



**United Nations**

# **Financial report and audited financial statements**

**for the year ended 31 December 2019**

**and**

## **Report of the Board of Auditors**

**Volume IV**

**United Nations University**

**General Assembly**

**Official Records**

**Seventy-fifth Session**

**Supplement No. 5**





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# **Report of the Board of Auditors**

**Volume IV**  
**United Nations University**



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*Note*

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

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## Letters of transmittal

### **Letter dated 31 March 2020 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 transmit herewith the financial statements of the United Nations University for the year ended 31 December 2019, 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**

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**Letter dated 21 July 2020 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 on the financial statements of the United Nations University for the year ended 31 December 2019.

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



## Chapter I

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

#### **Opinion**

We have audited the financial statements of the United Nations University (UNU), which comprise the statement of financial position (statement I) as at 31 December 2019 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 financial statements present fairly, in all material respects, the financial position of UNU as at 31 December 2019 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

#### **Basis for opinion**

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

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

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 31 December 2019, 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 it 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of 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)* Kay **Scheller**  
President of the German Federal Court of Auditors  
Chair of the Board of Auditors

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

*(Signed)* Rajiv **Mehrishi**  
Comptroller and Auditor General of India  
21 July 2020

## Chapter II

### Long-form report of the Board of Auditors

#### *Summary*

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

The Board of Auditors audited the financial statements and reviewed the operations of UNU for the year ended 31 December 2019. The audit was carried out through visits to the UNU Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES), in Dresden, Germany, from 30 September to 11 October 2019; the UNU Centre and the UNU Institute for the Advanced Study of Sustainability (UNU-IAS) in Tokyo from 20 to 31 January 2020; and the UNU administrative office in Putrajaya, Malaysia, from 3 to 14 February 2020.

As from 30 March 2020, the Board conducted the audit remotely owing to the coronavirus disease (COVID-19) pandemic. This included the final audit of the financial statements.

#### **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 2019 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 in accordance with financial regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations. The Board examined eight main areas (voluntary contributions, investment, Endowment Fund, human resources, project and travel management, property, plant and equipment, and information and communications technology), as well as following up actions taken in response to recommendations made in previous years.

#### **Audit opinion**

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UNU as at 31 December 2019 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 2019. However, the Board identified scope for improvement related to voluntary contributions, project and travel management, and property, plant and equipment.

With total revenue of \$120.3 million, mainly due to a change in the fair value of the Endowment Fund, and expenses of \$75.8 million during 2019, the financial statements reflected a surplus of \$44.5 million. The overall financial position of UNU remained sound, with current assets of almost six times the current liabilities and total assets of more than eight times the total liabilities.

## Key findings

The Board's key findings are as follows:

### *Revenue recognition*

The Board identified a letter from the Government of Portugal expressing the intention of maintaining its support to the UNU Operating Unit on Policy-Driven Electronic Governance (UNU-EGOV) in Portugal. Neither the acceptance letter by UNU nor the transfer of money to the Endowment Fund from the Government of Portugal were formalized.

### *Absence of property, plant and equipment management*

The Board identified a number of asset movements that did not correspond to additions or transfers for the 2019 period; those assets were missing because they had been incorrectly identified as part of another institute or simply omitted.

In addition, the Board identified an internally developed intangible software that changed in value from one period to another. Moreover, it was not possible to obtain evidence of the adjustments carried out by personnel, as described in the standard operating procedure, to maintain the assets. Taking into account that the main assets of UNU are information and communications technology, the maintenance and control over those assets are highly important, given the high inherent risk of impairment or loss.

### *Lack of uniformity for project management*

It was verified that the information that supports the preproposal, planning and evaluation of the project was incomplete; in addition, the absence of a formal document that approves the project was noted.

In addition, it was not possible to verify the supporting information related to changes to a project, the analysis of deviations from the budget, the regular analysis of progress, the project extension and the assessment of the projects' impact.

It was not possible to identify the evaluation that should be performed at the initial stage. In several projects, the workplan was not registered, and those that were registered did not meet the standard criteria. The Board identified a project that was approved and then cancelled; however, there was no documented reason for it. In addition, for several projects, no information was stored in the web-based system, Pelikan.

Finally, the Board identified projects that remained ongoing in the system even though they had expired or for which the estimated total cost had not been determined.

A large quantity of projects did not have the project appraisal that was approved by the Director, or the projects had been recorded as closed but remained ongoing.

#### **Main recommendations**

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

##### *Revenue recognition*

(a) **Take proactive measures to expedite the signing of the agreement with the Government of Portugal, so as to ensure resources for UNU-EGOV operations;**

##### *Absence of property, plant and equipment management*

(b) **Update the standard operating procedure for property, plant and equipment in order to reflect current responsibilities and controls over UNU property, plant and equipment and intangible assets;**

(c) **Analyse the cost-benefit of carrying out the monthly verification between the Atlas report and the physical location of the asset, as described in the standard operating procedure for property, plant and equipment;**

(d) **Review its property, plant and equipment with a periodicity of less than a year;**

##### *Lack of uniformity in project management*

(e) **Establish a minimum requirement in the workplan developed by the project managers in order to provide the necessary information for the achievement of the project;**

(f) **Enhance Pelikan's repository functions in order to provide full information on the contracts, donor reports and outputs of the project;**

(g) **Adapt the current organizational structure of UNU-FLORES with the objective of defining an official in charge of project management and informing the Director about the fulfilment and status of projects in a timely manner, in order to support the decision-making process of the Director in the cases that merit it;**

(h) **Adapt the current organizational structure of the office with the objective of defining an official in charge to give continuity and informatics support to Pelikan and to the UNU-FLORES website.**

**Key facts**

<b>\$120.30 million:</b>	Revenue
<b>\$75.81 million:</b>	Expenses
<b>\$44.48 million:</b>	Surplus for the year
<b>\$526.56 million:</b>	Assets
<b>\$62.76 million:</b>	Liabilities
<b>\$463.80 million:</b>	Net assets

**A. Mandate, scope and methodology**

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

2. Pursuant to article XI, paragraph 1 of the UNU Charter, the University operates as an autonomous organ of the General Assembly and it enjoys the status, privileges, and immunities provided in Articles 104 and 105 of the Charter of the United Nations. 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 14 research and training institutes. This network is supplemented by research programmes.

3. UNU receives no funds from the regular United Nations budget. It is financed solely through voluntary contributions from host Governments of the University's institutes, foundations, agencies, international organizations and other sources, and through investment income derived from the UNU Endowment Fund.

4. The Endowment Fund was established in 1975. It 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. All Endowment Fund contributions are specified by the donors and are invested into a single endowment investment pool.<sup>1</sup>

<sup>1</sup> Apart from the UNU Centre, the institutions participating in the UNU Endowment Fund are the Programme of the University of the United Nations/Biotechnology for Latin America and the Caribbean (UNU-BIOLAC), the United Nations University Institute for Environment and Human Security (UNU-EHS), the UNU Institute for the Advanced Study of Sustainability (UNU-IAS), the UNU International Institute for Global Health (UNU-IIGH), the UNU Institute for Natural Resources in Africa (UNU-INRA), the UNU Institute for Sustainable Development (UNU-IRADDA), the United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT), the UNU Institute on Computing and Society (UNU-CS), and the World Institute for Development (UNU-WIDER).

5. The Board conducted the audit in accordance with General Assembly resolution 74 (I) of 7 December 1946 and article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing.

6. The audit was conducted primarily to form an opinion as to whether the financial statements presented fairly the financial position of UNU as at 31 December 2019 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.

7. The audit findings presented below were discussed with the UNU administration, whose views have been appropriately reflected in the report.

## **B. Findings and recommendations**

### **1. Follow-up of previous recommendations**

8. Out of the 32 recommendations that remained outstanding as at 31 December 2018, 17 (53 per cent) had been implemented and 15 (47 per cent) were under implementation. Details on the status of implementation of the recommendations are set out in the annex to chapter II.

### **2. Financial statements and financial reporting**

9. Total assets as at 31 December 2019 amounted to \$526.56 million, compared with \$487.80 million as at 31 December 2018, reflecting an increase of 7.95 per cent (\$38.76 million). University assets consist mainly of investments, representing 77.89 per cent (\$410.14 million) of the total assets. Investments included in the UNU Endowment Fund amounted to \$385.05 million, and UNU participation in the United Nations main investment pool account ("main pool")<sup>2</sup> amounted to \$25.09 million. The UNU Endowment Fund is invested in exchange-traded funds, with an asset allocation of 50 per cent for the Fixed-Income Fund, and 50 per cent for the Equity Fund.

10. Total liabilities as at 31 December 2019 were \$62.76 million, compared with \$72.59 million as at 31 December 2018, reflecting a decrease in total liabilities of 13.54 per cent (\$9.83 million). The decrease was attributable to a reduction in accounts payable and accrued liabilities, specifically investments payable; an investment pending settlement that amounted to \$2.92 million (2018: \$9.83 million); and a reduction in employee benefit liabilities, owing to actuarial gains from the changes in financial assumptions (per capita claim assumption) and demographic assumptions (update of the mortality tables, withdrawal, retirement rates and age difference between spouses).

11. The University's revenue amounted to \$120.30 million, compared with the \$58.43 million reported in 2018, representing an increase of 106 per cent (\$61.87 million). The increase was attributable mainly to investment revenue, which amounted to \$60.75 million, owing to, first, an appreciation of the fair value of the

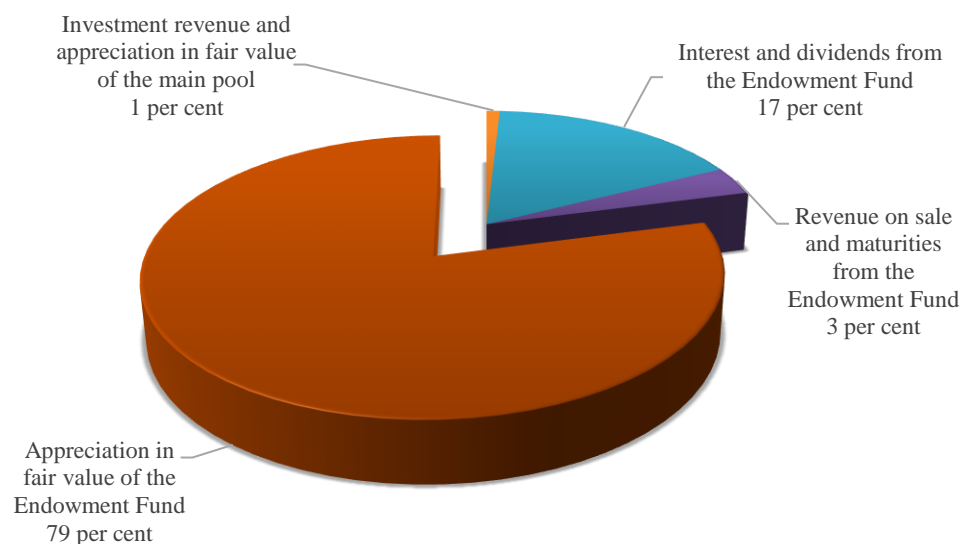
<sup>2</sup> The main pool is managed by the United Nations Treasury.



UNU Endowment Fund of \$48.03 million, and second, interest and dividends from the UNU Endowment Fund of \$10.14 million, amounting to a total of \$58.17 million. The percentage of each component of the University's investment revenue is shown in figure II.1.

Figure II.1

**Investment revenue**



12. The second component of the revenue was voluntary contributions, corresponding to \$55.90 million (2018: \$54.72 million), a 2.16 per cent increase. Total expenses amounted to \$75.81 million (2018: \$90.54 million), representing a decrease of 16.26 per cent (\$14.73 million), owing to a reduction in investment expenses. For the year ended 31 December 2018, UNU had a net investment loss of \$16.71 million, which is a negative revenue presented as an operating expense in the statement of financial performance, whereas for the year ended 31 December 2019, UNU had a net investment gain of \$60.75 million. Therefore, for financial statement presentation purposes, the gain was shown as revenue, establishing zero investment expenses, which mostly explains the decrease.

13. The main expense categories were employee salaries, allowances and benefits of \$27.26 million (35.95 per cent), leases and utilities in the amount of \$18.35 million (24.21 per cent) and other operating expenses of \$17.09 million (22.54 per cent).

*Financial ratios*

14. The ratios set out in table II.1 indicate that the overall financial position of UNU is stable, with current assets of six times the current liabilities and total assets of more than eight times the total liabilities. The quick ratio and the cash ratio also indicate appropriate liquidity, since UNU can cover all short-term debt and still have cash remaining. In general, the financial situation of an entity is not regarded as unsound as long as the financial ratios exceed 1, taking into account that the entity also has invested part of the cash and cash equivalent in order not to let its money stagnate in the bank and maximize the benefits. The growth in the financial ratios in the financial year 2019 was caused mainly by short-term investments in the main pool, which are classified as cash and cash equivalents.

Table II.1  
Ratio analysis

Ratio	31 December 2019	31 December 2018
<b>Total assets: total liabilities<sup>a</sup></b>		
Assets: liabilities	8.39	6.72
<b>Current ratio<sup>b</sup></b>		
Current assets: current liabilities	6.25	3.96
<b>Quick ratio<sup>c</sup></b>		
(Cash + short-term investments + accounts receivable): current liabilities	6.21	3.92
<b>Cash ratio<sup>d</sup></b>		
(Cash + short-term investments): current liabilities	4.38	2.13

Source: UNU financial statements.

<sup>a</sup> A high ratio indicates an entity's ability to meet its overall obligations.

<sup>b</sup> A high ratio indicates an entity's ability to pay off its current liabilities.

<sup>c</sup> 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.

<sup>d</sup> 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. Voluntary contributions

#### *Revenue recognition*

15. The UNU Endowment Fund represents the voluntary contributions from donors to the UNU for the benefit of the University, as specified by the donor. The amount held is permanently invested to generate an income stream for supporting programmes and operations.

16. The standard operating procedure for the UNU Endowment Fund, updated on 18 March 2019, states: "Endowment Fund contributions must be formalized through agreements or memorandum of understanding approved by the Rector. Surplus operating funds may be invested into the Endowment Fund requested through a memo by the Director of Institute and approved by the Rector. All investments to the UNU Endowment Fund are reported to the UNU Council."

17. During the assessment of the contribution process to the UNU Endowment Fund, a letter from the Government of Portugal expressing the intention of maintaining its support to the United Nations University Operating Unit on Policy-Driven Electronic Governance (UNU-EGOV) in Portugal was identified. The letter was issued on 9 May 2019 and stated the amount contributed to the Endowment Fund as well as the operational resources.

18. In that regard, the Board observed that neither the acceptance letter by UNU nor the transfer of funds from the Government of Portugal had been formalized.

19. After formal inquiries with the administration, it was noted that the agreement was still in discussion with the Government of Portugal, and it was not clear when it would be signed.

20. The Board observed that, even though the said agreement was still under discussion, UNU had recognized the contribution by the Government of Portugal as revenue on 7 February 2020, and had subsequently unposted it on 13 February 2020, prior to the closure of the financial statements. Following the observation made

during the audit period regarding disclosure, UNU disclosed the agreement as a contingent asset in note 30, provisions, contingent liabilities and contingent assets to the financial statements for the year ended 31 December 2019.

21. **The Board recommends that UNU take proactive measures to expedite the signing of the agreement with the Government of Portugal, so as to ensure resources for UNU-EGOV operations.**

22. UNU agreed with the recommendation.

*Absence of disclosure in the financial statements for cost recovery*

23. During the audit visit, the Board analysed the cost recovery fees in projects applied by UNU. The Board noted that UNU had an indirect cost recovery designated as a programme support cost, a programme charged to projects funded from voluntary contributions. Currently, for each project, the project manager determines a programme support cost fee from 0 to 20 per cent. Any additional costs for supporting activities from voluntary contributions are borne from the core resources of UNU, specifically from the Endowment Fund contributions. The Board observed that the Endowment Fund was approximately half of the funding for UNU.

24. Secretary-General's bulletin [ST/SGB/188](#), dated 1 March 1982, provides guidelines for the establishment and management of trust funds, specifying in its paragraph 39: "The implementing office is responsible for the preparation of the cost plan. All cost plans for trust funds, including those for operational activities, must include provision for support costs." In accordance with paragraph 3 of the bulletin, the bulletin is not applicable to UNU.

25. Without prejudice to the foregoing, it remains important that UNU provide the appropriate disclosure, in its financial statements, of the non-standard fees that are currently charged in order to enhance the transparency and accountability of the cost recovery.

26. **The Board recommends that UNU summarize, in its financial statements, its approach to offsetting administrative costs.**

27. UNU agreed with the recommendation.

#### **4. Project management**

*Lack of uniformity in project management*

28. The "Programme and project management manual", issued by the Office of the Rector in Tokyo in 2016, provides general guidelines and best practices recommended for project management and establishes that the UNU project cycle is composed of seven stages: (a) pre-proposal, (b) project planning, (c) project appraisal, (d) project approval, (e) implementation and monitoring, (f) completion and evaluation and (g) lessons learned.

29. The aforementioned manual states that, in exceptional cases, the Directors of each institute can waive the guidelines, or portions thereof, in relation to a specific project and decide on the applicability of specific procedures. However, the decision and justification to do so must be signed by the Director and archived.

30. Likewise, the "UNU manual on project management and Pelikan", prepared by the project management team in October 2013, states that, to support the implementation of project management at UNU, a web-based system named Pelikan has been developed by the University. The manual establishes that, for the inception stage (specifically for projects), that UNU project managers will assess the relative importance of the issues against the six criteria there indicated.

31. Regarding project approval, the “UNU manual on project management and Pelikan” states that the Director has the exclusive authority to approve or reject projects.

32. In addition, as part of the project approval process, the Director must describe the quality control mechanisms employed to ensure the high quality of each project. The description provided by the Director in Pelikan becomes part of the project repository.

33. The Pelikan system supports the documentation of the project during the normal course of its implementation. It also aims to allow colleagues to store and share information in a common space and in a timely manner. During the implementation of the ongoing projects, management’s activities will focus on monitoring, reporting, recording and documenting the project’s activities, events and outputs, collaborating with partners and donors, and with others that will depend on the nature of the project, which means that UNU should establish a minimum requirement in the workplan developed by the project managers.

34. Finally, it is important to mention that Pelikan operates as a single shared repository for all the project information.

35. The results of the review carried out for the 19 ongoing projects in 2019 by the United Nations University Institute for Integrated Management of Material Fluxes and of Resources (UNU-FLORES), are the following:

(a) In the 19 projects, the Board verified that the information that supported the stages of pre-proposal, planning and evaluation of the project was incomplete, in accordance with what was established in the “Programme and project management manual”. In effect, the Board verified the absence of: (i) a formal document that approves the project (signed); (ii) a project proposal signed by the committee members; (iii) an evaluation form; (iv) a pre-proposal and a project proposal; (v) a template for the evaluation of the project; and (vi) the substantive reviews written and signed by the Director;

(b) In 14 projects, the information related to the audiences and knowledge-sharing in Pelikan was not registered;

(c) In 15 projects, the workplan in Pelikan was not registered. On the other hand, for four projects that had registered their workplan, there were no standard criteria;

(d) For five projects, activities and events had not been registered since its creation in Pelikan;

(e) Regarding the project, “Safe Use of Wastewater in Agriculture via e-Learning”, which was approved as at 20 October 2017 and then cancelled in 2018, there was no information registered in Pelikan regarding the reasons for its cancellation;

(f) For 14 projects, there was no information registered in the file repository in Pelikan;

(g) Moreover, 18 of the 19 projects reviewed had the same quality control mechanisms registered in Pelikan, in circumstances under which all projects had particularities, therefore they required different quality control mechanisms;

(h) There was no standardization in the uploading of information to the Pelikan system by project managers. For example, some project managers uploaded the workplan, while others did not, and some completed the file repository, while others did not;

- (i) At least six projects that had been reported as closed by UNU-FLORES remained ongoing in Pelikan;
- (j) A total of 10 projects remained ongoing in Pelikan, although the expected end date had expired;
- (k) In relation to five projects, the estimated total cost of each project was not determined;
- (l) For all 19 projects, the project appraisal that was approved by the Director was not available in Pelikan; consequently, it was not possible to check that the information registered in Pelikan was the same that was approved in the project appraisal;
- (m) The information provided by UNU-FLORES about the status of the projects was different from the information recorded in Pelikan and also from that on the UNU-FLORES website. In that context, the information was not uploaded in a timely manner on those platforms;
- (n) Currently, there is no programme support assistant in UNU-FLORES to give continuity and informatics support to Pelikan;
- (o) Finally, although Pelikan is a project management system, it does not allow for the verification of compliance with milestones.

36. For the audit performed in the UNU Centre and the United Nations University Institute for the Advanced Study of Sustainability (UNU-IAS), the Board observed that there were no minimum requirements for the workplans of the projects, hence, some workplans could have a detailed list of activities, while others had little information on the project. Minimum requirements for project workplans are considered as a matter of great importance. They settle, for all projects, in a clear manner, the requirements and development of the projects, and they also provide the opportunity to improve the administration of the project, including the expected outputs and how they are going to be achieved. Minimum requirements for workplans are also relevant to control the use of the budget for the activities planned, as well as the changes in the budget per activity.

37. UNU-FLORES acknowledged the need to review requirements and ways of documenting research proposals in Pelikan from the initial proposal to the approval phase by the committee as well as the definition of evaluation criteria. Furthermore, UNU-FLORES informed the Board that it would collaborate closely with the UNU Centre to support efforts towards reviewing Pelikan.

38. The Board is of the opinion that Pelikan should enhance its repository functions so as to include information on contracts, donor reports and detailed budget expenses, as well as information on the monitoring functions performed by the administrator and the project manager.

39. Regarding UNU-FLORES, the Board considers that the absence of a programme support assistant results in an ineffective management of the projects. That situation would not allow the Institute to control and verify compliance with milestones, the expenses incurred in relation to the approved budget, the operational and financial reports required by the UNU "Programme and project management manual" (supporting documents required in Pelikan) for compliance with indicators, monitoring of defined quality controls and the impact of the projects.

40. Also, the Board considers that UNU-FLORES should give continuity and informatics support to Pelikan and to the UNU-FLORES website.

41. **The Board recommends that UNU establish a minimum requirement in the workplan developed by the project managers in order to provide the necessary information for the achievement of the project.**
42. **The Board recommends that UNU enhance Pelikan's repository functions in order to provide full information on the contracts, donor reports and outputs of the project.**
43. **The Board recommends that UNU-FLORES adapt the current organizational structure of the office, with the objective of defining an official in charge of project management and informing the Director about the fulfilment and status of projects in a timely manner, in order to support the decision-making process of the Director in the cases that merit it.**
44. **The Board recommends that UNU-FLORES adapt the current organizational structure of the office, with the objective of defining an official in charge to give continuity and informatics support to Pelikan and to the UNU-FLORES website.**
45. UNU did not accept the first and second recommendations and explained that the project workplans and additional project management documentation vary from one project to the next. The comprehensiveness of documentation depends on donor requirements and the needs of the Institute Director. Each programme manager is responsible for identifying the most relevant format for project documentation.
46. Likewise, UNU indicated that Pelikan serves as the Institute-wide (UNU-FLORES) repository of key project information and documentation. Atlas serves as the central system documenting financial details. A bridge has been built from Atlas to Pelikan to ensure that key financial data is updated in Pelikan and matches data in Atlas.
47. UNU accepted the third and fourth recommendations.

## **5. Travel management**

### *Delayed submission and approval of the travel process*

48. UNU travel policy was established in administrative instruction UNU/ADM/2014/1, which was approved by the UNU Rector on 11 November 2014. The purpose was to implement the United Nations administrative instruction on official travel ([ST/AI/2013/3](#), [ST/AI/2013/3/Amend.1](#), [ST/AI/2013/3/Amend.2](#) and [ST/AI/2013/3/Amend.3](#)).
49. In 2018, UNU began to use the Atlas travel and expense module to carry out travel management and travel requests. To that end, UNU provided a training guide on how to register travel. The training guide also sets out the conditions under which UNU shall pay the travel expenses.
50. Regarding the overall budget, a proposal is presented to the UNU Council for review and adoption. In an iterative process, the Director and the Finance and Administrative Officer of UNU-FLORES formulate the budget for the Institute and communicate with the UNU Centre for clarification.
51. For budget distribution, UNU-FLORES has the following process: funds are made available through donor agreements, which build the framework for the Institute's budget. Based on the strategic plans of UNU and the Institute, the staffing table and other personnel are defined. Furthermore, operating expenses are budgeted based on historic values and the anticipation of upcoming costs for the biennium. Deducting personnel costs and operating expenses from the total available funding leads to a remaining balance, which is attributed to core financed academic activities.

52. In accordance with the UNU travel policy (UNU/ADM/2014/1), the certifying officer verifies, inter alia, that the chart of accounts is correct, that sufficient funds are available in the budget and that the use of funds is appropriate and allowable. However, there was no detail in the Atlas system specifying each item of the budget, which made it unfeasible to analyse the availability of funds for travel expenses related to a project.

53. The Finance and Administration Unit of UNU-FLORES provided the travel requests and expense reports extracted from the Atlas system, listing each travel expense entry from 1 January to 31 August 2019. The Board noted the following situations:

(a) Of the 99 travel requests, 16 had not been approved through the system before the commencement of the travel;

(b) Of the 65 expense reports related to a travel request, 3 expense reports had been approved more than 30 days after the travel had finished.

54. The Board is of the view that a delayed submission and approval related with an expenditure adjustment could result in an inaccurate recognition and recording of the transaction within the corresponding period.

**55. The Board recommends that UNU-FLORES ensure that both the travel request and the expense report are submitted and approved as soon as they occur in order to record the transaction within the appropriate period.**

56. UNU agreed with the recommendation.

*Travel management in the Atlas travel and expense module*

57. UNU 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 in order 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.

58. Given the nature of the daily activities carried out by UNU, including attendance at conferences and talks at universities around the world, among others, many travels (mainly by air) and expenses associated with them are required, mainly accommodation and transportation.

59. In that regard, the Atlas travel and expense module is used to cover that aspect. A travel request is created and submitted via the Atlas travel and expense module and is then routed directly to the certifying officer and approving officer for approval. Once the travel request is approved, it will automatically appear in the pay cycle run seven days before the travel date for payment. The same travel request will also facilitate ticket payment to the travel agency directly from the Atlas travel and expense module once the invoice is processed. Similarly, after the travel mission, the travel claim is integrated within the Atlas travel and expense module.

