



United Nations

Financial report and audited financial statements

for the year ended 31 December 2020

and

Report of the Board of Auditors

**Volume III
International Trade Centre**

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**Financial report and audited
financial statements**

for the year ended 31 December 2020

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Volume III
International Trade Centre



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Note

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

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Letters of transmittal

Letter dated 31 March 2021 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to transmit the financial statements of the International Trade Centre for the year ended 31 December 2020, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

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

(Signed) António **Guterres**

**Letter dated 22 July 2021 from the Chair of the Board of Auditors
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the International Trade Centre for the year ended 31 December 2020.

(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 International Trade Centre (ITC), which comprise the statement of financial position as at 31 December 2020 (statement I) 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 the International Trade Centre as at 31 December 2020 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 the International Trade Centre, 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

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 31 December 2020, contained in chapter IV, 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 the Secretary-General and those charged with governance for the financial statements

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

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

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 aggregate, they could reasonably be expected to influence the economic decisions of the users 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 the International Trade Centre;

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

(d) Draw conclusions as to the appropriateness of the Secretary-General's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the International Trade Centre 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 the International Trade Centre 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 with regard to, 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

Furthermore, in our opinion, the transactions of the International Trade Centre 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 the International Trade Centre.

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

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

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

22 July 2021

Chapter II

Long-form report of the Board of Auditors

Summary

Audit opinion

The Board of Auditors has audited the financial statements and reviewed the operations of the International Trade Centre (ITC) for the year ended 31 December 2020. In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of ITC as at 31 December 2020 and its financial performance and cash flows for the year then ended, and have been prepared in accordance with the International Public Sector Accounting Standards.

Overall conclusion of the Board

The net assets for ITC decreased by \$15.16 million, from -\$38.80 million as at 31 December 2019 to -\$53.96 million as at 31 December 2020, despite a significant increase in total assets of \$49.66 million (13.70 per cent) during the same period. The decrease in net assets was due mainly to an operating loss of \$10.78 million and an actuarial loss of \$4.29 million in employee benefits liabilities in 2020. The accumulated deficit of \$49.79 million as at 31 December 2019 turned into an accumulated deficit of \$66.40 million as at 31 December 2020.

The Board noted that the functioning of ITC could be improved in areas such as financial management, human resources management, travel management, cost-recovery policy and property, plant and equipment management. The Board has made suitable recommendations to address those weaknesses.

Key findings

Advance payment write-off without reasonable collection efforts

According to the delegation of financial authority from the Controller, accounts receivable whose individual values are greater than \$100 but less than \$5,000 may be written off if ITC certifies that reasonable collection efforts have failed to produce positive results and further collection efforts would not be cost-effective vis-à-vis the receivable values. In 2020, one request for write-off of seven long-outstanding items which were advance payments to meeting participants was approved without reasonable collection efforts.

Daily fee range for international consultants and individual contractors not covering the actual payment

According to the administrative instruction on consultants and individual contractors, the international consultant and individual contractor rate should be paid in compliance with a regulated daily and monthly rate within a corresponding level range. There were 154 out of a total of 1,410 international consultant and individual contractor contracts whose daily rate ranged from \$565 to \$618, which fell between level C (a range from \$390 to \$560) and level D (a range from \$620 to \$750). The current daily fee range did not cover the actual payment and may not effectively regulate the fees of international consultants and individual contractors.

Non-compliance with the interim evaluation policy

According to the administrative instruction on consultants and individual contractors, interim evaluations should be undertaken by the direct supervisor in cases of contract periods longer than six months. In 2020, ITC did not carry out interim evaluations for those contracts longer than six months.

Non-compliance with the 16-day advance ticket purchase policy

Owing to the coronavirus disease (COVID-19) pandemic, the total number of trips in ITC dropped from 4,497 in 2019 to 947 in 2020. However, the overall rate of non-compliance with the 16-day advance ticket purchase policy in 2020 remained high, at 61 per cent. It was 53 per cent among ITC staff and 64 per cent among non-staff.

Main recommendations

The Board has made the following key recommendations, namely that ITC:

Advance payment write-off without reasonable collection efforts

(a) **Issue a guideline on procedures for collection of outstanding receivables, so that responsibilities can be established and certifying officers can provide a clear proof of collection efforts;**

Daily fee range for international consultants and individual contractors not covering the actual payment

(b) **Revise its policy with regard to the rate range structure to cover the actual payment;**

Non-compliance with the interim evaluation policy

(c) **Carry out interim evaluations for those contracts with periods longer than six months;**

Non-compliance with the 16-day advance ticket purchase policy

(d) **Adopt corrective measures to improve compliance with the advance ticket purchase policy.**

Follow-up on previous recommendations

As at 31 December 2020, of the 23 outstanding recommendations up to the financial year ended 31 December 2019, 7 (31 per cent) had been implemented, 12 (52 per cent) were under implementation and 4 (17 per cent) had been overtaken by events. The Board acknowledged the efforts made by ITC in implementing previous recommendations, and it encourages ITC to continue to work on implementing the remaining recommendations.

Key facts**\$120.52 million** Total revenue**\$131.30 million** Total expenses**\$412.03 million** Total assets**\$465.99 million** Total liabilities**-\$53.96 million** Net assets**A. Mandate, scope and methodology**

1. The International Trade Centre (ITC) is a technical cooperation agency jointly funded by the United Nations and the World Trade Organization (WTO) to stimulate exports by small and medium-sized enterprises in developing countries and countries with economies in transition.

2. The Board of Auditors has audited the financial statements of ITC and has reviewed its operations for the year ended 31 December 2020 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. The latter 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 present fairly the financial position of ITC as at 31 December 2020 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 expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. Owing to the prevailing coronavirus disease (COVID-19) pandemic and the consequent restrictions on international travel, the Board did not visit the ITC headquarters in Geneva, and the audit was conducted remotely in China from 5 to 30 April 2021.

5. 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 report was discussed with ITC management, whose views have been appropriately reflected.

B. Findings and recommendations**1. Follow-up on previous recommendations**

6. The Board followed up the implementation of previous recommendations. Of 23 outstanding recommendations up to the financial year ended 31 December 2019, ITC had implemented 7 recommendations (31 per cent), while 12 (52 per cent) were

under implementation and 4 (17 per cent) had been overtaken by events. The details of the 23 outstanding recommendations are shown in table II.1.

Table II.1
Status of implementation of recommendations

<i>Status</i>	<i>Report of the Board of Auditors</i>				<i>Total</i>
	<i>A/72/5 (Vol. III)</i>	<i>A/73/5 (Vol. III)</i>	<i>A/74/5 (Vol. III)</i>	<i>A/75/5 (Vol. III)</i>	
Open recommendations at the end of December 2019	4	2	7	10	23
Status of implementation in 2020					
(a) Implemented	2	1	1	3	7
(b) Under implementation	1	–	4	7	12
(c) Overtaken by events	1	1	2	–	4
Recommendations open as at December 2020	1	–	4	7	12

7. The annex to chapter II of the present report contains details on the status of implementation of previous recommendations. The Board carried out an analysis of the open recommendations and noted that four fell under project management; three involved travel management; three were about human resources management; one was related to the business continuity plan; and one pertained to procurement management.

8. With regard to the ageing of the open recommendations, one (8 per cent) was pending for more than three years; four (33 per cent) were two years old; and seven (59 per cent) were made one year ago.

9. As for the recommended corrective measures, 11 (92 per cent) required full compliance with regulations; and 1 (8 per cent) indicated a need for the development of regulation.

2. Financial overview

Financial position

10. As at 31 December 2020, the net assets of ITC remained negative, at -\$53.96 million (2019: -\$38.80 million). Total assets increased from \$362.37 million in 2019 to \$412.03 million in 2020, with an increase in investments (current investment increased from \$76.45 million in 2019 to \$116.32 million in 2020, while non-current investment increased from \$23.81 million in 2019 to \$38.29 million in 2020) and voluntary contributions receivable (voluntary contributions receivable increased from \$215.21 million in 2019 to \$227.80 million in 2020). This change reflects a significant increase in the activities taken up by ITC.

11. ITC reported total liabilities of \$465.99 million as at 31 December 2020 (2019: \$401.16 million). This significant rise was attributable in particular to an increase in liabilities recognized for conditional voluntary contributions, from \$217.30 million as at 31 December 2019 to \$275.22 million as at 31 December 2020.

Financial performance

12. ITC reported a deficit of \$10.78 million for the year ended 31 December 2020 (2019: surplus of \$6.30 million). Revenue for the year totalled \$120.52 million (2019: \$125.25 million), the majority of which was earned from assessed contributions of \$37.14 million (\$35.89 million in 2019) and voluntary contributions of \$78.00 million (\$82.87 million in 2019).

13. ITC reported expenses of \$131.30 million for the year ended 31 December 2020 (2019: \$118.95 million). As in previous years, the majority of expenses related to employee salaries, allowances and benefits (\$68.57 million). Non-employee costs (consultant and contractor costs) were reported as \$28.14 million and other operating expenses were \$22.09 million. An increase in non-employee compensation and allowances indicate increased use of non-employees. The balance of costs included travel, grants and other transfers, supplies and consumables, depreciation, amortization, other expenses and share of joint arrangement. Table II.2 shows the Board's analysis of ITC expenses.

Table II.2

Expenses of the International Trade Centre for the years ended 31 December 2020 and 31 December 2019

<i>Expense type</i>	<i>2020</i>		<i>2019</i>	
	<i>Thousands of United States dollars</i>	<i>Percentage of total</i>	<i>Thousands of United States dollars</i>	<i>Percentage of total</i>
Employee salaries, allowances and benefits	68 573	52.23	55 592	46.73
Non-employee compensation and allowances, excluding travel costs	28 135	21.43	25 928	21.80
Travel, including non-employee travel	2 443	1.86	8 194	6.89
Grants and other transfers	5 251	4.00	4 340	3.65
Supplies and consumables	595	0.45	371	0.31
Depreciation	305	0.23	370	0.31
Amortization	769	0.59	824	0.69
Other operating expenses	22 087	16.82	20 491	17.23
Other expenses	3 111	2.37	2 837	2.38
Share of joint arrangement	26	0.02	5	–
Total	131 295	100	118 952	100

Source: Analysis by the Board of Auditors of ITC statements of financial performance for 2019 and 2020.

Financial analysis

14. As part of the financial analysis, the Board assessed the Centre's financial ratios and key assets and liabilities (see table II.3).

Table II.3
Ratio analysis

Ratio	31 December 2020	31 December 2019
Cash ratio ^a (cash + short-term investments to current liabilities)	1.74	1.57
Quick ratio ^b (cash + investments + accounts receivable to current liabilities)	3.16	2.88
Current ratio ^c (current assets to current liabilities)	3.24	2.98
Solvency ratio ^d (assets to liabilities)	0.88	0.90

Source: ITC 2020 financial statements.

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

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

^c A high ratio indicates an entity's ability to pay off its short-term liabilities.

^d A high ratio is a good indicator of solvency.

15. The Board noted that the current, cash and quick ratios had increased compared with the previous year. That was due mainly to an increase in investment and current voluntary contributions receivable in 2020. Given the sound current, cash and quick ratios, ITC has no immediate risk to its liquidity. Although the solvency ratio (total assets to total liabilities) decreased from 0.90 in 2019 to 0.88 in 2020, the Board agrees with the assertion of ITC that it remains a going concern.

3. Financial management

Advance payment write-off without reasonable collection efforts

16. According to the delegation of financial authority from the Controller to the Director of the Division of Programme Support, accounts receivable whose individual values are greater than \$100 but less than \$5,000 may be written off if ITC certifies that reasonable collection efforts have failed to produce positive results and further collection efforts would not be cost-effective vis-à-vis the receivable values.

17. The Board reviewed the summary statement and supporting documents provided by ITC and noted that one request to write off seven long-outstanding items totalling \$2,163.51, which were advance payments to meeting participants, was approved without reasonable collection efforts. There were three items with the amount over \$100.

18. The Board recommends that ITC issue a guideline on procedures for collection of outstanding receivables, so that responsibilities can be established and certifying officers can provide a clear proof of collection efforts.

19. ITC accepted the recommendation.

Advance payment write-off without appropriate approval

20. According to the delegation of financial authority from the Controller, the Director of the Division of Programme Support, under financial rule 106.7, is authorized to write off low-value receivables against ITC-administered accounts of up to \$5,000 in respect of a single loss or a series of related losses.

21. The Board noted that the write-off of two low-value advance payments, which amounted to \$185.46, was approved by the Chief of the Financial Management Section, not by the Director of the Division of Programme Support.

22. The Board is of the view that the write-off of low-value advance payments was not in line with the authorized delegation.

23. **The Board recommends that ITC strengthen the management of write-offs by issuing a formal subdelegation of authority on write-offs.**

24. ITC accepted the recommendation.

4. Cost-recovery policy

Separate programme support cost rate from appendix D rate in agreements

25. The United Nations instruction on programme support costs states that the United Nations shall henceforth apply the following programme support cost rate: 13 per cent on all voluntary contributions where the United Nations retains primary and overarching programmatic responsibility and is the first or primary recipient of those funds.

26. The Board reviewed the unconditional revenue recognized for 2020 and noted that, for the agreement between ITC and one foundation on hosting a fellowship programme, 14 per cent of the total value was charged as administrative expenses.

27. The Board was informed that 14 per cent comprised programme support costs of 13 per cent and appendix D costs of 1 per cent and that appendix D expenditures were calculated monthly to provide a reserve for contingency liabilities for disability and death benefit compensations.

28. The Board is of the view that the programme support cost rate and the appendix D rate should be presented separately in the agreements to avoid misunderstanding.

29. **The Board recommends that ITC specify the programme support cost rate and the appendix D rate separately in donor agreements.**

30. ITC accepted the recommendation.

5. Oversight mechanism

Need to update the policy to document revised oversight mechanism

31. The Executive Director bulletin on the ITC Oversight Committee (ITC/EDB/2014/08, sect. 1.1) states that, in 2006, the Executive Director established the ITC Oversight Committee for the purpose of: (a) helping to improve the effectiveness and quality of the internal and external oversight functions; (b) supporting internal control, financial and performance reporting, compliance and risk management; (c) ensuring the implementation of bulletin ITC/EDB/2014/04 on the accountability policy and associated operating principles; (d) taking into account several General Assembly resolutions requesting programme managers to ensure the full implementation of oversight recommendations; and (e) providing advice to the Executive Director on all ITC activities relating to internal and external oversight activities, internal control and risk management, ethics and compliance, and financial and performance reporting.

32. The ITC Oversight Committee was first established in June 2006, and the terms of reference of the Committee were modified in October 2010 and August 2014. However, the Committee has not held any meetings or prepared any report to the Executive Director since 2014.

33. The Board was informed that, according to the minutes of the meeting that ITC held with WTO and the United Nations Conference on Trade and Development (UNCTAD) on 23 March 2021, the function of the Oversight Committee had been superseded through various other committees and governance mechanisms, and the management team would be held accountable for oversight results through the Joint Advisory Group and other existing mechanisms.

34. The Board noted that the previous Oversight Committee had been superseded, but ITC did not update the policy to document the proposed oversight mechanism.

35. The Board is of the view that the proposed oversight mechanism was not documented in a timely manner, which would affect the fulfilment by governing bodies and ITC of their responsibilities and obligations.

36. The Board recommends that ITC update the oversight policy to document the revised mechanism as agreed by WTO and UNCTAD.

37. ITC accepted the recommendation.

6. Human resources management

Consultants and individual contractors awarded contracts with overlapping periods

38. ITC guidelines in February 2018 on the recruitment and administration of consultants and individual contractors state that the repeated use of the same consultants and individual contractors must be limited.

39. The Board noted that, in 2020, ITC signed 2,456 consultants and individual contractor contracts with 1,447 persons, of whom 116 consultants and individual contractors have been awarded two or more contracts with overlapping periods.

40. The Board is of the view that the above-mentioned practice was not in line with the requirements of the guidelines and would affect the quality and effectiveness of services provided by consultants and individual contractors.

41. The Board recommends that ITC establish a monitoring procedure to avoid consultants working simultaneously and full time on separate contracts.

42. ITC accepted the recommendation.

Daily fee range for international consultants and individual contractors not covering the actual payment

43. According to the administrative instruction on consultants and individual contractors, international consultant and individual contractor fees should be paid in compliance with regulated daily and monthly rates within a corresponding level range. There are five levels, levels A to E. The daily rate under level C ranges from \$390 to \$560, and the daily rate under level D ranges from \$620 to \$750.

44. The Board noted that actual payments to international consultants and individual contractors did not match the daily fee range. There were 154 out of the total 1,410 international consultants and individual contractors whose daily rates ranged from \$565 to \$618, which fell between levels C and D.

45. The Board is of the view that the current fee range structure does not cover the actual payment and may not effectively regulate the fees of international consultants and individual contractors.

46. The Board recommends that ITC revise its policy with regard to the rate range structure to cover the actual payment.

47. ITC accepted the recommendation.

Non-compliance with the interim evaluation policy

48. According to the administrative instruction on consultants and individual contractors, interim evaluations should be undertaken by the direct supervisor in cases of contract periods longer than six months.

49. The Board noted that, in 2020, ITC did not undertake an interim evaluation for 120 contracts of consultants and individual contractors whose periods were longer than six months.

50. The Board was informed that, before any payment, the hiring manager would verify satisfactory performance or delivery on the part of those consultants and individual contractors.

51. The Board is of the view that verification of satisfactory performance could not replace the interim evaluation.

52. The Board recommends that ITC carry out interim evaluations for those contracts with periods longer than six months.

53. ITC accepted the recommendation.

7. Travel management

Non-compliance with the advance ticket purchase policy

54. In accordance with staff rule 7.8 and section 3.3 of administrative instruction [ST/AI/2013/3](#), as well as section 3.13 of ITC administrative instruction [ITC/AI/2019/03](#), all travel arrangements for individuals travelling on behalf of the United Nations, including advance booking and purchase of tickets, should be finalized 16 calendar days in advance of the commencement of official travel. In addition, travellers are to create their own travel request in Umoja 21 days in advance of the commencement of official travel.

55. The Board noted that ITC fixed low compliance targets for the 16-day advance ticket purchase policy, at 40 per cent for 2020 and 50 per cent for 2019. The even lower target level compared with the previous year could not motivate staff members and their supervisors to improve compliance with the policy.

56. The Board further noted that, in 2020, there were 947 approved travel requests with a total ticket expense of \$1.26 million, of which 563 requests (59 per cent) were not submitted 21 days in advance of the start date of the journey, and 577 trips (61 per cent) were not booked 16 days in advance of the journey date.

