United Nations

Fund of the United Nations Environment Programme

Financial report and audited financial statements

for the year ended 31 December 2023

and

Report of the Board of Auditors

General Assembly
Official Records
Seventy-ninth Session
Supplement No. 5G

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Report of the Board of Auditors

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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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Contents

Letters of transmittal

Letter dated 31 March 2024 from the Executive Director of the United Nations Environment Programme addressed to the Chair of the Board of Auditors

In accordance with regulation 6.2 and rule 106.1 of the Financial Regulations and Rules of the United Nations, I have the honour to transmit the financial report and accounts of the United Nations Environment Programme, including associated trust funds and other related accounts, for the year ended 31 December 2023, which I hereby approve on the basis of the attestations of the Chief Finance Officer of the United Nations Office at Nairobi and the Chief, Financial Management Services, United Nations Environment Programme.

Copies of these financial statements are made available to both the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors.

(*Signed*) Inger **Andersen**
Executive Director
United Nations Environment Programme

Letter dated 24 July 2024 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations Environment Programme, for the year ended 31 December 2023.

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

Chapter I

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

Opinion

We have audited the financial statements of the Fund of the United Nations Environment Programme (UNEP), which comprise the statement of financial position (statement I) as at 31 December 2023 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 UNEP as at 31 December 2023 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of UNEP, 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 Executive Director of UNEP is responsible for the other information. The other information comprises the organization's IPSAS sustainability plan and overview of the financial statements for the year ended 31 December 2023, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UNEP;

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

(d) Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNEP 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 UNEP to cease to continue as a going concern;

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

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

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of UNEP 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 UNEP.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) Dorothy **Pérez Gutiérrez**
Acting Comptroller General of the Republic of Chile

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

24 July 2024

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Environment Programme (UNEP) for the year ended 31 December 2023, in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the International Standards on Auditing, as well as with the International Standards of Supreme Audit Institutions. The interim audit was conducted in Nairobi at UNEP headquarters and the Regional Office for Africa and in Panama City at the Regional Office for Latin America and the Caribbean from 14 October to 17 November 2023. The final audit was conducted from 2 April to 6 May 2024 at UNEP headquarters in Nairobi.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UNEP as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

The Board also performed an annual audit of the six trust funds of the Global Environment Facility (GEF) and issued an unqualified opinion on their financial statements for the year ended 31 December 2023. The management issues of UNEP-GEF are also consolidated in the present report.

Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of financial records of UNEP for the year ended 31 December 2023. However, the Board identified scope for improvement, especially in the areas of financial and budget management, strategy management, programme and project management, partnership management, information and communications technology and procurement management.

Key findings

Need for enhanced management of long-outstanding commitments

As at 31 December 2023, the total commitments of UNEP amounted to approximately $1,150.9 million. They included long-outstanding commitments involving implementing partners from the period from 2014 to 2022 accounting for approximately $670.6 million, which had remained overdue for durations ranging from one to nine years. The long-outstanding commitments would impede the effective execution of programme activities for which grants have been allocated and the implementation of projects.

Insufficient implementation of some resolutions adopted at the fifth session of the United Nations Environment Assembly

The United Nations Environment Assembly of the United Nations Environment Programme, as the highest-level decision-making body for matters related to the environment, sets the strategic guidance on the future direction of UNEP. At its resumed fifth session, held in 2022, the Assembly adopted 14 resolutions. The Board noted that the implementation plans for four of those resolutions lacked timeliness

and integration, and also identified insufficient management of resolution-linking projects.

Limited attention to and priority for the implementation of the Sendai Framework

The General Assembly, in its resolution 77/289, called upon relevant entities of the United Nations system, within their respective mandates, to enhance support for the implementation of the Sendai Framework for Disaster Risk Reduction 2015–2030. With regard to UNEP, its medium-term strategy for the period 2022–2025 states that special attention will be paid to the Sendai Framework. The Board noted that out of 718 ongoing projects of all types at the end of December 2023, only two projects were related to the implementation and delivery of the Sendai Framework. Furthermore, neither of those two projects nor the existing subprogrammes in the UNEP medium-term strategy made an overall contribution to the Framework.

Funds retained at the project level

Due to inefficient project implementation and management, the Board noted that as at 31 December 2023, 79 projects had been expired for between two and five years, relating to retained funds of $32.74 million, and seven projects had been expired for more than five years, relating to $0.59 million. In addition, 140 projects had been operationally closed but were still pending financial closure, relating to retained funds of $35.82 million.

Inadequate oversight of collaborating centres

Partnerships are encouraged by UNEP to collaborate on the delivery of projects and in the mobilization of resources, among other things. One specific case of partnerships is that of the collaborating centres. The Board reviewed the operation of collaborating centres and identified: (a) unclear quantity; (b) the lack of a repository for legal instruments; (c) ambiguous legal relationships; (d) inadequate regular reviews; and (e) the undertaking of projects in the name of UNEP, which called for enhanced supervision and management of collaborating centres.

Main recommendations

In the light of the findings mentioned above, the main recommendations of the Board are that UNEP:

Need for enhanced management of long-outstanding commitments

(a) **Undertake an investigation to clarify the procedures for managing open long-outstanding commitments and enhance the review of open commitments within the year-end closing processes;**

Insufficient implementation of some resolutions adopted at the fifth session of the United Nations Environment Assembly

(b) **Review the implementation plans for United Nations Environment Assembly resolutions 5/4, 5/5, 5/7 and 5/8 to include implementation timelines, data accuracy and clear internal accountability, and that resolution focal points upload them in the United Nations Environment Assembly Monitoring and Reporting Portal;**

Limited attention to and priority for the implementation of the Sendai Framework

(c) **Conduct an in-house inventory of all Sendai Framework-related projects and activities across the UNEP programme of work;**

Funds retained at the project level

(d) **Reduce by 30 per cent the percentage of projects that have expired and are pending operational closure for more than two years by April 2025;**

(e) **Reduce the percentage of projects pending financial closure for more than two years;**

Inadequate oversight of collaborating centres

(f) **Formulate a framework to regulate its engagement with collaborating centres including their establishment, management and operational issues.**

Follow-up of previous recommendations

As at 31 December 2023, of the 52 outstanding recommendations up to the financial year ended 31 December 2022, 25 (48 per cent) had been implemented, 24 (46 per cent) were under implementation, 1 (2 per cent) had not been implemented and 2 (4 per cent) had been overtaken by events.

Key facts	
$3,485.44 million	Total assets
$541.33 million	Total liabilities
$2,944.11 million	Net assets
$975.48 million	Revenue
$696.64 million	Expenses
$278.84 million	Surplus
$121.08 million	Original Environment Fund and regular budget
$106.08 million	Final Environment Fund and regular budget
1,365	Staff members

A. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of the Fund of the United Nations Environment Programme (UNEP) and reviewed its operations for the financial period ended 31 December 2023 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 and the International Standards of Supreme Audit Institutions for the financial audit of public sector entities. The 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.

2. 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 UNEP as at 31 December 2023 and its financial performance and cash flows for the financial period then ended, and that they have been properly prepared in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies, and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. It also 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.

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

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

United Nations Environment Programme: background

5. UNEP is the designated authority of the United Nations system with respect to environmental issues at the global and regional levels. Its mandate is to coordinate the development of environmental policy consensus by keeping the global environment under review and bringing emerging issues to the attention of Governments and the international community for action. The mandate and objectives of UNEP emanate from General Assembly resolution 2997 (XXVII) of 15 December 1972 and subsequent amendments adopted at the United Nations Conference on Environment and Development in 1992, the Nairobi Declaration on the Role and Mandate of UNEP, adopted at the nineteenth session of the UNEP Governing Council, and the Malmö Ministerial Declaration of 31 May 2000. It was founded as a result of the United Nations Conference on the Human Environment held in June 1972 and has its headquarters in Nairobi.

6. UNEP is the leading global environmental authority that sets the global environmental agenda, promotes coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment. UNEP works through its divisions, regional, liaison and out-posted offices, plus a growing network of collaborating centres of excellence. UNEP also hosts several secretariats of environmental conventions, and inter-agency coordinating bodies.

7. The United Nations Office at Nairobi provides administrative and financial services to UNEP, including procurement, human resources and information and communications technology (ICT). Many of the recommendations made by the Board to UNEP require joint action with the United Nations Office at Nairobi.

Global Environment Facility

8. UNEP is one of the implementing agencies of the Global Environment Facility (GEF), which funds projects in developing countries on biodiversity, climate change, international waters, land degradation, ozone layer depletion and persistent organic pollutants. GEF receives contributions from 40 donor countries. The adoption and evaluation of the programmes of GEF are the responsibility of its Council.

9. UNEP manages the funds allocated to it from GEF through six trust funds, which are subject to annual audits by the Board. For the financial year ended 31 December 2023, the trust funds collected total revenue of $192.39 million and incurred total expenses of $134.90 million. The Board also provides an annual audit opinion on these trust funds at the request of UNEP and the World Bank, which is the GEF Trustee.

Multilateral environmental agreements

10. At the request of the Conference of the Parties to the multilateral environmental agreements, UNEP provides secretariat functions to 15 agreements and discloses in its financial statements the transactions of the trust funds that it manages directly, in support of the activities of the agreements and conventions. The Board's audit of UNEP includes an examination of balances relating to its secretariat functions for multilateral environmental agreements.

B. Findings and recommendations

1. Follow-up of previous years' recommendations

11. There were 52 outstanding recommendations up to the financial year ended 31 December 2022, of which 25 (48 per cent) had been implemented, 24 (46 per cent) were under implementation, 1 (2 per cent) had not been implemented and 2 (4 per cent) had been overtaken by events. Details are provided in the annex to chapter II of the present report.

12. The Board carried out an analysis regarding the 25 recommendations that were under implementation or not implemented and noted that 11 (44 per cent) were related to programme and project management; 4 (16 per cent) were related to financial and budget management; 3 (12 per cent) referred to secretariat management; 3 (12 per cent) fell under ICT; 2 (8 per cent) were related to strategy management; and 2 (8 per cent) were related to procurement management.

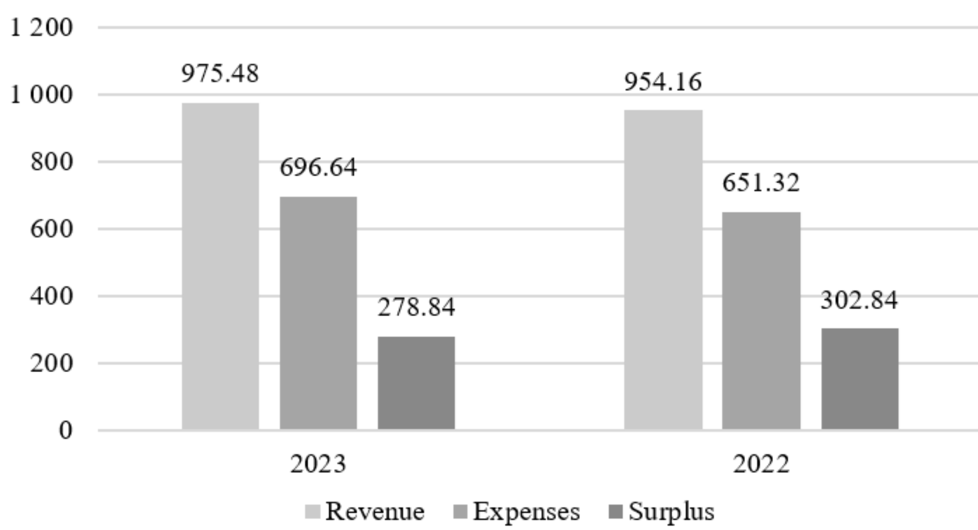
13. With regard to the age of the recommendations, it was observed that 12 (48 per cent) had been made one year ago; 7 (28 per cent) were two years old; 1 (4 per cent) had remained open for three years; and 5 (20 per cent) had been pending for more than three years.

2. Financial overview

14. In 2023, UNEP reported total revenue of $975.48 million (2022: $954.16 million) and total expenses of $696.64 million (2022: $651.32 million), resulting in a surplus of $278.84 million (2022: $302.84 million). Total assets as at 31 December 2023 amounted to $3,485.44 million (2022: $3,145.27 million), comprising current assets of $2,317.42 million (2022: $1,940.70 million) and non-current assets of $1,168.02 million (2022: $1,204.57 million). Total liabilities amounted to $541.33 million (2022: $486.54 million), resulting in net assets of $2,944.11 million (2022: $2,658.73 million).

15. A comparison of revenue and expenses for the financial years 2023 and 2022 is illustrated in figure II.I.

Figure II.I
Financial performance pattern, 2023 and 2022
(Millions of United States dollars)



Source: UNEP financial statements for 2023 and 2022.

Revenue analysis

16. During 2023, UNEP received total contributions of $653.87 million (2022: $699.51 million), of which $411.48 million (2022: $463.93 million), equivalent to 63 per cent, represented voluntary contributions from various donors. In 2023, voluntary contributions decreased by $52.45 million (11 per cent). The remaining $242.39 million (2022: $235.58 million), equivalent to 37 per cent, represented assessed contributions from the Member States.

Expense analysis

17. Grants and other transfers for the period amounted to $306.74 million (2022: $291.25 million), which accounted for 44 per cent of the total expenses of $696.64 million (2022: $651.32 million). The reported amount of grants and transfers included outright grants and transfers to implementing agencies, partners and other entities, as well as quick-impact projects.

Ratio analysis

18. The table below contains key financial ratios for UNEP.

Ratio analysis

Description of ratio	*31 December 2023*	*31 December 2022*
Cash ratio[a]		
Cash plus investments: current liabilities	4.83	4.42
Quick ratio[b]		
Cash plus investments plus accounts receivable: current liabilities	6.20	5.99
Current ratio[c]		
Current assets: current liabilities	7.22	7.03
Solvency ratio[d]		
Total assets: total liabilities	6.44	6.46

Source: UNEP 2023 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 that 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 convert into cash; a higher ratio means a more liquid current position.

[c] A high ratio (defined as greater than 1:1) indicates an entity's ability to pay off its short-term liabilities.

[d] A high ratio is a good indicator of solvency.

19. The ratios above indicate a healthy financial position for UNEP as at 31 December 2023. UNEP has a strong liquidity position, as indicated by current, quick and cash ratios. In addition, the solvency of UNEP remains strong, as measured by the ratio of total assets to total liabilities. During the year under review, revenue increased by $21.32 million, or 2 per cent, while expenses recorded an increase of $45.32 million, or 7 per cent, resulting in a surplus of $278.84 million. Total assets increased by $340.17 million and total liabilities increased by $54.79 million. A combination of all those fluctuations improved the levels of liquidity and the solvency ratios for UNEP in 2023.

3. Financial and budget management

Need for enhanced management of long-outstanding commitments

20. Regulation 5.3 of the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4 and ST/SGB/2013/4/Amend.1) states that appropriations shall remain available for 12 months following the end of the budget period to which they relate. This provision is intended for the settlement of commitments related to goods supplied and services rendered within the budget period, as well as for addressing any other outstanding legal obligations.

21. In addition, the instructions for year-end closing of accounts stipulate that unspent commitments for the year 2022 will expire on 31 December 2023 and cannot be used beyond that date. Furthermore, the standard operating procedures of the Budget and Financial Management Service of the United Nations Office at Nairobi (2023) mandate that the certifying officer is responsible for regularly reviewing the validity of fund commitments and closing any that are no longer valid or required, with the objective of returning unspent allocations to the budget.

22. The Board noted that the total commitments of UNEP as at 31 December 2023 amounted to approximately $1,150.9 million. They included long-outstanding commitments involving implementing partners from the period from 2014 to 2022 accounting for approximately $670.6 million, which had remained overdue for durations ranging from one to nine years.

23. UNEP acknowledged the necessity of improving the management of outstanding commitments, and committed to prioritizing the resolution of long-outstanding commitments and advancing the clearance of associated outstanding advances from implementing partners.

24. The Board is of the view that long-outstanding commitments may impede the effective execution of programme activities for which grants have been allocated and the implementation of projects, thus affecting the organization's capacity to achieve its objectives and uphold financial integrity. Regular review is crucial to strengthen financial management and ensure compliance with organizational guidelines.

