



United Nations

United Nations Population Fund

**Financial report and audited
financial statements**

for the year ended 31 December 2021

and

Report of the Board of Auditors

General Assembly

Official Records

Seventy-seventh Session

Supplement No. 5H



United Nations Population Fund

**Financial report and audited
financial statements**

for the year ended 31 December 2021

and

Report of the Board of Auditors



United Nations • New York, 2022

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.

Contents

<i>Chapter</i>	<i>Page</i>
Letters of transmittal	5
I. Report of the Board of Auditors on the financial statements: audit opinion	7
II. Long-form report of the Board of Auditors	10
Summary	10
A. Mandate, scope and methodology	13
B. Findings and recommendations	14
1. Follow-up of previous recommendations	14
2. Financial overview	15
3. Strategic plan	17
4. Human resources management	20
5. Implementing partner management	23
6. Programme management	26
7. Procurement management	27
8. Inventory management	30
9. Last-mile assurance management	37
10. Contributions	39
C. Disclosures by management	40
1. Write-off of losses of cash, receivables and property	40
2. Ex gratia payments	40
3. Cases of fraud and presumptive fraud	40
D. Acknowledgement	40
Annex	
Status of implementation of recommendations up to the year ended 31 December 2020	41
III. Certification of the financial statements	55
IV. Financial report for the year ended 31 December 2021	56
V. Financial statements for the year ended 31 December 2021	70
I. Statement of financial position as at 31 December 2021	70
II. Statement of financial performance for the year ended 31 December 2021	72
III. Statement of changes in net assets for the year ended 31 December 2021	73
IV. Cash flow statement for the year ended 31 December 2021	74

V. (a) Statement of comparison of budget with actual amounts for the year ended 31 December 2021	76
(b) Statement of comparison of budget with actual amounts for the period 2018–2021 of the strategic plan cycle for 2018–2021	76
Notes to the financial statements	77

Letters of transmittal

Letter dated 29 April 2022 from the Executive Director of the United Nations Population Fund addressed to the Chair of the Board of Auditors

Pursuant to financial rule 116.3 (b) of the United Nations Population Fund, I have the honour to submit the financial statements of the Fund for the year ended 31 December 2021, which I hereby approve.

(Signed) Natalia **Kanem**
Executive Director

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

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

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

Chapter I

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

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of UNFPA, 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 auditor’s report thereon

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

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

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

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

UNFPA management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, UNFPA management is responsible for assessing the ability of UNFPA to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate UNFPA 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 UNFPA.

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 UNFPA;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (d) Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNFPA 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 UNFPA 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 UNFPA 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 UNFPA.

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

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

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

21 July 2022

Chapter II

Long-form report of the Board of Auditors

Summary

The United Nations Population Fund (UNFPA) assumes a leading role in the United Nations system in promoting population programmes. Its mission is to deliver a world where every pregnancy is wanted, every childbirth is safe and every young person's potential is fulfilled. The Fund supports countries in promoting and protecting the human rights and gender equality of all persons with respect to sexual and reproductive health. In addition, UNFPA is mandated to build the knowledge and capacity to respond to needs in population and family planning; to promote public awareness on population problems in both developed and developing countries; and to provide possible strategies to deal with population problems in the forms and means best suited to the needs of individual countries.

The Board of Auditors has reviewed the operations of UNFPA as part of its audit of the financial statements for the year ended 31 December 2021. Owing to the coronavirus disease (COVID-19), the audit was carried out through a combination of field and remote audit with regard to headquarters in New York City and the UNFPA country office in Lebanon from 18 October to 12 November 2021; the country office in the Democratic Republic of the Congo from 22 November to 17 December 2021; and the country office in Colombia and the Subregional Office for the Caribbean, Jamaica from 17 January to 11 February 2022. The final audit, including the audit of the financial statements, was conducted at headquarters in New York City from 2 May to 3 June 2022.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with UNFPA 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 present fairly the financial position of UNFPA as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

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

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

Audit opinion

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

Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of UNFPA for the year ended 31 December 2021. However, the Board noted scope for improvement in the areas of the strategic plan, human resources management, implementing partner management, programme management, procurement management, inventory management, last-mile assurance management and contributions.

With a total revenue of \$1,505.23 million, owing mainly to an increase in earmarked resources, and expenses of \$1,300.68 million during 2021, the financial performance reflected a surplus of \$204.56 million. The overall financial position of UNFPA remained sound, with current assets of more than six times the current liabilities and total assets of more than three times the total liabilities.

Key findings

The Board's key findings are as follows:

Lack of monitoring of the outputs on myResults

The Board observed that there were business units, such as country offices, in which the annual results reporting for 2020 had not been approved or was in an "initiated stage". In addition, there were headquarters division plans for 2021 that had not been approved and cases in which the plans had not yet been initiated and the deadline stated in the guideline had been exceeded. Furthermore, there were country offices at which the monitoring of quarterly milestones for the first and second quarters of 2021 had not been approved.

Insufficient achievement of vacancy rates

With respect to the overall vacancy rates considered for the 2021 budget, the Board identified cases in which the current rates were higher than those budgeted by UNFPA. Regarding the fulfilment of the vacancy rate for core positions, it was noted that the overall vacancy rate was 15 per cent; nevertheless, there were countries in which the indicator target (2021:10 per cent) had not been fulfilled and countries with a vacancy rate of higher than 50 per cent.

Incompleteness and absence of uploading of implementing partner agreements to the UNFPA system

The Board observed cases in the country offices in Lebanon and the Democratic Republic of the Congo in which operations had continued after the expiration of the implementing partner agreement, without an amendment to support that. In addition, those agreements had not been uploaded to the partner information management system. The Board also identified cases without a valid implementing partner agreement or amendment associated with the deliveries of goods. Lastly, it was verified that between January and October 2021, the country office in Lebanon had conducted transactions related to the delivery of goods and programmes without a valid implementing partner agreement, which were formalized later with a signature and uploaded into the partner information management system.

Weaknesses in distribution plan information

The Board observed that the distribution plans did not contain specifications that must be present in accordance with the applicable policy. It identified different irregularities in the preparation, review and uploading in the global programming system of the distribution plans.

Main recommendations

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

Lack of monitoring of the outputs on myResults

(a) **Strengthen its planning, monitoring and reporting procedures on myResults for all business units in order to have a process that gives an accurate overview and demonstrates accountability in respect of the indicator target;**

(b) **Ensure that regional offices implement effective and timely monitoring procedures in order to provide clearance of the regional office approval after the quality assurance review;**

Insufficient achievement of vacancy rates

(c) **Develop the recording of and easy access to the background information that supports the estimations made to determine vacancy rates, in order to ensure an effective and efficient use of the budgeted resources for personnel costs and to ensure proper staffing for the fulfilment of the planned programmes and activities;**

Incompleteness and absence of uploading of implementing partner agreements to the UNFPA system

(d) **Ensure that the country offices in Lebanon and the Democratic Republic of the Congo verify that the implementing partner agreements and their amendments are approved prior to carrying out the workplan and continuing with the transfer of cash and the delivery of goods;**

(e) **Ensure that the country offices in Lebanon and the Democratic Republic of the Congo strengthen the periodic monitoring of implementing partner agreements and keep them updated and accurate in the partner information management system;**

Irregularities in distribution plan information

(f) **Ensure that the country offices in Lebanon and Colombia work closely with headquarters to standardize the information contained in the distribution plan with the necessary specifications established in the policy;**

(g) **Ensure that the country office in the Democratic Republic of the Congo incorporates the documents related to the delivery of supplies (distribution plan, handover of programme supplies and inventory issuance report) with the same item identification registered to ensure the traceability of every supply delivered.**

Follow-up of previous recommendations

As at 31 December 2021, the Board verified the status of implementation of recommendations from prior years for the period ended 31 December 2020. Of the 30 outstanding recommendations, UNFPA had implemented 24 recommendations (80 per cent) and 6 recommendations (20 per cent) were under implementation. Details of the status of implementation of the recommendations are provided in the annex to chapter II.

Key facts	
\$461.79 million	UNFPA budget for development and management, United Nations development coordination and special purpose activities
\$1,505.23 million	Revenue reported
\$1,300.68 million	Total expenses
155	Number of countries served by UNFPA
1,651	Number of implementing partners working with UNFPA
2,333	UNFPA local staff
880	UNFPA international staff
\$427.98 million	Total amount spent by implementing agents in 2021 for delivery of programme activities on behalf of UNFPA
\$872.70 million	Expenses spent directly by UNFPA in 2021

A. Mandate, scope and methodology

1. The United Nations Population Fund (UNFPA) fulfils a leading role in the United Nations system in promoting population programmes. It is mandated to build the knowledge and capacity to respond to needs in population and family planning; to promote public awareness on population problems in both developed and developing countries; and to provide possible strategies to deal with population problems in the forms and means best suited to the needs of individual countries.

2. The Board of Auditors audited the financial statements of UNFPA and has reviewed its activities for the year ended 31 December 2021, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. 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 UNFPA as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing body and whether revenue and expenses had been properly classified and recorded in accordance with the UNFPA Financial Regulations and Rules.

4. 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.

5. The Board also reviewed the operations of UNFPA under financial regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations with respect to the efficiency of the financial procedures, the

accounting system, the internal financial controls and, in general, the administration and management of the UNFPA operations.

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

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

B. Findings and recommendations

1. Follow-up of previous recommendations

8. The Board verified the status of implementation of recommendations for prior years for the period ended 31 December 2020. Of the 30 outstanding recommendations, UNFPA implemented 24 recommendations (80 per cent) and 6 recommendations (20 per cent) were under implementation. Details of the status of implementation of the recommendations are set out in the annex to chapter II.

Table II.1
Status of implementation of recommendations

<i>Report (audit year)</i>	<i>Number of recommendations</i>	<i>Recommendations pending as at 31 December 2020</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>	<i>Recommendations pending as at 31 December 2021</i>
A/72/5/Add.8 , chap II (2016)	18	1	1	–	–	–	–
A/73/5/Add.8 , chap. II (2017)	18	1	1	–	–	–	–
A/74/5/Add.8 , chap. II (2018)	26	–	–	–	–	–	–
A/75/5/Add.8 , chap. II (2019)	28	4	2	2	–	–	2
A/76/5/Add.8 , chap II (2020)	24	24	20	4	–	–	4
Total	114	30	24	6	–	–	6

9. The Board analysed the 30 open recommendations as at 31 December 2021 and noted that six recommendations were under implementation at the end of the year, of which three were regarding inventory management, two were related to the harmonized approach to cash transfers framework and one dealt with travel management.

10. The Board considers that an implementation rate of 80 per cent indicates the solid commitment of UNFPA to manage previous recommendations. The Board acknowledges management's efforts and encourages the Fund to continue the process of implementing recommendations.

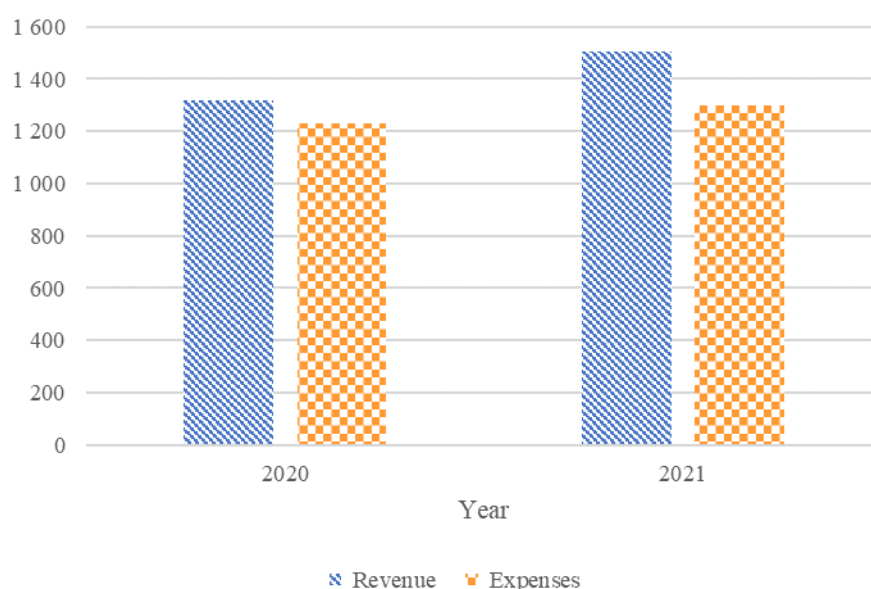
2. Financial overview

Operating results

11. In 2021, UNFPA reported total revenues of \$1,505.23 million (2020: \$1,316.91 million) and total expenses of \$1,300.68 million (2020: \$1,228.10 million), representing a surplus of \$204.56 million (2020: \$88.81 million), as shown in figure II.I.

Figure II.I
Revenue and expenses for 2020 and 2021

(Millions of United States dollars)



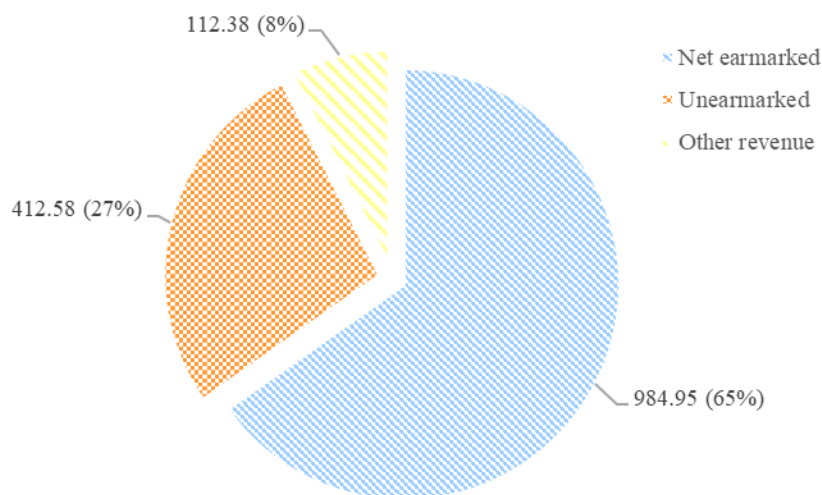
Source: Board formulation based on analysis of UNFPA financial statements for the years ended 31 December 2020 and 31 December 2021.

12. The increase in surplus is attributable to the rise in earmarked resources, which enabled UNFPA to generate 25.21 per cent more in net contribution revenue than in the previous year.

13. Of the total revenue, net earmarked contributions reached \$984.95 million (2020: \$786.66 million), unearmarked contributions amounted to \$412.58 million (2020: \$416.83 million) and other sources of revenue reached \$112.38 million (2020: \$113.43 million), as shown in figure II.II. Net earmarked contributions increased by \$198.30 million (25.21 per cent) to \$984.95 million (2020: \$786.66 million), despite the impact of the significant reduction in funding by one Member State. UNFPA extended its efforts to broaden its donor base by engaging middle-income and emerging economy countries, as well as private sector donors. Net unearmarked contributions decreased by \$8.93 million (2.14 per cent) to \$407.90 million (2020: \$416.83 million), mainly as a result of a reduction in core funding by one Member State and the one-time nature of additional contributions made by multiple Member States in 2020 to facilitate the UNFPA response to the COVID-19 pandemic, offset in part by contributions made by another Member State that resumed funding to UNFPA in 2021.

Figure II.II
Revenue distribution by nature, 2021

(Millions of United States dollars)



Source: Board formulation based on analysis of UNFPA financial statements for the year ended 31 December 2021.

14. Expenses decreased by 5.91 per cent in 2021 as a whole, owing mainly to a decrease in expenses for reproductive health and other programme-related supplies to \$232.78 million (2020: \$261.45 million), which meant lower deliveries of humanitarian supplies, including personal protective equipment, and reproductive health commodities, due to a partial reduction in earmarked funding from a key donor. Regarding the main expenses of the period, these are attributable to an important fluctuation in development and training of counterparts of \$137.81 million (2020: \$108.29 million) followed by an increase in contracted and professional services for the execution of the projects related to integrated sexual and reproductive health services and for prevention of gender-based violence and response services.

Financial position

15. The total assets of UNFPA increased by \$189.35 million (8.95 per cent), from \$2,116.04 million in 2020 to \$2,305.39 million as at 31 December 2021. The growth was primarily a result of the increase in investments maturing after one year, contributions receivable and other receivables. The main change in the current assets was a decrease related to investments maturing within one year due to a shift in the composition of financial instruments held as part of the working capital portfolio from short-term to long-term, as interest rates generated by longer-term investments increased towards the end of 2021. Total liabilities decreased by \$18.34 million (3.08 per cent), from \$595.89 million in 2020 to \$577.56 million in 2021. The downward trend in liabilities was due mainly to the decrease in accounts payable and accruals and other current liabilities and deferred revenue. Reserves and fund balances increased by 13.66 per cent, which is equal to \$1,727.84 million as at 31 December 2021 (2020: \$1,520.14 million), due primarily to an increase in undesignated earmarked fund balances mainly from the surplus for the year.

Ratio analysis

16. On the basis of the analysis of the liquidity situation of UNFPA through ratio analysis, in the past two years, the financial solvency ratio and current ratio reflected an improvement in the position of the Fund to meet its current obligations with its

current assets. For the current ratio, this could be attributed mainly to the significant decrease in the current liability, specifically the accounts payable and accruals due to the decline in funds held by UNFPA in its capacity of administrative agent for joint programmes. Although the decrease in the current liabilities was less than the decrease in the current assets, the main change in the current assets was a decrease related to investments maturing within one year.

17. Nevertheless, the ratios related to liquidity reflected a downward trend, as shown in table II.2. The cash ratio declined from 4.20 to 3.84, explained by a decrease in time deposits and commercial paper held as part of the working capital investment portfolio designed to meet UNFPA working capital needs.

Table II.2
Ratio analysis

Description of ratio	31 December 2021	31 December 2020
Current ratio^a		
Current assets: current liabilities	6.00	5.91
Solvency ratio^b		
Total assets: total liabilities	3.99	3.55
Cash ratio^c		
Cash plus current investments: current liabilities	3.84	4.20
Quick ratio^d		
Cash plus current investments plus current contributions receivable: current liabilities	5.13	5.20

Source: Board formulation based on analysis of UNFPA financial statements for the periods ended 31 December 2021 and 31 December 2020.

^a A high ratio indicates the ability of an entity to pay off its current liabilities.

^b A high ratio indicates the ability of an entity to meet its overall obligations.

^c The cash ratio is an indicator of the liquidity of an entity, obtained by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

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

3. Strategic plan

Lack of monitoring of the outputs on myResults

18. In section 2 of the UNFPA guidelines on results planning, monitoring and reporting on myResults,¹ issued in December 2016, it is stated that the planning module is where the annual results plans are developed by business units each year. The deadline for approval of the 2021 results plans on myResults was 31 March 2021.

19. The annual results plan is composed of programme cycle outputs and other indicators from the strategic plan, among other things. Units are expected to link their outputs to one outcome and one or more outputs of the UNFPA strategic plan and to define for each output at least one indicator with baseline and target, and at least one quarterly milestone.

¹ The UNFPA strategic information system is an overarching gateway for critical information on the profiles, performance and results of the UNFPA business unit. It consists of three modules, one of which is myResults. This module provides a platform for the planning, monitoring and reporting of results by each business unit.

20. It is also stated in the guidelines that the monitoring module becomes reachable after the results plans of a unit have been approved, the unit's report on the achievement of the milestones has been planned for the quarter and adjustments have been made in the unit's plans. The deadline for first-quarter to third-quarter monitoring is six weeks after the end of each quarter and the deadline for fourth-quarter monitoring is December to January.
21. The country offices' annual reports require a quality assurance review and clearance from regional offices after their finalization and approval by each unit. Consequently, the deadline for annual reporting is December to January.
22. In section 7 of the guidelines, it is stated that units report on the achievement of the milestones planned for the quarter during the monitoring process. When a milestone has not been achieved, the reasons and actions to ensure the achievement of the indicator target also need to be reported.
23. The Board reviewed the planning, monitoring and reporting of results recorded by the Fund in the myResults module as of October 2021 and observed the following:
- (a) In 35 out of the 36 business units such as country offices that were reviewed, the annual results reporting for 2020 had not been approved by the regional office. Moreover, in 14 out of the 36 country offices reviewed, the annual results reporting had not been approved by the country offices themselves. In 9 of the 36 business units, the annual results reporting was in an initiated stage;
- (b) At 3 out of the 13 business units such as headquarters divisions that were reviewed, the plan for 2021 had not been approved. Moreover, at 2 of the 13 business units, the plan had not yet been initiated. At three of the business units at which the plan had been approved, the deadline in accordance with the guidelines had been exceeded;
- (c) In regard to the monitoring of quarterly milestones, 13 business units had not approved the monitoring process for the second quarter of 2021. At 3 out of the 13 business units reviewed, the monitoring process for the first quarter of 2021 had not been approved.
24. The Board considers that the lack of reportability of the planning and monitoring of the indicator result could affect the compliance with the strategic plan given that the indicator result of the business unit is not accurately and timely reported in the myResults module.
25. The Board considers that the myResults module provides multiple benefits. This tool allows reportability in respect of results achieved, lessons learned and challenges encountered during a particular year in the context of the Fund's global accountability for results. Moreover, the system provides an opportunity to learn collectively from past performance, inform decision-making and help to improve future implementation and programme delivery. If UNFPA improved its monitoring, that would allow the business units to have adequate information for decision-making on reaching the annual target and demonstrating accountability to the Executive Board and making the case to stakeholders and donors for continued support and resources.
26. **The Board recommends that UNFPA strengthen its planning, monitoring and reporting procedures on myResults for all business units in order to have a process that gives an accurate overview and demonstrates accountability in respect of the indicator target.**
27. **The Board recommends that UNFPA regional offices implement effective and timely monitoring procedures in order to provide clearance of the regional office approval after the quality assurance review.**
28. UNFPA accepted the recommendations.

Inaccuracy in the uploading of output indicators on the myResults module

29. Section I of the UNFPA Policy and Procedures for Development and Approval of the Country Programme Document (hereinafter the policy on country programmes), effective since March 2017, sets out the procedures that apply to the development and approval of the UNFPA country programme document.

30. In section III, step 1, point 5 of the policy on country programmes, it is stated that the “results and resources framework” provides a summary of the country programme’s outputs and targets to be achieved, including indicative financial resources available, mandated by the Executive Board.

31. In the policy, it is stipulated that the country offices must identify indicators (quantitative and qualitative measures of programme performance that allow tracking of results) for each country programme output. The country offices have the flexibility to use a framework format of their choosing, such as the annualized output indicator targets. These targets should be the same as those entered into the monitoring and reporting programme results module on myResults.

32. In this context, each indicator must be specific, measurable, achievable, relevant and time-bound; have established baseline data for each indicator (once defined); have a clear target for each output; be objectively verifiable; and relate only to UNFPA interventions and not depend on external factors.

33. The country programme document for the country office in the Democratic Republic of the Congo was approved by the UNFPA Executive Board on 30 October 2019 for a programme period of five years (2020–2024), and in the case of the Subregional Office for the Caribbean, the programme document was approved on 1 July 2016 for a programme period of five years (2017–2021).

34. The Board reviewed 20 output indicators included in the country programme document of the country office in the Democratic Republic of the Congo for the period 2020–2024 and identified inconsistencies in names, targets and scope compared with the annual reporting for 2020 and the planning report for 2021 registered in myResults. Such inconsistencies hinder the tracking of the output indicators.

35. During the review, the Board identified inconsistencies in which the country office had modified the country programme document output indicators when they were uploaded into myResults. For example, 15 targets were different; 14 output indicators indicated a change in the focus and scope; 2 output indicators did not appear on myResults in 2020 and 2021; and 4 output indicators were merged into just 2 output indicators.

36. Similarly, the Board reviewed 12 output indicators included in the subregional programme document of the Subregional Office for the Caribbean for the period 2017–2021 and observed that four targets of the output indicators had differences with those uploaded to myResults (reporting for 2020 and planning for 2021) in that the indicators had lower targets than those contained in the country programme document.

37. The Board considers that the output indicators of the country office in the Democratic Republic of the Congo and the Subregional Office for the Caribbean are not being accurately uploaded to the myResults module. The lack of linked output indicators between the country programme document and the module could affect the tracking of compliance with the strategic plan and weaken the accountability process with regard to the Executive Board, stakeholders and donors.

38. **The Board recommends that the UNFPA country office in the Democratic Republic of the Congo and the Subregional Office for the Caribbean strengthen their procedures regarding the uploading of output indicators on myResults in accordance with what is established in the subregional programme document in order to have an objective process that allows tracking of results.**

39. The country office in the Democratic Republic of the Congo and the Subregional Office for the Caribbean agreed with the recommendation.

4. Human resources management

Insufficient achievement of vacancy rates

40. In paragraph 2 of the Fund's Resource Management Policy (issued in 2006 and revised in 2016), it is stated that the integrated budget underpins the strategic plan developed by UNFPA and the results contained therein and that its main components are the institutional budget (costs related to management, development effectiveness, United Nations development coordination, and special purposes) and programmes. In paragraph 3, it is stated that the budget must be based on income projections for the planning period and on the results framework of the strategic plan.

41. In accordance with section II.4 (h) of the UNFPA Policy and Procedures for the Implementation of the UNFPA Institutional Budget, the posts for the Fund are budgeted based on standard costs, which include the estimated vacancy rate. The budgeted vacancy rates for the 2021 period are set out in table II.3.

Table II.3

Budgeted vacancy rates

(Percentage)

	<i>Professional (international)</i>	<i>General Service</i>	<i>National Officer</i>
New York locations	9	9	–
Non-New York locations	10	8	13

Source: Board formulation based on data provided by UNFPA.

42. The strategic plan for the period 2018–2021 introduces strategies that are designed to enhance organizational effectiveness and efficiency and strengthen the UNFPA integrated results and resources framework and its business model. To fulfil that objective, the Fund identified four outputs as mentioned in paragraph 62 of the strategic plan. One of these is “optimized management of resources”. In paragraph 70, it is stated that UNFPA will adequately staff key management posts and build staff capacity in critical areas for the achievement of transformative results.

43. With the purpose of fulfilling that objective, the Fund established the indicator “Organizational effectiveness and efficiency 2.2: Vacancy rate for core positions”. This indicator is defined as a proportion of core positions (Representative; Deputy Representative and International Programme Coordinator; and Assistant Representative and International Operations Manager) not filled. The indicator was applied in 61 high-risk/large-volume countries, whose target for the indicator was set from a baseline of 16 per cent in 2018 to 10 per cent in 2021.

44. The Board reviewed the vacancy rates for the Fund as at September 2021 and observed the following:

(a) For the overall vacancy rates considered for the 2021 budget, it was noted that in four cases, the current rates were higher than those budgeted by the Fund. The resulting rates are shown in table II.4;

Table II.4

Calculated vacancy rates for New York and non-New York locations

(Percentage)

	<i>Professional (international)</i>	<i>General Service</i>	<i>National Officer</i>
New York locations	22	9	–
Non-New York locations	23	12	17

Source: Board formulation based on data provided by UNFPA.

(b) Regarding the rates related to the fulfilment of the vacancy rate for core positions, it was noted that for the 61 countries, the overall vacancy rate was 15 per cent. There were 19 countries in which the indicator target was not fulfilled as at 30 September 2021. Five countries had a vacancy rate higher than 50 per cent: Burkina Faso, Eritrea, the Niger, Pakistan and Sierra Leone.

45. The Board considers that the vacancy rates observed in the audit period did not align with the Fund's strategic management instruments that had been put in place. In addition, owing to the complexity of the calculations, the Board is of the view that improving the budgetary planning vacancy rates through a more accurate definition of the variables used for the estimation of the rates would enable UNFPA to use the available staff cost resources more effectively and efficiently, thus avoiding significant variances.

46. Furthermore, the Board considers that the indicator target for the vacancy rate for core positions is not being met, which in turn could affect the results of optimized resource management and could result in critical positions not being filled in missions located in high-risk countries, leaving important tasks unfulfilled or addressed incorrectly. At the same time, this could translate into mandated activities not being properly implemented.

47. The Board recommends that UNFPA develop the recording of and easy access to the background information that supports the estimations made to determine vacancy rates, in order to ensure an effective and efficient use of the budgeted resources for personnel costs and to ensure proper staffing for the fulfilment of the planned programmes and activities.

48. UNFPA agreed with the recommendation.

Delays in the recruitment process

49. In its resolution [65/247](#), the General Assembly expressed its concern regarding the high vacancy rates in the Organization and requested the Secretary-General to fill all vacancies in an expeditious manner.

50. In 2011, UNFPA participated in the Joint Inspection Unit review of staff recruitment in the United Nations system organizations, which informed the findings set out in the report JIU/REP/2012/4. The report covered recruitment issues such as persistent high vacancy rates and the speed of the recruitment and staffing process. As a result, the Joint Inspection Unit issued four recommendations to legislative bodies and executive heads, with an addition of 15 benchmarks.

51. In paragraph 104 of its document JIU/NOTE/2012/2 (one of the four parts of the review of the staff recruitment in the United Nations system organizations), the Joint Inspection Unit noted that setting targets for recruitment time was good practice; however, to be effective, it should be accompanied by close monitoring and accountability measures.

52. Similarly, benchmark 13 suggested by the Joint Inspection Unit provides that the recruitment time for a vacant post is 120 days. For the same process, UNFPA established a target for recruitment time in the strategic information system at six months and below (180 days).

53. The Board reviewed the Atlas report “UNFPA Job Openings”, which listed the global positions for which UNFPA had posted a job opening. The Board compared the information with the staff list provided by the Fund as at 30 September 2021 and observed the following:

(a) Out of 79 posts, 35 (44.3 per cent) were vacant for over 180 days and 32 of those were vacant for more than 200 days;

(b) A total of 36 out of 50 job openings filled as at September 2021 (72 per cent) were vacant for over 180 days before being filled; of those, 34 were vacant for well over 200 days;

(c) There were 34 critical positions unfilled as at 30 September 2021 (Representative; Deputy Representative and International Programme Coordinator; and Assistant Representative and International Operations Manager). Five of the job openings were posted by the Fund with the aim of being filled in 2020; however, as at 30 September 2021, the positions had remained unfilled for 300 to 400 days.

54. The Board considers that the delay in filling vacant positions would indicate that the Fund’s ability to meet personnel needs is inadequate. This may cause inefficiencies in the different processes of the organization and affect programme delivery given that relevant tasks could be left unfulfilled or might be addressed incorrectly by the Fund.

55. In addition, the delay directly affects the Fund’s efforts to further strengthen its organizational effectiveness and efficiency, as it hinders the optimization of human resources management. Moreover, the workforce plan requires clear measures that should be coordinated and thus shape the strategic plan.

56. The Board recommends that UNFPA maintain close monitoring of the recruitment time and take proper measures in a workforce plan to ensure that it gets closer to the target defined by the Fund in the strategic information system.

57. UNFPA accepted the recommendation.

Non-compliance with mandatory training courses

58. In section I (A) of the UNFPA learning and training guidelines, published in March 2018, it is stated that the guidelines establish a platform for UNFPA personnel to engage in learning activities for themselves and at the same time to provide training for others.

59. In the “learning corner portal” of the mandatory learning section, it is stated that UNFPA personnel are expected to complete the training courses within the first three months of appointment. The Taleo learning management system is where management handles the enrolment, administration and reporting of most learning and training activities.

60. The Board requested from the country office in Colombia and the Subregional Office for the Caribbean the reports on the status of mandatory training courses for

the active staff payroll. Based on the Board's analysis of the staff, the following situations were noted:

(a) At the country office in Colombia, 18 staff members (2 fixed-term and 16 service contracts) had not completed the total of the mandatory courses within the first three months of appointment. As at 24 January 2022, there was a delay of between 115 and 2,611 days from the date of entry of the personnel. It is worth mentioning that the two staff members who had not completed the procurement course had a profile in the Atlas system as approvers of purchase orders;

(b) Also at the country office in Colombia, an average of 45 per cent of the courses taken were completed during the period in which the Board made the request;

(c) At the Subregional Office for the Caribbean, 13 staff members (all fixed-term) had not completed the total of the mandatory courses during the first three months of appointment. On 24 January 2022, there was a delay of more than six months from the date of entry of the personnel.

61. The Subregional Office for the Caribbean indicated that for newer recruits, there was a technical issue with the completion of four courses; courses completed appeared incomplete in the system; pending courses did not appear on the mandatory list training load; and courses added to the mandatory catalogue were not in the induction portal for mandatory courses.

62. Similarly, the Subregional Office stated that, in the process of information migration from the former platform to Taleo, some courses that had already been completed by staff members were no longer recognized as such. Despite the aforementioned, because the Subregional Office did not provide further evidence regarding this matter, it was not possible to determine how many of the 19 staff members had had system migration problems and how many were pending compliance with the mandatory courses.

63. The Board considers that non-fulfilment of the mandatory courses for all UNFPA staff within the three-month period could result in staff members not having the necessary tools for their specific tasks, which would hinder the fulfilment of the Fund's strategic objectives.

64. Furthermore, the current controls do not allow enhancing the oversight of the accomplishment of the mandatory courses and maintaining compliance with the integrity, availability and reliability of the provided information by the Taleo system.

65. The Board recommends that the UNFPA country office in Colombia and the Subregional Office for the Caribbean strengthen their internal control procedures to plan and ensure that all staff members complete the mandatory learning curriculum within the three-month deadline after joining the organization.

66. The Board recommends that UNFPA redesign the control and enhance the oversight related to the mandatory courses, particularly with the migrated data, in order to ensure that the Taleo system is updated with accurate, reliable and available information.

67. UNFPA accepted both recommendations.

5. Implementing partner management

Incomplete data on implementing partners' assessments of the assurance plan 2021

68. In accordance with the Harmonized Approach to Cash Transfers Framework, the purpose of assurance activities is to determine whether the funds transferred to implementing partners were used for their intended purpose and in accordance with

the workplan. Without proper completion of the assurance activities, the Framework would only serve as a mechanism for risk assessment and identification rather than a mechanism for risk management and mitigation.

69. The Implementing Partner Assurance System is a tool that captures data on implementing partner assessments (such as risk rating, date of assessment, microassessment document), assurance plans, spot checks, audits and follow-up to spot checks and audits, with their respective status. These data are entered by UNFPA staff and by third-party auditors commissioned to carry out audits and/or spot checks.

70. To determine the selection of implementing partners to be subject to assurance activities, there are different criteria based on the implementing partner's risk reflected in the Implementing Partner Assurance System (high, significant, moderate or low), the materiality of the funding provided to the implementing partner, the result of past assurance activities, and the established thresholds amount. Subsequently, third-party auditors or UNFPA staff perform audits and/or spot checks.

71. The Board reviewed the implementing partners' assurance plan for the year 2021 provided by the Fund as at 5 November 2021, which includes audits and spot checks, both for an early and regular schedule.

72. When comparing the assurance plan for the 2021 period with the information registered in the Implementing Partner Assurance System microassessment module, the Board noted 27 differences in the microassessment rating.

73. The Fund was consulted regarding the management of the data used to determine the implementing partners subject to assurance activities. The Fund indicated that management was aware of some differences between the records in the microassessment module and the assurance plan module related to the risk rating. The Board was able to establish that there was no check control in place as at the date of this review.

74. The Board considers that the outdated risk rating in the assurance plan for 2021 may directly affect the information used by the Fund to determine which implementing partners will be subject to an early or regular spot check and/or audit, which could result in an inaccurate assurance activities process.

75. Therefore, the Board considers that an inaccurate assurance plan for 2021 would indicate that the planning process was not based on an adequate implementing partners' risk evaluation, which could diminish the effectiveness of the plan in its implementation stage.

76. Lastly, the Board is of the opinion that an insufficient preventive control in the integrity of the database to determine the implementing partners subject to assurance activities could generate inaccuracies in the current planning process.