57. An analysis of recorded reasons for non-compliance cases in 2020 indicated that non-compliance was caused mainly by late event planning (165 of 577 trips, or 29 per cent), delayed confirmation by travellers (109 of 577 trips, or 19 per cent) and late nomination of travellers (109 of 577 trips, or 19 per cent). Those figures indicate that there was significant scope to improve compliance with the advance ticket purchase policy through diligent travel planning and confirmation by travellers in a timely manner.

58. The results of research on round-trip tickets in three fare classes, conducted by the Joint Inspection Unit (see [JIU/REP/2017/3](#)), show that tickets purchased 31 days in advance, compared with 5 days in advance, in first and business class generate average aggregated savings of 17–18 per cent, rising to 42 per cent for economy class.

59. The Board is of the view that the potential for savings through the implementation of the 16-day advance ticket purchase policy could be significant. Furthermore, accountability for ensuring compliance with organizational travel policies requires the active involvement of and support from senior management.

60. **The Board reiterates the recommendation that ITC adopt corrective measures to improve compliance with the advance ticket purchase policy.**

61. ITC accepted the recommendation.

8. Property, plant and equipment management

Not recording three-month depreciation of vehicles

62. The United Nations policy framework for IPSAS states that depreciation of property, plant and equipment of Secretariat reporting entities, including strategic deployment in Brindisi, will commence when the entity gains control of the property, plant and equipment at acquisition in accordance with Incoterms.

63. The Board noted that in 2020 ITC procured a vehicle from the United Nations Development Programme office in the Lao People's Democratic Republic. In September 2020, the vehicle was checked by the ITC Vientiane office, and an invoice in the amount of \$22,000 was also received. ITC recognized the vehicle as an asset in December 2020, but the three-month depreciation of \$953.33 was not recorded in 2020.

64. The Board is concerned that undercounting depreciation of property, plant and equipment would affect the accuracy of the asset value.

65. **The Board recommends that ITC make accounting adjustments to ensure the accuracy of property, plant and equipment and depreciation presentation in the financial statements.**

66. ITC accepted the recommendation.

C. Disclosures by management

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

67. ITC reported that it had formally written off equipment for an amount of \$97,640 and an amount of non-recoverable receivables of \$60,306 during the year ended 31 December 2020.

2. Ex gratia payments

68. ITC reported no ex gratia payments for the year ended 31 December 2020.

3. Cases of fraud, presumptive fraud and financial mismanagement

69. ITC has no cases of fraud or presumptive fraud to report for the year ended 31 December 2020.

D. Acknowledgement

70. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and members of the staff of ITC.

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

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

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

22 July 2021

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2019

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2016	A/72/5 (Vol. III) , chap. II, para. 59	Operationalize its independent Oversight Committee to strengthen its internal control mechanisms.	In view of the audit observation on the status of existing oversight mechanisms at the end of 2020, ITC confirmed that the function of the Oversight Committee had been superseded through various other committees and governance mechanisms, and the management team would be held accountable for oversight results through the Joint Advisory Group and other existing mechanisms.	This recommendation is considered to have been overtaken by the new recommendation that ITC update the policy to document the revised oversight mechanism as agreed by WTO and UNCTAD.				X
2	2016	A/72/5 (Vol. III) , chap. II, para. 65	Select consultants through a competitive process.	In view of the audit observation on 2020 activities, ITC recognized a need for greater oversight and an improved process in the appointment of consultants. ITC accepted the Board's recommendation and implemented the three action points.	In 2020, 2,437 (99 per cent) of the total 2,456 contracts were awarded through a competitive process. This recommendation is considered implemented.	X			
3	2016	A/72/5 (Vol. III) , chap. II, para. 69	(a) Select consultants through a competitive process and (b) avoid using consultants for the performance of generic tasks.	In view of the audit observation on 2020 activities, ITC recognized a need for greater oversight and an improved process in the appointment of consultants. ITC accepted the Board's recommendation and implemented the three action points.	In 2020, 2,437 (99 per cent) of the total 2,456 contracts were awarded through a competitive process. This recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
4	2016	A/72/5 (Vol. III) , chap. II, para. 83	Adhere to the 16-day clause for advance travel planning to reduce travel expenditure and avoid frequent rescheduling and cancellation of tickets.	In view of the audit observation on 2020 activities, ITC considered putting in place clear accountability mechanisms at all levels to ensure improved compliance with the advance ticket purchase policy.	The overall non-compliance rate with the 16-day advance air ticket purchase policy in 2020 remained high, at 61 per cent. It was 53 per cent among ITC staff and 64 per cent for non-staff. This recommendation is considered to be under implementation.		X		
5	2017	A/73/5 (Vol. III) , chap. II, para. 58	Select consultants through a competitive process. (Refers to a 2016 recommendation (see A/72/5 (Vol. III) , chap. II, para. 65).)	In view of the audit observation on 2020 activities, ITC recognized a need for greater oversight and an improved process in the appointment of consultants. ITC accepted the Board's recommendation and implemented the three action points.	In 2020, 2,437 (99 per cent) of the total 2,456 contracts were awarded through a competitive process. This recommendation is considered implemented.	X			
6	2017	A/73/5 (Vol. III) , chap. II, para. 62	Apply adequate checks and controls to avoid awarding contracts at fees higher than the maximum fee associated with a particular level.	In view of the audit observation on 2020 activities, there were 154 out of the total 1,410 international consultant and individual contractor contracts whose daily fee fell between levels C and D for consultants and individual contractors.	This recommendation is considered to have been overtaken by the Board's new recommendation with regard to the restructuring of the rate range.				X
7	2018	A/74/5 (Vol. III) , chap. II, para. 24	Select consultants through a competitive process, ensure that consultants are not engaged for work of a generic or routine nature and clearly define the tangible outputs for each assignment in the terms of reference and maintain proper documentation in case of exceptions.	In view of the audit observation on 2020 activities, ITC recognized a need for greater oversight and an improved process in the appointment of consultants. ITC accepted the Board's recommendation and implemented the three action points.	In 2020, there were still some consultants and individual contractors who performed generic tasks. This recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
8	2018	A/74/5 (Vol. III), chap. II, para. 29	Ensure appropriate internal controls to avoid awarding contracts at fees higher than the maximum fee associated with the particular level.	In view of the audit observation on 2020 activities, there were 154 out of the total 1,410 international consultant and individual contractor contracts whose daily fee fell between levels C and D for consultants and individual contractors.	This recommendation is considered to have been overtaken by the Board's new recommendation with regard to the restructuring of the rate range.				X
9	2018	A/74/5 (Vol. III), chap. II, para. 33	Ensure that all the mandatory training courses are completed by staff members in compliance with the instruction in force.	In view of the audit observation on 2020 activities, ITC stated that it would ensure that all new staff complete their mandatory training within six months of arrival and others by a date to be agreed by senior management.	The completion rate of mandatory training for staff members has improved from 77 per cent to 95 per cent. This recommendation is considered implemented.	X			
10	2018	A/74/5 (Vol. III), chap. II, para. 40	Track reasons for non-compliance with the 21-day window for travel in ITC and monitor closely to ensure better compliance.	In view of the audit observation on 2020 activities, ITC would consider putting in place clear accountability mechanisms at all levels to ensure improved compliance with the advance ticket purchase policy.	The overall non-compliance rate with the 16-day advance air ticket purchase policy in 2020 remained high, at 61 per cent. It was 53 per cent among ITC staff and 64 per cent for non-staff. This recommendation is considered to be under implementation.		X		
11	2018	A/74/5 (Vol. III), chap. II, para. 48	Incorporate the standard provisions in all memorandums of understanding, in particular, conditionality for payment in the case of projects with training components. Also consider incorporation of the provision linking the future relationship with a grantee to timely	In view of the audit observation on 2020 activities, ITC adopted the grant memorandum of understanding template on legal resources. In the most recent version of the version, updated in March 2021, changes have been made to the text on conditionality for payment so as to ensure that grantees provide training participant information before requesting the final payment for grants involving delivery of	In 2020, there were deviations from the standard template for signing grant memorandums of understanding with grantees. Given that ITC adopted the grant memorandum of understanding template in 2021, it is more reasonable to review and evaluate the incorporation of these provisions in the coming year. In addition, ITC is still preparing the final payment checklist. This recommendation		X		

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			submission of a long-term impact report to the satisfaction of ITC.	training. In addition, ITC is drafting a final payment checklist, which shall be completed by certifying officers as well as project managers in order to confirm that all conditions for the final payment have been met.	is considered to be under implementation.				
12	2018	A/74/5 (Vol. III) , chap. II, para. 55	Review the project completion reports of all projects and ensure that they are completed within the prescribed time and uploaded to the project portal. Also appropriately follow up the suggestions made in the evaluation reports, including project completion reports.	In view of the audit observation on 2020 activities, ITC has changed the timeline for submitting project completion reports in the new project portal: for projects that ended before 7 July 2020, the project completion report should be submitted within three months after the project end date; for projects ending after 7 July 2020, it should be submitted within six months. ITC held two training sessions in 2020 to stress this rule. In addition, the 2020 evaluation synthesis report was finalized in 2021.	Since this recommendation is the same as the one in the report for 2019, the Board chose to close this one while keeping and tracking the other one.				X
13	2018	A/74/5 (Vol. III) , chap. II, para. 63	Consider assessing the long-term sustainability of the results achieved under various projects.	In 2020, the ITC Independent Evaluation Unit undertook a systematic assessment of the sustainability of the results for projects that ended three or four years ago. ITC planned to repeat such assessments on an annual basis, with regular budget resources dedicated to evaluations.	ITC has taken some steps towards implementing the recommendation. This recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
14	2019	A/75/5 (Vol. III) , chap. II, para. 20	Undertake a review of its operational reserve requirements and progressively augment its operating reserves in line with evolving operational needs.	In view of the audit observation on 2020 activities, ITC had initiated the process of reviewing the level of its operating reserve. Accrued interest remains the main source of revenue that increases the reserve and depends on the performance of the investment portfolio. ITC finalized the memorandum to the Controller with supporting documentation to request an adjustment in the level of the reserve in February 2021.	In February 2021, ITC requested approval from the Controller to maintain an organic level of trust fund operating reserves. In response, the Controller referred to the memorandum dated 6 March 2015 which eliminated the requirement to maintain operating reserves of 15 per cent. With this change in policy, ITC has been granted authorization to set and manage its trust fund operating reserves and no further approval from the Controller is required in this regard. This recommendation is considered implemented.	X			
15	2019	A/75/5 (Vol. III) , chap. II, para. 26	Have a well-documented and adequately tested business continuity plan to effectively mitigate risks of work interruptions posed by disruptive events.	In view of the audit observation on 2020 activities, ITC was in the process of updating its business continuity plan documentation, procedures and continuity of core business system and including achievements and lessons learned from the COVID-19 pandemic.	ITC did not complete a formal and updated business continuity plan document until April 2021. This recommendation is considered to be under implementation.		X		
16	2019	A/75/5 (Vol. III) , chap. II, para. 35	Establish a more rigorous formal selection process for consultants and individual contractors with annual consultancy fees exceeding a suitable threshold, along with an ex-post review of contracts annually in all cases by ITC management.	ITC developed a proposal for selecting consultants above an agreed monetary threshold which was presented to the Senior Management Committee on 23 February 2021.	According to the Senior Management Committee meeting minutes of 13 April 2021 provided by ITC, the Committee approved the proposed procedures for reviewing consultants and individual contractors above a threshold of \$150,000 to be piloted in 2021, after which it could be reviewed. This recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
17	2019	A/75/5 (Vol. III) , chap. II, para. 43	Consider setting specific timelines for its entire staff to complete mandatory training.	ITC accepted the recommendation and stated that it would ensure that all new staff complete their mandatory training within six months of arrival.	The completion rate of mandatory training for staff members has improved from 77 per cent to 95 per cent. This recommendation is considered implemented.	X			
18	2019	A/75/5 (Vol. III) , chap. II, para. 45	Clearly include a provision for completing mandatory training for consultants, individual contractors and implementing partners in their contracts and monitor implementation by hiring managers or programme managers.	ITC accepted the recommendation and stated that managers would ensure that mandatory training is completed by a date to be agreed by senior management. ITC would also update its policy.	The completion rate of mandatory training for non-staff personnel has improved from 44 per cent to 89 per cent. However, the rate still needs to improve. The Board noted that 167 (18 per cent) of 920 personnel had not completed the BSAFE training. This recommendation is considered to be under implementation.		X		
19	2019	A/75/5 (Vol. III) , chap. II, para. 54	Consider putting in place clear accountability mechanisms at all levels to ensure improved compliance with the advance ticket purchase policy.	In view of the audit observation on 2020 activities, ITC considered putting in place clear accountability mechanisms at all levels to ensure improved compliance with the advance ticket purchase policy.	The overall non-compliance rate with the 16-day advance air ticket purchase policy in 2020 remained high, at 61 per cent. This recommendation is considered to be under implementation.		X		
20	2019	A/75/5 (Vol. III) , chap. II, para. 59	Consider establishing standard operating procedures for a formal ex-post review by Central Support Services to oversee compliance with organizational rules governing low-value acquisitions and to take follow-up action. As part of the ex-post review, it should be considered whether	ITC accepted the recommendation and stated that ensuring cost-effectiveness could be problematic and Central Support Services would oversee compliance with the oversight of the Senior Management Committee. ITC also agreed to have written standard operating procedures that would include an annual report of findings and a memorandum to managers when identifying issues of	In 2020, ITC conducted the annual review of low-value acquisitions, and certifying managers were advised of the findings of purchase order splits by email. In addition, the standard operating procedures for the annual review of low-value acquisitions were established by the Division of Programme Support in March 2021. Since purchase order splits still exist, the Board will review this in the coming year. This recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			services procured for fulfilling mandates were cost-effective.	splitting. ITC would also review its administrative instructions and adjust them with clearer wording on restrictions in 2021.					
21	2019	A/75/5 (Vol. III) , chap. II, para. 66	Enforce accountability at all levels for the completion of high-quality project completion reports within the prescribed period of three months, as well as timely implementation of the recommendations in the annual evaluation synthesis report in accordance with agreed timelines reflected in the management response.	In view of the audit observation on 2020 activities, ITC has changed the timeline for submitting project completion reports in the new project portal: for projects that ended before 7 July 2020, the project completion report should be submitted within three months after the project end date; for projects ending after 7 July 2020, it should be submitted within six months. ITC held two training sessions in 2020 to stress this rule. In addition, the 2020 evaluation synthesis report was drafted in 2020 and finalized in 2021.	In the 2020 evaluation synthesis report, only a few of the total reviewed project completion report samples were made available within the three-month submission period. Because ITC has updated the timeline for submitting project completion reports, project managers have been given a longer time to prepare and submit the report. It is thus more reasonable to review and evaluate the effect of the new submission timeline in the coming year. This recommendation is considered to be under implementation.		X		
22	2019	A/75/5 (Vol. III) , chap. II, para. 73	Incorporate specific timelines into its project management guidelines for completing the financial closure of a project after its operational closure.	In view of the audit observation on 2020 activities, ITC has set a timeline for operation closure in the new project portal since December 2020, and a project shall move to the operation closure stage automatically on its end date. The reporting deadline is a trigger for financial closure ranging from six to nine months. When such date is not specified in the agreement, ITC will have nine months after the grant end date, and the information will be updated in Umoja. A grant is considered financially closed when the	ITC has set timelines for the start of operation closure and financial closure separately. This recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	ITC response	Board's assessment	Status after verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	
23	2019	A/75/5 (Vol. III), chap. II, para. 78	Adhere to the provisions of the grant memorandum of understanding template, in particular conditionality for payment in the case of projects with training components.	donor is contacted with information about the final balance. Donor refunds are booked accordingly in Umoja. In view of the audit observation on 2020 activities, ITC adopted the grant memorandum of understanding template on legal resources. In the most recent version of the template, updated in March 2021, changes have been made to the text on conditionality for payment so as to ensure that grantees provide training participant information before requesting the final payment for grants involving delivery of training. In addition, ITC is drafting a final payment checklist, which shall be completed by certifying officers as well as project managers in order to confirm that all conditions for the final payment have been met.	In 2020, there were still deviations from the standard template for signing grant memorandums of understanding with grantees. Given that ITC adopted the grant memorandum of understanding template in 2021, it is more reasonable to review and evaluate the incorporation of these provisions in the coming year. In addition, ITC is still preparing the final payment checklist. This recommendation is considered to be under implementation.		X			
Total number of recommendations						23	7	12	–	4
Percentage of the total number of recommendations						100	31	52	–	17

Chapter III

Certification of the financial statements

Letter dated 24 March 2021 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the International Trade Centre for the year ended 31 December 2020 have been prepared in accordance with financial regulation 6.1 of the Financial Regulations and Rules of the United Nations.

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

I certify that the appended financial statements of the International Trade Centre, numbered I to V, are correct in all material respects.

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

Chapter IV

Financial report for the year ended 31 December 2020

A. Introduction

1. The Executive Director has the honour to submit the financial report on the accounts of the International Trade Centre (ITC) for the year ended 31 December 2020.

2. The present report is designed to be read in conjunction with the financial statements. Attached to the report is an annex with supplementary information, which is required to be reported to the Board of Auditors under the Financial Regulations and Rules of the United Nations.

3. ITC is the joint technical cooperation agency of the United Nations and the World Trade Organization (WTO) for trade and international business development. ITC aims to improve the international competitiveness of micro-, small and medium-sized enterprises from developing countries, especially least developed countries, and countries with economies in transition through the delivery of trade-related technical assistance.

4. In 2020, ITC delivery was strategically aligned to 11 of the Sustainable Development Goals, with a focus on Goal 8 (decent work and economic growth), Goal 1 (end poverty), Goal 5 (gender equality) and Goal 17 (partnerships for the Goals). ITC also contributed to Goals 2, 4, 9, 10, 12, 13 and 16. ITC organizes its delivery across six focus areas: (a) providing trade and market intelligence; (b) building a conducive business environment; (c) strengthening trade and investment support institutions; (d) connecting to international value chains; (e) promoting and mainstreaming inclusive and green trade; and (f) supporting regional economic integration and South-South trade and investment.

5. In 2020, measured by expenditure in United States dollars, ITC delivered technical assistance, capacity-building and market intelligence with gross extrabudgetary expenditures of \$91.88 million. Extrabudgetary expenditure was at the same level as in the previous year, and general performance was in line with output and outcome targets that were set for the year 2020.

6. ITC performance continued to be strongly supported by corporate initiatives for innovation and project development. At the end of 2020, the ITC pipeline of projects under development and in discussions with funders was estimated at \$34.79 million. Throughout the year, over \$0.4 million was approved for innovative projects from the ITC Business Development Fund.

