A/76/5/Add.16

United Nations

United Nations Joint Staff Pension Fund

Financial report and audited financial statements

for the year ended 31 December 2020

and

Report of the Board of Auditors

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

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Report of the Board of Auditors

United Nations • New York, 2021

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.

[22 July 2021]

Contents

Letters of transmittal

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

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

(*Signed*) Rosemarie **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 22 July 2021 from the Chair of the Board of Auditors addressed to the President of the General Assembly

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

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

Chapter I

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

Opinion

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

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

Basis for opinion

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

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

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

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

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

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

The Chief Executive of Pension Administration and the Representative of the Secretary-General, within their respective authority under the Regulations of the Fund, are responsible for the preparation and fair presentation of the financial statements in accordance with International Accounting Standard 26 and IPSAS and for such internal control as the management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

(d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

22 July 2021

Chapter II
Long-form report of the Board of Auditors

Summary

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

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

Scope of the report

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

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

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

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

Audit opinion

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

Overall conclusion

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

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

Key findings

The Board's key findings are as follows:

Pension Administration

Census data quality issues

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

Validation process for the census data

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

Review of the census data for after-service health insurance

The Board observed that the census data for the valuation of the after-service health insurance of the Fund was extracted from Umoja by the Health and Life Insurance Section of the Secretariat. Moreover, it was observed that the census data provided by the United Nations included the details of the active participants and retirees of the Fund with a cut-off date of 31 October 2019 for their review. In this regard, the Fund pointed out that the data was reviewed to verify its reasonableness by taking into account communications with the Health and Life Insurance Section. Nevertheless, the Board could not identify which reviews were carried out by the Fund or which thresholds had been established for any deviation that may have been found.

Office of Investment Management

ComplySci system for personal securities trading

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

Reputational risk

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

External managers

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

Main recommendations

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

Census data quality issues

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

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

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

Validation process for the census data

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

Review of the census data for after-service health insurance

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

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

ComplySci system for personal securities trading

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

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

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

Reputational risk

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

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

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

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

External managers

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

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

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

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

Follow-up of previous recommendations

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

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

A. Mandate, scope and methodology

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

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

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

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

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

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

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

B. Findings and recommendations

1. Follow-up of previous recommendations

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

Status of implementation of recommendations

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

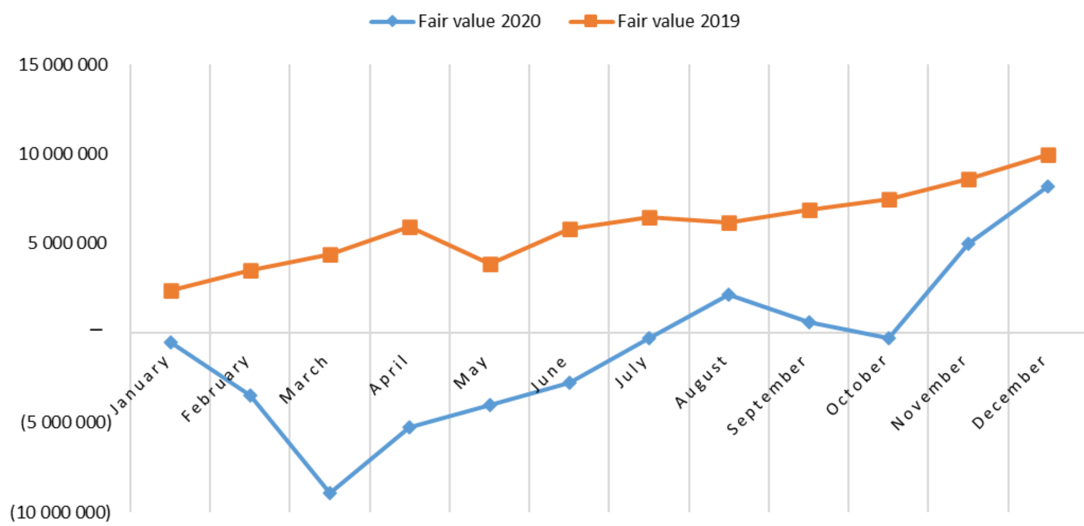
8. The Board acknowledges the management's efforts towards the implementation of its recommendations. However, the Board expects the Fund to further expedite its efforts on this matter, especially regarding the recommendations dating from 2017, one of which remains under implementation and refers to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

2. Financial overview

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

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

Figure II.I
Monthly return on investments for 2020 in comparison to 2019
(Thousands of United States dollars)

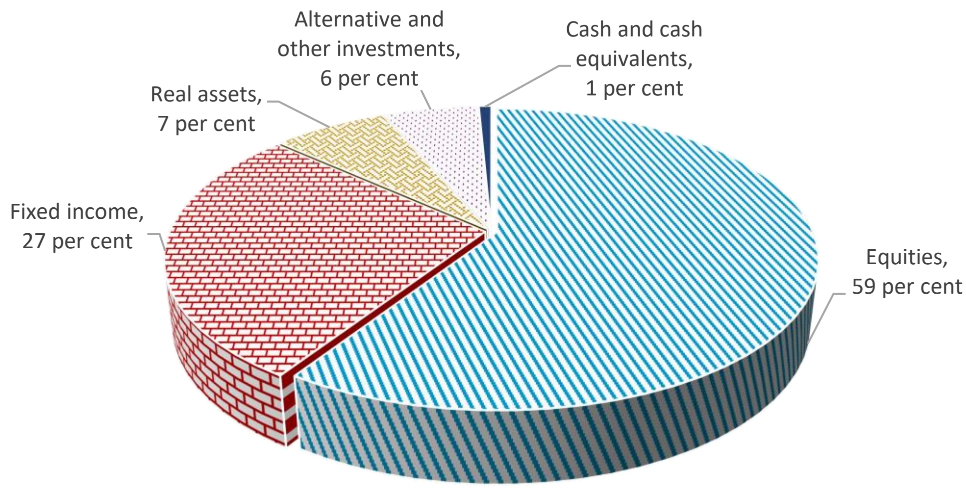


Source: United Nations Joint Staff Pension Fund financial statements.

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

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

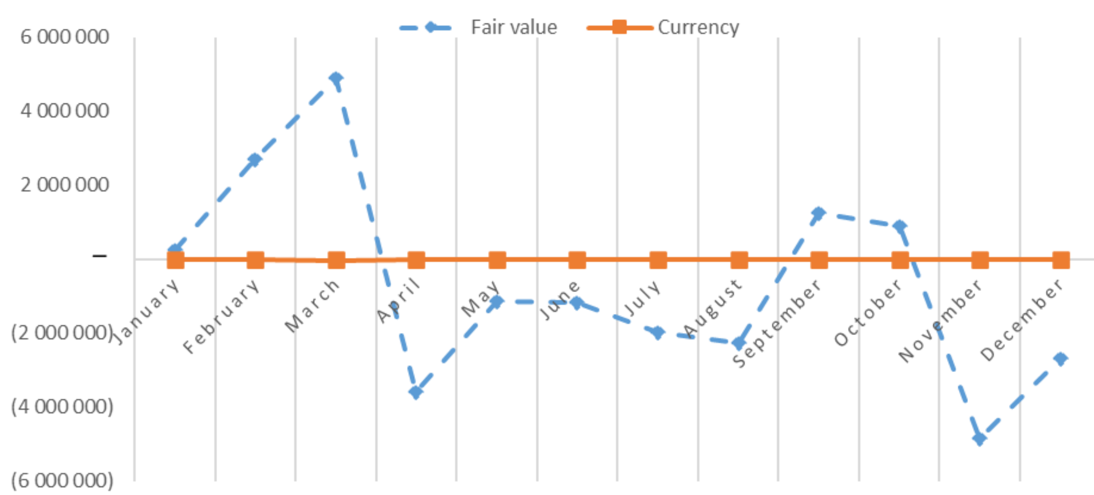
Figure II.II
Percentage share of components in the fair value of investments in 2020



Source: United Nations Joint Staff Pension Fund financial statements.

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

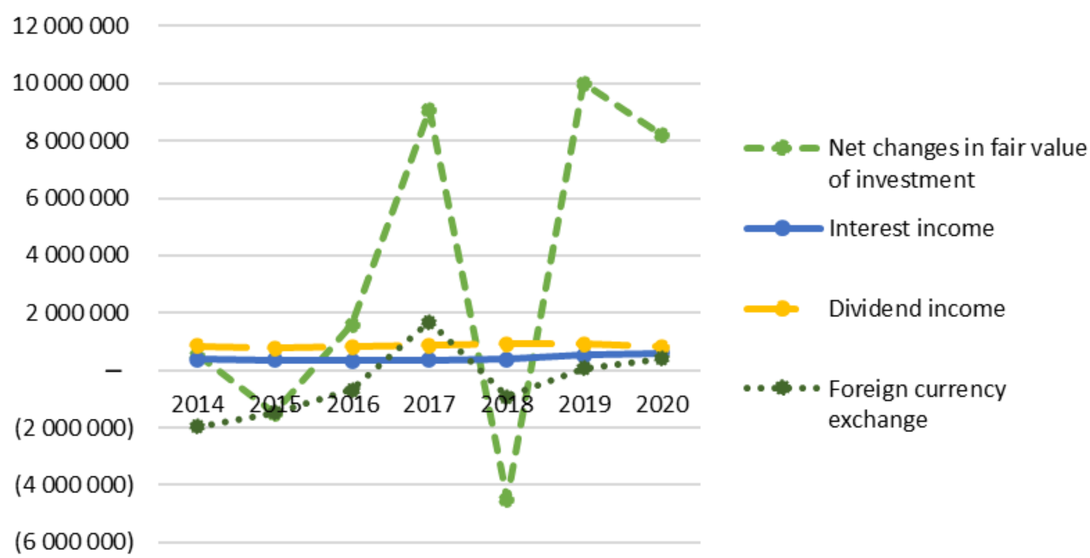
Figure II.III
Investment income in 2020
(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

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

Figure II.IV
Components of investment income, 2014–2020
(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

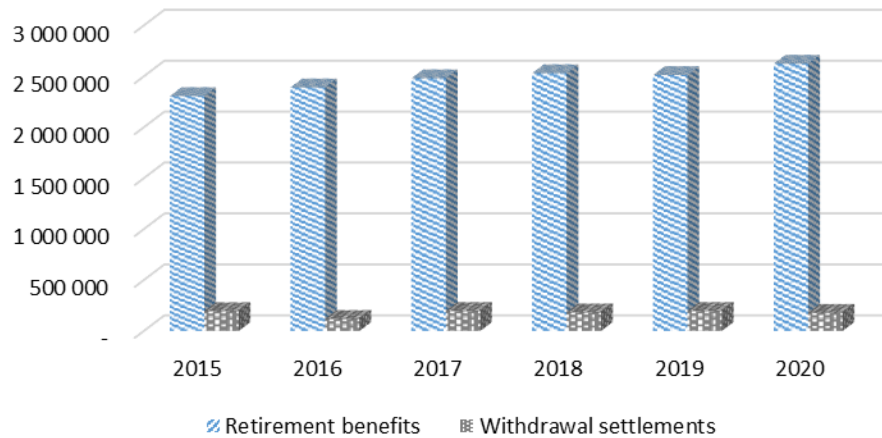
Participants and benefits

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

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

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

Figure II.V
Comparison of retirement benefits and withdrawal settlements, 2015–2020
(Thousands of United States dollars)

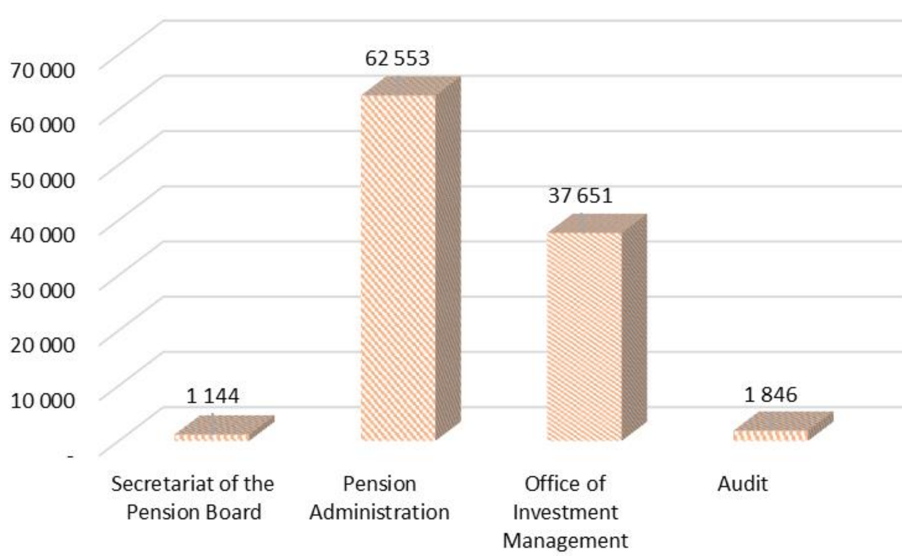


Source: United Nations Joint Staff Pension Fund financial statements.

Administrative expenses

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

Figure II.VI
Administrative expenses for 2020
(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

Financial statements

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

3. Pension Administration

Cash management

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

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

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

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

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

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

26. The Pension Administration accepted the recommendation.

Census data quality issues

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

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

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

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

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

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

(a) Data on active participants as at 31 December 2019;

(b) Data on pensionable remuneration rates for active participants as at 31 December 2019;

(c) Separations processed as at 31 December 2019;

(d) Data on active beneficiaries as at 31 December 2019;

(e) The terminated periodic benefits as at 31 December 2019.

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

(a) A total of 4,064 records had the same date of birth for different children;

(b) In a total of 469 records, the number of children per participant may be erroneously registered;

(c) A total of 50 records of deceased participants had no date of death;

(d) A total of 3,972 records of deceased participants had null values;

(e) A total of 5,995 records contained null values on the last contribution date for active and non-deceased persons;

(f) A total of 1,652 records contained null values in the information on the pensionable remuneration rates.

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

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

(a) In a total of 28 records, there was more than one Fund identification number for the same name;

(b) A total of 106 records had null value in the field “deceased”;

(c) A total of 184 records had the same date of birth for different children;

(d) In a total of 777 records, the last monthly contribution was previous to 31 December 2014;

(e) In a total of 744 records, the last contribution date was five years ago;

(f) Five records had the field “deceased” as “yes” but did not have a registered death date.

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

(a) A total of 23,785 records had a null value for the total number of children;

(b) A total of 19,603 records had a null value for the country of nationality;

(c) In a total of 293 records, although the payment termination cause indicated “death”, there was no date of death;

(d) There were 12 records of deceased persons with active accounts, single and without children.

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

(a) A total of 1,658 records had a null value for the total number of children;

(b) In a total of 73 records, although the payment termination cause indicated “death”, there was no date of death;

(c) A total of 1,372 records had a null value for the country of nationality;

(d) In 64 records, the values contained in the maximum cost-of-living percentage field did not comply with the 110 per cent cap when the separation date was after 1 July 1995.

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

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

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

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

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

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

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

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

45. The Pension Administration agreed with all the recommendations.

Validation process for the census data

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

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

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

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

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

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

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

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

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

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

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

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

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

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

59. The Pension Administration accepted the recommendation.

Review of the census data for after-service health insurance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

73. The Pension Administration accepted the recommendations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

96. The Pension Administration accepted the recommendations.

Reportability in V3 (Integrated Pension Administration System)

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

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

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

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

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

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

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

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

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

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

107. The Board is of the view that in any organization, ready access to the reports provided by its systems is considered an essential factor in the decision-making process. In this regard, it would be beneficial for the Fund to have information available at any time of the year with the purpose of optimizing the operations of the Fund and improving transparency for its stakeholders, taking into account the provisions of ISO 9001:2015.

108. **The Board recommends that the Pension Administration implement a solution for the Integrated Pension Administration System aligned with the best industry standards and practices in this matter that allows for the generation of reports on all information recorded in the System through customized parameters at any time of the year, considering the different stakeholders that use it.**

109. **The Board also recommends that the Pension Administration develop an information technology solution in order to obtain the Fund's data on the participants and beneficiaries at a cut-off date at any time of the year.**

110. **The Board further recommends that, once the audit of the Integrated Pension Administration System is finished, the Pension Administration evaluate and implement any potential changes and/or improvements to the System in terms of reportability that are required.**

111. The Pension Administration accepted the recommendations.

4. Office of Investment Management

ComplySci system for personal securities trading

112. In the personal securities policy and procedure, approved in September 2016 and updated in August 2020 by the Office of Investment Management, it is established that in general, the personal financial affairs of staff members should be conducted in a manner that will (a) avoid actual or apparent conflicts between personal interests, whether direct or indirect, and the interests of the Fund; and (b) not compromise the

independence of judgment or action required in the performance of duties on behalf of the Fund.

113. The same set of rules also provides that staff members must disclose all activity in covered accounts – any account in which a staff member has a financial interest, as well as the accounts of a staff member's spouse or dependent relatives or any other account over which the staff member has investment discretion – unless an exemption applies. Any securities transaction in which the staff member has or acquires a financial interest must be pre-cleared. In addition, the rules state that personal trading will be deemed excessive if a staff member buys and sells the same security within 60 calendar days of the initial purchase (the mandatory holding period) or conducts more than 10 trades per month. Excessive personal trading raises concerns that the staff member's energies and interests are not properly aligned with the interests of the Fund.

114. On 15 April 2020, the Office of Investment Management signed an agreement with the company Compliance Science (ComplySci) to provide its compliance platform for an annual fee of $9,900.

115. On 21 August 2020, the Office of Investment Management implemented the platform, with the aim of having a web-based compliance monitoring solution that tracks employee activities against the Fund's rules and regulations. The platform contains eight modules: broker account, trade, political contributions, initial public offering, gift and entertainment, private placement, outside affiliation and market material.

116. During the review of the ComplySci system, the Board identified the following issues:

(a) The ComplySci system included an automatic process for the pre-clearance of personal trading. However, it was noticed that the system did not have the configuration to validate whether a staff member bought and sold the same security within 60 calendar days of the initial purchase (the mandatory holding period) or whether a staff member conducted more than 10 trades per month, since that part of the process continued to be carried out manually and the system did not issue a notification to alert the compliance team;

(b) It was identified that in two instances, one employee requested pre-clearance of a trade on behalf of his wife, who bought and sold the same stocks within 60 calendar days of the initial purchase. The personal securities policy and procedure, however, states that although there was a loyalty obligation that was owed by staff members to the Fund as part of the employment agreement, that obligation did not extend to family members, such as the spouse;

(c) The current system configuration was enabled for the trade module only; therefore, the broker feeds for automatic transmission of brokerage statements (the broker account module) and outside activities, gifts and hospitality (the gift and entertainment module) and political contributions were outside of the scope of initial implementation.

117. The Board is of the view that the best practices of the industry include the direct feeds, since they are the most reliable, accurate and secure way to collect and review employees' brokerage account data. With direct feeds, an entity has complete control over its data, maximum visibility into the health and status of its data and the greatest levels of security with end-to-end encryption.

118. In addition, the Board deems that the new system and its current configuration are not aligned with the best practices of the industry on this matter and therefore it does not help to mitigate the risks associated with potential conflicts of interest with

the activities of the Fund. There is a risk of that information being overlooked or inappropriately disregarded.

119. Finally, the Board considers that the customization of the system would be the ideal situation, in order to alert the compliance team of the buying and selling of the same securities within the aforementioned time frame or the maximum trades per month. However, the Office of Investment Management indicated that it was not feasible to customize the system, since it is an external system and the company provides the same one to all its clients. The Board deems that having the reasons for the denial of pre-clearance requests clearly established in the ComplySci system could be an alternative solution for the purpose of transparency in the revision made by the compliance team.

120. **The Board recommends that the Office of Investment Management include annotations in the system explaining the reasons for the rejection of pre-clearance requests, such as the 60-day mandatory holding period or the maximum of 10 trades per month.**

121. **The Board also recommends that the Office of Investment Management enable the broker account module to include the direct broker feeds for the verification of staff members' brokerage accounts to comply adequately with the best practices of the industry and contribute to mitigating the risks related to potential conflicts of interest with the activities of the Fund.**

122. **The Board further recommends that the Office of Investment Management enable the gift and entertainment module to include the compliance rules to effectively address the gifts, hospitality and outside activities policy to avoid any potential conflicts of interest with the activities of the Fund.**

123. The Office of Investment Management accepted the three recommendations.

Reputational risk

124. Under the investment policy statement, approved in August 2019, the Office of Investment Management will strive, on a best efforts basis, to ensure that the investments of the Fund conform with the high ethical standards of the United Nations and do not to expose the Fund to reputational risk.

125. Reputational risk is part of the Fund's enterprise-wide risk management policy, approved in April 2016, which defines the risk assessment, the risk response and the internal control activities. In the Office of Investment Management risk map, the risk associated with reputational risk called "misinformation/reputation" was catalogued as high-level risk, which means that it is a very significant risk that will require the implementation of risk response and treatment plans.

126. In this regard, the Office of Investment Management stated, through a fraud questionnaire elaborated by the Board, that there is zero tolerance of fraud, which applies to those risks that may pose a catastrophic risk of financial or reputational damage.

127. Finally, to support its objective of preventing and managing reputational risk, the Office of Investment Management also elaborated the reputational risk framework included in its risk manual, approved in October 2020.

128. As a result of the review of the reputational risk policy and framework, the following issues were identified:

(a) The reputational risk policy and framework did not establish in detail how a staff member of the Office of Investment Management should proceed in practice when a reputational risk event arose and which mechanisms and criteria should be weighed when taking action on a reputational risk issue before such a risk materialized;

(b) In 2020, the Office of Investment Management renewed the contract of an external manager, which in October 2019 had presented a situation of reputational risk;

(c) There was no clear procedure for or evidence of how the Office of Investment Management measured the reputational risk of the vendors, external managers, advisers and other third parties on an ongoing basis, nor which tools or systems were used for monitoring those issues or which criteria should be weighed when taking action on a reputational risk issue before such a risk materialized. Also, as reported by the Office, those responsible for monitoring the external managers were the staff members who worked directly with external managers, advisers and other third parties. However, there was no single or standardized criterion on how to carry out the reputational risk review, since each staff member did it in their own manner;

(d) Even though the Office of Investment Management implemented the “RepRisk” tool to identify the reputational risk issues in companies in which the Fund invested (excluding investments in private markets), the Office did not have a clear procedure to define how it used the information provided by the tool and what decisions it had made after considering that information. Although there was a registry, it did not detail what decisions or measures had been taken for each analysed event, considering that in the risk map, the reputational risk had been evaluated as a high-level risk;

(e) In 2000, the Fund became associated with the United Nations Global Compact, whose mission was to support companies to do business responsibly by aligning their strategies and operations with 10 principles on human rights, labour, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the Sustainable Development Goals, with emphasis on collaboration and innovation. Regarding this issue, through the “RepRisk” tool, the Office of Investment Management incorporated the “RepRisk United Nations Global Compact violator flag”, which is an indicator that allowed for the easy identification of the companies that had a high risk or potential risk of violating one or more of the Global Compact principles. However, there was no established procedure to identify how this indicator was integrated into the investment decision-making process and what actions were taken when companies most likely or potentially violated one or more of the principles.

129. The Board considers that the current reputational risk policy and framework do not ensure that the reputational risk events are treated and addressed adequately to avoid any possible damage to the image and reputation of the United Nations. This could be perceived by stakeholders as inappropriate, unethical or inconsistent with the values and beliefs of the Office of Investment Management and the United Nations.

130. The Board is of the view that while reputational risk is one of many factors influencing the investment decision-making process, the Office of Investment Management should ensure that the investments of the Fund conform with the high ethical standards of the United Nations and do not expose the Fund to reputational risks, in order to be aligned with the investment policy statement and the United Nations Global Compact.

131. Reputational risk may cause a potential loss of financial capital, equity capital and/or market share as a result of damage related to a company’s reputation.

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

133. **Furthermore, the Board recommends that the Office of Investment Management establish a procedure that defines the criteria that should be weighed when a reputational risk event arises so that the Office's staff members can take the necessary measures before the reputational risk materializes.**

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

135. **The Board further recommends that the Office of Investment Management strengthen its commitments with regard to the international standards on reputational risk and define a mechanism and procedure that allows for the reputational risk perspective to be incorporated into the investment decision-making process, in accordance with the international standards.**

136. The Office of Investment Management accepted the four recommendations.

External managers

137. In the investment procedures, approved in May 2020, paragraph III.9, on external management, establishes that the Office of Investment Management uses external managers to manage a portion of its investments for a variety of reasons, for example no internal capabilities due to lack of resources, specialized expertise or investment data and/or technology, and that the Office will ensure that all related processes and controls are in line with industry best practice with respect to research and analysis, due diligence, negotiation of terms and conditions, documentation, selection, monitoring, review and/or termination of external managers.

