is more volatile. Although the separation of long-term staff correlates in large part with the mandatory age of separation in the Fund's member organizations, the separation of short-term staff is influenced primarily by member organizations' human resources strategy, business requirements and budget availability. The increase in the mandatory age of separation from age 62 to 65, as decided by the General Assembly in its resolution 70/224 in 2016, continues to affect the number of separations. Furthermore,

decisions such as the closing of peacekeeping missions or the downsizing of staff affect the number of separations and initial entitlement claims for a given year. These factors are considered in estimating workload drivers. The Pension Administration's objective is to award initial entitlement benefits as soon as all required documentation is received. Figure VIII shows the number of benefits awarded in a given year.

Figure VIII
Number of benefits awarded



[a] Year to date/projected.

44. As shown in figure VIII, withdrawal settlements, especially those related to contributory service of fewer than five years, constitute the largest portion of all benefits awarded. While the higher number of benefits awarded in 2017 is due to the delayed implementation of the IPAS system, the drop in the number of benefits awarded in 2020 relates to the slowdown in separation owing to the transitory effects of the COVID-19 pandemic and the effects of the change in the mandatory age of separation from 62 to 65 in 2016. This slowdown, however, reversed in 2021, with a permanent increase in benefits awarded projected for 2022 onwards.

Number of client service requests

45. 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 influenced primarily by the number of beneficiaries and participants, changes in the client base (e.g., admissions of new member organizations), procedural changes in the administration of benefits (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

46. For 2023, the Fund will continue to deliver its core functions and implement its 2021–2023 strategy as endorsed by the Board and the General Assembly in 2020. The strategy has three key pillars:

(a) Simplify client experience: This pillar is intended 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 certain jurisdictions, and making pension clearer for participants, retirees and other beneficiaries, and partners in member organizations;

(b) Modernize pension services: The Fund will focus on innovation, streamlined and paperless processes, new technologies, improving data reconciliation and upscaling staff skills, and on becoming a data-driven organization. These undertakings are 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, decision makers and member organizations.

47. In 2023, the Fund will further improve interaction with participants, retirees and beneficiaries, as well as member organizations. For the Fund's clients, this will include the implementation of a new client service delivery model, including the new customer relationship management system, adopted in November 2021, which will improve responsiveness in handling queries. The digital capture of pension forms in member self-service, the Fund's digital portal, is expected to dramatically simplify filling pension forms online. The deployment of signature recognition will reduce manual tasks and improve control accuracy when receiving forms, specifically the annual certificate of entitlement. For member organizations, a new interface between Umoja and IPAS will automate the transfer of an employer's separation notification, saving time and manual handling. In addition, the Fund will continue to map its processes to further streamline them, continue robotic process automation pilot projects, develop a new data management strategy to become a data-driven organization, and strengthen cybersecurity.

External factors

48. The overall plan for 2023 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 trend is beyond the control of the Fund;

(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 (e.g., changes in available human and financial resources, significant modifications to plan design provisions, and serious political conflicts, natural disasters and pandemics).

Evaluation activities

49. The following evaluations, completed in 2021, have guided the programme plan for 2023:

(a) OIOS audit of client services in the Pension Administration;

(b) OIOS audit of the two-track system in the Pension Administration;

(c) OIOS audit of network access management in the Pension Administration;

(d) OIOS audit of cybersecurity preparedness in the Pension Administration;

(e) Expert technical review of IPAS.

50. A review of key performance indicators was concluded in 2021 and continues in 2022.

Programme of work

Objectives

51. 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 pensions on the basis of 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 the pandemic

52. The spread of the COVID-19 pandemic has elevated economic uncertainties with the potential to negatively affect the Fund's financial condition, operations and cash flows. The Fund's staff in New York, Geneva, Bangkok and Nairobi made the transition to remote working methods when those office locations were closed as a result of measures taken by the United Nations, in line with guidance issue by local authorities, to mitigate the spread and impact of the pandemic. During the year, the Fund continued its operations, and a substantial number of the Fund's staff returned to work from the office for two days per week in 2021. In-person appointments with plan participants and in-person Board meetings remained suspended throughout 2021, although the latter is expected to resume by July 2022.

53. While the Fund experienced a substantial decline in pension entitlement cases in 2020 as member organizations deferred separations owing to the pandemic, a reversal of this trend emerged in the second half of 2021, with indications of an increase in workload for the Fund in 2022 and 2023.

Programme performance in 2021 and planned results for 2023

54. The programme performance in 2021 and the planned results for 2023 are measured for each of the core objectives of the Pension Administration.

Contribution management (collecting and updating participant information and contributions paid)

Reconciling of contributions received

55. Managing the contributions of participants and member organizations 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. The work volume involved in reconciling contributions and participant accounts grows with the number of participants.

Table 6
Performance measure

	2019 (actual)	2020 (actual)	2021 (actual)	2022 (planned)	2023 (planned)
Number of participants	131 583	134 632	137 261	139 800	142 386
Value of contributions (billions of United States dollars)	2.7	2.9	3.0	3.1	3.1
Percentage of contributions reconciled	**100**	**100**	**100**	**100**	**100**

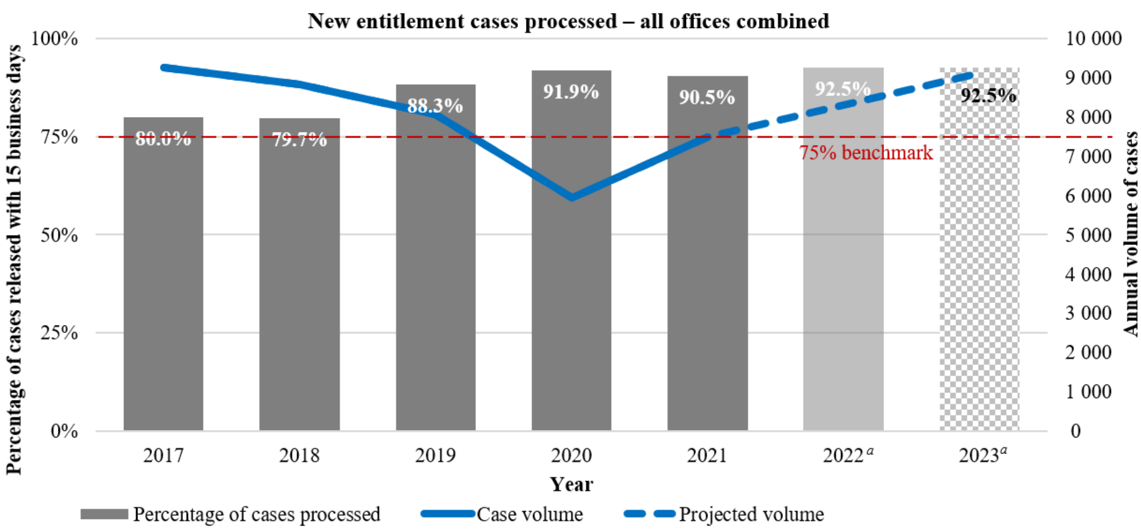
Number of entitlements processed within 15 days

Meeting the benefits processing benchmark

56. 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 Board of Auditors. The Board of Auditors recommended a pause and resumption instead of a pause and a reset of the benchmark count for those cases requiring additional documentation.

57. The Fund has continued to meet and exceed the benefits processing benchmark, processing at least 90 per cent of initial separations within 15 business days, as indicated in figure IX.

Figure IX
Performance benefits benchmark



[a] Year to date/projected.

58. The Fund is committed to adhering to its prescribed benchmark in benefits processing. While the 2020 volumes were exceptionally low owing to member organizations experiencing fewer separations during the pandemic, 2021 saw a return to normal volumes, which are projected to continue to increase in the foreseeable future.

Table 7
Performance measure

	2019 (actual)	2020 (actual)	2021 (actual)	2022 (planned)	2023 (planned)
Number of benefits paid	10 555	8 591	11 328	12 000	13 000
Entitlements processed within 15 days (percentage)	88.3	91.9	90.5	92.5	92.7

Benefits management (paying retirement and disability benefits, processing cost-of-living adjustments and processing survivors' benefits)

Timely payment of benefits

59. Paying pensions is the core deliverable of the Fund, whether it be a lump sum or a periodic benefit, and is operated mainly through monthly payrolls. The primary indicator is to issue payments on time so that retirees and beneficiaries receive their benefit payments without delay and according to their entitlements.

Table 8
Performance measure

	2019 (actual)	2020 (actual)	2021 (actual)	2022 (planned)	2023 (planned)
Number of benefits in payment	79 975	80 346	82 312	83 668	85 050
Value of benefits paid (billions of United States dollars)	2.7	2.9	3.0	3.1	3.2
Benefit payments issued on time (percentage)	100	100	100	100	100

Providing client services to all participants, retirees and other beneficiaries

Resolving client queries quickly

60. The leading workload indicator for the activities of client services is the number of queries and cases handled. Clients submit their queries through various modes of communication, such as email, telephone, online contact form, post mail, fax and walk-in visits.

Table 9
Performance measure

	2019 (actual)	2020 (actual)	2021 (actual)	2022 (planned)	2023 (planned)
Total participants and beneficiaries	211 558	214 978	219 573	223 468	227 432
Total client queries received	54 239	61 365	96 147	112 185	120 000
Client queries resolved within business 15 days (percentage)	86	68	87	85	85

B. Proposed post and non-post resource requirements for 2023

Overview

61. The proposed resources for 2023, including the breakdown of resource changes, as applicable, are reflected in tables 10 to 15 and figure X.

62. The overall resources proposed for 2023 amount to $64.0 million before recosting, reflecting a net decrease of $352,300 (or 0.5 per cent) compared with the appropriation for 2022:

(a) The net increase of $3.7 million (or 11.8 per cent) under post resources reflects the technical adjustments relating to the full provision of posts established or reassigned in 2022, the conversion of 20 general temporary assistance positions and the establishment of 10 posts. The increase under post resources related to the conversion of 20 general temporary assistance positions translates to a corresponding reduction of 20 general temporary assistance positions under other staff costs, as presented in (b) below. Annex III details the proposed changes in post resources;

(b) The net decrease of $4.1 million (or 12.3 per cent) under non-post resources reflects:

(i) The corresponding reduction for the conversion of 20 general temporary assistance positions to posts, with a corresponding reduction in other staff costs for these positions. The proposed changes are based on the comprehensive review of the general temporary assistance positions in the Pension Administration at the request of the General Assembly in its resolution 75/246. Annex IV contains detailed information on the proposed conversion of general temporary assistance positions to posts;

(ii) Other reductions in non-post resources relate to consultants and contractual services, specifically as a result of no major new ICT investment, given that those planned in the client-focused, action-oriented, relations-builder and efficacy-driven (CARE) strategy were already budgeted in 2021 and 2022, including the customer relationship management system in 2022. The reduction is offset primarily by increased requirements under general operating expenses because full provision is made for rent and the cost of services provided by the United Nations Treasury.

63. 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 is in line with the strategy and programme plan envisioned for 2023.

64. As shown in table 10, total recosting amounts to $3.3 million, owing primarily to changes in standard staff costs for post resources ($1.9 million) and the impact of projected inflation on non-post resources ($1.4 million).

Table 10
Overall: evolution of financial and post resources by the object of expenditure (Pension Administration)
(Thousands of United States dollars)

			Changes						
Object of expenditure	*2021 expenditure*	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*	*Recosting*	*2023 estimate (after recosting)*
Posts	27 637.6	31 352.6	850.5	2 853.2	3 703.7	11.8	35 056.3	1 848.4	36 904.7
Other staff costs	5 949.4	4 999.6	–	(2 277.4)	(2 277.4)	(45.6)	2 722.2	162.1	2 884.3
Hospitality	–	3.2	–	–	–	–	3.2	0.2	3.4
Consultants	32.5	323.6	–	(114.0)	(114.0)	(35.2)	209.6	13.4	223.0
Travel of staff	47.2	303.0	–	123.2	123.2	40.7	426.2	24.9	451.2
Contractual services	20 574.9	16 912.4	–	(2 453.7)	(2 453.7)	(14.5)	14 458.7	953.0	15 411.7
General operating expenses	3 680.9	9 809.6	–	621.7	621.7	6.3	10 431.3	295.4	10 726.6
Supplies and materials	48.6	42.3	–	5.7	5.7	13.5	48.0	2.8	50.8
Furniture and equipment	154.6	561.0	–	38.5	38.5	6.9	599.5	39.6	639.1
Total	**58 125.7**	**64 307.3**	**850.5**	**(1 202.8)**	**(352.3)**	**(0.5)**	**63 955.0**	**3 339.8**	**67 294.8**

Table 11
Overall: proposed posts and post changes for 2023 (Pension Administration)[a]
(Number of posts)

	Number	Details
Approved for 2022	231	1 ASG, 1 D-2, 4 D-1, 12 P-5, 26 P-4, 37 P-3, 1 P-2/1, 11 GS (PL), 136 GS (OL), 2 LL
Redeployment	–	Redeployment of 1 P-4 and 1 P-3 from the Business Transformation and Accountability Unit to the Risk Management Unit under programme of work
Reclassification	–	Upward reclassification of 1 P-4 to P-5, 1 P-3 to 1 P-4 and 1 GS (OL) to GS (PL)
Conversion	20	1 P-5, 1 P-4, 3 P-3, 15 GS (OL)
Reassignment	–	Change in functional title of Financial Information Officer (P-4) to Programme Management Officer (P-4) in the Operations Service; Legal Officer (P-3) to Programme Management Officer (P-3) in the Business Transformation and Accountability Unit; and Research Assistant (GS (OL)) to Legal Assistant (GS (OL)) in the Legal Unit
New	10	4 P-3, 1 GS (PL), 5 GS (OL)
Proposed for 2023	**261**	**1 ASG, 1 D-2, 4 D-1, 14 P-5, 27 P-4, 43 P-3, 1 P-2/1, 13 GS (PL), 155 GS (OL), 2 LL**

[a] More information on post changes is provided in annex III.

Table 12
Overall: proposed posts by category and grade (Pension Administration)
(Number of posts)

	2022 approved	Changes	2023 proposed
Professional and higher			
ASG	1	–	1
D-2	1	–	1
D-1	4	–	4
P-5	12	2	14
P-4	26	1	27
P-3	37	6	43
P-2/1	1	–	1
Subtotal	**82**	**9**	**91**
General Service and related			
GS (PL)	11	2	13
GS (OL)	136	19	155
LL	2	–	2
Subtotal	**149**	**21**	**170**
Total	**231**	**30**	**261**

Table 13
Overall: Evolution of financial resources by component (Pension Administration)
(Thousands of United States dollars)

	2021 expenditure	*2022 appropriation*	*Changes*				*2023 estimate (before recosting)*
			Technical adjustments	*Other*	*Total*	*Percentage*	
A. Executive direction and management	3 523.0	2 087.5	–	(13.7)	(13.7)	(0.7)	2 073.8
B. Programme of work	51 025.1	52 197.2	749.6	(1 355.6)	(606.0)	(1.2)	51 591.2
C. Programme support	3 577.6	10 022.6	100.9	166.5	267.4	2.7	10 290.0
Total	**58 125.7**	**64 307.3**	**850.5**	**(1 202.8)**	**(352.3)**	**(0.5)**	**63 955.0**

Table 14
Overall: proposed posts for 2023 by component (Pension Administration)

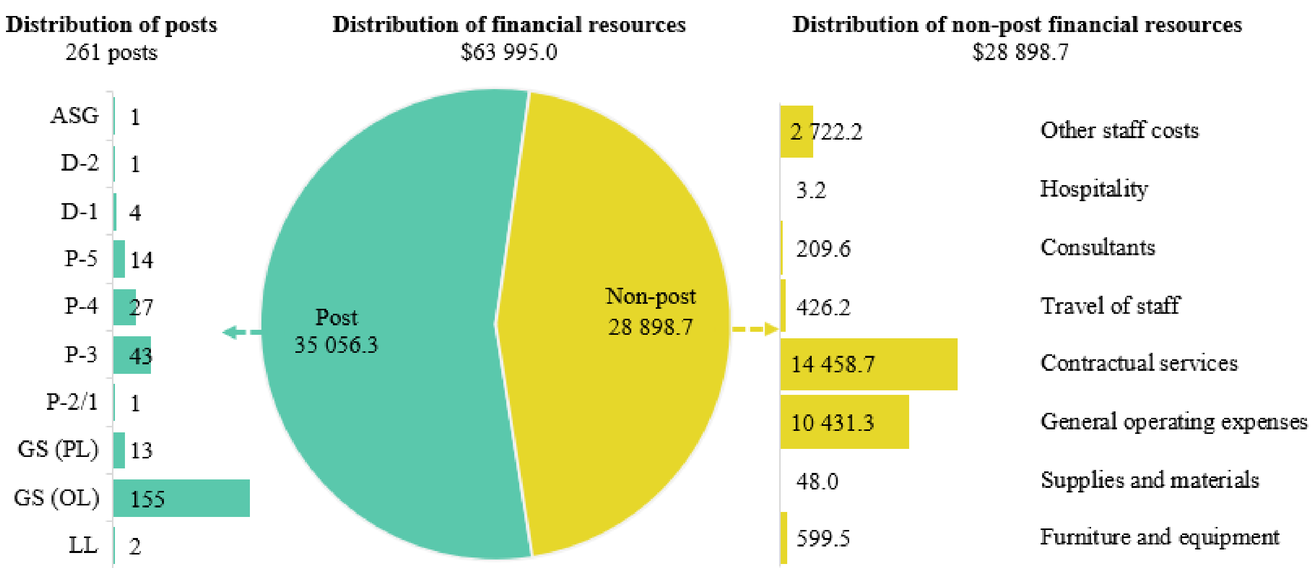
	2022 approved	*Changes*	*2023 estimate*
A. Executive direction and management	3	1	4
B. Programme of work	221	27	248
C. Programme support	7	2	9
Total	**231**	**30**	**261**

Note: Of the changes in posts, the increase of 20 posts is offset by and attributed to the conversion of general temporary assistance positions to posts.

