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United Nations

United Nations Joint Staff Pension Fund

Financial report and audited financial statements

for the year ended 31 December 2021

and

Report of the Board of Auditors

General Assembly
Official Records
Seventy-seventh Session
Supplement No. 5P

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Report of the Board of Auditors

United Nations • New York, 2022

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.

[21 July 2022]

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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

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**

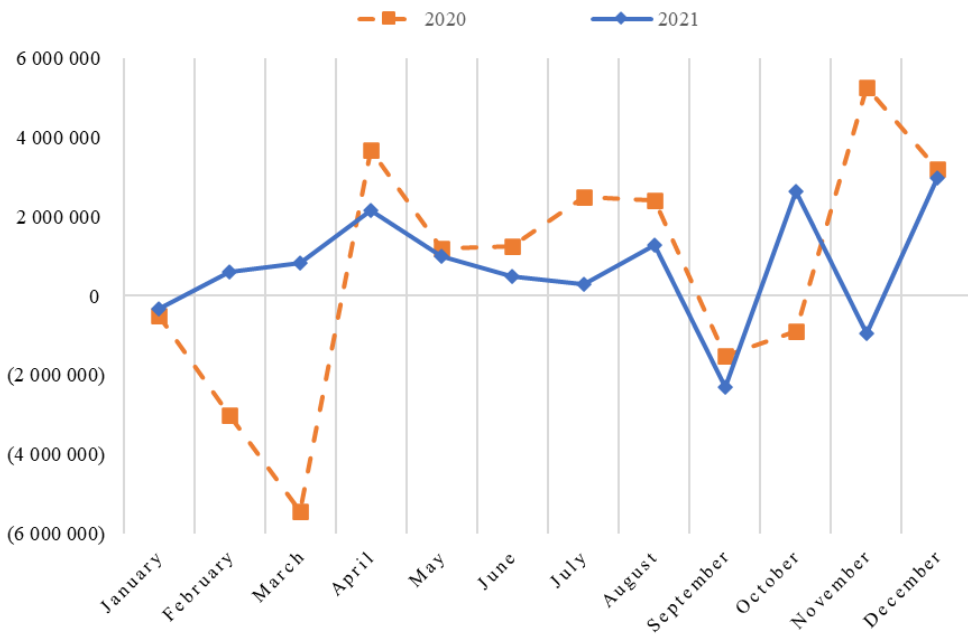
8. The Board considers that a 63 per cent rate of implementation indicates a strong commitment of the Fund to managing long-standing recommendations. The Board acknowledges management's efforts and encourages the Fund to continue, especially regarding the recommendation dating from 2017, which remains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

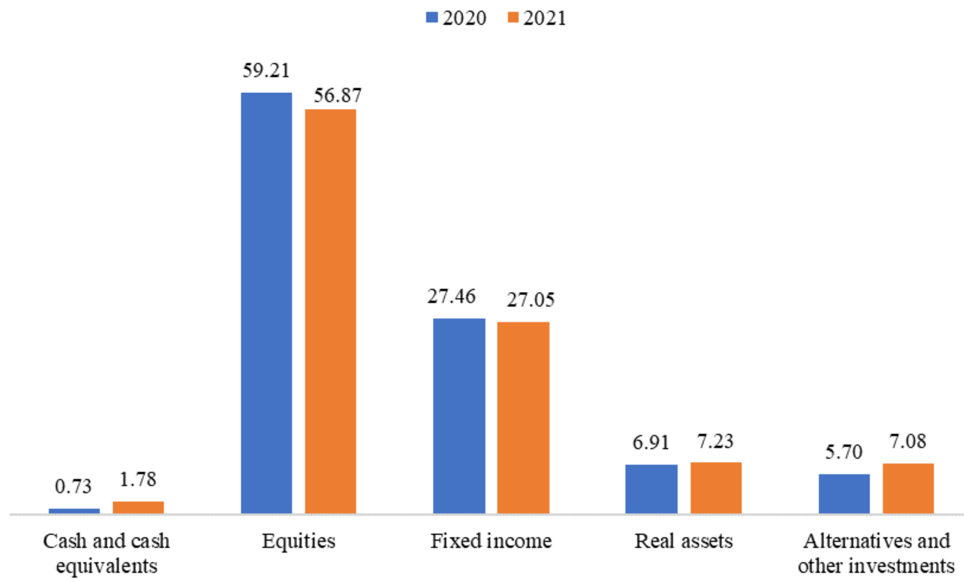


Source: Board formulation based on United Nations Joint Staff Pension Fund investment transactions.

