A/78/5 (Vol. IV)

United Nations

Financial report and audited financial statements

for the year ended 31 December 2022

and

Report of the Board of Auditors

Volume IV
United Nations University

General Assembly
Official Records
Seventy-eighth Session
Supplement No. 5

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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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[26 July 2023]

Contents

Letters of transmittal

Letter dated 31 March 2023 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 2022, 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 26 July 2023 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and audited financial statements of the United Nations University for the year ended 31 December 2022.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
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 or University), which comprise the statement of financial position (statement I) as at 31 December 2022 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 2022 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 and the International Standards of Supreme Audit Institutions. 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 2022, 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*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

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

(*Signed*) Pierre **Moscovici**
First President of the French Cour des comptes

26 July 2023

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations University (UNU or University) 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 2022. The audit was carried out at the United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT) in Maastricht, Kingdom of the Netherlands, from 28 November to 16 December 2022, at UNU headquarters in Tokyo, and at the UNU administrative office in Putrajaya, Malaysia, from 16 January to 17 February 2023 and from 3 to 28 April 2023.

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 2022 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 2022 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 2022. However, the Board identified scope for improvement related to enterprise risk management, the cooperation agreement of UNU-MERIT, information and communications technology, human resources management and accounting-related matters.

With total revenue of $54.19 million and expenses of $146.11 million, the financial performance reflected a net deficit of $91.92 million, owing mainly to an adverse change in the fair value of the investments of the United Nations University Endowment Fund and a decrease in voluntary contributions. The overall financial position of UNU remained sound, with current assets of more than five times the current liabilities and total assets of more than seven times the total liabilities.

Key findings

The Board's key findings are as follows:

Lack of definition in the cooperation agreement of the United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology

The Board noted that there were personnel in positions that were not contracted by UNU-MERIT. In addition, the Institute had appointments with other consultants that were not included in the organizational chart. Moreover, the cooperation agreement had not been formally updated, as at 31 October 2022, with regard to the programmes to be developed and their participants, which resulted in various administrative issues.

Need for improvement of the risk assessment process

The Board compared the 2022 risk registers with the 2021 versions and noted that the same deficiencies were present in the risk registers in both years, such as a lack or incorrect designation of risk owners, and the omission of risks. In addition, the Board found no evidence of a discussion of the risk assessment process, nor of the significant risks identified by the institutes. Lastly, the Board noted that key personnel involved in the process had not received relevant training related to risk management.

Deficiencies in the completeness of the risk registers

The Board reviewed the risk registers and noted that one institute had not completed them in 2022. In addition, only 64 per cent of the risks had been assessed and no explanations were included to justify the remaining 36 per cent. Moreover, the Board identified calculation errors in the residual risk scores, and observed that the scoring criteria for measuring the impact and likelihood of risks related to financial impacts used the same values as the United Nations Secretariat methodology and were not adapted to the UNU budget.

Unrecorded liabilities

The Board reviewed the transactions from the database of invoices extracted from the new enterprise resource planning system, Quantum, received from January to March 2023. It was noted that there were transactions related to the financial year 2022 that had not been accrued by the University, totalling $80,459.

Main recommendations

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

Lack of definition in the cooperation agreement of the United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology

(a) **Ensure that UNU-MERIT revises and amends periodically the cooperation agreement signed on 1 May 2007, in accordance with the duration of the programmes, to specify the boundaries of activities carried out by each party;**

(b) **Ensure that UNU-MERIT, together with Maastricht University, formally specify the guidelines to be applied to all personnel involved in UNU-MERIT activities to ensure compliance with UNU standards;**

Need for improvement of the risk assessment process

(c) **Ensure that management thoroughly reviews the risk registers in order to detect errors and inconsistencies in the risk assessment process and to correct them in accordance with the risk policy;**

(d) **Maintain a record of the main issues and recommendations discussed during management group meetings related to the enterprise risk management process;**

(e) **Provide training to the key personnel involved in the risk management process;**

Deficiencies in the completeness of the risk registers

(f) **Ensure that all institutes document their risk assessment process using the risk register;**

(g) **Include in the risk registers a justification whenever a risk of the UNU risk universe is not applicable;**

(h) **Update the risks included in the risk register for utilization in the UNU-wide risk assessment process;**

(i) **Adapt the reference values of the financial impact in the scoring criteria table to its budgetary context;**

(j) **Take measures to ensure that institutes use the score scale adopted by UNU when assessing the impact and likelihood of risks, and when calculating the risk scores;**

Unrecorded liabilities

(k) **Formally identify the reasons that transactions are not captured in the accounts payable process and, on that basis, design and implement a control mechanism for the year-end closing process for the accruals of accounts payable that allows the University to track, review and reconcile any unrecorded liabilities.**

Follow-up of previous recommendations

The Board noted 27 outstanding recommendations up to the year ended 31 December 2021, of which 16 (59 per cent) had been implemented, 10 (37 per cent) were under implementation and 1 (4 per cent) had been overtaken by events.

Key facts

$54.19 million	Total revenue
$146.11 million	Total expenses
$91.92 million	Deficit for the year[a]
$521.51 million	Assets
$66.84 million	Liabilities
$454.67 million	Net assets
$31.86 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] The deficit is primarily the result of the change in the fair value of the United Nations University Endowment Fund, which is governed by market forces.

A. Mandate, scope and methodology

1. On 6 December 1973, at its twenty-eighth 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 13[1] research and training institutes.

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

[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.

Endowment Fund, which consists of retained voluntary contributions from 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 2022 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 and the International Standards of Supreme Audit Institutions. 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 enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNU as at 31 December 2022 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 respect 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 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

8. There were 27 outstanding recommendations as at 31 December 2021, of which 16 (59 per cent) had been implemented, 10 (37 per cent) were under implementation and 1 (4 per cent) had been overtaken by events as set out in table II.1. Details on the status of the 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 2021*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2022*
A/72/5 (Vol. IV), chap. II (2016)	20	1	–	1	–	–	1
A/73/5 (Vol. IV), chap. II (2017)	43	–	–	–	–	–	–
A/74/5 (Vol. IV), chap. II (2018)	3	–	–	–	–	–	–
A/75/5 (Vol. IV), chap. II (2019)	22	1	1	–	–	–	–
A/76/5 (Vol. IV), chap. II (2020)	7	2	2	–	–	–	–
A/77/5 (Vol. IV), chap. II (2021)	23	23	13	9	–	1	9
Total	**118**	**27**	**16**	**10**	**0**	**1**	**10**

9. Although a 59 per cent implementation rate shows the commitment of UNU to addressing the previous years' recommendations, the Board is concerned with respect to the delay in the implementation of an outstanding recommendation for more than five years. This recommendation is related to the information and communications technology area, specifically, that UNU-EHS and the UNU Vice-Rectorate in Europe (UNU-ViE) plan, formalize and carry out all activities for business continuity and disaster recovery.

2. Financial overview

Financial position

10. As at 31 December 2022, UNU had total assets of $521.51 million (2021: $612.80 million), reflecting a decrease of 14.90 per cent ($91.29 million). The decrease was mainly attributable to the decline in investments of 16.47 per cent ($79.20 million), ending the year at $401.60 million in value (2021: $480.80), owing to the depreciation of the investments' fair market value driven by the volatility of the markets. Another factor that contributed to the decrease was a reduction in non-current voluntary contributions receivable of 45.32 per cent ($11.27 million), totalling $13.60 million (2021: $24.87 million), occasioned by the cyclical nature of the signing of voluntary contributions agreements for each institute.

11. As at 31 December 2022, UNU investments represented 77.01 per cent of the total assets. Investments included in the UNU Endowment Fund amounted to $373.83 million, and UNU participation in the United Nations main investment pool account amounted to $27.77 million.

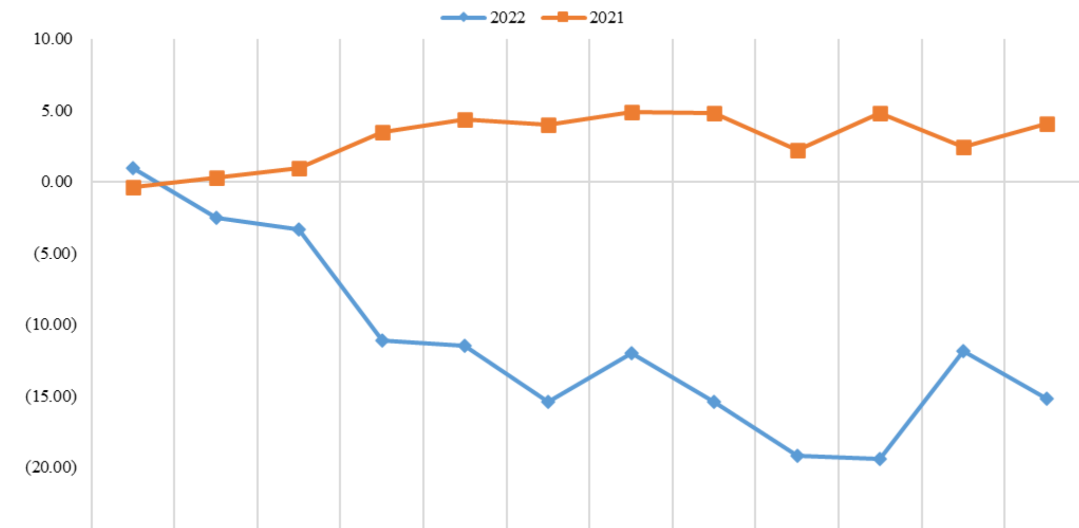
12. In 2022, UNU modified the portfolio for exchange-traded funds to include environmental, social and governance investments, which reached $350.69 million and represented 93.81 per cent of the UNU Endowment Fund investment portfolio.[2] The Endowment Fund policy establishes that investments in exchange-traded funds

[2] The remaining percentage, which corresponds to the emerging market equity allocation, will migrate to an eligible environmental, social and governance asset that is acceptable to the UNU Endowment Fund when assets under management reach at least $100.00 million.

shall present an asset allocation for fixed-income and equity funds of 50 per cent each in environmental, social and governance investments.

13. For the period from January to December 2022, the investments of the UNU Endowment Fund displayed a downward trend, ending the year with a reduction of 15.20 per cent ($67.03 million), resulting in $373.83 million in value (2021: $440.86 million). Variations are shown in figure II.I.

Figure II.I
Monthly accumulated variation of the United Nations University Endowment Fund for 2022 and 2021
(Percentage)



	January	February	March	April	May	June	July	August	September	October	November	December
2022	0.99	(2.51)	(3.38)	(11.15)	(11.50)	(15.38)	(11.99)	(15.40)	(19.22)	(19.39)	(11.85)	(15.20)
2021	(0.39)	0.25	0.95	3.46	4.37	4.02	4.86	4.79	2.19	4.80	2.42	4.07

Source: Monthly United Nations University Endowment Fund reports for 2022 and 2021.

14. UNU reported total liabilities of $66.84 million as at 31 December 2022 (2021: $70.68 million), reflecting a reduction in total liabilities of 5.43 per cent ($3.84 million). The decrease was attributable to employee benefits liabilities, specifically to the reduction in after-service health insurance of 29.17 per cent amounting to $7.02 million (2021: $9.91 million); and a decrease in accounts payable and accrued liabilities owing to a decline in investments payable of 25.80 per cent, totalling $3.94 million as at 31 December 2022 (2021: $5.31 million).

Financial performance

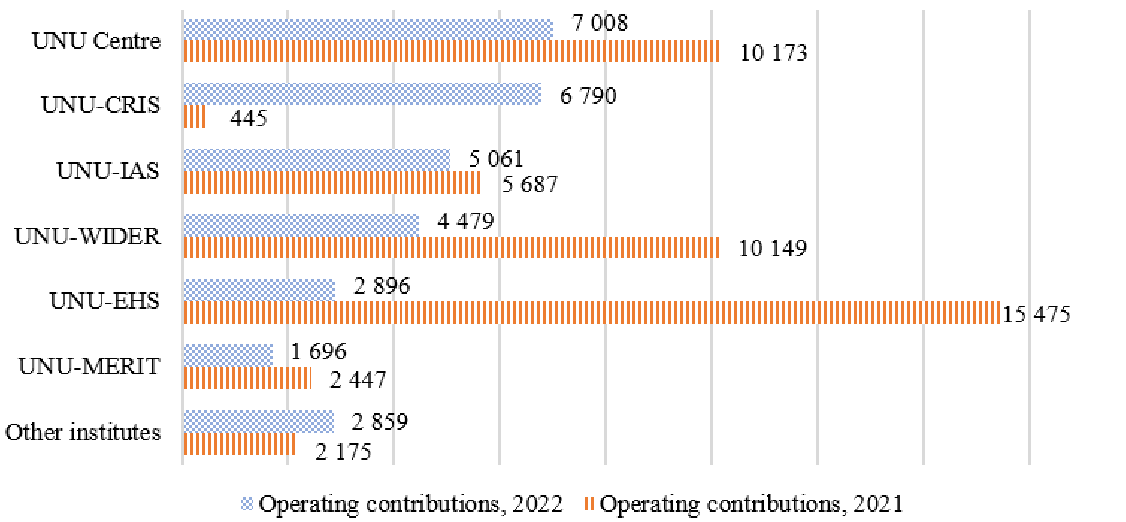
15. The University's revenue totalled $54.19 million (2021: $107.01 million), and total expenses amounted to $146.11 million (2021: $78.15 million), resulting in a deficit of $91.92 million (2021: surplus of $28.85 million).

16. The decrease in revenue of 49.36 per cent ($52.82 million) was attributable to the absence of investment revenue (2021: $33.51 million) due to market movements, and the decline in voluntary contributions of $19.30 million owing to a lower number of multi-year contracts signed in 2022 compared with the number signed in 2021.

17. UNU reported total voluntary contributions revenue of $49.74 million (2021: $69.04 million), representing a 27.95 per cent decrease ($19.30 million), driven by a

reduction in voluntary monetary contributions of 35.29 per cent ($16.81 million) amounting to $30.83 million (2021: $47.64 million). The variation 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 agreements are signed, when certain criteria are met. Operating contributions for the periods 2022 and 2021 are shown in figure II.II.

Figure II.II
Operating contributions for 2022 and 2021
(Thousands of United States dollars)

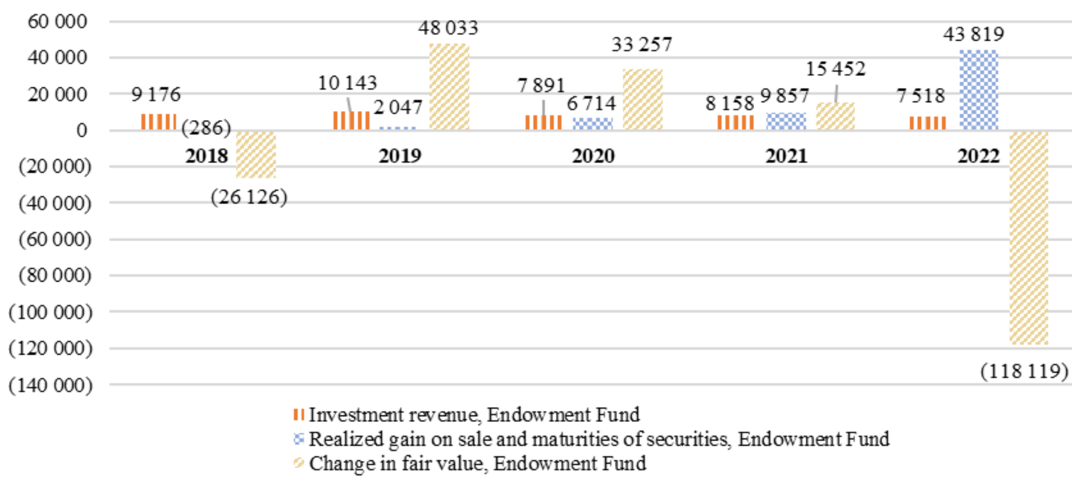


Source: Statement of contributions, operating contributions for 2022 and 2021.

18. Total expenses amounted to $146.11 million (2021: $78.15 million), representing an increase of 86.96 per cent ($67.96 million), owing to an increase in investment expenses from zero to $66.66 million as at 31 December 2022, driven by the change in the fair market value of investments. Employee salaries, allowances and benefits totalled $29.57 million (2021: $29.17 million), representing a slight increase of 1.37 per cent ($0.40 million), resulting from the increase in other staff benefits of 58.51 per cent ($1.1 million), reaching $2.98 million (2021: $1.88 million). The surge in other staff benefits was related to the increase in expenses for home leave travel in 2022, in line with the lifting of travel restrictions after the pandemic.

19. As at 31 December 2022, investment expenses (net) had arisen as a result of unrealized investment losses. While the fair market value decreased by $118.12 million, this was offset marginally by investment revenue of $7.52 million (2021: $8.16 million) and the realized gain on the sale of exchange-traded funds of $43.82 million (2021: $9.86 million). Historical changes from the past five years of the net Endowment Fund revenue are shown in figure II.III.

Figure II.III
Net Endowment Fund revenue, 2018–2022
(Thousands of United States dollars)



Source: Financial statements of the United Nations University from 2018 to 2022.

Financial ratios

20. The ratios set out in table II.2 indicate that the overall financial position of UNU is stable, with current assets of more than five times the current liabilities and total assets of more than seven 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 entity has also invested part of the cash and cash equivalents so as not to allow its money to stagnate in a bank and to maximize benefits. The decrease in the financial ratios in the financial year 2022 was caused mainly by a decrease in assets, specifically in investments and non-current voluntary contributions receivable.

Table II.2
Ratio analysis

Ratio	*31 December 2022*	*31 December 2021*
Total assets: total liabilities[a]		
Assets: liabilities	7.80	8.67
Current ratio[b]		
Current assets: current liabilities	5.71	6.14
Quick ratio[c]		
(Cash + short-term investments + accounts receivable): current liabilities	5.66	6.11
Cash ratio[d]		
(Cash + short-term investments): current liabilities	3.08	3.99

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. Implementation of the new enterprise resource planning system

Migration from Atlas to Quantum

21. In 2020, a multi-year project, led by the United Nations Development Programme (UNDP), was launched to replace the enterprise resource planning system (Atlas) with a cloud-based digital platform named Quantum. Since 2020, the implementation of Quantum has experienced delays owing to issues associated with data quality and preparedness and ongoing tests, among others.

22. During 2022, various processes were carried out to prepare for the launch of the new enterprise resource planning system, such as data conversion and payroll testing. From March to November 2022, the University also participated in three user acceptance tests.

23. It is important to highlight that Quantum went live at the University in January 2023, with modules for human resources, procurement, finance and project management, meaning that the accounting system that supported the preparation of the financial statements for the period ended on 31 December 2022 was Atlas.

24. Given that operations using Quantum started in 2023, the Board wishes to emphasize that the key operational processes and opening balances will be part of the scope of the audit for the year ending 31 December 2023.

4. Enterprise risk management

25. In accordance with the UNU enterprise risk management policy approved in 2015, enterprise risk management is a UNU-wide process of structured, integrated and systematic identification, analysis, evaluation, treatment and monitoring of risks related to achieving the University's mandate. As part of this process, each institute is expected to conduct an annual risk assessment, where risks are identified, and to document in its risk register the measures in place and the risk response plan to mitigate possible negative impacts.

26. Subsequently, in 2019, UNU released the document that updated the enterprise risk management guidelines with further explanations of the risk assessment process.

Deficiencies in the completeness of the risk registers

27. The risk policy addresses the strategic risks associated with the execution of the stated objectives as defined by the Charter of the University and the strategic plan, as well as the risks inherent to the daily operations of UNU.

28. This risk policy states various objectives for risk management, such as making risk management an integral part of the process and operations of the entire UNU system; increasing efficiency in the achievement of the stated objectives through the consistent identification, assessment and management of risks at the UNU Centre and among UNU institutes and programmes; and improving transparency UNU-wide and towards stakeholders.

29. UNU developed 13 risk registers available for assessment in 2022:

(a) Risk registers were developed for UNU-MERIT, UNU-FLORES, UNU-EHS, UNU-IIST, UNU-INRA, UNU-INWEH, UNU-CRIS, UNU-IIGH, UNU-IAS and UNU-WIDER;

(b) Risk registers were developed for the UNU Centre (which includes the Tokyo and Putrajaya offices), the United Nations University Centre for Policy Research (UNU-CPR) and the United Nations University Operating Unit on Policy-Driven Electronic Governance (UNU-EGOV).

30. The Board noted that UNU-BIOLAC, UNU-IRADDA and UNU-IESR did not develop risk registers; however, neither UNU-IRADDA nor UNU-IESR were operational.

31. It was observed that of the 473 risks that were part of the 13 risk registers, and of the 6 additional risks that were included within 4 risk registers, there was a total of 479 risks to evaluate, but only 305 were assessed (64 per cent). It should be noted that of the 174 risks that were not assessed, there were 13 cases in which it was specified that the risks were not applicable, and for 146 risks there was no information regarding why they were not assessed.

32. The Board also noted that there were some risks that were evaluated in less than half of the risk registers that could be considered applicable to both headquarters and institutes, such as a failure to provide physical protection and stewardship over inventory, equipment and other physical assets; an inability to adequately support policy development needs; an inability to react to the demands for policy development; and a failure to source, identify, hire and/or retain qualified employees to ensure optimal staffing levels in a balanced workforce environment, among others.

33. Regarding the scoring criteria for measuring the impact and likelihood of risks, UNU adopted the United Nations Secretariat methodology, which consists of scores from 1 to 5 for both impact and likelihood. One of the parameters established in this methodology to assess the risk impact is related to the financial impact, which can be measured in terms of budget. However, it was observed that the risk policy used the same values included in the United Nations Secretariat methodology without adapting them to the UNU budget, sometimes in instances where the minimal amount of impact reached $100 million, which exceeded the University's annual budget.

34. In addition, the Board noted calculation errors in three residual risk scores of one risk register and the use of scores greater than 5 on the impact evaluation in two other risk registers.

35. The Board is of the view that the observed deficiencies in the UNU risk assessment process indicate that the risks included in the respective risk registers may not affect the entity, nor be relevant to its assessment, suggesting a need to update the risk register.