7. In 2020, over 388,000 beneficiaries became more aware of trade-related topics through the use of ITC market intelligence tools and other digital content, as well as through targeted ITC awareness-raising and knowledge-sharing events. In over 120 cases, ITC influenced policymakers and contributed to strategy or policy formulations for the benefit of micro-, small and medium-sized enterprises in developing economies. In over 330 instances, the institutional beneficiaries of ITC, public and private trade and investment support institutions, have improved their performance through ITC interventions and are now able to serve their clients better. The Centre's refined monitoring better captured interventions focusing on marginalized groups, such as smallholders and women-owned or operated enterprises. This allowed for reporting that over 21,000 micro-, small and medium-sized enterprises, of which 55 per cent were women-owned or operated, made changes to their business operations to improve their competitiveness. Finally, over 18,000 micro-, small and medium-sized enterprises have transacted new business

with ITC assistance, of which 24 per cent were women-owned or operated. Women's economic empowerment is at the core of all ITC work. At the same time, the Centre's increasing engagement in agribusiness value chains takes place through the "family approach", and many of the microenterprises in the sector are registered under a man's name. The largest share of ITC delivery continued to be focused on sub-Saharan Africa and the Asia-Pacific regions, in line with the continued prioritization of the most vulnerable countries. In 2020, almost 50 per cent of country- or region-specific extrabudgetary expenditure was dedicated to least developed countries, and over 80 per cent to the wider group of priority countries, consisting of least developed countries, landlocked developing countries, small island developing States, sub-Saharan Africa and conflict-affected countries.

8. At the rise of the coronavirus disease (COVID-19) pandemic, ITC adjusted its hybrid delivery model in 2020, expanding the online delivery mechanisms in combination with interventions on the ground. ITC was guided by its 15-point action plan to assist beneficiaries, namely micro-, small and medium-sized enterprises, policymakers and business support organizations, in maintaining their operations through the crisis. The assistance included enhanced access to transparent and timely trade intelligence, one of the most prominent deliverables being the COVID-19 dashboard of the ITC Market Access Map, which provides real-time information on changing trade conditions and measures imposed by countries.

9. ITC uses its annual evaluation synthesis reports to provide an overview of findings and critical lessons learned from internal and external evaluations conducted during the year. Those lessons inform the quality review criteria that ITC uses in its project approval process and inform project management. The key theme of the 2020 report was "Achieving the bottom line: relevant, agile and innovative". Overall, findings indicate that ITC projects are well aligned with the ITC mandate and results framework, with good practices in gender and equity results through trade. Sustainability of results is supported by in-country business support institutions. Long-term engagement, detailed country knowledge and good exit strategies foster ownership and trust on the part of ITC partners and beneficiaries. Opportunities for improvement were identified in several areas of project and programme delivery, to enhance the mainstreaming of cross-cutting themes, detail the theories of change to reach long-term objectives, and improve monitoring and evaluation data. In response, ITC will invest in more extensive mainstreaming and monitoring of gender, youth, environment and social responsibility elements in its projects and programmes and will work on enhancing the capacities of projects for utilizing theories of change and on simplification and harmonization of the monitoring methodologies and systems. Finally, ITC will be enhancing sustainability and coordination, including through increased engagement in United Nations system development coordination frameworks.

10. In 2020, ITC intensified its risk monitoring, both in frequency and in quality, at the corporate and project levels. As the COVID-19 pandemic triggered many uncertainties related to the delivery of technical assistance, ITC reinforced its contingency planning, especially in technical assistance projects, and the frequency of interactions with stakeholders. ITC was able to continue field operations through virtual or hybrid delivery, despite widespread travel restrictions and lockdowns in beneficiary countries, and achieve most results targets.

11. ITC implemented a number of efficiency initiatives, measured by key performance indicators: ITC has again achieved carbon emission neutrality. In the area of gender equality, the percentage of women in senior positions reached 47 per cent, against the 50 per cent target, while ITC achieved 94 per cent compliance with the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women 2.0 framework, as measured by indicators met or exceeded.

12. In 2020, ITC was very successful in its fundraising efforts, securing \$330 million of extrabudgetary funding for the year 2021 and beyond.

13. With regard to inter-agency coordination and liaison, ITC worked closely with other United Nations agencies, including through membership in the United Nations Sustainable Development Group and United Nations country teams. ITC strengthened its relations with the private sector, civil society, academia and international entities to advance the 2030 Agenda for Sustainable Development. As a non-resident agency, ITC is adjusting its operations to fully support the United Nations reform and contribute to United Nations regional and country teams where the Centre's expertise meets the priorities of national Governments. ITC closely collaborated with the United Nations Conference on Trade and Development and WTO and engaged in projects related to micro-, small and medium-sized enterprises and trade development with selected partners.

14. At the fifty-fourth session of the ITC Joint Advisory Group, convened in Geneva on 25 November 2020, Member States recognized the devastating impact of the COVID-19 pandemic and that an inclusive and sustainable recovery would require placing micro-, small and medium-sized enterprises at the centre of efforts. The delegates confirmed the Centre's vital role in supporting businesses in developing countries, including least developed countries and small island developing States, to become more resilient and respond to various new global challenges, including the COVID-19 crisis. They also called for enhanced cooperation among all agencies and actors to have a greater impact on the ground, particularly in the COVID-19 context. Several delegates praised the agility and innovative response of ITC during the pandemic period, praising its "build back boldly" approach. Several delegates recommended that ITC expand its focus to digital means of trade, including support for virtual trade fairs, and e-commerce. Delegates looked forward to engaging with ITC on its new strategic plan for 2022–2025 and appreciated its new "Green to compete" strategy, as well as a greater focus on small island developing States. ITC efforts to boost women's economic empowerment were noted in several interventions, and delegates appreciated ITC efforts in the areas of youth entrepreneurship, export development, diversification, connecting micro-, small and medium-sized enterprises to global value chains, South-South trade and investment, the African Continental Free Trade Area, online tools, work on non-tariff measures, technical barriers to trade and other cross-cutting trade topics relevant to helping micro-, small and medium-sized enterprises to reach their full potential. Finally, the delegates encouraged ITC to continue to listen closely to the needs of beneficiaries on such topics as services trade, building closer partnerships, and improving the capacity and infrastructure of developing countries for digital trade. A special call was made to put gender equality at the forefront of the COVID-19 response.

B. Overview of the financial statements for the year ended 31 December 2020

15. Financial statements I, II, III, IV and V show the financial results of the Centre's activities and its financial position as at 31 December 2020. The notes to the financial statements explain its accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Revenue**Financial results**

(Thousands of United States dollars)

	<i>2020</i>	<i>2019</i>
Total revenue	120 517	125 253
Total expense	131 295	118 952
(Deficit)/surplus	(10 778)	6 301

16. In 2020, revenue totalled \$120.517 million (2019: \$125.253 million). The main sources of revenue were voluntary contributions from donors of \$77.998 million, or 64.7 per cent; and assessed contributions of \$37.144 million, or 30.8 per cent. Revenue from other transfers and allocations amounted to \$2.649 million, or 2.2 per cent; investment revenue to \$2.261 million, or 1.9 per cent; and other revenue to \$0.465 million, or 0.4 per cent. Voluntary contributions from donors include a rental subsidy (contribution in kind) of \$3.111 million for the year, representing the difference between the market value and the actual amount paid for the rental of the building occupied by ITC.

17. Voluntary contributions through donor agreements are recognized as revenue at the point of signature, except where such agreements contain a condition requiring specific performance and return obligation. Contributions from unconditional agreements of \$35.661 million were mainly from the signature of major multi-year agreements with China, Germany, Ireland, Norway, Switzerland and the United Kingdom of Great Britain and Northern Ireland, as well as other transfers and allocations from inter-organizational arrangements and multi-donor initiatives under the Enhanced Integrated Framework trust fund and the United Nations multi-partner trust funds. During the year, an amount of \$42.842 million was recognized from conditional agreements.

18. Voluntary contributions often cover multi-year periods, as they are usually committed for the lifetime of the projects, typically three or four years. This means that part of the revenue recognized in previous years is used for activities in the current year or in future years, except where the agreements are conditional.

Figure IV.I
Total revenue by fiscal year

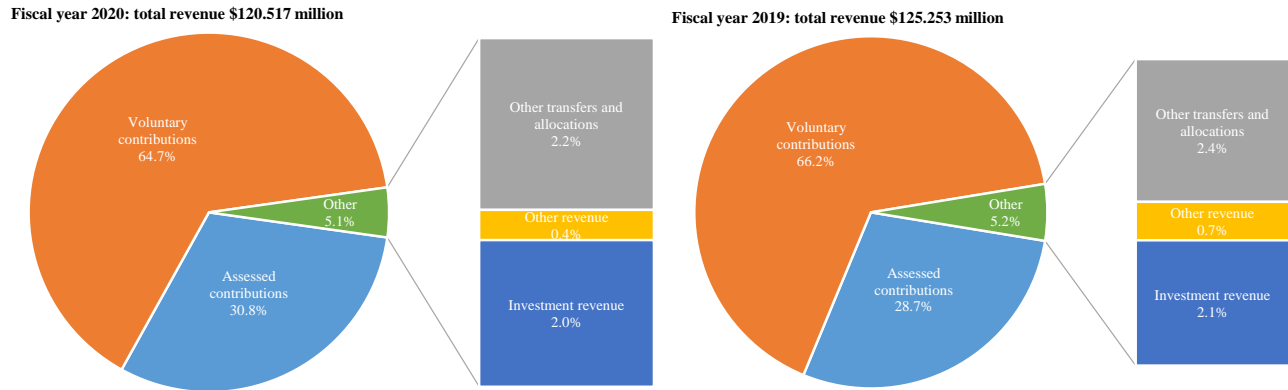
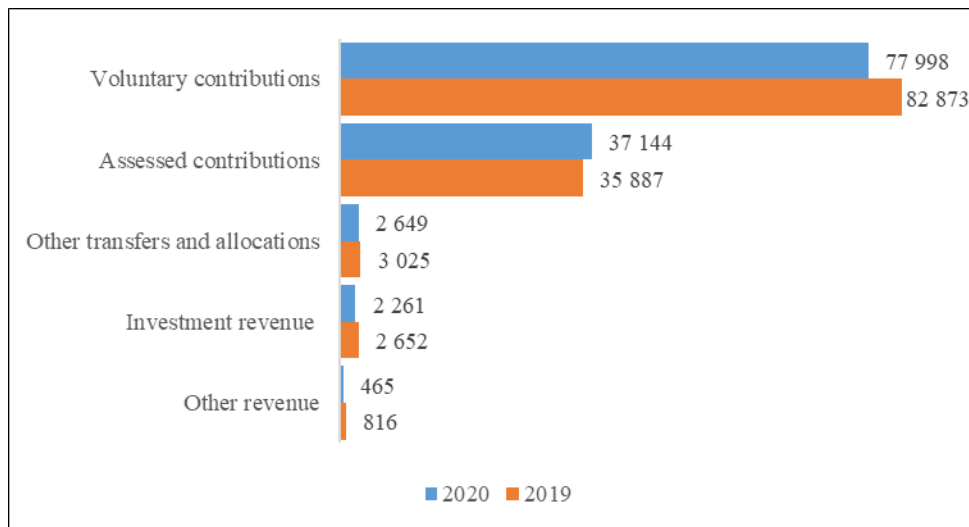


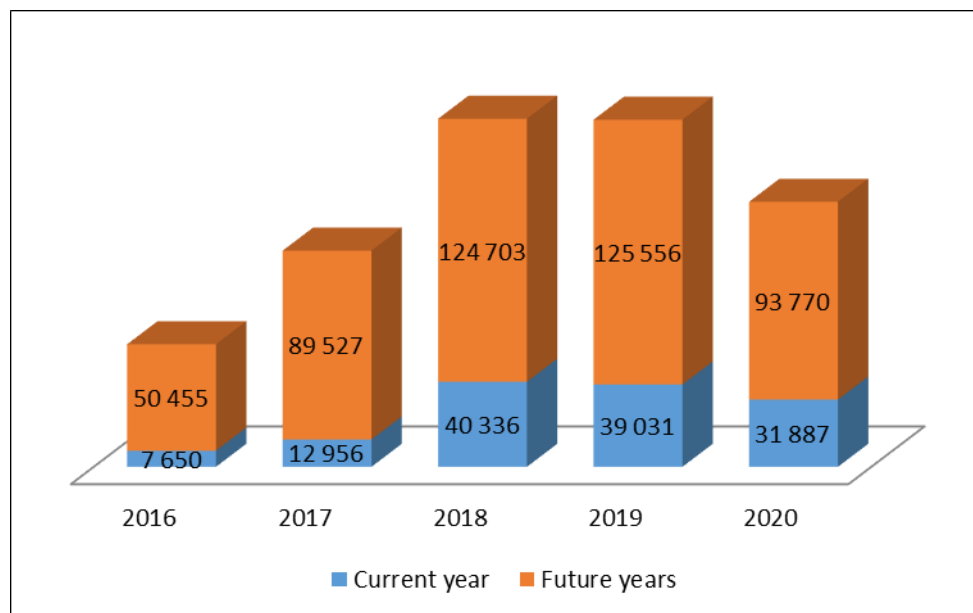
Figure IV.II
Total revenue by category and fiscal year
(Thousands of United States dollars)



19. Overall, on a year-to-year basis, the value of voluntary contributions and other transfers and allocations agreements signed with donors was \$125.657 million in 2020, \$164.587 million in 2019, \$165.039 million in 2018, \$102.483 million in 2017 and \$58.106 million in 2016.

Figure IV.III
Voluntary contributions and other transfers and allocations agreements signed with donors (conditional and unconditional) showing current year and future year portions by fiscal year

(Thousands of United States dollars)



20. Figure IV.III shows voluntary contributions and other transfers and allocations agreements signed in each year and the portion attributable to the current year and to future years.

Expenses

21. For the year ended 31 December 2020, expenses totalled \$131.295 million (2019: \$118.952 million). The main expense categories were staff costs of \$68.573 million (52.2 per cent); non-employee compensation and allowances of \$28.135 million (21.4 per cent); and other operating expenses of \$22.087 million (16.8 per cent). Grants and other transfers amounted to \$5.251 million (4.0 per cent); other expenses, including share of joint arrangement, to \$3.137 million (2.4 per cent); travel to \$2.443 million (1.9 per cent); depreciation and amortization to \$1.074 million (0.8 per cent); and supplies and consumables to \$0.595 million (0.5 per cent). Staff costs included \$5.845 million of interest costs and current service costs related to defined-benefit obligations (after-service health insurance, annual leave and repatriation grant/travel). In accordance with the policy set by the United Nations Controller, programme support costs on expenses generated by the implementation of project activities are charged based on rates ranging from 7.0 to 13.0 per cent. These costs are included in the project expenses.

Figure IV.IV
Total expenses by fiscal year

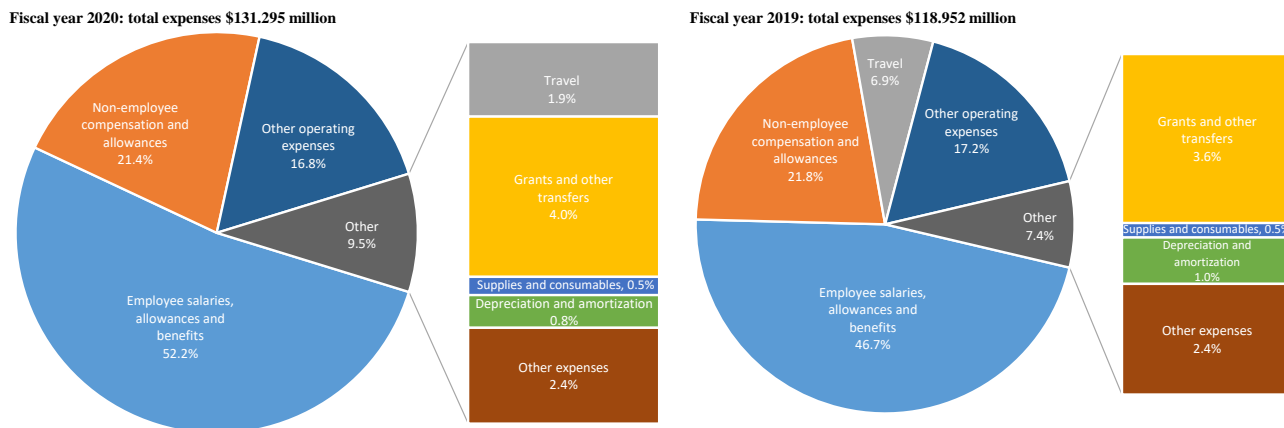
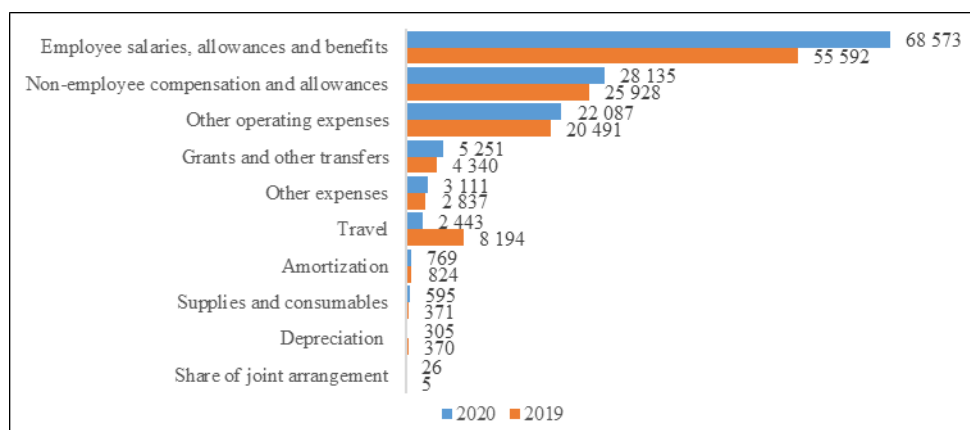


Figure IV.V
Total expenses by category and fiscal year
(Thousands of United States dollars)



22. Total personnel cost, which includes staff costs and non-employee compensation and allowances, totalled \$96.708 million (2019: \$81.520 million); this amount represents 73.7 per cent of total expenses for the year and an increase of 18.6 per cent compared with 2019. The increase is due to an increase in project personnel (staff and consultants) funded from extrabudgetary contributions and an increase in the United States dollar equivalent of salaries of General Service category of staff, which is denominated in Swiss francs. Travel expenses decreased primarily because of the impact of the COVID-19 pandemic resulting in travel bans and restrictions and the cancellation or postponement of duty and entitlement travel. The general performance was in line with outcome targets that were set for the year 2020.

