

**INTERNATIONAL RENEWABLE ENERGY AGENCY**

Fifth session of the Assembly

Abu Dhabi, 17 – 18 January 2015

**Note from the Provident Fund Management Board****2013 Annual Report of the Provident Fund Management Board on the  
Operations of the Staff Provident Fund of IRENA**

and

**Audited Financial Statements of the Staff Provident Fund for 2013**

1. In addition to the 2013 Annual Report of the Provident Fund Management Board on the Operations of the Staff Provident Fund of IRENA and Audited Financial Statements of the Staff Provident Fund for 2013 (issued to the Council as document C/7/5 and contained in the annex to the present note), the Staff Provident Fund Management Board would like to notify the Assembly of the recent conclusion of a contract between IRENA (on behalf of the Staff Provident Fund) and Zurich International Life Ltd. (Zurich).
2. Consistent with the Investment Policy of the Staff Provident Fund, adopted by the Assembly at its third session through decision A/3/DC/8, Zurich International Life Ltd. has been appointed by the Provident Fund Management Board to assist in investing and managing the assets of the IRENA Staff Provident Fund (SPF).
3. Zurich International Life Ltd. is based on the Isle of Man, with an investment portfolio managed through an internet-based platform. The participants in the SPF will have access to their SPF individual accounts at all times via this secure platform, thus keeping them informed of the performance of the investments made and the net value of their respective account, including interest, dividends and capital gains earned less any charges and possible losses resulting from the SPF operations. The underlying product supplied is a unit-linked, defined contribution insurance contract for long-term savings and financial planning. Services are offered on a bundled basis, meaning administration, investment and communication functions are provided through one product. This ensures operational efficiencies and an insured arrangement.



## **2013 Annual Report of the Provident Fund Management Board on the Operation of the Staff Provident Fund of IRENA**

### **Background**

1. At first session of the Assembly of the International Renewable Energy Agency (IRENA) in April 2011, Members of the Agency established the IRENA Staff Provident Fund (SPF) and approved the principles for the Staff Provident Fund (Principles) which are set out in document A/1/DC/4.

2. In accordance with Article 1 of the Principles, the operations of the Provident Fund are to be managed by the Provident Fund Management Board (PFMB), elected in accordance with article 4 of the Principles. In January 2013, the Assembly selected the Federal Republic of Germany and the United Arab Emirates to represent member States for two years on the PFMB. Mr. Werner Schoen is representing Germany and Mr. Dane Mcqueen is representing United Arab Emirates. The annual meeting of the SPF took place on 26 June 2013 where results of the election of staff representatives to the SPF were announced. Ms. Christine Fichaux Mauries was elected as General Service staff representative and Ms. Stephanie Clarke as alternate; Mr. Alinazar Alinazarov was elected as Professional Staff representative. The Director-General accepted the result of the election for the PFMB and also appointed Messrs. Dolf Gielen and Jayantilal M. Karia representing the Executive Management of IRENA for a period of two years.

### **Purpose of the Report**

3. This Annual Report on Operations of the SPF (Annual Report) has been prepared by the PFMB pursuant to Article 4 of the Principles and is being made available to the Assembly and Provident Fund Members. The purpose of this Annual Report is to inform the IRENA membership as well as SPF Members about the operations of the SPF and the activities of the PFMB in 2013.

### **Activities of the Provident Fund Management Board of the Staff Provident Fund**

4. The PFMB formally met twice in 2013 and also continued to discuss and review various issues virtually. At its meeting on 27 August 2013, PFMB elected Mr. Jayantilal M. Karia as Chair and Ms. Christine Fichaux Mauries as Secretary. Following the formal meetings, the PFMB has continued to work on a number of matters. The paragraphs below inform the Assembly as well as SPF Participants about PFMB activities

5. The PFMB continued its research into investing the SPF in a safe and reliable environment. Following several meetings with potential providers and reviewing the investment products available, the PFMB has agreed to further explore cooperation with two institutions to manage the provident fund assets and provide investment strategies in accordance with the approved investment policy. Intense discussions with the institutions have been on-going on a weekly basis during the last few months to ensure appropriate investment products and applicable contractual modalities.

6. The Management Board is presently drafting rules to enable staff members to make additional voluntary contributions. As per Article 3.2 of the Charter of the Provident Fund, these rules will be presented to the Assembly at its fifth session for approval in January 2015, after review by the Council.