25. **The Board recommends that UNEP undertake an investigation to clarify the procedures for managing open long-outstanding commitments and enhance the review of open commitments within the year-end closing processes.**

26. UNEP accepted the recommendation.

Lack of Controller's approval documents on special programme support costs rates

27. Paragraph 4 of the inter-office memorandum on the cost recovery of programme support costs issued by the Controller in 2012 states that the United Nations refers to the charge that it collects on trust fund (or "extrabudgetary") expenditures as programme support costs, and that the charge is expressed as a certain percentage of direct costs.

28. The memorandum further states that the United Nations generally applies the standard rate of 13 per cent endorsed by the General Assembly for programme support costs, while a rate of 7 per cent is applied to agreements with the European Union and United Nations agencies. When engaging the services of implementing partners, the United Nations retains a minimum of 3 per cent. At no point shall the aggregate programme support costs charge on operations, programmes or projects exceed 13 per cent. Exceptions to the new rates must be referred to the Controller for approval.

29. The Board analysed the grants list of UNEP and found 30 grants with special programme support costs rates ranging from 4.29 per cent to 25 per cent. The total

value of these grants approached $36 million. However, the approval documents of the Controller were not found in Umoja.

30. UNEP explained that the Controller had granted approval for the current instances of special programme support costs rates, encompassing those previously approved by the Executive Directors of UNEP when the authority for such approvals rested with the heads of entity. A new functionality to the grants master data has been developed in the Umoja system to classify the types of programme support costs charged to each grant. UNEP, in collaboration with the United Nations Office at Nairobi, was in the process of updating all the grants master data with the type of programme support costs in Umoja, and UNEP would seek the Controller's approval of each special programme support costs rate of grants in the future.

31. The Board is of the view that adhering to set programme support costs rates minimizes the need for special arrangements and ensures a more equitable treatment of Member States and other donors. In instances where specific activities require unique support, special programme support costs rates should be deliberated on a case-by-case basis within the framework of programme support costs policies. Accordingly, obtaining the Controller's approval is a crucial step that should not be skipped.

32. **The Board recommends that UNEP review the 30 grants case by case to record the Controller's approval information in Umoja and take measures to ensure that each special programme support costs rate of a grant be approved by the Controller in the future.**

33. UNEP accepted the recommendation.

Lack of compliance with the provision of instalments to and financial reporting by implementing partners

34. Annex 3, "Financial management and oversight", of the UNEP partnership policy and procedures (2020) stated that a key consideration for the effective management of implementation agreements is the level of operational advances paid to the implementing partner. Apart from the initial instalment, requests for subsequent advances should be accompanied by financial reports which should provide detailed information on expenditures incurred against each budget line. UNEP retains 10 per cent of the project value given to implementing partners until such time when it is in receipt of 90 per cent of the financial expenditure reports (audited expense reports from non-United Nations entities) from the implementing partners.

35. The Board noted that as at 31 December 2023, in 24 agreements totalling $1.63 million, the outstanding advance had exceeded 90 per cent of the agreement value without any expenditure being incurred. Furthermore, in 14 of those 24 agreements, the outstanding advance totalling $0.63 million reached 100 per cent of the agreement value, indicating that UNEP had paid the full agreement amount upon signing, rather than in instalments, or paid subsequent advances without being accompanied by financial reports.

36. UNEP acknowledged the necessity to monitor and take timely action on such cases, and explained that the main reason for responsible offices to issue an additional advance payment was to facilitate the system's recognition of a sufficient cash advance balance, in order to allow for the subsequent recording of the total expenses of final expenditure reports.

37. The Board is of the view that a high proportion of outstanding advances has a negatively impact on the effectiveness and efficiency of the management of implementing partners.

38. **The Board recommends that UNEP review the 24 items on a case-by-case basis and identify the reasons for the lack of compliance with the provision of instalments and financial reporting, accelerate the implementation of the 24 agreements and increase United Nations entities' awareness of financial reporting.**

39. UNEP accepted the recommendation.

Need for enhanced accuracy of accrued expenses in relation to implementing partner agreements

40. The UNEP 2023 financial statements outline that expenses are recognized following the delivery of goods or the rendering of services by executing agencies or implementing partners, verified through the submission of certified expense reports as needed. In cases where partners fail to submit financial reports as required, programme managers conduct a thorough assessment to determine the necessity of recording an accrual or an impairment against the advance. Following that assessment, they submit the requisite accounting adjustments.

41. In the UNEP 2023 financial statements, it was disclosed that at the time of reporting, 77 per cent of active implementing partners had confirmed their deliverables for financial year 2023. However, the below issues were identified in the recognition and accrual of expenses.

42. The Board noted that actual expenses recorded for financial year 2023 exceeded the previous year's accruals by more than 10 per cent for at least 14 implementing partners, totalling an excess of $1.7 million. Similar discrepancies were observed in financial year 2022, with a total excess of $3.7 million. Furthermore, for financial year 2023, discrepancies were found where expenses related to financial year 2022 were not accrued in the prior year, totalling $0.38 million. This issue was also found in financial year 2022, with $1.5 million in expenses from financial year 2021 not being accrued appropriately.

43. The Board is of the view that the process for accruing expenses, as projected by programme managers in relation to incurred expenditures, requires enhancement. Improving these aspects is crucial for ensuring the completeness, occurrence and accuracy of grants and other transfers expenses reported in the financial statements.

44. **The Board recommends that UNEP document, in form of standard operating procedures, the process for the estimates provided by programme managers, record the expenditures and document any exceptional cases.**

45. UNEP accepted the recommendation.

4. Strategy management

Insufficient implementation of some resolutions adopted at the fifth session of the United Nations Environment Assembly

46. The United Nations Environment Assembly, as the supreme decision-making body on environmental matters, provides strategic guidance for the future direction of UNEP. The fifth session of the United Nations Environment Assembly was held in 2021 and 2022, culminating in the adoption of 14 resolutions in 2022. To facilitate the implementation of the mandates directed to UNEP, 28 projects were associated with those resolutions.

47. The Board observed that the implementation plans for four resolutions lacked timeliness and integration. For instance: (a) the implementation plan for resolution 5/5 was not completed until June 2023, a year after its adoption; (b) the implementation plans for resolutions 5/7 and 5/8 were not integrated, which did not comprehensively address all mandates given to the Executive Director; and (c) the tracking of

milestones with the status “not attained” in the implementation plan for resolution 5/4 was not consistent.

48. The Board further identified insufficient management in the projects linked to resolutions. The details are as follows:

(a) There was no linking project to support the implementation of resolution 5/1;

(b) Prior to the fifth session of the Environment Assembly, four projects had been completed which played a limited supportive role to the session, with a total planned budget of $13.47 million;

(c) Five projects with a planned budget of $38.26 million expired without all deliverables having been fulfilled, comprising 17.8 per cent of total projects;

(d) There was inadequate monitoring on the linking projects. For instance, two projects, with a planned budget of $19.61 million, lacked monitoring data in the integrated project management system (the Integrated Planning, Monitoring and Reporting module in Umoja); the performance indicators for two projects were marked as “completed” by lowering their targets; and the indicators for four projects were confirmed as “completed”, even though the actual achieved number was under the targeted number.

49. The Board is of the view that the lack of integrated implementation plans for United Nations Environment Assembly resolutions has an adverse impact on their execution and performance. Concurrently, inadequate performance monitoring of associated projects curtails the support provided to the implementation of these Environment Assembly resolutions.

50. **The Board recommends that UNEP review the implementation plans for United Nations Environment Assembly resolutions 5/4, 5/5, 5/7 and 5/8 to include implementation timelines, data accuracy and clear internal accountability, and that resolution focal points upload them in the United Nations Environment Assembly Monitoring and Reporting Portal.**

51. UNEP accepted the recommendation.

Limited attention to and priority for the implementation of the Sendai Framework

52. The Sendai Framework for Disaster Risk Reduction 2015–2030 (see General Assembly resolution 69/283, adopted in June 2015), is aimed at guiding the multi-hazard management of disaster risk in development at all levels as well as within and across all sectors. It is directly associated with indicators 1.5.3 and 11.b.1 of the Sustainable Development Goals, and partially related to indicator 11.b.2. The Secretary-General reports on an annual basis to the General Assembly on the progress made towards the goal, global targets and priorities for action of the Sendai Framework.

53. The General Assembly, in its resolution 77/289, on the midterm review of the Sendai Framework, called upon relevant entities of the United Nations system, within their respective mandates, to enhance support for the implementation of the Sendai Framework. With regard to UNEP, its medium-term strategy for the period 2022-2025 (UNEP/EA.5/3/Rev.1) states that special attention will be paid to the Sendai Framework for Disaster Risk Reduction 2015–2030. By focusing on the special needs of countries that are vulnerable to or affected by disaster and conflicts, UNEP will assist Member States in fully implementing the Sendai Framework.

54. The Board noted that out of the 718 ongoing projects of all types as at the end of 2023, UNEP could only provide two projects related to the implementation and delivery of the Sendai Framework. Of those two projects, one was associated with the Framework at the outcome/output level, while the other one was at the activity level.

55. The Board further noted that the UNEP medium-term strategy for the period 2018–2021 included a dedicated subprogramme called "Resilience to disasters and conflicts". However, this subprogramme or project portfolio was not included in the medium-term strategy for the period 2022–2025.

56. UNEP explained that disaster risk reduction and climate change adaptation were two sides of the same coin. While the number of adaptation projects contributing to the implementation of the Sendai Framework was not documented, UNEP had always had such projects. For example, in addition to adaptation projects, the Early Warning and Assessment Division projects directly contributed to the Sendai Framework. Furthermore, UNEP was moving towards integrated and, by default, larger and fewer projects.

57. The Board is of the view that the Sendai Framework, which outlines seven clear targets and four priorities for action, is an overarching framework for preventing new and reducing existing disaster risks and a crucial framework for achieving several targets and indicators of the Sustainable Development Goals. Thus, UNEP needs to still pay special attention to the Framework, even without a dedicated subprogramme or project portfolio in the new four-year period of 2022–2025.

58. **The Board recommends that UNEP conduct an in-house inventory of all Sendai Framework-related projects and activities across the UNEP programme of work.**

59. UNEP accepted the recommendation.

5. Programme and project management

Funds retained at the project level

60. It is stated in the 2023 edition of the UNEP Programme and Project Management Manual that the overriding principle for all UNEP projects is that they should be completed, and targets achieved, within the planned time frame and budget. Furthermore, financial closure must take place at the latest within 12 months of operational closure or after the date of cancellation.

61. The Board was informed that there were 804 projects in total as at 31 December 2023, among which 79 projects had been expired for between two and five years, relating to retained funds of $32.74 million. Seven projects had been expired for more than five years, relating to retained funds of $0.59 million.

62. In addition, there were 140 projects that had been operationally closed but were still pending financial closure, relating to retained funds of $35.82 million (including commitments of $8.68 million and balances of $27.14 million). Among these, 60 projects, accounting for 43 per cent of total projects pending financial closure, had been pending for between two and five years, while 43 projects, accounting for 31 per cent of total projects pending financial closure, had been pending for over five years.

63. The Board is of the view that despite the efforts of UNEP in monitoring project implementation, the funding resources retained at the project level would result in inefficient resource utilization and inadequate project performance, which would also affect the accomplishment of the UNEP mandate with regard to the programme of work and the medium-term strategy.

64. **The Board recommends that UNEP reduce by 30 per cent the percentage of projects that have expired and are pending operational closure for more than two years by April 2025.**

65. **The Board also recommends that UNEP reduce the percentage of projects pending financial closure for more than two years.**

66. UNEP accepted the recommendations.

Lack of supervision and recording of project assets

67. The UNEP standard operating procedures on property, plant and equipment (2016 edition) require that UNEP maintain oversight and monitoring control over the utilization of project assets. Implementing partners are responsible for the proper custody and maintenance of those assets and must maintain accurate records, to be submitted to UNEP along with expenditure reports. The inventory of project assets should be forwarded to the United Nations Office at Nairobi for registration in the Hardcat system, and should be categorized separately as project assets to ensure that they are excluded from the disclosures under property, plant and equipment.

68. According to the UNEP 2023 financial statements, submitted in compliance with IPSAS, a total of $8.33 million worth of equipment, vehicles and furniture were procured through implementing partners in 2023. However, with the transition from the Hardcat system to Umoja system, UNEP ceased to record project assets as previously required, and it has yet to update its policies to align with the new system.

69. The Board also identified the following issues during a sample review of projects: (a) implementing partners failed to submit the annual inventory of non-expendable equipment as mandated by the project cooperation agreement; (b) the United Nations-to-United Nations agreement lacks clarity on the custody and recording responsibilities for project assets assigned to both parties; (c) the project cooperation agreement concerning project asset control is inconsistent with the existing policy; and (d) certain project assets were neither capitalized nor recorded as expenses in the UNEP financial statements.

70. The Board is of the view that enhancement of the information system should not compromise the responsibility of UNEP regarding project management. The lack of accurate record-keeping for project assets as required indicates that UNEP may not be fully fulfilling its responsibility to monitor and control the utilization of project assets.

71. **The Board recommends that UNEP update its guidance on project asset management and develop a tracking tool for monitoring the submission of the inventory of non-expendable equipment by implementing partners, in line with the requirements of the respective legal instruments.**

72. UNEP accepted the recommendation.

Deficiency in monitoring of the implementation of evaluation recommendations

73. The section on evaluation of the UNEP Programme and Project Management Manual (2023 edition) states that "Project-level evaluations and management-led reviews issue recommendations that are tracked for compliance … After the Evaluation Office has finalized an evaluation report, a formal management response to the evaluation is required. This takes the form of a recommendations implementation plan that is sent by the Evaluation Office to management with a one-month deadline to respond."

74. The UNEP Evaluation Manual states that "The recommendation compliance period runs for 12 months from the date that the implementation plan is finalized by management and the Evaluation Office. Implementation of the agreed actions must be feasible within this time frame. The Evaluation Office tracks the implementation status of the agreed actions: at the time the implementation plan is agreed; after six months; and after 12 months".

75. The Board reviewed the tracking sheet from the Evaluation Office to monitor the implementation status of each evaluation recommendation since 2022, and observed that:

(a) In 2022, the Evaluation Office recorded the implementation status of 74 recommendations from 17 project-level evaluations. Of those, 43 recommendations had not been updated by the corresponding project managers or task managers with actions taken. Notably, in some cases, the status of "closed-compliant" was assigned by the Evaluation Office despite no actions being reported by project managers or task managers. For all open recommendations, the actions taken updated by the project managers or task managers were blank in the following six-monthly compliance assessment;

(b) Some evaluation recommendations were not project-specific but were applicable across UNEP, termed as UNEP-wide recommendations. In 2022, 15 per cent of closed evaluation recommendations were categorized as UNEP-wide. These recommendations require concerted efforts from the entire organization for implementation. However, no monitoring mechanism was established to oversee the implementation status of UNEP-wide recommendations.

76. The Board is concerned that evaluation recommendations are critical for improving project management within UNEP by identifying operational lessons that are relevant for future project design and implementation. If the implementation of these recommendations is not properly monitored, their effectiveness in enhancing project management could be significantly diminished.

77. **The Board recommends that UNEP ensure management actions to track the implementation status of UNEP-wide evaluation recommendations.**

78. UNEP accepted the recommendation.

Low sustainability of Global Environment Facility projects

79. The section on cross-cutting principles of the UNEP Programme and Project Management Manual (2023 edition) states that "sustainability guides the focus on maintaining and building on development results".

80. According to the data collated for the biennial *Evaluation Synthesis Report, 2022–2023*, the Board noted that only 38 per cent of GEF projects were rated as "likely" or "highly likely" to sustain project results.

81. The Board also noted that it is stated in the report entitled "Common recommendations from evaluations of UNEP projects funded by the GEF (2020–2022)", issued by the Evaluation Office, that "Where no clear exit strategy has been developed, there will also be no clear process for the replication and/or upscaling of the intervention … Very few projects have exit strategies. The template for PRC-approved projects requires an exit strategy, but it appears (as at May 2023) that the GEF project proposal templates do not require one."

82. The Board further noted that of the 21 project documents submitted for Project Review Committee appraisal in 2023, 10 did not explicitly detail the exit strategy, while two mentioned that the exit strategy would be specified prior to project wind-down. Furthermore, in those project documents where exit strategies were mentioned, the analysis often remained generic and lacked a clear, realistic connection with the scope of the project and its interventions.

83. UNEP explained that there was a time gap between a project's design and its subsequent evaluation. Many of the projects in question were designed several years ago. Since that time, both project design methodologies and management oversight have evolved, demonstrating the commitment of UNEP to continuous improvement.