60. On review of the travel process, in terms of how the requirements for expense approvals, ticket purchases and system registration are managed, the Board observed that the process was governed by administrative instruction UNU/ADM/2019/03, which was approved on 21 October 2019 for the purpose of establishing the conditions under which UNU pays travel expenses for staff on official business and for other travellers listed in the above-mentioned administrative instruction.

61. The procedure describes the activities that must be carried out by both the units that require and request travel expenses, and the travel unit of each institute around

the world that undertakes reviews and approvals, and in that sense, it is presumed that all the institutes have implemented the Atlas travel and expense module.

62. When making inquiries about the applicability of the procedure and the travel management process, the Board identified that, as at February 2020, not all institutes had implemented the Atlas travel and expense module, so the procedure did not take place in the same way for all institutes.

63. The process that was used before the implementation of the Atlas travel and expense module comprised requirements and approvals that had to be done manually and through physical copies, such as the duty travel plan and the travel confirmation certificate and F10 form, which were the documents used for travel requirements and travel claims, respectively.

64. The details of the institutes that have not yet implemented the Atlas travel and expense module are the following:

Table II.2

**Institutes not using the Atlas travel and expense module**

<i>Institute</i>	<i>Status</i>
605 (UNU-WIDER)	Not implemented
606 (UNU-MERIT)	Not implemented
613 (UNU-INWEH)	Not implemented

*Source:* Information provided by UNU.

*Abbreviations:* UNU-INWEH, Institute for Water, Environment and Health; UNU-MERIT, United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology; UNU-WIDER, World Institute for Development Economics Research.

65. The Board is of the view that the administration must have a standardized way of carrying out the travel management process in order to have better control over the activities, considering that all the UNU institutes around the world periodically request travel and expenses.

66. In that sense, the Atlas travel and expense module is an application that allows activities around the process of solicitation, processing and authorization to be more automated, with fewer hard copies involved.

**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.**

68. UNU agreed with the recommendation.

## **6. Strategic plan and risks**

### *Anti-Fraud and Anti-Corruption Framework*

69. UNU has adopted the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat ([ST/IC/2016/25](#)), issued on 9 September 2016 for the purpose of promoting a culture of integrity and honesty within the Organization by providing guidance and information to its staff members and other personnel on how the Secretariat acts to prevent, detect, deter, respond to and report on fraud and corruption.

70. Despite the above-mentioned, in paragraph 89 of chapter II of the financial report and audited financial statements for the year ended 31 December 2017 and the report of the Board of Auditors, Vol. IV, UNU ([A/73/5 \(Vol. IV\)](#)), it was recommended



that UNU fully implement the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat.

71. On the other hand, the Secretary-General, in his eighth progress report on the adoption of the International Public Sector Accounting Standards by the United Nations (A/70/329), established in paragraph 47 the following: “The United Nations will use the internal control-integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission as the basis for its approach with planned implementation in 2018. The definition of internal control based on the Committee emphasizes that internal control is not a static event but a process, effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.”

72. In that sense, the assurance and evaluation of fraud risks is an issue that has been addressed in the present report and that the United Nations intends to implement to improve its control system and implement best practices in its institutions.

73. Upon inquiry, in UNU-FLORES, with regard to risks and the combating of fraud and corruption, the Board was informed that a framework responsible for assessing fraud risks and training officials did not exist. Subsequently, the Board was informed that a revised risk register would be issued for the Institute to conduct its risk assessment. The revised register would contain an entire section focusing only on corruption and fraud.

74. In addition, the UNU Director of Administration stated that an online ethics training course developed by the United Nations Ethics Office was available but that the Institute lacked a mechanism to ensure that all employees completed the course and had a certificate of achievement because it was not mandatory.

75. The Board noted that the UNU-FLORES had neither performed a comprehensive risk of fraud assessment nor identified specific fraud schemes and risks throughout all processes and activities of the Institute, and therefore the entity had not been able to notice red flags or inconsistencies. Moreover, the Institute administration had not put in place any measure aimed at informing, preventing and detecting fraudulent acts.

**76. The Board recommends that UNU-FLORES ensure that its Director strengthens the internal control environment, adding fraud control activities, evaluating its impact and assessing the likelihood of fraud within the risk matrix that allows for the monitoring of eventual fraud and corruption risks.**

77. UNU agreed with the recommendation. In line with UNU-wide requirements, UNU-FLORES has defined a risk matrix and performed a risk assessment for the Institute following the updated risk register template from the UNU Centre. The online training on preventing fraud and corruption at the United Nations is now mandatory for all UNU-FLORES personnel, and the link to the training has been updated in the onboarding handbook.

78. The Board acknowledges the response by UNU. The implementation of the measures will be assessed during the next audit.

#### *Improve key performance indicators*

79. The organizational performance handbook is intended to provide practical guidance and assistance to UNU personnel and to directors and administrative focal points of UNU institutes and programmes on the implementation of organizational performance management.

80. In the strategic plan of the Institute issued for the period 2015–2018, and extended until 2019, UNU-FLORES did not specify detailed performance measures. However, UNU recommended that all institutes define such aspects (objectives, indicators, key performance indicators, targets and baselines), at least internally in an implementation plan.

81. Performance benchmarks and indicators that each institute defines annually should ideally be reflected in the institutes' strategic plan (specifically, in the related implementation plan, if applicable).

82. The Board noticed that the last measurement taken of the key performance indicators and benchmarks had been included in the strategic plan in 2018. Thus, there was not enough information to determine whether or not the indicators and benchmarks were in compliance with the strategic plan for the entire period.

83. On the other hand, the Board verified that, to date, the new UNU-FLORES draft strategic plan, which covers the period 2020–2023, did not contain measurable and identifiable key performance indicators and benchmarks to assess whether the aims and objectives of the strategic plan will be fulfilled.

84. Finally, the Board noticed that UNU-FLORES did not have a management tool, such as a balanced scorecard, or any other tool that allows for the measurement of indicators of the strategic plan and assists the Director in implementing the decision-making process of the Institute.

85. In that regard, the Institute indicated that, based on the strategic direction endorsed by the International Advisory Committee of UNU-FLORES, it was in the process of finalizing its strategic plan and the related implementation plan, which would include relevant indicators and would support its monitoring and reporting efforts.

86. The Board considers that, when an institute establishes key performance indicators and benchmarks in its strategic plan, it is for the purpose of periodically carrying out measurements in order to monitor the advancing of and compliance with its strategic plan, because what cannot be measured cannot be controlled.

87. Moreover, the Board believes that UNU-FLORES should establish key performance indicators and benchmarks in the new strategic plan for the period 2020–2023 to verify that its performance is aligned with the aims of UNU and also to assist the Director in implementing the decision-making process of the Institute.

**88. The Board recommends that UNU-FLORES apply management tools, such as the balanced scorecard, or any other tool that allows for the measurement of the achievement of the strategic plan in order to assist in the decision-making process of the Institute and to report to the Rector about its progress in achieving the aims of UNU.**

89. UNU disagreed with the recommendation. In line with UNU-wide requirements, UNU-FLORES utilizes a “benchmarks and indicators framework” that is updated with and reviewed by the Institute's Advisory Committee on annual basis. The tool serves the same purpose as a “balanced scorecard”, namely, monitoring the progress made toward established objectives. The “benchmarks and indicators framework” supports high-level decision-making and focuses specifically on performance.

90. The UNU-FLORES draft strategic plan and the related draft implementation plan, including key performance indicators, were discussed with members of the Institute's Advisory Committee on 26 March 2020. Their feedback is currently being integrated into an updated version of the UNU-FLORES benchmarks and indicators framework. The strategic plan will be released in April 2020, while the implementation plan will be finalized once the head of research programmes is hired.

91. The Board acknowledges the response by UNU. The implementation of the measures will be assessed during the next audit.

*Non-updated risk-control matrix*

92. In the eighth progress report on the adoption of IPSAS by the United Nations (A/70/329), the Secretary-General indicated that the United Nations would use the internal control-integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission as the basis for its approach to strengthening internal controls. The framework establishes that a good internal control evaluation would be centred around the risk assessments that an entity carries out and would then be used in controlling key activities.

93. In fact, the framework emerged as a response to concerns that raised the diversity of concepts, functions and functional interpretations around the subject referred to. The proposed control structure will drive a new administrative culture in several organizations and has provided a platform for a number of variables and control models at the international level. The implementation of internal control implies that each of its components is applied to each essential category of the organization, becoming an integrating, dynamic and permanent process.

94. To implement the framework, UNU-FLORES developed a risk-control matrix in 2017. To date, it has not been updated by the current administration of the Institute. The matrix establishes five risk categories. However, it has not clearly identified the controls and indicators for measuring the aforementioned risk categories in order to monitor and prevent the possible risks to the Institute. In addition, the current organizational structure of UNU-FLORES does not define a person in charge of monitoring the risks.

95. Finally, it is important to mention that UNU-FLORES is thinking of making a change in the organizational structure. Therefore, the matrix should be considered in the new structure.

96. The Board considers that it is extremely important that UNU-FLORES has its own risk-control matrix for ensuring processes and controls that are aligned with its mission and goals.

97. Such a matrix will allow for the identification of the most critical processes and functions, as well as threats that will most likely impact those processes and functions. It will also allow for the determination of the vulnerability of critical functions and processes to those threats and the prioritization of the deployment of personnel and resources to maintain continuous operation of critical functions and processes.

**98. The Board recommends that UNU-FLORES develop a new risk-control matrix that reflects the objectives of the current administration and organizational structure of the Institute, and consider the risks involved in terms of impact and likelihood of occurrence, as well as the effectiveness of the associated controls.**

**99. The Board recommends that UNU-FLORES adjust its current organizational structure with the objective of defining a staff member in charge of monitoring the risks and reporting on them to the Director, with regard to the measurements carried out.**

100. UNU agreed with the recommendations.

## 7. Human resources

### *Insufficient management of human resources to ensure knowledge preservation*

101. According to the information provided by UNU-FLORES, as at 31 August 2019, it had a total of 22 employees, of which 7 were United Nations staff members, 11 were under personnel service agreements and 4 were under consultant contracts. In addition, the Institute had four internship agreements and five student contracts. In 2019, four new contracts were concluded and eight contracts were terminated.

102. The Institute's employees are distributed among five academic units aimed at supporting the main functions of the Institute. Three of the units are core scientific units concerning water resources, waste and soil management, and two are cross-cutting units. All scientific units are supported by the operational support units, which consist of the Office of the Director, Finance and Administration, Communications and Advocacy, and Security and Information and Communications Technology.

103. As of September 2019, UNU-FLORES had seven vacant positions.

104. In addition, in July 2019, three academic officers left the Institute after completing the six years of a fixed-term appointment. Considering that UNU-FLORES has only five academic units, the departure of three academic officers in the same month resulted in a weakening of the units' ability to achieve their objectives. Although the end dates of the contracts were known, UNU-FLORES did not take actions or measures to address the dissemination and preservation of the knowledge held by the researchers and scientists. It should be noted that the vacancy announcement for heads of programmes was published with a closing date of 15 October 2019.

105. On the other hand, and in line with the principles contained in the UNU personnel policy, the University developed a document called "UNU recruitment guidelines", which provides a brief overview of the principles governing the recruitment of UNU personnel and explains, inter alia, the steps in the selection process for all position levels, such as the vacancy announcement, longlisting, shortlisting and interviews.

106. At the Board's request for information, the Finance and Administration Unit stated that each new hiring process included an interview of shortlisted candidates and appropriate written tests. Finally, upon interviewing the candidates and evaluating the test results, the interview panel recommended a candidate to be hired.

107. Through the sample obtained, the Board determined that the Institute did not count standards and documents for applicant's selection using formal criteria. As a result, it was not possible to check the methods used to determine the best candidate, nor to obtain a short description of the measures applied to achieve minimum requirements among applicants.

108. However, the Board identified that UNU-FLORES, as the independent manager of the personnel service agreements and consultants' contracts, was still using an Excel file to manage its human capital.

109. The Board is of the opinion that, regardless of their role in the Institute, when employees leave, they take away with them the knowledge they have acquired, in some cases, over years of working on specific projects. After a sudden resignation or retirement, all of that knowledge is lost and cannot easily be passed on to the successor.

110. The Board is, therefore, of the view that UNU-FLORES has the opportunity to improve human resources management through the development of a plan or instruction to standardize and formalize personnel management, and in addition, the

Board considers that, in the absence of defined guidelines, the Institute is missing the opportunity to preserve knowledge.

**111. The Board recommends that UNU-FLORES establish additional guidelines to formalize human resources management, including a formal measurement of the recruitment process, contract renewal, succession planning at the academic unit level and strategies to preserve knowledge.**

**112. The Board recommends that UNU-FLORES develop a written mechanism to monitor, at least on a quarterly basis, the duration of personnel service agreements and consultant and individual contractor contracts in order to identify critical posts, minimize timelines to fill vacancies and ensure that any project has at least two employees working on it.**

**113. The Board recommends that UNU-FLORES harmonize its current organizational structure with the Institute's strategic plan, which guides its research programme.**

114. UNU did not agree with the first recommendation and indicated that the UNU human resources policies govern recruitment processes across the entity and that there are no stand-alone policies for individual institutes.

115. UNU agreed with the second recommendation.

116. UNU accepted the third recommendation and mentioned that UNU-FLORES had recently reviewed and adjusted its organizational structure and staffing profiles in order to align with the new strategic plan that guides the Institute's research programme. The UNU-FLORES Advisory Committee took part in the strategic review and is supporting the Institute's Director, who is overseeing its implementation.

117. The Board noted the efforts made by UNU. The implementation of the measures will be assessed during the next audit.

*Segregation of duties in the registration of new vendors*

118. The administration of the UNU Centre has maintained a formal process of registering new vendors in the Atlas system since 29 February 2019, including UNU-FLORES. The process consists of the requesting units from each institute contacting the new vendor (after a bidding process has been duly conducted by the procurement area) for it to complete and sign the "vendor form" so that it is received by the "buyer unit", which is responsible for the creation of the vendor's ID in the Atlas system.

119. Once that stage is completed, the vendor form (scanned or hard copy) must be sent to the finance unit in the Malaysia office, which finally reviews and approves the creation of the vendor in the system.

120. The Board reviewed a total of 30 new vendors created during 2019 with the purpose of reviewing the correct functioning of the vendor registration process in the Atlas system, mainly considering aspects of segregation of duties, required documentation and dates of review and approval.

121. The Board verified that, in eight cases reviewed, the person requesting the creation of the new vendor was the same person who created the vendor in the Atlas system, which implied a lack of segregation of functions in the process.

122. Of the eight cases mentioned above, five of them corresponded to the same person, who held the position of Senior Finance and Administrative Associate at UNU-FLORES.

123. It is also important to note that, currently, the administration is working on an application, external to Atlas, that will allow all institutes to follow the same

procedure and protocol for the creation and approval of new vendors, as well as allowing the process to be carried out entirely through the area of finance at the Administrative Unit in Putrajaya, Malaysia.

124. In the Board's opinion, the process of requesting, registering and approving new vendors in the system must be unified for all UNU institutes and must comply with the segregation of duties chain regarding the application, creation and approval of new vendors.

**125. The Board recommends that UNU set a deadline for the implementation of the new registration application that allows the creation and approval of new vendors to be consolidated by the Finance and Controlling Division at the Administrative Unit in Putrajaya. That process must be accompanied by the strengthening of control over the segregation of duties by the personnel involved in each activity of the process, including the request, creation and approval stages.**

126. UNU agreed with the recommendation and stated that the new online portal for vendor registration was scheduled to be available for use in March 2020. The Board noted the efforts made by UNU. The implementation of the measures will be assessed during the next audit.

## **8. Property, plant and equipment**

### *Absence of property, plant and equipment management*

127. In June 2014, UNU issued a standard operating procedure for the physical and reporting control of UNU property, plant and equipment as well as for intangible assets. The standard operating procedure applied to the audit period and defined the accountability, roles and responsibilities with regard to the capital and non-capital assets of UNU.

128. The standard operating procedure describes lines of action and responsibilities for the identification, maintenance and capture of property, plant and equipment in Atlas. It also describes periodic operations regarding the physical maintenance of assets. Furthermore, it states that the reports are to be reviewed monthly and monitored for the accuracy of the physical location of the item custodian, the tag number and the serial number; and that each addition, disposal, adjustment and transfer must be recorded.

129. Inquiries were made to the personnel, asset manager and asset management focal point on the maintenance procedure for property, plant and equipment, given their roles as the first approval stage for additions, transfers, and adjustments of the physical assets, in order to verify compliance with the standard operating procedure.

130. The Board took as a sample the January and November asset management module reports, identifying the following situations:

(a) Several movements did not correspond to additions or transfers for the 2019 period. As stated by management, the assets were incorrectly identified as part of another institute or were simply omitted;

(b) Internally developed intangible software changed in value from January to November;

(c) No evidence was provided for the adjustments carried out by personnel to maintain the assets.

131. From the above description, the scope and opportunity of the activities and control of the maintenance of property, plant and equipment could not be identified. Also, the standard operating procedure is not properly implemented. The fact that

UNU relies on the annual physical verification to update its capital and non-capital assets in the asset management section in Atlas jeopardizes their existence and integrity.

132. The Board considers that the inconsistencies identified and the reactive actions may show a lack of control and accurate maintenance of UNU assets.

133. The Board maintains that, although assets are not capitalized, the situation identified may affect the accuracy and integrity of the capital and non-capital assets, given that the same procedures apply for both.

134. Taking into account that the main assets of UNU are information and communications technologies (ICT), maintenance and control of them are highly important, given the high inherent risk of impairment or loss.

**135. The Board recommends that UNU update the standard operating procedure for property, plant and equipment in order to reflect current responsibilities and control over UNU property, plant and equipment and intangible assets.**

**136. The Board recommends that UNU analyse the cost-benefit of carrying out the monthly verification of the accuracy between the Atlas report and the physical location of the asset, as described in the standard operating procedure for property, plant and equipment.**

**137. The Board recommends that UNU review its property, plant and equipment with a periodicity of less than a year.**

138. UNU agreed with the recommendations and stated that the standard operating procedure for property, plant and equipment was published on 30 March 2020. The Board acknowledges the efforts made by UNU. Implementation of the measures will be assessed during the next audit.

*Insufficient information to verify the recognition of heavy machinery as an asset*

139. IPSAS 17 states that “the cost of an item of property, plant and equipment shall be recognized as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity”.

140. Nonetheless, the Board could not check that the benefits of the asset (heavy machinery Sedimat 4-12) were flowing to the Institute.

141. The Board visited Technische Universität Dresden, and it was observed that, between 2014 and the audit visit date, UNU-FLORES had kept the Sedimat 4-12 laboratory equipment activated. As at 31 December 2018, it represented 56 per cent of the total heavy machinery/equipment account of UNU. The Board conducted an interview with the person in charge of the laboratory, and the Board did not obtain evidence for the record of how often the machine is used. In addition, no regular or periodic maintenance is performed; maintenance has only been carried out when the machine has failed.

142. The Board verified that UNU-FLORES did not record that the machine was used for the 2019 period. However, the Board could not check that the benefits of the asset were flowing to the Institute, in accordance with IPSAS 17. It should be noted that the machine had been purchased pursuant to the research agenda of UNU-FLORES to facilitate research with Technische Universität Dresden, especially within the joint PhD research programme. The machine was used in two research projects.

143. The Board considers that the information is insufficient to verify that the machine is an asset that provides future technical benefits or service potential to the Institute, in accordance with IPSAS 17.

144. The Board also considers that the weaknesses detected regarding the registration of information on the use of the machine affect the correct application of depreciation, in terms of the criteria indicated by IPSAS 17, since the Board did not obtain sufficient evidence about the possible signs of deterioration that the machine could have and the record of the periodic maintenance that must be performed. The depreciation method that the machine has today does not represent the wear and tear it has had, since it might have been unused for months.

145. UNU-FLORES should assess the possibility of changing its depreciation method to one that is more representative, such as that of the production units. UNU uses straight-line depreciation, which, in accordance with IPSAS 17, should reflect the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the entity. In effect, the method should be reflecting the depreciable amount of an asset on a systematic basis over its useful life.

**146. The Board recommends that UNU-FLORES determine whether the machinery Sedimat 4-12 meets the future economic and technical benefits or the service potential to be considered as an asset of the Institute, as established in IPSAS 17.**

**147. The Board recommends that UNU-FLORES carry out an annual evaluation of signs of deterioration, as established in IPSAS 17.**

148. UNU agreed with the first recommendation and indicated that UNU-FLORES had carried out an assessment that the Sedimat 4-12 was laboratory equipment, in accordance with the IPSAS 17, and provided future economic benefits to the Institute, as it was used in UNU-FLORES research projects.

149. UNU agreed with the second recommendation and mentioned that a year-end physical verification of assets for UNU-FLORES, including impairment testing, was conducted at the end of 2019, and a copy of the results was provided to the auditors.

## **9. Information and communications technology**

### *Delays in deprovisioning of user access in Atlas*

150. In Section 6.1 (b) of the Secretary-General's bulletin on the use of ICT resources and data ([ST/SGB/2004/15](#)), it is established that "the Organization shall have the right to block or restrict access to any ICT resource or ICT data, at any time and without notice, when necessary for maintaining or restoring the technical integrity or performance thereof or for any other appropriate purpose".

151. The Board reviewed and validated the most recent access of users to the Atlas system and identified 20 Atlas user accounts exceeding 90 days without access to the system.

152. Moreover, the Board noted that 5 out of 20 user accounts identified had to be verified through the creation date in the system since they did not register the last connection date, as they have never accessed the Atlas system since its creation.

153. Furthermore, 10 out of the 20 user accounts identified as not having been connected had at least one business/functional profile assigned in the system. However, UNU had not changed the status of the observed accounts to locked status.

154. As indicated by UNU, the United Nations Development Programme Atlas security team performs the control of deactivation of unused user accounts within 180 days.

155. The Board is of the view that regular review by business owners could help to identify and resolve anomalies on time. Delays in the deprovisioning of user accounts



that have remained inactive for an extended period exposes the organization to the risk of unauthorized access to the system that may compromise the integrity of data.

156. **The Board recommends that UNU strengthen oversight of the service performed by the business owner in order to ensure that all user accounts that remain dormant for 180 consecutive days are deactivated regularly and in a timely manner.**

157. UNU agreed with the recommendation and will follow up with the United Nations Development Programme, which manages the Atlas security policies.

## C. Disclosures by management

### 1. Write-off of cash, receivables and property

158. UNU reported that there were \$10,714.29 of cash and cash receivables write-offs during the year 2019. There were no write-offs of losses of property, plant and equipment, inventories and intangibles during the year 2019.

### 2. Ex gratia payments

159. UNU reported to the Board that there were no ex gratia payments in 2019.

### 3. Cases of fraud and presumptive fraud

160. 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.

161. 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

162. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the officials and staff of UNU during the conduct of the audit.