Operating results

23. The net deficit of revenue over expense in 2020 was \$10.778 million (2019: surplus of \$6.301 million). Revenue from unconditional agreements is recognized when the donor executes a binding agreement with ITC, not when the cash is received from the donor. However, expenses resulting from the delivery of the services covered by the contribution are recorded in the financial period when the expense was incurred. This means that contributions received in one financial year may not be spent until a future financial period, in particular where agreements are signed late in the financial year and cover several future years. Revenue from voluntary contributions related to agreements that contain a condition requiring the return of the contribution if funds are not spent in accordance with the terms and conditions specified by the donor is recognized as a liability. As ITC satisfies the agreement conditions, the carrying amount of the liability is reduced and an equal amount is recognized as revenue.

24. Recognition of revenue from unconditional agreements at the point of signature of the agreement has distorted the Centre's annual results, since revenue may be recognized several years in advance of expenses. Anticipated changes in accounting standards (IPSAS 23 and IPSAS 9 exchange transactions, under discussion by the IPSAS Board) and the shift of new funding primarily to conditional contributions will have a positive impact on the Centre's accounts in future years, in that it will not have an impact on the net surplus (deficit) from operations, because delivery of the services will be calculated on the basis of the expenditures incurred and an equal amount of revenue and expenses will be recognized in the statement of financial performance.

25. While certain implementation activities might have been affected in terms of the expected completion date, the impact of the pandemic on these activities cannot be quantified in the scope of financial costs. Generally speaking, COVID-19 has not had an impact on the financial statements of ITC: the contributions have not been reduced, there was no impact on receivables collection and no impairment was warranted, it has not triggered further refunds to donors, and the liquidity of the organization remains in healthy condition.

Assets

26. Assets as at 31 December 2020 totalled \$412.027 million, compared with the balance at 31 December 2019 of \$362.365 million.

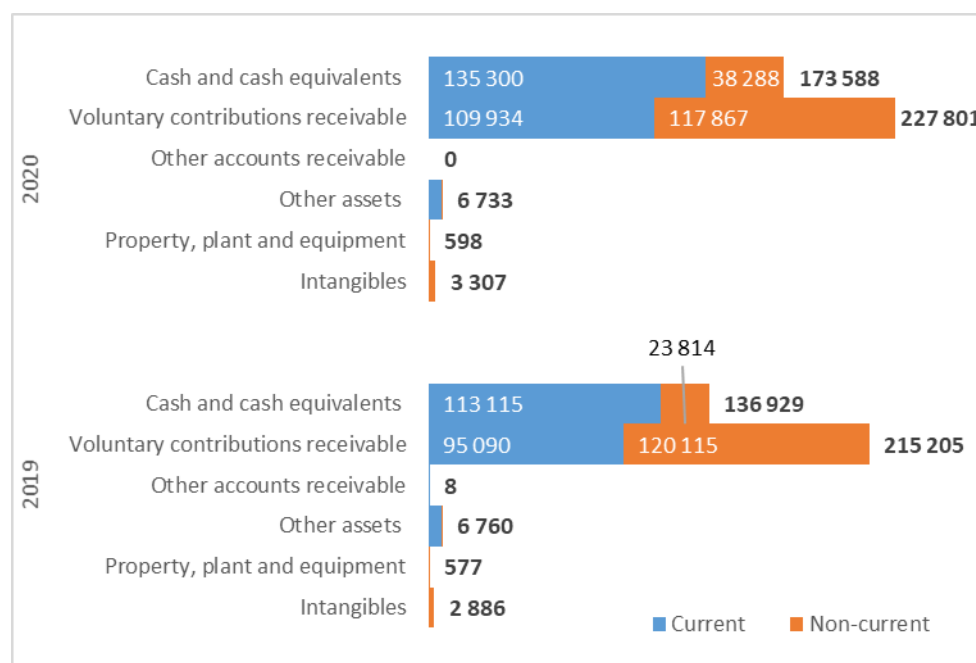
27. The main assets as at 31 December 2020 were cash and cash equivalents and investments totalling \$173.588 million (2019: \$136.929 million), representing 42.1 per cent of the total assets, and voluntary contributions receivable from donors for technical cooperation projects of \$227.801 million (2019: \$215.205 million), or 55.3 per cent. The remaining assets consisted of other assets, property, plant and equipment and intangible assets.

28. Cash and cash equivalents and investments of \$173.588 million as at 31 December 2020 are held in the United Nations cash pool and as cash held in main and field offices. This represents an increase of \$36.659 million over the balance held at the end of 2019, owing primarily to the cash received in advance during 2020 for activities to be implemented in future periods. In addition, many of the agreements signed in 2020 are multi-year and had large first instalments, which resulted in an increase in cash and cash equivalents.

29. Under IPSAS, accounts receivable from voluntary contributions may be recognized in full on signature of an agreement, including amounts due in future financial periods. Of the total of \$227.801 million due as at 31 December 2020, \$109.934 million is expected to be received in 2021 and the balance of \$117.867 million is expected after 2021.

30. The overall increase in voluntary contributions receivable of \$12.596 million is in line with ITC strategy to build a portfolio of large-scale integrated programmes. As noted in figure IV.VI, short-term voluntary contributions receivable increased, from \$95.090 million to \$109.934 million, and long-term voluntary contributions receivable decreased, from \$120.115 million to \$117.867 million. The increase is a result of multi-year projects signed in 2020 for which initial instalments were received upon signature and subsequent tranches are expected in 2021 and beyond, in accordance with project workplans. In addition, although the level of signed agreements in 2020 is lower than in the two previous years (see figure IV.III), 2018 and 2019 were exceptional years and included the largest project in ITC history, a project from the European Union of over \$50 million. Based on present negotiations with donors, it is anticipated that the current level of contributions will be maintained for the immediate future.

Figure IV.VI
Summary of assets by fiscal year
 (Thousands of United States dollars)



Liabilities

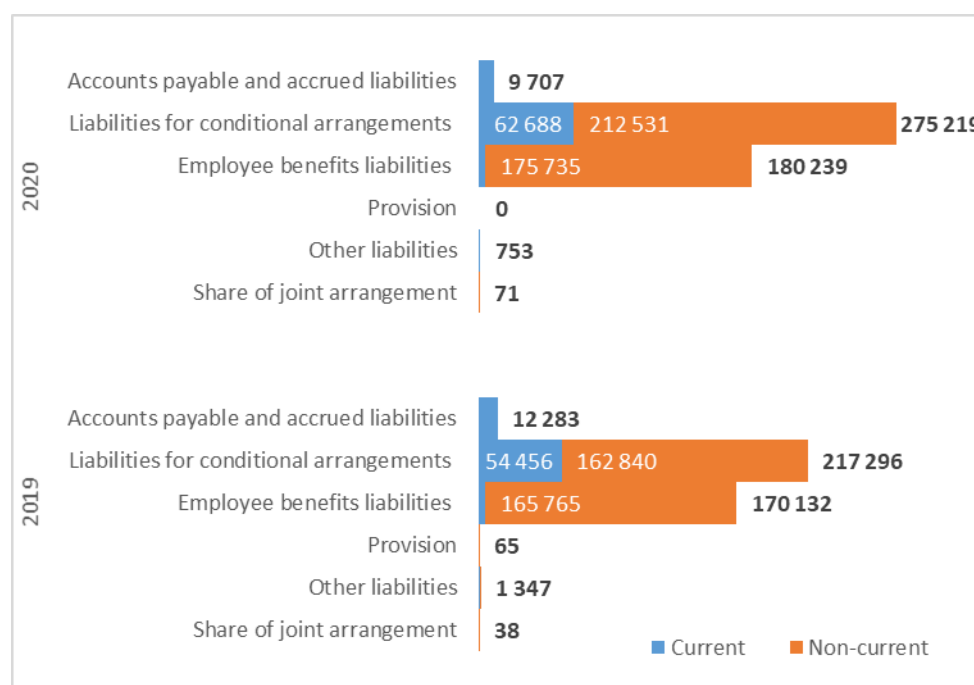
31. Liabilities as at 31 December 2020 totalled \$465.989 million, compared with the balance as at 31 December 2019 of \$401.161 million.

32. In the 2020 financial statements, liabilities for conditional arrangements were separated from other liabilities. Liabilities for conditional arrangements increased by \$57.923 million, from \$217.296 million in 2019 to \$275.219 million reported in 2020, representing 59.1 per cent of the Centre's total liabilities in 2020. Certain contributions contain conditions requiring the return of funds spent not in accordance with the terms of the agreement. Liabilities for conditional arrangements represent the portion of the contribution, mainly from the European Union, which has not been recognized as revenue, since it had not been delivered by ITC as at 31 December 2020. A number of multi-year projects funded by the European Union were signed during 2020, and the full value of the contributions was recognized as conditional liabilities upon signature. Conditional voluntary contributions increased owing to

approximately \$87.124 million in new multi-year agreements signed during the year, while approximately \$42.811 million was delivered and recognized as revenue during the year.

33. Another significant liability was the employee benefits earned by staff members and retirees. It accounted for \$180.239 million, representing 38.7 per cent of the Centre's total liabilities in 2020. This liability is fully explained in note 12 to the financial statements; however, its primary component is a liability for after-service health insurance of \$164.795 million, or 91.4 per cent of the total employee benefits liability. The increase of employee benefits liabilities by \$10.107 million is a result of a \$4.286 million net actuarial loss, recognized in net assets, and \$5.845 million of current service costs and interest net of benefit payments, recognized in the statement of financial performance as a component of staff costs, as well as the decrease in accrued salaries, allowances and benefits and home leave by \$0.024 million.

Figure IV.VII
Summary of liabilities by fiscal year
 (Thousands of United States dollars)



Net assets/liabilities

34. The movement in net liabilities during the year reflects an increase of \$15.166 million, from \$38.796 million in 2019 to \$53.962 million in 2020, due mainly to an operating loss of \$10.778 million, as well as the actuarial loss of \$4.286 million. ITC participates in a jointly financed operation relating to safety and security, which is established under a binding agreement. ITC reported \$0.007 million in net liabilities as its 2020 total share of the joint arrangement, accounted for using the equity method. Net liabilities are offset by the operating reserves, which increased from \$10.989 million in 2019 to \$12.442 million in 2020.

Liquidity position

35. As at 31 December 2020, the liquidity position of ITC was healthy despite the year finishing with a deficit and an increase in net liabilities. ITC had sufficient liquid assets to settle its current liabilities. Liquid assets totalled \$245.234 million (cash and cash equivalents of \$18.983 million, short-term investments of \$116.317 million and accounts receivable of \$109.934 million), whereas total current liabilities amounted to \$77.652 million and total liabilities amounted to \$465.989 million. The Centre's total cash resources amounted to \$173.588 million.

36. The table below summarizes key liquidity indicators for the financial year ended 31 December 2020, with comparatives for the year ended 31 December 2019.

<i>Liquidity indicator</i>	<i>2020</i>	<i>2019</i>
Ratio of liquid assets to current liabilities	3.2:1	2.9:1
Ratio of liquid assets less accounts receivable to current liabilities	1.7:1	1.6:1
Ratio of liquid assets to total assets	0.6:1	0.6:1
Average months of liquid assets less accounts receivable on hand	12.5	11.5

37. The ratio of liquid assets to current liabilities indicates the ability of ITC to pay its short-term obligations from its liquid resources. The ratio of 3.2:1 indicates that current liabilities are covered in excess of 3.2 times by liquid assets, and therefore there are sufficient liquid assets available to fully pay current liabilities, should the need arise. When accounts receivable are excluded from the analysis, the coverage of current obligations is at 1.7, which indicates that ITC is able to cover current liabilities when relying on its assets that can be liquidated quickly, such as cash and cash equivalents and short-term investments. As at 31 December 2020, the Centre's liquid assets were 60 per cent of its total assets and it held sufficient cash and cash equivalents and short-term investments to cover its estimated average monthly expenses of \$10.852 million for 12.5 months.

38. As at the reporting date, ITC had employee benefits liabilities of \$180.239 million. With total cash and cash equivalents and investments of \$173.588 million, 96.3 per cent of the employee benefits liabilities were covered. Defined-benefit liabilities pertaining to the regular budget had not been funded. The Centre began to accrue funding for repatriation grant and after-service health insurance obligations for staff funded from extrabudgetary resources. The funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2020 was at 19 per cent.

Budgetary comparison

39. The original budget is adopted in Swiss francs. The final budget takes into consideration the result of the changes in the exchange rate between Swiss francs and United States dollars that took place between the adoption of the original budget and the reporting date, as well as the final appropriation approved by the United Nations. Budget comparison and reconciliation details have been disclosed in note 17 to the financial statements.

40. Statement V, Comparison of budget and actual amounts, compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. The comparison is made only in respect of the publicly available regular budget as shown below.

	2020			2019 ^a		
	<i>Final annual</i>	<i>Actual (budget basis)</i>	<i>Difference (percentage)</i>	<i>Final annual</i>	<i>Actual (budget basis)</i>	<i>Difference (percentage)</i>
Revenue						
Assessed contributions from the United Nations	18 862	18 862	–	19 283	18 333	(5)
Assessed contributions from WTO	18 862	18 862	–	19 283	18 333	(5)
Other revenue	205	247	20	206	280	36
Total revenue	37 929	37 971	–	38 772	36 946	(5)
Regular budget						
Posts	29 526	29 793	1	29 783	29 157	(2)
Non-post	8 403	8 172	(3)	8 989	8 266	(8)
Total expenses	37 929	37 965	(3)	38 772	37 423	(3)
Surplus/(deficit) for year	–	6		–	(477)	

^a 2019 was the second year of the 2018–2019 biennium, and the 2019 deficit was covered by a \$1.256 million carry-forward surplus from 2018.

41. Pursuant to IPSAS 24: Presentation of budget information in financial statements, material differences between the final budget and actual expenses that are greater than 10 per cent should be explained. There was no material variance between the final budget and actual expenses at the end of 2020 except for the variance of 20 per cent in other revenue of \$0.042 million related to higher interest revenue from the cash pool, which is distributed proportionately to all participants on the basis of year-end balances.

Annex

Supplementary information

1. The present annex includes the information the Executive Director is required to report.

Write-off of losses of cash and receivables

2. Pursuant to financial rule 106.7 (a), an amount of non-recoverable receivables equivalent to \$0.060 million was written off during 2020.

Write-off of losses of property

3. Pursuant to financial rule 106.7 (a), property, plant and equipment comprising one vehicle, two communications and information technology items and one item in the furniture and fixtures category, with a total acquisition cost of \$0.098 million, were written off owing to obsolescence.

Ex gratia payments

4. There were no ex gratia payments during 2020.

Chapter V

Financial statements for the year ended 31 December 2020

International Trade Centre

I. Statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Assets			
Current assets			
Cash and cash equivalents	Note 4	18 983	36 663
Investments	Note 5	116 317	76 452
Voluntary contributions receivable	Note 6	109 934	95 090
Other accounts receivable	Note 6	–	8
Other assets	Note 7	6 721	6 737
Total current assets		251 955	214 950
Non-current assets			
Investments	Note 5	38 288	23 814
Voluntary contributions receivable	Note 6	117 867	120 115
Other assets	Note 7	12	23
Property, plant and equipment	Note 8	598	577
Intangible assets	Note 9	3 307	2 886
Total non-current assets		160 072	147 415
Total assets		412 027	362 365
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 10	9 707	12 283
Liabilities for conditional arrangements	Note 11	62 688	54 456 ^a
Other liabilities	Note 11	753	1 068 ^a
Employee benefits liabilities	Note 12	4 504	4 367
Total current liabilities		77 652	72 174
Non-current liabilities			
Liabilities for conditional arrangements	Note 11	212 531	162 840 ^a
Other liabilities	Note 11	–	279 ^a
Employee benefits liabilities	Note 12	175 735	165 765
Provision	Note 13	–	65
Share of joint arrangement	Note 19	71	38
Total non-current liabilities		388 337	328 987
Total liabilities		465 989	401 161
Net of total assets and total liabilities		(53 962)	(38 796)
Net assets			
Accumulated deficit		(66 404)	(49 785)
Operating reserves	Note 14	12 442	10 989
Total net assets		(53 962)	(38 796)

^a Change in presentation from the prior year to separate liabilities for conditional arrangements from other liabilities (note 11).

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

International Trade Centre**II. Statement of financial performance for the year ended 31 December 2020**

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Revenue			
Assessed contributions	Note 15	37 144	35 887
Voluntary contributions	Note 15	77 998	82 873
Other transfers and allocations	Note 15	2 649	3 025
Other revenue	Note 15	465	816
Investment revenue	Note 15	2 261	2 652
Total revenue		120 517	125 253
Expenses			
Employee salaries, allowances and benefits	Note 16	68 573	55 592
Non-employee compensation and allowances	Note 16	28 135	25 928
Travel	Note 16	2 443	8 194
Grants and other transfers	Note 16	5 251	4 340
Supplies and consumables	Note 16	595	371
Depreciation	Note 8	305	370
Amortization	Note 9	769	824
Other operating expenses	Note 16	22 087	20 491
Other expenses	Note 16	3 111	2 837
Share of joint arrangement	Note 19	26	5
Total expenses		131 295	118 952
(Deficit)/surplus for the year		(10 778)	6 301

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

International Trade Centre

III. Statement of changes in net assets for the year ended 31 December 2020

(Thousands of United States dollars)

	<i>Accumulated surplus, restricted</i>	<i>Reserves</i>	<i>Total</i>
Net assets as at 1 January 2019	23 584	9 272	32 856
Actuarial loss on employee benefits liabilities	(77 956)	–	(77 956)
Surplus for the year	6 301	–	6 301
Transfers	(1 717)	1 717	–
Share of changes recognized in the net assets of joint arrangement	3	–	3
Total recognized changes in net assets	(73 369)	1 717	(71 652)
Net assets as at 31 December 2019	(49 785)	10 989	(38 796)
Actuarial loss on employee benefits liabilities (note 12)	(4 286)	–	(4 286)
Deficit for the year	(10 778)	–	(10 778)
Other adjustments to net assets (note 10) ^a	(95)	–	(95)
Transfers (note 14)	(1 453)	1 453	–
Share of changes recognized in the net assets of joint arrangement (note 19)	(7)	–	(7)
Total recognized changes in net assets	(16 619)	1 453	(15 166)
Net assets as at 31 December 2020	(66 404)	12 442	(53 962)

^a The 2019 financial statements included \$0.123 million in interest income from non-conditional contributions, which should have been classified as payable to donors. The error was not considered material, hence the net assets as at 31 December 2019 were not adjusted. As at 31 December 2020, \$0.095 million remained repayable to donors and is included in note 10.