77. The Board recommends that UNFPA update the assurance activities plan in a timely and accurate manner, using the information on the implementing partners' risk rating in the Implementing Partner Assurance System.

78. The Board recommends that UNFPA strengthen the assurance activities plan and put in place preventive controls in its formulation process for the implementing partner assessment.

79. UNFPA accepted the recommendations and indicated that while managing implementing partner assurance through the current updated system, it will continue monitoring to ensure that the Information Technology Solutions Office for implementing partner assurance system risk ratings is working appropriately and that the microassessment risk ratings are updated. The measures will be assessed by the Board during the next audit period.

Incompleteness and absence of uploading of implementing partner agreements to the UNFPA system

80. In section II of the UNFPA Policy and Procedures for Preparation, Management and Monitoring of Workplans (hereinafter the policy on workplans), effective since March 2021, it is established that the policy applies to all programme activities and to implementing partners and that no funds are to be committed or disbursed to implementing partners prior to signing an implementing partner agreement and a workplan, which has been signed by the authorized officer, identified in the implementing partner agreement.

81. In section III of the policy on workplans, it is stated that the implementing partner agreement must be signed and uploaded into the partner information management system. The implementing partner agreement is valid for the entire duration of the associated programme cycle. If a programme cycle is extended, the implementing partner agreement must be amended and uploaded to the partner information management system.

82. Lastly, in subparagraph 23 of paragraph 3 of the Policy and Procedures on Management of Programme Supplies (hereinafter the policy on management of programme supplies), revised on 1 March 2021, it is stated that the budget holders are responsible for ensuring that UNFPA programme supplies can be provided only to partners with a valid implementing partner agreement with UNFPA. Indeed, signed workplans or other appropriate programme documents specify the products provided by UNFPA and their intended use.

83. The Board observed that in respect of 13 out of 22 implementing partner agreements in the country office in Lebanon, operations were continued after the expiration of the agreement and the agreement did not contain an amendment. In addition, these agreements had not been uploaded to the partner information management system as at October 2021.

84. Out of the 22 implementing partner agreements in the country office in Lebanon, the Board reviewed 11 agreements that related to goods delivered during 2021 to the implementing partners. The Board identified seven cases without a valid implementing partner agreement or amendment associated with the deliveries of goods.

85. It was verified that the country office in Lebanon had conducted transactions related to the delivery of goods and programmes without a valid implementing partner agreement between January and October 2021 and that the transactions had been formalized with a signature and uploaded into the partner information management system in November 2021. It should be noted that no commitment or disbursement of any funds was made to implementing partners before the signing of the workplan by the authorized officer.

86. The Board observed that at the country office in the Democratic Republic of the Congo, 2 out of 11 implementing partners had continued their programme operations without valid implementing partner agreements. Furthermore, these implementing partner agreements had not been uploaded to the partner information management system as at 30 November 2021.

87. The Board reviewed 21 implementing partners at the country office in the Democratic Republic of the Congo related to goods delivered from 1 January to 30 September 2021 and verified the existence of valid implementing partner agreements. In its review, the Board identified inconsistencies and a lack of valid agreement concerning the implementing partner agreements; for example, they were not uploaded to any UNFPA system or to the partner information management system

or did not have an implementing partner Atlas code. In addition, there were implementing partners without a valid agreement or amendment associated with the deliveries of goods.

88. The Board considers that owing to a lack of valid implementing partner agreements, UNFPA legal support could be affected if any issue arose with the implementing partners, leaving the Fund in a vulnerable position regarding the administration of duties and obligations between the Fund and the implementing partners. Furthermore, the existence of implementing partner agreements would allow the business unit to have adequate information for developing a workplan and continuing cash transfers and deliveries of goods.

89. Lastly, the Board considers that failure to upload the signed implementing partner agreements to the partner information management system, with or without workplans or other appropriate programme documents in any system or in the partner information management system, could affect the proper flow of the delivery of programme supplies, the transparency of the information and its intended use, and the goals for which the goods are delivered to the implementing partners.

90. The Board recommends that the UNFPA country offices in Lebanon and the Democratic Republic of the Congo ensure that the implementing partner agreements and their amendments are approved prior to carrying out the workplan and continuing with the transfer of cash and the delivery of goods.

91. The Board recommends that the UNFPA country offices in Lebanon and the Democratic Republic of the Congo strengthen the periodic monitoring of implementing partner agreements and keep them updated and accurate in the partner information management system.

92. The country offices in Lebanon and the Democratic Republic of the Congo agreed with the recommendations.

6. Programme management

Inaccuracies in workplan progress reports

93. In the policy on workplans, it is established that workplans are the primary tools for planning, budgeting and monitoring activities that contribute to programme outputs and are one of the formal documents signed by the implementing partner and UNFPA.

94. It is also stated that the workplan progress report is prepared in Atlas by the implementing partner and submitted quarterly for UNFPA approval. The progress report provides information on the status and progress of the activities or requests reimbursements when appropriate and must be approved by the programme officer.

95. Moreover, it is established in the policy that all workplan progress reports must contain workplan activities that include a narrative update on the progress of the implementation and an estimated percentage of the programmatic completion of each activity in the workplan that is cumulative over time.

96. On the basis of the foregoing, at least one workplan progress report must be approved per period by UNFPA before an accompanying funding authorization and certificate of expenditure form can be approved. After the due date, new disbursements are subject to the approval of the workplan progress report for the previous period.

97. The Board reviewed a sample of 11 workplans relating to 53 activities of the country office in Lebanon and their corresponding funding authorization and certificate of expenditure forms as of October 2021 and identified the following situations related to the workplan progress report:

(a) Five activities did not comply with the percentage of the cumulative programmatic completion during the year, even when they had the same amount associated with the activities in the workplan;

(b) Out of the 27 funding authorization and certificate of expenditure forms reviewed, 8 had been approved before the approval and submission of the workplan progress report.

98. The Board also reviewed a sample of 14 workplans relating to 196 activities of the country office in the Democratic Republic of the Congo and their corresponding funding authorization and certificate of expenditure forms as of November 2021 and identified the following situations related to the workplan progress report:

(a) Fifteen activities did not comply with the percentage of the cumulative programmatic completion during the year, even when they had the same amount associated with the activities in the workplan;

(b) Out of 26 funding authorization and certificate of expenditure forms reviewed, 2 had been approved before the approval and submission of the workplan progress report.

99. Further, the Board reviewed a sample of 11 workplans relating to 29 activities of the Subregional Office for the Caribbean (excluding the support cost activities) as at 31 December 2021. Regarding the workplan progress report associated with the workplan, nine activities did not achieve the percentage of the cumulative programmatic completion during the year, even when they had the same amount associated with the activities in the workplan.

100. The Board considers that untimely monitoring of the cumulative programmatic progress of activities could have an impact on the reportability of progress and on the implementation of the workplan activities performed by the implementing partners, which could also lead to an inefficient and inappropriate use of funds by the implementing partners.

101. Lastly, the Board deems it essential to ensure that the approval process for critical documents is in line with the current policies, considering performance activities of the initially agreed workplan, to avoid a negative impact on workplan goals and UNFPA resources.

102. The Board recommends that the UNFPA country offices in Lebanon and the Democratic Republic of the Congo and the Subregional Office for the Caribbean strengthen the monitoring process for the progress in implementation of the workplan activities in order to conduct reviews of the workplan progress report in a more timely and accurate manner.

103. The Board recommends that the UNFPA country offices in Lebanon and the Democratic Republic of the Congo ensure that reviews are carried out in a timely manner by the programme officer before the approval of the workplan progress report and the respective funding authorization and certificate of expenditure form in order to safeguard the resources used by the implementing partner.

104. The country offices in Lebanon and the Democratic Republic of the Congo and the Subregional Office for the Caribbean agreed with the recommendations.

7. Procurement management

Delay in registering purchase orders

105. In section III.11.4 of the UNFPA policy “Procurement Procedures” (hereinafter the policy on procurement procedures), revised in June 2019, it is stated that “the

contractual and financial obligations against long-term agreements are made by way of issuing purchase orders subject to the long-term agreement using the Atlas system. Therefore, purchase orders must be issued based on the terms and conditions of the long-term agreement, and the same must have been accepted by the supplier before the suppliers can start delivering the required services and/or goods”.

106. It is also stated in the policy that “receiving services and/or goods covered by long-term agreements without issuing a purchase order pursuant to the respective long-term agreement is an action taken without a valid specific contractual arrangement between UNFPA and the supplier. Therefore, a purchase order shall not be used for the sole purpose of settling payments”.

107. Lastly, in sections III.11.3 and III.11.3.2 of the policy, it is stated that “purchase orders issued through Atlas act as a mechanism for encumbering funds in the respective budgets. When the purchase order is approved and budget checked, its amount creates an encumbrance (financial commitment) in the commitment control ledger and reduces the pre-encumbrance from the associated requisition”.

108. In accordance with the policy on procurement procedures, the encumbrance balances reflected in the commitment control ledgers now represent reserved funds against legally binding commitments and should be used for budget management.

109. The Board requested from the country office in the Democratic Republic of the Congo the purchase order list as at 30 September 2021 and reviewed a sample of 22 purchase orders associated with the long-term agreement and the request for quotations.

110. The Board observed that 12 out of 22 purchase orders (55 per cent) had been recorded in the Atlas system with a delay ranging from one to eight months after the receipt of the products or services. In addition, there were two cases in which the services and/or goods had been provided in December 2020 and registered in 2021.

111. This situation reflects the fact that in the detected cases, the purchase orders were registered in the system for the sole purpose of settling payments.

112. The Board considers that receiving services and/or goods without having previously issued a purchase order in accordance with the respective long-term agreement could result in procurement processes being carried out without approved resources as those planned to pay for those goods and services. Similarly, if the purchase orders are not issued in a timely manner, the commitment of the funds for such transactions is affected, which could have an impact on the timely payments that the country office must make to the suppliers.

113. In addition, an untimely record of purchase order transactions in Atlas could affect the integrity and accuracy of the accounting and management information.

114. The Board recommends that the UNFPA country office in the Democratic Republic of the Congo strengthen the process for registering purchase orders in order to receive the services or goods after the purchase order is issued, to ensure that the process is recorded on time and under budget-checked criteria.

115. The country office in the Democratic Republic of the Congo agreed with the recommendation.

Lack of follow-up in the established process for contracts for professional services

116. In accordance with section III.1.3.2 of the UNFPA policy on procurement procedures, the manner in which the procurement process is carried out must give all internal and external stakeholders of the organization the assurance that the process is fair and must ensure that all information on procurement policies, procedures,

opportunities and processes are clearly defined and made known simultaneously to all stakeholders. If a business unit cannot meet its procurement needs through an existing long-term agreement, a solicitation process should begin.

117. In this context, in section III.6.3 of the policy, it is stated that there are two methods of solicitation: informal and formal. One of the informal methods is a “request for quotations”, with the range of \$5,000 and above for country offices (\$10,000 for headquarters and regional offices) and below \$100,000. UNFPA uses three different templates for requests for quotations; one of them is the template for complex services, in which the proposed evaluation is based on a combined score (technical and financial) and the award is given to the bidders that obtain the highest total score.

118. Section III.6.3.1.2 of the policy sets out the operational steps for conducting a request for quotations; among other things, such requests must be issued using the appropriate and standard template for requests for quotations.

119. Section III.11.6 of the policy defines the scope of the contract for professional services and establishes that before a contract of this kind can be issued to a supplier, a purchase order must be raised in Atlas to encumber the funds, allocated with respect to the professional services contract.

120. The Board reviewed a sample of nine purchase orders issued by the country office in Colombia and four purchase orders issued by the Subregional Office for the Caribbean during 2021 in which the “request for quotations” solicitation method was used. The following was noted:

(a) There were two purchase orders from the country office in Colombia related to contracts for professional services in which the evaluation committees did not use the template for complex services and carried out the process at the beginning of the bidding without applying the standards required in the UNFPA procurement policies. It is worth mentioning that the total amount of the purchase orders was \$51,910;

(b) There were seven cases in which the country office in Colombia issued the purchase orders after signing the contract for professional services. It is worth mentioning that the total amount of the purchase orders was \$186,208;

(c) There were three cases in which the Subregional Office for the Caribbean issued the purchase orders after signing the contract for professional services. It is worth mentioning that the total amount of the purchase orders was \$182,090.

121. The Board considers that the absence of an appropriate standard template for requests for quotations could lead to technical and financial offers not being evaluated based on the criteria established in the solicitation documents. It could also lead to the purchase of goods and services that may not satisfy operational needs or provide adequate value-for-money. Similarly, the unavailability of the evaluation criteria at the beginning of the request-for-quotations process does not promote an appropriate level of competition, nor does it allow potential suppliers to prepare and submit quality offers.

122. Lastly, the Board considers that the approval and signature of a professional services contract before a purchase order is raised in the Atlas system could materialize in liabilities for UNFPA. This may result in a lack of funds to pay for those goods and services, contravening the objective of encumbering the funds allocated with respect to the professional services contract.

123. The Board recommends that the UNFPA country office in Colombia ensure that all transparency standards are used for the local procurement processes in

an efficient and timely manner in order to guarantee that all information is clearly defined and made known to all stakeholders.

124. The Board recommends that the UNFPA country office in Colombia and the Subregional Office for the Caribbean strengthen the local procurement process so that the purchase order is raised in Atlas before a contract for professional services is issued to the suppliers, in order to ensure that the procurement process is completed under budget-checked criteria.

125. The country office in Colombia accepted both recommendations.

126. The Subregional Office for the Caribbean accepted the second recommendation.

8. Inventory management

Delay in updating the shipment tracker for locally procured goods in Atlas

127. In accordance with paragraph 9.9 of the policy on management of programme supplies, the shipment tracker is a tool of the Atlas purchasing module used for tracking, recording and reporting field office inventory. The shipment tracker is intended to capture the flow of programme supplies from the point at which UNFPA gains control over the goods until control is passed to third parties, primarily through handover to implementing partners.

128. According to paragraph 215 of the policy, the logistics focal point must provide the receiving and inspection reports to the shipment tracker focal point within one week following the completion of the receiving and inspection procedures (if any technical inspection is needed, it should be requested). In accordance with paragraph 11.4 (a), the shipment tracker focal point is responsible for the timely and accurate recording of all inventory transactions and must mark the goods as physically received in the shipment tracker within the following two business days.

129. In addition, in paragraph 318 of the policy, it is stated that the handover of goods must be documented through delivery slips or a programme supplies distribution agreement, which must be signed by the logistics focal points and the authorized recipient receiving the goods, to document the transfer of custodianship. The direct distribution model is used when the control over the goods is only considered as transferred upon their distribution to beneficiaries. Therefore, the field office shipment tracker focal point must record the delivery of the goods in the shipment tracker to reflect the transfer of control over the goods to the recipients.

130. In accordance with paragraph 355, the cost of the supplies is recognized as an expense in the appropriate general ledger accounts at the time the accounts payable vouchers are posted. Then, at the end of the period, the inventory under the control of UNFPA is recognized by charging inventory accounts and reversing the related expenses previously recorded.

131. Lastly, it should be underscored that UNFPA headquarters carried out the periodic inventory certification process performed by all country, subregional and regional offices in order to confirm the accuracy and completeness of their inventory balances. The objective of this critical control activity is to mitigate the risk of overvaluation of assets and undervaluation of expenses.

132. The Board reviewed 69 supplies procured locally by the country office in Lebanon as at 30 September 2021 and distributed from 1 January to 30 September 2021 that were related to 46 reports delivered to the recipients. As a result of the analysis, the following cases were identified:

(a) There were 23 cases related to the receiving and inspection process, in which the shipment tracker was recorded and updated in the Atlas system with a delay

of one to two months. In 16 of those cases, the updating in the Atlas record was delayed from three to nine weeks after the technical inspection and in one case, the shipment tracker was updated before the technical inspection. In four cases, the inspections were done after the physical receipt owing to problems with the packing specifications. In addition, there were 27 cases in which the shipment tracker was updated with a delay of two to three weeks;

(b) There were 25 out of 46 cases related to the handover of supplies to the implementing partners in which the shipment tracker was updated with a delay of one to three weeks and 11 out of 46 cases in which the shipment tracker was updated with delay of one to three months. In addition, there were cases in which the handover form was prepared before the signature upon the completion of the distribution or the completion of medical inspection by the implementing partner.

133. The Board also reviewed 22 supplies procured locally by the country office in the Democratic Republic of the Congo as at 30 September 2021 and distributed from 1 January to 30 September 2021 that were related to 69 reports delivered to the recipient. As a result of the analysis, the following cases were identified:

(a) There were four cases related to the receiving and inspection process, in which the shipment tracker was updated with a delay of three weeks and 16 cases in which the shipment tracker was recorded and updated in the Atlas system with a delay of one to four months. In addition, there were 11 cases in which the recording in Atlas was delayed from one to five months after receipt of the invoice;

(b) There were 45 out of 69 cases related to the handover of supplies to the recipient in which the shipment tracker was updated with a delay of one to four months and 10 cases with a delay of two to three weeks. Similarly, there were cases in which the field office recorded the delivery of the goods in the shipment tracker before the effective transfer of the goods to the recipient.

134. In addition, the Board reviewed the supplies procured locally by the country office in Colombia as of November 2021. Out of 22 supplies that were distributed from 1 January to 30 November 2021, there were 13 supplies related to the receiving and inspection process in which the shipment tracker was recorded in the Atlas system with a delay of one to three months and three cases with a delay of two to three weeks.

135. The review of 312 reports delivered to the recipient by the country office in Colombia revealed 263 reports related to the handover of supplies in which the shipment tracker was updated with a delay of one to five months. Similarly, there were cases in which the field office recorded the delivery of the goods in the shipment tracker before the effective transfer of the goods to the recipient.

136. The Board reviewed four supplies procured locally by the Subregional Office for the Caribbean as at 30 November 2021, which were distributed from 1 January to 30 November 2021. The cases were related to the receiving and inspection process, and it was observed that the shipment tracker had been recorded in the Atlas system with a delay of one month.

137. The Board reviewed six reports delivered to the recipient by the Subregional Office for the Caribbean that showed that the shipment tracker was updated regarding the handover of supplies to the recipient with a delay of one to two months.

138. The Board observed that the date 1 October 2021 registered in Atlas for the transaction of supplies received and delivered was used because the Subregional Office for the Caribbean had not registered the transactions in the shipment tracker on time. Therefore, the first date available in Atlas for recording transactions was 1 October 2021 (opened accounting period). As a result, the differences between the

transaction date and the registration of the transaction could be more significant than the differences identified by the Board.

139. In this regard, the Board concludes that if the receipt and delivery process is not updated in a timely and accurate manner, the expenses and inventory could be recorded in the wrong period. Such a situation could jeopardize the accrual basis, given that the handover of supplies could not be updated in Atlas. Consequently, this could lead to an overvaluation of assets and an undervaluation of expenses in the financial statements.

140. The Board considers that there is room for improvement in the revision and monitoring of the delivery of goods process in the country offices in the Democratic Republic of the Congo and Colombia and the Subregional Office for the Caribbean given the lack of efficacy resulting from the issues mentioned above.

141. The Board recommends that the UNFPA country offices in Colombia, the Democratic Republic of the Congo and Lebanon and the Subregional Office for the Caribbean enhance the accurate and timely recording and updating of the shipment tracker when the products are received and the inspection process is performed and finalized.

142. The Board recommends that the UNFPA country offices in Colombia, the Democratic Republic of the Congo and Lebanon and the Subregional Office for the Caribbean ensure the preparation of the handover form and the recording of the deliveries to the recipient when the control of the goods has been transferred.

143. The country offices in Colombia, the Democratic Republic of the Congo and Lebanon and the Subregional Office for the Caribbean accepted the recommendations.

Workplan and distribution plan for programme supplies

144. In subparagraph 23 of paragraph 3 of the policy on management of programme supplies, it is stated that the UNFPA programme supplies can be provided only to partners that have a valid implementing partner agreement with UNFPA and signed workplans or other appropriate programme documents specifying the products to be provided by UNFPA and their intended use.

145. In paragraph 421 of the policy, it is established that the budget holders are responsible for ensuring that programme supplies are not provided to implementing partners prior to signing workplans, supplemented by other appropriate programme documents (for example, distribution plans).

(a) Inadequate management and monitoring related to workplans and distribution plans for programme supplies

146. The country office in Lebanon prepared a standard operating procedure related to the distribution of programme supplies that sets out the following conditions for the delivery of goods to implementing partners: (a) the implementing partner handles the transportation services and collects the goods from the warehouse; (b) quantities requested are in line with the workplan's target beneficiaries to be reached; (c) the distribution plan for implementing partners is cleared by the project manager and head of office upon the approval of the workplan that is linked to the distribution plan, uploaded in the global programme system; (d) the distribution is effected in two to three consignments and the delivery of the next consignment will be done upon 80 per cent utilization of the current balance.

147. Regarding the country office in Lebanon, the Board reviewed the workplan and distribution plan for the supplies delivered to 10 implementing partners from 1 January to 30 September 2021 and identified the following situations:

(a) There were four distribution plans that had not been uploaded in the global programming system;

(b) Two distribution plans had discrepancies in the quantities compared with the financial receipts in Atlas.

148. Regarding the country office in the Democratic Republic of the Congo, the Board reviewed the workplans (or other appropriate programme documents), handover of programme supplies and distribution plans for the supplies delivered (inventory issuance report) to 10 implementing partners from 1 January to 30 September 2021 and observed that the distribution plans had not been uploaded along with the workplan in the global programme system. In addition, the following situations were identified:

(a) For two implementing partners, the country office did not provide workplans or other appropriate programme documents specifying the products delivered and their intended use;

(b) For the 10 implementing partners, the country office could not determine which activity in the workplan was associated with the delivery of goods;

(c) The country office could not provide information to establish the basis of the number of items ordered and the target beneficiaries;

(d) For the 10 implementing partners, 7 out of 13 reviewed distribution plans had missing information and could not be linked with the recipient indicated in the inventory issuance report included in Atlas;

(e) For the 10 implementing partners, 6 out of 13 distribution plans associated with the recipient were reviewed; in those 6 cases, it was not possible to perform a cross-check between the information in the distribution plan and the distributed products in the inventory issuance report given that the item identification was recorded in the distribution plan under the brand name and in the inventory issuance report under a common international name. In addition, the Board identified differences between the distribution plan and the inventory issuance report regarding the number of items distributed in the first and second quarters.

149. Regarding the country office in Colombia, the Board reviewed the workplans (or other appropriate programme documents), handover of programme supplies and distribution plans for the supplies delivered (inventory issuance report) to four implementing partners from 1 January to 30 November 2021.

150. Regarding the distribution plans, these were prepared taking into account concepts such as humanitarian supplies, personal protective equipment and dignity kits and included the partners and recipients who would receive the goods. Three of the distribution plans had discrepancies in the target beneficiaries to be reached compared with the workplan and in the quantities compared with the financial receipts in Atlas. This also occurred in the case of three distribution plans for the humanitarian supplies. Four distribution plans were not uploaded along with the workplan in the global programme system.

151. The Board considers that if the country offices in Lebanon and Colombia do not maintain the approved distribution plan in the global programming system along with the approved workplan, the proper flow of the delivery of the programme supplies to the implementing partners could be affected.

152. Moreover, the discrepancies between the workplan and the distribution plan show that the quantities requested are not in line with the target beneficiaries defined in the workplan, which could affect the proper planning and delivery of the products to be provided by UNFPA in the Colombia country office.

153. Similarly, the Board considers that the absence of two workplans or other appropriate programme documents specifying the products provided by the country office in the Democratic Republic of the Congo and their intended use could lead to inappropriate use of UNFPA resources.

154. Lastly, the Board considers that the discrepancies between the distribution plan and the information registered in Atlas could be amended in that there is room to improve the distribution process by strengthening the control activities set out in the standard operating procedure established in March 2021 (in the case of the country office in Lebanon) and the current policy on management of programme supplies. In addition, the Board encourages the country offices in Colombia, the Democratic Republic of the Congo and Lebanon to plan the delivery of supplies without affecting the effectiveness of the monitoring of the programme activities.

155. The Board recommends that the UNFPA country offices in Lebanon and Colombia enhance actions to manage and upload the distribution plan in the global programming system and keep the process flowing with the respective supporting documentation, the delivery of supplies once the workplans are signed and the inclusion of the distribution plan as a supplemental document.

156. The Board recommends that the UNFPA country offices in the Democratic Republic of the Congo and Colombia strengthen the preparation and review of the distribution plan in order to carry out a process aligned with the workplan or another appropriate programme document.

157. The Board recommends that the UNFPA country offices in Lebanon and Colombia ensure that the delivery of goods to implementing partners is linked with the distribution plan.

158. The Board recommends that the UNFPA country office in the Democratic Republic of the Congo implement a monitoring process that includes the review and approval of distribution plans in the global programming system and oversee their execution in order to keep the process flowing with their respective supporting documentation, the delivery of supplies once the workplans are signed and the inclusion of the distribution plan as a supplemental document.

159. The country offices in Colombia, the Democratic Republic of the Congo and Lebanon accepted the recommendations.

(b) Weaknesses in information included in distribution plans

160. In accordance with the policy on management of programme supplies, the distribution plan should specify: (a) the types and estimated volumes; (b) their estimated values; (c) any responsibilities of, and costs to be assumed by, the implementing partners for customs clearance and transport; (d) a description of the intended use of the supplies provided, including, when appropriate and as feasible, the service delivery points and target populations to which they should be provided; (e) any foreseen collaboration with other development or humanitarian partners; and (f) the activities to be undertaken by the implementing partners to ensure that the programme supplies are used for the intended purposes.

161. The Board verified the distribution plan and the information disclosed in respect of the programme supplies of the country offices in Colombia, the Democratic Republic of the Congo and Lebanon. The Board observed that the distribution plans

did not contain the specifications that must be present in accordance with the policy on management of programme supplies.

162. The Board considers that the lack of information in the distribution plans could adversely affect the availability of commodities, originate stockouts and affect the proper delivery of the products to be provided by the country offices in Colombia, the Democratic Republic of the Congo and Lebanon for the intended purposes.

163. The Board acknowledges that every distribution plan shall be prepared for each implementing partner in order to allow the country office in Colombia to plan, execute and monitor the accomplishments regarding the target beneficiaries to be reached and the activities established in the annual workplans, which are prepared for each implementing partner. Moreover, the lack of monitoring and unauthorized delivery of supplies could be avoided.

164. The Board recommends that the UNFPA country offices in Lebanon and Colombia work closely with headquarters to standardize the information contained in the distribution plan with the necessary specifications established in the policy.

165. The Board recommends that the UNFPA country office in the Democratic Republic of the Congo incorporate the documents related to the delivery of supplies (distribution plan, handover of programme supplies and inventory issuance report) with the same item identification registered to ensure the traceability of every supply delivered.

166. The country offices in Colombia, the Democratic Republic of the Congo and Lebanon accepted the recommendations.

Inappropriate use of the handover of programme supplies form

167. In paragraph 308 of the policy on management of programme supplies, it is stated that the goods can be handed over only to partners with valid implementing partner agreements. In exceptional circumstances relating to humanitarian response interventions or ad hoc, one-time programme interventions, the budget holders or heads of office can authorize the handover of programme supplies to partners without valid implementing partner agreements based on programme supplies distribution agreements. Programme supplies distribution agreements may be used only when all the conditions stipulated in the policy on management of programme supplies are met.

168. In accordance with paragraphs 318 and 319 of the policy on management of programme supplies, the handover of goods must be documented through delivery slips or programme supplies distribution agreements, which must be prepared by the logistics focal points ahead of the handover of goods. They must specify, inter alia, the product identifications, names, quantities and units of measure of the goods to be delivered, in line with the information in Atlas. For deliveries made to beneficiaries directly or by engaging third parties, the handover must be documented through detailed distribution lists. Control over the goods is considered as transferred only upon their distribution to beneficiaries.

169. Regarding the country office in the Democratic Republic of the Congo, the Board reviewed 183 supplies delivered to the implementing partners as at 30 September 2021 and verified that the delivery of goods had been documented through delivery slips and programme supplies distribution agreements. In addition, it was verified that in seven cases, there were valid implementing partner agreements for the handover of goods, although the deliveries had been documented through a programme supplies distribution agreement instead of delivery slips.

170. Regarding the country office in Colombia, the Board reviewed a sample of 38 out of 147 supplies delivered through programme supplies distribution agreements and a sample of 31 out of 170 deliveries made on a direct distribution basis from 1 January to 30 November 2021 and analysed the process for the delivery of goods through the supporting documentation. In this context, the Board identified the following situations:

(a) In 37 out of 38 cases, programme supplies distribution agreement forms had incomplete information regarding the identification of the programme supplies distribution agreement, identification of the purchase order, identification of the financial recipient, identification of the item, batch, expiry date, price per unit, value, date of the recording of the shipment tracker and identification of the shipment tracker report;

(b) In 26 out of 31 cases, the deliveries had been documented through a delivery certificate instead of a programme supplies distribution agreement form. It is worth mentioning that the concept of a delivery certificate is not stipulated in the policy on management of programme supplies. In addition, an incorrect template was used.

171. The inappropriate use of programme supplies distribution agreements could affect the terms and conditions of the rights and obligations of the country office in the Democratic Republic of the Congo if any issue arose with the implementing partner, leaving the Fund in a vulnerable position regarding the administration of duties and responsibilities.

172. As to the country office in Colombia, the Board considers that the use of documents of a different nature from those established for these transactions, such as delivery certificates instead of programme supplies distribution agreements, could affect the delivery of goods and hinder compliance with conditions and approvals of budget holders or office heads, as well as the appropriate application of the policy on management of programme supplies.

173. In addition, the Board considers that owing to the lack of information on the programme supplies distribution agreement form in the country office in Colombia, the review carried out for completeness and accuracy of programme supplies distribution agreement forms, prepared for the handover of inventories to the recipient, could be inaccurate.

174. Lastly, the Board considers that if the country office in Colombia automated the categorization of the type of delivery documents in the new enterprise resource planning system, that would help the Fund to ensure and keep track of the proper documentation of the transactions more accurately.

175. The Board recommends that the UNFPA country offices in the Democratic Republic of the Congo and Colombia strengthen the proper process for preparing handover forms according to the nature of the transaction and oversee the accomplishment of the delivery of goods through either delivery slips, programme supplies distribution agreements or distribution lists.

176. The Board recommends that the UNFPA country office in Colombia work closely with headquarters to incorporate the categorization of the type of delivery document (programme supplies distribution agreements, direct distribution and delivery slips) into the new enterprise resource planning system.

177. The country offices in the Democratic Republic of the Congo and Colombia accepted the recommendations.

9. Last-mile assurance management

Issues relating to the quality of the last-mile assurance process

178. In subparagraph 25 of paragraph 8 of the policy on management of programme supplies, it is stated that last-mile assurance is a process designed to provide visibility and assurance regarding the adequate safeguarding, management and use for intended purposes of programme supplies after their handover to implementing partners. The last-mile assurance process comprises five components: (a) supply chain maps; (b) supply chain management capacity assessments; (c) supply chain management risk assessments; (d) programme supplies reports; and (e) spot checks and audits.

179. In paragraph 395 of the policy, reference is made to the guidelines contained in the Guidance Note on Supply Chain Maps, which establish that the maps consist of two worksheets: a supply chain overview and an implementing partner supply chain fact sheet. The supply chain overview identifies all implementing partners receiving UNFPA-donated programme supplies. The implementing partner supply chain fact sheet is prepared for those implementing partners managing larger values (those receiving programme supplies worth \$250,000 or more in the most recently closed financial year). The information required to fill out the fact sheet section can be obtained from the Cognos inventory issuance report.

180. In addition, it is indicated in paragraph 3 of the guidance note in the programme supplies report that the programme supplies reporting process implements the requirement to provide accurate and complete reports demonstrating the proper management and safeguarding of products. The frequency of reporting indicates that the implementing partners receiving between \$100,000 and \$999,999 worth of UNFPA-donated programme supplies are required to report at least annually, regardless of their supply chain management risk rating. Significant and high-risk implementing partners receiving over \$1 million dollars' worth of UNFPA-donated programme supplies are required to report at least twice a year.

181. Lastly, in paragraph 3 of the spot checks guidance note, it is stated that the spot checks constitute one of the most critical activities in the last-mile assurance process. They provide the opportunity to regularly assess the effectiveness of the supply chain management processes and controls for implementing partners. The spot check planning is documented using the "spot check plan", and spot check scoping, execution, reporting and analysis are performed and documented using the standard "spot check tool". The verification period typically covers the 12-month period preceding the most recently closed quarter prior to the verification mission.

182. The Board reviewed the components of the last-mile assurance process for the country office in the Democratic Republic of the Congo and observed the following situations:

- (a) Supply chain maps:
 - (i) The information related to implementing partners receiving UNFPA-donated programme supplies in the supply chain overview was prepared with unclosed 2020 financial year data. As a result, differences of \$349,695 were determined when comparing the supply chain overview with the inventory issuance report;
 - (ii) Five implementing partners received programme supplies worth \$250,000 or more in the financial year 2020. Their "deliveries to the implementing partner" sheets contained incomplete sections, as well as information on items and quantities that differed from the inventory issuance report. In addition, that section was prepared with a report that differed from the Cognos inventory issuance report;

(b) Programme supplies reports: five out of eight implementing partners received between \$100,000 and \$999,999, and three implementing partners received over \$1 million dollars' worth of UNFPA-donated programme supplies. In this regard, the following situations were noted:

(i) For six out of eight implementing partners, there were differences between the information contained in the "summary of movements and balances" and the inventory issuance report owing to a delayed update of the shipment tracker. In addition, seven out of eight implementing partner sections were incomplete, such as the "information on stocks on hand at the end of the reporting period" and the "transaction details";

(ii) Two out of three implementing partners that had at least a biannual reporting frequency prepared incomplete reports. The remaining implementing partner did not provide such reports;

(c) Spot checks and audits: the planning of the visits was not documented through the worksheet "Spot check plan" for each implementing partner, which should be carried out according to the inventory issuance report of each implementing partner. Instead, the country offices prepared the planning and reports for the spot check through a group of implementing partners. From its analysis of 10 implementing partners, the Board detected the following situations:

(i) For 8 out of 10 implementing partners, the verification did not cover the 12-month period preceding the most recently closed quarter prior to the verification mission;

(ii) In addition, 2 out of 10 implementing partners did not prepare the inventory spot check tool. Although one implementing partner was required to perform two inventory spot checks per year, only one was performed;

(iii) Six incomplete spot check tools were observed in the cases of six implementing partners.

183. The Board is of the view that by monitoring the last-mile assurance process through accurate and complete information, the country office in the Democratic Republic of the Congo would be able to quantify the subsequent delivery in the supply chain maps, identify weaknesses and take appropriate corrective measures thereon.

184. Regarding the supply chain maps component, in the Board's opinion, the difference identified is due to the non-closed financial information used to review implementing partners, which could lead to an inaccurate selection of implementing partners. Further, the discrepancies mentioned above could affect the following stages of the last-mile assurance process.

185. Regarding the spot checks and audits component, in the Board's view, the verification periods do not cover the 12 months prior to the last quarter closed before the verification mission, which could have an impact in that the verifications would be carried out with old data.

186. The Board recommends that the UNFPA country office in the Democratic Republic of the Congo strengthen the preparation and review of the different reports involved in the last-mile assurance process components.

187. The Board recommends that the UNFPA country office in the Democratic Republic of the Congo prepare a workplan involving the accomplishment of the different reports established in every component of the last-mile assurance process.

188. The Board recommends that the UNFPA country office in the Democratic Republic of the Congo work closely with headquarters in order to improve the

monitoring stage, with the aim of identifying deficiencies in the five components and strengthening the implementation of the last-mile assurance policy.