138. The external managers policy, approved in April 2018, states in part II, Procedures, monitoring and review process, that the Office of Investment Management staff will track the performance of the external managers. The policy also establishes monthly performance reviews.

139. The investments managed by external managers, as a whole, represent 15.7 per cent of the total portfolio of the Office of Investment Management as at 30 September 2020, of which 3.39 per cent belongs to the United States and Europe small capitalization investments.

140. The Board reviewed all external managers related to the United States and Europe small capitalization investments, which represent an estimated annual fee of approximately $11,193,587.

141. As a result of the review, the Board observed the following issues:

(a) There was no standardization regarding the reports that the external managers have to deliver to the Office of Investment Management, as required in annex B to their contracts, as follows:

(i) In three of six contracts, a copy of the audited financial statements was not requested as in the other contracts;

(ii) In two contracts, in the Fund's quarterly questionnaire, the report detailing account and firm information was not requested. On the other hand, in the other four contracts, although the Fund's quarterly questionnaire was requested, the delivery times after each quarter were all different;

(iii) In four contracts, the report of the "performance of account assets" was requested every quarter and considered information related to nine topics, for example, performance by quarter, asset allocation, industry weighting, purchase and sale for the period. In the other two contracts, the same report was requested but included 11 topics;

(iv) In five contracts, it was verified that the deadline to submit the "performance of the account's assets" report after the end of each quarter was different for each case;

(v) In one contract, a deadline to submit the "performance of the account's assets" report was not requested;

(b) The Office of Investment Management did not provide evidence of having carried out the monthly performance reviews for external managers during 2020, as required by the external manager policy;

(c) Two contracts were extended because the Office of Investment Management had not completed the search for an external manager for small capitalization investments in the United States and Europe, for example:

(i) For one external manager, a situation of reputational risk was observed in October 2019, as was reported to the Fund through the letter issued by the external manager. On 6 January 2020, the Office recommended an extension of the contract until 6 January 2021 despite the fact that the Office was aware of the reputational risk arising from the external manager's situation. The reasons indicated by the Office to extend the contract were that the manager had strongly outperformed the benchmark consistently in the short- and long-term periods and the recommendation was made primarily to ensure sufficient time for the United States small capitalization value search, which was deferred owing to delay in the onboarding of the investment manager database, internal capacity constraints and competing priority searches;

(ii) With respect to another external manager, it was identified that the Office had approved a one-year extension to allow additional time for completion of the ongoing Europe small capitalization external manager search;

(d) There was no clear procedure that defined the steps of the due diligence process carried out on external managers regarding which aspects were addressed, when and how often it was carried out, which reports and results were generated from the review and who was responsible, among other things.

142. The Board is of the view that for external managers who provide the same service (small capitalization), not having standardized aspects to be measured in the contracts may not allow for ensuring that the activities related to the monitoring and review process of the contracts are aligned with the activities established in the external manager policy and for effective and efficient monitoring of compliance with both the policy and the contracts.

143. The Board considers that the contracts should not be renewed for an external manager for the sole reason of not having other candidates available when the contracts expire, and that such a situation could be avoided through the implementation of a timely and adequate mechanism for searching for external managers, taking into account the expiration date of the contracts.

144. The Board deems that while performance is one of the criteria to consider for the extension of a contract, it should not be the only criterion that should be

considered when extending a contract, especially when reputational risk issues have arisen.

145. Finally, taking into account the amounts of management fees paid to external managers, the Board considers that not having strong control mechanisms to ensure exhaustive monitoring of the management of external managers on an ongoing basis could not allow for the mitigation of potential investment, operational and reputational risks.

146. **The Board recommends that the Office of Investment Management establish a roster of candidates from a manager search to ensure that contracts are not extended for the sole reason of not having candidates available.**

147. **Furthermore, the Board recommends that the Office of Investment Management define the reports that will be requested in the contracts for external managers for small capitalization investments and align monitoring activities with the external manager policy, thus allowing the Office to conduct more effective and timely reviews.**

148. **The Board also recommends that the Office of Investment Management strengthen and evaluate its current control mechanisms to ensure the comprehensive and effective monitoring of the management of external managers on an ongoing basis, which allows for the mitigation of potential investment, operational and reputational risks.**

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

150. The Office of Investment Management accepted the four recommendations.

External advisers

151. The external non-discretionary adviser policy, approved on 27 May 2020, establishes that the quality of services of and the value added by the external adviser will be monitored systematically. The external adviser’s performance will be evaluated on an ongoing basis against the criteria set out in the statement of work, in the contract and, as required, by the Office of Investment Management’s investment policy statement, investment procedures manual and risk manual. The key areas that the Office will monitor are the value of recommendations, reporting, meetings, client service and compliance and organizational issues. The review process leading to any decision by the Office to renew the adviser is documented in a recommendation memorandum that includes the Office’s rationale, along with a detailed evaluation of the adviser’s performance. The recommendation memorandum is approved by the Deputy Director, the Director and the Representative of the Secretary-General.

152. The Board noted that the United Nations had five contracts with external advisers for and on behalf of the Fund, one of which was cancelled in May 2020.

153. The main purpose of the contract advisory services is to provide consulting and advisory services and undertake research concerning investment issues. As at September 2020, the Office of Investment Management had paid more than $1.9 million for advisory services.

154. The Board reviewed all contracts with advisers in force during 2020, including the agreement with an external adviser that was cancelled. As a result of the review, the Board observed the following issues:

(a) There was no standardization regarding the reporting requirements in the contracts for the advisers, considering that some provide the same service depending on the asset class, as follows:

(i) In three contracts with advisers who provide the same service, it was verified that the reporting requirements differed;

(ii) For one adviser, it was verified that a deadline was defined for submitting three reports; however, for another adviser, no deadline was established for submitting the same reports;

(b) For two contracts, the annual fee report for 2019 required in the contract was not provided by the adviser during 2020;

(c) In four of five contracts, the Office of Investment Management did not provide evidence of the adviser's code of ethics document or the document that certifies the adviser's compliance with the requirements of the code of ethics during the previous year, as required by the contract;

(d) For one contract, it was verified that the Office had no evidence that the adviser had provided the "real estate industry update" report, as required in the contract;

(e) The Office did not provide evidence that it evaluated external non-discretionary advisers on an ongoing basis during 2020, under the key areas defined and required by the policy specified in the "evaluation of external non-discretionary advisers/research provider" form;

(f) One contract expired in August 2020 and was extended for two years until 31 August 2022. However, the Office did not provide the vendor's performance evaluation and provided the recommendation memorandum with the decision approved only by the Deputy Director, which is contrary to what is stated in the policy;

(g) There was no clear procedure on how the reputational risk of the advisers is measured by the teams who work directly with them and are responsible for their supervision;

(h) It was noticed that there was no clear procedure that defines the steps of the due diligence process carried out on advisers regarding which aspects are addressed in the process, when and how often it is carried out, which reports and results are generated from the review and who is responsible, among other things.

155. The Board considers that the external non-discretionary adviser policy was established and approved to comply with the aspects regulated therein, specifically, those related to conflicts of interest, the confidentiality of information, the publication and dissemination of investment research and the criteria for evaluating the contract and services provided, which were not being met.

156. The Board is of the opinion that the Office of Investment Management should ensure that the activities related to the monitoring and review process of the contracts are aligned with the activities established in the new policy, for the effective monitoring of compliance with both the policy and the contracts.

157. The Board considers that, taking into account the amounts of annual fees paid to advisers, it is relevant for the Office of Investment Management to strengthen its control mechanisms in order to ensure exhaustive monitoring of the advisers' management on an ongoing basis, which would allow for the mitigation of potential investment, operational and reputational risks.

158. **The Board recommends that the Office of Investment Management define which reports will be requested from non-discretionary advisers in their contracts for the same type of service so that those reports are aligned with the monitoring activities established in the external non-discretionary adviser policy, allowing the Office to conduct a more effective and timely review.**

159. **The Board also recommends that the Office of Investment Management strengthen and evaluate its current control mechanisms to ensure comprehensive and effective monitoring of the management of external advisers on an ongoing basis, allowing the Office to identify, evaluate and mitigate potential investment, operational and reputational risks.**

160. **The Board further recommends that the Office of Investment Management establish a procedure that defines the steps of the due diligence process that is performed on non-discretionary advisers after onboarding, including which aspects will be addressed in that process, when and how often it should be done, which reports and results are generated from the review and who is responsible, among other things.**

161. The Office of Investment Management accepted the three recommendations.

Fund's custodian due diligence

162. The United Nations, acting for and on behalf of the Fund, has a custody and record-keeper agreement with the Northern Trust Corporation, established in contract No. PD/C0001/18, which was signed in October 2018. The agreement includes an annual fee of $775,000.

163. Under that contract, the role of the custodian and independent record keeper is to record, review and certify all transactions of the Fund's investments accurately and completely, including all associated fees and other cash-flow authorizations. In its role, the custodian and record keeper will also record the change in fair value of investments and other investment-related income.

164. In accordance with the risk manual, issued in October 2020, the Office of Investment Management will conduct the due diligence on the Fund's custodian on an annual basis. The Office's staff members visit Northern Trust once a year (at its office in Chicago, United States) to conduct the due diligence process.

165. The Board verified that there was no consolidated written procedure or manual on how the due diligence process is carried out each year on the Fund's custodian to identify how the legal and technical aspects are addressed, what are the stages of the due diligence process, who is responsible for each stage, milestones and dates, evaluation results and a record of the measures adopted in the face of identified risks and the responses to them, among other things.

166. The Board considers that the due diligence process is essential for the review and verification of all the relevant aspects of the Fund's custodian in detail, such as integrated reporting, accounting for trades, corporate actions and the paying down of mortgage-backed securities, cash flow review and management, the time taken to perform a valuation of private equity and real estate, service level agreements, benchmarks, attribution and ICT, to determine with enough accuracy the possible risks that could arise, both in the present and in the future. Therefore, such a review should be regulated to ensure that the due diligence is carried out promptly and in compliance with all the legal and technical aspects.

167. The Board is of the view that, taking into account the magnitude of the transactions handled and the amounts paid in annual fees for the service provided, the

due diligence should be carried out at the beginning of the year, to mitigate the possible risks that could arise in the financial year.

168. **The Board recommends that the Office of Investment Management establish a clear procedure that regulates the Fund's custodian due diligence process and considers how the legal and technical aspects are addressed, what are the stages of the due diligence process, who is responsible for each stage, milestones and dates, evaluation results, a record of the measures adopted in the face of identified risks and the responses to them, among other things.**

169. The Office of Investment Management accepted the recommendation.

Non-compliance with the "Ethics and integrity at the United Nations" and "Preventing fraud and corruption at the United Nations" courses

170. The annex to Secretary-General's bulletin ST/SGB/2018/4, issued on 11 July 2018, contains a list of mandatory training programmes that must be completed by staff members within six months of the issuance of the bulletin or, in the case of new staff members, within six months of joining the Organization.

171. The aim of the mandatory programmes is to build a common foundation of knowledge and promote a shared organizational culture among the staff of the Organization. The mandatory courses include training on ethics and integrity and preventing fraud and corruption.

172. Supervisors and heads of departments and offices are responsible for ensuring compliance with mandatory learning requirements and shall allocate sufficient time for staff members to complete them as part of their official duties.

173. On 30 September 2020, the Board requested the Office of Investment Management to provide information regarding the completion of all mandatory learning programmes included in the annex to ST/SGB/2018/4 and observed the non-fulfilment of several mandatory courses within the given deadline, specifically, the courses entitled "Ethics and integrity at the United Nations" and "Preventing fraud and corruption at the United Nations".

174. The above-mentioned courses on ethics and the prevention of fraud and corruption are part of the measures indicated by the Office of Investment Management to prevent fraud.

175. The Office of Investment Management indicated that the measures to eliminate or reduce fraud risks included the mandatory United Nations online courses on the topic of ethics and anti-fraud, which are required to be completed by all staff members.

176. The Board considers that the effective completion of all mandatory courses would help to promote a shared organizational culture among the staff of the Office of Investment Management and a better understanding of the rules and principles of the Fund.

177. Also, in the Board's opinion, the timely completion of the mandatory courses on ethics and the prevention of fraud and corruption is a measure to protect the Office of Investment Management from fraud.

178. Furthermore, the non-completion or late completion of mandatory learning programmes infringes Secretary-General's bulletin ST/SGB/2018/4.

179. In the case of the staff of the Office of Investment Management, the Board considers that because of the nature of the Office's functions, concerning managing the assets of the Fund, the Office should put particular effort into promoting the timely completion by its staff of the mandatory courses "Ethics and integrity at the United

Nations" and "Preventing fraud and corruption at the United Nations" for the proper accomplishment of their duties, both of which are fundamental to preventing fraud and enhancing the Fund's internal controls.

180. **The Board recommends that the Office of Investment Management strengthen the current mechanism and design controls to ensure that all staff complete the mandatory training within six months of the issuance of Secretary-General's bulletin ST/SGB/2018/4 or, in the case of new staff members, within six months of joining the Fund, especially the mandatory courses "Ethics and integrity at the United Nations" and "Preventing fraud and corruption at the United Nations", which are fundamental to preventing fraud and enhancing the Fund's internal controls.**

181. The Office of Investment Management accepted the recommendation.

C. Disclosures by management

1. Write-off of cash, receivables and property

182. During 2020, the Pension Administration recorded write-offs of receivables of $617,702.65 as a result of normal business operations in accordance with the established policy on benefit overpayments receivable. There were no write-offs of receivables from the Office of Investment Management. There were no write-offs of losses of cash or property in the respective areas of responsibility.

2. Ex gratia payments

183. The Fund reported to the Board that there were no ex gratia payments in 2020.

3. Cases of fraud and presumptive fraud

184. The Fund reported that there were no cases of fraud and presumptive fraud for the financial year ended 31 December 2020.

D. Acknowledgement

185. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Representative of the Secretary-General for the investment of the assets of the Fund, the Chief Executive of Pension Administration and the members of their staff.

