



United Nations

Financial report and audited financial statements

for the year ended 31 December 2021

and

Report of the Board of Auditors

Volume IV

United Nations University

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Volume IV
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Note

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

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Letters of transmittal

Letter dated 31 March 2022 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit herewith the financial statements of the United Nations University, for the year ended 31 December 2021, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(Signed) António **Guterres**

**Letter dated 21 July 2022 from the Chair of the Board of Auditors
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations University for the year ended 31 December 2021.

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

Chapter I

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

Opinion

We have audited the financial statements of the United Nations University (UNU), which comprise the statement of financial position (statement I) as at 31 December 2021 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In the Board's opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNU as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

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 UNU 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 Secretary-General is responsible for the other information, which comprises the financial report for the year ended 31 December 2021, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

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

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

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

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary-General 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 Secretary-General is responsible for assessing the ability of UNU 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 Secretary-General intends either to liquidate UNU 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 UNU.

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 misstatement, 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 UNU;

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

(d) Draw conclusions as to the appropriateness of the Secretary-General'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 UNU 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 UNU to cease to continue as a going concern;

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

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

Report on other legal and regulatory requirements

In our opinion, the transactions of UNU 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 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 UNU.

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

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

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

21 July 2022

Chapter II

Long-form report of the Board of Auditors

Summary

The United Nations University (UNU) is a solutions-focused think tank and research arm for the United Nations system. The UNU Centre serves as the administrative, coordination and services unit of the global UNU system. The main research and academic work of the University is carried out by a global network of research and training institutes. This network is supplemented by research programmes.

The Board of Auditors audited the financial statements and reviewed the operations of UNU for the year ended 31 December 2021. Owing to the coronavirus disease (COVID-19) pandemic, the audit was carried out through a combination of field audits and remote audits and included the Institute for Environment and Human Security and the Vice-Rectorate in Europe, located in Bonn, Germany, from 18 October to 12 November 2021, and the UNU administrative office in Putrajaya, Malaysia, and UNU headquarters in Tokyo from 17 January to 25 February 2022 and from 28 March to 22 April 2022.

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 UNU management, 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 presented fairly the financial position of UNU as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of 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 UNU 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.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UNU as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of UNU for the year ended 31 December 2021. However, the Board identified scope for improvement related to programme management, information and communications technology, human resources management and voluntary contributions.

With total revenue of \$107.01 million, due mainly to a change in the fair value of the United Nations University Endowment Fund and an increase in voluntary contributions, and expenses of \$78.15 million during 2021, the financial statements reflected a surplus of \$28.85 million. The overall financial position of UNU remained sound, with current assets of more than six times the current liabilities and total assets of more than eight times the total liabilities.

Key findings

The Board's key findings are as follows:

Absence of review of census data for after-service health insurance

The Board noted that all personnel under fixed-term appointments (academic and administrative) were included in the census data for the actuarial valuation, including in instances where academic staff might not be eligible for after-service health insurance owing to the duration of their contracts in accordance with the UNU personnel policy. In this context, the Board noted that there was no clear procedure on how UNU carried out the reasonableness review of the census data pertaining to after-service health insurance, nor whether there was formal documentation of the result of the reviews or documentation justifying the inclusion of all personnel under fixed-term appointments in the census data provided to the actuary.

Lack of uniformity in consultants' fees

The Board noted that UNU lacked defined criteria for its institutes for determining consultants' fees. In addition, the levels set out in the administrative instruction defining the type of specialization and experience, among other things, had not been specified at most of the institutes.

Consultants exceeding maximum contract periods

The Board noted that a number of consultants working in UNU institutes had exceeded the maximum period defined in the administrative instruction, and had worked for 24 months or more during a period of 36 months.

Main recommendations

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

Absence of review of census data for after-service health insurance

(a) **Develop and implement an official procedure that specifies the review of end-of-service census data between UNU and the United Nations Development Programme (UNDP), which includes, at the least, the validations and/or controls, the tolerable thresholds for any deviation, the responsible officials and the deadlines associated with this review, as well as details of the communications that will be carried out between UNU and UNDP;**

(b) **Issue an official report with the results of the review and of the adjustments made to the end-of-service census data each year in order to support the reasonableness review performed in the context of the preparation of the financial statements;**

(c) **Review the appropriateness of including all academic staff under fixed-term appointments in the after-service health insurance census data;**

Lack of uniformity in consultants' fees

(d) **Ensure that the UNU Centre establishes uniform criteria for the required levels (based on the complexity of the assignment and the degree of specialization, knowledge, qualifications, experience and skills required), in order to standardize the type of work the consultants perform, which shall be documented at the time of formalizing a contract;**

(e) **Ensure that its institutes, separately, adjust consultants' price ranges considering its budget and country variables, in order to ensure contracts are aligned to market values;**

(f) **Ensure that the UNU Centre reviews annually the fees determined by each institute for consultants' services, in order to verify that they meet the criteria established at the central level and that the amounts are in accordance with the budgets and values of each country where they operate;**

Consultants exceeding maximum contract periods

(g) **Create a mechanism to ensure that consultants' working periods do not exceed the maximum time allowed by the administrative instruction;**

(h) **Evaluate the positions under the consultant modality that are recurrent and necessary for the operation of the institutes, in order to ensure that the contract modality used is appropriate.**

Follow-up of previous recommendations

There were 11 outstanding recommendations as at 31 December 2020, of which 7 (64 per cent) had been implemented and 4 (36 per cent) were under implementation. Details on the status of implementation of the recommendations are set out in the annex to chapter II.

Key facts

\$107.01 million	Total revenue
\$78.15 million	Total expenses
\$28.85 million	Surplus for the year
\$612.80 million	Assets
\$70.68 million	Liabilities
\$542.12 million	Net assets
\$27.98 million	United Nations University actual on a comparable basis budget for research, training networks and dissemination
13	Number of research and training institutes of the United Nations University

A. Mandate, scope and methodology

1. On 6 December 1973, at its 28th session, the General Assembly formally adopted the Charter of the United Nations University (UNU), which states that UNU shall be an international community of scholars, engaged in research, postgraduate training and dissemination of knowledge in furtherance of the purposes and principles of the Charter of the United Nations. UNU shall devote its work to research into the pressing global problems of human survival, development and welfare, with due attention to the social sciences and the humanities as well as natural sciences, pure and applied.

2. UNU conducts its research through a global network of academic institutes and programmes, which are coordinated by the UNU Centre. The Centre serves as the administrative, coordination and services unit of the global UNU system. Although it is located primarily in Tokyo, the Centre has a number of adjunct offices, including an administrative and financial services office in Putrajaya, Malaysia (formerly located in Kuala Lumpur). The main research and academic work of the University is carried out by a global network of 13¹ research and training institutes.

3. UNU receives no funds from the regular United Nations budget. It is financed solely through voluntary contributions and through investment income derived from the UNU Endowment Fund, which consists of retained voluntary contributions from

¹ UNU-BIOLAC: United Nations University Programme for Biotechnology in Latin America and the Caribbean; UNU-CRIS: United Nations University Institute on Comparative Regional Integration Studies; UNU-EHS: United Nations University Institute for Environment and Human Security; UNU-FLORES: United Nations University Institute for Integrated Management of Material Fluxes and of Resources; UNU-IAS: United Nations University Institute for the Advanced Study of Sustainability; UNU-IESR: United Nations University Institute for Economic and Social Research; UNU-IIGH: United Nations University International Institute for Global Health; UNU-IIST: United Nations University International Institute for Software Technology; UNU-INRA: United Nations University Institute for Natural Resources in Africa; UNU-INWEH: United Nations University Institute for Water, Environment and Health; UNU-IRADDA: United Nations University Institute for Sustainable Development; UNU-MERIT: United Nations University Maastricht Economic and Social Research Institute on Innovation and Technology; UNU-WIDER: United Nations University World Institute for Development Economics Research.

donors that are permanently invested to generate an income stream to be applied to meet programme and operational needs of the institutes.

4. The Board of Auditors audited the financial statements of the United Nations University and has reviewed its activities for the year ended 31 December 2021 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations as well as 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.

5. The audit was conducted primarily to form an opinion as to whether the financial statements presented fairly the financial position of UNU as at 31 December 2021 and the results of its operations and cash flows for the financial period then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that it was considered necessary to form an opinion on the financial statements.

6. The Board also reviewed UNU operations pursuant to financial regulation 7.5 of the Financial Regulations and Rules of the United Nations, according to which the Board may make observations with regard to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNU operations.

7. The audit was carried out through a combination of remote and field audits owing to travel restrictions resulting from 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 the remote audit was performed as an exception under unique circumstances and should not be viewed as a standard occurrence in future audits.

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

B. Findings and recommendations

1. Follow-up of previous recommendations

9. There were 11 outstanding recommendations as at 31 December 2020, of which 7 (64 per cent) had been implemented and 4 (36 per cent) were under implementation, as set out in table II.1. Details on the status of implementation of the recommendations are set out in the annex to chapter II.

Table II.1
Status of implementation of recommendations

Report and audit year	Number of recommendations	Recommendations pending as at 31 December 2020	Implemented	Under implementation	Not implemented	Overtaken by events	Recommendations pending as at 31 December 2021
A/72/5 (Vol. IV) , chap. II (2016)	20	1	–	1	–	–	1
A/73/5 (Vol. IV) , chap. II (2017)	43	2	2	–	–	–	–
A/74/5 (Vol. IV) , chap. II (2018)	3	–	–	–	–	–	–
A/75/5 (Vol. IV) , chap. II (2019)	22	1	–	1	–	–	1
A/76/5 (Vol. IV) , chap. II (2020)	7	7	5	2	–	–	2
Total	92	11	7	4	0	0	4

10. The Board considers that a 64 per cent implementation rate indicates a solid commitment of UNU and highlights the implementation of long-standing recommendations that are more than two years old.

11. The Board emphasizes the commitment of UNU towards advancing the outstanding recommendations, principally those related to restricted investment industries. The Board acknowledges the efforts and diligence of management, which include holding meetings with the investment management company for recommendations on environmental, social and governance matters, discussions with the United Nations Office of Investment Management and UNU Council assessment of the investment portfolio modifications.

12. Owing to the significant advance demonstrated by UNU, the Board encourages the University to finalize the process of implementation.

2. Financial overview

Financial position

13. UNU presented a retroactive adjustment in the financial statements for the portion of one agreement that was not recognized up-front as at 31 December 2020. This adjustment had an impact on the presentation of assets, accumulated surplus and voluntary contributions revenue of \$2.42 million.

14. As at 31 December 2021, UNU had total assets of \$612.80 million (2020 (restated): \$583.30 million), reflecting an increase of 5.06 per cent (\$29.50 million). The increase was attributable mainly to the growth in the short- and long-term investments of 6.68 per cent (\$30.09 million), which reached \$480.80 million in value (2020: \$450.71 million) owing to the appreciation of the investments' fair market value.

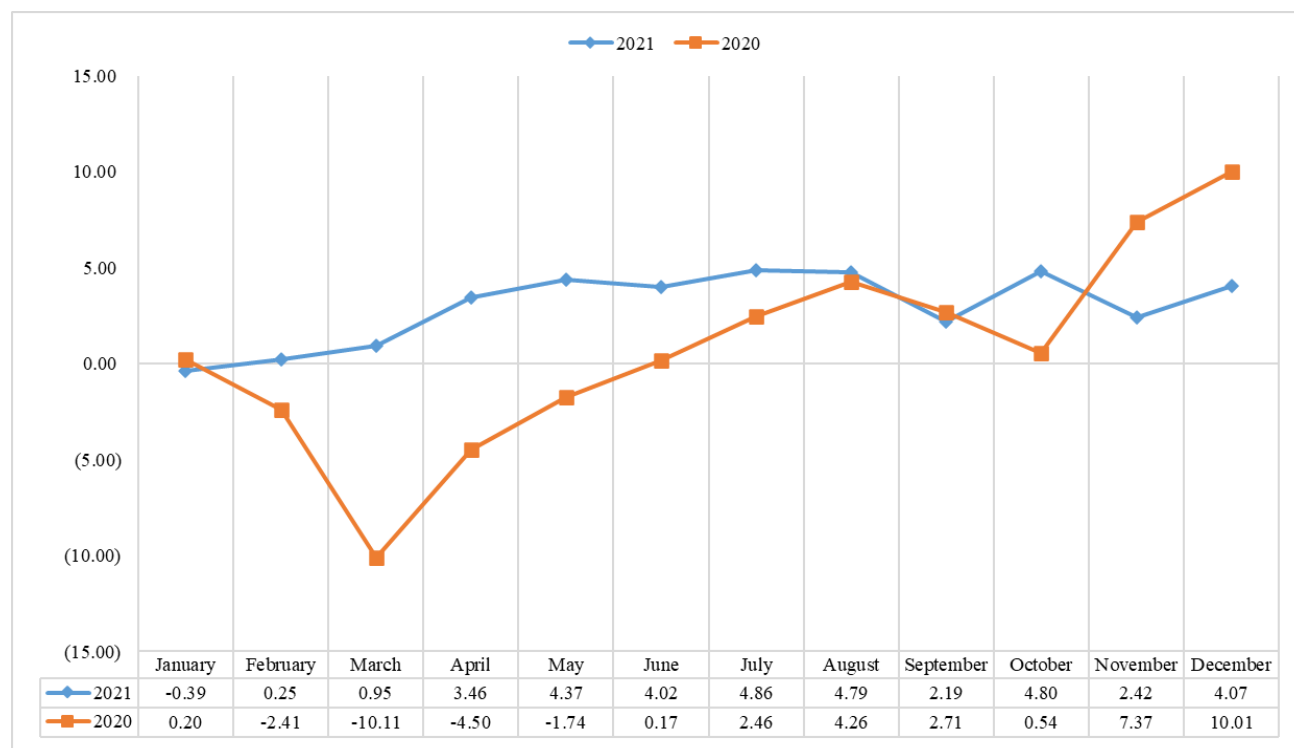
15. As at 31 December 2021, UNU investments represented 78.46 per cent (\$480.80 million) of the total assets. Investments included in the UNU Endowment Fund amounted to \$440.86 million, and UNU participation in the United Nations main investment pool account amounted to \$39.94 million. The Endowment Fund is invested in exchange traded funds, with an asset allocation of 50 per cent for the Fixed-Income Fund and 50 per cent for the Equity Fund.

16. In January 2021, the investments of the UNU Endowment Fund decreased by 0.39 per cent. During the rest of 2021, the investments continued to present a stable performance, ending the year with a 4.07 per cent increase, reaching \$440.86 million in value (2020: \$423.60 million). Variations are shown in figure II.I.

Figure II.I

Monthly accumulated variation of the United Nations University Endowment Fund for 2021 and 2020

(Percentage)



Source: Monthly United Nations University Endowment Fund reports for 2021 and 2020.

17. UNU reported total liabilities of \$70.68 million as at 31 December 2021 (2020: \$70.56 million), reflecting an increase in total liabilities of 0.17 per cent (\$0.12 million). The increase was attributable to the growth in accounts payable and accrued liabilities, specifically accruals for goods and services, which amounted to \$2.17 million (2020: \$1.51 million); and an increase in employee benefit liabilities, owing to an increase in after-service health insurance to \$9.91 million as at 31 December 2021 (2020: \$9.57 million).

Financial performance

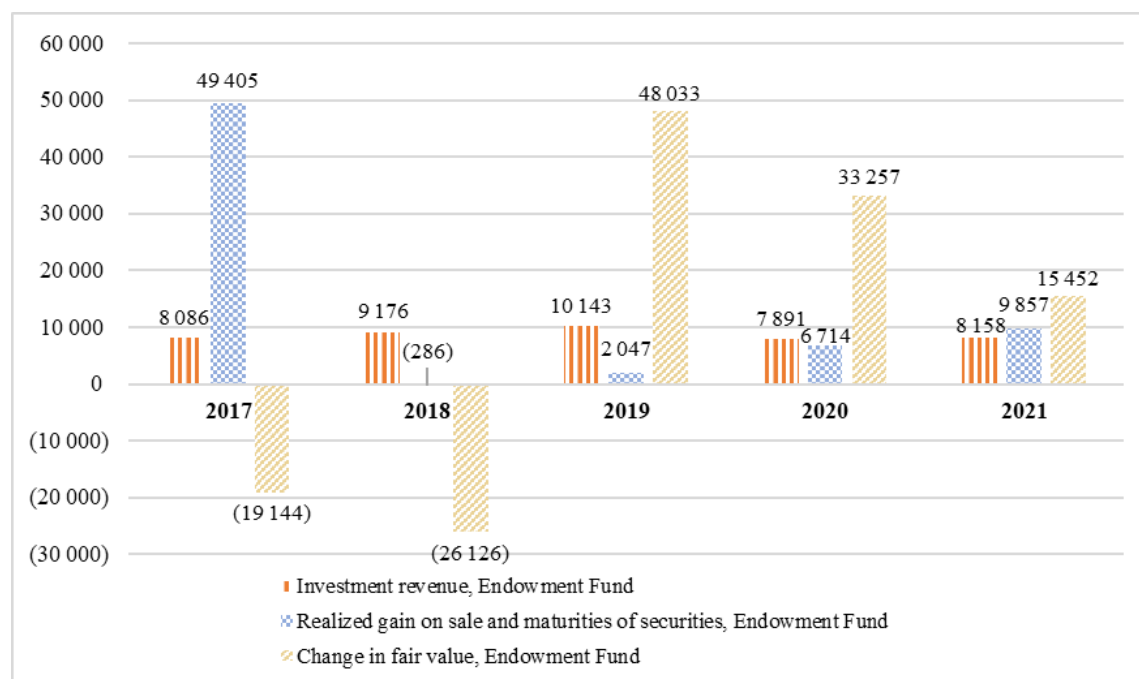
18. The University's revenue totalled \$107.01 million (2020 (restated): \$120.52 million), representing a decrease of 11.21 per cent (\$13.51 million). The decrease was attributable mainly to the decrease in the investment revenue (net) of 30.70 per cent (\$14.85 million), decreasing to \$33.51 million in value as at 31 December 2021 (2020: \$48.35 million).

19. The decrease in investment revenue (net) was due principally to changes in the value of the Endowment Fund during the period. Mainly, the reduced appreciation of the fair value of the Endowment Fund was \$15.45 million (2020: \$33.26 million), while the investment revenue was \$8.16 million (2020: \$7.89 million) and the realized gain on sale and maturities of securities increased to \$9.86 million (2020: \$6.71 million).

Historical changes from the past five years of the net Endowment Fund revenue are shown in figure II.II.

Figure II.II
Net Endowment Fund revenue, 2017–2021

(Thousands of United States dollars)

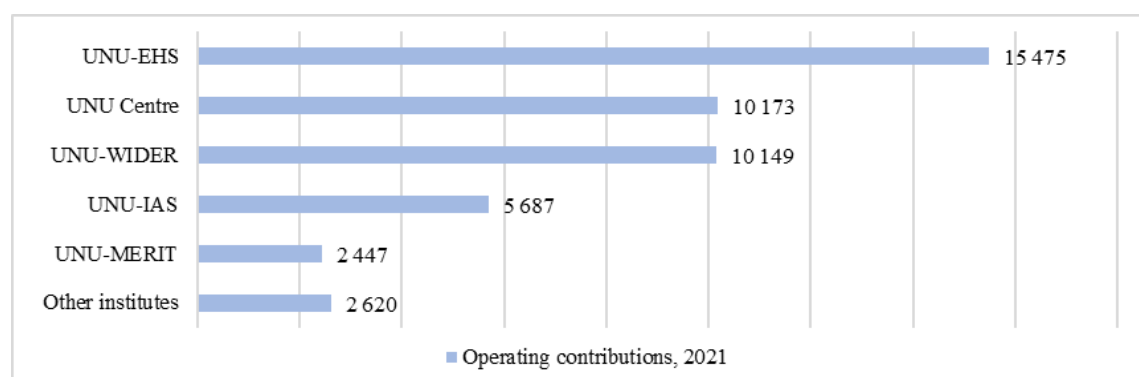


Source: Financial statements of United Nations University from 2017 to 2021.

20. UNU reported total voluntary contributions revenue of \$69.04 million (2020 (restated): \$64.28 million), representing a 7.40 per cent increase. The increase is due to the fact that UNU funding is received on a cyclical basis, and the renewals of host country donor agreements are recorded at the time the agreements are signed, when certain criteria are met. Operating contributions for 2021 are shown in figure II.III.

Figure II.III
Operating contributions, 2021

(Thousands of United States dollars)



Source: Statement of contributions, operating contributions for 2021 (see annex IV to the notes on the financial statements).

21. Total expenses amounted to \$78.15 million (2020: \$70.74 million), representing an increase of 10.49 per cent (\$7.42 million), owing to an increase in other operating expenses, due specifically to an increase in exchange losses amounting to \$3.56 million (2020: \$0 million). The main expense categories were employee salaries, allowances and benefits totalling \$29.17 million (37.32 per cent), while rent, leases and utilities totalled \$20.98 million (26.84 per cent) and other operating expenses totalled \$16.91 million (21.64 per cent).

Financial ratios

22. The financial situation of an entity is regarded as sound as long as the financial ratios exceed 1, taking into account that the entity has also invested part of the cash and cash equivalent in order not to let its money stagnate in the bank and to maximize the benefits.

23. The ratios set out in table II.2 indicate that the overall financial position of UNU is stable, with current assets of more than six times the current liabilities and total assets of more than eight times the total liabilities. The quick ratio and the cash ratio also indicate appropriate liquidity, given that UNU can cover all short-term debt and still have cash remaining. The increase in the financial ratios in the financial year 2021 was caused mainly by an increase in assets, specifically in short-term and long-term investments.

Table II.2
Ratio analysis

<i>Ratio</i>	<i>31 December 2021</i>	<i>31 December 2020 (restated)</i>
Total assets: total liabilities^a		
Assets: liabilities	8.67	8.27
Current ratio^b		
Current assets: current liabilities	6.14	5.11
Quick ratio^c		
(Cash + short-term investments + accounts receivable): current liabilities	6.11	5.08
Cash ratio^d		
(Cash + short-term investments): current liabilities	3.99	3.46

Source: UNU financial statements.

^a A high ratio indicates an entity's ability to meet its overall obligations.

^b A high ratio indicates an entity's ability to pay off its current liabilities.

^c The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

^d The cash ratio is an indicator of an entity's liquidity. It serves to measure the amount of cash, cash equivalents or invested funds available in current assets to cover current liabilities.

3. Programme management

Non-aligned strategic plans of United Nations University institutes

24. In accordance with the University's overarching strategy for 2020–2024 (the UNU strategic plan), throughout this period, the University will be guided by four overarching objectives, one of which is to invest in a dynamic, innovative and diverse institutional culture.

25. In addition, in the UNU policy on organizational performance (UNU/C/70/LP.11), in relation to the development of the institutes' strategic plans, it is indicated that these plans should provide the overall objectives, principles and priorities that will guide the work for a defined period of time. The institutes' strategic plans should take the overarching UNU strategic plan into account, tailor it to their specific context and define the approaches enabling the institute to implement its strategy.

26. According to the UNU organizational performance handbook (UNU/CD/50/P.19), while there is no requirement for UNU institutes to specify detailed performance measures in the strategic plans, it is recommended that institutes define such aspects (objectives, indicators, key performance indicators, targets and baselines) internally, at least, in an implementation plan. Performance benchmarks and indicators that each UNU institute defines (and adjusts) annually, in consultation with the Office of the Rector and the institute advisory board or committee, should ideally be reflected in the institute strategic plan.

27. The Board reviewed the institute strategic plans in force during 2021, relating to 12 UNU institutes, and noted the following:

(a) The institutional culture objective referring to the inclusion of people with disabilities, varied family responsibilities and special needs was not included in 10 of the reviewed institute strategic plans. In addition, although one of the remaining institute strategic plans made a generic reference to UNU-wide (all UNU institutes, including headquarters) aims on institutional culture, it did not address the objective;

(b) The institutional culture objective related to tolerance on cultural, racial, sexual and other differences was addressed by only two institute strategic plans. One institute strategic plan made only a generic reference to the institutional culture objectives of the UNU strategic plan, whereas nine institute strategic plans did not address the objective;

(c) Three of the reviewed institute strategic plans did not make any reference to performance benchmarks or objectives, as required by the organizational performance handbook.

28. The Board is of the opinion that an absence of proper alignment of the planning instruments within each institute in relation to the UNU strategic plan may weaken the regulatory framework of the respective institute and could affect the achievement of the overall objectives of UNU.

29. The Board also considers that, as noted in the organizational performance handbook, performance benchmarks, objectives, targets and baselines should be reflected in the respective strategic plan. It is also noted in the handbook that the better these priorities are defined, the easier it will be to implement the strategy. Finally, the absence of at least general objectives to be accomplished by each institute could hinder the proper guidance of the institute's work as well as its tracking and measurement.

30. The Board recommends that UNU take measures to encourage its institutes to address in their respective strategic plans all the matters included in the UNU strategic plan, especially those related to the objective that refers to investing in a dynamic, innovative and diverse institutional culture.

31. The Board recommends that UNU take measures to ensure that institutes describe in their strategic plans at least the objectives that will be part of their performance benchmark framework.

32. UNU accepted the recommendations.

Non-alignment of sections and strategies of the strategic plans of the Institute for Environment and Human Security and the Vice-Rectorate in Europe

33. In the UNU policy on organizational performance, it is indicated that the University's activities and operations are regulated through internal and external organizational performance systems at three levels: UNU-wide, institute and personnel. With regard to the institute level, the same policy sets out the requirements for an institute's strategic plan, indicating that the institute should set the overall objectives, principles and priorities that will guide its work for a defined period.

34. In addition, regarding the rationale behind the institutes' strategic plans, it is indicated in the UNU organizational performance handbook that the plans are created to identify the key academic, administrative and governance-related priorities of an institute in the forthcoming period, citing a reference document on key elements of institute strategic plans. In this document, areas of emphasis include describing the key resources the institute will use, setting out the staffing profile and strategy, providing an overview of key target donors (e.g. by function or by research area) and explaining the fundraising strategy for the coming period.

35. In addition, it is mentioned in the UNU strategic plan for 2020–2024 that UNU is funded through voluntary contributions and does not receive any assessed contributions from the regular United Nations budget. Voluntary contributions are normally provided on an annual basis by host governments. The UNU strategic plan also highlights that, in the current political and financial environment, it would be imprudent to stake an institute's financial health on the contributions of a single host country donor. As a result, the plan calls for the further consolidation of UNU institutional architecture and a greater diversification of resources.

36. The Board reviewed the contents of the strategic plan for 2020–2024 of UNU-EHS and observed the following:

(a) One project included in the sections/programmes of the institute's strategic plan was not considered as part of the organizational chart of UNU-EHS. It was instead included as part of the United Nations University Vice-Rectorate in Europe (UNU-ViE);

(b) There were no specific focal areas related to one section/programme included in the strategic plan; in addition, one project was initiated in January 2021 but was not specifically linked to the strategic plan, therefore it was not possible to determine how this project contributed to the objectives for which that section/programme was created;

(c) UNU-EHS did not have a fundraising strategy and the topic was not included in its strategic plan, as required by the organizational performance handbook and the document on key elements of institute strategic plans. In addition, after inquiring about the core institutional funding for UNU-EHS, the Board noted that UNU-EHS relied only on donations made by two ministries of the Government of Germany.