36. In addition, although the Board acknowledges the decentralized nature of UNU and its institutes, the risk assessment process should be based on standards and parameters that enable comparisons between the risk registers developed by the various administrative units and the risks included therein in order to contribute to an effective UNU-wide risk management.

37. The Board also considers it important that all institutes and headquarters complete their risk registers and evaluate all risks portions of the risk register, including a brief explanation in cases when risks are not applicable or reasons why they would not be evaluated. Moreover, it is essential to calculate the correct risk score using the same score criteria to evaluate the impact and likelihood of risks, since using numbers outside the 1 to 5 scale makes the residual risk ratings unsuitable for the risk categorization adopted by UNU, which could hinder the comparison between the institutes and headquarters.

38. The Board is of the view that not adapting the reference values for assessing the financial impact of risks could lead to an inaccurate estimation of their possible consequences if they materialize. Tailoring the budgetary references would improve the assessment process, making the risk score accurate for UNU.

39. **The Board recommends that UNU ensure that all institutes document their risk assessment process in the risk register.**

40. **The Board recommends that UNU include in the risk registers a justification whenever a risk of the UNU risk universe is not applicable.**

41. **The Board recommends that UNU adapt the reference values of the financial impact in the scoring criteria table to its budgetary context.**

42. **The Board recommends that UNU ensure that institutes use the score scale adopted by UNU when assessing risk impact and likelihood, and when calculating the risk scores.**

43. **The Board recommends that UNU update the risks included in the risk register for the UNU-wide risk assessment process.**

44. UNU accepted the first recommendation.

45. UNU did not accept the second recommendation. The University explained that it had reviewed the United Nations Secretariat risk catalogue and developed a smaller risk universe to be used by institutes and operations. It was foreseen that not all risks in the risk universe would be applicable to all institutes.

46. Given that the University's risk universe has already been delimited, the Board holds that proper justification for the risks not evaluated within the UNU risk universe is even more necessary, since this would allow for a comparison of information between the institutes to review whether the justification for the same identified risk was aligned with the provisions in this matter, or if a risk not considered should have been assessed. Therefore, the recommendation is maintained.

47. UNU accepted the third, fourth and fifth recommendations.

Lack of risk owner definition and designation

48. The risk policy establishes that the institutes should designate a risk owner for each risk assessed in their risk registers and that the determination of the residual risk score is based on the risk owner's judgment after considering their perception of the effectiveness of the internal controls.

49. The Board noted that although the completion of the risk register required the designation of risk owners, there was no definition of this role or its tasks and responsibilities in the enterprise risk management policy nor in the updated guidelines.

50. Moreover, when reviewing the 13 risk registers available, different situations were observed concerning the risk owner's designation, such as:

(a) There were 30 cases out of 290 assessed risks in which no risk owners were designated;

(b) Although almost all institutes designated their directors as risk owners, three institutes indicated that their directors were risk owners for most of the risks;

(c) One institute completed the entry on the risk register indicating the applicability of the risk to the institute, but a risk owner was not designated;

(d) Risk owner designations at five institutes represented a group of personnel instead of individual posts. Some of these group designations were "all personnel", "management team" and "management and staff members";

(e) In three risk registers, the name of the institute was included as a risk owner.

51. The Board considers that the deficiencies observed in the designation of risk owners may hinder the participation of personnel in the risk assessment process as well as accountability for risk management. Furthermore, incorrectly assigning this

role would have an impact on the identification as well as the assessment of the effectiveness of controls aimed at reducing or mitigating the risks under evaluation and could lead to an inaccurate estimation of the residual risk score, which may be significant for the institutes.

52. The Board is of the view that the designation of adequate personnel who identify the controls in place and evaluate their effectiveness is essential. In addition, the high concentration of the risk owner role on an institute's director may leave out the personnel who execute the controls related to the risks assessed and their judgment on the effectiveness of the control to determine the residual risk.

53. **The Board recommends that UNU update its enterprise risk management policy and include a definition of the role of risk owner that considers, at least, its responsibilities, objectives and deliverables.**

54. **The Board recommends that all UNU institutes define an individual risk owner for each risk assessed in their risk register.**

55. UNU accepted the recommendations.

Absence of treatment plans for significant risks

56. The risk policy indicates that treatment plans must be developed for significant risks by the institutes responsible.

57. From the review of the risk registers, the following was noted:

(a) UNU-MERIT, UNU-FLORES, UNU-EHS and UNU-IIST each presented one risk with a significant residual risk rating, but no treatment plan was documented in their risk registers;

(b) UNU-INRA presented two risks with a significant residual risk rating, but neither of the risks had a documented treatment plan;

(c) UNU-INWEH showed three risks with a significant residual risk rating, but none of them had a treatment plan.

58. Regarding the UNU Centre and its units, the following was observed:

(a) UNU Centre: there were four risks with a significant residual risk rating. None of them had a treatment plan documented in the risk register;

(b) UNU-CPR: there was one risk with a significant residual risk rating. No treatment plan was documented;

(c) UNU-EGOV: there were three risks with a significant residual risk rating. For two of these risks, the documentation indicated that they were caused by the impossibility of avoiding, transferring or sharing the risk owing to a dependency on third parties. For the third risk, the underlying cause was described. None of these justifications could be considered a proper treatment plan.

59. The most recurrent risk assessed as significant was related to extrabudgetary funding for the institutes for specific programme contributions, for example, the risk resulting from unsuccessful or limited fundraising by the institutes to achieve their objectives, inadequate guidelines for fundraising and problems managing relations with donors. The other significant risks were related to financial markets, human resources strategy and planning, budgeting, host-country relations, financial contributions and knowledge management.

60. The Board considers that the absence of a treatment plan could significantly affect the institutes' operating funds, their capacity to deliver results and personnel

productivity, training and capacity if the situations described in the risk registers materialized.

61. The Board is also of the view that developing treatment plans, especially for the risks scored as significant, would provide institutes with the knowledge to face them, and if they occur the institutes would have the mechanisms and tools to mitigate or reduce their impact to a tolerable level.

62. **The Board recommends that UNU ensure the development of treatment plans establishing the proper mitigation actions – at least – for the significant risks for all the risk registers.**

63. UNU accepted the recommendation.

Need for improvement on risk management

64. The risk policy establishes the risk management objectives of UNU, including the promotion of risk awareness, enhancing governance and oversight functions, and increasing the capability of senior management, the Council of the United Nations University, institute and programme advisory boards and committees to make informed decisions regarding risks and rewards related to existing and new activities.

65. The policy states that the management of risks and internal controls is the responsibility of all UNU managers and personnel, and specifies risk governance, roles and responsibilities, as follows:

(a) **Directors of institutes and programmes**. Report to the Rector and advisory boards and committees on the application of the enterprise risk management policy and the establishment and maintenance of a strong internal control environment;

(b) **Advisory boards and committees**. Provide risk management oversight to institutes and programmes;

(c) **Rector**. Reviews, with the UNU management group, the significant risks faced by UNU and the proposed strategies designed to effectively mitigate the identified risks at a consolidated entity level, and reports accordingly to the UNU Council;

(d) **Management group**. Acting as an enterprise risk management committee, review on an annual basis the results of the risk assessments, monitor the effectiveness of the enterprise risk management and internal control framework and recommend any changes that may be required. The management group currently consists of the Rector, the Director of Administration, the Executive Officer, the Vice-Rector in Europe and Director of UNU-EHS, the Senior Vice-Rector and the Chief of Staff;

(e) **UNU Council**. Provide UNU-wide risk management oversight, ensuring that members of senior management adopt and maintain an effective enterprise risk management and internal control framework.

66. In addition, the UNU updated enterprise risk management guidelines of 2019 specify that institute directors should submit the risk registers to the Director of Administration for review and consolidation. After that, the revised risk registers will be compiled and submitted to the management group for review and then to the UNU Council and the advisory boards and committees.

67. The Board compared the 2022 risk registers with their 2021 versions to identify possible improvements in the documentation of the risk assessment process. It was noted that the same deficiencies were present in the risk registers in both years, including missing or the incorrect designation of risk owners, the omission of risks in the risk register, missing treatment plans for significant risks and missing risk

registers. Such errors suggest that the review process of the risk registers of the institutes did not cover those areas.

68. In addition, the Board reviewed the minutes of the meetings of the management group and of the UNU Council held in 2022 and found no evidence of discussions of the risk assessment process nor of the significant risks identified by the institutes, as specified by the risk policy. Given that the risk registers were completed in the fourth quarter of each year, the Board considered both the 2021 and 2022 risk assessment processes when reviewing the meeting minutes for 2022.

69. Given the above circumstances, the Board inquired with headquarters regarding training on risk management for its personnel. The response mentioned that there had been a training session performed after the enterprise risk management policy had been adopted in 2015; however, no updates, new sessions or workshops focusing on new personnel were reported. In this regard, the Board observed that some personnel who participated in the management group meetings, and the institute directors, who were key personnel in this process, had joined UNU after the approval of the risk policy and the updated guidelines. Therefore, they had not participated in the courses and training focused on this process.

70. The Board is of the view that not performing a comprehensive review of the risk registers presented by the institutes could hinder the implementation of improvement opportunities related to the documentation of risk assessments, as well as the accountability of personnel with regard to the assessed risks.

71. Regarding the monitoring function in UNU, the Board considers that not including the analysis of the risk assessment process in the minutes of the meetings of the governing bodies may affect the oversight role of the management group and the UNU Council on this process and lead to a failure to set objectives, assign responsibilities, monitor ongoing activities and create proper accountability according to the different roles defined by the risk policy.

72. Moreover, the Board considers that the noted deficiencies in the enterprise risk management process may be related to the inadequate training of personnel on risk management, which suggests that this essential process is carried out without considering the impact and relevance of those risks for UNU, and could potentially debilitate risk awareness throughout the University.

73. **The Board recommends that UNU ensure that management thoroughly review the risk registers in order to detect errors and inconsistencies in the risk assessment process and to correct them in accordance with the risk policy.**

74. **The Board recommends that UNU maintain a record of the main issues and recommendations discussed during management group meetings related to the enterprise risk management process.**

75. **The Board recommends that UNU provide training to the key personnel involved in the risk management process.**

76. UNU accepted the recommendations.

5. Cooperation agreement of the United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology

Lack of definition in the cooperation agreement

77. At its fifty-second session, in December 2005, the UNU Council decided to integrate the United Nations University-Institute for New Technologies (UNU-INTECH), the Maastricht Economic Research Institute on Innovation and Technology (MERIT) and the Stichting Maastricht Economic Research Institute on

Innovation and Technology (the Foundation) – the last two of which were entities of Maastricht University – and renamed them as UNU-MERIT. In 2007, UNU-INTECH signed a cooperation agreement with MERIT and the Foundation, establishing the standards for the operation of the integrated activities of UNU-MERIT.

78. In 2012, the Maastricht Graduate School of Governance of Maastricht University was also included in this agreement.

79. As established in the agreement, the personnel of the Institute consist of:

(a) Academic and administrative personnel who are appointed by the Director on behalf of the Rector;

(b) Academic and administrative personnel made available to the Institute by Maastricht University and/or the Foundation (referred to as "seconded personnel").

80. According to the agreement, the organizational structure would ultimately be based on a detachment of all MERIT-appointed personnel to UNU-MERIT. The detachment of MERIT personnel would be governed by a cooperation agreement among UNU, the Foundation and MERIT.

81. Notwithstanding the formal organizational structure, the financial responsibilities concerning the earmarked structural funding of UNU-INTECH on the one hand and MERIT on the other would likely remain separated. None of the funds committed would be put in jeopardy by the merger, and UNU would remain fully in control and accountable for those funds.

82. In the performance of his/her official duties on behalf of UNU, the employee would be subject to the authority of the Rector of UNU, or on his behalf, the Director, and be accountable to the Rector or the Director and carry out his/her work in accordance with the interests of UNU.

83. Moreover, the cooperation agreement displayed the personnel that would participate in UNU-MERIT activities regarding administrative functions and research. It also addressed the research programme from 2006 to 2009, taking into consideration the structure and the participants.

84. As at 31 October 2022, according to the organizational chart of UNU-MERIT (which included the entities of Maastricht University), there were 158 staff members, including programme leaders, research personnel, administrative support and other positions. However, of those positions, staff contracted to UNU-MERIT included 8 personnel with fixed-term appointments and 10 consultants. In addition, the Institute employed another eight consultants that were not included in the organizational chart. This meant a total of 26 staff members were contracted to UNU-MERIT and the other 132 to Maastricht University.

85. The Board noted that, as at 31 October 2022, the cooperation agreement had not been formally updated regarding the programmes to be developed and the participants, which resulted in various administrative issues:

(a) Information that was to have been provided by seconded personnel was delayed;

(b) There was insufficient supervision of the seconded personnel. It was not clear how these personnel were to be evaluated and what their responsibilities were regarding UNU-MERIT. In addition, the Board could not read the contracts of the seconded personnel to verify the clauses mentioned therein, since they were legally contracted to Maastricht University. As a consequence, it was not possible to guarantee whether the contracts specified the terms and conditions of their seconded activities;

(c) The Chief of Administrative and Programme Services (a UNU-dedicated staff member), who has centralized knowledge of the operation and its administrative and financial activities, was to retire shortly, and the Institute had not developed a proper succession plan;

(d) The Board inquired with staff members of UNU-MERIT regarding the monitoring activities and the organizational environment. Staff members highlighted the difficulties of monitoring and operating as a result of the cooperation agreement, mainly relating to the personnel made available to UNU by Maastricht University, who did not recognize UNU guidelines as their principles in their activities. For instance, of 33 projects that were created in Atlas, only 4 were recorded in the UNU project management system, Pelikan.

86. The Board is concerned about UNU-MERIT control over its operations, since the administrative personnel and the activities performed depend mostly on seconded personnel from Maastricht University. Although the cooperation agreement enriches the research capability of the Institute, it may also compromise the independence of UNU-MERIT investigations, since those financed by Maastricht University respond to its own guidelines and strategies.

87. In addition, the Board considers that UNU policies and procedures may not be fully complied with owing to a lack of clarity, and to commitment by the seconded personnel to UNU, which may result in a reputational risk to the Institute and to UNU as a whole.

88. The Board deems it necessary for the operation's continuity to establish a proper succession plan for the retirement of the Chief of Administrative and Programme Services. In addition, the Board considers it relevant to strengthen the structure and operations of UNU-MERIT.

89. **The Board recommends that UNU-MERIT revise the cooperation agreement periodically, in accordance with the duration of the programmes, to specify the boundaries of activities carried out by each party.**

90. **The Board recommends that UNU-MERIT, together with Maastricht University, formally specify the guidelines to be applied by all the personnel involved in UNU-MERIT activities to ensure compliance with UNU standards.**

91. **The Board recommends that UNU-MERIT establish a succession plan for the replacement of the Chief of Administrative and Programme Services.**

92. UNU-MERIT accepted the recommendations.

Inadequate alignment of United Nations University guiding principles in the information and communications technology unit

93. The governance framework for information and communications technology, issued on 30 August 2021 by the Campus Computing Centre at headquarters, indicates the functions of information and communications technology (ICT) areas for each UNU institute and its ICT units.

94. The main principle described in the framework is to promote greater standardization of ICT systems and tools, reinforcing the UNU security posture and facilitating collaboration across institutes. The framework also highlights that the ICT units are a major backbone of UNU operations, hence the need for increased standardization.

95. The employees of the UNU-MERIT ICT unit oversee technical basics such as ICT policies, software and products; physical facilities such as server rooms that contain information, including files, Internet and email systems; and backup activities.

96. The Board reviewed the organization of the UNU-MERIT ICT unit, which consists of two staff members: a System Administrator and an ICT Support/Webmaster. The first is a consultant that has been engaged at UNU since at least 2018 (according to the information the Board could extract from Atlas), who works part-time hours and visits UNU-MERIT facilities one day a week, which results in an excessive working period for the consultant. The ICT Support/Webmaster does not have a contract with the Institute, as he is seconded by Maastricht University to the Institute.

97. As a result of the cooperation agreement, the consultant has to perform activities for both UNU and Maastricht University; in this sense, the terms of reference established in the contract with the consultant are vague regarding the policies that the consultant must follow to execute tasks for UNU-MERIT, and ICT matters were not included in the cooperation agreement, since it is mainly focused on research. In this regard, the ICT consultant follows either the policies of Maastricht University's ICT area or UNU policies, according to the consultant's decision.

98. For instance, the ICT unit in UNU-MERIT utilizes Sophos and MX-Relay as cybersecurity anti-spam and anti-virus programs; however, the Campus Computing Centre utilizes services from Google, which was secured for use UNU-wide at a discount per user and could be utilized by headquarters and the institutes.

99. The Campus Computing Centre worked to standardize the domain names of the different UNU institutes in order to strengthen the corporate image and branding of UNU. However, UNU-MERIT did not adhere to the change, nor did it incorporate the full migration to Microsoft 365 tools.

100. Regarding backup activities, it was noted that the weekly backup tapes were kept in the house of one staff member from UNU-MERIT.

101. In addition, the Board was informed that in the short term, the Wi-Fi and network administration would be overseen by Maastricht University. UNU-MERIT had not set a contract or agreement with Maastricht University regarding these services.

102. The Board considers that the absence of clear guidelines for the ICT unit in UNU-MERIT could potentially affect the standards and the accomplishment of the guiding principles described in the framework. For instance, a lack of uniformity is shown by the storing of the UNU-MERIT backup tapes away from its premises.

103. In addition, the Board is concerned that the externalization of the Wi-Fi and network administration lacks an agreement establishing the responsibilities and obligations of the parties, which does not ensure the safeguarding of the Institute's information.

104. The Board also highlights that it had recommended in its previous report (A/77/5 (Vol. IV), chap. II, para. 117) that UNU ensure that consultants' working periods did not exceed the maximum time allowed by the administrative instruction. In this case, the consultant contract needed to be evaluated to review compliance with administrative instructions.

105. **The Board recommends that UNU-MERIT ensure that the procedures performed by the ICT unit are aligned with the UNU policies and standards.**

106. **The Board recommends that UNU-MERIT formally establish the responsibilities and obligations of the ICT services that Maastricht University provides for UNU-MERIT.**

107. UNU-MERIT accepted both recommendations.

6. Human resources management

Shortcomings of controls in the compensatory time off process

108. Rule 3.11 (a) of the Staff Regulations and Rules of the United Nations establishes that a staff member in the General Service, Security Service or Trades and Crafts category, or in the Field Service category up to and including level FS-5, who is required to work in excess of the working week established for this purpose shall be given compensatory time off or may receive additional payment, under conditions established by the Secretary-General.

109. In accordance with the UNU procedure for compensatory time off, approved on 25 February 2022, eligible personnel must seek written approval from their supervisor in advance of working overtime and using compensatory time off, record overtime worked and compensatory time off taken on the "compensatory time off individual record", and keep their own register of compensatory time off earned, taken and its outstanding balance.

110. Similarly, it is important to highlight that UNU procedures establish that subject to the exigencies of service, compensatory time off should be taken within four months of accrual and subject to the approval of the supervisor. Compensatory time off is capped at 40 hours (one week) per month. Compensatory time off may not be taken if it would result in a negative compensatory time off balance for personnel and compensatory time off cannot be commuted to cash.

111. Furthermore, UNU procedures indicate that if, at the time of the supervisor review, it is verified that personnel have accumulated more than 40 hours of compensatory time off that may not be taken due to service demands, then any excess of 40 hours will be forfeited.

112. The Board reviewed all records and approvals of compensatory time off for 2022, and noted the following:

(a) In 57 of 117 registers of compensatory time off, no authorizations from supervisors were included;

(b) One staff member did not have an individual record of compensatory time off, despite having accrued and utilized compensatory time off during the period;

(c) In two cases, there was no written approval for the compensatory time off taken;

(d) For two staff members, it was verified that the balance of compensatory time off exceeded 40 hours;

(e) According to the compensatory time off individual record files of two staff members, there were two cases in which compensatory time off was commuted and paid in cash, for a total of 58.5 hours.

113. With regard to subparagraphs (d) and (e) above, the University administration stated that those were exceptional cases owing to the specific tasks performed by two staff members.

114. The Board considers that the shortcomings observed in the control of compensatory time off denote deficiencies in the monitoring and oversight performed by the supervisors of this process. These deficiencies could lead to misstatements in the recorded balances of this compensation, which may result in staff members being absent without the required approval and payments for concepts not included in the rules in place.

115. **The Board recommends that UNU evaluate and strengthen its current control mechanisms to ensure the effective monitoring of compensatory time off procedures.**

116. UNU accepted the recommendation.

7. Accounting-related matters

Unrecorded liabilities

117. Under IPSAS 19, Provisions, contingent liabilities and contingent assets, a provision should be recognized when all the following conditions are met:

(a) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

(b) The amount of the obligation can be reliably estimated;

(c) The obligation arises from a past event.

118. Following this principle, provisions should be measured using the best estimate of the expenditure required to settle the obligation as at the reporting date.

119. The closing activities for the financial statements of UNU took place between 1 and 13 January 2023. The closing of accruals date was 6 January, and manual journal entries could be recorded until 13 January, which was considered the cut-off date for the financial statements. In addition, the date of the certification of the financial statements was 28 March 2023.

120. The Board reviewed a sample of 22 invoices received by UNU from January to March 2023, which were extracted from the invoices database of the new enterprise resource planning system Quantum, and noted that 14 transactions were related to the financial year 2022, but only 6 had been accrued during that financial period.

121. As a result, the Board analysed the database of remaining invoices and identified 224 transactions related to the financial year 2022, 62 of which, as confirmed by UNU, had not been accrued, totalling $80,459, including the 8 transactions reviewed by the Board in the sample.

122. The Board considers that the University has not established proper control over the year-end closing process of the accounts payable and the timely recording of accruals. Unrecorded liabilities can pose both budgetary risks and risks to the completeness of the expenses, leading to an understatement of liabilities and expenses in the financial statements.