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

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

(Signed) Rajiv **Mehrishi**  
Comptroller and Auditor General of India

21 July 2020

## Annex

## Status of implementation of recommendations up to the year ended 31 December 2018

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2015	<a href="#">A/71/5 (Vol. IV)</a> , chap. II, para. 14	The Board recommends that UNU create deferred revenue liability for the amount of future instalments which depend on fulfilment of performance obligations.	UNU reviewed the agreement and sequence of events against the criteria for deferred revenue and concluded that there is no deferred revenue liability. The Macao Foundation agreement did not meet all four of the criteria for conditionality and the analysis has been submitted to the auditors.	In accordance with the information received and analysed, the Board estimates that there are contracts meeting the four criteria to be recorded as deferred revenue liabilities. Therefore, the Board considers that this recommendation is under implementation.		X		
2	2016	<a href="#">A/72/5 (Vol. IV)</a> , chap. II, para. 30	The Board recommends that UNU consider multi-year donor agreements to be conditional if the receipt of future instalments depends on the fulfilment of enforceable performance obligations, specifically if UNU has no experience with the donor or has not previously breached stipulations and therefore has no evidence that enforcement is unlikely.	UNU reviewed the agreement and sequence of events against the criteria for deferred revenue and concluded that there is no deferred revenue liability. The Macao Foundation agreement did not meet all four of the criteria for conditionality and the analysis has been submitted to the auditors.	In accordance with the information received and analysed, the Board estimates that there are contracts meeting the four criteria to be recorded as deferred revenue liabilities. Therefore, the Board considers that this recommendation is under implementation.		X		
3	2016	<a href="#">A/72/5 (Vol. IV)</a> , chap. II, para. 75	The Board recommends that UNU-EHS and UNU-ViE perform a physical verification exercise for all capital and non-capital capital assets as soon as possible and update the actual	UNU indicated that UNU-EHS and UNU-ViE had implemented the recommendation for all capital and non-assets. Moreover, UNU indicated that an	In accordance with the analysis of the Board, although UNU-EHS and UNU-ViE had performed a physical verification exercise for capital assets, the records for the non-capital assets had not		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			locations of all assets and the information about the custodian.	additional round of verification of capital assets had been conducted in December 2018 and the records in Atlas had been updated. In addition, with regard to the current conclusion of the Board related to the conduct of a physical verification exercise, management admitted that forms used were not in line with the instructions on the physical verification of non-capital assets of UNU; however, the required information was clearly provided. The asset management team will be mindful of using the correct form when conducting any future physical verification exercise.	been updated in the Atlas system as at 31 December 2018. In addition, it was not possible to validate whether UNU-EHS and UNU-ViE had performed a physical verification exercise for all non-capital assets or whether the information of the locations and the custodian had been updated in the Atlas system, since the formal information was not provided in line with the instructions on the physical verification of non-capital assets of UNU. Therefore, the Board considers that this recommendation is under implementation.				
4	2016	<a href="#">A/72/5 (Vol. IV)</a> , chap. II, para. 76	The Board recommends that UNU update the information on capital and non-capital assets in the Atlas enterprise resource planning system on the basis of the physical verification exercise as at April 2017. Atlas should display only assets with the status “in use” that are actually in service. Assets that are obsolete or not in use should be deleted in	UNU considered that this recommendation had been implemented, indicating that the UNU headquarters in Tokyo had conducted 19 reviews between the date of the most recent physical verification exercise, in November 2018, and February 2019, of all tangible assets.	A “workflow of clean-up exercise for assets” document has been issued to guide the asset focal points at the UNU Centre in the maintenance of asset information. A complete review of all capital and non-capital assets at the UNU Centre has been completed and all asset information/ status has been updated in Atlas.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
5	2016	<a href="#">A/72/5 (Vol. IV)</a> , chap. II, para. 97	Atlas, or at least their asset status should be changed from “in use” to “disposed of”.  Additionally, 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.	UNU-EHS and UNU-ViE are continuing to establish the documentation according to the BSI IT-Grundschrift plan. The completion of the first draft is planned for the fourth quarter of 2020.	Therefore, the Board considers this recommendation has been implemented.  The completion of the draft is planned for the fourth quarter of 2020. Therefore, the Board considers that this recommendation is under implementation.		X		
6	2016	<a href="#">A/72/5 (Vol. IV)</a> , chap. II, para. 107	The Board recommends that UNU-EHS and UNU-ViE not implement Office 365 until the efficiency of implementing Office 365 in comparison with adequate services provided by the institutes themselves has been verified. Aspects of information technology security also need to be considered in this verification process.	Management indicated that the objective had been postponed, but would be addressed and completed prior to any consideration of the Office 365 service.	The Board verified that discussions on the operational and security aspects of the service had been initiated between ICT sections at UNU headquarters and UNU-EHS and would proceed when sufficient resources became available.  Therefore, the Board considers that this recommendation is under implementation.		X		
7	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 18	The Board recommends that UNU develop a risk-control matrix.	UNU has completed the risk-control matrix for the preparation of financial statements.	During its interim visit, the Board reviewed the UNU risks assessment process, in which the Director of Administration issued instructions to all institutes on 18 October 2019, outlining the revision process of the enterprise risk management register. This	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
					<p>followed an analysis and review of the United Nations risk catalogue and updated risk-control matrix for UNU.</p> <p>Therefore, the Board considers that this recommendation has been implemented.</p>				
8	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 36	The Board recommends that UNU change its accounting policy for enforceable donor agreements that refer to a maximum contribution in cash so as to reflect that in such cases the fair value can usually be measured reliably and an asset should be recognized.	UNU, in consultation with the Accounts Division of the Office of Programme Planning, Finance and Budget of the Secretariat, has reviewed its agreements and recorded the contributions receivable and contributions (revenue) up front appropriately in the 2018 financial statements.	<p>UNU has provided the Board with the proposed policy statement in the 2019 financial statements.</p> <p>Therefore, the Board considers that this recommendation has been implemented.</p>	X			
9	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 79	The Board recommends that UNU conduct a comprehensive analysis of the financial situation of all UNU institutes.	UNU analysed the financial situation of all UNU institutes. UNU headquarters will conduct a financial analysis of different institutes over a period of 12 months (July 2018–June 2019).	<p>In addition to providing the aforementioned analysis, the Board considers that UNU is strongly committed to the implementation of this recommendation, although some financial analysis reports were performed after the planned date. The Board verified that, as at 31 December 2019, all the reports of the institutes had been issued.</p> <p>Therefore, the Board considers that this recommendation has been implemented.</p>	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
10	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 89	The Board recommends that UNU fully implement the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat.	UNU explained that it would be rolling out the “Preventing fraud and corruption at the United Nations” online training course to all staff.	The online course “Preventing fraud and corruption at the United Nations” is now mandatory for all UNU personnel, the Board was provided with an updated list of the online course list and a sample was taken to verify the certification for the completion of the courses. Further, the risk register includes a fraud and corruption section. Therefore, the Board considers that this recommendation has been implemented.	X			
11	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 112	The Board recommends that UNU make sure that all UNU ICT users, in particular new personnel, complete the information security awareness training course of the Department of Safety and Security of the Secretariat as soon as possible.	UNU circulated an announcement on the training course. The original deadline was 31 October 2018; the deadline was later extended to 31 December 2018.	UNU has instructed to all their personnel about the completion of mandatory courses. Human resources keeps track of the completion rates. As of January 2019, UNU showed a completion rate of 90 per cent. Therefore the Board considers that this recommendation is under implementation.		X		
12	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 113	The Board recommends that UNU request all UNU ICT users to submit their information security awareness – foundational certificates after completion of the course to the UNU	UNU considered this recommendation implemented since the human resources services had been collecting completion certificates. The Campus Computing Centre and the UNU human resources services	The Board verified that four institutes had not progressed in the completion of the training. Moreover, 188 of 333 personnel had completed the training and 7 of 23 new personnel had completed the training.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			human resources services.	are coordinating to verify the compliance rate, and then will take action to ensure full compliance.	Therefore, the Board concludes that this is an ongoing process and the requests made by UNU for the accomplishment of the training should be strengthened.  Consequently, the Board considers that this recommendation is under implementation.				
13	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 118	The Board recommends that UNU assess the sensitivity of data it receives from and sends to third parties in accordance with the classification principles stipulated in <a href="#">ST/SGB/2007/6</a> and make sure that sensitive information is appropriately protected.	A working group completed and shared the first draft of the UNU data classification guidelines with the UNU ICT network for comments in November 2018.  A second draft was circulated in February 2019 for final review. Subsequent implementation will involve the inventory and classification of existing data and the introduction of security control mechanisms. Owing to the complexity of the task, the deadline was extended. The matter will be discussed at the upcoming UNU ICT workshop in June 2019.	The Board verified that assurance and assessment of the protection of sensitive information are the first stages in formalizing data classification guidelines. In this regard, a draft of the guidelines was made by UNU; it defined the classification of the information, mechanisms for the protection of data and storage services according to the category of the information, among other things. This is an ongoing process; it is expected that the final guidelines will be issued by the end of 2019. Therefore, the Board considers that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
14	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 129	The Board recommends that UNU check randomly, preferably in advance of the planned travel, whether a security clearance was obtained.	UNU explained that checks had been conducted by the UNU-wide travel focal point. A total of six travels to and from the UNU Centre located in Putrajaya, Malaysia, were reviewed and in all instances the security clearance was obtained. Finally, management clarified that, in accordance with the travel request considered in the new version of the administrative instruction (in the draft stage), travellers certify that they have obtained security clearance with the Department of Safety and Security of the Secretariat before commencing travel.	With regard to the tests conducted, there was no information provided about how often the checks were made and how many of the total were reviewed.  Considering the above, the Board examined a sample of 20 security clearances, corresponding to travels made during 2018, and observed that:  (a) 3 of 5 security clearances related to travellers belonging to the UNU Centre were not submitted;  (b) 5 of 15 security clearances related to travellers belonging to UNU-IAS were not submitted. 1 of 15 security clearances were not attached.  Therefore, the Board considers that the recommendation is under implementation.		X		
15	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 130	Additionally, the Board recommends that UNU determine how travellers other than UNU staff and personnel service agreement holders should announce the necessary security clearances.	The new version of the administrative instruction, which is in draft stage, includes the requirements for travellers other than UNU staff and personnel service agreement holders to announce the necessary security clearances.	The updated UNU travel policy, issued on 21 October 2019, in its section 12.2, states that non-staff members appointed by UNU who are required to travel for official business are responsible for obtaining security clearance in the travel request information	X			



No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
16	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 175	The Board recommends that UNU-IAS ensure that travellers report their travel completion within one month after the travel end date.	Furthermore, UNU pointed out that the draft version of the administrative instruction establishes that non-staff members are required to complete the travel request and submit it for authorization before commencing travel, and then send it to the travel unit or travel arranger.  UNU-IAS has reviewed the workflow. The submission of travel completion certification has been monitored by a travel focal point. Management also indicated that UNU had started using the travel confirmation and checklist form.	processing system prior to their travel. In the case that a non-United Nations email address is in place, the request for security clearance will be through the UNU travel arranger. Therefore, the Board considers that this recommendation has been implemented.  The Board verified that UNU-IAS had taken measures to improve this situation and expected to have it fully implemented by the first quarter of 2020. Therefore, the Board considers that this recommendation is under implementation.		X		
17	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 176	The Board recommends that UNU update its administrative instruction for travel on the basis of the relevant United Nations rules and administrative instructions and taking into account lessons learned since the administrative instruction has been implemented. The updated administrative instruction should cover travel issues that turned out to be general cases	The revised travel policy (in draft stage) will include provisions on who is required to announce their security clearance and how they should do it. The travel policy has been finalized and is now pending approval.	The Board has reviewed the list of all active users in Atlas, verifying that the user accounts do not match the staff of the separate personnel list provided by UNU. Initially, the Board identified one case in the review. Nevertheless, the Board confirms that this situation corresponds to an employee that was on unpaid leave from November 2019 until 31 January 2020, and from 1 February 2020	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			for enhancing transparency and giving staff clear guidance. The updated administrative instruction should also include the current version of the duty travel plan.		changed the status to active personnel. Therefore, there was no case found in which personnel whose contract had been terminated had active status in Atlas. Therefore, the Board considers that this recommendation has been implemented.				
18	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 178	Additionally, the Board recommends that UNU use the most economical route available as the standard route for all official travel pursuant to staff rule 7.6 (f).	The revised travel policy (in draft stage) will include examples and detailed guidelines for the most economical route for official travel.	The information has been updated in the new UNU travel policy (first paragraph and section 3.1–3.3 of the policy). Therefore, the Board considers that this recommendation has been implemented.	X			
19	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 179	Furthermore, the Board recommends that UNU randomly review the requirement on reporting for duty in paragraph 5.4 of the UNU administrative instruction.	The revised travel policy (in draft stage) will include the requirement for travellers to report for duty after returning from mission. Moreover, UNU will look into the possibility of establishing a procedure to randomly review the reporting.	The new UNU travel policy issued in October 2019, section 4.4, includes the requirement for travellers to inform their supervisor if they are not able to report for duty by due time. This should be done in writing, such as by email. However, no evidence was provided regarding the random review of the requirement on reporting for duty. Therefore, the Board considers that this recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
20	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 180	In addition, the Board recommends that UNU determine that travellers other than staff and personnel service agreement holders can announce all their travel using a formal duty travel plan to facilitate the administrative work process.	The revised travel policy (in draft stage) will include the requirements for travellers other than staff members and personnel service agreement holders to use the duty travel plan and travel request functions. Moreover, UNU is gradually implementing the travel request function in the Atlas travel and expense module to ensure that it is used for all UNU travellers.	The Board has reviewed the UNU travel policy for official business, approved by the meeting of the Management Group on 21 October 2019. The document, in its paragraph 12.1, includes the modification requested by the Board. Therefore, the Board considers that this recommendation has been implemented.	X			
21	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 193	The Board recommends that UNU develop its own institutional memory instead of continuously hiring former staff members as consultants for this purpose.	UNU considered that this recommendation had been implemented, explaining that the regulatory framework database accessible through the UNU Intranet was up and running. In addition, UNU indicated that it had hired a legal and policy specialist to lead the ongoing development of institutional memory, beginning on 17 April 2019. In addition, the specialist would lead the restructuring of the electronic legal database, which would be a multi-year project. Moreover, UNU mentioned that it was	In this regard, even though the development of institutional memory is a permanent ongoing process that, as UNU explained, does not have a specific end date of completion, the Board estimated that the completion of the specific legal handbook and the articulation of specific tasks of the legal and policy specialist could be understood as the implementation and accomplishment of this recommendation. Therefore, the Board considers that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
				<p>working on a UNU legal handbook to enhance the institutional memory of UNU, which was provided to the Board of Auditors.</p> <p>Finally, UNU indicated that since this ongoing process did not have a specific end date, there was no way to indicate when the process of achieving institutional memory would be completed.</p>					
22	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 194	Additionally, the Board recommends that UNU describe specific, results-oriented functions to be accomplished within a prescribed time frame in the terms of reference or work assignment contained in its consultant contracts.	<p>UNU considered that this recommendation had been implemented. Management explained that recently issued consultant contracts adhered to guidance provided by the Board of Auditors and that, going forward, all contracts would be issued in accordance with the guidance in line with the current administrative instruction (UNU/ADM/2019/01), in effect since 1 March 2019.</p> <p>UNU provided three recent consultant contracts issued during 2019, which included a description of the performance of specific tasks.</p>	<p>UNU issued and provided to the Board administrative instruction UNU/ADM/2019/01 on consultant contracts, in effect since 1 March 2019. All consultant contracts must adhere to the guidance. The administrative instruction sets out the procedures to obtain and administer the services of individuals engaged under consultant contracts but does not describe specific, results-oriented functions to be accomplished.</p> <p>Therefore, the Board considers that this recommendation is under implementation.</p>		X		

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
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23	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 197	The Board recommends that UNU limit the duration of consultant contracts for retired staff members in receipt of a benefit from the United Nations Joint Staff Pension Fund to six months per calendar year. UNU should consider calculating fees on the basis of the nature and complexity of the assignment performed by former or retired staff members.	<p>Finally, with regard to the two contracts observed by the Board during its audit, management mentioned that the contracts were issued prior to the issuance of the recommendation and neither were in force.</p> <p>UNU considered that this recommendation had been implemented, explaining that the current administrative instruction (UNU/ADM/2019/01), in effect since 1 March 2019, had been issued to address the matter.</p> <p>With regard to the contracts observed by the Board during its audit, management mentioned that they had been issued prior to the issuance of the recommendation.</p>	<p>UNU issued a new administrative instruction on consultant contracts (UNU/ADM/2019/01), in effect since 1 March 2019, which contains a provision addressing this recommendation, and all UNU consultancy contracts are in line with the provision.</p> <p>Therefore, the Board considers that this recommendation has been implemented.</p>	X			
24	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 205	The Board recommends that UNU use an electronic system, preferably the human capital management module of the enterprise resource planning system, for managing personnel service agreements and consultant and individual contractor contracts.	<p>The human resources service has successfully moved a substantial group of personnel service agreement holders over to the human capital management module in Atlas and is working towards moving over the remainder by the second quarter of 2019.</p> <p>The migration of personnel service</p>	<p>All UNU personnel service agreements contracts have been migrated to the Atlas human resources module and appear on 2020 payroll reports alongside those of staff members.</p> <p>Therefore, the Board considers that this recommendation has been implemented.</p>	X			

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25	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 225	The Board recommends that UNU-IAS add all necessary information (serial number, model description and custodian) to the assets in Atlas.	agreement contracts to the Atlas human capital management module is in process.  UNU requested that the status of this recommendation be changed to implemented, since UNU-IAS had conducted a physical verification exercise and updated all necessary information in Atlas.	UNU-IAS has completed the update in Atlas as at the end of May 2019. Therefore, the Board considers that this recommendation has been implemented.	X			
26	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 226	Additionally, the Board recommends that UNU-IAS not use software products or licences with an expired licence period to prevent legal action being taken by the licensor.	UNU requested that the status of this recommendation be changed to implemented. In response to the review conducted by the Board during its audit, management explained, on the one hand, that, owing to a technical limitation in the Atlas system, the status of the 25 expired licences could not be changed to “disposed of”. This was because when a licence was renewed or extended, the renewed licence had the same asset identification number as the expired licence.  On the other hand, regarding the 15 software and licences with no expiration date, management explained that this was because	UNU-IAS conducted a thorough physical verification exercise subsequent to the 2018 year-end, and all assets have been verified as at the end of May 2019. The supporting documents were emailed to the auditors. Therefore, the Board considers that this recommendation has been implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
27	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 227	Furthermore, the Board recommends that UNU-IAS perform a physical verification exercise for the library collection and update the information in the library management system at the earliest possible time.	they were perpetual licences, which would not expire.  A physical verification exercise is being conducted. The information in the library management system will be updated in due course.	The Board verified that UNU-IAS had performed the physical verification exercise for the entire library collection, except the ILO collection, corresponding to a donation from the ILO Tokyo office, which had been moved to the library in 2015. The cataloguing into the UNU library system was completed in 2017 and, since it is an archival collection, items have not circulated much in the past few years.  The formal information was not provided as established in the instructions on the physical verification of the non-capital assets of UNU.  Consequently, the Board considers that this recommendation is under implementation.		X		
28	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 234	The Board recommends that UNU-IAS perform a thorough physical verification exercise to ensure the completeness of data of assets.	UNU requested that the status of this recommendation be changed to implemented. In response to the review conducted by the Board during its audit, management explained that, owing to a technical	The Board has reviewed the evidence provided by UNU-IAS, which corresponds to the list of assets as at 31 December 2019 from the Atlas system.  The Board verified that all assets have the necessary	X			

No.	Audit report year	Report reference	Recommendation of the Board	UNU response	Assessment of the Board	Status after verification			
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29	2017	<a href="#">A/73/5 (Vol. IV)</a> , chap. II, para. 235	Additionally, the Board recommends that UNU-IAS update the location of all assets and their profile ID. Atlas should display all assets that are actually in service with status “I” (in use). Assets that are obsolete or not in use should be deleted in Atlas or their asset status should at least be changed from “in use” to “D” (disposed of).	limitation in the Atlas system, the status of the 25 expired licences could not be changed to “disposed of”. This was because when a licence was renewed or extended, the renewed licence had the same asset identification number as the expired licence.  UNU requested that the status of this recommendation be changed to implemented. Owing to a technical limitation in Atlas, the status of the 25 expired licences could not be changed to “disposed of”. This was because when a licence was renewed or extended, the renewed licence had the same asset identification number as the expired licence. The Epson printer was currently in the process of disposal.	descriptions to identify the asset and its custodian. Therefore, the Board considers that this recommendation has been implemented.  UNU-IAS conducted a thorough physical verification exercise subsequent to the 2018 year-end, and all assets have been verified as at the end of May 2019. The supporting documents were emailed to the auditors. Therefore, the Board considers that this recommendation has been implemented.	X			
30	2018	<a href="#">A/74/5 (Vol. IV)</a> , para. 22	The Board recommends that UNU periodically verify the inventory of its library books, with the purpose of detecting missing books.	UNU carried out the inventory of its library books pursuant to information circular UNU/IC/ADM/2016/01 on the UNU policy on non-capital assets.	UNU carried out the inventory of its library books pursuant to information circular UNU/IC/ADM/2016/01 on the UNU policy on non-capital assets. Therefore, the Board considers that this recommendation has been implemented.	X			



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31	2018	<a href="#">A/74/5 (Vol. IV)</a> , para. 23	In addition, the Board recommends that UNU maintain an updated valuation of the inventory of its library books in its accounting reports.	The monetary value of the library books has been recorded in the Koha (UNU library database) system.	No evidence was provided to assess this recommendation. Therefore, the Board considers that this recommendation is under implementation.		X		
32	2018	<a href="#">A/74/5 (Vol. IV)</a> , para. 33	The Board recommends that UNU periodically review the Atlas users of the UNU Centre and UNU institutes and programmes, and remove those users who have been separated from the organization.	UNU-IAS has removed the users who have separated from the organization. UNU-IAS also conducts periodic reviews of the active Atlas user lists.	The Board has reviewed the list of all active users in Atlas, verifying that the user accounts did not match the staff on the separate personnel list provided by UNU. Therefore, the Board considers that this recommendation has been implemented.	X			
<b>Total</b>					<b>32</b>	<b>17</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Percentage</b>					<b>100</b>	<b>53</b>	<b>47</b>	<b>0</b>	<b>0</b>

*Abbreviations:* ICT, information and communications technology; ILO, International Labour Organization; UNU-EHS, UNU Institute for Environment and Human Security; UNU-IAS, UNU Institute for the Advanced Study of Sustainability; UNU-ViE, UNU Vice-Rectorate in Europe.

## Chapter III

### Certification of the financial statements

#### **Letter dated 25 March 2020 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 2019 have been prepared in accordance with rule 106.1 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. These notes provide additional information on and clarification 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 2019

#### 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 2019.
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. UNU was established by the General Assembly in 1973 with a mandate to devote its work to research into the pressing global problems of human survival, development and welfare that are the concern of the United Nations and its agencies.
4. UNU is principally a think-tank and one of several research entities in the United Nations system. Its researchers and support personnel – working in more than a dozen institutes and programmes on five continents – collaborate to develop evidence-based solutions to pressing global challenges and advocating realistic policies that support the United Nations system and Member States' development objectives.
5. The current research programme of UNU is closely aligned with the 2030 Agenda for Sustainable Development and addresses the full range of the 17 Sustainable Development Goals.
6. The research findings of UNU are disseminated primarily through academic and policy publications (most of which are freely available online) and public events. The University also promotes interaction among scientific and policy communities worldwide and members of the general public, building crosswalks between communities on emerging public policy issues.
7. UNU also offers a range of specialized training opportunities, including accredited postgraduate degree programmes, that help to equip tomorrow's leaders with the academic foundations they will need to solve global challenges.
8. UNU operates as a network of 14 research and training institutes in 12 countries. This global UNU system is coordinated by UNU Centre in Tokyo. There are, however, many networks within the University that help concentrate research expertise in specific research fields. The long-standing UNU Migration Network recorded several notable achievements in 2019, including the completion of a joint manuscript that considers the determinants, implications, economic, non-economic and other aspects of the global migration, with contributions from the UNU Programme on Comparative Regional Integration Studies, the United Nations University-Maastricht Economic and Social Research Institute on Innovation and Technology, the United Nations University International Network on Water, Environment and Health, and the United Nations University Institute on Computing and Society. In December 2019, a second network was launched – the UNU Water Network – that will bring together UNU expertise on water. The inaugural meeting was held on 11 December 2019 and included over 25 UNU researchers who pledged to strengthen the impact of the University's water research through information exchange, collaborative research and communications, as well as collaborative fundraising activities.
9. The University's projects seek specifically either to provide immediate practical benefit for vulnerable or marginalized populations or to build up the academic and research capacities of individuals, institutions and government agencies in the Global

South, including by facilitating collaborations that provide developing country scholars and researchers with opportunities to interact with the United Nations and regional policymaking communities. In 2019, these efforts included research projects that (a) helped farmers in Ghana to increase their rice productivity and attain food security, as well as support the green business industry by developing a regulatory framework sensitive to young climate innovation entrepreneurs; (b) supported low- and middle-income countries to introduce new health technologies for tuberculosis, malaria and neglected tropical diseases, with a focus on ensuring relevance in the local context and developing meaningful gender-responsive activities; and (c) considered the effectiveness and impact of the United Nations Mission in South Sudan, with the aim of providing a significant and direct “on-the-ground” impact.

10. In November 2019, the Secretariat released the foundational primer on the 2030 Agenda for Sustainable Development, a project commissioned by the Deputy Secretary-General, Amina J. Mohammed, that builds on the steering efforts of both the UNU Rector, David Malone, and its former Vice-Rector, Sebastian von Einsiedel. The Rector spent considerable time working with the Deputy Secretary-General on the preparation of the foundational primer. The Deputy Secretary-General commissioned this work to ensure the new cadre of Resident Coordinators and United Nations field staff could effectively engage Member States on the integrated nature of the 2030 development framework and its usefulness as a tool for development planning. The project is a notable example of policy development support offered by UNU.

11. The Rector held book launches for two recently co-edited publications: the *Oxford Handbook on United Nations Treaties*, for which book launches were held in Tokyo and in Singapore in October 2019; and an Oxford University Press volume *Megaregulation Contested*, for which a book-launch was also held in Tokyo in October 2019.

12. By the end of 2019, UNU was ahead of its target to reach gender parity at senior levels by 2021 and delivered across the full range of gender action categories discussed with the University’s governing board (UNU Council). Notably, the University achieved gender parity at senior staff levels (P-3 and above), which includes academic and non-academic personnel. Significant progress was made aligning UNU with the various gender initiatives across the United Nations, including the Secretary-General’s system-wide strategy on gender parity and the indicators set in the system-wide action plan for the implementation of the Policy on Gender Equality and Women’s Empowerment, as well as the goals included in the UNU Gender Action Plan. An internal webpage dedicated to gender mainstreaming in research was launched on the UNU intranet and is accessible by all UNU personnel. In addition, a checklist on gender mainstreaming in research, developed to assist project managers, was further refined, and new resources were uploaded to provide project managers with additional reference materials. Significantly, all UNU directors participated in a training session focused on creating a gender-sensitive enabling environment at the annual Conference of Directors, held at UNU headquarters in December 2019.

13. In 2019, the University launched a multi-year project aimed at revitalizing its global online presence. Following a UNU-wide needs assessment process in 2018, the UNU Council endorsed a recommendation by the Rector to create a unified UNU brand as part of a process to revitalize the organization’s online presence. In late February 2019, the branding phase kicked off with a “brand champions” conference call. The call covered central questions around UNU target audiences, key stakeholders, how to involve all of UNU in the branding process and the major risks of the initiative. UNU brand language was agreed upon on 12 June 2019.

## B. Overview of the financial statements for the year ended 31 December 2019

14. Financial statements I, II, III, IV and V show the financial results of UNU activities and its financial position as at 31 December 2019. 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

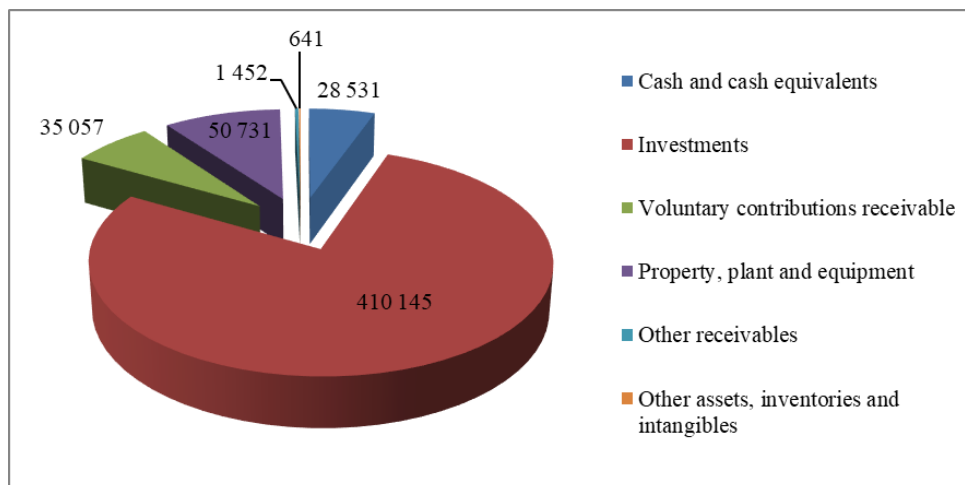
#### Assets

15. Assets as at 31 December 2019 totalled \$526.56 million compared with the balance as at 31 December 2018 of \$487.78 million. Figure IV.I presents the structure of assets as at 31 December 2019.