37. The Board is of the opinion that not having a proper institute strategic plan could prevent the different sections of UNU-EHS from having an adequate perspective of the overall objectives, principles and priorities that would guide the work of the institute for a defined period. Moreover, the absence of clear focal areas related to the sections of work may hinder the identification of the fields in which future projects would be focused as well as the measurement of progress towards the objectives of the respective programme.

38. The Board also deems that, as maintaining core funding is a key aspect for the continuity of the UNU-EHS mission, purpose and functions, it is fundamental to have

a proper fundraising strategy that aims at planning and securing the resources needed for its operations. In addition, considering that it would be imprudent for the UNU strategic plan for 2020–2024 to stake an institute's financial health on the contributions of a single host country donor, it would be key for the institute fundraising strategy to include the diversification of core donors.

39. The Board recommends that UNU-EHS update its strategic plan, including the sections or programmes that it will be working on during the plan's period, and disclose the focal areas that will be addressed by the respective section.

40. The Board also recommends that UNU-EHS develop a fundraising strategy that considers donor diversification among its objectives and the disclosures suggested by the document on key elements of institute strategic plans in order to include this strategy in the UNU-EHS strategic plan.

41. UNU accepted the recommendations.

Absence of a measurement system for key performance indicators

42. Regarding quality and performance indicators for institutes (also referred to as benchmarks and indicators), it is indicated in the UNU policy on organizational performance that these should capture an institute's performance in line with the goals and measurements defined in its strategic plan. The institute's board and/or advisory committees should approve these indicators and review them annually.

43. Elaborating on that topic, according to the UNU organizational performance handbook, a draft benchmarks and indicators framework should spell out each benchmark (objective) that an institute intends to achieve and indicate the time frame (usually several years) within which the objectives should be achieved. The framework should also define those indicators that are most suited to tracking progress towards the achievement of each benchmark. It is also indicated in the handbook that, to assist in monitoring progress towards the set goals, a baseline should be established that reflects the situation at the moment that the benchmarks and indicators are defined. Without a baseline, it is difficult to track progress or to attribute progress to efforts undertaken within a specified period (usually one year).

44. The Board reviewed the strategic plan for 2020–2024 for UNU-EHS and noted that its benchmarking approach, at the institute level, consisted only of listing the key performance indicators applicable for the duration of the strategic plan. Furthermore, UNU-EHS also provided a document listing its key performance indicators for 2016–2020, which were still in force for 2021, according to the Institute.

45. After analysing the aforementioned documents, the Board noted that UNU-EHS did not have a benchmarks and indicators system (or key performance indicators system), as neither the Institute's strategic plan nor the key performance indicators document contained benchmarks, baselines, goals or a time frame for their implementation, as endorsed by the organizational performance handbook. In addition, the contents of the key performance indicators document were not fully aligned with the Institute's strategic plan, as the plan included 12 key performance indicators, whereas the document listed 14 key performance indicators, and the contents of some of the key performance indicators differed from each other.

46. The Board considers that the absence of a key performance indicators system that contains baselines, benchmarks, goals and a time frame diffuse the objectives to be accomplished by UNU-EHS and hinders their tracking and measurement. In addition, the lack of proper alignment of planning instruments within each institute hinders the strategic management of the institute and could affect the achievement of its objectives.

47. The Board recommends that UNU-EHS develop a key performance indicators system that includes baselines, benchmarks, goals and time frames, considering the provisions of the UNU organizational performance handbook and in alignment with its institute strategic plan.

48. UNU accepted the recommendation.

Absence of performance measures in the work plans of the Institute for Environment and Human Security and the Vice-Rectorate in Europe

49. Regarding institute-level performance, it is stated in the UNU organizational performance handbook that an institute strategic plan is created to identify the key academic, administrative and governance-related priorities for an institute in the forthcoming period. According to the handbook, the process of developing a strategic plan usually requires clarifying the mission of an institute, deciding which research areas will primarily be covered by the institute and deciding how academic and policy-relevant aspects will be considered.

50. It is also stated in the handbook that, although there is no requirement for UNU institutes to specify detailed performance measures in the strategic plan, it is recommended that institutes define such aspects (objectives, indicators, key performance indicators, targets and baselines) at least internally in an implementation plan. Moreover, the performance benchmarks and indicators that each UNU institute defines should ideally be reflected in the institute's strategic plan (in particular in the related implementation plan, as applicable).

51. The plans for the implementation of the respective strategies at UNU-ViE and UNU-EHS are called work plans. These work plans are issued annually during the respective working year, along with the activity report referring to the previous year.

52. The Board analysed the UNU-EHS and UNU-ViE annual work plans for 2020 and 2021, and observed that they did not define performance measures, such as objectives, indicators, targets and baselines. In addition, the annual work plans for UNU-EHS did not include activities related to the implementation of performance benchmarks and indicators (key performance indicators).

53. In addition, the Board compared the UNU-EHS 2020 annual work plan with its respective activity report (issued in 2021), and noted the absence of alignment between them regarding the following matters:

(a) The work plan did not include activities related to the implementation of the key performance indicators referred to in the Institute's strategic plan. Even though the activity report included information on key performance indicators, it referred to only 3 of the 14 key performance indicators included in the strategic plan;

(b) Of the 46 activities included in the annual work plan, there was no information on 14 of those activities in the report. In addition, of the 20 events planned to be performed during 2020, the activities report lacked information about 16 of them. In this regard, although the Institute provided reasons for delaying or not performing the activities or events, the activity report did not have any information about those reasons;

(c) Seven activities and 18 events that were reported as having been carried out in the 2020 UNU-EHS activities report were not included in the respective annual work plan. Even though the Institute provided reasons for the performance of the activities and events, the report did not include reasons or justifications for their performance.

54. The Board considers that the absence of performance measures such as objectives, indicators, targets and baselines, as recommended by the organizational

performance handbook, may prevent the respective work plan from having a clear benchmarking structure that could be tracked in order to assess the level of implementation of benchmarks included in the work plan or in the respective strategic plan. The same considerations may be expressed in relation to the absence of a clear reference to the defined key performance indicators.

55. Furthermore, the lack of alignment between work plans and their respective reports may hinder access to clear and accurate information about the level of implementation of the work plans and, therefore, of the respective strategic plan. This situation prevents the various stakeholders, such as donors or even the higher managerial levels of UNU, from understanding the evolution of UNU-EHS performance and the efficiency of its resource utilization.

56. The Board recommends that UNU-EHS and UNU-ViE include performance measures in their annual work plans, such as objectives, indicators, targets, baselines and deadlines, taking into consideration the provisions of the UNU organizational performance handbook.

57. The Board also recommends that UNU-EHS include a specific reference to all of its key performance indicators in its annual work plans in order to reflect the measures to be taken during the respective period to implement them and in consideration of the provisions of the organizational performance handbook.

58. The Board recommends that UNU-EHS ensure the alignment between its annual work plans and their respective activity reports, including in the latter the status and reasons for those activities and events in the work plans that could not be performed and the origin and rationales for those activities and events that were performed which were not included in the work plan.

59. UNU accepted the recommendations.

4. Human resources management

Absence of review of census data for after-service health insurance

60. In accordance with IPSAS 39: Employee benefits, under a defined benefit plan the entity has an obligation to provide the agreed benefits to former employees, and the actuarial risk and the investment risk fall, in substance, on the entity. Thus, the measurement of a defined benefit should be made by applying an actuarial valuation method. In this context, the United Nations provides its staff with after-service health insurance. This insurance constitutes a post-employment benefit, which is classified as a defined benefit plan.

61. After-service health insurance coverage is optional for eligible former staff members and their dependants. It is available only as a continuation, without interruption between active service and retirement status, of previous active-service coverage in a contributory health insurance plan of the United Nations.

62. In respect of the various requirements to become eligible, it is set out in section 2 of the administration instruction on after-service health insurance ([ST/AI/2007/3](#)) that a staff member must have at least 10 years of health insurance participation under an eligible contract to be eligible for subsidized after-service health insurance.

63. In the preparation of its financial statements for the period ended 31 December 2021, a consulting actuary appointed by the United Nations performed the actuarial valuation of after-service health insurance as at 31 December 2021, based on the census data ended 31 October 2021, which included active participants and retirees. The census data is provided by the Benefits and Entitlements Services of the United Nations Development Programme (UNDP), based on the memorandum of understanding between both entities.

64. It should be noted that according to the UNU personnel policy reviewed on June 2021, initial appointments of UNU staff who are academic personnel shall normally be for a fixed term of one year. Subsequent appointments are subject to satisfactory service and are limited to a maximum period of three years. The combined total of such fixed-term appointments (initial and renewal) shall normally not exceed six years.

65. Regarding the review of actuarial valuation of after-service health insurance, UNU pointed out that a UNU Human Resources Officer was responsible for verifying the reasonableness of the census data provided by the Benefits and Entitlements Services of UNDP. Nevertheless, the Board noted that all personnel under fixed-term appointments (academic and administrative) were included in the census data for the actuarial valuation, although academic staff might not be eligible for after-service health insurance owing to the duration of their contracts in accordance with the UNU personnel policy.

66. In this context, the Board noted that there was no clear procedure on how UNU carried out the reasonableness review of the after-service health insurance's census data, nor was there formal documentation of the result of the reviews or documentation justifying the inclusion of all personnel under fixed-term appointments in the census data provided to the actuary.

67. The Board considers that although the after-service health insurance census data is managed and provided by UNDP for the preparation of the financial statements, this does not relieve UNU of its responsibilities to verify the information and review the census data, owing to the fact that any inconsistency or omission in the data could imply errors in the estimation of the liabilities and, therefore, the Board cannot provide assurance, with an appropriate level of certainty, that all the information considered in the actuarial valuation is accurate.

68. The Board recommends that UNU develop and implement an official procedure that specifies the review of end-of-service census data between UNU and UNDP, which includes, at least, the validations and/or controls, the tolerable thresholds for any deviation, the responsible officials and the deadlines associated with this review, as well as details of the communications that will be carried out between UNU and UNDP.

69. The Board recommends that UNU issue an official report with the results of the review and of the adjustments made to the end-of-service census data each year in order to support the reasonableness review performed in the context of the preparation of the financial statements.

70. The Board recommends that UNU review the appropriateness of including all academic staff under fixed-term appointments in the after-service health insurance census data.

71. UNU accepted the recommendations.

Irregularities with regard to annual leave balance

72. In accordance with rule 5.1 (c) of the Staff Regulations and Rules of the United Nations, a staff member who holds a fixed-term or a continuing appointment shall accrue annual leave while in full pay status at the rate of 2.5 days per month.

73. Furthermore, according to rule 9.9 (a) of the Staff Regulations and Rules, if upon separation from service a staff member has accrued annual leave, he or she shall be paid a sum of money in commutation of the period of such accrued leave up to a maximum of 60 working days for staff holding a fixed-term or continuing appointment.

74. In addition, in accordance with the personnel policy of UNU, personnel engaged under a personnel service agreement who are required to perform their services at a UNU location shall accrue entitlement to annual leave at a rate of 2.5 days per month.

75. The University manages its human resources information using Atlas eServices, from which it is possible to extract different types of reports, such as:

(a) The absence record card, which contains leave records for a particular year for a particular staff member;

(b) The annual leave requests and approval report, which lists all annual leave requests of a staff member, along with the status of the request;

(c) A list of annual leave balances, which shows the opening balance, the days used and the final balance as of a specific cut-off date.

76. The University provided the list of annual leave balances as at 30 November 2021 for staff members holding a fixed-term appointment. Of a total of 137, the Board reviewed a sample of 30 staff members holding a fixed-term appointment, requesting their absence record card and annual leave requests and approval reports, and noted the following:

(a) Fourteen cases in which the annual leave opening balance, plus the accrued days, minus the days taken as at 30 November 2021, did not coincide with those reported by UNU on the list of annual leave balances;

(b) Thirteen cases in which UNU reported used annual leave days from different periods: either the annual leave was appointed for use in the next period (2022), or the annual leave was requested for December 2021;

(c) One staff member did not appear in the annual leave requests and approval report, since there was no approver in the system for his role. As a result, the Board could not verify the days used by the staff member as at 30 November 2021, since the final balance did not coincide with the Board's recalculation.

77. Regarding personnel service agreements, the Board reviewed the totality of annual leave accrued by those hired under such an agreement as at 31 December 2021, comparing the information in the absence record cards provided by Atlas eServices with the annual leave balances provided by UNU as at 31 December 2021.

78. Of a total of 236 cases reviewed, the Board noted that 13 cases showed differences between both files previously mentioned. After consultation with the administration, it was discovered that the errors identified were a result of differences in the way the balance was computed in the absence record card in Atlas eServices.

79. The Board considers that the management of annual leave information is crucial, not only as a planning resource but to ensure the accuracy of the data when it is extracted from the system. Such inaccuracies presented by the University put at risk the reliability of the information existing in the system and affected the usability of the information.

80. In addition, it should be specified that in the case of a staff member deciding to leave the University, the balance of annual leave will be one of the inputs used to calculate the sum of money to be paid for the staff member's accrued annual leave days. Therefore, ensuring the accuracy of the data is also crucial for financial purposes.

81. The Board recommends that UNU perform a reconciliation of the annual leave balance in Atlas eServices in order to ensure that balances are reconciled between the different types of reports and the information is accurate.

82. UNU accepted the recommendation.

Untimely authorizations of annual leave

83. In accordance with rule 5.1 (e) (ii) of the Staff Regulations and Rules of the United Nations, annual leave may be taken only when authorized. If a staff member is absent from work without authorization, payment of salary and allowances ceases for the period of unauthorized absence.

84. However, if, in the opinion of the Secretary-General, the absence was caused by reasons beyond the staff member's control and the staff member has accrued annual leave, the absence will be charged to that leave.

85. Currently, the University utilizes the Atlas eServices "My leave" module to manage its personnel leave days. Staff members must send requests for annual leave to their focal points or supervisors in order to obtain the proper approval for annual leave.

86. The "My leave" module includes built-in validation mechanisms to ensure:

- (a) That leave periods do not exhaust the entitlement;
- (b) That there are no overlapping leave periods;
- (c) The accurate count of leave days and real-time updates on accrued leave balances;
- (d) Proper data validation, including weekends and holidays, among other things.

87. From the list of annual leave balances for fixed-term appointments as at 30 November 2021, the Board took a sample of 30 staff members, and reviewed all requests and approvals of annual leave recorded in Atlas eServices in 2021.

88. Of 270 requests of annual leave, 265 were approved. In 25 of the 265 approved requests, the approval had occurred after leave had already begun. The details are shown in table II.3.

Table II.3

Annual leave approved for staff members holding fixed-term appointments

<i>Timing of approval</i>	<i>Number of staff</i>
Before the beginning of leave (on time)	240
Delays from 1 to 90 days	21
Delays from 91 to 180 days	3
Delays of more than 180 days	1
Total	265

Source: Information provided by the United Nations University.

89. It should be noted that the 25 requests for annual leave that were delayed but eventually approved came from 15 staff members, accounting for 50 per cent of the sample of 30 staff members reviewed by the Board.

90. The University stated that some of the delays were the result of technical glitches, others had been authorized by email and some were owing to the need for flexibility in the face of the COVID-19 pandemic. In addition, some cases were pre-approved on internal calendars, and other requests and approvals were made using Microsoft Teams.

91. The Board noted with concern that 50 per cent of staff members in the sample it reviewed had their annual leave approved after it had already begun, which may indicate that this is not a one-off event in the University.

92. The Board is of the view that the procedure of authorizing annual leave requests through email or other platforms, and not entering such approval in the system provided for that purpose, hinders the accuracy of tracking annual leave when extracting the data, given that the purpose of the system is to minimize those risks.

93. In addition, the Board deems it important that UNU strengthen the control and monitoring of annual leave requests and approvals in the system, in order to avoid late approvals.

94. The Board is of the opinion that UNU would benefit from encouraging the use of the system to request and approve annual leave, since the proper use of the system allows personnel to have real information about their accrued days and automatically calculate weekends and holidays, and could serve as a management tool for planning. The Board deems it important for UNU to strengthen the control and monitoring of annual leave requests and approvals in the system in order to avoid late approvals.

95. The Board recommends that UNU ensure that annual leave requests are entered and approved through Atlas eServices in a timely manner.

96. UNU accepted the recommendation.

Lack of uniformity in consultants' fees

97. In relation to consultants' fees, in accordance with annex III to the administrative instruction on consultants and individual contractors ([ST/AI/2013/4](#)), fees payable to a consultant or individual contractor should be the minimum amount necessary to obtain the services required by the Organization. In that sense, in each office of the Organization, duly authorized officials, normally an Executive Officer or Administrative Officer, have the delegated authority to assess and formally determine the level of remuneration for a proposed consultancy.

98. The administrative instruction details levels from A to E, defining both the type of specialization and experience, among other things, as well as a price range from which each organization can choose. It should be noted that the fee range does not apply to local consultants.

99. Furthermore, it is established in paragraph 3 of annex III to the administrative instruction that an assignment under a consultant contract does not carry with it a level or grade with respect to a United Nations salary scale. However, based on different factors, it should be possible to estimate the United Nations common system equivalent of the level of the assignment (e.g. P-3, P-4) to ensure equity and consistency of fees for consultants.

100. According to paragraph 7 of annex III, once the fee range is established, the monthly and daily fee rates are calculated by the Office of Human Resources and updated periodically in accordance with revisions of the salary scale for the Professional and higher categories based on the annual gross base salaries.

101. The Board requested the fee ranges and levels used by each institute and compared the information provided to that indicated in the administrative instruction and among the institutes.

102. The following were identified from the analysis:

(a) Three institutes used the fee ranges defined in the administrative instruction;

(b) Three institutes and the UNU Centre did not define fee ranges, and the consultants were evaluated by contract/project;

(c) One institute had a flat fee for consultants, regardless of the work to be done or provided;

(d) Two institutes used the fee ranges used by other United Nations entities;

(e) One institute used the fee range that had historically been assigned in the budget.

103. In addition, the levels in the administrative instructions defining the type of specialization, experience and other requirements had not been specified by most of the institutes.

104. The Board is of the view that the absence of the determination of levels hinders the standardization and consistency of fees, since the assessment of experience, specializations and other variables are not being considered when establishing a fee range.

105. In addition, the Board considers that the use of fee ranges defined in 2013 constitutes the application of amounts that may be outdated, which entails the risk that the prices determined in the contracts could not be at the market level of the country in which the institutes operate.

106. Finally, the Board deems that the lack of uniformity of fee ranges may hinder the existence of standard values for each type of work, which can lead to arbitrariness when defining criteria and payment for consultants.

107. The Board recommends that the UNU Centre establish uniform criteria for the required levels (based on the complexity of the assignment and the degree of specialization, knowledge, qualifications, experience and skills required), in order to standardize the type of work the consultant performs, which shall be documented at the time of formalizing a contract.

108. The Board recommends that UNU institutes, separately, adjust the consultant's price ranges considering its budget and country variables in order to ensure contracts are aligned to market values.

109. The Board recommends that the UNU Centre review annually the fees determined by each institute for the consultant's services in order to verify that they meet the criteria established at the central level and that the amounts are in accordance with the budgets and values of each country where they operate.

110. UNU accepted the recommendations.

Consultants exceeding maximum contract periods

111. According to section 2 of [ST/AI/2013/04](#), a consultant is defined as an individual who is a recognized authority or specialist in a specific field, engaged by the United Nations under a temporary contract in an advisory or consultative capacity. A consultant must have special skills or knowledge not normally possessed by the regular staff of the Organization.

112. Similarly, according to paragraph 5.8 of the same administrative instruction, in order to limit the repeated use of the same consultant, either to perform different tasks within the work plan or a series of tasks within the same project, no consultant should provide services for more than 24 months in a 36-month period, whether continuous or not, and irrespective of the cumulative months of actual work.

113. The Board reviewed the historical database of contracts with consultants working for UNU and analysed those in force during 2021, totalling 649 consultants and 812 contracts.

114. The Board noted that 77 consultants (holding 215 contracts) had an engagement to work at the UNU institutes (owing to the duration of the contract) for 24 months or more in a period of 36 months, as a result of the following situations:

(a) Academic contracts lasting for more than 36 months (e.g. doctoral fellowships, professors, etc.);

(b) Vendors with consecutive contracts, or more than one contract per year, which together exceeded the maximum period allowed;

(c) Hourly/part-time/full-time contracts that exceeded the three-year duration.

115. The Board is of the view that extending consultant contracts for longer periods than those allowed raises the question of whether the nature of the service is essential and could require a longer duration, or the possibility that consultants could be hired under a different contract modality.

116. The Board considers that evaluating the tasks of consultants who have exceeded the time allotted would allow UNU to define the proper contract modality and the necessity of the consultant.

117. The Board recommends that UNU create a mechanism to ensure that consultants' working periods do not exceed the maximum time allowed by the administrative instruction.

118. The Board also recommends that UNU evaluate the positions for which the consultant modality is used that are recurrent and necessary for the operation of the institutes, in order to ensure that the contract modality used is appropriate.

119. UNU accepted the recommendations.

Absence of criteria documentation for consultants' selection

120. In relation to the consultants' selection process, according to the UNU administrative instruction on consultants and individual contractors (UNU/ADM/2019/01), due regard should be paid in the selection process to the need to achieve gender balance, without prejudice to the requirement of a wide geographical distribution.

121. According to the instruction, the results of the selection process describing the decision to engage the selected candidate should be documented in writing and filed accordingly to ensure transparency.

122. In addition, UNU provides a "justification form" to document the results of the selection process, which includes a background of the project/section in which the consultant will work and the reasons for his or her selection.

123. During the audit of UNU-EHS and UNU-ViE, the Board reviewed the selection process for consultants hired by UNU-EHS and UNU-ViE for the period from 1 January to 31 August 2021. Of the 15 consultants hired in 2021, the Board analysed a sample of eight contracts.

124. In addition, the Board also reviewed the selection process for consultants hired by all other UNU institutes during the period from 1 January to 31 December 2021. Of the 425 consultants hired in 2021, the Board analysed a sample of 30 contracts.

125. Of a total of 38 contracts, the Board noted the following:

(a) For 10 institutes (including the UNU Centre and excluding UNU-EHS and UNU-ViE), 3 provided their considerations on the matter of gender balance and geographical distribution in the selection process; however, each of them utilized different criteria. UNU-WIDER prioritized female candidates from developing countries, UNU-CRIS included these topics as part of its annually monitored key performance indicators and UNU-FLORES considered these factors as a second criteria for selection;

(b) For 8 institutes, the clarifications did not provide sufficient information for the Board to determine that the issues of gender balance and geographical distribution were assessed during consultant selection, other than through open competition throughout the process;

(c) With regard to UNU-EHS and UNU-ViE, none of the cases reviewed contained evidence of gender balance and geographical distribution assessments during the consultant selection process. Thus, the respective justification forms only referred to the technical skills of the consultant elected and why he or she was suitable for the job.

126. Moreover, the Board noted that the administrative instruction did not specify how the gender balance and geographical distribution should be assessed during the procedure.

127. The Board deems that the absence of a gender balance assessment during the process of hiring of consultants in UNU contravenes the administrative instruction on consultants and individual contractors.

128. The Board is of the view that establishing criteria for assessment in the administrative instruction may allow the institutes to compare selection criteria and create a standard set of guidelines, and at the same time, it would ensure that the criteria followed by the different institutes meet UNU requirements on gender balance and geographical distribution.

129. The Board recommends that UNU revise its consultant policy to formally establish the assessment methodology and criteria for gender balance and geographical distribution in order to ensure the evaluation of both topics in the selection process, along with supporting documentation of the assessment performed during the process.

130. UNU did not accept the recommendation.

131. The Board holds that gender balance and geographical distribution assessment should be properly documented by the University, considering the environment in which UNU performs its activities. The selection process should consider the assessment of those variables in order to ensure that no discrimination occurred on the basis of both variables. Considering the above, the Board is of the view that the recommendation should be maintained.

5. Voluntary contributions

Untimely recognition of voluntary contributions

132. The financial statements of UNU are prepared under IPSAS. By adopting this standard, UNU recognizes transactions on an accrual basis, as established in IPSAS 1: Presentation of financial statements.

133. As part of the operation of UNU, transactions originating in different currencies are often recorded in the Atlas enterprise resource planning system. In this context, paragraph 24 of IPSAS 4: The effects of changes in foreign exchange rates,

establishes that a foreign currency transaction shall be recorded, on initial recognition in the functional currency, by using the exchange rate at the date of the transaction. The date of a transaction is defined in paragraph 25 of IPSAS 4 as the date on which the transaction first qualifies for recognition in accordance with IPSAS.

134. In the case of contributions, the recognition basis determined by IPSAS 23: Revenue from non-exchange transactions (taxes and transfers) states that the recognition of an asset is bound by the probability that future economic benefits will flow to the organization, and the fair value can be measured reliably.

135. In addition, paragraph 35 of IPSAS 23 clarifies that an inflow of resources is probable when the inflow is more likely than not to occur. The entity bases this determination on its past experience with similar types of flows of resources and its expectations regarding the taxpayer or transferor. For example, where: (a) a government agrees to transfer funds to a public sector entity (reporting entity); (b) the agreement is binding; and (c) the government has a history of transferring agreed resources.

136. UNU standard operating procedure on voluntary contributions, effective since 27 May 2019, states that one of the asset recognition criteria is when UNU controls the funds as a result of a past event, which is when the binding agreement between UNU and the donor is signed.

137. The University provided the list of contributions for the year ended 31 December 2021, from which a sample of 25 donations from all UNU institutes was reviewed, representing 88 per cent of contributions recorded in 2021.

138. The donations reviewed were related to 35 documents, including agreements, invoices and pledges. In its accounting procedures, the University usually records the instalment previously agreed in the contract which, from the sample reviewed, generated approximately 86 journal entry lines.

139. As a result of the review, the Board noted:

(a) Forty journal entry lines were recorded on 31 December 2021, but the signature dates of the agreements ranged from March to December 2021;

(b) Exchange rates differ when computing the agreements in currencies other than United States dollars, as the main criteria for recognition established in IPSAS is the signed date of the contract, and therefore the exchange rate utilized should be the one closest to that date. In some cases, for UNU, the date cash was received was utilized to determine the exchange rate for accounting purposes.

140. In addition, it was observed in one case that the agreement was signed in 2020 and recognized in 2021, although the amount was not material to the financial statements. Moreover, the University stated that an amendment with the donor was being negotiated to modify the date. However, the Board noted that the donor had to follow up with the relevant institute in order to formalize the agreement. As of the date of review in April 2022, the amendment had not yet been signed.