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

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

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

22 July 2021

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2019

						Status after verification			
No.	*Audit report year*	*Report reference*	*Board's recommendation*	*Management/Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2016	A/72/5/Add.16, chap. II, para. 106	The Board recommends that the member organizations identify all cases due for separation in the next six months before the date of separation, send updated demographic details to the Fund and reconcile all differences in contributions.	The Pension Administration stated that this recommendation is addressed to the Fund's member organizations. The Fund has engaged and performed outreach programmes with its member organizations to stress the importance of preparing in advance the separating staff and vetting their demographic details. Monthly reports are sent to individual member organizations to assist them in monitoring and proactively taking action on the cases that are still incomplete for processing. Member organizations have access to a business intelligence dashboard for the monitoring of their participants, missing documents, released benefits and monthly financial information.	The Board verified that the obligation of notifying the Fund of the employees who will be separated from service six months in advance was under the control of the member organization. Accordingly, this recommendation is considered to have been overtaken by events.				X
2	2017	A/73/5/Add.16, chap. II, para. 38	The Board further recommends that the Fund have a system audit done of the Integrated Pension Administration System to identify the deficiencies and issues in the system so that they can be corrected.	The Fund has procured consulting services to conduct the audit of the Integrated Pension Administration System.	The Board verified that in April 2021 the Fund started the audit of the Integrated Pension Administration System; however, at the end of the Board's visit, the audit had not yet finished, therefore this recommendation remains under implementation.		X		
3	2017	A/73/5/Add.16, chap. II, para. 47	The Board further recommends that the Fund develop a system for receiving the required documents through a	Owing to the coronavirus disease (COVID-19) pandemic, the electronic submission of separation documents is available for all member organizations. The Fund has created dedicated mailboxes for this purpose. The Fund also expanded member self-service	The Board verified that in view of the circumstances regarding the COVID-19 pandemic situation, the Fund had to expand the member	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	*Status after verification* Implemented	Under implementation	Not implemented	Overtaken by events
			secure electronic interface.	functionalities to allow the receipt of electronic documents. In parallel, the Fund continues to improve its already strong relations with the member organizations through the use of designated focal points to facilitate and expedite the submission of separation documents.	self-service functionalities in the Integrated Pension Administration System to allow the receipt of electronic documents and also had to create dedicated mailboxes for the electronic submission of separation documents. Therefore, the Board considers the recommendation implemented.				
4	2017	A/73/5/Add.16, chap. II, para. 62	The Board further recommends that the Fund develop an automatic signature verification system to facilitate the certificate of entitlement process.	The procurement process for the automated signature verification system was completed. The Fund has started the implementation of the system, which will be deployed in the third quarter of 2021. In parallel, the digital certificate of entitlement went live in 2021 and beneficiaries are being gradually onboarded.	The Board verified that the Fund started the implementation of the automatic signature verification system; however, the implementation has not yet finished, therefore the recommendation remains under implementation.		X		
5	2017	A/73/5/Add.16, chap. II, para. 86	The Board recommends that the Fund properly plan and execute the acquisition of critical software.	The Office of Investment Management stated that the procurement process had been completed for the critical software.	The Board verified that the contract to provide the critical software had not yet been signed, hence this recommendation remains under implementation.		X		
6	2018	A/74/5/Add.16, chap. II, para. 79	The Board recommends that the Fund create a project with committed member organizations	The pilot project with the International Civil Aviation Organization was completed in October 2019. The project development team approved the extension of the pilot project to the	The Board verified that the Fund had created an electronic system consisting of a dashboard where the	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			to carry out the reconciliation process more than once per year, defining the different criteria, activities, deadlines, roles and responsibilities applicable to the Fund and the member organization and establishing percentages for the progress of its implementation, in order to obtain complete and accurate information regarding the contributions of each participant in a timely manner.	United Nations Industrial Development Organization and two other member organizations (the World Intellectual Property Organization and the International Fund for Agricultural Development). Schedules for pending interface projects and the roll-out of the monthly contribution project to other member organizations will be completed in the medium term. The participation, reconciliation and exceptions business intelligence dashboard was implemented in April 2020 and was shared with member organizations in June 2020. The reconciliation data are updated daily to reflect any resolution of the discrepancies. When the monthly financial interface is in operation, the participation, reconciliations and exceptions can be processed and viewed the day after the data are received.	member organizations could upload their reconciliation process files, using this centralized means to improve the frequency and accuracy of the records sent to the Fund. Therefore, the Board considers that the recommendation has been implemented.				
7	2018	A/74/5/Add.16, chap. II, para. 80	The Board also recommends that the Fund make efforts to establish a method of working with organizations that have not yet committed to carrying out the reconciliation process periodically, in order to ensure that the reconciliation process takes place more than once per year and that the Fund receives the necessary information on the same date. In the case of member organizations that	The pilot project with the International Civil Aviation Organization was completed in October 2019. The project development team approved the extension of the pilot project to the United Nations Industrial Development Organization and two other member organizations (the World Intellectual Property Organization and the International Fund for Agricultural Development). Schedules for pending interface projects and the roll-out of the monthly contribution project to other member organizations will be completed in the medium term.	The Board verified that the Fund had created an electronic system consisting of a dashboard, where the member organizations could upload their reconciliation process files, using this centralized means to improve the frequency and accuracy of the records sent to the Fund. Therefore, this recommendation has been implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			cannot participate in the periodic reconciliation project more than once per year, the Fund secretariat should obtain technical documentation that supports the decisions made.						
8	2018	A/74/5/Add.16, chap. II, para. 136	The Board recommends that the Office design and implement instructions, training and procedures that explain the process to be performed by the investment officers regarding the analysis and evaluation of environmental, social and governance metrics for each asset class, including the metrics to be used during the investment decision-making process, as well as the record of and support for the decision made on the basis thereof.	The Office of Investment Management created environmental, social and governance guidelines that clearly explain the integration of environmental, social and governance metrics and are to be used in the investment decision-making process for each asset class.	The Board verified that the Office of the Investment Management had carried out the training sessions and the guidelines had been approved. Therefore, the recommendation is considered implemented.	X			
9	2018	A/74/5/Add.16, chap. II, para. 138	In the case of private markets, while finalizing the implementation of the system for this type of investments, the Office should reinforce the due	The Office of Investment Management's sustainable investment team developed due diligence guidelines on external managers for private market teams that outlined material environmental, social and governance factors to consider how each factor was used in the context of private markets, best practices for the	The Board verified that the Office of the Investment Management had implemented guidelines to include environmental, social and governance	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			diligence process with the Fund's external managers, in order to ensure that environmental, social and governance metrics are considered in the aforementioned process.	incorporation of environmental, social and governance factors by an external fund and how those material factors could have an impact on the risk-adjusted return of the Fund's private markets portfolio. Furthermore, the Office's sustainable investment team finalized and streamlined a formal environmental, social and governance process that is now embedded in each private market team for their decision-making process relating to investments and must be followed prior to submitting investment recommendations. The sustainable investment team is currently developing a dashboard system for private markets, similar to that used for public equity, to display material fundamental and environmental, social and governance data.	metrics in the context of private markets. Therefore, the Board considers this recommendation implemented.				
10	2018	A/74/5/Add.16, chap. II, para. 148	The Board recommends that the Office of Investment Management develop and implement an independent system to carry out, in real time, the registration and monitoring of investments in real assets and alternative investments as soon as the Front Office receives the notification by the Fund's investment managers.	The Office of Investment Management has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, the recommendation remains under implementation.		X		
11	2018	A/74/5/Add.16, chap. II, para. 149	In addition, the Board recommends the information on each	The Office of Investment Management has finalized the first part of the process of seeking services related to processing	The Board acknowledges the progress that has been		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			transaction carried out by the Office, such as amounts, instructions and administration fees, be recorded in the aforementioned independent system.	and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.	achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, this recommendation remains under implementation.				
12	2018	A/74/5/Add.16, chap. II, para. 150	Lastly, the Board recommends that the process be traceable through the system, so as to provide complete and accurate information for decision-making, in a timely manner, and that the information be compared with the information maintained in the independent master record keeper's official book of records.	The Office of Investment Management has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, this recommendation remains under implementation.		X		
13	2019	A/75/5/Add.16, chap. II, para. 26	The Board recommends that the Fund clearly establish the management accountability structure of the Geneva office within the pension	The Pension Administration stated that the recommendation had been implemented and indicated that, recognizing the need for closer coordination between the Geneva and New York offices, it had implemented a functional leadership approach, effective 1 January 2020. Functional reporting had	The Board verified that the functional units of the Geneva office reported directly to the respective chiefs in the New York office in order to allow for a	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			administration structure, which should, in turn, enable timely and complete information flow between the Geneva office's finance and client services and the Pension Administration in New York.	enhanced accountability, facilitated strategic planning and execution, offered quality control, shared best practices and ensured that risks were successfully managed. Under functional reporting, functional units of the Geneva office reported directly to the respective chiefs in the New York office. Functional chiefs were accountable for service delivery to beneficiaries and participants across all geographic locations.	timely and complete information flow between the Geneva office's finance and client services and the Pension Administration in New York. Therefore, this recommendation is considered implemented.				
14	2019	A/75/5/Add.16, chap. II, para. 27	In order to close the gaps between the Geneva and New York offices, the Board recommends that the Pension Administration ensure that the risk control matrix be amended to include the risks of the Geneva office operations; develop a manual on administrative procedures regarding client services, finance and human resources; evaluate the training needs of the Geneva office staff on the iNeed software; and include the Geneva office's performance indicators in the strategic framework of the Pension Administration.	The Pension Administration stated that the recommendation had been implemented and indicated that, effective 1 January 2020, it had implemented a functional leadership approach to enhance accountability, facilitate strategic planning and execution, offer quality control, share best practices and ensure that risks were successfully managed. Under functional reporting, functional units of the Geneva office reported directly to the respective chiefs in the New York office. Functional chiefs were accountable for service delivery to beneficiaries and participants across all geographic locations. The Fund had provided extensive client services and outreach training on the use of iNeed, and there were procedures for its use. On 1 September 2020, the call centre started to handle all tier-1 calls in Geneva to free resources in that office. The risk and control matrix was revised to include relevant information on controls applicable to both offices. The Chief Executive Officer presented to the Pension Board the Fund's strategy for the period 2021–2023, which includes key	The Board verified that the risk matrix had been updated, taking into account the characteristics and operations of the Geneva office. Hence, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				performance indicators applicable to all offices.					
15	2019	A/75/5/Add.16, chap. II, para. 35	The Board recommends that the Fund establish a procedure to make uniform the criteria, evaluation process and granting of resources from the emergency fund, which would allow more transparency and consistency in the decisions taken by the Fund's management.	The Pension Administration will establish a procedure to make evaluation criteria for emergency fund assistance uniform for both the New York and Geneva offices. The Client Services and Outreach Section will assess alternatives to align procedures in New York and Geneva. The New York office would use steps and/or scoring applied by the Geneva office, as well as supporting documentation. Following discussions, the internal procedure will be updated.	The Board observed that the Pension Administration had been working on a procedure that established the criteria for emergency fund assistance; however, this procedure has not yet been approved. Therefore, this recommendation is considered under implementation.		X		
16	2019	A/75/5/Add.16, chap. II, para. 36	The Board recommends that the Fund establish a guideline to record emergency fund-specific supporting information in the Integrated Pension Administration System before granting the emergency fund assistance.	The Pension Administration introduced a naming convention in the Integrated Pension Administration System to record emergency fund-specific supporting documents. The naming convention is currently being applied by the Record Management and Quality Control Unit when documents are scanned and indexed.	The Board verified that the Fund had included an option in the Integrated Pension Administration System to record the supporting documents needed before granting the emergency fund assistance. Hence, this recommendation is considered implemented.	X			
17	2019	A/75/5/Add.16, chap. II, para. 43	The Board recommends that the Fund establish standardized requirements for the development of terms of reference for consultants.	The Pension Administration adopted the new guidelines for the preparation of terms of reference for consultants in alignment with the administrative instruction on consultants and individual contractors (ST/AI/2013/4).	The Board verified that the Pension Administration had adopted the new consultant and individual contractor guidelines provided by the United Nations Secretariat and disseminated them to	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					all staff for compliance. Hence, the Board considers that the recommendation has been implemented.				
18	2019	A/75/5/Add.16, chap. II, para. 50	The Board recommends that the Fund pause the period of 15 business days in the Integrated Pension Administration System only in cases of missing or invalid documents and resume the period once the necessary documentation has been received.	Effective 1 July 2020, the Pension Administration introduced a system enhancement of the Integrated Pension Administration System to address the calculation of the performance indicator for benefit processing, in line with the audit recommendation related to the handling of cases with missing or invalid documents. The benchmark calculations are exported directly from the Integrated Pension Administration System to the business intelligence report.	The Board observed that the benchmark calculations were captured directly from the Integrated Pension Administration System. On that basis, the Board considers the recommendation implemented.	X			
19	2019	A/75/5/Add.16, chap. II, para. 51	The Board recommends that the Fund establish a procedure for the follow-up of cases with missing or invalid documents.	The Fund issued a procedure to ensure that attention is paid to cases with missing or invalid documents and they are subject to regular follow-up.	The Board has reviewed the evidence provided, and the Pension Administration has issued a procedure for the follow-up of cases with missing or invalid documents. On that basis, the Board considers that the recommendation has been implemented.	X			
20	2019	A/75/5/Add.16, chap. II, para. 61	The Board recommends that the Fund continue to reduce the timelines of the signature verification process in order to reduce the	The Fund implemented a signature verification project to ensure the completion of all outstanding signature verification cases related to certificates of entitlement by April 2020. The Fund will continue to ensure that cases are processed in accordance with the specified timeline.	The Board reviewed the evidence provided and identified that the Pension Administration had reduced the timelines of the signature verification process	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			risk of improper benefit payments.		between 2015 and 2020. Hence, the Board considers the recommendation implemented.				
21	2019	A/75/5/Add.16, chap. II, para. 62	The Board recommends that the Fund prioritize the signature verification of the 35 backlogged cases from the period prior to 2019 and the 1,598 backlogged cases from 2019.	Since the implementation of the signature verification project, there has been no backlog of signature verification cases from the current or prior periods. The Fund considers this recommendation to have been implemented and requests its closure by the Board.	The Board reviewed the evidence provided and identified that the Pension Administration had completed the signature verification process of the backlogged cases from 2018 and 2019. On that basis, the Board considers the recommendation implemented.	X			
22	2019	A/75/5/Add.16, chap. II, para. 75	The Board recommends that the Fund evaluate the technical feasibility of establishing parameters for the different roles involved in the workflows for the creation of benefits to ensure an adequate segregation of duties.	The Fund indicated that the recommendation had been implemented and added that the benefit assistants in the Pension Entitlements Section had dual calculating and auditing roles. The Integrated Pension Administration System included controls to ensure that the required segregation of duties between those roles was enforced in the benefit processing system by ensuring that no user could perform consecutive actions in the same case.	The Board verified the segregation of duties in the system through a sample of benefits processed. Hence, the recommendation is considered implemented.	X			
23	2019	A/75/5/Add.16, chap. II, para. 76	The Board recommends that the Fund ensure that the establishment of parameters for the different roles is consistent with the roles granted to each user and in	The Fund indicated that the recommendation had been implemented and stated that the required segregation of duties was verified through the annual user recertification process carried out by the Enterprise Security Unit. The Fund had improved the reports used during the annual user recertification	The Board verified that the establishment of the parameters for the roles was consistent. On that basis, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			accordance with the recertification carried out by the Information Management Systems Service in conjunction with the Chief of the Pension Entitlement Section.	process to confirm the segregation of duties.					
24	2019	A/75/5/Add.16, chap. II, para. 88	The Board recommends that the Office of Investment Management issue to all staff members a formal document that establishes which officials should answer the questions stated in the trade order pre-clearance form.	The trade order pre-clearance form was eliminated and replaced with the ComplySci paperless automated system. The questions are mandatory for all investment officers, who are defined in the list of staff members provided to ComplySci during the implementation phase, which is based on the official organization chart that is issued by the Representative of the Secretary-General on a monthly basis to all staff. Investment officers must respond to the two additional questions in ComplySci as part of the pre-clearance process for trades. The fields are mandatory. This process is paperless and provides enhanced control mechanisms as well as more robust record management since all the approvals and rejections are saved on the ComplySci platform. Most importantly, by going paperless, the organization is going green, in keeping with the sustainability values of the United Nations, while automating the document management processes.	The Board verified that the Office of Investment Management had compiled a list that established which officials should answer the questions, and the questions were included in the system. Also, the Office included the investments officer, the Deputy Director, the Director and the Representative of the Secretary-General. Hence, the Board considers this recommendation implemented.	X			
25	2019	A/75/5/Add.16, chap. II, para. 89	The Board recommends that the Office of Investment Management review, clarify and adjust its personal securities trading policy in	The personal securities trading policy was revised to include a mandatory 60-day holding period as well as a maximum number of trades per month for staff members of the Office of Investment Management. A copy of the	The Board verified that the personal securities trading policy had been revised by the Representative of the Secretary-General to	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			matters related to excessive personal trading and the minimum holding period of 60 days of any investment to enable a better understanding of the policy.	revised policy was communicated to all staff members.	include a mandatory 60-day holding period as well as a maximum number of trades per month for staff members. The updated policy was communicated to all staff members. On that basis, the Board considers that the recommendation has been implemented.				
26	2019	A/75/5/Add.16, chap. II, para. 90	The Board recommends that the Office of Investment Management develop and implement a system that allows for the tracking of the personal trading accounts of all the staff members of the Office and also of those employees of the Fund who have a clear reporting line to the Office of Investment Management staff for preventing potential conflicts of interest with the activities of the Fund.	The Office of Investment Management implemented the ComplySci system on 21 August 2020 after a short pilot period, which consisted of testing as well as the engagement of a user focus group. The project updates were provided to the Compliance Committee on an ongoing basis and, as part of the internal change management process, the project was presented to the Change Advisory Board on 3 August 2020. In addition to the above, all staff were provided with training on 17 August, as well as supplementary training on 19 August for staff members who could not attend the first session. The new system was implemented for all staff members of the Office, as well as those employees of the Fund who have a clear reporting line to the Representative of the Secretary-General.	The Board verified that the Office of Investment Management had implemented a system for monitoring the personal trading of staff members and also of those employees of the Fund who have a clear reporting line to the Office for the prevention of potential conflicts of interest with the activities of the Fund. Therefore, the Board considers this recommendation implemented.	X			
27	2019	A/75/5/Add.16, chap. II, para. 91	The Board recommends that the Office of Investment Management monitor and control the possible conflicts of	The Office of Investment Management implemented the ComplySci system on 21 August 2020, and additional modules have been rolled out.	The Board verified that the Office of Investment Management had approved the conflict of interest and recusal	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			interest of employees and adopt the measures necessary to address cases in which conflicts are detected.		policy in January 2021, which was disseminated by email to all staff members. In addition, the Office implemented the ComplySci system and additional modules have been rolled out. Therefore, this recommendation is considered implemented.				
28	2019	A/75/5/Add.16, chap. II, para. 98	The Board recommends that the Office of Investment Management redefine the applicability of the personal securities policies and procedures, with the purpose of applying them to any staff member of the Fund involved in the work of the Office, including the personnel of the Fund secretariat.	The Office of Investment Management redefined the applicability of the personal securities policy and procedures, with the purpose of applying them to any staff member of the Fund who reports to the Representative of the Secretary-General for the investment of the assets of the Fund, as indicated by the staff certification form signed by the Chief Financial Officer agreeing to abide by the policies and procedures of the Office.	The Board verified that the Office of Investment Management had redefined the applicability of the personal securities policy and procedures, with the purpose of applying them to any staff member of the Fund who reports to the Representative of the Secretary-General. In this sense, the Office included the Chief Financial Officer because he has a direct reporting line to the Representative of the Secretary-General. On that basis, the Board considers the recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
29	2019	A/75/5/Add.16, chap. II, para. 106	The Board recommends that the Office of Investment Management develop a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers.	This recommendation has been implemented. The Office developed a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers.	The Board verified that the Office of Investment Management had developed a special policy for external advisers that addressed the topics requested in the recommendation. Hence, the recommendation is considered implemented.	X			
30	2019	A/75/5/Add.16, chap. II, para. 107	The Board recommends that the Office of Investment Management review the current guidelines on conflicts of interest and design a procedure that allows for the staff of the Office to be informed in a timely manner about the current list of external advisers, so that the staff can disclose potential conflicts between an employee and external adviser.	The Office of Investment Management stated that the conflict of interest and recusal policy had been approved by the Representative of the Secretary-General for the investment of the assets of the Fund after being presented to the Compliance Committee, and had been communicated to all staff.	The Board verified that the Office of Investment Management had approved the conflict of interest and recusal policy in January 2021 and that it had been disseminated by email to all staff members. Therefore, the Board considers this recommendation implemented.	X			
31	2019	A/75/5/Add.16, chap. II, para. 119	The Board recommends that the Office of Investment Management review and update at least once a year the investment guidelines	In response to the recommendation, the Office of Investment Management updated the investment procedures.	The Board has reviewed the updated investment policies and procedures in order to check their alignment with the investment policy	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Board's recommendation*	*Management/Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
			in order to align them with the investment policy statement.		statement, verifying that all the topics in the investment policy statement are contained in the aforementioned procedures. Hence, this recommendation is considered implemented.				
32	2019	A/75/5/Add.16, chap. II, para. 120	The Board recommends that the Office of Investment Management disseminate updated versions of internal procedure manuals and guidelines previous to the enforcement of such procedures.	In response to this recommendation, the Office of Investment Management updated the investment procedures.	The Board verified that the Office of Investment Management had provided the updated version of the investment procedures and had disseminated it by email to the Internal Investment Committee and the Private Market Committee. Considering the above, the Board considers the recommendation implemented.	X			
33	2019	A/75/5/Add.16, chap. II, para. 121	The Board recommends that the Office of Investment Management incorporate the policy on the operations and risk management of external managers into the investment policy, considering that 15 per cent of the portfolio is externally managed.	In response to this recommendation, the Office of Investment Management updated the investment procedures.	The Board deems that as long as the investment policy statement does not include the issues regarding the policy on the operations and risk management of external managers, this recommendation will remain under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
34	2019	A/75/5/Add.16, chap. II, para. 128	The Board recommends that the Office of Investment Management establish and implement a formal procedure that defines, among other matters, the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines, according to the support that the team provides to the other sections of the Office.	In response to the recommendation, the Office of Investment Management established a formal procedure that defines the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines.	The Board has reviewed the legal procedures manual and verified that it contained, among other matters, the functions, activities, responsibilities and workflow timelines of the legal team. Therefore, this recommendation is considered implemented.	X			
35	2019	A/75/5/Add.16, chap. II, para. 129	The Board recommends that the Office of Investment Management define a mechanism that allows for, among other functions, the tracking of documents reviewed and processed by the legal team and the recording of the complexity of the matters, the status of the documents, the allocation of tasks, and the timelines of the document revisions.	In response to the recommendation, the Office of Investment Management established a mechanism that allows for the tracking of the status of documents reviewed by the legal team.	The Board observed that the Office of Investment Management had established a tool that allowed for, among other functions, the tracking of documents reviewed and processed by the legal team and the recording of the complexity of the matters, the status of the documents and the timelines of the document revisions. On that basis, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
36	2019	A/75/5/Add.16, chap. II, para. 144	The Board recommends that the Office of Investment Management define a formal mechanism for 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, the administration team developed a procedure to monitor whether all staff members of the Office of Investment Management had completed the mandatory learning programmes within six months of joining the Organization.	The Board verified that there were staff members who had not completed their mandatory training. Hence, this recommendation is considered under implementation.		X		
37	2019	A/75/5/Add.16, chap. II, para. 145	The Board recommends that the Office of Investment Management ensure that its staff send the appropriate certificate to the corresponding section in relation to United Nations mandatory learning programmes, the courses conducted by the Office and compliance with policies designed and implemented by the Office, and any other document of the employee that should be available in a repository.	In response to the recommendation, the administration team developed a procedure to monitor whether all staff members of the Office of Investment Management had completed the mandatory learning programmes within six months of joining the Organization.	The Board verified that the certificates were made available in each staff member's Inspira profile, which would serve as the central repository. Administrators can track completion using the management dashboards, which draw data from Inspira. Therefore, the Board considers this recommendation implemented.	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Board's recommendation*	*Management/Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
38	2019	A/75/5/Add.16, chap. II, para. 153	The Board recommends that the Office of Investment Management develop and implement a mechanism or methodology that allows for the tracking of all investment commitments to be disclosed in the financial statement at any time of the year.	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been made by the Office of Investment Management; however, implementation is considered to be in progress. Hence, the Board considers that the recommendation is under implementation.		X		
39	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 included in the notes to the financial statements.	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Hence, this recommendation is considered under implementation.		X		
40	2019	A/75/5/Add.16, chap. II, para. 160	The Board recommends that the Office of Investment Management develop a digital repository/file containing all the information for each	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however,		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			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.		implementation is considered to be in progress. Hence, the Board considers this recommendation as under implementation.				
41	2019	A/75/5/Add.16, chap. II, para. 161	The Board recommends that the Office of Investment Management develop, document and implement a detailed procedure that establishes the stages for closing an agreement concerning real assets and alternative investments.	The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.	The Board acknowledges the progress that has been achieved by the Office of Investment Management; however, implementation is considered to be in progress. Therefore, this recommendation is under implementation.		X		
42	2019	A/75/5/Add.16, chap. II, para. 170	The Board recommends that the Office of Investment Management assess the design and operation of the current controls and develop a method to detect inaccuracies related to the financial statements closing process in order to ensure that the controls operate effectively, as designed.	To comply with the audit recommendation, the Fund proposes to update the existing accounting procedure by adding the Office of Investment Management's financial statements checklist and to disseminate the accounting procedures manual at least on an annual basis to enhance control over the financial statements closing process.	The Board verified that the Office of Investment Management had implemented a financial statement checklist to detect inaccuracies related to the financial statements closing process. Hence, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
43	2019	A/75/5/Add.16, chap. II, para. 171	The Board recommends that the Office of Investment Management disseminate an enhanced and approved version of its procedures manual once the procedures and controls performed have been appropriately reflected in the manual.	To comply with the audit recommendation, the Fund updated the accounting procedure by adding attached the Office of Investment Management's financial statements checklist and disseminated the accounting procedures manual at least on an annual basis to enhance control over the financial statements closing process.	The Board verified that the Office of Investment Management had updated the accounting procedure, including the controls to be carried out, and had disseminated it by email to all staff members. Therefore, the Board considers this recommendation implemented.	X			
44	2019	A/75/5/Add.16, chap. II, para. 180	The Board recommends that the authorities of the Office of Investment Management ensure compliance with the mandatory leave policy, avoiding possible fraudulent situations.	In 2020, United Nations Headquarters issued a broadcast message to all staff that exceptions would be made considering the travel restrictions imposed by a growing number of countries in order to contain the spread of COVID-19. Consequently, an exception to staff rule 5.1, on annual leave, was approved whereby all United Nations Secretariat staff members under certain conditions were permitted to carry forward any annual leave balance in excess of the maximum allowed beyond 31 March 2020. Similarly, the Office of Investment Management, in consideration of the travel restrictions imposed in order to contain the pandemic, granted 14 exceptions to the mandatory leave requirement for the year ended 31 March 2020. The Office sent a broadcast message to all staff reminding them of this deadline and encouraging staff members to regularly avail of their annual leave entitlement to benefit from rest periods. Since staff members will no longer be permitted to carry forward	The Board verified through the mandatory leave notification that all staff members took their mandatory leave in accordance with the policy. Therefore, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				annual leave days in excess of the 60-day maximum, this will be an added incentive for staff members to take their leave, since the excess days will be deemed lost and/or forfeited. In addition to the above, there has been regular follow-up by the Office's senior management regarding the mandatory leave policy.					
Total number of recommendations					**44**	**30**	**13**	**–**	**1**
Percentage of the total number of recommendations					**100**	**68.2**	**29.5**	**–**	**2.3**

Chapter III
Certification of the financial statements

Letter dated 28 May 2021 from the Chief Financial Officer of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2020 have been prepared in accordance with the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund,[1] International Public Sector Accounting Standards (IPSAS), as issued by the International Public Sector Accounting Standards Board, and International Accounting Standard (IAS) 26, Accounting and reporting by retirement benefit plans, as issued by the International Accounting Standards Board. The summary of significant accounting policies applied in the preparation of the financial statements is included in the notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Fund during the period covered by these statements.

I certify that the appended financial statements of the United Nations Joint Staff Pension Fund are correct in all material respects.

(*Signed*) Karl-Ludwig W. **Soll**
Chief Financial Officer
United Nations Joint Staff Pension Fund

[1] The financial rules of the United Nations Joint Staff Pension Fund are promulgated by the United Nations Joint Staff Pension Board in accordance with article 4 (b) of the Regulations of the Fund with effect from 1 January 2017. Subject to the provisions of the Regulations of the Fund and to resolutions and decisions of the General Assembly pertaining to the financial operations of the Fund, those financial rules shall govern the financial management and administration of the Fund and should be read in conjunction with the Administrative Rules. With regard to any matter not specifically covered by those rules, the appropriate provisions of the Financial Regulations and Rules of the United Nations shall apply, mutatis mutandis.

Statement of internal control for the year ended 31 December 2020

Scope of responsibility

The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan.

The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund.

The Chief Executive of Pension Administration discharges the Pension Board's responsibility for the administrative supervision of the Pension Administration. The Chief Executive, acting under the authority of the Pension Board, collects contributions, ensures record-keeping for the Pension Administration, certifies benefit payments and deals with other issues related to the Fund's participants and beneficiaries. The Chief Executive is also responsible for ensuring that actuarial matters are addressed with a view to maintaining the long-term sustainability and financial health of the Fund.

The investment of the assets of the Fund is the responsibility of the Secretary-General, who has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative has the delegated responsibility for the management and accounting of the investments of the Fund. The Representative exercises that duty and makes investment decisions after consultation with the Investments Committee and in the light of observations made from time to time by the Pension Board on investment policy.

The Chief Executive and the Representative of the Secretary-General are responsible for establishing and maintaining a sound system of internal controls, in their respective areas of responsibility, to ensure the accomplishment of objectives, the economical use of resources, the reliability and integrity of information, compliance with rules and regulations and the safeguarding of assets.

Purpose of the system of internal control

The system of internal control is designed to reduce and manage, rather than eliminate, the risk of failure to achieve the objectives of the Fund and to improve performance. Therefore, it can provide only a reasonable, and not an absolute, assurance of effectiveness. Internal control is an ongoing process, effected by the Fund's governing bodies, senior management and other personnel, designed to provide reasonable assurance concerning the achievement of the following internal control objectives:

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

The Pension Fund statement of internal control is related to the control objective of reliability of financial reporting, and therefore, its scope is limited to the effectiveness of internal controls over financial reporting as at 31 December 2020.

Capacity to handle risk

The Pension Fund has implemented a governance structure, a management process and internal and external oversight mechanisms to adequately identify, assess, manage, monitor and report the risks inherent to its operations. The enterprise-wide risk management framework adopted by the Fund reflects the nature of its operations and development, as well as its specific requirements.

The Pension Fund internal control policy, approved in May 2014, defines internal control objectives, components and responsibilities, as well as the lines of defence in terms of internal control, including those related to: (a) management; (b) risk management and compliance sections; (c) internal audit; and (d) external audit. The Fund's internal controls over financial reporting provide reasonable assurance that assets are safeguarded, that transactions are properly recorded and authorized and that there are no material misstatements in the financial statements.

Pension Fund risk management and internal control framework

The purpose of the enterprise-wide risk management framework is to identify events that may affect the Pension Fund and manage risk within the Fund's risk appetite. The Fund's risk management framework includes the following components:

(a) *Risk management governance*. The operation of the risk management framework is supported by the full ownership and accountability of the Pension Board, management and staff for risk management activities. Specialized committees conduct oversight and provide advice to the Pension Board on risk management and internal control, as follows:

(i) The Audit Committee provides general oversight of and offers recommendations on the Fund's internal and external auditing and its internal control framework;

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

(b) *Enterprise-wide risk management policy*. The policy provides the basis for the operation of the risk management framework and specifies its applicability throughout the Fund. The enterprise-wide risk management methodology complements the policy and defines the steps, roles and responsibilities in the risk management process;

(c) *Risk assessments*. The Fund conducts periodic risk assessment exercises, which serve as a basis for defining strategies to address the Fund's key risks;

(d) *Risk monitoring*. The Enterprise-wide Risk Management Working Group, chaired by the Chief Executive of the Fund and the Representative of the Secretary-General, includes representatives from all units and monitors the Fund's risk profile and the implementation of risk management strategies. Risk management officers promote the implementation of the enterprise-wide risk management framework, facilitate risk assessments, advise on the implementation of risk management strategies and monitor and report on the Fund's risk profile;

(e) *Fraud risk assessment*. The Pension Administration and the Office of Investment Management perform fraud risk assessments to identify specific fraud schemes and risks and assess their likelihood and significance, evaluate existing fraud control activities and implement actions to mitigate residual fraud risks.