Currently, project sustainability has been introduced as a project design criterion and is rigorously assessed within a broader set of considerations within the Project Review Committee appraisal.

84. The Board is of the view that a well-defined exit strategy provides a clear and specific road map for sustaining and scaling up outcomes beyond the project cycle. It is crucial to consider where exit strategies within projects, including those funded by GEF, can be applied in order to improve the level of project sustainability for UNEP as a whole.

85. **The Board recommends that UNEP consider a targeted training session or seminar to raise the awareness and competency of its technical staff in further integrating sustainability in GEF projects within the available resources.**

86. UNEP accepted the recommendation.

Lack of dedicated evaluation plan for each subprogramme

87. The Secretary-General's bulletin entitled "Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation" (ST/SGB/2018/3) states that evaluation plans, which are required for each new and ongoing subprogramme, shall contain the following elements: a definition of the purpose of the evaluation and the anticipated application of evaluation findings; the evaluation methodology to be employed; the characteristics of the evaluation (e.g., the scope of coverage and the period covered); the measures of change (e.g., the nature of the progress and the impact indicators to be employed); the means of information collection; the administrative arrangements; and the resource requirements.

88. The Board noted that there was no dedicated evaluation plan document for each of the seven subprogrammes, on which UNEP has been working since 2022, that was in line with the Secretary-General's bulletin. In appendix I to the UNEP programme of work for the period 2022–2023, which acted as the UNEP evaluation plan, only one paragraph and two charts referred to the preliminary arrangement of subprogramme evaluation, with no details or characteristics of each subprogramme involved. Furthermore, none of the indispensable elements of a subprogramme evaluation plan stated in the Secretary-General's bulletin, for instance, the means of information collection, the scope of coverage and the period covered, the administrative arrangements and the resource requirements, were shown in that appendix.

89. UNEP explained that, according to the principle of the Secretary-General's bulletin, evaluation planning should be annual since the programme budget cycle was now annual. The programme of work document was always prepared a year before the programme of work period, thus some evaluations would be conducted three years after the draft programme of work. However, detailed plans for subprogramme evaluations made far in advance would serve little utility to UNEP. The evaluation terms of reference, which were prepared periodically and were time-limited, could fulfil the purpose of an evaluation plan.

90. The Board is of the view that the evaluation plan for subprogrammes is a requisite as well as an essential instrument for preparing, organizing and conducting both the subprogramme evaluation itself and the project evaluations or reviews contributing to the subprogramme evaluation. Moreover, changes in the scopes, periods and measures for collecting information will result in changes to the geographical focus and intensity of effort, which may have implications for the evaluation budget required.

91. **The Board recommends that UNEP specify in its programme of work document that the detailed evaluation plan for a subprogramme is in the form of**

terms of reference, which will be prepared annually and will cover the requisites of an evaluation plan.

92. UNEP accepted the recommendation.

6. Partnership management

Inadequate oversight of collaborating centres

93. The UNEP standardization delivery model (March 2021) states that "UNEP works with an ever-growing network of partners. Partnerships are encouraged by UNEP to collaborate on the delivery of projects, in the mobilization of resources, the expansion of UNEP's advocacy role and the undertaking of activities in the specialized areas of its mandate. One specific case of partnerships is that of the 'collaborating centers'. They are intended for a prolonged period and have primarily served to augment UNEP's technical capacity." The Board reviewed the UNEP collaborating centres and made the below observations.

(a) Unclear quantity of collaborating centres

94. The Board noted a discrepancy in the reported number of collaborating centres by UNEP in various sources: 14 collaborating centres were depicted on the UNEP official website; 17 were listed in the response to the audit query; and 24 or more were indicated in notes from the UNEP senior management team meeting in March 2021. Consequently, the number of active collaborating centres remains ambiguous. UNEP committed to undertaking an update of the list of active collaborating centres.

(b) Lack of a repository for legal instruments

95. According to the guidelines for the use of the standard legal instruments of UNEP, all signed legal instruments must be uploaded in the central repository. Nevertheless, UNEP lacks a mechanism for storing all legal and operational documents related to collaborating centres. UNEP stated that it did possess legal instruments for collaborating centres but that they were not centrally stored. However, collaborating centre-related documents were not available upon request during the audit query.

96. To gather further information regarding collaborating centres, the Board issued audit confirmation letters to 18 collaborating centres, whose contact details were sourced from the Internet or provided by UNEP. At the time of the final audit, responses had been received from nine collaborating centres. The Board further noted the below issues based on these responses.

(c) Ambiguous legal relationships

97. The legal instruments used to establish collaborating centres were diverse, including framework agreements, memorandums of understanding and United Nations-to-United Nations transfer agreements, among others. Variations in perception and self-identification among the collaborating centres add complexity; some perceive themselves as units or offices within UNEP, others view themselves as legally independent entities distinct from the United Nations and UNEP, while still others do not consider themselves as collaborating centres of UNEP. Consequently, ambiguity remains regarding whether collaborating centres are to be recognized as independent legal entities or as integral parts of UNEP, owing to the lack of a clear and uniform definition by UNEP.

(d) Inadequate regular reviews of collaborating centres

98. The legal instruments typically include clauses mandating regular reviews every three to five years. Given that UNEP was unable to provide these legal instruments,

their regular review and oversight cannot be sufficiently implemented by UNEP. In addition, some legal agreements assign UNEP the responsibility for day-to-day supervision of collaborating centres. However, the Board did not receive any evidence that UNEP is effectively fulfilling these monitoring and management obligations towards collaborating centres.

(e) Undertaking of projects in the name of the United Nations Environment Programme

99. In addition to executing projects for UNEP, collaborating centres also collaborate with other entities under the name of "collaborating centre established by UNEP" to carry out projects. For instance, the UNEP-Danish Hydraulic Institute Centre on Water and the Environment has a collaboration with the Global Water Partnership – West Africa involving funding of $1,196,000.

United Nations Environment Programme Copenhagen Climate Centre

100. Given the above inadequate oversight of collaborating centres, the Board selected the UNEP Copenhagen Climate Centre for a detailed review, based on the responses received to the audit confirmation letter. It is worth noting that a press release on the UNEP website referred to it as a "collaborating centre". However, UNEP then believed the Centre to be a UNEP office, rather than a collaborating centre, in the response to the audit observation memorandum.

101. The operation of the UNEP Copenhagen Climate Centre is governed by a United Nations-to-United Nations transfer agreement between the United Nations Office for Project Services (UNOPS) and UNEP, signed in 2022. Following a recent amendment, the total value of the agreement has expanded to $42.71 million. Under this agreement, UNOPS provides comprehensive operational support to the Centre, encompassing human resources, financial management and reporting management, among others. UNEP retains pre-selection for procurement, grant management and personnel recruitment of the Centre. In addition, all assets of the Centre are required to be registered as belonging to UNEP. These arrangements suggest that the Centre functions essentially as an internal institution of UNEP, with finance, assets and human resources fully managed and controlled by UNEP.

(a) Establishment of the Centre

102. The Board observed that the establishment of the Centre was an executive decision taken by the UNEP Executive Director following negotiations involving third parties and UNEP. The decision-making authority ultimately rested with the Executive Director.

103. UNEP did not provide evidence of a collective decision-making process and stated that the decision was made by the Executive Director in accordance with existing policies and procedures.

(b) Personnel recruitment

104. Following the establishment of the Centre in January 2022, 56 individuals were directly transferred to UNOPS under the pre-selection modality by UNEP, among whom 44 had been with the Centre for over two years as at 30 April 2024.

105. The Board noted that, as at 30 April 2024, the Centre was led by a Director at the D-1 level who manages the daily operations of the Centre under the overall guidance of UNEP. However, the prior approval of the Controller and the concurrence of the Advisory Committee on Administrative and Budgetary Questions, as stipulated by the United Nations policy on the creation of extrabudgetary positions at the D-1 level and above, was not obtained for this appointment.

106. UNEP explained that it engaged individual contractor agreements through UNOPS to support its programme delivery, attributing this to its limited staff size, business model and country presence, all of which fell under the regulatory framework of UNOPS. Furthermore, the position at the D-1 level was staffed through UNOPS; therefore, references to United Nations policies and procedures were not applicable.

107. Considering the overall inadequate oversight of collaborating centres, the Board is of the view that the legal agreements are fundamental to the governance of collaborating centres, and that the lack or non-renewal of the legal agreements could pose risks to UNEP in many aspects. In addition, collaborating centres undertake activities using the UNEP name and collaborate with a wide range of global entities, exposing UNEP to financial, legal and reputational risk.

108. **The Board recommends that UNEP formulate a framework to regulate its engagement with collaborating centres, including their establishment, management and operational issues.**

109. UNEP accepted the recommendation.

Need to strengthen the monitoring and reporting of risk mitigation plans relevant to medium- and high-risk private sector partners

110. The UNEP digital monitoring and reporting mechanism for private sector partnerships, released by the Private Sector Unit in June 2022, states the "the Private Sector Unit and partnership leads have the responsibility for the oversight, monitoring and reporting on risks related to the private sector partnerships. The partnership lead should regularly scan publicly available information to update the status of the reported controversies, as well as find out if there are new controversies". For medium- and high-risk private sector partnerships, the mechanism requires "completion of a Risk Mitigation Plan (RMP), now mapped in the Partners Portal … Risk monitoring is updated on a quarterly basis by the partnership lead after receiving an alert".

111. The Board was informed that the monitoring and reporting mechanisms had been programmed on the UNEP Partners Portal. The validity of each risk mitigation plan would be approximately three months, in line with the quarterly reporting basis. The partnership leads would be notified by the Portal to update the risk data once the Private Sector Unit initiated the workflow on the Portal.

112. The Board noted that, on the Portal, 10 private sector partners were approved with medium risk and 12 with high risk were approved from 1 January 2020 to 30 September 2023, among which one with medium risk and one with high risk were approved without risk mitigation plans. In addition, there was no evidence on the Portal to suggest that risk monitoring on medium- and high-risk private sector partners had been conducted and updated on a quarterly basis, in line with the risk mitigation plans. The details were as follows: the Private Sector Unit had initiated the risk monitoring workflow on the Portal for 14 private sector partners, while partnership leads had not reported any updated risk data on a quarterly basis; moreover, the risk monitoring workflows for the other eight private sector partners had not been initiated by the Unit.

113. UNEP explained that each quarter the Private Sector Unit coordinated with partnership leads on active partnerships on results and risks, and information was documented. It is the Unit's right to stipulate the format of the feedback provided by partnership leads. In addition, the workflows for other private sector partnerships not initiated by the Unit were due to a number of variables, for example, some partnerships had already expired but remained approved in the system; other partners did not have a formalized agreement, so there was no requirement to initiate the monitoring and reporting process; and some partnership agreements had already concluded by that time frame.

114. The Board is of the view that risk management is an integral part of the strategy for private sector engagement. A risk mitigation plan allows for risks and their potential impacts to be treated, mitigated and monitored.

115. The Board is concerned that a significant number of the 22 medium- and high-risk private sector partners have allegedly breached the United Nations Global Compact principles according to due diligence and risk assessments. Partnering with these entities without adequate safeguards and persistently monitored risk mitigation plans could adversely impact UNEP in various aspects.

116. **The Board recommends that UNEP prepare an updated report on the implementation of the interim memorandum on the integration of the digital monitoring and reporting mechanism in the Partners Portal for private sector partnerships, including monitoring of risk elements.**

117. UNEP accepted the recommendation.

7. Information and communications technology

National data gaps in World Environment Situation Room Common Country Analysis

118. The ministerial declaration of the United Nations Environment Assembly at its fourth session articulated the commitment of Member States to scale up national and international efforts to address common environmental challenges, including those related to health. This commitment promotes sustainable and efficient resource management, supports the use and sharing of environmental data, and engages civil society, citizens, Indigenous Peoples and local communities, private sector, academia and other relevant stakeholders in developing "innovative solutions for environmental challenges and sustainable consumption and production".

119. The senior manager's compact signed between the Executive Director of UNEP and the Secretary-General of the United Nations in 2022, includes a commitment under the data strategy section, focusing on operationalizing the United Nations-wide data strategy through the alignment of UNEP strategic and programmatic delivery, by allocating adequate staffing and resources as well as supporting the implementation of the Secretary-General's road map for digital cooperation (A/74/821). The expected results and indicators included an enhancement of the UNEP World Environment Situation Room with enhanced environmental data, information and knowledge, and the development of a new use case on environmental solutions. Furthermore, UNEP country data platforms are expected to support an expanded use base of countries, increasing from 60 to 100 countries.

120. The UNEP World Environment Situation Room Common Country Analysis component serves as a country data platform designed to facilitate the integration of environmental information. Available on open platforms specifically engineered for stakeholder use, the component enables stakeholders to access, share and contribute to scientifically sound information. This initiative supports assessment processes and aids in the transition towards achieving the Sustainable Development Goals.

121. The Board noted that the World Environment Situation Room Common Country Analysis was officially transferred from the Early Warning and Assessment Division to the Office of the Chief Digital Officer on 1 August 2023. The data used in the Common Country Analysis were provided by the Global Resource Information Database – Geneva, which was the technical developer of the platform, and the data platform was still hosted by the Global Resource Information Database – Geneva. Although the management of the World Environment Situation Room, including the Common Country Analysis, was transferred to the Chief Digital Officer, the accompanying data sources have not yet been handed over. Currently, the platform hosts key environmental data, information and knowledge for 39 countries across five regions.

122. UNEP explained that the proof-of-concept platform was undergoing an independent technical assessment by the United Nations International Computing Centre to ensure scalability and interoperability with other United Nations data platforms. Consultations were ongoing with United Nations country teams and other environmental stakeholders to assess the usefulness of the platform and to agree on further refinements.

123. The Board is of the view that environmental monitoring by countries should be underpinned by reliable national data. The World Environment Situation Room Common Country Analysis furnishes essential environmental data and information at the country level, proving invaluable for the monitoring and dissemination of environment data across countries.

124. **The Board recommends that UNEP request the Global Resource Information Database – Geneva to complete the handover process of the World Environment Situation Room data platform, including the data source used in the World Environment Situation Room Common Country Analysis and other technical and management aspects.**

125. UNEP accepted the recommendation.

8. Procurement management

Lack of procurement plans of programme of work projects

126. Regulation 5.12 of the Financial Regulations and Rules of United Nations states that procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works.

127. The section on procurement of the UNEP Programme and Project Management Manual (2023 edition) states that "During the implementation stage of the project, procurement activities should be launched according to an acquisition plan developed during project design … It is recommended that Project/Task Managers regularly monitor their procurement requirements and engage with their Requisitioner on at least a six-monthly basis to update the acquisition plan."

128. The Board sampled 17 programme of work projects for review, including three projects implemented by the Regional Office for Latin America and the Caribbean, two by the Regional Office for Africa, and all 12 new programme of work projects approved by the Project Review Committee in 2023. Upon examination of the project documentation for all these projects, no acquisition or procurement plans were found.

129. The Board observed that, in practice, there were no explicit requirements for programme of work projects to submit acquisition plans or procurement plans alongside their project documentation. Conversely, for projects managed by UNEP under the Green Climate Fund, it is mandatory to include a procurement plan as an annex to the funding proposal.

130. UNEP explained that implementing partners conduct procurement activities in line with the provisions of their respective agreements. UNEP monitors implementing partners' use of funds through regular reporting and authorizes subsequent disbursements on the basis of its monitoring activities, including review of the implementing partners' progress reports.

131. The Board is of the view that UNEP would benefit from a standardized approach towards acquisition plans or procurement plans in programme of work projects. Effective and timely procurement planning is a crucial component of sound project cycle management and results-based management. The procurement planning process outlined in the Green Climate Fund funding proposal serves as a better practice, adaptable to the specific size and risk profile of the project.

132. **The Board recommends that UNEP introduce a standard template for procurement planning which may accompany the project documentation depending on the size and high-risk profile of the project.**

133. UNEP accepted the recommendation.

C. Transmissions of information by management

1. Write-off of cash, receivables and property

134. In accordance with financial rule 106.7, UNEP reported that there were write-offs of advances amounting to $3,268 in 2023, and no write-offs in cash assets and accounts receivable.

2. Ex gratia payments

135. UNEP reported no ex gratia payments in 2023.

3. Cases of fraud and presumptive fraud

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

137. During the audit, the Board made enquiries of management regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks of fraud that management has identified or that have been brought to its attention.