Table 15
Overall: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

	2021 expenditure	*2022 appropriation*	*Changes*				*2023 estimate (before recosting)*
			Technical adjustments	*Other*	*Total*	*Percentage*	
Financial resources by main category of expenditure							
Post	27 637.6	31 352.6	850.5	2 853.2	3 703.7	11.8	35 056.3
Non-post	30 488.1	32 954.7	–	(4 056.0)	(4 056.0)	(12.3)	28 898.7
Total	**58 125.7**	**64 307.3**	**850.5**	**(1 202.8)**	**(352.3)**	**(0.5)**	**63 955.0**
Post resources by category							
Professional and higher		82	–	9	9	11.0	91
General Service and related		149	–	21	21	14.1	170
Total		**231**	–	**30**	**30**	**13.0**	**261**

Figure X
Distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



Explanation of variances by factor

Overall resource changes

Technical adjustments

65. As reflected in table 13, resource changes under technical adjustments show an increase of $850,500 under programme of work and programme support, resulting from posts approved for 2022, pursuant to General Assembly resolution 76/246, which were subject to a 50 per cent vacancy rate in 2022 and are now budgeted at continuing vacancy rates, as follows:

(a) **Programme of work**: An increase of $749,600, reflecting the full provision for six General Service (Other level) posts that were established in 2022, and six posts (1 D-1, 2 P-3, and 3 General Service (Other level)) that were reassigned in 2022;

(b) **Programme support**: An increase of $100,900, reflecting the full provision for one P-4 post that was reassigned in 2022.

Other changes

66. Resource changes reflect a net decrease of $1,202,800, as follows:

(a) **Executive direction and management**: The decrease of $13,700 reflects:

(i) An increase of $244,700 under post resources owing to the proposed conversion of the position of Special Assistant to the Chief Executive of Pension Administration (P-5) from general temporary assistance to a post;

(ii) A net decrease of $258,400 under non-post resources, reflecting: (a) a decrease under other staff costs ($268,100), relating mainly to the corresponding increase in post resources related to (a) (i) above, and a reduction in the estimates for after-service health insurance premiums, taking into consideration the expenditure pattern from 2018 to 2021; and

(b) a decrease in consultants ($3,500), offset in part by an increase in travel of staff ($10,800) and contractual services ($2,400);

(b) **Programme of work**: The decrease of $1,355,600 reflects:

(i) The increase of $2,451,100 under post resources, relating to the establishment of 9 posts ($616,900), the conversion of 18 general temporary assistance positions to posts ($1,995,700) and the reclassification of 3 posts ($69,600), offset in part by the reassignment of 3 posts costed at 50 per cent ($231,100). Detailed information on post and position changes is provided in annexes III and IV;

(ii) The net decrease of $3,806,700 under non-post resources reflects mainly:

a. The net decreased requirements of $1,936,400 under other staff costs, which relates to: (a) the corresponding offset of the increase under post resources for the conversion of 18 general temporary assistance positions ($1,995,700) and the discontinuation of 1 general temporary assistance position of Information Systems Officer (P-4) ($209,000), offset in part by the proposed creation of 2 general temporary assistance positions (Information Systems Officer (P-3) in the Information Management Systems Service and Benefits Assistant (General Service (Other level)) in the Operations Service) ($265,200), as detailed in annex IV; and (b) an increase in overtime ($3,100), mainly for peak workload and in support of the Board. The proposal includes the continuation of four general temporary assistance positions;

b. The decreased requirements of $178,100 under consultants, attributable to the removal of resources for programme management for the strategy deployment framework and process mapping and developing business requirements for system enhancement and continuous improvement projects, which will not be required in 2023, given that they are now part of the core functions of the Information Management Systems Service (project management) and the Business Transformation and Accountability Unit (process mapping);

c. The net decrease of $2,460,900 under contractual services, attributable mainly to the decrease in the need for major ICT investment linked to the 2021–2023 CARE strategy, including the removal of resources approved in 2022 for the acquisition of a customer relationship management system, offset in part by additional requirements for IPAS support and maintenance services; the Client Support Centre, including for client support regarding the digital certificate of entitlement; cybersecurity; and translation services for public information materials. The resource requirement also includes provision for other ICT-related projects in line with the Fund's strategic vision to become a data-driven organization to adapt to the "new normal" post-COVID-19 environment;

d. The increase of $651,700 under general operating expenses, which relates to: (a) the additional resources for the United Nations administrative charges related to treasury payments and the SWIFT platform as the Fund's share of the cost incurred by the United Nations Treasury to facilitate payments on behalf of the Fund in the light of difficulties in making disbursements to certain countries, some of which have a significant number of beneficiaries ($350,000); (b) the medical board and the United Nations Appeals Tribunal due to an increase in the fee for appeals before the Tribunal in cases filed by participants, retirees and other beneficiaries ($48,000); and (c) the redeployment of resources related to elements of the United Nations administrative charges previously budgeted under the Business Support Services Unit to reflect business use of the key business services provided under programme of work ($302,400), offset in part by the decrease in resources for communication and printing ($35,900) and the removal of resources for statistical software deemed not required in 2023 ($12,800);

e. The increase of $39,000 under furniture and equipment for miscellaneous desktop software applications and the decrease of $5,100 under office supplies;

(c) **Programme support**: The net increase of $166,500 reflects primarily:

(i) The increased requirement under post resources of $157,400, which relates to the proposed conversion of the general temporary assistance position of Facility Management Assistant (General Service (Other level)) to a post, the upward reclassification of one Human Resources Assistant (General Service (Other level)) to Senior Human Resources Assistant (General Service (Principal level)) and the proposed establishment of one Human Resources Assistant (General Service (Other level)) to strengthen staff selection and recruitment in the Pension Administration, as detailed in annexes III and IV;

(ii) The net increase of $9,100 under non-post resources, which reflects: (a) the corresponding offset under other staff costs related mainly to the proposed conversion of one general temporary assistance position (General Service (Other level)) to a post ($72,900); (b) lower estimates under general operating expenses for rent for the Geneva office due to relocation of the office from the Octagon Building to the Palais des Nations and a new lease agreement signed in 2021 ($151,500); and (c) the outward redeployment to programme of work of resources for services provided by the United Nations under the shared costs arrangement, which were previously budgeted under the Business Support Services Unit, to reflect the business use of key services ($302,400), offset in part by increases related mainly to maintenance of premises, utilities and the full provision for rent for the New York office ($423,900), an increase under contractual services related to training ($4,800), an increase in supplies and materials ($10,300), the cost of a consultant for nine months to implement the digital/paperless project in line with the Fund's strategy for 2021–2023 ($67,600), and travel of staff ($29,300).

Executive direction and management

67. The Chief Executive of Pension Administration is responsible for administering the Fund, under the authority of the Board. In addition, the Chief Executive has a leading role with regard to outreach, communication and relations with stakeholders/decision makers, in accordance with the execution of pillar 3 of the Fund's strategy (develop a strong global partnership network), to strengthen internal and external partnerships.

68. Information on compliance with 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 through an internal circular to remind staff of the compliance requirements and reinforce mandatory justification for non-compliance. Travel in 2021 was significantly lower owing to COVID-19-related travel restrictions.

Table 16
Compliance rate
(Percentage)

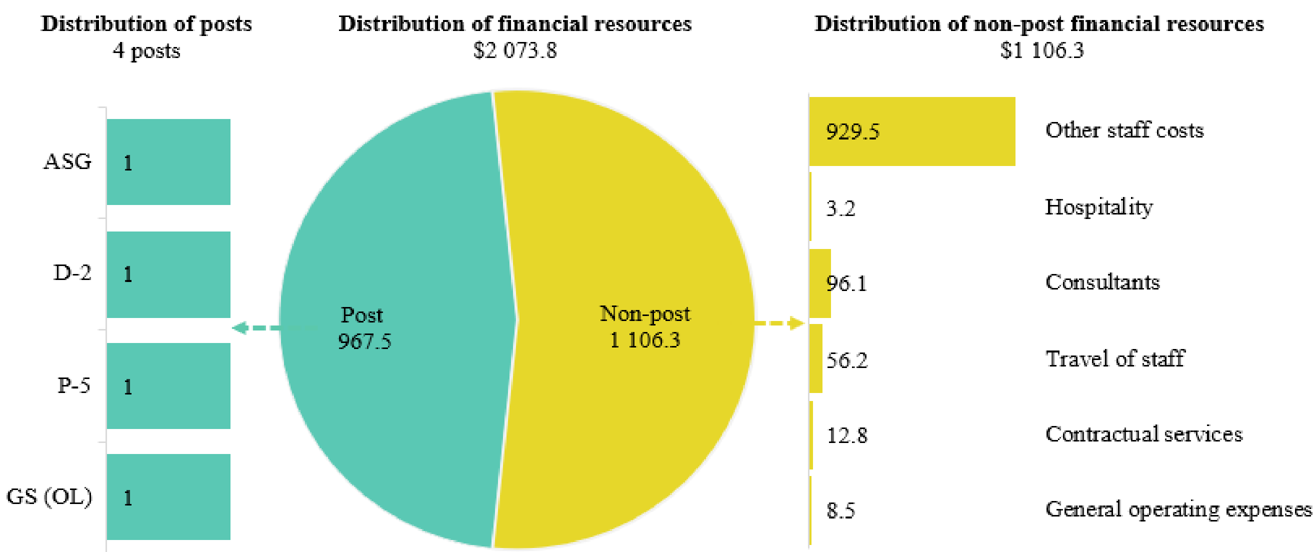
	Actual 2019	*Actual 2020*	*Actual 2021*	*Planned 2022*	*Planned 2023*
Air tickets purchased at least 2 weeks before the commencement of travel	68	68.2	100	100	100

69. The proposed resources for 2023 amount to $2,073,800 and reflect a decrease of $13,700 compared with the appropriation for 2022. Additional details are reflected in table 17 and figure XI. The proposed decrease is explained in paragraph 66 (a) above.

Table 17
Executive direction and management: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

			Changes				
	2021 expenditure	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
Financial resources by main category of expenditure							
Post	1 669.3	722.8	–	244.7	244.7	33.9	967.5
Non-post	1 853.7	1 364.7	–	(258.4)	(258.4)	(18.9)	1 106.3
Total	**3 523.0**	**2 087.5**	**–**	**(13.7)**	**(13.7)**	**(0.7)**	**2 073.8**
Post resources by category							
Professional and higher		2	–	1	1	(50.0)	3
General Service and related		1	–	–	–	–	1
Total		**3**	–	**1**	**1**	**(33.3)**	**4**

Figure XI
Executive direction and management: distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



Programme of work

70. Programme of work includes the Operations Service, Client Services, Financial Services and the Information Management Systems Service reporting directly to the Chief Executive of Pension Administration. It also includes the Data Analysis Unit, the Legal Office, the Business Transformation Unit and, as proposed for 2023, the Risk Management Unit, all reporting to the Deputy Chief Executive of Pension Administration.

71. The proposed resources are in line with the Fund's strategy for 2021–2023, as detailed in the strategy and programme plan for 2023 of the present document.

Operations Service

72. 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 227,000. In addition, the Service also handles all incoming and outgoing correspondences, ensuring that these documents are recorded in the IPAS system and appropriate workflows are opened for action by the various sections in the Fund.

73. The Operations Service is involved in the implementation of the Fund's strategy for 2021–2023, specifically pillar 1 (simplifying client experience) and pillar 2 (modernize pension services), with the modernization of systems and processes. Under pillar 3 (developing a strong global partnership network), the Service is working with the member organizations to develop partnerships and empowering them.

Client Services

74. Client Services is responsible for providing client-focused support to the approximately 227,000 participants, retirees and beneficiaries. The services include pension guidance and advice, serving walk-in clients, handling client enquiries 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 face-to-face engagement in New York, Geneva, Nairobi, Bangkok and Client Support Centres in New York and Valencia, Spain.

75. 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

76. 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 some $3.0 billion in benefits annually, 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 approximately $3.0 billion in contributions annually 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. Lastly, 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.

77. 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. 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.

78. The Fund is fully committed to ensuring that retirees and beneficiaries received their pension benefits on time. Sanctions and regulatory compliance have become one of the biggest challenges that the banking industry faces owing to the dramatic increase in regulations. Since 2021, there have been critical banking disruptions in Afghanistan, Mali and the Russian Federation. With the utmost urgency, the Fund has been able to promptly react and secure alternative payment channels to minimize the financial hardship to retirees and beneficiaries. The Fund worked with the United Nations Treasury to quickly introduce alternative payment channels, utilizing the Treasury's local banking network in the relevant countries. A proof of concept of payment through the Treasury was successfully developed earlier by a pilot project introducing domestic payment channels to Chile and Peru. The Fund worked very hard to implement and update the new way of remittance. All the payment instructions to the countries concerned had to be updated and tested. With vigorous testing of the updated payment instructions and subsequent real payment tests, the Fund was able to remit the pension benefit payments that were held or suspended and the subsequent monthly pension benefit payments.

Information Management Systems Service

79. The 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 for telecommunications infrastructure and conferences services.

80. 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 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 Service will continue to: (a) provide project management support to ensure the consistent adoption of standard methodologies and best practices, monitoring milestones and reporting on deliverables; and (b) 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.

81. In 2021, the Information Management Systems Service implemented a series of initiatives aligned with the strategy of the Fund, as approved by the Board and the General Assembly. In addition, the Service ensured the timely and reliable provision of standard ICT services in support of the Fund's operations and those of staff pension committee secretaries and member organizations. It deployed into production the digital certificate of entitlement solution, which allowed retirees and beneficiaries to provide their "proof of existence" in a secure digital form.

Business Transformation and Accountability Unit

82. The Business Transformation and Accountability Unit, which is to be renamed the Business Transformation Unit in 2023, identifies and implements business transformation and change management solutions that support the Fund in delivering its services in a more effective, client-oriented and innovative manner. The Unit works across all functions to develop the strategy deployment framework for the 2021–2023 strategy. To promote greater understanding and implementation of continuous improvement methods among Pension Administration staff, the Unit launched the "Lean Six Sigma" training programme, with 77 staff members certified to date, enabling the implementation of several improvement projects. The Unit successfully developed and launched a pilot set of key performance indicators for the Pension Administration. The Unit is crucial for the successful implementation of the three strategic pillars and in the effective co-creation, coordination and management of change as a critical business transformation, innovation and change management agent.

83. The Business Transformation and Accountability Unit's compliance functions support the development of policies, processes and frameworks to promote the efficient and effective operations of the Pension Administration. It assisted in the update of special guidelines for the electronic submission of payment instructions and supported the work of a Board task force established to develop proposed changes in the framework for disability benefits, which were approved by the Board and the General Assembly. The Unit supports the development of new policies to implement change and to review Fund plan design and the maintenance of the Fund's case digest containing cases in respect of participation and benefits under the Regulations and Rules of the Fund.

84. The risk management functions, which are to be detached from the Business Transformation and Accountability Unit and made independent, include assessing and managing risk as part of an enterprise-wide risk management effort and overseeing the Fund's internal control framework, liaising with internal and external oversight bodies, and analysing and supporting the implementation of the recommendations of oversight bodies. The creation of this Unit is crucial for strengthening risk management and accountability in the Pension Administration.

Data Analytics Unit

85. 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 asset 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 Unit has an important role in transforming the Fund into a data-driven organization, in line with pillar 2 (modernize pension services).

86. In 2021, the Data Analytics Unit started the development of a data strategy for the Pension Administration, aligning it with the Data Strategy of the Secretary General's for Action by Everyone, Everywhere, and supporting in delivering the programme of work of the Committee of Actuaries, including the biennial experience analysis and recommendations for actuarial valuation assumptions.

Legal Office

87. The Legal Office provides unified legal services to all sections and offices of the Pension Administration. It is responsible for facilitating the consistent and uniform interpretation and application of the Regulations, Rules and Pension Adjustment System of the Fund. The Office also provides legal and procedural support to the Board, the Standing Committee and the United Nations Staff Pension Committee.

88. During 2021, in addition to providing support for additional Board sessions and for the development of new policies to address disability cases that were approved by

the Board and the General Assembly, the Legal Office provided an increased number of outreach briefings internally and externally to address issues of the administration of disability benefits, non-traditional unions and regulation changes.

Proposed structural changes

Creation of a Risk Management Unit

89. Over the past few years, the Fund has grown significantly in size and increased in complexity, in turn becoming more exposed to new and emerging operational risks. At the same time, the Fund needs to effectively assess and manage risks related to the implementation of its client-orientated strategy, while building on the lessons learned from the COVID-19 pandemic and more recent market and geopolitical risks. The complexity and rapid changes in the internal business and external environment in which the Fund operates demand a stronger risk management function within the Pension Administration. Therefore, the Pension Administration seeks to strengthen this function with the creation of the Risk Management Unit.

90. In accordance with best practices and in line with peer organizations in the United Nations system, enterprise risk management responsibility should be situated at a rank that can address senior management and have the authority to compel action across the Fund. To this end, the Risk Management Officer (P-4) in the Business Transformation and Accountability Unit, who has no direct reporting line to senior management and limited authority to promote the consideration of risks, which makes it difficult to report and escalate risk management and internal control matters, where needed, would be redeployed to the Risk Management Unit and reclassified upward to Senior Risk Management Officer (P-5) to head the Unit, reporting directly to the Deputy Chief Executive of Pension Administration. The Senior Risk Management Officer would be supported by a Programme Management Officer (P-3), to be redeployed from the Business Transformation and Accountability Unit.