141. In addition, the Board reviewed information regarding the restatement of the financial statements for 2020, observing that UNU partially recognized the contribution in 2020 based on the donor agreement summary from the respective institute. In 2021, UNU received the agreement signed on 31 December 2020 and recorded the remaining amount as an adjustment to the previous year.

142. The Board considers that the untimely recognition of the contributions recorded by the University – although not material – affect the valuation of the voluntary contributions at year-end. In addition, it considers that the recognition and valuation of contributions is not aligned with IPSAS in all cases.

143. **The Board recommends that UNU develop a mechanism of control for the agreements that are being negotiated in order to effectively monitor the status of each one of the institutes and prevent delays in negotiation and amendments or prevent potential errors when recording contributions.**

144. **The Board recommends that UNU ensure that the recording of contributions is registered in Atlas on the date when recognition criteria are met in order to prevent exchange rate differences in the revenue.**

145. UNU accepted the recommendations.

6. Information and communications technology

No formal establishment of terms of reference for United Nations University information and technology units

146. At UNU, the area of information and technology (ICT) is managed by the Campus Computing Centre. The role of the Campus Computing Centre involves, among other things, soliciting best practices from ICT units, issuing ICT guidance and setting ICT policies and standards for UNU.

147. In this regard, it is important that terms of reference are set out for the organization of the area, since they establish main responsibilities, functions, core services and other responsibilities. For this purpose, the Campus Computing Centre developed a document, dated January 2022, outlining its terms of reference. Although this document was published on the UNU website, there is no indication that it was officially enacted and the text was apparently a draft based on a previous version.

148. In addition, the Board noted that the functional description of the Campus Computing Centre terms of reference could be enhanced, since, for example, no explanation was contained about the scope and responsibility of the Computing Centre in relation to the UNU enterprise resource planning system (Atlas), despite the Centre being an information technology resource.

149. Moreover, as part of the audit process performed at UNU-ViE, the Board noted that the ICT unit in UNU-ViE performed service desk processes based on the Information Technology Infrastructure Library methodology; provided global desktop support (including remote access by the unit of staff members' computers, chat and voice/video calls, file transfers and a self-service portal); and managed network infrastructure, including a data centre, 10 internal networks and 6 UNU floors connected to core switches, as well as other components such as 39 virtual servers, 20 network switches and 2 fibre-channel switches.

150. Subsequently, considering the functions previously described, the Board noted that a formal ICT governance document for the above-mentioned ICT unit had not been formulated.

151. The Board deems that, considering the relevance of the duties of the Campus Computing Centre and the ICT unit in UNU-ViE, the absence of an officially enacted set of regulatory terms of reference may hinder the scope of both ICT units' functions and the respective accountabilities related to them.

152. The Board recommends that the Campus Computing Centre officially issue its ICT terms of reference at the headquarters level, including the Campus Computing Centre responsibility in relation to the UNU enterprise resource planning system (Atlas).

153. The Board recommends that UNU-ViE establish ICT terms of reference at the local level, including, at minimum, the scope of its objectives, purpose, responsibilities, meeting schedules, and its governance and reporting lines, in

accordance with the ICT priorities of the institutes and the UNU ICT governance framework.

154. UNU accepted the recommendations.

C. Disclosures by management

1. Write-off of cash, receivables and property

155. UNU reported that there were \$14,872.68 write-offs of cash and cash receivables during 2021. There were no write-offs of losses of property, plant and equipment, inventories and intangibles during 2021.

2. Ex gratia payments

156. UNU reported to the Board that there were no ex gratia payments in 2021.

3. Cases of fraud and presumptive fraud

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

158. During the audit, the Board made enquiries of management regarding its oversight responsibility for assessing the risks of material misstatements due to fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks of fraud that management had identified or that had been brought to its attention. The Board also enquired as to whether management had knowledge of any actual, suspected or alleged fraud. No cases of fraud were brought to the Board's attention.

D. Acknowledgement

159. The Board expresses its sincere appreciation and gratitude to the management and staff of the University for the assistance and cooperation extended during the conduct of this audit.

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

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

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

21 July 2022

Annex

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

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented Overtaken by events
1.	2016	A/72/5 (Vol. IV) , chap. II, para. 97	The Board recommends that UNU-EHS and UNU-ViE plan, formalize and carry out all activities for business continuity and disaster recovery for any event of disruption. This plan is to be reviewed periodically.	The disaster recovery document is currently in progress. Delivery will take place by the end of the second quarter of 2022.	The Board reviewed the draft version of the disaster recovery document, confirming that advances have been achieved. Nonetheless, the final report is pending issuance. Therefore, this recommendation is under implementation.		X	
2.	2017	A/73/5 (Vol. IV) , chap. II, para. 118	The Board recommends that UNU assess the sensitivity of data it receives from and sends to third parties in accordance with the classification principles stipulated in ST/SGB/2007/6 and make sure that sensitive information is appropriately protected.	UNU maintains the status of compliance of the UNU Centre and its institutes and programmes on the intranet. UNU considers this recommendation implemented.	The Board verified that UNU assessed the treatment of sensitive information in accordance with the Secretary-General's bulletin on information sensitivity, classification and handling (ST/SGB/2007/6). This recommendation is considered implemented.	X		
3.	2017	A/73/5 (Vol. IV) , chap. II, para. 175	The Board recommends that UNU-IAS ensure that travellers report their travel completion within one month after the travel end date.	UNU considers this recommendation implemented.	The Board reviewed a sample of the travellers' reports and confirmed that they were submitted in due time. Hence, this recommendation is considered implemented.	X		
4.	2019	A/75/5 (Vol. IV) , chap. II, para. 67	The Board recommends that the administration set a deadline for the full implementation of the Atlas travel and expense module by all UNU institutes.	The development of a custom solution in the United Nations of an all-service platform, to be integrated with Quantum (the new enterprise resource planning system), is ongoing.	The Board reviewed the information presented by the entity and, as the implementation of the enterprise resource planning system is still ongoing, this recommendation is under implementation.		X	
5.	2020	A/76/5 (Vol. IV) , chap. II, para. 30	The Board recommends that UNU revise the investment restrictions in the policy and procedures of the UNU Endowment Fund to include the United Nations position on controversial industries.	UNU reviewed and modified the policy. UNU considers this recommendation implemented.	The Board verified that UNU held a Council meeting to discuss the policy. However, the analysis of the revised policy will be part of the next audit period in order to ensure the University's compliance. Therefore, this recommendation is under implementation.		X	

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented Overtaken by events
6.	2020	A/76/5 (Vol. IV) , chap. II, para. 31	The Board recommends that UNU make arrangements to incorporate customized strategic benchmarks into its investment management agreements, specifically on the eligible assets, to be aligned with the different United Nations initiatives.	The transfer to environmental, social and governance shares was done on 1 March 2022. This was an extensive exercise that involved the UNU Council, the Office of Investment Management, the investment management company and UNU. This recommendation is considered implemented.	The Board reviewed the minutes of the UNU Council meeting, and the draft amendment between UNU and the investment management company. However, since the portfolio was modified in 2022, the Board will review the portfolio in the next audit period. Therefore, this recommendation is under implementation.		X	
7.	2020	A/76/5 (Vol. IV) , chap. II, para. 42	The Board recommends that UNU perform the disaster recovery exercise at least once a year, in alignment with the provisions included in the United Nations Secretariat information and communications technology technical procedure on disaster recovery planning.	UNU performed the disaster recovery exercise. This recommendation is considered implemented.	The Board reviewed the report issued by UNU of the disaster recovery exercise performed on 5 February 2022. Therefore, this recommendation is considered implemented.	X		
8.	2020	A/76/5 (Vol. IV) , chap. II, para. 51	The Board recommends that UNU formalize the donated right-to-use arrangement related to the office space of the United Nations University Institute for Integrated Management of Material Fluxes and Resources, in order to ensure that it is aligned with United Nations corporate guidelines, specifically those related to IPSAS, on leases and donated right-to-use arrangements.	UNU formalized the donated-right-to-use arrangements for the provision of the premises in an addendum to the agreement, which was duly signed in 2021.	The Board verified that UNU formalized the donated-right-to-use arrangements. This recommendation is considered implemented.	X		
9.	2020	A/76/5 (Vol. IV) , chap. II, para. 60	The Board recommends that UNU-WIDER formalize the amendments in force that are not signed by the consultants and UNU.	UNU-WIDER obtained signatures on the active contracts that had been amended.	The Board has verified that consultants' contracts, amendments or modifications were duly formalized. Therefore, this recommendation is considered implemented.	X		
10.	2020	A/76/5 (Vol. IV) , chap. II, para. 61	The Board recommends that UNU-WIDER formalize every amendment, modification or changes in every occasion they occur, in a timely manner and in alignment with the personnel policy of UNU.	UNU-WIDER has implemented the recommendation, and in addition has formulated a workflow for the external contracts.	The Board reviewed the amendments and contract modifications confirming that they were duly formalized. Hence, this recommendation is considered implemented.	X		

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
11.	2020	A/76/5 (Vol. IV), chap. II, para. 71	The Board recommends that UNU-WIDER reinforce the role of project managers regarding their responsibilities indicated in the project management guidelines, especially in periodically monitoring the results of the project and the implementation of corrective measures, when applicable.	UNU-WIDER clarified and reinforced the role of project managers during its personnel meeting held in June 2021. In addition, the Institute has continued to strengthen project monitoring and evaluation through its monitoring, evaluation and learning strategy, which includes the hiring, under a personnel service agreement, of an Associate Monitoring, Evaluation and Learning Officer during the 2022–2023 biennium.	The Board verified that UNU had taken measures to reinforce the role of project managers, and that an Associate Monitoring, Evaluation and Learning Officer was considered in the budget of UNU for the biennium 2022–2023. Therefore, the Board considers this recommendation implemented.	X			
Total number of recommendations						11	7	4	–
Percentage of total number of recommendations						100	64	36	–

Abbreviations: IPSAS, International Public Sector Accounting Standards; UNU, United Nations University; UNU-EHS, United Nations University Institute for Environment and Human Security; UNU-IAS, United Nations University Institute for the Advanced Study of Sustainability; UNU-ViE, United Nations University Vice-Rectorate in Europe; UNU-WIDER, United Nations University World Institute for Development Economics Research.

Chapter III

Certification of the financial statements

Letter dated 25 March 2022 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations University for the year ended 31 December 2021 have been prepared in accordance with regulation 6.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information on, and clarifications of, the financial activities undertaken by the University during the period covered by these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations University, numbered I to V, are correct in all material respects.

(Signed) Chandramouli **Ramanathan**
Assistant Secretary-General
Controller

Chapter IV

Financial report for the year ended 31 December 2021

A. Introduction

1. The Rector has the honour to submit herewith the financial report on the accounts of the United Nations University (UNU) for the year ended 31 December 2021.
2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex, which includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules of the United Nations.
3. The University was established by the General Assembly in 1973 with a mandate to devote its work to research into the pressing global problems of human survival, development and welfare that are the concern of the United Nations and its agencies.
4. UNU is principally a think tank and one of several research entities in the United Nations system. The University operates as a network of 13 policy-oriented research and training institutes in 12 countries and is coordinated by the UNU Centre in Tokyo. UNU researchers and support personnel collaborate to develop evidence-based solutions to pressing global challenges and advocate for relevant policies that support the United Nations system and United Nations Member State development objectives.
5. The research programme of UNU outlined in the strategic plan 2020–2024 is closely aligned with the 2030 Agenda for Sustainable Development.
6. The University's research findings are disseminated primarily through academic and policy publications (most of which are freely available online) and public events.
7. The University's timely research helped policymakers understand and respond to the coronavirus disease (COVID-19) pandemic. For example, researchers from several UNU institutes analysed possible measures to mitigate the impact of the pandemic on global poverty, human trafficking, humanitarian access, gender inequality and international development assistance.
8. UNU also promotes knowledge creation and exchange through education and capacity-building programmes, including accredited postgraduate degree programmes, that help to equip tomorrow's leaders with the academic foundations they will need to solve global challenges. UNU continued its capacity-building work throughout the ongoing COVID-19 pandemic, primarily through virtual arrangements that allowed researchers and other stakeholders to engage from around the world and further strengthened its collaboration with institutions in the global South.
9. UNU compiled its first diversity profile, which will guide further action. A new Senior Vice-Rector joined UNU in Tokyo in October 2021, which expanded the University's strong track record of gender parity at the highest levels of senior staff.

B. Overview of the financial statements for the year ended 31 December 2021

10. Financial statements I, II, III, IV and V show the financial results of UNU activities and its financial position as at 31 December 2021. The notes to the financial statements explain UNU accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Financial position

Table IV.1

Summary of financial position as at 31 December 2021

(Thousands of United States dollars)

	2021	2020 (restated)	Change (amount)	Change (percentage)
Current assets	87 258	70 894	16 364	23.1
Non-current assets	525 543	512 407	13 136	2.6
Total assets	612 801	583 301	29 500	5.1
Current liabilities	14 213	13 884	329	2.4
Non-current liabilities	56 468	56 678	(210)	(0.4)
Total liabilities	70 681	70 562	119	0.2
Net assets	542 120	512 739	29 381	5.7

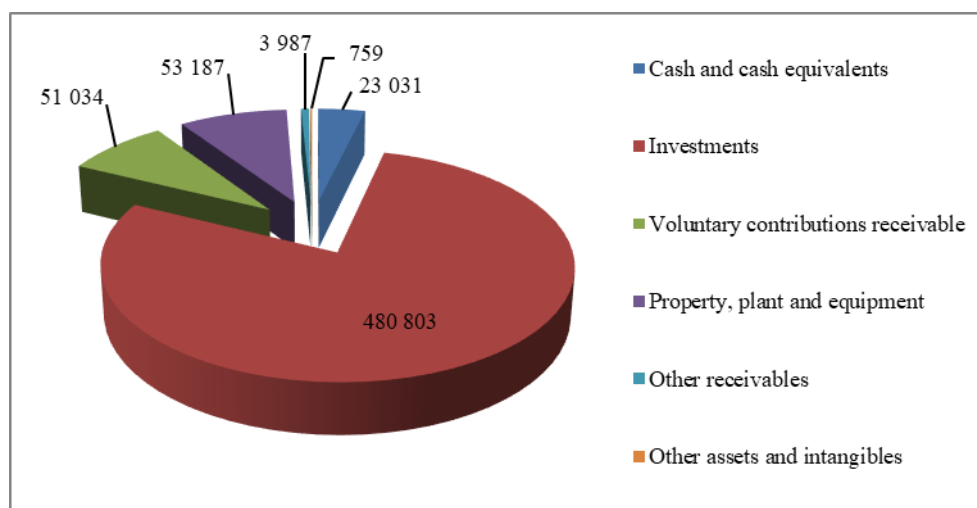
Assets

11. Assets as at 31 December 2021 totalled \$612.80 million compared with the balance as at 31 December 2020 (restated) of \$583.30 million. Figure IV.I presents the structure of assets as at 31 December 2021.

Figure IV.I

Total assets as at 31 December 2021

(Thousands of United States dollars)



12. The main assets as at 31 December 2021 are investments and property, plant and equipment totalling \$533.99 million, representing 87.1 per cent of the total assets; voluntary contributions receivable of \$51.03 million, or 8.3 per cent; and cash and cash equivalents of \$23.03 million, or 3.8 per cent. The remaining 0.8 per cent of the assets consist mainly of other receivables, other assets and intangibles.

13. Of the total cash, cash equivalents and investments of \$503.83 million, \$443.51 million, or 88.0 per cent, is held with the Endowment Fund, while \$44.87 million, or 8.9 per cent, is held in the United Nations Treasury main cash pool.

14. Under IPSAS, accounts receivable from voluntary contributions are recognized in full upon signature of agreement, including amounts due in future financial periods. An exception applies to agreements with performance obligations, such as those with the European Union containing conditions requiring the return of contributions if funds are not spent in accordance with the terms and conditions specified by the donor.

15. Overall, assets increased by \$29.50 million, or 5.1 per cent, over the prior year. The change is attributable mainly to the favourable change in the fair value of the investments held with the Endowment Fund.

Liabilities

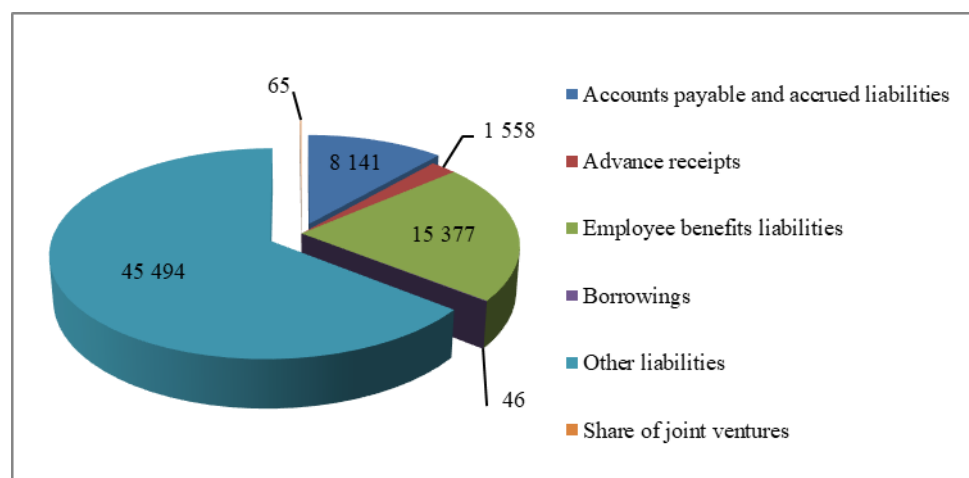
16. Liabilities as at 31 December 2021 totalled \$70.68 million, compared with the balance as at 31 December 2020 of \$70.56 million. Figure IV.II presents the structure of UNU liabilities as at 31 December 2021.

17. Total liabilities remained at a similar level to the previous year, with a marginal increase of \$0.12 million, or 0.2 per cent.

Figure IV.II

Total liabilities as at 31 December 2021

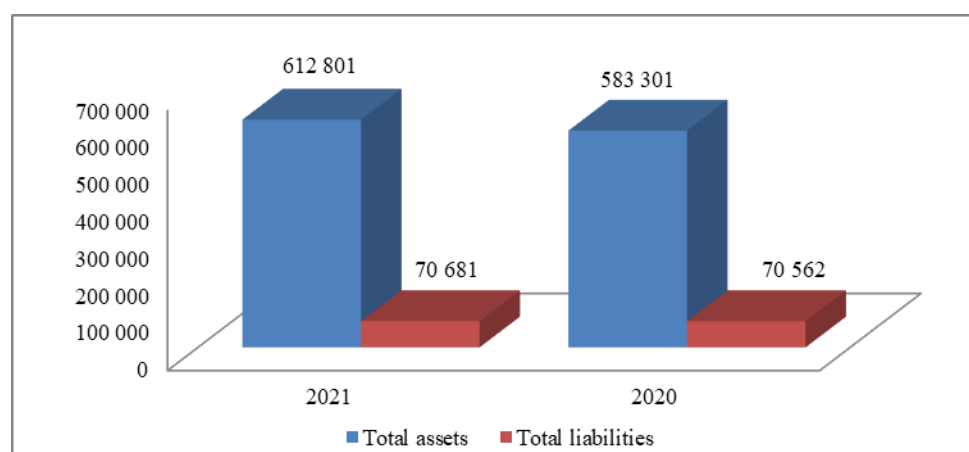
(Thousands of United States dollars)



18. Donated right-to-use buildings occupied by the University's offices, classified as leases and reported as other liabilities, were the largest liability held by UNU. These amounted to \$45.49 million, representing 64.4 per cent of total liabilities. The other major component of liabilities was employee benefits earned by staff members, retirees and individual contractors. These accounted for \$15.38 million, representing 21.8 per cent of total liabilities. The remaining liabilities consisted mainly of accounts payable and accrued liabilities, and advance receipts.

Figure IV.III
Movement in total assets and total liabilities as at 31 December 2021

(Thousands of United States dollars)



19. Figure IV.III illustrates an increase of 5.1 per cent in the total assets during the year, from \$583.30 million in 2020 to \$612.80 million in 2021. On the other hand, total liabilities registered an increase of 0.2 per cent, from \$70.56 million in 2020 to \$70.68 million over the same period. The liability to asset ratio remained steady at 11.5 per cent (in 2020, 12.1 per cent).

Net assets

20. The movement in net assets during the year reflects an increase of \$29.38 million, from \$512.74 million as at 31 December 2020 (restated) to \$542.12 million as at 31 December 2021. This increase is primarily attributable to the net surplus movement in the Endowment Fund of \$18.48 million as a result of the growth in the fair value of investment.

Financial performance

Revenue

Table IV.2

Comparative revenue analysis

(Thousands of United States dollars)

	2021	2020 (restated)	Change (amount)	Change (percentage)
Voluntary contributions	69 040	64 283	4 757	7.4
Investment revenue (net)	33 505	48 351	(14 846)	(30.7)
Other revenue	4 460	7 883	(3 423)	(43.4)
Total revenue	107 005	120 517	(13 512)	(11.2)

21. In 2021, the University's revenue totalled \$107.01 million, a decrease of \$13.51 million compared with 2020 (restated), or approximately 11.2 per cent, attributable mainly to lower investment revenue. Voluntary contributions were the main source of revenue and totalled \$69.04 million, comprising net monetary contributions of \$40.28 million from Member States and \$7.27 million from other donors. Revenue also included contributions in kind as a rental subsidy of

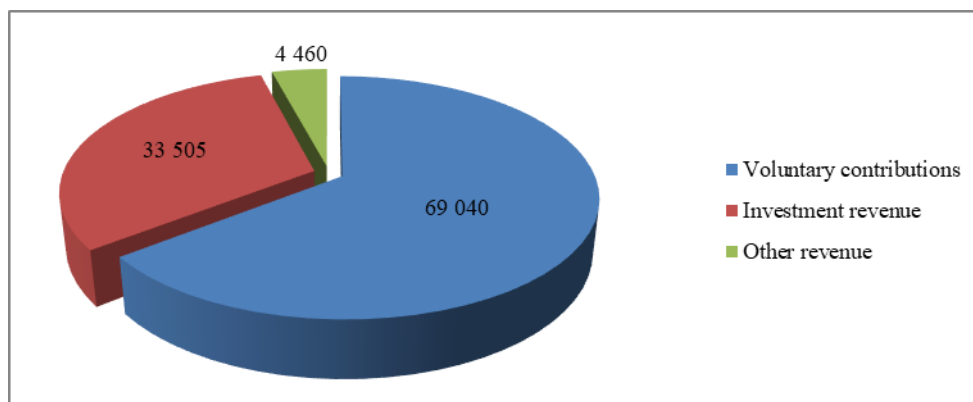
\$21.49 million for the year, representing the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNU. Revenue from investments in cash pools and the Endowment Fund was \$33.51 million. Other revenue, consisting mainly of fees from consulting services and rental income received by the University's headquarters building, amounted to \$4.46 million.

22. Figure IV.IV presents the structure of UNU revenue as at 31 December 2021.

Figure IV.IV

Total revenue as at 31 December 2021

(Thousands of United States dollars)



23. UNU is heavily reliant on a small number of donors; it was noted that the top six donors, on an IPSAS basis, contributed about 79.2 per cent of the total net monetary donor contributions for the year. Figure IV.V highlights the major voluntary contributors, showing Germany as the major contributor for 2021, while figure IV.VI provides a breakdown of the voluntary contributions by current year and future years, from 2017 to 2021.

Figure IV.V

Voluntary contributions from State donors exceeding \$1.0 million per donor, 2021 (IPSAS basis)

(Thousands of United States dollars)

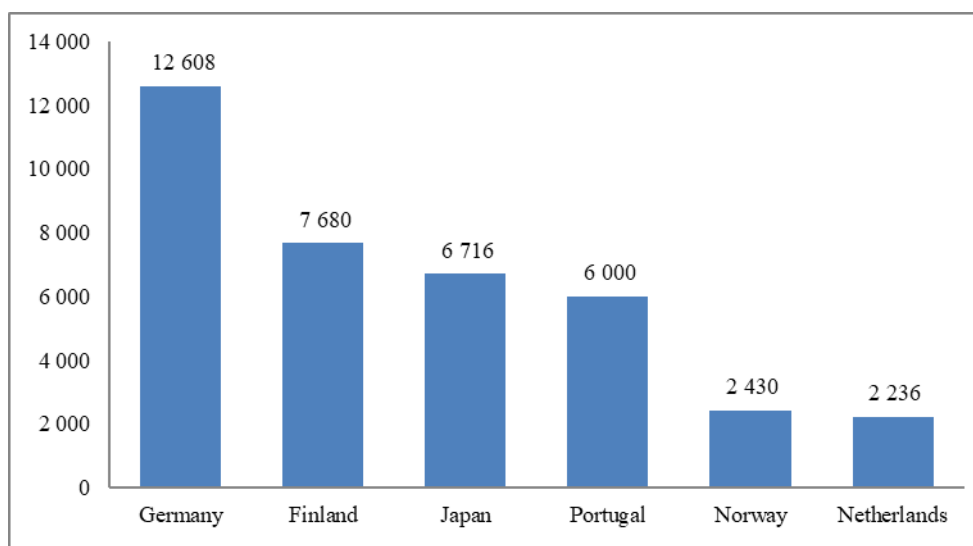
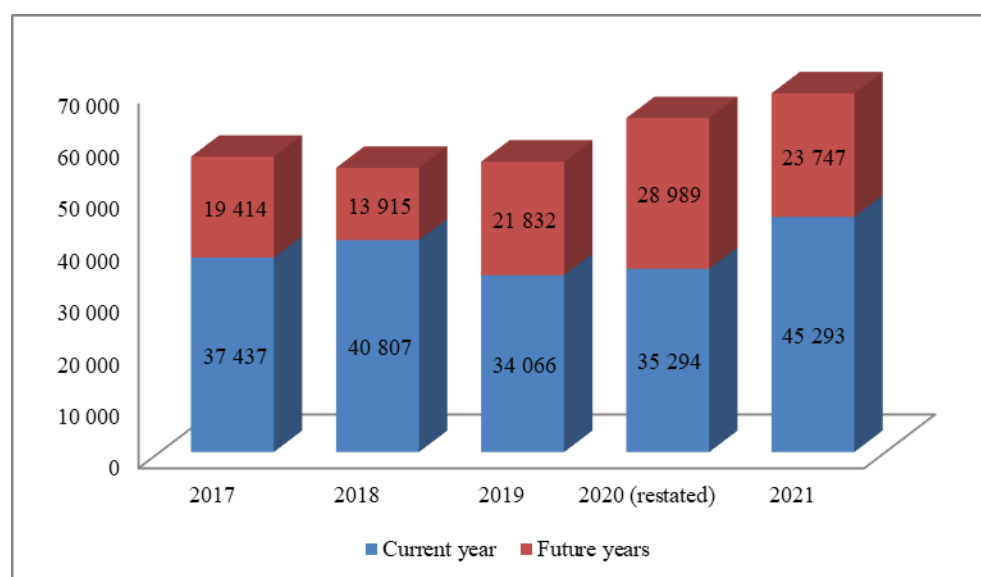


Figure IV.VI
Voluntary contributions by current year and future years, 2017–2021

(Thousands of United States dollars)



Expenses

Table IV.3
Comparative expense analysis

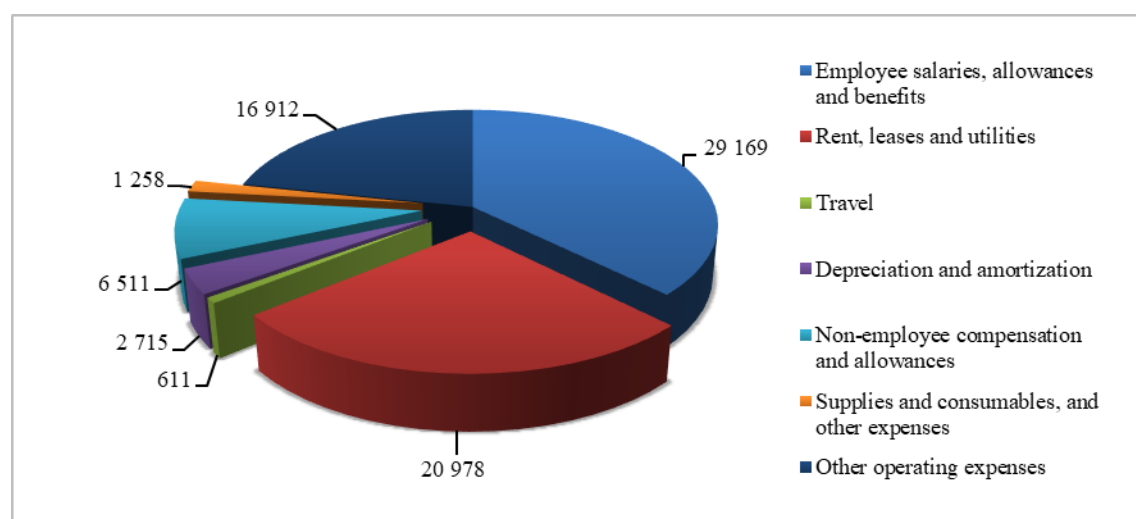
(Thousands of United States dollars)

	2021	2020	Change (amount)	Change (percentage)
Employee salaries, allowances and benefits	29 169	27 970	1 199	4.3
Rent, leases and utilities	20 978	21 572	(594)	(2.8)
Travel	611	694	(83)	(12.0)
Depreciation and amortization	2 715	2 560	155	6.1
Non-employee compensation and allowances	6 511	5 040	1 471	29.2
Supplies and consumables, and other expenses	1 258	935	323	34.6
Other operating expenses	16 912	11 966	4 946	41.3
Total expenses	78 154	70 737	7 417	10.5

24. For the year ended 31 December 2021, expenses totalled \$78.15 million, an increase of \$7.42 million compared with 2020, or 10.5 per cent, owing mainly to foreign exchange losses. The main categories of expense comprised employee salaries, allowances and benefits of \$29.17 million, or 37.3 per cent; rent, leases and utilities of \$20.98 million, or 26.8 per cent; and other operating expenses of \$16.91 million, or 21.6 per cent. Figure IV.VII presents the structure of UNU expenses as at 31 December 2021.