Review of the effectiveness of internal controls over financial reporting

The Pension Fund has considered the *Internal Control-Integrated Framework* of the Committee of Sponsoring Organizations of the Treadway Commission as a guideline for assessing its internal controls over financial reporting. The review by the Fund management of the effectiveness of internal controls over financial reporting as at 31 December 2020 was supported by the following:

(a) The preparation of the statement of internal control, which involved:

(i) A scoping exercise to identify key processes, accounts and disclosures and their supporting key information and communications technology (ICT) services;

(ii) The identification of key financial reporting risks;

(iii) The identification and documentation of:

a. Entity-level controls;

b. Key controls over financial reporting;

c. Anti-fraud controls;

d. Key ICT general controls that support the operation of other controls over financial reporting;

e. Operational effectiveness testing of the entity-level key controls over financial reporting and anti-fraud controls performed by management;

f. Assertion letters on the effectiveness of internal controls over financial reporting signed by key officers in the Pension Administration and the Office of Investment Management. These officers recognize their responsibility for maintaining and executing internal controls over financial reporting and reporting any deficiencies identified;

(b) An independent service auditor performed an independent service audit on the controls applied by Northern Trust, which is the record keeper for the Fund's investments, and the custodian banks for the investments. The audit was conducted in accordance with the standards issued by the American Institute of Certified Public Accountants and the International Auditing and Assurance Standards Board. The audit concluded that, in all material respects, the controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved;

(c) In April 2016, the Pension Administration obtained the International Organization for Standardization (ISO) 27001 information security certification for the Integrated Pension Administration System, which was valid for three years, until March 2019. In a surveillance audit conducted in 2018, it was concluded that the information security processes functioned as expected and effectively met the requirements of the standard. Since then, the Fund has suspended the yearly surveillance audit in order to seek certification on its conformance with the ISO 27701 standard on privacy information management systems, which would extend the scope of its security controls to personal identifiable information. The Fund continues to maintain and update the controls originally certified under the ISO 27001 certification schema;

(d) An independent auditor performed an International Standard on Assurance Engagements (ISAE) 3402 type II audit of the United Nations International Computing Centre's ICT services and related controls over financial reporting. The ISAE 3402 type II audit provides an independent assessment of whether the Centre's controls are suitably designed and operated effectively. The conclusion of the ISAE 3402 type II audit report for 2020 was an unqualified opinion;

(e) The Audit Committee reviewed the results of the audits by the Office of Internal Oversight Services (OIOS) and the Board of Auditors and received information on the implementation of audit recommendations. The Representative of the Secretary-General and the Fund's Chief Executive, Chief Financial Officer, Risk and Compliance Officers and internal and external auditors had periodic meetings with the Audit Committee;

(f) In accordance with its mandate, OIOS provided assurance that internal controls are adequate and functioning effectively. In the execution of a risk-based audit plan endorsed by the Audit Committee, OIOS conducted audit examinations to provide assurance on the effectiveness of internal controls and identify control deficiencies. The Chief Executive and the Representative of the Secretary-General, in their respective areas of responsibility, took appropriate actions to address recommendations resulting from internal audits;

(g) In accordance with its mandate, the Board of Auditors independently examined the Fund's internal controls and financial statements, performing such tests and other procedures as it considered necessary to express an opinion in its annual audit report. The Board was given full and unrestricted access to all financial records and related data and to the Fund's management and Audit Committee to discuss any findings related to the integrity and reliability of the Fund's financial reporting. The external audit report accompanies the financial statements.

Significant internal control matters arising during the year

The statement of internal control for the year ended 31 December 2020 draws attention to key areas having an impact on internal controls over financial reporting, as follows:

(a) At its sixty-sixth session, in July 2019, the Pension Board established the Office of the Secretary of the Board. At its seventy-fifth session, the General Assembly adopted resolution 75/246, in which it recalled its resolutions 73/274 and 74/263, in which, among other aspects, it decided that the Secretary of the Pension Board should be fully independent of the Chief Executive of Pension Administration and the Representative of the Secretary-General and should report directly to the Board, while being provided with administrative support from the Pension Administration and the Office of Investment Management, as necessary;

(b) Since mid-March 2020, in the light of the global coronavirus disease (COVID-19) pandemic crisis and following the Secretary-General's guidance and local authorities' directives, crisis management mechanisms have been activated and the Fund's staff has been working remotely. Essential Fund staff continued to perform critical functions in situ and other services were digitalized or provided remotely to ensure smooth business continuity.

Statement

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error or circumvention. Accordingly, even effective internal controls can provide only reasonable, but not absolute, assurance. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time.

We are committed, within the scope of our respective areas of responsibility, to address any weaknesses in internal controls over financial reporting identified during the year and to ensure continuous improvement of internal controls.

On the basis of the above, we conclude that, to our best knowledge and information, there are no material weaknesses in internal controls over financial reporting, in our respective areas of responsibility, that would prevent the external auditors from providing an unqualified opinion on the financial statements or would need to be raised in the present document for the year ended 31 December 2020.

(*Signed*) Rosemarie **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

26 April 2021
New York

Chapter IV
Financial overview

A. Introduction

1. The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan. As at 31 December 2020, there were 24 member organizations participating in the Fund. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers.

2. The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund. The Pension Board appoints an independent Secretary, who is responsible for a full range of secretariat conference management and other secretariat services. The role of the Secretary of the Pension Board is distinct from the roles and responsibilities pertaining to all aspects of the management, administration and investments of the Fund. The Secretary reports directly to the Pension Board.

3. The Chief Executive of Pension Administration is appointed by the Secretary-General on the recommendation of the Pension Board.

4. The Chief Executive acts under the authority of the Pension Board in the discharge of the latter’s responsibility for the administrative supervision of the Fund as a whole. That includes responsibility for strategic planning and operational direction; the establishment of policy; the administration of the Fund’s operations and the certification of benefit payments; risk management; regulatory compliance; the overall supervision of staff; and stakeholder communications. The Fund secretariat staff, under the authority of the Chief Executive, provides technical support services, prepares background documentation and offers guidance and advice to the Pension Board and its subsidiary bodies, including its Standing Committee and the Committee of Actuaries. The Chief Executive serves as Secretary of the United Nations Staff Pension Committee. The Chief Executive participates in the meetings of the Fifth Committee of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Commission and any other pertinent bodies. In accordance with article 7 (b) of the Regulations of the Fund, in the absence of the Chief Executive of Pension Administration, the Deputy Chief Executive of Pension Administration performs the functions of the Chief Executive.

5. Until 31 December 2019, the Chief Executive Officer/Secretary of the Pension Board was responsible for both of the roles now assigned separately to the Secretary of the Pension Board and the Chief Executive of Pension Administration.

6. The investment of the assets of the Fund is decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative arranges for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which are open to examination by the Pension Board.

B. Financial performance

Changes in net assets available for benefits

7. There was an increase in the net assets available for benefits for the year ended 31 December 2020 of $9,477.2 million (2019: an increase of $11,258.5 million). The increase was attributable primarily to investment income for the year.

8. The investment income for 2020 was $9,516.0 million (2019: income of $11,362.3 million). Investment income for 2020 primarily comprised a net change in the fair value of investments of $8,208.6 million, dividend income of $817.4 million and interest income of $598.3 million. The decrease of $1,846.3 million from the prior year was mostly the result of the extraordinary volatility of the financial markets in 2020.

9. Total contributions (from participants: $949.3 million; member organizations: $1,888.9 million; and other contributions: $9.0 million) for 2020 were $2,847.1 million (2019: $2,688.9 million), reflecting an increase of $158.3 million (or 5.9 per cent) compared with the total contributions for 2019.

10. Pension benefits for 2020 of $2,789.0 million (2019: $2,700.0 million) reflected an increase of $89.0 million (or 3.3 per cent) compared with the benefits for 2019.

11. Administrative expenses for 2020 of $103.2 million (2019 on a comparable basis: $103.6 million) reflected a decrease of $0.4 million (or 0.4 per cent).

Statement of net assets available for benefits

12. Net assets available for benefits as at 31 December 2020 were $81,511.7 million (2019: $72,034.5 million), reflecting an increase of $9,477.2 million (or 13.2 per cent).

13. Cash and cash equivalents as at 31 December 2020 were $591.6 million (2019: $436.4 million), reflecting an increase of $155.2 million (or 35.6 per cent).

14. The fair value of investments as at 31 December 2020 was $80,891.3 million (2019: $71,550.0 million), reflecting an increase of $9,341.3 million (or 13.1 per cent). Details with regard to the investment classes as at 31 December 2020 and 31 December 2019 are as follows:

(Millions of United States dollars)

	31 December 2020	*31 December 2019*	*Change*	*Percentage*
Equities	48 245.2	42 309.1	5 936.1	14.0
Fixed income	22 377.5	20 412.6	1 964.9	9.6
Real assets	5 627.4	5 265.7	361.7	6.9
Alternatives and other investments	4 641.2	3 562.6	1 078.6	30.3
Total investments	**80 891.3**	**71 550.0**	**9 341.3**	**13.1**

15. Investments and cash and cash equivalents are as follows:

(Millions of United States dollars)

	31 December 2020	*31 December 2019*	*Change*	*Percentage*
Investments	80 891.3	71 550.0	9 341.3	13.1
Cash and cash equivalents	591.6	436.4	155.2	35.6
Total investments and cash and cash equivalents	**81 482.9**	**71 986.4**	**9 496.5**	**13.2**

16. As a result of the global spread of the COVID-19 pandemic, economic uncertainties arose, which had the potential to negatively affect the financial condition, operations and cash flows of the Fund. Staff of the Fund in New York, Geneva and Nairobi transitioned to remote working when office locations were closed owing to measures in response to COVID-19 taken by the United Nations in alignment with the guidance of local authorities. All Fund operations continued to fulfil their functions, although in-person visitations by plan participants were suspended starting in March 2020.

17. In the first quarter of 2020, the value of the Fund's portfolio declined in line with the market downturn; however, the financial markets recovered in the remaining quarters of 2020 and the value of the portfolio increased to record highs. The portfolio value at the time of the issuance of these financial statements exceeds the value as at 31 December 2020. As at 21 May 2021, the estimated unaudited market value of the total investments of the Fund, net of the cash and cash equivalents held by the Fund secretariat, was approximately $85.4 billion. Given that the COVID-19 pandemic is still unfolding, the Fund expects that the volatility in the markets may persist in the months to come. For additional information and weekly fund performance updates, please refer to the Fund's website (https://oim.unjspf.org/investments-at-glance/weekly-fund-performance). The Fund's Pension Administration operations were affected by the limitations of international postal services in the second quarter of 2020. The issues were mitigated by replacing paper-based communication with digital communication methods.

18. Total liabilities of the Fund as at 31 December 2020 were $274.0 million (2019: $256.5 million), reflecting an increase of $17.5 million (or 6.8 per cent). The increase in total liabilities was due primarily to the total increase in benefits payable by $38.4 million and in after-service health insurance and other employee benefits by $12.3 million, offset in part by a decrease in payable from investments traded of $25.0 million.

Actuarial situation of the Fund

19. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries. The amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment. An early indication of any impact of COVID-19 on the mortality and morbidity of participants and beneficiaries will be derived from the experience analysis that will be carried out in advance of the next full valuation.

20. The actuarial present value of accumulated plan benefits as at 31 December 2020 is as follows:

(Millions of United States dollars)

	If future pension payments are made under the Regulations	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	26 589	35 701
Vested terminated participants	1 142	1 963
Active participants	17 676	24 343
Total vested benefits	**45 407**	**62 007**
Non-vested benefits	984	1 252
Total actuarial present value of accumulated plan benefits	**46 391**	**63 259**

Key statistics

21. The number of Fund participants as at 31 December 2020 was 134,632 (2019: 131,583), an increase of 3,049, or 2.3 per cent.

22. The number of periodic benefits paid by the Fund as at 31 December 2020 was 80,346 (2019: 79,975), an increase of 371, or 0.5 per cent.

Chapter V

Financial statements for the year ended 31 December 2020

United Nations Joint Staff Pension Fund

I. Statement of net assets available for benefits

(Thousands of United States dollars)

	Note	*31 December 2020*	*31 December 2019 (reclassified)*[a]
Assets			
Cash and cash equivalents	4	591 585	436 354
Investments	5, 6		
Equities		48 245 215	42 309 141
Fixed income		22 377 531	20 412 531
Real assets		5 627 373	5 265 732
Alternatives and other investments		4 641 189	3 562 570
		80 891 308	**71 549 974**
Contributions receivable		50 364	64 912
Accrued income from investments	7	155 355	163 163
Receivable from investments traded	5	17 645	15 390
Withholding tax receivable	8	52 150	35 789
Other assets	9	27 310	25 398
Total assets		**81 785 717**	**72 290 980**
Liabilities			
Benefits payable	10	144 372	105 970
Payable from investments traded	5	2 234	27 191
After-service health insurance and other employee benefit liabilities	11	116 330	103 989
Other accruals and liabilities	12	11 106	19 352
Total liabilities		**274 042**	**256 502**
Net assets available for benefits		**81 511 675**	**72 034 478**

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

[a] See note 24 for details with regard to the reclassifications.

United Nations Joint Staff Pension Fund

II. Statement of changes in net assets available for benefits

(Thousands of United States dollars)

	Note	*For the year 2020*	*For the year 2019*
Investment income/(loss)	13		
Net change in fair value of investments		8 208 579	10 009 778
Interest income		598 316	518 791
Dividend income		817 362	918 469
Income from unitized real estate funds		74 344	78 547
Less: transaction costs and management fees		(179 840)	(158 748)
Less: withholding tax		(3 606)	(3 232)
Other investment-related income/(expenses), net		885	(1 348)
		9 516 040	**11 362 257**
Pension contributions	14		
From participants		949 291	890 381
From member organizations		1 888 877	1 771 258
Other contributions		8 979	27 217
		2 847 147	**2 688 856**
Pension benefits	15		
Withdrawal settlements and full commutation benefits		176 971	194 582
Retirement benefits		2 622 862	2 511 119
Other benefits/adjustments		(10 852)	(5 736)
		2 788 981	**2 699 965**
Income from services provided to the United Nations	2.3	7 313	–
Administrative expenses	16		
Secretariat of the Pension Board		1 144	678
Pension Administration		62 553	49 428
Office of Investment Management		37 651	40 028
Audit		1 846	1 631
		103 194	**91 765**
Other expenses	17	1 128	952
Increase/(decrease) in net assets available for benefits		**9 477 197**	**11 258 431**

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

United Nations Joint Staff Pension Fund

III. Cash flow statement

(Thousands of United States dollars)

	Note	For the year 2020	For the year 2019
Cash flows from investing activities			
Purchase of investments		(27 798 050)	(48 917 774)
Proceeds from sale/redemption of investments		26 632 723	47 553 775
Dividends received from equity investments		786 783	878 922
Interest received from cash and cash equivalents and fixed-income investments		606 027	525 863
Income received from unitized real estate funds		73 815	75 641
Other investment-related income/(expense), net		896	(1 348)
Transaction costs, management fees and other expenses paid		(182 759)	(159 551)
Withholding taxes reimbursement		12 718	11 582
Net cash provided/(used) by investing activities		**132 153**	**(32 890)**
Cash flows from operating activities			
Contribution from member organizations and participants		2 857 730	2 656 821
Benefits payments		(2 748 529)	(2 693 636)
Net transfer from/(to) other plans		1 744	21 780
Administrative expenses paid		(91 549)	(80 574)
Other expenses paid		(1 135)	(950)
Income from services provided to the United Nations		7 313	–
Net cash provided/(used) by operating activities		**25 574**	**(96 559)**
Net increase/(decrease) in cash and cash equivalents		157 727	(129 449)
Cash and cash equivalents at the beginning of year	4	436 354	564 891
Exchange (losses)/gains on cash and cash equivalents		(2 496)	912
Cash and cash equivalents at the end of year	**4**	**591 585**	**436 354**

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

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2020

(Thousands of United States dollars)

	Appropriation 2020[a]	*Actuals on a comparable basis 2020*	*Variance*	*Percentage*
A. Secretariat of the Pension Board				
Posts	530.0	695.5	165.5	31
Other staff costs	1.2	101.0	99.8	8 317
Travel of representatives	808.7	20.5	(788.2)	(97)
Travel of staff	34.6	28.7	(5.9)	(17)
Contractual services	315.0	249.5	(65.5)	(21)
General operating expenses	61.0	–	(61.0)	(100)
Subtotal	**1 750.5**	**1 095.2**	**(655.3)**	**(37)**
B. Pension Administration				
Posts	25 076.3	25 483.9	407.6	2
Other staff costs	7 583.1	5 667.3	(1 915.8)	(25)
Hospitality	3.0	–	(3.0)	(100)
Consultants	172.2	173.8	1.6	1
Travel of staff	564.3	59.4	(504.9)	(89)
Contractual services[b]	10 073.1	13 338.1	3 265.0	32
General operating expenses	8 765.1	7 344.7	(1 420.4)	(16)
Supplies and materials	105.5	26.0	(79.5)	(75)
Furniture and equipment	883.0	825.2	(57.8)	(7)
Improvement of premises	200.8	–	(200.8)	(100)
Subtotal	**53 426.4**	**52 918.4**	**(508.0)**	**(1)**
C. Office of Investment Management				
Posts	16 547.9	16 427.1	(120.8)	(1)
Other staff costs	1 806.9	1 689.0	(117.9)	(7)
Hospitality	13.7	0.3	(13.4)	(98)
Consultants	179.2	303.6	124.4	69
Travel of representatives	272.3	1.9	(270.4)	(99)
Travel of staff	657.2	76.7	(580.5)	(88)
Contractual services	20 439.5	12 559.6	(7 879.9)	(39)
General operating expenses	3 643.2	2 495.8	(1 147.4)	(31)
Supplies and materials	31.8	3.7	(28.1)	(88)
Furniture and equipment	304.7	184.5	(120.2)	(39)
Subtotal	**43 896.4**	**33 742.2**	**(10 154.2)**	**(23)**

	Appropriation 2020[a]	*Actuals on a comparable basis 2020*	*Variance*	*Percentage*
D. Audit				
External audit	393.2	393.2	–	–
Internal audit	1 214.8	1 246.5	31.7	3
Subtotal	**1 608.0**	**1 639.7**	**31.7**	**2**
Total administrative expenses	**100 681.3**	**89 395.5**	**(11 285.8)**	**(11)**

The purpose of the statement is to compare budget amounts with actual amounts on a comparable basis, i.e., actual amounts on the same basis as the budget. As the Pension Fund's budget is prepared on a modified cash basis and the actual costs on a comparable basis are consequently also shown on a modified cash basis, the total for actual costs on a comparable basis does not agree with the administrative expenses shown in the statement of changes in net assets, as that statement is prepared on an accrual basis.

[a] The General Assembly approved the appropriation for 2020 in its resolution 74/263.

[b] Actuals include expenditure for the United Nations International Computing Centre ($8.5 million).

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2020 (continued)

Explanation of significant differences (greater than +/-5 per cent) between budget and actual amounts on a comparable basis

A. Secretariat of the Pension Board

Posts. The overexpenditure reflects the actual expenditure compared with the budgeted rates in relation to standard costs.

Other staff costs. The overexpenditure is due primarily to higher-than-projected requirements for general temporary assistance.

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

Contractual services. The underexpenditure is due primarily to lower-than-projected requirements for the recruitment of the Deputy Chief Executive of Pension Administration, offset in part by the requirements for consultancy services to support and advise on the governance structure of the Fund.

General operating expenses. The underexpenditure relates to the conference and security services for the Pension Board meeting as the meeting was held virtually owing to the COVID-19 pandemic.

B. Pension Administration

Other staff costs. The underexpenditure is attributable primarily to lower-than-projected expenditure for general temporary assistance and overtime in the Client Services and Outreach Section of the Operations Service owing to the lower-than-expected workload, as member organizations delayed separations, and a reduction in the recruitment of temporary staff as well as a reduction in the utilization of overtime during the COVID-19 pandemic.

Hospitality. The underexpenditure relates to limited in-person meetings during the COVID-19 pandemic.

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

Contractual services. The overexpenditure relates mainly to the information technology-related projects, such as consultancy services related to information technology strategy and industry standards, the digital signature verification project using Kofax TotalAgility, the United Nations digital identity, a project to implement the digital certificate of entitlement, the upgrade of the SAP pension interface, the migration of the Fund’s Case Digest database, external access rights management for Fund applications, the upgrade of SharePoint, the cloud strategy and architecture plan, robotic process automation, learning services, business intelligence dashboards and interfaces, automated testing tools, improvements to and integration of the Integrated Pension Administration System, business process improvements and software development life-cycle models and methodologies, the data quality improvement project, including human resources interface enhancements and data cleansing, and the accounts payable project.

General operating expenses. The underexpenditure relates mainly to the prepayment of one month of rent and half the amount of real estate taxes for 2020 in 2019 to comply with the payment schedule during the system transition from a biennial to an annual budget, delays in the procurement process for a cleaning contract and lower-than-projected requirements for bank fees.

Supplies and materials, and furniture and equipment. The underexpenditure is due mainly to the lower requirements during the work-from-home period.

Improvement of premises. The underexpenditure relates to the postponement of the relocation of the Geneva office to the Palais des Nations from 2020 to 2021.

C. Office of Investment Management

Other staff costs. The underexpenditure is attributable primarily to lower-than-projected expenditure for general temporary assistance.

Hospitality. The underexpenditure is due to the reduction in in-person meetings as a result of the COVID-19 pandemic.

Consultants. The overexpenditure is related to services of a research provider that had been budgeted under contractual services.

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

Contractual services. The underexpenditure is due to delays in the contract execution phase for key projects under the target operating model, such as the alternatives platform and the financial data warehouse solution, and the provision of a new ICT managed services provider. The delays are due mainly to the complexity and unique nature of the solutions being procured and, at the same time, the assurance that the Office's latest requirements are better aligned with industry standards.

General operating expenses. The underexpenditure relates mainly to the prepayment of one month of rent and half the amount of real estate taxes for 2020 in 2019 to comply with the payment schedule during the system transition from a biennial to an annual budget, delays in the procurement process for a cleaning contract and underutilization of many services owing to the COVID-19 pandemic.

Supplies and materials, and furniture and equipment. The underexpenditure is attributable primarily to lower-than-anticipated expenditure for supplies and materials, the acquisition of hardware owing to the ongoing consolidation and optimization of staff equipment, and continued efforts for more cost-effective alternatives for software licences, including leveraging existing solutions.

United Nations Joint Staff Pension Fund
Notes to the financial statements

Note 1
Description of the plan

1. The following is a brief description of the United Nations Joint Staff Pension Fund. The Regulations and Administrative Rules of the Pension Fund are available at the Fund's website (www.unjspf.org).

1.1 General

2. The Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan. There were 24 member organizations participating in the Fund as at 31 December 2020, and the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies entered the Fund as its twenty-fifth member organization on 1 January 2021. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers (see also note 3.5).

3. The Fund is governed by a Pension Board made up of: (a) 12 members appointed by the United Nations Staff Pension Committee, of whom 4 are elected by the General Assembly, 4 are appointed by the Secretary-General and 4 are elected by the participants in service in the United Nations; and (b) 21 members appointed by the staff pension committees of the other member organizations in accordance with the rules of procedure of the Fund, of whom 7 are chosen by the bodies of the member organizations corresponding to the General Assembly, 7 are appointed by the chief administrative officers of the member organizations and 7 are chosen by the participants in service.

1.2 Administration of the Fund

4. The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund. The Pension Board appoints an independent Secretary, who is responsible for a full range of secretariat conference management and other secretariat services. The role of the Secretary of the Pension Board is distinct from the roles and responsibilities pertaining to all aspects of the management, administration and investments of the Fund. The Secretary reports directly to the Pension Board.

5. The Chief Executive of Pension Administration is appointed by the Secretary-General on the recommendation of the Pension Board.

6. The Chief Executive acts under the authority of the Pension Board in the discharge of the latter's responsibility for administrative supervision of the Fund as a whole. This includes responsibility for strategic planning and operational direction; the establishment of policy; the administration of the Fund's operations and the certification of benefit payments; risk management; regulatory compliance; the overall supervision of staff; and stakeholder communications. The Pension Administration staff, under the authority of the Chief Executive, provides technical support services, prepares background documentation and offers guidance and advice to the Pension Board and its subsidiary bodies, including its Standing Committee and the Committee of Actuaries. The Chief Executive serves as Secretary of the United Nations Staff Pension Committee. The Chief Executive participates in the meetings of the Fifth Committee of the General Assembly, the Advisory Committee on

Administrative and Budgetary Questions, the International Civil Service Commission and any other pertinent bodies. In accordance with article 7 (b) of the Regulations of the Fund, in the absence of the Chief Executive, the Deputy Chief Executive performs the functions of the Chief Executive.

7. The investment of the assets of the Fund is decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. The Representative arranges for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which are open to examination by the Pension Board.

8. A range of administrative functions supporting the Pension Board secretariat, the Pension Administration and the Office of Investment Management are provided by the Fund's Executive Office, which reports to the Deputy Chief Executive. Until September 2020, the Executive Office was supervised by the Chief Financial Officer on a temporary basis.

9. The Chief Financial Officer reports to the Chief Executive and to the Representative of the Secretary-General in their respective substantive responsibilities. The Chief Financial Officer is responsible for formulating financial policy for the Fund, reviewing budgetary, financial and accounting operations of the Fund and ensuring that an adequate financial control environment is in place to protect the Fund's resources, and guarantees the quality and reliability of financial reporting. In addition, the Chief Financial Officer is responsible for setting the rules for the collection, from the different information systems and areas of the Fund, of the financial and accounting data necessary for the preparation of the Fund's financial statements, and has full access to such systems and data. The Chief Financial Officer ensures that the financial statements are in compliance with the Regulations and Rules of the Fund, the accounting standards adopted by the Fund and the decisions of the Pension Board and the General Assembly. The Chief Financial Officer also certifies the Fund's financial statements.