Figure IV.I

#### Total assets as at 31 December 2019

(Thousands of United States dollars)



16. The main assets as at 31 December 2019 are investments and property, plant and equipment totalling \$460.88 million, representing 87.5 per cent of the total assets; voluntary contributions receivable of \$35.06 million, or 6.7 per cent; and cash and cash equivalents of \$28.53 million, or 5.4 per cent. The remaining 0.4 per cent of the assets consist mainly of other receivables, other assets, inventories and intangibles.

17. Of the total cash, cash equivalents and investments of \$438.68 million, \$387.42 million, or 88.3 per cent, is held with the Endowment Fund, while \$34.26 million, or 7.8 per cent, is held in the United Nations Treasury main cash pool.

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

19. Overall, assets increased by \$38.78 million or 7.9 per cent over the prior year. The change is mainly attributable to the unrealized gains of the investments held with the Endowment Fund.

### Liabilities

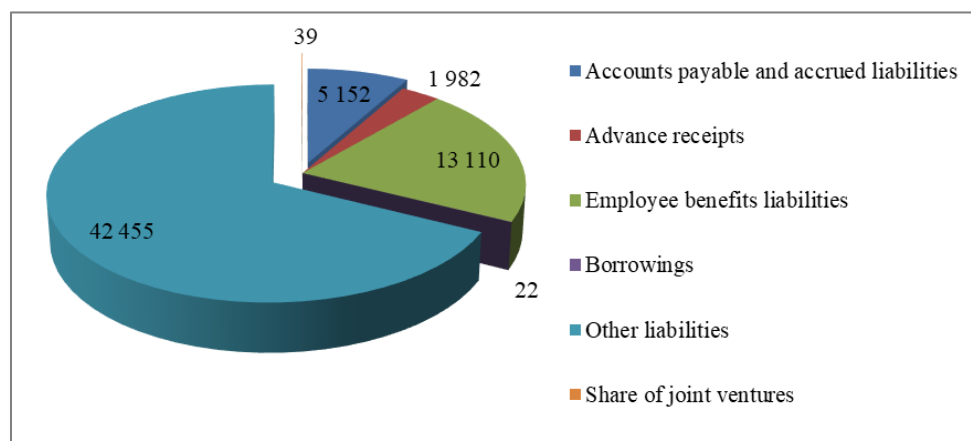
20. Liabilities as at 31 December 2019 totalled \$62.76 million, compared with the balance as at 31 December 2018 of \$72.59 million. Figure IV.II presents the structure of UNU liabilities as at 31 December 2019.

21. The decrease in total liabilities of \$9.83 million or 13.5 per cent is attributable mainly to the reduced volume of exchange traded fund purchases at year end pending settlement, which amounted to \$0.65 million (2018: \$9.83 million).

Figure IV.II

#### Total liabilities as at 31 December 2019

(Thousands of United States dollars)

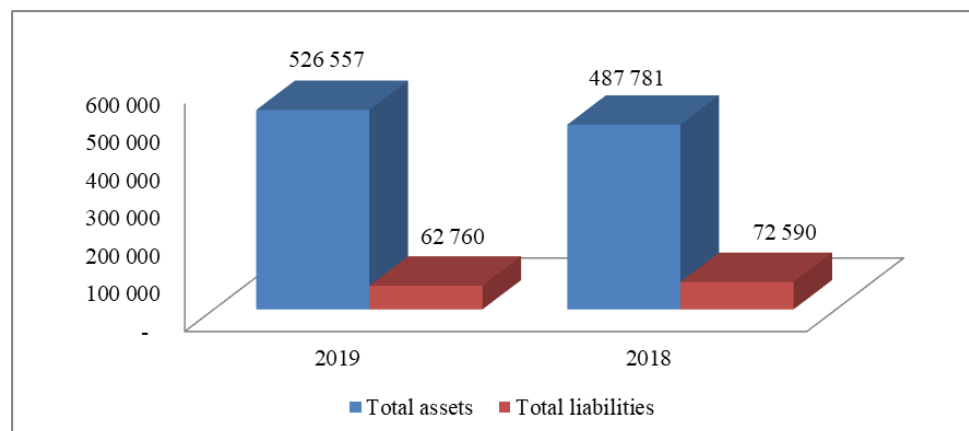


22. Donated rights-to-use buildings occupied by the University's offices, reported as other liabilities, were the largest liabilities held by UNU. These amounted to \$42.46 million, representing 67.6 per cent of total liabilities. The other major component of liabilities was employee benefits earned by staff members, retirees and individual contractors. These accounted for \$13.11 million, representing 20.9 per cent of total liabilities. The remaining liabilities consisted mainly of accounts payable and accrued liabilities, and advance receipts.

Figure IV.III

#### Movement in total assets and total liabilities as at 31 December 2019

(Thousands of United States dollars)



23. Figure IV.III illustrates an increase of 7.9 per cent in the total assets during the year, from \$487.78 million in 2018 to \$526.56 million in 2019. On the other hand, total liabilities decreased by 13.5 per cent, from \$72.59 million in 2018 to \$62.76 million over the same period. The liability to asset ratio improved in 2019 at 12.0 per cent (2018 at 15.0 per cent).

#### *Net assets*

24. The movement in net assets during the year reflects an increase of \$48.61 million, from \$415.19 million as at 31 December 2018 to \$463.80 million as at 31 December 2019. This increase is attributable primarily to the net surplus movement in the Endowment Fund of \$47.37 million as a result of unrealized investment gains.

Table IV.1

#### **Summary of financial position as at 31 December 2019**

(Thousands of United States dollars)

	2019	2018	Change (amount)	Change (percentage)
Current assets	67 961	70 568	(2 607)	(3.7)
Non-current assets	458 596	417 213	41 383	9.9
<b>Total assets</b>	<b>526 557</b>	<b>487 781</b>	<b>38 776</b>	<b>7.9</b>
Current liabilities	10 876	17 823	(6 947)	(39.0)
Non-current liabilities	51 884	54 767	(2 883)	(5.3)
<b>Total liabilities</b>	<b>62 760</b>	<b>72 590</b>	<b>(9 830)</b>	<b>(13.5)</b>
<b>Net assets</b>	<b>463 797</b>	<b>415 191</b>	<b>48 606</b>	<b>11.7</b>

#### **Financial performance**

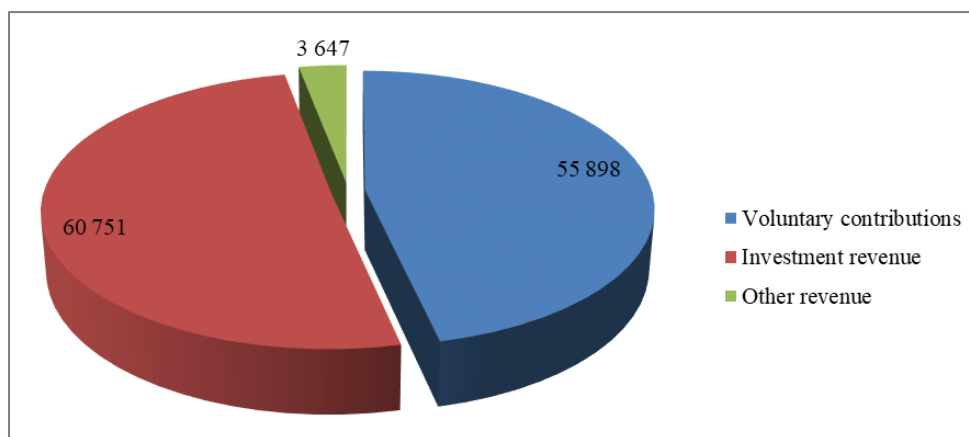
##### *Revenue*

25. In 2019, the University's revenue totalled \$120.30 million, an increase of \$61.87 million compared with 2018 or approximately 106 per cent. The main sources of revenue were investment revenue of \$60.75 and voluntary contributions of \$55.90 million, which included net monetary contributions of \$30.39 million from Member States and \$6.93 million from other donors. Voluntary contributions revenue also comprised contributions in kind as a rental subsidy of \$18.58 million for the year, which represented the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNU. The other revenue amounting to \$3.65 million consisted mainly of rental received by the University's headquarters building and fees from consulting services.

26. Figure IV.IV presents the structure of UNU revenue as at 31 December 2019.

Figure IV.IV  
**Total revenue as at 31 December 2019**

(Thousands of United States dollars)



27. UNU is heavily reliant on a small number of donors; it was noted that the top six donors, on an IPSAS basis, contributed about 81.0 per cent of the total net monetary donor contributions for the year. Figure IV.V highlights the major voluntary contributors, showing Norway as the major contributor for 2019, while figure IV.VI provides the breakdown of the voluntary contributions by current year and the future years, from 2016 to 2019.

Figure IV.V  
**Voluntary contributions from State donors exceeding \$1.0 million per donor, 2019 (IPSAS basis)**

(Thousands of United States dollars)

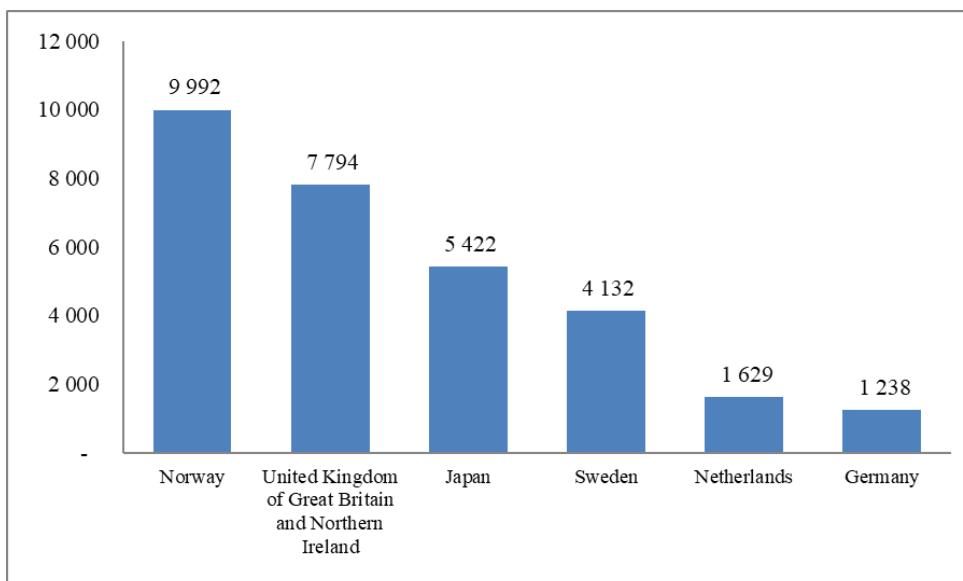




Figure IV.VI  
**Voluntary contributions by current year and future years, 2016–2019**

(Thousands of United States dollars)

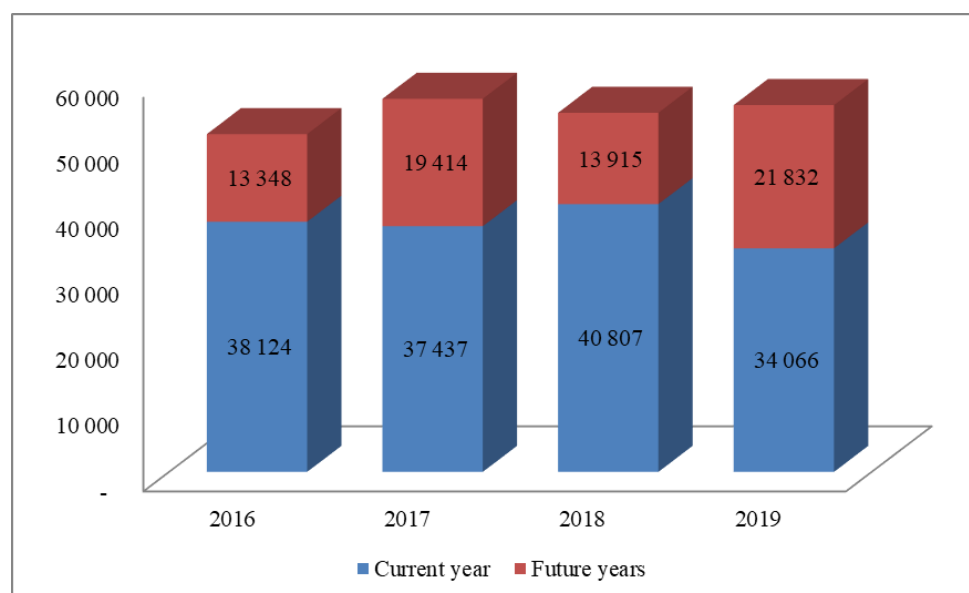


Table IV.2  
**Comparative revenue analysis**

(Thousands of United States dollars)

	2019	2018	Change (amount)	Change (percentage)
Voluntary contributions	55 898	54 722	1 176	2.1
Investment revenue (net)	60 751	–	60 751	100.0
Other revenue	3 647	3 707	(60)	(1.6)
<b>Total revenue</b>	<b>120 296</b>	<b>58 429</b>	<b>61 867</b>	<b>105.9</b>

### *Expenses*

28. For the year ended 31 December 2019, expenses totalled \$75.81 million, a decrease of \$14.73 million compared with 2018, or 16.3 per cent. The main expense categories comprised employee salaries, allowances and benefits of \$27.26 million, or 36.0 per cent; rent, leases and utilities of \$18.35 million, or 24.2 per cent; and other operating expenses of \$17.09 million, or 22.5 per cent. Figure IV.VII presents the structure of UNU expenses as at 31 December 2019.

Figure IV.VII  
**Total expenses as at 31 December 2019**

(Thousands of United States dollars)

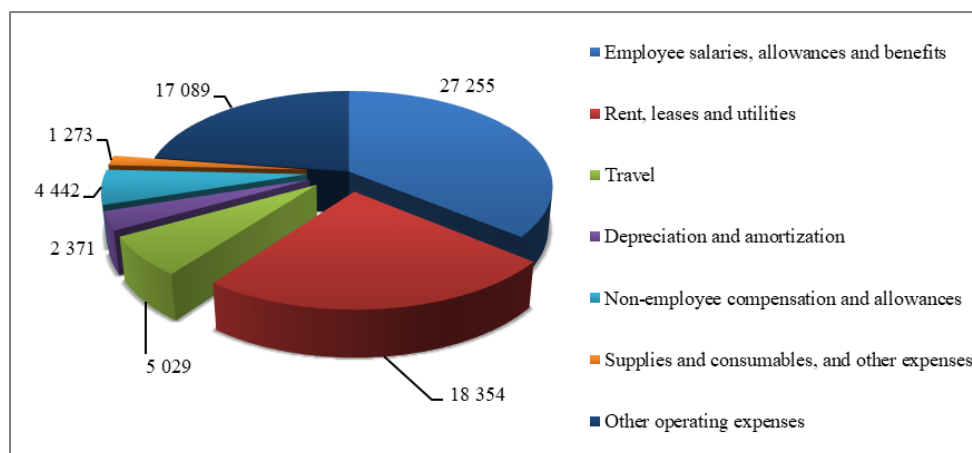


Table IV.3  
**Comparative expense analysis**

(Thousands of United States dollars)

	2019	2018	Change (amount)	Change (percentage)
Employee salaries, allowances and benefits	27 255	26 711	544	2.0
Rent, leases and utilities	18 354	18 620	(266)	(1.4)
Travel	5 029	5 259	(230)	(4.4)
Investment expense	–	16 705	(16 705)	(100.0)
Depreciation and amortization	2 371	1 419	952	67.1
Non-employee compensation and allowances	4 442	5 127	(685)	(13.4)
Supplies and consumables, and other expenses	1 273	1 225	48	3.9
Other operating expenses	17 089	15 472	1 617	10.5
<b>Total expenses</b>	<b>75 813</b>	<b>90 538</b>	<b>(14 725)</b>	<b>(16.3)</b>

29. During 2019, overall expenses decreased by \$14.73 million (16.3 per cent) as a consequence of an investment expense (unrealized losses) of \$16.71 million in the prior year. Excluding this impact, total expenses grew by \$2.0 million (2.7 per cent).

30. The University incurred higher other operating expenses amounting to \$1.62 million (10.5 per cent) owing to increased allowances for doubtful voluntary contributions receivable.

31. Depreciation and amortization increased by \$0.95 million (67.1 per cent) as a result of lower depreciation in 2018, which was reduced by a \$1.80 million write back of fully depreciated building components.

32. On the other hand, there was notable reduction in non-employee compensation and allowances mainly attributable to the lower consultant costs.

### Operating results

33. The University recorded a surplus of \$44.48 million in 2019, compared with a deficit of \$32.11 million in 2018 that had been due largely to an unrealized investment

loss. The surplus comprises mainly investment revenue of \$60.75 million, of which \$48.07 million represents net unrealized gains from investment fair value increases, while the balance of \$12.68 million is from realized gains on sale and maturities of securities.

### **Liquidity position**

34. As at 31 December 2019, the liquidity position of UNU was healthy; the entity had sufficient liquid assets to settle its obligations. Liquid funds totalled \$67.55 million (cash and cash equivalents of \$28.53 million, short-term investments of \$19.13 million and accounts receivable of \$19.89 million), whereas total current liabilities amounted to \$10.88 million and total liabilities amounted to \$62.76 million.

35. Table IV.4 summarizes four key liquidity indicators for the financial year ended 31 December 2019 with comparatives for the year ended 31 December 2018.

Table IV.4

### **Liquidity indicators for the United Nations University**

<i>Indicators</i>	<i>2019</i>	<i>2018</i>
Ratio of liquid assets to current liabilities	6.2:1	3.9:1
Ratio of liquid assets less accounts receivable to current liabilities	4.4:1	2.1:1
Ratio of liquid assets to total assets	0.1:1	0.1:1
Average months of liquid assets less accounts receivable on hand	7.8	5.1

36. The ratio of liquid assets to current liabilities indicates the ability of UNU to pay its short-term obligations from its liquid resources. The ratio of 6.2:1 indicated that current liabilities are covered in excess of six times by liquid assets, and therefore UNU is in a comfortable position to meet short term commitments at the end of 2019. When accounts receivable balances were excluded from the analysis, the coverage of current obligations is at 4.4:1 for 2019 and 2.1:1 for 2018.

37. As at 31 December 2019, the total liquid assets of UNU was about 13.0 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 \$6.12 million for 7.8 months.

## **C. Looking ahead**

38. The UNU Council approved the next five-year strategic plan (2020–2024). The main “building blocks” include a focus on financial sustainability; policy-oriented research programming; collaboration and innovation within UNU; improving visibility, communications, and branding; and facilitating a gender-sensitive work culture. The plan aims to consolidate the progress made during the period 2015–2019. A four-year strategic plan for UNU communications teams was also approved by the UNU Council in December 2019.

39. UNU leadership will continue to explore strategies to improve the resilience of the UNU Endowment Fund in response to slower forecasted growth rates. The UNU Council supported the Rector’s proposal to explore potential short-term investment options that would not increase the University’s risk exposure.

40. Four Iceland-based UNU programmes disassociated from the University at the end of 2019. From 1 January 2020, the Iceland-based training programmes relaunched as a joint category II institute of the United Nations Educational, Scientific and Cultural Organization.

## **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 in the amount of \$10,714.29 in 2019.

#### **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 2019 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 2019.

## Chapter V

### Financial statements for the year ended 31 December 2019

#### United Nations University

#### I. Statement of financial position as at 31 December 2019

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	Note 6	28 531	21 851
Investments	Note 7	19 133	16 086
Voluntary contributions receivable	Note 8	18 435	23 337
Other receivables	Note 9	1 452	8 660
Inventories	Note 10	2	4
Other assets	Note 11	408	630
<b>Total current assets</b>		<b>67 961</b>	<b>70 568</b>
<b>Non-current assets</b>			
Investments	Note 7	391 012	353 193
Voluntary contributions receivable	Note 8	16 622	14 044
Property, plant and equipment	Note 13	50 731	49 691
Intangibles	Note 14	36	78
Other assets	Note 11	195	207
<b>Total non-current assets</b>		<b>458 596</b>	<b>417 213</b>
<b>Total assets</b>		<b>526 557</b>	<b>487 781</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	Note 15	5 152	12 163
Advance receipts	Note 16	1 421	1 312
Employee benefits liabilities	Note 17	2 314	2 428
Lease liabilities	Note 18	11	13
Other liabilities	Note 19	1 978	1 907
<b>Total current liabilities</b>		<b>10 876</b>	<b>17 823</b>

**United Nations University****I. Statement of financial position as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>Non-current liabilities</b>			
Advance receipts	Note 16	561	125
Employee benefits liabilities	Note 17	10 796	13 745
Lease liabilities	Note 18	11	21
Other liabilities	Note 19	40 477	40 839
Share of joint ventures: equity method	Note 28	39	37
<b>Total non-current liabilities</b>		<b>51 884</b>	<b>54 767</b>
<b>Total liabilities</b>		<b>62 760</b>	<b>72 590</b>
<b>Net of total assets and total liabilities</b>		<b>463 797</b>	<b>415 191</b>
<b>Net assets</b>			
Accumulated surpluses	Note 20	76 284	75 051
Endowment Fund	Note 21	387 513	340 140
<b>Total net assets</b>		<b>463 797</b>	<b>415 191</b>

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 2019

(Thousands of United States dollars)

	<i>Reference</i>	<i>2019</i>	<i>2018</i>
<b>Revenue</b>			
Voluntary contributions	Note 22	55 898	54 722
Investment revenue (net)	Note 23	60 751	—
Other revenue	Note 24	3 647	3 707
<b>Total revenue</b>		<b>120 296</b>	<b>58 429</b>
<b>Expenses</b>			
Employee salaries, allowances and benefits	Note 25	27 255	26 711
Rent, leases and utilities	Note 25	18 354	18 620
Travel	Note 25	5 029	5 259
Investment expense (net)	Note 23	—	16 705
Depreciation and amortization	Notes 13, 14, 25	2 371	1 419
Non-employee compensation and allowances	Note 25	4 442	5 127
Supplies and consumables	Note 25	1 260	1 198
Other operating expenses	Note 25	17 089	15 472
Other expenses	Note 25	13	27
<b>Total expenses</b>		<b>75 813</b>	<b>90 538</b>
<b>Surplus/(deficit) for the year</b>		<b>44 483</b>	<b>(32 109)</b>

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 2019**

(Thousands of United States dollars)

	<i>Accumulated surpluses</i>	<i>Endowment Fund</i>	<i>Total</i>
<b>IPSAS net assets as at 1 January 2019</b>	<b>75 051</b>	<b>340 140</b>	<b>415 191</b>
Shares of changes recognized in the net assets of joint ventures: equity method (note 28)	2	—	2
Actuarial gain on employee benefits liabilities (note 17)	4 121	—	4 121
Surplus/(loss) for the year	(2 890)	47 373	44 483
<b>Total recognized changes in net assets</b>	<b>1 233</b>	<b>47 373</b>	<b>48 606</b>
<b>Net assets as at 31 December 2019</b>	<b>76 284</b>	<b>387 513</b>	<b>463 797</b>

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 2019

(Thousands of United States dollars)

	Reference	2019	2018
<b>Cash flows from operating activities</b>			
<b>Surplus/(deficit) for the year</b>		<b>44 483</b>	<b>(32 109)</b>
<i>Non-cash movements</i>			
Depreciation and amortization	Notes 13, 14, 25	2 371	1 419
Unrealized loss/(gain) on Endowment Fund investments from changes in fair value	Note 23	(48 033)	26 126
Realized loss/(gain) on sale of Endowment Fund investments	Note 23	(2 047)	286
Unrealized loss/(gain) on Endowment Fund due to revaluation		57	220
Actuarial (loss)/gain on employee benefits liabilities	Note 17	4 121	1 863
Loss/(gain) on share of joint ventures	Note 28	2	(5)
Loss/(gain) on disposal of property, plant and equipment	Note 13	2	2
Investment revenue from Endowment Fund presented as investing activities	Note 23	(10 143)	(9 176)
Investment revenue from cash pool presented as investing activities	Note 23	(528)	(531)
Additions of property, plant and equipment from in-kind contribution	Note 13	(3 076)	(249)
Additions of property, plant and equipment from lease financing	Note 13	–	(9)
<i>Changes in assets</i>			
Decrease/(increase) in voluntary contributions receivable	Note 8	2 324	4 601
Decrease/(increase) in other receivables	Note 9	7 208	(7 427)
Decrease in inventories	Note 10	2	–
Decrease/(increase) in other assets	Note 11	234	(319)
<i>Changes in liabilities</i>			
Increase/(decrease) in accounts payable and accrued liabilities	Note 15	(7 011)	9 866
Increase/(decrease) in advance receipts	Note 16	545	(729)
Increase/(decrease) in employee benefits liabilities	Note 17	(3 063)	(762)
Increase/(decrease) in other liabilities	Note 19	(291)	(2 593)
Increase/(decrease) in share of joint ventures: equity method	Note 28	2	(40)
<b>Net cash flows used in operating activities</b>		<b>(12 841)</b>	<b>(9 566)</b>

**United Nations University****IV. Statement of cash flows for the year ended 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Reference</i>	<i>2019</i>	<i>2018</i>
<b>Cash flows from investing activities</b>			
Net investment revenue from cash pool presented as investing activities	Note 23	528	531
Net movement in cash pool		(7 759)	11 374
Dividends received		4 974	4 168
Interest received		5 169	5 008
Purchases of investments		(48 621)	(41 593)
Proceeds from sales and maturities of investments		65 538	24 536
Purchases of property, plant and equipment	Note 13	(296)	(86)
Proceeds from sales of property, plant and equipment		–	–
<b>Net cash flows from/(used in) investing activities</b>		<b>19 533</b>	<b>3 938</b>
<b>Cash flows from financing activities</b>			
Lease repayments	Note 18	(12)	(23)
Net additions of property, plant and equipment from lease financing	Note 13	–	9
<b>Net cash flows used in financing activities</b>		<b>(12)</b>	<b>(14)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6 680</b>	<b>(5 642)</b>
<b>Cash and cash equivalents – beginning of year</b>		<b>21 851</b>	<b>27 493</b>
<b>Cash and cash equivalents – end of year</b>	Note 6	<b>28 531</b>	<b>21 851</b>

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 2019**

(Thousands of United States dollars)

<i>Budget cost categories</i>	<i>Approved budget<sup>a</sup></i>				<i>Actual on a comparable basis</i>	<i>Difference: final budget and actual</i>	<i>Difference (percentage)<sup>b</sup></i>
	<i>Original biennial</i>	<i>Final biennial</i>	<i>Original annual</i>	<i>Final annual</i>			
Research, training networks and dissemination	50 285	51 064	18 374	25 780	23 375	(2 405)	(9.3)
Staff and other personnel costs	38 727	38 389	19 583	19 743	18 348	(1 395)	(7.1)
General operating expenses	19 449	19 439	9 632	10 534	9 534	(1 000)	(9.5)
<b>Total</b>	<b>108 461</b>	<b>108 892</b>	<b>47 589</b>	<b>56 057</b>	<b>51 257</b>	<b>(4 800)</b>	<b>(8.6)</b>

<sup>a</sup> The UNU work programme and budget estimates for the biennium 2018–2019 were approved by the UNU Council in December 2017. 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.