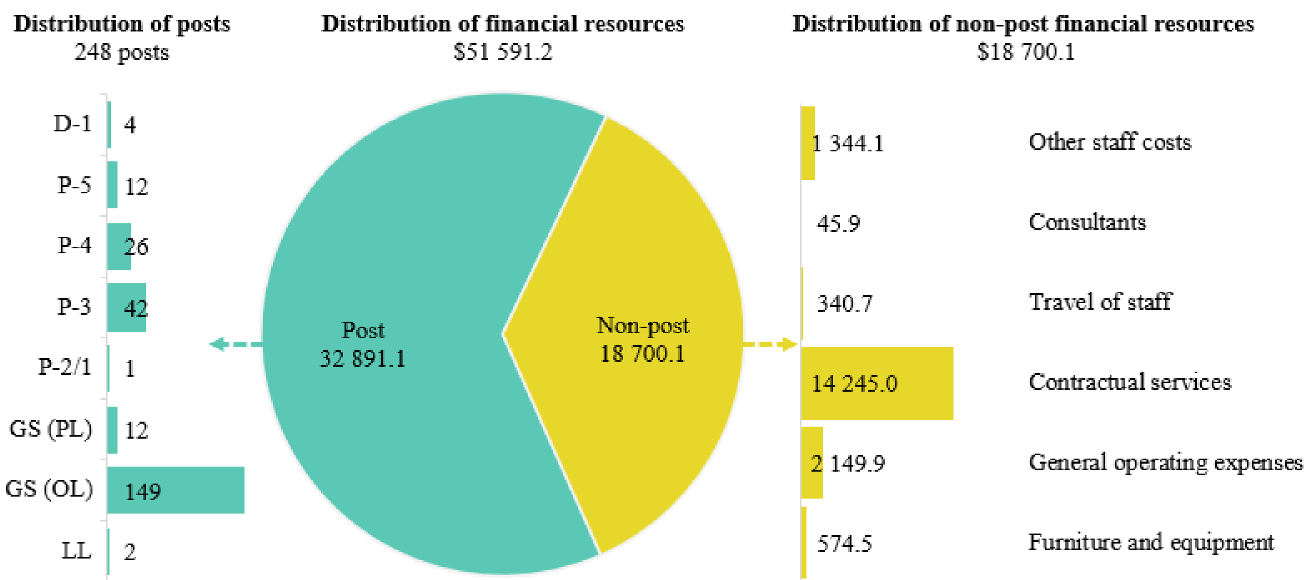
a. Resources

91. The proposed resources for 2023 amount to $51,591,200 and reflect a decrease of $606,000 compared with the appropriation for 2022. Additional details are reflected in table 18 and figure XII. The proposed changes are explained in paragraphs 65 (a) and 66 (b).

Table 18
Programme of work: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

			Changes				
	2021 expenditure	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
Financial resources by main category of expenditure							
Post	25 181.1	29 690.4	749.6	2 451.1	3 200.7	10.8	32 891.1
Non-post	25 844.0	22 506.8	–	(3 806.7)	(3 806.7)	(16.9)	18 700.1
Total	**51 025.1**	**52 197.2**	**749.6**	**(1 355.6)**	**(606.0)**	**(1.2)**	**51 591.2**
Post resources by category							
Professional and higher		77	–	8	8	10.4	85
General Service and related		144	–	19	19	13.2	163
Total		**221**	**–**	**27**	**27**	**12.2**	**248**

Figure XII
Programme of work: distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



a. Programme support

92. The Business Support Services Unit provides programme support services to both the Pension Administration and the Office of Investment Management, with dual reporting lines to the Deputy Chief Executive of Pension Administration and the Chief of Operations in the Office. The Unit integrates human resources and facilities management activities, as well as services to support staff.

93. One shared human resources team supports the Pension Administration, the Office of Investment Management and the secretariat of the Board. As the Unit continues to refine the scope of support services that it provides in response to deficiencies identified by OIOS and management, additional capacity (1 General Service (Other level) post) is proposed to support staff recruitment and selection.

94. The human resources and learning and development strategies continue to be managed and implemented by the Business Support Services Unit. The Unit also seeks to improve its service offering and client experience and strives to address relevant issues raised by staff, OIOS and the Board of Auditors.

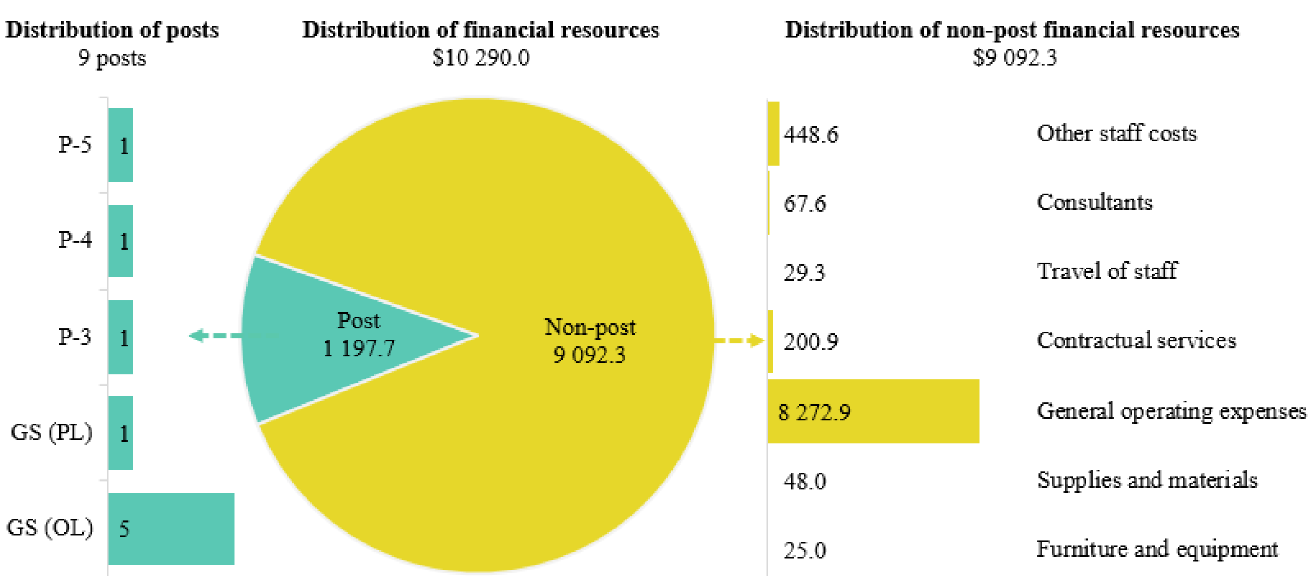
95. The Fund utilizes the Staff Regulations and Rules of the United Nations and the Financial Regulations and Rules of the United Nations with respect to administrative services such as human resources management, procurement and payments. Accordingly, the Fund is utilizing the United Nations machinery in delivering these services and is therefore integrated with and utilizing the enterprise resource planning system, namely, Umoja.

96. The proposed resources for 2023 amount to $10,290,000 and reflect an increase of $267,400 compared with the appropriation for 2022. Additional details are reflected in table 19 and figure XIII. The proposed changes are explained in paragraphs 65 (b) and 66 (c) above.

Table 19
Programme support: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

	2021 expenditure	2022 appropriation	Changes: Technical adjustments	Changes: Other	Changes: Total	Changes: Percentage	2023 estimate (before recosting)
Financial resources by main category of expenditure							
Post	787.2	939.4	100.9	157.4	258.3	27.5	1 197.7
Non-post	2 790.4	9 083.2	–	9.1	9.1	0.1	9 092.3
Total	**3 577.6**	**10 022.6**	**100.9**	**166.5**	**267.4**	**2.7%**	**10 290.0**
Post resources by category							
Professional and higher		3	–	–	–	–	3
General Service and related		4	–	2	2	50.0	6
Total		**7**	**–**	**2**	**2**	**28.6**	**9**

Figure XIII
Programme support: distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



IV. Office of Investment Management

Foreword

The mandate of the Office of Investment Management is to contribute to the United Nations global mission 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 and cost-effective manner.

The Fund's long-term objective is to earn the highest possible investment return, consistent with the Fund's risk tolerance, which requires an annualized real rate of return of 3.5 per cent in dollars, adjusted for changes in prices owing to inflation or other external effects, over 15-year period and longer.

The Office of Investment Management's values define the way in which it operates as an organization and stem from the United Nations values and principles:

- The Office embraces its fiduciary duty to protect the assets of the Fund
- The Office is transparent and operates with integrity
- The Office is accountable to all its stakeholders, and values productive and respectful dialogue

According to article 19 (a) of the Regulations, Rules and Pension Adjustment System of the Fund, "the investment of the assets of the Fund shall be 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 Board on the investments policy."

The management of the investment of the assets of the Fund is the fiduciary responsibility of the Secretary-General. The Representative of the Secretary-General for the investment of the assets of the Fund has been delegated the responsibility and authority to act on behalf of the Secretary-General in all matters involving his fiduciary duties relating to the investment of the assets of the Fund, including representing the Secretary-General at meetings of the Investments Committee, the Board and other meetings in which investment matters pertaining to the Fund are being discussed. The Representative of the Secretary-General is assisted by the Office of Investment Management. The 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: to ensure the financial sustainability of the Fund. The investments of the Fund are spread over more than 99 countries and regions, and 81.2 per cent of the assets are managed internally. The year 2023 might continue to present challenges owing to the situation in global markets, slow economic growth and inflationary pressures, compounded by the uncertainty around the evolution of the COVID-19 pandemic and, more recently, developments in Ukraine. The Office is fully committed to its mission to safeguarding the investments of the Fund, with full transparency and accountability, working in the best interest of the participants and beneficiaries.

The request of $55,905,900 represents a modest increase of 3.4 per cent growth before recosting. Approximately 80 per cent of the increase ($1,430,500 of the total increase of $1,854,500) is explained by the technical adjustments resulting from 17 posts approved (16 new and 1 reassignment), pursuant to General Assembly resolution 76/246, which were subject to a 50 per cent vacancy rate in 2022 and are now budgeted at continuing vacancy rates. The proposed budget is an indication of the Office of Investment Management's drive to work efficiently to fulfil its mandate.

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

A. Proposed programme plan for 2023 and programme performance in 2021

Overall orientation

97. The Office of Investment Management is responsible for the day-to-day management of the Fund's investments under the oversight and guidance of the Representative of the Secretary-General for the investment of the assets of the Fund and various internal Office committees. The Office implements the approved investment policy and ensures that the portfolio conforms to the approved strategic asset allocation, investment guidelines and risk parameters. Office 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. According to article 19 (b) of the Regulations, Rules and Pension Adjustment System of the Fund, "The Secretary-General shall arrange for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which shall be open to examination by the Board". The main sections of the Office consist of the Office of the Representative of the Secretary-General for the investment of the assets of the Fund, the Investment Section, the Risk and Compliance Section, and the Operations, Information Systems, Data Management and Business Applications, and Programme Administration Sections.

Strategy for 2023

99. The Office of Investment Management's strategy underpinning the 2023 budget proposals is driven by the continuation of its mandate to generate an annualized real rate of return of 3.5 per cent in dollars and the completion of the implementation of the new projects started in 2021, focusing on:

(a) Investment initiatives:

(i) Diversification to increase private markets;

(ii) Diversification in the public equities portfolio towards a new benchmark;

(iii) Diversification in the fixed-income portfolio towards a new benchmark;

(iv) Investment in United States treasuries security lending that could generate additional revenue;

(v) Continuation of the use of temporary staff for derivatives to manage market risks on a trial basis;

(b) Successful strengthening of internal teams:

(i) Front/middle/back office and legal;

(ii) Accelerated search for an external manager to complement small caps and emerging markets;

(c) Continuation of the culture transformation work started in 2021, by developing an organizational manual to help to:

(i) Articulate accountability frameworks reflecting the changing organizational structure;

(ii) Address the need for greater clarity on roles and responsibilities across Office of Investment Management teams and prepare the Office for continuing growth.

100. A review of the target operating model recommendations proposed in 2017 was initiated in 2022. This helped to determine the status for each of the recommendations and the updated plan of action for completing the ongoing projects.

101. For the Risk and Compliance Section, the goals for 2023 are to contribute to the adequate risk-return of the Fund by monitoring, assessing and evaluating the risk and performance of the portfolio, complying with the regulatory framework. This includes following the risk and compliance policies and procedures, which are reviewed and updated according to best practices. In addition, the Section supports strategic projects by participating in the derivatives initiatives, finalizing the implementation of the new strategic asset allocation and new benchmarks that were a result of the asset allocation and benchmark study, and contributing to the 2023 asset and liability study. The Office of Investment Management teams will continue to work on the automation of the reports and activities, and on assessing risk management, internal controls and compliance aligned with market best practices and Global Investment Performance Standards.

External factors

102. The overall plan for 2023 is based on the following planning assumptions:

(a) All stakeholders will be supportive of the Office of Investment Management's efforts and will extend their full cooperation;

(b) There will be no significant shortfalls in funding for the implementation of the mandate established by the General Assembly;

(c) 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;

(d) The procurement and the legal process for requested services/products are completed within the expected time frame.

103. The Office of Investment Management is also exposed to other external market-related factors such as:

(a) Persistent residual negative impact of the COVID-19 crisis 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 of default on loans;

(d) Cyberattacks;

(e) Operating in global inflationary environments;

(f) Supply chain disruptions;

(g) Ongoing crisis in Europe.

Evaluation activities

104. The following evaluation activities initiated in 2022 continue to guide the programme plan for 2023:

(a) Fully implement the new strategic asset allocation and benchmarks;

(b) The conduct by the Office of Investment Management of an effective coordination and implementation of the periodic asset liability management study in collaboration with the Pension Administration. The actuarial value of the liabilities as of December 2019 was $63.4 billion and the next actuarial valuation will be published in the middle of this year, reflecting the position of the Fund as at 31 December 2021;

(c) The Office of Investment Management is compliant with the Principles for Responsible Investment and has consistently received best grades on environmental, social and governance sustainable investment. In 2022, at the request of the General Assembly (resolution 76/246), the Office will start to explore impact investing for part of the portfolio;

(d) The portfolio is aligned with the best environmental, social and governance principles, and its carbon emissions decreased by 39 per cent in 2021, almost reaching the 40 per cent reduction goal that the Office of Investment Management had established for 2025;

(e) The Office of Investment Management is continuing the culture transformation programme. Given that this is a long-term endeavour that will span an extended period of time, a change management office will be established to help the Office of Investment Management to continue to work on culture transformation;

(f) Continuation of the implementation of a data strategy, which is aligned with that of Secretariat.

Programme of work

Objective

105. The Office of Investment Management strives to ensure that the assets of the Fund are managed prudently and optimally, and to achieve its long-term investment return objective, to ensure the financial sustainability of the Fund. The Office's investments are spread over more than 99 countries and regions, and 81.2 per cent of its assets are managed internally. Investments must meet the criteria of safety, profitability, liquidity and convertibility.

Impact of the pandemic

106. Office of Investment Management staff successfully continued to work remotely during the COVID-19 pandemic and returned to the office in May 2022 after the completion of the renovation of the twentieth floor of 1 Dag Hammarskjöld Plaza in New York.

Programme performance in 2021

107. As at 31 December 2021, the Fund was valued at $91.48 billion, compared to $81.53 billion as at 31 December 2020, with a return in 2021 of 12.31 per cent, as shown in figure XIV. As at 31 December 2021, the Fund met its first objective (i.e., meet or exceed 3.50 per cent annualized real rate of return on a long-term basis defined as 15 years): the 15-years annualized real rate of return was of 4.32 per cent, above the 3.50 per cent threshold.

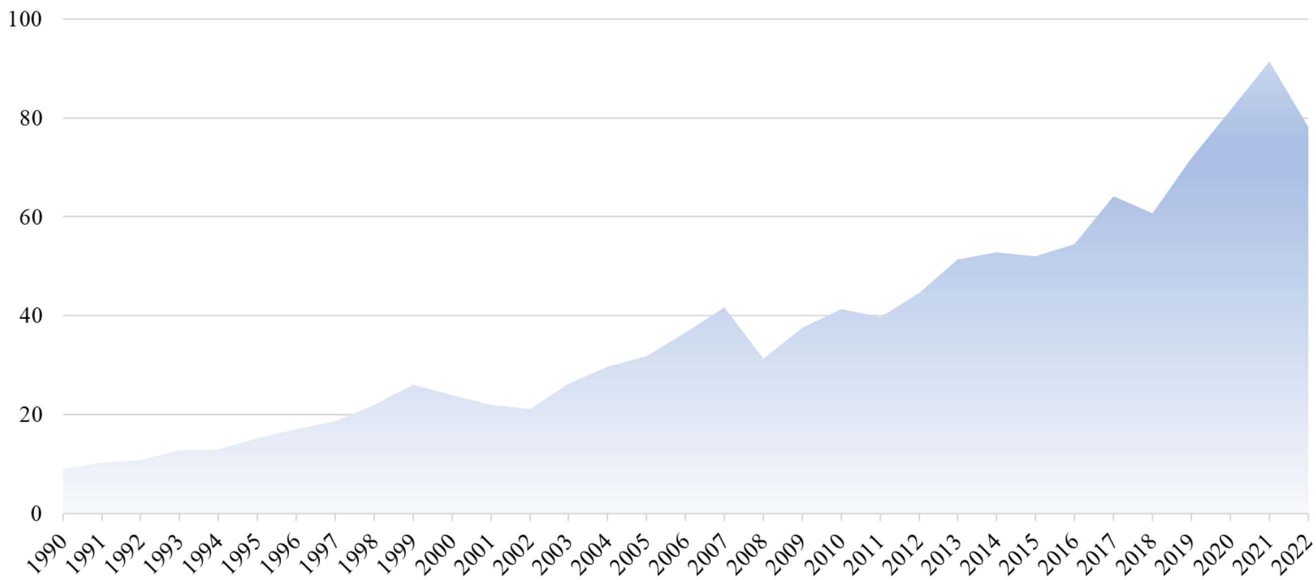
108. The Fund also met its second performance objective (i.e., outperforming the total policy benchmark return over the short run, defined as three years). As at 31 December 2021, the Fund had returned a three-year annualized nominal return of 14.76 per cent, outperforming the benchmark return of 14.74 per cent. Implementation of the new strategic asset allocation and new benchmarks are in progress.