### **Operations of the Staff Provident Fund in 2013**

7. As of 31 December 2013, there were 79 members contributing to the SPF and eligible to receive benefits, compared to 76 members on 31 December 2012. During 2013, 8 new members joined while 5 members separated from service in the Agency, thus discontinuing their membership in the SPF.

8. At the end of the financial period, 31 December 2013, the SPF total Net assets were valued at USD 4,125,899.

9. In accordance with Article 4 of the Principles, this Annual Report includes the Financial Statements of the Staff Provident Fund for 2013 which have been audited by the External Auditor of the Agency who have rendered an unqualified audit opinion. The Financial Statements, including the audit opinion, are attached in the Annex.

10. The Chair of the PFMB expresses his appreciation to the Board members and to the Secretary for their valuable service on the Board.



**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND**

**Report and financial statements  
for the year ended 31 December 2013**

**Principal business address:**

PO Box 236  
Abu Dhabi  
United Arab Emirates

**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND  
Report and financial statements  
for the year ended 31 December 2013**

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## INDEPENDENT AUDITOR'S REPORT

International Renewable Energy Agency Staff Provident Fund  
Abu Dhabi, UAE

### **Report on the financial statements**

We have audited the financial statements of International Renewable Energy Agency Staff Provident Fund (the "Fund") which comprise the statement of net assets available for benefits as at 31 December 2013, the statements of changes in net assets available for benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT (continued)

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2013, and of its financial performance for the year then ended in accordance with International Public Sector Accounting Standards.

### *Other matter*

The Fund's financial statements as at 31 December 2012 were audited by another auditor whose report dated 14 May 2013 expressed an unqualified audit opinion.

Deloitte & Touche (M.E.)

*Deloitte & Touche*



8 May 2014

**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND  
Statement of net assets available for benefits  
at 31 December 2013**

	Notes	2013 USD	2012 USD
<b>Assets</b>			
Cash and cash equivalents	4.1	4,216,106	2,262,802
Accounts receivable		73	414
Accrued interest receivable		4,147	3,380
<b>Total assets</b>		<u>4,220,326</u>	<u>2,266,596</u>
<b>Liabilities</b>			
Separation settlement payable		89,153	15,230
Payable to agency		5,274	-
<b>Total liabilities</b>		<u>94,427</u>	<u>15,230</u>
<b>Net assets</b>		<u>4,125,899</u>	<u>2,251,366</u>
<b>Net assets available for benefits</b>			
Benefits payable		4,106,449	2,245,118
Accumulated income	4.2	6,248	443
Net income for the period		13,202	5,805
<b>Total net assets available for benefits</b>		<u>4,125,899</u>	<u>2,251,366</u>

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

These financial statements for the year ended 31 December 2013 were approved by the Chair of the Staff Provident Fund Management Board on 8 May 2014 after completion of the audit.



**Jayantilal M. Karia**  
Chair of the Staff Provident Fund  
Management Board of IRENA  
Abu Dhabi, United Arab Emirates



**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND  
Statement of changes in net assets available for benefits  
for the year ended 31 December 2013**

	Notes	2013 USD	2012 USD
Employer contributions	2	1,637,941	1,226,541
Employee contributions	2	818,970	613,270
Interest income	4.1	13,202	5,999
Settlement of benefits		(595,580)	(213,135)
Other expenses		-	(194)
		<hr/>	<hr/>
<b>Net assets generated during the year</b>		<b>1,874,533</b>	<b>1,632,481</b>
<b>Net assets available for benefits - start of the year</b>		<b>2,251,366</b>	<b>618,885</b>
		<hr/>	<hr/>
<b>Net assets available for benefits - end of the year</b>	4.2	<b>4,125,899</b>	<b>2,251,366</b>
		<hr/> <hr/>	<hr/> <hr/>

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

**INTERNATIONAL RENEWABLE ENERGY AGENCY**  
**STAFF PROVIDENT FUND**  
**Notes to the financial statements**  
**for the year ended 31 December 2013**

**1 Description of the plan**

*1.1 Name of the employer and the employee groups covered*

The staff provident fund ("SPF", "the Fund" or "the Provident Fund") was set up during the first session of the Assembly of the International Renewable Energy Agency (IRENA) (the "Agency") that was conducted on 5 April 2011. The Assembly at its first session, acting pursuant to Article IX, paragraph A of the Statute, agreed in its decision A/1/DC/4 to establish SPF for the exclusive purpose of providing participating staff members of the Agency participating in SPF, upon separation from their service, with a benefit in the form of a lump sum. The Assembly took this decision as a continuation of SPF for the staff of the Preparatory Commission of the IRENA which was already established as per the Commission's decision PC.3/DC.5 dated 17 January 2010. Accordingly, all assets and liabilities related to the Provident Fund held by the Preparatory Commission have been transferred to the Agency upon the liquidation of the Commission's accounts effective 5 April 2011. The Assembly also approved and annexed the Principles for SPF to its decision A/1/DC/4.