<sup>b</sup> 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 (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 14 research and training institutes and programmes located in 13 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 Computing and Society (UNU-CS), Macao, China;

(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 on Globalization, Culture and Mobility (UNU-GCM), Barcelona, Spain (operationally closed end of 2018);

(g) UNU Institute for the Advanced Study of Sustainability (UNU-IAS), Tokyo;

(h) UNU International Institute for Global Health (UNU-IIGH), Kuala Lumpur;

(i) UNU Institute for Natural Resources in Africa (UNU-INRA), Accra;

(j) UNU Institute for Water, Environment and Health (UNU-INWEH), Hamilton, Ontario, Canada;

(k) UNU Institute for Sustainable Development (UNU-IRADDA), Algiers;

(l) UNU Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT), Maastricht, the Netherlands;

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

(n) 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 which 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 (e) 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 2020–2021, its net assets position, the stable historical trend of voluntary contributions collection and the fact that the General Assembly has made 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 2019 to the Board of Auditors by 31 March 2020. 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 authorized for issue on 31 July 2020.

*Measurement basis*

18. The financial statements are prepared using the historic-cost convention except for real estate assets (other than prefabricated buildings), which are recorded at depreciated replacement cost, and 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.

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

*Materiality and use of judgment and estimation*

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

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

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

*Future accounting pronouncements*

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

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

(b) Non-exchange expenses: the aim of the project is to develop a standard (or standards) that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

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

(d) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13. The development of a new IPSAS is continuing, with the date of its issuance yet to be determined by the IPSAS Board;

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

used; and (c) to address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

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

*Recent and future requirements of the International Public Sector Accounting Standards*

26. The IPSAS Board has issued the following standards: IPSAS 40 in 2017 effective 1 January 2019, IPSAS 41 issued August 2018 effective 1 January 2022 and IPSAS 42 issued January 2019 effective 1 January 2022. The impact of these standards on the University's financial statements and the comparative period therein has been evaluated to be as follows:

<i>Standard</i>	<i>Anticipated impact in the year of adoption</i>
IPSAS 40	There is no impact on the University from the application of IPSAS 40: Public sector combinations, as to date there are no public sector combinations that fall under volume IV.
IPSAS 41	<p>IPSAS 41 substantially improves the relevance of information for financial assets and financial liabilities. It will replace IPSAS 29: Financial instruments: recognition and measurement, and improves that standard's requirements by introducing:</p> <ul style="list-style-type: none"> <li>(a) Simplified classification and measurement requirements for financial assets;</li> <li>(b) A forward-looking impairment model;</li> <li>(c) A flexible hedge accounting model.</li> </ul> <p>IPSAS 41 will be effective from 1 January 2022. Its impact on the financial statements will be assessed prior to that date and the University will be ready for its implementation by the time it becomes effective.</p>
IPSAS 42	<p>IPSAS 42: Social benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.</p> <p>IPSAS 42 will be effective from 1 January 2022. Currently, there are no such social benefits in the University's operations.</p>

**Note 3**

**Significant accounting policies**

*Financial assets classification*

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



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

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

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

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

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

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

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

#### *Investment in cash pools*

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

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

*Endowment Fund investment*

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

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

*Cash and cash equivalents*

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

*Receivables from non-exchange transactions: contributions receivable*

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

*Receivables from exchange transactions: other receivables*

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

*Other assets*

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

*Inventories*

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

Category	Subcategories
Held for sale or external distribution	Books and publications

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

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

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

#### *Heritage assets*

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

#### *Property, plant and equipment*

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

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

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

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

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

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

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

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

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

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

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

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

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

#### *Intangible assets*

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

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

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

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

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

#### *Financial liabilities classification*

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

#### *Financial liabilities: accounts payable and accrued liabilities*

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

#### *Advance receipts and other liabilities*

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

#### *Leases*

##### *The University as "lessee"*

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

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

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

*Donated right to use*

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

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

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

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

*Employee benefits*

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

*Short-term employee benefits*

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



reporting date are recognized as current liabilities within the statement of financial position.

*Post-employment benefits*

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

*Defined-benefit plans*

69. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the University (other long-term benefits). Defined-benefit plans are those where the University's obligation is to provide agreed benefits and therefore the University bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The University has chosen to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. At the end of the reporting year, the University held no plan assets as defined by IPSAS 25: 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 25: Employee benefits, other long-term benefits must be valued similarly to post-employment benefits; therefore, the University values its accumulated annual leave benefit liability as a defined, post-employment benefit that is actuarially valued.

*Pension plan: United Nations Joint Staff Pension Fund*

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

75. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The University and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the University's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the University has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The University's contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

*Termination benefits*

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

*Other long-term employee benefits*

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

*Provisions*

78. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the University has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

*Contingent liabilities*

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

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

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

*Contingent assets*

82. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the University. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the University.

*Commitments*

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

*Non-exchange revenue**Voluntary contributions*

84. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time when the agreement becomes binding, which is the point when the University is deemed to acquire control

of the asset. However, where cash is received subject to specific conditions, recognition of revenue is deferred until those conditions have been satisfied. Revenue will be recognized up front for all conditional arrangements up to the threshold of \$50,000.

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

86. 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.

87. 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*

88. 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*

89. 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*

90. 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.

91. 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.

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

93. 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*

94. 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.

95. 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**

96. 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.

97. 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.

98. 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 2019

(Thousands of United States dollars)

	Reference	Centre	Institutes	Elimination <sup>a</sup>	31 December 2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	Note 6	20 152	8 379	—	28 531
Investments	Note 7	9 897	9 236	—	19 133
Voluntary contributions receivable	Note 8	2 357	16 078	—	18 435
Other receivables	Note 9	438	1 014	—	1 452
Inventories	Note 10	—	2	—	2
Other assets	Note 11	282	126	—	408
Inter-fund balances receivable		1 320	31 881	(33 201)	—
<b>Total current assets</b>		<b>34 446</b>	<b>66 716</b>	<b>(33 201)</b>	<b>67 961</b>
<b>Non-current assets</b>					
Investments	Note 7	184 443	206 569	—	391 012
Voluntary contributions receivable	Note 8	521	16 101	—	16 622
Property, plant and equipment	Note 13	36 918	13 813	—	50 731
Intangibles	Note 14	—	36	—	36
Other assets	Note 11	168	27	—	195
<b>Total non-current assets</b>		<b>222 050</b>	<b>236 546</b>	<b>—</b>	<b>458 596</b>
<b>Total assets</b>		<b>256 496</b>	<b>303 262</b>	<b>(33 201)</b>	<b>526 557</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	Note 15	2 220	2 932	—	5 152
Advance receipts	Note 16	713	708	—	1 421
Employee benefits liabilities	Note 17	850	1 464	—	2 314
Lease liabilities	Note 18	2	9	—	11
Other liabilities	Note 19	1 436	542	—	1 978
Inter-fund balances payable		28 792	4 409	(33 201)	—
<b>Total current liabilities</b>		<b>34 013</b>	<b>10 064</b>	<b>(33 201)</b>	<b>10 876</b>

**Statement of financial position as at 31 December 2019** (continued)

(Thousands of United States dollars)

	<i>Reference</i>	<i>Centre</i>	<i>Institutes</i>	<i>Elimination<sup>a</sup></i>	<i>31 December 2019</i>
<b>Non-current liabilities</b>					
Advance receipts	Note 16	222	339	–	561
Employee benefits liabilities	Note 17	3 390	7 406	–	10 796
Lease liabilities	Note 18	1	10	–	11
Other liabilities	Note 19	29 352	11 125	–	40 477
Share of joint ventures: equity method	Note 28	16	23	–	39
<b>Total non-current liabilities</b>		<b>32 981</b>	<b>18 903</b>	<b>–</b>	<b>51 864</b>
<b>Total liabilities</b>		<b>66 994</b>	<b>28 967</b>	<b>(33 201)</b>	<b>62 760</b>
<b>Net of total assets and total liabilities</b>		<b>189 502</b>	<b>274 295</b>	<b>–</b>	<b>463 797</b>
<b>Net assets</b>					
Accumulated surpluses	Note 20	11 835	64 449	–	76 284
Endowment Fund	Note 21	177 667	209 846	–	387 513
<b>Total net assets</b>		<b>189 502</b>	<b>274 295</b>	<b>–</b>	<b>463 797</b>

<sup>a</sup> Eliminations comprise \$33.20 million relating to inter-fund transactions between the UNU Centre and its institutes and programmes.

**Statement of financial performance as at 31 December 2019**

(Thousands of United States dollars)

	<i>Reference</i>	<i>Centre</i>	<i>Institutes</i>	<i>Elimination<sup>a</sup></i>	<i>Total</i>
<b>Revenue</b>					
Voluntary contributions	Note 22	23 204	32 694	–	55 898
Investment revenue (net)	Note 23	28 489	32 262	–	60 751
Other revenue	Note 24	1 963	2 273	(589)	3 647
<b>Total revenue</b>		<b>53 656</b>	<b>67 229</b>	<b>(589)</b>	<b>120 296</b>
<b>Expenses</b>					
Employee salaries, allowances and benefits	Note 25	9 745	17 906	(396)	27 255
Rent, leases and utilities	Note 25	16 311	2 043	–	18 354
Travel	Note 25	1 021	4 008	–	5 029
Depreciation and amortization	Notes 13, 14, 25	1 698	673	–	2 371
Non-employee compensation and allowances	Note 25	1 071	3 371	–	4 442
Supplies and consumables	Note 25	461	799	–	1 260
Other operating expenses	Note 25	3 467	13 815	(193)	17 089
Other expenses	Note 25	3	10	–	13
<b>Total expenses</b>		<b>33 777</b>	<b>42 625</b>	<b>(589)</b>	<b>75 813</b>
<b>Surplus for the year</b>		<b>19 879</b>	<b>24 604</b>	<b>–</b>	<b>44 483</b>

<sup>a</sup> Eliminations comprise \$0.59 million relating to revenue from services rendered and transactions between the UNU Centre and its institutes and programmes.

**Note 5**  
**Comparison to budget**

99. 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.

100. 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.

101. The original budget amounts are the 2019 portions of the appropriations approved by the UNU Council for the biennium 2018–2019 on 4 December 2017. Differences between original and final budget amounts are due to revised appropriations as approved by the Council, the balance of the 2018 budgets carried over to 2019 and increased authorized spending for specific programme activities that the Rector has been authorized by the Council to accept and utilize.

102. There was no material difference between the final budget appropriation for 2019 and actual expenditure on a modified cash basis.

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

103. Reconciliation between the actual amounts on a comparable basis in the 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 2019**

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
<b>Actual amounts on comparable basis (statement V)</b>	<b>(51 257)</b>	<b>–</b>	<b>–</b>	<b>(51 257)</b>
Basis differences	40 202	(296)	–	<b>39 906</b>
Entity differences	(1 786)	–	–	<b>(1 786)</b>
Presentation differences	–	19 829	(12)	<b>19 817</b>
<b>Actual amounts in statement of cash flows (statement IV)</b>	<b>(12 841)</b>	<b>19 533</b>	<b>(12)</b>	<b>6 680</b>

104. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the non-cash elements such as unliquidated obligations, property, plant and equipment and voluntary contributions receivable are included as basis differences.

105. 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.

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

107. 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.

108. The table below presents the difference between biennial budget amounts, which is prepared on a modified cash basis, and actual expenditure on a comparable basis.

### Statement of comparison of budget and actual amounts for the end of biennium 2018–2019

(Thousands of United States dollars)

Budget cost categories	Approved budget for 2018–2019 <sup>a</sup>		Actual expenditure Budget Basis (for 2018–2019 biennium)	Difference (percentage) <sup>b</sup>
	Original biennial	Final biennial		
Research, training networks and dissemination	50 285	51 064	48 658	(4.7)
Staff and other personnel costs	38 727	38 389	36 995	(3.6)
General operating expenses	19 449	19 439	18 439	(5.1)
<b>Total</b>	<b>108 461</b>	<b>108 892</b>	<b>104 092</b>	<b>(4.4)</b>

<sup>a</sup> The UNU work programme and budget estimates for the biennium 2018–2019 were approved by the UNU Council in December 2017. 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.

<sup>b</sup> Represents actual expenditure (budget basis) less final budget as a percentage of the final budget.

### 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 2019

(Thousands of United States dollars)

	Total
<b>Actual amounts on comparable basis (statement V)</b>	<b>51 257</b>
Additional assets and intangibles	(3 372)
Depreciation and amortization	2 371
Donated right-to-use arrangements	18 291
Endowment Fund expenses	1 786
Foreign exchange differences	(545)
Payroll related accruals and education grant prepayments	751



	<i>Total</i>
Change in obligations/effect of accruals versus obligations	(152)
Lease payments	(12)
Prepayments and other receivables	119
Other accruals	498
Inter-office eliminations	(193)
Loss on disposal of property, plant and equipment	2
Allowance for doubtful receivables	5 012
<b>Actual amounts in statement of financial performance (statement II)</b>	<b>75 813</b>

**Note 6**  
**Cash and cash equivalents**

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
Cash pools (note 26)	9 171	1 876
Cash at Endowment Fund (note 26)	2 373	2 276
Other cash (note 26)	16 987	17 699
<b>Total cash and cash equivalents</b>	<b>28 531</b>	<b>21 851</b>

**Note 7**  
**Investments**

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>Current investments</b>		
Cash pools (note 26)	19 133	16 086
<b>Total current investments</b>	<b>19 133</b>	<b>16 086</b>
<b>Non-current investments</b>		
Cash pools (note 26)	5 960	1 246
Endowment Fund (note 26)	385 052	351 947
<b>Total non-current investments</b>	<b>391 012</b>	<b>353 193</b>
<b>Total investments</b>	<b>410 145</b>	<b>369 279</b>

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

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Current voluntary contributions receivable</b>		
Voluntary contributions receivable	61 648	56 686
Allowance for doubtful voluntary contributions receivable	(43 213)	(33 349)
<b>Total current voluntary contributions receivable</b>	<b>18 435</b>	<b>23 337</b>
<b>Non-current voluntary contributions receivable</b>		
Voluntary contributions receivable	34 772	35 544
Allowance for doubtful voluntary contributions receivable	(18 150)	(21 500)
<b>Total non-current voluntary contributions receivable</b>	<b>16 622</b>	<b>14 044</b>
<b>Total voluntary contributions receivable</b>	<b>35 057</b>	<b>37 381</b>

110. The voluntary contributions receivable are reviewed annually to determine if there is any indication of impairment in value. During 2019, the allowance for doubtful receivables includes an impairment for payment instalments that are in arrears, as well as the future funding instalments from a multi-year agreement with a major donor.

**Note 9**  
**Other receivables: receivables from exchange transactions**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Investment receivables	768	8 143
Member States	257	205
Receivables from other United Nations entities	9	9
Staff	28	22
Other exchange revenue receivables	390	286
Allowance for doubtful other receivables	—	(5)
<b>Total other receivables</b>	<b>1 452</b>	<b>8 660</b>

111. The decrease in investment receivables is attributable mainly to the lower investment sales at year end as compared with the previous year. As at 31 December 2019, investment sales pending trade settlement amounted to \$0.58 million (2018: \$7.74 million).

**Note 10**  
**Inventories**

(Thousands of United States dollars)

	2019	2018
<b>Opening inventory as at 1 January</b>	<b>4</b>	<b>4</b>
Purchased in period	—	—
<b>Total inventory available</b>	<b>4</b>	<b>4</b>
Consumption	2	—
Impairment and write-offs	—	—
<b>Total inventory as at 31 December</b>	<b>2</b>	<b>4</b>

**Note 11**  
**Other assets**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Current other assets</b>		
Advances to non-staff	231	400
Advances to staff	177	230
<b>Total current other assets</b>	<b>408</b>	<b>630</b>
<b>Non-current other assets</b>		
Advances to non-staff	195	207
<b>Total non-current other assets</b>	<b>195</b>	<b>207</b>
<b>Total other assets</b>	<b>603</b>	<b>837</b>

**Note 12**  
**Heritage assets**

112. Certain assets are categorized as heritage assets because of their cultural, educational or historical significance. The University's heritage assets comprise works of art, books and a statue. They were acquired over many years by various means, including purchase, donation and bequest. The heritage assets are not used in the delivery of services relating to the University's institutes or programmes; in accordance with the University's accounting policy, heritage assets are not recognized on the statement of financial position. There were some heritage assets in the form of photographs disposed of during 2019.

**Note 13**  
**Property, plant and equipment**

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

114. In 2019, additions to property, plant and equipment included a replacement of fire protection system and construction of anti-earthquake ceiling for the University headquarters building contributed by the host Government, which amounted to \$1.66 million.

115. The net book value includes \$42.45 million relating to right-to-use arrangements.

	<i>Buildings</i>	<i>Leasehold improvements</i>	<i>Assets under construction</i>	<i>Machinery and equipment</i>	<i>Vehicles</i>	<i>Communications and information technology equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
<b>Cost as at 31 December 2018</b>	<b>137 037</b>	<b>638</b>	<b>9</b>	<b>190</b>	<b>216</b>	<b>2 198</b>	<b>362</b>	<b>140 650</b>
Additions	3 075	–	151	9	–	136	–	3 371
Disposals	(1 231)	–	–	(17)	(43)	(451)	(79)	(1 821)
Capitalization	9	–	–	–	–	–	–	9
Reclassification	–	–	(9)	–	–	–	–	(9)
<b>Cost as at 31 December 2019</b>	<b>138 890</b>	<b>638</b>	<b>151</b>	<b>182</b>	<b>173</b>	<b>1 883</b>	<b>283</b>	<b>142 200</b>
<b>Accumulated depreciation as at 31 December 2018</b>	<b>88 114</b>	<b>351</b>	<b>–</b>	<b>139</b>	<b>146</b>	<b>1 917</b>	<b>292</b>	<b>90 959</b>
Depreciation charge for the period	2 026	128	–	26	22	102	25	2 329
Depreciation on disposals	(1 231)	–	–	(17)	(42)	(451)	(78)	(1 819)
Impairment losses (assets still not retired)	–	–	–	–	–	–	–	–
<b>Accumulated depreciation as at 31 December 2019</b>	<b>88 909</b>	<b>479</b>	<b>–</b>	<b>148</b>	<b>126</b>	<b>1 568</b>	<b>239</b>	<b>91 469</b>
<b>Net carrying amount</b>								
31 December 2018	48 923	287	9	51	70	281	70	49 691
<b>31 December 2019</b>	<b>49 981</b>	<b>159</b>	<b>151</b>	<b>34</b>	<b>47</b>	<b>315</b>	<b>44</b>	<b>50 731</b>

**Note 14**  
**Intangible assets**

(Thousands of United States dollars)

	<i>Software developed internally</i>	<i>Software externally acquired</i>	<i>Total 2019</i>	<i>Total 2018</i>
<b>Cost as at 1 January</b>	<b>195</b>	<b>11</b>	<b>206</b>	<b>206</b>
Additions	—	—	—	—
Disposals	—	—	—	—
Completed assets under development	—	—	—	—
<b>Cost as at 31 December</b>	<b>195</b>	<b>11</b>	<b>206</b>	<b>206</b>
Accumulated amortization as at 1 January	120	8	128	86
Amortization	39	3	42	42
Impairment losses (assets still not retired)	—	—	—	—
<b>Accumulated amortization as at 31 December</b>	<b>159</b>	<b>11</b>	<b>170</b>	<b>128</b>
<b>Net carrying amount</b>	<b>36</b>	<b>—</b>	<b>36</b>	<b>78</b>

**Note 15**  
**Accounts payable and accrued liabilities**

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
Vendor payables	410	324
Accruals for goods and services	1 523	1 364
Payable to other United Nations entities	187	406
Investment payable	2 956	9 869
Other	76	200
<b>Total accounts payable and accrued liabilities</b>	<b>5 152</b>	<b>12 163</b>

116. The decrease in investment payable is attributable mainly to the reduced volume of exchange-traded fund purchases at year end pending settlement, which amounted to \$0.65 million (2018: \$9.83 million)

**Note 16**  
**Advance receipts**

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>Current advance receipts</b>		
Contributions received in advance	1 164	1 122
Other advance receipts	257	190
<b>Total current advance receipts</b>	<b>1 421</b>	<b>1 312</b>

	31 December 2019	31 December 2018
<b>Non-current advance receipts</b>		
Contributions received in advance	561	125
<b>Total non-current advance receipts</b>	<b>561</b>	<b>125</b>
<b>Total advance receipts</b>	<b>1 982</b>	<b>1 437</b>

**Note 17**  
**Employee benefits liabilities**

(Thousands of United States dollars)

	Current	Non-current	Total 31 December 2019
After-service health insurance	104	8 100	8 204
Annual leave	159	1 249	1 408
Repatriation benefits	202	1 447	1 649
<b>Defined end-of-service/post-employment benefits liabilities</b>	<b>465</b>	<b>10 796</b>	<b>11 261</b>
Accrued salaries and allowances	1 849	—	1 849
<b>Total employee benefits liabilities</b>	<b>2 314</b>	<b>10 796</b>	<b>13 110</b>

(Thousands of United States dollars)

	Current	Non-current	Total 31 December 2018
After-service health insurance	203	10 988	11 191
Annual leave	138	1 147 <sup>a</sup>	1 285
Repatriation benefits	223	1 610 <sup>a</sup>	1 833
<b>Defined end-of-service/post-employment benefits liabilities</b>	<b>564</b>	<b>13 745</b>	<b>14 309</b>
Accrued salaries and allowances	1 864	—	1 864
<b>Total employee benefits liabilities</b>	<b>2 428</b>	<b>13 745</b>	<b>16 173</b>

<sup>a</sup> Comparative figures have been restated for presentation purposes.

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 2019.

*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 2019 and 31 December 2018 are as follows:

### Actuarial assumptions

(Percentage)

<i>Actuarial assumptions</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Discount rates 31 December 2018	4.64	4.23	4.15
Discount rates 31 December 2019	3.63	3.19	2.51
Inflation 31 December 2018	3.89-5.57	2.20	–
Inflation 31 December 2019	3.76-5.44	2.20	–

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 2019, the assumptions relating to salary increases for staff in the Professional category were 8.5 per cent for the age of 23, grading down to 4.0 per cent for the age of 70. 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 per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2019 were updated to include escalation rates for future years. As at 31 December 2019, these escalation rates were at 3.76 per cent (2018: 3.89 per cent) for non-United States medical plans in Switzerland and 3.83 per cent (2018: 3.91 per cent) for non-United States medical plans in Eurozone. The escalation rate was at 5.44 per cent (2018: 5.57 per cent) for all other medical plans, except 5.26 per cent (2018: 5.38 per cent) for the United States Medicare plan and 4.66 per cent (2018: 4.73 per cent) for the United States dental plan, grading down to 3.85 per cent (2018: 3.85 per cent) over 3 to 8 years (2018: 4 to 9 years) for non-United States and 13 years (2018: 14 years) for United States health-care costs.

122. With regard to the valuation of repatriation benefits as at 31 December 2019, inflation in travel costs remained unchanged at 2.20 per cent, on the basis of the projected United States inflation rate over the next 20 years.

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

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

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

(Thousands of United States dollars)

	2019	2018
<b>Net defined-benefit liability as at 1 January</b>	<b>14 309</b>	<b>15 155</b>
Current service cost	1 021	1 081
Interest cost	637	569
<b>Total costs recognized in the statement of financial performance</b>	<b>1 658</b>	<b>1 650</b>
Benefits paid	(585)	(633)
Actuarial gains recognized directly in the statement of changes in net assets <sup>a</sup>	(4 121)	(1 863)
<b>Net defined-benefits liability as at 31 December</b>	<b>11 261</b>	<b>14 309</b>

<sup>a</sup> The net cumulative amount of actuarial gains recognized in the statement of changes in net assets is \$4.1 million (2018: actuarial gains of \$1.9 million).

*Discount rate sensitivity analysis*

125. 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 2019	After-service health insurance	Repatriation benefits	Annual leave
Increase of discount rate by 0.5 per cent	(843)	(73)	(58)
As a percentage of year-end liability	(10)	(4)	(4)
Decrease of discount rate by 0.5 per cent	981	79	63
As a percentage of year-end liability	12	5	4
31 December 2018	After-service health insurance	Repatriation benefits	Annual leave
Increase of discount rate by 1 per cent	(1 970)	(152)	(99)
As a percentage of year-end liability	(18)	(8)	(8)
Decrease of discount rate by 1 per cent	2 601	178	115
As a percentage of year-end liability	23	10	9

*Medical costs sensitivity analysis*

126. 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)

2019 <sup>a</sup>	<i>Increase</i>		<i>Decrease</i>	
Effect on the defined-benefits obligation	11.54%	947	(10.03%)	(823)
Effect on the aggregate of the current service cost and interest cost	1.57%	129	(1.33%)	(109)
<b>Total effect</b>		<b>1 076</b>		<b>(932)</b>

<sup>a</sup> 2019 sensitivities are based on change of rate by 0.5 per cent.

2018 <sup>b</sup>	<i>Increase</i>		<i>Decrease</i>	
Effect on the defined-benefits obligation	23.47%	2 626	(18.06%)	(2 021)
Effect on the aggregate of the current service cost and interest cost	3.05%	341	(2.27%)	(254)
<b>Total effect</b>		<b>2 967</b>		<b>(2 275)</b>

<sup>b</sup> 2018 sensitivities are based on change of rate by 1 per cent.

*Other defined-benefits plan information*

127. Benefits paid for 2019 are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave. The estimated defined-benefits payments (net of participants' contributions in these schemes) are shown in the following table.