Figure IV.VII
Total expenses as at 31 December 2021

(Thousands of United States dollars)



25. The University incurred a large increase in other operating expenses amounting to \$4.95 million (41.3 per cent). This was primarily the result of foreign exchange losses incurred in 2021 resulting from the appreciation of the United States dollar against the euro and the Japanese Yen, compared with foreign exchange gains generated in 2020.

26. During 2021, non-employee compensation and allowances rose by \$1.47 million (29.2 per cent), driven mainly by the greater number of consultants hired to meet the requirements of new projects and increased field research activities in the post-COVID-19-recovery era.

Operating results

27. The University recorded a surplus of \$28.85 million in 2021, compared with \$49.78 million in 2020 (restated). The lower surplus was mainly the result of a reduction in revenue of \$13.51 million, owing mainly to lower investment revenue.

Liquidity position

28. As at 31 December 2021, the liquidity position of UNU was healthy; the entity had sufficient liquid assets to settle its obligations. Liquid funds totalled \$86.84 million (cash and cash equivalents of \$23.03 million, short-term investments of \$33.65 million and accounts receivable of \$30.16 million), whereas total current liabilities amounted to \$14.21 million and total liabilities amounted to \$70.68 million.

29. Table IV.4 summarizes four key liquidity indicators for the financial year ended 31 December 2021, with comparatives for the year ended 31 December 2020.

Table IV.4
Liquidity indicators for the United Nations University

<i>Indicators</i>	<i>2021</i>	<i>2020 (restated)</i>
Ratio of liquid assets to current liabilities	6.1:1	5.1:1
Ratio of liquid assets less accounts receivable to current liabilities	4.0:1	3.5:1
Ratio of liquid assets to total assets	0.1:1	0.1:1
Average months of liquid assets less accounts receivable on hand	9.0	8.5

30. The ratio of liquid assets to current liabilities indicates the ability of UNU to pay its short-term obligations from its liquid resources. The ratio of 6.1:1 indicated that current liabilities were covered slightly more than six times by liquid assets, and therefore UNU was in a comfortable position to meet short-term commitments at the end of 2021. When accounts receivable balances were excluded from the analysis, the coverage of current obligations was at 4.0:1 for 2021 and 3.5:1 for 2020.

31. As at 31 December 2021, the University's total liquid assets were approximately 14.2 per cent of its total assets, and it held sufficient cash and cash equivalents and short-term investments to cover its estimated average monthly expenses of \$6.29 million for 9.0 months.

C. Looking ahead

32. In 2021, the University continued to implement the UNU strategic plan 2020–2024. In the plan, the policy orientation of UNU research is emphasized, prioritizing the policy needs of the United Nations and its Member States, in particular the needs of policymakers in the global South. The plan is focused on policy-oriented research programming; a dynamic, innovative and diverse institutional culture; increased collaboration, communications and visibility; and system-wide financial sustainability.

33. The UNU Endowment Fund rose in value in 2021 along with global markets. Withdrawals from the Fund by UNU institutes remained conservative, which has helped maintain the capital investment value of the Fund over time. In late 2021, the UNU Council encouraged UNU to further integrate environmental, social and governance factors into the investments of the Fund. Accordingly, in 2022, UNU will transition the Fund into investments that take into account those factors.

34. In May 2022, six new members joined the UNU Council and guided the University's programming and operations. The selection of the seventh UNU Rector is expected to be announced.

Annex

Supplementary information

1. The present annex includes the information that the Rector is required to report.

Write-off of losses of cash and receivables

2. Pursuant to financial rule 106.7 (a), there were cash and receivables write-offs of \$14,872.68 in 2021.

Write-off of losses of property

3. Pursuant to financial rule 106.7, there were no write-offs of losses of property, plant and equipment, inventories and intangibles for UNU during the year 2021 arising from accident, theft, damage or destruction; this does not include factors such as obsolescence and wear and tear.

Ex gratia payments

4. There were no ex gratia payments during 2021.

Chapter V

Financial statements for the year ended 31 December 2021

United Nations University

I. Statement of financial position as at 31 December 2021

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2021</i>	<i>31 December 2020 (restated)</i>
Assets			
Current assets			
Cash and cash equivalents	Note 7	23 031	27 635
Investments	Note 8	33 653	20 399
Voluntary contributions receivable	Note 9	26 169	18 373
Other receivables	Note 10	3 987	4 147
Other assets	Note 11	418	340
Total current assets		87 258	70 894
Non-current assets			
Investments	Note 8	447 150	430 315
Voluntary contributions receivable	Note 9	24 865	27 585
Property, plant and equipment	Note 13	53 187	54 270
Intangibles	Note 14	151	47
Other assets	Note 11	190	190
Total non-current assets		525 543	512 407
Total assets		612 801	583 301
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 15	8 141	7 343
Advance receipts and deferred revenue	Note 16	1 452	1 793
Employee benefits liabilities	Note 17	2 360	2 544
Lease liabilities	Note 18	21	29
Other liabilities	Note 19	2 239	2 175
Total current liabilities		14 213	13 884

United Nations University**I. Statement of financial position as at 31 December 2021 (continued)**

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2021</i>	<i>31 December 2020 (restated)</i>
Non-current liabilities			
Advance receipts and deferred revenue	Note 16	106	—
Employee benefits liabilities	Note 17	13 017	12 587
Lease liabilities	Note 18	25	45
Other liabilities	Note 19	43 255	43 955
Share of joint ventures: equity method	Note 28	65	91
Total non-current liabilities		56 468	56 678
Total liabilities		70 681	70 562
Net of total assets and total liabilities		542 120	512 739
Net assets			
Accumulated surpluses	Note 20	99 891	88 990
Endowment Fund	Note 21	442 229	423 749
Total net assets		542 120	512 739

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

United Nations University

II. Statement of financial performance for the year ended 31 December 2021

(Thousands of United States dollars)

	<i>Reference</i>	<i>2021</i>	<i>2020 (restated)</i>
Revenue			
Voluntary contributions	Note 22	69 040	64 283
Investment revenue (net)	Note 23	33 505	48 351
Other revenue	Note 24	4 460	7 883
Total revenue		107 005	120 517
Expenses			
Employee salaries, allowances and benefits	Note 25	29 169	27 970
Rent, leases and utilities	Note 25	20 978	21 572
Travel	Note 25	611	694
Depreciation and amortization	Notes 13, 14, 25	2 715	2 560
Non-employee compensation and allowances	Note 25	6 511	5 040
Supplies and consumables	Note 25	1 255	933
Other operating expenses	Note 25	16 912	11 966
Other expenses	Note 25	3	2
Total expenses		78 154	70 737
Surplus/(deficit) for the year		28 851	49 780

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

United Nations University**III. Statement of changes in net assets for the year ended 31 December 2021**

(Thousands of United States dollars)

	<i>Accumulated surpluses</i>	<i>Endowment Fund</i>	<i>Total</i>
IPSAS net assets as at 1 January 2020	76 284	387 513	463 797
Changes in net assets			
Shares of changes recognized in the net assets of joint ventures: equity method (note 28)	(9)	—	(9)
Actuarial losses on employee benefits liabilities (note 17)	(829)	—	(829)
Surplus for the year	11 124	36 236	47 360
Total recognized changes in net assets	10 286	36 236	46 522
Net assets as at 31 December 2020	86 570	423 749	510 319
Prior period adjustments (note 4)	2 420	—	2 420
Balance as at 1 January 2021 (restated)	88 990	423 749	512 739
Changes in net assets			
Shares of changes recognized in the net assets of joint ventures: equity method (note 28)	18	—	18
Actuarial gains on employee benefits liabilities (note 17)	512	—	512
Surplus for the year	10 371	18 480	28 851
Total recognized changes in net assets	10 901	18 480	29 381
Net assets as at 31 December 2021	99 891	442 229	542 120

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

United Nations University

IV. Statement of cash flows for the year ended 31 December 2021

(Thousands of United States dollars)

	Reference	2021	2020 (restated)
Cash flows from operating activities			
Surplus/(deficit) for the year		28 851	49 780
<i>Non-cash movements</i>			
Depreciation and amortization	Notes 13, 14, 25	2 715	2 560
Unrealized loss/(gain) on Endowment Fund investments from changes in fair value	Note 23	(15 452)	(33 257)
Realized loss/(gain) on sale of Endowment Fund investments	Note 23	(9 858)	(6 714)
Unrealized loss/(gain) on Endowment Fund due to revaluation		(391)	311
Actuarial (loss)/gain on employee benefits liabilities	Note 17	512	(829)
Loss/(gain) on share of joint ventures	Note 28	18	(9)
Loss/(gain) on disposal of property, plant and equipment		–	1
Investment revenue from Endowment Fund presented as investing activities	Note 23	(8 158)	(7 891)
Investment revenue from cash pool presented as investing activities	Note 23	(38)	(489)
Additions of property, plant and equipment from in-kind contribution	Note 13	(1 624)	(5 684)
Additions of property, plant and equipment from lease financing	Note 13	–	(68)
<i>Changes in assets</i>			
Decrease/(increase) in voluntary contributions receivable	Note 9	(5 076)	(10 901)
Decrease/(increase) in other receivables	Note 10	160	(2 695)
Decrease in inventories		–	2
Decrease/(increase) in other assets	Note 11	(78)	73
<i>Changes in liabilities</i>			
Increase/(decrease) in accounts payable and accrued liabilities	Note 15	798	2 191
Increase/(decrease) in advance receipts and deferred revenue	Note 16	(235)	(189)
Increase/(decrease) in employee benefits liabilities	Note 17	246	2 021
Increase/(decrease) in other liabilities	Note 19	(636)	3 675
Increase/(decrease) in share of joint ventures: equity method	Note 28	(26)	52
Net cash flows used in operating activities		(8 272)	(8 060)

United Nations University**IV. Statement of cash flows for the year ended 31 December 2021 (continued)**

(Thousands of United States dollars)

	<i>Reference</i>	<i>2021</i>	<i>2020(restated)</i>
Cash flows from investing activities			
Net investment revenue from cash pool presented as investing activities	Note 23	38	489
Net movement in cash pool	Note 8	(12 829)	(2 021)
Dividends received		4 333	3 729
Interest received		3 825	4 162
Purchases of investments		(38 196)	(73 768)
Proceeds from sales and maturities of investments		46 637	74 880
Purchases of property, plant and equipment	Note 13	–	(311)
Acquisition of intangible assets	Note 14	(112)	(48)
Net cash flows from/(used in) investing activities		3 696	7 112
Cash flows from financing activities			
Lease repayments	Note 18	(28)	(16)
Net additions of property, plant and equipment from lease financing	Note 13	–	68
Net cash flows used in financing activities		(28)	52
Net increase/(decrease) in cash and cash equivalents		(4 604)	(896)
Cash and cash equivalents – beginning of year	Note 7	27 635	28 531
Cash and cash equivalents – end of year	Note 7	23 031	27 635

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

United Nations University

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2021

(Thousands of United States dollars)

<i>Budget cost categories</i>	<i>Approved budget^a</i>				<i>Actual on a comparable basis</i>	<i>Difference: original and final budget (percentage)</i>	<i>Difference: final budget and actual (percentage)^b</i>
	<i>Original biennial</i>	<i>Final biennial</i>	<i>Original annual</i>	<i>Final annual</i>			
Research, training networks and dissemination	51 095	51 923	20 204	30 042	27 975	48.7	(6.9)
Staff and other personnel costs	42 494	38 606	21 296	20 052	17 852	(5.8)	(11.0)
General operating expenses	18 897	16 762	9 127	9 937	8 307	8.9	(16.4)
Total	112 486	107 291	50 627	60 031	54 134	18.6	(9.8)

^a The UNU work programme and budget estimates for the biennium 2020–2021 were approved by the UNU Council in December 2019. The original budget was prepared on an annual basis related to each year of the biennium. The annual budget amounts relate to the current year portion of the budget approved by the UNU Council for a two-year budget period.

^b Represents actual expenditure (budget basis) less final budget as a percentage of the final budget; differences greater than 10 per cent are considered in note 6.

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

United Nations University
Notes to the financial statements

Note 1

United Nations University and its activities

1. These financial statements relate to the operations of the United Nations University (UNU), a separate financial reporting entity of the United Nations.
2. In 1969, at its twenty-fourth session, the General Assembly considered the question of establishing an international university to be devoted to the objectives of peace and progress of the Charter of the United Nations. At that session, the Assembly invited the Secretary-General to undertake, in cooperation with the United Nations Institute for Training and Research, an expert study on the feasibility of such a university (resolution [2573 \(XXIV\)](#)). The question was further considered at the following two sessions (resolutions [2691 \(XXV\)](#) and [2822 \(XXVI\)](#)).
3. On 11 December 1972, at its twenty-seventh session, the General Assembly approved the establishment of an international university under the auspices of the United Nations, to be known as the United Nations University (resolution [2951 \(XXVII\)](#)).
4. On 6 December 1973, at its twenty-eighth session, the General Assembly formally adopted the Charter of the United Nations University ([A/9149/Add.2](#); resolution [3081 \(XXVIII\)](#)).
5. On 21 December 2009, at its sixty-fourth session, the General Assembly approved two amendments (additions) to the Charter of the University: article I, paragraph 8, and article IX, paragraph 2 bis (resolution [64/225](#)), explicitly authorizing the University to grant and confer master's degrees and doctorates.
6. On 20 December 2013, at its sixty-eighth session, the General Assembly approved amendments to paragraphs 1 and 3 of article IV of the Charter of the University (resolution [68/236](#)), reducing the number of appointed members of the UNU Council from 24 to 12.
7. The University is a global think tank and postgraduate teaching university headquartered in Japan, with the mission to contribute, through collaborative research and education, to efforts to resolve the pressing global problems of human survival, development and welfare that are the concern of the United Nations, its peoples and Member States.
8. In carrying out this mission, the University works with leading universities and research institutes in States Members of the United Nations, functioning as a bridge between the international academic community and the United Nations system.
9. Through postgraduate teaching activities, the University contributes to capacity-building, particularly in developing countries.
10. The UNU Centre in Tokyo serves as the programming, planning and administrative headquarters unit of the University. It comprises the Office of the Rector, the administrative unit in Putrajaya, Malaysia, and academic services units that support the work of the global UNU system.
11. The UNU Centre also includes the Centre for Policy Research, in New York, which was established in 2014 as part of a broader effort by the Rector to respond to the Secretary-General's request to enhance the University's policy relevance in the fields of peace and security and global development. The core mission of the unit is to generate policy research that speaks to major debates in the wider United Nations community as well as the Secretary-General's priorities in these areas.

12. The University encompasses 13 research and training institutes and programmes located in 12 countries around the world, as follows, with the global UNU system coordinated by the UNU Centre:

- (a) UNU Programme for Biotechnology in Latin America and the Caribbean (UNU-BIOLAC), Caracas;
- (b) UNU Institute on Comparative Regional Integration Studies (UNU-CRIS), Bruges, Belgium;
- (c) UNU International Institute for Software Technology (UNU-IIST), Macao, China (previously UNU Computing and Society (UNU-CS));
- (d) UNU Institute for Environment and Human Security (UNU-EHS), Bonn, Germany;
- (e) UNU Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES), Dresden, Germany;
- (f) UNU Institute for the Advanced Study of Sustainability (UNU-IAS), Tokyo;
- (g) UNU International Institute for Global Health (UNU-IIGH), Kuala Lumpur;
- (h) UNU Institute for Natural Resources in Africa (UNU-INRA), Accra;
- (i) UNU Institute for Water, Environment and Health (UNU-INWEH), Hamilton, Ontario, Canada;
- (j) UNU Institute for Sustainable Development (UNU-IRADDA), Algiers;
- (k) UNU Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT), Maastricht, the Netherlands;
- (l) UNU World Institute for Development Economics Research (UNU-WIDER), Helsinki;
- (m) UNU Institute for Economic and Social Research (UNU-IESR), Senegal.

13. Other activities of the University are carried out through the University headquarters in Tokyo.

14. The University is regarded as an autonomous financial reporting entity that neither controls, nor is controlled by, any other United Nations reporting entity. Owing to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the entities are not deemed to be subject to common control. These statements relate only to the operations of the University.

Note 2

Basis of preparation and authorization for issue

Basis of preparation

15. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements have been prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared on a going-concern basis and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the University, consist of the following:

- (a) Statement of financial position (statement I);
- (b) Statement of financial performance (statement II);

- (c) Statement of changes in net assets (statement III);
- (d) Statement of cash flows (using the indirect method) (statement IV);
- (e) Statement of comparison of budget and actual amounts (statement V);
- (f) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;
- (g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

16. The going-concern assertion is based on the approval by the UNU Council of the work programme and budget estimates for the biennium 2022–2023, its net assets position, the positive historical trend of the collection of voluntary contributions over the past years and the fact that the General Assembly has taken no decision to cease the operations of the University.

Authorization for issue

17. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with regulation 6.2 of the Financial Regulations and Rules, the Secretary-General transmitted the financial statements as at 31 December 2021 to the Board of Auditors by 31 March 2022. In accordance with regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

18. The financial statements are prepared using the historical-cost convention, except for financial assets recorded at fair value through surplus or deficit.

Functional and presentation currency

19. The functional currency and presentation currency of the University is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

20. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at United Nations operational rates of exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year-end.

21. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

22. Materiality is central to the preparation and presentation of the University's financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

23. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

24. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

Future accounting pronouncements

25. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the University's financial statements continues to be monitored:

(a) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(b) Non-exchange expenses: the aim of the project is to develop a standard (or standards) that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits. The IPSAS Board is expected to issue the standard by June 2022. It is possible that this new standard on transfer expenses would result in a prospective change in accounting policy for the recognition of some categories of non-exchange expenses of the United Nations, including transfers to implementing partners;

(c) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede that currently located in IPSAS 9: Revenue from exchange transactions; IPSAS 11: Construction contracts; and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). The IPSAS Board is expected to issue the standard by September 2022;

(d) Leases: the objective of the project is to replace IPSAS 13 for lease accounting in order to maintain alignment with International Financial Reporting Standard 16. IPSAS 43 was issued in January 2022;

(e) Public sector measurement: the objectives of this project include (a) to issue amended standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosures; (b) to provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and (c) to address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify issues that preparers may have when applying IPSAS 17: Property, plant and equipment to infrastructure assets. Informed by this research, the aim is to provide additional guidance on accounting for infrastructure assets.

Recent and future requirements of the International Public Sector Accounting Standards

26. The IPSAS Board has issued the following standards: IPSAS 41: Financial instruments issued in August 2018 and effective 1 January 2023; and IPSAS 42: Social benefits issued in January 2019 and effective 1 January 2023. The impact of these standards on the University's financial statements and the comparative period therein has been evaluated to be as follows:

<i>Standard</i>	<i>Anticipated impact in the year of adoption</i>
IPSAS 41	<p>IPSAS 41: Financial instruments substantially improves the relevance of information for financial assets and financial liabilities. It will replace IPSAS 29: Financial instruments: recognition and measurement and improves that standard's requirements by introducing:</p> <ul style="list-style-type: none"> (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model. <p>The effective date of IPSAS 41: Financial instruments was deferred to 1 January 2023 owing to the COVID-19 pandemic and the challenges that it has created. The impact of IPSAS 41: Financial instruments on the financial statements will be assessed prior to that date, and the University will be ready for its implementation by the time it becomes effective.</p>
IPSAS 42	<p>IPSAS 42: Social benefits provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.</p> <p>The effective date of IPSAS 42: Social benefits was deferred to 1 January 2023 owing to the COVID-19 pandemic and the challenges that it has created. Currently, there are no such social benefits applicable to the University.</p>

Note 3
Significant accounting policies

Financial assets classification

27. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The University classifies its financial assets in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date.

<i>Classification</i>	<i>Financial assets</i>
Fair value through surplus or deficit	Investments in cash pools and the Endowment Fund
Loans and receivables	Cash and cash equivalents and receivables

28. All financial assets are initially measured at fair value. The University initially recognizes financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date the University becomes party to the contractual provisions of the instrument.

29. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

30. Financial assets at fair value through surplus or deficit are those that have been designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the year in which they arise.

31. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

32. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

33. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the University has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Investment in cash pools

34. The United Nations Treasury invests funds pooled from the Secretariat and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investments with the other participants. Given that the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

35. The University's investment in the cash pools is included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity period of the investment.

Endowment Fund investment

36. The Endowment Fund represents the donor contributions retained for the benefit of the University as specified by the donor. The fund is permanently invested to generate a revenue stream to be applied to meet the programme and operational needs of the University.

37. The University's Endowment Fund investments are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investments.

Cash and cash equivalents

38. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Receivables from non-exchange transactions: contributions receivable

39. Contributions receivable represent uncollected revenue from voluntary contributions committed to the University by Member States, non-member States and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, except for voluntary contributions receivable that will mature in more than 12 months, less impairment for estimated irrecoverable amounts, that is, the allowance for doubtful receivables. If deemed material, these long-term voluntary contributions receivable are reported at a discounted value calculated using the effective interest method. Voluntary contributions receivable, trade receivables and other receivables are subject to general allowance provisions in addition to provisioning based on specific identification and review of accounts receivable. The general allowance provisions are 25 per cent for receivables outstanding longer than 12 months, 60 per cent for receivables outstanding longer than 24 months and 100 per cent for receivables outstanding longer than 36 months.

Receivables from exchange transactions: other receivables

40. Other receivables include primarily amounts receivable for goods or services provided to other entities, amounts receivable for leased-out assets and receivables from staff. Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing following the general allowance provisions applied to voluntary contributions receivable.

Other assets

41. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Inventories

42. Inventory balances are recognized as current assets and include the following category:

Category	Subcategories
Held for sale or external distribution	Books and publications

43. The cost of inventory in stock is determined using the average price cost basis. The cost of inventories includes the cost of purchase, plus other costs incurred in bringing the items to the destination and condition for use. Inventory acquired through non-exchange transactions, that is, donated goods, is measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

44. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the University. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

45. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost/net realizable value, which are recognized in the statement of financial performance.

Heritage assets

46. Heritage assets are not recognized in the financial statements, but significant heritage asset transactions are disclosed in the notes thereto.

Property, plant and equipment

47. Property, plant and equipment are classified into different groups, based on their nature, functions, useful lives and valuation methodologies, such as vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, leasehold improvements, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of \$5,000, or \$100,000 for leasehold improvements and self-constructed assets;

(b) All property, plant and equipment, other than real estate assets, are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs;

(c) Owing to the absence of historical cost information, buildings and infrastructure real estate assets were initially recognized at fair value using a depreciated replacement cost methodology for initial IPSAS implementation. The method involves calculating the cost per unit of measurement, for example cost per square metre, by collecting construction cost data, utilizing in-house cost data (where available) or using external cost estimators for each catalogue of real estate assets and multiplying that unit cost by the external area of the asset to obtain the gross replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional and economic use of the assets have been made to determine the depreciated replacement cost of the assets. Any subsequent real estate additions are recognized at historical cost;

(d) With regard to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

48. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Given that not all components of a building have the same useful lives or the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the component approach. Depreciation begins in the month in which the University gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are as follows:

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Heavy-wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6 to 12 years
	Marine vessels	10 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Accommodation and refrigeration equipment	6 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings, depending on type	25, 40 or 50 years
	Major exterior, roofing, interior and services/utilities components, where component approach is utilized	20 to 50 years

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

49. In exceptional cases, the recorded useful lives for some assets may be different from the useful lives prescribed at the asset subclass level as set out above (although it would remain within the range at asset class level), because when preparing the 2014 IPSAS opening balance a thorough review of the remaining economic useful lives for these assets was made and the result was entered in the master record of the asset.

50. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

51. The University chose the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the University and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

52. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises when proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance within other revenue or other expenses.

53. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end, net-book-value greater than \$100,000 per unit are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is \$5,000 per unit.

Intangible assets

54. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire the assets. The thresholds for recognition are \$100,000 per unit for internally generated intangible assets and \$5,000 per unit for externally acquired intangible assets.

55. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the University are

capitalized as an intangible asset. Directly associated costs include software development employee costs, costs for consultants and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

<i>Class</i>	<i>Range of estimated useful life</i>
Licences and rights	2 to 6 years (period of licence/right)
Software acquired externally	3 to 10 years
Software developed internally	3 to 10 years
Copyrights	3 to 10 years
Assets under development	Not amortized

56. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities classification

57. Financial liabilities are classified as other financial liabilities. They include accounts payable, transfers payable, unspent funds held for future refunds and other liabilities such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The University re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

58. Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for at the reporting date. Payables are recognized and subsequently measured at their nominal value because they are generally due within 12 months.

Advance receipts and other liabilities

59. Advance receipts and other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases

The University as "lessee"

60. Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of

financial performance as an expense over the lease term on the basis of the effective interest rate method.

61. Leases where all of the risks and rewards of ownership are not substantially transferred to the University are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the term of the lease.

Donated right to use

62. Land, buildings, infrastructure assets, machinery and equipment are frequently granted to the University, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control over the underlying asset is transferred to the University.

63. Where a donated right-to-use arrangement is treated as an operating lease, an expense and corresponding revenue equal to the annual rental value of the asset or similar property are recognized in the financial statements. Where a donated right-to-use arrangement is treated as a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property and the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the lease term. Donated right-to-use land arrangements are accounted for as operating leases where the University does not have exclusive control over the land and/or title to the land is transferred under restricted deeds.

64. Where title to land is transferred to the University without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

65. The threshold for the recognition of revenue and expense is the yearly rental value equivalent of \$5,000 per unit for donated right-to-use premises and \$5,000 per unit for machinery and equipment.

Employee benefits

66. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship with the University are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employees also include certain individual contractors employed by the University. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

67. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.

Post-employment benefits

68. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

69. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the University (other long-term benefits). Defined-benefit plans are those where the University's obligation is to provide agreed benefits and therefore the University bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The University has chosen to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. At the end of the reporting year, the University held no plan assets as defined by IPSAS 39: Employee benefits.

70. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

71. **After-service health insurance.** Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and five years for those recruited before that date. The after-service health insurance liability represents the present value of the share of the University's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the University's residual liability. Contributions from retirees are deducted from the gross liability together with a portion of the contributions from active staff to arrive at the University's residual liability in accordance with cost-sharing ratios authorized by the General Assembly.

72. **Repatriation benefits.** Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the University and is measured at the present value of the estimated liability for settling these entitlements.

73. **Annual leave.** The liabilities for annual leave represent unused accumulated leave days that are projected to be settled via a monetary payment to employees upon their separation from the University. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members access current period leave entitlements before they access accumulated annual leave balances

relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the University. The accumulated annual leave benefit reflecting the outflow of economic resources from the University at end of service is therefore classified under the category of other long-term benefits, while noting that the portion of the accumulated annual leave benefit that is expected to be settled via monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly to post-employment benefits; therefore, the University values its accumulated annual leave benefit liability as a defined, post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

74. The University is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

75. The Fund 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 Fund. The University and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the University's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the University has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The University's contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

Termination benefits

76. Termination benefits are recognized as an expense only when the University is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

77. Other long-term employee benefits obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of long-term employee benefits.

Provisions

78. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the University 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. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

Contingent liabilities

79. 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 University are disclosed as contingent liabilities. 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 or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

80. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that such an outflow will be required, a provision is recognized in the financial statements of the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements.

81. An indicative threshold of \$10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

82. Contingent assets are possible assets 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 effective control of the University. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the University.

Commitments

83. Commitments are future expenses to be incurred by the University with respect to open contracts which the University has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that are not delivered at the end of the reporting period, non-cancellable minimum lease payments and other non-cancellable commitments.

*Non-exchange revenue**Voluntary contributions*

84. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time when the agreement becomes binding, which is the point when the University is deemed to acquire control of the asset. However, where cash is received subject to specific conditions, recognition

of revenue is deferred until those conditions have been satisfied. Revenue will be recognized up front for all conditional arrangements up to the threshold of \$50,000.

85. The full amounts relating to unconditional multi-year voluntary contribution agreements (including those committing a maximum contribution cash amount), pledges and other promised donations are recognized as revenue when the arrangement becomes binding. Unused funds returned to the donor are netted against voluntary contributions revenue.

86. Programme support costs, when agreed with donors, are included as part of voluntary contributions. UNU does not apply a fixed percentage for programme support costs. The percentage is negotiated on a case-by-case basis with each donor.

87. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable the University to administer projects or other programmes on their behalf.

88. In-kind contributions of goods above the recognition threshold of \$5,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the University and the fair value of those assets can be measured reliably. Contributions in kind are initially measured at their fair value at the date of receipt determined by reference to observable market values or by independent appraisals. The University has elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of services above the threshold of \$5,000 per discrete contribution in the notes to the financial statements.

Exchange revenue

89. Exchange transactions are those in which the University sells goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from sales of publications and books and from royalties is recognized when the sale occurs, and risks and rewards have been transferred;

(b) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed;

(c) Revenue includes tuition fees received from students pursuing postgraduate courses at the University;

(d) Exchange revenue also includes revenue from the rental of premises and the sale of used or surplus property, membership subscriptions and net currency exchange gains.

Investment revenue

90. Investment revenue includes the University's share of net cash pool revenue and revenue arising from the Endowment Fund's investment in securities. The net cash pool and Endowment Fund revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against revenue. The net revenue for the cash pool is distributed proportionately to all cash pool participants on the basis of their average daily balances. The cash pool revenue also includes unrealized market gains and losses on

securities, which are distributed proportionately to all participants on the basis of year-end balances.

Expenses

91. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered, and services are rendered, regardless of the terms of payment.

92. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances. The non-employee compensation and allowances consist of consultant and contractor fees and ad hoc experts.

93. Supplies and consumables relates to the cost of inventory used and expenses for supplies and consumables.

94. Other operating expenses include the acquisition of goods and intangible assets under capitalization thresholds, maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for bad debt and foreign exchange losses. Other expenses relate to contributions in kind, hospitality and official functions, donations and transfers of assets.

Joint arrangements

95. A joint arrangement is an arrangement in which two or more parties have joint control through a binding agreement that gives those parties joint control of the arrangement. This is a contractual arrangement whereby the University and one or more parties undertake an economic activity that is subject to joint control and can be classified under IPSAS 37: Joint arrangements, as either:

(a) A joint operation whereby the parties to the arrangement have rights to assets and obligations for liabilities. The University will account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IPSAS standard applicable to the particular assets, liabilities, revenues and expenses;

(b) A joint venture whereby the parties to the arrangement have rights to the net assets. The University will account for its interest using the equity method. The equity method initially records the interest at cost and is adjusted thereafter for the post-acquisition changes in the University's share of the net assets. The University's share of the surplus or deficit of the investee is recognized in the statement of financial performance. The interest is recorded as a non-current asset unless there is a net liability position, in which case it is recorded as a non-current liability.

96. The University has also entered into joint-venture arrangements for jointly financed operations that give the University significant influence, that is, the power to participate in financial and operating policy decisions but not to control or jointly control those activities. Under IPSAS 37, the interests in those activities are accounted for using the equity method.

Note 4

Prior-period adjustments

97. The material prior-period adjustments relate to voluntary contributions. An adjustment of \$2.42 million was made for the future portions of voluntary contributions not recognized. The effect of the change on the restated statement of financial position for the year ended 31 December 2020 is an increase of \$0.60 million

and \$1.82 million to the current and non-current voluntary contributions receivable, respectively, in the statement of financial position, and an increase in voluntary contributions revenue of \$2.42 million in the statement of financial performance.

Net impact of prior-period adjustments

(Thousands of United States dollars)

	<i>As reported 31 December 2020</i>	<i>Prior-period adjustments</i>	<i>Presentation changes</i>	<i>As restated 31 December 2020</i>
Statement of financial position extract				
Assets				
Voluntary contributions receivable (current)	17 768	605	—	18 373
Voluntary contributions receivable (non-current)	25 770	1 815	—	27 585
Net assets				
Accumulated surpluses	86 570	2 420	—	88 990
Statement of financial performance extract				
Revenue				
Voluntary contributions	61 863	2 420	—	64 283

Note 5

Segment reporting

98. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.

99. Segment reporting information is provided on the basis of the two distinguishable components of the University that are engaged in achieving the operating objectives consistent with its overall mission:

(a) The UNU Centre serves as the central programming, planning and administrative headquarters unit of the University;

(b) Institutes and programmes undertake research and academic work towards achieving the goals of the University.

100. Inter-segment transactions are priced at cost-recovery under normal operating policies and are eliminated for the purposes of segment reporting preparation.

Statement of financial position as at 31 December 2021

(Thousands of United States dollars)

	<i>Reference</i>	<i>Centre</i>	<i>Institutes</i>	<i>Elimination^a</i>	<i>31 December 2021</i>
Assets					
Current assets					
Cash and cash equivalents	Note 7	14 687	8 344	—	23 031
Investments	Note 8	27 562	6 091	—	33 653
Voluntary contributions receivable	Note 9	7 430	18 739	—	26 169
Other receivables	Note 10	1 825	2 162	—	3 987
Other assets	Note 11	335	83	—	418
Inter-fund balances receivable		2 029	49 870	(51 899)	—
Total current assets		53 868	85 289	(51 899)	87 258
Non-current assets					
Investments	Note 8	216 764	230 386	—	447 150
Voluntary contributions receivable	Note 9	4 547	20 318	—	24 865
Property, plant and equipment	Note 13	40 490	12 697	—	53 187
Intangibles	Note 14	98	53	—	151
Other assets	Note 11	168	22	—	190
Total non-current assets		262 067	263 476	—	525 543
Total assets		315 935	348 765	(51 899)	612 801
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	Note 15	3 764	4 377	—	8 141
Advance receipts and deferred revenue	Note 16	222	1 230	—	1 452
Employee benefits liabilities	Note 17	970	1 390	—	2 360
Lease liabilities	Note 18	8	13	—	21
Other liabilities	Note 19	1 776	463	—	2 239
Inter-fund balances payable		48 024	3 875	(51 899)	—
Total current liabilities		54 764	11 348	(51 899)	14 213
Non-current liabilities					
Advance receipts and deferred revenue	Note 16	—	106	—	106
Employee benefits liabilities	Note 17	4 087	8 930	—	13 017
Lease liabilities	Note 18	20	5	—	25
Other liabilities	Note 19	32 977	10 278	—	43 255
Share of joint ventures: equity method	Note 28	23	42	—	65
Total non-current liabilities		37 107	19 361	—	56 468
Total liabilities		91 871	30 709	(51 899)	70 681
Net of total assets and total liabilities		224 064	318 056	—	542 120
Net assets					
Accumulated surpluses	Note 20	22 753	77 138	—	99 891
Endowment Fund	Note 21	201 311	240 918	—	442 229
Total net assets		224 064	318 056	—	542 120

^a Eliminations comprise \$51.90 million relating to inter-fund transactions between the UNU Centre and its institutes and programmes.

Statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	Reference	Centre	Institutes	Elimination ^a	31 December 2020 (restated)
Assets					
Current assets					
Cash and cash equivalents	Note 7	20 353	7 282	—	27 635
Investments	Note 8	10 445	9 954	—	20 399
Voluntary contributions receivable	Note 9	3 557	14 816	—	18 373
Other receivables	Note 10	1 462	2 685	—	4 147
Other assets	Note 11	268	72	—	340
Inter-fund balances receivable		1 587	33 153	(34 740)	—
Total current assets		37 672	67 962	(34 740)	70 894
Non-current assets					
Investments	Note 8	203 377	226 938	—	430 315
Voluntary contributions receivable	Note 9	4 597	22 988	—	27 585
Property, plant and equipment	Note 13	40 984	13 286	—	54 270
Intangibles	Note 14	36	11	—	47
Other assets	Note 11	168	22	—	190
Total non-current assets		249 162	263 245	—	512 407
Total assets		286 834	331 207	(34 740)	583 301
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	Note 15	3 034	4 309	—	7 343
Advance receipts and deferred revenue	Note 16	456	1 337	—	1 793
Employee benefits liabilities	Note 17	1 027	1 517	—	2 544
Lease liabilities	Note 18	12	17	—	29
Other liabilities	Note 19	1 712	463	—	2 175
Inter-fund balances payable		32 126	2 614	(34 740)	—
Total current liabilities		38 367	10 257	(34 740)	13 884
Non-current liabilities					
Employee benefits liabilities	Note 17	3 952	8 635	—	12 587
Lease liabilities	Note 18	27	18	—	45
Other liabilities	Note 19	33 214	10 741	—	43 955
Share of joint ventures: equity method	Note 28	32	59	—	91
Total non-current liabilities		37 225	19 453	—	56 678
Total liabilities		75 592	29 710	(34 740)	70 562
Net of total assets and total liabilities		211 242	301 497	—	512 739
Net assets					
Accumulated surpluses	Note 20	19 404	69 586	—	88 990
Endowment Fund	Note 21	191 838	231 911	—	423 749
Total net assets		211 242	301 497	—	512 739

^a Eliminations comprise \$34.74 million relating to inter-fund transactions between the UNU Centre and its institutes and programmes.

Statement of financial performance as at 31 December 2021

(Thousands of United States dollars)

	<i>Reference</i>	<i>Centre</i>	<i>Institutes</i>	<i>Elimination^a</i>	<i>31 December 2021</i>
Revenue					
Voluntary contributions	Note 22	30 930	38 110	–	69 040
Investment revenue (net)	Note 23	16 099	17 406	–	33 505
Other revenue	Note 24	3 072	2 255	(867)	4 460
Total revenue		50 101	57 771	(867)	107 005
Expenses					
Employee salaries, allowances and benefits	Note 25	10 094	19 518	(443)	29 169
Rent, leases and utilities	Note 25	18 748	2 230	–	20 978
Travel	Note 25	258	353	–	611
Depreciation and amortization	Notes 13, 14, 25	2 079	636	–	2 715
Non-employee compensation and allowances	Note 25	1 103	5 448	(40)	6 511
Supplies and consumables	Note 25	382	873	–	1 255
Other operating expenses	Note 25	4 428	12 868	(384)	16 912
Other expenses	Note 25	2	1	–	3
Total expenses		37 094	41 927	(867)	78 154
Surplus for the year		13 007	15 844	–	28 851

^a Eliminations comprise \$0.87 million relating to revenue from services rendered and transactions between the UNU Centre and its institutes and programmes.

Statement of financial performance as at 31 December 2020

(Thousands of United States dollars)

	<i>Reference</i>	<i>Centre</i>	<i>Institutes</i>	<i>Elimination^a</i>	<i>31 December 2020 (restated)</i>
Revenue					
Voluntary contributions	Note 22	31 413	32 870	–	64 283
Investment revenue (net)	Note 23	22 829	25 522	–	48 351
Other revenue	Note 24	3 660	4 800	(577)	7 883
Total revenue		57 902	63 192	(577)	120 517
Expenses					
Employee salaries, allowances and benefits	Note 25	10 262	18 108	(400)	27 970
Rent, leases and utilities	Note 25	19 292	2 280	–	21 572
Travel	Note 25	143	551	–	694
Depreciation and amortization	Notes 13, 14, 25	1 793	767	–	2 560
Non-employee compensation and allowances	Note 25	829	4 227	(16)	5 040
Supplies and consumables	Note 25	344	589	–	933
Other operating expenses	Note 25	3 233	8 894	(161)	11 966
Other expenses	Note 25	1	1	–	2
Total expenses		35 897	35 417	(577)	70 737
Surplus for the year		22 005	27 775	–	49 780

^a Eliminations comprise \$0.58 million relating to revenue from services rendered and transactions between the UNU Centre and its institutes and programmes.

Note 6
Comparison to budget

101. The statement of comparison of budget and actual amounts presents the difference between budget amounts which are prepared on a modified cash basis and actual expenditure on a comparable basis.

102. Approved budgets are those that permit expenses to be incurred and are approved by the UNU Council. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each budget area under the Council proceedings. The presentation of activities and associated expenditures in the statement of comparison of budget and actual amounts reflects the cost classification categories approved by the Council:

- (a) Research, training networks and dissemination: academic activities;
- (b) Staff and other personnel costs: staffing table and other personnel costs;
- (c) General operating expenses: general expenses.

103. The original budget amounts are the 2021 portions of the appropriations approved by the UNU Council for the biennium 2020–2021 on 12 December 2019. Differences between original and final budget amounts are attributable to revised appropriations as approved by the Council and increased authorized spending for specific programme activities that the Rector has been authorized by the Council to accept and utilize.

104. Material differences between the original and final annual budget, as well as material differences between the final annual budget amounts and actual expenditure on a modified cash basis, are deemed to be those greater than 10 per cent and are considered below.

<i>Budget area</i>	<i>Material differences greater than 10 per cent</i>
Research, training networks and dissemination	<p>Final annual budget 48.7 per cent more than original annual budget</p> <p>The variance is attributable mainly to the higher-than-expected demand for the University's research work, given that the University's specific project budgets are formulated based on assured funding at the time of the budget formulation.</p>
Staff and other personnel costs	<p>Actual expenditure 11 per cent less than final budget</p> <p>The variance is attributable mainly to the deferment to 2022 of the recruitment of staff and personnel for the United Nations University Operating Unit on Policy-Driven Electronic Governance, which was planned for the biennium 2020–2021. The deferment was driven primarily by the revised timing of the expected contribution from the host country donor.</p>
General operating expenses	<p>Actual expenditure 16.4 per cent less than final budget</p> <p>The variance is attributable mainly to savings from the cancellation of travel, accommodations and conferences owing to the travel restrictions imposed as a result of COVID-19.</p>

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

105. Reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows are as follows:

Reconciliation between actual amounts on a comparable basis and the statement of cash flows for the year ended 31 December 2021

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amounts on comparable basis (statement V)	(54 134)	–	–	(54 134)
Basis differences	46 068	(112)	–	45 956
Entity differences	(206)	–	–	(206)
Presentation differences	–	3 808	(28)	3 780
Actual amounts in statement of cash flows (statement IV)	(8 272)	3 696	(28)	(4 604)

106. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results with the statement of cash flows, the non-cash elements, such as unliquidated commitments against the budget that do not represent a cash flow, must be eliminated. Similarly, IPSAS-specific differences, such as payments against prior year commitments and investing cash flows relating to acquisition of property, plant and equipment or intangibles, are included as basis differences to reconcile with the statement of cash flows.

107. Entity differences represent cash flows (to)/from fund groups other than the University that are reported in the financial statements. The financial statements include results for all fund groups.

108. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements.

109. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which is primarily related to the latter not recording revenue and the changes in the investment balance.

Reconciliation of amounts on a budget basis to the statement of financial performance

110. The following table reconciles the expenditure on a budget basis as reported in the statement of comparison of budget and actual amounts to the total IPSAS expenses reported in the statement of financial performance:

Reconciliation of amounts on a budget basis to the statement of financial performance for the year ended 31 December 2021

(Thousands of United States dollars)

	<i>Total</i>
Actual amounts on comparable basis (statement V)	54 134
Additional assets and intangibles	(1 736)
Depreciation and amortization	2 715
Donated right-to-use arrangements	20 567
Contributions in kind	39
Endowment Fund expenses	206
Foreign exchange differences	3 308
Payroll related accruals and education grant prepayments	319
Change in obligations/effect of accruals versus obligations	(1 641)
Lease payments	(28)
Prepayments and other receivables	(98)
Other accruals	802
Inter-office eliminations	(425)
Loss on disposal of property, plant and equipment	—
Allowance for doubtful receivables	(8)
Actual amounts in statement of financial performance (statement II)	78 154

Note 7

Cash and cash equivalents

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Cash pools (note 26)	4 923	3 325
Cash at Endowment Fund (note 26)	2 647	2 103
Other cash (note 26)	15 461	22 207
Total cash and cash equivalents	23 031	27 635

Note 8
Investments

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current investments		
Cash pools (note 26)	33 653	20 399
Total current investments	33 653	20 399
Non-current investments		
Cash pools (note 26)	6 290	6 715
Endowment Fund (note 26)	440 860	423 600
Total non-current investments	447 150	430 315
Total investments	480 803	450 714

Note 9
Voluntary contributions receivable: receivables from non-exchange transactions

(Thousands of United States dollars)

	31 December 2021	31 December 2020 (restated)
Current voluntary contributions receivable		
Voluntary contributions receivable	83 502	69 494
Allowance for doubtful voluntary contributions receivable	(57 333)	(51 121)
Total current voluntary contributions receivable	26 169	18 373
Non-current voluntary contributions receivable		
Voluntary contributions receivable	29 865	39 035
Allowance for doubtful voluntary contributions receivable	(5 000)	(11 450)
Total non-current voluntary contributions receivable	24 865	27 585
Total voluntary contributions receivable	51 034	45 958

111. The voluntary contributions receivable are reviewed annually to determine if there is any indication of impairment in value. The increase in voluntary contributions receivable is primarily driven by the new contract secured in 2021 amounting to €8.38 million under UNU-EHS.

Note 10

Other receivables: receivables from exchange transactions

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Investment receivables	3 030	2 987
Member States	190	273
Receivables from other United Nations entities	44	20
Staff	4	7
Other exchange revenue receivables	719	884
Allowance for doubtful other receivables	–	(24)
Total other receivables	3 987	4 147

Note 11

Other assets

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current other assets		
Advances to non-staff	219	130
Advances to staff	199	210
Total current other assets	418	340
Non-current other assets		
Advances to non-staff	190	190
Total non-current other assets	190	190
Total other assets	608	530

Note 12

Heritage assets

112. Certain assets are categorized as heritage assets because of their cultural, educational or historical significance. The University's heritage assets comprise works of art, books and a statue. They were acquired over many years by various means, including purchase, donation and bequest. The heritage assets are not used in the delivery of services relating to the University's institutes or programmes; in accordance with the University's accounting policy, heritage assets are not recognized on the statement of financial position.

Note 13

Property, plant and equipment

113. During the year, there was no write-down of property, plant and equipment. As at the reporting date, the University did not identify any additional impairment.

114. In 2021, additions to property, plant and equipment included replacement of elevators, fire protection doors and shutters, contributed by the host Government, which amounted to \$1.59 million.

115. The net book value included \$45.49 million relating to right-to-use arrangements.

Property, plant and equipment: 2021

(Thousands of United States dollars)

	<i>Buildings</i>	<i>Leasehold improvements</i>	<i>Assets under construction</i>	<i>Machinery and equipment</i>	<i>Vehicles</i>	<i>Communications and information technology equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
Cost as at 31 December 2020	143 736	938	–	182	190	1 629	318	146 993
Additions	1 585	–	–	–	39	–	–	1 624
Disposals	(1 603)	–	–	–	–	(91)	(28)	(1 722)
Capitalization	–	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	–	–	–
Cost as at 31 December 2021	143 718	938	–	182	229	1 538	290	146 895
Accumulated depreciation as at 31 December 2020	90 293	641	–	149	129	1 283	228	92 723
Depreciation charge for the period	2 352	92	–	6	50	89	23	2 612
10 per cent depreciation adjustment	160	(64)	–	1	(6)	3	1	95
Depreciation on disposals	(1 603)	–	–	–	–	(91)	(28)	(1 722)
Accumulated depreciation as at 31 December 2021	91 202	669	–	156	173	1 284	224	93 708
Net carrying amount								
31 December 2020	53 443	297	–	33	61	346	90	54 270
31 December 2021	52 516	269	–	26	56	254	66	53 187

Note 14
Intangible assets

(Thousands of United States dollars)

	<i>Software developed internally</i>	<i>Software externally acquired</i>	<i>Intangible assets under development</i>	<i>Total 2021</i>	<i>Total 2020</i>
Cost as at 1 January	195	23	36	254	206
Additions	–	50	62	112	48
Cost as at 31 December	195	73	98	366	254
Accumulated amortization as at 1 January	195	12	–	207	170
Amortization	–	8	–	8	37
Accumulated amortization as at 31 December	195	20	–	215	207
Net carrying amount	–	53	98	151	47

Note 15
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Vendor payables	282	708
Accruals for goods and services	2 168	1 513
Payable to other United Nations entities	278	4
Investment payable	5 308	4 942
Other	105	176
Total accounts payable and accrued liabilities	8 141	7 343

Note 16
Advance receipts and deferred revenue

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Current advance receipts		
Contributions received in advance	400	663
Deferred revenue	1 052	1 130
Total current advance receipts	1 452	1 793
Non-current advance receipts		
Deferred revenue	106	–
Total non-current advance receipts	106	–
Total advance receipts	1 558	1 793

Note 17
Employee benefits liabilities

(Thousands of United States dollars)

	<i>Current</i>	<i>Non-current</i>	<i>Total 31 December 2021</i>
After-service health insurance	115	9 796	9 911
Annual leave	223	1 852	2 075
Repatriation benefits	161	1 369	1 530
Defined end-of-service/post-employment benefits liabilities	499	13 017	13 516
Accrued salaries and allowances	1 861	–	1 861
Total employee benefits liabilities	2 360	13 017	15 377

(Thousands of United States dollars)

	<i>Current</i>	<i>Non-current</i>	<i>Total 31 December 2020</i>
After-service health insurance	115	9 457	9 572
Annual leave	107	1 499	1 606
Repatriation benefits	121	1 631	1 752
Defined end-of-service/post-employment benefits liabilities	343	12 587	12 930
Accrued salaries and allowances	2 201	–	2 201
Total employee benefits liabilities	2 544	12 587	15 131

116. The liabilities arising from end-of-service/post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. Actuarial valuation is usually undertaken every two years. The most recent full actuarial valuation was conducted as at 31 December 2021.

Actuarial valuation: assumptions

117. The University reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefits obligations as at 31 December 2021 and 31 December 2020 are as follows:

Actuarial assumptions

(Percentage)

<i>Actuarial assumptions</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Discount rates, 31 December 2020	3.15	2.40	2.27
Discount rates, 31 December 2021	3.33	2.82	2.76
Inflation, 31 December 2020	3.64–5.31	2.20	–
Inflation, 31 December 2021	3.44–5.17	2.50	–

118. 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 and detailed in the actuarial report. This is consistent with the decision of the Task Force on Accounting Standards, established under the auspices of the Finance and Budget Network of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination, taken in the context of the harmonization of actuarial assumptions across the United Nations system and the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/71/815, para. 26), which were endorsed by the General Assembly in section IV of its resolution 71/272 B.

119. As at 31 December 2021, the assumptions relating to salary increases for staff in the Professional category were 8.5 per cent for the age of 23, grading down to 4.0 per cent for the age of 65. Salaries of staff in the General Service category were assumed to increase by 6.8 per cent for the age of 19, grading down to 4.0 per cent at the age of 65.

120. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost decreases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2021 were updated to include escalation rates for future years. The escalation rates for the medical and dental plan were as follows:

<i>Cost trend assumptions</i>	<i>2021</i>			<i>2020</i>		
	<i>Initial (percentage)</i>	<i>Final (percentage)</i>	<i>Grade down</i>	<i>Initial (percentage)</i>	<i>Final (percentage)</i>	<i>Grade down</i>
United States non-Medicare	5.17	3.95	10 years	5.31	3.65	14 years
United States Medicare	5.03	3.95	10 years	5.15	3.65	14 years
United States dental	4.53	3.95	10 years	4.59	5.65	14 years
Non-United States (Switzerland)	3.44	2.25	7 years	3.64	2.75	8 years
Non-United States (eurozone)	3.75	3.75	None	3.73	3.25	6 years

121. With regard to the valuation of repatriation benefits as at 31 December 2021, inflation in travel costs increased to 2.50 per cent, on the basis of the projected United States inflation rate over the next 20 years.

122. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 0–3 years, 9.1 per cent; 4–8 years, 1 per cent; and more than 8 years, 0.1 per cent, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

123. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

*Movement in post-employment benefits liabilities accounted for as defined-benefit plans***Reconciliation of opening to closing total defined-benefits liability**

(Thousands of United States dollars)

	2021	2020
Net defined-benefit liability as at 1 January	12 930	11 261
Current service cost	1 077	940
Interest cost	375	378
Total costs recognized in the statement of financial performance	1 452	1 318
Benefits paid	(354)	(478)
Actuarial (gain)/loss recognized directly in the statement of changes in net assets ^a	(512)	829
<i>Due to financial assumptions</i>	(100)	829
<i>Due to change in demographic assumptions</i>	(13)	–
<i>Due to experience assumptions</i>	(399)	–
Net defined-benefits liability as at 31 December	13 516	12 930

^a The net cumulative amount of actuarial gains recognized in the statement of changes in net assets is \$0.5 million (2020: actuarial losses of \$0.8 million).

Discount rate sensitivity analysis

124. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bond markets varied over the reporting period, and volatility has an impact on the discount rate assumption. Should the assumption vary by 0.5 per cent, its impact on the obligations would be as follows:

Discount rate sensitivity analysis: year-end employee benefits liabilities

(Thousands of United States dollars)

31 December 2021	After-service health insurance	Repatriation benefits	Annual leave
Increase of discount rate by 0.5 per cent	(1 048)	(67)	(83)
As a percentage of year-end liability	(11)	(4)	(4)
Decrease of discount rate by 0.5 per cent	1 224	73	90
As a percentage of year-end liability	12	5	4
31 December 2020	After-service health insurance	Repatriation benefits	Annual leave
Increase of discount rate by 0.5 per cent	(983)	(78)	(66)
As a percentage of year-end liability	(10)	(4)	(4)
Decrease of discount rate by 0.5 per cent	1 144	84	72
As a percentage of year-end liability	12	5	4

Medical costs sensitivity analysis

125. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity

analysis looks at the change in liability resulting from changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 0.5 per cent, this would have an impact on the measurement of the defined-benefits obligations, as follows:

Medical costs sensitivity analysis: 0.5 per cent movement in the assumed medical cost trend rates

(Thousands of United States dollars and percentage)

<i>2021</i>	<i>Increase</i>		<i>Decrease</i>	
Effect on the defined-benefits obligation	11.90%	1 179	(10.32%)	(1 023)
Effect on the aggregate of the current service cost and interest cost	1.56%	155	(1.32%)	(131)
Total effect		1 334		(1 154)

<i>2020</i>	<i>Increase</i>		<i>Decrease</i>	
Effect on the defined-benefits obligation	11.53%	1 104	(10.03%)	(960)
Effect on the aggregate of the current service cost and interest cost	1.58%	151	(1.33%)	(127)
Total effect		1 255		(1 087)

Other defined-benefits plan information

126. Benefits paid for 2021 are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave. The estimated defined-benefits payments (net of participants' contributions in these schemes) are shown in the following table.

Estimated defined-benefits payments, net of participants' contributions

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>	<i>Total</i>
2022	119	166	230	515
2021	120	124	110	354

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Thousands of United States dollars)

	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
Present value of the defined-benefit obligations	12 930	11 261	14 309	15 155	12 691

Funding of defined benefit liabilities

127. With effect from 1 January 2014, the University began to accrue 2 per cent on net salary including post adjustment for all staff members. The rate was subsequently increased to 3 per cent on gross salary including post adjustment with effect from 1 January 2019.

128. The following table summarizes the funding position of actuarially valued liabilities:

(Thousands of United States dollars)

	<i>Liability</i>	<i>Funded</i>	<i>Unfunded</i>	<i>Percentage of liability funded</i>
After-service health insurance	9 911	819	9 092	8.3
Repatriation benefits	1 530	972	558	63.6
Annual leave	2 075	549	1 526	26.4
Total	13 516	2 340	11 176	17.3

Accrued salaries and allowances

129. Accrued salaries and allowances comprise \$1.09 million (2020: \$1.11 million) in annual leave for certain individual contractors and compensatory time off, United Nations tax reimbursements of \$0.56 million (2020: \$0.56 million), repatriation benefits payable of \$0.14 million (2020: \$0.22 million) and home leave of \$0.07 million (2020: \$0.31 million).

United Nations Joint Staff Pension Fund

130. It is stated in the Regulations of the United Nations Joint Staff Pension Fund that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

131. The University's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

132. The latest actuarial valuation for the Pension Fund was completed as at 31 December 2019, and the valuation as at 31 December 2021 is currently being performed. A roll forward of the participation data as at 31 December 2019 to 31 December 2020 was used by the Fund for its 2020 financial statements.

133. The actuarial valuation as at 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4 per cent (139.2 per cent in the 2017 valuation). The funded ratio was 107.1 per cent (102.7 per cent in the 2017 valuation) when the current system of pension adjustments was taken into account.

134. After assessing the actuarial sufficiency of the Pension Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2019, for deficiency payments under article 26 of the Regulations of the Fund as the actuarial

value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

135. Should article 26 be invoked as a result of an actuarial deficiency, either during the ongoing operation or owing to the termination of the Pension Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2018, 2019 and 2020) amounted to \$7,993.15 million, of which 0.09 per cent was contributed by the University.

136. During 2021, contributions paid to the Pension Fund by the University amounted to \$2.70 million (2020: \$2.44 million). Expected contributions due in 2022 are approximately \$2.72 million.

137. Membership in the Pension Fund may be terminated by decision of the General Assembly upon the affirmative recommendation of the Pension Board. 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 at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that are in excess of the liabilities is included in the amount.

138. The Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Note 18 Lease liabilities

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Finance leases (note 29)		
Current	21	29
Non-current	25	45
Total lease liabilities	46	74

Note 19 Other liabilities

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Donated right-to-use buildings (note 29)		
Current	2 239	2 175
Non-current	43 255	43 955
Total other liabilities	45 494	46 130

Note 20
Net assets: accumulated surpluses/(deficits)

(Thousands of United States dollars)

	<i>Operating funds</i>	<i>End-of-service liabilities fund</i>	<i>Total 2021</i>	<i>Total 2020 (restated)</i>
Balance as at 1 January	99 974	(10 984)	88 990	76 284
Actuarial gains/(losses) recognized in net assets	—	512	512	(829)
<i>Due to financial assumptions</i>		100		
<i>Due to change in demographic assumptions</i>		13		
<i>Due to experience assumptions</i>		399		
Share of changes recognized on the net assets of joint ventures: equity method	18	—	18	(9)
Surplus/(deficit) for the year	12 525	(654)	11 871	11 124
Transfers to end-of-service liabilities fund	—	—	—	—
Transfers to Endowment Fund	(1 500)	—	(1 500)	—
Prior period adjustments		—		2 420
Balance as at 31 December	111 017	(11 126)	99 891	88 990

Note 21
Net assets: Endowment Fund

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020 (restated)</i>
Contributed capital (restricted)	283 616	282 116
Accumulated surpluses (restricted)	158 613	141 633
Total Endowment Fund net assets	442 229	423 749

Movement in Endowment Fund
Contributed capital (restricted)

(Thousands of United States dollars)

	<i>2021</i>	<i>2020</i>
Balance as at 1 January	282 116	281 116
Endowment Fund received	1 500	1 000
Balance as at 31 December	283 616	282 116

Accumulated surpluses/(deficits): restricted

(Thousands of United States dollars)

	2021	2020
Balance as at 1 January	141 633	106 397
Distribution to operating funds	(17 336)	(10 176)
Surplus for the year	34 316	46 662
Allowance for doubtful receivables	–	(1 250)
Balance as at 31 December	158 613	141 633

Note 22

Voluntary contributions: revenue from non-exchange transactions

(Thousands of United States dollars)

	31 December 2021	31 December 2020 (restated)
Voluntary monetary contributions	47 643	42 652
Voluntary in-kind contributions	21 489	21 723
Total voluntary contributions received	69 132	64 375
Refunds	(92)	(92)
Net voluntary contributions received	69 040	64 283

139. A case-by-case analysis of all non-exchange revenue agreements has been undertaken against the criteria laid down in IPSAS 23. The non-exchange revenue comprises cash and cash equivalents of \$21.7 million and voluntary contributions receivable of \$25.8 million that are subject to general stipulations in the agreements that did not qualify as conditions. UNU has had a positive experience with donors that pay the instalments due regularly. Historically, UNU has never breached stipulations and donors have not been prompted to demand refunds or reimbursements.

140. The net voluntary contributions, amounting to \$69.0 million, consist of \$45.3 million of contributions for the current year 2021 and \$23.7 million for future years, as follows: 2022: \$11.9 million; 2023: \$9.3 million; 2024: \$1.8 million; and 2025: \$0.7 million.

141. In-kind contributions revenue represents donated right-to-use facilities and premises based on fair rental value. In-kind contributions of services received of \$0.86 million during the period are not recognized as revenue and therefore are not included in the above in-kind contributions revenue.

Note 23
Net investment revenue/(expense)

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Summary of revenue and expense from cash pool		
Investment revenue	157	312
Change in fair value	(113)	162
Unrealized gains/(losses)	(6)	15
Net cash pool revenue/(expense)	38	489
Summary of revenue/(expense) from Endowment Fund		
Investment revenue	8 158	7 891
Realized gain on sale and maturities of securities	9 857	6 714
Change in fair value	15 452	33 257
Net Endowment Fund revenue/(expense)	33 467	47 862
Total net investment revenue/(expense)	33 505	48 351

Note 24
Other revenue: revenue from exchange transactions

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Publications, sales and royalties	6	11
Services rendered	2 874	2 601
Rental revenue	1 194	1 220
Tuition revenue	227	151
Foreign exchange gains	—	3 858
Other	159	42
Total other revenue	4 460	7 883

142. During 2021, other revenue decreased significantly as a result of foreign exchange gains of \$3.86 million in the prior year. Excluding this impact, the change in total other revenue amounts to \$0.43 million.

Note 25
Expenses

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Employee salaries, allowances and benefits		
Salaries and wages	22 989	21 845
Pension benefits	2 700	2 442
Termination and post-employment benefits	867	1 021
Appointment and assignment benefits	380	374
Leave benefits	350	329
Other staff benefits	1 883	1 959
Total employee salaries, allowances and benefits	29 169	27 970
Rent, leases and utilities		
Rent, leases and utilities	20 978	21 572
Total rent, leases and utilities	20 978	21 572
Travel		
Travel	611	694
Total travel	611	694
Depreciation and amortization		
Depreciation	2 707	2 523
Amortization	8	37
Total depreciation and amortization	2 715	2 560
Non-employee compensation and allowances		
Contract services with individuals	6 511	5 040
Total non-employee compensation and allowances	6 511	5 040
Supplies and consumables		
Information technology and communications equipment	653	380
Equipment	60	89
Information technology supplies and software maintenance	495	384
Office supplies	33	72
Other consumables	14	8
Total supplies and consumables	1 255	933
Other operating expenses		
Contractual services with companies	7 073	4 895
Learning costs	1 866	1 370
Maintenance costs	1 483	1 646
Professional services	1 504	1 462
Communications	1 114	992
Insurance/warranties	57	74
Recruitment costs	62	14
Security	128	130

	31 December 2021	31 December 2020
Freight costs	27	6
Allowance for doubtful receivables	8	1 289
Share of deficit/(surplus) joint ventures: equity method	(8)	43
Sundries	39	45
Foreign exchange losses	3 559	–
Total other operating expenses	16 912	11 966
Other expenses		
Hospitality	3	2
Total other expenses	3	2
Total expenses	78 154	70 737

143. During 2021, non-employee compensation and allowances increased by \$1.47 million (29 per cent) driven mainly by the greater number of consultants hired to meet the requirements of new projects and the increased research activities for existing projects.

144. The increase in other operating expenses is due primarily to the foreign exchange losses incurred in 2021, while foreign exchange gains were generated in 2020.

Note 26

Financial instruments, financial risk management and the cash pools

145. The following table shows the classes of financial instruments at UNU:

Financial assets

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Designated at fair value through surplus or deficit		
Short-term investments: main cash pool	33 653	20 399
Total short-term investments	33 653	20 399
Long-term investments: main cash pool	6 290	6 715
Long-term investments: Endowment Fund	440 860	423 600
Total long-term investments	447 150	430 315
Total designated at fair value through surplus or deficit investments	480 803	450 714
Cash and cash equivalents		
Cash and cash equivalents: main cash pool	4 923	3 325
Cash and cash equivalents: Endowment Fund	2 647	2 103
Cash and cash equivalents: other	15 461	22 207
Total cash and cash equivalents	23 031	27 635

	31 December 2021	31 December 2020
Loans and receivables		
Short-term receivables: voluntary contributions receivable	26 169	17 768
Short-term receivables: other receivables	3 987	4 147
Long-term receivables: voluntary contributions receivable	24 865	25 770
Total cash and cash equivalents, loans and receivables	78 052	75 320
Total carrying amount of financial assets	558 855	526 034
Of which relates to financial assets held in main cash pool	44 867	30 439
Of which relates to financial assets held in Endowment Fund	443 507	425 704
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	8 141	7 343
Total carrying amount of financial liabilities	8 141	7 343
Summary of net revenue from financial assets		
Net cash pool revenue	38	489
Net Endowment Fund revenue/(expense)	33 467	47 862
Total net revenue/(expense) from financial assets	33 505	48 351

146. The University has exposure to the following financial risks, arising mainly from investments in cash pools and the Endowment Fund:

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk, including interest rate risk, foreign exchange risk and price risk.

147. The present note and note 28, Financial instruments: Endowment Fund, present information on the University's exposure to these risks; the objectives, policies and processes for measuring and managing risk; and the management of capital.

Financial risk management: risk management framework

148. The investment management function is centralized at United Nations Headquarters, and the University is not permitted in normal circumstances to engage in investing. The risk management practices of UNU are in accordance with the Financial Regulations and Rules of the United Nations and the Investment Management Guidelines. The University may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Guidelines.

149. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

150. The objectives of investment management are to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

151. An investment committee periodically evaluates investment performance, assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

152. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposures to outstanding receivables.

Maximum exposure to credit risk

153. The maximum exposure to credit risk of financial assets equals their carrying amount at the end of the financial reporting period. The following table represents the entity's maximum exposure to credit risk of financial instruments, before taking into account any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

(Thousands of United States dollars)

	31 December 2021	31 December 2020 (restated)
Credit risk exposure		
Cash and cash equivalents	23 031	27 635
Short-term investments	33 653	20 399
Long-term investments (excludes equity investments)	226 780	218 646
Voluntary contributions receivable	51 034	45 958
Other receivables, excluding advances and deferred charges	3 987	4 147
Total	338 485	316 805

154. There is no collateral held as security or other credit enhancement.

Credit risk: contributions receivable and other receivables

155. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities, which do not have significant credit risk.

Ageing of voluntary contributions and other receivables as at 31 December 2021

(Thousands of United States dollars)

	Gross receivable	Allowance
Neither past due nor impaired	63 406	(11 450)
Less than one year	9 678	(6 700)
One to three years	14 200	(14 177)
More than three years	30 070	(30 006)
Total	117 354	(62 333)

156. The allowance for doubtful receivables includes an impairment estimate of \$59.0 million, which represents payment instalments in arrears, as well as the future funding instalments from a multi-year agreement with major donors.

Credit risk: cash and cash equivalents

157. The University had cash and cash equivalents of \$23.03 million as at 31 December 2021, which is the maximum credit exposure on these assets.

Credit risk: cash pools

158. In addition to directly held cash and cash equivalents and investments, the University participates in the United Nations Treasury cash pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars.

159. Pooling funds has a positive effect on overall investment performance and risk because of economies of scale and through the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and revenue is based on each participating entity's principal balance.

160. As at 31 December 2021, the cash pools held total assets of \$11,799.7 million (2020: \$10,652.4 million), of which \$44.9 million was due to the University (2020: \$30.4 million), and its share of revenue from the cash pools was \$0.04 million (2020: \$0.5 million).

Summary of assets and liabilities of the main pool as at 31 December 2021

(Thousands of United States dollars)

	<i>Main pool</i>
Fair value through the surplus or deficit	
Short-term investments	8 839 722
Long-term investments	1 654 439
Total fair value through the surplus or deficit investments	10 494 161
Loans and receivables	
Cash and cash equivalents	1 294 660
Accrued investment revenue	10 903
Total loans and receivables	1 305 563
Total carrying amount of financial assets	11 799 724
Cash pool liabilities	
Payable to UNU	44 866
Payable to other cash pool participants	10 621 950
Total liabilities	11 799 724
Net assets	—

**Summary of revenue and expenses of the main pool for the year ended
31 December 2021**

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	46 322
Unrealized (losses)	(37 495)
Investment revenue from main pool	8 827
Foreign exchange (losses)	(1 626)
Bank fees	(1 805)
Operating (losses) from main pool	(3 431)
Revenue and expenses from main pool	5 396

Summary of assets and liabilities of the main pool as at 31 December 2020

(Thousands of United States dollars)

	<i>Main pool</i>
Fair value through the surplus or deficit	
Short-term investments	7 120 427
Long-term investments	2 349 880
Total fair value through the surplus or deficit investments	9 470 307
Loans and receivables	
Cash and cash equivalents	1 163 684
Accrued investment revenue	18 398
Total loans and receivables	1 182 082
Total carrying amount of financial assets	10 652 389
Cash pool liabilities	
Payable to UNU	30 439
Payable to other cash pool participants	10 621 950
Total liabilities	10 652 389
Net assets	—

**Summary of revenue and expenses of the main pool for the year ended
31 December 2020**

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	113 031
Unrealized gains	54 145
Investment revenue from main pool	167 176
Foreign exchange gains	5 837
Bank fees	(578)
Operating gains from main pool	5 259
Revenue and expenses from main pool	172 435

Financial risk management

161. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

162. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

163. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

164. The Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible cash pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The cash pools do not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

165. The Guidelines require that investments are not to be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

166. The credit ratings used for the cash pools are those determined by major credit-rating agencies; Standard & Poor's, Moody's and Fitch are used to rate bonds, certificates of deposit and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year end, the credit ratings were as shown below:

Investments of the cash pools by credit ratings as at 31 December 2021

(Percentage)

<i>Main pool</i>	<i>Ratings as at 31 December 2021</i>				<i>Ratings as at 31 December 2020</i>			
Bonds (long-term ratings)								
	<i>AAA/AAAu</i>	<i>AA+u/AA+/AA</i>	<i>A+</i>	<i>Not applicable</i>	<i>AAA</i>	<i>AA+/AA/AA-</i>	<i>A+</i>	<i>Not rated/ rating withdrawn</i>
Standard & Poor's	47.8	48.1	0.4	3.7	44.0	53.2	—	2.8
	<i>AAA</i>	<i>AA+/AA/AA-</i>		<i>Not applicable/ not rated</i>	61.4	15.5	—	23.1
Fitch	61.3	15.7	—	23.0				
	<i>Aaa</i>	<i>Aa1/Aa2/Aa3</i>	<i>A1</i>	<i>Not applicable</i>	<i>Aaa</i>	<i>Aa1/Aa2/Aa3</i>	<i>A1</i>	
Moody's	61.1	34.9	0.4	3.6	61.1	34.9	0.4	3.6
Commercial papers/certificates of deposit (short-term ratings)								
	<i>A-1+/A-1</i>				<i>A-1+/A-1</i>			
Standard & Poor's	100.0				100.0			
	<i>F1+/F1</i>			<i>Not rated</i>	<i>F1+/F1</i>			<i>Not rated</i>
Fitch	96.7			3.3	98.0			2.0
	<i>P-1/P2</i>				<i>P-1</i>			
Moody's	100.0				100.0			
Reverse repurchase agreement (short-term ratings)								
	<i>A-1+u</i>							
Standard & Poor's	100.0							
	<i>F1+</i>							
Fitch	100.0							
	<i>Rating withdrawn</i>							
Moody's	100.0							
Term deposits/demand deposit account (Fitch viability ratings)								
	<i>aa-</i>	<i>a+/a/a-</i>		<i>Not applicable</i>	<i>aaa</i>	<i>aa/aa-</i>	<i>a+/a</i>	
Fitch	34.1	65.9	—		—	27.5	72.5	

167. The United Nations Treasury actively monitors credit ratings and, because the University has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for impaired investments.

Financial risk management: liquidity risk: cash pool

168. The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. They maintain sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The cash pool liquidity risk is therefore considered to be low.

Financial risk management: liquidity risk: financial assets and financial liabilities

169. The University's existing cash resources, investments and contributions receivable significantly exceeded the current cash outflow requirements. The

following table provides an analysis of the University's total assets into relevant maturity terms based on remaining contractual maturities:

Maturities for financial assets as at 31 December 2021

(Thousands of United States dollars)

	<i>Less than 1 year</i>	<i>1 to 5 years</i>	<i>Longer than 5 years</i>	<i>Total</i>
Assets				
Cash and cash equivalents	23 031	—	—	23 031
Short-term investments	33 653	—	—	33 653
Long-term investments	—	6 290	440 860	447 150
Voluntary contributions receivable	26 169	24 865	—	51 034
Other receivables	3 987	—	—	3 987
Total financial assets	86 840	31 155	440 860	558 855

Maturities for financial liabilities as at 31 December 2021

(Undiscounted thousands of United States dollars)

	<i><3 months</i>	<i>3 to 12 months</i>	<i>>1 year</i>	<i>Total</i>
Accounts payable and accrued liabilities	8 141	—	—	8 141
Total	8 141	—	—	8 141

Financial risk management: interest rate risk: main pool

170. The cash pools comprise the University's main exposure to interest rate risk, with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the cash pools had invested primarily in securities with shorter terms to maturity, with the maximum being less than three years (2020: four years). The average duration of the main pool on 31 December 2021 was 0.49 years (2020: 0.72 years), which is considered to be an indicator of low risk.

Cash pools interest rate risk sensitivity analysis

171. The cash pools interest rate risk sensitivity analysis shows how the fair value of the cash pools as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis as at 31 December 2021

<i>Shift in yield curve (basis points)</i>	-200	-150	-100	-50	0	+50	+100	+150	+200
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Main pool total	113.63	85.22	56.81	28.40	—	(28.40)	(56.80)	(85.19)	(113.58)

Main pool interest rate risk sensitivity analysis as at 31 December 2020

<i>Shift in yield curve (basis points)</i>	-200	-150	-100	-50	0	+50	+100	+150	+200
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Main pool total	148.41	111.30	74.20	37.10	—	(37.10)	(74.18)	(111.26)	(148.34)

Other market price risk

172. The cash pools are not exposed to significant other price risks because they do not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value hierarchy

173. All investments are reported at fair value through surplus and deficit. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value.

174. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

(c) Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

175. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held in the main pool is the current bid price.

176. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

177. The following fair value hierarchy presents the cash pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets. liabilities carried at fair value or significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December: main pool

(Thousands of United States dollars)

	31 December 2021			31 December 2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets at fair value through surplus or deficit						
Bonds – corporate	29 997	–	29 997	15 379	–	15 379
Bonds – non-United States agencies	1 595 405	–	1 595 405	1 368 666	–	1 368 666
Bonds – supranational	812 539	–	812 539	847 288	–	847 288
Bonds – United States treasuries	197 390	–	197 390	502 462	–	502 462
Bonds – non-United States sovereigns	90 163	–	90 163	90 910	–	90 910
Main pool – commercial papers	–	3 033 880	3 033 880	–	2 062 987	2 062 987
Main pool – certificates of deposit	–	2 824 787	2 824 787	–	2 762 615	2 762 615
Main pool – term deposits	–	1 910 000	1 910 000	–	1 820 000	1 820 000
Total	2 725 494	7 768 667	10 494 161	2 824 705	6 645 602	9 470 307
Euro pool						
Bonds – corporate	963	–	963	1 194	–	1 194
Bonds – non-United States sovereigns	458	–	458	570	–	570
Subtotal, euro pool	1 421	–	1 421	1 764	–	1 764
Total	2 726 915	7 768 667	10 495 582	2 826 469	6 645 602	9 472 071

Note 27

Financial instruments: Endowment Fund

178. The fiduciary responsibility for the investment of the assets of the UNU Endowment Fund resides with the Secretary-General of the United Nations. The Secretary-General has delegated such responsibilities to the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund, and in turn, the Representative of the Secretary-General is assisted by the Office of Investment Management of the Pension Fund in connection with the fulfilment of these responsibilities.

179. The Representative of the Secretary-General, with the assistance of the Office of Investment Management of the Pension Fund, reviews the UNU Endowment Fund portfolio and monitors the performance of the investment manager of the Endowment Fund on an ongoing basis. The Investments Committee of the Pension Fund provides oversight and advice for the investment of the assets of the Endowment Fund.

180. The investments of the Endowment Fund are managed by a global investment management firm and overseen by the Office of Investment Management and the Representative of the Secretary-General. UNU adopts a passive investment strategy, based on a global balanced indexation mandate. The investment portfolio is invested in exchange-traded funds with the aim of achieving a return on investment that reflects the return of its benchmark indexes, which are the Morgan Stanley Capital International All Country World Investible Market Index for equities and the Bloomberg Barclays United States Aggregate Bond Index for bonds.

181. The investment management objectives as set by the General Assembly for the Office of Investment Management of the Pension Fund are as follows:

(a) **Safety**, which is achieved by ensuring adequate asset class, geographic, currency, sector and industry diversification, by carefully researching and documenting investment recommendations and constantly reviewing the portfolio in order to take advantage of the unsynchronized economic cycles, market and currency movements. Asset classes are all subject to market risk; security is a relative term;

(b) **Liquidity**, which requires ready marketability of the assets in recognized sound, stable and competitive exchanges or markets. Liquidity is required to ensure that the portfolio can be restructured in the shortest possible time in order to enhance total return and/or to minimize potential losses;

(c) **Profitability**, which requires that each investment at the time of purchase should be expected to earn a positive total return, taking into account potential risk, particularly market risk which is common to all securities of the same general class and commonly can be mitigated but not eliminated by diversification;

(d) **Convertibility**, which is the ability to readily convert investments into liquid currencies. Convertibility facilitates payments in local currencies. The fiduciary responsibility to the Fund's participants mandates that because of the United States dollar-based market valuation of the Fund, and the United States dollar-based appraisal of its actuarial soundness, all investments should be readily and fully convertible into United States dollars.