123. **The Board recommends that UNU formally identify the reasons that transactions are not captured in the accounts payable process and, on that basis, design and implement a control mechanism for the year-end closing process for the accruals of accounts payable that allows the University to track, review and reconcile any unrecorded liabilities.**

124. UNU accepted the recommendation.

Impairment of accounts receivable

125. The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities issued in October 2014 defines revenue and expenses as the increase and decrease, respectively, in the net financial position of the entity. It is also stated in the Framework that expenses arise from, among other things, the consumption of

assets through depreciation and erosion of service potential and the ability to generate economic benefits through impairments.

126. In accordance with IPSAS 29, Financial instruments: recognition and measurement, UNU accounts receivable are classified as “loans and receivables”. It is stated in paragraph 72 of IPSAS 29 that if there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset should be reduced either directly or through the use of an allowance account. The amount of the loss should be recognized in surplus or deficit.

127. The Board reviewed the schedule for contributions receivable in 2022, noting negative accounting adjustments that affect the donor voluntary contributions agreements balance.

128. The supporting information for all 16 cases was reviewed, and the Board observed that the cases were related to funding adjustments between the estimated and actual cost incurred, and that there were also cases in which the donor withdrew from the agreement. In all 16 cases reviewed, the accounting adjustment was a credit to the contributions receivable’s asset account and a debit to the revenue contributions, even when the adjustments were related to contributions recognized in previous years.

129. The Board considers that the situations adjusted by UNU need to be treated as an impairment of contributions receivable, as they represent a decline in future economic benefit. These adjustments must be recorded as an expense during the period instead of a decrease in revenue, as they qualify as impairment losses. This would improve the accuracy of the information presented in the financial statements.

130. In addition, considering that from 1 January 2023, IPSAS 41, Financial instruments, superseded IPSAS 29, and that its applicability to UNU is mandatory, the Board is of the opinion that UNU should analyse the impact of IPSAS 41 on this matter and adjust its procedures accordingly.

131. **The Board recommends that UNU adjust its procedure to register the impairment of contributions receivable as established in IPSAS.**

132. UNU did not accept the recommendation, based on the United Nations IPSAS corporate guidance on funding arrangements, which state that the adjustment should be recorded as a reduction in revenue in the current period whether it is revenue for that year or from previous years.

133. Although the Board comprehends that this procedure is part of the United Nations IPSAS corporate guidance, it is not adjusted in accordance with the requirements of IPSAS. Moreover, to adjust the revenue for the current year in order to revert transactions recorded in previous years may distort the information that is being presented in the financial statements. Therefore, the recommendation is maintained.

Untimely recognition of revenue from teaching and supervising activities

134. The UNU-MERIT income resulting from teaching and supervising activities is classified as other revenue and specifically as “services rendered” in the financial statements of UNU. In accordance with IPSAS 9, Revenue from exchange transactions, this income should be recorded on an accrual basis.

135. UNU-MERIT provides the services of its staff for teaching and supervising research on activities related to PhD and Master’s degree programmes (PhD

Programme on Governance and Policy Analysis and Master of Science in Public Policy and Human Development of Maastricht University). For these services, UNU-MERIT issues invoices to Maastricht University.

136. The Board took a sample from account No. 54005, named “Fees for support services”, for the 2022 period and identified an invoice for services provided to Maastricht University for PhD classes between 2017 and 2021, which was recorded as other income during 2022, for a total of €10,312 ($11,587).

137. As a result, the Board requested additional information regarding invoices to Maastricht University’s Governance and Policy Analysis and Master of Science in Public Policy and Human Development programmes, noting that invoices from 2019 and 2021 also included services provided since 2016 and were recorded as other income into the accounts once invoiced.

138. In addition, it was observed that the UNU-MERIT finance/accounts unit did not obtain information about the teaching or supervising activities provided by UNU staff to Maastricht University’s Governance and Policy Analysis and Master of Science in Public Policy and Human Development programmes; therefore, the unit did not have specific control over or an estimate of the hours and amounts to be collected from Maastricht University.

139. The Board considers that the untimely recognition of the income recorded by UNU affects the completeness and accuracy of the other revenue at the end of the year. In addition, it considers that accounting of this type of revenue is not aligned with IPSAS 9 in all cases at the initial time of recognition.

140. **The Board recommends that UNU develop a control mechanism for the activities provided by UNU-MERIT staff to Maastricht University to prevent delays in the recording of revenue associated with those services.**

141. UNU accepted the recommendation.

C. Transmissions of information by management

1. Write-off of cash, receivables and property

142. UNU reported that there were $6,056.51 write-offs of cash and cash receivables during the year 2022. There were no write-offs of losses of property, plant and equipment, inventories and intangibles during the year 2022.

2. Ex gratia payments

143. UNU reported to the Board that there were no ex gratia payments in 2022.

3. Cases of fraud and presumptive fraud

144. 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.

145. 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

146. 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*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

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

(*Signed*) Pierre **Moscovici**
First President of the French Cour des comptes

26 July 2023

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2021

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 phase IV infrastructure projects were completed in 2022 but a formal disaster recovery exercise was not done owing to time and staffing constraints.	The Board acknowledges the advances reported by UNU; nonetheless, it is concerned that this recommendation has been outstanding for more than five years and encourages UNU to finalize the actions to issue the formal document of the disaster recovery exercise and the business continuity plan. This recommendation is under implementation.		X		
2.	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 UNall service platform with integration into Quantum (the new enterprise resource planning system) was implemented.	The Board reviewed the implementation of the travel module in UNall, which is integrated with Quantum, the new enterprise resource planning system. The tool allows for the management of all travel requests across the University. Therefore, this recommendation is considered implemented.	X			
3.	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 management discussed the audit recommendation in the Council meeting and updated the Endowment Fund policy.	The Board verified that the UNU Council approved the decision to include environmental, social and governance investments. As a result, UNU modified its policy and also incorporated restrictions regarding investments in controversial industries. Therefore, 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
4.	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, an investment management company and UNU. The amendments to the agreement between UNU and the investment management company that incorporate the new eligible assets have been in force since February 2022 and January 2023, respectively. This recommendation is implemented.	The Board reviewed the amendments made by UNU with the investment management company, which included the new position on the eligible assets that are aligned with the different United Nations initiatives. The percentage of the UNU investment portfolio that holds shares in environmental, social and governance reached 94 per cent as at 31 December 2022. The remaining percentage, which is related to the emerging market equity allocation, will migrate to an eligible environmental, social and governance asset that is acceptable to the UNU Endowment Fund when the assets under management reach at least $100 million. In view of the aforementioned argument, this recommendation is considered implemented.	X			
5.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The organizational performance handbook has been updated to indicate that UNU institute strategic plans should address the UNU-wide strategic plan objectives, particularly with respect to organizational culture. In November 2022, at a conference of directors in Paris, directors were provided a written and oral briefing on the Board's recommendations that institutes' strategic plans should address the matters included in the UNU strategic plan.	The Board reviewed the updated organizational performance handbook, as well as the minutes of the conference of directors, which was an opportunity to reinforce that institutes should address the UNU-wide strategic plan objectives in their own strategic plans. Therefore, 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
6.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The organizational performance handbook has been updated to indicate that institute strategic plans should indicate objectives used in the performance benchmark framework.	The Board reviewed the new performance handbook and verified that UNU incorporated the requirement of benchmarks and indicators based on the institute's strategic plan. Hence, this recommendation is considered implemented.	X			
7.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	UNU-EHS is in the process of formulating its next strategic plan, an integral element of the host country agreement, the renewal of which is expected to take effect as at 1 January 2024. The accompanying strategic plan will include the priorities for the coming period, including the working areas for the plan's period and the focal areas that will be addressed by the respective departments and divisions.	Given that UNU-EHS is still working on preparing the Institute's strategic plan, the recommendation is under implementation.		X		
8.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	A fundraising strategy was developed by the former Partnerships, Fundraising and Liaison Officer in 2021, including the diversification of donors as a key priority for fundraising efforts.	The Board reviewed the resource mobilization strategy, observing that it included the key points and activities to develop the fundraising task. Therefore, this recommendation is considered implemented.	X			
9.	2021	A/77/5 (Vol. IV), chap. II, para. 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	The Institute's key performance indicators were revised to include objectives, indicators, baselines and annual targets. These key performance indicators are aligned with the Institute's strategic plan, annual reporting on the Institute's	The Board reviewed the key performance indicators developed by UNU-EHS and verified that they contained the required fields to adequately measure them. The Board considers this recommendation 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
			handbook and in alignment with its institute strategic plan.	performance and the annual workplan.					
10.	2021	A/77/5 (Vol. IV), chap. II, para. 56	The Board recommends that UNU-EHS and UNU-ViE include performance measures in their annual workplans, such as objectives, indicators, targets, baselines and deadlines, taking into consideration the provisions of UNU organizational performance handbook.	The Institute revised the key performance indicators and included objectives, indicators, baselines and annual targets. Henceforth the new document will be included as an annex to the Institute's strategic plan, enabling the overarching objectives formulated therein to be assessed against the Institute's defined annual performance goals. The Institute's key performance indicators also form an integral part of the annual institutional reporting, with performance in the preceding year assessed against the targets identified for that year, and the workplan for the coming year setting the new performance goals for the next calendar year/reporting cycle.	The Board reviewed the document developed by the Institute, which included the objectives related to the annual workplan activities. It was confirmed that the document complied with the requirements to include indicators, targets, baselines and other requirements. Therefore, this recommendation is considered implemented.	X			
11.	2021	A/77/5 (Vol. IV), chap. II, para. 57	The Board also recommends that UNU-EHS include a specific reference to all of its key performance indicators in its annual workplans 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.	The annual workplan refers to the Institute's key performance indicators and defined targets for the coming year. The key performance indicators are seen as a supplement to the annual workplan, defining targets for the forthcoming period.	The Board reviewed the document developed by the Institute, which included references to the objectives and the key performance indicators, and observed that the Institute complied with the requirements and captured the measures that should be taken to achieve the Institute's objectives. 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
12.	2021	A/77/5 (Vol. IV), chap. II, para. 58	The Board recommends that UNU-EHS ensure the alignment between its annual workplans and their respective activity reports, including in the latter the status and reasons for those activities and events in the workplans that could not be performed and the origin and rationales for those activities and events that were performed which were not included in the workplan.	Reporting for 2022 is ongoing. The activity report for 2022 will include a reference to a status update on those activities mentioned in the workplan for 2022.	Since the Institute continues to work on the annual reporting of its performance and workplan, this recommendation is under implementation.		X		
13.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The target to review and approve a procedure is the second quarter of 2023. The action has been delayed owing to the great amount of movement within and the minimal workforce of the human resources team.	Although UNU performed the review of the census data, excluding the academic staff, it has not yet developed or implemented an official procedure that specifies the review of end-of-service census data. Therefore, the recommendation is under implementation.		X		
14.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	UNU will issue a report with the results of the review and the adjustments made to the end-of-service census data.	Considering that UNU has not yet developed the formal procedure for reviewing the end-of-service census data or the official report with the results, the 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
15.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The target to review and to have an approved procedure in place is the second quarter of 2023.	The Board verified that fixed-term academic staff were excluded from the after-service health insurance census data since they do not meet the eligibility criteria. Therefore, the recommendation is considered implemented.	X			
16.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	As part of the year-end exercise, UNU will perform a reconciliation of the annual leave balance in Atlas eServices and remind leave monitors of their duty to ensure that all personnel sign their annual leave record cards.	The Board reviewed a sample of the staff annual leave balance and observed ongoing inconsistencies between Atlas eServices and the absence record card; therefore, this recommendation is under implementation.		X		
17.	2021	A/77/5 (Vol. IV), chap. II, para. 95	The Board recommends that UNU ensure that annual leave requests are entered and approved through Atlas eServices in a timely manner.	UNU has reminded the institutes of the need to ensure that all leave requests are entered and approved in the enterprise resource planning system in a timely manner. A follow-up reminder will be sent to the leave monitors to explain the process that they will need to undertake each year.	The Board reviewed the list of requests and approvals, and observed that more than 90 per cent of the cases of requests and approvals were recorded in a timely manner. The Board acknowledges that exceptions may occur due to unexpected circumstances. Hence, this recommendation is considered implemented.	X			
18.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The new consultant policy covers the new criteria.	UNU modified the consultant policy and has established various criteria to define the types of work consultants will perform; therefore, the Board considers the recommendation 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
19.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	UNU policy allows institutes to set local scales for consultants.	The Board reviewed the fee ranges and noted that most of the institutes had developed their own respective scales; nonetheless, further specifications or ranges were needed at the UNU Centre, UNU-BIOLAC, UNU-INRA and UNU-INWEH. Therefore, this recommendation is under implementation.		X		
20.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The new policy has incorporated a clause that informs the limit of consultation fees and the required approval needed if the fees exceed that limit.	The Board reviewed the policy modification. However, the UNU Centre stated that the consultants' fee determinations were decentralized and were guided by the new consultant's policy, and no review had been performed. The Board holds that a proper review of the fees should be performed to ensure that all institutes have established the fees. Therefore, this recommendation is under implementation.		X		
21.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	The consultant periods are tracked manually on the basis of the initial entry date.	The Board verified that consultants' contracts were tracked manually to avoid working hours exceeding the duration limits; however, the Board verified that some consultants had exceeded the limits. Therefore, this recommendation is under implementation.		X		
22.	2021	A/77/5 (Vol. IV), chap. II, para. 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	The new policy provides guidance on the appropriate use of consultants.	The Board reviewed the new consultant policy and verified that it provided specific guidelines on when to use a consultant and the modality of the consultant's use. Hence, the	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
			contract modality used is appropriate.		recommendation is considered implemented.				
23.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	UNU revised the consultant's policy to be better aligned with that of the United Nations Secretariat.	Considering that the new consultant's policy excluded the assessment of gender balance and geographical distribution to align the policy with that of the United Nations Secretariat (the opposite of the audit recommendation), the Board considers that this recommendation has been overtaken by events.				X
24.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	As a mechanism of control for agreements that are being negotiated, UNU finance personnel have access to the UNU legal database containing agreements in order to prevent delays in negotiation and amendments and prevent potential errors when recording contributions.	The Board verified that the finance staff had access to the folder and the agreements were available for their review. Therefore, this recommendation is considered implemented.	X			
25.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	UNU is able to record the full revenue upfront in the project management module in Quantum. The system is able to generate the full agreement revenue using the exchange rate as at the date of signature.	The Board reviewed the information presented by the entity regarding the new project management module in Quantum. However, since the agreements recorded in Quantum belong to the 2023 period, this recommendation will be assessed in the next audit. With regard to the above, the recommendation is considered to be 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*
26.	2021	A/77/5 (Vol. IV), chap. II, para. 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).	The Campus Computing Centre revised the terms of reference in line with the Board's recommendation.	The Board noted that the University had officially issued the terms of reference, which included the enterprise resource planning system responsibilities for the Campus Computing Centre. Therefore, this recommendation is considered implemented.	X			
27.	2021	A/77/5 (Vol. IV), chap. II, para. 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.	An ICT framework document for UNU-ViE and UNU-EHS reflecting local ICT terms of reference and the alignment with the global UNU ICT strategy and governance framework was completed.	The Board reviewed the ICT terms of reference developed by the Institute, confirming that main topics such as objectives, responsibilities and roles, communications guidelines and others were included in the document. Hence, this recommendation is considered implemented.	X			
	Total number of recommendations				**27**	**16**	**10**	**–**	**1**
	Percentage of total number of recommendations				**100**	**59**	**37**	**–**	**4**

Chapter III
Certification of the financial statements

Letter dated 28 March 2023 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 2022 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 2022

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 2022.

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. The financial statements incorporate investments in the University's Endowment Fund. The Endowment Fund is affected by global financial performance, and the unfavourable financial market movements in 2022 resulted in a 15.1 per cent decline in the Endowment Fund investment portfolio.

5. In late 2021, the UNU Council encouraged UNU to integrate environmental, social and governance factors into the investments of the Endowment Fund. Accordingly, in early 2022, UNU transitioned the Fund into investments that took those factors into account. Withdrawals by UNU institutes from the Fund remained conservative, which has helped maintain the capital investment value of the Fund over time.

6. 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.

7. The research programme of UNU outlined in the strategic plan 2020–2024 is closely aligned with the 2030 Agenda for Sustainable Development.

8. The University's research findings are disseminated primarily through academic and policy publications, most of which are freely available online, and at public events.

9. 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 capacity-building work includes both in-person and virtual arrangements that allow researchers and other stakeholders to engage from around the world and strengthen institutions in the global South.

10. In July 2022, the Secretary-General announced that Tshilidzi Marwala will succeed David M. Malone in leading the United Nations University. Mr. Marwala took up his role as seventh Rector of UNU on 1 March 2023. He is an accomplished South African scholar and thought leader with multidisciplinary research interests that include the theory and application of artificial intelligence to engineering, computer science, finance, social science and medicine. His experience includes working to develop human capacities through leveraging technology and global connectedness towards the pursuit of the Sustainable Development Goals. Mr. Marwala was previously the Vice-Chancellor and Principal of the University of Johannesburg.

B. Overview of the financial statements for the year ended 31 December 2022

11. Financial statements I, II, III, IV and V show the financial results of UNU activities and its financial position as at 31 December 2022. 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

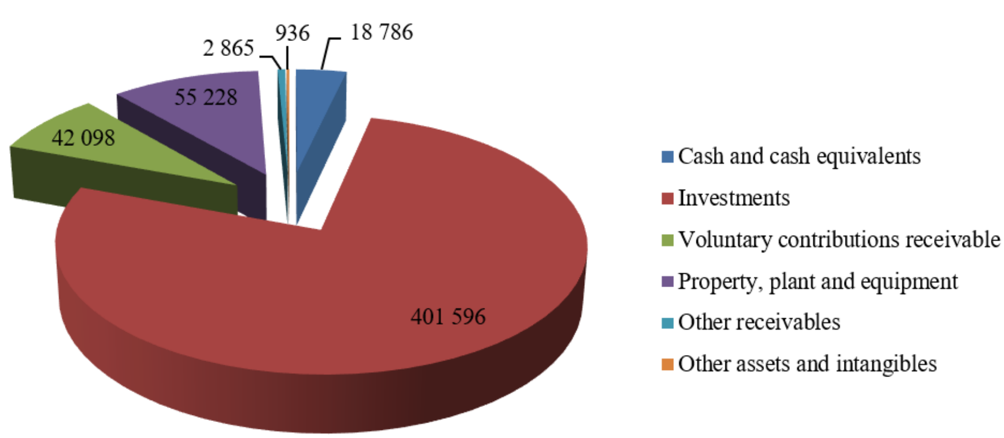
Table IV.1
Summary of financial position as at 31 December 2022
(Thousands of United States dollars)

	2022	*2021*	*Change (amount)*	*Change (percentage)*
Current assets	69 379	87 258	(17 879)	(20.5)
Non-current assets	452 130	525 543	(73 413)	(14.0)
Total assets	**521 509**	**612 801**	**(91 292)**	**(14.9)**
Current liabilities	12 156	14 213	(2 057)	(14.5)
Non-current liabilities	54 680	56 468	(1 788)	(3.2)
Total liabilities	**66 836**	**70 681**	**(3 845)**	**(5.4)**
Net assets	**454 673**	**542 120**	**(87 447)**	**(16.1)**

Assets

12. As at 31 December 2022, the total assets of UNU were $521.51 million (2021: $612.80 million). Figure IV.I presents the composition of assets as at 31 December 2022.

Figure IV.I
Total assets as at 31 December 2022
(Thousands of United States dollars)



13. Cash, cash equivalents and investments of $420.38 million represent 80.6 per cent of total assets. Of this amount, $376.08 million, or 89.5 per cent, is held within the Endowment Fund and managed by a global investment management firm. The investment portfolio of the Fund comprises exchange traded funds with an asset allocation of 50 per cent equities and 50 per cent bonds. The remaining $32.42 million, or 7.7 per cent, is held within the United Nations Treasury main cash pool, and $11.88 million, or 2.8 per cent, is internally managed.

14. Property, plant and equipment totalling $55.23 million account for 10.6 per cent of assets and mainly relate to the IPSAS treatment of office buildings received through donated right-to-use arrangements, classified as finance leases and treated as owned assets.

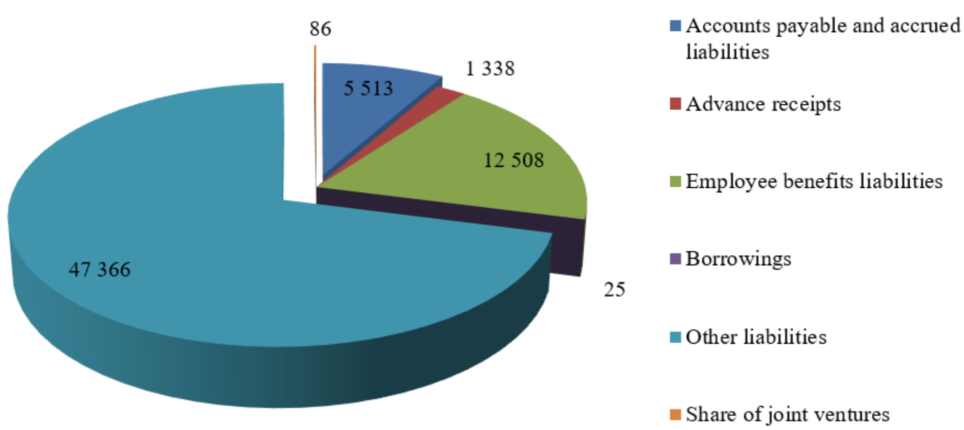
15. Under IPSAS, accounts receivable for voluntary contributions are recognized in full at the time the agreement is signed, including multi-year agreements, unless they contain conditions. Voluntary contributions receivable totalled $42.10 million, or 8.1 per cent of total assets. A total of $28.5 million, or 67.7 per cent, of these receivables are expected to be received in 2023 and the balance after 2023.

16. During 2022, assets decreased by $91.29 million, or 14.9 per cent, from the prior year. The unfavourable financial market movements had an impact on the Endowment Fund, as the market value of the investment portfolio declined 15.2 per cent to $373.8 million, compared with the peak of $440.9 million at the end of 2021. In addition, voluntary contributions receivable decreased by $8.94 million, or 17.5 per cent, due to fewer large value, multi-year agreements signed in 2022.