138. The Board also enquired whether management had knowledge of any actual, suspected or alleged fraud. In 2023, UNEP reported 22 cases of fraud and presumptive fraud, 13 of which were under investigation and 9 of which were closed.

D. Acknowledgement

139. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and staff members of the United Nations Environment Programme.

(*Signed*) **Hou** Kai
Auditor General of the People’s Republic of China
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) Dorothy **Pérez Gutiérrez**
Acting Comptroller General of the Republic of Chile

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

24 July 2024

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2022

No.	Audit report year	Report reference	Board's recommendation	UNEP response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1.	2018	A/74/5/Add.7, chap. II, para. 79	The Board recommends that UNEP carry out a review and consolidation of all current UNEP-GEF projects, with the necessary information to ensure adequate accountability and programme management.	Apart from several problematic entries, the transition and enhancement of the largest UNEP portfolio into the Integrated Planning, Monitoring and Reporting module in Umoja was successfully completed in first quarter of 2024. Currently, a data verification exercise is in progress to ensure that project enhancements within the module are in compliance with established standards and guidelines, with corrections being made as necessary.	As the GEF portfolio enhancement in the Integrated Planning, Monitoring and Reporting solution is still under way, this recommendation is considered to be under implementation.		X		
2.	2018	A/74/5/Add.7, chap. II, para. 80	The Board in addition recommends that UNEP take measures to integrate and to improve the management of information, in order to ensure compliance with the objectives of the Programme.	UNEP has taken significant measures to integrate and enhance information management. Notably: • UNEP staff now have layered access to the GEF portal, a comprehensive database housing all GEF-related information. • A P-2 level position was established within the GEF Coordination Office in 2023 to serve as Registrar, focusing on data management functions. • UNEP commissioned the development of a new platform for project implementation reports, linked to a database for improved project-related information management and reporting. • The roll-out of the Integrated Planning, Monitoring and Reporting module as the platform for both GEF and non-GEF projects will	Given the measures taken to integrate and enhance information management, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	UNEP response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				further advance UNEP efforts, complementing the Umoja Implementing Partners module. With the assurance from management that systems already in place are comprehensive, it is requested that the recommendation be considered for closure.					
3.	2019	A/75/5/Add.7, chap. II, para. 98	The Board recommends that UNEP coordinate with the Regional Office for Latin America and the Caribbean and the Regional Office for Africa in order to take liaison measures with the external institutions involved in project implementation, aiming to improve the efficiency of the project implementation process.	The UNEP partnership policy and procedures were approved on 29 June 2024 and will enter into force on 29 September 2024. The procedures include clear guidance on the monitoring of partners.	Given that the UNEP partnership policy and procedures were not in force during this final audit, the Board will follow up on progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		
4.	2019	A/75/5/Add.7, chap. II, para. 109	The Board recommends that UNEP coordinate with the Umoja team to improve the structure of the registration of information in the Umoja system with regard to regional projects that develop activities in several countries of the region, allowing for segregation by country in the system.	UNEP requests closure of this recommendation as geographic information can now be recorded through the Integrated Planning, Monitoring and Reporting module in Umoja. Specific countries where activities will be taking place can be selected from a dropdown list at the logframe levels, allowing for segregation by country. The guidance for geographic tagging was included in the UNEP step-by-step guide on the module and shared with project managers.	Given that Umoja Extension 2 has been implemented, and the Umoja team does not exist, this recommendation is considered to be overtaken by events.				X
5.	2019	A/75/5/Add.7, chap. II, para. 170	The Board recommends that UNEP establish the proper liaison between its headquarters and the Executive Secretary of the Convention on Biological Diversity and its	The secretariat of the Convention on Biological Diversity, in collaboration with the UNEP Multilateral Environment Agreement Coordination Office, will further assess the requirements for the	The liaison between UNEP headquarters and the Executive Secretary of the Convention on Biological Diversity and its Protocols is still under review. Therefore, this recommendation		X		

No.	Audit report year	Report reference	Board's recommendation	UNEP response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			Protocols in order to agree on the procedures and responsibilities that each entity shall assume with regard to the provision of secretariat services to the Conference of the Parties to the Convention on Biological Diversity, including the aspects related to non-administrative functions.	implementation of this recommendation before the end of 2024, with the aim of finalizing the implementation exercise by the end of 2024. Delays in implementation were due to staffing shortages in the secretariat of the Convention on Biological Diversity, which is responsible for the implementation of the outstanding recommendation.	is considered to be under implementation.				
6.	2019	A/75/5/Add.7, chap. II, para. 171	The Board recommends that UNEP liaise with the Executive Secretary of the Convention on Biological Diversity to propose to the Conferences of Parties to the Convention on Biological Diversity and its Protocols the adoption of a memorandum of understanding. If agreed, this instrument shall include the arrangements for the provision of secretariat functions by UNEP, aiming to establish a regulatory framework that sets out clear responsibilities, transparency, guidance and accountability among the Parties and Member States.	The Secretariat of the Convention on Biological Diversity, in collaboration with the UNEP Multilateral Environment Agreement Coordination Office, will further assess the requirements for the implementation of this recommendation before the end of 2024, with the aim of finalizing the implementation exercise by end of 2024.	The liaison between UNEP headquarters and the Executive Secretary of the Convention on Biological Diversity and its Protocols is still under review. Therefore, this recommendation is considered to be under implementation.		X		
7.	2019	A/75/5/Add.7, chap. II, para. 221	The Board recommends that UNEP assist and liaise with the secretariat of the Convention on Biological Diversity to coordinate with the Conference of the Parties to the Convention in order to agree on the implementation of a more effective resource mobilization mechanism for the secretariat.	Documentation on the programme of work and budget is publicly available on the website. No further resource mobilization function was delegated by the Conference of the Parties and this recommendation should be closed.	Given that this updated response was provided after the final audit, and the documentation about the resource mobilization mechanism of the secretariat of the Convention on Biological Diversity was not provided, the Board will maintain its previous assessment and follow up the progress in its next audit. Therefore, this recommendation is considered not implemented.			X	

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8.	2020	A/76/5/Add.7, chap. II, para. 83	The Board recommends that UNEP cooperate with the United Nations Office at Nairobi to improve grants management by issuing final financial reports to the donors in a timely manner to ensure the financial closure of the operationally closed grants.	All the grants were issued with final donor reports and closed with no balances. UNEP considers this recommendation to be implemented and requests its closure by the Board.	UNEP has provided the list of grants statuses from Umoja. Some grants have the remark "donor's final report submitted and uploaded in Umoja", and others have the remark "donor's final report not expected". Therefore, this recommendation is considered implemented.	X			
9.	2020	A/76/5/Add.7, chap. II, para. 94	The Board recommends that the secretariat of the Basel, Rotterdam and Stockholm Conventions further consolidate and harmonize its reports and review the posting frequency of reports on its website to ensure that parties are adequately informed of progress made in the use of resources and the implementation of its programme, taking into account cost and benefit.	To meet the needs of the parties and to ensure a consistent, timely and standardized approach to the preparation and updating of the secretariat's workplans and their posting on the websites, the Executive Secretary of the Basel, Rotterdam and Stockholm Conventions approved two standard operating procedures on 19 December 2023, after their endorsement by the secretariat's management team during its meeting on 13 December 2023. UNEP kindly requests the Board to close this recommendation as implemented.	Given that the standard operating procedures were approved, this recommendation is considered implemented.	X			
10.	2020	A/76/5/Add.7, chap. II, para. 168	The Board recommends that UNEP accelerate the clean-up of legacy matters and complete the closure procedures for delayed projects as soon as possible.	The audit recommendation has been overtaken by events, given the transition from the Programme Information and Management System to the Integrated Planning, Monitoring and Reporting module and decommissioning of the former effective 30 June 2023. UNEP continues to follow up on pending financial closures in the Integrated Planning, Monitoring and Reporting module, as evidenced by the memorandum by the Deputy Executive Director dated 24 November 2023, which reminded all project managers to ensure that	Given that this updated response was provided after the final audit, the Board will verify this progress in next audit. Therefore, this recommendation is considered to be under implementation.		X		

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				full closure processes (operational and financial) are followed for their projects in the module. Project managers working with financial management officers are allocated 12 months for this exercise in line with the UNEP Programme and Project Management Manual. Given this clear commitment and intensified efforts to ensure that financial closure is undertaken in the Integrated Planning, Monitoring and Reporting module, the Board is kindly requested to close this recommendation as it has been overtaken by events.					
11.	2020	A/76/5/Add.7, chap. II, para. 204	The Board recommends that UNEP complete the delayed closure procedures for operationally completed Global Environment Facility projects as soon as possible.	In the present audit report, a new recommendation on project closures is proposed as follows: "the Board recommends that UNEP reduce the percentage of projects pending financial closure for more than two years". Given that the GEF projects form a part of the UNEP-wide project portfolio and a new related recommendation on UNEP-wide project closures is proposed, the recommendation contained in paragraph 204 of document A/76/5/Add.7, chap. II, is considered to be overtaken by events.	Given that a new related recommendation on UNEP-wide project closures is proposed, this recommendation is considered to be overtaken by events.				X
12.	2020	A/76/5/Add.7, chap. II, para. 210	The Board recommends that UNEP review and update its programme and project management manual in relation to GEF and to the replacement of the advanced DGEF database information system with integrated planning, management and reporting, as well as ensure that the content of the manual is consistent with current circumstances.	The Policy and Programme Division recently released the new Programme and Project Management Manual, within which GEF is embedded.	The Board noted that the 2023 edition of the Programme and Project Management Manual was issued, and regulations regarding GEF were duly changed. Therefore, this recommendation is considered implemented.	X			

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13.	2021	A/77/5/Add.7, chap. II, para. 28	The Board recommends that UNEP develop corporate guidance in its monitoring policy on when and how to collect relevant data to establish baselines for programme of work indicators.	The draft monitoring and reporting policy (presently under review by UNEP senior management) calls for establishing the baseline for all indicators before starting the implementation of activities, as reference points and a planning basis to measure progress towards planned results (targets). The accompanying monitoring and reporting framework operationalizes this requirement through a section on baseline data, milestones and target-setting. A first draft of the framework is presently under review by the Policy and Programme Division and is expected to be finalized by the end of the third quarter of 2024.	Given that the policy has not been finalized, this recommendation is considered to be under implementation.		X		
14.	2021	A/77/5/Add.7, chap. II, para. 35	The Board recommends that UNEP strengthen the monitoring of the development of workplans and formulate a guideline on the development of the workplans with specific requirements regarding the format, content and timelines, among others.	In the second quarter of 2023 UNEP issued a revised workplan template and guidance note, including on the process, format and timeline, for the performance year from 1 April 2023 to 31 March 2024. The template was completed by each division and office and is available on the UNEP intranet. On 11 March 2024, the Executive Office issued a call for workplans for 2024.	Given the updated progress, this recommendation is considered implemented.	X			
15.	2021	A/77/5/Add.7, chap. II, para. 44	The Board recommends that the secretariat of the Convention on Biological Diversity accelerate the finalization of the development of the decision-tracking tool and the manual for users of the tool and establish a mechanism to make good use of the information and keep it up to date.	The standard operating procedures have been finalized. UNEP kindly requests the Board to close this recommendation as implemented.	Given that the standard operating procedures have been finalized, this recommendation is considered implemented.	X			

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16.	2021	A/77/5/Add.7, chap. II, para. 50	The Board recommends that UNEP create a plan to enhance the monitoring of non-subprogramme indicators and to improve its target achievement rate at the end of the biennium.	The monitoring and performance improvement plan and a tracker for the non-subprogramme indicators were provided. UNEP kindly requests the Board to close this recommendation as implemented.	Given that the monitoring and performance improvement plan and a tracker for the non-subprogramme indicators were provided, this recommendation is considered implemented.	X			
17.	2021	A/77/5/Add.7, chap. II, para. 59	The Board recommends that the secretariat of the Convention on Biological Diversity make efforts to mobilize voluntary contributions to improve the level of adequate, predictable, effective and efficient programme support cost funding for its administrative activities.	The Conference of the Parties to the Convention on Biological Diversity, at its fifteenth meeting, approved additional posts that will be funded from the core budget and therefore will increase the resources of the administration and reduce the deficit in the programme support cost account. The programme budget for 2023–2024 of the secretariat of the Convention has been uploaded to the website.	Given that the actions were still in process, the Board will verify the progress in the next audit. Therefore, the recommendation is considered to be under implementation.		X		
18.	2021	A/77/5/Add.7, chap. II, para. 65	The Board recommends that UNEP review ageing and not expensed advance transfers to implementing partners on a case-by-case basis and clear those pending advances in coordination with the United Nations Office at Nairobi.	There are four pending items amounting to $128,997.72 from the 110 items amounting to $5,720,627.95 reported by the Board. UNEP has managed to resolve 105 items, amounting to $5,591,630.23. The appropriate offices are taking the necessary actions to resolve the four pending items, which they aim to settle by the third quarter of 2024. UNEP will not approve any further payments associated with those items until all previous outstanding matters are resolved.	There were still outstanding items to be addressed; therefore, this recommendation is considered to be under implementation.		X		
19.	2021	A/77/5/Add.7, chap. II, para. 78	The Board recommends that the secretariat of the Convention on Biological Diversity actively communicate with donors in a timely manner and expedite the process of clearing up the outstanding balances of closed grants.	The secretariat is currently finalizing the clearing up of outstanding balances of closed grants, and aims to complete the exercise by 31 December 2024.	Given that the clearing up of the balances was still in progress, this recommendation is considered to be under implementation.		X		

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20.	2021	A/77/5/Add.7, chap. II, para. 94	The Board recommends that UNEP ensure that the prescribed comparative analysis be properly conducted in conformity with UNEP policy.	The UNEP partnership policy and procedures were approved on 29 June 2024 and will enter into force on 29 September 2024. The procedures include clear guidance on competitive selection, including criteria for exceptions to competitive selection.	Given that the UNEP partnership policy and procedures were not in force during the final audit, the Board will follow up on progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		
21.	2021	A/77/5/Add.7, chap. II, para. 101	The Board recommends that UNEP review the information gap between the Programme Information and Management System and Umoja and develop a plan for integrated planning, monitoring and reporting.	UNEP conducted the data enrichment/correction exercise between November 2023 and February 2024, including workshops and training to support the project teams in updating the data. All ongoing projects (programme of work projects that were in the Programme Information and Management System) now have the required planning details and information in the Integrated Planning, Monitoring and Reporting module, including the approved budget. The gaps identified between the two systems in 2021 have been filled. UNEP kindly requests the Board to close this recommendation as implemented.	Given the updated progress regarding the data enrichment/correction exercise, workshops and training, this recommendation is considered implemented.	X			
22.	2021	A/77/5/Add.7, chap. II, para. 120	The Board recommends that UNEP update active projects with supporting implementation files in the integrated planning, management and reporting module, and review and standardize project cycle management tools as a complement to the module.	Apart from several problematic entries, the transition and enhancement of the largest UNEP portfolio into the Integrated Planning, Monitoring and Reporting module was successfully completed in the first quarter of 2024. Currently, a data verification exercise is in progress to ensure that project enhancements within the module are in compliance with established standards and guidelines, with corrections being made as necessary.	Considering that this updated response was provided after the final audit, and a data verification exercise is in progress to ensure that project enhancements within the Integrated Planning, Monitoring and Reporting module are in compliance with established standards and guidelines, the Board will verify this progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		

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						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
23.	2021	A/77/5/Add.7, chap. II, para. 127	The Board recommends that UNEP establish an internal mechanism to flag, review and report on the slow implementation of GEF projects.	All of this year's project implementation reports feature a dedicated section on amendments and extensions. A tracking system (registry) has also been established.	The Board noted the new template for project implementation reports, and that a tracking system was in place. Therefore, this recommendation is considered implemented.	X			
24.	2021	A/77/5/Add.7, chap. II, para. 133	The Board recommends that UNEP take effective action to accelerate the pre-inception activities of UNEP-Green Climate Fund projects and promote the approved projects' implementation.	Two memorandums (one finalized and transmitted and one in draft) have been initiated to reduce no-cost extensions and improve project start-up delays in addition to other complementing actions. The first memorandum was issued on 25 June 2024 and outlines eight directives to improve project efficiencies, including a directive to stop the development of "readiness projects", which have seen an excessive number of no-cost extensions, and focus on larger, more integrated projects, with strict adherence to the Programme and Project Management Manual, especially for project extensions which require approval from the division director. The second memorandum outlines, in particular, two facilities to speed up project start-ups by facilitating the creation of "planned posts" that will allow the start of recruitment process steps while the receipt of funds is awaited and the drafting of subcontractual agreements (i.e. project cooperation agreements and small-scale funding agreements, among others) to commence immediately after execution of the funded activity agreement, and provides guidance on procurement planning to reduce lag time.	Given that supporting documents, such as the memorandum mentioned in the management's comments, is still in draft, this recommendation is considered to be under implementation.		X		