SPF is established as a segregated fund within the Agency with a distinct governance structure. SPF does not have separate legal personality from the Agency but it constitutes a segregated category of assets held by the Agency. In its decision A/1/DC/4, SPF assets shall be received, invested and disbursed wholly and exclusively for the purpose of SPF.

Staff members of the IRENA holding an appointment of six months or longer, or having served in the Agency as a staff member for a continuous period of six months are required to participate in the SPF, unless the opt-out clause is applied for them.

*1.2 Changes to the Provident Fund*

No changes have been made relating to the SPF plan, its membership or conditions during the reporting period.

*1.3 Governance of the Provident Fund*

As per Article 1 of the Principles of SPF, a Management Board has been established which has fiduciary responsibility to manage SPF in the best interests of all participating members.

The Management Board has developed and adopted its own Charter and Provident Fund Benefit Rules. The 'Charter of the Staff Provident Fund of IRENA' includes term limits and an election process for representatives of the Management Board as requested in Article 4 of the Principles. The 'Provident Fund Benefit Rules' are included in the 'Administrative Rules of the Staff Provident Fund of IRENA.' These documents are included in Annex 2 of the 2011 Annual Report of the Provident Fund Management Board. The 'Charter' and the 'Administrative Rules' replace those adopted at the time of the Preparatory Commission (PC/MB/DC1 and PC/MB/DC2, respectively).

The Management Board developed the Investment Policy of SPF and submitted it for approval to the Assembly of IRENA at its third session. In its decision A/3/DC/8, proposal of the Management Board was adopted.

**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND  
Notes to the financial statements  
for the year ended 31 December 2013**

**1 Description of the plan (continued)**

*1.4 Number of participants receiving benefits*

As of 31 December 2013, there were 79 members contributing to the fund and eligible to receive benefits from SPF, compared to 76 members on 31 December 2012. During 2013, 8 new members joined while 5 members separated from service in the Agency discontinuing their membership with SPF.

*1.5 Type of plan and participation to the provident plan*

SPF is a defined contribution plan. A defined contribution plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by contributions to a fund. Both the Agency and the participating staff members make contributions to SPF.

SPF shall provide lump sum benefits for participating staff members of the Agency. The entire balance of a participating staff member's account is to be paid upon separation from service with the Agency including any investment gains or losses and associated administrative costs.

*1.6 Termination of the Plan*

Although there are no plans to do so, as per Article 8 of the Principles for the Staff Provident Fund of the IRENA, approved by the Assembly in its decision A/1/DC/4, in the event that the Management Board determines that SPF is unable to meet its obligations as they fall due, SPF may be dissolved at the proposal of the Management Board, approved by the Assembly.

**2 Description of the funding policy**

For each participating staff member, the contribution basis and rates are determined in accordance with the United Nations (UN) common system standards. Accordingly, based on the UN common system approach, 7.9% of the applicable pensionable remuneration is deducted from the staff salary and 15.8% of the applicable pensionable remuneration is contributed by the Agency.

**3 Accounting policies**

*3.1 Basis of presentation*

In accordance with Article 4.9 of the Principles of the Provident Fund as approved by Assembly decision A/1/DC/4, SPF accounts have been prepared in accordance with the same standards adopted by Agency - International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants (IFAC).

As IPSAS is silent on how to account for the benefit payments, contributions received, and how to present financial statements of pension funds, the Management Board notes that as indicated in IPSAS 3.12, in the absence of an IPSAS that specifically applies to a transaction, other event, or condition, management should use its judgement in developing and applying accounting policies that provide information that is relevant to the decision-making needs of users and is reliable.