Liabilities

17. Liabilities as at 31 December 2022 totalled $66.84 million (2021: $70.68 million). Figure IV.II presents the composition of UNU liabilities as at 31 December 2022.

Figure IV.II
Total liabilities as at 31 December 2022
(Thousands of United States dollars)



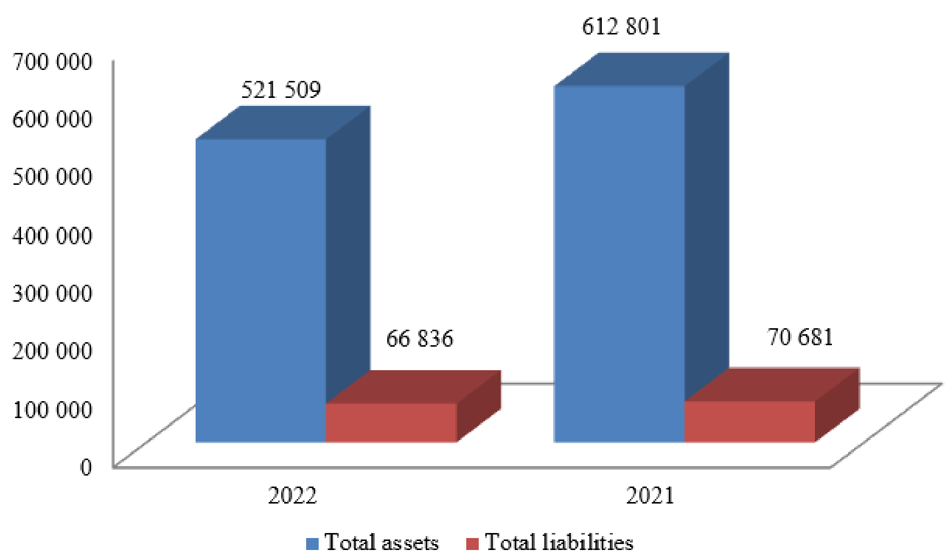
18. Under IPSAS, buildings under donated right-to-use arrangements are treated as finance leases and classified as other liabilities. These arrangements are in respect of the UNU headquarters building and several premises at the institutes and amounted to $47.37 million, or 70.9 per cent, of total liabilities.

19. Employee benefits earned by staff members and retirees but not paid as at the reporting date were $12.51 million, or 18.7 per cent, of total liabilities.

20. The remaining liabilities consisted of accounts payable and accrued liabilities, advance receipts, commercial lease liabilities and a net liability position for the UNU share of joint ventures.

21. During 2022, total liabilities decreased by $3.84 million, or 5.4 per cent. Employee benefits liabilities decreased by $2.87 million owing to actuarial gains primarily arising from discount and inflation rate changes. In addition, a lower volume of investment purchases by $1.37 million resulted in fewer accounts payable at the end of 2022 compared with 2021.

Figure IV.III
Movement in total assets and total liabilities as at 31 December 2022
(Thousands of United States dollars)



22. Figure IV.III illustrates a decrease of 14.9 per cent in the total assets, from $612.80 million in 2021 to $521.51 million in 2022, mainly as a result of the valuation of the Endowment Fund portfolio. Total liabilities were down 5.4 per cent, from $70.68 million in 2021 to $66.84 million in 2022. The liability to asset ratio remained steady at 12.8 per cent (2021: 11.5 per cent).

Net assets

23. Net assets decreased by $87.45 million from $542.12 million as at 31 December 2021, due mainly to the negative investment performance in 2022. While the short-term market fluctuations may be disconcerting, UNU maintains a long-term perspective on its Endowment Fund investments. The volatility in valuation is further evidenced by, for example, an appreciation of market value of the Fund by $33.26 million in 2021 and $48.03 million in 2020. Consequently, UNU remains focused on achieving its investment goals over a longer period of time.

Financial performance

Revenue

Table IV.2
Comparative revenue analysis
(Thousands of United States dollars)

	2022	*2021*	*Change (amount)*	*Change (percentage)*
Voluntary contributions	49 741	69 040	(19 299)	(28.0)
Investment revenue (net)	–	33 505	(33 505)	(100.0)
Other revenue	4 446	4 460	(14)	(0.3)
Total revenue	**54 187**	**107 005**	**(52 818)**	**(49.4)**

24. In 2022, UNU revenue totalled $54.19 million, a decrease of $52.82 million, or 49.4 per cent, compared with 2021.

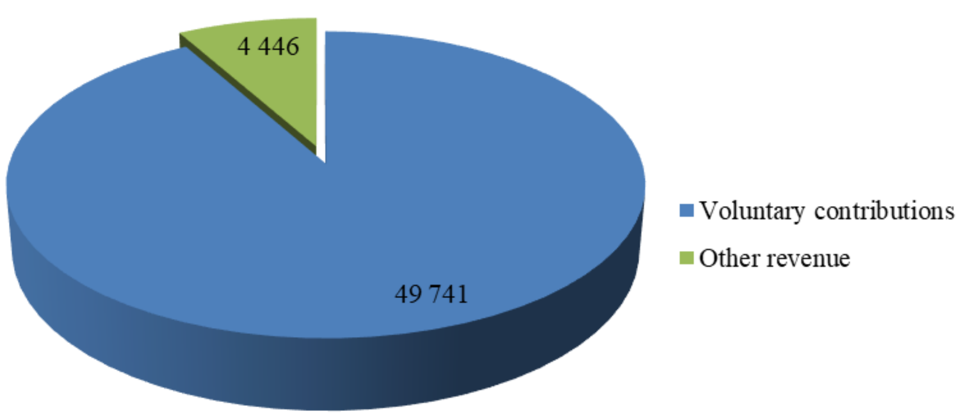
25. During 2022, there was no investment revenue, as the investment portfolio incurred unrealized losses, leading to decreased total revenue. The University mitigated that by deciding not to withdraw funds from the Endowment Fund.

26. The primary source of revenue was voluntary contributions, which totalled $49.74 million. Member States contributed net monetary funds of $21.55 million while other donors contributed $7.27 million. The figure also included $18.95 million in contributions in kind for donated office space, representing the cost that UNU would otherwise incur for renting comparable space. Voluntary contributions declined by 28.0 per cent as fewer multi-year agreements were signed in 2022 compared with 2021. This stemmed from the fact that the University's major funding agreements are typically signed on a 3–5-year cyclical basis.

27. Other revenue, consisting mainly of fees from consulting services and rental income received by the UNU headquarters building, amounted to $4.45 million.

28. Figure IV.IV presents the composition of UNU revenue as at 31 December 2022.

Figure IV.IV
Total revenue as at 31 December 2022
(Thousands of United States dollars)



29. UNU is reliant on a small number of donors; the top six donors contributed about 62.4 per cent of the total net monetary contributions for the year. Figure IV.V highlights the major voluntary contributors, showing Japan as the major contributor for 2022. Figure IV.VI provides the trend of the voluntary contributions, with a breakdown of voluntary contributions by current year and future year, from 2018 to 2022.

Figure IV.V
Voluntary contributions from State donors exceeding $1.0 million per donor, 2022 (IPSAS basis)

(Thousands of United States dollars)

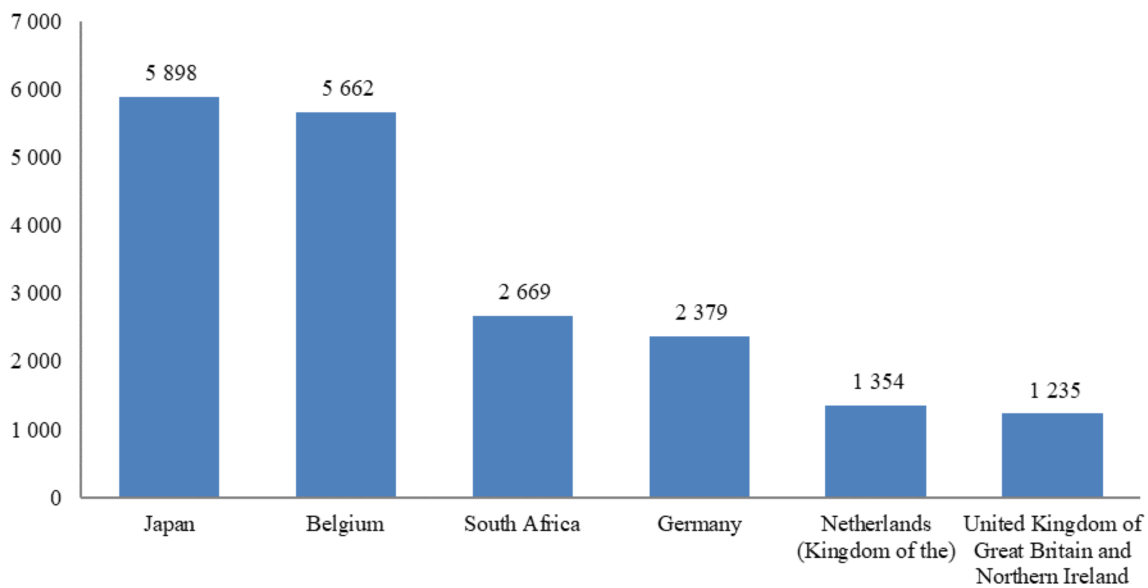
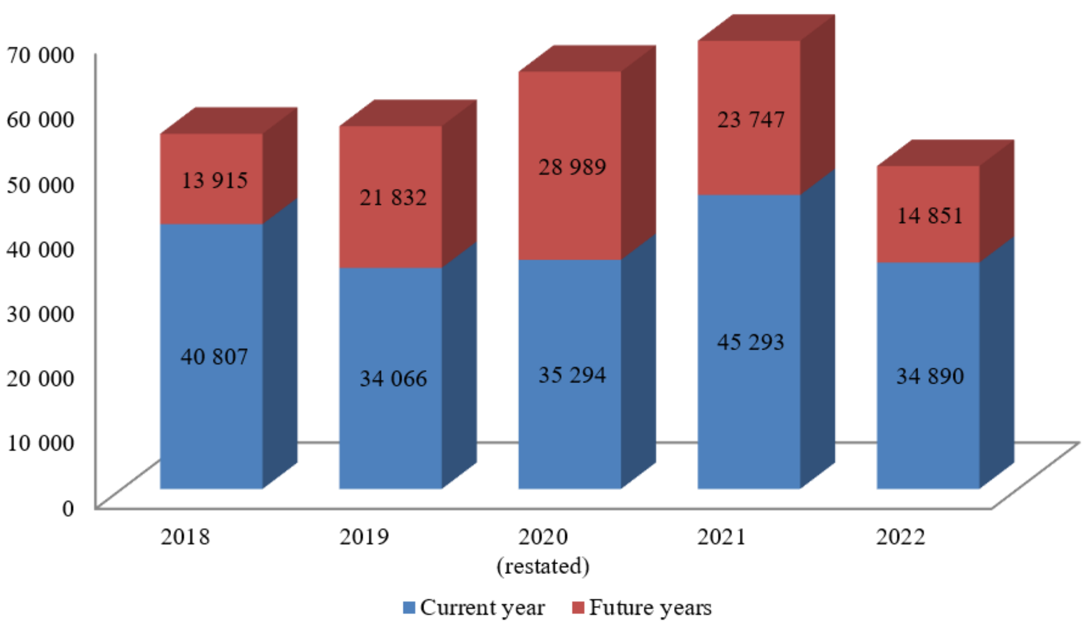


Figure IV.VI
Voluntary contributions by current year and future years, 2018–2022

(Thousands of United States dollars)



Expenses

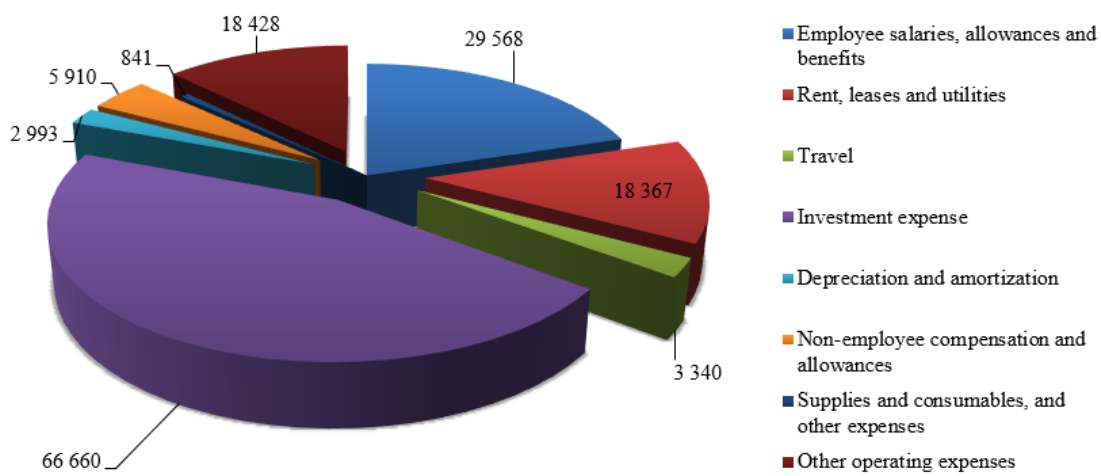
Table IV.3
Comparative expense analysis
(Thousands of United States dollars)

	2022	*2021*	*Change*	*Change (percentage)*
Employee salaries, allowances and benefits	29 568	29 169	399	1.4
Rent, leases and utilities	18 367	20 978	(2 611)	(12.4)
Travel	3 340	611	2 729	446.6
Investment expense	66 660	–	66 660	100.0
Depreciation and amortization	2 993	2 715	278	10.2
Non-employee compensation and allowances	5 910	6 511	(601)	(9.2)
Supplies and consumables, and other expenses	841	1 258	(417)	(33.1)
Other operating expenses	18 428	16 912	1 516	9.0
Total expenses	**146 107**	**78 154**	**67 953**	**86.9**

30. For the year ended 31 December 2022, expenses totalled $146.11 million, an increase of $68.0 million, or 86.9 per cent, compared with 2021. This increase is mainly attributable to the recognition of unrealized losses from the investment portfolio, which led to an investment expense of $66.66 million. Adjusting for investment expenses results in a comparable expenditure level to 2021.

31. The main expense categories comprised employee salaries, allowances and benefits of $29.57 million (20.2 per cent); operating expenses of $18.43 million (12.6 per cent); and rent, leases and utilities of $18.37 million (12.6 per cent). Figure IV.VII presents the composition of UNU expenses as at 31 December 2022.

Figure IV.VII
Total expenses as at 31 December 2022
(Thousands of United States dollars)



32. During 2022, the Endowment Fund investments experienced negative returns, given the financial market volatilities and significant declines experienced in the equity and bond markets. While the Fund generated investment revenue and realized gains on the sale of investments of $51.3 million, these were offset by unrealized losses from fair value movements of $118.1 million. As a result, UNU incurred an investment expense of $66.66 million, which accounted for 45.6 per cent of total expenses in 2022.

33. Excluding the investment expense, total expenses grew modestly at 2 per cent. Travel expenses quadrupled after border restrictions were lifted, although the spending remained below pre-pandemic levels. Operating expenses increased by 9.0 per cent, linked to the higher delivery rate of programmatic activities.

Operating results

34. UNU recorded a deficit of $91.92 million in 2022, compared with a surplus of $28.85 million in 2021 and $49.78 million in 2020, owing mainly to unrealized investment losses. It is important to note that unrealized losses are not realized until the investments are sold. The Endowment Fund is invested for the long-term, and therefore short-term fluctuations in performance may not necessarily reflect overall performance over a longer period of time.

Liquidity position

35. As at 31 December 2022, the University's financial position was stable. The University had sufficient liquid assets to settle its obligations. Liquid funds totalled $68.86 million (cash and cash equivalents of $18.79 million, short-term investments of $18.70 million and accounts receivable of $31.37 million). Total current liabilities amounted to $12.16 million and total liabilities amounted to $66.84 million.

36. Table IV.4 summarizes four key liquidity indicators for the financial year ended 31 December 2022 with comparatives for the year ended 31 December 2021.

Table IV.4
Liquidity indicators for the United Nations University

Indicators	*2022*	*2021*
Ratio of liquid assets to current liabilities	5.7:1	6.1:1
Ratio of liquid assets less accounts receivable to current liabilities	3.1:1	4.0:1
Ratio of liquid assets to total assets	0.13:1	0.14:1
Average months of liquid assets less accounts receivable on hand	5.9	9.0

37. 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 5.7:1 indicated that current liabilities were covered almost six times by liquid assets, and there were sufficient liquid assets available to fully pay current liabilities should the need arise. When accounts receivable balances were excluded from the analysis, the coverage of current obligations was at 3.1:1 for 2022 and 4.0:1 for 2021.

38. As at 31 December 2022, the University's total liquid assets were approximately 13.2 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 $6.37 million for 5.9 months.

C. Looking ahead

39. In 2023, the University will continue 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.

40. Under its new Rector, UNU will begin formulating a new strategic plan that will include raising the University's global profile; expanding the activities of UNU, particularly in the global South; and increasing the capacity of UNU in the spheres of teaching, learning, research and policy work in partnership with universities and other key stakeholders around the world.

Annex

Supplementary information

1. The present annex includes the information 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 $6,056.51 in 2022.

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 2022 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 2022.

Chapter V

Financial statements for the year ended 31 December 2022

United Nations University

I. Statement of financial position as at 31 December 2022

(Thousands of United States dollars)

	Reference	*31 December 2022*	*31 December 2021*
Assets			
Current assets			
Cash and cash equivalents	Note 6	18 786	23 031
Investments	Note 7	18 706	33 653
Voluntary contributions receivable	Note 8	28 502	26 169
Other receivables	Note 9	2 865	3 987
Other assets	Note 10	520	418
Total current assets		**69 379**	**87 258**
Non-current assets			
Investments	Note 7	382 890	447 150
Voluntary contributions receivable	Note 8	13 596	24 865
Property, plant and equipment	Note 12	55 228	53 187
Intangibles	Note 13	232	151
Other assets	Note 10	184	190
Total non-current assets		**452 130**	**525 543**
Total assets		**521 509**	**612 801**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 14	5 513	8 141
Advance receipts and deferred revenue	Note 15	1 298	1 452
Employee benefits liabilities	Note 16	2 923	2 360
Lease liabilities	Note 17	13	21
Other liabilities	Note 18	2 409	2 239
Total current liabilities		**12 156**	**14 213**

United Nations University

I. Statement of financial position as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Reference	*31 December 2022*	*31 December 2021*
Non-current liabilities			
Advance receipts and deferred revenue	Note 15	40	106
Employee benefits liabilities	Note 16	9 585	13 017
Lease liabilities	Note 17	12	25
Other liabilities	Note 18	44 957	43 255
Share of joint ventures: equity method	Note 27	86	65
Total non-current liabilities		**54 680**	**56 468**
Total liabilities		**66 836**	**70 681**
Net of total assets and total liabilities		**454 673**	**542 120**
Net assets			
Accumulated surpluses	Note 19	79 458	99 891
Endowment Fund	Note 20	375 215	442 229
Total net assets		**454 673**	**542 120**

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 2022

(Thousands of United States dollars)

	Reference	*2022*	*2021*
Revenue			
Voluntary contributions	Note 21	49 741	69 040
Investment revenue (net)	Note 22	–	33 505
Other revenue	Note 23	4 446	4 460
Total revenue		**54 187**	**107 005**
Expenses			
Employee salaries, allowances and benefits	Note 24	29 568	29 169
Rent, leases and utilities	Note 24	18 367	20 978
Travel	Note 24	3 340	611
Investment expense (net)	Note 22	66 660	–
Depreciation and amortization	Notes 12, 13, 24	2 993	2 715
Non-employee compensation and allowances	Note 24	5 910	6 511
Supplies and consumables	Note 24	832	1 255
Other operating expenses	Note 24	18 428	16 912
Other expenses	Note 24	9	3
Total expenses		**146 107**	**78 154**
(Deficit)/surplus for the year		**(91 920)**	**28 851**

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 2022

(Thousands of United States dollars)

	Accumulated surpluses	*Endowment Fund*	*Total*
Net assets as at 1 January 2021	**88 990**	**423 749**	**512 739**
Changes in net assets			
Shares of changes recognized in the net assets of joint ventures: equity method (note 27)	18	–	**18**
Actuarial gains on employee benefits liabilities (note 16)	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**
Changes in net assets			
Shares of changes recognized in the net assets of joint ventures: equity method (note 27)	47	–	**47**
Actuarial gains on employee benefits liabilities (note 16)	4 426	–	**4 426**
Deficit for the year	(24 906)	(67 014)	**(91 920)**
Total recognized changes in net assets	**(20 433)**	**(67 014)**	**(87 447)**
Net assets as at 31 December 2022	**79 458**	**375 215**	**454 673**

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 2022

(Thousands of United States dollars)

	Reference	*2022*	*2021*
Cash flows from operating activities			
(Deficit)/Surplus for the year		**(91 920)**	**28 851**
Non-cash movements			
Depreciation and amortization	Notes 12, 13, 24	2 993	2 715
Unrealized loss/(gain) on Endowment Fund investments from changes in fair value	Note 22	118 119	(15 452)
Realized loss/(gain) on sale of Endowment Fund investments	Note 22	(43 819)	(9 858)
Unrealized loss/(gain) on Endowment Fund due to revaluation		554	(391)
Actuarial (loss)/gain on employee benefits liabilities	Note 16	4 426	512
Loss/(gain) on share of joint ventures	Note 27	47	18
Loss/(gain) on disposal of property, plant and equipment		18	–
Investment revenue from Endowment Fund presented as investing activities	Note 22	(7 518)	(8 158)
Investment revenue from cash pool presented as investing activities	Note 22	(122)	(38)
Additions of property, plant and equipment from in-kind contribution	Note 12	(4 253)	(1 624)
Changes in assets			
Decrease/(increase) in voluntary contributions receivable	Note 8	8 936	(5 076)
Decrease/(increase) in other receivables	Note 9	1 122	160
Decrease/(increase) in other assets	Note 10	(96)	(78)
Changes in liabilities			
Increase/(decrease) in accounts payable and accrued liabilities	Note 14	(2 628)	798
Increase/(decrease) in advance receipts and deferred revenue	Note 15	(220)	(235)
Increase/(decrease) in employee benefits liabilities	Note 16	(2 869)	246
Increase/(decrease) in other liabilities	Note 18	1 872	(636)
Increase/(decrease) in share of joint ventures: equity method	Note 27	21	(26)
Net cash flows used in operating activities		**(15 337)**	**(8 272)**

United Nations University

IV. Statement of cash flows for the year ended 31 December 2022 (continued)

(Thousands of United States dollars)

	Reference	*2022*	*2021*
Cash flows from investing activities			
Net investment revenue from cash pool presented as investing activities	Note 22	122	38
Net movement in cash pool	Note 7	12 179	(12 829)
Dividends received		3 370	4 333
Interest received		4 148	3 825
Purchases of investments		(450 272)	(38 196)
Proceeds from sales and maturities of investments		442 446	46 637
Purchases of property, plant and equipment	Note 12	(780)	–
Acquisition of intangible assets	Note 13	(100)	(112)
Net cash flows from investing activities		**11 113**	**3 696**
Cash flows from financing activities			
Lease repayments	Note 17	(21)	(28)
Net cash flows used in financing activities		**(21)**	**(28)**
Net increase/(decrease) in cash and cash equivalents		**(4 245)**	**(4 604)**
Cash and cash equivalents – beginning of year	Note 6	**23 031**	**27 635**
Cash and cash equivalents – end of year	Note 6	**18 786**	**23 031**

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 2022

(Thousands of United States dollars)

	Approved budget[a]						
Budget cost categories	*Original biennial*	*Final biennial*	*Original annual*	*Final annual*	*Actual on a comparable basis*	*Difference: original and final budget (percentage)*	*Difference: final budget and actual (percentage)*[b]
Research, training networks and dissemination	56 437	62 678	32 152	34 987	31 864	8.8	(8.9)
Staff and other personnel costs	49 614	49 399	24 404	23 659	18 007	(3.1)	(23.9)
General operating expenses	19 540	19 444	10 238	9 567	7 352	(6.6)	(23.2)
Total	**125 591**	**131 521**	**66 794**	**68 213**	**57 223**	**2.1**	**(16.1)**

[a] The UNU work programme and budget estimates for the biennium 2022–2023 were approved by the UNU Council in November 2021. 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 5.