109. The Fund's performance exceeded that of the policy benchmark over the long-term horizons in the past 3, 5, 10 and 15 years. On a short-term (yearly) basis, total excess performance of the Fund is highly volatile and sensitive to market conditions.

Those effects are smoothed over the midterm to long term, generating more stable and consistent excess return.

Figure XIV
Market value of assets as at 31 December 2021

(Billions of United States dollars)



110. The Fund achieved a nominal return of 12.31 per cent, strongly outperforming the policy benchmark return of 11.36 per cent by 95 basis points for the calendar year 2021. The 95 basis points outperformance is attributed to: (a) a 34 basis points allocation effect across asset classes, given that, during 2021, the Fund was overweighted in equity while the equity market increased by 16.94 per cent, and underweighted in fixed income while the fixed-income market decreased by 2.51 per cent; and (b) 61 basis points, which is attributed to the selection effect. While most of the different asset classes slightly underperformed their benchmarks over the period, private equity investments strongly outperformed, turning the total selection effect into a positive number.

111. In line with the guidance of the Secretary-General, as well as a reduction in the portfolio risk associated with climate change, the Office of Investment Management enhanced environmental, social and governance integration in its investment processes with a focus on climate change in 2021. The Fund aims to take action to contribute to the achievement of the Paris Agreement on carbon emission reduction. The long-term goal is to ensure the long-term sustainability of the Fund.

112. All policies and procedures relating to ISO 22301:2019 and ISO 27001:2013 are updated and reviewed annually to ensure alignment with the two standards and to ensure that changes in the Office of Investment Management's working environment are incorporated. In 2021, the revisions to the policies and procedures were approved in December 2021.

113. During the period 2021–2022, 23 OIOS and 16 Board of Auditors recommendations were closed, and action is being taken to close the remaining 22 OIOS and 17 Board recommendations as of May 2022.

114. The Fund claimed Global Investment Performance Standards compliance at the conclusion of a successful verification process by an independent third party and,

going forward, this process will be done annually. It is an achievement for the Fund because it demonstrates strong adherence to investment performance policies and procedures.

Planned results for 2023

115. The Office of Investment Management remains committed to being an institution whose mandate is to contribute to the global mission of the United Nations by ensuring the long-term financial sustainability of the Fund.

116. The Office of Investment Management will continue to address the gaps in resources and capabilities, will work on improving its culture and update its investment policy statement to be able to function successfully in a more challenging investment landscape.

117. The Fund will continue to explore impact investing, leveraging its existing internal and external resources to develop a credible impact investing strategy and present its findings.

118. With regard to the use of derivatives for two years on a trial basis as a risk management tool, the Secretary-General will be requesting an extension of the two-year trial period from the General Assembly.

119. The Fund will continue to strengthen the performance of its fixed-income portfolio and will accelerate the plans to manage all the portfolios efficiently and internally.

Table 20
Performance measure

	2019 (actual)	*2020 (actual)*	*2021 (actual)*	*2022 (planned)*	*2023 (planned)*
Meets or exceeds target real rate of return annualized in dollar terms (3.5 per cent) over the long term (15 years or longer)	Yes, with 4.32 per cent	Yes, with 4.84 per cent	Yes, with 4.32 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 (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 (14.76 per cent for the total Fund vs 14.74% for the benchmark)	Yes	Yes

Note: As at 31 December 2021, the Fund market value was $91.5 billion, an increase from $81.5 billion as at 31 December 2020, which is materialized by an annual nominal performance of 12.31 per cent, for the year 2021. The 15-year real rate of return decreased from 4.84 per cent at the end of 2020 to 4.32 per cent at the end of 2021, but still above the target rate of 3.5 per cent.

B. Proposed post and non-post resource requirements for 2023

Overview

120. The proposed budget resources for 2023, including the breakdown of resource changes, as applicable, are reflected in tables 21 to 26 and figure XV.

121. The overall resources proposed for 2023 amount to $55.9 million before recosting, reflecting a net increase of $1.9 million, or 3.4 per cent, compared with the appropriation for 2022. Resource changes result from:

(a) Post resources: The net increase of $3.4 million reflects the increase of $1.4 million related to the full provision for 17 posts (16 new and 1 reassignment) in 2022 that were approved subject to a 50 per cent vacancy rate, now budgeted at continuing rates, and the increase of $1.9 million related to:

(i) The conversions of 8 general temporary assistance positions to posts;

(ii) The establishment of 5 new posts;

(iii) The upward reclassification of one post from P-4 to P-5;[1]

(b) Non-post resources: The net decrease of $1.5 million (or 4.8 per cent) relates to a decrease in general temporary assistance under other staff costs, contractual services, furniture and equipment, and supplies and materials, offset in part by increases in consultants, travel of representatives, general operating expenses and hospitality.

122. 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 is in line with the strategy and programme plan envisioned for 2023.

Table 21
Overall: evolution of financial and post resources by object of expenditure (Office of Investment Management)

(Thousands of United States dollars)

			Changes						
Object of expenditure	*2021 expenditure*	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*	*Recosting*	*2023 estimate (after recosting)*
Post	16 823.1	22 427.2	1 430.5	1 935.7	3 366.2	15.0	25 793.4	1 781.9	27 575.3
Other staff costs	2 257.6	2 934.2	–	(1 451.3)	(1 451.3)	(49.5)	1 482.9	127.9	1 610.9
Hospitality	–	2.0	–	1.0	1.0	50.0	3.0	0.2	3.2
Consultants	188.3	183.6	–	131.4	131.4	71.6	315.0	20.8	335.8
Travel of representatives	–	88.2	–	26.6	26.6	30.1	114.8	7.6	122.4
Travel of staff	33.5	205.2	–	(0.0)	(0.0)	(0.0)	205.2	13.5	218.7
Contractual services	16 164.4	23 422.2	–	(212.5)	(212.5)	(0.9)	23 209.7	1 531.8	24 741.6
General operating expenses	3 208.9	4 665.7	–	34.1	34.1	0.7	4 699.8	144.4	4 844.2
Supplies and materials	16.1	13.3	–	(3.3)	(3.3)	(24.8)	10.0	0.7	10.7
Furniture and equipment	349.4	109.8	–	(37.7)	(37.7)	(34.4)	72.1	4.7	76.8
Total	**39 041.3**	**54 051.4**	**1 430.5**	**424.0**	**1 854.5**	**3.4**	**55 905.9**	**3 633.5**	**59 539.4**

[1] Annex III provides details on the proposed changes in post resources.

Table 22
Overall: proposed posts and post changes for 2023 (Office of Investment Management)
(Number of posts)

	Number	*Details*
Approved for 2022	137	1 ASG, 1 D-2, 5 D-1, 13 P-5, 32 P-4, 41 P-3, 9 P-2/1, 21 GS (PL), 14 GS (OL)
New	5	4 P-3, 1 P-2/1
Conversion	8	4 P-4, 2 P-3, 2 P-2/1
Reclassification	–	1 P-4 to P-5
Proposed for 2023	150	1 ASG, 1 D-2, 5 D-1, 14 P-5, 35 P-4, 47 P-3, 12 P-2/1, 21 GS (PL), 14 GS (OL)

Note: More information on post changes is provided in annex III.

Table 23
Overall: proposed posts by category and grade (Office of Investment Management)
(Number of posts)

	2022 approved	*Changes*	*2023 proposed*
Professional and higher			
ASG	1	–	1
D-2	1	–	1
D-1	5	–	5
P-5	13	1	14
P-4	32	3	35
P-3	41	6	47
P-2/1	9	3	12
Subtotal	**102**	**13**	**115**
General Service			
PL	21	–	21
OL	14	–	14
Subtotal	**35**	**–**	**35**
Total	**137**	**13**	**150**

Table 24
Overall: Evolution of financial resources by component (Office of Investment Management)
(Thousands of United States dollars)

			Changes				
Component description	*2021 expenditure*	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
A. Executive direction and management	4 220.9	4 097.6	151.9	(833.6)	(681.7)	(16.6)	3 415.9
B. Programme of work	31 424.0	46 211.9	1 278.6	380.1	1 658.7	3.6	47 870.6
C. Programme support	3 396.4	3 741.9	–	877.5	877.5	23.5	4 619.4
Total	**39 041.3**	**54 051.4**	**1 430.5**	**424.0**	**1 854.5**	**3.4**	**55 905.9**

Table 25
Overall: proposed posts for 2023 by component (Office of Investment Management)
(Number of posts)

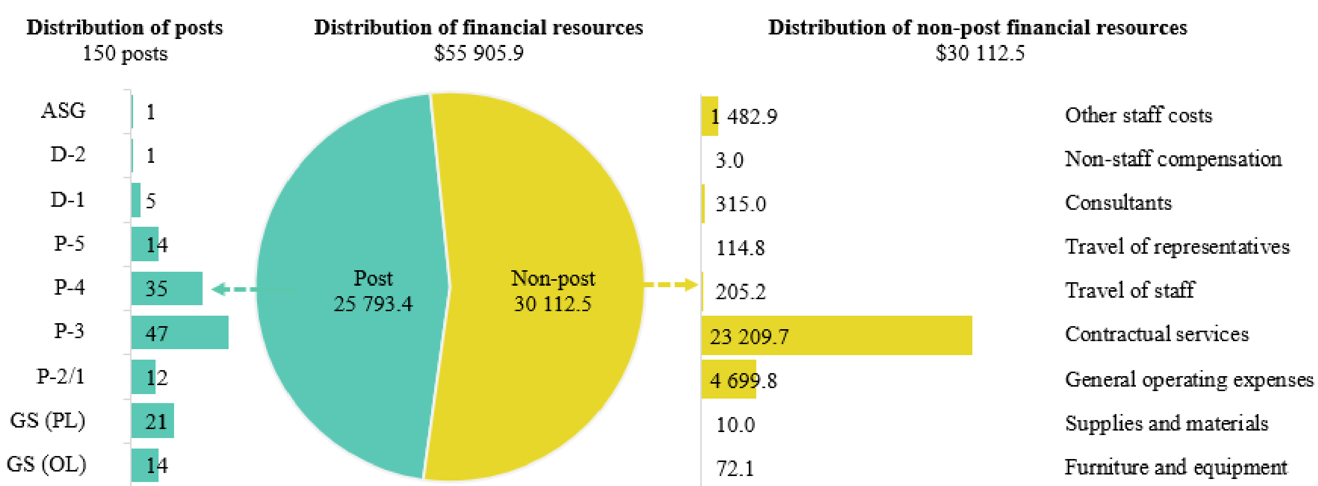
	2022 approved	*Changes*	*2023 proposed*
A. Executive direction and management	8	–	8
B. Programme of work	129	13	142
Total	**137**	**13**	**150**

Note: Of the changes in posts, the increase in eight posts is offset by and attributed to the conversion of general temporary assistance positions to posts.

Table 26
Overall: evolution of financial and post resources (Office of Investment Management)
(Thousands of United States dollars/number of posts)

			Changes				
	2021 expenditure	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
Financial resources by main category of expenditure							
Post	16 823.1	22 427.2	1 430.5	1 935.7	3 366.2	15.0	25 793.4
Non-post	22 218.2	31 624.2	–	(1 511.7)	(1 511.7)	(4.8)	30 112.5
Total	**39 041.3**	**54 051.4**	**1 430.5**	**424.0**	**1 854.5**	**3.4**	**55 905.9**
Post resources by category							
Professional and higher		102	–	13	13	12.7	115
General Service and related		35	–	–	–	–	35
Total		**137**	**–**	**13**	**13**	**9.5**	**150**

Figure XV
Distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



Explanation of variances by factor

Overall resources changes

Technical adjustments

123. As reflected in table 24, resource changes under technical adjustments show an increase of $1,430,500 under executive direction and management and programme of work, resulting from 17 posts approved, pursuant to General Assembly resolution 76/246, which were subject to a 50 per cent vacancy rate in 2022 and are now budgeted at continuing vacancy rates, as follows:

(a) **Executive direction and management**: An increase of $151,900, reflecting the full provision for two new posts (1 P-3 and 1 P-2/1) approved in 2022;

(b) **Programme of work**: An increase of $1,278,600, reflecting the full provision for 15 new posts: 14 (1 D-1, 3 P-4, 8 P-3, 1 P-2/1 and 1 General Service (Principal level)) approved in 2022 and the reassignment of 1 General Service (Principal level) approved in 2022.

Other changes

124. Resource changes reflect a net increase of $424,000 as follows:

(a) **Executive direction and management**: The net decrease of $ 833,600 relates to:

(i) The net decrease of $833,600 under non-posts reflects mainly:

a. The decreased requirements under contractual services for legal services ($859,200), travel of staff ($14,000), given that the Office of Investment Management anticipates making more efficient use of virtual communication by having more videoconference meetings going forward, and supplies and materials ($3,100);

b. The increased requirements under other staff costs, mainly for an increase in after-service health insurance ($15,100), hospitality ($1,000) and travel of representatives ($26,600);

(b) **Programme of work**: The net increase of $380,100 reflects:

(i) A net increase of $1,935,700 under post resources comprises:

a. The proposed conversions of eight general temporary assistance positions to posts and the establishment of five new posts, as detailed in annex III ($1,900,000);

b. The proposed reclassification of one post from P-4 to P-5 to reflect the higher level of work performed over the years and the increase in responsibilities as the complexity of the Fund continues to increase, as detailed in annex III ($35,700);

(ii) A net decrease of $1,555,600 under non-post resources relates to:

a. The decrease in requirements under other staff costs of $1,466,300, related mainly to the conversion of eight general temporary assistance positions to posts, as detailed in annex IV ($1,465,400), and overtime ($900);

b. The decrease in general operating expenses, due mainly to the completion of some special information technology projects and the postponement of planned projects ($738,600) and under furniture and equipment relating to the decreased requirements for information technology equipment ($37,700);

c. The increase requirements under consultants to provide the necessary subject matter expertise, specialized advice and assistance with special projects and to continue the work on culture transformation ($131,400), travel of staff ($14,000) and contractual services, mainly for operational and information technology-related services ($541,700);

(c) **Programme support**: The net increase of $877,500 under non-post resources relates to general operating expenses, attributable mainly to the rental and maintenance of premises ($772,700), and contractual services for outreach, membership and subscriptions for Office of Investment Management staff ($105,000), offset in part by a decrease under supplies ($200).

Executive direction and management

125. The Representative of the Secretary-General for the investment of the assets of the Fund 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, information technology requirements and programme administration. The Representative of the Secretary-General 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 Board on investment policy. He oversees the implementation of investment decisions and ensures that the approved investment policy and strategic 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 to ensure that detailed accounts of all investments and other transactions relating to the Fund are maintained and to report to the Board, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly on the Fund’s investments. The Representative of the Secretary-General also works closely with the Chief Executive of Pension Administration.

126. The Chief Investment Officer assists the Representative of the Secretary-General for the investment of the assets of the Fund in ensuring that all the investment functions in the Office of Investment Management are properly coordinated, coherent and aligned to safeguard fiduciary responsibilities, supporting the goals of the Fund and enhancing the long-term sustainability of the Fund. The Representative of the Secretary-General is further assisted by the Chief Operating Officer and the Chief Risk and Compliance Officer in ensuring that operations and information systems, programme administration, and risk, compliance and monitoring functions are also adequately coordinated.

127. Information on compliance regarding the timely submission of documentation and advance booking for air travel is reflected in table 27. The Office of Investment Management continues to make efforts to further enhance the travel compliance rate, taking into consideration the patterns and nature of official travel.

Table 27
Compliance rate
(Percentage)

	Actual 2019	*Actual 2020*	*Actual 2021*	*Planned 2022*	*Planned 2023*
Air tickets purchased at least 2 weeks before the commencement of travel	72	93	38	100	100

128. The proposed resources for 2023 amount to $3,415,900 and reflect a decrease of $681,700 compared with the appropriation for 2022. Additional details are reflected in table 28 and figure XVI. The proposed changes are explained in paragraphs 123 (a) and 124 (a) above.