**Estimated defined-benefits payments, net of participants' contributions**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>	<i>Total</i>
2021	120	124	110	<b>354</b>
2020	107	208	163	<b>478</b>

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

(Thousands of United States dollars)

	2018	2017	2016	2015	2014
Present value of the defined-benefit obligations	14 309	15 155	12 691	11 698	16 579

*Accrued salaries and allowances*

128. Accrued salaries and allowances comprise \$0.87 million (2018: \$0.85 million) in annual leave for certain individual contractors and compensatory time off, \$0.58 million (2018: \$0.59 million) in United Nations tax reimbursements, \$0.24 million (2018: \$0.19 million) in repatriation benefits payable, \$0.16 million (2018: \$0.19 million) in home leave, nil (2018: \$0.02 million) for termination indemnity and nil (2018: \$0.02 million) relating to reassignment cost.

*United Nations Joint Staff Pension Fund*

129. The Regulations of the Pension Fund state 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 Pension Fund will be sufficient to meet its liabilities.

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

131. The latest actuarial valuation for the Fund was completed as at 31 December 2017, and the valuation as at 31 December 2019 is currently being performed. A roll forward of the participation data as of 31 December 2017 to 31 December 2018 was used by the Fund for its 2018 financial statements.

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

133. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2017, for deficiency payments under article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

134. Should article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the 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 Pension Fund during the preceding three years (2016, 2017 and 2018) amounted to \$7,131.56 million, of which 0.09 per cent was contributed by the University.

135. During 2019, contributions paid to the Pension Fund amounted to \$2.47 million (2018: \$2.33 million). Expected contributions due in 2020 are approximately \$2.40 million.

136. Membership in the 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.

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

## Note 18

### Lease liabilities

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Current</b>		
Finance leases (note 29)	11	13
Operating lease straight lining liability	–	–
<b>Total current lease liabilities</b>	<b>11</b>	<b>13</b>
<b>Non-current</b>		
Finance leases (note 29)	11	21
Operating lease straight lining liability	–	–
<b>Total non-current lease liabilities</b>	<b>11</b>	<b>21</b>
<b>Total lease liabilities</b>	<b>22</b>	<b>34</b>

## Note 19

### Other liabilities

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Donated right-to-use buildings (note 29)</b>		
Current	1 978	1 907
Non-current	40 477	40 839
<b>Total other liabilities</b>	<b>42 455</b>	<b>42 746</b>

## Note 20

### Net assets: accumulated surpluses/(deficits)

(Thousands of United States dollars)

	Operating funds	End-of-service liabilities fund	Total 2019	Total 2018
<b>Balance as at 1 January</b>	<b>90 923</b>	<b>(15 872)</b>	<b>75 051</b>	<b>77 102</b>
Actuarial gains/(losses) recognized in net assets	–	4 121	4 121	1 863
Share of changes recognized on the net assets of joint ventures: equity method	2	–	2	(5)
Surplus/(deficit) for the year	(537)	(653)	(1 190)	1 091
Transfers to end-of-service liabilities fund	(2 666)	2 666	–	–
Transfers to Endowment Fund	(1 700)	–	(1 700)	(5 000)
<b>Balance as at 31 December</b>	<b>86 022</b>	<b>(9 738)</b>	<b>76 284</b>	<b>75 051</b>

**Note 21****Net assets: Endowment Fund**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Contributed capital (restricted)	281 116	279 416
Accumulated surpluses (restricted)	106 397	60 724
<b>Total Endowment Fund net assets</b>	<b>387 513</b>	<b>340 140</b>

**Movement in Endowment Fund****Contributed capital (restricted)**

(Thousands of United States dollars)

	2019	2018
<b>Balance as at 1 January</b>	<b>279 416</b>	<b>273 506</b>
Endowment Fund received	1 700	5 910
<b>Balance as at 31 December</b>	<b>281 116</b>	<b>279 416</b>

**Accumulated surpluses/(deficits): restricted**

(Thousands of United States dollars)

	2019	2018
<b>Balance as at 1 January</b>	<b>60 724</b>	<b>94 834</b>
Distribution to operating funds	(12 753)	(16 216)
Surplus/(deficit) for the year	59 957	(17 410)
Allowance for doubtful receivables	(1 531)	(484)
<b>Balance as at 31 December</b>	<b>106 397</b>	<b>60 724</b>

**Note 22****Voluntary contributions: revenue from non-exchange transactions**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Voluntary monetary contributions	38 687	35 453
Voluntary in-kind contributions	18 582	19 507
<b>Total voluntary contributions received</b>	<b>57 269</b>	<b>54 960</b>
Refunds	(1 371)	(238)
<b>Net voluntary contributions received</b>	<b>55 898</b>	<b>54 722</b>

138. 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 \$22.1 million that are subject to general stipulations in the agreements that do 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.

139. The net voluntary contributions, amounting to \$55.9 million, consist of \$34.1 million contributions for the current year 2019 and \$21.8 million for future years, as follows: 2020: \$7.5 million; 2021: \$6.1 million; 2022: \$5.7 million; 2023: \$2.3 million; and 2024: \$0.2 million.

140. In-kind contributions revenue represents donated right-to-use facilities and premises based on fair rental value. In-kind contributions of services received of \$0.41 million during the period are not recognized as revenue and therefore are not included in the above in-kind contributions revenue.

## Note 23

### Net investments revenue/(expense)

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Summary of revenue and expense from cash pool</b>		
Investment revenue	490	484
Change in fair value	28	44
Unrealized gains/(losses)	10	3
<b>Net cash pool revenue/(expense)</b>	<b>528</b>	<b>531</b>
<b>Summary of revenue/(expense) from Endowment Fund</b>		
Investment revenue	10 143	9 176
Realized gain (loss) on sale and maturities of securities	2 047	(286)
Change in fair value	48 033	(26 126)
<b>Net Endowment Fund revenue/(expense)</b>	<b>60 223</b>	<b>(17 236)</b>
<b>Total net investment revenue/(expense)</b>	<b>60 751</b>	<b>(16 705)</b>

## Note 24

### Other revenue: revenue from exchange transactions

(Thousands of United States dollars)

	31 December 2019	31 December 2018
Publications sales and royalties	14	13
Services rendered	1 523	1 367
Rental revenue	1 441	1 696
Tuition revenue	219	246
Membership fees	40	57
Foreign exchange gains	228	—
Other	182	328
<b>Total other revenue</b>	<b>3 647</b>	<b>3 707</b>

**Note 25**  
**Expenses**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Employee salaries, allowances and benefits</b>		
Salaries and wages	20 210	19 934
Pension benefits	2 474	2 326
Termination and post-employment benefits	1 806	1 420
Appointment and assignment benefits	404	740
Leave benefits	400	165
Other staff benefits	1 961	2 126
<b>Total employee salaries, allowances and benefits</b>	<b>27 255</b>	<b>26 711</b>
<b>Rent, leases and utilities</b>		
Rent, leases and utilities	18 354	18 620
<b>Total rent, leases and utilities</b>	<b>18 354</b>	<b>18 620</b>
<b>Travel</b>		
Travel	5 029	5 259
<b>Total travel</b>	<b>5 029</b>	<b>5 259</b>
<b>Net investment expense</b>		
Net investment expense	–	16 705
<b>Total net investment expense</b>	<b>–</b>	<b>16 705</b>
<b>Depreciation and amortization</b>		
Depreciation	2 329	1 377
Amortization	42	42
<b>Total depreciation and amortization</b>	<b>2 371</b>	<b>1 419</b>
<b>Non-employee compensation and allowances</b>		
Contract services with individuals	4 442	5 127
<b>Total non-employee compensation and allowances</b>	<b>4 442</b>	<b>5 127</b>
<b>Supplies and consumables</b>		
Information technology and communications equipment	491	335
Equipment	69	143
Information technology supplies and software maintenance	556	543
Office supplies	106	139
Other consumables	38	38
<b>Total supplies and consumables</b>	<b>1 260</b>	<b>1 198</b>
<b>Other operating expenses</b>		
Contractual services with companies	3 790	5 286
Learning costs	2 473	2 436
Maintenance costs	1 576	1 572
Professional services	1 166	1 398
Communications	1 194	1 638

	31 December 2019	31 December 2018
Insurance/warranties	51	82
Recruitment costs	84	81
Security	40	45
Freight costs	4	20
Allowance for doubtful receivables	6 543	872
Share of deficit/(surplus) joint ventures: equity method	4	(45)
Sundries	164	135
Foreign exchange losses	—	1 952
<b>Total other operating expenses</b>	<b>17 089</b>	<b>15 472</b>
<b>Other expenses</b>		
Hospitality	13	27
<b>Total other expenses</b>	<b>13</b>	<b>27</b>
<b>Total expenses</b>	<b>75 813</b>	<b>90 538</b>

## Note 26

### Financial instruments, financial risk management and the cash pools

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

#### Financial assets

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Designated at fair value through surplus or deficit</b>		
Short-term investments: main cash pool	19 133	16 086
<b>Total short-term investments</b>	<b>19 133</b>	<b>16 086</b>
Long-term investments: main cash pool	5 960	1 246
Long-term investments: Endowment Fund	385 052	351 947
<b>Total long-term investments</b>	<b>391 012</b>	<b>353 193</b>
<b>Total designated at fair value through surplus or deficit investments</b>	<b>410 145</b>	<b>369 279</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents: main cash pool	9 171	1 876
Cash and cash equivalents: Endowment Fund	2 373	2 276
Cash and cash equivalents: other	16 987	17 699
<b>Total cash and cash equivalents</b>	<b>28 531</b>	<b>21 851</b>
<b>Loans and receivables</b>		
Short-term receivables: voluntary contributions receivable	18 435	23 337
Short-term receivables: other receivables	1 452	8 660
Long-term receivables: voluntary contributions receivable	16 622	14 044
<b>Total cash and cash equivalents, loans and receivables</b>	<b>65 040</b>	<b>67 892</b>
<b>Total carrying amount of financial assets</b>	<b>475 185</b>	<b>437 171</b>

	31 December 2019	31 December 2018
Of which relates to financial assets held in main cash pool	34 262	19 208
Of which relates to financial assets held in Endowment Fund	387 425	354 223
<b>Financial liabilities at amortized cost</b>		
Accounts payable and accrued liabilities	5 152	12 163
<b>Total carrying amount of financial liabilities</b>	<b>5 152</b>	<b>12 163</b>
<b>Summary of net revenue from financial assets</b>		
Net cash pool revenue	528	531
Net Endowment Fund revenue/(expense)	60 223	(17 236)
<b>Total net revenue/(expense) from financial assets</b>	<b>60 751</b>	<b>(16 705)</b>

142. 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.

143. The present note and note 27, 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*

144. 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.

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

146. 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.

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

*Financial risk management: credit risk*

148. 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*

149. 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 2019	31 December 2018
<b>Credit risk exposure</b>		
Cash and cash equivalents	28 531	21 851
Short-term investments	19 133	16 086
Long-term investments (excludes equity investments)	197 968	176 969
Voluntary contributions receivable	35 057	37 381
Other receivables, excluding advances and deferred charges	1 452	8 660
<b>Total</b>	<b>282 141</b>	<b>260 947</b>

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

*Credit risk: contributions receivable and other receivables*

151. 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 2019**

(Thousands of United States dollars)

	Gross receivable	Allowance
Neither past due nor impaired	57 952	(25 100)
Less than 1 year	9 336	(7 200)
1 to 3 years	16 176	(14 759)
More than 3 years	14 408	(14 304)
<b>Total</b>	<b>97 872</b>	<b>(61 363)</b>

152. 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*

153. The University had cash and cash equivalents of \$28.53 million as at 31 December 2019, which is the maximum credit exposure on these assets.

*Credit risk: main cash pool*

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

155. Pooling funds has a positive effect on overall investment performance and risk, because of economies of scale, and by 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.

156. As at 31 December 2019, the main cash pool held total assets of \$9,339.4 million (2018: \$7,504.8 million), of which \$34.3 million was due to the Organization (2018: \$19.2 million), and its share of revenue from the main cash pool was \$0.5 million (2018: \$0.5 million).

### Summary of assets and liabilities of the main pool as at 31 December 2019

(Thousands of United States dollars)

	<i>Main pool</i>
<b>Fair value through the surplus or deficit</b>	
Short-term investments	5 177 137
Long-term investments	1 624 405
<b>Total fair value through the surplus or deficit investments</b>	<b>6 801 542</b>
<b>Loans and receivables</b>	
Cash and cash equivalents	2 499 980
Accrued investment revenue	37 868
<b>Total loans and receivables</b>	<b>2 537 848</b>
<b>Total carrying amount of financial assets</b>	<b>9 339 390</b>
<b>Cash pool liabilities</b>	
Payable to UNU	34 263
Payable to other cash pool participants	9 305 127
<b>Total liabilities</b>	<b>9 339 390</b>
<b>Net assets</b>	<b>–</b>

### Summary of revenue and expenses of the main pool for the year ended 31 December 2019

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	198 552
Unrealized gains	14 355
<b>Investment revenue from main pool</b>	<b>212 907</b>
Foreign exchange gains	3 313
Bank fees	(808)
<b>Operating gains from main pool</b>	<b>2 505</b>
<b>Revenue and expenses from main pool</b>	<b>215 412</b>

### Summary of assets and liabilities of the main pool as at 31 December 2018

(Thousands of United States dollars)

	<i>Main pool</i>
<b>Fair value through the surplus or deficit</b>	
Short-term investments	6 255 379
Long-term investments	486 813
<b>Total fair value through the surplus or deficit investments</b>	<b>6 742 192</b>
<b>Loans and receivables</b>	
Cash and cash equivalents	732 926
Accrued investment revenue	29 696
<b>Total loans and receivables</b>	<b>762 622</b>
<b>Total carrying amount of financial assets</b>	<b>7 504 814</b>
<b>Cash pool liabilities</b>	
Payable to UNU	19 208
Payable to other cash pool participants	7 485 606
<b>Total liabilities</b>	<b>7 504 814</b>
<b>Net assets</b>	<b>–</b>

### Summary of revenue and expenses of the main pool for the year ended 31 December 2018

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	152 805
Unrealized gains	3 852
<b>Investment revenue from main pool</b>	<b>156 657</b>
Foreign exchange gains	854
Bank fees	(805)
<b>Operating gains from main pool</b>	<b>49</b>
<b>Revenue and expenses from main pool</b>	<b>156 706</b>

#### *Financial risk management*

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

158. 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.

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

*Financial risk management: credit risk*

160. 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.

161. 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.

162. The credit ratings used for the cash pools are those determined by major credit-rating agencies; S&P Global Ratings, Moody's and Fitch are used to rate bonds (the minimum rating requirement is AA-/Aa3/AA- from at least one of the three rating agencies) and money market instruments (the minimum short-term rating requirement is A-1/P-1/F-1 from at least one of the three rating agencies), and the Fitch viability rating is used to rate bank term deposits and certificate of deposits (the minimum Fitch viability rating requirement is a-). At year-end, the credit ratings were as shown below.

**Investments of the cash pools by credit ratings as at 31 December 2019**

(Percentage)

<i>Main pool</i>	<i>Ratings as at 31 December 2019</i>				<i>Main pool</i>	<i>Ratings as at 31 December 2018</i>			
<b>Bonds (long-term ratings)</b>					<b>Bonds (long-term ratings)</b>				
	<i>AAA</i>	<i>AA+/AA/AA-</i>	<i>A+</i>	<i>Not rated</i>		<i>AAA</i>	<i>AA+/AA/AA-</i>	<i>A+</i>	<i>Not rated</i>
S&P Global Ratings	35.8	58.8		5.4	S&P Global Ratings	15.4	79.0	5.6	—
Fitch	60.2	23.8		16.0	Fitch	55.1	39.3	—	5.6
	<i>Aaa</i>	<i>Aa1/Aa2/Aa3</i>	<i>A1</i>			<i>Aaa</i>	<i>Aa1/Aa2/Aa3</i>	<i>A1</i>	
Moody's	54.8	45.2			Moody's	49.7	50.0	0.3	
<b>Commercial papers/certificates of deposit (short-term ratings)</b>					<b>Commercial papers (short-term ratings)</b>				
	<i>A-1+/A-1</i>					<i>A-1+/A-1</i>			
S&P Global Ratings	100.				S&P Global Ratings	100.0			
	<i>F1+/F1</i>					<i>F1+</i>			
Fitch	100.0				Fitch	100.0			
	<i>P-1</i>					<i>P-1</i>			
Moody's	100.0				Moody's	100.0			
<b>Reverse repurchase agreement (short-term ratings)</b>					<b>Reverse repurchase agreement (short-term ratings)</b>				
	<i>A-1+</i>					<i>A-1+</i>			
S&P Global Ratings	—				S&P Global Ratings	100.0			
	<i>F1+</i>					<i>F1+</i>			
Fitch	—				Fitch	100.0			
	<i>P-1</i>					<i>P-1</i>			
Moody's	—				Moody's	100.0			
<b>Term deposits (Fitch viability ratings)</b>					<b>Term deposits (Fitch viability ratings)</b>				
	<i>aaa</i>	<i>aa/aa-</i>	<i>a+/a</i>			<i>aaa</i>	<i>aa/aa-</i>	<i>a+/a-</i>	
Fitch	—	84.2	15.8		Fitch	—	53.5	46.5	

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

*Financial risk management: liquidity risk: cash pools*

164. 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*

165. The University's existing cash resources, investments and contributions receivable significantly exceeded the current cash outflow requirements. The table below 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 2019**

(Thousands of United States dollars)

	<i>Less than 1 year</i>	<i>1 to 5 years</i>	<i>Longer than 5 years</i>	<i>Total</i>
<b>Assets</b>				
Cash and cash equivalents	28 531	–	–	28 531
Short-term investments	19 133	–	–	19 133
Long-term investments	–	5 959	385 052	391 011
Voluntary contributions receivable	18 435	16 622	–	35 057
Other receivables	1 452	–	–	1 452
<b>Total financial assets</b>	<b>67 551</b>	<b>22 581</b>	<b>385 052</b>	<b>475 184</b>

**Maturities for financial liabilities as at 31 December 2019**

(Undiscounted thousands of United States dollars)

	<i>&lt;3 months</i>	<i>3 to 12 months</i>	<i>&gt;1 year</i>	<i>Total</i>
Accounts payable and accrued liabilities	5 152	–	–	5 152
<b>Total</b>	<b>5 152</b>	<b>–</b>	<b>–</b>	<b>5 152</b>

*Financial risk management: interest rate risk: main pool*

166. The main cash pool comprises the Organization'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 main cash pool had invested primarily in securities with shorter terms to maturity, with the maximum being less than five years (2018: less than three years). The average duration of the main pool on 31 December 2019 was 0.74 years (2018: 0.33 years), which is considered to be an indicator of low risk.

*Cash pools interest rate risk sensitivity analysis*

167. The main cash pool interest rate risk sensitivity analysis shows how the fair value of the main cash pool 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 2019**

<i>Shift in yield curve (basis points)</i>	<i>-200</i>	<i>-150</i>	<i>-100</i>	<i>-50</i>	<i>0</i>	<i>+50</i>	<i>+100</i>	<i>+150</i>	<i>+200</i>
(Millions of United States dollars)									
<b>Increase/(decrease) in fair value</b>									
Main pool total	134.47	100.84	67.22	33.61	–	(33.60)	(67.20)	(100.79)	(134.38)

**Main pool interest rate risk sensitivity analysis as at 31 December 2018**

<i>Shift in yield curve (basis points)</i>	<i>-200</i>	<i>-150</i>	<i>-100</i>	<i>-50</i>	<i>0</i>	<i>+50</i>	<i>+100</i>	<i>+150</i>	<i>+200</i>
(Millions of United States dollars)									
<b>Increase/(decrease) in fair value</b>									
Main pool total	48.46	36.34	24.23	12.11	–	(14.89)	(24.22)	(36.33)	(48.44)

*Other market price risk*

168. 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*

169. 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.

170. 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 (i.e. derived from prices);
- (c) Level 3: inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

171. 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.

172. 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.

173. 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. Commercial papers, which were level 2 investments but presented as level 1 in 2018, have been corrected.

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

(Thousands of United States dollars)

	31 December 2019			31 December 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets at fair value through surplus or deficit</b>						
Bonds: corporate	148 473	–	148 473	205 566	–	205 566
Bonds: non-United States agencies	755 027	–	755 027	791 922	–	791 922
Bonds: supranational	423 230	–	423 230	174 592	–	174 592
Bonds: United States treasuries	497 829	–	497 829	610 746	–	610 746
Main pool: commercial papers	–	347 398	347 398	–	219 366	219 366
Main pool: certificates of deposit	–	3 419 585	3 419 585	–	–	–
Main pool: term deposits	–	1 210 000	1 210 000	–	4 740 000	4 740 000
<b>Main pool total</b>	<b>1 824 559</b>	<b>4 976 983</b>	<b>6 801 542</b>	<b>1 782 826</b>	<b>4 959 366</b>	<b>6 742 192</b>

### Note 27

#### Financial instruments: Endowment Fund

174. 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.

175. 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 provides oversight and advice for the investment of the assets of the Endowment Fund.

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

177. 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.

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

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

179. 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 2018–2019.

#### *Financial risk management*

180. 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.

181. The Investments Committee periodically evaluates investment performance and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

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



	31 December 2019	31 December 2018
Equities	193 043	176 224
Bonds	192 009	175 723
Cash	2 373	2 276
<b>Financial assets held in the Endowment Fund</b>	<b>387 425</b>	<b>354 223</b>

*Financial risk management: credit risk*

183. 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.

184. For management of credit risk arising from financial transactions with counterparties, which encompasses issuer risk on marketable securities, 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: S&P Global Ratings or Fitch. The minimum S&P Global Ratings requirement for bonds is BBB and the minimum Fitch viability rating for cash and term deposits is F1+.

185. 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:

**Endowment Fund credit ratings**

31 December 2019	Total	Ratings
Cash and cash equivalents	2 373	Fitch: 100% F1+
Bonds	192 009	Long-term S&P Global Ratings: 72.0% AAA; 2.7 % AA; 0.4% A+; 10.8% A; 14.2% BBB
<b>Total</b>	<b>194 382</b>	
31 December 2018	Total	Ratings
Cash and cash equivalent	2 276	Fitch: 100% F1+
Bonds	175 723	Long-term S&P Global Ratings: 72.8% AAA; 2.8 % AA; 0.5% A+; 9.8% A; 14.1% BBB
<b>Total</b>	<b>177 999</b>	

186. 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 2019	31 December 2018
<b>Sector</b>		
Treasury	77 088	68 715
Government related	9 685	10 289
Corporate	48 936	43 111
Securitized	56 300	53 608
<b>Total bonds</b>	<b>192 009</b>	<b>175 723</b>

**Endowment Fund risk concentration for equities**

(Thousands of United States dollars)

	31 December 2019	31 December 2018
<b>Region</b>		
North America	105 892	95 254
Emerging markets	23 235	20 439
Developed markets	63 916	60 531
<b>Total equities</b>	<b>193 043</b>	<b>176 224</b>

*Financial risk management: liquidity risk*

187. 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.

188. 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*

189. As at 31 December 2019, the effective duration of bonds held by UNU was 5.65 years (2018: 5.67 years).

*Endowment Fund interest rate risk sensitivity analysis*

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

### Endowment Fund interest rate risk sensitivity analysis

<i>Shift in yield curve (basis points)</i>	-200	-150	-100	-50	0	50	100	150	200
(Millions of United States dollars)									
<b>Increase/(decrease) in fair value</b>									
Sensitivity analysis									
<b>31 December 2019</b>	<b>21.7</b>	<b>16.3</b>	<b>10.8</b>	<b>5.4</b>	<b>–</b>	<b>-5.4</b>	<b>-10.8</b>	<b>-16.3</b>	<b>-21.7</b>
<b>31 December 2018</b>	<b>19.9</b>	<b>14.9</b>	<b>10.0</b>	<b>5.0</b>	<b>–</b>	<b>(5.0)</b>	<b>(10.0)</b>	<b>(14.9)</b>	<b>(19.9)</b>

### Market risk: currency risk

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

### Currency exposure for the Endowment Fund

(Undiscounted thousands of United States dollars)

	<i>United States dollars</i>	<i>Euros</i>	<i>British pounds</i>	<i>Japanese yen</i>	<i>Other</i>	<i>Total</i>
31 December 2019	300 759	17 772	9 772	14 751	42 183	385 237
31 December 2018	274 455	16 615	9 610	13 432	38 384	352 496

### Currency risk: sensitivity analysis

192. The following table indicates the currencies to which UNU had significant exposure as at 31 December 2019. The analysis calculates the effect of a reasonably possible movement of United States dollars against the respective currency rate on net assets and on surplus and deficits with all other variables held constant.

### Endowment Fund currency exposure sensitivity analysis

(Thousands of United States dollars)

	<i>31 December 2019</i>		<i>31 December 2018</i>	
	<i>Net assets and surplus or deficit</i>		<i>Net assets and surplus or deficit</i>	
	<i>Strengthening</i>	<i>Weakening</i>	<i>Strengthening</i>	<i>Weakening</i>
Euro (10 per cent movement)	(1 616)	1 975	(1 510)	1 846
British pound (10 per cent movement)	(888)	1 086	(874)	1 068
Japanese yen (10 per cent movement)	(1 341)	1 639	(1 221)	1 492
Other (10 per cent movement)	(3 835)	4 687	(3 489) <sup>a</sup>	4 264 <sup>a</sup>

<sup>a</sup> Comparative figures have been restated for presentation purposes.

### Other market price risk

193. 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 \$9.7 million with an equal change in net assets (2018: \$8.8 million).

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

*Fair value hierarchy*

195. 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 2019	31 December 2018
	Level 1	Level 1
<b>Financial assets at fair value through surplus or deficit</b>		
Equities	193 043	176 224
Bonds	192 009	175 723
<b>Total</b>	<b>385 052</b>	<b>351 947</b>

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

196. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the University. For the University, the key management personnel group comprises the Rector, the Senior Vice-Rector, 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.

197. 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 2019**

	Total
Number of positions (full-time equivalents)	6
(Thousands of United States dollars)	
	Total
Salary and post adjustment	987
Other compensation/entitlements	468
Non-monetary compensation	363
<b>Total remuneration for the year ended 31 December 2019</b>	<b>1 818</b>
Outstanding loans and advances at 31 December 2019	—

198. 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.

199. 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*

200. 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.

201. 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.

202. 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).