189. The country office in the Democratic Republic of the Congo accepted the recommendations.

10. Contributions

Need to enhance the treatment of non-exchange transactions

190. IPSAS 23 regarding the revenue from non-exchange transactions (taxes and transfers) establishes in its paragraph 31 that the recognition of an asset from non-exchange transactions is made when it is probable that the future economic benefits will flow to the entity and the fair value of the asset can be measured reliably. In paragraph 35, it is specified that an inflow of resources is probable when the inflow is more likely than not to occur.

191. The UNFPA operating practices in respect of the application of IPSAS 23 are set out in the document “Policy paper: Revenue from non-exchange transactions (IPSAS 23)” (2013), which indicates a path for recognition depending on the type of funding received from the donor.

192. The Board analysed multi-year agreements revealed as contingent assets in the 2021 financial statements and identified the need to enhance the decision-making basis for the assessment process of those kinds of agreements.

193. In this regard, the Board analysed the relevant provisions in the above-mentioned policy paper and observed that under its title 8.1 “Contributions to UNFPA’s Regular Resources”, it is stated that “based on the ‘substance over form’ principle, contributions to UNFPA’s regular resources indicated by the donor for the first year of a multi-year agreement will be recognized at signature while future years’ amounts will need to be considered as ‘indicative’, rather than final. In fact, UNFPA does not have upfront control over these amounts.”

194. In addition, it is emphasized in the policy paper that:

In case of multi-year contribution agreements to regular resources, UNFPA will interpret the first-year contributions as final and the future year contributions as indicative. The first-year contribution will be recognized at the signing of the agreement. Future years’ contributions will be recognized when UNFPA can establish control over these resources, therefore: not earlier than the beginning of the year in which the donor intends to contribute to UNFPA’s regular resources as specified in the agreement; upon written confirmation by the donor or, in absence of it, at the receipt of cash.

195. The Board considers that the current UNFPA policy paper on the revenue from non-exchange transactions could be improved so that it is better aligned with the provisions in IPSAS 23. The current wording could be misleading and eventually affect the consistency of the applicable criteria in regard to the time of recognition of assets and revenue, or the deferred revenue liability for multi-year donor agreements. The establishment of clear criteria for the treatment of multi-year donor agreements would improve the accounting records and the presentation of the UNFPA financial statements.

196. The Board recommends that UNFPA refine its policies and procedures and review its contribution agreements in order to establish an enhanced basis for decision-making on the recognition of non-exchange transactions in line with IPSAS 23.

197. UNFPA agreed with the recommendation.

C. Disclosures by management

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

198. UNFPA informed the Board that it had formally written off losses in assets of \$355,698 (2020: \$266,768). The write-offs included contributions receivable of \$111,905; operating fund advances of \$55,753; property, plant and equipment of \$29,320; implementing partners' ineligible expenses of \$36,745; staff receivables of \$42 and a value-added tax reimbursement claim of \$121,933.

2. Ex gratia payments

199. As required in regulation 14.4 of the UNFPA Financial Regulations and Rules, management reported ex gratia payments amounting to \$88,843 for the period under review.

3. Cases of fraud and presumptive fraud

200. 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.

201. 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, including enquiries from the Office of Audit and Investigation Services. The additional terms of reference governing the external audit include cases of fraud and presumptive fraud in the list of matters that should be referred to in the report.

202. UNFPA reported 11 cases (2020: 11 cases) of fraud or presumptive fraud closed during the year 2021 by the Office of Audit and Investigations Services for a total of \$86,284. In addition, the Office had under investigation 44 cases involving allegations of presumptive fraud as at 31 December 2021.

D. Acknowledgement

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

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

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

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

21 July 2022

Annex

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

No.	Audit report year	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2016	A/72/5/Add.8, chap. II, para. 100	The Board recommends that the United Nations Population Fund (UNFPA) put in place a mechanism for monitoring the adoption of software policies and procedures and ensure their compliance across the entity.	UNFPA reported that it had implemented this recommendation by issuing guidance on the adoption of software policies and procedures to create a more consistent model. The guidance was available on the policies and procedures manual website.	UNFPA implemented the technical guidance on monitoring software policies and procedures, which was finalized and posted on the policies and procedures manual website. Therefore, this recommendation is considered implemented.	X			
2	2017	A/73/5/Add.8, chap. II, para. 16	UNFPA agreed with the Board's recommendation to formalize the enterprise risk management policy to guide staff at country offices and supplement the guidance in place for managing the enterprise risks.	UNFPA stated that the enterprise risk management policy, supported with the proposed integrated risk framework structure and implementation timeline, had been submitted to the policy committee for endorsement. The enterprise risk management policy, upon approval, would be implemented in accordance with the implementation timeline.	UNFPA approved on 28 March 2022 the enterprise risk management policy, which will be available in the policy and procedures manual system. The policy introduces an integrated risk framework and establishes the methodology, processes and procedures for an effective enterprise risk management at UNFPA, enabling the organization to achieve its strategic objectives. The recommendation is therefore considered implemented.	X			
3	2019	A/75/5/Add.8, chap. II, para. 76	The Board recommends that UNFPA and its Mozambique and Myanmar country offices update inventory transactions in a timely manner and accurately record them, in order to avoid inaccurate financial reporting for management decision-making.	UNFPA stated that the country offices in Mozambique and Myanmar had implemented managerial and oversight controls under the UNFPA representatives in each country to ensure that inventory transactions were recorded in the Atlas shipment tracker as they occurred. In addition, the country office in Mozambique had strengthened in-house capacity by hiring additional staff and ensuring compliance with the updating and management of the shipment tracker.	The UNFPA country office in Myanmar made improvements in the registration time related to the inventory transactions. The Myanmar office has therefore implemented this recommendation. On the other hand, it was verified that the country office in Mozambique had not updated inventory transactions in a timely manner, given that there were delays in the number of deliveries. Thus, as a whole, this recommendation is considered to be under implementation.		X		

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
4	2019	A/75/5/Add.8 , chap. II, para. 95	The Board recommends that the UNFPA Ethiopia country office monitor on a daily basis the temperature and humidity of the warehouse and keep respective logs.	The UNFPA country office in Ethiopia informed the Board that it had implemented the actions suggested, with the support of the World Food Programme, which manages the warehouse.	The Board verified that the UNFPA country office in Ethiopia had implemented the daily log of the temperature and humidity of the warehouse. Therefore, this recommendation is considered implemented.	X			
5	2019	A/75/5/Add.8 , chap. II, para. 124	The Board recommends that the UNFPA country offices in Ethiopia, Mozambique and Myanmar take measures to improve and strengthen the monitoring and correct use of the global programming system to promote effective and efficient management of the use of the system among implementing partners.	UNFPA informed the Board that the country offices in Ethiopia, Mozambique and Myanmar were strengthening the monitoring and correct use of the global programming system. The measures had been completed and the Board was informed of the multiple activities; among other things, UNFPA had nominated trained staff members as global programming system focal points. In addition, a series of global programming system training events for programme and finance teams and implementing partners had been conducted to promote understanding for effective use of the global programming system.	The Board verified that the training and monitoring related to actions in the global programming system reported by the UNFPA country offices in Ethiopia, Mozambique and Myanmar had been completed. Therefore, this recommendation is considered implemented.	X			
6	2019	A/75/5/Add.8 , chap. II, para. 165	The Board recommends that the UNFPA country offices in Ethiopia, Mozambique and Myanmar incorporate into the information system strengthened tools related to the travel management process, in order to increase the effectiveness and efficiency of that process.	The UNFPA country offices in Ethiopia, Mozambique and Myanmar explained that they had reviewed and effected some changes in the tools that were in use. Also, a new global travel module would be part of the ongoing implementation of the enterprise resource planning.	The Board acknowledges the efforts by the management of the UNFPA country offices in Ethiopia, Mozambique and Myanmar related to the preparation of a systemic tool to improve the information system with regard to the travel management process. This tool is part of the new enterprise resource planning system, which will be launched in the third quarter of 2022. Therefore, this recommendation is considered to be under implementation.		X		

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
7	2020	A/76/5/Add.8 , chap. II, para. 40	The Board recommends that UNFPA strengthen its assurance activities monitoring procedures at all governance levels (global, regional and country), with the purpose of having a process that gives an accurate overview of the implementing partners subject to well-timed spot checks and/or audits.	UNFPA explained that it was automating the selection of implementing partners subject to assurance activities through the Implementing Partner Assurance System. The 2021 assurance and assessment criteria had also been incorporated into the System, ensuring alignment between the criteria and the scheduling of assurance activities. The “new” assurance plan model took into account early and regularly scheduled assurance activities. The Implementing Partner Assurance System was now aligned with the revised model. A new field distinguished between regular and early audits, allowing field offices and management to monitor the scheduling of audits.	UNFPA improved upon this weakness by enforcing a new assurance plan and implementing major spot checks and audits during the period, reaching a progress of 93 per cent. Therefore, this recommendation is considered implemented.	X			
8	2020	A/76/5/Add.8 , chap. II, para. 41	The Board recommends that UNFPA update the implementing partners' risk rating in in the Implementing Partner Assurance System in a timely and accurate manner, in order to have precise planned assurance activities and overcome the limitations of the Implementing Partner Assurance System.	Management followed up with country offices, reminding them of the importance of ensuring that the latest microassessment risk rating was correctly reflected in the Implementing Partner Assurance System. In addition, the Quality Management Unit provided staff with training material on how to add a new microassessment in the System. UNFPA conducted a data cleanup of the Implementing Partner Assurance System to ensure that the risk ratings recorded for implementing partners in the System corresponded with the actual risk rating documented in the microassessment report.	The Board acknowledges the Fund's efforts during the 2021 period. However, there is still room for improvement given that management's monitoring of the risk rating update in the Implementing Partner Assurance System is ongoing. For that reason, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
9	2020	A/76/5/Add.8 , chap. II, para. 42	The Board recommends that UNFPA incorporate automatic controls into the new enterprise resource planning system, with the aim of determining the implementing partners subject to mandatory assurance activities in a timely and accurate manner.	The requirements for the new enterprise resource planning/ information technology solution for implementing partner management were submitted earlier in 2022, and work can continue once an information technology solution has been selected. This recommendation is enterprise resource planning-dependent. The implementing partner solution is now expected to be ready in the second half of 2022. As such and noting that it may be subject to further changes on account of the progress in the project, the revised implementation date for this recommendation is December 2022.	The Board acknowledges the efforts by UNFPA during the current period; however, the results of those efforts have not been observed given that implementing partner management is part of the new enterprise resource planning system, which will be launched in the third quarter of 2022. For that reason, this recommendation is considered to be under implementation.		X		
10	2020	A/76/5/Add.8 , chap. II, para. 43	The Board recommends that UNFPA provide effective training to the third-party auditors on the use of the Implementing Partner Assurance System.	UNFPA provided all new engaged long-term agreement companies and auditors with training on how to use the Implementing Partner Assurance System application. A one-on-one live online tutorial conducted by the Quality Management Unit walked long-term agreement companies through the various Implementing Partner Assurance System modules to ensure that all users were trained on how to upload reports and that they were familiar with the various modules in the System and with accessing, viewing and retrieving information.	The Board noted that the Fund had implemented a training programme in November 2021 for third-party auditors on how to enter audit reports in the Implementing Partner Assurance System. Therefore, the Board deems the recommendation to be implemented.	X			

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
11	2020	A/76/5/Add.8 , chap. II, para. 49	The Board recommends that the UNFPA Arab States Regional Office implement effective and timely monitoring procedures regarding the assurance activities, with the purpose that each country office should accomplish the pending assurance activities and the follow-up thereto.	The UNFPA Arab States Regional Office has established a system to ensure compliance with the assurance activities through its established monitoring and oversight committee to ensure that the country offices complete the scheduled assurance activities.	The Board reviewed the reports related to the accomplishment of the pending assurance activities of the UNFPA Arab States Regional Office and their follow-up, which were completed. Thus, this recommendation is considered implemented.	X			
12	2020	A/76/5/Add.8 , chap. II, para. 62	The Board recommends that UNFPA carry out microassessments in a timely manner and record the dates and risk rating in an accurate manner in the Implementing Partner Assurance System tool, with the purpose of having an updated risk rating for implementing partners, precise cash transfer modalities to implementing partners and adequate assurances activities.	UNFPA reported that the implementing partner assurance guide 2021, in its section on assessments, provided detailed and up-to-date guidance to country offices on how to conduct remote microassessments. In addition, the Fund had followed up with country offices on how to add a new microassessment, reminding them to ensure that the latest microassessment risk rating was correctly reflected in the Implementing Partner Assurance System. Lastly, UNFPA had posted a "how-to" guide in the global service desk knowledge base, which the staff used to find answers and guidance.	The Board verified that UNFPA had finalized the implementing partner assurance guide 2021. The Board reviewed the training material on new microassessments in the Implementing Partner Assurance System. In addition, the Board reviewed advances in the data UNFPA uses for recording the risk rating to develop the 2021 assurance plan. Therefore, this recommendation is considered implemented.	X			
13	2020	A/76/5/Add.8 , chap. II, para. 63	The Board recommends that UNFPA strengthen its microassessments monitoring procedures at all governance levels (global, regional, and country), in order to have accurate and updated implementing partner assessments.	UNFPA conducted a quality review of the Implementing Partner Assurance System microassessment module to ensure that data had been recorded correctly. Over the past several months, UNFPA had worked to resolve inconsistencies with field offices and confirmed that the correct risk rating had been used to develop the assurance plan.	The Board reviewed the content of the global webinars conducted by the Fund on assurance planning, changes in assurance and the harmonized approach to cash transfers. The webinars allow the dissemination of information on the above-mentioned matters, explain the requirements and clarify questions or any issues of staff about microassessment	X			

No.	year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
14	2020	A/76/5/Add.8 , chap. II, para. 73	The Board recommends that the UNFPA country offices in Egypt, the Sudan and the Syrian Arab Republic build the capacity of implementing partners on the correct use of the global programming system module in Atlas, in order to have an accurate and good-quality workplan progress report.	With regard to the validity of the microassessments, UNFPA was reviewing and following up with country offices. That monitoring would continue periodically. Regional offices continued to work with country offices to ensure that the appropriate assurance activities were scheduled and completed on time. The UNFPA country office in the Syrian Arab Republic developed a capacity-building plan for implementing partners in the areas of workplan preparation. especially for detailed budget breakdowns, the use of the global programming system module in Atlas, funding authorizations and the certificate of expenditure, and the workplan progress report. The country office in the Sudan designed a customized implementing partners training package to address the gaps identified, owing to the decentralized nature of implementation. To address the limited implementing partner reporting capacity, the UNFPA country office in Egypt held a virtual workshop with all implementing partners on workplan progress report requirements and provided individual coaching by the country office's staff on results-based monitoring and reporting.	monitoring procedures. Thus, this recommendation has been implemented. The Board verified that the UNFPA country offices in Egypt, the Sudan and the Syrian Arab Republic had completed actions to develop a capacity-building plan for implementing partners regarding the correct use of the global programming system module in Atlas through several training sessions. Therefore, this recommendation is considered implemented.				X

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
15	2020	A/76/5/Add.8 , chap. II, para. 74	The Board recommends that the UNFPA country offices in Egypt, the Sudan and the Syrian Arab Republic strengthen, in a timely manner, the reviews carried out by the programme officer prior to the approval of the workplan progress report and the corresponding funding authorization and certificate of expenditure form, so that the workplan progress report represents actual progress in the activities executed by the implementing partner.	The UNFPA country office in the Syrian Arab Republic, to further strengthen the management of implementing partners and improve the quality of the workplan progress reports, funding authorizations and certificates of expenditure, reviewed and revised its implementing partner focal point system. In addition, the role of the field offices had been re-engineered, allowing for more engagement in implementing partner management. The new implementing partner focal point system was being piloted with three implementing partners and would be fully extended to the other implementing partners. As the country office's overall programme oversight and quality assurance body, the Management Support Unit in the UNFPA country office in the Sudan carries out a systematic review and quality check for workplan progress reports in the global programming system. At the UNFPA country office in Egypt, all progress reports submitted by the implementing partners were carefully reviewed by the programme officers and monitoring and evaluation specialists concerned before approval in Atlas. In addition, management issued the necessary guidance to all relevant staff on these pre-requisite requirements, which has been implemented in the country office.	The Board verified that the actions taken by the UNFPA country offices in Egypt, the Sudan and the Syrian Arab Republic had been completed, including training sessions and the review and checking of workplan progress reports in the global programming system. As a result, the Board noticed an improvement in the control of the process related to the approval of workplan progress reports, the funding authorizations and the certificates of expenditure. Therefore, the Board considers this recommendation implemented.	X			

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
16	2020	A/76/5/Add.8 , chap. II, para. 88	The Board recommends that UNFPA improve its supplies monitoring process at the regional and country governance levels, with the purpose of detecting business units that require support for maintaining timely and accurate information about the entity's supplies and the delivery of inventory to implementing partners.	The Fund explained that the new Supply Chain Management Unit included a country office support and monitoring team that would incorporate regional supply chain management specialists to support country offices and monitor their supply chain management performance. The improved supply chain processing capabilities and controls of the new enterprise resource planning system would allow UNFPA to provide timely and accurate information about supply inventories and their delivery to implementing partners. Job descriptions for all country office support and monitoring teams had been developed. Work on configuring the Oracle inventory accounting and control functions continued.	The Board noted that UNFPA had taken action to resolve issues affecting the inventory management and control process. However, implementation of the process requires the new system functionality and the full operationalization of the roles of the Supply Chain Management Unit. Therefore, considering that the actions by the Fund are in progress, this recommendation is deemed to be under implementation.		X		
17	2020	A/76/5/Add.8 , chap. II, para. 89	The Board recommends that UNFPA incorporate preventive controls related to inventory information in the new enterprise resource planning system, in order to provide early alerts at each stage of the supply process.	UNFPA reported that management would design and implement an adequate mix of automated processing functions and preventive and detective controls in its new enterprise resource planning system to improve the tracking of shipments and the timely and accurate recording of inventory transactions, as well as reporting and other detective controls that would support improved monitoring by the country office support and monitoring team that would be created within the new Supply Chain Management Unit.	The Board noted the actions taken by UNFPA to resolve issues affecting the inventory. However, the design and implementation would be incorporated into the new enterprise resource planning system, which would be launched in the third quarter of 2022. Therefore, the recommendation is considered to be under implementation.		X		

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
18	2020	A/76/5/Add.8 , chap. II, para. 97	The Board recommends that the UNFPA country offices in the Sudan and the Syrian Arab Republic enhance actions to manage the receipt and inspection forms in the shipment tracker, with the purpose of maintaining the flow of operations with corresponding legible supporting documentation.	The country office in the Syrian Arab Republic reviewed the processes for receipt, inspection and delivery of the programme supplies to identify and close the gaps. The shipment tracker focal point and the logistics assistants would ensure that the documentation required was made available and attached. The country office in the Sudan strengthened the staff dedicated to supply chain and inventory management. Management and the budget owners would ensure that a complete and accurate process was followed. The supply chain management team would ensure that the receipt and inspection process was conducted to satisfy the requirements in the policy and procedures.	The Board verified that the UNFPA country offices in the Sudan and the Syrian Arab Republic had carried out the activities reported. Improvements were observed in the receipt and inspection forms uploaded to the shipment tracker and in the legibility of those forms. Therefore, this recommendation is considered implemented.	X			
19	2020	A/76/5/Add.8 , chap. II, para. 98	The Board also recommends that the UNFPA country offices in the Sudan and the Syrian Arab Republic strengthen the review of the preparation and review of delivery slips, in order to ensure a complete and accurate process that allows the country offices to maintain reliable information on the goods delivered.	The operations management team at the country office in the Syrian Arab Republic provided close coaching for its staff. It enforced a systematic review of the delivery slips and the receipt and inspection forms by the international operations manager. The country office in the Sudan established a supply chain management team. The management and budget owners ensured that a complete and accurate process was followed when managing applied control mechanisms for programme supplies.	The Board verified that the UNFPA country offices in the Sudan and the Syrian Arab Republic had carried out the activities reported. Improvements were observed in the preparation and review of delivery slip forms and the concordance of those forms with the Atlas financial receipts. Therefore, this recommendation is considered implemented.	X			

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
20	2020	A/76/5/Add.8 , chap. II, para. 107	The Board recommends that the UNFPA country offices in the Sudan and the Syrian Arab Republic strengthen their procurement monitoring process in order to conduct quarterly reviews of the procurement plan in a timely manner.	UNFPA stated that both offices had conducted a thorough review of their procurement plans for the period 2021 and developed a strategy for their implementation. In addition, the country office in the Sudan had conducted the quarterly reviews of the plan in coordination with all the stakeholders involved. The quarterly review of the procurement plan was an integral part of the strategic information system reporting and a key performance indicator for a few staff involved in the process.	Based on the information provided and the review carried out by the Board, it is noted that the country offices in the Sudan and the Syrian Arab Republic made efforts in respect of control and follow-up to ensure compliance with the stipulated procurement plan by strengthening controls. As a result, this recommendation is considered implemented.	X			
21	2020	A/76/5/Add.8 , chap. II, para. 108	The Board recommends that the UNFPA country offices in the Sudan and the Syrian Arab Republic use the procurement planning tool in an efficient and timely manner, in order to accurately identify actual procurement needs.	The country office in the Syrian Arab Republic has been using offline procurement planning and monitoring tools, which include more details for analysis, covering the parent category/subcategory, and the verified unit cost. The offline tool is reviewed and updated quarterly and is also updated regularly for procurement, with a review at the end of each quarter. The country office in the Sudan ensures that the procurement plan is prepared timely during the first quarter of every year and revised quarterly in accordance with the corporate requirements. The country office management focused on strengthening internal procedures and establishing a new unit in charge of procurement and inventory in 2020.	On the basis of the information and clarifications provided by the UNFPA country offices in the Sudan and the Syrian Arab Republic, it can be established that both offices used the procurement planning tool established in Atlas to carry out the preparation and monitoring of the purchasing plan, in order to comply with the deadlines and use of resources. Therefore, this recommendation is considered implemented.	X			

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
22	2020	A/76/5/Add.8 , chap. II, para. 118	The Board recommends that UNFPA strengthen monitoring and internal controls to ensure the timely and accurate submission of all long-term agreement evaluation reports to suppliers.	The UNFPA Procurement Services Branch developed a vendor assessment tool. Therefore, the Fund considers the recommendation implemented and requests its closure.	Based on the review carried out by the Board, it was verified that the UNFPA Procurement Services Branch had made efforts to develop a vendor assessment tool to ensure compliance with the submission of all long-term agreement evaluation reports to suppliers in the corresponding period. As a result, this recommendation is considered implemented.	X			
23	2020	A/76/5/Add.8 , chap. II, para. 119	The Board recommends that UNFPA increase gradually the scope of the long-term agreement evaluation reports to all UNFPA business units, in order to have a wider overview of the use of such agreements in areas beyond core commodities.	The UNFPA Procurement Services Branch developed an ad hoc tool to monitor the performance of the non-core long-term agreements. Therefore, the Fund considers the recommendation implemented and requests its closure.	The Board verified that UNFPA had made efforts to gradually increase the scope of the long-term agreement evaluation reports to the different business units, producing the instruction note "Vendor performance evaluation and reporting – local procurement" for all the procurement focal points and all programme staff of the different business units. Therefore, this recommendation is considered implemented.	X			
24	2020	A/76/5/Add.8 , chap. II, para. 132	The Board recommends that the UNFPA country offices in Egypt, the Sudan and the Syrian Arab Republic, strengthen the local procurement process in order to receive services or goods after a purchase order has been issued, to ensure that the procurement process is completed under budget-checked criteria.	UNFPA reported that its country offices in Egypt, the Sudan and the Syrian Arab Republic were ensuring full compliance with the established procurement procedures. In addition, the country offices continued to educate their staff and enforce accountability at all levels to ensure that purchase orders were used as contracting tools before receiving goods and services and encumbering funds as required under the procurement procedures and the internal control	The Board verified that the purchase orders had been properly processed in a timely manner by the UNFPA country offices in Egypt, the Sudan and the Syrian Arab Republic as required under the procurement procedures. Therefore, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
25	2020	A/76/5/Add.8 , chap. II, para. 142	The Board recommends that the UNFPA country office in Egypt strengthen the local procurement process so that purchase orders are raised in Atlas before a contract for professional services is issued to suppliers, in order to ensure that the procurement process is completed under budget-checked criteria.	framework. Purchase orders were properly processed before the receipt of goods or services, based on the thresholds and types of procurement. The UNFPA country office in Egypt has already implemented the recommendation by ensuring a close review and monitoring of current procurement processes by the head of the office and the operations analyst to ensure that all purchase orders (including those related to the award of professional contracts) are issued and budget-checked in time before any contracts with the suppliers are signed	The Board reviewed the measures regarding the approval and signing of professional services contracts after the country office in Egypt raised a purchase order in the Atlas system. On that basis, the office has accomplished the strengthening of the procurement process. Therefore, the Board concludes that this recommendation is implemented.	X			
26	2020	A/76/5/Add.8 , chap. II, para. 143	The Board recommends that the UNFPA country office in Egypt ensure that all transparency standards are used for the local procurement process in an efficient and timely manner, in order to guarantee that all information is clearly defined and made known to all interested parties.	The country office in Egypt has ensured that all solicitation documents, including requests for quotations, now include selection criteria. Furthermore, all requests for quotations are checked and reviewed by the operations analyst before advertisement to ensure that they are complete in all respects. Internal controls have been established to confirm receipt of the required technical clearances from the relevant headquarters business unit, including mandatory review by the Procurement Services Branch of solicitation documents.	The Board reviewed the purchase orders created during the period 2021. It also analysed the evaluation of criteria provided to the suppliers at the beginning of the request-for-quotations process. Consequently, there were accomplishments by the country office in Egypt with respect to enhancing the transparency standards required in the UNFPA procurement policies. Therefore, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
27	2020	A/76/5/Add.8 , chap. II, para. 156	The Board recommends that UNFPA strengthen its travel monitoring process at all governance levels (global, regional and country), in order to guarantee access to timely information for decision-making and increase the possibility for access to better travel alternatives.	UNFPA reported that it had implemented this recommendation by strengthening the monitoring of the travel process at all levels and would allow for a timelier decision-making process, as required.	The Board verified that UNFPA had completed actions to strengthen the travel monitoring process through training of headquarters travel arrangers and human resources staff. Therefore, this recommendation is considered implemented.	X			
28	2020	A/76/5/Add.8 , chap. II, para. 157	The Board recommends that UNFPA improve the post-travel process to ensure the timely recording of travel expenses, in order to avoid potential unrecorded liabilities.	UNFPA reported that it had implemented this recommendation by strengthening the monitoring of the travel process at all levels and would allow for a timelier decision-making process, as required.	The Board acknowledges the efforts by management regarding this matter and verified that UNFPA had completed actions to improve the post-travel process with respect to the submission of travel claims on time by training and reminding staff. Therefore, this recommendation is considered implemented.	X			
29	2020	A/76/5/Add.8 , chap. II, para. 170	The Board recommends that UNFPA strengthen monitoring and internal controls to ensure the timely submission of reports to donors in the Donor Agreement and Report Tracking System.	UNFPA established the roles and responsibilities of the staff who should monitor the Donor Agreement and Report Tracking System. These budget holders prepare narrative reports and ensure their submission to the donors according to the time frame contained in the co-financing agreements. In addition, the budget holders are responsible for uploading the reports to the internal monitoring tool, namely, the Donor Agreement and Report Tracking System, once they have been submitted to the donor.	The Board verified the measures taken by the Fund and observed improvements in the submission of donor reports, including timely submission in the report tracking system in every regional office and division. Therefore, the recommendation is considered implemented.	X			

No.	Year	Audit report Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	
30	2020	A/76/5/Add.8 , chap. II, para. 171	The Board recommends that UNFPA strengthen its governance structure to build the capacity to present timely and accurate donor reports, in order to keep the flow of operations updated at the global, regional and country levels.	UNFPA established the roles and responsibilities of the staff who should monitor the Donor Agreement and Report Tracking System. These budget holders prepare narrative reports and ensure their submission to the donors according to the time frame contained in the co-financing agreements. In addition, the budget holders are responsible for uploading the reports to the internal monitoring tool, namely, the Donor Agreement and Report Tracking System, once they have been submitted to the donor.	The Board corroborated the efforts made by UNFPA, such as designating the roles and the responsibilities of the staff who monitor the Donor Agreement and Report Tracking System in every regional office and division. Therefore, the recommendation is considered implemented.	X				
Total						30	24	6	–	–
Total percentage						100	80	20	–	–

Chapter III

Certification of the financial statements

Letter dated 29 April 2022 from the Director of the Division for Management Services of the United Nations Population Fund addressed to the Chair of the Board of Auditors

I certify that, to the best of my knowledge, information and belief, all material transactions have been properly reflected in the accounting records and are properly reflected in the appended financial statements.

I acknowledge that:

The management of the United Nations Population Fund (UNFPA) is responsible for the integrity and objectivity of the financial information included in these financial statements;

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards and include certain amounts that are based on the management's best estimates and judgments;

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. The Office of Audit and Investigation Services continually reviews the accounting and control systems;

UNFPA management provided the Office of Audit and Investigation Services with full and free access to all accounting and financial records and related supporting documents;

The recommendations of the United Nations Board of Auditors and the Office of Audit and Investigation Services are reviewed by UNFPA management. Internal control procedures have been revised or are in the process of revision, as appropriate, in response to those recommendations.

I am in receipt of a letter of certification from the Chief Finance Officer, Bureau of Management, United Nations Development Programme (UNDP), which provides the same assurances with respect to UNDP accounting procedures and related systems of control to the extent that services are provided by UNDP to UNFPA, as per the management agreement currently in force and its subsequent amendments, and in conformity with UNFPA financial rule 116.3 (a).

(Signed) Andrew **Saberton**
Director
Division for Management Services

Chapter IV

Financial report for the year ended 31 December 2021

Introduction

1. The present report summarizes and further explains the information provided in the UNFPA financial statements for the year ended 31 December 2021 and highlights significant matters and trends related to the Fund's financial position and performance.

Impact of the coronavirus disease (COVID-19) pandemic

2. Throughout 2021, UNFPA continued to respond with agility and resilience to the challenges, opportunities and risks created by the coronavirus disease (COVID-19) pandemic, adapting its activities as required to enable the achievement of strategic results. This included the implementation of interventions designed to address the impact of COVID-19 on women and girls, albeit at a smaller scale compared with 2020, and the gradual resumption of programme interventions that were put on hold in 2020. The effectiveness of the UNFPA response was facilitated by measures put in place in 2020, such as flexibilities in key policy areas and business processes and the use of remote working arrangements supported by new online systems and tools.

3. As in the previous year, UNFPA is not in a position to identify and quantify the full impact of the pandemic and the UNFPA response on each specific component of its financial statements, as accounting and reporting systems are not designed for the reporting of revenues, expenses and balances on the basis of specific external events. Despite this limitation, the impacts of the pandemic on the UNFPA financial position and performance and the response thereto have been identified and summarized, whenever possible, in the present chapter of the report and in the relevant financial statement notes.

Summary of financial results

4. The main financial results for 2021 can be summarized as follows:

(a) UNFPA gross contribution revenue for 2021 was the highest on record, amounting to \$1,464.1 million, surpassing \$1.0 billion for the fifth year in a row, and exceeding the 2020 revenue level by 15.5 per cent. The increase is solely attributable to earmarked contributions, which increased by 23.6 per cent, to \$1,051.5 million, mainly because of higher contributions to tightly earmarked funding instruments. Gross contributions to unearmarked contributions decreased by 1.0 per cent, to \$412.6 million;

(b) UNFPA total expenses increased by 5.9 per cent, to \$1,300.7 million in 2021, mainly owing to increased expenses for the provision of integrated sexual and reproductive health and gender-based violence prevention and response services, and for resumed spending on activities for the training and development of counterparts, which were put on hold in 2020 owing to restrictions on travel and the holding of in-person events;

(c) Total assets increased by 9.0 per cent, to \$2,305.4 million as at 31 December 2021, mainly owing to the increase in cash and investments. Total liabilities decreased by 3.1 per cent, to \$577.6 million, mainly owing to decreases in accounts payable and accruals and other current liabilities;

(d) Reserves and fund balances increased by 13.7 per cent, to \$1,727.8 million, mainly owing to higher undesignated earmarked fund balances, which amounted to \$1,356.2 million as at 31 December 2021, on account of the surplus for the year. This amount is inclusive of earmarked contributions of \$421.2 million not yet collected as at 31 December 2021 and thus not available for spending. Unearmarked resources available for programming in future years increased by 12.3 per cent, to \$181.2 million, mainly owing to prudent financial management aimed at ensuring the continuity of UNFPA operations in the case of potential funding shortages in the future and owing to contributions beyond the strategic plan targets that were collected in the final part of the year and could thus not be programmed in 2021.

Financial performance

Trends in contribution revenue

5. UNFPA is funded primarily from voluntary contributions that are either unrestricted as to use (referred to as “unearmarked”, “core” or “regular” resources) or restricted by the donors for a specific purpose, programme or activity (referred to as “earmarked”, “non-core” or “other” resources).

6. Throughout the present report, reference is made to contribution revenue as “gross” or “net”. Gross contributions refer to the amounts specified in agreements signed with donors, recognized as revenue consistent with UNFPA accounting policies, regardless of the period of implementation and payment schedule. Net contributions are gross contributions reduced by the amounts of refunds to donors, cost-recovery charges, allowances for doubtful contributions receivable and, in 2021, income tax reimbursements to taxpayers of one Member State.

7. In 2021, UNFPA gross contribution revenue increased by 15.5 per cent, to \$1,464.1 million (2020: \$1,267.8 million). This is the highest level of contribution revenue recorded in any single year in UNFPA history, breaking the previous record achieved in 2019 and surpassing \$1.0 billion for the fifth year in a row. Net contribution revenue amounted to \$1,392.8 million (2020: \$1,203.5 million).

8. Gross unearmarked contributions decreased by 1.0 per cent, to \$412.6 million (2020: \$416.8 million), mainly owing to the impact of a \$15.4 million reduction in core funding by one Member State and the one-time nature of additional contributions made by several Member States in 2020 to facilitate the UNFPA response to the COVID-19 pandemic, partially offset by contributions of \$30.8 million made by another Member State that resumed funding to UNFPA in 2021.

9. In 2021, 101 donors² contributed to UNFPA unearmarked resources (2020: 96 donors), with 10 donors accounting for 87.2 per cent of the gross unearmarked contribution revenue (2020: 90.9 per cent). Eight of the top ten donors paid their contributions in currencies other than United States dollars. UNFPA actively manages its net foreign currency exchange exposure, including by hedging, when justified, and by advocating for early payment of the contributions to provide increased flexibility as regards the management of foreign currency positions. In 2021, 59.4 per cent of unearmarked contributions were disbursed to UNFPA during the first half of the year (2020: 76.8 per cent).

10. Gross earmarked contributions increased by 23.6 per cent to \$1,051.5 million (2020: \$850.9 million), enabling UNFPA to surpass its strategic plan target of \$650.0 million by 61.8 per cent. That increase was achieved despite the impact of the significant reduction in funding by one Member State (contributions from this donor

² Excluding private contributions.

in 2021 were \$93.7 million lower than in 2020, including a \$42.2 million de-recognition of contributions receivable as at 31 December 2020 that were not paid), partially offset by contributions of \$62.5 million by the Member State that resumed funding to UNFPA in 2021.

11. The growth in gross earmarked contributions is mainly attributable to tightly earmarked funding, which increased by 54.6 per cent compared with the year before. Contributions to thematic funds also increased, albeit at a smaller rate of 8.9 per cent, while contributions received from United Nations system organizations (including pooled funds and interorganizational transfers) decreased by 8.9 per cent. This decrease notwithstanding, United Nations system organizations remained the top donor to UNFPA earmarked resources for the fourth year in a row, contributing \$247.4 million in 2021 (2020: \$271.6 million).