182. The approved strategic asset allocation and policy benchmark for the UNU Endowment Fund is as follows:

<i>Asset class</i>	<i>Benchmark index</i>	<i>Strategic benchmark allocation weight (percentage)</i>
Equities	Morgan Stanley Capital International All Country World Investible Market Index	50
Bonds	Bloomberg Barclays United States Aggregate Bond Index	50
Total		100

183. In accordance with a decision of the UNU Council at its forty-sixth session, cash withdrawal from the Endowment Fund to finance the biennial budget is limited to 5 per cent annually of the five-year average market value. To ensure the sustainability of the UNU Endowment Fund, the withdrawal limit has been lowered to 4.75 per cent for the biennium 2020–2021.

Financial risk management

184. The Representative of the Secretary-General for the investment of the assets of the Pension Fund, with the assistance of the Office of Investment Management, approves the strategic asset allocation, investment performance targets and investment guidelines and policies. In addition, the performance of the Endowment Fund portfolio is monitored on an ongoing basis.

185. An investment committee periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

186. The following table provides a summary of the Endowment Fund investments by asset class:

	31 December 2021	31 December 2020
Equities	220 371	211 670
Bonds	220 489	211 931
Cash	2 647	2 103
Financial assets held in the Endowment Fund	443 507	425 704

Financial risk management: credit risk

187. UNU aims to minimize its credit risk through the application of risk management policies overseen by the Office of Investment Management and the Representative of the Secretary-General for the investment of the assets of the Pension Fund.

188. For management of credit risk arising from financial transactions with counterparties, which encompasses issuer risk on marketable securities and settlement risk on derivative and money market contracts, counterparties are limited to major banks and financial institutions and the policy restricts the exposure to any one counterparty by setting credit limits taking into account the credit quality of the counterparty. The exposure to credit risk primarily arises from the University's bond investments. It manages this risk through appropriate investment policies whereby the University is allowed to invest only in bonds with an investment grade assigned by at least one well-known rating agency: Standard & Poor's or Fitch. The minimum Standard & Poor's rating requirement for bonds is BBB, and the minimum Fitch viability rating for cash and term deposits is F1+.

189. The University annually reviews the credit limits applied and regularly monitors the counterparties' credit quality reflecting market credit conditions. At year end, the credit ratings were as follows:

Endowment Fund credit ratings

31 December 2021	Total	Ratings
Cash and cash equivalents	2 647	Fitch: 100% F1+
Bonds	220 489	Long-term Standard & Poor's: 70.9% AAA; 2.7% AA; 0.7% A-; 11.2% A; 14.5% BBB
Total	223 136	
31 December 2020	Total	Ratings
Cash and cash equivalent	2 103	Fitch: 100% F1+
Bonds	211 930	Long-term Standard & Poor's: 69.4% AAA; 2.9% AA; 0.3% A+; 12.0% A; 15.4% BBB
Total	214 033	

190. A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analysis of credit risk concentration presented below relates only to financial assets subject to credit risk. For bond investments, the credit risk concentration is monitored based on sector.

Endowment Fund credit risk concentration for bonds

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Sector		
Treasury	86 237	79 869
Government related	9 661	10 699
Corporate	58 124	59 852
Securitized	66 467	61 510
Total bonds	220 489	211 930

Endowment Fund risk concentration for equities

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Region		
North America	133 038	119 759
Emerging markets	24 540	27 635
Developed markets	62 793	64 276
Total equities	220 371	211 670

Financial risk management: liquidity risk

191. The University's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed contributions and the ability to sell investments.

192. The University considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and contributions receivable. The entity's existing cash resources and contributions receivable significantly exceed the current cash outflow requirements.

Financial risk management: interest rate risk

193. As at 31 December 2021, the effective duration of bonds held by UNU was 6.64 years (2020: 6.02 years).

Endowment Fund interest rate risk sensitivity analysis

194. A change of 200 basis points in interest rates at the reporting date (assuming that all other variables, particularly currency exchange rates, remain constant) would have increased/(decreased) net assets and surplus or deficit as follows:

Endowment Fund interest rate risk sensitivity analysis

<i>Shift in yield curve (basis points)</i>	<i>-200</i>	<i>-150</i>	<i>-100</i>	<i>-50</i>	<i>0</i>	<i>50</i>	<i>100</i>	<i>150</i>	<i>200</i>
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Sensitivity analysis									
31 December 2021	29.3	22.0	14.6	7.3	–	-7.3	-14.6	-22.0	-29.3
31 December 2020	25.5	19.1	12.8	6.4	–	-6.4	-12.8	-19.1	-25.5

Market risk: currency risk

195. The following table summarizes the net open position by currency at the end of the financial reporting period, mainly euros, British pounds and Japanese yen.

Currency exposure for the Endowment Fund

(Undiscounted thousands of United States dollars)

	<i>United States dollars</i>	<i>Euros</i>	<i>British pounds</i>	<i>Japanese yen</i>	<i>Other</i>	<i>Total</i>
31 December 2021	355 171	17 736	8 551	13 110	46 660	441 229
31 December 2020	335 385	17 888	8 537	15 108	46 831	423 749

Currency risk: sensitivity analysis

196. The following table indicates the currencies to which UNU had significant exposure as at 31 December 2021. The analysis calculates the effect of a reasonably possible movement of United States dollars against the respective currency rate on net assets and on surplus and deficits with all other variables held constant.

Endowment Fund currency exposure sensitivity analysis

(Thousands of United States dollars)

	<i>31 December 2021</i>		<i>31 December 2020</i>	
	<i>Net assets and surplus or deficit</i>		<i>Net assets and surplus or deficit</i>	
	<i>Strengthening</i>	<i>Weakening</i>	<i>Strengthening</i>	<i>Weakening</i>
Euro (10 per cent movement)	(1 612)	1 971	(1 626)	1 988
British pound (10 per cent movement)	(777)	950	(776)	949
Japanese yen (10 per cent movement)	(1 192)	1 457	(1 373)	1 679
Other (10 per cent movement)	(4 242)	5 184	(4 257)	5 203

Other market price risk

197. The University's exposure to other price risk arises mainly from investments in equities of the Endowment Fund. Had the market price of equities increased/decreased by 5 per cent, the surplus or deficit would have increased/decreased by \$11.0 million with an equal change in net assets (2020: \$10.6 million).

198. The University is not exposed to significant other price risk, as it does not sell short, borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.

Fair value hierarchy

199. All Endowment Fund investment assets have quoted prices in active markets and are classified as level 1 within the fair value hierarchy. There were no level 2 or level 3 financial assets, any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December: Endowment Fund

(Thousands of United States dollars)

	31 December 2021	31 December 2020
	Level 1	Level 1
Financial assets at fair value through surplus or deficit		
Equities	220 371	211 670
Bonds	220 489	211 930
Total	440 860	423 600

Note 28**Related parties***Key management personnel*

200. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the University. For the University, the key management personnel group comprises the Rector, the Senior Vice-Rectors, the Vice-Rector, the Director of Administration and the Executive Officer. They have the relevant authority and responsibility for planning, directing and controlling the University's activities.

201. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

Key management personnel as at 31 December 2021

	Total
Number of positions (full-time equivalents)	6

(Thousands of United States dollars)

	Total
Salary and post adjustment	950
Other compensation/entitlements	330
Non-monetary compensation	375
Total remuneration for the year ended 31 December 2021	1 655
Outstanding loans and advances at 31 December 2021	—

202. An official residence, provided free of charge by the Ministry of Education, Culture, Sports, Science and Technology of Japan, is made available to the Rector in the UNU headquarters building. A monthly fixed amount is charged to the Rector for utilities and maintenance of the official residence.

203. No close family member of key management personnel was employed by the University at the management level. Advances made to key management personnel are those made against entitlements in accordance with staff rules and regulations; any such advances against entitlements are widely available to all staff of the University.

Related entity transactions: Japan Foundation for the United Nations University

204. In accordance with its articles of incorporation, the purpose of the Japan Foundation for the United Nations University is, in accordance with the spirit of the UNU charter, to contribute to the development of UNU by providing it with necessary assistance and cooperation for the solution of urgent and global problems relating to the survival, welfare and development of humankind and to promote the spreading of knowledge for the solution of global problems, thereby contributing to the advancement of science and technology, the promotion of international mutual understanding and technological cooperation with developing countries.

205. Established in 1985, the Japan Foundation is an autonomous organization subject to Japanese laws and regulations and its articles of incorporation. It is governed by a board that provides oversight on all operations and activities. The University has a memorandum of understanding with the Foundation that sets out the cooperative relationship between UNU and the Foundation and regulates the use of the University's name and logo.

206. The Japan Foundation provides UNU with annual revenue and expense reports. The reports show the total contributions received by the Foundation and the amount withheld to cover the costs of its activities (which are fully funded by the Foundation's investment revenue and reserves).

207. During 2021, the unaudited total net cash contribution of \$0.18 million, which includes the rental of office space at the UNU headquarters building in Tokyo (\$0.05 million), was transferred by the Japan Foundation to the University. Of that amount, \$0.12 million was received by the Foundation and \$0.06 million came from its reserves. The reserves balance of the Foundation amounted to \$5.47 million (unaudited) as at 31 December 2021.

Related entity transactions: joint venture operations over which the University has significant influence accounted for using the equity method

208. Jointly financed operations relating to safety and security, and to the United Nations System Chief Executives Board for Coordination salary survey, are established under binding agreements. The University has significant influence over these activities which, under IPSAS 8: Interests in joint ventures, is the power to participate in the financial and operating policy decisions of the activities but without control or joint control over these activities. The University's interest in these activities is its share of these activities' net liabilities, which is based on the funding apportionment percentage. These cost-sharing ratios vary to reflect key factors such as the number of employees and the total space occupied. Since all of these activities are in a net liability position, this is recognized as a non-current liability in the statement of financial position. The University's share of these activities' operating surplus for the year ended 31 December 2021 was \$0.01 million, which was recognized in the statement of financial performance. Where activities also have transactions that are recorded directly in net assets, the University's share of these transactions is accounted for through the statement of changes in net assets; and the balance related to the actuarial gains/losses relating to the employee benefits liability valuation is recognized in the statement of financial performance. Movements in the jointly controlled operations for the year are reflected in the following table:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Cost as at 1 January	91	39
Movement for the year:		
Changes in net assets of jointly controlled operations recognized through statement of changes in net assets	(18)	9
Share of deficit/(surplus) for the year in operations of jointly controlled operations recognized through statement of financial performance	(8)	43
Total changes in jointly controlled operations for the year	65	91
Net liability reported in statement of financial position	65	91

209. No contingent liabilities arise from the University's interest in jointly controlled entities or joint venture operations over which the University has significant influence.

Note 29**Leases and commitments***Finance leases*

210. The University enters into finance leases for the use of buildings and furniture and fixtures. The net year-end carrying value for each class of asset is as follows:

Net finance lease asset carrying value

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Buildings	52 516	53 442
Furniture and fixtures	45	68
Total net finance lease asset carrying value	52 561	53 510

211. Other liabilities amounting to \$45.49 million refer to assets under long-term donated right-to-use arrangements classified as finance leases in the statement of financial position. Premises categorized as finance leases are the University headquarters building in Tokyo; Casa Silva Mendes in Macao, China; the UNU-IIGH building in Kuala Lumpur; and the residence for short-term research fellows in Accra.

212. Future minimum finance lease payments under non-cancellable finance lease arrangements for machinery and equipment and furniture and fixtures are as follows:

Obligations for finance leases

(Thousands of United States dollars)

<i>Minimum lease payments as at</i>	31 December 2021	31 December 2020
Due in less than 1 year	21	30
Due 1 to 5 years	26	45
Total minimum finance lease obligations	47	75
Future finance charges	(1)	(1)
Future minimum finance lease obligations	46	74

Operating leases

213. The University enters into operating lease arrangements for the use of buildings and photocopiers. The total operating lease payments recognized in expenses for the year were \$22.49 million. This total includes \$21.45 million towards donated right-to-use arrangements, for which corresponding revenue is recognized in the statement of financial performance and presented within voluntary contributions revenue. Future minimum operating lease payments under non-cancellable arrangements are as follows:

Obligations for operating leases

(Thousands of United States dollars)

<i>Minimum lease payments as at</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Due in less than 1 year	920	925
Due 1 to 5 years	1 702	2 048
Due later than 5 years	2 931	2 821
Total minimum operating lease obligations	5 553	5 794

214. Operating lease arrangements for premises range from 1 to 20 years, with some leases having renewal clauses. The contractual leases for photocopiers are typically between one and five years, with some leases allowing extension clauses and/or permitting early termination within 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term taking into consideration contract annual lease payment increases in accordance with lease agreements.

Contractual commitments

215. At the reporting date, the commitments for property, plant and equipment and goods and services contracted but not delivered were as follows:

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Property, plant and equipment	12	96
Goods and services	14 998	13 599
Total	15 010	13 695

216. Goods and services disclosed include contracts issued to individual contractors amounting to \$9.82 million and contracts on building maintenance, cleaning and security services for the University headquarters building in Tokyo amounting to \$2.15 million.

Note 30

Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities

217. Provisions are recognized as liabilities when the University has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle that obligation and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenses

required to settle the present obligation at the reporting date. The estimate is discounted where the effect of the time value of money is material. Contingent liabilities are disclosed for pending claims when the probability of outcome cannot be determined, and the amount of loss cannot be reasonably estimated. As at 31 December 2021, there were no material provisions recognized or contingent liabilities to disclose.

Contingent assets

218. In accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets, contingent assets are disclosed where an event will give rise to a probable inflow of economic benefits to the University.

219. As at 31 December 2021, contingent assets for future contributions amounted to \$8.14 million (2020: \$6.99 million). The contributions will be recognized in future periods when revenue recognition criteria are met.

Note 31

COVID-19 and its impact

220. While the ongoing COVID-19 pandemic has posed challenges in 2021, the University remains agile. The University dealt with these unprecedented circumstances with a coordinated response across offices worldwide designed to maintain the effective implementation of programmatic activities while ensuring the protection of staff and other personnel. In some cases, the University had to shift focus from planned activities to concentrate efforts towards COVID-19-specific policies and processes.

221. The COVID-19 pandemic continues to present a variety of challenges and risks, such as heightened economic uncertainty, disruptions in the global supply chain and challenges to ensuring the safety of personnel. There is a high degree of uncertainty about the trajectory of the pandemic and the time needed to return to a normal environment. It is expected that the pandemic will continue to delay the implementation of many projects as a result of travel restrictions and supply chain bottlenecks.

222. The University is leveraging opportunities for innovation and efficiency to combat the disruptions from the pandemic, including the deployment of applications to support remote working arrangements and allowing flexible working arrangements. The University was able to cope with the new challenges and risks through the application of business processes, effective risk mitigation strategies and the dedication and commitment of its staff.

Note 32

Events after the reporting date

223. No material events, favourable or unfavourable, occurred between the date of the financial statements and the date on which the statements were authorized for issue that would have had a material impact on the statements.

Annex I

Statement of financial position as at 31 December 2021, by operating fund

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU Centre</i>	<i>UNU headquarters building</i>	<i>UNU-WIDER</i>	<i>UNU-MERIT</i>	<i>UNU-IIST</i>	<i>UNU-INRA</i>	<i>UNU-BIOLAC</i>
Assets							
Current assets							
Cash and cash equivalents	13 348	—	3 903	229	115	—	—
Investments	27 103	—	3 425	1 562	—	—	—
Voluntary contributions receivable	7 430	—	8 124	1 340	5	28	—
Other receivables	355	15	34	445	—	—	—
Other assets	311	23	14	2	8	2	1
Inter-fund balances receivable	—	1 891	2 517	4 617	2 193	882	686
Total current assets	48 547	1 929	18 017	8 195	2 321	912	687
Non-current assets							
Investments	5 066	—	640	292	—	—	—
Voluntary contributions receivable	3 547	—	5 194	204	—	—	—
Property, plant and equipment	240	40 250	240	77	11 396	119	—
Intangible assets	98	—	38	6	—	—	—
Other assets	168	—	—	—	22	—	—
Total non-current assets	9 119	40 250	6 112	579	11 418	119	—
Total assets	57 666	42 179	24 129	8 774	13 739	1 031	687
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	1 057	158	130	96	150	15	8
Advance receipts and deferred revenue	222	—	417	—	25	—	—
Employee benefits liabilities	802	12	267	73	35	3	11
Lease liabilities	8	—	10	—	—	—	—
Other liabilities	—	1 776	—	—	410	6	—
Inter-fund balances payable	36 545	—	—	—	—	—	—
Total current liabilities	38 634	1 946	824	169	620	24	19

Statement of financial position as at 31 December 2021 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU Centre	UNU headquarters building	UNU-WIDER	UNU-MERIT	UNU-IIST	UNU-INRA	UNU-BIOLAC
Non-current liabilities							
Advance receipts and deferred revenue	—	—	—	—	—	—	—
Employee benefits liabilities	—	—	—	—	—	—	—
Lease liabilities	20	—	5	—	—	—	—
Other liabilities	—	32 977	—	—	9 427	95	—
Share of joint ventures: equity method	22	—	7	4	4	1	—
Total non-current liabilities	42	32 977	12	4	9 431	96	—
Total liabilities	38 676	34 923	836	173	10 051	120	19
Net of total assets and total liabilities	18 990	7 256	23 293	8 601	3 688	911	668
Net assets							
Accumulated surpluses/(deficits)	18 990	7 256	23 293	8 601	3 688	911	668
Endowment Fund	—	—	—	—	—	—	—
Total net assets	18 990	7 256	23 293	8 601	3 688	911	668

Statement of financial position as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Operating funds</i>							
	<i>UNU-IAS</i>	<i>UNU-INWEH</i>	<i>UNU-CRIS</i>	<i>UNU-EHS</i>	<i>UNU-IIGH</i>	<i>UNU-FLORES</i>	<i>UNU-IRADDA</i>	<i>UNU-IESR</i>
Assets								
Current assets								
Cash and cash equivalents	–	2 110	–	465	–	–	–	–
Investments	–	101	–	–	–	–	–	–
Voluntary contributions receivable	154	74	114	6 339	727	1 834	–	–
Other receivables	5	17	–	41	6	39	–	–
Other assets	32	–	–	11	8	6	–	–
Inter-fund balances receivable	7 308	–	1 398	6 013	4 884	1 970	1 150	625
Total current assets	7 499	2 302	1 512	12 869	5 625	3 849	1 150	625
Non-current assets								
Investments	–	19	–	–	–	–	–	–
Voluntary contributions receivable	–	4 758	–	6 247	–	3 915	–	–
Property, plant and equipment	13	4	1	11	808	28	–	–
Intangible assets	–	–	–	9	–	–	–	–
Other assets	–	–	–	–	–	–	–	–
Total non-current assets	13	4 781	1	6 267	808	3 943	–	–
Total assets	7 512	7 083	1 513	19 136	6 433	7 792	1 150	625
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	305	4	688	66	118	38	–	–
Advance receipts and deferred revenue	394	–	–	339	55	–	–	–
Employee benefits liabilities	186	73	1	236	93	69	–	–
Lease liabilities	–	–	3	–	–	–	–	–
Other liabilities	–	–	–	–	47	–	–	–
Inter-fund balances payable	–	31	–	–	–	–	–	–
Total current liabilities	885	108	692	641	313	107	–	–

Statement of financial position as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Operating funds</i>							
	<i>UNU-IAS</i>	<i>UNU-INWEH</i>	<i>UNU-CRIS</i>	<i>UNU-EHS</i>	<i>UNU-IIGH</i>	<i>UNU-FLORES</i>	<i>UNU-IRADDA</i>	<i>UNU-IESR</i>
Non-current liabilities								
Advance receipts and deferred revenue	—	—	—	106	—	—	—	—
Employee benefits liabilities	—	—	—	—	—	—	—	—
Lease liabilities	—	—	—	—	—	—	—	—
Other liabilities	—	—	—	—	756	—	—	—
Share of joint ventures: equity method	7	5	2	5	4	4	—	—
Total non-current liabilities	7	5	2	111	760	4	—	—
Total liabilities	892	113	694	752	1 073	111	—	—
Net of total assets and total liabilities	6 620	6 970	819	18 384	5 360	7 681	1 150	625
Net assets								
Accumulated surpluses/(deficits)	6 620	6 970	819	18 384	5 360	7 681	1 150	625
Endowment Fund	—	—	—	—	—	—	—	—
Total net assets	6 620	6 970	819	18 384	5 360	7 681	1 150	625

Statement of financial position as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Total operating funds</i>	<i>Endowment Fund</i>	<i>End-of-services and post-retirement liabilities</i>	<i>Elimination</i>	<i>Total UNU</i>
Assets					
Current assets					
Cash and cash equivalents	20 170	2 647	214	—	23 031
Investments	32 191	—	1 462	—	33 653
Voluntary contributions receivable	26 169	—	—	—	26 169
Other receivables	957	3 030	—	—	3 987
Other assets	418	—	—	—	418
Inter-fund balances receivable	36 134	15 323	442	(51 899)	—
Total current assets	116 039	21 000	2 118	(51 899)	87 258
Non-current assets					
Investments	6 017	440 860	273	—	447 150
Voluntary contributions receivable	23 865	1 000	—	—	24 865
Property, plant and equipment	53 187	—	—	—	53 187
Intangible assets	151	—	—	—	151
Other assets	190	—	—	—	190
Total non-current assets	83 410	441 860	273	—	525 543
Total assets	199 449	462 860	2 391	(51 899)	612 801
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	2 833	5 308	—	—	8 141
Advance receipts and deferred revenue	1 452	—	—	—	1 452
Employee benefits liabilities	1 861	—	499	—	2 360
Lease liabilities	21	—	—	—	21
Other liabilities	2 239	—	—	—	2 239
Inter-fund balances payable	36 576	15 323	—	(51 899)	—
Total current liabilities	44 982	20 631	499	(51 899)	14 213

Statement of financial position as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Total operating funds</i>	<i>Endowment Fund</i>	<i>End-of-services and post-retirement liabilities</i>	<i>Elimination</i>	<i>Total UNU</i>
Non-current liabilities					
Advance receipts and deferred revenue	106	–	–	–	106
Employee benefits liabilities	–	–	13 017	–	13 017
Lease liabilities	25	–	–	–	25
Other liabilities	43 255	–	–	–	43 255
Share of joint ventures: equity method	65	–	–	–	65
Total non-current liabilities	43 451	–	13 017	–	56 468
Total liabilities	88 433	20 631	13 516	(51 899)	70 681
Net of total assets and total liabilities	111 016	442 229	(11 125)	–	542 120
Net assets					
Accumulated surpluses/(deficits)	111 016	–	(11 125)	–	99 891
Endowment Fund	–	442 229	–	–	442 229
Total net assets	111 016	442 229	(11 125)	–	542 120

Annex II

Statement of financial performance for the year ended 31 December 2021, by operating fund

(Thousands of United States dollars)

	Operating funds						
	UNU Centre	UNU headquarters building	UNU-WIDER	UNU-MERIT	UNU-IIST	UNU-INRA	UNU-BIOLAC
Revenue							
Voluntary contributions	10 541	19 389	10 569	2 447	685	632	8
Investment revenue	33	—	—	2	—	—	—
Other revenue	1 719	1 188	228	678	94	(217)	—
Transfers from the Endowment Fund	6 383	1 135	3 396	1 006	2 431	225	—
Total revenue	18 676	21 712	14 193	4 133	3 210	640	8
Expenses							
Employee salaries, allowances and benefits	9 543	206	4 996	1 463	967	432	65
Rent, leases and utilities	864	17 884	471	365	276	118	8
Travel	257	1	125	10	13	21	—
Depreciation and amortization	87	1 992	82	(27)	475	41	—
Non-employee compensation and allowances	1 103	—	2 857	71	56	184	9
Supplies and consumables	360	23	200	38	43	14	3
Other operating expenses	2 986	1 343	3 598	1 839	260	75	61
Other expenses	2	—	1	—	—	—	—
Endowment Fund expense allocation	—	—	—	—	—	—	—
Total expenses	15 202	21 449	12 330	3 759	2 090	885	146
Surplus/(deficit) for the year	3 474	263	1 863	374	1 120	(245)	(138)

Statement of financial performance for the year ended 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU-IAS</i>	<i>UNU-INWEH</i>	<i>UNU-CRIS</i>	<i>UNU-EHS</i>	<i>UNU-IIGH</i>	<i>UNU-FLORES</i>	<i>UNU-IESR</i>
Revenue							
Voluntary contributions	5 703	—	607	15 750	53	1 031	625
Investment revenue	—	—	—	—	—	—	—
Other revenue	451	5	68	273	209	134	—
Transfers from the Endowment Fund	—	—	—	119	2 641	—	—
Total revenue	6 154	5	675	16 142	2 903	1 165	625
Expenses							
Employee salaries, allowances and benefits	2 905	935	379	3 752	1 513	1 358	—
Rent, leases and utilities	25	94	184	427	10	252	—
Travel	80	—	2	67	30	5	—
Depreciation and amortization	2	—	4	7	46	6	—
Non-employee compensation and allowances	469	57	115	883	566	181	—
Supplies and consumables	120	17	59	230	67	81	—
Other operating expenses	1 331	62	1 067	3 356	361	751	—
Other expenses	—	—	—	—	—	—	—
Endowment Fund expense allocation	—	—	—	—	—	—	—
Total expenses	4 932	1 165	1 810	8 722	2 593	2 634	—
Surplus/(deficit) for the year	1 222	(1 160)	(1 135)	7 420	310	(1 469)	625

Statement of financial performance for the year ended 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Total operating funds</i>	<i>Endowment Fund</i>	<i>End-of-services and post-retirement liabilities</i>	<i>Elimination</i>	<i>Total UNU</i>
Revenue					
Voluntary contributions	68 040	1 000	–	–	69 040
Investment revenue	35	33 467	3	–	33 505
Other revenue	4 830	55	442	(867)	4 460
Transfers from the Endowment Fund	17 336	–	–	(17 336)	–
Total revenue	90 241	34 522	445	(18 203)	107 005
Expenses					
Employee salaries, allowances and benefits	28 514	–	1 098	(443)	29 169
Rent, leases and utilities	20 978	–	–	–	20 978
Travel	611	–	–	–	611
Depreciation and amortization	2 715	–	–	–	2 715
Non-employee compensation and allowances	6 551	–	–	(40)	6 511
Supplies and consumables	1 255	–	–	–	1 255
Other operating expenses	17 090	206	–	(384)	16 912
Other expenses	3	–	–	–	3
Endowment Fund expense allocation	–	17 336	–	(17 336)	–
Total expenses	77 717	17 542	1 098	(18 203)	78 154
Surplus/(deficit) for the year	12 524	16 980	(653)	–	28 851