203. During 2019, the unaudited total net cash contribution of \$0.19 million, which includes the rental of office space at the UNU headquarters building in Tokyo (\$0.05 million), was transferred by the Japan Foundation to the University. Of that amount, \$0.11 million was received by the Foundation and \$0.08 million came from its reserves. The reserves balance of the Foundation amounted to \$6.05 million (unaudited) as at 31 December 2019.

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

204. 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 2019 was \$0.004 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 2019	31 December 2018
<b>Cost as at 1 January</b>	37	77
Movement for the year:		
Changes in net assets of jointly controlled operations recognized through statement of changes in net assets	(2)	5
Share of deficit/(surplus) for the year in operations of jointly controlled operations recognized through statement of financial performance	4	(45)
<b>Total changes in jointly controlled operations for the year</b>	<b>39</b>	<b>(40)</b>
<b>Net liability reported in statement of financial position</b>	<b>39</b>	<b>37</b>

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

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

206. The University enters into finance leases for the use of buildings, machinery and equipment 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 2019	31 December 2018
Buildings	49 980	48 922
Machinery and equipment	—	1
Furniture and fixtures	15	30
<b>Total net finance lease asset carrying value</b>	<b>49 995</b>	<b>48 953</b>

207. Other liabilities include \$42.45 million for 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.

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

### Obligations for finance leases

(Thousands of United States dollars)

<i>Minimum lease payments as at</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Due in less than 1 year	11	13
Due 1 to 5 years	11	21
Due later than 5 years	—	—
<b>Total minimum finance lease obligations</b>	<b>22</b>	<b>34</b>
<b>Future finance charges</b>	<b>—</b>	<b>—</b>
<b>Future minimum finance lease obligations</b>	<b>22</b>	<b>34</b>

### Operating leases

209. 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 \$19.60 million. This total includes \$18.58 million towards donated right-to-use arrangements, for which corresponding revenue is recognized in the statement of financial performance and presented within voluntary contributions revenue. Future minimum operating lease payments under non-cancellable arrangements are as follows:

### Obligations for operating leases

(Thousands of United States dollars)

<i>Minimum lease payments as at</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
Due in less than 1 year	834	982
Due 1 to 5 years	2 700	2 764
Due later than 5 years	3 101	3 359
<b>Total minimum operating lease obligations</b>	<b>6 635</b>	<b>7 105</b>

210. 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 to seven 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

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

(Thousands of United States dollars)

	<i>31 December 2019</i>	<i>31 December 2018</i>
Property, plant and equipment	—	—
Goods and services	14 355	13 141
<b>Total</b>	<b>14 355</b>	<b>13 141</b>

212. Goods and services disclosed include contracts issued to individual contractors amounting to \$9.03 million and contracts on building maintenance, cleaning and security services for the University headquarters building in Tokyo amounting to \$2.27 million.

**Note 30****Provisions, contingent liabilities and contingent assets***Provisions and contingent liabilities*

213. 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 2019, there were no material provisions recognized or contingent liabilities to disclose.

*Contingent assets*

214. 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.

215. As at 31 December 2019, contingent assets for future contributions amounted \$7.37 million (2018: nil). The contributions will be recognized in future periods when revenue recognition criteria are met.

**Note 31****Events after the reporting date**

216. The outbreak of coronavirus disease 2019 (COVID-19) had a significant impact on global financial markets, and consequently the market value of the UNU endowment fund investment portfolio declined by 13 per cent, from \$385.28 million as at 31 December 2019 to \$335.10 million as at 24 March 2020. This represented an unrealized loss of \$50.18 million.



## Annex I

## Statement of financial position as at 31 December 2019, by operating fund

(Thousands of United States dollars)

	Operating funds						
	UNU Centre	UNU headquarters building	UNU-WIDER	UNU-MERIT	UNU-CS	UNU-INRA	UNU-BIOLAC
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	18 940	—	3 328	1 447	134	—	—
Investments	9 699	—	5 375	3 018	—	—	—
Voluntary contributions receivable	2 346	11	7 330	1 141	190	74	—
Other receivables	69	8	57	367	1	3	3
Inventories	—	—	—	—	—	—	—
Other assets	239	44	44	8	1	—	1
Inter-fund balances receivable	—	1 195	1 322	2 143	2,184	115	971
<b>Total current assets</b>	<b>31 293</b>	<b>1 258</b>	<b>17 456</b>	<b>8 124</b>	<b>2 510</b>	<b>192</b>	<b>975</b>
<b>Non-current assets</b>							
Investments	3 022	—	1 674	940	—	—	—
Voluntary contributions receivable	521	—	12 279	—	—	—	—
Property, plant and equipment	236	36 682	189	181	12 350	133	—
Intangible assets	—	—	36	—	—	—	—
Other assets	168	—	—	—	25	—	—
<b>Total non-current assets</b>	<b>3 947</b>	<b>36 682</b>	<b>14 178</b>	<b>1 121</b>	<b>12 375</b>	<b>133</b>	<b>—</b>
<b>Total assets</b>	<b>35 240</b>	<b>37 940</b>	<b>31 634</b>	<b>9 245</b>	<b>14 885</b>	<b>325</b>	<b>975</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	630	199	245	178	43	46	11
Advance receipts	712	1	408	—	—	—	—
Employee benefits liabilities	704	—	322	106	35	33	10
Lease liabilities	2	—	—	—	3	—	—
Other liabilities	—	1 436	—	—	489	6	—
Inter-fund balances payable	25 013	—	—	—	—	—	—
<b>Total current liabilities</b>	<b>27 061</b>	<b>1 636</b>	<b>975</b>	<b>284</b>	<b>570</b>	<b>85</b>	<b>21</b>

**Statement of financial position as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU Centre</i>	<i>UNU headquarters building</i>	<i>UNU-WIDER</i>	<i>UNU-MERIT</i>	<i>UNU-CS</i>	<i>UNU-INRA</i>	<i>UNU-BIOLAC</i>
<b>Non-current liabilities</b>							
Advance receipts	222	—	—	—	—	—	—
Employee benefits liabilities	—	—	—	—	—	—	—
Lease liabilities	1	—	—	—	3	—	—
Other liabilities	—	29 351	—	—	10 169	107	—
Share of joint ventures: equity method	15	—	2	3	3	1	—
<b>Total non-current liabilities</b>	<b>238</b>	<b>29 351</b>	<b>2</b>	<b>3</b>	<b>10 175</b>	<b>108</b>	<b>—</b>
<b>Total liabilities</b>	<b>27 299</b>	<b>30 987</b>	<b>977</b>	<b>287</b>	<b>10 745</b>	<b>193</b>	<b>21</b>
<b>Net of total assets and total liabilities</b>	<b>7 941</b>	<b>6 953</b>	<b>30 657</b>	<b>8 958</b>	<b>4 140</b>	<b>132</b>	<b>954</b>
<b>Net assets</b>							
Accumulated surpluses	7 941	6 953	30 657	8 958	4 140	132	954
Endowment Fund	—	—	—	—	—	—	—
<b>Total net assets</b>	<b>7 941</b>	<b>6 953</b>	<b>30 657</b>	<b>8 958</b>	<b>4 140</b>	<b>132</b>	<b>954</b>

**Statement of financial position as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU-IAS</i>	<i>UNU-INWEH</i>	<i>UNU-CRIS</i>	<i>UNU-EHS</i>	<i>UNU-IIGH</i>	<i>UNU-GCM</i>	<i>UNU-FLORES</i>
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	—	803	—	1 205	—	—	—
Investments	—	412	—	—	—	—	—
Voluntary contributions receivable	202	75	878	3 019	84	—	1 809
Other receivables	6	17	—	121	5	—	27
Inventories	2	—	—	—	—	—	—
Other assets	34	—	—	35	1	—	1
Inter-fund balances receivable	6 633	36	857	1 020	4 986	—	1 005
<b>Total current assets</b>	<b>6 877</b>	<b>1 343</b>	<b>1 735</b>	<b>5 400</b>	<b>5 076</b>	<b>—</b>	<b>2 842</b>
<b>Non-current assets</b>							
Investments	—	128	—	—	—	—	—
Voluntary contributions receivable	15	53	1 677	2 057	20	—	—
Property, plant and equipment	11	4	8	—	904	—	33
Intangible assets	—	—	—	—	—	—	—
Other assets	—	—	—	—	2	—	—
<b>Total non-current assets</b>	<b>26</b>	<b>185</b>	<b>1 685</b>	<b>2 057</b>	<b>926</b>	<b>—</b>	<b>33</b>
<b>Total assets</b>	<b>6 903</b>	<b>1 528</b>	<b>3 420</b>	<b>7 457</b>	<b>6 002</b>	<b>—</b>	<b>2 875</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	106	17	534	90	91	—	6
Advance receipts	300	—	—	—	—	—	—
Employee benefits liabilities	249	36	10	196	49	—	99
Lease liabilities	—	—	3	—	3	—	—
Other liabilities	—	—	—	—	47	—	—
Inter-fund balances payable	—	—	—	—	—	—	—
<b>Total current liabilities</b>	<b>655</b>	<b>53</b>	<b>547</b>	<b>286</b>	<b>190</b>	<b>—</b>	<b>105</b>

**Statement of financial position as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU-IAS</i>	<i>UNU-INWEH</i>	<i>UNU-CRIS</i>	<i>UNU-EHS</i>	<i>UNU-IIGH</i>	<i>UNU-GCM</i>	<i>UNU-FLORES</i>
<b>Non-current liabilities</b>							
Advance receipts	—	—	—	339	—	—	—
Employee benefits liabilities	—	—	—	—	—	—	—
Lease liabilities	—	—	6	—	1	—	—
Other liabilities	—	—	—	—	850	—	—
Share of joint ventures: equity method	6	4	1	2	1	—	3
<b>Total non-current liabilities</b>	<b>6</b>	<b>4</b>	<b>7</b>	<b>341</b>	<b>852</b>	<b>—</b>	<b>3</b>
<b>Total liabilities</b>	<b>661</b>	<b>57</b>	<b>554</b>	<b>627</b>	<b>1 042</b>	<b>—</b>	<b>108</b>
<b>Net of total assets and total liabilities</b>	<b>6 242</b>	<b>1 471</b>	<b>2 866</b>	<b>6 830</b>	<b>4 960</b>	<b>—</b>	<b>2 767</b>
<b>Net assets</b>							
Accumulated surpluses/(deficits)	6 242	1 471	2 866	6 830	4 960	—	2 767
Endowment Fund	—	—	—	—	—	—	—
<b>Total net assets</b>	<b>6 242</b>	<b>1 471</b>	<b>2 866</b>	<b>6 830</b>	<b>4 960</b>	<b>—</b>	<b>2 767</b>

**Statement of financial position as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>		<i>Total operating funds</i>	<i>Endowment Fund</i>	<i>End-of-services and post-retirement liabilities</i>	<i>Elimination</i>	<i>Total UNU</i>
	<i>UNU-IRADDA</i>	<i>UNU-IESR</i>					
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	—	—	25 857	2 373	301	—	28 531
Investments	—	—	18 504	—	629	—	19 133
Voluntary contributions receivable	—	—	17 159	1 276	—	—	18 435
Other receivables	—	—	684	768	—	—	1 452
Inventories	—	—	2	—	—	—	2
Other assets	—	—	408	—	—	—	408
Inter-fund balances receivable	1 150	—	23 617	9 188	396	(33 201)	—
<b>Total current assets</b>	<b>1 150</b>	<b>—</b>	<b>86 231</b>	<b>13 605</b>	<b>1 326</b>	<b>(33 201)</b>	<b>67 961</b>
<b>Non-current assets</b>							
Investments	—	—	5 764	385 052	196	—	391 012
Voluntary contributions receivable	—	—	16 622	—	—	—	16 622
Property, plant and equipment	—	—	50 731	—	—	—	50 731
Intangible assets	—	—	36	—	—	—	36
Other assets	—	—	195	—	—	—	195
<b>Total non-current assets</b>	<b>—</b>	<b>—</b>	<b>73 348</b>	<b>385 052</b>	<b>196</b>	<b>—</b>	<b>458 596</b>
<b>Total assets</b>	<b>1 150</b>	<b>—</b>	<b>159 579</b>	<b>398 657</b>	<b>1 522</b>	<b>(33 201)</b>	<b>526 557</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	—	—	2 196	2 956	—	—	5 152
Advance receipts	—	—	1 421	—	—	—	1 421
Employee benefits liabilities	—	—	1 849	—	465	—	2 314
Lease liabilities	—	—	11	—	—	—	11
Other liabilities	—	—	1 978	—	—	—	1 978
Inter-fund balances payable	—	—	25 013	8 188	—	(33 201)	—
<b>Total current liabilities</b>	<b>—</b>	<b>—</b>	<b>32 468</b>	<b>11 144</b>	<b>465</b>	<b>(33 201)</b>	<b>10 876</b>

**Statement of financial position as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>		<i>Total operating funds</i>	<i>Endowment Fund</i>	<i>End-of-services and post-retirement liabilities</i>	<i>Elimination</i>	<i>Total UNU</i>
	<i>UNU-IRADDA</i>	<i>UNU-IESR</i>					
<b>Non-current liabilities</b>							
Advance receipts	–	–	561	–	–	–	561
Employee benefits liabilities	–	–	–	–	10 796	–	10 796
Lease liabilities	–	–	11	–	–	–	11
Other liabilities	–	–	40 477	–	–	–	40 477
Share of joint ventures: equity method	(2)	–	39	–	–	–	39
<b>Total non-current liabilities</b>	<b>(2)</b>	<b>–</b>	<b>41 088</b>	<b>–</b>	<b>10 796</b>	<b>–</b>	<b>51 884</b>
<b>Total liabilities</b>	<b>(2)</b>	<b>–</b>	<b>73 556</b>	<b>11 144</b>	<b>11 261</b>	<b>(33 201)</b>	<b>62 760</b>
<b>Net of total assets and total liabilities</b>	<b>1 152</b>	<b>–</b>	<b>86 023</b>	<b>387 513</b>	<b>(9 739)</b>	<b>–</b>	<b>463 797</b>
<b>Net assets</b>							
Accumulated surpluses/(deficits)	1 152	–	86 023	–	(9 739)	–	76 284
Endowment Fund	–	–	–	387 513	–	–	387 513
<b>Total net assets</b>	<b>1 152</b>	<b>–</b>	<b>86 023</b>	<b>387 513</b>	<b>(9 739)</b>	<b>–</b>	<b>463 797</b>

## Annex II

### Statement of financial performance for the year ended 31 December 2019, by operating fund

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU Centre</i>	<i>UNU headquarters building</i>	<i>UNU-WIDER</i>	<i>UNU-MERIT</i>	<i>UNU-CS</i>	<i>UNU-INRA</i>	<i>UNU-BIOLAC</i>
<b>Revenue</b>							
Voluntary contributions	5 192	18 012	20 125	1 758	818	147	8
Investment revenue	116	—	195	165	—	—	—
Other revenue	357	1 462	703	710	2	50	3
Transfers from the Endowment Fund	7 862	—	1 271	989	—	425	463
<b>Total revenue</b>	<b>13 527</b>	<b>19 474</b>	<b>22 294</b>	<b>3 622</b>	<b>820</b>	<b>622</b>	<b>474</b>
<b>Expenses</b>							
Employee salaries, allowances and benefits	9 144	263	4 136	1 786	802	579	60
Rent, leases and utilities	620	15 691	470	367	194	105	8
Travel	1 021	—	1 381	247	124	159	56
Investment expense	—	—	—	—	—	—	—
Depreciation and amortization	90	1 608	58	134	381	12	—
Non-employee compensation and allowances	1 071	—	1 522	659	113	228	23
Supplies and consumables	389	72	189	57	63	23	6
Other operating expenses	1 765	1 582	1 750	1 201	227	117	197
Other expenses	3	—	3	—	—	2	—
Endowment Fund expense allocation	—	—	—	—	—	—	—
<b>Total expenses</b>	<b>14 103</b>	<b>19 216</b>	<b>9 509</b>	<b>4 451</b>	<b>1 904</b>	<b>1 225</b>	<b>350</b>
<b>Surplus/(deficit) for the year</b>	<b>(576)</b>	<b>258</b>	<b>12 785</b>	<b>(829)</b>	<b>(1 084)</b>	<b>(603)</b>	<b>124</b>

**Statement of financial performance for the year ended 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>						
	<i>UNU-IAS</i>	<i>UNU-INWEH</i>	<i>UNU-CRIS</i>	<i>UNU-EHS</i>	<i>UNU-IIGH</i>	<i>UNU-GCM</i>	<i>UNU-FLORES</i>
<b>Revenue</b>							
Voluntary contributions	4 461	153	(104)	5 218	326	(540)	324
Investment revenue	–	28	–	–	–	–	–
Other revenue	425	64	75	67	82	–	61
Transfers from the Endowment Fund	–	–	–	117	1 843	–	–
<b>Total revenue</b>	<b>4 886</b>	<b>245</b>	<b>(29)</b>	<b>5 402</b>	<b>2 251</b>	<b>(540)</b>	<b>385</b>
<b>Expenses</b>							
Employee salaries, allowances and benefits	3 044	1 072	174	2 818	1 251	14	1 435
Rent, leases and utilities	30	145	189	290	14	–	231
Travel	945	104	41	523	315	–	113
Investment expense	–	–	–	–	–	–	–
Depreciation and amortization	3	–	4	–	56	–	25
Non-employee compensation and allowances	168	62	48	281	215	–	52
Supplies and consumables	183	23	82	61	46	–	66
Other operating expenses	1 871	154	850	418	288	4	279
Other expenses	1	–	1	3	–	–	–
Endowment Fund expense allocation	–	–	–	–	–	–	–
<b>Total expenses</b>	<b>6 245</b>	<b>1 560</b>	<b>1 389</b>	<b>4 394</b>	<b>2 185</b>	<b>18</b>	<b>2 201</b>
<b>Surplus/(deficit) for the year</b>	<b>(1 359)</b>	<b>(1 315)</b>	<b>(1 418)</b>	<b>1 008</b>	<b>66</b>	<b>(558)</b>	<b>(1 816)</b>



**Statement of financial performance for the year ended 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Operating funds</i>		<i>Total operating funds</i>	<i>Endowment Fund</i>	<i>End-of-services and post-retirement liabilities</i>	<i>Elimination</i>	<i>Total UNU</i>
	<i>UNU-IRADDA</i>	<i>UNU-IESR</i>					
<b>Revenue</b>							
Voluntary contributions	—	—	55 898	—	—	—	55 898
Investment revenue	—	—	504	60 223	24	—	60 751
Other revenue	—	—	4 061	46	396	(589)	3 914
Transfers from the Endowment Fund	(217)	—	12 753	—	—	(12 753)	—
<b>Total revenue</b>	<b>(217)</b>	<b>—</b>	<b>73 216</b>	<b>60 269</b>	<b>420</b>	<b>(13 342)</b>	<b>120 563</b>
<b>Expenses</b>							
Employee salaries, allowances and benefits	—	—	26 578	—	1 073	(396)	27 255
Rent, leases and utilities	—	—	18 354	—	—	—	18 354
Travel	—	—	5 029	—	—	—	5 029
Investment expense	—	—	—	—	—	—	—
Depreciation and amortization	—	—	2 371	—	—	—	2 371
Non-employee compensation and allowances	—	—	4 442	—	—	—	4 442
Supplies and consumables	—	—	1 260	—	—	—	1 260
Other operating expenses	3	5 000	15 706	1 843	—	(193)	17 356
Other expenses	—	—	13	—	—	—	13
Endowment Fund expense allocation	—	—	—	12 753	—	(12 753)	—
<b>Total expenses</b>	<b>3</b>	<b>5 000</b>	<b>73 753</b>	<b>14 596</b>	<b>1 073</b>	<b>(13 342)</b>	<b>76 080</b>
<b>Surplus/(deficit) for the year</b>	<b>(220)</b>	<b>(5 000)</b>	<b>(537)</b>	<b>45 673</b>	<b>(653)</b>	<b>—</b>	<b>44 483</b>

## Annex III

## Statement of appropriations as at 31 December 2019

(Thousands of United States dollars)

Appropriation sections	Appropriations			Expenditures			Unencumbered balance
	Original	Changes	Revised	Disbursements	Unliquidated obligations	Total expenditures	
<b>UNU Centre</b>							
Research, training networks and dissemination	2 382	2 988	5 370	4 824	152	4 976	394
Staff and other personnel costs	6 822	386	7 208	6 779	53	6 832	376
General expenses	2 612	(215)	2 397	1 928	119	2 047	350
<b>Subtotal</b>	<b>11 816</b>	<b>3 159</b>	<b>14 975</b>	<b>13 531</b>	<b>324</b>	<b>13 855</b>	<b>1 120</b>
<b>UNU headquarters building</b>							
Research, training networks and dissemination	—	—	—	—	—	—	—
Staff and other personnel costs	261	19	280	274	5	279	1
General expenses	2 225	(36)	2 189	1 903	222	2 125	64
<b>Subtotal</b>	<b>2 486</b>	<b>(17)</b>	<b>2 469</b>	<b>2 177</b>	<b>227</b>	<b>2 404</b>	<b>65</b>
<b>UNU-WIDER</b>							
Research, training networks and dissemination	5 528	32	5 560	4 907	201	5 108	452
Staff and other personnel costs	3 397	(18)	3 379	3 210	40	3 250	129
General expenses	794	74	868	720	15	735	133
<b>Subtotal</b>	<b>9 719</b>	<b>88</b>	<b>9 807</b>	<b>8 837</b>	<b>256</b>	<b>9 093</b>	<b>714</b>
<b>UNU-MERIT</b>							
Research, training networks and dissemination	1 046	1 285	2 331	1 779	78	1 857	474
Staff and other personnel costs	1 779	(3)	1 776	1 573	—	1 573	203
General expenses	796	(38)	758	741	5	746	12
<b>Subtotal</b>	<b>3 621</b>	<b>1 244</b>	<b>4 865</b>	<b>4 093</b>	<b>83</b>	<b>4 176</b>	<b>689</b>
<b>UNU-CS</b>							
Research, training networks and dissemination	173	69	242	183	12	195	47
Staff and other personnel costs	1 288	(288)	1 000	831	15	846	154
General expenses	911	1 134	2 045	1 956	18	1 974	71
<b>Subtotal</b>	<b>2 372</b>	<b>915</b>	<b>3 287</b>	<b>2 970</b>	<b>45</b>	<b>3 015</b>	<b>272</b>

**Statement of appropriations as at 31 December 2019 (continued)**

(Thousands of United States dollars)

<i>Appropriation sections</i>	<i>Appropriations</i>			<i>Expenditures</i>			<i>Unencumbered balance</i>
	<i>Original</i>	<i>Changes</i>	<i>Revised</i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>	<i>Total expenditures</i>	
<b>UNU-INRA</b>							
Research, training networks and dissemination	142	418	560	518	34	552	8
Staff and other personnel costs	359	171	530	517	–	517	13
General expenses	114	(16)	98	97	–	97	1
<b>Subtotal</b>	<b>615</b>	<b>573</b>	<b>1 188</b>	<b>1 132</b>	<b>34</b>	<b>1 166</b>	<b>22</b>
<b>UNU-BIOLAC</b>							
Research, training networks and dissemination	305	61	366	149	18	167	199
Staff and other personnel costs	63	–	63	56	4	60	3
General expenses	95	26	121	105	–	105	16
<b>Subtotal</b>	<b>463</b>	<b>87</b>	<b>550</b>	<b>310</b>	<b>22</b>	<b>332</b>	<b>218</b>
<b>UNU-CRIS</b>							
Research, training networks and dissemination	620	222	842	627	39	666	176
Staff and other personnel costs	148	24	172	169	–	169	3
General expenses	175	93	268	266	–	266	2
<b>Subtotal</b>	<b>943</b>	<b>339</b>	<b>1 282</b>	<b>1 062</b>	<b>39</b>	<b>1 101</b>	<b>181</b>
<b>UNU-IAS</b>							
Research, training networks and dissemination	5 880	(146)	5 734	5 468	80	5 548	186
Staff and other personnel costs	515	2	517	502	12	514	3
General expenses	283	83	366	329	21	350	16
<b>Subtotal</b>	<b>6 678</b>	<b>(61)</b>	<b>6 617</b>	<b>6 299</b>	<b>113</b>	<b>6 412</b>	<b>205</b>
<b>UNU-INWEH</b>							
Research, training networks and dissemination	244	335	579	318	–	318	261
Staff and other personnel costs	1 044	339	1 383	1 025	–	1 025	358
General expenses	357	138	495	244	10	254	241
<b>Subtotal</b>	<b>1 645</b>	<b>812</b>	<b>2 457</b>	<b>1 587</b>	<b>10</b>	<b>1 597</b>	<b>860</b>

**Statement of appropriations as at 31 December 2019 (continued)**

(Thousands of United States dollars)

<i>Appropriation sections</i>	<i>Appropriations</i>			<i>Expenditures</i>			<i>Unencumbered balance</i>
	<i>Original</i>	<i>Changes</i>	<i>Revised</i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>	<i>Total expenditures</i>	
<b>UNU-EHS</b>							
Research, training networks and dissemination	1 086	2 144	3 230	3 090	56	3 146	84
Staff and other personnel costs	752	(55)	697	690	3	693	4
General expenses	205	49	254	254	—	254	—
<b>Subtotal</b>	<b>2 043</b>	<b>2 138</b>	<b>4 181</b>	<b>4 034</b>	<b>59</b>	<b>4 093</b>	<b>88</b>
<b>UNU-IIGH</b>							
Research, training networks and dissemination	488	187	675	495	79	574	101
Staff and other personnel costs	1 038	326	1 364	1 218	—	1 218	146
General expenses	467	(42)	425	341	10	351	74
<b>Subtotal</b>	<b>1 993</b>	<b>471</b>	<b>2 464</b>	<b>2 054</b>	<b>89</b>	<b>2 143</b>	<b>321</b>
<b>UNU-GCM</b>							
Research, training networks and dissemination	54	(54)	—	—	—	—	—
Staff and other personnel costs	572	(557)	15	15	—	15	—
General expenses	208	(207)	1	1	—	1	—
<b>Subtotal</b>	<b>834</b>	<b>(818)</b>	<b>16</b>	<b>16</b>	<b>—</b>	<b>16</b>	<b>—</b>
<b>UNU-FLORES</b>							
Research, training networks and dissemination	311	(42)	269	267	—	267	2
Staff and other personnel costs	1 303	56	1 359	1 352	7	1 359	—
General expenses	247	(23)	224	221	2	223	1
<b>Subtotal</b>	<b>1 861</b>	<b>(9)</b>	<b>1 852</b>	<b>1 840</b>	<b>9</b>	<b>1 849</b>	<b>3</b>
<b>UNU-IRADDA</b>							
Research, training networks and dissemination	115	(93)	22	—	—	—	22
Staff and other personnel costs	242	(242)	—	—	—	—	—
General expenses	143	(118)	25	5	—	5	20
<b>Subtotal</b>	<b>500</b>	<b>(453)</b>	<b>47</b>	<b>5</b>	<b>—</b>	<b>5</b>	<b>42</b>
<b>Total</b>	<b>47 589</b>	<b>8 468</b>	<b>56 057</b>	<b>49 947</b>	<b>1 310</b>	<b>51 257</b>	<b>4 800</b>