12. In 2021, 70.0 per cent of gross earmarked contributions originated from the top 10 donors. That figure was 9.0 percentage points lower than in 2020, when the top 10 donors accounted for 79.0 per cent of the total, thanks to the UNFPA efforts to broaden its donor base by engaging middle-income and emerging economy countries and private-sector donors. Over 41.1 per cent of contributions from those top 10 donors were denominated in non-United States dollar currencies.

13. Gross earmarked contributions included \$348.6 million, 33.2 per cent of the total, for humanitarian purposes, the highest level of humanitarian funding UNFPA generated in any single year to date (2020: \$272.9 million, or 32.1 per cent).

14. The proportion of earmarked contributions to total gross contribution revenue increased by 4.7 percentage points in 2021, to 71.8 per cent (2020: 67.1 per cent). This trend, together with the continued reliance on a small group of key donors, pose a significant concern to the Fund, owing to the higher administrative costs it originates, challenges to programme planning and implementation, including reduced flexibility as regards to resource allocation, and risks to programme continuity. UNFPA continues to encourage its donors, including through the structured funding dialogue, to increase contributions to flexible funding sources and instruments, especially to unearmarked resources, which remain the bedrock of UNFPA operations.

15. Refunds to donors increased by 4.8 per cent, to \$6.5 million in 2021 (2020: \$6.2 million). Refunds represented only 0.6 per cent of gross earmarked contribution revenue (2020: 0.7 per cent), reflecting the high implementation rate for programme activities.

16. In April 2022, a major donor announced potential reductions in future development assistance contributions due to a change in its priorities in reaction to evolving crises in 2022. At the time of authorizing the present financial statements for issuance, UNFPA was not in a position to reliably estimate the impact of any reductions in funding from this donor on its programme delivery and operational activities.

Other revenue

17. Other revenue decreased by 0.9 per cent in 2021, to \$112.4 million (2020: \$113.4 million), mainly owing to foreign currency exchange losses on contributions receivable of \$14.7 million in 2021, which are reported as expenses, compared to foreign currency exchange gains of \$15.8 million reported as other revenue in 2020, partially compensated by a \$8.5 million increase in investment revenue and the reclassification of \$4.7 million from contributions to other revenue for reimbursements to UNFPA staff subject to income tax in one Member State.³ Cost-recovery charges,

³ Reclassification resumed in 2021, following the receipt of new contributions to regular resources from the concerned Member State.

which amounted to \$58.9 million (52.4 per cent of other revenue) in 2021 (2020: \$58.5 million, or 51.6 per cent) remain the largest other revenue component.

Donor contribution commitments

18. As at 31 December 2021, UNFPA had multi-year unearmarked contribution pledges from donor and country programme governments for \$353.5 million (2020: \$210.9 million). Additionally, donors had committed \$124.9 million in earmarked contribution agreements (2020: \$615.9 million). Revenue from these contribution agreements will be recognized in future periods when revenue recognition criteria are met.

Expenses: overview

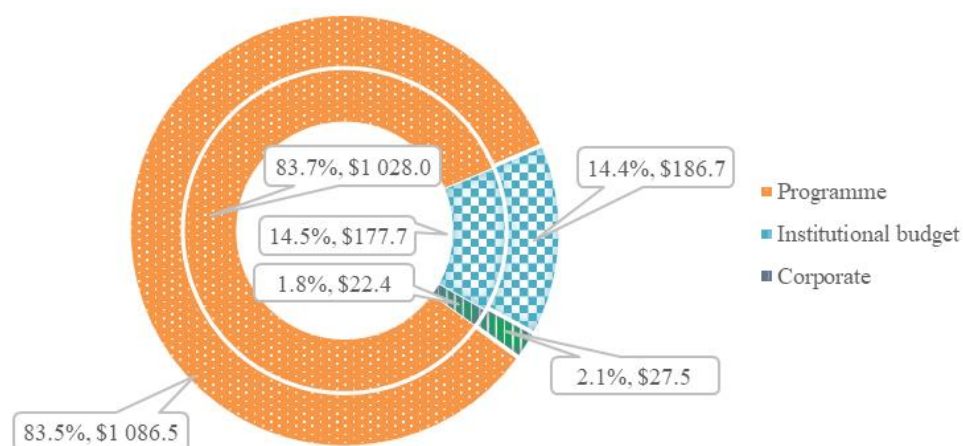
19. Total expenses increased by 5.9 per cent to \$1,300.7 million in 2021 (2020: \$1,228.1 million), with most of the increase, or \$53.4 million, attributable to earmarked resources, even though unearmarked resources expenses also increased by \$19.2 million.

20. Figure IV.I provides an overview of expenses by purpose for both 2021 and 2020.

Figure IV.I

Total expenses by purpose

(Millions of United States dollars)



21. Programme expenses (country programmes, global and regional interventions and other programme activities) increased by 5.7 per cent to \$1,086.5 million in 2021 (2020: \$1,028.0 million), mainly owing to increased expenses for the provision of integrated sexual and reproductive health and gender-based violence prevention and response services, and resumed spending on training and development of counterparts activities, which were put on hold in 2020 owing to restrictions on travel and holding of in-person events, lifted in 2021.

22. Institutional budget expenses increased by 5.1 per cent in 2021, to \$186.7 million (2020: \$177.7 million), owing to an increased spending on the implementation of a new enterprise resource planning platform, as part of the information and communications technology transformation initiative, and higher staff costs, mostly because of restructuring exercises at selected headquarters divisions, as approved by the Executive Board.

23. Corporate expenses, representing costs incurred in furtherance of the UNFPA mandate that cannot be unequivocally assigned to specific strategic plan outcomes, increased by 22.8 per cent, to \$27.5 million in 2021 (2020: \$22.4 million), mainly

owing to a higher amount of procurement services costs charged to programme activities in 2020, the increased value of supplies sold from UNFPA stock to third-party clients and the increased delivery to partners of supplies donated to UNFPA.

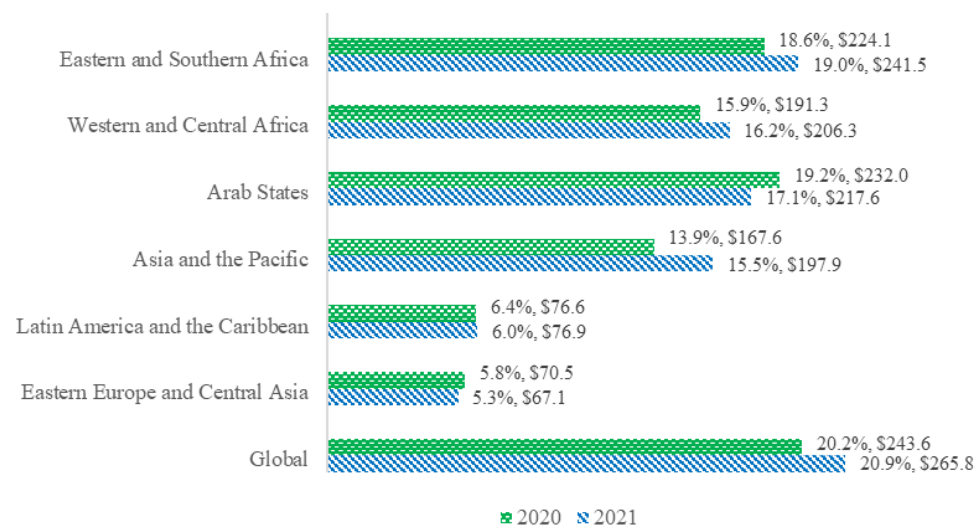
Expenses: overview by region and nature

24. As in previous years, and in line with its role as a field-based organization, the majority of UNFPA programme and institutional budget expenses were incurred in the field (\$1,007.3 million, or 79.1 per cent, in 2021 and \$962.1 million, or 79.8 per cent, in 2020). In addition, the UNFPA Supplies programme⁴ delivered reproductive health commodities worth \$108.6 million (8.5 per cent of the total programme and institutional budget expenses) to selected priority countries with the highest needs in this area (2020: \$107.9 million, or 8.9 per cent).

25. Figure IV.II presents the breakdown of programme and institutional budget expenses by region.

Figure IV.II
Programme and institutional budget expenses by region

(Millions of United States dollars)



26. All regions but two incurred higher expenses in 2021 compared with 2020. The larger increase of \$30.3 million (18.1 per cent) corresponded to the Asia and the Pacific region, mainly due to scaled-up programme interventions in Bangladesh, including for the implementation of integrated sexual and reproductive health and rights, and gender-based violence response services in the Cox's Bazar district. The second largest increase, of \$22.2 million (9.1 per cent), corresponded to global expenses, mainly due to the procurement and delivery of COVID-19 personal protective equipment (funded through the Humanitarian Thematic Trust Fund) and expanded activities of the joint programme to eliminate female genital mutilation and the Spotlight Initiative to eliminate violence against women and girls. UNFPA Supplies programme expenses continue to account for the largest share of global

⁴ The UNFPA Supplies programme is the organization's flagship programme designed to support priority countries with significant needs to increase access to family planning services and modern methods of contraception. Its expenses are reported under the "Global" category in figure IV.II.

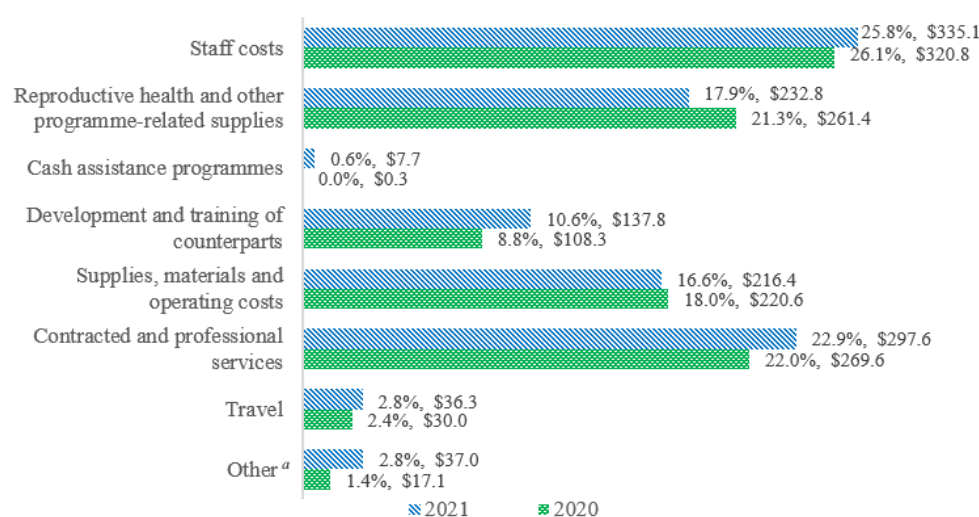
expenses, amounting to \$126.2 million in 2021,⁵ or 47.5 per cent of the total (2020: \$124.8 million, or 51.2 per cent).

27. Expenses in the Arab States and Eastern Europe and Central Asia regions decreased by \$14.4 million and \$3.4 million (6.2 per cent and 4.8 per cent, respectively), mainly owing to reduced spending in Yemen and Türkiye, following reductions in earmarked funding in those countries. Notwithstanding the decrease, Yemen remained the field office with the highest programme and institutional budget expenses in UNFPA in 2021, same as in 2020, followed by Bangladesh and the Syrian Arab Republic.

28. The breakdown of UNFPA total expenses by nature is summarized in figure IV.III.

Figure IV.III
Total expenses, by nature

(Millions of United States dollars)



^a “Other” includes finance costs, depreciation and amortization, impairment charges and other expenses.

29. The success of UNFPA in delivering its mandate is dependent on its skilled and competent national and international staff. In 2021, UNFPA staff costs⁶ increased by 4.5 per cent, to \$335.1 million (2020: \$320.8 million), mainly because of higher costs relating to both existing personnel and additional staff engaged to manage increased programme delivery. At the end of 2021, 84.3 per cent of UNFPA staff were based in field offices (2020: 85.0 per cent).

30. Total expenses for reproductive health and other programme-related supplies, procured by UNFPA or its implementing partners for their subsequent distribution down to the “last mile” (i.e., the facilities and other points at which beneficiaries can access them), decreased by 10.9 per cent, to \$232.8 million (2020: \$261.4 million), mostly owing to reduced deliveries of humanitarian supplies, including COVID-19 personal protective equipment. The delivery of reproductive health commodities in non-humanitarian settings also decreased, mainly owing to the increased quality of

⁵ After adjusting for undistributed inventories, which, as of 2021, are tracked using separate funds.

⁶ The term “staff” includes all personnel members holding letters of appointment from the Executive Director of UNFPA, issued based on the delegation of authority from the Secretary-General. It includes all staff members holding continuing, fixed-term and temporary contracts.

forecasting activities, measures put in place to better manage stock levels at the implementing partners entrusted with the distribution of the commodities, and a significant reduction in contributions from one Member State (previously mentioned) earmarked for the procurement of reproductive health commodities.

31. Cash assistance programme expenses increased significantly, to \$7.7 million in 2021 (2020 \$0.3 million), reflecting the UNFPA strategy to implement and promote the use of cash and voucher assistance to improve the access of women and youth, especially in humanitarian settings, to sexual and reproductive health, and gender-based violence prevention and response services and goods.

32. Expenses for the development and training of counterparts, which decreased significantly in 2020 owing to restrictions on travel and on the holding of in-person events, increased in 2021 by 27.2 per cent, to \$137.8 million (2020: \$108.3 million), with part of the increase attributable to capacity-building events in South Sudan in preparation for the population estimation survey.

33. Expenses for supplies, materials and operating costs remained at levels consistent with those of 2020, decreasing by 1.9 per cent, to \$216.4 million (2020: \$220.6 million).

34. Expenses for contracted and professional services grew 10.4 per cent, to \$297.6 million (2020: \$269.6 million), reflecting the increased contracting of entities and personnel to deliver integrated sexual and reproductive health services, including in family planning, maternal health and newborn care, and gender-based violence prevention and response services, with the highest increases attributable to scaled-up operations in Bangladesh, Iraq and Somalia.

35. Expenses for travel increased by 21.0 per cent in 2021, to \$36.3 million (2020: \$30.0 million), the increase being almost entirely attributable to local travel, reflecting the deliberate efforts by UNFPA to decrease its carbon footprint, including through travel reductions, expanding the utilization of virtual meetings and restricting travel to critical missions. It should be highlighted that despite the increase, travel expenses in 2021 were at only 56.1 per cent of their 2019 level.

36. Other expenses increased by 116.4 per cent, to \$37.0 million (2020: \$17.1 million), mainly owing to foreign currency exchange losses on contributions receivable and bank accounts balances resulting from the strengthening of the United States dollar in relation to other key contribution currencies, especially at the end of 2021.

Expenses: overview by contribution to strategic results

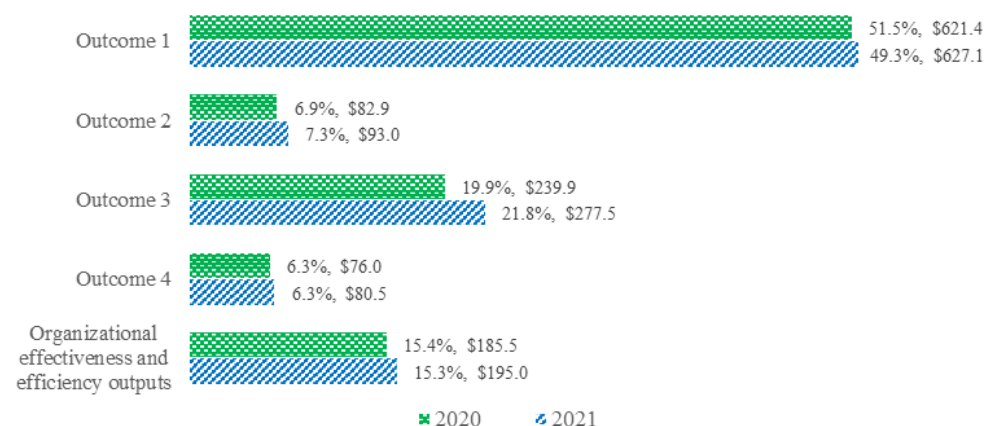
37. The UNFPA strategic plan, 2018–2021, articulates a set of results at the impact, outcome, and output levels that UNFPA plans to achieve during the strategic plan cycle. Overall, there are 14 development outputs, contributing to four development outcomes, all enabled by four organizational effectiveness and efficiency outputs.⁷

38. A complete analysis of the progress made by UNFPA in implementing its strategic plan, 2018–2021, is available in the report of the Executive Director on the implementation of the UNFPA strategic plan, 2018–2021 (DP/FPA/2022/4 (Part I)). Expenses incurred to achieve those results are summarized in figure IV.IV.

⁷ See UNFPA, “Annex 1: Integrated results and resources framework”, UNFPA strategic plan, 2018–2021. Available at [https://www.unfpa.org/sites/default/files/admin-resource/UNFPA%20strategic%20plan,%202018-2021.%20Annex%201%20-%20Integrated%20results%20and%20resources%20framework%20-%20FINAL%20-%20EN%20\(1\).pdf](https://www.unfpa.org/sites/default/files/admin-resource/UNFPA%20strategic%20plan,%202018-2021.%20Annex%201%20-%20Integrated%20results%20and%20resources%20framework%20-%20FINAL%20-%20EN%20(1).pdf).

Figure IV.IV
Programme and institutional budget expenses by contribution to strategic results

(Millions of United States dollars)



Note: Outcome 1: Every woman, adolescent and youth has utilized integrated sexual and reproductive health services and exercised reproductive rights; outcome 2: Every adolescent and youth, in particular adolescent girls, is empowered to have access to sexual and reproductive health and reproductive rights; outcome 3: Gender equality, the empowerment of all women and girls, and reproductive rights are advanced; outcome 4: Everyone, everywhere, is counted, and accounted for, in the pursuit of sustainable development.

39. The expenses for all outcomes and organizational effectiveness and efficiency outputs increased in 2021, compared with 2020, with the rate of increase for outcome 3 outpacing the rest, mainly owing to scaled-up interventions on the prevention of and response to gender-based violence, in both humanitarian and development settings, through activities such as the establishment of women-friendly spaces, the provision of psychological support and counselling services, capacity-building in gender-based violence case management, community awareness-raising, the setting up of effective referral systems, and delivery of cash and voucher assistance.

Expenses: overview by implementation modality, gender marker, type of assistance and relevance to the response to the pandemic

40. UNFPA works closely with country programme governments and national and international non-governmental organizations to implement its programme activities. Programme expenses incurred by those partners increased for the fifth year in a row, both in absolute and relative terms, amounting to \$408.0 million, or 37.6 per cent of total programme expenses in 2021 (2020: \$385.4 million, or 37.5 per cent). Programme expenses incurred by United Nations organizations implementing UNFPA activities increased by 94.0 per cent, to \$19.4 million (2020: \$10.0 million), reflective of UNFPA commitment to the advancement of the United Nations development system reform and increased collaboration with other United Nations organizations.

41. In addition, UNFPA provided its partners with non-cash transfers of reproductive health commodities and other programme-related goods of \$211.7 million in 2021 (2020: \$239.8 million).

42. UNFPA continues to prioritize gender equality and the empowerment of women and girls in its programme activities. In 2021, \$729.7 million, or 67.2 per cent of all programme expenses, was incurred for further activities with the primary objective of or making a significant contribution to gender equality and the empowerment of women (2020: \$705.0 million, or 68.6 per cent).

43. Expenses for humanitarian interventions decreased both in absolute and relative terms, to \$393.6 million, or 36.2 per cent of total programme expenses (2020: \$406.9 million or 39.6 per cent), owing to lower expenses for the COVID-19 emergency response and the resumption of development activities put on hold in 2020 as a result of the COVID-19 pandemic. Consistent with the figures for 2020, most humanitarian expenses (47.6 per cent and 35.5 per cent respectively), were incurred for the provision of integrated sexual and reproductive health and rights services and information, and for preventing and addressing gender-based violence (2020: 49.0 per cent and 33.7 per cent, respectively).

44. Humanitarian expenses included \$10.2 million funded from the Emergency Fund, the funding mechanism approved by the Executive Board to provide resources to UNFPA field offices to jump-start humanitarian response interventions before earmarked resources become available (2020: \$8.1 million), incurred following resource allocations to 36 field offices (2020: 29 field offices).

45. The share of programme expenses either primarily directed to or significantly related to the COVID-19 response decreased, from 11.9 per cent of total programme expenses in 2020 to 9.7 per cent in 2021.

Net results for the year

46. The UNFPA surplus for the year increased to \$204.6 million in 2021 (2020: \$88.8 million), mainly owing to timing differences in the recognition of contribution revenue, which normally occurs upon the signing of the corresponding agreements, and expenses, which are recognized upon the delivery of goods and services.

47. In 2021, UNFPA implemented 93.8 per cent of its adjusted unearmarked resources ceilings/budget, 1.3 percentage points more than in 2020, when the implementation rate was 92.5 per cent.

48. The implementation rates by cost classification categories approved by the UNFPA Executive Board are summarized in the table below.

<i>Cost classification category</i>	<i>2021</i>	<i>2020</i>
Development activities	96.4	94.5
United Nations development coordination	96.1	100.0
Management activities	88.3	88.0
Special purposes	99.1	99.6
Total implementation rate	93.8	92.5

49. Statement V provides more details about budgetary performance for institutional budget and programme activities funded with unearmarked resources during 2021 and the full four years of the UNFPA strategic plan cycle, 2018–2021. Note 23 provides a reconciliation between statement V prepared on a budget comparable basis and cash flow, revenue and expenses presented on a full accrual basis.

Financial position

Assets and liabilities

50. As at 31 December 2021, total assets and liabilities amounted to \$2,305.4 million and \$577.6 million, respectively (2020: \$2,116.0 million and \$595.9 million).

51. As at 31 December 2021, total current assets and current liabilities amounted to \$1,062.2 million and \$177.0 million respectively (2020: \$1,240.9 million and \$210.1 million). The current ratio was equal to 6.0 (2020: 5.9), indicating that UNFPA has sufficient liquid resources to meet its current obligations. The higher current ratio in 2021, compared with 2020, is mainly a result of lower current liabilities.

Cash, cash equivalents and investments

52. Total cash, cash equivalents and investments held by UNFPA increased by 11.6 per cent, to \$1,690.1 million as at 31 December 2021 (2020: \$1,513.8 million), owing mainly to the excess of contributions collected over expenses paid. The increase was allocated primarily to investments maturing after one year, as interest rates generated by longer-term investments increased towards the end of 2021, after reaching a record low in 2020, in the aftermath of the COVID-19 pandemic.

53. UNFPA maintains its investments in two separate portfolios. The working capital investment portfolio, designed to meet the Fund's working capital needs, managed by UNDP under a service-level agreement, is limited to investment-grade, highly marketable fixed-income securities, with maturities aligned to UNFPA liquidity requirements. This portfolio, measured at amortized cost, was valued at \$1,285.1 million as at 31 December 2021 (2020: \$1,190.9 million), and generated an average yield of 0.7 per cent throughout the year (2020: 1.3 per cent).

54. A separate portfolio, established in 2016 jointly with other United Nations organizations and managed by two independent investment managers, invests resources allocated for funding after-service health insurance liabilities in diversified, higher-yielding financial instruments, similar in composition to the investments held by the United Nations Joint Staff Pension Fund, mainly fixed-income securities and equities. Since its inception, UNFPA has transferred \$220.0 million to this portfolio, including \$25.0 million transferred in 2021. In addition, in 2021, UNFPA transferred \$19.3 million previously set aside for funding other post-employment benefits liabilities to a separate portfolio, to be managed by the same investment managers and following the same investment guidelines as the after-service health insurance investment portfolio. The combined fair market value of both portfolios reached \$347.7 million as at 31 December 2021 (2020: \$283.6 million), generating annual rates of return of 5.15 per cent and 9.23 per cent in 2021 (2020: 12.14 per cent and 14.67 per cent).

55. Detailed information about UNFPA investments is disclosed in notes 4 and 25 to the financial statements.

Inventories

56. The total value of reproductive health commodities and other programme-related supplies held for distribution to programme countries or sale to third parties as at 31 December 2021 decreased by 15.2 per cent, to \$78.3 million (2020: \$92.3 million), owing to lower procurement and delivery of programme supplies in 2021, as compared to 2020, when both peaked as part of the UNFPA response to the COVID-19 pandemic.

Contributions receivable

57. Net contributions receivable increased by 1.2 per cent to \$422.1 million as at 31 December 2021 (2020: \$417.0 million), mainly reflecting contributions receivable from new, tightly earmarked funding agreements entered into in 2021, partially offset by reductions in contributions due to thematic trust funds and a \$42.2 million de-recognition (with the corresponding reduction in contributions revenue) of contributions receivable as at 31 December 2020 not paid by a Member State

following its decision to reduce funding to UNFPA starting in 2021. Only \$7.6 million, or 1.8 per cent of gross contributions receivable was due for payment as at 31 December 2021 (2020: \$16.7 million or 4.0 per cent), with the remaining 98.2 per cent due for payment in 2022 and in future years.

58. Contributions receivable are presented net of an allowance for doubtful contributions receivable of \$7.0 million as at 31 December 2021 (2020: \$6.0 million), reflecting unearmarked contributions receivable of \$0.1 million that were either outstanding for more than three years or due from countries with a prior history of non-payment, and earmarked contributions receivable of \$6.9 million, provided for on the basis of evidence that related future cash flows could be below the amounts originally recognized.

59. The previously mentioned potential reduction in funding communicated by a major donor may also impact the collection of contributions receivable from this donor of \$30.3 million as at 31 December 2021, not yet collected as at the date of issuance of the financial statements. No allowance was recognized for these receivables, given that, on the date of signing of the financial statements, UNFPA was not in a position to determine the amounts that might eventually not be collected. UNFPA continues its consultations with the donor with the goal of minimizing the impact of the funding reduction, including on the recoverability of uncollected receivables.

Operating fund advances

60. Outstanding operating fund advances increased by 5.1 per cent, to \$18.7 million as at 31 December 2021 (2020: \$17.8 million), mainly owing to an increase in advances held by United Nations organizations implementing programme activities on behalf of UNFPA. Gross advances outstanding from governments and non-governmental organizations decreased by 4.6 per cent, amounting to \$10.3 million as at 31 December 2021 (2020: \$10.8 million).

61. The allowance for doubtful operating fund advances was increased to \$1.2 million as at 31 December 2021 (2020: \$0.5 million), owing to advances to governmental and non-governmental partners, including as part of sector-wide approach basket funds, whose recovery was deemed doubtful.

Property, plant and equipment and intangible assets

62. As at 31 December 2021, UNFPA held property, plant and equipment of \$33.3 million (2020: \$34.1 million), the largest fixed asset categories of which were vehicles, with a net book value of \$11.4 million, or 34.2 per cent of the total (2020: \$11.7 million, or 34.3 per cent), and buildings, with a net book value of \$9.2 million, or 27.6 per cent of the total (2020: \$9.6 million, or 28.2 per cent).

63. The net book value of intangible assets as at 31 December 2021 increased by 125.0 per cent to \$5.4 million (2020: \$2.4 million), mainly owing to the capitalization of qualifying costs for several internally developed intangibles, including a television series produced to raise awareness regarding contraception and sexual health. Intangible assets are presented net of an impairment adjustment of \$1.0 million recognized for the population development platform under development.

64. In accordance with its strategic plan, 2018–2021, UNFPA is implementing several information and communications technology transformation initiatives, including the adoption of new, functionally integrated, cloud-based enterprise resource planning and customer relationship management solutions, as from 2022 as part of a consortium with other United Nations organizations. In 2021, UNFPA spent

\$11.8 million on the above initiatives, none of which were considered eligible for capitalization (2020: \$6.4 million).

Other receivables, prepayments and other assets

65. Other receivables increased by 86.9 per cent, to \$41.3 million, as at 31 December 2021 (2020: \$22.1 million), mainly owing to a higher inter-fund balance receivable from UNDP and increased refunds due from implementing partners.

66. Other receivables are presented net of an allowance for doubtful amounts of \$2.7 million (2020: \$1.5 million), comprising mostly aged value added tax reimbursement claims, the collection of which was assessed as doubtful.

67. Prepayments and other assets decreased by 3.0 per cent to \$16.2 million as at 31 December 2021 (2020: \$16.7 million), owing mainly to a lower share of United Nations resident coordinator system costs allocated to UNFPA and a reduction in prepayments to vendors for the procurement of personal protective equipment, partially offset by an increase in amounts prepaid to UNDP for common premises occupancy and services.

Accounts payable and accruals

68. Accounts payable and accruals decreased by 13.7 per cent to \$117.6 million as at 31 December 2021 (2020: \$136.2 million), owing mainly to a decrease in funds held by UNFPA in its capacity as administrative agent for joint programmes.

Employee benefits

69. Employee benefits liabilities increased by 4.4 per cent to \$445.7 million as at 31 December 2021 (2020: \$426.9 million), mainly due to increases in annual leave, post-employment and other long-term employee benefits liabilities.

70. Annual and home leave liabilities increased by 8.5 per cent and 5.4 per cent, to \$35.9 million and \$3.9 million, respectively, as at 31 December 2021 (2020: \$33.1 million and \$3.7 million) mainly due to the excess of accrued annual leave and home leave points over those consumed during the year, partly as an outcome of flexibilities provided to staff members in 2020, following the COVID-19 outbreak, to accumulate and carry forward larger leave balances, discontinued in 2022.

71. Post-employment and other long-term employee benefits liabilities increased by 4.0 per cent to \$405.8 million as at 31 December 2021 (2020: \$390.1 million) mainly owing to the recognition of \$30.1 million in annual service and interests costs, partially offset by actuarial gains resulting from both an increase in the discount rate (from 3.13 per cent in 2020 to 3.30 per cent in 2021) and updates to the mortality tables used for the after-service health insurance liability measurement.

72. Cumulative resources set aside for funding employee benefits liabilities increased by \$41.5 million, to \$406.0 million, covering 91.1 per cent of the total liabilities balances as at 31 December 2021 (2020: \$364.5 million, or 85.4 per cent). This high funding ratio is attributable to the increase, as from 2020, in recovery charges for after-service health insurance benefits, following the approval of the integrated budget midterm review by the Executive Board, and the solid performance of the post-employment benefits investment portfolios. The funding level is highly sensitive to future trends and events that could potentially affect the investment portfolios performance and the key financial assumptions used for measuring the liabilities and may fall below the levels already achieved, should unfavourable trends materialize in future years.

Other liabilities and deferred revenue

73. Other liabilities and deferred revenue decreased by 56.5 per cent to \$14.3 million as at 31 December 2021 (2020: \$32.9 million), owing mainly to the use of an amount previously held in trust, as a guarantee of pre-financing for the procurement of reproductive health commodities, to offset the revenue reduction arising from the previously mentioned lack of payment of contributions receivable as at 31 December 2020 by the Member State that reduced its funding to UNFPA as from 2021.

Fund balances and reserves

74. Reserves and fund balances increased by 13.7 per cent, to \$1,727.8 million as at 31 December 2021 (2020: \$1,520.1 million).

75. Reserves decreased by 1.1 per cent, to \$92.7 million as at 31 December 2021 (2020: \$93.7 million), owing to a \$1.0 million decrease in the operational reserve balance, set at 20.0 per cent of the annual unearmarked contribution revenue, on account of the lower unearmarked contribution revenue in 2021.

76. The humanitarian response reserve, which operates as a revolving fund and was used to provide prefinancing of \$14.5 million (2020: \$9.8 million) for humanitarian activities in 2021, remained at the same level of \$5.5 million as in 2020. The reserve for field accommodation was replenished by \$0.5 million in 2021 (2020: \$0.6 million) to cover the qualifying expenses incurred during the year, bringing the reserve balance back to the \$5.0 million approved by the Executive Board.

77. Designated unearmarked fund balances, which represent funds set aside by management for special purposes and not available for programming, increased by 26.6 per cent to \$92.7 million as at 31 December 2021 (2020: \$73.2 million), owing primarily to a \$8.8 million increase in cost recoveries above the budgeted level and an allocation of \$12.1 million for the implementation of the enterprise resource planning platform.

78. Undesignated unearmarked fund balances increased by 33.8 per cent, to \$186.2 million as at 31 December 2021 (2020: \$139.2 million), owing to the combined effect of the 2021 surplus of \$63.5 million and an actuarial gain on post-employment benefits liabilities of \$9.0 million, partially offset by transfers of \$19.6 million to designated funds and reserves, and a \$5.9 million unrealized loss on the post-employment benefits investment portfolios.

79. Unearmarked resources available for programming in future years increased by 12.3 per cent, to \$181.2 million (2020: \$161.3 million), mainly because of prudent financial management aimed at ensuring the continuity of UNFPA operations in the case of potential funding shortages in future years and owing to contributions above the strategic plan targets that were collected in the final part of the year and could thus not be programmed in 2021. As part of risk-mitigating measures against unfavourable revenue trends and foreign currency exchange rate fluctuations, these funds will be gradually released for spending in future years, taking into consideration the latest available information and to ensure the sufficiency of resources required to adhere to Executive Board guidance for the duration of the next strategic plan and integrated budget cycle.

80. Undesignated earmarked fund balances increased by 11.7 per cent, to \$1,356.2 million (2020: \$1,214.0 million), representing resources received for implementation of programme activities under multi-year agreements, as well as contributions of \$421.2 million not yet collected and thus not available for programming (2020: \$416.9 million).

Risk management

81. UNFPA has continued to respond effectively to the context, programme, operational and financial risks inherent to its programmatic and operational activities. This has been achieved, among other initiatives, by maintaining effective first-line controls in all key business process areas and through the continued enhancement of the enterprise risk management process and effective second-line controls, including (a) a high level of implementation of assurance activities over cash transfers to implementing partners; (b) effective monitoring of and assurance over the management of programme supplies by UNFPA and its implementing partners through the inventory control and Last Mile Assurance processes; (c) effective financial risk management processes, including the continuous monitoring of foreign currency bank balances and contributions receivable, to minimize foreign exchange losses; (d) the continuous monitoring and reconciliation of operating fund advances balances; and (e) a close monitoring of the post-employment benefits investment portfolios performance, in close collaboration and communication with the investment managers.

Conclusion

82. UNFPA closed 2021 in excellent financial health owing to the continued support of its donors and sound financial management practices, including processes and controls designed to keep the expenses within the available financial resources. However, the outlook for 2022 and beyond remains difficult to predict, owing to ongoing risks to peace and stability and uncertainties regarding the future course of the COVID-19 pandemic. Shifting donor priorities and operational challenges may have an impact on the ability of UNFPA to both generate revenue and implement its programme activities. UNFPA will remain agile, innovative and results-oriented, adapting as required, to achieve its strategic priorities, as captured in the strategic plan, 2022–2025.

Chapter V

Financial statements for the year ended 31 December 2021

United Nations Population Fund

I. Statement of financial position as at 31 December 2021^a

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Assets			
Current assets			
Cash and cash equivalents	Note 3	206 966	278 246
Investments maturing within one year	Note 4	472 360	605 131
Contributions receivable	Note 5 (a)	228 344	208 840
Other receivables	Note 5 (b)	41 307	22 050
Operating fund advances	Note 6 (a)	18 689	17 758
Prepayments and other assets	Note 6 (b)	16 228	16 665
Inventories	Note 7	78 277	92 256
Total		1 062 171	1 240 946
Non-current assets			
Investments maturing after one year	Note 4	1 010 728	630 405
Contributions receivable	Note 5 (a)	193 737	208 175
Other non-current assets	Note 6 (b)	23	18
Property, plant and equipment	Note 8	33 349	34 085
Intangible assets	Note 9	5 386	2 412
Total		1 243 223	875 095
Total assets		2 305 394	2 116 041
Liabilities			
Current liabilities			
Accounts payable and accruals	Note 10	117 638	136 153
Employee benefits	Note 12	48 617	44 724
Other current liabilities and deferred revenue	Note 13	10 767	29 215
Total		177 022	210 092
Non-current liabilities			
Employee benefits	Note 12	397 048	382 153
Other non-current liabilities and deferred revenue	Note 13	3 485	3 652
Total		400 533	385 805
Total liabilities		577 555	595 897
Net assets		1 727 839	1 520 144
Reserves and fund balances			
Reserves			
Operational reserve	Note 14	82 203	83 235
Humanitarian response reserve	Note 14	5 500	5 500
Reserve for field accommodation	Note 14	5 000	5 000
Total reserves		92 703	93 735

	<i>Reference</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Fund balances			
Designated unearmarked fund balances	Note 14	92 710	73 173
Undesignated unearmarked and earmarked fund balances			
Unearmarked resources	Note 14	186 206	139 231
Earmarked resources	Schedule B	1 356 220	1 214 005
Total fund balances		1 635 136	1 426 409
Total reserves and fund balances		1 727 839	1 520 144

^a The accompanying notes are an integral part of the financial statements.