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

International Trade Centre**IV. Statement of cash flows for the year ended 31 December 2020**

(Thousands of United States dollars)

	<i>Reference</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Cash flows from operating activities			
(Deficit)/surplus for the year		(10 778)	6 301
<i>Non-cash movements</i>			
Depreciation and amortization	Notes 8 and 9	1 074	1 194
Actuarial (loss)/gain on employee benefits liabilities	Note 12	(4 286)	(77 956)
Effect of other adjustments	Note 10	(95)	–
Gains/(losses) on share of joint arrangement	Note 19	(7)	3
<i>Changes in assets</i>			
(Increase) in voluntary contributions receivable	Note 6	(12 596)	(40 705)
Decrease in other accounts receivable	Note 6	8	54
(Increase) in other assets	Note 7	27	(2 852)
<i>Changes in liabilities</i>			
Increase in accounts payable and accrued liabilities	Note 10	(2 576)	2 614
Increase/(decrease) in employee benefits liabilities	Note 12	10 107	81 234
Increase/(decrease) in liabilities for conditional arrangements		57 923 ^a	75 258 ^a
Increase in other liabilities	Note 11	(594) ^a	1 347 ^a
Increase in provision	Note 13	(65)	–
Increase/(decrease) in shares of joint arrangement	Note 19	33	2
Investment revenue presented as investing activities	Note 15	(2 261)	(2 652)
Net cash flows used in operating activities		35 914	43 842
Cash flows from investing activities			
Pro rata share of net increases in the cash pool	Note 5	(54 339)	(17 605)
Investment revenue presented as investing activities	Note 15	2 261	2 652
Acquisitions of property, plant and equipment	Note 8	(326)	(58)
Acquisitions of intangibles	Note 9	(1 190)	(1 128)
Net cash flows used in investing activities		(53 594)	(16 139)
Net increase/(decrease) in cash and cash equivalents		(17 680)	27 703
Cash and cash equivalents, beginning of year		36 663	8 960
Cash and cash equivalents, end of year	Note 4	18 983	36 663

^a Change in presentation from the prior year to separate liabilities for conditional arrangements from other liabilities (note 11).

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

International Trade Centre

**V. Statement of comparison of budget and actual amounts for the year ended
31 December 2020**

(Thousands of United States dollars)

	<i>Publicly available budget</i>		<i>Actual (budget basis)^c</i>	<i>Difference (percentage)^d</i>
	<i>Original annual^a</i>	<i>Final annual^b</i>		
Revenue				
Assessed contributions from the United Nations	18 732	18 862	18 862	–
Assessed contributions from WTO	18 732	18 862	18 862	–
Other revenue	205	205	247	20
Total revenue	37 669	37 929	37 971	–
Expenses				
Posts	29 266	29 526	29 793	1
Non-post	8 403	8 403	8 172	(3)
Total expenses	37 669	37 929	37 965	0.09
Surplus for the year	–	–	6	

^a The original annual budget is the lower of the amount in Swiss francs approved by the General Assembly of the United Nations (resolution [74/263](#)) or by the General Council of WTO (WT/BFA/182, WT/BFA/184 and WT/GC/M/181).

^b The final annual budget is the final appropriation approved by the General Assembly (resolution [74/263](#)). Differences between the original budget and final budget are the result of changes in the United States dollar-Swiss franc exchange rate.

^c Actual expenditure reflects the amounts funded by regular budget contributions, as well as miscellaneous income.

^d Actual expenditure (comparable budget basis) less final budget. Differences greater than 10 per cent and material are considered in the financial report of the Executive Director.

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

**International Trade Centre
Notes to the financial statements**

Note 1

Reporting entity

International Trade Centre and its activities

1. The International Trade Centre (ITC) is the joint technical cooperation agency of the World Trade Organization (WTO) and the United Nations through the United Nations Conference on Trade and Development (UNCTAD). ITC is responsible for the business aspects of trade development. Its mandate derives from the priorities established in the General Agreement on Tariffs and Trade on 19 March 1964 and General Assembly resolution 2297 (XXII) of 12 December 1967. Since 1 January 1968, ITC has operated under the joint auspices of the General Agreement, WTO, and the United Nations. In its resolution 1819/LV of 9 August 1973, the Economic and Social Council reaffirmed the Centre's mandate as the focal point for technical assistance and cooperation activities for trade promotion within the United Nations system of assistance for developing countries.

2. The mission of ITC is to foster inclusive and sustainable growth and development through trade and international business development. The Centre's strategic objectives are:

(a) Strengthening the integration of the business sector into the global economy through trade intelligence and enhanced support to policymakers;

(b) Strengthening the export capacity of enterprises to respond to market opportunities;

(c) Enhancing trade support institutions and policies for the benefit of exporting enterprises.

3. ITC is headed by an Executive Director, who is appointed by and reports to the Director General of WTO and the Secretary-General of UNCTAD. A Senior Management Committee comprises the Executive Director, the Deputy Executive Director, the heads of the four ITC divisions, the Chief Adviser in the Office of the Executive Director and the Chief of Strategic Planning, Performance and Governance. The ITC Joint Advisory Group meets annually to examine the activities of ITC on the basis of the ITC annual report and to make recommendations to the UNCTAD Trade and Development Board and the WTO General Council, which review the Centre's programme of work. Both UNCTAD and WTO are represented in the Joint Advisory Group supervising the Centre's work and have a number of joint technical assistance activities with ITC.

4. The regular budget of ITC is jointly and equally financed by the United Nations and WTO, while technical cooperation projects are financed by voluntary contributions from trust fund donors and other inter-organizational arrangements and multi-donor initiatives. ITC is regarded as a separate reporting entity and is not deemed to be subject to common control for the purposes of IPSAS-compliant reporting.

5. ITC participates in a jointly financed activity with other United Nations system organizations. Its share of the activity is recognized in its financial statements using the equity method.

6. The headquarters of ITC is in Geneva, and it maintains leased offices in 33 countries.

Note 2

Basis of preparation and authorization for issue

7. The accounts of ITC are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly of the United Nations, the rules formulated by the Secretary-General as required under the Regulations and administrative instructions issued by the Under-Secretary-General for Management Strategy, Policy and Compliance or by the Controller. The financial statements of ITC are prepared on the accrual basis of accounting in accordance with IPSAS. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of ITC, consist of the following:

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

Going concern

8. The financial statements have been prepared on a going-concern basis and the accounting policies, as summarized in note 3, have been applied consistently in the preparation and presentation of these financial statements. The going-concern assertion is based on the approval by the General Assembly and the General Council of WTO of the regular budget appropriations for fiscal year 2021, the positive historical trend of collection of assessed and voluntary contributions over the past years and that the General Assembly and the General Council of WTO have not made any decision to cease the operations of ITC.

Functional and presentation currency

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

10. The regular budget of ITC is approved and assessed in Swiss francs.

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

12. Foreign exchange gains and losses resulting from the settlement of transactions in currencies other than the Centre's functional currency and from the translation at

year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

13. Consideration of materiality is central to the development of accounting policies and the preparation of financial statements. In general, an item is considered material if its omission or its aggregation would affect the conclusions or decisions of the users of the financial statements.

14. The preparation of financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenue and expenses. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include accruals; the selection of useful lives and the depreciation and amortization methods for property, plant and equipment and intangible assets; the impairment of assets; actuarial measurement of employee benefits; the classification of financial instruments and of contingent assets and liabilities; and inflation and discount rates used in the calculation of the present value of provisions.

Measurement basis

15. These financial statements are prepared using the historical cost convention, except for financial assets recorded at fair value through surplus or deficit. The financial statements are prepared for the year from 1 January to 31 December.

Authorization for issue

16. These financial statements are certified by the United Nations Assistant Secretary-General, Controller, and approved by the Secretary-General of the United Nations. In accordance with United Nations financial regulation 6.2, the Secretary-General is required to transmit these financial statements as at 31 December 2020 to the Board of Auditors by 31 March 2021. In accordance with financial regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements authorized for issue on 30 July 2021.

Future accounting pronouncements

17. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the financial statements of ITC continue to be monitored:

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

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

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

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

(e) Public sector measurement: the objectives of this project include:

(i) To issue amended standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure;

(ii) To provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used;

(iii) To address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

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

Recent and future requirements of IPSAS

18. The IPSAS Board has issued the following standards: IPSAS 41: Financial instruments, issued in August 2018 and effective 1 January 2022; and IPSAS 42: Social benefits, issued in January 2019 and effective 1 January 2022. The effective dates of IPSAS 41 and IPSAS 42 have been deferred by one year, to 1 January 2023, owing to the coronavirus disease (COVID-19) pandemic and the challenges it has created. The impact of these standards on the ITC financial statements and the comparative period therein has been evaluated to be as follows:

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

Note 3
Significant accounting policies**Assets****Financial assets***Classification*

19. ITC classifies its financial assets either at fair value through surplus or deficit or, in the case of receivables, at amortized cost. ITC determines the classification of its financial assets at initial recognition.

Financial assets at fair value through surplus or deficit

20. Financial assets at fair value through surplus or deficit include the investments held by ITC in the main cash pool managed by the United Nations Treasury, which centrally invests these funds on behalf of ITC.

21. The main cash pool comprises participating entities' shares of cash and term deposits and short-term and long-term investments, all of which are managed by the United Nations Treasury. The ITC share of the main cash pool is disclosed in the notes to the financial statements and in the statement of financial position, categorized as investments at fair value through surplus or deficit or as cash and cash equivalents if they had original maturities of less than three months. Detailed information on the holdings of the main cash pool may be obtained from the financial statements of the United Nations.

Recognition and measurement of assets held in the main cash pool

22. Gains or losses arising from changes in the fair value of the financial assets held in the main cash pool at fair value through surplus or deficit are presented in the statement of financial performance in the year in which they arise as part of finance costs if there is a net loss, or investment revenue if there is a net gain.

Recognition and measurement of receivables

23. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. ITC receivables comprise contributions receivable and other accounts receivable recognized in the statement of financial position. These receivables are stated at nominal value, except for receivables that will mature in more than 12 months, less impairment for estimated irrecoverable amounts, that is, the allowance for doubtful receivables. If deemed material, long-term voluntary contribution receivables are reported at net present value discounted using the effective interest method.

Impairment of receivables

24. ITC assesses receivables for impairment at the end of the reporting year. Receivables are considered impaired and impairment losses are incurred only if there is objective evidence, based on a review of outstanding amounts as at the reporting date, that ITC will not be able to collect amounts due according to the original terms as a result of one or more events that occurred after initial recognition. In such a case, the carrying amount of the asset is reduced and any loss is recognized in the statement of financial performance. The amount of the loss is measured as the difference between the asset's carrying amount and the estimated future receipts.

25. An allowance for doubtful accounts receivable equal to 25 per cent of the carrying value is established to offset receivables aged 12–24 months, equal to 60 per cent of the carrying value for those aged more than 24 months and 100 per cent of the carrying value for those aged more than 36 months as at the reporting date. If, in a subsequent year, the

amount of the impairment loss decreases, the reversal of the previously recognized impairment loss is recognized in the statement of financial performance.

Advances or prepayments

26. Advances are recognized as an asset until goods are delivered or services are rendered in accordance with binding agreements with suppliers or in accordance with the Staff Regulations and Rules of the United Nations for staff advances. ITC recognizes an expense once it has received proof of the delivery of goods or the rendering of services.

27. ITC advances funds to implementing partners (e.g. other United Nations system organizations and trade support institutions) to provide services to a target population in accordance with binding agreements with ITC. The implementing partner reports to ITC on its progress towards fulfilling the project or programme for which the agreement was signed. Expenses are recognized on receipt of expenditure or service delivery reports. In accordance with the recommendation of the Board of Auditors, the net portion of any advances not yet delivered will be taken to expense at year end, except for the grants that ITC has effective control over.

Property, plant and equipment

28. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs. Assets that fall under the category of property, plant and equipment but are not under the direct control of ITC are expensed when acquired. ITC is deemed to control an asset if it can obtain future economic benefits from its use in the pursuit of its objectives and can exclude or regulate the access of third parties to the asset.

29. Property, plant and equipment are capitalized when their cost is greater than or equal to \$5,000 for equipment and \$100,000 for leasehold improvements. No threshold is applied for vehicles, prefabricated buildings, satellite communications systems, generators and network equipment.

Subsequent costs

30. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to ITC and the subsequent costs can be measured reliably.

Depreciation of property, plant and equipment

31. Depreciation is recognized for property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives for property, plant and equipment classes are as follows:

<i>Asset class</i>	<i>Asset subclass</i>	<i>Estimated useful life (years)</i>
Communications and information technology equipment	Information technology equipment	4
	Communications equipment	7
	Audiovisual equipment	7
Vehicles	Light wheeled vehicles	6
Machinery and equipment	Light engineering and construction equipment	5
	Medical equipment	5
	Security and safety equipment	5

<i>Asset class</i>	<i>Asset subclass</i>	<i>Estimated useful life (years)</i>
Furniture and fixtures	Office equipment	4
	Furniture	10
	Fixtures and fittings	7
Leasehold improvements	Minor construction work	5 (shorter of lease term or 5 years)

32. Impairment reviews are undertaken for property, plant and equipment at least annually and any impairment losses are recognized in the statement of financial performance. The residual values and useful lives of assets are reviewed at least annually and adjusted if applicable.

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

Intangible assets

34. Intangible assets are valued at historical cost less accumulated amortization and any impairment losses. Externally acquired software is capitalized if its cost exceeds \$5,000, including costs incurred to acquire and bring the software to use. Internally developed software is capitalized where the accumulated cost is equal to or greater than \$100,000, excluding research and maintenance costs and including directly attributable costs such as employees, subcontractors and consultants.

Amortization of intangible assets

35. Amortization of intangible assets is recognized over their estimated useful lives using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

<i>Class</i>	<i>Estimated useful life (years)</i>
Software developed internally	5

36. Impairment reviews are undertaken for all intangible assets at least annually and any impairment losses are recognized in the statement of financial performance.

Liabilities

Financial liabilities

37. Financial liabilities are classified as “other financial liabilities”. They include accounts payable, transfers payable, unspent funds held for future refunds and other liabilities.

38. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. ITC re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

39. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are

stated at invoice amounts, less payment discounts as at the reporting date. Payables are measured at their nominal value if classified as current liabilities, or at the fair value if classified as non-current liabilities.

Employee benefits liabilities

40. ITC recognizes the employee benefits described in the following paragraphs.

Short-term employee benefits

41. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily, weekly and monthly benefits (wages, salaries, allowances), compensated absences (paid sick leave, maternity and paternity leave) and other short-term benefits (education grant, reimbursement of taxes, death benefit and home leave travel) provided to current employees on the basis of services rendered. Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. All short-term employee benefits that are earned but not paid at the reporting date are recognized as current liabilities in the statement of financial position. Some employees are entitled to home leave every 12 months and others every 24 months; the benefit is classified as a short-term and long-term benefit under IPSAS. However, for practical purposes, the United Nations has decided to treat the entire home leave benefit as a short-term benefit. The calculation, presentation and disclosure of benefits and any liabilities will therefore follow the guidance for short-term employee benefits.

Post-employment benefits

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

Defined-benefit plans

43. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits, pensions through the United Nations Joint Staff Pension Fund (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the organization (other long-term benefit). The liability recognized for the post-employment benefit plans is the present value of the defined-benefit obligations as at the reporting date. Defined-benefit plans are those where the obligation of ITC is to provide agreed benefits and therefore ITC bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. ITC has chosen to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. At the end of the reporting year, ITC did not hold any plan assets as defined in IPSAS 39: Employee benefits.

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

After-service health insurance

45. Coverage for the medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. At the end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of ITC, provided that they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those recruited before that date. The after-service health insurance liability represents the present value of the share of the Centre's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the Centre's residual liability. Contributions from retirees are deducted from the gross liability, together with a portion of the contributions from active staff, to arrive at the Centre's residual liability in accordance with cost-sharing ratios authorized by the General Assembly.

Repatriation benefits

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

Annual leave

47. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled through a monetary payment to employees upon their separation from ITC. The Centre recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in, first-out assumption in the determination of the annual leave liabilities, whereby staff members gain access to current period leave entitlements before gaining access to accumulated annual leave balances relating to prior periods. Effectively, access to the accumulated annual leave benefit is gained more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at the end of service as the true liability of ITC. The accumulated annual leave benefit reflecting the outflow of economic resources from ITC at the end of service is therefore classified under the category of other long-term benefits, while noting that the portion of the accumulated annual leave benefit that is expected to be settled through monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly to post-employment benefits; therefore, ITC values its accumulated annual leave benefit liability as a defined, post-employment benefit that is actuarially valued.

Appendix D benefits

48. Appendix D to the Staff Regulations and Rules of the United Nations governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Those liabilities are valued by actuaries.

49. Accrued liabilities for the post-employment benefits of after-service health insurance, the repatriation grant and accumulated annual leave are presently not fully

funded and are shown as employee benefits liabilities in the statement of financial position and the statement of changes in net assets.

Other long-term employee benefits

50. Other long-term employee benefits obligations are benefits that do not fall due wholly within 12 months after the end of the year in which the employee renders the service giving rise to the benefit. Accumulated annual leave is an example of a long-term employee benefit.

Termination benefits

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

United Nations Joint Staff Pension Fund

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

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

Provisions

54. Provisions are liabilities recognized for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation, as a result of a past event, and it is probable that ITC will be required to settle the obligation and the value can be estimated reliably. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation as at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount required to settle the obligation.

Operating leases

55. Leases where the lessor retains a significant portion of the risks and rewards inherent in ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of financial performance as an

expense on a straight-line basis over the period of the lease. Donated right-to-use arrangements are accounted for as operating leases or finance leases, depending on whether an assessment of the agreement indicates that control over the underlying assets is transferred to the organization. The threshold for recognition and measurement of donated right-to-use premises in the financial statements is \$5,000 per discrete donated right-to-use arrangement per year.

Contingent liabilities and contingent assets

Contingent liabilities

56. Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ITC, or where value cannot be reliably estimated, are disclosed as contingent liabilities. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that an outflow of resources embodying economic benefits or service potential will be required, a provision is recognized in the financial statements of the year in which the change of probability occurs. Similarly, if it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements.

Contingent assets

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

Revenue

Non-exchange revenue and receivables

58. The administrative arrangements of ITC (see [A/59/405](#)) provide that the budget of ITC must be equally shared by WTO and the United Nations. Assessed contributions from the United Nations and WTO to the regular budget of ITC are recognized at the beginning of the year to which the assessment relates. The revenue is determined based on the annual budget of the United Nations and the biennial budget of WTO. In the event that the General Assembly and the General Council of WTO approve different amounts, ITC assesses the lower of the two amounts.

59. Voluntary contributions are recognized as revenue upon the signing of a binding agreement that does not contain conditions requiring specific performance and an obligation to return the assets to the contributing entity if such conditions are not met. If such conditions are included, revenue is recognized as the conditions are satisfied and a liability is recognized until the conditions have been satisfied.