1.3 Participation in the Fund

10. Members of the staff of each of the 24 member organizations of the Fund become participants in the Fund upon commencing employment under an appointment for six months or longer or upon completion of six months of service without an interruption of more than 30 days. As at 31 December 2020, the Fund had active contributors (participants) from member organizations including the main United Nations Secretariat, the United Nations Children's Fund, the United Nations Development Programme and the Office of the United Nations High Commissioner for Refugees, as well as the various specialized agencies, such as the World Health Organization, the International Labour Organization, the International Atomic Energy Agency, the International Civil Aviation Organization and the United Nations Educational, Scientific and Cultural Organization (see the annex to the present notes for a complete list of member organizations). There are currently periodic benefits paid to individuals in some 190 countries (see the annex to the present notes for details). The total annual pension benefit payments are approximately $2.8 billion and are paid in 15 different currencies.

1.4 Operation of the Fund

11. Participant and beneficiary processing and queries are handled by operations of the Pension Administration, in offices located in New York, Geneva, Nairobi and Bangkok. All the accounting for operations is handled in New York by the centralized

Financial Services. The Financial Services of the Pension Administration also manage the receipt of monthly contributions from member organizations and the disbursements of the monthly pension payroll.

12. The Representative of the Secretary-General is assisted by the staff of the Office of Investment Management, where investments are traded and processed and investment transactions are reconciled and accounted for.

1.5 Actuarial valuation of the Fund

13. Article 12 of the Regulations of the Fund provides that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years. The Fund performs actuarial valuations every two years and intends to continue to do so in the future. Article 12 further provides that the actuarial report shall state the assumptions on which the calculations are based, describe the methods of valuation used and state the results, as well as the recommendations, if any, for appropriate action. See note 18 for a summary of the actuarial situation of the Fund as at 31 December 2020.

1.6 Retirement benefit

14. Any participant who has five years of contributory service receives, upon separation at or after normal retirement age, a retirement benefit payable for the remainder of the participant's life. "Normal retirement age" means age 60 for a participant whose service commenced prior to 1 January 1990, age 62 for a participant whose service commenced or recommenced on or after 1 January 1990 and age 65 for a participant whose service commenced or recommenced on or after 1 January 2014.

15. The standard annual rate of retirement benefit for a participant who enters the Fund on or after 1 January 1983 is the sum of:

(a) 1.5 per cent of the final average remuneration multiplied by the first five years of contributory service;

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

(c) 2 per cent of the final average remuneration multiplied by the next 25 years of contributory service;

(d) The years of contributory service in excess of 35 and performed as from 1 July 1995, multiplied by 1 per cent of the final average remuneration, subject to a maximum total accumulation rate of 70 per cent.

16. The standard annual rate of retirement benefit for a participant who entered the Fund prior to 1 January 1983 is 2 per cent of the final average remuneration multiplied by contributory service not exceeding 30 years, plus 1 per cent of the final average remuneration multiplied by such service in excess of 30 years, not exceeding 10 years.

17. The maximum benefit to participants, subject to the terms specified in the Regulations and Rules of the Fund, is the greater of 60 per cent of pensionable remuneration at the date of separation or the maximum benefit that would be payable, at that date, to a participant at the D-2 level (who has been at the top step for the preceding five years).

18. The retirement benefit shall, however, be payable at the minimum annual rate, which is obtained by multiplying the years of the participant's contributory service, not exceeding 10, by the smaller of $1,141.84 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States of America consumer price index (CPI) under the pension adjustment system) or one thirtieth of the final average remuneration.

19. The annual rate of the retirement benefit shall, nevertheless, not be less, when no other benefit is payable on account of the participant, than the smaller of $1,816.32 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States CPI under the pension adjustment system) or the final average remuneration of the participant.

20. “Final average remuneration” means the average annual pensionable remuneration of a participant during the 36 completed months of highest pensionable remuneration within the last five years of contributory service.

21. A participant may, except in the case where a minimum benefit is payable and the participant does not waive the rights thereto, elect to receive: (a) if the retirement benefit is $300 per annum or more, a lump sum not greater than the larger of one third of the actuarial equivalent of the retirement benefit (not exceeding the maximum amount payable to a participant then retiring at normal retirement age, with final average remuneration equal to the pensionable remuneration for the top step of the P-5 level) or the amount of the participant’s own contributions at retirement, and the participant’s retirement benefit is then reduced accordingly; or (b) if the participant’s retirement benefit is less than $1,000 per annum, the lump sum actuarial equivalent of the full retirement benefit, including the prospective spouse’s benefit, if any, if the participant so elects.

Early retirement

22. An early retirement benefit is payable to a participant whose age on separation is at least 55 (58 for a participant whose participation commenced on or after 1 January 2014) but less than the normal retirement age and who has five years or more of contributory service at separation.

23. The early retirement benefit for a participant whose participation commenced prior to 1 January 2014 is payable at the standard annual rate for a retirement benefit reduced by 6 per cent for each year between the retirement date and normal retirement age, except that: (a) if the participant has completed at least 25 but less than 30 years of contributory service at the date of retirement, the part of the benefit for service before 1 January 1985 is reduced by 2 per cent a year, and the remaining part of the benefit is reduced by 3 per cent a year; or (b) if the participant has completed 30 or more years of contributory service at the date of retirement, the benefit is reduced by 1 per cent a year, provided, however, that the rate in (a) or (b) applies to no more than five years. The methodology of calculation of the early retirement benefits for employees whose participation commenced on or after 1 January 2014 is detailed in article 29 of the Regulations and Administrative Rules of the Fund.

24. The early retiree may elect to receive a lump sum on the same terms as for a retirement benefit.

Separation from service prior to eligibility for early retirement

25. A deferred retirement benefit is payable to a participant whose age on separation is less than normal retirement age and who has five years or more of contributory service at separation. The deferred retirement benefit is payable at the standard rate for a retirement benefit and commences at normal retirement age. The participant may elect to have the benefit commence at any time once the participant becomes eligible to receive an early retirement benefit from the Fund on the same terms as for an early retirement benefit.

26. A withdrawal settlement is payable to a participant separating from service before normal retirement age or on or after normal retirement age if the participant is not entitled to a future retirement benefit. The participant receives the participant’s

own contributions increased by 10 per cent for each year of contributory service in excess of five years, to a maximum increase of 100 per cent.

1.7 Disability benefit

27. A disability benefit is payable to a participant incapacitated for further service for a period likely to be permanent or of long duration.

28. The disability benefit is payable at the standard or minimum annual rate for a retirement benefit if the participant is at least normal retirement age at disability. If the participant is under normal retirement age, it is payable at the rate of the retirement benefit to which the participant would have been entitled if the participant had remained in service until normal retirement age and the participant's final average remuneration had remained unchanged.

29. The annual rate of the benefit shall, notwithstanding the above, not be less, when no other benefit is payable on account of the participant, than the smaller of $3,024.24 (effective 1 April 2020, subject to subsequent adjustments in accordance with the movement of the United States CPI under the pension adjustment system) or the final average remuneration of the participant.

1.8 Survivor benefit

30. A benefit is payable to a surviving spouse of a participant who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of the participant's death or who died in service if they were married at the time of separation and remained married at the time of death. Certain limitations on eligibility apply in cases of divorced surviving spouses. The surviving spouse's benefit is generally payable at half the amount of the participant's retirement or disability benefit and is subject to certain minimum levels.

1.9 Child benefit

31. A child benefit is payable to each child under the age of 21 of a participant who is entitled to a retirement, early retirement or disability benefit or who has died in service, while the child remains under 21. The benefit may also be payable in certain circumstances to a child who is over the age of 21, such as when the child is found to have been incapacitated for substantial gainful employment. The child benefit for each child is generally one third of any retirement or disability benefit due to a participant or that would have been due in the case of a participant who died in service, subject to certain minimum amounts and also limited in terms of maximum amount. In addition, there are certain total maximum amounts that apply in cases of multiple children of the same participant.

1.10 Other benefits

32. Other benefits include the secondary dependant's benefit and the residual settlement benefit. A full description of those benefits is available in the Regulations and Administrative Rules of the Fund.

1.11 Pension adjustment system

33. The provisions of the Fund's pension adjustment system provide for periodic cost-of-living adjustments in benefits. In addition, for participants who retire in a country whose currency is not the United States dollar, the current pension adjustment system is intended to ensure that, subject to certain minimum and maximum provisions, a periodic benefit never falls below the "real" value of its United States dollar amount, as determined under the Regulations, Rules and Pension Adjustment System of the Fund, and preserves its purchasing power as initially established in the

currency of the recipient's country of residence. This is achieved by establishing a dollar base amount and a local currency base amount (the two-track system).

34. The "real" value of a United States dollar amount is that amount adjusted over time for movements of the United States CPI, while the purchasing power of a recipient's benefit, once established in local currency, is preserved by adjusting it to follow movements of the CPI in the recipient's country of residence.

1.12 Funding policy

35. As a condition of participation in the Fund, participants are required to contribute 7.9 per cent of their pensionable remuneration to the plan and earn interest at a rate of 3.25 per cent per year in accordance with article 11 (c) of the Regulations of the Fund. The participants' contributions for the years ended 31 December 2020 and 31 December 2019 were $949.3 million and $890.4 million, respectively. The contribution figures do not include interest on the contributions.

36. Under the funding policy, member organizations are to make contributions on an estimated monthly basis and then to reconcile these estimated amounts in an annual year-end process. The contributions of member organizations are also expressed as a percentage of the participants' pensionable remuneration as defined in article 51 of the Regulations of the Fund. In accordance with the article 25 of the Regulations, the contribution rate for member organizations is currently 15.8 per cent; these contributions to the Fund totalled $1,888.9 million and $1,771.3 million during calendar years 2020 and 2019, respectively. When combined with the contributions of participants and expected investment returns, total funding is estimated to be sufficient to provide for the benefits of all employees by the time they retire.

37. The assets of the Fund are derived from:

(a) The contributions of the participants;

(b) The contributions of the member organizations;

(c) The yield from the investments of the Fund;

(d) Deficiency payments, if any, under article 26 of the Regulations;

(e) Receipts from any other source.

1.13 Plan termination terms

38. Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board, following an application for termination by a member organization or continued default by an organization in its obligations under the Regulations.

39. In the event of such termination, a proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund on such date, pursuant to an arrangement mutually agreed between such organization and the Pension Board.

40. The amount of the proportionate share shall be determined by the Pension Board after an actuarial valuation of the assets and liabilities of the Fund.

41. In the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under the Regulations, there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency.

42. Each member organization shall contribute to this sum an amount proportionate to the total contributions which each paid under article 25 during the three years preceding the valuation date.

43. The contribution of an organization admitted to membership less than three years prior to the valuation date shall be determined by the Pension Board.

1.14 Changes in funding policy and plan termination terms during the reporting period

44. There were no changes in the funding policy or plan termination terms during the reporting period.

Note 2
General information

2.1 Basis of presentation

45. In accordance with the Regulations of the Fund adopted by the General Assembly and the Administrative Rules of the Fund, including the financial rules, established by the Pension Board and reported to the Assembly and the member organizations, the accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26, Accounting and reporting by retirement benefit plans, of the International Financial Reporting Standards. The financial statements of the Fund consist of the following:

(a) A statement of net assets available for benefits;

(b) A statement of changes in net assets available for benefits;

(c) A statement of cash flows;

(d) A statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses;

(e) A note disclosing the actuarial present value of defined retirement benefits, distinguishing between vested benefits and non-vested benefits;

(f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.

46. The Fund adopted IPSAS as from 1 January 2012. This also specifically included the adoption of IAS 26, which not only provides accounting guidance, but also offers direction on the presentation of financial statements, as it requires the presentation of a statement of net assets available for benefits and a statement of changes in net assets available for benefits. As the Fund has incorporated the guidance in IAS 26 into its financial policies, the presentation of its financial statements is based on this guidance. On a voluntary basis and at the request of the Board of Auditors, the Fund has also presented cash flow statements on a comparative basis in accordance with IPSAS 2: Cash flow statements, since 2016. Additional information is presented where requested under IPSAS standards. For instance, as required by IPSAS 24: Presentation of budget information in financial statements, the Fund has included in its financial statements a comparison of budget and actual amounts on a comparable basis and a reconciliation between the actual amounts on a comparable basis (see note 21). While IPSAS 24 stipulates that the actual cost on a comparable basis should be reconciled to the cash flows from operating, investing and financing activities as presented in the cash flow statement, management has decided to reconcile these amounts to the administrative expenses recognized in the statement of changes in net assets. This is due to the fact that the Fund's budget is limited to the administrative expenses incurred in a year.

47. The financial statements are prepared on an annual basis. The financial statements are presented in United States dollars, and all values are rounded to the nearest thousand United States dollars except where otherwise indicated.

2.2 Significant standards, interpretations and amendments during the year

48. In August 2018, the IPSAS Board issued IPSAS 41: Financial instruments, which establishes new requirements for classifying, recognizing and measuring financial instruments and replaces those in IPSAS 29: Financial instruments: recognition and measurement. IPSAS 41 is based on International Financial Reporting Standard 9, Financial instruments, developed by the International Accounting Standards Board. The significant changes introduced by IPSAS 41 compared with IPSAS 29 are the application of a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; the application of a single forward-looking expected credit loss model that is applicable to all financial instruments, subject to impairment testing; and the application of an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted. An initial high-level analysis indicated that, since the Fund's investments are carried at fair value, the impact of the change on the measurement of financial instruments is not expected to be material. The Fund expects to complete its evaluation of the requirements of IPSAS 41 in detail and the impact of the change in measurement and disclosure requirements on the Fund's financial statements during 2021.

49. In January 2019, the IPSAS Board issued IPSAS 42: Social benefits, which provides guidance on accounting for social benefits expenditure. Social benefits are defined as cash transfers provided to specific individuals and/or households who meet eligibility criteria, to mitigate the effect of social risks and address the needs of society as a whole. IPSAS 42 requires recognition of an expense and a liability for the next social benefit payment. The standard does not apply to cash transfers to individuals and households that do not address social risks, for example emergency relief. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted. Following an initial analysis, the Fund does not expect any impact on its financial statements upon adoption of the accounting standard.

50. Other accounting standards and amendments to the existing standards that have been issued by the IPSAS Board are expected either to not to have any impact or to have immaterial impact on the Fund's financial statements.

51. In November 2020, the IPSAS Board deferred the effective dates of IPSAS 41 and IPSAS 42 by one year, to 1 January 2023, owing to the COVID-19 pandemic and the challenges it has created.

2.3 Other general information

52. The Fund compiles its financial statements with data collected from three main areas. For operational activities (contributions and payment of benefits), the Fund maintains its own records on the Integrated Pension Administration System. For investment activities, the Fund receives a monthly general ledger feed from the independent record keeper, collected and reconciled from source data provided by the Office of Investment Management and fund managers. For its administrative expenses, the Fund utilizes systems of the United Nations (Umoja) to record and compile its administrative expense activity. Umoja provides information on a modified cash basis, which is subsequently restated to a full accrual basis by the Fund. Some of the administrative expenses of the Fund, including costs associated with the administrative tasks of the United Nations Staff Pension Committee secretariat performed by the Fund on behalf of the United Nations, are reimbursed by the United Nations under the terms of a cost-sharing arrangement. Following the revision of the

cost-sharing arrangement in 2020, the Fund presents the reimbursement by the United Nations Secretariat as income from services provided to the United Nations, replacing the previous presentation, which showed a reduction of administrative expenses in full accrual accounting in accordance with IPSAS requirements. Under the new agreement, the Fund also reimburses the United Nations Secretariat for the services provided to the Fund by the Secretariat, whereas previously those services were provided free of charge in recognition of the services provided by the Fund to the Secretariat.

Note 3
Significant accounting policies

3.1 Cash and cash equivalents

53. Cash and cash equivalents are held at nominal value and include cash on hand, cash held with external managers and short-term, highly liquid time deposits held with financial institutions with maturities of three months or less from the date of acquisition.

3.2 Investments

Classification of investments

54. All investments of the Fund are designated at fair value through surplus and deficit. Consequently, the Fund's investments are carried and reported at fair value on the statement of net assets available for benefits, with changes in fair value recognized in the statement of changes in net assets available for benefits. Purchases and sales of securities are recorded on trade date basis. The designation and classification of the investments are carried out at initial recognition and reassessed at each reporting date.

55. Any transaction costs arising as part of an investment trade designated at fair value are expensed and recognized in the statement of changes in net assets.

56. The Fund classifies its investments into the following categories:

- Equities (including exchange-traded funds, common and preferred stocks, stapled securities and publicly traded real estate investment trusts)
- Fixed income (including government and agency securities, corporate and municipal/provincial bonds and mortgage- and asset-backed securities)
- Real assets (including investments in funds where the underlying assets are real assets such as real estate, infrastructure assets, timberland, commodity funds and agriculture)
- Alternatives and other investments (including investments in private equity funds)

Valuation of financial instruments

57. The Fund uses the established and documented process of its independent record keeper for determining fair values. That process is reviewed and validated by the Fund at the reporting date. Fair value is based on quoted market prices where available. If fair market value is not available, valuation techniques are used.

58. Investments in certain commingled funds, private equity and private real assets investment funds are not quoted in an active market and therefore may not have a readily determinable fair market value. However, the fund managers generally report investments of the funds on a fair value basis. Therefore, the Fund determines fair value using the net asset value information as reported by the investee fund managers in the latest available quarterly capital account statements, adjusted by any cash flows not included in the latest net asset value reported by the investee fund manager. For

financial assets and liabilities not designated at fair value through surplus and deficit, the carrying value approximates fair value.

Interest and dividend income

59. Interest income is recognized on a time-proportionate basis. It includes interest income from cash and cash equivalents and fixed-income investments.

60. Dividend income is recognized on the ex-dividend date when the right to receive payment is established.

Income from real assets and alternative investments

61. Income distributed from unitized funds is treated as income in the period in which they are earned.

Receivable/payable from/to investments traded

62. Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of net assets available for benefits. These amounts are recognized at the amount expected to be paid or received to settle the balance. Distributions from real assets and alternative fund investments declared but not received prior to year-end are also included under receivables from investments traded, to the extent that the latest available net asset value of the fund that declares a distribution has recognized the distribution to be made.

63. Impairment of receivables from investments traded is recorded when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization, and default in payments are considered indicators that the receivable from investments traded is impaired.

3.3 Tax status and withholding tax receivables

64. The Fund's portfolio comprises direct investments and indirect investments. Indirect investments are typically made through investment vehicles such as real estate investment trusts, exchange-traded funds, limited liability partnerships or depository receipts. The Fund is exempt from national taxation by Member States in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a), of the Convention on the Privileges and Immunities of the United Nations.

65. For direct investments, some Member States grant relief at source for the Fund's investment-related transactions and income from investments, whereas other Member States continue to withhold taxes and reimburse the Fund upon the filing of claim. In these instances, the Fund's custodians file claims to the governmental taxing authorities for refunds on behalf of the Fund. Taxes withheld on direct investments are initially recognized as "withholding tax receivable" in the statement of net assets available for benefits. After initial recognition, if there is objective evidence that the taxes are not recoverable, the carrying amount of the asset is reduced through the use of an allowance account. Any amount considered to be unrecoverable is recognized in the statement of changes in net assets available for benefits and is included under "withholding tax expense". At end of the year, the Fund measures its withholding tax receivable at the amount deemed recoverable.

66. For indirect investments, the investment vehicle is typically taxable entity and the Fund is not directly responsible for any tax; furthermore, the taxes incurred by investment vehicle can seldom be attributed to the Fund other than investment in depository receipts. Taxes attributed to the Fund on indirect investments are

recognized in the statement of changes in net assets available for benefits and are included under “withholding tax expense”. To the extent that the Fund is subsequently virtually certain that the taxes will be recovered, the amount is recognized as “withholding tax receivable” in the statement of net assets available for benefits.

67. The Fund also incurs costs on account of certain taxes that are based on the value of the transaction. Transaction-based taxes include stamp duty, security transaction tax and financial transaction tax, among others. Transaction-based taxes are recognized in the statement of changes in net assets available for benefits and are included under “transaction costs”. To the extent that the Fund is subsequently virtually certain that the taxes will be recovered, the amount is recognized as “other assets” in the statement of net assets available for benefits and “transaction costs” in the statement of changes in net assets available for benefits.

3.4 Critical accounting estimates

68. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of financial instruments

69. The Fund holds financial instruments that are not quoted in active markets. The fair values of such instruments are determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed and modified as required. Where available, valuation models are calibrated by back-testing to actual transactions to ensure that outputs are reliable. The Fund relies primarily on these tests, which are performed by the investee company’s independent auditors.

70. When the fair value is based on an observable market price, the quoted price at the reporting date is used. The fair value of an asset determined in accordance with IPSAS 29 reflects a hypothetical exit transaction at the reporting date. Changes in market prices after the reporting date are therefore not reflected in asset valuation.

71. The fair value of financial instruments not quoted in an active market may also be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund exercises judgment on the quantity and quality of pricing sources used.

72. Where no market data is available, the Fund may value financial instruments using internal valuation models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are created using observable data to the extent practicable. However, in areas such as credit risk (of both the Fund and the counterparty), volatilities and correlations may require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

73. The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available; regularly distributed or updated; reliable and verifiable; not proprietary; and provided by independent sources that are actively involved in the relevant market.

74. The valuation of investments in real assets and alternative investments through limited liability partnerships requires significant judgement owing to the absence of quoted market values, the inherent lack of liquidity and the long-term nature of such investments. The valuation of these investments is based on the valuation provided

by the general partners or managers of the underlying investments. The Fund relies primarily on these tests, which are performed by the investee company's independent auditors, and on the individual investment managers' compliance with generally accepted accounting standards and valuation procedures.

Taxes

75. Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on withholding tax. Given the wide range of international investments, differences arising between the actual income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded during the year and any tax receivable deemed recoverable at the end of the year.

Impairment

76. The annual review to assess potential impairment is another area where the Fund exercises significant judgment.

Provision for the Fund's non-investment-related receivables

77. A provision is established to reflect the position of the accounts receivable for all non-performing overpayments of pension benefits that are two years or older as of the respective year-end date of the financial statements.

Actuarial assumptions

78. The Fund uses actuarial methods for the disclosure of employee benefits liabilities. The related assumptions in respect of after-service health insurance and other employee benefits of staff of the Fund are disclosed in note 11. Note 18 contains information on assumptions used for the actuarial liability to the beneficiaries of the Fund.

3.5 Contributions

79. Contributions are recorded on an accrual basis. Participants and their employing member organizations are required to contribute 7.9 per cent and 15.8 per cent, respectively, of their pensionable remuneration to the Fund. Each month, the Fund accrues a receivable amount for contributions expected. When contributions are actually received, the receivable is offset. Contributions are due to be paid by member organizations by the second business day of the month following the month to which the contributions relate. The contributions vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by the International Civil Service Commission, and the yearly grade step increase to individual pensionable remuneration received by all participants.

3.6 Benefits

80. Payments of benefits, including withdrawal settlements, are recorded on an accrual basis. The right to a benefit is generally forfeited if, for two years (withdrawal settlement or residual settlement) or five years (retirement, early retirement, deferred retirement or disability benefit) after payment has been due, the beneficiary has failed to submit payment instructions or has failed or refused to accept payment. An estimated benefit liability is recognized for withdrawal settlements with a participation period of less than five years for which the beneficiary has not submitted the payment instructions for 36 months from the time of the obligating event. The estimate is based on the average of the last five-year expense for such cases.

3.7 Accounting for non-United States dollar-denominated currency translations and balances

81. Non-United States dollar-denominated currency transactions are translated using the spot exchange rate between the functional currency and the non-United States dollar-denominated currency at the date of the transaction.

82. At each reporting date, non-United States dollar-denominated monetary items are translated using the closing spot rate. The Fund applies the Intercontinental Exchange rates (primary source) and the Bloomberg and Refinitiv rates (secondary source) as spot rate for the investment activities and the United Nations operational rate of exchange for non-investment activities. Exchange differences arising on the settlement of these monetary items or on the translation of these monetary items at rates different from those at which they were previously translated are recognized in the statement of changes in net assets available for benefits in the period in which they arise.

3.8 Leases

83. All of the Fund's leases are categorized as operating leases. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

3.9 Property, plant and equipment

84. Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. All assets acquired for a cost of $20,000 and above will be capitalized. The Fund reviews this threshold annually for reasonableness. The Fund owns no land or buildings.