United Nations Population Fund

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

(Thousands of United States dollars)

	<i>Reference</i>	<i>2021</i>	<i>2020</i>
Contribution revenue			
Unearmarked contributions	Schedule A	412 577	416 830
Less: transfer to other revenue of income tax reimbursements	Note 15	(4 679)	–
Subtotal	Note 15	407 898	416 830
Earmarked contributions	Note 15	992 612	792 467
Less: refunds to donors	Note 15	(6 470)	(6 200)
Less: allowance for doubtful contributions receivable	Note 15	(1 192)	388
Subtotal	Note 15	984 950	786 655
Total contribution revenue	Note 15	1 392 848	1 203 485
Other revenue	Note 16	112 384	113 429
Total revenue		1 505 232	1 316 914
Expenses			
Staff costs	Note 18	335 088	320 774
Reproductive health and other programme-related supplies	Note 18	232 780	261 450
Cash assistance programmes	Note 18	7 679	289
Development and training of counterparts	Note 18	137 807	108 293
Supplies, materials and operating costs	Note 18	216 417	220 630
Contracted and professional services	Note 18	297 586	269 603
Finance costs	Note 18	1 123	1 433
Travel	Note 18	36 305	29 971
Depreciation and amortization	Notes 8, 9, 18	7 188	7 061
Impairment	Note 18	422	68
Other expenses	Note 18	28 282	8 531
Total expenses	Notes 17, 18	1 300 677	1 228 103
Surplus for the year	Statements III and IV	204 555	88 811

^a The accompanying notes are an integral part of the financial statements.

United Nations Population Fund

III. Statement of changes in net assets for the year ended 31 December 2021^a

(Thousands of United States dollars)

	<i>Reference</i>	<i>Fund balances</i>	<i>Reserves</i>	<i>Total net assets</i>
Balance as at 31 December 2019		1 348 131	84 725	1 432 856
Movements in fund balances and reserves in 2020				
Transfers to/from operational reserve		(9 010)	9 010	–
Actuarial (loss) on employee benefits liabilities		(25 213)	–	(25 213)
Gain in fair value of investments recognized in net assets		23 690	–	23 690
Transfers within UNFPA resources				
Reserve for field accommodation		(609)	609	–
Surplus/(deficit) for the year	Statement II	89 420	(609)	88 811
Total movements during the year		78 278	9 010	87 288
Balance as at 31 December 2020		1 426 409	93 735	1 520 144
Movements in fund balances and reserves in 2021				
Transfers to/from operational reserve	Note 14	1 032	(1 032)	–
Actuarial gain on employee benefits liabilities	Note 14	9 055	–	9 055
(Loss) in fair value of investments recognized in net assets	Note 14	(5 915)	–	(5 915)
Transfers within UNFPA resources				
Reserve for field accommodation	Note 14	(469)	469	–
Surplus/(deficit) for the year	Note 14, statement II	205 024	(469)	204 555
Total movements during the year		208 727	(1 032)	207 695
Balance as at 31 December 2021		1 635 136	92 703	1 727 839

^a The accompanying notes are an integral part of the financial statements.

United Nations Population Fund

IV. Cash flow statement for the year ended 31 December 2021^a

(Thousands of United States dollars)

	<i>Reference</i>	<i>2021</i>	<i>2020</i>
Cash flows from operating activities			
Surplus for the year	Statement II	204 555	88 811
Adjustments to reconcile surplus for the year to net cash flows:			
Unrealized loss/(gain) on foreign exchange translation		6 374	(17 967)
Unrealized loss/(gain) on investments recognized in surplus	Note 4	1 234	(1 316)
Investment revenue presented as investing activities	Note 16	(34 953)	(26 450)
Depreciation and amortization	Notes 8, 9, 18	7 188	7 061
Impairment and write-off of property, plant and equipment and intangible assets		380	30
Transfers and losses on disposal of property, plant and equipment and intangible assets	Note 18	1 054	85
Changes in assets			
(Increase) in contributions receivable		(12 471)	(15 165)
(Increase) in other receivables		(20 469)	(4 885)
(Increase) in operating fund advances		(1 245)	(11 515)
Decrease/(increase) in prepayments and other assets	Note 6(b)	432	(3 862)
Decrease/(increase) in inventories	Note 7	13 320	(21 899)
Increase/(decrease) in provisions/allowance for doubtful accounts	Notes 5(a), 5(b), 6(a), 6(b), 7	3 452	(349)
Changes in liabilities and net assets			
(Decrease) in accounts payable and accruals		(18 371)	(6 106)
Increase in employee benefits liabilities	Note 12	18 788	56 585
Actuarial gain/(loss) on employee benefits liabilities	Statement III	9 055	(25 213)
(Decrease)/increase in other liabilities and deferred revenue		(18 615)	10 107
Net cash flows from operating activities		159 708	27 952
Cash flows from investing activities			
Purchases of investments	Note 4	(1 318 372)	(1 423 288)
Maturities and sales of investments	Note 4	1 062 863	1 463 421
Interest received	Notes 4, 5(b), 16	10 855	18 801
Dividend received	Notes 5(b), 16	2 201	2 092
Gain on sale of investments	Note 16	22 664	6 758
Purchase of/adjustments to property, plant and equipment and intangible assets	Notes 8, 9	(11 326)	(9 177)
Proceeds from sale of property, plant and equipment		524	604
Net cash flows from investing activities		(230 591)	59 211
Cash flows from financing activities			
Payment of finance lease liabilities	Note 11	—	—
Net cash flows from financing activities		—	—
Net (decrease)/increase in cash and cash equivalents		(70 883)	87 163

	<i>Reference</i>	<i>2021</i>	<i>2020</i>
Cash and cash equivalents at the beginning of the year	Note 3	278 246	189 481
Effect of exchange rate changes on cash and cash equivalents		(397)	1 602
Cash and cash equivalents end of the year	Note 3	206 966	278 246

^a The accompanying notes are an integral part of the financial statements.

The cash flow statement is presented using the “indirect method”.

United Nations Population Fund

V (a). Statement of comparison of budget with actual amounts for the year ended 31 December 2021^a

(Thousands of United States dollars)

2021				
Budget line	Original budget	Final budget	Budget utilization	Variance/ balance of resources
Development activities				
Development effectiveness	40 821	39 331	38 511	820
Programmes	234 900	255 700	245 965	9 735
United Nations development coordination	4 792	4 792	4 607	185
Management activities				
Recurring costs	146 065	147 511	130 760	16 751
Non-recurring costs	1 800	5 300	4 122	1 178
Special purposes				
Information and communications technology transformation	401	9 159	9 075	84
Total	428 779	461 793	433 040	28 753

^a The accompanying notes are an integral part of the financial statements.

V (b). Statement of comparison of budget with actual amounts for the period 2018–2021 of the strategic plan cycle for 2018–2021^a

(Thousands of United States dollars)

2018–2021				
Budget line	Original budget	Final budget ^b	Budget utilization	Variance/ balance of resources
Development activities				
Development effectiveness	146 182	145 809	143 607	2 202
Programmes	906 000	964 300	926 727	37 573
United Nations development coordination	16 541	16 310	16 125	185
Management activities				
Recurring costs	543 563	550 490	506 331	44 159
Non-recurring costs	7 200	10 700	6 931	3 769
Special Purposes				
Information and communications technology transformation	19 980	20 615	20 496	119
Total	1 639 466	1 708 224	1 620 217	88 007

^a The accompanying notes are an integral part of the financial statements.

^b Reflects an adjustment of \$0.138 million to the final budget for information and communications technology transformation disclosed in the financial statements for the year ended 31 December 2019.

The scope of the budget for the purpose of statement V includes the institutional budget and programme activities funded from unearmarked resources. Further details are provided in note 2 (xxv) to the financial statements.

**United Nations Population Fund
Notes to the financial statements****Note 1****Mission statement, organizational objectives and reporting entity****Mission statement**

The United Nations Population Fund (UNFPA) is the United Nations sexual and reproductive health agency. Its mission is to deliver a world where every pregnancy is wanted, every childbirth is safe and every young person's potential is fulfilled. UNFPA helps governments integrate population issues into their national development agenda to improve societies' well-being and resilience, and promote sustained and inclusive economic growth and sustainable development. UNFPA supports countries in promoting and protecting the human rights of all persons to sexual and reproductive health, and in building their capacity to collect, analyse and use population data to eliminate poverty and effectively monitor their progress.

Organizational objectives

UNFPA works to advance the right to sexual and reproductive health for all by accelerating progress towards achieving the goals of the Programme of Action of the International Conference on Population and Development and the 2030 Agenda for Sustainable Development. It seeks to achieve three transformative results: zero unmet need for family planning, zero preventable maternal deaths and zero gender-based violence and harmful practices by 2030. With that focus, UNFPA aims to improve the lives of underserved populations, especially women, adolescents and youth, in more than 150 countries and across development and humanitarian settings.

UNFPA work is guided by its expertise in population dynamics, sexual and reproductive health, human rights and gender equality, and driven by the specific needs of countries. UNFPA is a catalyst for action and advocacy, partnering with governments, other United Nations organizations, civil society and the private sector to make a positive difference in the lives of billions of people, especially those most in need. In addition, UNFPA helps countries use population data to anticipate tomorrow's challenges through providing technical guidance, policy advice, training and support, and it advocates for the mobilization of the resources and political will necessary to accomplish its work.

UNFPA is committed to advancing sexual and reproductive health and reproductive rights, gender equality, and to the empowerment of women and girls everywhere. All couples and individuals have the right to decide freely and responsibly the number and spacing of their children, as well as the right to the information and means to do so. UNFPA believes that safeguarding and promoting those rights and promoting the well-being of adolescents and youth, especially girls, are not only development goals in themselves, but are also critical to achieving inclusive and transformational sustainable development. UNFPA recognizes that all human rights are universal, indivisible, interdependent and interrelated – they apply to all people in all cases.

UNFPA supports efforts to ensure a coherent, coordinated United Nations that is responsive to the 2030 Agenda for Sustainable Development, with a powerful field presence, under the leadership of a strengthened resident coordinator system. UNFPA plays an active and leading role in inter-agency processes to facilitate progress towards the achievement of United Nations reform goals for greater development impact.

UNFPA continues to assist in the mobilization of resources at the national and international levels, following the commitments made by all countries under the Programme of Action of the International Conference on Population and Development as well as in related United Nations major conferences and summits to ensure that the goals of the International Conference on Population and Development are met.

Delivering on the promise of the Programme of Action of the International Conference on Population and Development is also essential for achieving the 2030 Agenda for Sustainable Development. Both have the overarching aim of ending extreme poverty, ensuring that all persons enjoy human rights and protect the environment for current and future generations. The focus of the two interlinked agendas on the demographic dividend, youth and women's empowerment and gender equality, resilience and data for development, underscores the relevance and criticality of the special expertise of UNFPA on sexual and reproductive health and reproductive rights and population and development issues.

UNFPA, working with public and private partners, supports gender-responsive policies and programmes to achieve the Sustainable Development Goals. Those partnerships are tailored to national and local circumstances.

Reporting entity

UNFPA receives overall policy guidance from the General Assembly and the Economic and Social Council. It reports to its governing body, the Executive Board of the United Nations Development Programme (UNDP), UNFPA and the United Nations Office for Project Services, on administrative, financial, budgetary and programme matters.

UNFPA has its headquarters in New York and operates through a network of more than 150 regional, subregional, country and representation offices around the world.

The financial statements include only the operations of UNFPA, which does not control and is not controlled by any other entity.

Note 2

Accounting policies

Summary of significant accounting policies

The financial statements reflect the application of the following significant accounting policies.

(i) Accounting convention

The financial statements have been prepared on the accrual basis of accounting in accordance with the Financial Regulations and Rules of UNFPA and the International Public Sector Accounting Standards (IPSAS).

(ii) Financial period

The period covered by the financial statements is the year ended 31 December 2021.

(iii) Unit of account

The unit of account used in the financial statements is the United States dollar. Where transactions have been made in other currencies (henceforth referred to as "foreign currencies"), the equivalent in United States dollars is normally established using the appropriate United Nations operational rate of exchange.

Units of currency, assets giving right to units of currency and liabilities to be paid in units of currency are classified as monetary items. All other items are classified as non-monetary items.

All monetary assets and liabilities held in currencies other than the United States dollar are revalued using the United Nations operational rate of exchange in effect as at the reporting date or, in the case of foreign currency investments maintained in the post-employment benefits investment portfolios, a close approximation thereof.

The amounts in the statements and schedules are rounded to the nearest thousand dollars and in the notes to the nearest million or thousand dollars, as indicated. Totals may not add up as a result of rounding.

(iv) Cash and cash equivalents

Cash and cash equivalents include cash on hand and money market and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, with a maturity of three months or less from the date of acquisition. They are presented net of allowances for expected exchange losses on restricted use foreign currency bank deposits.

(v) Financial assets

Financial assets maturing within one year of the reporting date are classified as current assets. Financial assets with a maturity date of more than one year after the reporting date are classified as non-current assets.

UNFPA classifies financial assets into four categories, as shown below.

<i>IPSAS classification</i>	<i>Financial asset</i>
Held-to-maturity	Working capital portfolio investments
Available-for-sale	Post-employment benefits portfolios investments
Loans and receivables	Cash and cash equivalents, contributions receivable and other receivables
Fair value through surplus or deficit	Derivative assets

The classification of financial assets depends on the purpose for which the financial instruments are acquired, as determined at initial recognition and re-evaluated at each reporting date. Loans and receivables are recognized on the date they originate, while all other financial assets are recognized on the trade date, which is the date UNFPA becomes a party to the contractual provision of the instrument.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the entity has the positive intention and ability to hold to maturity. They are initially recognized at fair value plus transaction costs, and are subsequently carried at amortized cost, calculated using the effective interest method.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets either designated in this category or not classified in any of the other categories. They are initially recognized

at fair value plus transaction costs and are subsequently measured at fair value at the reporting date, with any resultant gains or losses recognized directly in net assets/equity, except for foreign exchange-related gains or losses on monetary items, which are recognized in surplus or deficit in the statement of financial performance. Fair values used for subsequent measurements are based on quoted market prices in an active market. When an available-for-sale financial asset is derecognized (e.g., through sale or maturity), the related gain or deficit accumulated in net assets/equity is reclassified to surplus or deficit in the statement of financial performance. Interest on available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost using the effective interest method, less any impairment losses, if applicable. Their market value is disclosed in the notes to the financial statements. Interest revenue is recognized on a time-proportion basis using the effective interest rate method.

Contributions receivable and other receivables are stated at nominal amounts less any allowance for doubtful amounts.

Fair value through surplus or deficit financial assets

Fair value through surplus or deficit financial assets are financial assets either designated in this category on initial recognition or held for trading. They are initially recognized at fair value and any transaction costs are expensed. They are subsequently measured at each reporting date, with any resultant fair value gains or losses recognized in surplus or deficit in the statement of financial performance.

UNFPA classifies derivatives as financial assets at fair value through surplus or deficit. Derivatives are contracted with creditworthy institutions and are used to manage foreign exchange risk or to minimize deviations from benchmark allocations within investment portfolios. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Assets are classified as current assets if they are expected to be realized within 12 months of the reporting date. UNFPA does not apply hedge accounting for derivatives.

Impairment of financial assets

All categories of financial assets are assessed at each reporting date to determine whether there is objective evidence that an asset or group of assets is impaired. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in surplus or deficit in the statement of financial performance in the year in which they arise and reduce the amounts of relevant financial assets either directly or through the use of allowance accounts.

An analysis of contributions receivable is performed at the reporting date to determine whether there is any evidence that estimated future cash flows from these contributions receivable would be below their carrying amounts.

Contributions receivable relating to regular resources are presumed to be impaired, and an allowance for their value is made, if they are outstanding for more than three years or are due from donors with a prior history of non-payment.

Contributions receivable relating to other resources are individually reviewed with a special focus on receivables past their payment due dates and/or upon

expiration of correspondent contribution agreements. Should evidence of impairment exist and the effect quantifiable, an allowance, and corresponding contribution revenue reduction, are recorded.

(vi) Inventories

UNFPA inventories consist primarily of reproductive health commodities and other programme-related supplies controlled by UNFPA, located at identifiable premises or in transit to their destination locations, procured for distribution to beneficiaries, typically through implementing partners, or for sale to third parties. Inventories are measured at the lower of cost and current replacement cost, less any impairment losses, and are expensed when control over them is transferred from UNFPA to implementing partners, beneficiaries or other third parties.

Inventories procured with funding from the Global Contraceptive Commodity Programme revolving fund (set up to pre-position stocks of reproductive health kits primarily for use in humanitarian response activities) and the AccessRH revolving fund (set up to pre-position stocks of contraceptives in order to reduce supply lead times) are measured using the weighted average cost method. Inventories procured for direct delivery to field office locations are measured at actual cost.

The cost of inventories includes their purchase price, conversion costs (e.g., kit assembly services) and other costs incurred in bringing the goods to their intended location and condition (e.g., freight costs). For inventories under the control of field offices, the amount of other costs is determined on the basis of standard costs. For inventories acquired through a non-exchange transaction (e.g., contributions in kind), the fair value is deemed to be equal to cost.

Items of property, plant and equipment en route to implementing partners as at the reporting date are recorded as property, plant and equipment-like inventories in transit.

(vii) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises each asset's purchase price plus any other costs directly attributable to bringing it to its intended location and condition suitable for use. Repairs, maintenance and insurance costs are not capitalized but expensed as incurred. Where an asset is acquired through donation or the nominal right to use, the fair market value as at the date of acquisition by UNFPA is deemed to be its cost.

The capitalization threshold for property, plant and equipment is \$1,000. For asset classes subject to depreciation, a full month's depreciation is charged in the month in which the assets become available for use. No depreciation is charged in the month of the asset's disposal.

Leasehold improvements are recognized as property, plant and equipment at their cost and depreciated over the lower of the remaining useful life of the improvement and the lease term. The capitalization threshold for leasehold improvements is \$5,000.

Depreciation is provided over the estimated useful lives of the assets using the straight line method. Land and heritage assets are not subject to depreciation. The estimated useful life ranges for the different classes of property, plant and equipment are set out below.

<i>Property, plant and equipment class</i>	<i>Estimated useful life</i>
Vehicles	7 years
Furniture and fixtures	6–10 years
Information and communications technology equipment	5–11 years
Leasehold improvements	5 years
Buildings	30 years

(viii) Intangible assets

Intangible assets are capitalized if their cost exceeds \$5,000, except for internally developed software, for which the capitalization threshold is \$100,000. UNFPA classifies all activities associated with the internal development of intangible assets as pertaining to either a research phase or a development phase. Costs incurred for research phase activities are expensed when incurred. Costs attributable to development phase activities for intangible assets that have met the recognition criteria are capitalized. These costs include personnel costs, contractual services, supplies and materials consumed in generating the assets. Development costs that do not meet the capitalization criteria are expensed as incurred.

Amortization is provided over the estimated useful life of the assets using the straight line method. The estimated useful life ranges for the different classes of intangible assets are set out below.

<i>Intangible asset class</i>	<i>Estimated useful life</i>
Software acquired separately	3–10 years
Software developed internally	3–10 years
Licenses and rights	The shorter of the agreement term and useful life in a range of 2–6 years
Intangible assets under development	Not amortized

(ix) Impairment of property, plant and equipment and intangible assets

UNFPA property, plant and equipment and intangible assets are not held for the primary objective of generating a commercial return and are considered “non-cash-generating” for the purpose of assessing impairment.

Impairment reviews are undertaken for all property, plant and equipment and intangible assets at least annually and before each reporting date. If any indication of impairment exists, UNFPA estimates the recoverable service amount for each affected asset and recognizes an impairment loss when such amount is below the asset’s carrying amount.

(x) Financial liabilities

Financial liabilities due for settlement within one year of the reporting date are classified as current liabilities. All other liabilities are classified as non-current liabilities.

UNFPA classifies financial liabilities into the following categories:

<i>IPSAS classification</i>	<i>Financial liability</i>
Other financial liabilities	Accounts payable, accruals and other liabilities
Fair value through surplus or deficit	Derivative liabilities

Other financial liabilities

Other financial liabilities are contractual obligations to deliver cash or other financial assets to another entity. Current financial liabilities are recognized at their nominal value. Non-current other financial liabilities are recognized at fair value and may be subsequently remeasured at amortized cost using the effective interest rate method if application of this method will result in carrying amounts materially different from the amounts initially recognized.

Fair value through surplus or deficit financial liabilities

Fair value through surplus or deficit financial liabilities are those either designated in this category on initial recognition or held for trading. They are initially recognized at fair value, and any related transaction costs are expensed. They are subsequently measured at each reporting date, with any resultant fair value gains or losses recognized in surplus or deficit in the statement of financial performance.

UNFPA classifies derivatives as financial liabilities at fair value through surplus or deficit. Derivatives are contracted with creditworthy institutions and are used to manage foreign exchange risk or to minimize deviations from benchmark allocations within investment portfolios. They include derivatives embedded in time deposits that permit the instrument to be repaid by counterparties in an alternative currency in exchange for a higher yield. Their fair value is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Liabilities are classified as current if they are expected to be settled within 12 months of the reporting date. UNFPA does not apply hedge accounting for derivatives.

(xi) Employee benefit liabilities

UNFPA recognizes employee benefits liabilities for benefits to which its employees are entitled.

Employees are defined as staff members, within the meaning of Article 97 of the Charter of the United Nations, whose employment and contractual relationship is defined by a letter of appointment, subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. In practice, this means those persons with a temporary, fixed-term or continuing contract, including Junior Professional Officers.

UNFPA employee benefits are classified into short-term, post-employment and other long-term benefits.

Short-term employee benefits

Short-term employee benefits include annual and home leave entitlements.

Annual leave is an accumulating compensated absence. UNFPA recognizes a liability for the value of accumulated leave days, up to a maximum of 82.5 days as at the reporting date, exceptionally increased to 97.5 days in 2021, following the

COVID-19 pandemic outbreak, with up to 60 days commutable to cash upon separation from service.

Home leave travel is available to eligible staff and dependants serving in qualifying countries. The home leave liability represents the expected travel cost of the next home leave entitlement for qualifying staff, as adjusted for the proportion of service yet to be performed until the benefit is vested.

Owing to the short-term nature of these entitlements, short-term employee benefits liabilities are not discounted for the time value of money.

Post-employment employee benefits

Post-employment benefits, payable upon separation from UNFPA, include:

(a) After-service health insurance, which provides worldwide coverage for medical expenses of eligible former staff members and their eligible dependants. The after-service health insurance liability represents the present value of the UNFPA share of medical insurance costs for present and future retirees and their eligible dependants;

(b) End-of-service entitlements, which comprise repatriation grants and reimbursement of shipping costs and travel expenses.

These benefits are categorized as defined benefit plans. Defined benefit plans are those where the obligation of UNFPA is to provide agreed benefits and therefore UNFPA bears the actuarial risk, that is, that the benefits will cost more or less than expected.

The liability for defined benefit plans is measured at the present value of the defined benefit obligations, calculated by independent actuaries, using the projected unit credit method. Changes from the remeasurement of the net defined benefit liability are recognized in net assets. All other changes, such as service costs and net interest, are recognized in the statement of financial performance in the period in which they occur.

The discount rate used to determine the present value of the liability is based on high-quality corporate bond rates.

United Nations Joint Staff Pension Fund

UNFPA 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 its Regulations, membership in the Pension Fund is open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

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

Other long-term employee benefits

Other long-term employee benefits include workers' compensation provided under Appendix D to the United Nations Staff Rules in the event of death, disability, injury or illness attributable to the performance of official duties on behalf of the United Nations.

Obligations for this benefit are measured similarly to those for defined benefit plans, with all changes resulting from remeasurement recognized in the statement of financial performance.

(xii) Revenue

UNFPA revenue comprises non-exchange and exchange transactions. Non-exchange transactions are those in which UNFPA receives resources from third parties to be applied towards advancing its mission, without directly giving equal value in return. UNFPA contributions revenue is classified as non-exchange transactions.

Exchange transactions are defined as transactions for which UNFPA provides goods or services to third parties and receives from them an approximately equal value in exchange. Those transactions are similar to "commercial" exchanges. Based on the business model of UNFPA, procurement activities on behalf of third parties are currently the only exchange transactions.

UNFPA contributions revenue falls into two distinct categories:

(a) Unearmarked contributions (also referred to as "regular", "core" or "unrestricted" contributions), which represent resources that are unrestricted as to their use;

(b) Earmarked contributions (also referred to as "other", "non-core" or "restricted" contributions), which represent resources that are earmarked as to their use. These include trust funds and special funds. Special funds include the Junior Professional Officers programme, procurement services and other funds.

For both types of contributions, revenue is recognized upon the earlier of the receipt of cash or signing of a binding agreement. Very exceptionally, where resources are provided subject to specific conditions or when contributions are explicitly given for a specific year, recognition may be deferred until those conditions have been satisfied.

A revenue reduction is recognized when mutual understanding is reached between UNFPA and a donor, subsequent to signing a binding agreement, to reduce previously recognized earmarked contribution revenue.

UNFPA participates in joint funding arrangements with other United Nations organizations and acts as the administrative agent for some pooled funds. The UNFPA share of those pooled contributions is recognized at the time when resource allocations are approved through the appropriate programme governance mechanisms.

Contributions of goods in kind are recognized as revenue at their fair value on the date of signing of enforceable agreements. Valuation is determined by reference to observable market values or by independent appraisals. Contributions of services in kind are not recognized as revenue. A majority of services in kind relate to various consulting and personnel services received free of charge.

Revenue from the sale of UNFPA-controlled goods to external parties is recognized upon transfer of the goods; revenue from performing procurement services is recognized when procurement services are rendered.

(xiii) Refunds to donors

Refunds of unspent fund balances at expiration or termination of agreements are recorded when contract language or prior experience indicate that a refund is likely or upon receipt of relevant requests from donors. All refunds to donors are shown as a reduction in contributions revenue.

(xiv) Expenses

A significant percentage of programme activities is implemented by Governments, intergovernmental and non-governmental organizations and other United Nations organizations engaged by UNFPA on the basis of signed workplans or other appropriate agreements.

Advances of funds to implementing partners, made on the basis of approved workplans or other programme documents, are initially recorded as operating fund advances. The advances are subsequently liquidated, and expenses recognized, on the basis of the reports submitted by the implementing partners prepared in accordance with their own accounting frameworks detailing the costs incurred. Outstanding advances reprogrammed for the implementation of programme activities in the following year are classified as “operating fund advances”, and those due to be refunded to UNFPA are classified as “other receivables” in the statement of financial position.

(xv) Indirect costs

“Indirect costs” mean the expenses incurred by UNFPA as a function of and in support of its activities and programmes, which cannot be unequivocally traced to those activities and programmes. They are funded through cost-recovery charges levied on disbursements (other than operating fund advances) from earmarked resources using the following rates:

(Percentage)

<i>Agreement type</i>	<i>Rate</i>
Standard co-financing agreements signed after 1 January 2014	8
Thematic trust funds	7
Programme governments, South-South and triangular cooperation contributions	5
Umbrella agreements	0–8
Co-financing agreements signed prior to 2014, with cost extension signed after 1 January 2014	8
Co-financing agreements signed prior to 2014, without cost extension signed after 1 January 2014	7

Indirect costs recovered are deducted from earmarked contributions revenue and presented under other revenue for regular resources. The amount of cost-recovery charges is shown as an expense in schedule B to demonstrate total charges to individual trust and special funds.

(xvi) Foreign currency exchange gains and losses

All foreign currency exchange gains and losses, including those arising from contributions receivable, accounts payable, cash and cash equivalents, investments, advances and other monetary balance sheet accounts, are reported within “other revenue” and “other expenses” in the statement of financial performance, apart from

unrealized gains and losses on non-monetary assets classified as available-for-sale, such as equity instruments, which are recognized directly in net assets.

(xvii) Leases

Leases are classified as either operating or finance leases.

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an item of property, plant and equipment to UNFPA, regardless of whether or not the legal title is eventually transferred to UNFPA. The lease term for a finance lease normally covers the majority of the estimated useful life of the leased item. Property, plant and equipment acquired under a finance lease is recorded in the asset registry and is subject to depreciation in the same way as purchased property, plant and equipment. The value capitalized equals the lower of the fair value of the leased item and the present value of the minimum lease payments, as calculated at the inception of the lease.

Operating leases are leases other than finance leases. Operating lease expenses are recognized on a straight line basis over the lease term. The value of future lease payments within the current lease term for non-cancellable agreements is disclosed in the notes to these financial statements.

(xviii) Donated rights to use

In a number of locations UNFPA occupies premises at no cost through donated rights to use granted by the host Governments. Based on their length (or “lease term”) and the termination clauses, the donated rights to use can be similar to operating or finance leases. In the latter case, UNFPA is given control over premises for as long as the organization operates in the country and uses the premises.

In the case of operating lease-similar rights to use (principally short-term), expense and revenue are recognized in the statement of financial performance for amounts equal to the annual market rent of similar premises. In the case of finance lease-similar rights to use (principally long-term), the fair market value of the property is capitalized and revenue is recognized immediately upon assuming control of the premises, unless the property is transferred to UNFPA with specific conditions. In those situations, deferred revenue is recognized for an amount equal to the fair market value of the property. This liability is progressively recognized as revenue over the shorter of the useful life of the property and the right-to-use term in the amount equal to the property’s depreciation expense for the same period.

(xix) Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount. UNFPA recognizes provisions when all of the following three requirements are satisfied: (a) UNFPA has a present legal or constructive obligation as a result of past events; (b) it is probable that UNFPA will be required to settle the obligation; and (c) a reliable estimate can be made of the obligation amount.

Contingent liabilities represent 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 UNFPA; or present obligations that arise from past events but that are not 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. Contingent liabilities are not recognized, but are disclosed if material.

Contingent assets represent 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 control of UNFPA. Contingent assets are not recognized, but are disclosed if an inflow of economic benefits or service potential is probable.

(xx) Related parties disclosures

Relevant transactions with third parties related to UNFPA are disclosed. Related parties to UNFPA are those with the ability to exercise significant influence over UNFPA financial and operating decisions. For UNFPA, these are key management personnel, identified as members of the UNFPA Executive Committee, the Director of the Office of Audit and Investigation Services, the Director of the Evaluation Office, the Chief of the Procurement Services Branch and the Director of the Information Technology and Solutions Office and their close family members, as well as any other individuals acting in one of these roles as officer-in-charge for three months or more in a calendar year. UNFPA discloses the value of transactions with these parties, including salaries and any loans obtained at conditions not generally available.

The UNFPA Executive Board is also considered a related party of the organization as a whole; there are no transactions with the Executive Board to be reported. Significant financial transactions occur with UNDP, but they are not separately disclosed, as UNDP does not have the power to influence the financial and operating policy decisions of UNFPA and given that all transactions for services provided to UNFPA occur under normal arm's length conditions.

(xxi) Commitments

Commitments are future liabilities to be incurred by UNFPA on contracts entered into by the reporting date and that UNFPA has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments, contracts for the supply of goods and services that will be delivered to UNFPA in future periods, non-cancellable minimum lease payments and other non-cancellable commitments. The value of commitments as at 31 December is not recognized in the statement of financial position and is disclosed in the notes to financial statements. Commitments related to employment contracts are excluded from this disclosure.

(xxii) Procurement services

UNFPA procures supplies, equipment and services on behalf and at the request of governments, the United Nations and its funds, programmes and specialized agencies, other intergovernmental institutions and non-governmental organizations. UNFPA receives a handling fee in respect of these procurement services at a standard rate established by the Executive Board, which was 5 per cent in 2020, presented as part of other revenue.

Amounts prepaid on orders not fulfilled as at the reporting date are presented as "accounts payable and accruals" in the statement of financial position. Receivables for orders fulfilled ahead of the receipt of funds are reported as "other receivables" in the statement of financial position.

The cost of goods sold under orders fulfilled from UNFPA stock is recognized as other revenue and expense in the statement of financial performance, in addition to the corresponding handling fee, which is recognized as other revenue. For orders fulfilled from suppliers' stock, only the handling fee is recognized in the statement of financial performance.

(xxiii) Use of estimates

These financial statements necessarily include amounts based on estimates and assumptions by management. Estimates include, but are not limited to, fair value of assets, impairment losses, useful lives, accrued charges, after-service health insurance and other employee benefits liabilities and contingent assets and liabilities. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

Accounting estimates used by management for the preparation of these statements are consistent with the estimates used for the purpose of the 2020 financial statements.

(xxiv) Transitional provisions

UNFPA did not apply any IPSAS transitional provisions in the year ended 31 December 2021.

(xxv) Comparison of budget with actual amounts

UNFPA prepares its budget on a modified cash basis.

A comparison between budget and actual amounts on a budget comparable basis is presented in statement V. The scope of the budget for the purpose of this statement encompasses the institutional budget plus programme activities funded from unarmarked resources. The organization's institutional budget was prepared on a quadrennial basis for the period 2018–2021 and annualized by management for the purpose of determining internal resource allocation.

The original budget is based on the projected unutilized surpluses brought forward and the initial projections of contributions for the year. The final budget reflects the actual figures for both these elements at the time of the final allocation.

Expenses on a modified cash basis for budgeted activities are presented as budget utilization.

(xxvi) Adoption of new accounting standards

In 2021, UNFPA did not adopt any new accounting standards.

(xxvii) Changes in accounting policies, accounting estimates or presentation

In 2021, UNFPA did not introduce any significant changes to accounting policies, accounting estimates or presentation in these financial statements.

(xxviii) Future accounting changes

Effective 1 January 2022, UNFPA will adopt IPSAS 41: Financial instruments, which establishes the new requirements for classifying, recognizing and measuring financial instruments, superseding IPSAS 29: Financial instruments: recognition and measurement. UNFPA is assessing the impact of IPSAS 41 on its financial statements.

In January 2022, the IPSAS Board issued IPSAS 43: Leases, replacing IPSAS 13: Leases. The new standard no longer requires classification of leases as either finance or operating, and introduces a new requirement to recognize assets and liabilities for rights and obligations created by the lease agreements. Adoption of the new standard is likely to result in an increase in both assets and liabilities relating to leases, currently classified as operating. UNFPA will perform a thorough assessment of the impact of the new standard on its financial statements, and will adopt the standard, as required, by its effective date of 1 January 2025.

In 2021, the IPSAS Board continued its work on developing new standards on revenue recognition for arrangements with and without performance obligations and transfer expenses. These new standards are likely to have a significant impact on UNFPA revenue recognition practices and accounting relating to implementing partners transfers. Their estimated issuance date is September 2022, and effective dates are not yet known. UNFPA expects that there will be sufficient time to fully assess the impact of the new standards on its financial statements and properly implement the standards by their effective dates.

Note 3

Cash and cash equivalents

Cash and cash equivalents held by UNFPA as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Cash		
Cash on hand	85	70
Cash at banks	57 892	39 184
Cash held in investment portfolios	11 861	10 141
Less: allowance for restricted use bank balances	(763)	–
Cash equivalents		
Money market funds	137 891	89 868
Time deposits	–	138 983
Total	206 966	278 246

Cash required for immediate disbursements is maintained on hand and at banks, in United States dollars and in foreign currencies, as shown in note 25.