## Annex IV

### Statement of contributions, January to December 2019

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<b>UNU Centre</b>				
<b>Vice Rectorate in Europe</b>				
<b>Government donations</b>				
Germany, Federal Ministry of Education and Research	–	–	143	143
Germany, Federal Environment Agency	–	243	–	243
<b>Non-government donations</b>				
<i>European Commission</i>				
European Union (European Commission)	–	544	–	544
<i>United Nations organizations</i>				
International Telecommunication Union	–	339	–	339
<i>Other</i>				
German Agency for International Cooperation	–	(9)	–	(9)
International Solid Waste Association	–	3	–	3
University of Limerick	–	4	–	4
Vereniging Nederlandse Verwijdering Metalektro Producten	–	141	–	141
<b>Centre for Policy Research</b>				
<b>Government donations</b>				
Australia, Department of Foreign Affairs and Trade	–	52	–	52
United Kingdom of Great Britain and Northern Ireland, Foreign and Commonwealth Office	–	263	–	263
United Kingdom, Home Office	–	1 016	–	1 016
Netherlands, Ministry of Foreign Affairs	–	224	–	224
Permanent Mission of Liechtenstein to the United Nations	–	155	–	155
Switzerland, Federal Department of Foreign Affairs	–	693	–	693
United Kingdom, Department for International Development	–	149	–	149
<b>Non-government donations</b>				
<i>United Nations organizations</i>				
United Nations Secretariat, Department of Political Affairs	–	191	–	191

**Statement of contributions, January to December 2019 (continued)**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<i>Other</i>				
Arizona State University Global Security Initiative	–	10	–	10
Computing Research Association's Computing Community Consortium	–	10	–	10
Hilti Foundation	–	65	–	65
Medicor Foundation	–	64	–	64
Office of the United Nations High Commissioner for Human Rights	–	20	–	20
Rights Lab at University of Nottingham	–	5	–	5
Tarom Foundation	–	20	–	20
Alan Turing Institute	–	9	–	9
<b>Office of the Rector</b>				
<b>Government donations</b>				
Japan, Ministry of Foreign Affairs	–	216	–	216
<b>Non-government donations</b>				
<i>Other</i>				
Farmer's Market Association, Tokyo	–	181	–	181
Individual Customers	–	90	–	90
Japan Foundation for the United Nations University	–	9	–	9
<b>UNU Centre, Kuala Lumpur</b>				
<b>Government donations</b>				
Malaysia, Ministry of Higher Education	–	–	20	20
<b>E-governance</b>				
<b>Government donations</b>				
Uganda, National Information Technology Authority	–	230	–	230
Portugal	–	–	52	52
<b>Non-government donations</b>				
<i>European Commission</i>				
European Union (European Commission)	–	40	–	40
<b>UNU Centre</b>	–	<b>4 977</b>	<b>215</b>	<b>5 192</b>

**Statement of contributions, January to December 2019 (continued)**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<b>UNU headquarters building and land</b>				
<b>Government donations</b>				
Japan, Ministry of Foreign Affairs	–	1 225	16 743	17 968
<b>Non-government donations</b>				
<i>Other</i>				
Farmer's Market Association	–	44	–	44
<b>UNU headquarters building and land</b>	<b>–</b>	<b>1 269</b>	<b>16 743</b>	<b>18 012</b>
<b>UNU-WIDER</b>				
<b>Government donations</b>				
Finland, Ministry of the Environment	–	–	357	357
Norway	–	9 992	–	9 992
Sweden, Swedish International Development Agency, Department for Research Cooperation	–	4 132	–	4 132
South Africa, National Treasury	–	(723)	–	(723)
United Kingdom, Department for International Development	–	6 367	–	6 367
<b>UNU-WIDER</b>	<b>–</b>	<b>19 768</b>	<b>357</b>	<b>20 125</b>
<b>UNU-MERIT</b>				
<b>Government donations</b>				
Netherlands, Ministry of Education, Culture and Science	–	1 103	–	1 103
Netherlands, Maastricht City Council	–	302	–	302
<b>Non-government donations</b>				
<i>Other</i>				
Maastricht Graduate School of Governance	–	273	–	273
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	80	–	80
<b>UNU-MERIT</b>	<b>–</b>	<b>1 758</b>	<b>–</b>	<b>1 758</b>

**Statement of contributions, January to December 2019 (continued)**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<b>UNU-CS</b>				
<b>Government donations</b>				
Macao Foundation	–	330	488	818
<b>UNU-CS</b>	<b>–</b>	<b>330</b>	<b>488</b>	<b>818</b>
<b>UNU-INRA</b>				
<b>Government donations</b>				
Ghana, Ministry of Education	–	–	78	78
Zambia	–	–	54	54
<b>Non-government donations</b>				
<i>Other</i>				
Ashesi University Ghana Climate Innovation Centre	–	15	–	15
<b>UNU-INRA</b>	<b>–</b>	<b>15</b>	<b>132</b>	<b>147</b>
<b>UNU-BIOLAC</b>				
<b>Government donations</b>				
Bolivarian Republic of Venezuela	–	–	8	8
<b>UNU-BIOLAC</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>8</b>
<b>UNU-CRIS</b>				
<b>Government donations</b>				
Belgium	–	(17)	167	150
<b>Non-government donations</b>				
<i>Other</i>				
University of Ghent	–	(254)	–	(254)
<b>UNU-CRIS</b>	<b>–</b>	<b>(271)</b>	<b>167</b>	<b>(104)</b>



**Statement of contributions, January to December 2019 (continued)**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<b>UNU-IAS</b>				
<b>Government donations</b>				
City of Yokohama	–	–	15	15
Japan, Ministry of Education, Culture, Sports, Science and Technology	–	1 326	–	1 326
Japan, The Ministry of the Environment	–	2 177	–	2 177
Ibaraki Prefectural Board of Education	–	9	–	9
Ishikawa Prefecture	–	228	–	228
Kanazawa City	–	230	–	230
Noto Regional Association for Globally Important Agricultural Heritage Systems Promotion and Cooperation	–	11	–	11
<b>Non-government donations</b>				
<i>Other</i>				
African Development Bank Group	–	(7)	–	(7)
Aoyama Gakuin University	–	2	–	2
ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management	–	110	–	110
Chuo University	–	2	–	2
Eisaku Sato Memorial Foundation	–	3	–	3
Integrated Consultancy on Infrastructure Development and Environmental Conservation Inc.	–	16	–	16
International Christian University	–	2	–	2
International University of Japan	–	2	–	2
Japan Society for The Promotion of Science	–	38	–	38
Kanagawa International Foundation	–	34	–	34
Keio University, Keio Research Institute at Shonan Fujisawa Campus	–	94	–	94
Kyoto University	–	7	–	7
Lake Biwa Environmental Research Institute	–	2	–	2
National Institute for Environment Studies	–	6	–	6
Japan Foundation for the United Nations University	–	22	–	22
Tokyo University of Agriculture	–	6	–	6
Tsuda College	–	2	–	2
University of Tokyo	–	124	–	124
<b>UNU-IAS</b>	<b>–</b>	<b>4 446</b>	<b>15</b>	<b>4 461</b>

**Statement of contributions, January to December 2019 (continued)**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<b>UNU-INWEH</b>				
<b>Non-government donations</b>				
<i>Other</i>				
Centre de Recherche en Ressource en Eau du Bassin du Congo, University of Kinshasa	–	74	–	74
Edmonton Power Corporation Water Services, Inc.	–	76	–	76
Telos Aleff, Ltd.	–	3	–	3
<b>UNU-INWEH</b>	<b>–</b>	<b>153</b>	<b>–</b>	<b>153</b>
<b>UNU-EHS</b>				
<b>Government donations</b>				
Germany, Federal Ministry of Education and Research	–	726	181	907
Germany, Federal Ministry for Environment, Nature Conservation and Nuclear Safety	–	99	–	99
Germany, Foreign Office	–	113	–	113
<b>Non-government donations</b>				
<i>European Commission</i>				
European Union (European Commission)	–	78	–	78
<i>United Nations organizations</i>				
United Nations Environment Programme	–	40	–	40
<i>Other</i>				
German Agency for International Cooperation	–	60	–	60
Eurac Research	–	1 912	–	1 912
Frankfurt School of Finance and Management	–	891	–	891
Technische Hochschule Köln (formerly known as Fachhochschule Koeln)	–	1	–	1
Munich Climate Insurance Initiative	–	991	–	991
Munich Re Foundation	–	2	–	2
Newcastle University	–	124	–	124
<b>UNU-EHS</b>	<b>–</b>	<b>5 037</b>	<b>181</b>	<b>5 218</b>

**Statement of contributions, January to December 2019 (continued)**

(Thousands of United States dollars)

	<i>Endowment Fund contribution</i>	<i>Operating contribution</i>	<i>Voluntary in-kind contributions</i>	<i>Total</i>
<b>UNU-IIGH</b>				
<b>Government donations</b>				
Malaysia, Ministry of Higher Education	–	–	47	47
<b>Non-government donations</b>				
<i>United Nations organizations</i>				
United Nations Development Programme	–	43	–	43
United Nations Children's Fund	–	132	–	132
World Health Organization	–	104	–	104
<b>UNU-IIGH</b>	<b>–</b>	<b>279</b>	<b>47</b>	<b>326</b>
<b>UNU-GCM</b>				
<b>Government donations</b>				
Spain	–	(540)	–	(540)
<b>UNU-GCM</b>	<b>–</b>	<b>(540)</b>	<b>–</b>	<b>(540)</b>
<b>UNU-FLORES</b>				
<b>Government donations</b>				
Saxon State Ministry for Higher Education, Research and the Arts	–	55	229	284
<b>Non-government donations</b>				
<i>Other</i>				
Alexander von Humboldt Foundation	–	15	–	15
German Research Foundation	–	22	–	22
German Aerospace Centre	–	3	–	3
<b>UNU-FLORES</b>	<b>–</b>	<b>95</b>	<b>229</b>	<b>324</b>
<b>Total</b>	<b>–</b>	<b>37 316</b>	<b>18 582</b>	<b>55 898</b>

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

## Annex V

## Statement of unpaid pledges as at 31 December 2019

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<b>Operating funds</b>					
<b>UNU Centre</b>					
<b>Government donations</b>					
Australia, Department of Foreign Affairs and Trade	–	51	(51)	–	–
Germany, Foreign Office	100	–	(100)	–	–
Germany, Federal Ministry of Education and Research	1 327	–	(1 300)	(27)	–
Germany, Federal Environment Agency	–	244	(99)	–	145
Japan, Ministry of Foreign Affairs	–	216	(216)	–	–
Netherlands, Ministry of Foreign Affairs	–	224	(224)	–	–
Norway, Ministry of Foreign Affairs	746	–	(358)	(17)	371
Portugal	1 000	–	(1 000)	–	–
Permanent Mission of Liechtenstein to the United Nations	–	155	(65)	2	92
Switzerland, Federal Department of Foreign Affairs	190	693	(515)	2	370
United Kingdom, Foreign and Commonwealth Office	–	263	(249)	–	14
United Kingdom, Home Office	–	1 016	(115)	29	930
United Kingdom, Department for International Development	523	149	(576)	17	113
<b>Non-government donations</b>					
<i>European Commission</i>					
European Union (European Commission)	27	592	(618)	(1)	–
<i>United Nations organizations</i>					
International Telecommunication Union	–	350	(119)	(3)	228
United Nations Secretariat, Department of Political Affairs	–	191	(191)	–	–
United Nations Environment Programme	44	–	(10)	–	34
United Nations Industrial Development Organization	264	–	(53)	–	211

**Statement of unpaid pledges as at 31 December 2019** (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<i>Other</i>					
Arizona State University Global Security Initiative	—	10	(10)	—	—
Computing Research Association's Computing Community Consortium	—	10	(10)	—	—
German Agency for International Cooperation	54	(8)	(46)	—	—
Farmer's Market Association	45	181	(181)	—	45
Hilti Foundation	—	65	(65)	—	—
International Solid Waste Association	—	3	(3)	—	—
Medicor Foundation	—	64	(64)	—	—
Uganda, National Information Technology Authority	—	230	(19)	—	211
Office of the United Nations High Commissioner for Human Rights	—	20	(20)	—	—
University of Nottingham, Rights Lab	—	5	—	—	5
Tarom Foundation	—	20	(20)	—	—
Alan Turing Institute	—	9	(9)	—	—
Japan Foundation for the United Nations University	—	9	(9)	—	—
TMI Associates	—	90	(90)	—	—
Université de Bretagne Occidentale	11	—	(11)	—	—
University of Limerick	—	4	(4)	—	—
Vereniging Nederlandse Verwijdering Metalektro Producten	—	141	(43)	—	98
<b>UNU Centre</b>	<b>4 331</b>	<b>4 997</b>	<b>(6 463)</b>	<b>2</b>	<b>2 867</b>
<b>UNU headquarters building</b>					
<b>Government donations</b>					
Japan, Ministry of Foreign Affairs	—	1 224	(1 224)	—	—
<b>Non-government donations</b>					
<i>Other</i>					
Farmer's Market Association	11	44	(44)	—	11
<b>UNU headquarters building and land</b>	<b>11</b>	<b>1 268</b>	<b>(1 268)</b>	<b>—</b>	<b>11</b>

**Statement of unpaid pledges as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<b>UNU-WIDER</b>					
<b>Government donations</b>					
Finland, Ministry for Foreign Affairs	5 946	–	(2 553)	(150)	3 243
Myanmar, Central Statistical Organization, Ministry of Planning and Finance	782	–	(461)	(24)	297
Norway	–	9 977	(1 853)	375	8 499
South Africa, National Treasury	1 747	(723)	(1 124)	100	–
Sweden, Swedish International Development Agency, Department for Research Cooperation	–	4 125	(834)	133	3 424
United Kingdom, Department for International Development	–	6 341	(2 550)	141	3 932
<b>Non-government donations</b>					
<i>European Commission</i>					
European Union (European Commission)	–	417	(417)	–	–
<i>Other</i>					
Trade and Industrial Policy Strategies	412	–	(206)	8	214
<b>UNU-WIDER</b>	<b>8 887</b>	<b>20 137</b>	<b>(9 998)</b>	<b>583</b>	<b>19 609</b>
<b>UNU-MERIT</b>					
<b>Government donations</b>					
Netherlands, Ministry of Education, Culture and Science	1 092	1 103	(1 100)	–	1 095
Maastricht City Council	–	302	(302)	–	–
<b>Non-government donations</b>					
<i>Other</i>					
Maastricht Graduate School of Governance	–	256	(256)	–	–
Stichting Maastricht Economic Research Institute on Innovation and Technology	–	80	(80)	–	–
WASTE	126	–	(80)	–	46
<b>UNU-MERIT</b>	<b>1 218</b>	<b>1 741</b>	<b>(1 818)</b>	<b>–</b>	<b>1 141</b>

**Statement of unpaid pledges as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<b>UNU-CS</b>					
<b>Government donations</b>					
Macao Foundation	193	329	(333)	1	190
<b>Non-government donations</b>					
<i>Other</i>					
Humanity United	39	–	(39)	–	–
<b>UNU-CS</b>	<b>232</b>	<b>329</b>	<b>(372)</b>	<b>1</b>	<b>190</b>
<b>UNU-INRA</b>					
<b>Non-government donations</b>					
<i>United Nations organizations</i>					
United Nations Environment Programme	30	–	(30)	–	–
Economic Commission for Africa	383	–	–	–	383
<i>Other</i>					
Ashesi University Ghana Climate Innovation Centre	–	55	(55)	–	–
Tetra Tech ARD	9	–	(9)	–	–
University of the Witwatersrand	122	–	(45)	(3)	74
<b>UNU-INRA</b>	<b>544</b>	<b>55</b>	<b>(139)</b>	<b>(3)</b>	<b>457</b>
<b>UNU-CRIS</b>					
<b>Government donations</b>					
Belgium	2 357	(17)	(738)	(40)	1 562
<b>Non-government donations</b>					
<i>Other</i>					
University of Ghent	1 299	(254)	(300)	(20)	725
Vrije Universiteit Brussel	411	–	(135)	(8)	268
<b>UNU-CRIS</b>	<b>4 067</b>	<b>(271)</b>	<b>(1 173)</b>	<b>(68)</b>	<b>2 555</b>

**Statement of unpaid pledges as at 31 December 2019** (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<b>UNU-IAS</b>					
<b>Government donations</b>					
Japan, Ministry of Education, Culture, Sports, Science and Technology	—	1 326	(1 326)	—	—
Japan, Ministry of the Environment	—	2 177	(2 177)	—	—
Ibaraki Prefectural Board of Education	—	9	(9)	—	—
Ishikawa Prefecture	45	228	(228)	—	45
Kanazawa City	45	229	(229)	—	45
Noto Reginal Association for Globally Important Agricultural Heritage Systems Promotion and Cooperation	—	11	(11)	—	—
<b>Non-government donations</b>					
<i>United Nations organizations</i>					
United Nations Environment Programme	26	—	(26)	—	—
<i>Other</i>					
African Development Bank Group	—	(7)	7	—	—
Aoyama Gakuin University	—	2	(2)	—	—
ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management	—	110	(87)	—	23
Asian Development Bank, Metro Manila, Philippines	—	131	(131)	—	—
Asia-Pacific Network for Global Change Research	16	—	—	—	16
Chuo University	—	2	(2)	—	—
Eisaku Sato Memorial Foundation	—	3	(3)	—	—
Integrated Consultancy on Infrastructure Development and Environmental Conservation, Inc.	—	16	(16)	—	—
International Christian University	—	2	(2)	—	—
International University of Japan	—	2	(2)	—	—
Japan Educational Exchanges and Services	—	3	(3)	—	—
Japan International Cooperation Agency	—	10	(10)	—	—
Japan Society for the Promotion of Science	21	39	(22)	—	38
Kanagawa International Foundation	—	34	(34)	—	—
Keio University	—	95	(95)	—	—



**Statement of unpaid pledges as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
Kyoto University	—	7	(7)	—	—
Lake Biwa Environmental Research Institute	—	2	(2)	—	—
National Institute for Environmental Studies, Japan	105	6	(113)	2	—
Resona Holdings, Inc.	—	99	(99)	—	—
Rural Development Administration of the Republic of Korea	100	—	(50)	—	50
Japan Foundation for the United Nations University	—	138	(138)	—	—
Tokyo University of Agriculture	—	6	(6)	—	—
Tsuda College	—	2	(2)	—	—
University of Tokyo	20	124	(144)	—	—
<b>UNU-IAS</b>	<b>378</b>	<b>4 806</b>	<b>(4 969)</b>	<b>2</b>	<b>217</b>
<b>UNU-INWEH</b>					
<b>Government donations</b>					
Canada, Department of Foreign Affairs, Trade and Development	1 465	—	(1 485)	20	—
<b>Non-government donations</b>					
<i>United Nations organizations</i>					
United Nations Secretariat, Department of Economic and Social Affairs	50	—	(50)	—	—
<i>Other</i>					
Anderson Water Systems, Inc.	11	—	—	—	11
Centre de Recherche en Ressource en Eau du Bassin du Congo, University of Kinshasa	—	75	(30)	—	45
Edmonton Power Corporation Water Services, Inc.	—	76	(76)	—	—
McMaster University	166	—	(99)	5	72
Telos Aleff, Ltd.	—	3	(3)	—	—
<b>UNU-INWEH</b>	<b>1 692</b>	<b>154</b>	<b>(1 743)</b>	<b>25</b>	<b>128</b>
<b>UNU-EHS</b>					
<b>Government donations</b>					
Germany, Federal Ministry of Education and Research	1 125	726	(954)	(33)	864
Germany, Federal Ministry for Environment, Nature Conservation and Nuclear Safety	—	99	(99)	—	—

**Statement of unpaid pledges as at 31 December 2019** (continued)

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
Germany, Foreign Office	–	113	(113)	–	–
Ministry of Education and Research, North Rhine Westphalia	457	–	(440)	(17)	–
<b>Non-government donations</b>					
<i>European Commission</i>					
European Union (European Commission)	40	222	(255)	–	7
<i>United Nations organizations</i>					
United Nations Framework Convention on Climate Change secretariat	395	–	–	(9)	386
United Nations Environment Programme, Nairobi	5	–	(5)	–	–
United Nations Environment Programme	–	40	(40)	–	–
<i>Other</i>					
German Agency for International Cooperation	38	60	(23)	–	75
German Aerospace Centre	1 077	–	(583)	(27)	467
Eurac Research	–	1 910	(317)	(30)	1 563
Frankfurt School of Finance and Management	–	891	(269)	10	632
Loughborough University	13	–	(13)	–	–
Munich Climate Insurance Initiative	1 017	990	(1 144)	(7)	856
Munich Re Foundation	120	2	(52)	(3)	67
Munich Re Insurance	57	–	(28)	(1)	28
Newcastle University	–	124	(2)	9	131
Technische Hochschule Köln (formerly known as Fachhochschule Koeln)	44	–	(44)	–	–
<b>UNU-EHS</b>	<b>4 388</b>	<b>5 177</b>	<b>(4 381)</b>	<b>(108)</b>	<b>5 076</b>
<b>UNU-IIGH</b>					
<b>Non-government donations</b>					
<i>United Nations organizations</i>					
United Nations Development Programme	126	43	(105)	–	64
United Nations Children's Fund	–	132	(132)	–	–
World Health Organization	–	104	(64)	–	40
<b>UNU-IIGH</b>	<b>126</b>	<b>279</b>	<b>(301)</b>	<b>–</b>	<b>104</b>

**Statement of unpaid pledges as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<b>UNU-GCM</b>					
<b>Government donations</b>					
Spain, Ministry of Education	—	(540)	540	—	—
<b>UNU-GCM</b>	<b>—</b>	<b>(540)</b>	<b>540</b>	<b>—</b>	<b>—</b>
<b>UNU-FLORES</b>					
<b>Government donations</b>					
Germany, Federal Ministry of Education and Research	1 792	—	(559)	(42)	1 191
Saxon State Ministry for Higher Education, Research and the Arts	1 126	55	(603)	(28)	550
<b>Non-government donations</b>					
<i>Other</i>					
Alexander von Humboldt Foundation	—	15	(15)	—	—
German Research Foundation	103	22	(64)	(2)	59
German Aerospace Centre	9	3	(3)	—	9
<b>UNU-FLORES</b>	<b>3 030</b>	<b>95</b>	<b>(1 244)</b>	<b>(72)</b>	<b>1 809</b>
<b>UNU-IRADDA</b>					
<b>Government donations</b>					
Algeria	8 000	—	—	—	8 000
<b>UNU-IRADDA</b>	<b>8 000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8 000</b>
<b>UNU-IESR</b>					
<b>Government donations</b>					
Senegal, Ministry of Foreign Affairs	5 000	—	—	—	5 000
<b>UNU-IESR</b>	<b>5 000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5 000</b>
<b>Total operating funds as at 31 December 2019</b>	<b>41 904</b>	<b>38 227</b>	<b>(33 329)</b>	<b>362</b>	<b>47 164</b>

**Statement of unpaid pledges as at 31 December 2019 (continued)**

(Thousands of United States dollars)

	<i>Unpaid pledges as at 1 January 2019</i>	<i>Add: fresh pledges received in 2019</i>	<i>Less: collection during 2019</i>	<i>Add: gain/(loss) on exchange</i>	<i>Unpaid pledges as at 31 December 2019</i>
<b>Endowment Funds</b>					
<b>UNU-CENTRE</b>					
<b>Government donations</b>					
Portugal	1 000	–	(1 000)	–	–
<b>UNU-CENTRE</b>	<b>1 000</b>	<b>–</b>	<b>(1 000)</b>	<b>–</b>	<b>–</b>
<b>UNU-INRA</b>					
<b>Government donations</b>					
Cameroon	3 127	–	–	(71)	3 056
Zambia	200	–	–	–	200
<b>UNU-INRA</b>	<b>3 327</b>	<b>–</b>	<b>–</b>	<b>(71)</b>	<b>3 256</b>
<b>UNU-IRADDA</b>					
<b>Government donations</b>					
Algeria	45 000	–	–	–	45 000
<b>UNU-IRADDA</b>	<b>45 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>45 000</b>
<b>UNU-IESR</b>					
<b>Government donations</b>					
Senegal, Ministry of Foreign Affairs	1 000	–	–	–	1 000
<b>UNU-IESR</b>	<b>1 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 000</b>
<b>Total Endowment Funds as at 31 December 2019</b>	<b>50 327</b>	<b>–</b>	<b>(1 000)</b>	<b>(71)</b>	<b>49 256</b>
<b>Total all funds outstanding as at 31 December 2019</b>	<b>92 231</b>	<b>38 227</b>	<b>(34 329)</b>	<b>291</b>	<b>96 420</b>
<b>Allowance for doubtful receivables</b>	<b>(54 850)</b>	<b>(6 531)</b>	<b>–</b>	<b>18</b>	<b>(61 363)</b>
<b>Net total all funds outstanding as at 31 December 2019</b>	<b>37 381</b>	<b>31 696</b>	<b>(34 329)</b>	<b>309</b>	<b>35 057</b>

## Annex VI

### Statement of refunds to donors

(Thousands of United States dollars)

	<i>Operating unit</i>	<i>31 December 2019</i>
Donors		
African Development Bank Group	UNU-IAS	7
Macao Foundation	UNU-CS	74
Spain	UNU-GCM	540
South Africa, National Treasury	UNU-WIDER	723
University of Ghent	UNU-CRIS	27
<b>Total refunds to donors for the year</b>		<b>1 371</b>

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