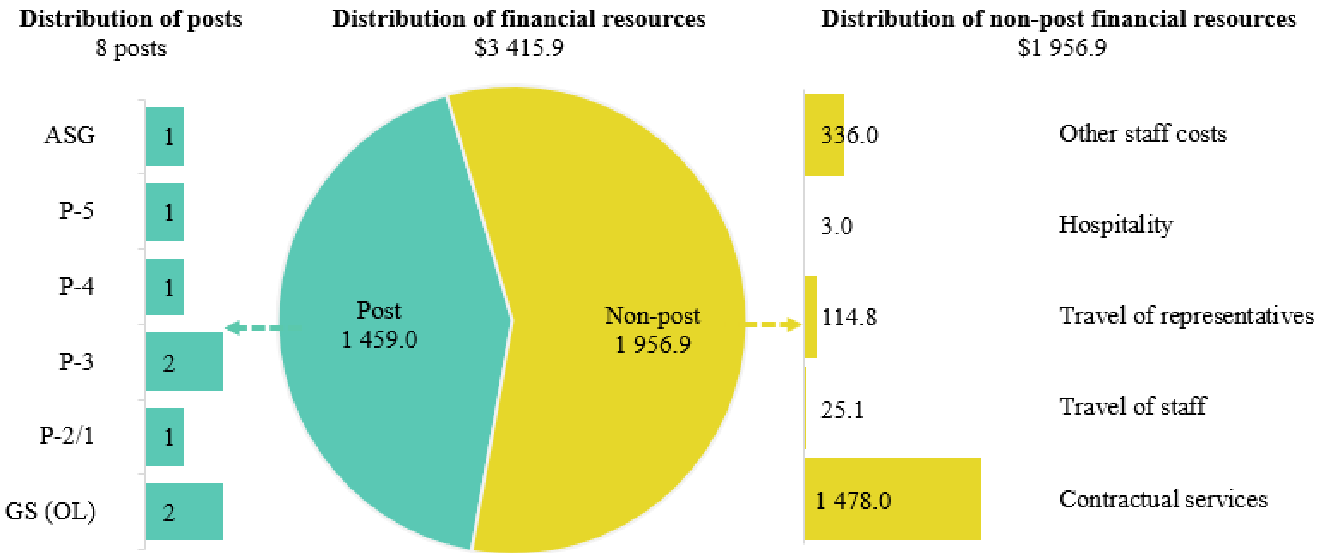
Table 28
Executive direction and management: evolution of financial and post resources (Office of Investment Management)

(Thousands of United States dollars/number of posts)

			Changes				
	2021 expenditure	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
Financial resources by main category of expenditure							
Post	1 575.0	1 307.1	151.9	–	151.9	11.6	1 459.0
Non-post	2 645.9	2 790.5	–	(833.6)	(833.6)	(29.9)	1 956.9
Total	**4 220.9**	**4 097.6**	**151.9**	**(833.6)**	**(681.7)**	**(16.6)**	**3 415.9**
Post resources by category							
Professional and higher		6	–	–	–	–	6
General Service and related		2	–	–	–	–	2
Total		**8**	**–**	**–**	**–**	**–**	**8**

Figure XVI
Executive direction and management: distribution of proposed resources for 2023 (before recosting)

(Number of posts/thousands of United States dollars)



Programme of work

129. The Investment, Risk and Compliance, Operations, Information Systems, Data Management and Business Application and Programme Administration Sections are tasked with implementing the Office of Investment Management's programme of

work. In the Office's 2023 budget, all the sections are considered as one programme of work because the Office has a single objective of managing the investment of the Fund's assets and all those sections contribute to achieving that goal.

Investment Section

130. The Investment Section is tasked with implementing the asset and regional exposure strategies as approved by the Representative of the Secretary-General for the investment of the assets of the Fund to achieve optimal investment returns for the Fund while avoiding undue risks. The Chief Investment Officer, together with the directors for the equities, private markets and fixed-income teams, supervise the public and private markets, assisted by the following 10 teams: on sustainable investment, North American markets, European markets, Asia-Pacific markets, global emerging markets, fixed income, as well as the management of external specialty funds and trade execution, real estate and 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 and keeping abreast of financial markets, and making and implementing investment decisions.

131. The Office of Investment Management strives to avoid risks that may compromise the long-term objective of the Fund. Accordingly, the Office has expanded its efforts in understanding and evaluating the impact 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 into its investment decision-making process across all asset classes.

Risk and Compliance Section

132. The Risk and Compliance Section reports to the Representative of the Secretary-General for the investment of the assets of the Fund and comprises the following teams: risk, compliance and performance. 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, it 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, Data Management and Business Applications and Programme Administration Sections

133. The Chief Operating Officer reports to the Representative of the Secretary-General for the investment of the assets of the Fund and supervises the following teams: operations, information systems, data management and business applications and programme administration.

134. 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 team is also responsible for the cash desk, including payroll funding requirements in and out of the Office of Investment Management 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 team is responsible for managing all aspects related to the custody of the assets of the Office and all the Office's tax-related matters, including managing relationships with the Office's global tax and accounting advisers.

135. The information systems team is responsible for the Office of Investment Management's ICT operations with regard to 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.

136. The data management and business applications team is responsible for managing Office of Investment Management business applications strategy development and the execution of all the processes and digital components supporting the investment life cycle, as well as managing its implementation, from the business case to its digital deployment, and it provides technical support and policy advice. In addition, the team is responsible for directing the Office of Investment Management's data and analytics programme and coordinating its execution by performing a central role to: (a) foster value creation from the use of the organization's data assets; (b) work with business stewards to foster data and analytics governance as a strategic discipline; (c) lead the data and analytics strategy; (d) define, prioritize and/or execute the data and analytics programme; (e) build a data-driven culture; (f) foster data literacy; and (g) create the intelligence needed for a digital enterprise.

137. The programme administration team coordinates action related to the effective administration of the growing number of Office of Investment Management staff and resource requirements. The team provides the support and coordination required for budget preparation and monitors the disbursement of the Office's expenses, works on culture transformation and workforce planning, coordinates the complex procurement of services for the Office and manages the work of the Investments Committee. The team provides support and guidance to the Office's staff to ensure that administrative actions are carried out in accordance with United Nations regulations and rules.

138. The proposed resources for 2023 amount to $47,870,600 and reflect an increase of $1,658,700 compared with the appropriation for 2022. Additional details are reflected in table 29 and figure XVII. The proposed changes are explained in paragraphs 123 (b) and 124 (b) above.

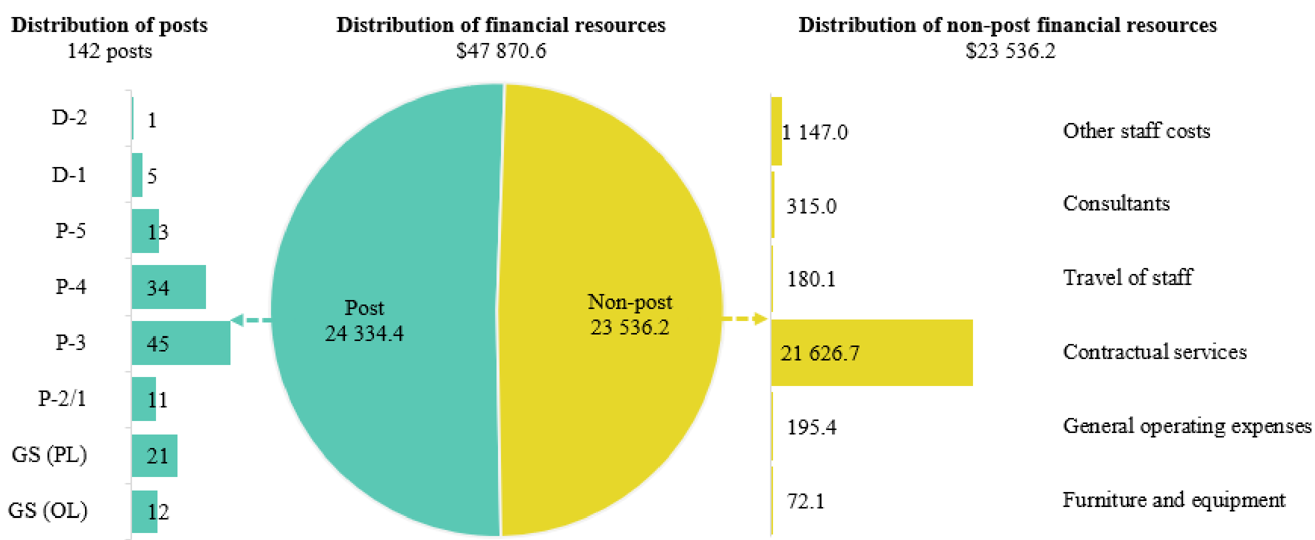
Table 29
Programme of work: evolution of financial and post resources (Office of Investment Management)

(Thousands of United States dollars/number of posts)

			Changes				
	2021 expenditure	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
Financial resources by main category of expenditure							
Post	15 248.1	21 120.1	1 278.6	1 935.7	3 214.3	15.2	24 334.4
Non-post	16 175.9	25 091.8	–	(1 555.6)	(1 555.6)	(6.2)	23 536.2
Total	**31 424.0**	**46 211.9**	**1 278.6**	**380.1**	**1 658.7**	**3.6**	**47 870.6**

	2021 expenditure	2022 appropriation	Changes: Technical adjustments	Other	Total	Percentage	2023 estimate (before recosting)
Post resources by category							
Professional and higher		96	–	13	13	13.5	109
General Service and related		33	–	–	–	–	33
Total		**129**	**–**	**13**	**13**	**10.1**	**142**

Figure XVII
Programme of work: distribution of proposed resources for 2023 (before recosting)
(Number of posts/thousands of United States dollars)



Programme support

139. The proposed resources for 2023 amount to $4,619,400 and reflect an increase of $877,500 compared with the appropriation for 2022. Additional details are reflected in table 30. The proposed increase is explained in paragraph 124 (c) above.

Table 30
Programme support: evolution of financial resources (Office of Investment Management)
(Thousands of United States dollars)

Class description	*2021 expenditure*	*2022 appropriation*	*Change: Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*
Financial resources by main category of expenditure							
Non-post	3 396.4	3 741.9	–	877.5	877.5	23.5	4 619.4
Total	**3 396.4**	**3 741.9**	**–**	**877.5**	**877.5**	**23.5**	**4 619.4**

V. Audit

Proposed post and non-post resource requirements for 2023

140. The proposed resources for 2023 amount to $2,093,300 before recosting and reflect a net increase of $8,600 compared with the appropriation for 2022. The breakdown is reflected in table 31.

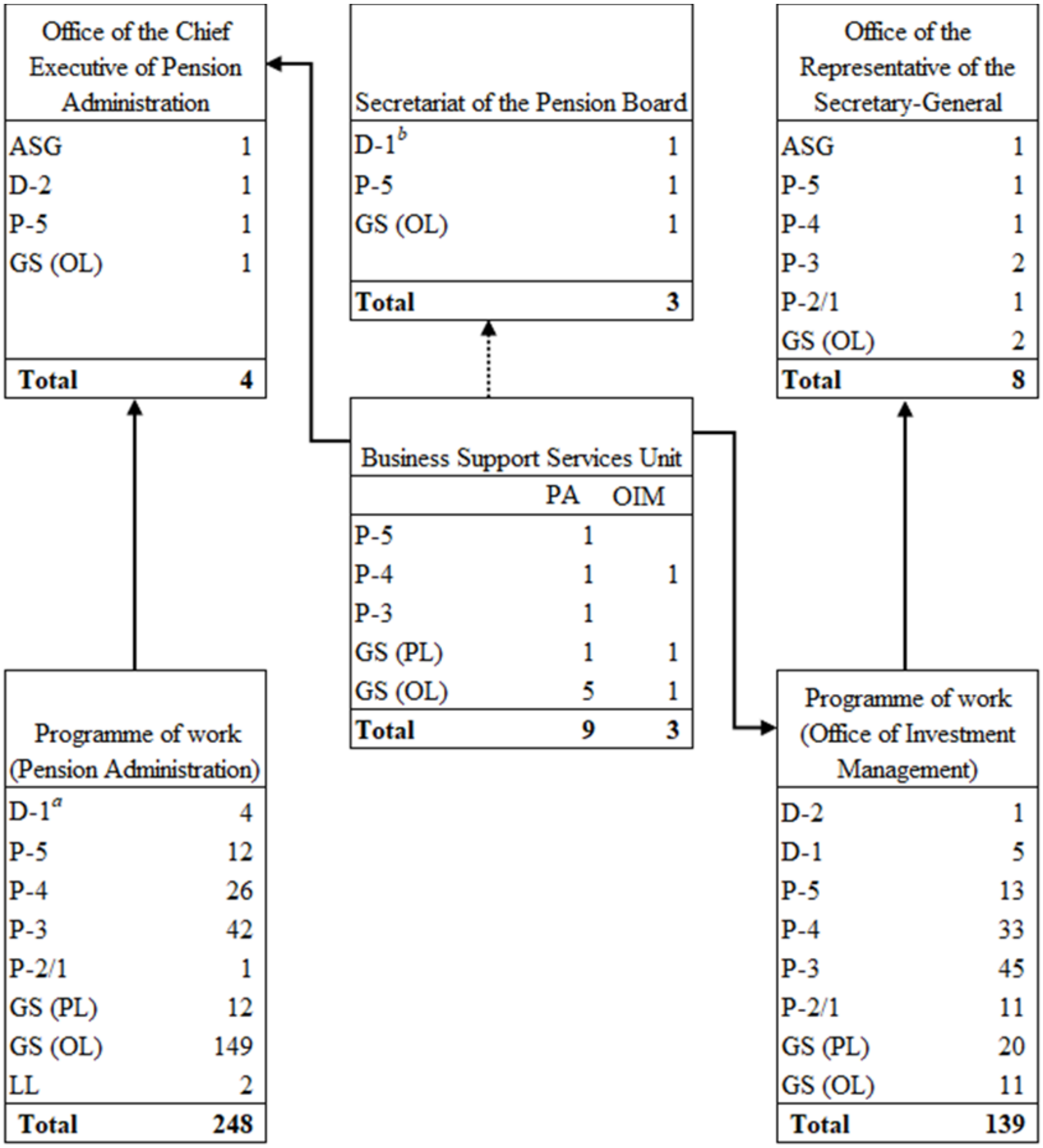
141. The increase of $8,600 under internal audit relates primarily to requirements for after-service health insurance. The proposal also reflects resources for six posts and two general temporary assistance positions for 12 months (see annex IV, table C).

Table 31
Overall: evolution of financial resources by component (Audit)
(Thousands of United States dollars)

			Changes						
Component	*2021 expenditure*	*2022 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2023 estimate (before recosting)*	*Recosting*	*2023 estimate (after recosting)*
External audit	393.2	393.2	–	–	–	–	393.2	–	393.2
Internal audit	1 363.7	1 691.5	–	8.6	8.6	0.5	1 700.1	106.4	1 806.5
Total	**1 756.9**	**2 084.7**	**–**	**8.6**	**8.6**	**0.4**	**2 093.3**	**104.4**	**2 199.7**

Annex I

Proposed organization chart for the United Nations Joint Staff Pension Fund for 2023



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

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 Unit has dual reporting lines to the Deputy Chief Executive of Pension Administration and the Chief of Operations, Office of Investment Management. The Unit also provides administrative services to the secretariat of the Board.

[a] The Chief Financial Officer (D-1) post in the programme of work (Pension Administration) reports to the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund. 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.

Annex II

Summary of follow-up action taken to implement relevant recommendations of advisory and oversight bodies

A. Advisory Committee on Administrative and Budgetary Questions

(A/76/7/Add.14)

Brief description of the recommendation	*Action taken to implement the recommendation*
The Committee recalls that the General Assembly, in its resolutions 71/265, 72/262, 73/274 and 75/246, emphasized the importance of the Fund meeting its long-term objective of an annual real rate of return of 3.5 per cent. The Committee encourages the Fund to renew its efforts to improve the performance of the investments and explore the possibility of increasing its objective. The Committee trusts that a comparison with peers, including non-United States entities, will be provided in the next report (see also A/75/7/Add.18, para. 8, A/74/7/Add.14, para. 14, and A/73/489, para. 18) (para. 9).	The Fund reviews the strategic asset allocation every four years in consultation with the Investments Committee by reviewing the asset liability management study and the updated long-term capital markets assumption in seeking achievement of the investment return target in the long-term horizon. The investment universe and the benchmark for each asset class will also be reviewed. The Office of Investment Management also conducts the benchmark study to review the peers' asset allocation strategy. The next asset liability management study will be submitted to the Board at its 2023 session. The Office of Investment Management will provide comparison with peers, including non-United States entities, in the report on the investments of the Fund and measures undertaken to increase the diversification of the Fund.
The Advisory Committee trusts that information on the result of the audit of the Integrated Pension Administration System will be included in the next report on the Pension Fund and recalls that, in paragraph 22 of its resolution 75/246, the General Assembly requested the Pension Board to conduct proper monitoring through annual reports regarding the status of implementation of the Integrated Pension Administration System, specifically the challenges experienced with regard to the implementation of the system and the enhancements made to address these challenges (para. 14).	The audit of IPAS was completed in December 2021. The audit concluded that IPAS was a stable platform. The audit included several recommendations for improvements, and the Fund's management prepared an action plan to address them. Several audit recommendations have been already implemented. The Board will consider a report on the status of ICT systems, operations and initiatives, including an update on the status of the IPAS audit recommendations.
Upon enquiry, the Advisory Committee was informed that, on the basis of internal assessments, the five highest risks for the Office were related to the following matters: cybersecurity, staffing (adequate number of qualified staff), reputational risk, diversification of portfolio and investments in private markets (speed of implementation of the investments). The Advisory Committee trusts that a consolidated list of risks will be included in the next report on the Pension Fund (para. 15).	The Office of Investment Management follows a joint enterprise-wide risk management policy and reviews the risk map on a quarterly basis, presenting updates to the Office of Investment Management Risk Committee, the enterprise-wide risk management working group and the Audit Committee. A consolidated list of risks based on the risk map will be included in the risk and compliance report to the Board.