60. The full amounts relating to unconditional multi-year voluntary contribution agreements, pledges and other promised donations are recognized as revenue when the arrangement becomes binding, except for the Junior Professional Officer programme. In the case of the Junior Professional Officer programme, revenue is recognized as deferred revenue for the contributions pledged or received that pertain to contracts of Junior Professional Officers relating to future years.

61. ITC receives rental subsidy from the Fondation des immeubles pour les organisations internationales. The amount of the rental subsidy is recognized for each financial period during the lease period. It represents the difference between the

market value of the rent and the actual rent paid. The valuation is based on the data published on an independent real estate website for Switzerland.

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

63. An indirect cost recovery called a “programme support cost” is charged to extrabudgetary funds as a percentage of direct costs to ensure that the additional costs of supporting activities financed from extrabudgetary contributions are not borne by assessed contributions to the organization. The programme support cost is eliminated for the purposes of financial statement preparation. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Exchange revenue

64. Revenue from the sale of publications is recognized upon acceptance by the customer. Licence fee revenue is recognized over the period of the licence. Revenue from rendering services to governments and other entities is recognized as services are performed in accordance with the agreements.

Investment revenue

65. Investment revenue includes the ITC share of net cash pool revenue earned in the main cash pool managed by the United Nations Treasury, which centrally invests the funds on behalf of ITC and other interest revenue. Net cash pool revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sales proceeds and the book value. Transaction costs that are directly attributable to the investment activities are netted against revenue, and the net revenue is distributed proportionately to all cash pool participants on the basis of their average daily balances. The cash pool revenue also includes unrealized market gains and losses on securities, which are distributed proportionately to all participants on the basis of year-end balances.

Expenses

66. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment. Grants to end beneficiaries of up to \$30,000 are considered transfers, and an expense is recognized at the point at which ITC has a binding obligation to pay.

Segment reporting

67. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity’s past performance in achieving its objectives and for making decisions about the future allocation of resources. ITC is a joint agency of WTO and the United Nations, fully dedicated to supporting the internationalization of small and medium-sized enterprises. This means that the agency enables small and medium-sized enterprises in developing and transition economies to become more competitive and connect to international markets for trade and investment, thus raising incomes and creating job opportunities,

especially for women, young people and poor communities. It therefore falls into one operating segment for IPSAS purposes.

Joint arrangement

68. A joint arrangement is an arrangement in which two or more parties have joint control. The parties are bound by a binding arrangement which gives two or more of those parties joint control of the arrangement. A joint arrangement can be classified under IPSAS 37: Joint arrangements, as one of the following:

(a) A joint operation whereby the participants of the arrangement (with or without joint control of the arrangement) recognize their share of the assets, liabilities, revenues and expenses in accordance with the IPSAS standard applicable to the particular assets, liabilities, revenues and expenses;

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

Related party disclosures

69. Related parties that have the ability to control or exercise significant influence over ITC in making financial and operating decisions, as well as transactions with such parties, unless occurring within or consistent with a normal relationship and on arms-length terms between such parties, are disclosed in the notes to the financial statements. In addition, ITC discloses specific transactions with key management personnel and their family members.

Operating reserves

70. The trust fund operating reserve of ITC is maintained to cover delays in payment of voluntary contributions and to meet shortfalls of revenue over final expense of trust funds, based on an assessment of the financial risks and needs associated with ITC trust fund operations. In addition, the operating reserve is also maintained by the programme support fund of an amount equal to 20 per cent of estimated support cost revenue in accordance with administrative instruction [ST/AI/286](#). Both these reserves are presented in the statement of financial position and statement of changes in net assets as a separate component of net assets.

Note 4

Cash and cash equivalents

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Main cash pool	18 961	36 649
Cash held in main and field offices	22	14
Total cash and cash equivalents	18 983	36 663

71. Cash required for immediate disbursement is maintained in the main cash pool. Cash in the main office and field locations is held for meeting immediate financial needs at those locations. In 2020, signed agreements for voluntary contributions amounted to \$125.657 million (2019: \$164.587 million). Many of the agreements were multi-year and had large first instalments, which resulted in an increase in overall financial assets (note 5). The decrease in cash and increase in investments is a result of the investment decisions of the United Nations Treasury. Detailed information on the holdings of the main cash pool may be obtained from the financial statements of the United Nations.

Note 5

Financial instruments and financial risk management

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Financial assets		
Fair value through surplus or deficit		
Investments, main cash pool (short term)	116 317	76 452
Investments, main cash pool (long term)	38 288	23 814
Total fair value through surplus or deficit	154 605	100 266
Cash and receivables		
Cash and cash equivalents, main cash pool (note 4)	18 961	36 649
Cash and cash equivalents, other (note 4)	22	14
Accounts receivable (note 6)	227 801	215 213
Total cash and receivables	246 784	251 876
Total carrying amount of financial assets	401 389	352 142
Amount of which relates to financial assets held in main cash pool	173 566	136 915
Financial liabilities		
Amortized cost		
Accounts payable and accrued liabilities (note 10)	(9 707)	(12 283)
Total carrying amount of financial liabilities	(9 707)	(12 283)

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

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

74. As at 31 December 2020, ITC participated in the main pool, which held total assets of \$10,652.4 million (2019: \$9,339.4 million), \$173.566 million of which was due to ITC (2019: \$136.915 million), comprising short- and long-term investments of \$154.605 million (2019: \$100.266 million) and cash and cash equivalents of \$18.961 million (2019: \$36.649 million). Its share of revenue from the main pool was \$2.448 million (2019: \$2.652 million) (see note 15).

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

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Fair value through surplus or deficit		
Short-term investments	7 120 427	5 177 137
Long-term investments	2 349 880	1 624 405
Total fair value through surplus or deficit investments	9 470 307	6 801 542
Loans and receivables		
Cash and cash equivalents	1 163 683	2 499 980
Accrued investment revenue	18 399	37 868
Total loans and receivables	1 182 082	2 537 848
Total carrying amount of financial assets	10 652 389	9 339 390
Cash pool liabilities		
Payable to ITC	173 566	136 915
Payable to other cash pool participants	10 478 823	9 202 475
Total liabilities	10 652 389	9 339 390
Net assets		–

Summary of revenue and expenses of the main pool

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Investment revenue	113 031	198 552
Unrealized gains	54 145	14 355
Investment revenue from main pool	167 176	212 907
Foreign exchange gains	5 837	3 313
Bank fees	(578)	(808)
Operating gains/(losses) from main pool	5 259	2 505
Revenue from main pool	172 435	215 412

Financial assets held in main cash pool payable to the International Trade Centre

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Investments, main cash pool (short term)	116 317	76 452
Investments, main cash pool (long term)	38 288	23 814
Total investments, main pool	154 605	100 266
Cash and cash equivalents, main cash pool (note 4)	18 961	36 649
Total cash and cash equivalents, main cash pool	18 961	36 649
Financial assets held in main cash pool payable to ITC	173 566	136 915

Financial risk management

75. The operations of ITC expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The United Nations Treasury is responsible for investment and risk management for the main pool, including conducting investment activities in accordance with the Investment Management Guidelines.

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

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

Financial risk management: credit risk

78. Credit risk refers to the risk that a counterparty to a financial instrument will default on its contractual obligations, resulting in a financial loss to ITC. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposures to outstanding receivables. The carrying value of financial assets equates to the maximum exposure to credit risk as at the balance date. ITC does not hold any collateral as security.

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

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

81. The credit ratings used for the main pool are those determined by major credit-rating agencies; S&P Global Ratings, Moody's and Fitch are used to rate bonds, certificates of deposit and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year end, the credit ratings were as shown in the table below.

Investments of the cash pool by credit ratings as at 31 December

(Percentage based on carrying value)

<i>Main pool</i>	<i>Ratings as at 31 December 2020</i>				<i>Ratings as at 31 December 2019</i>				
Bonds (long-term ratings)	<i>AAA</i>	<i>AA+u/AA/AA-</i>	<i>A+</i>	<i>Not rated</i>	Bonds (long-term ratings)	<i>AAA</i>	<i>AA+/AA/AA-</i>	<i>A+</i>	<i>Not rated</i>
S&P Global Ratings	44.0	53.2		2.8	S&P Global Ratings	35.8	58.8		5.4
Fitch	61.4	15.5		23.1	Fitch	60.2	23.8		16.0
	<i>Aaa</i>	<i>Aa1/Aa2/Aa3</i>	<i>A1</i>			<i>Aaa</i>	<i>Aa1/Aa2/Aa3</i>	<i>A1</i>	
Moody's	61.1	34.9	0.4	3.6	Moody's	54.8	45.2		

<i>Main pool</i>		<i>Ratings as at 31 December 2020</i>		<i>Ratings as at 31 December 2019</i>		
Commercial paper/certificates of deposit (short-term ratings)				Commercial paper (short-term ratings)		
		<i>A-1+/A-1</i>		<i>A-1+/A-1</i>		
S&P Global Ratings	100.0			S&P Global Ratings	100	
		<i>F1+/F1</i>		<i>F1+/F1</i>		
Fitch	98.0	<i>Not rated</i>		Fitch	100	
				<i>P-1</i>		
Moody's	100.0	2.0		Moody's	100	
Term deposits (Fitch viability ratings)						
		<i>aaa</i>	<i>aa/aa-</i>	<i>a+/a/a-</i>		
Fitch	–	27.5	72.5	Fitch	–	84.2 15.8

82. The United Nations Treasury actively monitors credit ratings and, given that investments are only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Other credit risk disclosures

83. Voluntary contributions from Governments representing the Member States of the two parent organizations of ITC comprise the majority of ITC voluntary contributions receivable. Credit risk is considered minimal since most of its donors are sovereign entities. No provision for doubtful receivables was required in 2020 (2019: \$0.06 million).

(Thousands of United States dollars)

	<i>31 December 2020</i>		<i>31 December 2019</i>	
	<i>Gross receivable</i>	<i>Allowance</i>	<i>Gross receivable</i>	<i>Allowance</i>
Less than one year	–	–	8	–
More than one year	–	–	60	60
Total	–	–	68	60

Financial risk management: liquidity risk

84. Liquidity risk is the risk that ITC might not have adequate funds to meet its obligations as they fall due. Cash flow forecasting is performed by ITC in conjunction with the United Nations Office at Geneva, which monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

85. Surplus cash held by ITC above the balance required for working capital management is transferred to the main cash pool managed by the United Nations Treasury. The main cash pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The main pool liquidity risk is therefore considered to be low.

Financial risk management: interest rate risk

86. Interest rate risk is the risk of variability in the fair values or future cash flows of financial instruments due to a change in interest rates. In general, as the interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the duration of the fixed-rate security, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk.

87. The main pool comprises the main exposure of ITC to interest rate risk, with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the main pool had invested primarily in securities with shorter terms to maturity, with the maximum being less than four years (2019: five years). The average duration of the main pool was 0.72 years (2019: 0.74 years), which is considered to be an indicator of low risk.

88. The table below provides an analysis of how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equal 1 per cent). The basis points shifts are illustrative.

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

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

Main pool interest rate risk sensitivity analysis as at 31 December 2019

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

Other market risk: price risk

89. The main pool is not exposed to significant other price risk, because it does not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value hierarchy

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

91. The levels are defined as follows:

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

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

(c) Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

94. The fair value hierarchy in the table below presents the cash pool assets that are measured at fair value as at the reporting date. There were no level 3 financial assets or liabilities carried at fair value and there were no significant transfers of financial assets between fair value hierarchy classifications.

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

(Thousands of United States dollars)

	31 December 2020			31 December 2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets at fair value through surplus or deficit						
Bonds, corporate	452 281	–	452 281	148 473	–	148 473
Bonds, non-United States agencies	931 565	–	931 565	755 027	–	755 027
Bonds, supranational	787 362	–	787 362	423 230	–	423 230
Bonds, United States treasuries	502 462	–	502 462	497 829	–	497 829
Bonds – non-United States sovereigns	151 035	–	151 035	–	–	–
Main pool, commercial papers	–	2 062 987	2 062 987	–	347 398	347 398
Main pool, certificates of deposit	–	2 762 615	2 762 615	–	3 419 585	3 419 585
Main pool, term deposits	–	1 820 000	1 820 000	–	1 210 000	1 210 000
Total main pool	2 824 705	6 645 602	9 470 307	1 824 559	4 976 983	6 801 542

Financial risk management: foreign exchange risk

95. Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. ITC operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc. Management requires that ITC manage its currency risk against its functional currency by structuring contributions from the United Nations and WTO in Swiss francs, which is the foreign currency needed for operational purposes related to the regular budget. The Centre's financial assets and financial liabilities are primarily denominated in United States dollars, thereby reducing its overall foreign currency exposure. Financial liabilities, including funds received in advance and funds held on behalf of donors, are carried in the accounts in United States dollars, although some portion may be refunded in local currency at the donor's request. Currency risk related to technical cooperation projects is mitigated through contractual terms in agreements

with donors that provide that ITC will not assume any financial liability in excess of the funds provided by the donor as calculated in the Centre's functional currency.

Currency exposure as at 31 December 2020

(Thousands of United States dollars)

	<i>United States dollar</i>	<i>Swiss franc</i>	<i>Euro</i>	<i>Pound sterling</i>	<i>Swedish krona</i>	<i>Other</i>	<i>Total</i>
Main cash pool	171 869	307	1 092	116	–	182	173 566
Voluntary contributions receivable	102 117	3 304	87 217	26 348	4 585	4 230	227 801
Other receivables	–	–	–	–	–	–	–
Total financial assets	273 986	3 611	88 309	26 464	4 585	4 412	401 367

Currency exposure as at 31 December 2019

(Thousands of United States dollars)

	<i>United States dollar</i>	<i>Swiss franc</i>	<i>Euro</i>	<i>Pound sterling</i>	<i>Swedish krona</i>	<i>Other</i>	<i>Total</i>
Main cash pool	134 787	246	1 159	92	–	631	136 915
Voluntary contributions receivable	83 500	4 861	85 122	25 535	9 503	6 684	215 205
Other receivables	–	8	–	–	–	–	8
Total financial assets	218 287	5 115	86 281	25 627	9 503	7 315	352 128

96. As at 31 December 2020, if the United States dollar had weakened or strengthened by 10 per cent against other currencies held in the main cash pool, voluntary contributions and other receivables, with all other variables held constant, the net results for the year would have been \$12.738 million (2019: \$13.384 million) higher or lower, mainly as a result of foreign exchange gains or losses on translation of receivables denominated in euros, pounds sterling, Swedish kronor and Swiss francs. Similarly, the impact on net assets would have been \$12.738 million (2019: \$13.384 million) lower or higher.

Note 6 Accounts receivable

97. Current voluntary contributions receivable represent confirmed contributions that are due within 12 months, while non-current voluntary contributions receivable are due after 12 months from the date of the financial statements.

98. Current and non-current voluntary contributions receivable increased as a result of approximately \$125.657 million (2019: \$164.587 million) in new multi-year agreements signed during the year and mostly related to conditional agreements, offset by the settlement received in 2020 and foreign exchange losses or gains.

99. The non-current voluntary contributions receivable of \$117.867 million (2019: \$120.115 million) represent the discounted value of future year receivables.

Voluntary contributions receivable

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Current	109 934	95 090
Non-current	117 867	120 115
Total voluntary contributions receivable	227 801	215 205

100. There were no other accounts receivable as at 31 December 2020.

Other accounts receivable

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Receivables from sales	–	8
Other	–	60
Allowance for doubtful debts	–	(60)
Total other accounts receivable	–	8

Allowance for doubtful debts

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
At 1 January	(60)	(661)
Amounts written off	50	637
Current year (addition)/release of allowance	(5)	(36)
At 31 December	(15)	(60)

101. Pursuant to financial rule 106.7 (a), an amount of non-recoverable receivables equivalent to \$49,918 was written off during 2020. Miscellaneous receivables of \$10,388 related to travel advances and debts for which there was no previous allowance were also written off during 2020.

Note 7**Other assets**

102. Advances to implementing partners are grants issued by ITC covered by binding agreements containing conditions that have not been fulfilled as at the reporting date. Expenses are recognized as conditions contained in the agreement are fulfilled. In accordance with the recommendation of the Board of Auditors, the net portion of any advances not yet delivered by year end will be taken to expense, except for the grants that ITC has effective control over. There were no such advances taken to expense in 2020.

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Advances to implementing partners	5 389	5 008
Advances to United Nations Development Programme	160	155
Advances to vendors	246	665
Staff advances	846	805
Staff recoveries	63	36
Other	17	68
Subtotal, current assets	6 721	6 737
Staff recoveries	12	23
Subtotal, non-current assets	12	23
Total other assets	6 733	6 760

Note 8
Property, plant and equipment

(Thousands of United States dollars)

	<i>Vehicles</i>	<i>Communications and information technology equipment</i>	<i>Furniture and fixtures</i>	<i>Machinery and equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
Cost as at 1 January 2020	406	688	262	363	1 054	2 773
Additions	97	150	57	22	–	326
Disposals	(61)	(18)	(19)	–	–	(98)
Cost as at 31 December 2020	442	820	300	385	1 054	3 001
Accumulated depreciation as at 1 January 2020	207	531	250	257	951	2 196
Depreciation	57	121	2	22	103	305
Disposals	(61)	(18)	(19)	–	–	(98)
Accumulated depreciation as at 31 December 2020	203	634	233	279	1 054	2 403
Net carrying amount						
1 January 2020	199	157	12	106	103	577
31 December 2020	239	186	67	106	–	598

(Thousands of United States dollars)

	<i>Vehicles</i>	<i>Communications and information technology equipment</i>	<i>Furniture and fixtures</i>	<i>Machinery and equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
Cost as at 1 January 2019	366	688	296	371	1 054	2 775
Additions	40	–	–	18	–	58
Disposals	–	–	(34)	(26)	–	(60)
Cost as at 31 December 2019	406	688	262	363	1 054	2 773

	Vehicles	Communications and information technology equipment	Furniture and fixtures	Machinery and equipment	Leasehold improvements	Total
Accumulated depreciation as at 1 January 2019	156	439	283	262	746	1 886
Depreciation	51	92	1	21	205	370
Disposals	–	–	(34)	(26)	–	(60)
Accumulated depreciation as at 31 December 2019	207	531	250	257	951	2 196
Net carrying amount						
1 January 2019	210	249	13	109	308	889
31 December 2019	199	157	12	106	103	577

103. ITC, in accordance with the recommendation of the Board of Auditors, performed an annual review of the residual value of the fully depreciated assets still in use, along with an impairment review that was undertaken for the 31 December 2020 reporting date. The review did not result in any equipment being considered impaired, and no residual value that was material was required to be added back. However, a total write-off amounting to \$0.098 million at cost (2019: \$0.06 million) occurred during the year owing to obsolescence.