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 Kingdom of the Netherlands;

(l) UNU World Institute for Development Economics Research (UNU-WIDER), Helsinki;

(m) UNU Institute for Economic and Social Research (UNU-IESR), Dakar.

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 2022 to the Board of Auditors by 31 March 2023. 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) Infrastructure assets: the objective of the project is to research and identify issues preparers 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. The IPSAS Board plans to issue a new standard on property, plant and equipment replacing IPSAS 17: Property, plant and equipment, adding public sector guidance on heritage and infrastructure assets and aligning with the new measurement principles. The standard is expected to be issued in the first half of 2023 together with the measurement-related guidance;

(c) Public sector measurement: the objectives of the project include: (i) issuing amended IPSAS standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure; (ii) providing 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 (iii) addressing transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs. The IPSAS Board expects to approve and issue the standard on measurement in the first half of 2023. The related section of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (chapter 7, on the measurement of assets and liabilities), will also be updated in line with the new standard;

(d) 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 new standard would result in a change in accounting policy for the recognition of expenses whereby the transfer provider will recognize an expense when the transfer recipient satisfies an obligation by transferring goods or services to a third-party beneficiary. The draft standard is in the final review phase by the IPSAS Board and is expected to be issued in the first half of 2023;

(e) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede those currently 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 has completed discussions on principle-related issues and plans to issue the standard in the first half of 2023;

(f) "Accounting and reporting by retirement benefit plans" is a new project of the IPSAS Board and an adaptation of International Accounting Standard 26. The objective of developing the exposure draft is to prescribe the accounting and reporting requirements for public sector retirement benefit plans, which primarily provide benefits to retired public sector employees. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply this guidance;

(g) "Other lease-type arrangements" is another new project of the Board, with the aim of developing additional guidance for identifying and addressing lease-related accounting issues associated with lease-type arrangements. The exposure draft was published for comment in January 2023 and proposes amendments to IPSAS 43: Leases, on accounting for concessionary leases, as well as new guidance on right-of-use assets in kind and consequential amendments to IPSAS 23: Revenue from non-exchange transactions.

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; IPSAS 42: Social benefits, issued in January 2019 and effective 1 January 2023; IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025; and IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025. The impact of these standards on the University's financial statements and the comparative period therein has been evaluated to be as follows:

Standard	*Anticipated impact in the year of adoption*
IPSAS 41	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: (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model.

Standard	*Anticipated impact in the year of adoption*
	Compliance with IPSAS 41: Financial instruments, is mandatory for the University financial year ending 31 December 2023. The University is in the process of assessing the new requirements for the recording, valuation and reporting of the investment cash pool and the Endowment Fund investments in line with IPSAS 41. The assessment results will be used to develop an accounting policy document and update the corporate guidance.
IPSAS 42	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. Currently, there are no such social benefits applicable to the University.
IPSAS 43	IPSAS 43: Leases, replaced IPSAS 13: Leases, aligning guidance with International Financial Reporting Standard 16. The newly issued standard introduces new contract and leases definitions and prescribes a right-of-use recognition and measurement model for all leases, apart from those meeting short-term and low-value exemption categories. IPSAS 43 also provides additional guidance on the application of the risks and rewards model for lessor accounting. Adoption of the standard is mandatory for the University financial year ending 31 December 2025. The impact of IPSAS 43 will be assessed over the 2023 and 2024 calendar years prior to the 1 January 2025 effective date. The broadened leases definition is estimated to result in the recognition of more binding arrangements as leases, with a corresponding increase in lease liabilities and right-of-use assets.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5. Adoption of the standard is mandatory for the University financial year ending 31 December 2025. The impact of IPSAS 44 will be assessed to prepare the University for its implementation prior to the 1 January 2025 effective date. Given the definitions and scope of non-current assets held for sale, the recognition and measurement impacts are preliminarily estimated as not significant for the University, as the presentation and disclosure changes will depend on the identification of discontinued operations, if any, in the future, starting on 1 January 2025.

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.

Classification	*Financial assets*
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:

Class	*Subclass*	*Estimated useful life*
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
	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.

Class	*Range of estimated useful life*
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 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
Segment reporting

97. 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.

98. 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.

99. 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 2022

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2022*
Assets					
Current assets					
Cash and cash equivalents	Note 6	12 531	6 255	–	18 786
Investments	Note 7	16 438	2 268	–	18 706
Voluntary contributions receivable	Note 8	9 357	19 145	–	28 502
Other receivables	Note 9	1 257	1 608	–	2 865
Other assets	Note 10	280	240	–	520
Inter-fund balances receivable		493	46 736	(47 229)	–
Total current assets		**40 356**	**76 252**	**(47 229)**	**69 379**
Non-current assets					
Investments	Note 7	187 399	195 491	–	382 890
Voluntary contributions receivable	Note 8	765	12 831	–	13 596
Property, plant and equipment	Note 12	43 141	12 087	–	55 228
Intangibles	Note 13	198	34	–	232
Other assets	Note 10	168	16	–	184
Total non-current assets		**231 671**	**220 459**	**–**	**452 130**
Total assets		**272 027**	**296 711**	**(47 229)**	**521 509**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	Note 14	2 193	3 320	–	5 513
Advance receipts and deferred revenue	Note 15	–	1 298	–	1 298
Employee benefits liabilities	Note 16	1 293	1 630	–	2 923
Lease liabilities	Note 17	8	5	–	13
Other liabilities	Note 18	1 946	463	–	2 409
Inter-fund balances payable		42 947	4 282	(47 229)	–
Total current liabilities		**48 387**	**10 998**	**(47 229)**	**12 156**

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2022*
Non-current liabilities					
Advance receipts and deferred revenue	Note 15	–	40	–	40
Employee benefits liabilities	Note 16	3 010	6 575	–	9 585
Lease liabilities	Note 17	12	–	–	12
Other liabilities	Note 18	35 142	9 815	–	44 957
Share of joint ventures: equity method	Note 27	29	57	–	86
Total non-current liabilities		**38 193**	**16 487**	**–**	**54 680**
Total liabilities		**86 580**	**27 485**	**(47 229)**	**66 836**
Net of total assets and total liabilities		**185 447**	**269 226**	**–**	**454 673**
Net assets					
Accumulated surpluses	Note 19	17 171	62 287	–	79 458
Endowment Fund	Note 20	168 276	206 939	–	375 215
Total net assets		**185 447**	**269 226**	**–**	**454 673**

[a] Eliminations comprise $47.23 million relating to inter-fund transactions between the UNU Centre and its institutes and programmes.

Statement of financial position as at 31 December 2021

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2021*
Assets					
Current assets					
Cash and cash equivalents	Note 6	14 687	8 344	–	23 031
Investments	Note 7	27 562	6 091	–	33 653
Voluntary contributions receivable	Note 8	7 430	18 739	–	26 169
Other receivables	Note 9	1 825	2 162	–	3 987
Other assets	Note 10	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 7	216 764	230 386	–	447 150
Voluntary contributions receivable	Note 8	4 547	20 318	–	24 865
Property, plant and equipment	Note 12	40 490	12 697	–	53 187
Intangibles	Note 13	98	53	–	151
Other assets	Note 10	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 14	3 764	4 377	–	8 141
Advance receipts and deferred revenue	Note 15	222	1 230	–	1 452
Employee benefits liabilities	Note 16	970	1 390	–	2 360
Lease liabilities	Note 17	8	13	–	21
Other liabilities	Note 18	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 15	–	106	–	106
Employee benefits liabilities	Note 16	4 087	8 930	–	13 017
Lease liabilities	Note 17	20	5	–	25
Other liabilities	Note 18	32 977	10 278	–	43 255
Share of joint ventures: equity method	Note 27	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 19	22 753	77 138	–	99 891
Endowment Fund	Note 20	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 performance as at 31 December 2022

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2022*
Revenue					
Voluntary contributions	Note 21	24 355	25 386	–	49 741
Investment revenue (net)	Note 22	–	–	–	–
Other revenue	Note 23	3 407	3 858	(2 819)	4 446
Total revenue		**27 762**	**29 244**	**(2 819)**	**54 187**
Expenses					
Employee salaries, allowances and benefits	Note 24	10 241	19 780	(453)	29 568
Rent, leases and utilities	Note 24	16 193	2 174	–	18 367
Travel	Note 24	900	2 440	–	3 340
Investment expense (net)	Note 22	31 946	34 714	–	66 660
Depreciation and amortization	Notes 12, 13, 24	2 333	660	–	2 993
Non-employee compensation and allowances	Note 24	1 140	4 780	(10)	5 910
Supplies and consumables	Note 24	349	483	–	832
Other operating expenses	Note 24	5 600	15 184	(2 356)	18 428
Other expenses	Note 24	5	4	–	9
Total expenses		**68 707**	**80 219**	**(2 819)**	**146 107**
Deficit for the year		**(40 945)**	**(50 975)**	**–**	**(91 920)**

[a] Eliminations comprise $2.82 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 2021

(Thousands of United States dollars)

	Reference	*Centre*	*Institutes*	*Elimination*[a]	*31 December 2021*
Revenue					
Voluntary contributions	Note 21	30 930	38 110	–	69 040
Investment revenue (net)	Note 22	16 099	17 406	–	33 505
Other revenue	Note 23	3 072	2 255	(867)	4 460
Total revenue		**50 101**	**57 771**	**(867)**	**107 005**
Expenses					
Employee salaries, allowances and benefits	Note 24	10 094	19 518	(443)	29 169
Rent, leases and utilities	Note 24	18 748	2 230	–	20 978
Travel	Note 24	258	353	–	611
Depreciation and amortization	Notes 12, 13, 24	2 079	636	–	2 715
Non-employee compensation and allowances	Note 24	1 103	5 448	(40)	6 511
Supplies and consumables	Note 24	382	873	–	1 255
Other operating expenses	Note 24	4 428	12 868	(384)	16 912
Other expenses	Note 24	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.

Note 5
Comparison to budget

100. 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.

101. 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.

102. The original budget amounts are the 2022 portions of the appropriations approved by the UNU Council for the biennium 2022–2023 on 25 November 2021. 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.

103. Explanations for 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, which are deemed to be those greater than 10 per cent, are provided below.

Budget area	*Material differences greater than 10 per cent*
Staff and other personnel costs	**Actual expenditure 24 per cent less than final budget** The variance is attributable mainly to the further deferment to 2023 of the recruitment of staff and personnel for the United Nations University Operating Unit on Policy-Driven Electronic Governance, which was originally planned for the biennium 2020–2021. The deferment was driven primarily by the revised timing of the expected contribution from the host country donor.
General operating expenses	**Actual expenditure 23 per cent less than final budget** The variance is attributable mainly to savings from the weakening of the euro and the Japanese yen against the United States dollar, as these are the main currencies utilized for daily operating expenses at the UNU Centre in Tokyo and at numerous institutes.

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

104. 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 2022

(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on comparable basis (statement V)	**(57 223)**	**–**	**–**	**(57 223)**
Basis differences	42 028	(880)	–	41 148
Entity differences	(142)	–	–	(142)
Presentation differences	–	11 993	(21)	11 972
Actual amounts in statement of cash flows (statement IV)	**(15 337)**	**11 113**	**(21)**	**(4 245)**

105. 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.

106. 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.

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

108. 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

109. 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 2022

(Thousands of United States dollars)

	Total
Actual amounts on comparable basis (statement V)	**57 223**
Additional assets and intangibles	(880)
Depreciation and amortization	2 993
Contributions in kind	16 571
Investment expenses	66 924
Foreign exchange differences	2 626

	Total
Payroll related accruals and education grant prepayments	(644)
Change in obligations/effect of accruals versus obligations	(520)
Lease payments	(21)
Prepayments and other receivables	(30)
Other accruals	3 736
Inter-office eliminations	(2 366)
Loss on disposal of property, plant and equipment	18
Allowance for doubtful receivables	477
Actual amounts in statement of financial performance (statement II)	**146 107**

Note 6
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Cash pools (note 25)	4 662	4 923
Cash at Endowment Fund (note 25)	2 245	2 647
Other cash (note 25)	11 879	15 461
Total cash and cash equivalents	**18 786**	**23 031**

Note 7
Investments

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Current investments		
Cash pools (note 25)	18 706	33 653
Total current investments	**18 706**	**33 653**
Non-current investments		
Cash pools (note 25)	9 058	6 290
Endowment Fund (note 25)	373 832	440 860
Total non-current investments	**382 890**	**447 150**
Total investments	**401 596**	**480 803**

110. During the year, total investments decreased mainly as a result of financial market movements that had an impact on the investment portfolio of the Endowment Fund.

Note 8
Voluntary contributions receivable: receivables from non-exchange transactions

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Current voluntary contributions receivable		
Voluntary contributions receivable	91 116	83 502
Allowance for doubtful voluntary contributions receivable	(62 614)	(57 333)
Total current voluntary contributions receivable	**28 502**	**26 169**
Non-current voluntary contributions receivable		
Voluntary contributions receivable	13 596	29 865
Allowance for doubtful voluntary contributions receivable	–	(5 000)
Total non-current voluntary contributions receivable	**13 596**	**24 865**
Total voluntary contributions receivable	**42 098**	**51 034**

111. The voluntary contributions receivable are reviewed annually to determine if there is any indication of impairment in value. During 2022, voluntary contributions receivable decreased compared with the higher balance in the previous year, owing mainly to a major multi-year contract in 2021 amounting to €8.38 million under UHU-EHS.

Note 9
Other receivables: receivables from exchange transactions

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Investment receivables	2 080	3 030
Member States	264	190
Receivables from other United Nations entities	95	44
Staff	47	4
Other exchange revenue receivables	379	719
Total other receivables	**2 865**	**3 987**

Note 10
Other assets

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Current other assets		
Advances to non-staff	288	219
Advances to staff	232	199
Total current other assets	**520**	**418**

	31 December 2022	*31 December 2021*
Non-current other assets		
Advances to non-staff	184	190
Total non-current other assets	**184**	**190**
Total other assets	**704**	**608**

Note 11
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 in the statement of financial position.

Note 12
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 2022, additions to property, plant and equipment included the replacement of the air conditioning system, contributed by the host Government, which amounted to $4.25 million.

115. The net book value included $47.37 million relating to right-to-use arrangements.

Property, plant and equipment: 2022

(Thousands of United States dollars)

	Buildings	*Leasehold improvements*	*Assets under construction*	*Machinery and equipment*	*Vehicles*	*Communications and information technology equipment*	*Furniture and fixtures*	*Total*
Cost as at 31 December 2021	**143 718**	**938**	**–**	**182**	**229**	**1 538**	**290**	**146 895**
Additions	4 253	–	–	–	–	780	–	5 033
Disposals	(4 738)	–	–	(120)	–	(29)	(15)	(4 902)
Cost as at 31 December 2022	**143 233**	**938**	**–**	**62**	**229**	**2 289**	**275**	**147 026**
Accumulated depreciation as at 31 December 2021	**91 202**	**669**	**–**	**156**	**173**	**1 284**	**224**	**93 708**
Depreciation charge for the period	2 510	60	–	7	18	113	20	2 728
10 per cent depreciation adjustment	237	–	–	11	–	–	(2)	246
Depreciation on disposals	(4 738)	–	–	(120)	–	(11)	(15)	(4 884)
Accumulated depreciation as at 31 December 2022	**89 211**	**729**	**–**	**54**	**191**	**1 386**	**227**	**91 798**
Net carrying amount								
31 December 2021	**52 516**	**269**	**–**	**26**	**56**	**254**	**66**	**53 187**
31 December 2022	**54 022**	**209**	**–**	**8**	**38**	**903**	**48**	**55 228**

Note 13
Intangible assets

(Thousands of United States dollars)

	Software developed internally	*Software externally acquired*	*Intangible assets under development*	*Total 2022*	*Total 2021*
Cost as at 1 January	**195**	**73**	**98**	**366**	**254**
Additions	–	–	100	100	112
Cost as at 31 December	**195**	**73**	**198**	**466**	**366**
Accumulated amortization as at 1 January	**195**	**20**	**–**	**215**	**207**
Amortization	–	19	–	19	8
Accumulated amortization as at 31 December	**195**	**39**	**–**	**234**	**215**
Net carrying amount	**–**	**34**	**198**	**232**	**151**

Note 14
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Vendor payables	–	282
Accruals for goods and services	1 472	2 168
Payable to other United Nations entities	–	278
Investment payable	3 941	5 308
Other	100	105
Total accounts payable and accrued liabilities	**5 513**	**8 141**

Note 15
Advance receipts and deferred revenue

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Current advance receipts and deferred revenue		
Contributions received in advance	410	400
Deferred revenue	888	1 052
Total current advance receipts and deferred revenue	**1 298**	**1 452**
Non-current advance receipts and deferred revenue		
Deferred revenue	40	106
Total non-current advance receipts and deferred revenue	**40**	**106**
Total advance receipts and deferred revenue	**1 338**	**1 558**

Note 16
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2022*
After-service health insurance	130	6 890	7 020
Annual leave	174	1 609	1 783
Repatriation benefits	118	1 086	1 204
Defined end-of-service/post-employment benefits liabilities	**422**	**9 585**	**10 007**
Accrued salaries and allowances	2 501	–	2 501
Total employee benefits liabilities	**2 923**	**9 585**	**12 508**

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2021*
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**

116. The decrease in employee benefits liabilities is mainly attributable to the change in the financial assumptions used to derive the after-service health insurance.

117. 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

118. 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 2022 and 31 December 2021 are as follows:

Actuarial assumptions

(Percentage)

Actuarial assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates, 31 December 2021	3.33	2.82	2.76
Discount rates, 31 December 2022	5.35	5.14	5.13
Inflation, 31 December 2021	3.44–5.17	2.50	–
Inflation, 31 December 2022	4.25–6.50	2.50	–

119. 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.

120. As at 31 December 2022, the assumptions relating to salary increases for staff in the Professional category were 9.3 per cent for the age of 19, 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.

121. The estimated duration of the after-service health insurance liability is 19 years as at 31 December 2022.

122. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The table below shows the per capita claims costs assumptions at 65 years old.

Per capita claims cost

(United States dollars)

Plan	*2022*	*2021*
United States plans		
Aetna/HIP/HMO – no Medicare	16 341	15 344
Aetna/HIP/HMO – Medicare	11 351	10 658
Blue Cross – no Medicare	12 990	12 197
Blue Cross – Medicare	11 107	10 429
Cigna Dental	1 087	1 020
Non-United States plans		
UNSMIS	7 155	6 863
Cigna WWP/FMIP/SMIP/GKK	3 808	3 620
MIP	2 140	2 034

Abbreviations: FMIP, full medical insurance plan; GKK, Wiener Gebietskrankenkasse; HIP, health insurance plan of New York; HMO, health maintenance organization; MIP, medical insurance plan; SMIP, supplemental medical insurance plan; UNSMIS, United Nations Staff Mutual Insurance Society against Sickness and Accidents; WWP, worldwide plan.

123. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan cost changes in future years. The health-care cost trend rates are based on Aon Hewitt long-term assumptions for different currencies as shown below. The rates were updated for the 2022 valuation.

	2022			*2021*		
Cost trend assumptions	*Initial (percentage)*	*Final (percentage)*	*Grade down*	*Initial (percentage)*	*Final (percentage)*	*Grade down*
United States non-Medicare	6.50	3.85	9 years	5.17	3.95	10 years
United States Medicare	6.50	3.85	9 years	5.03	3.95	10 years
United States dental	6.50	3.85	9 years	4.53	3.95	10 years
Non-United States (Switzerland)	4.25	2.55	6 years	3.44	2.25	7 years
Non-United States (eurozone)	5.20	4.15	11 years	3.75	3.75	none

124. With regard to the valuation of repatriation benefits, travel cost inflation was 2.50 per cent, as updated for the 2021 full valuation), on the basis of the projected United States inflation rate over the next 20 years.