Brief description of the recommendation	*Action taken to implement the recommendation*
The Advisory Committee concurs with the recommendations of the Board of Auditors and stresses again the importance of the expeditious implementation of the recommendations (see also A/74/7/Add.14, para. 40, A/71/621, para. 44, A/72/7/Add.23, para. 52, and A/73/489, para. 31) (para. 17).	The Fund continues to prioritize the implementation of the recommendations made by the Board of Auditors. Additional details on the implementation of previous recommendations are provided in the Board of Auditors report for the year ended 31 December 2021 (A/77/5/Add.16) and in section B of the present annex.
The Advisory Committee recalls that, in paragraph 42 of its resolution 75/246, the General Assembly stressed the importance of the Fund improving its budget accuracy (see also A/75/7/Add.18, para. 14) (para. 19).	The Fund included specific guidance on budget accuracy in the 2023 budget instructions, urging managers to ensure that resource requirements were reasonable and reflected resources that were expected to be implemented in 2023, with due consideration given to past expenditure patterns and the projection of its key workload drivers (demographic and portfolio developments). Such language will continue to be reflected in future budget guidance. The budget of the Fund differs from those of entities that implement programmatic activities in the United Nations system with respect to funding and coverage in that the estimated administrative expenses, which are funded primarily through investment income and contributions from its member organizations and participating staff members, represent an approved ceiling for reasonable expense levels rather than a mandate to implement an activity or spend. As a result, the budget of the Fund reflects the best estimates, at the time of its formulation, of the administrative resources required to support the smooth, effective and efficient operation and administration of the Fund. During implementation, every effort is made to ensure the full, effective and efficient implementation of the budget. Consequently, any resulting underexpenditure is to be viewed as savings and returned to the Fund rather than the result of low implementation or inaccurate budgeting.
The Advisory Committee encourages the Pension Fund and its member organizations to implement the electronic tools needed to calculate and process benefits accurately and expeditiously (para. 50).	The Fund has made significant progress on financial interfaces with member organizations/reporting entities in the past two years. A total of 23 reporting entities have interfaces to transfer electronically their contributions data with the Fund on a monthly (11) and annual (12) basis, 9 organizations continue to rely on the Fund to produce year-end schedule files, 2 additional human resources interfaces were implemented in 2021 and others were enhanced. Overall, these efforts have improved data accuracy and reduced the amount of rework for both Fund staff and staff in member organizations. At the same time, the introduction of new benefit payments channels, and new functionalities in the Fund's member self-service and the digital certificate of entitlement have allowed the Fund to consistently exceed performance targets for benefits processing.

Brief description of the recommendation	*Action taken to implement the recommendation*
The Advisory Committee notes the new asset allocation strategy and trusts that additional information will be provided to the General Assembly at the time of its consideration of the present report and included in the next report of the Pension Board. The Committee encourages the Pension Fund to develop performance indicators and benchmarks to assess the result of the new strategy (para. 53).	The new strategic asset allocation and all its details were presented to the General Assembly. The performance indicators to assess the new strategic asset allocation are 3.5 per cent real rate of return for the long term (15-year performance measurement) and to at least meet the new benchmarks in the short term (3-year performance measurement).
The Advisory Committee trusts that information on the viability of using derivative instruments for the remaining year of the trial period will be provided to the General Assembly at the time of its consideration of the present report and included in the next report of the Pension Board (para. 54).	The information on the viability of using derivative instruments for the remaining year of the trial period will be provided to the General Assembly and the Board in 2022.
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 (see also A/75/7/Add.18, para. 10) (para. 55).	Requested information by country and geographical region will be provided to the General Assembly in the report on the investments of the Fund and measures undertaken to increase the diversification of the Fund.

B. Board of Auditors

(A/76/5/Add.16)

Brief description of the recommendation	*Action taken to implement the recommendation*
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 (para. 25).	The recommendation is implemented. The Fund issued a procedure for the determination of the level of liquid funds to be held in the Pension Administration bank accounts for the payment of the expenses of the Fund, including the amounts required for business continuity and disaster recovery. The procedure documented long-standing practices executed by the Pension Administration and the Office of Investment Management.
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 (para. 42).	The recommendation is under implementation. The Pension Administration will address this audit recommendation in the context of the development and implementation of the data governance framework, which will include a continued focus on data quality. A data quality improvement project is under way. Complementarily, a business intelligence data quality dashboard was developed to identify manual and automated fixes required to assist in ongoing data clean-up efforts.

Brief description of the recommendation	*Action taken to implement the recommendation*
The Board also recommends that the Pension Administration perform an analysis to define the circumstances in which the inconsistencies in 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 (para. 43).	The recommendation is implemented. During 2021, the Consulting Actuary reviewed and identified the census data fields that were essential to the actuarial valuation. The list of essential data fields would be used to assess the criticality of data quality issues in future valuations. Actuarial methods would be applied by the Consulting Actuary to address any data issues identified. At the same time, the Fund continues to maintain the data set to address or prevent data issues, in particular those related to essential data fields.
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 (para. 44).	The audit recommendation is implemented. The Consulting Actuary conducted an analysis of potential COVID-19 pandemic mortality impact on the Fund, which was reviewed by the Fund Solvency and Assets and Liabilities Monitoring Committee and the Committee of Actuaries, and subsequently presented to the Board. The study concluded that, on balance, weighing all factors, the COVID-19 pandemic was not a reason to change mortality base tables and that there was insufficient data to warrant modifying projection scales. Demographic and economic impact is expected to be seen on the longer term (i.e., mortality experience or number of separations). On this basis, the impact of COVID-19 will continue to be reviewed in the coming years, in the light of the ongoing nature of the COVID-19 pandemic.
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 (para. 58).	The recommendation is implemented. Starting in 2021, for reconciliation purposes, the Data Analysis Unit adopted a specialized software, which allows for the systematic assessment of the quality of data and identification of inconsistencies in an efficient manner. This powerful tool simplified the reconciliation process while allowing for proper recording of the steps performed. The process can be repeated every year with minimal manual intervention. Complementarily, the Fund is developing a census data business intelligence dashboard.
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 this review, as well as details of the communications that will be carried out between the Fund and the United Nations (para. 71).	Following discussions with relevant United Nations focal points for post-employment benefits liabilities valuations, the Fund's human resources officers and the Accounts Section prepared and issued a procedure for the review of the post-employment benefits census data. The procedure provides details on the reports generated from the review performed.

Brief description of the recommendation	*Action taken to implement the recommendation*
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 (para. 72).	Following discussions with relevant United Nations focal points for post-employment benefits liabilities valuations, the Fund's human resources officers and the Accounts Section prepared and issued a procedure for the review of the post-employment benefits census data. The procedure provides details on the reports generated from the review performed.
The Board recommends that the Pension Administration implement an effective control mechanism to ensure that the user accounts are reviewed in a timely basis in order to adequately prevent potential instances of unauthorized access to or misuse or disclosure of the Fund's ICT assets (para. 94).	The recommendation is implemented. The Enterprise Security Unit conducts quarterly user access reviews that address the audit recommendation. The Fund further updated the relevant access control procedure to account for the necessary exceptions.
The Board 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 (para. 95).	The recommendation is implemented. The Fund updated the "naming/label" of high-level and read-only profiles and roles. The Enterprise Security Unit implemented the corresponding change in IPAS.
The Board recommends that the Pension Administration implement a solution for the Integrated Pension Administration System aligned to 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 (para. 108).	The recommendation is implemented. The Pension Administration implemented the audit recommendation with the adoption and implementation of Microsoft Power business intelligence as a reporting "tool". This tool will continue to be used by the Pension Administration to generate reports with customized parameters at any time of the year. The tool implemented by the Fund was selected to obtain reports from the IPAS integrated set of applications, which includes the V3 platform as a pension administration transactional system and works closely with the financial suite, namely, Oracle eBusiness, Kofax and related tools. The use of business intelligence also avoids possible performance issues when generating and extracting reports from V3.
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 (para. 109).	The recommendation is implemented. The Pension Administration implemented the audit recommendation through the adoption and implementation of Microsoft Power business intelligence as a reporting "tool". This tool will continue to be used by the Pension Administration to generate reports with customized parameters at any time of the year. The tool implemented by the Fund was selected to obtain reports from the IPAS integrated set of applications, which includes the V3 platform as a pension administration transactional system and works closely with the financial suite, namely, Oracle eBusiness, Kofax and related tools. The use of business intelligence also avoids possible performance issues when generating and extracting reports from V3.

Brief description of the recommendation	*Action taken to implement the recommendation*
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 (para. 110).	The recommendation is implemented. The IPAS audit report was delivered in December 2021. The audit report did not contain recommendations specifically related to IPAS ability to generate reports. Aspects related to data quality will be addressed on an ongoing basis as part of the data quality improvement project.
The Board recommends that the Office of Investment Management include annotations in the system explaining the reasons for the rejection of the pre-clearance requests, such as the 60-day-mandatory-holding period or the maximum 10 trades per month (para. 120).	The Office of Investment Management has already implemented this recommendation by including the required, detailed annotation in the "supervisor notes" section for each pre-clearance request that is denied in the compliance system.
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 (para. 121).	Under implementation. The Office of Investment Management is preparing an implementation plan. The compliance team already started discussion with the vendor and is preparing a Q&A to discuss with the staff. The Office estimates a target completion date of the fourth quarter of 2022.
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 (para. 122).	This recommendation was implemented.
The Board recommends that the Office of Investment Management strengthen the efforts carried out in matters 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 (para. 132).	This recommendation was implemented.
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 (para. 133).	The recommendation was implemented. The Office of Investment Management revised the reputational risk policy to define the criteria that should be weighed when a reputational risk event arises. The revised policy will be presented at the Risk Committee in the fourth quarter of 2022.
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 in that regard, for all activities within the scope of the Office (including vendors, external managers, advisers and other third parties) (para. 134).	The Office of Investment Management revised the reputational risk policy to address those issues. The Office will maintain a permanent and updated record of the reputational risks assessed during the year with the respective action taken in this regard for all activities within the scope of the Office (including vendors, external managers, advisers and other third parties).

Brief description of the recommendation	*Action taken to implement the recommendation*
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 reputational perspective to be incorporated into the investment decision-making process, in accordance with the international standards (para. 135).	This recommendation was implemented and has enhanced the process by onboarding a vendor, which provides to more than 40,000 institutions in 190 countries technology and research to manage and mitigate reputational risks.
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 fact of not having candidates available (para. 146).	This recommendation was implemented by the Office of Investment Management. The roster was established for both equity and fixed income.
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 (para. 147).	This recommendation was implemented. The contracts have been updated with the assistance of external counsel.
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 managers on an ongoing basis, which allows for the mitigation of potential investment, operational and reputational risks (para. 148).	This recommendation has been implemented by the Office of Investment Management.
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 (para. 149).	The recommendation has been implemented. The external manager policy was revised to address all recommendations of the Board of Auditors.
The Board recommends that the Office of Investment Management define which reports will be requested for 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 (para. 158)	This recommendation was implemented.
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 (para. 159).	Under implementation. The Office of Investment Management is rolling out the newly defined vendor management framework. The framework will cover performance, relationships and risks of vendors by rationalizing vendors and continuously managing vendor contracts, performance, relationships and risk through the defined templates, dashboards and

Brief description of the recommendation	Action taken to implement the recommendation
	scorecards. The relevant investment teams at the Office of Investment Management, with the support of the Vendor Management Office, will ensure that key risk indicators are clearly defined and monitored for the non-discretionary external investment advisers. In addition, the revised reputational risk policy, which was approved on 13 August 2021 by the Representative of the Secretary-General for the investment of the assets of the Fund, will address any aspects relating to reputational risks. A consultant expert was recruited on 15 June 2022 and is rolling out the vendor management framework to tier 1 and tier 2 vendors. In a second phase, the scope of the Vendor Management Office will be extended to external advisers, including upgrading the relevant templates accordingly.
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 (para. 160).	Under implementation. The Office of Investment Management investment teams, with the support of the Vendor Management Office, will further review its vendor management framework and templates, along with the external non-discretionary adviser policy, to include additional details regarding the due diligence process specific to non-discretionary external investment advisers. A consultant expert was recruited on 15 June 2022 and is rolling out the vendor management framework to tier 1 and tier 2 vendors. In a second phase, the scope of the Vendor Management Office will be extended to external advisers, including upgrading the relevant templates accordingly.
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 (para. 168).	This recommendation was implemented.
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 (para. 180).	This recommendation was implemented.

Annex III

Proposed post changes, by component

A. Pension Administration

Component	*Posts*	*Grade*	*Description*	*Reason for change*
Executive direction and management	1	P-5	**Conversion** of 1 position of Special Assistant to Chief Executive	See annex IV for details.
Programme of work	1	P-3	**Establishment** of 1 Treasurer	The proposed post would provide United Nations Treasury backstopping functions. The Treasury is increasingly being used as an alternative payment channel to address difficulties disbursing funds to beneficiaries in some countries stemming from increased sanctions and regulatory compliance requirements, which now characterize international banking services. To ensure timely payment to beneficiaries, the Fund established an arrangement with the Treasury to introduce alternative payment channels to effect payments to the affected beneficiaries. The requested post is vital to ensuring the smooth functioning of this payment arrangement and would provide the necessary expertise and support of ongoing studies and development in the most recent banking requirements and payment procedures; liaise with the Treasury to analyse requirements and recommendations for any changes to be implemented; review and verify payment proposals, payment method and payment destination for accuracy; and amend payments that have fallen into the exception payment list.
	1	GS (OL)	**Establishment** of 1 Treasury Assistant	The proposed Treasury Assistant would assist the Treasurer in performing the United Nations Treasury backstopping functions to ensure the smooth functioning of the alternative payment channels for timely remittances to beneficiaries.
	1	GS (PL)	**Establishment** of 1 Senior Accounting Assistant	The requested post would address the surge in payment returns and reissuances after annual suspension of the certificate of entitlement stemming from changes in payment instructions due to international banking restrictions and new payment channels. Preparation of reissuances is being done on a weekly cycle and a releaser has only 3.5 working days for review and approval to allow time for subsequent reporting and disbursement procedures. In addition, workload statistics shows that caseload per releaser significantly increased, from 1,826 cases in 2020 to 2,188 in 2021. The number of cases per releaser is projected to increase to 4,463 in 2022 and 4,552 in 2023. Moreover, the work unit (Cost-of-Living Adjustment Miscellaneous Payments Unit) in Financial Services has only one releaser (P-2). Given that staff at the P-2 level frequently rotate and create resource gaps during reassignments, the Fund deems it necessary to have a permanent backup function to deal with iNeed and customer relationship management. Reissuances and the annual statement of benefits are highly desired services by retirees and beneficiaries. In addition to supporting with spillover in caseloads, the new General Service (Principal level) post would promote improved client experiences while maintaining institutional knowledge and experience in the work unit.

Component	*Posts*	*Grade*	*Description*	*Reason for change*
	1	GS (OL)	**Establishment** of 1 Accounting Assistant	The requested post would assist in addressing the surge in payment returns and reissuances after annual certificate of entitlement suspension stemming from changes in payment instructions due to international banking restrictions and new payment channels. The rapidly evolving banking environment forces the Fund to formulate an individualized communication to advise the best options to retirees and beneficiaries affected by banking issues. Customized communication and the need for an immediate reissuance creates a significant burden to processors in the relevant work unit (Cost-of-Living Adjustment Miscellaneous Payments Unit). The new General Service (Other level) post would promote improved client experiences, quickly responding to the needs of retirees and beneficiaries. In addition, workload statistics show that caseload per processor has significantly increased, making it is necessary to preserve enough processing capacity.
	1	GS (OL)	**Establishment** of 1 Programme Management Assistant	Within the Business transformation and Accountability Unit, the continuous improvement programme is resourced with a Chief (P-5), while other staff in the Unit have different responsibilities. The requested post would provide support to the Chief in the implementation and effective operation of the continuous improvement programme and related tasks. The Programme Management Assistant would assist in the various initiatives under the continuous improvement programme. Specific responsibilities include undertaking research, analysis and presentation of information on continuous improvement initiatives and related topics; assisting in the planning and coordination of the programme; monitoring the implementation of initiatives with the relevant offices in the Pension Administration; assisting in the preparation of training sessions and meetings for the continuous improvement programme; assisting in drafting communication related to the programme; maintaining shared mailboxes, a suggestion box and intranet sites; and taking the action necessary to ensure that continuous improvement initiatives are successfully completed by the agreed deadlines.
	1	P-3	**Establishment** of 1 Legal Officer	The proposed post would enable the unified management of the Fund's policies and procedures and assist in providing support to the Pension Administration in modernizing its operations. The Legal Officer would assist in the review and development of new policies and procedures, including undertaking research and liaising with the various sections in the Fund. The incumbent would also assist in conducting legal research and analysis; prepare comparative studies, briefs and reports in respect of technical support for issues under consideration by the Board and its working groups; maintain the case digest, which has been moved to a new platform and rereleased; and draw upon the lessons-learned from the Standing Committee and United Nations Appeals Tribunal cases. There remains a need to develop a legal database of rulings for operational guidance to ensure consistency in the application of the Regulations, Rules and Pension Adjustment System of the Fund, in addition to the increased number of cases handled by the Legal Office. The Board has increased its sessions from one to three per year, resulting in greater support for the Board and, in recent years, an additional meeting of the Standing Committee.