Cash held in investment portfolios represents cash held in overnight sweep accounts, within the post-employment benefits investment portfolios, for subsequent investment into longer-term financial instruments or for portfolio rebalancing purposes. Note 4 provides more details on the purpose and composition of UNFPA investment portfolios.

The allowance for restricted-use bank balances reflects expected exchange losses on foreign currency bank deposits held in one programme country.

Cash equivalents are highly liquid financial instruments, such as money market funds, time deposits and bonds, with a maturity of three months or less from the date of acquisition, that are held in the UNFPA working capital investment portfolio.

UNFPA exposure to credit risk, market risk and currency risk and its risk management activities related to financial assets, including cash and cash equivalents, are discussed in note 25.

Note 4

Investments

UNFPA maintains two different types of investment portfolios.

The working capital investment portfolio, managed by UNDP on behalf of UNFPA, following UNDP investment guidelines and its governance framework, is

limited to high-quality, highly marketable fixed-income securities, with maturities aligned to UNFPA liquidity requirements. Investments are registered in the name of UNFPA and are held by custodians appointed by UNDP. Throughout 2021, this portfolio was classified as held-to-maturity, carried at amortized cost, and measured using the effective interest method.

Financial instruments with maturity periods of more than three months held in this portfolio as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021		31 December 2020	
	Market value	Amortized cost	Market value	Amortized cost
Bonds	869 310	872 316	557 863	549 873
Commercial paper	224 921	224 904	352 355	352 172
Time deposits	50 000	50 000	60 000	60 000
Total	1 144 231	1 147 220	970 218	962 045
Of which:				
Maturing within one year	470 235	469 832	603 341	602 097
Maturing after one year	673 996	677 388	366 877	359 948
Total	1 144 231	1 147 220	970 218	962 045

In addition, the working capital investment portfolio included \$137.9 million in financial instruments with maturities of three months or less (2020: \$228.9 million), reported under cash and cash equivalents (see note 3).

Bonds held in the working capital investment portfolio as at the reporting date were as follows:

(Thousands of United States dollars)

Bond types	31 December 2021		31 December 2020	
	Market value	Amortized cost	Market value	Amortized cost
Non-United States sovereign obligations	433 482	434 007	291 876	285 868
Supranational organizations	331 638	333 306	213 625	212 021
United States government and agencies	74 149	74 958	22 042	22 000
Corporate	30 041	30 045	30 320	29 984
Total	869 310	872 316	557 863	549 873

In 2021, the average yield on the working capital investment portfolio decreased to 0.7 per cent (2020: 1.3 per cent) owing to the decrease in interest rates mainly attributable to the impact of COVID-19 on financial markets.

Two separate portfolios were established in 2016 and 2021, respectively, jointly with other United Nations organizations, to invest resources allocated to fund after-service health insurance liabilities and other end-of-service entitlements. Both portfolios are managed by two independent external investment managers and are governed by the same investment guidelines and a joint governance mechanism. Consistent with their purpose, the portfolios consist of diversified, higher-yielding

financial instruments, which include cash and cash equivalents, fixed-income securities and equities. Investments are classified as available-for-sale and carried at fair market value.

Financial instruments with maturity periods of longer than three months held in these portfolios as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021		31 December 2020	
	Market value	Base cost	Market value	Base cost
Fixed-income securities	124 213	124 385	95 817	89 467
Equities	211 655	172 221	177 674	137 613
Total	335 868	296 606	273 491	227 080
Of which:				
Fixed-income securities maturing within one year	2 528	2 471	3 034	2 799
Fixed-income securities maturing after one year and equities	333 340	294 135	270 457	224 281
Total	335 868	296 606	273 491	227 080

In addition, the post-employment benefits investment portfolios included \$11.9 million in cash and financial instruments with maturities of three months or less (2020: \$10.1 million), reported under cash and cash equivalents (see note 3).

The portfolios generated annual rates of return of 5.15 per cent and 9.23 per cent respectively, for the components managed by the two investment managers appointed (2020: 12.14 per cent and 14.67 per cent).

UNFPA did not have any investment impairments during the year. The organization's exposure to credit, liquidity and market risks and the related risk management activities are discussed in note 25.

Of the total cash and investments held as at 31 December 2021, \$548.1 million were restricted in use as follows (2020: \$524.8 million):

	Reference	Amount
Funds held by UNFPA on behalf of joint programmes in the capacity of administrative agent	Note 10	\$15.8 million
Funding for employee benefits liabilities ^a	Note 12	\$405.9 million
Operational reserve	Note 14	\$82.2 million
Humanitarian response reserve	Note 14	\$5.5 million
Reserve for field accommodation	Note 14	\$5.0 million
Principal amount of the private endowment trust	Note 14 (h)	\$33.7 million

^a Including the investments held in the post-employment benefits investment portfolios.

The movements of investments within the working capital investment portfolio were as follows:

(Thousands of United States dollars)

	<i>Time deposits</i>		<i>Commercial paper</i>		<i>Bonds</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Opening balance	60 000	280 000	352 172	79 520	549 873	651 179	962 045	1 010 699
Add: purchases	190 000	210 000	369 745	779 869	555 674	335 502	1 115 419	1 325 371
Less: maturities	(200 000)	(430 000)	(497 500)	(510 000)	(231 966)	(436 359)	(929 466)	(1 376 359)
Amortization	–	–	487	2 783	(1 265)	(449)	(778)	2 334
Closing balance	50 000	60 000	224 904	352 172	872 316	549 873	1 147 220	962 045

The movements of investments within the post-employment benefits investment portfolios were as follows:

(Thousands of United States dollars)

	<i>Fixed-income securities</i>		<i>Equities</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Opening balance	95 817	86 715	177 674	151 178	273 491	237 893
Add: purchases	100 616	27 943	102 337	69 974	202 953	97 917
Less: maturities	(1 373)	(1 992)	–	–	(1 373)	(1 992)
Less: sales	(64 296)	(20 748)	(67 728)	(64 322)	(132 024)	(85 070)
Amortization	(30)	(263)	–	–	(30)	(263)
(Loss)/gain in fair value recognized in:						
Surplus/(deficit)	(1 234)	1 316	–	–	(1 234)	1 316
Net assets	(5 287)	2 846	(628)	20 844	(5 915)	23 690
Closing balance	124 213	95 817	211 655	177 674	335 868	273 491

Note 5

Contributions receivable and other receivables

(a) Contributions receivable

Contributions receivable as at the reporting date, presented net of the allowance for doubtful accounts, were as follows:

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Non-exchange transactions		
Contributions receivable (current)	227 667	208 693
Unearmarked resources	931	105
Earmarked resources	226 736	208 588
Contributions receivable (non-current)	193 737	208 175
Earmarked resources	193 737	208 175
Exchange transactions		
Contributions receivable (current)	677	147
Total	422 081	417 015

Contributions receivable from unearmarked resources represent amounts committed in current and prior years but not yet collected by the end of the reporting period. Contributions receivable from earmarked resources relate to amounts to be collected in future years, mainly in relation to multi-year donor agreements.

The distinction between current and non-current receivables is based on their due date. Current contributions receivable are expected to be collected within 12 months of the reporting date, and non-current receivables are expected to be collected after that date.

Ageing analysis

The ageing of contributions receivable as at the reporting date was as follows:

(Thousands of United States dollars)

	31 December 2021		31 December 2020	
	<i>Unearmarked</i>	<i>Earmarked</i>	<i>Unearmarked</i>	<i>Earmarked</i>
2017 and prior	–	529	142	529
2018	12	–	43	–
2019	33	–	71	1 213
2020	74	–	87	14 657
2021	847	6 129	–	–
Contributions receivable as at 31 December	966	6 658	343	16 399
Contributions receivable not yet due as at 31 December	–	421 423	–	406 250
Allowance for doubtful contributions receivable	(35)	(6 931)	(238)	(5 739)
Total	931	421 150	105	416 910

A breakdown of contributions receivable from unearmarked and earmarked resources by donor is provided in schedule A (excluding the allowance for doubtful contributions receivable) and schedule B, respectively.

Allowance for doubtful contributions receivable

The movements in the allowance for doubtful contributions receivable were as follows:

(Thousands of United States dollars)

	2021	2020
Allowance at 1 January	(5 977)	(6 456)
Contributions receivable for which collection is now considered doubtful	(1 486)	(353)
Contributions receivable written off	111	128
Recoveries and reversals for contributions receivable for which collection was previously considered doubtful	386	704
Allowance at 31 December	(6 966)	(5 977)

(b) Other receivables

Other receivables as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Accrued dividends	68	83
Accrued interest	3 329	3 273
Advances to staff	343	542
Inter-fund balance receivable from United Nations organizations	17 597	417
Receivables from procurement activities	965	964
Recoverable value added/sales taxes	5 560	5 369
Refunds due from implementing partners	6 485	3 580
Miscellaneous accounts receivable	9 636	9 303
Less: allowance for doubtful other receivables	(2 676)	(1 481)
Total other receivables	41 307	22 050

The movements in the allowance for doubtful other receivables were as follows:

(Thousands of United States dollars)

	2021	2020
Allowance at 1 January	(1 481)	(1 311)
Other receivables for which collection is now considered doubtful	(1 410)	(338)
Other receivables written off	122	57
Recoveries and reversals of other receivables for which collection was previously considered doubtful	93	111
Allowance at 31 December	(2 676)	(1 481)

Note 6

Operating fund advances, prepayments and other assets

(a) Operating fund advances

Outstanding operating fund advances by implementing partner category as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Governments	4 766	5 317
Intergovernmental institutions and non-governmental organizations	5 558	5 476
United Nations organizations	9 515	7 506
Less: allowance for doubtful advances	(1 150)	(541)
Total	18 689	17 758

The movements in the allowance for doubtful operating fund advances were as follows:

(Thousands of United States dollars)

	2021	2020
Allowance at 1 January	(541)	(493)
Advances for which collection is now considered doubtful	(676)	(50)
Advances written off	56	1
Recoveries and reversals for advances for which collection was previously considered doubtful	11	1
Allowance at 31 December	(1 150)	(541)

(a) Prepayments and other assets

Prepayments and other assets as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current		
Deferred programme costs	1 350	1 552
Unamortized education grant benefits	3 744	3 500
Prepayment of contributions to the resident coordinator system	3 870	4 607
Other prepayments	7 264	7 006
Total current	16 228	16 665
Non-current		
Other assets	23	18
Total non-current	23	18
Total prepayments and other assets	16 251	16 683

Note 7**Inventories**

Inventories held by UNFPA as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Reproductive health and other programme-related supplies:	75 347	86 598
In transit	43 464	54 859
In stock	31 883	31 739
Property, plant and equipment-like inventories in transit	3 589	5 658
Provisions for impairment losses	(659)	–
Total	78 277	92 256

Inventory movements were as follows:

(Thousands of United States dollars)

	<i>2021</i>	<i>2020</i>
Inventories held as at 1 January	92 256	70 267
Additions	198 622	262 242
Issues	(211 703)	(239 822)
Provisions for impairment losses	(659)	–
Inventory adjustments and write-downs	(239)	(431)
Inventories held as at 31 December	78 277	92 256

Note 8 Property, plant and equipment

Property, plant and equipment (or fixed assets) movements and balances were as follows:

(Thousands of United States dollars)

	<i>Land</i>		<i>Buildings</i>		<i>Furniture and fixtures</i>		<i>Information and communications technology equipment</i>		<i>Vehicles</i>		<i>Leasehold improvements</i>		<i>Assets under construction and not yet available for use</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cost																
As at 1 January	227	227	13 492	13 417	4 669	4 933	21 740	20 291	35 584	32 972	8 797	8 140	1 526	2 003	86 035	81 983
Additions	–	–	19	80	361	217	3 002	2 587	2 993	2 720	872	496	659	1 482	7 906	7 582
Disposals	–	–	–	–	(321)	(432)	(2 276)	(1 382)	(3 588)	(1 523)	(377)	(43)	–	–	(6 562)	(3 380)
Impairment reversal/(impairment)	–	–	–	–	–	–	–	–	27	(27)	–	–	–	–	27	(27)
Adjustments/reclassifications	–	–	(4)	(5)	(261)	(49)	298	244	868	1 442	212	204	(1 223)	(1 959)	(110)	(123)
As at 31 December	227	227	13 507	13 492	4 448	4 669	22 764	21 740	35 884	35 584	9 504	8 797	962	1 526	87 296	86 035
Accumulated depreciation																
As at 1 January	–	–	3 844	3 392	3 392	3 306	14 378	13 369	23 837	22 403	6 499	5 612	–	–	51 950	48 082
Depreciation charges	–	–	451	452	303	350	2 411	2 262	2 967	2 866	910	907	–	–	7 042	6 837
Disposals	–	–	–	–	(289)	(264)	(2 108)	(1 250)	(2 306)	(1 432)	(342)	(20)	–	–	(5 045)	(2 966)
Adjustments/reclassifications	–	–	–	–	(250)	–	39	(3)	–	–	211	–	–	–	–	(3)
As at 31 December	–	–	4 295	3 844	3 156	3 392	14 720	14 378	24 498	23 837	7 278	6 499	–	–	53 947	51 950
Net book value as at 1 January	227	227	9 648	10 025	1 277	1 627	7 362	6 922	11 747	10 569	2 298	2 528	1 526	2 003	34 085	33 901
Net book value as at 31 December	227	227	9 212	9 648	1 292	1 277	8 044	7 362	11 386	11 747	2 226	2 298	962	1 526	33 349	34 085

Assets under construction and not yet available for use pertain primarily to property, plant and equipment items in transit to field locations as at the reporting date. Most fixed assets under construction and not yet available for use as at the end of 2020 were placed in service in 2021 and are presented in their respective categories.

UNFPA occupies one office building under a commercial finance lease arrangement. Its net book value as at the end of 2021 was \$0.5 million.

The value of outstanding commitments for fixed assets procured for use by UNFPA and implementing partners as at 31 December 2021 was \$0.5 million (2020: \$0.5 million). As at 31 December 2021, the cost of fully depreciated property, plant and equipment items which were still in use amounted to \$29.6 million (2020: \$29.3 million).

Note 9 Intangibles

Intangible assets movements and balances were as follows:

(Thousands of United States dollars)

	<i>Software acquired separately</i>		<i>Software developed internally</i>		<i>Intangible assets under development</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Cost								
As at 1 January	746	642	1 265	857	1 892	724	3 903	2 223
Additions	133	142	–	331	3 378	1 245	3 511	1 718
Disposals	(64)	(38)	–	–	–	–	(64)	(38)
Impairment	–	–	–	–	(379)	–	(379)	–
Adjustments/reclassifications	–	–	19	77	–	(77)	19	–
As at 31 December	815	746	1 284	1 265	4 891	1 892	6 990	3 903
Accumulated amortization								
As at 1 January	627	632	864	673	–	–	1 491	1 305
Amortization charges	60	33	86	191	–	–	146	224
Disposals	(33)	(38)	–	–	–	–	(33)	(38)
As at 31 December	654	627	950	864	–	–	1 604	1 491
Net book value as at 1 January	119	10	401	184	1 892	724	2 412	918
Net book value as at 31 December	161	119	334	401	4 891	1 892	5 386	2 412

Intangible assets under development capitalized in 2021 include \$2.8 million for a television series produced to raise awareness, especially among youth, on contraception and sexual health. The series is intended for wide broadcasting, including through streaming services, following its completion, currently scheduled for 2022.

In addition to recognized intangible assets, UNFPA uses other intangible items under its control that do not meet the recognition criteria of IPSAS 31: Intangible assets, and UNFPA accounting policies. These items include: (a) the business intelligence and analytics platform for financial, programme and other management data analysis and reporting; (b) the messaging and collaboration platform providing access to various applications such as email, calendar, file storage and other functionalities; and (c) the document management system.

UNFPA is in the process of implementing new, functionally integrated, cloud-based enterprise resource planning and customer relationship management solutions, as from 2022, as part of a consortium with other United Nations organizations. In 2021, UNFPA spent \$11.8 million on both initiatives; none of the costs incurred met the capitalization criteria and were expensed during the year (2020: \$6.4 million). An additional \$0.7 million in research costs were incurred for other projects and expensed in 2021 (2020: \$0.1 million).

As at 31 December 2021, UNFPA had material commitments of \$0.3 million for purchases of intangible assets (2020: nil). The cost of fully amortized intangible assets, still in use by the end of 2021, amounted to \$1.4 million (2020: \$1.5 million), corresponding primarily to the licence for a suite of office productivity applications and internally generated applications.

Note 10
Accounts payable and accruals

Accounts payable and accruals as at the reporting date were as follows:

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Accounts payable	16 251	23 483
Accrued liabilities	28 178	30 879
Advances for procurement activities	28 344	17 933
Inter-fund balance payable to United Nations organizations	102	94
Funds held on behalf of joint programmes	15 762	33 047
Reimbursements due to implementing partners and payables on their behalf	20 721	22 282
Payables for purchases of investment portfolio securities	234	1 420
Refunds due to donors	8 046	7 015
Total	117 638	136 153

Funds held on behalf of joint programmes reflect contributions received and administered by UNFPA in its capacity of administrative agent for programme activities to be implemented in conjunction with other United Nations organizations and to be distributed based on an agreed programme of work.

Reimbursements due to implementing partners and payables on their behalf primarily reflect costs incurred for the implementation of programme activities not yet disbursed by UNFPA, or payables for new operating fund advances.

Note 11
Finance leases

As at 31 December 2021, UNFPA had one finance lease agreement for an office building in one programme country. In 2021, UNFPA did not make any leasing payments for those premises, as its obligations under the agreement were fulfilled in previous years.

Note 12
Employee benefits

Employee benefits liabilities as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current		
Short-term employee benefits		
Accumulated annual leave	35 901	33 113
Accumulated home leave	3 917	3 681
Post-employment and other long-term employee benefits		
Repatriation benefits (inactive staff) ^a	272	768
Repatriation benefits (active staff)	4 228	3 029
After-service health insurance	4 246	4 111
Workers' compensation	53	22
Total current	48 617	44 724
Non-current		
Post-employment and other long-term employee benefits		
Repatriation benefits (active staff)	33 087	32 886
After-service health insurance	362 836	348 733
Workers' compensation	1 125	534
Total non-current	397 048	382 153
Total employee benefits liabilities	445 665	426 877

^a Inactive staff are those who had already separated from UNFPA as at the reporting date.

Short-term employee benefits

Short-term employment benefits provided by UNFPA to its staff in line with the United Nations Staff Regulations and Rules include annual and home leave.

Accumulated annual leave

This liability represents the amount of annual leave days accrued by staff members as at the reporting date, which can be utilized as compensated time in future periods. The liability is accrued as service is rendered based on effective daily salary rates, without discounting. The maximum of 82.5 days that can normally be accumulated by a staff member as at 31 December of any calendar year was exceptionally increased to 97.5 days in 2021, in recognition of the negative impact of the COVID-19 pandemic on the ability of staff to take leave.

Accumulated home leave

This liability represents the accumulated amount as at the reporting date of anticipated travel costs for eligible staff and their dependants for their next home leave. It is accrued as service is rendered, is not discounted and cannot be compensated upon end of service. In 2020, UNFPA increased the maximum quantity of home leave points that can be carried forward from 40 points to 72 points, in recognition of the negative impact of the COVID-19 pandemic on the ability of staff to take leave.

Post-employment and other long-term employee benefits

In line with the United Nations Staff Regulations and Rules, UNFPA staff members are provided with repatriation, after-service health insurance and workers' compensation benefits.

Repatriation benefits

Internationally recruited staff members meeting certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation grants, which are based upon length of service, travel and removal expenses.

Repatriation benefits are classified as a defined benefit plan. The liability is recognized for all staff members meeting minimum eligibility criteria, from the date of hire, even if the benefits are not yet vested.

A separate liability is established in the actual amounts due to be paid to inactive staff members already separated from UNFPA who have not claimed their entitlements as at the reporting date.

After-service health insurance

Staff members, and their eligible dependants, may elect to participate in a UNFPA-subsidized health insurance plan upon the end of service, provided they have met certain eligibility requirements, including 10 years of participation in a contributory health insurance plan of the United Nations for staff members recruited after 1 July 2007 and 5 years for those recruited prior to this date.

This benefit is referred to as the after-service health insurance and is provided primarily through the United States-based insurance plans and the worldwide health insurance plan, both administered by the United Nations, and the Medical Insurance Plan, administered by UNDP.

After-service health insurance is classified as a defined benefit plan. The liability is recognized for all staff members meeting minimum eligibility criteria, from the date of hire, even if the benefits are not yet vested.

Workers' compensation

In accordance with Appendix D to the United Nations Staff Rules, UNFPA staff members are entitled to receive compensation in the event of death, disability, injury or illness attributable to the performance of official duties.

This benefit, classified as "other long-term employee benefit" and accounted similarly to a defined benefit plan, is only recognized as a liability upon occurrence of events that will result in compensation payments.

Measurement of post-employment and other long-term employee benefits

Net defined benefit liabilities for post-employment and other long-term employee benefits obligations are measured by independent actuaries using the projected unit credit method.

The liability amounts are estimated by discounting future cash flows required to settle the obligation, based on census data of employees meeting minimum eligibility criteria, using certain financial, demographic and behavioural assumptions, including discount and health-care cost trend rates, annual salary increases, travel cost increases, cost-of-living adjustments, retiree payments, mortality, withdrawal and retirement projections, scheme enrolment assumptions and probability of marriage at retirement.

UNFPA normally performs a full actuarial valuation every two years. In the year when a full valuation is not performed, liability amounts are established through the roll-forward of the previous-year census data, including the review and update of key assumptions.

Resources set aside by UNFPA for funding employee benefits liabilities (see the section on funding below for more details) do not qualify as plan assets under IPSAS 39: Employee benefits, because such funds are not held in a trust that is legally separate from UNFPA and which was set up solely to pay or fund the employee benefits. Therefore, liabilities for post-employment and other long-term employee benefits are equal to the present value of the related defined benefit obligations.

2021 actuarial valuation

Summary of main assumptions

The post-employment employee benefits liabilities as at 31 December 2021 were established on the basis of the results of a full actuarial valuation.

Key assumptions used for the valuation purposes were as follows:

(Percentage)

	<i>After-service health insurance</i>		<i>Repatriation benefits (active staff)</i>		<i>Workers' compensation</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Single equivalent discount rate	3.30	3.13	2.68	2.12	2.78	2.42
Annual salary increase			3.97–9.27	3.47–9.27		
Travel cost increase			2.50	2.20		
Cost-of-living adjustment					2.50	2.00

The discount rates were set on the basis of the market yields on high-quality corporate bonds with maturity dates approximating the terms of future payments. Annual salary increase and cost-of-living adjustment assumptions were consistent with those used by the United Nations Joint Staff Pension Fund for the actuarial valuation of pension benefits. Travel cost increases were projected based on a United States long-term inflation assumption.

The health-care cost trend rates used for measurement of the after-service health insurance liability were as follows:

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

Per capita medical claims costs were estimated on the basis of actual claims and enrolment experience for the period 2016–2018 provided by the third-party administrators.

Estimated payments of plan participants towards after-service health insurance costs were deducted from the net liability amount by applying the following cost-sharing ratios approved by the General Assembly:

(Percentage)

<i>Plan</i>	<i>By retiree</i>	<i>By organization</i>
United States-based plans	33.00	67.00
Worldwide health insurance plan	50.00	50.00
Medical Insurance Plan	25.00	75.00

Mortality, withdrawal and retirement projections used for measurement of the after-service health insurance liability were consistent with those used by the United Nations Joint Staff Pension Fund for actuarial valuation of pension benefits. Scheme enrolment, probability of marriage at retirement and age difference between spouses were estimated based on historic trends.

2021 actuarial valuation results

The reconciliation of opening and closing balances for post-employment and other long-term employee benefits liabilities is provided in the table below:

(Thousands of United States dollars)

	<i>After-service health insurance (net)</i>	<i>Repatriation benefits (active staff)</i>	<i>Workers' compensation</i>	<i>2021</i>	<i>2020</i>
As at 1 January	352 844	35 915	556	389 315	341 702
Current service cost	15 880	2 403	81	18 364	16 145
Net interest	10 974	745	5	11 724	11 997
Benefits paid	(3 910)	(1 399)	(79)	(5 388)	(5 767)
Actuarial (gains)/losses arising from:					
Changes in financial assumptions	(1 847)	(872)	19	(2 700)	27 068
Changes in demographic assumptions	1 049	(14)	–	1 035	6
Experience adjustments	(7 908)	537	596	(6 775)	(1 836)
As at 31 December	367 082	37 315	1 178	405 575	389 315

The current service cost for after-service health insurance and repatriation benefits is the increase in the liability amounts resulting from employee service in the current period. The current service cost for workers' compensation reflects the addition of current year events and changes to the compensation plan.

Net interest reflects the increase in the liability amounts resulting from future employee benefits being closer to settlement. Both current service costs and net interest are recognized in surplus or deficit for the year.

Benefits paid reflect the employer share of health insurance premiums and the repatriation benefits and workers' compensation benefits paid by UNFPA during the year. They are recorded as reductions to the liability. Differences between actual and actuarially estimated benefits paid are classified as a remeasurement of the net defined benefit liability arising from experience adjustments and are recognized in net assets.

Based on actuarial estimates, benefits to be paid by UNFPA during the next reporting period will amount to \$4.4 million for after-service health insurance, \$4.3 million for repatriation benefits and \$0.05 million for workers' compensation benefits.

Actuarial gains and losses represent the changes in the present value of the obligation amounts due to changes in financial and demographic assumptions and experience adjustments (differences between the previous actuarial assumptions and what has actually occurred).

Actuarial gains and losses on post-employment benefits are recognized in net assets. In 2021, an actuarial gain was recorded owing to the increase in the discount rates used and updates to pre- and post-retirement mortality tables, offset in part by losses from higher health-care cost trend rates and travel cost increase rates caused by rising inflation. Changes in the accumulated actuarial gains and losses were as follows:

(Thousands of United States dollars)

	<i>After-service health insurance (net)</i>	<i>Repatriation benefits (active staff)</i>	<i>Total</i>
As at 31 December 2020	55 820	16 288	72 108
(Gain) for current period	(8 706)	(349)	(9 055)
As at 31 December 2021	47 114	15 939	63 053

Actuarial gains and losses on workers' compensation are recognized in surplus or deficit for the year. The actuarial loss recorded in 2021 originated primarily from the addition of a new claimant with a large benefit to the liability.

The present value of the after-service health insurance liability as at the reporting date, both gross and net of payments by plan participants, was as follows:

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Gross liability	564 094	542 736
Offset from payments made by plan participants	(197 012)	(189 892)
Net liability	367 082	352 844

The weighted average duration of the defined benefit obligations as at 31 December 2021 was 23 years for after-service health insurance, 9 years for repatriation benefits and 14 years for workers' compensation (2020: 23 years, 9 years and 15 years respectively).

Sensitivity analysis

The valuation of post-employment and other long-term employee liabilities is sensitive to variations in key assumptions such as the discount and health-care cost trend rates. The table below demonstrates the impact that a 0.50 per cent change in the single equivalent discount rate or health-care cost trend rate would have on the net defined benefit liability amounts and combined annual service and net interest costs (all other assumptions remaining constant):

(Thousands of United States dollars)

	<i>After-service health insurance</i>			<i>Workers' compensation liability</i>
	<i>Year-end liability</i>	<i>Sum of service and net interest costs</i>	<i>Repatriation benefits liability (active staff)</i>	
Single equivalent discount rate				
0.50 per cent increase	(38 066)		(1 327)	(67)
0.50 per cent decrease	44 314		1 426	74
Health-care cost trend rate				
0.50 per cent increase	42 686	4 192		
0.50 per cent decrease	(37 113)	(3 557)		
Cost-of-living adjustment rate				
0.50 per cent increase				66
0.50 per cent decrease				(79)

Funding for employee benefits liabilities

Funding allocated for employee benefits liabilities in 2021 amounted to \$41.5 million (2020: \$58.5 million), as detailed below:

(a) Net investment revenue and gains of \$21.6 million generated by funds set aside for funding of employee benefits liabilities (2020: \$34.2 million);

(b) Payroll charges for after-service health insurance (net of premium payments), repatriation benefits, annual leave and home leave of \$19.9 million (2020: \$24.3 million).

As at 31 December 2021, the unfunded portion of after-service health insurance and other employee benefits liabilities amounted to \$39.7 million (2020: \$62.4 million), as detailed below:

(Thousands of United States dollars)

<i>Employee benefits liabilities</i>	<i>Accrued liability</i>	<i>Funded liability</i>	<i>Unfunded liability</i>
After-service health insurance	367 082	340 605	26 477
Repatriation benefits	37 587	25 667	11 920
Annual leave	35 901	35 901	–
Home leave	3 917	3 917	–
Workers' compensation	1 178	(150)	1 328
Total	445 665	405 940	39 725

Changes in the unfunded liabilities were as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>		<i>31 December 2021</i>	
	<i>Unfunded liability</i>	<i>Increase/(decrease) in liability</i>	<i>Net increase/(decrease) in funding</i>	<i>Unfunded liability</i>
After-service health insurance	44 376	14 238	32 137	26 477
Repatriation benefits	17 427	904	6 411	11 920
Annual leave	–	2 788	2 788	–

	31 December 2020			31 December 2021
	Unfunded liability	Increase/(decrease) in liability	Net increase/(decrease) in funding	Unfunded liability
Home leave	–	236	236	–
Workers' compensation	627	622	(79)	1 328
Total	62 430	18 788	41 493	39 725

Pension benefits

UNFPA 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 its Regulations, membership in the Pension 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.

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

The Regulations of the Pension Fund state that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

The financial obligation of UNFPA to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly, currently at 7.9 per cent for participants and 15.8 per cent for participating organizations, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following the determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date.

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

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

After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2019, for

deficiency payments under article 26 of the Regulations of the Pension Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of preparation of these financial statements, the General Assembly had not invoked the provision of article 26.

Should article 26 be invoked owing to an actuarial deficiency, either during the ongoing operation or owing to the termination of the Pension Fund, the deficiency payments required from participating organizations would be proportionate to their contributions paid during the three years preceding the valuation date. Total contributions paid to the Pension Fund during the preceding three years (2018, 2019 and 2020) amounted to \$7,993.2 million, of which \$110.8 million (1.4 per cent) was contributed by UNFPA.

During 2021, contributions paid to the Pension Fund by UNFPA amounted to \$42.3 million (2020: \$40.0 million). Estimated contributions to be paid in 2022 are not expected to be materially different from these amounts.

Membership in the Pension Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Pension Fund at the date of termination shall be paid to the former participating organizations for the exclusive benefit of their staff who were participants in the Pension Fund at that date, pursuant to arrangements mutually reached between the organizations and the Pension Fund. The amount is determined by the Pension Board based on an actuarial valuation of the assets and liabilities of the Pension Fund on the date of termination; no part of the assets that are in excess of the liabilities will be included in the amount.

The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board and the General Assembly on the audit every year. The Pension Fund publishes quarterly reports on its investments, which are available at www.unjspf.org. <http://www.unjspf.org/>

Note 13

Other current and non-current liabilities and deferred revenue

Other current and non-current liabilities and deferred revenue as at the reporting date were as follows:

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current		
Other current liabilities	5 386	15 827
Deferred revenue	5 260	13 231
Derivative liabilities	121	157
Total current	10 767	29 215
Non-current		
Deferred revenue	3 485	3 652
Total non-current	3 485	3 652
Total other liabilities and deferred revenue	14 252	32 867

Bridge funding previously provided by one donor for the procurement of reproductive health commodities ahead of the receipt of the contributions earmarked for that purpose, presented as part of other current liabilities as at 31 December 2020, was utilized in 2021 to offset contributions receivable due from this donor that were not paid following the donor decision to reduce funding to UNFPA as from 2021.

Deferred revenue includes the unamortized portion of the donated right to use premises (finance lease-similar) (\$3.6 million, most of which are classified as non-current), and contributions to regular and other resources received in advance or due for reimbursement to UNFPA following the incurrence of qualifying costs (\$5.1 million).

Note 14
Unearmarked resources – movements in reserves and fund balances

Movements in unearmarked resources reserves and fund balances were as follows:

(Thousands of United States dollars)

	Undesignated funds			Designated funds					Reserves			2021	2020	
	Programmable fund balance	After-service health insurance and employee benefits fund	Procurement services	Excess cost-recovery	Comprehensive resources review	Information and communications technology Transformation	Programme continuity fund	Private endowment trust	Total fund balances	Operational reserve	Humanitarian response reserve	Reserve for field accommodation	Total reserves and fund balances	Total reserves and fund balances
	(Note 14 (a))	(Note 14 (b))	(Note 14 (c))	(Note 14 (d))	(Note 14 (e))	(Note 14 (f))	(Note 14 (g))	(Note 14 (h))	(Note 14 (i))	(Note 14 (j))	(Note 14 (k))			
Balance as at 1 January	201 661	(62 430)	5 999	26 166	272	–	5 000	35 736	212 404	83 235	5 500	5 000	306 139	228 133
Net excess/(shortfall) of revenue over expenses	43 854	19 565	–	–	(212)	–	–	(760)	62 447	–	–	(469)	61 978	75 085
Resource allocations and transfers														
Operational reserve	1 032	–	–	–	–	–	–	–	1 032	(1 032)	–	–	–	–
Reserve for field accommodation	(469)	–	–	–	–	–	–	–	(469)	–	–	469	–	–
Other transfers	(20 147)	–	(673)	8 843	260	12 079	–	–	362	–	–	–	362	4 444
Adjustments to resource balances														
(Loss)/gain in fair value of investments recognized in net assets	–	(5 915)	–	–	–	–	–	–	(5 915)	–	–	–	(5 915)	23 690
Actuarial gain/(loss) on employee benefits liabilities	–	9 055	–	–	–	–	–	–	9 055	–	–	–	9 055	(25 213)
Balance as at 31 December	225 931	(39 725)	5 326	35 009	320	12 079	5 000	34 976	278 916	82 203	5 500	5 000	371 619	306 139
Net total		186 206						92 710				92 703		

Undesignated funds

Undesignated regular resources funds comprise the programmable fund balance and the after-service health insurance and employee benefits fund.

(a) Programmable fund balance

The programmable fund balance reflects regular resources available for spending on country programmes, the institutional budget, global and regional interventions, the emergency fund and other programme activities, following UNFPA resource allocation and distribution models.

As at 31 December 2021, the programmable fund balance amounted to \$225.9 million, of which \$181.2 million was available for programming in future years, after adjustments made to reflect funds required to cover future property, plant and equipment depreciation charges; expensing of inventory balances and outstanding sector-wide approach modality advances; and other internally restricted amounts.

The emergency fund was approved by the Executive Board to provide UNFPA field offices with the initial funding required to jump-start humanitarian activities before the other resources become available. The fund was allocated \$10.0 million in regular resources in 2021, same as in 2020. Of this amount, \$10.2 million was spent in 2021 (2020: \$8.2 million).

(b) After-service health insurance and employee benefits fund

This fund reflects the unfunded balance of after-service health insurance and other employee benefits liabilities as at the reporting date (see note 12).

Designated funds

Designated funds are regular resources internally earmarked by management for special purposes and thus not available for programming. They include the following:

(c) Procurement services fund

The procurement services fund reflects the surplus set aside to cover the cost of procurement activities undertaken by the Procurement Services Branch of UNFPA, on behalf of field offices, headquarters units and third-party clients. The balance has been set aside by management to ensure adequate funding of future procurement activities. In 2021, \$0.4 million procurement services charges in excess of actual costs incurred were transferred to this fund, and \$1.1 million were transferred out of the fund to programmable regular resources, referenced in the Note 14 (a).