125. 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 days; 4−8 years, 1.0 day; and more than 9 years, 0.1 day, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

126. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Pre-retirement mortality, as well as withdrawal and retirement assumptions, are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. In line with the recommendations of the United Nations system Task Force on Accounting Standards, the post-retirement mortality table applied for the December 2021 valuations is the weighted headcount mortality table provided by Buck, a firm that provides pensions and employee benefits consulting services.

Pre-retirement mortality and disability

	Rates of death		*Rates of disability*			
	All staff		*General Service staff*		*Professional staff*	
Age	*Male*	*Female*	*Male*	*Female*	*Male*	*Female*
20	0.00062	0.00034	0.00015	0.00030	0.00006	0.00022
25	0.00062	0.00034	0.00015	0.00030	0.00006	0.00022
30	0.00062	0.00041	0.00030	0.00030	0.00014	0.00022
35	0.00076	0.00050	0.00023	0.00050	0.00027	0.00022
40	0.00108	0.00059	0.00060	0.00060	0.00021	0.00033
45	0.00154	0.00074	0.00082	0.00080	0.00034	0.00044
50	0.00212	0.00087	0.00173	0.00130	0.00074	0.00066
55	0.00275	0.00103	0.00277	0.00250	0.00101	0.00132
60	0.00327	0.00122	0.00218	0.00380	0.00135	0.00209
61	0.00350	0.00143	0.00218	0.00420	0.00141	0.00231

	Rates of death		*Rates of disability*			
	All staff		*General Service staff*		*Professional staff*	
Age	*Male*	*Female*	*Male*	*Female*	*Male*	*Female*
62	0.00378	0.00166	0.00218	0.00460	0.00149	0.00253
63	0.00410	0.00194	0.00218	0.00500	0.00168	0.00275
64	0.00450	0.00226	0.00218	0.00550	0.00183	0.00297
65	0.00495	0.00263	0.00000	0.00000	0.00000	0.00000

Post-retirement mortality and disability

Age	*Rates of death*		*Rates of disability*	
	Male	*Female*	*Male*	*Female*
20	0.00062	0.00035	0.00062	0.00035
25	0.00062	0.00035	0.00062	0.00041
30	0.00062	0.00041	0.00077	0.00050
35	0.00077	0.00050	0.00108	0.00060
40	0.00108	0.00060	0.00156	0.00074
45	0.00156	0.00074	0.00238	0.00084
50	0.00292	0.00100	0.00342	0.00093
55	0.00517	0.00148	0.00409	0.00147
60	0.00582	0.00210	0.00557	0.00290
65	0.00738	0.00327	0.00913	0.00561
70	0.01113	0.00570	0.01799	0.01091
75	0.01987	0.01084	0.03519	0.02080
80	0.03601	0.02081	0.06310	0.03837
85	0.06215	0.03860	0.10357	0.06885
90	0.10068	0.06884	0.16014	0.12325
95	0.15558	0.12021	0.23720	0.22005
100	0.23033	0.20496	0.34806	0.34349
105	0.34299	0.33151	0.61226	0.57673
110	0.61226	0.57673	1.00000	1.00000
115	1.00000	1.00000	1.00000	1.00000

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)

	2022	*2021*
Net defined-benefit liability as at 1 January	**13 516**	**12 930**
Current service cost	1 008	1 077
Interest cost	424	375
Total costs recognized in the statement of financial performance	**1 432**	**1 452**

	2022	*2021*
Benefits paid	(515)	(354)
Actuarial (gain)/loss recognized directly in the statement of changes in net assets[a]	(4 426)	(512)
Due to financial assumptions	(3 434)	(100)
Due to change in demographic assumptions	–	(13)
Due to experience assumptions[b]	(992)	(399)
Net defined-benefits liability as at 31 December	**10 007**	**13 516**

[a] The net cumulative amount of actuarial gains recognized in the statement of changes in net assets is $4.4 million (2021: actuarial gains of $0.5 million).
[b] Includes an adjustment of $0.7 million for the exclusion of UNU academic staff from the actuarial valuation, as the terms of their contracts will not lead to eligibility for the after-service health insurance benefit.

Discount rate sensitivity analysis

127. 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 2022	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(615)	(54)	(73)
As a percentage of year-end liability	(9)	(4)	(4)
Decrease of discount rate by 0.5 per cent	678	57	77
As a percentage of year-end liability	10	5	4

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

Medical costs sensitivity analysis

128. 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)

2022	*Increase*		*Decrease*	
Effect on the defined-benefits obligation	10.71%	752	(9.33%)	(655)
Effect on the aggregate of the current service cost and interest cost	1.31%	92	(1.11%)	(78)
Total effect		**844**		**(733)**

2021	*Increase*		*Decrease*	
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)**

129. The claims cost sensitivity analysis, at 65 years, is presented below:

(Thousands of United States dollars)

Scenario	*After-service health insurance defined-benefit liability at 31 December 2022*	*Impact*
Central	7 020	–
Increase by 1 per cent	7 090	70
Decrease by 1 per cent	6 949	(70)

130. The sensitivity analysis for changes in life expectancy is summarized below:

(Thousands of United States dollars)

Scenario	*After-service health insurance defined-benefit liability at 31 December 2022*	*Impact*
Central	7 020	–
Increase by 1 year	7 313	293
Decrease by 1 year	6 731	(289)

Other defined-benefits plan information

131. Benefits paid for 2022 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)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
2023	135	121	179	435
2022	119	166	230	515

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

(Thousands of United States dollars)

	2021	*2020*	*2019*	*2018*	*2017*
Present value of the defined-benefit obligations	13 516	12 930	11 261	14 309	15 155

Funding of defined benefit liabilities

132. 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.

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

(Thousands of United States dollars)

	Liability	*Funded*	*Unfunded*	*Percentage of liability funded*
After-service health insurance	7 020	933	6 087	13.3
Repatriation benefits	1 204	1 170	34	97.2
Annual leave	1 783	689	1 094	38.6
Total	**10 007**	**2 792**	**7 215**	**27.9**

Accrued salaries and allowances

134. Accrued salaries and allowances comprise $0.77 million (2021: $1.09 million) in annual leave for certain individual contractors and compensatory time off, United Nations tax reimbursements of $0.49 million (2021: $0.56 million), repatriation benefits payable of $0.05 million (2021: $0.14 million) and home leave of $1.19 million (2021: $0.07 million).

United Nations Joint Staff Pension Fund

135. 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 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.

136. 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 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 Fund as of the valuation date.

137. The latest actuarial valuation for the Pension Fund was completed as at 31 December 2021, and a roll forward of the participation data as at 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

138. The actuarial valuation as at 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0 per cent (107.1 per cent in the 2019 valuation). The funded ratio was 158.2 per cent (144.4 per cent in the 2019 valuation) when the current system of pension adjustments was not taken into account.

139. After assessing the actuarial sufficiency of the Pension Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2021, 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 the present report, the General Assembly had not invoked the provision of article 26.

140. 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 (2019, 2020 and 2021) amounted to $8,505.27 million, of which 0.09 per cent was contributed by the University.

141. During 2022, contributions paid to the Pension Fund by the University amounted to $2.96 million (2021: $2.70 million). Expected contributions due in 2023 are approximately $3.04 million.

142. 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.

143. 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 by visiting the Fund's website at www.unjspf.org.

Note 17
Lease liabilities

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Finance leases (note 28)		
Current	13	21
Non-current	12	25
Total lease liabilities	**25**	**46**

Note 18
Other liabilities

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Donated right-to-use buildings (note 28)		
Current	2 409	2 239
Non-current	44 957	43 255
Total other liabilities	**47 366**	**45 494**

Note 19
Net assets: accumulated surpluses/(deficits)

(Thousands of United States dollars)

	Operating funds	*End-of-service liabilities fund*	*Total 2022*	*Total 2021*
Balance as at 1 January	**111 017**	**(11 126)**	**99 891**	**88 990**
Actuarial gains/(losses) recognized in net assets	–	4 426	4 426	512
Due to financial assumptions	–	3 434	3 434	100
Due to change in demographic assumptions	–	–	–	13
Due to experience assumptions	–	992	992	399
Share of changes recognized on the net assets of joint ventures: equity method	47	–	47	18
Surplus/(deficit) for the year	(22 676)	(455)	(23 131)	11 871
Transfers to Endowment Fund	(1 775)	–	(1 775)	(1 500)
Balance as at 31 December	**86 613**	**(7 155)**	**79 458**	**99 891**

Note 20
Net assets: Endowment Fund

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Contributed capital (restricted)	285 391	283 616
Accumulated surpluses (restricted)	89 824	158 613
Total Endowment Fund net assets	**375 215**	**442 229**

Movement in Endowment Fund
Contributed capital (restricted)

(Thousands of United States dollars)

	2022	*2021*
Balance as at 1 January	**283 616**	**282 116**
Endowment Fund received	1 775	1 500
Balance as at 31 December	**285 391**	**283 616**

Accumulated surpluses/(deficits): restricted

(Thousands of United States dollars)

	2022	*2021*
Balance as at 1 January	**158 613**	**141 633**
Distribution to operating funds	(1 775)	(17 336)
(Deficit)/surplus for the year	(67 014)	34 316
Balance as at 31 December	**89 824**	**158 613**

Note 21
Voluntary contributions: revenue from non-exchange transactions

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Voluntary monetary contributions	30 827	47 643
Voluntary in-kind contributions	18 952	21 489
Total voluntary contributions received	**49 779**	**69 132**
Refunds	(38)	(92)
Net voluntary contributions received	**49 741**	**69 040**

144. 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 $15.2 million and voluntary contributions receivable of $15.6 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.

145. The net voluntary contributions, amounting to $49.7 million, consist of $34.9 million of contributions for the current year 2022 and $14.8 million for future years, as follows: 2023: $7.7 million; 2024: $3.7 million; 2025: $1.7 million; 2026: $1.5 million; and 2027: $0.2 million.

146. In-kind contributions revenue represents donated right-to-use facilities and premises based on fair rental value. In-kind contributions of services received of $0.60 million during the period are not recognized as revenue and therefore are not included in the above in-kind contributions revenue.

Note 22
Net investment revenue/(expense)

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Summary of revenue and expense from cash pool		
Investment revenue	515	157
Change in fair value	(370)	(113)
Unrealized gains/(losses)	(23)	(6)
Net cash pool revenue/(expense)	**122**	**38**
Summary of revenue/(expense) from Endowment Fund		
Investment revenue	7 518	8 158
Realized gain on sale and maturities of securities	43 819	9 857
Change in fair value	(118 119)	15 452
Net Endowment Fund revenue/(expense)	**(66 782)**	**33 467**
Total net investment revenue/(expense)	**(66 660)**	**33 505**

147. During 2022, the University incurred a net investment expense of $66.7 million, attributable mainly to the $118.1 million unrealized losses from fair value movements in the Endowment Fund investment portfolio.

Note 23
Other revenue: revenue from exchange transactions

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Publications, sales and royalties	8	6
Services rendered	3 100	2 874
Rental revenue	1 087	1 194
Tuition revenue	136	227
Other	115	159
Total other revenue	**4 446**	**4 460**

Note 24
Expenses

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Employee salaries, allowances and benefits		
Salaries and wages	22 000	22 989
Pension benefits	2 957	2 700
Termination and post-employment benefits	1 060	867
Appointment and assignment benefits	405	380
Leave benefits	163	350
Other staff benefits	2 983	1 883
Total employee salaries, allowances and benefits	**29 568**	**29 169**
Rent, leases and utilities		
Rent, leases and utilities	18 367	20 978
Total rent, leases and utilities	**18 367**	**20 978**
Travel		
Travel	3 340	611
Total travel	**3 340**	**611**
Net investment expense		
Net investment expense (note 22)	66 660	–
Total net investment expense	**66 660**	–
Depreciation and amortization		
Depreciation	2 974	2 707
Amortization	19	8
Total depreciation and amortization	**2 993**	**2 715**
Non-employee compensation and allowances		
Contract services with individuals	5 910	6 511
Total non-employee compensation and allowances	**5 910**	**6 511**
Supplies and consumables		
Information technology and communications equipment	346	653
Equipment	45	60
Information technology supplies and software maintenance	359	495
Office supplies	73	33
Other consumables	9	14
Total supplies and consumables	**832**	**1 255**
Other operating expenses		
Contractual services with companies	6 893	7 073
Learning costs	2 395	1 866
Maintenance costs	1 249	1 483
Professional services	1 526	1 504

	31 December 2022	*31 December 2021*
Communications	1 180	1 114
Insurance/warranties	48	57
Recruitment costs	45	62
Security	103	128
Freight costs	10	27
Allowance for doubtful receivables	478	8
Share of deficit/(surplus) joint ventures: equity method	69	(8)
Sundries	34	39
Foreign exchange losses	4 398	3 559
Total other operating expenses	**18 428**	**16 912**
Other expenses		
Hospitality	9	3
Total other expenses	**9**	**3**
Total expenses	**146 107**	**78 154**

148. The increase in total expenses is due mainly to the net investment expense of $66.8 million incurred by the Endowment Fund. While the Endowment Fund generated investment revenue and realized gains on sale and maturities of securities of $51.3 million, these were significantly offset by unrealized losses as a result of fair value movements of $118.1 million (see note 22).

Note 25
Financial instruments, financial risk management and the cash pools

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

Financial assets

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Designated at fair value through surplus or deficit		
Short-term investments: main cash pool	18 706	33 653
Total short-term investments	**18 706**	**33 653**
Long-term investments: main cash pool	9 058	6 290
Long-term investments: Endowment Fund	373 832	440 860
Total long-term investments	**382 890**	**447 150**
Total designated at fair value through surplus or deficit investments	**401 596**	**480 803**
Cash and cash equivalents		
Cash and cash equivalents: main cash pool	4 662	4 923
Cash and cash equivalents: Endowment Fund	2 245	2 647
Cash and cash equivalents: other	11 879	15 461
Total cash and cash equivalents	**18 786**	**23 031**

	31 December 2022	*31 December 2021*
Loans and receivables		
Short-term receivables: voluntary contributions receivable	28 502	26 169
Short-term receivables: other receivables	2 865	3 987
Long-term receivables: voluntary contributions receivable	13 596	24 865
Total loans and receivables	**44 963**	**55 021**
Total cash and cash equivalents, loans and receivables	**63 749**	**78 052**
Total carrying amount of financial assets	**465 345**	**558 855**
Of which relates to financial assets held in main cash pool	32 426	44 867
Of which relates to financial assets held in Endowment Fund	376 077	443 507
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	5 513	8 141
Total carrying amount of financial liabilities	**5 513**	**8 141**
Summary of net revenue from financial assets		
Net cash pool revenue	122	38
Net Endowment Fund revenue/(expense)	(66 782)	33 467
Total net revenue/(expense) from financial assets	**(66 660)**	**33 505**

150. 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.

151. The present note and note 26, 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

152. 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.

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

154. 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.

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

Financial risk management: credit risk

156. 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

157. 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 2022	*31 December 2021*
Credit risk exposure		
Cash and cash equivalents	18 786	23 031
Short-term investments	18 706	33 653
Long-term investments (excludes equity investments)	195 461	226 780
Voluntary contributions receivable	42 098	51 034
Other receivables, excluding advances and deferred charges	2 865	3 987
Total	**277 916**	**338 485**

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

Credit risk: contributions receivable and other receivables

159. 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 2022

(Thousands of United States dollars)

	Gross receivable	*Allowance*
Neither past due nor impaired	44 456	(5 000)
Less than one year	10 359	(6 450)
One to three years	15 700	(14 150)
More than three years	37 062	(37 014)
Total	**107 577**	**(62 614)**

160. 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

161. The University had cash and cash equivalents of $18.79 million as at 31 December 2022, which is the maximum credit exposure on these assets.

Credit risk: cash pools

162. In addition to directly held cash and cash equivalents and investments, the United Nations 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.

163. 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.

164. As at 31 December 2022, the cash pools held total assets of $11,873.9 million (2021: $11,799.7 million), of which $32.4 million was due to the University (2021: $44.9 million), and its share of revenue from the cash pools was $0.145 million (2021: $0.044 million).

Summary of assets and liabilities of the main pool as at 31 December 2022

(Thousands of United States dollars)

	Main pool
Fair value through the surplus or deficit	
Short-term investments	6 789 427
Long-term investments	3 316 889
Total fair value through the surplus or deficit investments	**10 106 316**
Loans and receivables	
Cash and cash equivalents	1 707 288
Accrued investment revenue	60 265
Total loans and receivables	**1 767 553**
Total carrying amount of financial assets	**11 873 869**
Cash pool liabilities	
Payable to UNU	32 426
Payable to other cash pool participants	11 841 443
Total liabilities	**11 873 869**
Net assets	**–**

Summary of revenue and expenses of the main pool for the year ended 31 December 2022

(Thousands of United States dollars)

	Main pool
Investment revenue	178 646
Unrealized (losses)	(137 034)
Investment revenue from main pool	**41 612**
Foreign exchange (losses)	(7 670)
Bank fees	(772)
Operating (losses) from main pool	**(8 442)**
Revenue and expenses from main pool	**33 170**

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

(Thousands of United States dollars)

	Main pool
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)

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

Financial risk management

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

166. 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.

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

Financial risk management: credit risk

168. 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.

169. 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.

170. 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 2022

(Percentage)

Main pool	*Ratings as at 31 December 2022*					*Ratings as at 31 December 2021*			
Bonds (long-term ratings)					**Bonds (long-term ratings)**				
	AAA/AAAu	*AA+u/AA+/AA*		*Not applicable*		*AAA/AAAu*	*AA+u/AA+/AA*	*A-1/A-1+*	*Not applicable*
Standard & Poor's	33.8	65.9		0.3	Standard & Poor's	47.8	48.1	0.4	3.7
	AAA	*AA+/AA/AA-*	*A+*	*Not applicable/ not rated*		*AAA*	*AA+/AA/AA-*		*Not applicable /not rated*
Fitch	61.9	22.5	0.2	15.4	Fitch	61.3	15.7	–	23.0
	Aaa	*Aa1/Aa2/Aa3*		*Not applicable*		*Aaa*	*Aa1/Aa2/Aa3*	*A1*	*Not applicable*
Moody's	66.7	30.9	–	2.4	Moody's	61.1	34.9	0.4	3.6
Commercial papers/certificates of deposit (short-term ratings)					**Commercial papers/certificates of deposit (short-term ratings)**				
	A-1+/A-1					*A-1+/A-1*			
Standard & Poor's	100.0				Standard & Poor's	100.0			
	F1+/F1			*Not rated*		*F1+/F1*			*Not rated*
Fitch	97.7			2.3	Fitch	96.7			3.3
	P-1/P2					*P-1/P-2*			
Moody's	100.0				Moody's	100.0			
Term deposits/demand deposit account (Fitch viability ratings)					**Term deposits/demand deposit account (Fitch viability ratings)**				
	aa-	*a+/a/a-*				*aa/aa-*	*a+/a/a-*		
Fitch	35.9	64.1			Fitch	34.1	65.9		

171. 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 any impaired investments.

Financial risk management: liquidity risk: cash pool

172. 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

173. 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 2022

(Thousands of United States dollars)

	Less than 1 year	*1 to 5 years*	*Longer than 5 years*	*Total*
Assets				
Cash and cash equivalents	18 786	–	–	18 786
Short-term investments	18 706	–	–	18 706
Long-term investments	–	9 058	373 832	382 890
Voluntary contributions receivable	28 502	13 596	–	42 098
Other receivables	2 865	–	–	2 865
Total financial assets	**68 859**	**22 654**	**373 832**	**465 345**

Maturities for financial liabilities as at 31 December 2022

(Undiscounted thousands of United States dollars)

	<3 months	*3 to 12 months*	*>1 year*	*Total*
Accounts payable and accrued liabilities	5 513	–	–	5 513
Total	**5 513**	**–**	**–**	**5 513**

Financial risk management: interest rate risk: main pool

174. 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 five years (2021: three years). The average duration of the main pool on 31 December 2022 was 0.77 years (2021: 0.49 years), which is considered to be an indicator of low risk.

Cash pools interest rate risk sensitivity analysis

175. 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 2022

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Main pool total	168.98	126.73	84.48	42.24	–	(42.23)	(84.46)	(126.69)	(168.91)

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

Shift in yield curve (basis points)	*-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)

Other market price risk

176. 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

177. 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.

178. 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).

179. 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.

180. 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.

181. 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 2022			*31 December 2021*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds – corporate	65 200	–	65 200	29 997	–	29 997
Bonds – non-United States agencies	1 974 662	–	1 974 662	1 595 405	–	1 595 405
Bonds – supranational	789 587	–	789 587	812 539	–	812 539
Bonds – United States treasuries	1 348 056	–	1 348 056	197 390	–	197 390
Bonds – non-United States sovereigns	96 713	–	96 713	90 163	–	90 163
Main pool – commercial papers	–	1 747 461	1 747 461	–	3 033 880	3 033 880
Main pool – certificates of deposit	–	2 654 637	2 654 637	–	2 824 787	2 824 787
Main pool – term deposits	–	1 430 000	1 430 000	–	1 910 000	1 910 000
Total	**4 274 218**	**5 832 098**	**10 106 316**	**2 725 494**	**7 768 667**	**10 494 161**

Note 26
Financial instruments: Endowment Fund

182. 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.

183. 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.

184. 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. In February 2022, the University transitioned towards sustainable investing by integrating environmental, social and governance considerations across asset classes. 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 ESG Focus Index for equities and the Bloomberg Morgan Stanley Capital International United States Universal Choice ESG Screened Index for bonds.

185. 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.

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

Asset class	*Benchmark index*	*Strategic benchmark allocation weight (percentage)*
Equities	Morgan Stanley Capital International All Country World Investible ESG Focus Index	50
Bonds	Bloomberg Morgan Stanley Capital International United States Universal Choice ESG Screened Index	50
Total		**100**

187. The previous benchmark index was as follows:

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

188. 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 2022–2023.

Financial risk management

189. 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.

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

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

	31 December 2022	*31 December 2021*
Equities	187 429	220 371
Bonds	186 403	220 489
Cash	2 245	2 647
Financial assets held in the Endowment Fund	**376 077**	**443 507**

Financial risk management: credit risk

192. 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.

193. 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+.