Component	Posts	Grade	Description	Reason for change
	1	P-3	**Establishment** of 1 Benefits Officer	The requested post, located in the Operations Coordination and Liaison Unit, would be dedicated to working with member organizations on cases with missing documentation, and seeking ways to reduce the wait time between participants' separation and benefit release date. The incumbent would also work with member organizations in establishing separation standard operating procedures, service-level agreements and benchmarks at each separation stage.
	1	GS (OL)	**Establishment** of 1 Benefits Assistant	To deal with increased client enquiries that cannot be met by existing capacity in Client Services. The number of queries has increased dramatically owing to the ongoing banking crisis and increased payment returns.
	1	P-3	**Establishment** of 1 Information Systems Officer	The Fund, as with other entities of the United Nations system, is exposed to an increasing level of cybersecurity threats. Accordingly, the Fund implemented a complex system of preventive, detective and corrective control mechanisms that require specialized expertise for configuring and monitoring their operations. Specifically, the post being requested would strengthen the security posture of the Fund by developing and maintaining security control procedures; conducting cybersecurity risk assessments; implementing mitigating controls; monitoring vulnerability assessments; and reporting on the performance of the security control system. The incumbent would also participate in the implementation of the data loss prevention initiative and ISO certification for data privacy.
	1	P-4	**Redeployment** of 1 post of Risk Management Officer	The proposed establishment of a stand-alone Risk Management Unit outside of the Business Support and Accountability Unit would be resourced by the redeployment of the P-4 and the P-3 staff, who are undertaking risk management tasks in the Business Support and Accountability Unit.
	1	P-3	**Redeployment** of 1 post of Programme Management Officer	
	(1) 1	P-4 P-5	**Reclassification** of 1 post of Risk Management Officer (P-4) to Senior Risk Management Officer (P-5)	A reclassification is requested to upgrade the Risk Management Officer, redeployed from the Business Transformation and Accountability Unit, to Senior Risk management Officer. In line with risk management best practices, the Senior Risk Management Officer would require independence and enough stature with senior managers, business leads and staff across the Fund. Risk management stature and independence would be strengthened through the proposed reclassification and the direct reporting line to the Deputy Chief Executive of Pension Administration, who also supervises other cross-cutting functions in the Pension Administration that are also led at the P-5 level. The Senior Risk Management Officer would be responsible for advancing and enabling the Fund's enterprise risk management framework and would play the role of coordinator and integrator to ensure consistency in its application and integration in decision-making processes by individual offices and functions across the Pension Administration. The incumbent would work in close cooperation with relevant counterparts in the Office of Investment Management to ensure that consistent risk management practices are applied for the Fund as a whole. The Senior Risk Management Officer would establish, communicate and facilitate the use of appropriate risk management methodologies, tools and techniques, and serve as risk management adviser, communicator and reporter to senior management.

Component	Posts	Grade	Description	Reason for change
				Consistent with the premise that risks must be owned by the functions that generate them, the post would be focused on identifying and understanding key enterprise risks, monitoring changes in the overall risk profile and promoting alignment between assumed risks with the desired risk appetite, as well as acting as the main liaison and focal point with oversight bodies; leading the evaluation of internal controls by management and the process for the preparation of the statement of internal control; and promoting resilience through the implementation and ongoing maintenance of the business continuity management system. These activities are expected to optimize the management of enterprise risks.
	(1) 1	P-3 P-4	**Reclassification** of 1 post of Information Systems Officer	The reclassification request is to ensure that the current and new information systems, which are based on cloud computing technologies (e.g., the customer relationship management system), are adequately supported. Accordingly, there is the need to ensure that adequate subject-matter expertise is available within the Fund to manage and support systems based on cloud computing platforms.
	1	P-4	**Conversion** of 1 position of Data Specialist position to post	See annex IV for details.
	1	P-3	**Conversion** of 1 position of Accountant position to post	See annex IV for details.
	11	GS (OL)	**Conversion** of 11 positions of Accounting Assistant to post	See annex IV for details.
	1	P-3	**Conversion** of 1 position of Public Information Officer to post	See annex IV for details.
	1	GS (OL)	**Conversion** of 1 position of Team Assistant to post	See annex IV for details.
	1	GS (OL)	**Conversion** of 1 position of Benefits Assistant to post	See annex IV for details.
	1	P-3	**Conversion** of 1 position of Information Systems Officer to post	See annex IV for details.
	1	GS (OL)	**Conversion** of 1 position of Information Systems Assistant to post	See annex IV for details.
	1	P-4	**Reassignment** of 1 post of Financial Information Officer to Programme Management Officer	To align the functional title with tasks performed in the Operations Service in Geneva.
	1	P-3	**Reassignment** of 1 post of Legal Officer to Programme Management Officer	To align the functional title with tasks performed in order to continue to rationalize the working arrangement in the Business Transformation and Accountability Unit to enhance the services provided to the Fund.
	1	GS (OL)	**Reassignment** of 1 post Research Assistant to Legal Assistant	To reflect change in functional title based on tasks performed in the Legal Unit.
Programme Support	1	GS (OL)	**Establishment** of 1 Human Resources Assistant	The requested Human Resources Assistant would interface with hiring managers and Chiefs of section to effectively support them primarily in the area of selection and recruitment and provide the needed hands-on support to those who do not have any administrative support capacity in their offices. The incumbent would also assist in circulating

Component	Posts	Grade	Description	Reason for change
				various broadcast messages to all staff members, in organization charts and in creating electronic files related to recruitment and training. It is envisioned that the work of the human resources team will continue to increase with the rise of the new workforce trends and the human resources, gender, learning and career development strategies. The Human Resources Assistant would have a key role in assisting the team in supporting the development and implementation of strategies, in addition to the planning and coordination of various human resources-related training activities in 2023 and beyond. The human resources team in the Pension Administration has had only two human resources partners/assistants since 2009, who provide direct support in the administration of personnel and their benefits and entitlements. The number of personnel handled by the human resources team has increased significantly, from 164 in 2016 to 256 in 2022, without any corresponding increase in the number of human resources partners/assistants. As a result, the workload for the administration of personnel and the selection and recruitment processes has also increased. For example, in 2020 and 2021, the human resources team handled more than 70 recruitment cases, which involved inviting 130 candidates for written and technical assessments and 120 applicants for competency-based interviews. The team also completed more than 1,000 transactions in Umoja.
	(1) 1	GS (OL) GS (PL)	**Reclassification** of 1 post from Human Resources Assistant (GS (OL)) to Senior Human Resources Assistant (GS (PL))	The Senior Human Resources Assistant would provide the needed expertise to handle difficult cases in Umoja that need an in-depth review and analysis for escalation to the Umoja support team. In the past, cases at preliminary stages were submitted to the former Office of Human Resources Management for its review, analysis and further escalation to the information technology support teams. This is no longer the case, given that evaluation and analysis are now performed within the team. In addition, the incumbent would cover the administration of entitlements, including the review and processing of data pertaining to conditions of service, while reviewing requests for entitlement and exception to the Staff Regulations and Rules and policies, concerning all the aspects of human resources. Prior to the promulgation of ST/SGB/2019/2, the Office of Human Resources Management was responsible for advising on those issues. Currently, each entity is responsible for reviewing its own cases for exceptions under the delegation of authority, and only a few cases are submitted to the Office of Human Resources for approval. The cases, however, need to be fully reviewed and analysed before escalating to the Office of Human Resources. The Senior Human Resources Assistant would also be responsible for supervising the work of other Human Resources Assistants in the office and would be the focal point for the operational needs in the office. The post of Senior Human Resources Assistant would ensure that the Fund maintains the required knowledge and expertise to provide better services to staff members.
	1	GS (OL)	**Conversion** of 1 position of Facility Management Assistant to post	See annex IV for details.

Abbreviations: GS, General Service; OL, Other level; PL, Principal Level.

B. Office of Investment Management

Component	*Posts*	*Level*	*Description*	*Reason for change*
Programme of work	1	P-3	**Establishment** of 1 Investment Officer	The proposed post, in the internally managed Europe portfolio, would allow the Investment Officer to focus on financial services and real estate sectors. Since the last post addition to the Europe portfolio in 2008, the number of investments in the portfolio has increased from 87 to 256, which has reduced risk while maintaining performance. The Europe portfolio has 66 investments in financial services and real estate sectors totalling more than $1.2 billion and is covered by its consumer analyst. Given that there are no synergies in this combination of sector coverage, the new role will allow the consumer analyst to focus on his or her sectors, in the light of the changes in consumer trends, and ensure enough resources for the financial services and real estate sectors.
	1	P-2/1	**Establishment** of 1 Associate Programme Management Officer	The proposed post would be part of the new Enterprise Vendor Management Office and support the current and future work programme aligned with the Office's strategic road map. By proactively and strategically engaging external vendors and internal owners in a consistent manner as an enterprise-wide discipline, including coordinating the necessary risk and performance due diligence activities, the Enterprise Vendor Management Office ensures a collaborative working relationship and, ultimately, maximizes the value of vendor engagement. Without this P-2/1, the Office of Investment Management would not be able to enforce the governance and processes defined under the Enterprise Vendor Management Office framework, nor effectively perform the day-to-day vendor management activities, related to the more than 100 vendors/contracts currently in the Office of Investment Management's portfolio, ultimately leading to underachievement and higher financial, operational and strategic risks.
	1	P-3	**Establishment** of 1 Investment Officer (fixed income)	The post of Investment Officer (P-3) for the fixed-income government-related portfolio would focus on supporting the portfolio manager in the analysis of an internal government-related portfolio against a stand-alone market benchmark of Government of the United States of America-related securities, with a focus on municipal bonds within the portfolio. The incumbent would support the portfolio manager in analysing and managing an internal portfolio against a stand-alone benchmark covering some 1,200 securities. According to the 2021 Aon asset allocation and benchmark study, the government-related portfolio will become a large and official component within the fixed-income benchmark, and therefore additional resources will be required. The government-related portfolio is expected to have a market value of approximately $1.5 billion and will consist of supranationals, sovereigns, agencies and local authorities. The post would also support new initiatives, including the implementation of interest rate futures, an environmental, social and governance

Component	Posts	Level	Description	Reason for change
				focus and due diligence, and the selection of external managers where the Fund does not have current capabilities, which was a recommendation in the 2021 Aon asset allocation and benchmark study.
	2	P-3	**Establishment** of 2 posts of Investment Officer (fixed income)	The proposed request for two posts of Investment Officer (P-3) for fixed-income credit and spread products will focus on supporting the portfolio manager in the analysis of an internal credit portfolio against a stand-alone market benchmark of United States credit securities and on providing support for the building, managing and overseeing of a portfolio of external private and public credit funds. The posts would support the portfolio manager in analysing and managing an internal portfolio against a stand-alone benchmark covering nearly 8,000 securities. The credit portfolio is expected to increase to $5.5–6 billion, an increase of 10 times the current portfolio size. The incumbents would also support new initiatives, including the implementation of interest rate futures, an environmental, social and governance focus and due diligence, and the selection of private credit and other external managers. Competent investment professionals are vital to aid investment decisions and improve backup capabilities, especially as the fixed-income team expands its investment guidelines, investment universe and credit exposure.
	(1) 1	P-4 P-5	**Reclassification** of 1 post from Compliance Officer (P-4) to Senior Compliance Officer (P-5)	The reclassification proposal for a Senior Compliance Officer (P-5) is consistent with the current size of the Fund and the complexity of the asset classes invested by the Fund. As at 31 December 2021, the Fund was valued at approximately $91 billion and has investments in global public equity, global fixed income and alternative investments comprising private equity, real estate and infrastructure in all regions and in more than 90 countries. The Fund will continue to grow and will increase its diversity and complexity. In addition, the increasing exposure to alternative assets, as the portfolio reaches its target size, and the new mandate for derivatives will introduce new compliance responsibilities, additional monitoring and compliance assessments that require enhanced due diligence, thus increasing the scope of critical oversight of compliance requiring a Senior Compliance Officer to oversee, manage and lead such an initiative. The post would assist the compliance side by proposing new policies and procedures. The compliance team provides independent oversight of compliance risk identification, establishment of policies and procedures, monitoring and assessment. The compliance team participates independently in due diligence reviews and in vetting potential external managers. The Office of Investment Management has established consistent compliance surveillance processes and will continue to try to implement best-in-class compliance methodologies to assess reputational risk, the monitoring of trading and conflicts of interest. The compliance team conducts post-trade monitoring of externally managed

Component	*Posts*	*Level*	*Description*	*Reason for change*
				activities, including the monitoring of the exclusion list, review of the quarterly compliance certification, maintenance of the reputational risk dashboard, and United Nations sanctions list monitoring, among other responsibilities. This work requires intensive interaction with senior officials of the Fund, including staff at the P-5, D-1 and D-2 levels and the Representative of the Secretary-General for the investment of the assets of the Fund, as well as stakeholders such as the Board of Auditor, OIOS and the Office of Legal Affairs. It is therefore requested that this complex technical, substantive and diplomatic work be performed at the P-5 level. Therefore, a Senior Compliance Officer would contribute to strengthening the compliance team and to maintaining the safety of the portfolio, keeping it compliant with policies and procedures.
	1	P-4	**Conversion** of 1 position of Investment Officer to post	See annex IV for details.
	1	P-4	**Conversion** of 1 position of Investment Officer (fixed income) to post	See annex IV for details.
	1	P-4	**Conversion** of 1 position of Investment Officer (Fixed Income) to post	See annex IV for details.
	2	P-2/1	**Conversion** of 2 positions of Associate Investment Officer to post	See annex IV for details.
	2	P-3	**Conversion** of 2 positions of Accountant to post	See annex IV for details.
	1	P-4	**Conversion** of 1 position of Information Systems Officer to post	See annex IV for details.

Abbreviations: GS, General Service; OL, Other level; PL, Principal Level.

Annex IV

Comprehensive review of the general temporary assistance 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 complied 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 performed a comprehensive review of its general temporary assistance positions, with the findings reflected in the budget proposal for 2022. The budget proposal for 2023 continues to present the same findings, proposing action aimed at stabilizing the Fund's workforce.

Pension Administration

2. The comprehensive review of general temporary assistance positions undertaken by the Pension Administration identified some functions performed by temporary staff as permanent in nature and critical to the operations of the Fund. Of the 42 positions proposed for conversion to posts in 2022, the Board supported all conversions, the Advisory Committee on Administrative and Budgetary Questions suggested a phased approach and the General Assembly, in its resolution 76/246, approved the conversion of 27 positions. The positions that were not converted continue to undertake core work. The Fund is also faced with the challenge of attracting suitably qualified candidates for its temporary positions, bringing undue disruptions to the work of the Fund. The use of temporary positions for core long-term functions does not fit the intended and defined purpose of temporary positions, results in more frequent staff turnover, especially in a high-turnover job market, and is not a sustainable means to retain talented staff and increase productivity.

3. In order to stabilize its workforce, the Pension Administration is requesting the following:

(a) Conversion of 15 positions proposed for conversion but not approved in 2022 and 5 additional positions for conversion;

(b) Continuation of 4 positions;

(c) Creation of 2 positions;

(d) Discontinuation of 1 position.

4. If supported, the number of approved general temporary assistance positions would decrease from 25 in 2022 to 6 in 2023.

5. Details of the positions are reflected in table A below.

Office of Investment Management

6. In 2022, the General Assembly, in its resolution 76/246, approved 15 general temporary assistance positions for the Office of Investment Management, of which 6 were for special projects. In its resolution 75/246, the 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.

7. In its 2023 budget request, the Office of Investment Management is requesting the continuation of seven general temporary assistance positions, of which six are proposed for an extension to pursue the derivatives projects, and an additional request is for the continuation of eight other positions to assist in operational support for Asia-Pacific. Details of the positions are reflected in table B below.

A. Pension Administration: proposed general temporary assistance positions

Title	*Level*	*2022 approved positions*	*Proposed action*	*Conversions to post*	*2023 proposed general temporary assistance positions*	*Duration of the positions proposed for conversion as at 31 December 2022 (number of years)*	*Justification*
Executive direction and management							
Special Assistant to the Chief Executive	P-5	1	Conversion	(1)	–	4	This is a core function required on a permanent basis. As with most Assistant Secretaries-General in the United Nations Secretariat, the Chief Executive of 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 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 leads 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 because it was considered premature, given that the Chief Executive had been in her functions only 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							
Information Systems Officer (Data Analyst)	P-4	1	Conversion	(1)	–	2	Located in the Data Analysis Unit, the incumbent will be responsible for ensuring the data quality of the underlying sources and managing master data; providing quality assurance of imported data; helping to develop reports and analysis; managing and designing the reporting environment, including data sources, security and metadata; supporting initiatives for data integrity and normalization; troubleshooting the reporting database environment and reports; evaluating changes and updates to source production systems; training end users on new reports and dashboards; and providing technical expertise on data storage structures, data mining and data cleansing. The incumbent will play a substantive role in the execution of pillar 3 (develop a strong global partnership network) of the strategy for 2021–2023.