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25.	2021	A/77/5/Add.7, chap. II, para. 139	The Board recommends that UNEP use project monitoring tools to flag underperforming UNEP-Green Climate Fund projects and provide guidance to bring them back on track.	The summary of the various features included in the Green Climate Fund risk management tool dashboard was provided. UNEP kindly requests the Board to close this recommendation as implemented.	Given the updated progress, this recommendation is considered implemented.	X			
26.	2021	A/77/5/Add.7, chap. II, para. 148	The Board recommends that UNEP follow the information system's monitoring technical procedure and perform periodic testing and reviews of the system's monitoring operations and capabilities.	UNEP, with the support of the United Nations International Computing Centre, has implemented system monitoring of all servers comprising all UNEP systems. This live monitoring is supported by a network operating centre with a documented standard operating procedure for escalation. Testing is part of the monitoring procedure tracked under Unite Apps. UNEP adopted the Office of Information and Communications Technology procedure of registering all monitoring applications under Unite Apps, which carries out registration, deployment testing, monitoring, retesting and recertification at the end of each year. Through unified cybersecurity alerts, application owners are notified in order to implement required updates. UNEP compliance under Unite Apps is tracked under management key performance indicators.	The Board noted that the systematic monitoring mechanisms had been established by UNEP; therefore, this recommendation is considered implemented.	X			
27.	2021	A/77/5/Add.7, chap. II, para. 156	The Board recommends that UNEP formulate the application decommissioning plan, accelerate the process of system integration and update the system information in Unite Apps as changes occur.	The Unite Apps portal is the system where all UNEP applications are registered. The list of 41 applications mentioned includes mostly public websites and application portals irrelevant to the Integrated Planning, Monitoring and Reporting module. The Programme Information and Management System was the only system that	Given the updated progress, this recommendation is considered implemented.	X			

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				needed to be decommissioned, and its functionalities are being replaced. Given the above, i.e., the memorandum from the Policy and Programme Division outlining the decommissioning of the Programme Information and Management System and the transition to the Integrated Planning, Monitoring and Reporting module, UNEP kindly requests the Board to close this recommendation as implemented.					
28.	2021	A/77/5/Add.7, chap. II, para. 184	The Board recommends that UNEP monitor the low-value acquisition procurement process to ensure adherence to relevant regulations and rules.	UNEP released the low-value procurement dashboard, updated a guidance note and initiated an outreach programme to financial management officers and requisitioners in the first half of 2023. Outreach to financial management officers ensures that the staff members who approve low-value acquisition purchase orders are well advised on the process requirements and what to check before approving. The dashboard serves as a monitoring tool for the low-value acquisition procurement process.	Given that the dashboard, which serves as a monitoring tool for the low-value acquisition procurement process, was released, this recommendation is considered implemented.	X			
29.	2022	A/78/5/Add.7, chap. II, para. 26	The Board recommends that UNEP liaise with each of the multilateral environmental agreements' secretariats to conduct an individual analysis on the applicability of adopting a results-based approach in budget formulation for their respective budgets.	A concept note with clear timelines has been prepared and shared with all multilateral environment agreement secretariats, and a survey questionnaire was created and sent out to all multilateral environment agreement secretariats to establish which of them have adopted results-based budgeting or not, and the subsequent analysis on the applicability of adopting a results-based budgeting approach was conducted. UNEP kindly requests the Board to close this recommendation as implemented.	Given the updated progress regarding the concept note, survey questionnaire and subsequent analysis, this recommendation is considered implemented.	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Board's recommendation*	*UNEP response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
30.	2022	A/78/5/Add.7, chap. II, para. 31	The Board recommends that UNEP, in coordination with the Ozone Secretariat, include information on estimated earmarked contributions in the fact sheets, in addition to the received contributions in the proposed budget, to enhance the transparency of the trust funds.	Estimated earmarked contributions, as well as contributions that have been received for the year 2024, have been reflected in the fact sheets document and posted on the Secretariat's website for review and discussion by the parties during the thirty-fifth Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, held during the fourth quarter of 2023. A similar practice will be followed in future years' budget documents, specifically the factsheets document. UNEP considers this recommendation to be implemented and requests its closure by the Board.	The Board noted that the estimated earmarked contributions, as well as contributions that have been received for the year 2024, had been reflected in the fact sheets document. Therefore, this recommendation is considered implemented.	X			
31.	2022	A/78/5/Add.7, chap. II, para. 37	The Board recommends that the Ozone Secretariat consult the parties and UNEP to agree on the appropriate level of cash balance in order to make full use of the fund.	The amount of $11,370,000 as at 30 September 2022 noted in the Board's report is the total of the cash balance and reserves of the trust fund for the Montreal Protocol. The cash balance on 30 September 2022 was $9,326,909. The Ozone Secretariat has reviewed and calculated its current uncommitted cash balance. As at 30 June 2023, the uncommitted balance was $6,401,516, which can cover up to 11 months of expenditure. It does not take into account the end-of-service and post-retirement staff liabilities. At the thirty-fourth Meeting of the Parties, UNEP consulted the parties to the Montreal Protocol on the use of the cash balance; the parties authorized the Ozone Secretariat to use the cash balance for specific activities, over and above the core budget, to be implemented in 2024, and to cover the shortfall between the approved	Given that Ozone Secretariat has consulted the parties and taken actions on the cash balance, this recommendation is considered implemented.	X			

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				level of contributions for 2023 and the approved budget for 2023. UNEP considers this recommendation to be implemented and requests its closure by the Board.					
32.	2022	A/78/5/Add.7, chap. II, para. 43	The Board recommends that UNEP, in coordination with the Regional Office for Europe, analyse the assets wrongly recorded and adjust them to the appropriate cost centre.	The equipment list of the Regional Office for Europe was fully reviewed and adjustments were completed by the United Nations Office at Nairobi in Umoja in April 2024.	Considering that this updated response was provided after the final audit, the Board will verify this progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		
33.	2022	A/78/5/Add.7, chap. II, para. 44	The Board also recommends that UNEP check the list of assets regularly, and dispose of the assets that have been damaged and cannot be used in a timely manner.	UNEP has implemented a physical verification exercise of assets to be completed every six months. The communication of the physical verification exercise has been circulated to all the asset focal points and their supervisors, together with relevant guidelines, templates and process workflows. UNEP kindly requests the Board to close this recommendation.	Given that documents for the physical verification exercise had been provided, this recommendation is considered implemented.	X			
34.	2022	A/78/5/Add.7, chap. II, para. 57	The Board recommends that UNEP develop a plan to implement its Strategy for South-South and Triangular Cooperation with adequate funding and human resources, and reinforce project implementation reporting when appropriate.	UNEP is implementing the Strategy for South-South and Triangular Cooperation through incremental actions along the programme life cycle, as set out in the Strategy. A field was included in sections 2.2c.c, 4.3 and 7.3 and annex M of the project template to capture South-South and triangular cooperation activities at the project design level. A field was included in the Integrated Planning, Monitoring and Reporting module to enable the recording of South-South and triangular cooperation activities at the project design stage and the monitoring and extraction of related reports. Guidance on South-South and triangular cooperation was included in	Given that UNEP is implementing the Strategy for South-South and Triangular Cooperation through incremental actions along the programme life cycle, as set out in the Strategy, this recommendation is considered implemented.	X			

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				the Programme and Project Management Manual. Quarterly updates on South-South and triangular cooperation activities are being shared in the Executive Director's quarterly reports to the Permanent Representatives Committee. Lastly, UNEP is actively engaged in the United Nations Inter-Agency Mechanism for South-South and Triangular Cooperation. UNEP kindly requests the Board to close this recommendation as implemented.					
35.	2022	A/78/5/Add.7, chap. II, para. 64	The Board recommends that UNEP clearly define the responsibilities of the regional offices in implementing the corporate resource mobilization strategy to enhance resource mobilization from different types of funding sources.	The paper on clarifying the roles and responsibilities of the regional offices with regard to resource mobilization has been finalized and sent to the regional directors, the Policy and Programme Division and the Deputy Executive Director by the Director of the Corporate Services Division. The implementation of the recommended actions has already started in the regional offices and further training on implementation is provided as part of the workshops on the new delivery model. The roles and responsibilities of the regional offices with regard to resource mobilization have been clarified; therefore, UNEP requests the Board to close this recommendation as implemented.	The paper on clarifying the roles and responsibilities of the regional offices with regard to resource mobilization has been finalized. This recommendation is considered implemented.	X			
36.	2022	A/78/5/Add.7, chap. II, para. 71	The Board recommends that UNEP, in coordination with the Ozone Secretariat, undertake an internal assessment before the next Conference of the Parties on how fundraising may be further improved.	In decision XXXV/14 The Thirty-Fifth Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, held from 23 to 27 October 2023, requested the Ozone Secretariat, in consultation with the secretariat of the Multilateral Fund for the	Given that this updated response was provided after the final audit, and the parties will discuss the two notes during the forty-sixth meeting of the Open-ended Working Group and advise the Ozone Secretariat on additional documentation to be submitted		X		

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				Implementation of the Montreal Protocol and relevant ozone experts, to provide options for sustainable funding to establish new regional monitoring capacities for monitoring controlled substances. The Ozone Secretariat has been consulting the Multilateral Fund secretariat on the implementation of the aforementioned decision and received a note on how the Multilateral Fund could be used to finance such activities. In addition, the Ozone Secretariat contracted a financial expert and, with his support, developed a note on funding options. The parties will discuss the two notes (from the Ozone Secretariat and the Multilateral Fund secretariat) during the forty-sixth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol and advise the Ozone Secretariat on additional documentation to be submitted for review and decision by the Conference of the Parties to the Vienna Convention for the Protection of the Ozone Layer at its thirteenth meeting, scheduled to be held from 28 October to 1 November 2024, with regard to funding.	for review and decision by the Conference of the Parties at its thirteenth meeting, scheduled to be held from 28 October to 1 November 2024, the Board will verify this progress in the next audit. Therefore, this recommendation is considered to be under implementation.				
37.	2022	A/78/5/Add.7, chap. II, para. 80	The Board recommends that UNEP reinforce its procedures for the review of critical risk level entities in compliance with the regulation of the updated programme and project management manual and the revised partnership policy and procedures, and	The UNEP partnership policy and procedures were approved on 29 June 2024 and will enter into force on 29 September 2024. The procedures include clear guidance on risk treatment and monitoring.	Given that the UNEP partnership policy and procedures were not in force during the final audit, the Board will follow up on progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		

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			rigorously form the partnership in accordance with the results of due diligence and risk assessments to reduce the likelihood of reputational risk posed to UNEP.						
38.	2022	A/78/5/Add.7, chap. II, para. 89	The Board recommends that UNEP establish a standard template for partner review by the Partnership Committee that includes explicit criteria for review comments.	The UNEP partnership policy and procedures were approved on 29 June 2024 and will enter into force on 29 September 2024. The new terms of reference for the Partnership Committee include clear criteria for review.	Given that the UNEP partnership policy and procedures were not in force during the final audit, the Board will follow up on progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		
39.	2022	A/78/5/Add.7, chap. II, para. 96	The Board recommends that UNEP complete the tracking data of projects (i.e. project indicators in the integrated planning, management and reporting solution), to enhance the monitoring of OzonAction projects in the chemicals and pollution action subprogramme.	The OzonAction projects in chemicals and pollution action subprogramme were enriched in the Integrated Planning, Monitoring and Reporting solution to include the indicators.	Given that UNEP has provided the Integrated Planning, Monitoring and Reporting solution indicators list and viewing guidelines, this recommendation is considered implemented.	X			
40.	2022	A/78/5/Add.7, chap. II, para. 105	The Board recommends that UNEP give priority to subprogramme evaluations and take active measures to reach the coverage targets set out in ST/AI/2021/3.	The terms of reference for the evaluation of the chemicals and pollution action subprogramme have been prepared. The evaluation team will be recruited in the second quarter of 2024, and the evaluation will be launched in the third quarter of 2024. The terms of reference for the evaluation of the nature action subprogramme will be prepared in the third quarter of 2024 and the evaluation will be launched in the fourth quarter of 2024. UNEP kindly requests the Board to close this recommendation as implemented	Given the updated progress, this recommendation is considered implemented.	X			