85. Depreciation is provided for property, plant and equipment over their estimated useful life using the straight-line method. The estimated useful lives for property, plant and equipment classes are as follows:

Class	*Estimated useful life in years*
Computer equipment	4
Office equipment	4
Office furniture	10
Office fixtures and fittings	7
Audiovisual equipment	7

86. Leasehold improvements are recognized as assets and valued at cost and are depreciated over the lesser of seven years or the lease term. Impairment reviews are undertaken if indicators of impairment exist.

3.10 Intangible assets

87. Intangible assets are capitalized if their cost exceeds the threshold of $20,000, except for internally developed software where the threshold is $50,000. The capitalized cost of internally developed software excludes those costs related to research and maintenance. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is recognized over the estimated useful life using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

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

88. The appropriation is made when the authorization is approved by the General Assembly. Participants wishing to avail themselves of this benefit submit an application to the Fund. After review and authorization, approved amounts are paid to the participant. Payments are charged directly against the appropriation account up to the amount authorized by the Pension Board. Current expense for the year is reported in the statement of changes in net assets available for benefits.

3.12 Provisions and contingent liabilities

89. A provision is recognized for future liabilities and charges if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

90. Contingent liabilities are disclosed for any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

3.13 Employee benefits

91. Among certain short-term and other long-term benefits, the Fund provides its employees with certain post-employment benefits.

92. After-service health insurance and the repatriation grant are classified as defined benefit schemes and accounted for as such.

93. The employees of the Pension Fund themselves participate in the Fund. While the Fund is a defined benefit scheme, it has been classified as a multi-employer fund. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Fund, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Fund’s contributions to the plan during the financial period are recognized as expenses in the statement of changes in net assets available for benefits.

3.14 Reconciliation of budget information

94. The Fund’s budget is prepared on a modified cash basis and the financial statements on an accrual basis.

95. The General Assembly approves the annual budget for the Fund’s administrative expenses. Budgets may be subsequently amended by the Assembly or through the exercise of delegated authority.

96. As required by IPSAS 24, the statement of comparison of budget and actual amounts in relation to administrative expenses for the year ended 31 December 2020 provides a comparison of budget and actual amounts on a comparable basis. The comparison includes the original and final budget amounts, the actual amounts on the same basis as the corresponding budgetary amounts and an explanation of material differences (greater than +/-5 per cent) between the actual and budget amounts.

97. Note 21 provides a reconciliation of actual amounts presented on the same basis as the budget and administrative expense included in the statement of changes in net assets.

3.15 Related party transactions

98. Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

99. The following parties are considered related parties for the Fund in 2020:

(a) Key management personnel: the Chief Executive of Pension Administration (see note 1.2), the Representative of the Secretary-General, the Deputy Chief Executive of Pension Administration, the Director of the Office of Investment Management and the Chief Financial Officer;

(b) The General Assembly;

(c) The 24 member organizations participating in the Fund;

(d) The United Nations International Computing Centre.

100. A summary of the relationship and transactions with the above parties is given in note 23.

3.16 Subsequent events

101. Any information about conditions that existed at the date of the statement of net assets available for benefits that is received after the reporting period but before the financial statements are signed and that is material to the Fund is incorporated in the financial statements.

102. In addition, any event that occurs after the date of the statement of net assets available for benefits but before the financial statements are signed that is material to the Fund are disclosed in the notes to the financial statements.

Note 4
Cash and cash equivalents

103. Cash and cash equivalents include:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Cash at bank – Office of Investment Management	328 389	199 937
Cash at bank – Pension Administration	199 716	171 194
Cash held by external managers – Office of Investment Management	63 480	65 223
Total cash and cash equivalents	**591 585**	**436 354**

Note 5
Financial instruments by category

104. The tables below provide an overview of all financial instruments held by category as at 31 December 2020 and 31 December 2019.[2]

(Thousands of United States dollars)

	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	–	–
Alternatives and other investments	4 641 189	–	–
Contributions receivable	–	50 364	–
Accrued income from investments	–	155 355	–
Receivable from investments traded	–	17 645	–
Withholding tax receivables	–	52 150	–
Other assets	–	27 310	–
Total financial assets	**81 482 893**	**302 824**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	144 372
Payable from investments traded	–	–	2 234
After-service health insurance and other employee benefit liabilities	–	–	116 330
Other accruals and liabilities	–	–	11 106
Total financial liabilities	**–**	**–**	**274 042**

Investments exceeding 5 per cent of net assets

105. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2020.

106. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2020. The Fund held a total of $724.1 million in two real estate funds as at 31 December 2020, which represented 5 per cent or more of investments in the real assets category.

[2] Non-financial assets and liabilities other than employee benefits are excluded from the table, as this analysis is required only for financial instruments.

(Thousands of United States dollars)

	As at 31 December 2019		
	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	436 354	–	–
Investments			
Equities	42 309 141	–	–
Fixed income	20 412 531	–	–
Real assets	5 265 732	–	–
Alternatives and other investments	3 562 570	–	–
Contributions receivable	–	64 912	–
Accrued income from investments	–	163 163	–
Receivable from investments traded	–	15 390	–
Withholding tax receivables	–	35 789	–
Other assets	–	21 674	–
Total financial assets	**71 986 328**	**300 928**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	105 970
Payable from investments traded	–	–	27 191
After-service health insurance and other employee benefit liabilities	–	–	103 989
Other accruals and liabilities	–	–	19 352
Total financial liabilities	–	–	**256 502**

Investments exceeding 5 per cent of net assets

107. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2019.

108. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2019. The Fund held a total of $651.6 million in two real estate funds as at 31 December 2019, which represented 5 per cent or more of investments in real assets category.

Note 6
Fair value measurement

109. IPSAS establishes a three-level fair value hierarchy under which financial instruments are categorized on the basis of the significance of inputs to the valuation technique. Level 1 includes those securities where unadjusted quoted prices are available in active markets for identical assets or liabilities. Level 2 includes those securities where inputs other than quoted prices included within level 1 are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 includes those securities where inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). The level in the fair value hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level of information that is significant to the fair value measurement. If a fair value

measurement of an investment uses observable inputs that require significant adjustment on the basis of unobservable inputs, that investment is classified as level 3.

110. Assessing the significance of a particular input to the fair value measurement of an investment in its entirety requires judgment, considering factors specific to the investment.

111. The tables below present the fair value hierarchy of the Fund's investments (by asset class) measured at fair value as at 31 December 2020 and 31 December 2019.

(Thousands of United States dollars)

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 agency securities	–	21 000 548	–	21 000 548
Asset-backed securities	–	152 242	–	152 242
Corporate bonds/commercial paper	–	352 922	22 789	375 711
Municipal/provincial bonds	–	24 103	–	24 103
Commercial mortgage-backed	–	771 043	–	771 043
Funds – corporate bond	–	–	53 884	53 884
Total fixed income	**–**	**22 300 858**	**76 673**	**22 377 531**
Real assets				
Real estate funds	–	211 725	5 268 878	5 480 603
Infrastructure assets	–	–	17 515	17 515
Timberlands	–	–	129 255	129 255
Commodity funds	–	–	–	–
Total real assets	**–**	**211 725**	**5 415 648**	**5 627 373**
Alternatives and other investments				
Private equity	–	–	4 641 189	4 641 189
Total alternatives and other investments	**–**	**–**	**4 641 189**	**4 641 189**
Total	**48 241 941**	**22 512 583**	**10 136 784**	**80 891 308**

(Thousands of United States dollars)

Fair value hierarchy as at 31 December 2019	*Level 1*	*Level 2*	*Level 3*	*Total*
Equities				
Common and preferred stock	40 686 191	–	–	40 686 191
Funds – exchange-traded funds	1 388 880	–	–	1 388 880
Funds – common stock	–	–	138 935	138 935
Stapled securities	95 135	–	–	95 135
Total equities	**42 170 206**	**–**	**138 935**	**42 309 141**
Fixed income				
Government and agency securities	–	18 863 212	–	18 863 212
Asset-backed securities	–	153 402	4 183	157 585
Corporate bonds	–	552 610	42 856	595 466
Municipal/provincial bonds	–	37 873	–	37 873
Commercial mortgage-backed	–	704 655	–	704 655
Funds – corporate bond	–	–	53 740	53 740
Total fixed income	**–**	**20 311 752**	**100 779**	**20 412 531**
Real assets				
Real estate funds	–	229 906	4 818 178	5 048 084
Infrastructure assets	–	–	137 037	137 037
Commodity funds	–	–	63 897	63 897
Timberlands	–	–	16 714	16 714
Total real assets	**–**	**229 906**	**5 035 826**	**5 265 732**
Alternatives and other investments				
Private equity	–	–	3 562 570	3 562 570
Total alternatives and other investments	**–**	**–**	**3 562 570**	**3 562 570**
Total	**42 170 206**	**20 541 658**	**8 838 110**	**71 549 974**

Equities

112. Common and preferred stocks, exchange-traded funds, real estate investment trusts and stapled securities were classified under level 1 if bid prices were available from institutional vendors.

113. Common stock funds amounting to $3.3 million as at 31 December 2020 (31 December 2019: $138.9 million) were valued using a net asset value approach and hence classified under level 3.

Fixed income

114. The vast majority of the fixed-income securities prices were not obtained from an active market directly, which would have led to a level 1 classification. Instead, prices were obtained through bids from brokers, which were indicative quotes and therefore classified as level 2.

115. Corporate bond funds amounting to $53.9 million as at 31 December 2020 (31 December 2019: $53.7 million), asset-backed securities of zero (31 December 2019: $4.2 million), and corporate bonds/commercial paper amounting to $22.8 million as at 31 December 2020 (31 December 2019: $42.9 million) were considered to be level 3. Inputs for the value of these investments, while available from third-party sources, were not well defined, readily observable market data. Consequently, the Fund has decided to classify such investments as level 3.

Real assets and alternatives and other investments

116. Real assets amounting to $5,415.6 million as at 31 December 2020 (31 December 2019: $5,035.8 million), net of carried interest of $163.1 million (31 December 2019: $171.9 million) as well as alternatives and other investments amounting to $4,641.2 million as at 31 December 2020 (31 December 2019: $3,562.6 million), net of carried interest of $336.2 million (31 December 2019: $222.5 million) were classified under level 3, as they were priced using the net asset value methodology, for which the Fund was unable to corroborate or verify inputs using observable market data. In addition, limited options were available to the investors to redeem units, hence making the investments in such funds relatively illiquid.

117. Two real estate funds amounting to $211.7 million (31 December 2019: $229.9 million), which were readily redeemable at net asset value without penalties, were classified as level 2 assets, representing the net asset value as reported by the fund manager.

118. The table below presents the inter-level transfers for the year ended 31 December 2020.

(Thousands of United States dollars)

	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**
Transfers out of				
Fixed income	–	–	(4 183)	(4 183)
Equities	–	–	–	–
Real assets	–	–	–	–
Alternatives and other investments	–	–	–	–
Total	**–**	**–**	**(4 183)**	**(4 183)**

119. For the year ended 31 December 2020, there was a transfer of one fixed-income security, amounting to $4.2 million as at 31 December 2020, out of level 3 and into level 2. The security was priced by multiple vendors as at 31 December 2020, as compared with a single vendor as at 31 December 2019. Consequently, the Fund decided to classify this investment as level 2.

120. There were no transfers between levels for the year ended 31 December 2019.

121. The table below presents the movements in level 3 instruments for the year ended 31 December 2020 by class of financial instrument.

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternatives 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 period-end and included in the statement of changes in net assets available for benefits	13 483	(3 093)	113 550	711 291	835 231

122. The table below presents the movements in level 3 instruments for the year ended 31 December 2019 by class of financial instrument.

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternatives and other investments*	*Total*
Opening balance	**127 585**	**88 692**	**4 195 403**	**2 640 817**	**7 052 497**
Purchases	7 941	8 025	1 215 337	977 215	2 208 518
Sales/return of capital	(516)	(308)	(715 327)	(500 844)	(1 216 995)
Transfers (out of)/into level 3	–	–	–	–	–
Net gains and losses recognized in the statement of changes in net assets available for benefits	3 925	4 370	340 413	445 382	794 090
Closing balance	**138 935**	**100 779**	**5 035 826**	**3 562 570**	**8 838 110**
Change in unrealized gains and losses for level 3 assets held at period-end and included in the statement of changes in net assets available for benefits	(8 758)	4 370	157 920	383 528	537 060

Note 7
Accrued income from investments

123. Accrued income from investments is income earned during the year that has yet to be received as at the date of the statement of net assets available for benefits.

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Cash and cash equivalents	–	130
Fixed-income securities	91 820	101 121
Dividends receivable on equities	57 914	56 820
Real assets and alternative investments	5 621	5 092
Total accrued income from investments	**155 355**	**163 163**

Note 8
Withholding tax receivables

124. Withholding tax receivables as at 31 December 2020 and 31 December 2019 and withholding tax expense for the years ended 31 December 2020 and 31 December 2019 by country are as follows:

(Thousands of United States dollars)

	For the year 2020			As at 31 December 2020			For the year 2019			As at 31 December 2019		
Country	*Tax withheld*	*Tax received*	*Tax expense*	*Tax recoverable*	*Deemed not recoverable*	*Tax receivable*	*Tax withheld*	*Tax received*	*Tax expense*	*Tax recoverable*	*Deemed not recoverable*	*Tax receivable*
Australia	458	–	(67)	569	–	569	42	–	(2)	44	–	44
Belgium	87	–	(63)	780	–	780	625	–	(5)	630	–	630
Brazil	220	–	220	299	(299)	–	196	–	196	401	(401)	–
Canada	–	–	(1)	13	–	13	12	–	–	12	–	12
Chile	435	607	(175)	41	–	41	401	434	(58)	38	–	38
China	5 435	1 020	4 712	17 176	(17 176)	–	3 578	587	2 790	14 747	(14 450)	297
Colombia	122	1	(13)	142	–	142	8	–	–	8	–	8
Czechia	426	218	(12)	453	–	453	148	–	–	233	–	233
Denmark	121	–	(3)	124	–	124	–	–	–	–	–	–
Egypt	1 479	–	(7)	1 486	–	1 486	–	–	–	–	–	–
Finland	495	–	(52)	547	–	547	–	–	–	–	–	–
Germany	5 892	1 187	(1 954)	22 327	–	22 327	7 531	6 431	206	15 668	–	15 668
Greece	–	–	–	121	(121)	–	–	–	–	111	(111)	–
India	533	–	(11)	544	–	544	–	–	–	–	–	–
Indonesia	266	–	266	267	(267)	–	–	–	–	–	–	–
Ireland	–	–	–	–	–	–	–	31	–	–	–	–
Israel	–	704	(704)	–	–	–	–	–	–	–	–	–
Japan	–	–	–	4	–	4	4	–	–	4	–	4
Luxembourg	1	–	(1)	21	–	21	4	–	–	4	–	4
Mexico	–	–	60	56	(56)	–	–	–	(2)	60	–	60
Netherlands	1 059	2 447	(187)	1 848	–	1 848	2 198	91	13	3 064	–	3 064
Norway	189	–	(27)	581	–	581	363	–	(2)	365	–	365
Papua New Guinea	–	–	–	20	(20)	–	–	–	–	19	(19)	–
Philippines	930	–	(39)	1 034	–	1 034	107	43	(1)	65	–	65
Russian Federation	3 281	1 211	3 511	2	–	2	1 894	–	451	1 443	–	1 443
Singapore	56	45	(2)	58	–	58	44	42	(1)	45	–	45
Spain	1 283	1 390	(8)	149	–	149	2 260	2 530	19	248	–	248
Sweden	10	–	–	43	(33)	10	–	–	–	30	(30)	–
Switzerland	9 249	2 549	(1 752)	20 547	–	20 547	9 166	–	(391)	12 095	–	12 095
Turkey	–	–	20	268	(187)	81	72	–	8	334	(233)	101
United Kingdom	658	1 339	(105)	795	(6)	789	1 817	1 393	11	1 365	–	1 365
Total	**32 685**	**12 718**	**3 606**	**70 315**	**(18 165)**	**52 150**	**30 470**	**11 582**	**3 232**	**51 033**	**(15 244)**	**35 789**

125. In Brazil and some provinces in China, and for certain periods in Greece, Mexico, Papua New Guinea, Sweden and Turkey, there is no formally established reclamation mechanism in place, and in these cases the Fund's custodians have thus far been unable to file and/or reclaim the taxes withheld. While these Member States have confirmed the Fund's tax-exempt status, the taxes withheld from direct investments in these countries are accrued and continue to be deemed not recoverable in 2020, unless there is certainty of reclaim in the subsequent years. The Fund does not currently have confirmation of tax-exempt status in Indonesia and is in the process of planning to seek this confirmation. Accordingly, the taxes withheld from direct investments in Indonesia are accrued and deemed not recoverable in 2020.

126. An ageing analysis of withholding tax receivable as at 31 December 2020 and 31 December 2019 is presented in the table below.

(Thousands of United States dollars)

	As at 31 December 2020			*As at 31 December 2019*		
Country	*Greater than 3 years*	*Less than 3 years*	*Tax receivable*	*Greater than 3 years*	*Less than 3 years*	*Tax receivable*
Australia	–	569	569	–	44	44
Belgium	–	780	780	–	630	630
Canada	–	13	13	–	12	12
Chile	–	41	41	–	38	38
China	–	–	–	–	297	297
Colombia	–	142	142	–	8	8
Czechia	–	453	453	–	233	233
Denmark	–	124	124	–	–	–
Egypt	–	1 486	1 486	–	–	–
Finland	–	547	547	–	–	–
Germany	–	22 327	22 327	–	15 668	15 668
India	–	544	544	–	–	–
Japan	–	4	4	–	4	4
Luxembourg	–	21	21	–	4	4
Mexico	–	–	–	–	60	60
Netherlands	–	1 848	1 848	–	3 064	3 064
Norway	–	581	581	–	365	365
Philippines	–	1 034	1 034	–	65	65
Russian Federation	–	2	2	–	1 443	1 443
Singapore	–	58	58	–	45	45
Spain	–	149	149	–	248	248
Sweden	–	10	10	–	–	–
Switzerland	–	20 547	20 547	–	12 095	12 095
Turkey	–	81	81	–	101	101
United Kingdom	–	789	789	–	1 365	1 365
Total	**–**	**52 150**	**52 150**	**–**	**35 789**	**35 789**

Note 9
Other assets

127. The other assets included in the statement of net assets available for benefits can be broken down as follows:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Prepayments and benefits receivable	18 439	14 976
Property, plant and equipment	–	3 724
United Nations receivables	7 173	6 039
Other receivables	1 698	659
Total	**27 310**	**25 398**

9.1 Prepayments and benefits receivables

128. An overview of the prepayments and other accounts receivable held by the Fund is as follows:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Prepayments	7 309	4 206
Advance benefit payments due to payroll conversion	5 732	6 345
Benefits receivable	10 504	9 076
Benefits receivable – provision	(5 106)	(4 651)
Total	**18 439**	**14 976**

9.2 Property, plant and equipment

129. An overview of the fixed assets held by the Fund is as follows:

(Thousands of United States dollars)

	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

	Information technology equipment	*Leasehold improvements*		
	In use	*In use*	*Under construction*	*Total*
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	**–**	**–**	**–**	**–**

	Information technology equipment	*Leasehold improvements*		
	In use	*In use*	*Under construction*	*Total*
Cost				
1 January 2019	1 320	13 963	2 439	17 722
Additions	–	4 661	(2 439)	2 222
Disposals/transfers	(86)	–	–	(86)
31 December 2019	1 234	18 624	–	19 858
Accumulated depreciation				
1 January 2019	1 249	12 532	–	13 781
Depreciation	7 1	2 368	–	2 439
Disposals/transfers	(86)	–	–	(86)
31 December 2019	1 234	14 900	–	16 134
Net book value, 31 December 2019	**–**	**3 724**	**–**	**3 724**

130. The leasehold improvements in use and under construction included above relate to the Fund’s improvements to its offices at New York.

9.3 Intangible assets

131. An overview of the intangible assets held by the Fund is as follows:

(Thousands of United States dollars)

	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

	Intangible assets		
	In use	*Under construction*	*Total*
Accumulated amortization			
1 January 2020	20 336	–	20 336
Amortization	–	–	–
Disposals	–	–	–
31 December 2020	20 336	–	20 336
Net book value, 31 December 2020	**–**	**–**	**–**

	Intangible assets		
	In use	*Under construction*	*Total*
Cost			
1 January 2019	20 980	–	20 980
Additions	–	–	–
Transfers	–	–	–
Disposals	(644)	–	(644)
31 December 2019	20 336	–	20 336
Accumulated amortization			
1 January 2019	20 955	–	20 955
Amortization	2 5	–	2 5
Disposals	(644)	–	(644)
31 December 2019	20 336	–	20 336
Net book value, 31 December 2019	–	–	–

Note 10
Benefits payable

132. The amount shown in the statement of net assets can be broken down as follows:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Withdrawal settlements[a]	92 670	59 490
Lump-sum payments	14 411	12 146
Periodic benefits payable	37 254	34 297
Other benefits payable/adjustments	37	37
Total	**144 372**	**105 970**

[a] For 2020, the methodology used to estimate liabilities for unprocessed withdrawal settlement benefits was changed, leading to a substantial increase in the liability. The Fund now considers all cases eligible for processing rather than the experience from prior periods.

Note 11
After-service health insurance and other employee benefits

133. A breakdown of the after-service health insurance and other benefits payable amount shown in the statement of net assets is as follows:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
After-service health insurance liability	105 186	93 611
Repatriation grant and related costs	5 493	4 977
Education grant and related costs	410	381
Annual leave	4 882	4 686
Home leave	359	334
Total	**116 330**	**103 989**

After-service health insurance, annual leave, and repatriation grants liability

134. The Fund provides its employees who have met certain eligibility requirements with the following after-service and end-of-service benefits:

- Health-care benefits after they retire. This benefit is referred to as after-service health insurance.
- Repatriation benefits to facilitate the relocation of expatriate staff members.
- Annual leave benefits to provide staff members with periods of time off from work at full pay for personal reasons and for purposes of health, rest and recreation. Upon separation from service, staff members who have accrued unused annual leave will be paid for each day of unused leave up to a maximum of 60 days.

135. The liabilities as at 31 December 2020 were the result of the roll forward to 31 December 2020 of the end-of-service benefit obligations as at 31 December 2019 for the Fund by the Consulting Actuary; and:

- Health insurance premium and contribution data provided by the United Nations
- Actual retiree claims experience under health insurance plans
- Estimated travel and shipment costs and annual leave balances reported by the United Nations in the census data
- Various economic, demographic and other actuarial assumptions
- Generally accepted actuarial methods and procedures

136. In performing the roll forward to 31 December 2020, only the financial assumptions such as the discount rates, inflation and health-care cost trend rates were reviewed as at 31 December 2020 and updated when necessary. All other assumptions remain the same as those used for the full valuation as at 31 December 2019.

137. The key assumptions in the calculation of after-service liabilities are the discount rate and health-care trend rates. The discount rate is based on the “spot” rate that reflects the market expectations at the time of the calculations to meet future expected benefit payments, based on high-quality bonds. The discount rate is then the equivalent single rate that would produce the same liability as the full spot curve using the multiple bonds necessary to meet the future cash flow expectations.

138. The yield curves used in the calculation of the discount rates in respect of the United States dollar, the euro and the Swiss franc are those developed by Aon Hewitt, consistent with the decision of the Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

139. For 31 December 2020, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 2.44 per cent for the after-service health insurance scheme
- 2.08 per cent for repatriation benefits
- 2.23 per cent for annual leave

140. For 31 December 2019, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 2.84 per cent for the after-service health insurance scheme
- 2.99 per cent for repatriation benefits
- 2.50 per cent for annual leave

141. For the purpose of comparison, the table below shows the impact on accrued liability based on a 0.5 per cent change in the discount rate.

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	13 per cent increase	4 per cent increase	4 per cent increase

142. The comparison of health-care cost trend rates is as follows:

	31 December 2020	*31 December 2019*
United States non-Medicare	5.31 per cent trending down to 3.65 per cent after 14 years	5.44 per cent trending down to 3.85 per cent after 13 years
United States Medicare	5.15 per cent trending down to 3.65 per cent after 14 years	5.26 per cent trending down to 3.85 per cent after 13 years
United States dental	4.59 per cent trending down to 3.65 per cent after 14 years	4.66 per cent trending down to 3.85 per cent after 13 years
Non-United States – Switzerland	3.65 per cent trending down to 2.75 per cent after 8 years	3.76 per cent trending down to 2.85 per cent after 8 years
Non-United States – eurozone	3.73 per cent trending down to 3.25 per cent after 6 years	3.83 per cent trending down to 3.65 per cent after 3 years

143. For the purpose of comparison, the table below shows the effect on the obligations of a 0.5 per cent change in the assumed medical cost trend rate.