Title	Level	2022 approved positions	Proposed action	Conversions to post	2023 proposed general temporary assistance positions	Duration of the positions proposed for conversion as at 31 December 2022 (number of years)	Justification
Communications Officer	P-3	1	Conversion	(1)	–	2	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 will substantively contribute to pillar 3 (develop a strong global partnership network) and pillar 1 (simplify client experience) of the strategy for 2021–2023).
Accountant	P-3	1	Conversion	(1)	–	3	Managing accounts payable is a core function required on a permanent basis. The Accounts Payable Unit was established in the context of the 2020 budget. The Unit monitors and follows up on outstanding open payables on a regular basis, sets up and maintains required internal controls and reconciles accounting journal entries for monthly and yearly accounting closing. The Accountant in charge of the Unit is essential for the Fund's financial operations, supplying key data for the Fund's financial statements. It is not tenable for a temporary P-3 to lead such a vital function and to maintain the level of quality of data expected of the Unit. The Accountant reviews and decides follow-up action for payables; leads year-end closing processes related to accounts payable while streamlining the process of the recognition of benefit liabilities; and participates in the preparatory discussion for the upgrade of Oracle e-business, the Fund's financial enterprise resource planning system.
Information Systems Officer (Project Management Support)	P-3	1	Conversion	(1)	–	5	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) coordinating responses to audit queries and assisting in the implementation of relevant audit recommendations.
Accounting Assistant	GS (OL)	1	Conversion	(1)	–	3	The Accounting Assistant assists the Accounts Payable Unit, which is responsible for open payables and their appropriate accounting in the Fund's financial statements. The incumbent, as a sole processor in the Unit, reviews the eligibility of forfeiture for individual open payables, processes forfeitures/terminations and coordinates other work units in the Payments Section to reissue open payables. In addition to transactional workload, the incumbent runs monthly liabilities batches (e.g., not-in-payment accounts payable batch and not-in-payment accounts payable forfeiture batch) with a rehearsal run in a testing site; assists in monthly and yearly accounts payable reconciliation; and performs a user acceptance test for information technology fixes and enhancements to liabilities management. These are long-term and

Title	Level	2022 approved positions	Proposed action	Conversions to post	2023 proposed general temporary assistance positions	Duration of the positions proposed for conversion as at 31 December 2022 (number of years)	Justification
							core job functions required on a permanent basis, and it is desired that the position become a fixed-term appointment.
Accounting Assistant	GS (OL)	1	Conversion	(1)	–	3	The Accounting Assistant assists the Cost-of-Living Adjustment Miscellaneous Payments Unit, which is responsible for the cost-of-living-adjustment updates, reissuance payments after bank returns or benefit suspensions, and issuance of cost-of-living adjustment letters and annual statements of benefits The incumbent reviews/processes reissuance workflow and runs information technology batches to manually generate the statement of benefits, upon beneficiaries' request, daily. In addition to transactional workloads, the incumbent validates the correctness of consumer price index data and consumer price index calculations of the two-track countries by comparing them with the data source of the Monthly Bulletin of Statistics published by the Statistics Division; prints out more than 150,000 cost-of-living adjustment letters and annual statements of benefits; and performs a user acceptance test for information technology fixes and enhancements to the cost-of-living adjustment and miscellaneous payments management.
Accounting Assistant	GS (OL)	3	Conversions	(3)	–	3	Three Accounting Assistants in the Payroll Unit assist in the monthly payroll closing of the monthly periodic benefits for more than 75,000 beneficiaries in more than 190 countries. The incumbent reviews/processes transactional workflows daily to update payroll records caused by, for example, a change in payment instructions, suspensions, reinstatements after suspension and deletion due to death, and sends out related correspondence. In addition to transactional workloads, the incumbent validates after-service health insurance deductions imported by after-service health insurance organizations; prepares pay list vouchers after payroll closing for listing payments through pay agencies; and performs a user acceptance test for information technology fixes and enhancements to the payroll management. These are long-term and core job functions required on a permanent basis, and it is desired that these positions become fixed-term appointments.
Accounting Assistant	GS (OL)	5	Conversion	(5)	–	7 years-1 5 years-2 1 year-2	Conversion is requested for the four positions of Accounting Assistant in the Accounts Section performing core functions related to contributory service purchase workflows for Geneva-based participants with higher work volumes. In addition, the incumbents support the monthly financial interface project, which, given the progress made, requires a stable and dedicated team to manage its implementation on an ongoing basis.

Title	*Level*	*2022 approved positions*	*Proposed action*	*Conversions to post*	*2023 proposed general temporary assistance positions*	*Duration of the positions proposed for conversion as at 31 December 2022 (number of years)*	*Justification*
Team Assistant	GS (OL)	1	Conversion	(1)	–	5	This a core function required on a permanent basis to provide ongoing administrative support to the Chief Finance Officer.
Team Assistant	GS (OL)	1	Conversion	(1)	–	3	This 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's implementation, which involves more communication with clients and stakeholders (pillar 3, on developing a strong global partnership network).
Information Systems Assistant	GS (OL)	1	Conversion	(1)	–	3	To provide support to the Information Systems Officer (Innovation).
Benefits Assistant	GS (OL)	1	Conversion	(1)	–	2	This is a core function required on a permanent basis in the Operations Coordination and Liaison Unit in the Operations Service, to strengthen the 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.
Information Systems Assistant	GS (OL)	1	Continuation	–	1	2	To provide information technology support to the Geneva office.
Benefits Assistant	GS (OL)	1	Continuation	–	1	1	To support the workload in Client Services activities, including dealing with participant, retiree and other beneficiary enquiries, assisting in carrying out special projects that may be assigned, providing support to core Client Services functions, maintaining productivity levels and increasing output during peak workload periods to ensure responsive quality service, and addressing any new challenges as they arise.
Information Systems Officer	P-3	–	New	–	1		In 2023, in line with the approved strategic goals, the Pension Administration will maintain its focus on the implementation of the client simplification and process improvement initiatives. Accordingly, resources are requested for one position of a systems integration specialist in the Information Management Systems Service who will provide: (a) dedicated business intelligence expertise, (b) operational support for the new customer relationship management system, and (c) management of the corresponding infrastructure (i.e., cloud computing).
Benefits Assistant	GS (OL)	–	New	–	1		The Benefits Assistant would provide additional support to member organizations in collecting separation documents and promptly submitting them to the Fund, work with member organizations to reduce the stock of missing documents, especially for long-outstanding cases (five years or longer), continuously keep the stock

Title	Level	2022 approved positions	Proposed action	Conversions to post	2023 proposed general temporary assistance positions	Duration of the positions proposed for conversion as at 31 December 2022 (number of years)	Justification
							for a maximum period of 5 years, and continuously report on progress in the separation process to the United Nations Staff Pension Committee and other constituents.
Project Management Officer	P-4	1	Discontinuation	(1)	–	3	The Project Management Officer position is proposed for discontinuation, given that the functions will be absorbed within existing resources.
Programme support							
Facilities Management Assistant	GS (OL)	1	Conversion	(1)	–	5	In the United Nations Secretariat, most facilities and premises functions are performed by the Facilities Management Service. However, at the Fund, these functions are 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. Given that specialized skills are required for these functions, it is not feasible that other assistants in the Fund could execute these responsibilities. To accommodate 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	1	Continuation	–	1	1	This position is warranted in order to provide an adequate level of leadership to the newly established Business Support Services Unit. The incumbent will put in place the new Unit and coordinate the actions and deliverables of the teams under her/his leadership. The incumbent is also expected to provide a level of strategic planning support, in particular in the determination of resources requirements and managing change implications, including on staffing. This is a temporary arrangement, which is linked to the incumbency of the post of Executive Officer (P-5).
Human Resources Officer (Training and Development)	P-3	1	Continuation	–	1	1	This position is utilized in the context of the Fund's human resource and training strategies. The incumbent will be responsible for coordinating and leading 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		**25**		**(21)**	**6**		

B. Office of Investment Management: proposed general temporary assistance positions

Title	*Level*	*2022 approved positions*	*Proposed action*	*Conversions to post*	*2023 proposed general temporary assistance positions*	*Duration of the positions proposed for conversion as at 31 December 2022 (number of years)*	*Justification*
Programme of work							
Investment Officer (North America)	P-4	1	Conversion	(1)	–	1	The Investment Officer (P-4) position proposed for conversion to post will be responsible for the United States and Canada portfolio, which exceeds $27 billion in assets, and prudent management requires a seasoned investment officer at the P-4 level. The conversion of this general temporary assistance position to post will support and enhance the building-out of the team's expertise in sector coverage and add to the long-term stability of the investment team.
Investment Officer (fixed income)	P-4	1	Conversion	(1)	–	1	The Investment Officer (P-4) position proposed for conversion to post is for fixed-income, mortgage-backed securities and will focus exclusively on the portfolio of agency mortgage-backed securities and other securitized and interest rate products. In addition, the post 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 position is responsible for assets under management of approximately $10 billion. The conversion from general temporary assistance to fixed-term is necessary and justified.
Investment Officer (fixed income)	P-4	1	Conversion	(1)	–	1	The Investment Officer (P-4) proposed for conversion to post will be focused on cash management, foreign exchange and funding monthly benefits. The post will ensure that each investment team is provided with liquidity in the appropriate currency by optimizing available/forecasted foreign currency balances and by executing foreign exchange spot, forward, and swap transactions within developed, emerging and restricted markets. There is a need for expanding the dedicated resources as 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/FX 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.
Associate Investment Officer (environmental, social and governance)	P-2	2	Conversion	(2)	–	1	The proposed conversion of two general temporary assistance positions of Associated Investment Officer for the environmental, social and governance team will result in staff to improve current policies and processes, to review the due diligence processes, to create and improve monitoring tools (including dashboards), to benchmark the Office of Investment Management strategy versus best

Title	*Level*	*2022 approved positions*	*Proposed action*	*Conversions to post*	*2023 proposed general temporary assistance positions*	*Duration of the positions proposed for conversion as at 31 December 2022 (number of years)*	*Justification*
							industry practices and to participate in initiatives to improve the integration of environmental, social and governance principles into fixed-income and private markets.
Accountant	P-3	2	Conversion	(2)	–	1	The proposed conversion of two general temporary assistance positions to posts for the operations team is to support the private markets' new platform. The Office of Investment Management has completed the process of procuring a solution (the private markets platform) for the administration of alternative investments, 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 provide a new verification/ reconciliation tool, including the reconciliation of management fees. The alternative investments platform was implemented in 2022. The proposed platform is expected to have enhanced information technology systems with added functionalities. Furthermore, from an operational perspective, the proposed platform will change the way in which contact management and document retention are done. The proposed conversion of the two positions requiring strong project management skills and relevant industry experience will be required on an ongoing basis to oversee various services from the proposed platform, such as data management, document management, data access management, contact management, and workflow management and support, which will require a higher level of skills to complete the assigned tasks. Without these positions, the Accounting Unit would not be able to support the new RA/PE/RA Platform, appropriately manage accounting for additional funds, perform operational due diligence desk reviews of proposed alternative investments, implement ongoing and necessary changes to IPSAS standards and formulate the necessary and complex investment disclosures to the financial statements, and thereby decrease the risk of misstatements and the misclassification of accounts and decrease the risk of a modified or qualified opinion on the Fund's financial statements.
Information Systems Officer (Data Specialist)	P-4	1	Conversion	(1)	–	1	The position proposed for conversion to post will facilitate the joint effort of digital transformation, efficient data management and its integration with disparate business applications supporting the investment life cycle front-to-back of all asset classes. The main functions of the proposed post are system implementations, business analysis, support for technology and its interfaces, and data management capabilities, including system change management. The incumbent will collaborate with data engineers to improve data flows and data quality, maintain and support the Office of Investment Management's data governance framework, monitor data collection

Title	*Level*	*2022 approved positions*	*Proposed action*	*Conversions to post*	*2023 proposed general temporary assistance positions*	*Duration of the positions proposed for conversion as at 31 December 2022 (number of years)*	*Justification*
							systems, enable data analytics, and implement other strategies that optimize statistical efficiency and quality. This proposed post also develops and implements various investment-related data analytics, reporting and quality control capabilities.
Accountant –Securities Lending (pilot programme)	P-3	1	Continuation	–	1	1	The proposed request is for the continuation of one Accountant (P-3) to work on a securities lending programme. This programme requires manual oversight of the securities lending agent. To mitigate an increase in trade settlement risks, the Accountant will monitor daily the trade settlement blotter to facilitate faster post-trade matching and post-trade settlement functions (i.e., develop an internal cut-off time for a sell-trade order based on security lending cut-off times). The Accountant will also monitor and review the accuracy of "manufactured" economic benefits, additional disclosures for financial reporting purposes, and securities lending revenue calculations. 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 and fulfil additional disclosure requirements for financial reporting purposes in a timely manner.
Accountant – Repo (pilot programme)	P-3	1	Continuation	–	1	1	The proposed request for the continuation of one Accountant (P-3) will help to support repurchase agreements (repo) and collateral management. Repo and reverse repo trades are done over the counter, with terms ranging from overnight to several weeks. These transactions need margin and collateral management and monitoring. The operations team requires an Accountant to set up new counterparties, and monitor trade matching, cash and security movement and reconciliation for these transactions. The Accountant will also ensure that the security transferred meets the collateral haircut requirement based on the master repurchase agreement signed by both the counterparties and Fund. Without this position, the operations team would not be able to process repurchase transactions on time, resolve disputes through reconciliation and valuation challenges related to margins and collateral, monitor activities for pledged securities and fulfil additional disclosure requirements for financial reporting purposes.
Accountant – Futures/ Currency (pilot programme)	P-3	1	Continuation	–	1	1	The proposed request for the continuation of one Accountant (P-3) will help to establish a team that specializes in a range of financial instruments such as exchange-traded futures, FX swaps and foreign exchange forwards. The incumbent will have the industry and regulatory knowledge necessary for the Fund to ensure the accurate processing of such transactions and reflection of all such transactions in the financial statements, and provide a proper oversight role regarding the collateral management service provider. Without this position, the operations team

Title	Level	2022 approved positions	Proposed action	Conversions to post	2023 proposed general temporary assistance positions	Duration of the positions proposed for conversion as at 31 December 2022 (number of years)	Justification
							would not be able to support the new margin trading instruments, appropriately manage accounting for complex instruments, implement ongoing and necessary changes in industry standards, regulations and IPSAS standards, and formulate the necessary and complex investment disclosures to the financial statements. Without this position, the Office of Investment Management would increase the risk of misstatements and the misclassification of accounts, and increase the risk of a modified or qualified opinion on the Fund's financial statements.
Accountant – Futures/ Currency (pilot programme)	P-2	1	Continuation	–	1		The proposed request for the continuation of one Associate Accountant (P-2) will help to establish a team that specializes in a range of financial instruments such as exchange-traded futures, FX swaps and foreign exchange forwards. The incumbent will have the industry and regulatory knowledge necessary for the Fund to ensure the accurate processing of such transactions and reflection of all such transactions in the financial statements, and provide a proper oversight role regarding the collateral management service provider. Without this position, the operations team would not be able to support the new margin trading instruments, appropriately manage accounting for complex instruments, implement ongoing and necessary changes in industry standards, regulations and IPSAS standards, and formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts, and increase the risk of a modified or qualified opinion on the Fund's financial statements.
Senior Accounting Assistant – Futures/ Currency (pilot programme)	GS (PL)	1	Continuation	–	1		The proposed request for the continuation of one Senior Accounting Assistant (General Service (Principal level)) will help to establish a team that specializes in a range of financial instruments such as exchange-traded futures, FX swaps and foreign exchange forwards. The incumbent will have the industry and regulatory knowledge necessary for the Fund to ensure the accurate processing of such transactions and reflection of all such transactions in the financial statements and provide a proper oversight role regarding the collateral management service provider. Without this position, the Operations team would not be able to support the new margin trading instruments, appropriately manage accounting for complex instruments, implement ongoing and necessary changes in industry standards, regulations and IPSAS standards and formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts, and increase the risk of a modified or qualified opinion on the Fund's financial statements.
Risk Officer – Derivatives (pilot programme)	P-4	1	Continuation	–	1	1	The proposed request for the continuation of one Risk Officer (P-4) will support new initiatives such as securities lending, to-be-announced mortgage-backed securities, United States Treasury futures, foreign exchange swaps, currency hedging for emerging

Title	Level	2022 approved positions	Proposed action	Conversions to post	2023 proposed general temporary assistance positions	Duration of the positions proposed for conversion as at 31 December 2022 (number of years)	Justification
							markets and repurchase agreements (also known as repos). 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.
Associate Accountant (Asia-Pacific)	P-2/1	1	Continuation	–	1	1	The proposed request is for the continuation of one Associate Accountant (P-2/1) to provide support for the introduction of the investment policy statement in 2019, and the increase in emerging market strategic asset allocation, such as India bonds, China A-shares and Indonesia and Thailand equities. The Fund requires additional support in the back office functionalities to cover for Asia-Pacific market hours. The incumbent 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 (CTM/OASYS) for global equities and fixed-income securities. In addition to assisting in Asia-Pacific trades, the incumbent will focus on a daily basis mainly on “reconciliation functions”. The operations team objective is to provide and finalize daily position and cash reconciliation as early as possible each morning to facilitate Asia-Pacific and Europe trades. The extension of the position will allow the operations team to finalize the position reconciliation in a timely manner.
Total, the Office of Investment Management		**15**		**(8)**	**7**		

C. Internal Audit/Office of Internal Oversight Services: proposed general temporary assistance positions

Title	Level	2022 approved positions	Proposed action	Conversions to post	2023 proposed general temporary assistance positions	Duration of the positions proposed for conversion as at 31 December 2022 (number of years)	Justification
Programme of work							
Senior Auditor	P-5	1	Continuation	–	–	2	To conduct the Fund’s audits
Investigator	P-4	1	Continuation	–	–	2	To conduct the Fund’s case investigations
Total, OIOS		**2**		–	–		

Annex V

Number of participants in the United Nations Joint Staff Pension Fund by member organizations as at 31 December 2021

	Number of participants																		
Member organization	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*
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	86 827
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	13 900
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	11 310
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	8 636
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	4 283
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	2 743
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	2 539
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	1 210
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	1 166
International Telecommunication Union	971	875	871	854	843	823	831	830	822	834	814	781	779	768	721	726	748	765	778
International Civil Aviation Organization	863	863	826	806	795	775	784	791	777	778	745	769	787	798	799	789	761	739	720
United Nations Industrial Development Organization	786	791	783	753	759	779	825	826	775	769	735	713	697	669	673	698	712	711	713
International Fund for Agricultural Development	462	488	506	502	519	526	534	540	549	556	540	560	578	595	580	586	612	633	646
World Meteorological Organization	303	287	302	334	332	319	315	309	307	308	315	327	350	351	350	360	374	353	388
International Maritime Organization	344	351	343	338	337	320	323	313	312	308	291	290	284	284	280	277	365	358	345

	Number of participants																		
Member organization	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*
Comprehensive Nuclear-Test-Ban Treaty Organization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	300	309	329
Special Tribunal for Lebanon	–	–	–	–	–	–	259	329	371	396	412	436	472	462	450	438	449	400	259
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	169
World Tourism Organization	88	95	90	99	100	95	95	95	98	97	97	98	97	91	83	88	89	89	87
International Seabed Authority	34	28	30	29	29	32	31	32	31	32	35	30	33	35	38	42	43	44	48
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	47
Inter-Parliamentary Union	–	–	37	40	45	45	48	49	45	46	47	45	46	47	45	48	47	43	45
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	40
European and Mediterranean Plant Protection Organization	11	11	11	12	12	13	13	13	14	13	13	15	17	18	18	19	20	19	19
Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	14
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**	**137 261**
Total, number of member organizations	**19**	**20**	**21**	**21**	**22**	**22**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**24**	**24**	**25**

[a] United Nations Headquarters, regional offices and all funds and programmes.