194. 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 2022	*Total*	*Ratings*
Cash and cash equivalents	2 245	Fitch: 100% F1+
Bonds	186 403	Long-term Standard & Poor's: 64.8% AAA; 2.5% AA; 1% A-1+; 12.4% A; 14.7% BBB
Total	**188 648**	

31 December 2021	*Total*	*Ratings*
Cash and cash equivalent	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**	

195. 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 2022	*31 December 2021*
Sector		
Treasury	67 033	86 237
Government related	13 842	9 661
Corporate	56 169	58 124
Securitized	49 359	66 467
Total bonds	**186 403**	**220 489**

Endowment Fund risk concentration for equities

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Region		
North America	111 992	133 038
Emerging markets	23 147	24 540
Developed markets	52 290	62 793
Total equities	**187 429**	**220 371**

Financial risk management: liquidity risk

196. 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.

197. 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

198. As at 31 December 2022, the effective duration of bonds held by UNU was 5.94 years (2021: 6.64 years).

Endowment Fund interest rate risk sensitivity analysis

199. 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

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
(Millions of United States dollars)									
Increase/(decrease) in fair value									
Sensitivity analysis									
31 December 2022	**22.1**	**16.6**	**11.1**	**5.5**	–	**-5.5**	**-11.1**	**-16.6**	**-22.1**
31 December 2021	**29.3**	**22.0**	**14.6**	**7.3**	–	**-7.3**	**-14.6**	**-22.0**	**-29.3**

Market risk: currency risk

200. 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)

	United States dollars	*Euros*	*British pounds*	*Japanese yen*	*Other*	*Total*
31 December 2022	299 781	16 748	4 427	14 706	38 554	374 216
31 December 2021	355 171	17 736	8 551	13 110	46 660	441 228

Currency risk: sensitivity analysis

201. The following table indicates the currencies to which UNU had significant exposure as at 31 December 2022. 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)

	31 December 2022		*31 December 2021*	
	Net assets and surplus or deficit		*Net assets and surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	(1 523)	1 861	(1 612)	1 971
British pound (10 per cent movement)	(402)	492	(777)	950
Japanese yen (10 per cent movement)	(1 337)	1 634	(1 192)	1 457
Other (10 per cent movement)	(3 505)	4 284	(4 242)	5 184

Other market price risk

202. 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 $9.4 million with an equal change in net assets (2021: $11.0 million).

203. The University is not exposed to any other significant 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

204. 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 2022	*31 December 2021*
	Level 1	*Level 1*
Financial assets at fair value through surplus or deficit		
Equities	187 429	220 371
Bonds	186 403	220 489
Total	**373 832**	**440 860**

Note 27
Related parties

Key management personnel

205. 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, 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.

206. 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 2022

	Total
Number of positions (full-time equivalents)	5

(Thousands of United States dollars)

	Total
Salary and post adjustment	859
Other compensation/entitlements	332
Non-monetary compensation	317
Total remuneration for the year ended 31 December 2022	**1 508**
Outstanding loans and advances at 31 December 2022	–

207. 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.

208. 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

209. 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.

210. 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.

211. 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).

212. During 2022, the unaudited total net cash contribution of $0.17 million, which includes the rental of office space at the UNU headquarters building in Tokyo ($0.04 million), was transferred by the Japan Foundation to the University. Of that amount, $0.13 million was received by the Foundation and $0.04 million came from its reserves. The reserves balance of the Foundation amounted to $4.22 million (unaudited) as at 31 December 2022.

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

213. 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 2022 was $0.07 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 2022	*31 December 2021*
Cost as at 1 January	**65**	**91**
Movement for the year:		
Changes in net assets of jointly controlled operations recognized through statement of changes in net assets	(47)	(18)
Share of deficit/(surplus) for the year in operations of jointly controlled operations recognized through statement of financial performance	68	(8)
Total changes in jointly controlled operations for the year	**86**	**65**
Net liability reported in statement of financial position	**86**	**65**

214. 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 28
Leases and commitments

Finance leases

215. 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 2022	*31 December 2021*
Buildings	54 022	52 516
Furniture and fixtures	28	45
Total net finance lease asset carrying value	**54 050**	**52 561**

216. Other liabilities amounting to $47.37 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.

217. 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)

Minimum lease payments as at	*31 December 2022*	*31 December 2021*
Due in less than 1 year	13	21
Due 1 to 5 years	12	26
Total minimum finance lease obligations	**25**	**47**
Future finance charges	**(0)**	**(1)**
Future minimum finance lease obligations	**25**	**46**

Operating leases

218. 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 $20.01 million. This total includes $18.95 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)

Minimum lease payments as at	*31 December 2022*	*31 December 2021*
Due in less than 1 year	851	920
Due 1 to 5 years	1 531	1 702
Due later than 5 years	2 670	2 931
Total minimum operating lease obligations	**5 052**	**5 553**

219. 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

220. 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)

	31 December 2022	*31 December 2021*
Property, plant and equipment	54	12
Goods and services	13 109	14 998
Total	**13 163**	**15 010**

221. Goods and services disclosed include contracts issued to individual contractors amounting to $9.73 million and contracts on building maintenance, cleaning and security services for the University headquarters building in Tokyo amounting to $0.92 million.

Note 29
Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities

222. 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 2022, there were no material provisions recognized or contingent liabilities to disclose.

Contingent assets

223. 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.

224. As at 31 December 2022, contingent assets for future contributions amounted to $6.29 million (2021: $8.14 million). The contributions will be recognized in future periods when revenue recognition criteria are met.

Note 30
Events after the reporting date

225. 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 2022, 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*
Assets							
Current assets							
Cash and cash equivalents	11 346	–	1 909	26	118	1	–
Investments	16 003	–	1 137	104	–	–	–
Voluntary contributions receivable	8 357	–	5 165	1 676	111	344	–
Other receivables	251	7	61	272	–	16	–
Other assets	250	30	126	13	1	6	–
Inter-fund balances receivable	–	350	5 463	4 981	898	308	355
Total current assets	**36 207**	**387**	**13 861**	**7 072**	**1 128**	**675**	**355**
Non-current assets							
Investments	7 749	–	551	50	–	–	–
Voluntary contributions receivable	765	–	2 046	64	–	19	–
Property, plant and equipment	173	42 968	166	75	10 920	105	–
Intangible assets	197	–	24	4	–	–	–
Other assets	167	–	–	–	17	–	–
Total non-current assets	**9 051**	**42 968**	**2 787**	**193**	**10 937**	**124**	**–**
Total assets	**45 258**	**43 355**	**16 648**	**7 265**	**12 065**	**799**	**355**
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	257	44	46	261	47	39	9
Advance receipts and deferred revenue	–	–	417	–	–	–	–
Employee benefits liabilities	1 146	14	487	71	31	9	9
Lease liabilities	8	–	5	–	–	–	–
Other liabilities	–	1 946	–	–	410	6	–
Inter-fund balances payable	30 600	–	–	–	–	–	–
Total current liabilities	**32 011**	**2 004**	**955**	**332**	**488**	**54**	**18**

Statement of financial position as at 31 December 2022 (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	–	–	–	–	40	–	–
Employee benefits liabilities	–	–	–	–	–	–	–
Lease liabilities	12	–	–	–	–	–	–
Other liabilities	–	35 142	–	–	9 018	88	–
Share of joint ventures: equity method	28	1	11	6	5	1	–
Total non-current liabilities	**40**	**35 143**	**11**	**6**	**9 063**	**89**	**–**
Total liabilities	**32 051**	**37 147**	**966**	**338**	**9 551**	**143**	**18**
Net of total assets and total liabilities	**13 207**	**6 208**	**15 682**	**6 927**	**2 514**	**656**	**337**
Net assets							
Accumulated surpluses/(deficits)	13 207	6 208	15 682	6 927	2 514	656	337
Endowment Fund	–	–	–	–	–	–	–
Total net assets	**13 207**	**6 208**	**15 682**	**6 927**	**2 514**	**656**	**337**

Statement of financial position as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Operating funds							
	UNU-IAS	*UNU-INWEH*	*UNU-CRIS*	*UNU-EHS*	*UNU-IIGH*	*UNU-FLORES*	*UNU-IRADDA*	*UNU-IESR*
Assets								
Current assets								
Cash and cash equivalents	–	2 415	–	382	–	–	–	–
Investments	–	78	–	–	–	–	–	–
Voluntary contributions receivable	1 013	95	1 311	6 697	294	2 439	–	–
Other receivables	4	15	–	143	3	13	–	–
Other assets	27	–	5	15	46	1	–	–
Inter-fund balances receivable	6 696	–	1 279	4 565	3 381	1 917	–	–
Total current assets	**7 740**	**2 603**	**2 595**	**11 802**	**3 724**	**4 370**	**–**	**–**
Non-current assets								
Investments	–	38	–	–	–	–	–	–
Voluntary contributions receivable	13	2 950	3 884	1 753	232	1 870	–	–
Property, plant and equipment	11	2	2	27	762	17	–	–
Intangible assets	–	–	–	7	–	–	–	–
Other assets	–	–	–	–	–	–	–	–
Total non-current assets	**24**	**2 990**	**3 886**	**1 787**	**994**	**1 887**	**–**	**–**
Total assets	**7 764**	**5 593**	**6 481**	**13 589**	**4 718**	**6 257**	**–**	**–**
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	206	3	490	49	114	7	–	–
Advance receipts and deferred revenue	427	–	–	421	33	–	–	–
Employee benefits liabilities	277	67	22	215	56	97	–	–
Lease liabilities	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	47	–	–	–
Inter-fund balances payable	–	46	–	–	–	–	–	–
Total current liabilities	**910**	**116**	**512**	**685**	**250**	**104**	**–**	**–**

Statement of financial position as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Operating funds							
	UNU-IAS	*UNU-INWEH*	*UNU-CRIS*	*UNU-EHS*	*UNU-IIGH*	*UNU-FLORES*	*UNU-IRADDA*	*UNU-IESR*
Non-current liabilities								
Advance receipts and deferred revenue	–	–	–	–	–	–	–	–
Employee benefits liabilities	–	–	–	–	–	–	–	–
Lease liabilities	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	709	–	–	–
Share of joint ventures: equity method	9	5	2	8	5	5	–	–
Total non-current liabilities	**9**	**5**	**2**	**8**	**714**	**5**	**–**	**–**
Total liabilities	**919**	**121**	**514**	**693**	**964**	**109**	**–**	**–**
Net of total assets and total liabilities	**6 845**	**5 472**	**5 967**	**12 896**	**3 754**	**6 148**	**–**	**–**
Net assets								
Accumulated surpluses/(deficits)	6 845	5 472	5 967	12 896	3 754	6 148	–	–
Endowment Fund	–	–	–	–	–	–	–	–
Total net assets	**6 845**	**5 472**	**5 967**	**12 896**	**3 754**	**6 148**	**–**	**–**

Statement of financial position as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Total operating funds	*Endowment Fund*	*End-of-services and post-retirement liabilities*	*Elimination*	*Total UNU*
Assets					
Current assets					
Cash and cash equivalents	16 197	2 244	345	–	18 786
Investments	17 322	–	1 384	–	18 706
Voluntary contributions receivable	27 502	1 000	–	–	28 502
Other receivables	785	2 080	–	–	2 865
Other assets	520	–	–	–	520
Inter-fund balances receivable	30 193	16 583	453	(47 229)	–
Total current assets	**92 519**	**21 907**	**2 182**	**(47 229)**	**69 379**
Non-current assets					
Investments	8 388	373 832	670	–	382 890
Voluntary contributions receivable	13 596	–	–	–	13 596
Property, plant and equipment	55 228	–	–	–	55 228
Intangible assets	232	–	–	–	232
Other assets	184	–	–	–	184
Total non-current assets	**77 628**	**373 832**	**670**	**–**	**452 130**
Total assets	**170 147**	**395 739**	**2 852**	**(47 229)**	**521 509**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	1 572	3 941	–	–	5 513
Advance receipts and deferred revenue	1 298	–	–	–	1 298
Employee benefits liabilities	2 501	–	422	–	2 923
Lease liabilities	13	–	–	–	13
Other liabilities	2 409	–	–	–	2 409
Inter-fund balances payable	30 646	16 583	–	(47 229)	–
Total current liabilities	**38 439**	**20 524**	**422**	**(47 229)**	**12 156**

Statement of financial position as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Total operating funds	*Endowment Fund*	*End-of-services and post-retirement liabilities*	*Elimination*	*Total UNU*
Non-current liabilities					
Advance receipts and deferred revenue	40	–	–	–	40
Employee benefits liabilities	–	–	9 585	–	9 585
Lease liabilities	12	–	–	–	12
Other liabilities	44 957	–	–	–	44 957
Share of joint ventures: equity method	86	–	–	–	86
Total non-current liabilities	**45 095**	**–**	**9 585**	**–**	**54 680**
Total liabilities	**83 534**	**20 524**	**10 007**	**(47 229)**	**66 836**
Net of total assets and total liabilities	**86 613**	**375 215**	**(7 155)**	**–**	**454 673**
Net assets					
Accumulated surpluses/(deficits)	86 613	–	(7 155)	–	79 458
Endowment Fund	–	375 215	–	–	375 215
Total net assets	**86 613**	**375 215**	**(7 155)**	**–**	**454 673**

Annex II

Statement of financial performance for the year ended 31 December 2022, 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	7 410	16 945	4 865	1 696	778	619	13
Investment revenue	–	–	–	–	–	–	–
Other revenue	2 035	1 214	827	586	253	14	–
Transfers from the Endowment Fund	1 775	–	–	–	–	–	–
Total revenue	**11 220**	**18 159**	**5 692**	**2 282**	**1 031**	**633**	**13**
Expenses							
Employee salaries, allowances and benefits	9 589	364	4 963	1 391	1 108	336	63
Rent, leases and utilities	855	15 337	434	388	249	85	13
Travel	900	1	1 096	85	25	66	13
Investment expense (net)	(108)	–	(5)	(1)	–	–	–
Depreciation and amortization	76	2 257	92	4	477	13	–
Non-employee compensation and allowances	1 139	–	2 014	160	52	259	4
Supplies and consumables	323	26	131	22	27	23	3
Other operating expenses	4 234	1 222	4 589	1 910	269	105	248
Other expenses	5	–	2	–	–	–	–
Endowment Fund expense allocation	–	–	–	–	–	–	–
Total expenses	**17 013**	**19 207**	**13 316**	**3 959**	**2 207**	**887**	**344**
Surplus/(deficit) for the year	**(5 793)**	**(1 048)**	**(7 624)**	**(1 677)**	**(1 176)**	**(254)**	**(331)**

Statement of financial performance for the year ended 31 December 2022 (continued)

(Thousands of United States dollars)

	Operating funds						
	UNU-IAS	*UNU-INWEH*	*UNU-CRIS*	*UNU-EHS*	*UNU-IIGH*	*UNU-FLORES*	*UNU-IESR*
Revenue							
Voluntary contributions	5 074	203	6 967	3 141	979	1 051	–
Investment revenue	–	–	–	–	–	–	–
Other revenue	660	5	48	658	306	173	–
Transfers from the Endowment Fund	–	–	–	–	–	–	–
Total revenue	**5 734**	**208**	**7 015**	**3 799**	**1 285**	**1 224**	**–**
Expenses							
Employee salaries, allowances and benefits	2 812	1 097	492	3 710	1 556	1 623	–
Rent, leases and utilities	25	109	198	387	55	232	–
Travel	479	8	45	473	104	45	–
Investment expense (net)	–	–	–	–	–	–	–
Depreciation and amortization	2	2	(1)	14	47	10	–
Non-employee compensation and allowances	557	60	34	943	443	255	–
Supplies and consumables	110	17	38	36	24	52	–
Other operating expenses	1 528	414	1 061	3 731	666	543	–
Other expenses	1	–	–	1	–	–	–
Endowment Fund expense allocation	–	–	–	–	–	–	–
Total expenses	**5 514**	**1 707**	**1 867**	**9 295**	**2 895**	**2 760**	**–**
Surplus/(deficit) for the year	**220**	**(1 499)**	**5 148**	**(5 496)**	**(1 610)**	**(1 536)**	**–**

Statement of financial performance for the year ended 31 December 2022 (continued)

(Thousands of United States dollars)

	Total operating funds	*Endowment Fund*	*End-of-services and post-retirement liabilities*	*Elimination*	*Total UNU*
Revenue					
Voluntary contributions	49 741	–	–	–	49 741
Investment revenue	–	–	–	–	–
Other revenue	6 779	33	453	(2 819)	4 446
Transfers from the Endowment Fund	1 775	–	–	(1 775)	–
Total revenue	**58 295**	**33**	**453**	**(4 594)**	**54 187**
Expenses					
Employee salaries, allowances and benefits	29 104	–	917	(453)	29 568
Rent, leases and utilities	18 367	–	–	–	18 367
Travel	3 340	–	–	–	3 340
Investment expense (net)	(114)	66 782	(8)	–	66 660
Depreciation and amortization	2 993	–	–	–	2 993
Non-employee compensation and allowances	5 920	–	–	(10)	5 910
Supplies and consumables	832	–	–	–	832
Other operating expenses	20 520	264	–	(2 356)	18 428
Other expenses	9	–	–	–	9
Endowment Fund expense allocation	–	1 775	–	(1 775)	–
Total expenses	**80 971**	**68 821**	**909**	**(4 594)**	**146 107**
Surplus/(deficit) for the year	**(22 676)**	**(68 788)**	**(456)**	**–**	**(91 920)**

Annex III

Statement of appropriations as at 31 December 2022

(Thousands of United States dollars)

	Appropriations			Expenditures			
Appropriation sections	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
UNU Centre							
Research, training networks and dissemination	3 125	5 185	8 310	7 276	336	7 612	698
Staff and other personnel costs	9 101	50	9 151	5 754	46	5 800	3 351
General expenses	2 348	(50)	2 298	1 788	27	1 815	483
Subtotal	**14 574**	**5 185**	**19 759**	**14 818**	**409**	**15 227**	**4 532**
UNU headquarters building							
Research, training networks and dissemination	–	–	–	–	–	–	–
Staff and other personnel costs	349	41	390	364	4	368	22
General expenses	3 170	(770)	2 400	2 025	96	2 121	279
Subtotal	**3 519**	**(729)**	**2 790**	**2 389**	**100**	**2 489**	**301**
UNU-WIDER							
Research, training networks and dissemination	9 434	(754)	8 680	7 507	94	7 601	1 079
Staff and other personnel costs	3 957	(104)	3 853	3 226	–	3 226	627
General expenses	862	4	866	514	34	548	318
Subtotal	**14 253**	**(854)**	**13 399**	**11 247**	**128**	**11 375**	**2 024**
UNU-MERIT							
Research, training networks and dissemination	2 417	–	2 417	1 792	2	1 794	623
Staff and other personnel costs	2 126	–	2 126	1 275	20	1 295	831
General expenses	1 093	–	1 093	616	113	729	364
Subtotal	**5 636**	**–**	**5 636**	**3 683**	**135**	**3 818**	**1 818**
UNU-IIST							
Research, training networks and dissemination	123	226	349	236	13	249	100
Staff and other personnel costs	1 599	(475)	1 124	1 013	–	1 013	111
General expenses	679	100	779	475	–	475	304
Subtotal	**2 401**	**(149)**	**2 252**	**1 724**	**13**	**1 737**	**515**

Statement of appropriations as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Appropriations			Expenditures			
Appropriation sections	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
UNU-INRA							
Research, training networks and dissemination	344	18	362	236	59	295	67
Staff and other personnel costs	394	–	394	376	–	376	18
General expenses	117	23	140	133	7	140	–
Subtotal	**855**	**41**	**896**	**745**	**66**	**811**	**85**
UNU-BIOLAC							
Research, training networks and dissemination	553	(150)	403	231	15	246	157
Staff and other personnel costs	88	–	88	69	1	70	18
General expenses	68	(20)	48	25	–	25	23
Subtotal	**709**	**(170)**	**539**	**325**	**16**	**341**	**198**
UNU-CRIS							
Research, training networks and dissemination	779	(204)	575	476	83	559	16
Staff and other personnel costs	550	(26)	524	479	–	479	45
General expenses	475	(20)	455	118	304	422	33
Subtotal	**1 804**	**(250)**	**1 554**	**1 073**	**387**	**1 460**	**94**
UNU-IAS							
Research, training networks and dissemination	6 542	(1 765)	4 777	4 425	282	4 707	70
Staff and other personnel costs	690	–	690	561	12	573	117
General expenses	294	15	309	134	3	137	172
Subtotal	**7 526**	**(1 750)**	**5 776**	**5 120**	**297**	**5 417**	**359**
UNU-INWEH							
Research, training networks and dissemination	200	48	248	118	–	118	130
Staff and other personnel costs	1 227	–	1 227	1 076	–	1 076	151
General expenses	335	–	335	175	–	175	160
Subtotal	**1 762**	**48**	**1 810**	**1 369**	–	**1 369**	**441**

Statement of appropriations as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Appropriations			*Expenditures*			
Appropriation sections	*Original*	*Changes*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered balance*
UNU-EHS							
Research, training networks and dissemination	7 308	(300)	7 008	6 847	153	7 000	8
Staff and other personnel costs	1 158	(42)	1 116	952	4	956	160
General expenses	270	42	312	310	–	310	2
Subtotal	**8 736**	**(300)**	**8 436**	**8 109**	**157**	**8 266**	**170**
UNU-IIGH							
Research, training networks and dissemination	798	494	1 292	1 025	118	1 143	149
Staff and other personnel costs	1 524	–	1 524	1 389	2	1 391	133
General expenses	333	–	333	270	–	270	63
Subtotal	**2 655**	**494**	**3 149**	**2 684**	**120**	**2 804**	**345**
UNU-FLORES							
Research, training networks and dissemination	529	37	566	538	2	540	26
Staff and other personnel costs	1 641	(189)	1 452	1 383	1	1 384	68
General expenses	194	5	199	184	1	185	14
Subtotal	**2 364**	**(147)**	**2 217**	**2 105**	**4**	**2 109**	**108**
UNU-IRADDA							
Research, training networks and dissemination	–	–	–	–	–	–	–
Staff and other personnel costs	–	–	–	–	–	–	–
General expenses	–	–	–	–	–	–	–
Subtotal	–	–	–	**–**	**–**	**–**	–
Grand total	**66 794**	**1 419**	**68 213**	**55 391**	**1 832**	**57 223**	**10 990**