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41.	2022	A/78/5/Add.7, chap. II, para. 111	The Board recommends that UNEP perform terminal assessments on the sampled completed projects in the Programme Information and Management System, and that the respective managing divisions provide or perform midterm assessments on the 47 sampled projects in the System with a duration of four years or more as required.	With regard to the 47 sampled projects in the Programme Information and Management System, follow-up was conducted with the project managers. In total, 28 projects provided a midterm review, terminal review or "lessons learned" report; 14 projects did not conduct any review and provided a rationale, and 5 projects are pending feedback. UNEP is liaising with the project managers of those projects to gather the related documents.	Given that there are at least eight projects with no or unsuitable supporting documents, this recommendation is considered to be under implementation.		X		
42.	2022	A/78/5/Add.7, chap. II, para. 118	The Board recommends that UNEP assess the workload of incumbent task managers of GEF projects and formulate a response plan to mitigate the potential imbalance of project allocations.	Two GEF teams have successfully transitioned to the newly established Climate Change Division, and significant recruitment efforts are currently in progress. Meanwhile, management is in the process of evaluating the most effective approach for the assessment.	Given that UNEP is actively evaluating the optimal approach for the assessment, this recommendation is considered to be under implementation.		X		
43.	2022	A/78/5/Add.7, chap. II, para. 126	The Board recommends that UNEP formulate more specific guidelines on no-cost extension and encourage project/task managers to minimize the need for project extensions.	In recognition that this issue extends beyond GEF, a broader UNEP-centric response is required. Given the diversity of programming and the potential impact on broader operations, consultations are still ongoing to ensure that all aspects are considered, in particular from legal, financial and policy perspectives.	Given that UNEP is considering taking organization-wide efforts to address this issue, this recommendation is considered to be under implementation.		X		
44.	2022	A/78/5/Add.7, chap. II, para. 137	The Board recommends that UNEP strengthen its ICT governance and management by approving and issuing a digital governance framework and establishing a new ICT Committee.	The new UNEP ICT governance framework, which includes the establishment of the ICT solution group as part of the ICT Committee, was endorsed by the senior management team on 6 November 2023. On 18 March 2024, a memorandum from the Office of the Director of the Corporate Services Division was sent to all divisions	Given the updated progress, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	UNEP response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				and offices to send their nominations for representatives in the ICT solution group. The first meeting of the ICT solution group is scheduled to take place on 30 April 2024. Therefore, UNEP kindly requests the Board to close this recommendation.					
45.	2022	A/78/5/Add.7, chap. II, para. 144	The Board recommends that UNEP complete the data enrichment of the ongoing projects in the integrated planning, management and reporting module according to the transition plan.	The enrichment of ongoing projects in the Integrated Planning, Monitoring and Reporting module has progressed since April 2024. All programme of work, Green Climate Fund and OzonAction projects are now fully enriched. The remaining work consists of the enrichment of the GEF projects (only the ones under the biodiversity portfolio) in the module, and the team has hired one consultant to ensure that the data enrichment is completed by the second quarter of 2024.	Considering that this updated response was provided after the final audit, the Board will verify this progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		
46.	2022	A/78/5/Add.7, chap. II, para. 150	The Board recommends that UNEP enhance its website security management by registering the two hosted websites with the Office of Information and Communications Technology.	The two applications have been registered in the Unite Apps system and will be tracked for compliance together with other applications.	The two applications have been registered in the Unite Apps system; therefore, this recommendation is considered implemented.	X			
47.	2022	A/78/5/Add.7, chap. II, para. 167	The Board recommends that UNEP consider publishing 75 per cent of active projects' information and conducting a quarterly review on the updating of Open Data portal content to help ensure the integrity, accuracy and consistency of the voluntary information disclosures.	A scoping exercise on the work that needs to be done to meet the requirements of the recommendation has been completed, following which a process was initiated to recruit a dedicated consultant to undertake the task of automating the publishing of UNEP projects from the Integrated Planning, Monitoring and Reporting module to the Open Data portal and to make other additional enhancements as needed.	Considering that this updated response was provided after the final audit, the Board will verify this progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	UNEP response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
48.	2022	A/78/5/Add.7, chap. II, para. 168	The Board recommends that UNEP disclose the safeguard information and information on Sustainable Development Goals when the safeguards and gender online system and the integrated planning, management, and reporting solution, respectively, are ready.	The safeguards and gender online system is an in-house development by the Corporate Services Division. The system underwent additional testing in the first quarter of 2024, during which some system issues were identified and addressed. The first phase of the system is ready for roll-out, although further technical issues are expected, which will need to be addressed as they arise. The Policy and Programme Division is finalizing instructions for the staff on how to use the system. For the second phase, the Corporate Services Division is recruiting a consultant with the necessary technical expertise. The user interaction/user experience aspect will be addressed during the second phase for the whole system.	The Board noted that the safeguards and gender online system was in the final stages of initial development. Therefore, this recommendation is considered to be under implementation.		X		
49.	2022	A/78/5/Add.7, chap. II, para. 174	The Board recommends that the Regional Office for West Asia, together with the UNEP Human Resources Section in cooperation with the United Nations Office at Nairobi, establish a plan to fill long-standing vacant positions.	To address this recommendation, a plan has been established to address the long-standing vacant positions during the second quarter of 2023, which was assessed and considered adequate by the Board in May 2023. UNEP considers this recommendation to be implemented.	Given that the plan was established in 2023, this recommendation is considered implemented.	X			
50.	2022	A/78/5/Add.7, chap. II, para. 183	The Board recommends that UNEP develop a plan to monitor the pre-selected vendor modality.	This recommendation refers to one case from 2022. Since then, no recurrence has been recorded, and operational guidance was issued. Under this guidance, it is required that requests for the approval of pre-selected vendors be submitted in advance. No requests for approval of pre-selected vendors have been made. Therefore, UNEP requests the closure of this recommendation.	Considering that this updated response was provided after the final audit, the Board will verify this progress in the next audit. Therefore, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	UNEP response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
51.	2022	A/78/5/Add.7, chap. II, para. 193	The Board recommends that UNEP establish a long-term strategic clean fleet management plan, including a replacement plan for its old vehicles and a procurement plan for accelerating the transformation to zero-emission vehicles.	In the past few years, UNEP has, among other things, established appropriate electric infrastructure and after-care services in Nairobi, allowing United Nations agencies in Kenya to procure fully electric cars accordingly. In addition, UNEP is currently drafting a policy proposal for the United Nations Secretariat to start switching to electric vehicles, where possible. UNEP is now consolidating all ongoing and planned actions into a long-term strategic clean fleet management plan.	Given that UNEP is consolidating all ongoing and planned actions into a long-term strategic clean fleet management plan, this recommendation is considered to be under implementation.		X		
52.	2022	A/78/5/Add.7, chap. II, para. 199	The Board recommends that UNEP annually summarize and check the implementation of vendor performance evaluation, and track and record performance of the contracts with vendors according to the requirements of contract management in the Procurement Manual.	Since April 2024, UNEP has implemented the instant feedback system and the contract performance reporting tool, an easy-to-use web-based, paperless monitoring tool which records key contract performance data. The instant feedback system checks Umoja every 24 hours for newly-received goods and services. The trigger is the posting of a receipt document in Umoja, which generates the related instant feedback system report and sends an automated email notification to the United Nations receiver. In the first quarter of 2024, 97 UNEP personnel (users) were trained in the new system. UNEP kindly requests the closure of this recommendation.	Given the updated progress regarding the instant feedback system and the contract performance reporting tool, this recommendation is considered implemented.	X			
Total number of recommendations					**52**	**25**	**24**	**1**	**2**
Percentage of the total number of recommendations					**100**	**48**	**46**	**2**	**4**

Chapter III
Certification of the financial statements

Letter dated 31 March 2024 from the Chief Finance Officer of the United Nations Office at Nairobi addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Environment Programme (UNEP) for the year ended 31 December 2023 have been prepared in accordance with rule 106.1 of the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4) and rule 207.3 of the supplement to the Financial Regulations and Rules of the United Nations (ST/SGB/2015/4).

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes, and the accompanying schedules, provide additional information and clarification of the financial activities undertaken by UNEP during the period covered by these statements.

The certification function defined in financial rules 105.5 and 105.7 to 105.9 of the Financial Regulations and Rules of the United Nations is assigned to UNEP. Responsibility for the accounts and the performance of the approving function, as defined in article VI and financial rule 105.6 of the Financial Regulations and Rules of the United Nations, is assigned to the United Nations Office at Nairobi.

In accordance with the authority assigned to me, I hereby certify that the appended financial statements of the Fund of UNEP for the year ended 31 December 2023 are correct in all material respects.

(*Signed*) Vanda **Andromeda**
Chief Finance Officer
United Nations Office at Nairobi

Chapter IV
Administration's financial overview for the year ended 31 December 2023

A. Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts, of UNEP, including the Environment Fund, associated trust funds and the related accounts, for the year ended 31 December 2023. The financial statements consist of five statements and notes to the financial statements. In accordance with financial rule 106.1, these financial statements were to be transmitted to the Board of Auditors on 31 March 2024.

2. The United Nations Secretariat's business intelligence tool has been used to produce various financial reports. Business intelligence also facilitates the set of strategies, process applications, data, technologies and technical architectures which are used to support the collection, analysis and presentations. In addition, Systems Applications and Products in Data Processing (SAP)/Business Planning and Consolidation (BPC) was used to support the preparation of financial statements and notes. SAP/BPC helps to automate and streamline business forecast, planning and consolidation activities.

3. Regular budget revenue and expense, insofar as they relate to UNEP, are included in Volume I, a related party, but for completeness have also been included in these financial statements.

B. Operational aspects

Mission and vision

4. UNEP is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment.

5. The mission of UNEP is to provide leadership and encourage partnership in caring for the environment by inspiring, informing and enabling nations and peoples to improve their quality of life without compromising that of future generations.

6. UNEP supports Member States in ensuring that environmental sustainability is reflected in development and investment planning and provides countries with the necessary tools and technologies to protect and restore the environment.

Governance

7. UNEP works closely with the 193 Member States and with representatives from civil society, businesses and other major groups and stakeholders to address environmental challenges through the United Nations Environment Assembly of the United Nations Environment Programme, the world's highest-level decision-making body on the environment. It addresses the critical environmental challenges facing the world today. Understanding these challenges and preserving and rehabilitating the environment are at the heart of the 2030 Agenda for Sustainable Development.

8. The United Nations Environment Assembly meets biennially to set priorities for global environmental policies and develop international environmental law. Through its resolutions and calls to action, the Assembly provides leadership and catalyses intergovernmental action on the environment. Decision-making requires broad

participation, and the Assembly provides an opportunity for all peoples to help design solutions for maintaining the health of the planet.

9. Headquartered in Nairobi, UNEP is led by a senior management team chaired by the Executive Director. The organization hosts the secretariats of many critical multilateral environmental agreements and research bodies.

10. UNEP categorizes its work into seven broad thematic areas: climate change; digital transformation; nature action; environmental governance; chemicals and pollution action; finance and economic transformation; and science policy.

11. Programme management and support are implemented through services provided by the Corporate Services and Policy and Programme Divisions of UNEP. The objective is to ensure the efficient and effective development and delivery of the programmatic priorities of the medium-term strategy, underpinned by sound management and leadership practices with a reinforced accountability framework that clarifies roles and responsibilities. Programme management and support serve to provide guidance on programme and project design, delivery and closure; the governance of resources; corporate policy development and oversight; programme monitoring and reporting; the building of staff knowledge and capacity; and the development of programme and resource management tools that support decision-making.

12. UNEP continues to strengthen planning and delivery processes through the progressive use of results-based management and strategic partnerships.

Objective and strategy

13. The medium-term strategy of UNEP for the period 2022–2025 and the programme and work and budget for the biennium 2022–2023 are focused on responding to three planetary crises: climate change, biodiversity and nature loss, and pollution and waste.

14. The medium-term strategy is the vision of UNEP for reversing that trajectory. In the strategy, UNEP articulates its role in delivering on the promises of the 2030 Agenda as well as of the United Nations Conference on Sustainable Development and its outcome document, “The future we want”. UNEP also outlines the way in which it will strengthen the environmental dimension of the 2030 Agenda during the period 2022–2025, supporting countries in delivering on their environmental commitments under international agreements.

15. The four-year strategy provides a plan of action for the first half of the decade of action and delivery for sustainable development that will enable UNEP to strengthen the collective United Nations response to the crises of climate change, biodiversity loss and pollution. The United Nations development system reform presents a tremendous opportunity for empowering the United Nations to address global environmental and socioeconomic crises. UNEP will leverage this opportunity to enhance its guiding role, raise ambition and accelerate and scale up progress towards the Sustainable Development Goals, in the spirit of the Secretary-General’s decade of action and delivery.

Funding arrangements

16. There are three main sources of funding for UNEP:

- **United Nations regular budget**. The only regular source of funding, it supports the functions of the UNEP secretariat, including the governing bodies; coordination in the United Nations system; and cooperation with global scientific communities. This source constitutes about 5 per cent of the Programme’s annual funding requirement.

- **Environment Fund**. This is the core UNEP fund that supports the essential capacity needed for the balanced and efficient delivery of the programme of work of UNEP, which is approved by the Member States. This constitutes about 15 per cent of the annual funding requirement.
- **Earmarked contributions**. These are funds earmarked for specific projects, themes or countries that enable the expansion and replication of the programme of work of UNEP and its results in more countries and with more partners. This constitutes about 80 per cent of the annual funding requirement and consists of earmarked funds and global funds.

17. As UNEP relies on voluntary contributions for approximately 95 per cent of its funding (from the Environment Fund and earmarked contributions), its work is made possible by partners that fund and champion its mission.

18. The Environment Fund is the core source of flexible funds for UNEP, providing the bedrock for its work worldwide.

19. The main providers of earmarked funds include the Global Environment Facility, the Green Climate Fund, the Multilateral Fund for the Implementation of the Montreal Protocol and the European Commission.

20. Around the world, UNEP works in partnership with governments, the scientific community, the private sector, civil society and other United Nations entities and international organizations. It brings together partners to agree on solutions to common environmental challenges, for example through the United Nations Environment Assembly. By means of its campaigns, in particular World Environment Day, UNEP raises awareness and advocates effective environmental action.

C. International Public Sector Accounting Standards sustainability plan

21. This is the tenth year for which the financial statements of UNEP have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). To support continued IPSAS compliance, the organization has deployed an IPSAS sustainability plan with ongoing work under five major components that have been identified as the core pillars for IPSAS sustainability, namely:

(a) Management of the benefits of IPSAS: this entails tracking and compiling IPSAS benefits and examining ways of using IPSAS-triggered information to better manage the organization;

(b) Strengthening of internal controls: this includes the deployment and ongoing management of the framework that will support a statement of internal control;

(c) Management of the IPSAS regulatory framework: this includes active participation in the work of the IPSAS Board to formulate new IPSAS or change existing standards, and the related update of the IPSAS policy framework and financial rules and guidance, as well as the related changes to systems and processes;

(d) Maintenance of the integrity of Umoja as the backbone for IPSAS-compliant accounting and reporting: this includes ensuring IPSAS compliant processes for new programmes and activities and automating the production of financial statements via Umoja;

(e) Continued IPSAS training and the deployment of a skills strategy that will support a strengthened finance function.

D. Overview of the financial statements of the year ended 31 December 2023

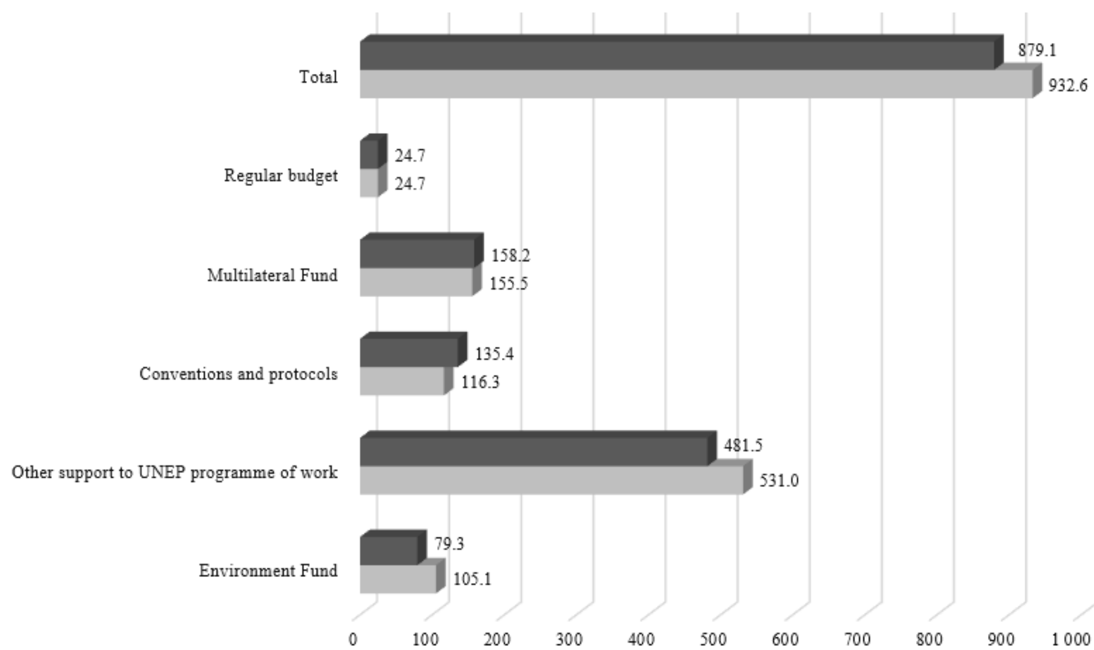
All funds

22. Statements I to IV show the consolidated figures for all UNEP activities, comprising the Environment Fund, the regular budget, trust funds supporting the UNEP programme of work, trust funds supporting UNEP conventions and protocols, the Multilateral Fund, the programme support account, and end-of-service and retirement benefits for the year ended 31 December 2023. Statement V reports on the Environment Fund and the regular budget.