**INTERNATIONAL RENEWABLE ENERGY AGENCY**  
**STAFF PROVIDENT FUND**  
**Notes to the financial statements**  
**for the year ended 31 December 2013**

**3 Accounting policies (continued)**

*3.1 Basis of presentation (continued)*

Accordingly, based on IPSAS 3.12, the Management Board of SPF developed its own accounting policy with regards to the presentation of financial statements, benefits payments and the accounting for contribution income. More specifically, the Management Board has concluded that presenting the accounts of SPF by applying the guidance provided in International Accounting Standard (IAS) 26: "Accounting and Reporting by Retirement Benefit Plans", does not contradict IPSAS as it is being applied due to absence of relevant IPSAS standard applicable to SPF.

Consequently the presentation of financial statements of SPF contains the following:

- a) Statement of net assets available for benefits;
- b) Statement of changes in net assets available for benefits; and
- c) Notes, comprising accounting policies and other explanatory notes.

*3.2 Comparability*

Except when a standard permits or requires otherwise, comparative information will be disclosed in respect of the previous financial period for all amounts reported in the financial statements, including narrative and descriptive information. When the presentation or classification of items in the financial statements is amended, comparative amounts will be updated accordingly unless the amendment is impracticable.

*3.3 Unit of account*

The unit of account is United States Dollars (USD). Transactions in currencies other than USD were converted into USD at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities held at the end of period in currencies other than USD were converted into USD at the prevailing UNORE end of period closing rate.

*3.4 Investment policies*

The Assembly, at its third session in its decision A/3/DC/8 on January 14, 2013, adopted an investment policy to set forth the investment objectives, process of making investment related decisions, guideline and reference for measuring and evaluating future investment performance among others. The investment policy has been adopted with due regard to the principle of the preservation of capital including the forming criteria for investment, namely: safety, profitability, credibility and convertibility.

*3.5 Investments*

While the Management Board was in the process of identifying and contracting with an Investment Advisor, during the year, investments in SPF are in the form of money markets or term deposits in reputable banks which are held for less than a year (note 4.1).

Generally, SPF will carry provident fund investments at fair value.

**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND  
Notes to the financial statements  
for the year ended 31 December 2013**

**3 Accounting policies (continued)**

*3.6 Cash and cash equivalents*

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash subject to insignificant risk of changes in value. All cash and cash equivalents are held at nominal value.

*3.7 Contributions*

Contributions are recorded on an accrual basis. Participants and IRENA are required to contribute 7.9% and 15.8% respectively, of the participants' pensionable remuneration to the Provident Fund. Each month SPF accrues a receivable amount for contributions expected. When contributions are actually received, the receivable is offset.

*3.8 Subsequent events*

Any information that is received after the reporting period but before the financial statements are issued about conditions that existed at the balance sheet date, is incorporated in the financial statements.

In addition, any event that occurs after the balance sheet date but before the financial statements are published that is material to SPF will be disclosed in the notes to the financial statements.

*3.9 Related party transactions*

Certain employees of IRENA (who may also be participants in SPF) perform administrative, legal and management services related to the operation, record keeping, financial reporting of SPF as well as serving on the Provident Fund Management Board (PFMB). During June 2013, 4 employees of the Agency were newly appointed/elected to replace existing representatives in the PFMB.

Employees of IRENA serving on the PFMB have the following transactions and outstanding balances in SPF:

	<b>2013</b>	2012
Number of individuals	<b>5</b>	4
	<b>USD</b>	USD
IRENA's contribution in provident fund	<b>113,981</b>	99,973
Outstanding benefits payable	<b>317,847</b>	269,101

**INTERNATIONAL RENEWABLE ENERGY AGENCY  
STAFF PROVIDENT FUND  
Notes to the financial statements  
for the year ended 31 December 2013**

**4 Net assets**

*4.1 Cash and cash equivalents*

	<b>31 December 2013 USD</b>	<b>31 December 2012 USD</b>
Cash at bank	<b>89,206</b>	386,461
Term deposits	<b>4,126,900</b>	1,876,341
	<b>4,216,106</b>	2,262,802
<b>Total cash and cash equivalents</b>	<b>4,216,106</b>	2,262,802

The Provident Fund holdings as at 31 December 2013 were maintained in USD denominated current bank account and term deposits.

During reporting period the term deposits had annual interest rates of between 0.18 per cent and 0.60 per cent and held between 3 to 9 months.

*4.2 Accumulated income*

Accumulated income pertains to foreign exchange revaluation gain and interest income from previous years.