Annex IV

Statement of contributions, January to December 2022

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU Centre				
Vice Rectorate in Europe				
Government donations				
Germany, Federal Ministry of Education and Research	–	817	213	1 030
Non-government donations				
European Commission				
European Union (European Commission)	–	235	–	235
Other				
International Development Research Centre	–	801	–	801
Centre for Policy Research				
Government donations				
Australia, Department of Foreign Affairs and Trade	–	51	–	51
Norway, Ministry of Foreign Affairs	–	342	–	342
Permanent Mission of Liechtenstein to the United Nations	–	433	–	433
Sweden, Swedish International Development Cooperation Agency, Unit for Research Cooperation	–	298	–	298
United Kingdom of Great Britain and Northern Ireland, Home Office	–	(1)	–	(1)
Non-government donations				
United Nations organizations				
Executive Office of the Secretary-General	–	286	–	286
International Organization for Migration	–	46	–	46
United Nations Development Programme	–	50	–	50
United Nations Foundation	–	209	–	209
Other				
Coventry University	–	149	–	149
Geneva Graduate Institute	–	26	–	26
Global Initiative against Transnational Organized Crime	–	–	53	53
International Development Research Centre	–	148	–	148

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
LGT Group	–	104	–	104
Liechtenstein Bankers' Association	–	20	–	20
Robert Bosch Stiftung GmbH	–	502	–	502
Stiftelsen Global Challenges Foundation	–	184	–	184
Stiftung Fürstlicher Kommerzienrat Guido Feger Foundation	–	29	–	29
Tarom Foundation	–	26	–	26
United States Institute of Peace	–	278	–	278
Centre for Policy Research, Geneva				
Government donations				
Switzerland, Federal Department of Foreign Affairs	–	722	–	722
Office of the Rector				
Government donations				
Japan, Ministry of Foreign Affairs	–	1 163	–	1 163
Non-government donations				
Other				
Farmer's Market Association, Tokyo	–	71	–	71
UNU Centre, Kuala Lumpur				
Government donations				
Malaysia, Ministry of Higher Education	–	–	24	24
E-governance				
Government donations				
Portugal	–	–	112	112
Portugal, Administrative Modernization Agency	–	11	–	11
Non-government donations				
European Commission				
EIT KIC Urban Mobility SL	–	4	–	4
Other				
SDAC – Digital Solutions to Support Communities	–	4	–	4
UNU Centre	**–**	**7 008**	**402**	**7 410**

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU headquarters building and land				
Government donations				
Japan, Ministry of Foreign Affairs	–	–	16 945	16 945
UNU headquarters building and land	**–**	**–**	**16 945**	**16 945**
UNU-WIDER				
Government donations				
Finland, Ministry of Environment	–	–	386	386
France, French Development Agency	–	179	–	179
South Africa, National Treasury	–	2 669	–	2 669
United Kingdom, Department for International Development	–	1 236	–	1 236
Non-government donations				
United Nations organizations				
United Nations Development Programme, Multi-Partner Trust Fund Office	–	224	–	224
Other				
Institute of Development Studies	–	66	–	66
Peace Process Support – The Secretariat	–	105	–	105
UNU-WIDER	**–**	**4 479**	**386**	**4 865**
UNU-MERIT				
Government donations				
Maastricht City Council	–	287	–	287
Netherlands (Kingdom of the), Ministry of Education, Culture and Science	–	1 067	–	1 067
Non-government donations				
Other				
Maastricht Graduate School of Governance	–	60	–	60
Stichting Deltares	–	20	–	20
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	262	–	262
UNU-MERIT	**–**	**1 696**	**–**	**1 696**

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU-IIST				
Government donations				
Macao Foundation	–	252	410	662
Non-government donations				
United Nations organizations				
International Telecommunication Union	–	80	–	80
Other				
Foundation for the Graduate Institute of International and Development Studies	–	36	–	36
UNU-IIST	**–**	**368**	**410**	**778**
UNU-INRA				
Government donations				
Ghana, Ministry of Education	–	–	54	54
Zambia	–	–	31	31
Non-government donations				
United Nations organizations				
Economic Commission for Africa	–	292	–	292
Other				
West African Science Service Centre on Climate Change and Adapted Land Use	–	242	–	242
UNU-INRA	**–**	**534**	**85**	**619**
UNU-BIOLAC				
Government donations				
Venezuela (Bolivarian Republic of the)	–	–	13	13
UNU-BIOLAC	**–**	**–**	**13**	**13**

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU-CRIS				
Government donations				
Belgium	–	5 662	177	5 839
Non-government donations				
Other				
University of Ghent	–	351	–	351
Vrije Universiteit Brussel	–	777	–	777
UNU-CRIS	**–**	**6 790**	**177**	**6 967**
UNU-IAS				
Government donations				
City of Yokohama	–	–	13	13
Ibaraki Prefecture Board of Education	–	6	–	6
Ishikawa Prefecture	–	186	–	186
Japan, Ministry of Education, Culture, Sports, Science and Technology	–	980	–	980
Japan, Ministry of the Environment	–	3 373	–	3 373
Kanazawa City	–	189	–	189
Korea Environment Corporation	–	77	–	77
Non-government donations				
Other				
Asia-Pacific Network for Global Change Research	–	14	–	14
Chiba University of Commerce	–	4	–	4
Ehime University	–	4	–	4
Hiroshima University	–	4	–	4
Hokkaido University	–	4	–	4
International Christian University	–	4	–	4
International University of Japan	–	4	–	4
Japan Foundation for the United Nation University	–	18	–	18
Japan Science and Technology Agency	–	42	–	42
Japan Society For The Promotion Of Science	–	34	–	34

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
Kanagawa University	–	4	–	4
Kanazawa University	–	4	–	4
Keio University	–	4	–	4
Kwansei Gakuin University	–	4	–	4
Kyushu Sangyo University	–	4	–	4
Nara University Education	–	4	–	4
Notre Dame Seishin University	–	4	–	4
Ochanomizu University	–	4	–	4
Okayama University	–	4	–	4
Okinawa Institute of Science and Technology Graduate University	–	4	–	4
Osaka Medical and Pharmaceutical University	–	4	–	4
Osaka Metropolitan University	–	4	–	4
Osaka University, Institute for Academic Initiatives	–	4	–	4
Ryukoku University	–	4	–	4
Showa University of Music	–	3	–	3
Soka University	–	4	–	4
Sophia University Tokyo	–	4	–	4
Sumitomo Foundation	–	14	–	14
Tokai University	–	4	–	4
Tokyo City University	–	4	–	4
Tokyo Institute of Technology	–	4	–	4
Tokyo University of Foreign Studies	–	4	–	4
Tokyo University Science	–	4	–	4
Toyo University	–	4	–	4
University of Kitakyushu	–	4	–	4
University of Tokyo	–	4	–	4
University of Tsukuba	–	4	–	4
Wakayama University	–	1	–	1
UNU-IAS	**–**	**5 061**	**13**	**5 074**

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU-INWEH				
Non-government donations				
United Nations organizations				
United Nations Environment Programme	–	203	–	203
UNU-INWEH	**–**	**203**	**–**	**203**
UNU-EHS				
Government donations				
Germany, Federal Ministry of Education and Research	–	955	245	1 200
Non-government donations				
European Commission				
European Union (European Commission)	–	250	–	250
United Nations organizations				
United Nations Development Programme Multi-Partner Trust Fund Office	–	230	–	230
United Nations Convention to Combat Desertification secretariat	–	51	–	51
United Nations Framework Convention on Climate Change	–	(121)	–	(121)
United Nations Office for Disaster Risk Reduction	–	99	–	99
Other				
Alexander von Humboldt Foundation	–	2	–	2
CIMA Research Foundation	–	125	–	125
German Agency for International Cooperation	–	266	–	266
Eurac Research	–	43	–	43
International Development Research Centre	–	(3)	–	(3)
Munich Climate Insurance Initiative	–	153	–	153
OroVerde – Tropical Forest Foundation	–	22	–	22
Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH	–	824	–	824
UNU-EHS	**–**	**2 896**	**245**	**3 141**

Statement of contributions, January to December 2022 (continued)

(Thousands of United States dollars)

	Endowment Fund contribution	*Operating contribution*	*Voluntary in-kind contributions*	*Total*
UNU-IIGH				
Government donations				
Malaysia, Ministry of Higher Education	–	–	47	47
Non-government donations				
Other				
International Development Research Centre	–	890	–	890
London School of Hygiene and Tropical Medicine	–	42	–	42
UNU-IIGH		**932**	**47**	**979**
UNU-FLORES				
Government donations				
Germany, Federal Ministry of Education and Research	–	639	–	639
Saxon State Ministry for Higher Education, Research and the Arts	–	(32)	229	197
Non-government donations				
Other				
Alexander von Humboldt Foundation	–	6	–	6
BoB Immobilienkonzepte GmbH	–	307	–	307
Global Change Research Institute of the Czech Academy of Sciences	–	(101)	–	(101)
Individual customers	–	3	–	3
UNU-FLORES	**–**	**822**	**229**	**1 051**
Grand total	**–**	**30 789**	**18 952**	**49 741**

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 2022

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
Operating funds					
UNU Centre					
Government donations					
Australia, Department of Foreign Affairs and Trade	–	51	(33)	(1)	17
Germany, Federal Ministry of Education and Research	2 920	817	(1 783)	(193)	1 761
Japan, Ministry of Foreign Affairs	–	1 163	(1 163)	–	–
Netherlands (Kingdom of the), Ministry of Foreign Affairs	367	–	(332)	–	35
Norwegian Agency for Development Cooperation	1 615	–	(646)	(240)	729
Norway, Ministry of Foreign Affairs	–	342	(342)	–	–
Permanent Mission of Liechtenstein to the United Nations	–	433	–	–	433
Portugal	5 000	–	–	–	5 000
Portugal, Administrative Modernization Agency	–	11	(11)	–	–
Sweden, Swedish International Development Cooperation Agency, Unit for Research Cooperation	–	298	(298)	–	–
Switzerland, Federal Department of Foreign Affairs	216	722	(485)	24	477
United Kingdom of Great Britain and Northern Ireland, Foreign and Commonwealth Office	85	–	(85)	–	–
United Kingdom, Home Office	328	(1)	(307)	(20)	–
Non-government donations					
European Commission					
EIT KIC Urban Mobility	–	4	(4)	–	–
European Union (European Commission)[a]	25	44	(70)	1	–
United Nations organizations					
Executive Office of the Secretary-General	–	286	(286)	–	–
International Organization for Migration	–	46	(46)	–	–
United Nations Development Programme	295	50	(305)	–	40
United Nations Foundation	–	209	(209)	–	–

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
Other					
Coventry University	–	149	(35)	(1)	113
Farmer's Market Association, Tokyo	12	71	(76)	(1)	6
Geneva Graduate Institute	–	26	–	1	27
Humanity United	50	–	(50)	–	–
International Development Research Centre	–	949	(347)	(49)	553
LGT Group	–	104	–	4	108
Liechtenstein Bankers' Association	23	20	(21)	1	23
Robert Bosch Stiftung GmbH	–	502	(502)	–	–
SDAC – Digital Solutions to Support Communities	–	4	(4)	–	–
Stiftelsen Global Challenges Foundation	44	184	(207)	(2)	19
Stiftung Fürstlicher Kommerzienrat Guido Feger Foundation	–	29	–	1	30
Tarom Foundation	–	26	–	1	27
United States Institute of Peace	–	278	(51)	–	227
UNU Centre	**10 980**	**6 817**	**(7 698)**	**(474)**	**9 625**
UNU-WIDER					
Government donations					
Finland, Ministry of Foreign Affairs	5 561	–	(2 312)	(321)	2 928
France, French Development Agency	–	179	(123)	(3)	53
Norway	5 470	–	(3 810)	(597)	1 063
South Africa, National Treasury	–	2 669	(1 252)	(151)	1 266
Sweden, Swedish International Development Cooperation Agency, Unit for Research Cooperation	1 771	–	(781)	(226)	764
United Kingdom, Department for International Development	–	1 236	(366)	(27)	843
Non-government donations					
United Nations organizations					
United Nations Development Programme Multi-Partner Trust Fund Office	–	225	(225)	–	–

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
Other					
Institute of Development Studies	160	66	(148)	(11)	67
Peace Process Support – The Secretariat	–	105	(105)	–	–
University of Copenhagen, Department of Economics	356	–	(108)	(21)	227
UNU-WIDER	**13 318**	**4 480**	**(9 230)**	**(1 357)**	**7 211**
UNU-MERIT					
Government donations					
Maastricht City Council	–	287	–	20	307
Netherlands (Kingdom of the), Ministry of Education, Culture and Science	1 170	1 067	(1 120)	17	1 134
Non-government donations					
Other					
European Investment Bank	341	–	(21)	(21)	299
Maastricht Graduate School of Governance	–	60	(60)	–	–
Stichting Deltares	–	20	(20)	–	–
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	262	(262)	–	–
University of Sussex	14	–	(12)	(2)	–
WASTE	45	–	(45)	–	–
UNU-MERIT	**1 570**	**1 696**	**(1 540)**	**14**	**1 740**
UNU-IIST					
Government donations					
Macao Foundation	5	207	(113)	1	100
Non-government donations					
European Commission					
European Union (European Commission)	–	16	(16)	–	–
United Nations organizations					
International Telecommunication Union	–	80	(80)	–	–

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
Other					
Foundation for the Graduate Institute of International and Development Studies	–	36	(26)	1	11
UNU-IIST	**5**	**339**	**(235)**	**2**	**111**
UNU-INRA					
Non-government donations					
United Nations organizations					
Economic Commission for Africa	–	292	(120)	–	172
Other					
International Development Research Centre	28	–	–	(2)	26
West African Science Service Centre on Climate Change and Adapted Land Use	–	241	(69)	(9)	163
UNU-INRA	**28**	**533**	**(189)**	**(11)**	**361**
UNU-CRIS					
Government donations					
Belgium	113	5 662	(1 041)	(317)	4 417
Non-government donations					
Other					
University of Ghent	–	351	(65)	(19)	267
Vrije Universiteit Brussel	–	777	(229)	(37)	511
UNU-CRIS	**113**	**6 790**	**(1 335)**	**(373)**	**5 195**
UNU-IAS					
Government donations					
Ibaraki Prefecture Board of Education	–	6	(6)	–	–
Ishikawa Prefecture	43	186	(188)	(3)	38
Japan, Ministry of Education, Culture, Sports, Science and Technology	–	980	(980)	–	–
Japan, Ministry of the Environment	–	3 373	(2 506)	41	908
Kanazawa City	44	189	(188)	(7)	38

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
Non-government donations					
United Nations organizations					
United Nations Educational, Scientific and Cultural Organization	24	–	(24)	–	–
Other					
Asia-Pacific Network for Global Change Research	16	14	(8)	–	22
Chiba University of Commerce	–	4	(4)	–	–
Ehime University	–	4	(4)	–	–
Hiroshima University	–	4	(4)	–	–
Hokkaido University	–	4	(4)	–	–
International Christian University	–	4	(4)	–	–
International University of Japan	–	4	(4)	–	–
Japan Foundation for the United Nation University	–	123	(123)	–	–
Japan Science and Technology Agency	–	43	(43)	–	–
Japan Society for the Promotion of Science	27	34	(37)	(4)	20
Kanagawa University	–	4	(4)	–	–
Kanazawa University	–	4	(4)	–	–
Keio University	–	4	(4)	–	–
Korea Environment Corporation	–	77	(77)	–	–
Kwansei Gakuin University	–	4	(4)	–	–
Kyushu Sangyo University	–	4	(4)	–	–
Nara University	–	4	(4)	–	–
Notre Dame Seishin University	–	4	(4)	–	–
Ochanomizu University	–	4	(4)	–	–
Okayama University	–	4	(4)	–	–
Okinawa Institute of Science and Technology Graduate University	–	4	(4)	–	–
Osaka Medical and Pharmaceutical University	–	4	(4)	–	–
Osaka Metropolitan University	–	3	(3)	–	–
Osaka University, Institute for Academic Initiatives	–	4	(4)	–	–

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
Resona Holdings	–	93	(93)	–	–
Ryukoku University	–	4	(4)	–	–
Showa University of Music	–	3	(3)	–	–
Soka University	–	4	(4)	–	–
Sophia University	–	4	(4)	–	–
Sumitomo Foundation	–	14	(14)	–	–
Tokai University	–	4	(4)	–	–
Tokyo City University	–	4	(4)	–	–
Tokyo Institute of Technology	–	4	(4)	–	–
Tokyo University of Foreign Studies	–	4	(4)	–	–
Tokyo University of Science	–	4	(4)	–	–
Toyo University	–	4	(4)	–	–
University of Kitakyushu	–	4	(4)	–	–
University of Tokyo	–	4	(4)	–	–
University of Tsukuba	–	4	(4)	–	–
Wakayama University	–	1	(1)	–	–
UNU-IAS	**154**	**5 259**	**(4 414)**	**27**	**1 026**
UNU-INWEH					
Government donations					
Canada, Department of Foreign Affairs, Trade and Development	4 684	–	(1 546)	(188)	2 950
Non-government donations					
United Nations organizations					
United Nations Environment Programme	–	203	(178)	–	25
Other					
McMaster University	148	–	(69)	(9)	70
UNU-INWEH	**4 832**	**203**	**(1 793)**	**(197)**	**3 045**

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
UNU-EHS					
Government donations					
Germany, Federal Ministry for Environment, Nature Conservation and Nuclear Safety	4 760	–	(1 484)	(384)	2 892
Germany, Federal Ministry of Education and Research	3 282	955	(1 622)	(217)	2 398
Ministry of Education and Research Nord Rhein Westerfalia	1 135	–	(522)	(81)	532
Non-government donations					
European Commission					
European Union (European Commission)	–	215	(215)	–	–
United Nations organizations					
United Nations Development Programme Multi-Partner Trust Fund Office	–	230	(230)	–	–
United Nations Convention to Combat Desertification secretariat	–	51	(51)	–	–
United Nations Framework Convention on Climate Change secretariat	522	(121)	(346)	1	56
United Nations Office for Disaster Risk Reduction	–	99	(99)	–	–
Other					
Alexander von Humboldt Foundation	–	2	(2)	–	–
CIMA Research Foundation	–	125	(34)	(3)	88
Eurac Research	795	43	(401)	(63)	374
Frankfurt School of Finance and Management	47	–	(42)	(5)	–
German Aerospace Centre	23	–	(22)	(1)	–
German Agency for International Cooperation	–	266	(179)	–	87
German Research Foundation	177	–	(163)	(7)	7
International Development Research Centre	17	(3)	(14)	–	–
Munich Climate Insurance Initiative	1 604	152	(462)	(97)	1 197
Munich Re Foundation	119	–	(64)	(7)	48
Newcastle University	104	–	(20)	(11)	73

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
OroVerde – Tropical Forest Foundation	–	22	(22)	–	–
Zukunft – Umwelt – Gesellschaft (ZUG) gGmbH	–	824	(147)	19	696
UNU-EHS	**12 585**	**2 860**	**(6 141)**	**(856)**	**8 448**
UNU-IIGH					
Non-government donations					
Other					
Bill and Melinda Gates Foundation	727	–	(727)	–	–
International Development Research Centre	–	890	(335)	(30)	525
London School of Hygiene and Tropical Medicine	–	42	(41)	–	1
UNU-IIGH	**727**	**932**	**(1 103)**	**(30)**	**526**
UNU-FLORES					
Government donations					
Germany, Federal Ministry of Education and Research	3 462	639	(1 197)	(227)	2 677
Saxon State Ministry for Higher Education, Research and the Arts	1 818	(29)	(573)	(111)	1 105
Non-government donations					
Other					
Alexander von Humboldt Foundation	–	6	(6)	–	–
BoB Immobilienkonzepte GmbH	–	308	–	(20)	288
German Aerospace Centre	86	–	(53)	(7)	26
German Agency for International Cooperation	80	–	–	(5)	75
Global Change Research Institute of the Czech Academy of Science	98	(101)	–	3	–
Technische Universität Dresden	205	–	(56)	(10)	139
UNU-FLORES	**5 749**	**823**	**(1 885)**	**(377)**	**4 310**

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
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	–	–	–	5 000
UNU-IESR	**5 000**	**–**	**–**	**–**	**5 000**
Total operating funds as at 31 December 2022	**63 061**	**30 732**	**(35 563)**	**(3 632)**	**54 598**
Endowment Funds					
UNU Centre					
Government donations					
Portugal	1 000	–	–	–	1 000
UNU Centre	**1 000**	**–**	**–**	**–**	**1 000**
UNU-INRA					
Government donations					
Cameroon	3 106	–	–	(192)	2 914
Zambia	200	–	–	–	200
UNU-INRA	**3 306**	–	–	**(192)**	**3 114**
UNU-IRADDA					
Government donations					
Algeria	45 000	–	–	–	45 000
UNU-IRADDA	**45 000**	**–**	**–**	**–**	**45 000**

Statement of unpaid pledges as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Unpaid pledges as at 1 January 2022	*Add: fresh pledges received in 2022*	*Less: collection during 2022*	*Add: gain/(loss) on exchange*	*Unpaid pledges as at 31 December 2022*
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 2022	**50 306**	–	–	**(192)**	**50 114**
Total all funds outstanding as at 31 December 2022	**113 367**	**30 732**	**(35 563)**	**(3 824)**	**104 712**
Allowance for doubtful receivables	**(62 333)**	**(474)**	**–**	**193**	**(62 614)**
Net total all funds outstanding as at 31 December 2022	**51 034**	**30 258**	**(35 563)**	**(3 631)**	**42 098**

[a] Includes cash loss.

Annex VI

Statement of refunds to donors

(Thousands of United States dollars)

Donors	*Operating unit*	*31 December 2022*
Japan Science and Technology Agency	UNU-IAS	1
Macao Foundation	UNU-IIST	37
Total refunds to donors for the year		**38**

23-09911 (E) 190923