Note 9 Intangible assets

(Thousands of United States dollars)

	Software developed internally	Software under development	Total
Opening cost as at 1 January 2020	4 824	505	5 329
Additions	790	400	1 190
Transfers	505	(505)	–
Total cost as at 31 December 2020	6 119	400	6 519
Opening accumulated amortization as at 1 January 2020	2 443	–	2 443
Amortization	769	–	769
Closing accumulated amortization as at 31 December 2020	3 212	–	3 212
Net book value as at 1 January 2020	2 381	505	2 886
Net book value as at 31 December 2020	2 907	400	3 307

(Thousands of United States dollars)

	Software developed internally	Software under development	Total
Opening cost as at 1 January 2019	4 027	174	4 201
Additions	623	505	1 128
Transfers	174	(174)	–
Total cost as at 31 December 2019	4 824	505	5 329

	<i>Software developed internally</i>	<i>Software under development</i>	<i>Total</i>
Opening accumulated amortization as at 1 January 2019	1 619	–	1 619
Amortization	824	–	824
Closing accumulated amortization as at 31 December 2019	2 443	–	2 443
Net book value as at 1 January 2019	2 408	174	2 582
Net book value as at 31 December 2019	2 381	505	2 886

104. The Centre's intangible assets consist of a suite of online tools and databases through which its beneficiaries can make global trade more transparent and facilitate access to new markets. Two internally developed software projects from 2019 were completed during the year. In addition, there were three software development projects begun and completed during the year. The total value of the five internally developed software projects is \$1.295 million. Two 2020 projects, which will continue into 2021 and are recognized as software under development, have a value of \$0.400 million. The aggregate amount of research and development expenditure during 2020 was \$2.088 million, of which \$0.898 million was recognized as an expense during 2020, \$0.790 million was capitalized on the account of completed projects and \$0.400 million was accounted for as assets under development. As at 31 December 2020, ITC had 18 intangible assets in total. The carrying amounts of these intangible assets, which in total amount to \$3.307 million, were individually not material to the ITC financial statements for separate disclosure.

Note 10
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Vendor and other payables	4 479	4 190
Payables to donors	3 770	4 403
Accruals for goods and services	1 458	3 690
Total accounts payable and accrued liabilities	9 707	12 283

105. Vendor and other payables relate mainly to payables to commercial vendors and consultants. The decrease is attributable mainly to the decrease of accruals for goods and services, due to a different pattern of receiving invoices from vendors.

106. Payables to donors consist of the balance of unspent contributions for closed projects pending refund or reprogramming, interest income from non-conditional contributions which is repayable to donors, and balances due to the United Nations and WTO for overpayment, savings or surplus from assessed contributions of \$1.213 million (2019: \$2.465 million). The 2019 financial statements included \$0.123 million in interest income from non-conditional contributions, which should have been classified as payable to donors. As the amount was not considered material, the net assets at 31 December 2019 were not adjusted. As at 31 December 2020, \$0.095 million remained repayable to donors.

Note 11
Liabilities for conditional arrangements

107. ITC recognizes monetary voluntary contributions with conditions attached as a liability. Conditions are imposed by donors on the use of contributions and include both a performance obligation to use donations in a specified manner and an enforceable obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the unexpended balance of the contribution as at the reporting date. As ITC satisfies the conditions on voluntary contributions through expenditure of the funds in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to the reduction is recognized.

108. Current and non-current liabilities for conditional arrangements of \$275.219 million (2019: \$217.296 million) consist mainly of conditional agreements with the European Union and other funders. Liabilities for conditional arrangements increased as a result of approximately \$87.124 million (2019: \$113.184 million) in new multi-year agreements being signed during the year, while a total of approximately \$42.811 million (2019: \$35.132 million) in multi-year agreements was recognized as revenue during the year. The increase is also attributable to the revaluation of liabilities in currencies other than the functional currency of the organization.

Other liabilities

109. ITC recognizes as a liability amounts received under voluntary contributions before an agreement is reached with the donor on the use of the contribution or contributions that are awaiting programming of specific project activities.

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Funds received in advance and deferred revenue		
Current	753	1 068
Non-current	–	279
Total funds received in advance and deferred revenue	753	1 347

Note 12
Employee benefits liabilities

110. The employee benefits liabilities are unfunded. The liabilities arising from end-of-service or post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. Actuarial valuation is usually undertaken every two years.

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Current liabilities		
Accrued salaries, allowances and benefits	636	919
Accumulated annual leave	346	337
Home leave	978	719

	31 December 2020	31 December 2019
Repatriation grant	647	620
After-service health insurance	1 897	1 772
Subtotal current liabilities	4 504	4 367
Non-current liabilities		
Accumulated annual leave	4 730	4 303
Repatriation grant	8 107	7 286
After-service health insurance	162 898	154 176
Subtotal non-current liabilities	175 735	165 765
Total employee benefits liabilities	180 239	170 132

111. The methodology for estimating the amounts of each liability is as follows:

(a) *Home leave.* Non-locally recruited staff are entitled to reimbursement of the costs of travel to their home country in the second year after their initial appointment and every second year thereafter. The liability recorded relates to the value of home leave entitlements that have been earned by officials but not taken as at the reporting date. The liability for home leave is considered a short-term benefit and is recognized at its estimated undiscounted value;

(b) *Accumulated annual leave.* Other long-term benefits include accumulated annual leave. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled through a monetary payment to employees upon their separation from ITC. The Centre recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in, first-out assumption in the determination of the annual leave liabilities whereby staff members access current-period leave entitlements before they access accumulated annual leave balances relating to prior periods. Unused annual leave is calculated at 1/261 of net salary plus post adjustment for staff in the Professional and higher categories and 1/261 of net salary for staff in the General Service and related categories. The portion of the accumulated annual leave benefit that is expected to be settled through monetary payment within 12 months after the reporting date is classified under current liabilities. The accumulated annual leave benefit liability is classified under other long-term benefits and is actuarially valued;

(c) *Repatriation grant and travel.* In accordance with the Staff Regulations and Rules of the United Nations, non-locally recruited staff are entitled to a grant on separation from service based on the number of years of service worked outside their home country, if they have completed at least one year of service outside their home country. The grant is calculated on the basis of net salary for staff in the Professional and higher categories and pensionable remuneration less staff assessment for staff in the General Service and related categories. In addition, non-locally recruited ITC staff are entitled to reimbursement of travel and transport of personal effects on separation for themselves, their spouses and their dependent children. The portion of the repatriation grant and travel that is expected to be settled through monetary payment within 12 months after the reporting date is classified under current liabilities. The repatriation grant and related travel is classified under post-employment benefits and is actuarially valued. Staff members are eligible to receive a repatriation grant upon separation from service provided that they have been in service for at least five years in a duty station outside their country of nationality;

(d) *After-service health insurance.* Staff members (and their spouses, dependent children and survivors) retiring from service at the age of 55 or older are eligible for after-service health insurance coverage if they have contributory health insurance coverage prior to retirement for at least 5 years of service for staff hired before 1 July 2007 and 10 years of service for staff hired after 1 July 2007. Staff hired before 1 July 2007 who retire with less than 10 years but more than 5 years of coverage receive unsubsidized coverage until they have been enrolled for 10 years, at which time the coverage is subsidized. The Centre's liability for after-service health insurance is calculated as the residual liability after deducting contributions from retirees and a portion of the contribution from active staff in accordance with cost-sharing ratios authorized by the General Assembly that require the Centre's share of the liability not to exceed one half of the total gross liability;

(e) The mandatory age of retirement for staff who joined the United Nations on or after 1 January 2014 is 65; for those who joined before 1 January 2014 it is 60 or 62. The General Assembly decided to extend the mandatory age of separation to 65 years for staff recruited by organizations of the United Nations common system before 1 January 2014, taking into account the acquired rights of staff, by 1 January 2018 at the latest. This change was implemented as at 1 January 2018 and affects future calculations of employee benefits liabilities.

112. The actuarial results as at 31 December 2020 are based on a roll forward of the 31 December 2019 participation data. Financial assumptions such as discount rates and health-care trend costs have been updated since the full actuarial valuation carried out in 2019 to determine the Centre's estimated liability for defined-benefit obligations at the reporting date.

113. For 2020, the gross liability for all post-employment defined-benefit plans was calculated by the actuary as \$259.872 million (2019: \$245.379 million), offset by contributions from plan participants of \$81.247 million (2019: \$76.885 million) to equal the Centre's net liability of \$178.625 million (2019: \$168.494 million). The total increase of \$10.131 million is the result of a \$4.286 million net actuarial loss (2019: \$77.956 million loss) recognized in net assets, and \$5.845 million (2019: \$2.624 million) in current service costs and interest, net of benefit payments recognized in the statement of financial performance as a component of staff costs.

Movement in employee benefits liabilities accounted for as defined-benefits plans

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>	<i>Total</i>
Defined-benefit obligation as at 31 December 2019	155 948	7 906	4 640	168 494
Current service cost	6 819	564	570	7 953
Interest cost	299	238	115	652
Benefits paid (net of participant contributions)	(1 774)	(641)	(345)	(2 760)
Liability (gains)/losses due to actuarial financial assumptions				
Change in discount rate	7 337	687	96	8 120
Change in medical inflation	(3 834)	—	—	(3 834)
Defined-benefit obligation as at 31 December 2020	164 795	8 754	5 076	178 625

114. The interest cost and current service costs related to the defined-benefit obligation for after-service health insurance liability, repatriation grant and travel and accumulated leave are recognized in the statement of financial performance as a

component of staff costs. Any actuarial gains or losses for the defined-benefits plans that result from changes in actuarial assumptions or experience adjustments, including experience adjustments related to other long-term benefits, are directly recognized in the statement of changes in net assets.

115. The total expense recognized in the statement of financial performance in 2020 and 2019 for each of the defined-benefit obligations is as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>	<i>Total</i>
Current service cost	6 819	564	570	7 953
Interest cost	299	238	115	652
Total expense recognized in statement of financial performance for 2020	7 118	802	685	8 605

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>	<i>Total</i>
Current service cost	3 013	400	338	3 751
Interest cost	712	241	158	1 111
Total expense recognized in statement of financial performance for 2019	3 725	641	496	4 862

116. The total actuarial gain/(loss) recognized directly in net assets in the statement of changes in net assets in 2020 and 2019 is shown in the following table:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>	<i>Total</i>
Gain/(loss) in 2020	(3 503)	(687)	(96)	(4 286)
Gain/(loss) in 2019	(75 551)	(1 833)	(572)	(77 956)

Actuarial valuation: assumptions

117. Each year, ITC reviews and selects assumptions and methods that will be used by the actuaries in the valuation to determine the expense and contribution requirements for the Centre's after-service health insurance plans. The following assumptions and methods have been used in the valuation of these liabilities:

<i>Assumption</i>	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>
Discount rate (31 December 2020)		0.03	2.32
Discount rate (31 December 2019)		0.19	3.14
Travel inflation (31 December 2020)		–	2.20
Travel inflation (31 December 2019)		–	2.20

<i>Assumption</i>	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>
Health-care cost trend rate (31 December 2020)	3.64 trending down to 2.75 in eight years	–	–
Health-care cost trend rate (31 December 2019)	3.76 trending down to 2.85 in eight years	–	–
Salary increase rate	Based on age and calculated separately for Professional and General Service staff		

118. For the 2020 actuarial valuations, Aon Hewitt developed the yield curves used in the calculation of the discount rates in respect of the United States dollar and the Swiss franc. This is consistent with the decision of the Task Force on Accounting Standards, established under the auspices of the Finance and Budget Network of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination, taken in the context of the harmonization of actuarial assumptions across the United Nations system and the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/71/815, para. 26), which were endorsed by the General Assembly in section IV of its resolution 71/272 B.

119. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience.

120. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. The Aon Hewitt assumption on health-care cost trend rates in Swiss francs was used for the 2020 valuation.

121. With regard to the valuation of repatriation benefits as at 31 December 2020, the Aon Hewitt assumption on inflation in travel costs was based on the projected United States inflation rate over the next 20 years.

122. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 0–3 years: 10.9 days; 4–8 years: 1.0 day; and more than 9 years: 0.5 days, up to the maximum of 60 days for regular staff and 18 days for temporary staff.

Sensitivity analysis

123. The principal financial assumptions in the valuation of the defined-benefit obligations are the rate at which medical costs are expected to increase in the future and the discount rate curve, which is calculated on the basis of corporate bonds. The sensitivity analysis looks at the change in liability due to changes in the medical cost trend and discount rates while holding other principal assumptions constant; the assumption held constant is the discount rate used to determine the present value of benefits that will be paid from the plan in the future. Should the medical cost trend assumption vary by 0.5 per cent, this would affect the measurement of the defined-benefit obligations as follows:

(Thousands of United States dollars)

<i>2020</i>	<i>Increase</i>	<i>Decrease</i>
0.5 per cent movement in the assumed medical costs trend rate		
Effect on the defined-benefit obligation (after-service health insurance)	23 031	(19 538)
Effect on the aggregate of the current service cost and interest cost (after-service health insurance)	1 611	(1 310)

(Thousands of United States dollars)

2019	<i>Increase</i>	<i>Decrease</i>
0.5 per cent movement in the assumed medical costs trend rate		
Effect on the defined-benefit obligation (after-service health insurance)	21 751	(18 459)
Effect on the aggregate of the current service cost and interest cost (after-service health insurance)	1 505	(1 224)

(Thousands of United States dollars)

2020	<i>Increase</i>	<i>Decrease</i>
0.5 per cent movement in the assumed discount rate		
Effect on the after-service health insurance-defined-benefit obligation	(20 318)	24 340
Effect on the repatriation grant defined-benefit obligation	(373)	403
Effect on the annual leave defined-benefit obligation	(242)	262

(Thousands of United States dollars)

2019	<i>Increase</i>	<i>Decrease</i>
0.5 per cent movement in the assumed discount rate		
Effect on the after-service health insurance-defined-benefit obligation	(19 196)	22 989
Effect on the repatriation grant defined-benefit obligation	(334)	362
Effect on the annual leave defined-benefit obligation	(218)	235

Other defined-benefit plan information

124. The Centre's best estimate of future benefit payments net of participant contributions for the next 12 months for the after-service health insurance plan is \$1.900 million (2019: \$1.774 million), for post-employment repatriation and separation entitlements the best estimate is \$0.667 million (2019: \$0.641 million), and for annual leave entitlements it is \$0.354 million (2019: \$0.345 million).

125. Under IPSAS 39: Employee benefits, the liabilities for after-service health insurance, repatriation grant and travel and accumulated leave are considered unfunded and, therefore, no fair value of plan assets has been recognized and the entire after-service health insurance liability is recognized as a liability of ITC.

Present value of liability for defined-benefit obligations by fund as at 31 December

(Thousands of United States dollars)

	<i>General Fund</i>		<i>Programme support costs</i>		<i>Extrabudgetary</i>		<i>Total</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
After-service health insurance	117 089	112 157	11 433	10 788	36 273	33 003	164 795	155 948
Current	1 403	1 299	134	128	360	345	1 897	1 772
Non-current	115 686	110 858	11 299	10 660	35 913	32 658	162 898	154 176
Repatriation grant	4 520	4 210	561	497	3 673	3 199	8 754	7 906
Current	438	404	25	24	184	192	647	620
Non-current	4 082	3 806	536	473	3 489	3 007	8 107	7 286

	<i>General Fund</i>		<i>Programme support costs</i>		<i>Extrabudgetary</i>		<i>Total</i>	
	2020	2019	2020	2019	2020	2019	2020	2019
Accumulated annual leave	2 760	2 694	303	260	2 013	1 686	5 076	4 640
Current	254	244	12	12	80	81	346	337
Non-current	2 506	2 450	291	248	1 933	1 605	4 730	4 303
Total	124 369	119 061	12 297	11 545	41 959	37 888	178 625	168 494

Historical present value of liability for defined-benefit obligations as at 31 December

(Thousands of United States dollars)

	2020	2019	2018	2017	2016	2015
After-service health insurance	164 795	155 948	78 117	79 268	74 869	63 711
Repatriation benefits	8 754	7 906	5 937	6 207	6 234	5 987
Annual leave	5 076	4 640	3 860	3 947	8 206	8 225
Total	178 625	168 494	87 914	89 422	89 309	77 923

Funding of defined-benefit liabilities – extrabudgetary resources

126. With effect from 1 January 2017, the Centre began to accrue 3 per cent of gross salary plus post adjustment for staff funded from extrabudgetary resources to fund the Centre's obligation arising from staff retiring from positions funded from extrabudgetary resources. The rate was subsequently increased to 6 per cent on 1 January 2019.

127. The Centre accrues 8 per cent of gross salary less staff assessment for staff funded from extrabudgetary resources to fund the Centre's repatriation grant obligation.

128. The following table summarizes the funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2020.

(Thousands of United States dollars)

<i>Attributable to extrabudgetary resources</i>	<i>Liability</i>	<i>Funded</i>	<i>Unfunded</i>	<i>Percentage of liability funded</i>
After-service health insurance and repatriation benefits	51 940	10 197	41 743	20
Annual leave	2 316	–	2 316	–
Total	54 256	10 197	44 059	19

129. Defined-benefit liabilities pertaining to the regular budget have not been funded. The pertinent budget is provided on the basis of claims experience in the previous years.

United Nations Joint Staff Pension Fund

130. ITC, through its affiliation with the United Nations, is a participant in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined-benefit plan. As specified

in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

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

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

133. The financial obligation of ITC to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the General 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 Fund as at the valuation date. Each member organization contributes to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

134. The most recent actuarial valuation for the Fund was completed as at 31 December 2019, and a roll forward of the participation data as at 31 December 2019 to 31 December 2020 was used by the Fund for its 2020 financial statements.

135. 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 144.20 per cent (139.20 per cent in the 2017 valuation). The funded ratio was 107.10 per cent (102.70 per cent in the 2017 valuation) when the current system of pension adjustments was taken into account.

136. After assessing the actuarial sufficiency of the Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2019, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

137. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or due to the termination of the plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2017, 2018 and 2019) amounted to \$7,546.92 million, of which 0.27 per cent was contributed by ITC.

138. During 2020, contributions paid to the Fund by ITC amounted to approximately \$8.897 million (2019: \$7.131 million). Expected contributions due in 2021 are approximately the same as in 2020.

139. Membership in the Fund may be terminated by a decision of the General Assembly, upon an affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities is included in the amount.

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

Note 13 Provisions

(Thousands of United States dollars)

	2020	2019
Opening balance as at 1 January	65	65
Current-year addition/(release) of provision	(65)	–
Closing balance as at 31 December	–	65

141. A prior-year provision was established in 2018 and related to legal claims before the United Nations Tribunals responsible for hearing claims brought by former employees. The claims were subsequently resolved and the provision reversed. There were no newly established provisions in 2020.