(d) Excess cost-recovery

Cost-recoveries in excess of budgeted amounts are retained in a separate fund that is utilized by UNFPA management to cover, inter alia, those types of costs that are associated with the implementation of projects. In 2021, cost recoveries in excess of budget amounted to \$13.8 million, of which \$5.0 million was transferred to the programmable fund balance.

(e) Comprehensive resources review

The comprehensive resources review designated fund was established in 2017 to enable the continued implementation of the change management initiative launched by UNFPA management to ensure optimal alignment between the strategic plan, resource allocation and organizational structures. The fund is a continuation of a provision approved by the Executive Board (see DP/2017/2, decision 2016/10) at the midterm review of the integrated budget (see DP/FPA/2016/3). In 2021, an additional

transfer of \$0.3 million was made to this fund, while expenses for comprehensive resources review activities amounted to \$0.2 million.

(f) Information and communications technology transformation

The unspent balance of \$12.1 million from the Executive Board-approved integrated budget 2018–2021 was transferred to this designated fund at the end of 2021, to fund qualifying expenses to be incurred in subsequent years for the implementation of the enterprise resource planning platform.

(g) Programme continuity fund

In 2018, UNFPA allocated \$5.0 million to a designated fund, operating on a revolving basis, to pre-finance development programme activities ahead of the receipt of funds committed in signed co-financing agreements. The fund balance remained unchanged as at 31 December 2021.

(h) Private endowment trust fund

This fund was created through an endowment from the estate of the late Forrest E. Mars. The balance of \$35.0 million comprises the principal of \$33.7 million plus cumulative interest earned of \$10.0 million, less cumulative eligible expenses of \$8.7 million from the date the fund was created. Under the terms of the trust agreement, UNFPA is bound to reimburse proportionately the trustee or the trustee's heirs for any potential liability in the event of a valid claim against the estate.

Reserves

The following reserves were established either in accordance with UNFPA Financial Regulations and Rules or based on Executive Board decisions:

(i) Operational reserve

The purpose of the operational reserve is to provide for temporary fund deficits and to ensure the continuity of programme implementation in the event of downward fluctuations or shortfalls in resources, uneven cash flows, unplanned increases in actual costs or other contingencies. In accordance with the UNFPA Financial Regulations and Rules, the reserve balance is set at 20 per cent of annual unearmarked resources contribution revenue (excluding government contributions to local office costs and adjusted for foreign currency exchange gains/losses for associated contributions receivable).

The amount of the reserve was reduced by \$1.0 million in 2021 to adjust it to 20 per cent of regular resources contribution revenue in that year.

(j) Humanitarian response reserve

The humanitarian response reserve was established by the Executive Board to pre-finance programme activities before the funding committed in signed donor agreements is received. Throughout 2021, it was used to provide pre-financing of humanitarian activities for a total amount of \$14.5 million (2020: \$9.8 million), all of which has been reimbursed.

(k) Reserve for field accommodation

This reserve was established by the Executive Board for the purpose of financing the UNFPA share of construction costs for common premises. Qualifying expenses of \$0.5 million were charged to the reserve, and the same amount was replenished, in 2021, bringing its balance back to the \$5.0 million level approved by the Executive Board.

Note 15
Contribution revenue

Contribution revenue for the reporting period was as follows:

(Thousands of United States dollars)

	2021	2020
Unearmarked (core) contributions	412 577	416 830
Less: transfer to other revenue of income tax reimbursements	(4 679)	–
Subtotal	407 898	416 830
Contributions earmarked for:		
Co-financing	983 114	785 768
Junior Professional Officers	5 271	6 122
Contributions in kind	4 227	577
Less: refunds to donors	(6 470)	(6 200)
Less: allowance for doubtful contributions receivable	(1 192)	388
Subtotal	984 950	786 655
Total	1 392 848	1 203 485

The breakdown of unearmarked and earmarked contributions by donor is detailed in schedules A and B, respectively. Earmarked contributions in this note are presented net of UNFPA cost-recovery charges of \$58.9 million (2020: \$58.5 million), which are shown in note 16, under cost-recovery charges and fees for support services.

Note 16
Other revenue

Other revenue for the reporting period was as follows:

(Thousands of United States dollars)

	<i>Unearmarked resources</i>		<i>Earmarked resources</i>		<i>Total</i>	
	2021	2020	2021	2020	2021	2020
Cost-recovery charges and fees for support services	58 637	58 145	2 514	3 264	61 151	61 409
Investment revenue	34 030	23 880	923	2 570	34 953	26 450
(Losses)/gains on foreign currency exchange – contributions receivable ^a	–	(152)	–	15 963	–	15 811
(Losses)/gains on foreign currency exchange – others ^b	(228)	(212)	2 450	1 048	2 222	836
Premises occupancy based on donated rights to use	5 603	6 250	–	–	5 603	6 250
Income tax reimbursements	4 679	–	–	–	4 679	–
Revenue from sale of UNFPA inventories	–	–	1 790	963	1 790	963
Miscellaneous revenue	1 132	914	854	796	1 986	1 710
Total	103 853	88 825	8 531	24 604	112 384	113 429

^a In 2021, UNFPA had foreign exchange losses originating from the revaluation of contributions receivable, disclosed as other expenses in note 18.

^b (Losses)/gains on foreign currency exchange – others for 2021 correspond primarily to realized foreign currency exchange gains on accounts payable.

Cost-recovery charges and fees for support services include indirect cost-recovery charges on disbursements funded from earmarked resources, fees earned by UNFPA for performing administrative agent functions and procurement services handling fees.

Investment revenue can be further broken down as follows:

(Thousands of United States dollars)

	<i>Unearmarked resources</i>		<i>Earmarked resources</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Interest revenue	9 180	15 024	923	2 570	10 103	17 594
Dividend revenue	2 186	2 098	–	–	2 186	2 098
Realized gain on sale of investments	22 664	6 758	–	–	22 664	6 758
Total	34 030	23 880	923	2 570	34 953	26 450

Revenue and expense in the amount of \$5.6 million were recognized in 2021 (2020: \$6.3 million) for donated right-to-use arrangements equivalent to the annual rental value for similar premises (for operating lease-similar arrangements) or annual depreciation charges (for finance lease-similar arrangements).

Note 17 **Expenses by implementing agent**

Total expenses incurred during the reporting period, broken down on the basis of the implementation modality used, were as follows:

(Thousands of United States dollars)

	<i>2021</i>	<i>2020</i>
Activities implemented by:	427 977	395 741
Governments	103 012	100 446
Non-governmental organizations	305 291	285 268
United Nations organizations	19 674	10 027
Activities implemented by UNFPA	872 700	832 362
Total expenses	1 300 677	1 228 103

In 2021, 37.6 per cent of programme activities were implemented by governments and non-governmental organizations (2020: 37.5 per cent). Total expenses for programme activities are disclosed in schedule D.

Expenses incurred by UNFPA implementing partners can be further broken down on the basis of their nature as follows:

(Thousands of United States dollars)

	<i>2021</i>	<i>2020</i>
Reproductive health and other programme-related supplies	22 923	30 001
Cash assistance programmes	7 097	167
Development and training of counterparts	120 403	97 680

	2021	2020
Supplies, materials and operating costs	87 767	88 420
Staff costs and contracted services	170 968	162 026
Finance costs	474	441
Travel	17 682	16 952
Other expenses	663	54
Total expenses	427 977	395 741

Note 18
Expenses by nature

Total expenses incurred during the reporting period, broken down on the basis of their nature, were as follows:

(Thousands of United States dollars)

	2021	2020
Staff costs		
Staff salaries	200 925	189 621
Pension contributions	42 277	40 008
Other employee benefit costs	91 886	91 145
Subtotal, staff costs	335 088	320 774
Reproductive health and other programme-related supplies		
Reproductive health supplies	198 800	213 221
Other programme-related supplies	33 980	48 229
Subtotal, reproductive health and other programme-related supplies	232 780	261 450
Cash assistance programmes	7 679	289
Subtotal, cash assistance programmes	7 679	289
Development and training of counterparts	137 807	108 293
Subtotal, development and training of counterparts	137 807	108 293
Supplies, materials and operating costs		
Supplies and materials	27 421	34 965
Rent, repairs and maintenance	52 435	50 636
Printing, publications and media	33 918	33 568
Transportation and distribution	44 371	45 507
Other operating costs	58 272	55 954
Subtotal, supplies, materials and operating costs	216 417	220 630
Contracted and professional services		
Contracted and professional services with individuals	225 133	204 358
Contracted and professional services with companies	64 914	59 274
United Nations Volunteers expenses	7 539	5 971
Subtotal, contracted and professional services	297 586	269 603

	2021	2020
Finance costs (mainly bank charges)	1 123	1 433
Subtotal, finance costs	1 123	1 433
Travel	36 305	29 971
Subtotal, travel	36 305	29 971
Depreciation and amortization		
Depreciation	7 042	6 837
Amortization	146	224
Subtotal, depreciation and amortization	7 188	7 061
Impairment losses and reversals of impairment losses	422	68
Subtotal, impairment and reversals of impairment losses	422	68
Other expenses		
Premises occupied based on donated right to use	5 423	6 069
Transfers and losses on disposal of property, plant and equipment and intangible assets	1 054	85
Losses on foreign currency exchange – contributions receivable ^a	14 679	–
Losses on foreign currency exchange – others	3 096	1 108
Doubtful accounts expenses and write-offs	3 507	723
Other	523	546
Subtotal, other expenses	28 282	8 531
Total expenses	1 300 677	1 228 103

^a Losses on foreign currency exchange – contributions receivable for 2021 correspond primarily to the revaluation of contributions receivable account balances. In 2020, UNFPA had foreign currency exchange gains on these assets, disclosed as other revenue in note 16.

Note 19

Programme activities and institutional budget expenses by region and country/territory

Programme activities and institutional budget expenses incurred during the reporting period at the country, regional and global levels, were as follows:

(Thousands of United States dollars)

	Programme activities			Total	
	Unearmarked	Earmarked	Institutional budget	2021	2020
Eastern and Southern Africa					
Country/territory activities					
Angola	1 955	1 437	1 053	4 445	3 367
Botswana	560	584	279	1 423	1 252
Burundi	1 857	2 254	866	4 977	5 333
Comoros	1 027	450	123	1 600	900
Democratic Republic of the Congo	6 673	20 200	1 213	28 086	29 530

	<i>Programme activities</i>			<i>Total</i>	
	<i>Unearmarked</i>	<i>Earmarked</i>	<i>Institutional budget</i>	<i>2021</i>	<i>2020</i>
Eritrea	1 152	80	419	1 651	1 714
Eswatini	849	560	360	1 769	1 607
Ethiopia	5 221	16 157	1 031	22 409	18 434
Kenya	3 397	3 465	1 074	7 936	10 524
Lesotho	786	647	606	2 039	2 107
Madagascar	3 981	3 887	762	8 630	7 259
Malawi	2 566	13 591	815	16 972	20 721
Mauritius	150	110	–	260	137
Mozambique	3 777	19 063	1 159	23 999	20 405
Namibia	850	678	552	2 080	2 519
Rwanda	951	2 408	743	4 102	4 339
Seychelles	80	–	–	80	39
South Africa	1 295	1 239	560	3 094	3 220
South Sudan	3 102	17 667	1 903	22 672	19 882
Uganda	3 662	20 356	927	24 945	19 286
United Republic of Tanzania	3 928	13 432	1 041	18 401	13 287
Zambia	1 893	8 177	736	10 806	8 704
Zimbabwe	2 005	12 975	1 032	16 012	19 031
Subtotal	51 717	159 417	17 254	228 388	213 597
Regional activities	3 417	5 735	3 942	13 094	10 448
Total	55 134	165 152	21 196	241 482	224 045
Western and Central Africa					
Country/territory activities					
Benin	1 666	5 596	754	8 016	5 660
Burkina Faso	2 721	10 155	739	13 615	11 620
Cabo Verde	598	115	356	1 069	1 147
Cameroon	2 914	7 522	808	11 244	11 148
Central African Republic	2 124	2 412	1 251	5 787	4 847
Chad	2 938	5 179	891	9 008	7 594
Congo	1 248	1 084	818	3 150	3 651
Côte d'Ivoire	3 078	7 067	1 068	11 213	14 481
Equatorial Guinea	486	1 012	355	1 853	1 961
Gabon	413	621	576	1 610	1 630
Gambia (the)	890	2 488	314	3 692	3 073
Ghana	2 825	4 323	1 044	8 192	9 125
Guinea	2 553	5 000	946	8 499	5 990
Guinea-Bissau	1 092	1 161	577	2 830	2 284
Liberia	1 199	6 654	798	8 651	8 615
Mali	2 696	14 917	1 141	18 754	16 170
Mauritania	1 265	999	666	2 930	3 669
Niger	2 918	19 308	702	22 928	17 206
Nigeria	5 526	19 788	1 061	26 375	24 872

	Programme activities			Total	
	Unearmarked	Earmarked	Institutional budget	2021	2020
Sao Tome and Principe	540	143	217	900	925
Senegal	2 220	5 332	708	8 260	9 915
Sierra Leone	1 550	7 399	725	9 674	9 216
Togo	1 767	3 164	713	5 644	4 367
Subtotal	45 227	131 439	17 228	193 894	179 166
Regional activities	3 720	6 102	2 608	12 430	12 165
Total	48 947	137 541	19 836	206 324	191 331
Arab States					
Country/territory activities					
Algeria	361	148	190	699	728
Djibouti	598	871	260	1 729	1 698
Egypt	1 566	11 807	531	13 904	12 060
Iraq	2 044	22 825	1 385	26 254	24 062
Jordan	808	10 309	158	11 275	11 358
Lebanon	1 100	5 525	530	7 155	6 461
Libya	1 280	4 725	843	6 848	4 997
Morocco	1 187	1 039	638	2 864	3 615
Oman	216	940	275	1 431	1 624
Somalia	2 288	24 098	1 038	27 424	21 827
State of Palestine	1 871	5 453	935	8 259	6 501
Sudan	4 034	12 431	1 213	17 678	21 348
Syrian Arab Republic	2 267	27 078	1 118	30 463	34 162
Tunisia	543	710	111	1 364	1 346
Yemen	4 729	45 730	1 077	51 536	72 474
Subtotal	24 892	173 689	10 302	208 883	224 261
Regional activities	3 049	2 912	2 809	8 770	7 780
Total	27 941	176 601	13 111	217 653	232 041
Asia and the Pacific					
Country/territory activities					
Afghanistan	5 209	8 471	1 595	15 275	14 607
Bangladesh	4 589	45 895	883	51 367	38 162
Bhutan	587	–	44	631	1 044
Cambodia	1 830	780	571	3 181	2 854
China	1 671	790	1 164	3 625	3 575
Democratic People's Republic of Korea	768	31	491	1 290	1 458
India	5 767	3 143	705	9 615	8 726
Indonesia	2 951	4 159	662	7 772	7 205
Iran (Islamic Republic of)	1 409	2 647	676	4 732	1 865
Lao People's Democratic Republic	1 144	1 561	824	3 529	3 782

	Programme activities			Total	
	Unearmarked	Earmarked	Institutional budget	2021	2020
Malaysia	422	—	65	487	869
Maldives	327	274	142	743	529
Mongolia	926	2 104	429	3 459	3 223
Myanmar	2 170	12 120	913	15 203	13 460
Nepal	3 165	5 434	905	9 504	9 276
Pacific Islands (multi-country)a	2 584	8 639	1 078	12 301	10 409
Pakistan	5 152	8 262	880	14 294	11 028
Papua New Guinea	1 586	3 373	805	5 764	4 163
Philippines	3 656	3 848	776	8 280	8 373
Sri Lanka	900	1 131	258	2 289	2 090
Thailand	538	327	379	1 244	1 241
Timor-Leste	997	1 347	748	3 092	2 531
Viet Nam	2 867	4 839	829	8 535	5 321
Subtotal	51 215	119 175	15 822	186 212	155 791
Regional activities	5 173	2 437	4 049	11 659	11 809
Total	56 388	121 612	19 871	197 871	167 600
Latin America and the Caribbean					
Country/territory activities					
Argentina	356	649	40	1 045	849
Bolivia (Plurinational State of)	1 218	1 944	660	3 822	4 277
Brazil	1 835	1 156	596	3 587	3 494
Caribbean (multi-country) ^b	1 959	2 103	922	4 984	4 500
Chile	147	—	—	147	156
Colombia	1 925	2 624	524	5 073	4 043
Costa Rica	479	153	160	792	886
Cuba	562	172	137	871	1 029
Dominican Republic	825	403	233	1 461	1 428
Ecuador	1 159	1 101	614	2 874	2 353
El Salvador	876	1 770	610	3 256	4 025
Guatemala	1 408	1 889	843	4 140	4 465
Haiti	2 070	9 483	1 375	12 928	13 300
Honduras	982	2 900	582	4 464	4 785
Mexico	1 359	3 587	511	5 457	4 322
Nicaragua	852	1 505	580	2 937	2 011
Panama	551	296	176	1 023	1 235
Paraguay	782	625	336	1 743	1 354
Peru	1 066	471	541	2 078	3 282
Uruguay	787	787	371	1 945	1 322
Venezuela (Bolivarian Republic of)	1 213	1 232	530	2 975	4 413
Subtotal	22 411	34 850	10 341	67 602	67 529

	Programme activities			Total	
	Unearmarked	Earmarked	Institutional budget	2021	2020
Regional activities	3 900	2 048	3 327	9 275	9 037
Total	26 311	36 898	13 668	76 877	76 566
Eastern Europe and Central Asia					
Country/territory activities					
Albania	709	637	192	1 538	1 460
Armenia	669	387	174	1 230	1 711
Azerbaijan	639	761	223	1 623	1 232
Belarus	425	727	132	1 284	1 033
Bosnia and Herzegovina	708	1 157	463	2 328	2 358
Georgia	628	795	170	1 593	1 611
Kazakhstan	593	680	446	1 719	1 957
Kosovo	634	483	162	1 279	1 000
Kyrgyzstan	1 083	948	146	2 177	2 546
North Macedonia	275	298	133	706	505
Republic of Moldova	810	1 721	460	2 991	2 902
Serbia	502	95	197	794	690
Tajikistan	933	1 580	130	2 643	2 484
Türkiye	1 267	21 944	534	23 745	33 826
Turkmenistan	503	589	215	1 307	1 342
Ukraine	1 133	6 717	680	8 530	4 970
Uzbekistan	1 035	2 103	535	3 673	1 880
Subtotal	12 546	41 622	4 992	59 160	63 507
Regional activities	3 520	1 986	2 417	7 923	6 943
Total	16 066	43 608	7 409	67 083	70 450
Global programme and other headquarters activities	18 429	155 818	91 606	265 853	243 619
Total programme and institutional budget	249 216	837 230	186 697	1 273 143	1 205 652

^a The Pacific Islands multi-country programme implements programme activities in the following countries and territories: Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu.

^b The Caribbean multi-country programme, English- and Dutch-speaking, implements programme activities in the following countries and territories: Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Netherlands Antilles (Aruba, Curaçao and Saint Maarten), Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos Islands.

Corporate expenses amounting to \$27.5 million are excluded from the table above, as due to their nature, they cannot be assigned to any specific country or region. Schedule D provides a breakdown by nature of total programme activities and institutional budget expenses referenced above.

Note 20 Provisions, contingent assets and contingent liabilities

As at 31 December 2021, UNFPA did not have any material provisions.

Contingent assets include contributions from signed donor agreements that do not meet the revenue recognition criteria as at the reporting date. As at 31 December 2021, these contingent assets amounted to \$478.4 million (2020: \$826.8 million), of which \$124.9 million related to earmarked resources (2020: \$615.9 million). Those contributions will be recognized in future periods when revenue recognition criteria are met.

As at 31 December 2021, UNFPA had a limited number of contingent liabilities that represented ongoing legal and administrative law claims. The total potential outflow for such claims as at 31 December 2021 was estimated at \$3.4 million (2020: \$2.1 million). Owing to the uncertainty of their outcomes, neither a liability nor a provision was recorded as at the reporting date, as the occurrence and timing of outflows is not certain. UNFPA does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on its financial position, performance or cash flows.

Note 21

Related parties disclosures

Relevant transactions with key management personnel were as follows:

(Thousands of United States dollars)

	Key management personnel				Total remuneration
	Number of individuals	Compensation and post adjustment	Other entitlements	Pension plan and health benefits	
2021	22	4 865	1 311	1 003	7 179
2020	24	4 847	1 482	1 023	7 352

The aggregate remuneration paid to key management personnel includes salaries, post adjustment, entitlements such as representation and other allowances, assignment and other grants, rental subsidies, shipment costs and employer pension and current health insurance contributions.

Key management personnel are also eligible for post-employment benefits at the same level as other employees and are ordinary members of the United Nations Joint Staff Pension Fund. The present value of the accrued liabilities for after-service health insurance and repatriation benefits for key management personnel as at 31 December 2021 was estimated at \$7.6 million (2020: \$8.6 million).

There were no loans or advances granted to key management personnel and their close family members that were not available to other categories of staff in accordance with the United Nations Staff Rules.

Note 22

Events after the reporting date

The UNFPA reporting date is 31 December 2021. In accordance with the UNFPA Financial Regulations and Rules, these financial statements were signed and submitted to the Board of Auditors by the Executive Director by 30 April 2022.

The impact of the COVID-19 pandemic on UNFPA assets, liabilities, revenue, expenses and cash flows during the reporting period and as at the reporting date are reflected in these financial statements. The impact of the pandemic on future periods cannot be reliably measured or assessed at this time and will be disclosed in the financial statements for these periods.

In April 2022, a major donor announced potential reductions in future development assistance contributions due to a change in its assistance priorities in reaction to evolving crises in 2022. At the time of authorizing these financial statements for issuance, UNFPA was not in a position to reliably estimate the impact of any reductions in funding from this donor on its programme delivery and operational activities, including whether they could affect the collection of contributions receivable of \$30.3 million as at 31 December 2021.

UNFPA continues to actively manage the above-mentioned and other risks to which it is now exposed, and has no reason to believe it will not continue to operate as a going concern.

There were no other material events, favourable or unfavourable, that occurred between the reporting date and the date on which the financial statements were authorized for issuance that would have affected the financial statements.

Note 23

Presentation of budget information and comparison between actual amounts on a budget comparable basis and actual amounts reported in the financial statements

Statement V provides a comparison between the original budget, the final budget and the actual expenses incurred during 2021, presented on a budgetary comparable accounting basis. Differences between the original and the final budget are due to elements that become known to management in the course of the year, such as final projections of regular contributions to be received and prior-year distributable fund balances. Differences between the final budget and budget utilization amounts are due to underutilization of internally allocated resources.

The reconciliation between the amount of actual expenses for the year 2021 presented in statement V (comparison of budget with actual amounts for the year ended 31 December 2021) and in statement IV (cash flow statement for the year ended 31 December 2021) is shown below. Differences are due to “basis” differences and scope (or “entity”) differences. Basis differences are differences between the budgetary and the financial reporting basis of accounting. Entity differences represent the increase/(decrease) in cash and cash equivalents for activities that are out of the scope of the approved budget.

(Thousands of United States dollars)

	<i>Operating activities</i>	<i>Investing activities</i>	<i>Financing activities</i>	<i>Total</i>
Total actual expenses on budget comparable basis (statement V)	(428 001)	(5 039)	–	(433 040)
Basis differences	(4 025)	245	–	(3 780)
Entity differences	591 734	(225 797)	–	365 937
Net increase/(decrease) in cash and cash equivalents (statement IV)	159 708	(230 591)	–	(70 883)

The reconciliation between the actual surplus or deficit on a budgetary comparable basis (modified cash) and on a financial reporting comparable basis (full accrual) is shown below. For revenue, the budget is based upon revenue projections, estimates of unutilized resources from the previous year and share of operating reserve released/set aside during the year, while financial statements show revenue on the full accrual basis. For expenses, the difference is mainly attributable to the treatment of capital items such as property, plant and equipment and inventories.

(Thousands of United States dollars)

Actual net surplus on a budget comparable basis (statement V)	28 753
Difference between revenue on accrual basis and final budgetary allocations	(12 653)
Difference between expenses on budgetary basis and an accrual basis	(2 873)
Actual net surplus on a financial reporting comparable basis for activities included in the scope of the budget	13 227

Note 24
Segment reporting

Segment information is based on the principal activities and sources of financing of UNFPA. As such, UNFPA reports separate financial information for two main segments: unearmarked resources and earmarked resources.

(a) Segment reporting of the statement of financial position as at 31 December 2021

UNFPA considers, for the purposes of segment reporting, cash, cash equivalents and investments as “joint assets” between segments, and selected accounts payable (e.g., inter-fund accounts) and employee benefits as “joint liabilities” between segments. Revenue and expenses related to these joint items are reflected in the appropriate segments in the normal course of operations. Cash, cash equivalents and investments are attributed to segments on the basis of the respective fund balances of the segments, while accounts payable and employee benefits liabilities are attributed to the segments based on the number of personnel charged to each funding source.

(Thousands of United States dollars)

	<i>Unearmarked resources</i>		<i>Earmarked resources</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Assets						
Current assets						
Cash and cash equivalents	79 270	109 078	127 696	169 168	206 966	278 246
Investments maturing within one year	180 919	237 223	291 441	367 908	472 360	605 131
Contributions receivable	931	105	227 413	208 735	228 344	208 840
Other receivables	27 221	14 556	14 086	7 494	41 307	22 050
Operating fund advances	2 001	1 974	16 688	15 784	18 689	17 758
Prepayments and other assets	10 898	10 803	5 330	5 862	16 228	16 665
Inventories	4 039	7 500	74 238	84 756	78 277	92 256
Total	305 279	381 239	756 892	859 707	1 062 171	1 240 946
Non-current assets						
Investments maturing after one year	387 120	247 131	623 608	383 274	1 010 728	630 405
Contributions receivable	–	–	193 737	208 175	193 737	208 175
Other non-current assets	23	18	–	–	23	18
Property, plant and equipment	29 143	29 788	4 206	4 297	33 349	34 085
Intangible assets	5 386	2 412	–	–	5 386	2 412
Total	421 672	279 349	821 551	595 746	1 243 223	875 095
Total assets	726 951	660 588	1 578 443	1 455 453	2 305 394	2 116 041

	<i>Unearmarked resources</i>		<i>Earmarked resources</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Liabilities						
Current liabilities						
Accounts payable and accruals	21 437	25 271	96 201	110 882	117 638	136 153
Employee benefits	35 491	33 275	13 126	11 449	48 617	44 724
Other current liabilities and deferred revenue	5 074	7 929	5 693	21 286	10 767	29 215
Total	62 002	66 475	115 020	143 617	177 022	210 092
Non-current liabilities						
Employee benefits	289 845	284 322	107 203	97 831	397 048	382 153
Other non-current liabilities and deferred revenue	3 485	3 652	–	–	3 485	3 652
Total	293 330	287 974	107 203	97 831	400 533	385 805
Total liabilities	355 332	354 449	222 223	241 448	577 555	595 897
Net assets	371 619	306 139	1 356 220	1 214 005	1 727 839	1 520 144
Reserves and fund balances						
Reserves						
Operational reserve	82 203	83 235	–	–	82 203	83 235
Humanitarian response reserve	5 500	5 500	–	–	5 500	5 500
Reserve for field accommodation	5 000	5 000	–	–	5 000	5 000
Total reserves	92 703	93 735	–	–	92 703	93 735
Fund balances						
Designated unearmarked fund balances	92 710	73 173	–	–	92 710	73 173
Undesignated unearmarked and earmarked fund balances						
Unearmarked resources	186 206	139 231	–	–	186 206	139 231
Earmarked resources	–	–	1 356 220	1 214 005	1 356 220	1 214 005
Total fund balances	278 916	212 404	1 356 220	1 214 005	1 635 136	1 426 409
Total reserves and fund balances	371 619	306 139	1 356 220	1 214 005	1 727 839	1 520 144

Acquisitions of fixed and intangible assets from both unearmarked and earmarked resources were as follows:

(Thousands of United States dollars)

	<i>Unearmarked resources</i>		<i>Earmarked resources</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Property, plant and equipment	5 610	5 294	2 296	2 288	7 906	7 582
Intangible assets	3 511	1 718	–	–	3 511	1 718
Total	9 121	7 012	2 296	2 288	11 417	9 300

**(b) Segment reporting of the statement of financial performance for the year ended
31 December 2021**

(Thousands of United States dollars)

	<i>Unearmarked resources</i>		<i>Earmarked resources</i>		<i>Elimination^a</i>		<i>Total</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Contribution revenue								
Unearmarked contributions	412 577	416 830	–	–	–	–	412 577	416 830
Less: transfer to other revenue of income tax reimbursements	(4 679)	–	–	–	–	–	(4 679)	–
Subtotal	407 898	416 830	–	–	–	–	407 898	416 830
Earmarked contributions	–	–	1 051 483	850 945	(58 871)	(58 478)	992 612	792 467
Less: refunds to donors	–	–	(6 470)	(6 200)	–	–	(6 470)	(6 200)
Less: allowance for doubtful contributions receivable	–	–	(1 192)	388	–	–	(1 192)	388
Subtotal	–	–	1 043 821	845 133	(58 871)	(58 478)	984 950	786 655
Total contribution revenue	407 898	416 830	1 043 821	845 133	(58 871)	(58 478)	1 392 848	1 203 485
Other revenue	103 853	88 825	8 531	24 604	–	–	112 384	113 429
Total revenue	511 751	505 655	1 052 352	869 737	(58 871)	(58 478)	1 505 232	1 316 914
Expenses								
Staff costs	237 982	229 848	97 106	90 926	–	–	335 088	320 774
Reproductive health and other programme-related supplies	14 477	24 918	218 303	236 532	–	–	232 780	261 450
Cash assistance programmes	1 034	97	6 645	192	–	–	7 679	289
Development and training of counterparts	21 444	17 895	116 363	90 398	–	–	137 807	108 293
Supplies, materials and operating costs	70 723	74 457	204 565	204 651	(58 871)	(58 478)	216 417	220 630
Contracted and professional services	74 242	61 220	223 344	208 383	–	–	297 586	269 603
Finance costs	227	576	896	857	–	–	1 123	1 433
Travel	10 519	8 309	25 786	21 662	–	–	36 305	29 971
Depreciation and amortization	6 379	6 349	809	712	–	–	7 188	7 061
Impairment	356	30	66	38	–	–	422	68
Other expenses	12 390	6 871	15 892	1 660	–	–	28 282	8 531
Total expenses	449 773	430 570	909 775	856 011	(58 871)	(58 478)	1 300 677	1 228 103
Surplus for the year	61 978	75 085	142 577	13 726	–	–	204 555	88 811

^a The presentation in the present table reflects the gross performance of each segment and the elimination column is therefore necessary to remove the effect of inter-segment activities. The amounts in the elimination column represent the \$58.9 million in cost-recovery charges.

Note 25
Financial risk management

Valuation

Financial assets

UNFPA financial assets held as at the reporting date, broken down on the basis of IPSAS classification adopted by UNFPA, were as follows:

(Thousands of United States dollars)

2021	Held-to-maturity	Available-for-sale	At fair value through surplus or deficit	Loans and receivables	Total
Cash and cash equivalents	137 891	11 861	–	57 214	206 966
Investments	1 147 220	335 868	–	–	1 483 088
Contributions receivable	–	–	–	422 081	422 081
Other receivables	–	–	712	40 618	41 330
Total financial assets	1 285 111	347 729	712	519 913	2 153 465

(Thousands of United States dollars)

2020	Held-to-maturity	Available-for-sale	At fair value through surplus or deficit	Loans and receivables	Total
Cash and cash equivalents	228 851	10 141	–	39 254	278 246
Investments	962 045	273 491	–	–	1 235 536
Contributions receivable	–	–	–	417 015	417 015
Other receivables	–	–	–	22 068	22 068
Total financial assets	1 190 896	283 632	–	478 337	1 952 865

Held-to-maturity financial assets are carried at amortized cost; as at the reporting date, the book value of these assets exceeded their market value by \$3.0 million (2020: market value exceeded the book value by \$8.2 million).

Available-for-sale financial assets are carried at fair market value. IPSAS 30: Financial instruments: disclosures, defines a three-tier fair value measurement hierarchy, based on the significance of the inputs used in the valuation, with level 1 using the most reliable inputs (unadjusted quoted prices in active markets for identical assets or liabilities), and level 3 using the least reliable (inputs not based on observable market data). Measurement for all UNFPA investments carried at fair value was determined at level 1 of the IPSAS hierarchy.

As at the reporting date, UNFPA had financial assets of \$0.7 million recorded at fair value through surplus or deficit (2020: nil) arising from foreign currencies exchange contracts held as part of the post-employment benefits investment portfolios. Together with financial liabilities classified at fair value through surplus or deficit (see below), in 2021 these contracts generated a net exchange gain of \$2.0 million, both realized and unrealized (2020: loss of \$1.4 million), which was recognized in the surplus for the year in the statement of financial performance.

The carrying values of loans and receivables are a reasonable approximation of their fair value.

Financial liabilities

UNFPA financial liabilities as at the reporting date, broken down on the basis of the IPSAS classification adopted by UNFPA, were as follows:

(Thousands of United States dollars)

2021	<i>At fair value through surplus or deficit</i>	<i>Other financial liabilities</i>	<i>Total</i>
Accounts payable and accruals	–	117 638	117 638
Other liabilities (current and non-current)	121	5 386	5 507
Total financial liabilities	121	123 024	123 145

(Thousands of United States dollars)

2020	<i>At fair value through surplus or deficit</i>	<i>Other financial liabilities</i>	<i>Total</i>
Accounts payable and accruals	–	136 153	136 153
Other liabilities (current and non-current)	157	15 827	15 984
Total financial liabilities	157	151 980	152 137

As at the reporting date, UNFPA had \$0.1 million in financial liabilities classified at fair value through surplus or deficit (2020: \$0.2 million), arising from foreign currencies exchange contracts held as part of the post-employment benefits investment portfolios.

Financial liabilities classified as other financial liabilities are carried at their nominal amounts, without discounting, as they are primarily due for settlement within 12 months from the reporting date.

Exposure to risks

UNFPA is exposed to a variety of financial risks, including:

- (a) Credit risk: the risk that financial losses may arise from the failure of third parties to meet their financial/contractual obligations to UNFPA;
- (b) Liquidity risk: the likelihood that UNFPA may not have adequate funds to meet its obligations when they fall due;
- (c) Market risk: the possibility that UNFPA may incur significant financial losses owing to unfavourable movements in interest rates, foreign currency exchange rates and prices of investment securities.

Analysis of credit risk

Credit risk arises mostly from cash and cash equivalents, investments and contributions receivable. The carrying value of financial assets is the maximum exposure to credit risk.

Credit risk mitigation strategies for financial instruments are defined in the investment guidelines for both the working capital and post-employment benefits investment portfolios, and limit the extent of credit exposure to any single counterparty, by setting minimum credit quality requirements and limits by issue and financial instrument type. The investment guidelines require ongoing monitoring of issuer and counterparty credit ratings. The working capital investment portfolio (77.4 per cent of total investments) is limited to investment-grade fixed-income instruments of sovereign, supranational, governmental or federal agencies, and banks.

Ratings from the three leading credit rating agencies, Moody's, S&P Global Ratings and Fitch, are used to evaluate the credit risk of financial instruments. As at the reporting date, UNFPA portfolios comprised primarily investment-grade instruments, as shown in the following tables (presented using S&P Global Ratings' rating convention).