23. Comparison between the year ended 31 December 2022 and the current reporting date is provided.

24. The revenue of UNEP for the year ended 31 December 2023, by source of funding, is shown in figures IV.I and IV.II.

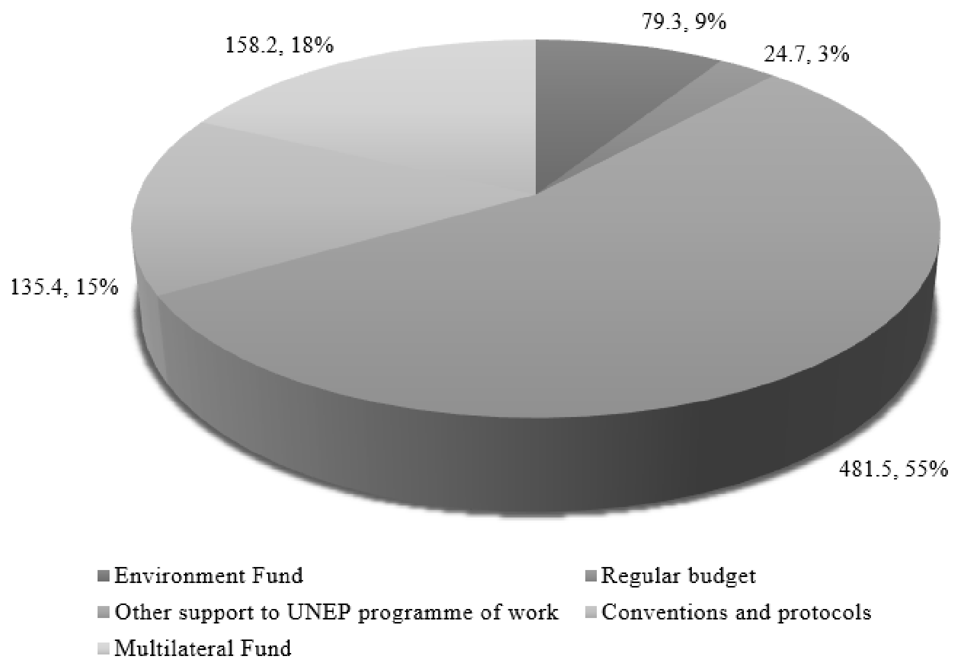
Figure IV.I
2023 contributions, by source of funding
(Millions of United States dollars)



	Environment Fund	Other support to UNEP programme of work	Conventions and protocols	Multilateral Fund	Regular budget	Total
■2023	79.3	481.5	135.4	158.2	24.7	879.1
■2022	105.1	531.0	116.3	155.5	24.7	932.6

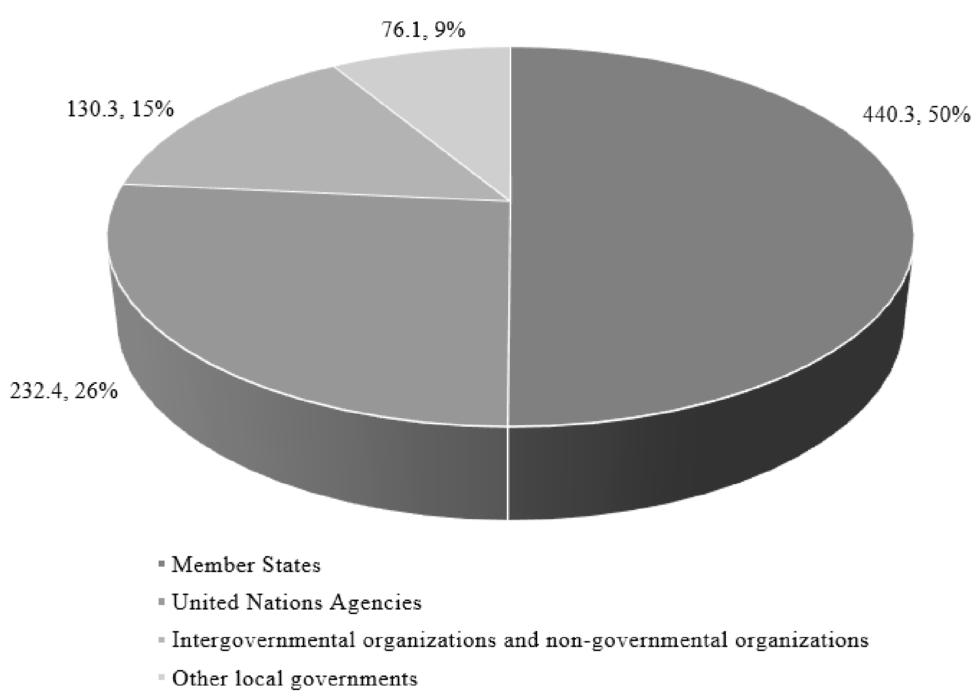
Note: Multilateral Fund revenue is presented with no elimination adjustment while Other support to UNEP programme of work revenue is presented less elimination adjustments for: (a) UNEP internal implementation of $27.0 million (2022: $22.9 million); and (b) carbon offsets cost recovery of $0.41 million (2022: $0.12 million).

Figure IV.II
2023 contributions, by source of funding (proportions)
(Millions of United States dollars)



25. The distribution of contributions, by type of contributing entity, is shown in figure IV.III.

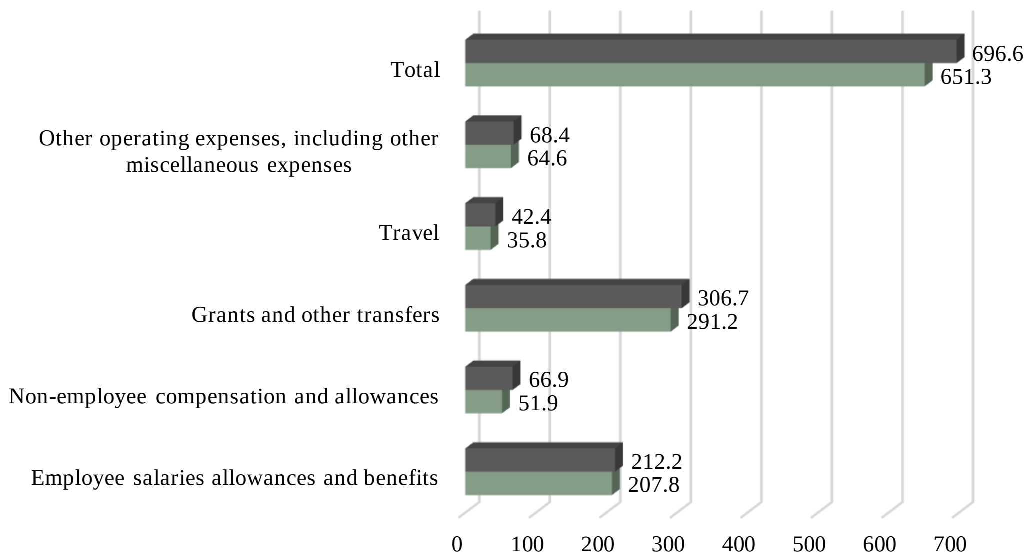
Figure IV.III
Distribution of contributions, by type of entity
(Millions of United States dollars)



26. The contributions are based on IPSAS accounting, which includes recognizing donor project funding in full on the signing of a donor agreement by both the donor and UNEP. This includes project funding from the Global Environment Facility where revenue is recognized in full for multi-year projects following project approval by the Facility and receipt of a letter of commitment from the Facility trustee, the International Bank for Reconstruction and Development.

27. Expenditure in 2023 relative to 2022, by type of expense, is shown in figure IV.IV

Figure IV.IV
Expenditure in 2023 relative to 2022, by type of expense
(Millions of United States dollars)



	Employee salaries allowances and benefits	Non-employee compensation and allowances	Grants and other transfers	Travel	Other operating expenses, including other miscellaneous expenses	Total
2023	212.2	66.9	306.7	42.4	68.4	696.6
2022	207.8	51.9	291.2	35.8	64.6	651.3

28. Total expenses for 2023 is $696.6 million. Other operating expenses, including other miscellaneous expenses, are as shown in note 25.

Key indicators from statement I

29. Total assets increased by $340.1 million (10.8 per cent) to $3,485.4 million as at 31 December 2023, from $3,145.3 million as at 31 December 2022.

30. Total liabilities increased by $54.8 million (11.3 per cent) to $541.3 million as at 31 December 2023, from $486.5 million as at 31 December 2022.

31. Net assets increased by $284.4 million (10.7 per cent) to $2 944.1 million as at 31 December 2023, from $2 658.7 million as at 31 December 2022.

32. Table IV.1 contains a summary of other key indicators for the year ended 31 December 2023 compared with the year ended 31 December 2022.

Table IV.1
Other key indicators
(Millions of United States dollars)

	2023	*2022*	*Increase/ decrease*	*Change (percentage)*
Assessed contributions revenue	242.4	235.6	6.8	2.9%
Voluntary contributions revenue	411.5	463.9	(52.4)	(11.3%)
Other transfers and allocations	225.2	233.1	(7.9)	(3.4%)
Total contributions revenue	**879.1**	**932.6**	**(53.5)**	**(5.7%)**
Cash and cash equivalents	252.1	243.6	8.5	3.5%
Short-term investments	1 300.3	977.3	323.0	33.1%
Long-term investments	406.7	473.3	(66.6)	(14.1%)
Total cash and investments	**1 959.1**	**1 694.2**	**264.9**	**15.6%**
Assessed contributions receivable	42.4	36.5	5.9	16.2%
Voluntary contributions receivable	1 095.4	1 057.6	37.8	3.6%
Total receivables	**1 137.8**	**1 094.1**	**43.7**	**4.0%**
Advance transfers	357.4	337.5	19.9	5.9%
Other assets	28.3	16.4	11.9	72.6%
Accounts payable and accrued payables	34.1	24.2	9.9	40.9%
Employee benefits liabilities	233.6	222.6	11.0	4.9%
Liabilities for conditional arrangements/other liabilities	147.3	135.8	11.5	8.5%

33. Additional information on the movements as shown in the table above is provided in the notes to the financial statements.

34. A liquidity analysis at the segment level is presented in table IV.2 below. The cash balances of the trust funds are earmarked for specific activities of each fund and are not available to other fund groups. The balances include payments received in advance for the implementation of activities in future years. A liquidity analysis of the regular budget and related funds has not been provided, as UNEP does not control those funds.

Table IV.2
Liquidity analysis at the segment level
(Thousands of United States dollars)

	31 December 2023					*31 December 2022*	
	Cash assets[a]	*Total current assets*	*Total current liabilities[b]*	*Cash assets to current liabilities[b]*	*Current ratio*	*Cash assets to current liabilities*	*Current ratio*
Segment	*A*	*B*	*C*	*A/C*	*B/C*		
Environment Fund	54 690	83 455	5 184	10.5	16.1	8.3	14.0
Other support to UNEP programme of work	687 618	1 247 919	170 072	4.0	7.3	3.4	7.0
Conventions and protocols	164 923	237 629	46 510	3.5	5.1	3.6	5.2
Multilateral Fund	519 340	620 484	90 821	5.7	6.8	5.8	7.0

	31 December 2023					*31 December 2022*	
	Cash assets[a]	*Total current assets*	*Total current liabilities[b]*	*Cash assets to current liabilities[b]*	*Current ratio*	*Cash assets to current liabilities*	*Current ratio*
Segment	*A*	*B*	*C*	*A/C*	*B/C*		
Programme support	30 651	32 770	989	31.0	33.1	46.7	49.1
End-of-service and post-retirement benefits	95 166	95 166	7 619	12.5	12.5	11.9	11.9
Segment total	**1 552 388**	**2 317 423**	**321 195**	**4.85**	**7.22**	**4.42**	**7.03**

[a] Cash assets consist of cash, cash equivalents and short-term investments.
[b] Consolidated figures are net of the intersegment eliminations.

E. End-of-service and post-retirement accrued liabilities

35. The UNEP financial statements reflect end-of-service and post-retirement benefits, comprising after-service health insurance liabilities, annual leave and repatriation benefits. UNEP makes monthly provisions for repatriation benefits at 8 per cent of net salary. In addition, since January 2017, UNEP started to make monthly provisions for after-service health insurance at 3 per cent of net salary. The monthly rate for those provisions was increased to 6 per cent effective 1 January 2019. UNEP, in collaboration with the United Nations Office at Nairobi and United Nations Headquarters in New York, began discussions on the long-term financing strategies of the liability in 2022 and as a result of these discussions, the monthly accrual rate of after-service health insurance was increased by 3 percentage points from 6 per cent to 9 per cent, effective 1 October 2022.

36. The 31 December 2023 accrued balances have been adjusted to reflect the estimated liabilities as at 31 December 2023 as reflected in the 2023 actuarial study calculations by a consulting firm engaged by the United Nations Secretariat on behalf of UNEP. As a result of fully charging these liabilities in the financial statements as at 31 December 2023, an amount of $107.7 million of cumulative unfunded expenditure is shown in note 4, “Segment report”, under the end-of-service and post-retirement benefits segment.

Chapter V

Financial statements and related explanatory notes for the year ended 31 December 2023

United Nations Environment Programme

I. Statement of financial position as at 31 December 2023

(Thousands of United States dollars)

	Notes	*31 December 2023*	*31 December 2022*
Assets			
Current assets			
Cash and cash equivalents	6	252 090	243 628
Investments	7	1 300 298	977 349
Assessed contributions receivable	8	42 447	36 495
Voluntary contributions receivable	9	394 228	397 314
Other receivables	10	773	986
Advance transfers	11	299 333	268 564
Other assets	12	28 254	16 368
Total current assets		**2 317 423**	**1 940 704**
Non-current assets			
Investments	7	406 745	473 271
Assessed contributions receivable	8	–	–
Voluntary contributions receivable	9	701 237	660 304
Advance transfers	11	58 119	68 899
Property, plant and equipment	14	1 884	2 042
Intangible assets	15	36	53
Total non-current assets		**1 168 021**	**1 204 569**
Total assets		**3 485 444**	**3 145 273**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	16	34 092	24 180
Funds received in advance and deferred revenue	17	126 277	104 001
Employee benefits liabilities	18, 19	13 519	12 251
Provisions	20	–	–
Liabilities for conditional arrangements	21	147 307	135 799
Other liabilities	21	–	–
Total current liabilities		**321 195**	**276 231**
Non-current liabilities			
Employee benefits liabilities	18, 19	220 135	210 308
Total non-current liabilities		**220 135**	**210 308**
Total liabilities		**541 330**	**486 539**
Total net of total assets and total liabilities		**2 944 114**	**2 658 734**
Net assets			
Accumulated surpluses/(deficits) – unrestricted	22	2 904 861	2 620 507
Reserves	22	39 253	38 227
Total net assets		**2 944 114**	**2 658 734**

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

United Nations Environment Programme

II. Statement of financial performance for the year ended 31 December 2023

(Thousands of United States dollars)

	Notes	*31 December 2023*	*31 December 2022*
Revenue			
Assessed contributions	23	242 386	235 579
Voluntary contributions	23	411 483	463 929
Other transfers and allocations	23	225 222	233 064
Investment revenue	26	78 949	8 260
Other revenue	24	17 437	13 327
Total revenue		**975 477**	**954 159**
Expense			
Employee salaries, allowances, and benefits	25	212 186	207 823
Non-employee compensation and allowances	25	66 944	51 859
Grants and other transfers	25, 31	306 739	291 248
Supplies and consumables	25	345	534
Depreciation	14	320	321
Amortization	15	17	27
Travel	25	42 413	35 814
Other operating expenses	25	64 868	64 357
Exchange (gains)/losses from the fixed exchange rate mechanism of the Multilateral Fund	25	2 728	(820)
Other expenses	25	82	156
Total expenses		**696 642**	**651 319**
Surplus/(deficit) for the year		**278 835**	**302 840**

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

United Nations Environment Programme

III. Statement of changes in net assets for the year ended 31 December 2023[a]

(Thousands of United States dollars)

	Accumulated surpluses/ (deficits) – unrestricted	*Elimination*	*Accumulated surpluses/ (deficits) – unrestricted after elimination*	*Reserves*	*Total*
Net assets at the beginning of the period	**2 671 665**	**(51 158)**	**2 620 507**	**38 227**	**2 658 734**
Impact upon adoption of IPSAS 41	(267)	–	(267)	–	(267)
Net assets, 1 January 2023 (remeasured)	**2 671 398**	**(51 158)**	**2 620 240**	**38 227**	**2 658 467**
UNEP internal implementation elimination	–	(6 072)	(6 072)	–	(6 072)
Changes in net assets	–	–	–	–	–
Transfers to reserves	(1 026)	–	(1 026)	1 026	–
Actuarial gains/(losses)	600	–	600	–	600
Unrealized gains/(losses) arising from fair value changes in investments – main pool	12 284	–	12 284	–	12 284
Total items recognized directly in net assets	**11 858**	**(6 072)**	**5 786**	**1 026**	**6 812**
Surplus/(deficit) for period	278 835	–	278 835	–	278 835
Net movement in net assets	**290 693**	**(6 072)**	**284 621**	**1 026**	**285 647**
Net assets, end of period	**2 962 091**	**(57 230)**	**2 904 861**	**39 253**	**2 944 114**

[a] See note 22.