Note 14 Operating reserves

142. The movements in operating reserves are as follows:

(Thousands of United States dollars)

	<i>Trust fund</i>	<i>Programme support fund</i>	<i>Total</i>
Opening balance as at 1 January 2019	8 051	1 221	9 272
Interest income and residual donor balances	1 286	–	1 286
20 per cent adjustment, in accordance with ST/AI/286	–	431	431
Closing balance as at 31 December 2019	9 337	1 652	10 989
Interest income and residual donor balances	1 483	–	1 483
20 per cent adjustment, in accordance with ST/AI/286	–	(30)	(30)
Closing balance as at 31 December 2020	10 820	1 622	12 442

Note 15
Revenue

Assessed contributions

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
United Nations	18 862	18 333
WTO	18 862	18 333
Subtotal	37 724	36 666
Refunds to donors for prior-year surplus and savings	(580)	(779)
Total assessed contributions net of refunds	37 144	35 887

143. Assessed contributions are contributions received from the United Nations and WTO. Under the terms of General Assembly resolution [2297 \(XXII\)](#) of 12 December 1967 and the decision of the Contracting Parties to the General Agreement on Tariffs and Trade dated 22 November 1967, as well as the new administrative arrangements between the United Nations and WTO as endorsed by the Assembly in its decision 53/411 B and its resolution [59/276](#), the regular budget of ITC is assessed in Swiss francs and financed equally by the United Nations and WTO. The Assembly has approved, on a trial basis, a change from a biennial to an annual budget period for the United Nations from 2020, while WTO maintains its biennial budget process. The administrative arrangements will be suitably updated should the annual budget cycle be confirmed by the Assembly after the Secretary-General conducts in 2022 a review of changes from a biennial to an annual budget period.

144. The contributions are based on an annual budget of the United Nations and a biennial budget of WTO adjusted for changes in exchange rates and post adjustment and are recorded as at the first day of the year to which they relate. Contributions are approved to be assessed for a one-year budget period, or a portion thereof or for multiple years. Where budgets and/or appropriations are approved for multiple years, the related contributions are apportioned among the years of the budget period for payment. Assessed contributions are considered to be without conditions. In those cases where multiple assessments are issued within a single annual period, revenue is recorded when due from the United Nations and WTO.

Voluntary contributions and other transfers and allocations

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Voluntary contributions	75 845	80 098
Contributions in kind	3 111	2 817
Refunds to donors for voluntary contributions	(958)	(42)
Subtotal	77 998	82 873
Other transfers and allocations	2 658	3 131
Refunds to donors for other transfers and allocations	(9)	(106)
Subtotal	2 649	3 025
Total voluntary contributions and other transfers and allocations net of refunds	80 647	85 898

145. Voluntary contributions through donor agreements are recognized as revenue at the point of signature except where such agreements contain a condition requiring specific performance and return of unexpended funds. Voluntary contributions include programme support revenue charged in accordance with United Nations financial procedures at 13 per cent on technical cooperation financed activities, 12 per cent for Associate Experts, and between 7 per cent and 10 per cent for the European Commission, the Enhanced Integrated Framework, the One United Nations initiative and projects funded by other United Nations agencies. Multi-year conditional agreements signed in 2020 resulted in an increase in receivables, while revenue will be recognized in future periods on the basis of performance.

146. Other transfers and allocations are mainly inter-organizational arrangements and multi-donor initiatives under the Enhanced Integrated Framework trust fund and the One United Nations fund. The decrease is due to the fund allocation decisions and funding priorities of these bodies.

147. The breakdown for voluntary contributions and other transfers and allocations by type of agreement is as follows:

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Contributions from unconditional agreements	35 661	48 938
Contributions from conditional agreements	42 842	34 291
Total voluntary contributions and other transfers and allocations^a	78 503	83 229

^a The amount includes the discounted value of future-year receivables.

148. The total unconditional voluntary contributions and other transfers and allocations of \$35.661 million consists of approximately \$14.788 million for 2020 and \$20.873 million for future years (2021: \$11.332 million; 2022: \$8.002 million; 2023: \$1.539 million).

149. The total amount of donor pledges which have not been formalized is \$34.789 million (2019: \$53.631 million).

Contributions in kind

150. Contributions in kind of \$3.111 million (2019: \$2.817 million) consist of the rental subsidy from the Fondation des immeubles pour les organisations internationales, which is the difference between the market value of the rental and the actual rent paid. A matching in-kind rent is expensed at the same time as the contribution is recognized as revenue. There were 51 commercial operating leases in 2020 (2019: 55) for ITC project offices in the field, 11 of which were on a free rental basis (2019: 10), and the fair value of each of those properties was estimated to be less than the recognition threshold of \$5,000.

151. Services in kind, consisting mainly of contributions to conferences, workshops and training, were estimated at \$1.645 million (2019: \$2.124 million) received mainly from governments, governmental agencies and non-governmental organizations in support of projects and field office operations during the year. The amount is measured at fair value. The in-kind services are not recognized in the financial statements.

Other revenue

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Services rendered	282	482
Other revenue	183	334
Total other revenue	465	816

152. Other revenue includes proceeds from sales of statistical data to governments and other entities, net foreign exchange gains and other miscellaneous income. The decrease from the prior year is due to a decrease in demand for statistical tools and in net foreign exchange gains.

Investment revenue

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Investment revenue	2 261	2 652
Total investment revenue	2 261	2 652

Note 16

Expenses

Employee salaries, allowances and benefits

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Staff salaries, wages and allowances	50 147	42 071
Pension costs and insurance benefits	17 212	12 407
Other benefits	1 214	1 114
Total employee salaries, allowances and benefits	68 573	55 592

153. Employee salaries, allowances and benefits are for all international and national staff expenses such as salaries, post adjustment, entitlements, pensions and health plan contributions for staff in the Professional and higher categories and in the General Service and related categories. It also includes staff expenses relating to general temporary assistance and after-service health insurance expenses for former ITC staff. The increase year over year is due to an increase in project personnel funded from voluntary contributions and an increase in the United States dollar equivalent of salaries of General Service category of staff, which is denominated in Swiss francs.

Non-employee compensation and allowances

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Individual consultant fees and insurance	26 801	22 226
Individual contractor costs	499	481
Travel of non-employees	835	3 221
Total non-employee compensation and allowances	28 135	25 928

154. Non-employee compensation and allowances are costs of individual contractors and consultants, including related insurance and travel expenses.

Travel

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Staff travel	1 183	4 699
Representative travel	1 260	3 495
Total travel	2 443	8 194

155. Travel relates to the regular travel of staff, meeting participants and persons on missions related to official business. Travel expenses decreased primarily because of the impact of the COVID-19 pandemic resulting in travel bans and restrictions and the cancellation or postponement of duty and entitlement travel.

Grants and other transfers

156. Grants and other transfers are financial contributions made to end beneficiaries, implementing partners, agencies and other entities. The increase from the prior year is due to the decentralization of projects delivery to local counterparts as a result of the COVID-19 pandemic.

Supplies and consumables

157. Supplies and consumables include items customarily consumed on a daily basis, such as stationery, office supplies, fuel and other consumables.

Other operating expenses

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Contracted services	15 975	16 387
Acquisitions of goods	870	1 353
Acquisitions of intangible assets	647	445
Rent, office and premises	1 904	1 584
Rental, equipment	170	264
Maintenance and repair	188	209
Bad debt expense	16	39

	<i>31 December 2020</i>	<i>31 December 2019</i>
Net foreign exchange losses/(gains)	2 142	–
Other	175	210
Total other operating expenses	22 087	20 491

Other expenses

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Expense for contributions in kind	3 111	2 817
Other	–	20
Total other expenses	3 111	2 837

158. Included in the expense for contributions in kind is the rental subsidy from the Fondation des immeubles pour les organisations internationales in the amount of \$3.111 million (2019: \$2.817 million), which is the difference between the market value of the rental and the actual rent paid. A matching in-kind contribution is recognized as revenue at the same time as the rent is recognized as an expense.

Note 17

Budget comparison and reconciliation

159. The General Assembly and the General Council of WTO approve the budget of ITC. The budget may be subsequently amended by the Assembly, by the Council or through the exercise of delegated authority.

160. The Centre's budget is prepared on a modified cash accounting basis and the financial statements are prepared on a full accrual basis in accordance with IPSAS.

161. Statement V, Comparison of budget and actual amounts, compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. The comparison is made only in respect of the publicly available regular budget.

Movement between original and final budgets (regular budget)

162. Since the original budget is adopted in Swiss francs, the final budget takes into consideration the result of exchange rate changes between Swiss francs and United States dollars taking place between the adoption of the original budget and the reporting date.

Budget to actual variance analysis

163. Explanations of material differences between the original budget and the final budget and between the final budget and the actual amounts are presented in paragraph 41 of the report of the Executive Director on the financial year accompanying these financial statements (see chap. IV above).

Reconciliation between the actual amounts on a comparable basis and the statement of financial performance

164. The statement of comparison of budget and actual amounts (statement V) includes the original and final budget and the actual revenue and expense on the same basis as the budget.

165. As the basis used to prepare the budget and the one used to prepare the financial statements differ, this note provides reconciliation between the actual amounts presented in statement V and the actual amounts presented in the statement of cash flows and the statement of comparison of budget and actual amounts.

166. The actual amounts presented on a comparable basis in the statement of comparison of budget and actual amounts have been reconciled to the actual amounts presented in the statement of cash flows, identifying separately any basis, timing and entity differences, as follows:

(a) Basis differences capture the differences resulting from preparing the budget on a modified cash basis. To reconcile the budgetary results to the statement of cash flows, the modified-cash elements such as unliquidated obligations, which are commitments against the budget but do not represent a cash flow, must be eliminated. Similarly, IPSAS-specific differences, such as investing cash flows relating to acquisition of property, plant and equipment or intangibles, and indirect operating cash flows relating to changes in receivables due to movements in the allowance for doubtful receivables and accrued liabilities, are included as basis differences to reconcile to the statement of cash flows;

(b) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. For the purposes of comparison of budget and actual amounts, there are no timing differences for ITC;

(c) Entity differences represent fund groups other than the regular budget that are reported in the financial statements. The financial statements include results for all funds.

167. The reconciliation between the actual amounts presented in statement V and the actual amounts presented in the statement of cash flows is as follows:

Reconciliation of actual amounts on a comparable basis and actual amounts in the cash flow

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amount on a comparable basis (statement V)	(37 965)	–	–	(37 965)
Basis differences				
Elimination of unliquidated obligations	1 334	–	–	1 334
Accruals of expenses	125	–	–	125
Expenditure against prior period	(853)	–	–	(853)
Exchange gains/losses	(25)	–	–	(25)
Share of joint arrangement	(33)	–	–	(33)
Expenses for contributions in kind	(3 111)	–	–	(3 111)
Acquisitions of property, plant and equipment	92	(256)	–	(164)
Total basis differences	(2 471)	(256)	–	(2 727)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Budget revenue in accordance with statement V	37 971	–	–	37 971
Presentation differences				
Revenue for contributions in kind	3 111	–	–	3 111
Refund of prior biennium surplus	(580)	–	–	(580)
Elimination of non-cash changes in assets and liabilities in operating cash flow	(1 369)	–	–	(1 369)
Investment revenue presented as investing activities	(80)	80	–	–
Total presentation differences	39 053	80	–	39 133
Entity differences				
Other funds expenditure	(90 388)	–	–	(90 388)
Other funds revenue	80 016	–	–	80 016
Elimination of non-cash changes in assets and liabilities in operating cash flow	53 636	–	–	53 636
Actuarial gain/(loss) on employee benefits liabilities	(4 286)	–	–	(4 286)
Investment revenue presented as investing activities	(2 181)	2 181	–	–
Depreciation and amortization	595	–	–	595
Other adjustments	(95)	–	–	(95)
Pro rata share of net increases in the cash pool	–	(54 339)	–	(54 339)
Acquisitions of property plant and equipment	–	(70)	–	(70)
Acquisitions of intangibles	–	(1 190)	–	(1 190)
Total entity differences	37 297	(53 594)	–	(17 680)
Actual amount per statement of cash flows (statement IV)	35 914	(53 594)	–	(17 680)

Note 18

Related parties: key management personnel

168. The key management personnel of ITC are the Executive Director, the Deputy Executive Director, the Directors of the divisions, the Chief Adviser in the Office of the Executive Director and the Chief of Strategic Planning, who have the authority and responsibility for planning, directing and controlling the activities of ITC and influencing its strategic direction.

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Number of individuals (full-time equivalents)	8	8
Aggregate remuneration	1 905	1 998
Outstanding advances as at 31 December	23	30

169. The aggregate remuneration paid to key management personnel includes gross salaries, post adjustment, entitlements, assignment and other grants, rental subsidy, costs of shipment of personal effects, income tax reimbursement and employer contributions to the pension plan and current health insurance contributions. Key management personnel are also qualified for post-employment benefits, which are payable only upon separation. No non-monetary and indirect benefits were paid to key management personnel. Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund.

170. Any advances are those made against entitlements in accordance with the Staff Regulations and Rules of the United Nations. There were no loans granted to key management personnel.

Transactions with related party entities

171. Except otherwise noted in these statements for revenue from non-exchange transactions including contributions in kind, all transactions made with third parties, including United Nations organizations and WTO, occur within a normal relationship between supplier or client and recipient or at arm's length terms and conditions.

172. As explained in note 5 above, the ITC cash and investments are managed by the United Nations Treasury as part of the main cash pool.

Note 19

Interest in joint arrangement

173. ITC participates in a jointly financed operation relating to safety and security, which is established under a binding agreement. However, ITC does not have significant control over the activity. The interest of ITC in the activity is its share of the activity's net assets recognized using the equity method, which is based on the funding apportionment percentage such as the number of employees and the total space occupied. Since the total of the activity is in a net liability position, this is recognized as a non-current liability in the ITC statement of financial position.

174. The Centre's share of the activity's operating loss for the year ended 31 December 2020 is \$0.026 million (2019: loss of \$0.005 million) and is recognized in the ITC statement of financial performance as an expense. Where the activity also has transactions, which are recorded directly in net assets, the ITC share of these transactions is accounted for through the statement of changes in net assets (statement III), and in the year this balance relates to the actuarial gains/losses relating to the employee benefits liability valuation.

175. Movements in the joint arrangement for the year are reflected in the table below.

(Thousands of United States dollars)

	2020	2019
Cost as at 1 January	38	36
Movement for the year:		
Changes in net assets of joint arrangement recognized through statement of changes in net assets	7	(3)
Share of deficit/(gain) for the year of joint arrangement recognized through statement of financial performance	26	5
Total changes in joint arrangement for the year	33	2
Share of joint arrangement accounted for using equity method and reported as net liability in statement of financial position as at 31 December	71	38

Note 20

Leases and commitments

176. ITC has operating leases for the rental of its headquarters building in Geneva, field offices, photocopying services and printing and publishing equipment.

177. The minimum lease payments under non-cancellable operating leases are as follows:

Obligations for operating leases

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Due in less than 1 year	1 947	1 473
Due in 1 to 5 years	5 153	740
Total minimum operating lease obligations	7 100	2 213

178. The lease for the ITC headquarters in Geneva is between the Fondation des immeubles pour les organisations internationales and ITC for an annual lease payment of SwF 1.085 million (SwF 1.085 million as at 31 December 2020). The lease can be renewed for an additional five-year period upon explicit agreement between the parties or terminated by a formal written notice to the Fondation of at least six months before the expiration date of 30 September 2025. The lease agreement also contains a restriction concerning further leasing without consent from the Fondation.

179. ITC leases for field offices can generally be cancelled by providing notice of 30 to 90 days.

180. The equipment leases pertain to photocopiers and printing machines. The rental of multifunction photocopiers is based on a five-year contract. This lease is based on a fixed annual rental amount for 16 machines and a cost per copy. Since the variable amounts are regular and ongoing, there is a high likelihood that such additional copy costs would be consumed by ITC on an ongoing basis. The rental of printing equipment is based on a fixed amount per year for an initial four-year contract, renewable twice for a two-year period until 28 February 2026. Neither agreement contains purchase options, and either party may terminate the contract, in whole or in part, upon 30 days' notice, in writing, to the other party. The total lease expense for 2020 was \$0.182 million (2019: \$0.216 million). This amount includes additional copy charges incurred in accordance with lease agreements.

Other commitments

Open contractual commitments

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Property, plant and equipment	1 578	222
Grants	4 611	6 734
Goods and services	20 241	16 827
Total open contractual commitments	26 430	23 783

181. Other commitments relate to the future commitment to transfer funds to end beneficiaries and implementing partners and the acquisition of goods and services, including purchase orders, contracted for but not delivered as at 31 December 2020.

Note 21**Contingent assets and contingent liabilities**

182. Following the decision of the United Nations Dispute Tribunal on the claims related to the implementation of the decision of the International Civil Service Commission to reduce the post adjustment in Geneva, Geneva-based staff have filed an appeal before the United Nations Appeals Tribunal. If the appeal is successful, the United Nations Secretariat may have to pay the difference between the old and new post adjustment retroactively from the date of the implementation of the new post adjustment.

Note 22**Events after the reporting date**

183. There have been no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date on which the financial statements were authorized for issue that would have had a material impact on these statements.

Annex I

Statement of appropriations

General fund: statement of appropriations for the year ended 31 December 2020

(Thousands of United States dollars)

	<i>Appropriations^a</i>			<i>Expenditures</i>			<i>Unencumbered balance</i>
	<i>Original</i>	<i>Changes</i>	<i>Revised</i>	<i>Disbursements</i>	<i>Unliquidated obligations</i>	<i>Total</i>	
International Trade Centre							
Programme of activities	37 669	302	37 971	36 631	1 334	37 965	6

^a Represents the original appropriation of \$37.669 million for the year 2020. The General Assembly, in its resolutions [74/263](#) and [74/264](#) A to C, authorized the United Nations share (United Nations share: \$18.862 million).

Annex II

**Statement of budget and actual amounts for the year ended
31 December 2020**

(Thousands of United States dollars)

	<i>Publicly available budget^a</i>		<i>Actual expenditure on budget basis for 2020</i>	<i>Difference (percentage)</i>
	<i>Original biennium</i>	<i>Final biennium</i>		
Posts	29 266	29 526	29 793	1
Non-post	8 403	8 403	8 172	(3)
Total	37 669	37 929	37 965	0.09

^a Represents the original appropriation of \$37.669 million for the year 2020, which remains unchanged. The General Assembly, in its resolutions [74/263](#) and [74/264 A to C](#), authorized the United Nations share.