Concentration of fixed-income investments by credit rating, working capital investment portfolio^a

(Thousands of United States dollars)

2021	AAA	AA+	AA	AA-	A+	A	A-	Total
Bonds	528 829	200 675	71 790	45 043	25 979	–	–	872 316
Time deposits	–	–	–	50 000	–	–	–	50 000
Commercial paper	44 948	–	89 974	44 984	44 998	–	–	224 904
Total	573 777	200 675	161 764	140 027	70 977	–	–	1 147 220

(Thousands of United States dollars)

2020	AAA	AA+	AA	AA-	A+	A	A-	Total
Bonds	352 227	104 839	24 447	50 574	17 786	–	–	549 873
Time deposits	–	–	–	10 000	25 000	–	25 000	60 000
Commercial paper	147 347	64 948	114 892	24 985	–	–	–	352 172
Total	499 574	169 787	139 339	85 559	42 786	–	25 000	962 045

^a Excludes investments classified as cash and cash equivalents.

Concentration of fixed-income investments by credit rating, post-employment benefits investment portfolios^a

(Thousands of United States dollars)

2021	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	United States Treasury	Not rated	Total
Fixed-income securities	4 094	743	616	3 160	1 997	2 690	944	3 666	1 021	13 056	92 226	124 213
Total	4 094	743	616	3 160	1 997	2 690	944	3 666	1 021	13 056	92 226	124 213

(Thousands of United States dollars)

2020	AAA	AA+	AA-	A+	A	A-	BBB+	BBB	BBB-	United States Treasury	Not rated	Total
Fixed-income securities	3 642	635	1 787	1 181	985	969	2 497	2 132	–	11 698	70 291	95 817
Total	3 642	635	1 787	1 181	985	969	2 497	2 132	–	11 698	70 291	95 817

^a Excludes investments classified as cash and cash equivalents.

Of the \$92.2 million in fixed-income securities held as at 31 December 2021 and not rated by S&P Global Ratings (2020: \$70.3 million), instruments valued at \$13.2 million were rated by Moody's (2020: \$9.6 million), with assigned ratings ranging from

Aaa to Aa3. The majority of other non-rated fixed-income securities represent investments in exchange-traded funds and mutual funds, comprising multiple instruments, which may be rated individually, but the overall funds are not rated.

A large portion of the contributions receivable is due from sovereign governments and supranational agencies, including other United Nations organizations, which have historically had very low default risk. UNFPA credit exposure on outstanding contributions receivable is further mitigated by the fact that programme activities do not in general commence until cash is received. The UNFPA approach to assessing outstanding contributions receivable for recoverability is described in note 2. An analysis of the age of contributions receivable that are past due as at 31 December 2021 and movements in allowance for doubtful accounts is provided in note 5 (a).

Analysis of liquidity risk

UNFPA uses investments in the working capital investment portfolio to meet its regular cash flow needs. UNDP makes investment decisions with due consideration for UNFPA cash requirements by matching investment maturity with the timing of future cash outlays. Therefore, UNFPA maintains a significant part of its investments in cash equivalents and short-term instruments, sufficient to cover its commitments as and when they fall due, as shown in the following table:

(Thousands of United States dollars)

	31 December 2021	Percentage	31 December 2020	Percentage
Cash equivalents	137 891	11	228 851	19
Subtotal	137 891	11	228 851	19
Current investments	469 832	36	602 097	51
Non-current investments	677 388	53	359 948	30
Subtotal	1 147 220	89	962 045	81
Total investments, cash and cash equivalents	1 285 111	100	1 190 896	100

Analysis of market risk

Market risk is the risk of financial losses due to unfavourable movements in the market prices of financial instruments, including movements in interest rates, foreign exchange rates and price risk.

(a) Interest rate risk

Interest rate risk arises from the effects of market interest rate fluctuations on the fair value of financial assets, liabilities and future cash flows of interest revenue. UNFPA is exposed to interest rate risk on its interest-bearing assets.

UNFPA investments in the working capital investment portfolio (77.4 per cent of the total investments), which is classified as held-to-maturity, are not marked to market and their carrying amounts are not affected by changes in interest rates (2020: 77.9 per cent).

UNFPA investments in the post-employment benefits portfolios (22.6 per cent of the total investments), which are classified as available-for-sale, are carried at fair value (2020: 22.1 per cent). As at 31 December 2021, these portfolios included interest-bearing instruments valued at \$124.2 million (8.4 per cent of the total

investments), thus creating exposure to interest rate risk (2020: \$95.8 million, 7.8 per cent of the total investments). The table below demonstrates the interest rate sensitivity of these investments, based on their maturity period:

(Thousands of United States dollars)

Sensitivity variation	2021		2020	
	Net assets	Surplus/deficit ^a	Net assets	Surplus/deficit ^a
100 basis point increase	(2 830)	–	(2 259)	–
50 basis point decrease	1 415	–	1 129	–

^a Since the post-employment benefits investment portfolios are classified as available-for-sale, changes in the fair value are recognized in net assets, and volatility in the interest rate has no impact on surplus/deficit for the year.

As at 31 December 2021, UNFPA did not hold any investments in floating rate fixed-income securities as part of its working capital portfolio (2020: \$24.9 million). These securities have a variable coupon, which periodically resets to the prevailing market rate, thus exposing UNFPA to fluctuations in future cash flows of interest revenue.

(b) *Foreign exchange risk*

UNFPA is exposed to currency risk arising from financial assets that are denominated in foreign currencies, and financial liabilities that have to be settled in foreign currencies. Year-end positions of UNFPA financial assets and liabilities by major currency, were as follows:

(Thousands of United States dollars)

2021	United States dollar	Pound sterling	Canadian dollar	Euro	Swedish krona	Other currencies	At 31 December 2021
Cash and cash equivalents	192 686	3 362	2 326	3 264	5	5 323	206 966
Investments	1 399 963	9 676	5 068	44 999	1 833	21 549	1 483 088
Contributions receivable	179 864	31 966	67 744	39 220	51 387	51 900	422 081
Accounts payable and accruals	(96 293)	(39)	–	(905)	–	(20 401)	(117 638)
Other liabilities (including derivative liabilities)	(2 284)	–	(2 908)	(315)	–	–	(5 507)
Net exposure	1 673 936	44 965	72 230	86 263	53 225	58 371	1 988 990

(Thousands of United States dollars)

2020	United States dollar	Pound sterling	Canadian dollar	Euro	Swedish krona	Other currencies	At 31 December 2020
Cash and cash equivalents	245 720	10 645	7 808	3 896	23	10 154	278 246
Investments	1 164 011	10 349	3 748	33 994	1 466	21 968	1 235 536
Contributions receivable	131 132	97 765	66 855	23 742	49 921	47 600	417 015
Accounts payable and accruals	(110 814)	(16)	–	(1 639)	–	(23 684)	(136 153)

2020	<i>United States dollar</i>	<i>Pound sterling</i>	<i>Canadian dollar</i>	<i>Euro</i>	<i>Swedish krona</i>	<i>Other currencies</i>	<i>At 31 December 2020</i>
Other liabilities (including derivative liabilities)	(2 429)	(13 514)	(10)	(5)	–	(26)	(15 984)
Net exposure	1 427 620	105 229	78 401	59 988	51 410	56 012	1 778 660

UNFPA actively manages its net foreign exchange exposure. The UNDP Treasury hedges, on behalf of UNFPA, the currency risk to which UNFPA is exposed when donors pledge and pay contributions at different times and in currencies other than United States dollars. During 2021, contribution receivables in eight different currencies were hedged.

The table below provides a sensitivity analysis of UNFPA net assets and surplus/deficit for the year to movements of key currencies against the United States dollar. Strengthening of the United States dollar will result in a decrease of surplus/deficit and net assets for the year and vice versa.

(Thousands of United States dollars)

2021	<i>Strengthening of United States dollar by 10 per cent</i>		<i>Weakening of United States dollar by 10 per cent</i>	
	<i>Surplus/deficit</i>	<i>Net assets</i>	<i>Surplus/deficit</i>	<i>Net assets</i>
Pound sterling	(3 704)	(384)	4 527	469
Canadian dollar	(6 403)	(164)	7 825	200
Euro	(5 264)	(2 578)	6 434	3 150
Swedish krona	(4 672)	(167)	5 710	204

(Thousands of United States dollars)

2020	<i>Strengthening of United States dollar by 10 per cent</i>		<i>Weakening of United States dollar by 10 per cent</i>	
	<i>Surplus/deficit</i>	<i>Net assets</i>	<i>Surplus/deficit</i>	<i>Net assets</i>
Pound sterling	(8 986)	(580)	10 983	709
Canadian dollar	(7 009)	(118)	8 566	145
Euro	(3 543)	(1 910)	4 330	2 335
Swedish krona	(4 540)	(133)	5 549	163

The UNDP Treasury uses derivative instruments, such as foreign exchange forwards, options and structured options, to manage the foreign exchange exposure of UNFPA.

(c) *Equity price risk*

About 63.0 per cent of the UNFPA post-employment benefits investment portfolios is composed of equities (2020: 65.0 per cent). The table below presents an analysis of the price sensitivity of these investments to a 5 per cent change in fair value. The sensitivity pertains to equities classified as available-for-sale, which are marked to market through net assets/equity. Therefore, changes in prices do not have any impact on surplus/deficit for the year.

(Thousands of United States dollars)

<i>Fair values of equities as at 31 December 2021</i>	<i>Percentage change</i>	<i>Impact on the financial statements</i>	
		<i>Surplus/deficit</i>	<i>Net assets</i>
211 655	5 per cent increase	–	10 583
211 655	5 per cent decrease	–	(10 583)

(Thousands of United States dollars)

<i>Fair values of equities as at 31 December 2020</i>	<i>Percentage change</i>	<i>Impact on the financial statements</i>	
		<i>Surplus/deficit</i>	<i>Net assets</i>
177 674	5 per cent increase	–	8 884
177 674	5 per cent decrease	–	(8 884)

Note 26

Commitments

As at 31 December 2021, UNFPA commitments for the acquisition of various goods and services contracted but not received, including property, plant and equipment and intangible assets, amounted to \$96.0 million (2020: \$129.9 million).

UNFPA does not have non-cancellable lease agreements, since its standard agreements include cancellation clauses allowing for early termination with due notice.

Schedules

Schedule A

Unearmarked resources – status of contributions for the year ended 31 December 2021

(Thousands of United States dollars)

<i>Donor</i>	<i>Balance due to UNFPA as at 1 January</i>	<i>Prior-year adjustments</i>	<i>Current-year commitments (contribution revenue)</i>	<i>Contributions received in advance</i>	<i>Exchange gains/(losses)</i>	<i>Payments received and movements in contributions received in advance</i>	<i>Balance due to UNFPA as at 31 December</i>
Afghanistan	–	–	1	1	–	2	–
Albania	–	–	5	–	–	5	–
Algeria	–	–	10	–	–	10	–
Armenia	–	–	3	–	–	3	–
Australia	–	–	6 565	–	–	6 565	–
Austria	–	–	233	–	–	233	–
Bangladesh	3	(3)	35	–	–	–	35
Belgium	–	–	10 702	–	(76)	10 626	–
Bhutan	–	–	6	–	–	6	–
Bolivia (Plurinational State of)	–	–	6	–	–	6	–
Botswana	–	–	4	10	–	14	–
Bulgaria	–	–	12	–	–	12	–
Burkina Faso	–	–	11	44	–	55	–
Cambodia	15	(5)	–	–	–	–	10
Cameroon	16	(16)	–	–	–	–	–
Canada	–	–	12 206	–	126	12 332	–
Central African Republic	17	–	–	–	–	–	17
Chad	25	(25)	–	–	–	–	–
China	–	–	1 480	–	–	1 480	–
Comoros	1	–	1	–	–	2	–
Costa Rica	–	–	5	–	–	5	–
Cuba	–	–	5	–	–	5	–
Denmark	–	–	37 135	–	(424)	36 711	–
Egypt	–	–	25	–	–	25	–
Equatorial Guinea	10	(10)	–	–	–	–	–
Eritrea	5	–	5	–	–	5	5
Estonia	–	–	71	33	–	104	–
Eswatini	–	–	60	10	–	70	–
Ethiopia	–	–	1	–	–	1	–
Finland	–	–	39 379	–	(1 007)	38 372	–
France	–	–	1 232	–	(17)	1 215	–
Gambia (the)	–	–	4	–	–	4	–
Georgia	–	–	20	–	–	20	–
Germany	–	–	47 770	–	–	47 770	–
Ghana	–	–	30	–	–	30	–
Guinea-Bissau	–	–	2	–	–	2	–
Guyana	1	–	3	–	–	3	1
Honduras	–	–	3	–	–	3	–

<i>Donor</i>	<i>Balance due to UNFPA as at 1 January</i>	<i>Prior-year adjustments</i>	<i>Current-year commitments (contribution revenue)</i>	<i>Contributions received in advance</i>	<i>Exchange gains/(losses)</i>	<i>Payments received and movements in contributions received in advance</i>	<i>Balance due to UNFPA as at 31 December</i>
Iceland	–	–	541	–	–	541	–
India	–	–	500	–	–	–	500
Indonesia	–	–	13	–	–	13	–
Iraq	50	–	50	–	–	20	80
Ireland	–	–	4 103	–	134	4 237	–
Israel	–	–	10	–	–	10	–
Italy	–	–	3 027	–	(120)	2 907	–
Japan	–	–	16 000	–	–	16 000	–
Jordan	–	–	50	–	–	50	–
Kazakhstan	–	–	10	–	–	10	–
Kenya	–	–	10	–	–	10	–
Kiribati	15	(15)	–	–	–	–	–
Kyrgyzstan	–	–	–	–	–	–	–
Lao People's Democratic Republic	6	(3)	–	–	–	3	–
Lesotho	3	(3)	–	–	–	–	–
Liechtenstein	–	–	27	–	–	27	–
Luxembourg	–	–	3 631	–	(65)	3 566	–
Madagascar	–	–	14	–	–	14	–
Malawi	–	–	12	–	–	12	–
Malaysia	–	–	15	–	–	15	–
Maldives	5	–	–	–	–	–	5
Mauritania	–	–	3	–	–	3	–
Mauritius	–	–	2	–	–	2	–
Mexico	–	–	56	–	–	56	–
Micronesia (Federated States of)	–	–	3	3	–	6	–
Mongolia	–	–	4	–	–	4	–
Morocco	–	–	12	–	–	12	–
Myanmar	–	–	3	–	–	3	–
Nepal	–	–	5	–	–	5	–
Netherlands	–	–	40 491	–	(99)	40 392	–
New Zealand	–	–	4 298	–	(6)	4 292	–
Nicaragua	–	–	3	–	–	3	–
Niger	–	–	119	–	–	119	–
North Macedonia	3	–	–	–	–	–	3
Norway	–	–	54 271	–	(610)	53 661	–
Pakistan	–	–	1 677	–	–	1 677	–
Panama	–	–	10	–	–	–	10
Peru	–	–	1	–	–	1	–
Philippines	–	–	24	–	–	–	24
Portugal	–	–	242	–	–	–	242
Qatar	–	–	30	–	–	30	–
Republic of Korea	–	–	196	–	–	196	–
Republic of Moldova	–	–	3	–	–	3	–

<i>Donor</i>	<i>Balance due to UNFPA as at 1 January</i>	<i>Prior-year adjustments</i>	<i>Current-year commitments (contribution revenue)</i>	<i>Contributions received in advance</i>	<i>Exchange gains/(losses)</i>	<i>Payments received and movements in contributions received in advance</i>	<i>Balance due to UNFPA as at 31 December</i>
Romania	–	–	10	–	–	10	–
Russian Federation	–	–	300	–	–	300	–
Rwanda	5	–	5	–	–	–	10
Saint Kitts and Nevis	–	–	1	–	–	1	–
Sao Tome and Principe	22	–	–	–	–	–	22
Saudi Arabia	–	–	500	–	–	500	–
Senegal	–	–	12	24	–	36	–
Serbia	–	–	5	–	–	5	–
Sierra Leone	30	(30)	–	–	–	–	–
Singapore	–	–	5	–	–	5	–
Slovakia	–	–	6	–	–	6	–
South Africa	–	–	42	–	–	42	–
Sri Lanka	–	–	18	–	–	18	–
Sudan	90	–	30	–	–	120	–
Suriname	1	(1)	–	–	–	–	–
Sweden	–	–	64 105	–	897	65 002	–
Switzerland	–	–	17 410	–	–	17 410	–
Tajikistan	–	–	1	–	–	1	–
Thailand	–	–	150	–	–	150	–
Togo	–	–	21	–	–	21	–
Tonga	–	–	1	–	–	1	–
Trinidad and Tobago	–	–	5	–	–	5	–
Turkmenistan	–	–	7	–	–	7	–
Uganda	10	–	10	–	–	18	2
Ukraine	–	–	25	–	–	25	–
United Arab Emirates	10	–	10	–	–	20	–
United Kingdom	–	–	10 937	–	–	10 937	–
United States	–	–	30 800	–	–	30 800	–
UpSpring LLC	–	–	56	–	–	56	–
Uzbekistan	–	–	10	–	–	10	–
Viet Nam	–	–	40	–	–	40	–
Zambia	–	–	5	–	–	5	–
Zimbabwe	–	–	30	–	–	30	–
Private contributions	–	–	1 230	–	–	1 230	–
Subtotal	343	(111)	412 283	125	(1 267)	410 407	966
Government contributions to local office costs	–	–	294	–	–	294	–
Total	343	(111)	412 577	125^a	(1 267)	410 701	966^b

^a This amount is part of the deferred revenue presented in note 13.

^b This amount is presented gross of the allowance for doubtful accounts of \$0.35 million.

Schedule B
Earmarked resources – revenue, expenses and fund balances for the year ended 31 December 2021

(Thousands of United States dollars)

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Trust funds									
ABT Associates Inc.	505	155	–	–	(1)	659	319	340	–
AFP Popular	–	167	–	–	–	167	–	167	–
African Union-United Nations Hybrid Operation in Darfur	785	–	3	(348)	–	440	440	–	–
Albania	2	–	–	–	(1)	1	–	1	–
Algeria	20	–	–	–	–	20	20	–	–
Andorra and Monaco	1	–	–	–	–	1	–	1	–
Angola	2 497	–	–	–	–	2 497	1 449	1 048	–
Anonymous	5 263	2 000	–	–	3 698	10 961	2 418	8 543	–
Argentina	255	90	–	–	–	345	27	318	44
Australia	27 992	31 509	121	(313)	–	59 309	23 315	35 994	12 809
Austria	3 363	2 298	5	–	–	5 666	2 194	3 472	227
Azerbaijan	311	–	–	–	–	311	311	–	–
Azim Premji Philanthropic Initiatives Private Limited	93	–	–	(14)	(2)	77	77	–	–
Bangladesh	12 295	38 800	28	–	–	51 123	14 160	36 963	16 281
Bayer AG	175	55	–	–	–	230	229	1	–
Beifang International Education Group	401	–	–	–	–	401	171	230	100
Belgium	817	934	(15)	(189)	–	1 547	632	915	168
Benin	6 431	–	1	–	–	6 432	861	5 571	5 520
Bill & Melinda Gates Foundation	1 203	–	–	–	–	1 203	896	307	–
Botswana	30	55	–	–	(1)	84	45	39	–
Brandix Apparel Limited	–	33	–	–	–	33	5	28	–
Brazil	6 239	260	–	(503)	(1)	5 995	116	5 879	260
Bulgaria	2	30	–	–	(1)	31	1	30	–
Burkina Faso	1 832	–	3	–	–	1 835	1 537	298	–
Cameroon	5 746	–	(3)	3	–	5 746	3 067	2 679	–

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Canada	127 279	46 310	920	(5)	2	174 506	77 945	96 561	52 147
Central African Republic	2	–	–	–	–	2	–	2	–
Chad	461	–	(1)	–	–	460	413	47	–
Children's Investment Fund Foundation	2	–	–	–	–	2	–	2	–
China	4 812	2 000	2	–	–	6 814	3 600	3 214	600
Chugai Pharmaceutical Co., Limited	–	153	–	–	–	153	–	153	100
Colombia	9	974	4	–	(8)	979	219	760	405
Columbia University	4 550	–	–	–	–	4 550	1 740	2 810	2 626
Congo	36	–	(1)	–	(2)	33	19	14	–
Costa Rica	18	–	–	–	–	18	18	–	–
Côte d'Ivoire	5 723	–	4	(266)	–	5 461	2 083	3 378	1 466
Cowater Sogema International	–	75	–	–	–	75	75	–	–
Cuba	100	–	–	–	–	100	95	5	–
Czechia	–	337	–	–	–	337	–	337	–
Democratic Republic of the Congo	(65)	17 590	1	–	–	17 526	1 771	15 755	7 500
Denmark	25 020	25 501	25	(37)	(2 306)	48 203	19 824	28 379	5 876
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	919	1 063	2	(130)	–	1 854	727	1 127	–
Dominican Republic	406	–	–	–	–	406	122	284	–
Ecuador	4 366	83	–	–	–	4 449	2 034	2 415	370
El Salvador	5 772	–	–	–	–	5 772	702	5 070	4 719
Equatorial Guinea	266	–	–	–	–	266	172	94	–
Estonia	109	122	–	–	–	231	109	122	–
European Commission	15 507	58 937	88	(579)	(83)	73 870	46 320	27 550	7 018
Ferring	–	301	–	–	–	301	13	288	–
Finland	2 855	10 109	39	(10)	(5)	12 988	3 243	9 745	6 192
Fiotec	1 312	341	(5)	–	–	1 648	1 264	384	210
Flowminder Foundation	101	–	–	–	–	101	99	2	–
Food and Agriculture Organization of the United Nations	32	87	–	–	–	119	111	8	–
Ford Foundation	4	–	–	–	–	4	–	4	–

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Foundation Axian	59	–	1	–	–	60	13	47	–
France	4 074	4 122	1	(20)	–	8 177	4 385	3 792	135
Friends of UNFPA	1 843	866	18	(47)	(89)	2 591	1 978	613	–
Fundación Unidos por un México Vivo A.C.	35	–	–	–	–	35	31	4	–
Gambia	–	100	–	–	–	100	–	100	–
Germany	2 413	1 157	20	–	–	3 590	2 405	1 185	562
Gobi Oyu Development Support Fund	641	–	–	–	–	641	507	134	–
Good Neighbors Dominican Republic	41	–	–	–	–	41	41	–	–
Good Neighbors Laos	1	–	–	–	–	1	–	1	–
Guatemala	7 492	–	–	42	(42)	7 492	1 608	5 884	5 427
Guinea	2 321	–	(8)	–	–	2 313	1 719	594	–
Haiti	13 822	3 720	(3)	–	–	17 539	1 032	16 507	275
Honduras	10	–	–	(6)	–	4	–	4	–
Iceland	2 177	7 592	21	–	–	9 790	1 776	8 014	7 429
India	3 039	–	3	–	–	3 042	736	2 306	1 164
Individual Giving Programme	50	–	–	–	–	50	–	50	–
Indonesia	2 614	(554)	1	–	–	2 061	1 160	901	540
International Fund for Agricultural Development	38	–	–	–	(1)	37	37	–	–
International Organization for Migration	7	176	–	(6)	–	177	176	1	–
Inventories - other resources - programme	–	–	–	–	–	–	(57 842)	57 842	–
Ireland	1 526	4 273	3	(21)	–	5 781	1 962	3 819	755
Islamic Development Bank	–	70	–	–	–	70	–	70	70
Italy	9 509	11 701	46	–	(25)	21 231	7 465	13 766	8 588
Japan	10 828	19 507	65	(84)	–	30 316	17 980	12 336	–
Joint Programme-UNFPA: participating agent	27 502	40 708	230	(99)	–	68 341	52 295	16 046	227
Joint United Nations Programme on HIV/AIDS (UNAIDS)	1 625	6 369	17	(8)	–	8 003	5 939	2 064	–
Jordan	–	252	–	–	–	252	–	252	202
Kazakhstan	163	130	–	–	(2)	291	191	100	–
Korea Foundation for International Healthcare	467	–	–	–	(493)	(26)	(26)	–	–
Kuwait	26	–	–	–	–	26	–	26	–

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Lebanon	21	–	–	–	–	21	15	6	–
Liberia	732	–	–	–	–	732	440	292	–
Luxembourg	8 832	1 183	33	1	–	10 049	6 103	3 946	908
MacArthur Foundation	1	–	–	–	(1)	–	–	–	–
Malawi	4 408	4 000	–	(5)	–	8 403	2 632	5 771	–
Malaysia	580	–	–	–	–	580	–	580	–
Mali	754	–	1	–	–	755	677	78	–
Mauritania	118	–	–	–	–	118	113	5	–
Mauritius	148	–	(1)	–	–	147	116	31	–
Meiji Holdings	10	15	–	–	–	25	10	15	15
Merck Sharp & Dohme (Asia) Ltd.	348	1 188	–	–	–	1 536	50	1 486	800
Mexico	2 084	198	1	–	–	2 283	624	1 659	–
Morocco	171	–	–	–	–	171	64	107	–
MTN Foundation	67	–	–	(15)	(1)	51	51	–	–
Multi-donor funds ^a	29 215	7 671	30	(12)	(74)	36 830	10 603	26 227	8 991
Netherlands	64 655	24 010	(20)	(61)	46	88 630	25 826	62 804	32 152
New Zealand	1 664	2 432	–	–	–	4 096	864	3 232	–
Niger	6 326	–	(25)	–	(1)	6 300	4 358	1 942	532
Nigeria	3 076	818	1	–	–	3 895	3 592	303	–
Noble Energy	690	–	–	–	–	690	476	214	–
Norway	26 362	21 337	265	(610)	–	47 354	24 852	22 502	1 920
Nutrition International	255	343	10	(140)	–	468	141	327	110
Office for the Coordination of Humanitarian Affairs	21 031	61 936	247	(1 713)	–	81 501	52 904	28 597	1 950
Office of the Secretary-General's Envoy on Youth	127	–	–	–	–	127	–	127	–
Olympic Refugee Foundation	1 498	–	–	–	–	1 498	248	1 250	1 012
Oman	227	–	–	–	–	227	51	176	–
Oman, basic terms cooperation agreement	1 352	911	–	–	–	2 263	870	1 393	–
Organon	–	157	–	–	–	157	–	157	–
Oyu Tolgoi	88	–	–	–	(5)	83	77	6	–
Panama	78	1 230	–	–	–	1 308	276	1 032	599

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Papua New Guinea	985	–	–	–	–	985	324	661	–
Paraguay	417	–	–	–	–	417	268	149	–
Portugal	22	–	–	–	–	22	–	22	–
Prada USA Corporation	–	129	–	–	–	129	16	113	–
Private individuals	10	–	–	–	–	10	9	1	–
Productora de Pulpas Soledad	–	53	–	–	–	53	23	30	27
Qatar	5 097	–	–	–	–	5 097	1 944	3 153	1 700
REC Foundation	933	–	–	–	(1)	932	928	4	–
Reckitt Benckiser	1 017	–	(9)	–	–	1 008	972	36	–
Rehabilitation International	81	–	–	1	–	82	81	1	–
Republic Of Korea	27 845	35 696	60	–	(35)	63 566	10 116	53 450	39 152
Republic of Moldova	469	143	–	–	–	612	259	353	–
Richemont International SA	–	118	–	–	–	118	118	–	–
Rio Tinto Mongolia LLC	578	–	–	–	–	578	578	–	–
Russian Federation	11 778	–	(23)	–	–	11 755	2 155	9 600	1 486
Sabancı Foundation	78	–	3	–	–	81	68	13	–
Saudi Arabia	900	1 247	–	(16)	–	2 131	2 131	–	–
SBI Foundation	1	–	–	–	(1)	–	–	–	–
Small contributions	1 850	2 722	3	(104)	51	4 522	2 872	1 650	–
Social Development Center	108	–	–	(104)	–	4	4	–	–
Spain	1 649	2 890	7	(3)	–	4 543	910	3 633	1 703
Spain – Barcelona	123	–	–	–	–	123	92	31	–
Spain – Basque Country	105	98	1	–	–	204	191	13	2
Spain – Catalunya	238	242	(1)	–	–	479	234	245	–
Sudan	–	745	–	–	–	745	–	745	522
Swarovski Foundation	–	64	–	–	–	64	–	64	–
Sweden ^a	57 730	61 562	(39)	(279)	(10)	118 964	43 217	75 747	44 746
Switzerland	14 245	15 358	99	(24)	(1)	29 677	7 954	21 723	13 764
Tajikistan	755	–	–	–	–	755	247	508	165
The Resource Foundation	3	–	–	–	(3)	–	–	–	–
Thematic trust funds – multi-donor	304 372	204 402	1 025	–	(745)	509 054	224 320	284 734	50 691

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Timor-Leste	7	362	–	–	(8)	361	331	30	–
Togo	260	–	–	(1)	–	259	259	–	–
Turkmenistan	354	794	–	–	–	1,148	338	810	–
UNDP - Multi-Partner Trust Funds	70 362	53 265	(37)	(994)	25	122,621	73 618	49 003	31
United Kingdom of Great Britain and Northern Ireland	64 972	32 814	425	816	–	99 027	37 112	61 915	32 032
United Nations Children's Fund	32 873	31 970	79	(30)	21	64 913	29 673	35 240	1 541
United Nations Development Programme	12 207	45 209	7	(134)	(2)	57 287	26 766	30 521	361
United Nations Educational, Scientific and Cultural Organization	32	–	–	–	–	32	14	18	–
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	714	2 408	1	(14)	–	3 109	1 202	1 907	67
United Nations Fund for International Partnerships	641	–	1	(44)	(1)	597	529	68	–
United Nations Human Settlements Programme (UN-Habitat)	20	–	1	–	–	21	21	–	–
United Nations Interim Administration Mission in Kosovo	1	–	–	–	(1)	–	–	–	–
United Nations Office for Project Services	1 850	941	9	–	–	2 800	1 537	1,263	482
United Nations Office for South-South Cooperation	1 419	–	–	(13)	–	1 406	718	688	259
United Nations Resident Coordinator Office	17	–	–	–	–	17	8	9	–
United Nations trust fund for human security	–	516	–	–	–	516	–	516	145
United States of America	–	57 533	71	(1)	–	57 603	12 847	44 756	21 716
Uruguay	340	3 890	1	–	(1)	4 230	785	3 445	1 994
Viet Nam	–	132	–	–	–	132	1	131	66
Wesley Zaidan	–	248	–	–	–	248	–	248	248
West African Health Organisation	–	15 980	1	–	–	15 981	779	15 202	12 780
World Bank	7 421	–	2	(236)	–	7 187	7 182	5	–
World Food Programme	4 622	295	16	(20)	–	4 913	3 967	946	–
World Health Organization	827	1 298	–	(1)	–	2 124	1 037	1 087	211
Zimbabwe	74	642	–	(74)	–	642	398	244	–

	<i>Fund balances as at 1 January</i>	<i>Contributions</i>	<i>Other revenue</i>	<i>Refunds</i>	<i>Transfers and adjustments</i>	<i>Total funds available</i>	<i>Expenses</i>	<i>Fund balances as at 31 December</i>	<i>Contributions receivable as at 31 December</i>
Zonta International Foundation	990	–	–	–	–	990	108	882	–
Subtotal, trust funds	1 174 487	1 041 753	3 881	(6 470)	(111)	2 213 540	895 870	1 317 670	424 892
Special funds									
Bridge funding liability foreign currency exchange adjustments	611	–	–	–	–	611	433	178	–
Contribution in kind - earmarked (goods)	487	4 227	–	–	–	4 714	665	4 049	1 837
Cuba-Caribbean Community	2	–	2	–	–	4	2	2	–
Donor reporting resources	1 638	–	693	–	–	2 331	1 205	1 126	–
European Union finance specialist post	162	–	–	–	–	162	–	162	–
Global Contraceptive Commodity Programme	5 000	–	–	–	119	5 119	119	5 000	–
Inventories - other resources - corporate	9 762	–	–	–	–	9 762	2 478	7 284	–
Junior Professional Officers programme	8 420	5 503	233	–	–	14 156	5 784	8 372	146
Pooled foreign exchange gains/losses for other resources	2 470	–	–	–	(7)	2 463	–	2 463	–
Population Award	1 785	–	11	–	–	1 796	(13)	1 809	–
Procurement services – non-third party services-related	13 289	–	3 705	–	(363)	16 631	3 195	13 436	677
Rafael M. Salas Endowment Fund	1 110	–	6	–	–	1 116	37	1 079	–
United Nations Care Global Coordinator	7	–	–	–	–	7	–	7	–
Valuation adjustments for contributions receivable	(5 225)	(1 192)	–	–	–	(6 417)	–	(6 417)	(6 402)
Subtotal, special funds	39 518	8 538	4 650	–	(251)	52 455	13 905	38 550	(3 742)
Total	1 214 005	1 050 291	8 531	(6 470)	(362)	2 265 995	909 775	1 356 220	421 150

Note: Contributions and expenses as disclosed in this schedule include cost-recovery charges of \$58.9 million. With the exception of this schedule, expenses and earmarked contributions in other statements, notes and schedules are shown net of those amounts.

^a Fund balances as at 1 January updated to reflect reclassification of \$3.2 million from multi-donor funds to Sweden.

Schedule C
Third-party procurement services

Third-party procurement is procurement conducted by UNFPA, with no direct programme component, at the request and on behalf of third parties (governments, intergovernmental organizations, non-governmental organizations or United Nations entities, including the funds and programmes of the United Nations system and subsidiary organs of the United Nations). Such procurement is related to the UNFPA mandate and is consistent with its aims and policies. The terms of the procurement are specified in a procurement services contract, which includes a handling fee payable to UNFPA to defray its costs associated with conducting the procurement.

(Thousands of United States dollars)

	<i>Fund balances as at 31 December 2020 reclassified as liabilities</i>	<i>Receipts for procurement services</i>	<i>Adjustments and transfers</i>	<i>Total funds available</i>	<i>Cost of procurement services</i>	<i>Net advances as at 31 December 2021</i>
Institutions						
Governments and intergovernmental institutions	13 524	27 838	585	41 947	23 323	18 624
UNDP and other United Nations organizations	(692)	2 550	77	1 935	2 290	(355)
Non-governmental organizations	4 137	10 663	161	14 961	5 851	9 110
Total	16 969	41 051	823	58 843	31 464	27 379

Schedule D

Unearmarked and earmarked expenses for the year ended 31 December 2021

(Thousands of United States dollars)

	<i>Programme activities</i>				<i>Institutional budget</i>		<i>Corporate</i>				<i>Total</i>			
	<i>Unearmarked</i>		<i>Earmarked</i>		<i>Unearmarked</i>		<i>Unearmarked</i>		<i>Earmarked</i>		<i>Unearmarked</i>		<i>Earmarked</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Staff costs	91 208	84 627	84 871	78 786	137 777	135 680	8 997	9 541	12 235	12 140	237 982	229 848	97 106	90 926
Reproductive health and other programme-related supplies	14 693	24 788	212 376	235 191	40	51	(256)	79	5 927	1 341	14 477	24 918	218 303	236 532
Cash assistance programmes	1 034	97	6 645	192	–	–	–	–	–	–	1 034	97	6 645	192
Development and training of counterparts	21 121	17 768	116 343	90 398	44	95	279	32	20	–	21 444	17 895	116 363	90 398
Supplies, materials and operating costs	50 961	51 449	151 481	153 360	28 637	27 128	(8 875)	(4 120)	(5 787)	(7 187)	70 723	74 457	145 694	146 173
Contracted and professional services	56 092	48 319	222 818	208 007	17 831	12 160	319	741	526	376	74 242	61 220	223 344	208 383
Finance costs	113	133	894	857	7	10	107	433	2	–	227	576	896	857
Travel	9 924	7 546	25 787	21 646	561	823	34	(60)	(1)	16	10 519	8 309	25 786	21 662
Depreciation and amortization	2 391	2 312	788	692	1 665	1,670	2 323	2 367	21	20	6 379	6 349	809	712
Impairment	(27)	27	21	–	–	–	383	3	45	38	356	30	66	38
Other expenses	1 706	309	15 206	1 460	135	71	10 549	6 491	686	200	12 390	6 871	15 892	1 660
Total expenses	249 216	237 375	837 230	790 589	186 697	177 688	13 860	15 507	13 674	6 944	449 773	430 570	850 904	797 533