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.

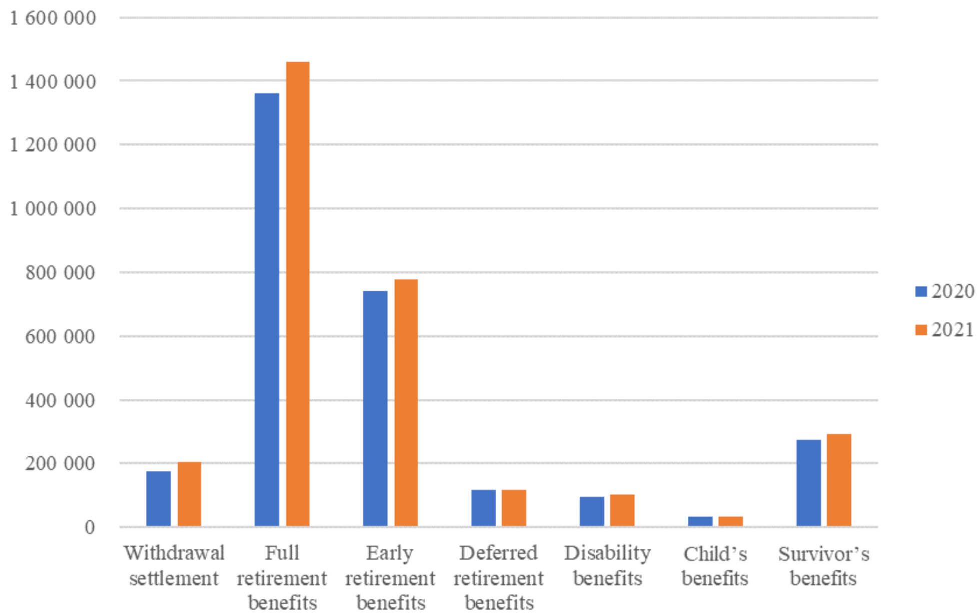
14. In the year 2021, the total investment income of the Fund was $10.05 billion (2020: $9.52 billion), including appreciation in fair value of investments of $8.71 billion (2020: $8.21 billion), which includes foreign exchange income of $0.97 billion (2020: $0.42 billion). Historically, appreciation/depreciation 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,[1] 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

[1] 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**

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,[2] 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

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[2] 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[3]

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

[3] 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:[4]

(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

[4] 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 Fund's equity portfolio	31 December 2021 Benchmark[a]	31 December 2020 Fund's equity portfolio	31 December 2020 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)

	As at 31 December 2021					
Currency	*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)

	2021	*2020*
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

	Number of benefits awarded											
				Withdrawal settlement								
Member organization	*Retirement benefit*	*Early retirement benefit*	*Deferred retirement benefit*	*< 5 years*	*> 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		Child benefit	Widow and widower benefit	Other death benefit	Disability benefit	Secondary dependency benefit	Transfer under agreement	Total
				< 5 years	> 5 years							
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

	Number of benefits awarded											
				Withdrawal settlement								
Member organization	*Retirement benefit*	*Early retirement benefit*	*Deferred retirement benefit*	*< 5 years*	*> 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

Member organization	*Number of benefits awarded*											
	Retirement benefit	*Early retirement benefit*	*Deferred retirement benefit*	*Withdrawal settlement*		*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
				< 5 years	*> 5 years*							
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**	

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