Annex III**Statement of appropriations as at 31 December 2021**

(Thousands of United States dollars)

<i>Appropriation sections</i>	<i>Appropriations</i>			<i>Expenditures</i>			<i>Unencumbered balance</i>
	<i>Original</i>	<i>Changes</i>	<i>Revised</i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>	<i>Total expenditures</i>	
UNU Centre							
Research, training networks and dissemination	4 443	1 857	6 300	4 855	436	5 291	1 009
Staff and other personnel costs	7 972	31	8 003	6 520	106	6 626	1 377
General expenses	2 231	357	2 588	1 856	91	1 947	641
Subtotal	14 646	2 245	16 891	13 231	633	13 864	3 027
UNU headquarters building							
Research, training networks and dissemination	—	—	—	—	—	—	—
Staff and other personnel costs	349	(92)	257	219	5	224	33
General expenses	2 255	373	2 628	1 421	1 206	2 627	1
Subtotal	2 604	281	2 885	1 640	1 211	2 851	34
UNU-WIDER							
Research, training networks and dissemination	5 203	2 790	7 993	7 741	11	7 752	241
Staff and other personnel costs	3 169	(422)	2 747	2 706	40	2 746	1
General expenses	1 022	(377)	645	598	24	622	23
Subtotal	9 394	1 991	11 385	11 045	75	11 120	265
UNU-MERIT							
Research, training networks and dissemination	1 735	(224)	1 511	1 429	—	1 429	82
Staff and other personnel costs	1 895	(384)	1 511	1 380	—	1 380	131
General expenses	816	119	935	783	5	788	147
Subtotal	4 446	(489)	3 957	3 592	5	3 597	360
UNU-IIST							
Research, training networks and dissemination	206	46	252	111	28	139	113
Staff and other personnel costs	1 412	(349)	1 063	948	10	958	105
General expenses	804	(116)	688	493	27	520	168
Subtotal	2 422	(419)	2 003	1 552	65	1 617	386

Statement of appropriations as at 31 December 2021 (continued)

(Thousands of United States dollars)

<i>Appropriation sections</i>	<i>Appropriations</i>			<i>Expenditures</i>			<i>Unencumbered balance</i>
	<i>Original</i>	<i>Changes</i>	<i>Revised</i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>	<i>Total expenditures</i>	
UNU-INRA							
Research, training networks and dissemination	500	(128)	372	346	—	346	26
Staff and other personnel costs	191	107	298	277	—	277	21
General expenses	34	32	66	64	2	66	—
Subtotal	725	11	736	687	2	689	47
UNU-BIOLAC							
Research, training networks and dissemination	301	(220)	81	29	2	31	50
Staff and other personnel costs	110	(9)	101	65	4	69	32
General expenses	60	(30)	30	26	1	27	3
Subtotal	471	(259)	212	120	7	127	85
UNU-CRIS							
Research, training networks and dissemination	742	103	845	304	398	702	143
Staff and other personnel costs	254	160	414	394	—	394	20
General expenses	417	34	451	244	185	429	22
Subtotal	1 413	297	1 710	942	583	1 525	185
UNU-IAS							
Research, training networks and dissemination	4 783	(189)	4 594	4 087	507	4 594	—
Staff and other personnel costs	1 083	(458)	624	613	11	624	—
General expenses	344	(97)	248	222	25	247	1
Subtotal	6 210	(744)	5 466	4 922	543	5 465	1
UNU-INWEH							
Research, training networks and dissemination	191	141	332	136	—	136	196
Staff and other personnel costs	1 034	126	1 160	934	—	934	226
General expenses	392	62	454	159	2	161	293
Subtotal	1 617	329	1 946	1 229	2	1 231	715

Statement of appropriations as at 31 December 2021 (continued)

(Thousands of United States dollars)

<i>Appropriation sections</i>	<i>Appropriations</i>			<i>Expenditures</i>			<i>Unencumbered balance</i>
	<i>Original</i>	<i>Changes</i>	<i>Revised</i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>	<i>Total expenditures</i>	
UNU-EHS							
Research, training networks and dissemination	1 420	4 631	6 051	5 976	75	6 051	–
Staff and other personnel costs	803	277	1 080	1 080	–	1 080	–
General expenses	219	243	462	391	4	395	67
Subtotal	2 442	5 151	7 593	7 447	79	7 526	67
UNU-IIGH							
Research, training networks and dissemination	365	1 090	1 455	1 076	180	1 256	199
Staff and other personnel costs	1 280	116	1 396	1 208	12	1 220	176
General expenses	347	125	472	191	23	214	258
Subtotal	1 992	1 331	3 323	2 475	215	2 690	633
UNU-FLORES							
Research, training networks and dissemination	265	(9)	256	248	–	248	8
Staff and other personnel costs	1 532	(134)	1 398	1 302	18	1 320	78
General expenses	164	106	270	261	3	264	6
Subtotal	1 961	(37)	1 924	1 811	21	1 832	92
UNU-IRADDA							
Research, training networks and dissemination	50	(50)	–	–	–	–	–
Staff and other personnel costs	212	(212)	–	–	–	–	–
General expenses	22	(22)	–	–	–	–	–
Subtotal	284	(284)	–	–	–	–	–
Grand total	50 627	9 404	60 031	50 693	3 441	54 134	5 897

Annex IV**Statement of contributions, January to December 2021**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
UNU Centre				
Vice Rectorate in Europe				
Government donations				
Germany, Federal Environment Agency	–	(27)	–	(27)
Germany, Federal Ministry of Education and Research	–	156	240	396
Non-government donations				
<i>European Commission</i>				
European Union (European Commission)	–	303	–	303
<i>United Nations organizations</i>				
International Telecommunication Union	–	(24)	–	(24)
Centre for Policy Research				
Government donations				
Ireland, Department of Foreign Affairs	–	45	–	45
Netherlands, Ministry of Foreign Affairs	–	699	–	699
Luxembourg	–	11	–	11
Permanent Mission of Liechtenstein to the United Nations	–	215	–	215
Switzerland, Federal Department of Foreign Affairs	–	150	–	150
United Kingdom of Great Britain and Northern Ireland, Foreign and Commonwealth Office	–	476	–	476
United Kingdom, Home Office	–	454	–	454
Non-government donations				
<i>United Nations organizations</i>				
International Organization for Migration	–	74	–	74
United Nations Development Programme	–	746	–	746
<i>Other</i>				
Humanity United	–	50	–	50
LGT Group	–	107	–	107
Liechtenstein Bankers' Association	–	44	–	44
Stiftelsen Global Challenges Foundation	–	44	–	44

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
Stiftung Fürstlicher Kommerzienrat Guido Feger Foundation	—	27	—	27
Tarom Foundation	—	47	—	47
Office of the Rector				
Government donations				
Japan, Ministry of Foreign Affairs	—	1 466	—	1 466
Non-government donations				
<i>Other</i>				
Aeon Company	—	5	—	5
Benesse Corporation	—	4	—	4
Eneos Corporation	—	4	—	4
Farmer's Market Association, Tokyo	—	18	—	18
Fast Retailing Company	—	4	—	4
Japan Tobacco	—	5	—	5
Lion Corporation	—	4	—	4
Marubeni Corporation	—	5	—	5
Mitsui Fudosan Company	—	5	—	5
Nomura Securities Company	—	4	—	4
Recruit Holdings Company	—	5	—	5
Shimizu Corporation	—	5	—	5
Suntory Holdings	—	5	—	5
Toyota Motor Corporation	—	5	—	5
UCC Holdings Company	—	4	—	4
UNU Centre, Kuala Lumpur				
Government donations				
Malaysia, Ministry of Higher Education	—	—	26	26

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
E-governance				
Government donations				
Portugal	1 000	5 000	103	6 103
Uganda, National Information Technology Authority	–	(35)	–	(35)
Non-government donations				
<i>European Commission</i>				
European Union (European Commission)	–	63	–	63
UNU Centre	1 000	10 173	369	11 542
UNU headquarters building and land				
Government donations				
Japan, Ministry of Foreign Affairs	–	–	19 389	19 389
UNU headquarters building and land	–	–	19 389	19 389
UNU-WIDER				
Government donations				
Finland, Ministry of Environment	–	–	420	420
Finland, Ministry of Foreign Affairs	–	7 680	–	7 680
Myanmar, Central Statistical Organization, Ministry of Planning and Finance	–	(41)	–	(41)
Norway	–	2 430	–	2 430
Non-government donations				
<i>Other</i>				
Institute of Development Studies	–	81	–	81
University of Copenhagen, Department of Economics	–	(1)	–	(1)
UNU-WIDER	–	10 149	420	10 569
UNU-MERIT				
Government donations				
Maastricht City Council	–	310	–	310
Netherlands, Ministry of Education, Culture and Science	–	1 226	–	1 226

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
Non-government donations				
<i>Other</i>				
European Investment Bank	–	350	–	350
Maastricht Graduate School of Governance	–	302	–	302
Stichting Deltares	–	9	–	9
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	236	–	236
University of Sussex	–	14	–	14
UNU-MERIT	–	2 447	–	2 447
UNU-IIST				
Government donations				
Macao Foundation	–	284	410	694
Macao Science and Technology Development Fund	–	(8)	–	(8)
UNU-IIST	–	276	410	686
UNU-INRA				
Government donations				
Ghana, Ministry of Education	–	–	66	66
Zambia	–	–	45	45
Non-government donations				
<i>Other</i>				
Institute for New Economic Thinking	–	10	–	10
International Development Research Centre	–	472	–	472
Japan International Cooperation Agency	–	–	39	39
UNU-INRA	–	482	150	632
UNU-BIOLAC				
Government donations				
Bolivarian Republic of Venezuela	–	–	8	8
UNU-BIOLAC	–	–	8	8

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
UNU-CRIS				
Government donations				
Belgium	—	393	162	555
Non-government donations				
<i>Other</i>				
Microsoft Corporation	—	18	—	18
Vrije Universiteit Brussel	—	34	—	34
UNU-CRIS	—	445	162	607
UNU-IAS				
Government donations				
City of Yokohama	—	—	15	15
Ishikawa Prefecture	—	225	—	225
Japan, Ministry of Education, Culture, Sports, Science and Technology	—	1 290	—	1 290
Japan, Ministry of the Environment	—	3 509	—	3 509
Kanazawa City	—	227	—	227
Non-government donations				
<i>United Nations organizations</i>				
United Nations Educational, Scientific and Cultural Organization	—	40	—	40
<i>Other</i>				
Chiba University of Commerce	—	8	—	8
Ehime University	—	8	—	8
Hiroshima University	—	8	—	8
Hokkaido University	—	8	—	8
International Christian University	—	7	—	7
International University of Japan	—	7	—	7
Japan Foundation for the United Nation University	—	10	—	10
Japan Science and Technology Agency	—	109	—	109

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
Japan Society for the Promotion Of Science	—	52	—	52
Kanagawa University	—	10	—	10
Kanazawa University	—	5	—	5
Keio University	—	7	—	7
Kwansei Gakuin University	—	7	—	7
Kyushu Sangyo University	—	7	—	7
Kyushu University	—	7	—	7
Nara University of Education	—	7	—	7
Notre Dame Seishin University	—	7	—	7
Ochanomizu University	—	5	—	5
Okinawa Institute of Science and Technology Graduate University	—	5	—	5
Osaka Medical and Pharmaceutical University	—	7	—	7
Osaka Metropolitan University	—	4	—	4
Osaka University	—	3	—	3
Osaka University, Institute for Academic Initiatives	—	4	—	4
Ryukoku University	—	8	—	8
Soka University	—	8	—	8
Sophia University Tokyo	—	7	—	7
Tokai University	—	7	—	7
Tokyo City University	—	8	—	8
Tokyo Institute of Technology	—	7	—	7
Tokyo University of Foreign Studies	—	7	—	7
Tokyo University of Science	—	8	—	8
Toyo University	—	7	—	7
University of Kitakyushu	—	7	—	7
University of Tokyo	—	7	—	7

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
University of Tsukuba	–	7	–	7
Wakayama University	–	6	–	6
UNU-IAS	–	5 687	15	5 702
UNU-EHS				
Government donations				
Germany, Federal Ministry for Environment, Nature Conservation and Nuclear Safety	–	9 848	–	9 848
Germany, Federal Ministry of Education and Research	–	2 256	274	2 530
Non-government donations				
<i>European Commission</i>				
European Union (European Commission)	–	95	–	95
<i>United Nations organizations</i>				
United Nations Development Programme Multi-Partner Trust Fund Office	–	654	–	654
United Nations Framework Convention on Climate Change secretariat	–	718	–	718
United Nations Office for Disaster Risk Reduction	–	80	–	80
<i>Other</i>				
Frankfurt School of Finance and Management	–	(110)	–	(110)
German Agency for International Cooperation	–	148	–	148
German Research Foundation	–	218	–	218
Munich Climate Insurance Initiative	–	1 409	–	1 409
Munich Re Foundation	–	159	–	159
UNU-EHS	–	15 475	274	15 749
UNU-IIGH				
Government donations				
British High Commission Kuala Lumpur	–	7	–	7
Malaysia, Ministry of Higher Education	–	–	47	47
UNU-IIGH		7	47	54

Statement of contributions, January to December 2021 (continued)

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
UNU-FLORES				
Government donations				
Germany, Federal Institute for Geosciences and Natural Resources	–	155	–	155
Korean Environment Corporation	–	35	–	35
Saxon State Ministry for Higher Education, Research and the Arts	–	219	245	464
Non-government donations				
<i>Other</i>				
Alexander von Humboldt Foundation	–	4	–	4
German Aerospace Centre	–	(8)	–	(8)
Global Change Research Institute of the Czech Academy of Sciences	–	101	–	101
Technische Universität Dresden	–	279	–	279
UNU-FLORES	–	785	245	1 030
UNU-IESR				
Government donations				
Senegal, Ministry of Foreign Affairs	–	625	–	625
UNU-IESR	–	625	–	625
Grand total	1 000	46 551	21 489	69 040

Note: The negative operating contribution amounts are attributable mainly to accounting adjustments and refunds to donors (see annex VI).

Annex V

Statement of unpaid pledges as at 31 December 2021

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
Operating funds					
UNU Centre					
Government donations					
Ireland, Department of Foreign Affairs	–	45	(45)	–	–
Germany, Federal Environment Agency	60	(27)	(28)	(5)	–
Germany, Federal Ministry of Education and Research	4 395	157	(1 368)	(264)	2 920
Japan, Ministry of Foreign Affairs	–	1 466	(1 466)	–	–
Luxembourg	–	11	(11)	–	–
Netherlands, Ministry of Foreign Affairs	–	699	(332)	–	367
Norwegian Agency for Development Cooperation	2 527	–	(858)	(54)	1 615
Permanent Mission of Liechtenstein to the United Nations	–	215	(215)	–	–
Portugal	–	5 000	–	–	5 000
Switzerland, Federal Department of Foreign Affairs	300	150	(230)	(4)	216
United Kingdom of Great Britain and Northern Ireland, Foreign and Commonwealth Office	147	477	(539)	–	85
United Kingdom, Home Office	471	454	(589)	(8)	328
Uganda, National Information Technology Authority	152	(35)	(117)	–	–
Non-government donations					
<i>European Commission</i>					
European Union (European Commission)	57	205	(233)	(4)	25
<i>United Nations organizations</i>					
International Organization for Migration	–	74	(74)	–	–
International Telecommunication Union	26	(24)	–	(2)	–
United Nations Development Programme	–	746	(451)	–	295

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
<i>Other</i>					
Aeon Company	–	5	(5)	–	–
Benesse Corporation	–	5	(5)	–	–
Eneos Corporation	–	5	(5)	–	–
Farmer's Market Association, Tokyo	19	18	(24)	(1)	12
Fast Retailing Company	–	5	(5)	–	–
Humanity United	–	50	–	–	50
Japan Tobacco	–	5	(5)	–	–
LGT Group	–	107	(107)	–	–
Liechtenstein Bankers' Association	–	44	(21)	–	23
Lion Corporation	–	5	(5)	–	–
Marubeni Corporation	–	5	(5)	–	–
Mitsui Fudosan Company	–	5	(5)	–	–
Nomura Securities Company	–	5	(5)	–	–
Recruit Holdings Company	–	5	(5)	–	–
Shimizu Corporation	–	5	(5)	–	–
Stiftelsen Global Challenges Foundation	–	44	–	–	44
Stiftung Fürstlicher Kommerzienrat Guido Feger Foundation	–	27	(27)	–	–
Suntory Holdings	–	5	(5)	–	–
Tarom Foundation	–	47	(47)	–	–
Toyota Motor Corporation	–	5	(5)	–	–
UCC Holdings Company	–	5	(5)	–	–
UNU Centre	8 154	10 020	(6 852)	(342)	10 980

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
UNU-WIDER					
Government donations					
Finland, Ministry of Foreign Affairs	424	7 680	(2 300)	(243)	5 561
Myanmar, Central Statistical Organization, Ministry of Planning and Finance	47	(41)	–	(6)	–
Norway	6 696	2 430	(3 312)	(344)	5 470
South Africa, National Treasury	355	–	(347)	(8)	–
Swedish International Development Cooperation Agency, Department for Research Cooperation	2 935	–	(936)	(228)	1 771
Non-government donations					
<i>Other</i>					
Institute of Development Studies	240	81	(162)	1	160
University of Copenhagen, Department of Economics	434	(1)	(47)	(30)	356
UNU-WIDER	11 131	10 149	(7 104)	(858)	13 318
UNU-MERIT					
Government donations					
Maastricht City Council	–	310	(310)	–	–
Netherlands, Ministry of Education, Culture and Science	1 239	1 226	(1 226)	(69)	1 170
Non-government donations					
<i>Other</i>					
European Investment Bank	–	350	–	(9)	341
Maastricht Graduate School of Governance	–	302	(302)	–	–
Stichting Deltares	–	9	(9)	–	–
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	236	(236)	–	–
University of Sussex	–	14	–	–	14
WASTE	49	–	–	(4)	45
UNU-MERIT	1 288	2 447	(2 083)	(82)	1 570

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
UNU-IIST					
Government donations					
Macao Foundation	–	327	(322)	–	5
Macao Science and Technology Development Fund	25	(8)	(17)	–	–
Non-government donations					
<i>European Commission</i>					
European Union (European Commission)	–	25	(25)	–	–
UNU-IIST	25	344	(364)	–	5
UNU-INRA					
Government donations					
Germany, Federal Ministry for Economic Cooperation and Development	144	–	(142)	(2)	–
Non-government donations					
<i>Other</i>					
Institute for New Economic Thinking	–	10	(10)	–	–
International Development Research Centre	5	472	(448)	(1)	28
University of the Witwatersrand	33	–	(33)	–	–
UNU-INRA	182	482	(633)	(3)	28
UNU-CRIS					
Government donations					
Belgium	1 186	393	(1 418)	(48)	113
Non-government donations					
<i>Other</i>					
Microsoft Corporation	–	18	(18)	–	–
University of Ghent	440	–	(420)	(20)	–
Vrije Universiteit Brussel	147	34	(179)	(2)	–
UNU-CRIS	1 773	445	(2 035)	(70)	113

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
UNU-IAS					
Government donations					
Ishikawa Prefecture	48	225	(226)	(4)	43
Japan, Ministry of Education, Culture, Sports, Science and Technology	–	1 290	(1 290)	–	–
Japan, Ministry of the Environment	–	3 509	(3 509)	–	–
Kanazawa City	48	226	(226)	(4)	44
Non-government donations					
<i>European Commission</i>					
European Union (European Commission)	–	50	(50)	–	–
<i>United Nations organizations</i>					
United Nations Educational, Scientific and Cultural Organization	–	40	(16)	–	24
<i>Other</i>					
Asia-Pacific Network for Global Change Research	16	–	–	–	16
Chiba University	–	5	(5)	–	–
Chiba University of Commerce	–	3	(3)	–	–
Ehime University	–	7	(7)	–	–
Hiroshima University	–	8	(8)	–	–
Hokkaido University	–	8	(8)	–	–
International Christian University	–	7	(7)	–	–
International University of Japan	–	7	(7)	–	–
Japan Foundation for the United Nations University	–	128	(128)	–	–
Japan Science and Technology Agency	–	109	(109)	–	–
Japan Society for the Promotion of Science	43	52	(64)	(4)	27
Kanagawa University	–	7	(7)	–	–
Kanazawa University	–	7	(7)	–	–
Keio University	–	7	(7)	–	–
Kwansei Gakuin University	–	7	(7)	–	–
Kyushu Sangyo University	–	7	(7)	–	–

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
Kyushu University	—	7	(7)	—	—
Nara University Education	—	7	(7)	—	—
Notre Dame Seishin University	—	7	(7)	—	—
Ochanomizu University	—	5	(5)	—	—
Okinawa Institute of Science and Technology Graduate University	—	4	(4)	—	—
Osaka Medical and Pharmaceutical University	—	7	(7)	—	—
Osaka Metropolitan University	—	4	(4)	—	—
Osaka University	—	3	(3)	—	—
Osaka University, Institute for Academic Initiatives	—	4	(4)	—	—
Resona Holdings	—	85	(85)	—	—
Ryukoku University	—	7	(7)	—	—
Soka University	—	8	(8)	—	—
Sophia University Tokyo	—	7	(7)	—	—
Tokai University	—	7	(7)	—	—
Tokyo City University	—	7	(7)	—	—
Tokyo Institute of Technology	—	7	(7)	—	—
Tokyo University of Foreign Studies	—	7	(7)	—	—
Tokyo University of Science	—	8	(8)	—	—
Toyo University	—	7	(7)	—	—
University of Kitakyushu	—	7	(7)	—	—
University of Tokyo	—	7	(7)	—	—
University of Tsukuba	—	7	(7)	—	—
Wakayama University	4	6	(10)	—	—
UNU-IAS	159	5 934	(5 927)	(12)	154

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
UNU-INWEH					
Government donations					
Canada, Department of Foreign Affairs, Trade and Development	6 260	—	(1 582)	6	4 684
Non-government donations					
<i>Other</i>					
Centre de recherche en ressources en eau du bassin du Congo, University of Kinshasa ^a	45	—	(44)	(1)	—
McMaster University	222	—	(74)	—	148
UNU-INWEH	6 527	—	(1 700)	5	4 832
UNU-EHS					
Government donations					
Germany, Federal Ministry for Environment, Nature Conservation and Nuclear Safety	—	9 848	(4 932)	(156)	4 760
Germany, Federal Ministry of Education and Research	2 894	2 256	(1 646)	(222)	3 282
Ministry of Education and Research Nord Rhein Westfalia	1 840	—	(593)	(112)	1 135
Non-government donations					
<i>European Commission</i>					
European Union (European Commission)	24	201	(224)	(1)	—
<i>United Nations organizations</i>					
United Nations Development Programme Multi-Partner Trust Fund Office	—	654	(654)	—	—
United Nations Framework Convention on Climate Change secretariat	77	718	(236)	(37)	522
United Nations Office for Disaster Risk Reduction	—	80	(80)	—	—
<i>Other</i>					
Eurac Research	1 289	—	(410)	(84)	795
Frankfurt School of Finance and Management	551	(110)	(354)	(40)	47
German Aerospace Centre	221	—	(192)	(6)	23
German Agency for International Cooperation	6	147	(153)	—	—
German Research Foundation	—	218	(28)	(13)	177

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
International Development Research Centre	135	–	(121)	3	17
Munich Climate Insurance Initiative	882	1 409	(575)	(112)	1 604
Munich Re Foundation	–	159	(36)	(4)	119
Newcastle University	127	–	(23)	–	104
UNU-EHS	8 046	15 580	(10 257)	(784)	12 585
UNU-IIGH					
Government donations					
British High Commission Kuala Lumpur	–	7	(7)	–	–
Non-government donations					
<i>Other</i>					
Bill and Melinda Gates Foundation	1 524	–	(797)	–	727
UNU-IIGH	1 524	7	(804)	–	727
UNU-FLORES					
Government donations					
Germany, Federal Institute for Geosciences and Natural Resources	–	155	(155)	–	–
Germany, Federal Ministry of Education and Research	4 545	–	(753)	(330)	3 462
Korean Environment Corporation	–	35	(35)	–	–
Saxon State Ministry for Higher Education, Research and the Arts	2 420	219	(651)	(170)	1 818
Non-government donations					
<i>Other</i>					
Alexander von Humboldt Foundation	–	4	(4)	–	–
German Aerospace Centre	110	(8)	(9)	(7)	86
German Agency for International Cooperation	86	–	–	(6)	80
Global Change Research Institute of the Czech Academy of Sciences	–	101	–	(3)	98
Technische Universität Dresden	–	279	(60)	(14)	205
UNU-FLORES	7 161	785	(1 667)	(530)	5 749

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
UNU-IRADDA					
Government donations					
Algeria	8 000	—	—	—	8 000
UNU-IRADDA	8 000	—	—	—	8 000
UNU-IESR					
Government donations					
Senegal, Ministry of Foreign Affairs	5 000	625	(625)	—	5 000
UNU-IESR	5 000	625	(625)	—	5 000
Total operating funds as at 31 December 2021	58 970	46 818	(40 051)	(2 676)	63 061

Statement of unpaid pledges as at 31 December 2021 (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2021 (restated)</i>	<i>Add: fresh pledges received in 2021</i>	<i>Less: collection during 2021</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2021</i>
Endowment Funds					
UNU Centre					
Government donations					
Portugal	–	1 000	–	–	1 000
UNU Centre	–	1 000	–	–	1 000
UNU-INRA					
Government donations					
Cameroon	3 359	–	–	(253)	3 106
Zambia	200	–	–	–	200
UNU-INRA	3 559	–	–	(253)	3 306
UNU-IRADDA					
Government donations					
Algeria	45 000	–	–	–	45 000
UNU-IRADDA	45 000	–	–	–	45 000
UNU-IESR					
Government donations					
Senegal, Ministry of Foreign Affairs	1 000	–	–	–	1 000
UNU-IESR	1 000	–	–	–	1 000
Total Endowment Funds as at 31 December 2021	49 559	1 000	–	(253)	50 306
Total all funds outstanding as at 31 December 2021	108 529	47 818	(40 051)	(2 929)	113 367
Allowance for doubtful receivables	(62 571)	(15)	–	253	(62 333)
Net total all funds outstanding as at 31 December 2021	45 958	47 803	(40 051)	(2 676)	51 034

^a Includes cash loss.

Annex VI

Statement of refunds to donors

(Thousands of United States dollars)

<i>Donors</i>	<i>Operating unit</i>	<i>31 December 2021</i>
Macao Foundation	UNU-IIST	82
German Aerospace Centre	UNU-FLORES	8
Kyoto University	UNU-IAS	2
Total refunds to donors for the year		92