(Thousands of United States dollars)

2020	*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)

2019	*Increase*	*Decrease*
Effect on the defined-benefit obligation	11 238	(9 717)
Effect on the aggregate of the current service cost and the interest rate	1 015	(857)

144. The increase in the total after-service health insurance liabilities reported from 31 December 2019 to 31 December 2020 is due primarily to the impact of changing the financial assumptions, in particular the decrease in the discount rates for benefits denominated in United States dollars.

145. The table below illustrates the movements in post-employment net defined-benefit liabilities.

(Thousands of United States dollars)

	2020			*2019*		
	After-service health insurance	*Repatriation grant*	*Annual leave*	*After-service health insurance*	*Repatriation grant*	*Annual leave*
Net defined-benefit liability as at 1 January	**93 611**	**4 977**	**4 686**	**80 478**	**3 271**	**3 468**
Current service cost	3 955	297	383	2 833	181	218
Interest cost	2 643	144	112	3 418	131	140
Benefits paid	(1 157)	(342)	(418)	(1 608)	(218)	(267)
Actuarial (gains)/losses	6 134	417	119	8 490	1 612	1 127
Net defined-benefit liability as at 31 December	**105 186**	**5 493**	**4 882**	**93 611**	**4 977**	**4 686**

146. The table below illustrates the estimated benefit payments net of participant contributions for the next 10 years.

(Thousands of United States dollars)

	2021	*2022*	*2023*	*2024*	*2025*	*2026–2030*
After-service health insurance	1 300	1 474	1 654	1 812	1 983	12 589
Repatriation grant	347	433	415	371	370	1 757
Annual leave	386	383	325	289	286	1 261

147. Other specific key assumptions used in the calculations on the basis of census data as at 31 October 2019 are outlined below.

After-service health insurance

148. A total of 250 active staff were included in the calculation: 202 United States-based and 44 non-United States-based. A total of 91 retired staff or their surviving

spouses were included in the calculation: 73 United States-based and 15 non-United States-based. In addition, four active staff and three retirees or their surviving spouses who participated in dental-only plans were included. For active staff, the average age was 47 years with 10 years of service. The average age of retirees was 70 years.

Repatriation benefits

149. Staff members who are appointed as international staff are eligible for the payment of a repatriation grant after one year of active service outside their country of nationality, as long as the reason for separation is not summary dismissal or abandonment of post.

150. The amount ranges from 2 to 28 weeks of salary, depending on the category of employment and years of service of the eligible staff. Travel and shipment of personal effects may also be authorized to the recognized country of home leave.

151. A total of 101 eligible staff with an average annual salary of $83,424 were considered.

Annual leave

152. Staff are entitled to accrue annual leave from the date of their appointment. Staff members who, upon separation from service, have accrued leave will be paid up to a maximum of 60 days if on a fixed-term appointment or up to 18 days on a temporary appointment. Payment amount is calculated at 1/261 of applicable salary amounts for each day of unused annual leave.

153. A total of 325 active staff with an average annual salary of $101,136 were considered.

Note 12
Other accruals and liabilities

154. The amount shown as other accruals and liabilities in the financial statements can be broken down as follows:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Accruals for management fees and expenses	6 630	14 452
Accrual for contractual services	483	–
Restoration payable	3 533	3 342
Operating leases accrual	61	1 109
Audit fee accrual	197	197
Other	202	252
Total	**11 106**	**19 352**

Note 13
Investment income

155. The table below summarizes the Fund’s income from investments net of transaction costs recognized during the period. Any transaction cost that can be allocated to a single transaction or trade is netted off against investment income. Examples are broker commissions, other transaction costs and management fees. Any management expense charged to the income statement of a real asset or alternative fund was recorded separately as management expenses in the Fund’s statement of changes in net assets and included under transaction costs.

156. In some jurisdictions, the Fund receives dividend income, interest income and real estate income without any withholding tax. This is primarily a result of the fact that pension funds are exempt from withholding taxes in many jurisdictions. However, a number of jurisdictions do not provide this benefit to all pension funds, but recognize that the United Nations Joint Staff Pension Fund is part of the United Nations and hence exempt from national taxation by Member States on its direct investments in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a), of the 1946 Convention on the Privileges and Immunities of the United Nations (see also note 3.3). The Fund is not able to reliably measure the value of the additional tax exemption obtained by being part of the United Nations and therefore does not disclose the value of this additional benefit on the face of the statement of changes in net assets available for benefits as non-exchange income in accordance with IPSAS 23: Revenue from non-exchange transactions.

(Thousands of United States dollars)

	2020	*2019*
Total change in fair value for financial assets designated at fair value	**8 208 579**	**10 009 778**
Interest income		
Interest income on cash and cash equivalents	1 571	11 477
Interest income on fixed-income instruments	596 745	507 314
Total interest income	**598 316**	**518 791**
Total dividend income	**817 362**	**918 469**
Total income from unitized real estate funds	**74 344**	**78 547**
Transaction costs		
Management fees and other related fees	(151 599)	(129 209)
Small capitalization fund management fees	(11 726)	(11 892)
Brokerage commissions	(12 571)	(14 374)
Other transaction costs	(3 944)	(3 273)
Total transaction costs	**(179 840)**	**(158 748)**
Withholding tax	**(3 606)**	**(3 232)**
Other investment-related income/(expenses), net	**885**	**(1 348)**
Net investment income	**9 516 040**	**11 362 257**

157. The table below presents the change in the fair value of investments by asset class as a result of change in market price and currency exchange rate for the years ended 31 December 2020 and 31 December 2019.

(Thousands of United States dollars)

	2020			2019 (reclassified)		
	Market price	*Currency*[a]	*Total change*	*Market price*	*Currency*[a]	*Total change*
Equities	6 158 393	490 825	6 649 218	8 388 111	72 595	8 460 706
Fixed Income	624 926	(153 441)	471 485	674 440	(2 336)	672 104
Real assets investments	137 369	59 144	196 513	373 325	5 818	379 143
Alternative investments	872 357	34 747	907 104	506 071	(3 556)	502 515
Cash, cash equivalents and receivable and payable from investment traded	–	(15 741)	(15 741)	–	(4 690)	(4 690)
Total change in fair value for financial assets designated at fair value	**7 793 045**	**415 534**	**8 208 579**	**9 941 947**	**67 831**	**10 009 778**

[a] Change in currency exchange gain/(loss) includes a realized currency exchange loss of $338.6 million (2019: loss of $467.7 million) and an unrealized currency exchange gain of $754.1 million (2019: gain of $535.5 million).

Note 14
Pension contributions

158. Pension contributions received during the period can be broken down as follows:

(Thousands of United States dollars)

	2020	*2019*
Contributions from participants		
Regular contributions	943 677	884 515
Contributions for validation	761	1 006
Contributions for restoration	4 853	4 860
	949 291	**890 381**
Contributions from member organizations		
Regular contributions	1 887 354	1 769 030
Contributions for validation	1 523	2 228
	1 888 877	**1 771 258**
Other contributions		
Contributions for participants transferred in under agreements	3 964	23 013
Receipts of excess actuarial value over regular contributions	217	444
Other contributions/adjustments	4 798	3 760
	8 979	**27 217**
Total contributions for the period	**2 847 147**	**2 688 856**

159. The contributions received vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by the

International Civil Service Commission (ICSC) and the yearly step increase to individual pensionable remuneration received by all participants.

160. During 2020, ICSC revised the pensionable remuneration rates for staff in the Professional and higher categories effective 1 February 2020. As a result, the pensionable remuneration rates increased by 2.9 per cent on average for staff in the Professional category compared with the previous revision, effective 1 February 2019.

Note 15
Pension benefits

161. Pension benefits during the period can be broken down as follows:

(Thousands of United States dollars)

	2020	*2019*
Withdrawal settlements and full commutation of benefits		
For contributory service of 5 years or less	39 409	54 360
For contributory service of more than 5 years	137 562	140 222
	176 971	**194 582**
Retirement benefits		
Full retirement benefits	1 360 779	1 308 496
Early retirement benefits	742 084	717 656
Deferred retirement benefits	117 459	107 173
Disability benefits	94 335	86 227
Survivor benefits	275 417	259 820
Child benefits	32 788	31 747
	2 622 862	**2 511 119**
Other benefits/adjustments		
Payments for participants transferred out under agreements	2 219	1 232
Forfeitures	(11 048)	(1 408)
Other benefits/adjustments	(2 023)	(5 560)
	(10 852)	**(5 736)**
Total pension benefits for the period	**2 788 981**	**2 699 965**

Note 16
Administrative expenses

162. Administrative expenses in 2020 are as follows:

(Thousands of United States dollars)

	2020				
	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
Hospitality	–	–	–	–	–
Consultants	–	143	105	–	248
Travel	26	35	36	–	97
Contractual services	248	11 649	12 781	–	24 678
General operating expenses	–	10 134	3 005	–	13 139
Supplies and materials	–	22	2	–	24
Furniture and equipment	–	1 062	22	–	1 084
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	1 649	1 649
Total administrative expenses	**1 144**	**62 553**	**37 651**	**1 846**	**103 194**

163. The administrative expenses for 2020 are not comparable to those for 2019 owing to a revision of the cost-sharing arrangement between the Fund and the United Nations Secretariat, as stated in paragraph 52 of the present notes. Following the revision of the cost-sharing arrangement, the income from services provided to the United Nations is presented separately from the administrative expenses for 2020. For 2019, the payment received from the United Nations had been deducted from the administrative expenses. The administrative expenses for 2019 on a comparative presentation as for 2020 are as follows:

(Thousands of United States dollars)

	2019				
	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)	–	27 576	14 604	–	42 180
Changes in the value of the after-service health insurance liability	–	9 114	3 797	222	13 133
Other staff costs	–	4 935	2 262	–	7 197
Hospitality	–	–	3	–	3
Consultants	–	148	105	–	253
Travel	–	435	727	–	1 162
Contractual services	–	10 508	17 261	–	27 769
General operating expenses	–	7 157	740	–	7 897
Supplies and materials	–	65	15	–	80
Furniture and equipment	–	1 020	514	–	1 534
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	1 681	1 681
Pension Board expenses	678	–	–	–	678
Total administrative expenses on a comparable basis	**678**	**60 958**	**40 028**	**1 903**	**103 567**
Payment received from the United Nations Secretariat	–	(11 530)	–	(272)	(11 802)
Total administrative expenses	**678**	**49 428**	**40 028**	**1 631**	**91 765**

Note 17
Other expenses

164. Other expenses during the year are as follows:

(Thousands of United States dollars)

	2020	*2019*
Emergency fund expense	55	38
Provision for unrecoverable overpayments of benefits	1 073	914
Total other expenses	**1 128**	**952**

Note 18
Actuarial situation of the Fund
(see also note 1.5)

165. The Fund provides retirement, death, disability and related benefits for staff of the United Nations and other organizations admitted to membership in the Fund. Accumulated (promised) plan benefits represent the total actuarial present value of those estimated future benefits that are attributable under the Fund's provisions to the service that staff have rendered as at the valuation date. Accumulated plan benefits

include benefits to be paid to: (a) retired or terminated staff or their beneficiaries; (b) beneficiaries of staff who have died; and (c) present staff or their beneficiaries.

166. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included to the extent that they are deemed attributable to service that staff have rendered as at the valuation date.

167. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries and the amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

168. The Fund is applying the guidance included in IAS 26.28 (b) and discloses the actuarial present value of promised retirement benefits in the notes to its financial statements.

Key assumptions

169. The significant actuarial assumptions used are the same as those used in the valuation as at 31 December 2019 and are as follows:

- Life expectancy of participants (2017 United Nations mortality tables adjusted for forecast improvements in mortality)
- Age-specific retirement and turnover assumptions
- Additional assumptions regarding the percentage of benefit commuted and the percentage of participants who are married, among others
- Annual investment return of 6.0 per cent, which serves as the discount rate for liabilities
- Annual rate of 2.5 per cent for cost-of-living increases in pensions
- No adjustment to the liabilities has been made on account of the COVID-19 pandemic, since its impact cannot be readily quantified until the next full valuation of the Fund, to be performed as at 31 December 2021.

170. These key assumptions were recommended by the Committee of Actuaries and adopted by the Pension Board at its sixty-sixth session, in July 2019. The foregoing actuarial assumptions are based on the presumption that the Fund will continue. Were the Fund to be terminated, different actuarial assumptions and other factors may be applicable in determining the actuarial present value of accumulated plan benefits.

Statement of accumulated benefits

171. The actuarial present value of accumulated plan benefits as at 31 December 2020 is as follows (see note 1.11 for a description of the pension adjustment system):

(Millions of United States dollars)

	If future pension payments are made under the Regulations	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	26 589	35 701
Vested terminated participants	1 142	1 963
Active participants	17 676	24 343
Total vested benefits	**45 407**	**62 007**
Non-vested benefits	984	1 252
Total actuarial present value of accumulated plan benefits	**46 391**	**63 259**

Information on participation in the Fund

172. The last valuation was provided by the consulting actuaries as at 31 December 2019, on the basis of the participation, shown below.

	As at 31 December 2019
Active participants accruing benefits	
Number	119 932
Annual remuneration (millions of United States dollars)	11 467
Average remuneration (United States dollars)	**95 613**
Inactive participants no longer accruing benefits	
Number	11 651
Annual benefits payable at normal retirement age (millions of United States dollars)	119
Average benefit payable at normal retirement age (United States dollars)	**10 219**
Retired participants and beneficiaries	
Number	79 975
Annual benefits (millions of United States dollars)	2 455
Average benefit (United States dollars)	**30 697**

Note 19
Commitments and contingencies

19.1 Investment commitments

173. As at 31 December 2020 and 31 December 2019, the Fund was committed to the following investment commitments:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Real estate funds	3 035 723	2 736 907
Private equity	3 303 070	2 912 648
Infrastructure funds	209 497	224 881
Timberland funds	11 270	11 270
Total commitments	**6 559 560**	**5 885 706**

174. In the private equity and real estate, infrastructure and timberland investments, funds are drawn down in accordance with the terms and conditions of the fund agreements. The fund agreements are unique to each individual investment. However, funds are drawn down to: (a) fund investments in assets that have been purchased or are being contracted for purchase; and (b) pay fees earned by the general partner or manager under the terms and conditions of the fund agreement.

19.2 Lease commitments

175. As at 31 December 2020 and 31 December 2019, the Fund was committed to the following lease commitments:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Obligations for property leases		
Less than 1 year	560	5 745
1–5 years	17 903	–
Greater than 5 years	51 107	–
Total property lease obligations	**69 570**	**5 745**

176. The leases for the Fund’s office in New York expired on 31 December 2020. A renewal of the leases for a period of 11 years, with the first year rent-free, was agreed with the landlord on 31 December 2020.

19.3 Legal or contingent liabilities and contingent assets

177. There are no contingent liabilities arising from legal actions and claims that are likely to result in a material liability to the Fund.

178. Contingent assets are excluded from the statement of net assets available for benefits on the basis that the inflow of economic benefits is not virtually certain but reliant on the incurrence of an event outside of the control of the Fund. There were no contingent assets as at 31 December 2020 or 31 December 2019.

Note 20
Risk assessment

179. The Fund’s activities expose it to a variety of financial risks, including, but not limited to, credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

180. The Fund's investment risk management programme seeks to measure and monitor the risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance, consistent with the Fund's strategic asset allocation policy. The Investments Committee provides advice to the Representative of the Secretary-General on investment strategy and reviews the investments of the Fund at its quarterly meetings. The Committee advises on long-term policy, asset allocation and strategy, diversification by type of investment, currency and economic sector and any other matters.

181. The Fund uses different methods to measure, monitor and manage the various types of financial risks to which it is exposed. These methods are explained below.

20.1 Credit risk

182. Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms, resulting in a loss. The risk of a trading partner not fulfilling its obligations to another in a timely manner is a risk that all obligors face. Ensuring adequate control over credit risk and effective risk management is critical to the long-term sustainability of the Fund. The Fund manages risk by addressing the following important areas:

- Approving and maintaining appropriate credit exposure measurement and monitoring standards
- Establishing limits for amounts and concentrations of credit risk and monitoring and implementing a review process for credit exposure
- Ensuring adequate controls over credit risk

183. The Fund is primarily exposed to credit risk in its fixed income asset class. The Fund manages credit risk in line with the authorized investment policy statement and the relevant benchmarks for fixed-income investments. The benchmarks require the issue or issuer to have been rated by at least one of the following well-known credit rating agencies: S&P Global Ratings, Moody's and Fitch.

184. The tables below summarize the credit ratings obtained from rating agencies (Moody's, S&P Global Ratings or Fitch) for the Fund's fixed-income portfolio as at 31 December 2020 and 31 December 2019. The Fund used the issue ratings of Moody's as the primary source for the information shown in the tables. If the issue is not rated, then the Moody's issuer rating is used. If neither the issue nor the issuer is evaluated by Moody's, then ratings for the issue or issuer are obtained from S&P Global Ratings or Fitch.

(Thousands of United States dollars)

	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 agency securities	17 867 385	859 661	1 647 622	625 880	–	21 000 548
Asset-backed securities	152 242	–	–	–	–	152 242
Corporate bonds/commercial paper	58 848	149 013	167 850	–	–	375 711
Municipal/provincial bonds	24 103	–	–	–	–	24 103
Commercial mortgage-backed	771 043	–	–	–	–	771 043
Funds – corporate bond	–	–	–	–	53 884	53 884
Total	**18 873 621**	**1 008 674**	**1 815 472**	**625 880**	**53 884**	**22 377 531**
Percentage	**84.34**	**4.51**	**8.11**	**2.80**	**0.24**	**100.0**

[a] One security, amounting to $53.9 million, was a bond fund and, as such, was not evaluated by any credit rating agency.

(Thousands of United States dollars)

Fixed income	31 December 2019 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 agency securities	15 725 534	1 463 835	1 082 996	590 847	–	18 863 212
Asset-backed securities	157 585	–	–	–	–	157 585
Corporate bonds	45 031	479 792	70 643	–	–	595 466
Municipal/provincial bonds	37 873	–	–	–	–	37 873
Commercial mortgage-backed	704 655	–	–	–	–	704 655
Funds – corporate bond	–	–	–	–	53 740	53 740
Total	**16 670 678**	**1 943 627**	**1 153 639**	**590 847**	**53 740**	**20 412 531**
Percentage	**81.67**	**9.52**	**5.66**	**2.89**	**0.26**	**100.0**

[a] One security, amounting to $53.7 million, was a bond fund and, as such, was not evaluated by any credit rating agency.

185. The table below presents a maturity analysis of fixed-income securities as at 31 December 2020 and 31 December 2019.

(Thousands of United States dollars)

Maturity	*31 December 2020*	*31 December 2019*
Less than 1 year	1 581 072	959 882
1–5 years	4 348 672	3 150 021
5–15 years	5 488 058	6 119 642
Greater than 15 years	10 959 729	10 182 986
Total	**22 377 531**	**20 412 531**

20.2 Liquidity risk

186. Liquidity risk is the risk of not meeting cash requirements for the Fund’s obligations. Cash requirements can arise from settlement needs for various investment trades, capital calls from uncalled or unfunded commitments, and benefit payment disbursements in various currencies. The Fund manages its liquidity risk by investing the vast majority of its investments in liquid securities.

20.3 Market risk

187. Market risk is the risk of change in the value of plan assets as a result of various market factor movements such as asset price, interest rates, major market index movements, currency exchange rates and market volatility. The Fund has adopted value at risk (VaR) as a parameter to measure the market risk, in addition to standard deviation and tracking risk. VaR is a universally accepted parameter to communicate market risk for financial institutions and asset management institutions. The Fund includes risk tolerance for investment risks in the investment policy approved by the Representative of the Secretary-General. On the basis of this risk tolerance, a risk budget has been assigned to each portfolio manager. The risk budget is modified once a year.

188. VaR, as a single number, summarizes the portfolio’s exposure to market risk, as well as the probability of an adverse move, or, in other words, level of risk. The main purpose of VaR is to assess market risks that result from changes in market prices. There are three key characteristics of VaR: (a) the amount (in percentage or dollar

terms); (b) the time horizon (in this case, one year); and (c) the confidence level (in this case, 95 per cent). When reported as 95 per cent confidence, the VaR95 number (in percentage or in dollar terms) indicates that there is a 95 per cent chance that portfolio losses will not exceed the given VaR 95 number (in percentage or dollar terms) over a year. In addition, the Fund reports tail risk or expected shortfall, which measures the average expected loss for the 5 per cent of the time when the losses exceed VaR 95. The Fund also reports contribution to risk. Considering the risk of the whole Fund as 100 per cent, contribution to risk indicates how much of the risk is contributed by that asset class. Contribution to risk is additive (all contributions will add up to 100 per cent). VaR 95 is not additive, owing to the diversification effect.

189. The table below depicts four important aspects of risk. It shows volatility or standard deviation in percentage, followed by VaR 95 for the given portfolio in percentage terms. Contribution to risk indicates how much each asset class is contributing to the total Fund risk. Clearly, total Fund risk is 100 per cent and each of the asset classes below indicates the contribution to the risk. Expected shortfall at 5 per cent (because the Fund is indicating VaR at 95 per cent) indicates the average value or expected value of losses for the 5 per cent of the time when losses exceed VaR 95.

190. All numbers in the tables below are reported for a one-year term horizon. For 2020, the estimated volatility on absolute basis (benchmark not included) of the total Fund was 13.37 per cent, the estimated VaR 95 was 17.61 per cent and the estimated expected shortfall (5 per cent) was 34.00 per cent. A VaR 95 of 17.61 per cent indicates that there is a 95 per cent chance that portfolio losses will not exceed 17.61 per cent over the year. The asset class with lowest VaR (lowest risk) is cash and short-term, followed by fixed income and total equity, and the asset class with the highest VaR (highest risk) is real estate, followed by private equity, infrastructure and timberland. The contribution to risk statistics is driven by the risk of the asset class, its weight in the portfolio and its correlation with other assets in the portfolio. Accordingly, for 2020, total equity contributed 82.41 per cent to total fund risk, while fixed income contributed -0.48 per cent, real estate 10.95 per cent and private equity 6.88 per cent. As at 31 December 2020, equities represented 59.19 per cent of the net assets available for benefits.

191. All numbers in the tables below are annualized using historical simulation.

(Percentage)

	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
Commodities	–	–	–	–
Infrastructure	18.13	25.61	0.21	47.75
Timberlands	18.13	25.16	0.03	47.75

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2020. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

(Percentage)

	2019			
Asset class	*Volatility (standard deviation)*	*VaR (95 per cent)*	*Contribution to risk*	*Expected shortfall (5 per cent)*
Total fund	6.86	11.32	100.00	17.45
Total equity	10.17	18.16	86.17	26.08
Fixed income	2.58	4.36	(0.24)	5.65
Cash and short-term	0.16	0.25	0.00	0.34
Real estate	12.83	21.59	7.09	30.42
Private equity	9.88	17.62	6.65	25.48
Commodities	10.41	17.38	0.04	24.76
Infrastructure	9.67	17.52	0.26	25.32
Timberlands	9.67	17.52	0.03	25.32

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2019. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

192. Since early 2020 and as at the date on which the financial statements were approved, the COVID-19 pandemic continues to cause significant uncertainty in the world economy. The significant increase in volatility (standard deviation), VaR 95 and the expected shortfall (5 per cent) in 2020 compared with 2019 were due to the unprecedented market volatility caused primarily by the COVID-19 pandemic.

193. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations. Key assumptions include: a one-day holding period to hedge or dispose of positions, which may not be the case for illiquid assets or may be due to adverse market conditions; a 95 per cent confidence level, which indicates that there is a 5 per cent probability of losses exceeding the VaR at 95 per cent; VaR calculated on an end-of-day basis, which does not reflect changes during the trading day; and the use of historical data and Monte Carlo simulation, which may not cover all possible scenarios, especially those of an exceptional nature.

Price risk

194. The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments − for example, equity securities − are denominated in currencies other than the United States dollar, the price is initially expressed in non-United States dollar-denominated currency and is then converted into United States dollars, which will also fluctuate because of changes in currency exchange rates.

195. As at 31 December 2020 and 31 December 2019, the fair value of equities exposed to price risk was as follows:

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Common and preferred stock	46 584 756	40 686 191
Funds – exchange-traded funds	1 577 111	1 388 880
Funds – common stock	8 888	138 935
Stapled securities	74 460	95 135
Total equity instruments	**48 245 215**	**42 309 141**

196. Considering the total Fund risk as 100 per cent, the contribution to risk due to equities is 82.41 per cent (2019: 86.17 per cent) of the total Fund risk and the rest is contributed by all other asset classes.

197. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weights.

198. The Fund's equity investment portfolio by industrial sector based on the Global Industry Classification Standard as at 31 December 2020 and 31 December 2019 was as follows:

(Percentage)

	31 December 2020		*31 December 2019*	
Global Industry Classification Standard	*Fund's equity portfolio*	*Benchmark*[a]	*Fund's equity portfolio*	*Benchmark*[b]
Financials	13.50	14.16	16.25	17.29
Information technology	21.43	22.26	17.80	17.69
Communication services	9.31	9.68	8.27	9.01
Consumer discretionary	13.49	13.61	11.82	11.03
Consumer staples	6.33	6.83	6.70	7.48
Energy	2.88	3.20	5.15	5.40
Health care	11.44	11.60	11.85	12.15
Industrials	8.61	7.86	8.33	8.30
Materials	4.77	5.23	4.49	4.90
Utilities	2.44	2.98	2.78	3.43
Real estate	2.34	2.59	2.89	3.32
Other	3.46	Not applicable	3.67	Not applicable
Total	**100.00**	**100.00**	**100.00**	**100.00**

[a] Benchmark source: 80 per cent MSCI World Developed Markets Environmental, Social and Governance Indexes and 20 per cent MSCI Emerging Markets Environmental, Social and Governance Indexes, customized to exclude tobacco and certain modalities of armament and thermal coal companies.
[b] Benchmark source: MSCI All Country World Index, customized to exclude tobacco and controversial weapons.

199. The table presents an analysis of the Fund's concentration of equity price risk in the Fund's equity portfolio by geographical distribution (on the basis of counterparty's place of primary listing or, if not listed, place of domicile).

(Percentage)

	31 December 2020	*31 December 2019*
North America	55.5	56.0
Europe	14.8	17.3
Asia-Pacific	9.6	9.7
Emerging markets	20.1	17.0
Total	**100.0**	**100.0**

Currency risk

200. The Fund is one of the most globally diversified pension funds in the world and therefore holds both monetary and non-monetary assets denominated in currencies other than the United States dollar, the Fund's base currency. Currency exchange risk arises as the value of financial instruments denominated in other currencies fluctuates owing to changes in currency exchange rates. Management monitors the exposure to all currencies. The unrealized foreign exchange gain/loss is attributable primarily to the fluctuation in currency exchange rates during the period.

201. The Fund does not use hedging to manage its non-United States dollar-denominated currency risk exposure, because the Fund expects currency impact to net out to zero over a full market cycle, as has been the case historically. Currency risk refers to risk due to foreign exchange rate changes.

202. The tables below illustrate the foreign exchange risk exposure of the Fund by class of investments. These summarize the Fund's cash and investments at fair value as at 31 December 2020 and 31 December 2019, respectively. Net financial assets amounting to $28.8 million in 2020 (2019: net financial assets of $44.4 million), not held at fair value (see note 5) are excluded from this table. Assets held in exchange-traded funds or externally managed specialty funds are included as United States dollar assets.

(Percentage)

	As at 31 December 2020					
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternatives and other*	*Cash*	*Total*
United States dollar	35.93	23.40	5.32	4.71	0.69	70.05
Euro	4.21	0.05	0.73	0.88	0.02	5.89
Japanese yen	3.93	–	0.17	–	0.00	4.10
Hong Kong dollar	3.06	–	–	–	0.00	3.06
British pound sterling	2.20	–	0.17	0.11	0.00	2.48
Republic of Korea won	1.59	0.38	–	–	0.00	1.97
Canadian dollar	1.43	0.02	0.30	–	0.00	1.75
Swiss franc	1.36	–	–	–	0.01	1.37
Australian dollar	1.08	0.00	0.22	–	0.00	1.30
Indian rupee	0.98	0.14	–	–	0.00	1.12
Brazilian real	0.49	0.45	–	–	0.00	0.94
Mexican peso	0.25	0.52	–	–	0.00	0.77
South African rand	0.46	0.16	–	–	0.00	0.62
Swedish krona	0.58	–	–	–	0.00	0.58
Indonesian rupiah	0.12	0.40	–	–	0.00	0.52
Chinese yuan (renminbi)	0.44	–	–	–	0.00	0.44
Russian rouble	0.05	0.36	–	–	0.00	0.41
Thai baht	0.09	0.32	–	–	0.00	0.41
Malaysian ringgit	0.11	0.29	–	–	0.00	0.40
Danish krone	0.37	–	–	–	0.00	0.37
Polish zloty	0.03	0.23	–	–	0.00	0.26
Philippine peso	0.10	0.11	–	–	0.00	0.21
Singapore dollar	0.17	–	–	–	0.00	0.17

	As at 31 December 2020					
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternatives and other*	*Cash*	*Total*
Egyptian pound	–	0.10	–	–	0.00	0.10
Turkish lira	0.04	0.06	–	–	0.00	0.10
Peruvian sol	–	0.09	–	–	0.00	0.09
Hungarian forint	0.02	0.07	–	–	0.00	0.09
Czech koruna	–	0.08	–	–	0.00	0.08
New Israeli shekel	–	0.07	–	–	0.00	0.07
Colombian peso	–	0.07	–	–	0.00	0.07
United Arab Emirates dirham	0.06	–	–	–	0.00	0.06
Chilean peso	–	0.05	–	–	0.00	0.05
Norwegian krone	0.04	0.00	–	–	0.00	0.04
Romanian leu	–	0.03	–	–	0.00	0.03
New Zealand dollar	0.03	–	–	–	0.00	0.03
African franc	–	–	–	–	0.00	0.00
Pakistani rupee	–	–	–	–	0.00	0.00
Total	**59.22**	**27.45**	**6.91**	**5.70**	**0.72**	**100.00**

Note: Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

	As at 31 December 2019					
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternatives and others*	*Cash*	*Total*
United States dollar	35.40	23.95	5.67	4.16	0.56	69.74
Euro	4.88	0.05	0.72	0.69	0.02	6.36
Japanese yen	3.79	–	0.19	–	0.01	3.99
British pound sterling	2.91	–	0.19	0.09	0.00	3.19
Hong Kong dollar	2.63	–	–	–	0.00	2.63
Canadian dollar	1.78	0.03	0.32	–	0.00	2.13
Republic of Korea won	1.11	0.43	–	–	0.00	1.54
Swiss franc	1.51	–	–	–	0.01	1.52
Brazilian real	0.73	0.70	–	–	0.00	1.43
Australian dollar	1.13	0.03	0.24	–	0.00	1.40
Indian rupee	0.79	0.17	–	–	0.00	0.96
Mexican peso	0.27	0.63	–	–	0.00	0.90
Malaysian ringgit	0.15	0.36	–	–	0.00	0.51
South African rand	0.39	0.12	–	–	0.00	0.51
Russian rouble	–	0.50	–	–	0.00	0.50
Swedish krona	0.48	–	–	–	0.00	0.48
Thai baht	–	0.43	–	–	0.00	0.43
Danish krone	0.31	–	–	–	0.00	0.31
Polish zloty	–	0.24	–	–	0.00	0.24
Singapore dollar	0.21	–	–	–	0.00	0.21
Philippine peso	0.10	0.10	–	–	0.00	0.20

	As at 31 December 2019					
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternatives and others*	*Cash*	*Total*
Turkish lira	0.06	0.08	–	–	0.00	0.14
Peruvian sol	–	0.10	–	–	0.00	0.10
Czech koruna	–	0.09	–	–	0.00	0.09
Hungarian forint	–	0.08	–	–	0.00	0.08
New Israeli shekel	–	0.08	–	–	0.00	0.08
Colombian peso	–	0.07	–	–	0.00	0.07
Chinese yuan (renminbi)	0.07	–	–	–	0.00	0.07
Norwegian krone	0.05	0.00	–	–	0.00	0.05
Chilean peso	–	0.05	–	–	0.00	0.05
Egyptian pound	–	0.04	–	–	–	0.04
Romanian leu	–	0.03	–	–	0.00	0.03
New Zealand dollar	0.02	–	–	–	0.00	0.02
African franc	–	–	–	–	0.00	0.00
Pakistani rupee	–	–	–	–	0.00	0.00
Total	**58.77**	**28.36**	**7.33**	**4.94**	**0.60**	**100.00**

Note: Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

Interest rate risk

203. Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Fund holds fixed-interest securities, floating-rate debt instruments, cash and cash equivalents that expose the Fund to interest rate risk.

204. The table below summarizes the Fund’s relative sensitivity to interest rate changes versus its reference fixed-income benchmark. This measure of duration for the portfolio indicates the approximate percentage change in the value of the portfolio if interest rates change by 100 basis points.

(Percentage)

	2020		2019	
	Fund	*Benchmark*	*Fund*	*Benchmark*
Effective duration	4.96	4.81	5.00	4.89

205. Effective duration is the sensitivity to interest rates. This means if the interest rate changes by 1 per cent, the Fund can lose or gain approximately 4.96 per cent (2019: 5.00 per cent) compared with the benchmark, which can lose or gain approximately 4.81 per cent (2019: 4.89 per cent). This arises primarily from the increase/decrease in the fair value of fixed-interest securities. Floating-rate debt instruments comprise approximately 1 per cent of the total fixed-income investments used for calculating effective duration as at 31 December 2020 and 31 December 2019.

Note 21
Budget information: reconciliation between the actual amounts on a comparable basis and the statement of changes in net assets available for benefits

206. Differences between the actual amounts on a comparable basis with the budget and the actual amounts recognized in the financial statements can be classified into the following:

(a) Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis, as stated in note 3.14;

(b) Timing differences, which occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for the Fund for the purpose of comparison of budget and actual amounts;

(c) Entity differences, which occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. There are no entity differences for the Fund.

(Thousands of United States dollars)

	2020	*2019*
Actual amount on a comparable basis	**89 396**	**71 763**[a]
Basis differences		
Asset additions/disposals	–	(2 222)
Depreciation, amortization and impairment	3 724	2 464
Unliquidated obligations	924	5 322
Prepayments	(1 661)	(722)
Employee benefits	12 341	16 087
Other accruals	(1 530)	(927)
Actual amount for administrative expenses in the statement of changes in net assets available for benefits	**103 194**	**91 765**

[a] Actual amount on a comparable basis refers to the actual amounts of the administrative expenditure related to the Pension Fund and does not include the expenditure related to the United Nations.

207. The above reconciliation illustrates key differences between total administrative expenditure on a budget basis (modified cash basis) and total expenditure on an IPSAS basis. The main differences can be categorized as follows:

- *Depreciation/amortization expense*. Fixed assets and intangible assets meeting the threshold for capitalization are capitalized and depreciated/amortized over their useful lives on an IPSAS basis. Only depreciation/amortization expense is recognized over the useful lives of the asset, whereas the total expense is recognized on a budget basis at the time of acquisition.

- *Expense recognition*. On a budget basis, expenditure is recognized at the time of disbursement or commitment as unliquidated obligations. Under IPSAS, expenses are recognized at the time goods or services have been received. Unliquidated obligations for goods or services not received or prepayments are not recognized as expense. Economic services received but not paid for are recognized as expense under IPSAS.

- *Employee benefits*. On a budget basis, employee benefit expenses are recognized when the benefit is paid. Under IPSAS, an expense for an employee benefit should be recognized in the period in which the benefit is earned, regardless of time of payment. IPSAS therefore recognizes expenses for post-employment benefits such as after service health insurance, annual leave or repatriation benefits.

Note 22
Funds under management

208. Funds under management are defined as other United Nations funds for which the Fund has engaged the services of external fund managers, independent of the Fund.

209. Pursuant to General Assembly resolution 2951 (XXVII), establishing the United Nations University (UNU), and Assembly resolution 3081 (XXVIII) and article IX of the Charter of the University (A/9149/Add.2), the Office of Investment Management is providing oversight services for the investments of the United Nations University Endowment Fund that are outsourced to BlackRock Financial Management with a separate custodian bank. Formal arrangements between the Office and the Endowment Fund regarding these services have been agreed upon. Resulting funds are reflected in the accounts of UNU. There is no commingling of investment funds with those of the Pension Fund, which are maintained separately. The costs of the management advisory fees of the Office of Investment Management, amounting to $50,000 per year, are reimbursed by the Endowment Fund to the Office and recorded as other investment-related income.

Note 23
Related party transactions

Key management personnel

210. Key management personnel remunerated by the Fund for the years ended 31 December 2020 and 31 December 2019 are as follows:

	Number of individuals	*Compensation and post adjustment*	*Entitlements*	*Pension and health plans*	*Total remuneration*	*Outstanding advances against entitlements*	*Outstanding loans*
		(Thousands of United States dollars)					
2020	5	995	457	228	1 680	–	–
2019	4	857	343	204	1 404	–	–

211. Key management personnel are the Chief Executive of Pension Administration (see note 1.2), the Representative of the Secretary-General, the Deputy Chief Executive of Pension Administration, the Director of the Office of Investment Management and the Chief Financial Officer, as they have the authority and responsibility for planning, directing and controlling the activities of the Fund.

212. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and entitlements such as the representation allowance and other allowances, the assignment grant and other grants, the rental subsidy, personal effect shipment costs and employer pension and current health insurance contributions.

213. There were no outstanding advances against entitlements of key management personnel as at 31 December 2020 and 31 December 2019.

214. Key management personnel are also qualified for post-employment benefits (see note 11) at the same level as other employees. The actuarial valuation of the benefits for the key management personnel are as follows:

(Thousands of United States dollars)

	As at 31 December 2020	*As at 31 December 2019*
After-service health insurance	423	377
Repatriation grant	180	163
Annual leave	79	76
Total	**682**	**616**

Other related parties

215. While no transactions occurred with the following parties, they are considered as related parties, and a summary of the Fund's relationship with these parties is provided below.

General Assembly

216. The General Assembly is the highest legislative body for the Pension Fund. It reviews reports submitted by the Pension Board, approves the budgets for the Fund, decides on the admittance of new member organizations to the Fund and amends the Regulations of the Fund.

Member organizations participating in the Fund

217. The member organizations of the Fund (which are international intergovernmental organizations) join the Fund by decision of the General Assembly and, at the time of admission, agree to adhere to the Regulations of the Fund. Each member organization has a staff pension committee and a secretary to the committee; the committees and their secretariat are an integral part of the Fund's administration.

United Nations International Computing Centre

218. The United Nations International Computing Centre was established in January 1971 pursuant to General Assembly resolution 2741 (XXV). The Centre provides information and communications technology services to partners and users in the United Nations system. As a partner bound by the mandate of the Centre, the Fund would be proportionately responsible for any third-party claim or liability arising from or related to service activities of the Centre, as specified in the Centre's mandate. As at 31 December 2020, there were no known claims having an impact on the Fund. Ownership of assets is with the Centre until dissolution. Upon dissolution, the division of all assets and liabilities among partner organizations shall be agreed upon by the Management Committee by a formula defined at that time.

219. The role of the Centre is:

- To provide information technology services on a full cost-recovery basis
- To assist in exploiting networking and computing technology
- To provide information management services
- To advise on questions related to information management
- To provide specialized training

Note 24
Reclassification and comparative numbers

220. Beginning in 2020, the Fund has updated the presentation of the statement of net assets available for benefits by reclassifying investments in commodity funds from alternatives and other investments to real assets. The change is intended to provide more meaningful information to the users of the financial statements, in line with the investment policy statement.

221. As a result, certain line items have been amended in the statement of net assets available for benefits and related notes to the financial statements. All comparative figures have been adjusted to conform to the current-year classification. The reclassification has no impact on net assets available for benefits. As at 31 December 2020, the Fund did not have any investments in commodity funds.

222. The net zero effect of reclassifying commodity funds from alternatives and other investments to real assets on the statement of net assets available for benefits is as follows:

(Thousands of United States dollars)

	Previously reported as at 31 December 2019	*Regrouping*	*After regrouping as at 31 December 2019*
Investments			
Equities	42 309 141	–	42 309 141
Fixed income	20 412 531	–	20 412 531
Real assets	5 201 835	63 897	5 265 732
Alternatives and other investments	3 626 467	(63 897)	3 562 570
Total	**71 549 974**	**–**	**71 549 974**

Note 25
Subsequent events

223. In its resolution 75/246, the General Assembly noted the report of the Representative of the Secretary-General on the proposal of the Pension Board to engage, for the first time, in a range of derivative instruments available to the Fund, to effectively manage the Fund's investments and address the increasing complexity of the global capital markets environment, and authorized the Secretary-General to conduct margin trading for the limited purpose set out in paragraphs 43 and 44 of his report (A/C.5/75/2) on a trial basis for two years. The Fund is currently assessing the feasibility of the implementation of this pilot programme and expects to report more detailed proposals to the Assembly at its seventy-sixth session, including information on the use of derivative instruments, engagement in margin trading and participation in securities lending, as well as compliance measures, with a view to ensuring strict adherence to the existing policies and accountability framework and a cost-effective investment strategy.

224. Only the Fund's management has the authority to amend these financial statements.

Annex to the notes to the financial statements

Statistics on the operations of the United Nations Joint Staff Pension Fund

Table 1
Number of participants

Member organization	Participants as at 31 December 2019	New entrants	Transfer: In	Transfer: Out	Separations	Adjustments[a]	Participants as at 31 December 2020	Percentage increase/ (decrease)
United Nations[b]	85 363	6 468	234	239	4 643	220	86 963	1.9
International Labour Organization	3 939	404	25	31	282	5	4 050	2.8
Food and Agriculture Organization of the United Nations	11 760	1 282	80	77	692	12	12 341	4.9
United Nations Educational, Scientific and Cultural Organization	2 539	149	11	12	172	4	2 511	(1.1)
World Health Organization	11 056	732	63	49	598	15	11 189	1.2
International Civil Aviation Organization	761	34	5	8	53	–	739	(2.9)
World Meteorological Organization	374	20	5	2	45	(1)	353	(5.6)
International Atomic Energy Agency	2 802	181	17	26	197	–	2 777	(0.9)
International Maritime Organization	365	10	2	1	16	2	358	(1.9)
International Telecommunication Union	748	56	7	6	38	2	765	2.3
World Intellectual Property Organization	1 216	58	8	5	60	2	1 215	(0.1)
International Fund for Agricultural Development	612	50	11	7	35	(2)	633	3.4
International Centre for the Study of the Preservation and Restoration of Cultural Property	45	5	–	–	1	–	49	8.9
European and Mediterranean Plant Protection Organization	20	1	–	–	2	–	19	(5.0)
International Centre for Genetic Engineering and Biotechnology	175	6	–	–	13	–	168	(4.0)
World Tourism Organization	89	3	–	–	3	–	89	0.0
International Tribunal for the Law of the Sea	41	–	2	1	2	–	40	(2.4)
International Seabed Authority	43	4	–	1	2	–	44	2.3
United Nations Industrial Development Organization	712	30	9	5	33	2	711	(0.1)
International Criminal Court	1 230	28	10	18	71	–	1 179	(4.2)
Inter-Parliamentary Union	47	3	–	–	7	–	43	(8.5)
International Organization for Migration	6 897	1 312	47	33	527	9	7 687	11.5
Special Tribunal for Lebanon	449	20	5	17	55	2	400	(10.9)
Comprehensive Nuclear-Test-Ban Treaty Organization	300	27	4	7	15	–	309	3.0
Total	**131 583**	**10 883**	**545**	**545**	**7 562**	**272**	**134 632**	**2.3**

[a] Corrections of erroneous entries from prior years.
[b] United Nations Headquarters, regional offices and all funds and programmes.

Table 2

Benefits awarded to participants or their beneficiaries during the year ended 31 December 2020

	Number of benefits awarded											
Member organization	*Retirement benefit*	*Early retirement benefit*	*Deferred retirement benefit*	*Withdrawal settlement < 5 years*	*Withdrawal settlement > 5 years*	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
United Nations[a]	380	316	589	2 380	754	723	101	–	93	3	13	5 352
International Labour Organization	22	15	39	161	36	14	3	–	3	–	2	295
Food and Agriculture Organization of the United Nations	87	108	101	271	95	147	18	–	9	–	1	837
United Nations Educational, Scientific and Cultural Organization	24	14	44	72	10	20	3	–	3	–	2	192
World Health Organization	63	51	93	248	108	103	19	–	6	–	3	694
International Civil Aviation Organization	12	5	6	24	5	6	–	–	–	–	1	59
World Meteorological Organization	13	10	3	14	3	4	–	–	2	–	–	49
International Atomic Energy Agency	33	13	72	58	14	10	–	–	6	–	1	207
International Maritime Organization	1	3	4	5	–	2	–	–	3	–	–	18
International Telecommunication Union	8	13	6	5	2	6	–	–	4	–	–	44
World Intellectual Property Organization	12	9	6	22	3	7	3	–	4	–	–	66
International Fund for Agricultural Development	10	2	8	10	3	2	–	–	1	–	–	36
International Centre for the Study of the Preservation and Restoration of Cultural Property	–	–	–	1	–	–	–	–	–	–	–	1
European and Mediterranean Plant Protection Organization	–	–	–	2	–	–	–	–	–	–	–	2
International Centre for Genetic Engineering and Biotechnology	6	3	–	1	–	1	–	–	–	–	–	11
World Tourism Organization	2	–	3	–	–	–	–	–	–	–	–	5
International Tribunal for the Law of the Sea	1	–	–	1	–	–	–	–	–	–	–	2
International Seabed Authority	–	–	–	–	2	–	–	–	–	–	–	2
United Nations Industrial Development Organization	9	3	9	6	2	1	–	–	4	–	–	34
International Criminal Court	3	3	28	21	14	–	1	–	1	–	–	71
Inter-Parliamentary Union	2	–	3	2	–	–	–	–	–	–	–	7
International Organization for Migration	16	8	31	354	109	7	1	–	4	–	1	531
Special Tribunal for Lebanon	6	5	11	10	20	6	1	–	2	–	–	61
Comprehensive Nuclear-Test-Ban Treaty Organization	–	1	–	14	–	–	–	–	–	–	–	15
Total	**710**	**582**	**1 056**	**3 682**	**1 180**	**1 059**	**150**	**–**	**145**	**3**	**24**	**8 591**

[a] United Nations Headquarters, regional offices and all funds and programmes.

Table 3
Analysis of periodic benefits for the year ended 31 December 2020

Type of benefit	*Total as at 31 December 2019*	*New*	*Benefits discontinued, resulting in award of survivor benefit*	*All other benefits discontinued*	*Total as at 31 December 2020*
Retirement	29 225	710	(344)	(552)	29 039
Early retirement	17 065	582	(200)	(337)	17 110
Deferred retirement	8 102	1 056	(54)	(389)	8 715
Widow	11 775	121	684	(587)	11 993
Widower	1 121	29	73	(53)	1 170
Disability	1 798	145	(29)	(43)	1 871
Child	10 855	1 059	–	(1 500)	10 414
Secondary dependant	34	3	–	(3)	34
Total	**79 975**	**3 705**	**130**	**(3 464)**	**80 346**

Table 4
Inventory of deferred and active entitlement cases

	As at 31 December 2020		*As at 31 December 2019*	
	Number	*Percentage*	*Number*	*Percentage*
No payment due at all				
Possible re-employment under article 21 of the Regulations of the Fund	17	< 1	101	2
No immediate payment due				
Deferred retirement benefit under article 30 of the Regulations of the Fund (payment not due until retirement age or from early retirement age)	349		499	
Deferment of choice under article 32 of the Regulations of the Fund (election/payment of benefits deferred by the beneficiary up to 36 months)	3 149		3 615	
Subtotal	**3 498**	**80**	**4 114**	**76**
Not ready for payment				
Cases reviewed but more information/clarification required	692	16	900	17
For payment (case inventory)				
Cases in progress	57		86	
Cases scheduled for review	87		181	
Subtotal	**144**	**3**	**267**	**5**
Total	**4 351**		**5 382**	

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