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

United Nations Environment Programme

IV. Statement of cash flows for the year ended 31 December 2023

(Thousands of United States dollars)

	Notes	*31 December 2023*	*31 December 2022*
Cash flow from operating activities			
Surplus/(deficit) for the year		**278 835**	**302 840**
Non-cash movements			
Depreciation and amortization	14, 15	337	348
Actuarial gain/loss on employee benefits liabilities	19	600	77 318
Transfers and donated property, plant and equipment and intangibles	14, 15	–	–
Loss on disposal of property, plant and equipment and intangibles	14, 15	36	264
Unrealized gains/(losses) arising from fair value changes in investments – main pool	22	12 284	–
Changes in assets			
(Increase)/decrease in assessed contributions receivable	8	(5 952)	5 365
(Increase)/decrease in voluntary contributions receivable	9	(37 848)	(121 448)
(Increase)/decrease in other receivables	10	213	511
(Increase)/decrease in advance transfers	11	(19 989)	(28 420)
(Increase)/decrease in other assets	12	(11 886)	1 967
Changes in liabilities			
Increase/(decrease) in accounts payable and accrued liabilities	16	9 912	(5 121)
Increase/(decrease) in funds received in advance and deferred revenue	17	22 276	26 547
Increase/(decrease) in employee benefits payable	18	11 094	(62 671)
Increase/(decrease) in provisions	20	–	–
Increase/(decrease) in liabilities for conditional arrangements	21	11 508	(27 609)
Increase/(decrease) in other liabilities	21	–	–
Investment revenue presented as investing activities	26	(78 949)	(8 260)
Net cash flows from/(used in) operating activities		**192 471**	**161 631**
Cash flow from investing activities			
Pro rata share of net increases in the cash pool	26	(256 423)	(92 870)
Investment revenue presented as investing activities	26	78 949	8 260
Acquisitions of property, plant and equipment	14	(196)	(892)
Acquisitions of intangibles	15	–	(44)
Net cash flows from/(used in) investing activities		**(177 670)**	**(85 546)**
Cash flow from financing activities			
Adjustments to net assets	22	(6 339)	189
Net cash flows from/(used in) financing activities		**(6 339)**	**189**
Net increase/(decrease) in cash and cash equivalents	**5**	**8 462**	**76 274**
Cash and cash equivalents – beginning of year		243 628	167 354
Cash and cash equivalents – end of year	**6**	**252 090**	**243 628**

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

United Nations Environment Programme

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2023[a]

(Thousands of United States dollars)

	Publicly available budget				
	Original biennial	*Original annual*	*Final annual*	*Actual expenditure (budget basis)*	*Difference (percentage)*[b]
Executive direction and management	12 000	6 000	6 820	6 187	-9%
Programme of work, comprising:					
Climate action	24 000	12 000	9 439	12 274	30%
Digital transformation	14 000	7 000	6 911	7 655	11%
Nature action	24 000	12 000	10 613	12 310	16%
Environmental governance	26 000	13 000	11 287	13 797	22%
Chemicals and pollution action	24 000	12 000	11 619	13 507	16%
Finance and economic transformations	26 000	13 000	11 046	11 885	8%
Science policy	26 000	13 000	9 932	13 345	34%
Total programme of work	**176 000**	**88 000**	**77 667**	**90 960**	**17%**
Fund programme reserve	10 000	5 000	935	1 964	110%
Programme support	14 000	7 000	6 398	8 238	29%
Total Environment Fund	**200 000**	**100 000**	**85 000**	**101 162**	**19%**
United Nations regular budget allocation[c]	–	21 075	21 075	20 847	-1.1%
Total Environment Fund and United Nations regular budget allocation	**200 000**	**121 075**	**106 075**	**122 009**	**13%**

[a] See note 5.
[b] Actual expenditure (budget basis) less final budget.
[c] The United Nations regular budget allocation is from assessed contributions as reported in Volume I.

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

United Nations Environment Programme
Notes to the 2023 financial statements

Note 1
Reporting entity

The United Nations Environment Programme and its activities

1. The United Nations Environment Programme (UNEP) was established by the General Assembly by its resolution 2997 (XXVII) of 15 December 1972 as an autonomous body and a separate reporting entity within the United Nations, with the Governing Council of UNEP as its policymaking organ and a secretariat responsible for leading and coordinating action on environmental matters. As from June 2014, UNEP adopted universal membership and the United Nations Environment Assembly became its governing body. UNEP is headed by an Executive Director. UNEP is supported by the Environment Fund, a United Nations regular budget allocation, assessed contributions and voluntary contributions from Governments, intergovernmental organizations, foundations, the private sector and other non-governmental sources. Headquartered in Nairobi, UNEP works through its divisions, regional offices, liaison and outposted offices and a growing network of collaborative centres of excellence. UNEP also hosts several environmental conventions, secretariats and inter-agency coordinating bodies that have been established in areas related to the UNEP programme of work.

2. UNEP is the leading global environmental authority, which sets the global agenda and promotes the coherent implementation of sustainable development within the United Nations system. UNEP is an implementing agency of the Global Environment Fund and the Multilateral Fund for the Implementation of the Montreal Protocol.

3. The activities for which UNEP is responsible for fall within programme 11, Environment, of the United Nations biennial programme plan and priorities for the period 2022–2023. Within its mandate UNEP promotes environmental sustainability while contributing to a balanced integration of the economic, social and environmental dimensions of sustainable development. This balanced approach also acknowledges the integrated nature of the challenges that countries face (e.g., gender equality, unemployment, income inequality, social exclusion and lack of environmental safeguards) and defines a new paradigm for sustainable development in which the environment is no longer treated in a silo.

The United Nations Environment Programme

4. The United Nations Environment Programme is a separate financial reporting entity of the United Nations and includes the Environment Fund, the UNEP United Nations regular budget allocation, trust funds that support the UNEP programme of work, trust funds that support the UNEP multilateral environment agreements and the Multilateral Fund for the Implementation of the Montreal Protocol, related programme support costs for the UNEP programme of work and the multilateral environment agencies and the Multilateral Fund.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

5. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS). They have been prepared

on a going-concern basis and the accounting policies, as summarized in note 3, have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of UNEP, and the cash flows over the financial year, 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) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;

(g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

6. The going-concern assertion is based on the approval by the General Assembly of the regular budget appropriations for 2024 in its resolution 78/242, the positive historical trend of collection of assessed and voluntary contributions over previous years and the fact that the Assembly has taken no decision to cease the operations of the United Nations.

Authorization for issue

7. These financial statements are certified by the Chief Finance Officer of the United Nations Office at Nairobi and approved by the Executive Director of UNEP. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements as at 31 December 2023 are to be transmitted to the Board of Auditors by 31 March 2024. 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.

Measurement basis

8. These financial statements are prepared using the historical-cost convention, except for investments held in the cash pool recorded through net assets.

Functional and presentation currency

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

10. 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 date of each transaction. 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.

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

Materiality and use of judgment and estimates

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

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

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

Adoption of IPSAS 41

15. Effective 1 January 2023, the organization adopted IPSAS 41: Financial instruments, which was issued in August 2018.

16. The new standard replaced IPSAS 29: Financial instruments: recognition and measurement, and substantially improves the relevance of information for financial assets and financial liabilities by introducing:

(a) Simplified classification and measurement requirements for financial assets;

(b) A forward-looking impairment model;

(c) A flexible hedge accounting model.

17. The changes from the initial adoption of the standard are effective on that date and therefore do not require the restatement of the prior period amounts. As a result, the financial assets, financial liabilities, non-exchange and exchange receivables and investment revenue as at 31 December 2022 presented in the present financial statements have been accounted for in accordance with the accounting policies as stated in the 2022 financial statements.

New classification and measurement principles for financial assets

18. IPSAS 41 introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets; and the contractual cash-flow characteristics of those assets. Depending on those criteria, financial assets are classified into the following categories: financial assets at amortized cost; financial assets at fair value through net assets/equity; or financial assets at fair value through surplus or deficit.

19. On 1 January 2023, the application of the new criteria led to the reclassification of all cash pool investments from the financial assets at fair value through surplus or deficit category to the financial assets at fair value through net assets/equity category. The fair value reserve was classified to accumulated surplus or deficit of net assets.

New impairment model

20. Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model based on expected credit losses over the lifetime of the financial asset. Expected credit losses take into account possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured as financial assets at amortized cost or as financial assets at fair value through net assets/equity.

21. The table below shows the original measurement categories under IPSAS 29 as applied to the 2022 financial statements and the new measurement categories under IPSAS 41 for the organization's financial assets as at 1 January 2023. There were no changes to the measurement categories of the financial liabilities of the organization.

(Thousands of United States dollars)

	Measurement category prior to IPSAS 41 adoption	*Net carrying amount at 31 December 2022*	*Measurement category under IPSAS 41*	*Net carrying amount at 1 January 2023*
Financial assets				
Pro rata share of investments in the cash pools	Financial assets at fair value through surplus or deficit	1 450 620	Financial assets at fair value through net assets/equity	1 450 620
Cash and cash equivalents (investment pool)	Amortized cost	243 605	Amortized cost	243 605
Cash and cash equivalents, other	Amortized cost	23	Amortized cost	23
Assessed contributions receivable (note 26)	Amortized cost	36 495	Amortized cost	31 009
Voluntary contributions receivable (note 26)	Amortized cost	1 057 618	Amortized cost	1 063 489
Other accounts receivable (note 26)	Amortized cost	986	Amortized cost	334

22. The table below analyses the impact of the transition to IPSAS 41 of the organization's financial assets and receivables. It reconciles the carrying amounts from their previous measurement category under IPSAS 29 as applied to the 2022 financial statements, to their new measurement categories upon transition to IPSAS 41 on 1 January 2023:

(Thousands of United States dollars)

				Balance at 1 January 2023			
Financial assets (investment and cash and cash equivalents)	*Balance at 31 December 2022*	*Reclassification*	*Remeasurement*	*Financial assets at fair value through surplus or deficit*	*Financial assets at fair value through net assets/equity*	*Financial assets at amortized cost*	*Total*
Investments (note 7)	1 450 620	–	–	–	1 450 620	–	1 450 620
Cash and cash equivalents (note 6)	243 628	–	–	–	–	243 628	243 628
Total financial assets (investment and cash and cash equivalents)	**1 694 248**	**–**	**–**	**–**	**1 450 620**	**243 628**	**1 694 248**
Receivables balance (note 26)	**1 095 099**	–	**(267)**	**–**	–	**1 094 832**	**1 094 832**
Total impact of IPSAS 41 adoption	–	**–**	**(267)**	**–**	**–**	**–**	**(267)**

Future accounting pronouncements

23. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the organization’s financial statements continue to be monitored:

(a) Exposure draft 85, Improvements to IPSAS, 2023, proposes minor improvements to accrual basis IPSAS that arise through publications of the International Accounting Standards Board. The proposals in this exposure draft may be modified in the light of comments received before being issued in a final form;

(b) Natural resources. The IPSAS Board approved exposure draft 86, Exploration for and evaluation of mineral resources, which provides the accounting guidance related to the costs incurred in the exploration and evaluation of mineral resources, and exposure draft 87, Stripping costs in the production phase of a surface mine (amendments to IPSAS 12, Inventories), which provides guidance on how to account for costs incurred to remove waste material in a surface mining operation. The Board agreed on revised recognition criteria and initial measurement proposals, consistent with the conceptual framework and IPSAS for tangible assets. The Board also decided that guidance on natural resources should be in a standalone IPSAS;

(c) Public sector leasing issues. The IPSAS Board will continue its consideration of public sector specific leasing issues, such as concessionary leases, in its project on other lease-type arrangements. The Board decided to develop and then expose a standalone exposure draft with non-authoritative guidance on the remaining arrangements included in the request for information, concessionary and other arrangements similar to leases. The new exposure draft will complement exposure draft 84 and propose to update the most recent IPSAS on revenue and transfer expenses on this topic;

(d) The IPSAS Board reviewed the objectives, scope and conceptual foundations for the development of the draft climate-related disclosures standard for the public sector. The Board emphasized the public sector specificities, including its main objective to deliver services, its role as a policy setter and regulator, and its various responsibilities at different levels of government. The Board sought feedback on technical topics and issues planned for consideration in March 2024 related to the governance, strategy and risk management sections of the draft standard under development;

(e) The IPSAS Board agreed on a consultation paper on the presentation of financial statements that would explore an approach allowing different presentation approaches in IPSAS. The provision of different presentation approaches was supported on the basis of the increased flexibility it would provide to public sector entities to provide a presentational approach more useful to the entity-specific users. In breakout sessions, Board members, technical advisors, observers and staff considered topics related to potential categorization and sub-totals in the statement of financial performance.

Recent and future requirements of the International Public Sector Accounting Standards

24. The IPSAS Board issued the following standards:

(a) IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025; and

(b) IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025.

(c) IPSAS 45: Property, plant and equipment, issued in May 2023 and effective 1 January 2025;

(d) IPSAS 46: Measurement, issued in May 2023 and effective 1 January 2025;

(e) IPSAS 47: Revenue, issued in May 2023 and effective 1 January 2026;

(f) IPSAS 48: Transfer expenses, issued in May 2023 and effective 1 January 2026;

(g) IPSAS 49: Retirement benefit plans, approved in September 2023 and effective 1 January 2026.

25. The impact of the above standards on the Organization's financial statements and the comparative period therein has been evaluated to be as follows:

Standard	*Anticipated impact in the year of adoption*
IPSAS 43	IPSAS 43: Leases, replaced IPSAS 13: Leases, aligning guidance with International Financial Reporting Standard 16. The newly issued standard introduces new contract and leases definitions and prescribes a right-of-use recognition and measurement model for all leases apart from those meeting short-term and low-value exemption categories. IPSAS 43 also provides additional guidance on the application of the risks and rewards model for lessor accounting. Adoption of the standard is mandatory for the UNEP financial year ending 31 December 2025. The impact of IPSAS 43 is being assessed over the 2023 and 2024 calendar years prior to the 1 January 2025 effective date. The broadened leases definition is estimated to result in the recognition of more binding arrangements as leases with a corresponding increase in lease liabilities and right-of-use assets.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5. Adoption of the standard is mandatory for the UNEP financial year ending 31 December 2025. The impact of IPSAS 44 will be assessed to prepare the organization for its implementation prior to the 1 January 2025 effective date. Given the definitions and scope of non-current assets held for sale, the recognition and measurement impacts are preliminarily estimated as not significant for the organization as the presentation and disclosure changes will depend on the identification of discontinued operations, if any, in the future starting on 1 January 2025.

Standard	*Anticipated impact in the year of adoption*
IPSAS 45	IPSAS 45: Property, plant, and equipment, replaces IPSAS 17: Property, plant and equipment (PP&E). IPSAS 45 removes the scope exclusion for heritage PP&E, provides application and implementation guidance on infrastructure assets and captures PP&E-related measurement impacts from IPSAS 46. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for year ending 30 June 2026. The impact of IPSAS 45 will be assessed prior to the 1 January 2025 effective date.
IPSAS 46	IPSAS 46: Measurement, is the first measurement-dedicated standard of the IPSAS Board that draws upon International Financial Reporting Standard 13: Fair value measurement, with the addition of public sector-specific elements, including the current operational value measurement basis. Adoption of the standard is mandatory for the Volume II financial year ending 30 June 2026. The impact of IPSAS 46 will be assessed prior to the 1 January 2025 effective date. The adoption of IPSAS 46 is not expected to change the organization's accounting policy choice applying the historical cost model to tangible and intangible assets.
IPSAS 47	IPSAS 47: Revenue replaces the three existing revenue standards: (a) IPSAS 9: Revenue from exchange transactions; (b) IPSAS 11: Construction contracts; (c) IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). IPSAS 47 aligns with the IPSAS Board's conceptual framework for general purpose financial reporting by public sector entities and presents two accounting models based on the existence of a binding arrangement. Where a binding arrangement exists, revenue accounting is aligned with International Financial Reporting Standard 15: Revenue from contracts with customers. Otherwise, the accounting model is consistent with the core principles of IPSAS 23. Adoption of the standard is mandatory for the financial reporting for the year ending 31 December 2026. The impact of IPSAS 47 will be assessed prior to the 1 January 2026 effective date.
IPSAS 48	IPSAS 48: Transfer expenses, provides guidance on accounting for transfer expenses. The transfer expense model aligns with the conceptual framework and presents two accounting models based on the existence of a binding arrangement. Adoption of the standard is mandatory for the Volume I financial year ending 31 December 2026. The impact of IPSAS 48 will be assessed prior to the 1 January 2026 effective date.
IPSAS 49	IPSAS 49: Retirement benefit plans, aligns with International Accounting Standard 26: Accounting and reporting by retirement benefit plans, and prescribes the accounting and reporting requirements for public sector retirement benefit plans, which primarily provide benefits to retired public sector employees. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The standard does not deal with other forms of employment benefits, such as employment termination benefit or health and welfare plans. Adoption of the standard is mandatory for the Volume I financial year ending 31 December 2026. The preliminary assessment is that IPSAS 49 will have no impact on financial reporting of peacekeeping operations. The detailed impact of IPSAS 49 will be assessed prior to the 1 January 2026 effective date.

Note 3
Significant accounting policies

Financial assets measurement and classification

26. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The organization classifies its financial assets in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date. Note 2 describes a change in classification due to the adoption of IPSAS 41 effective 1 January 2023.

Classification	*Financial assets*
Fair value through net assets/equity	Investments in cash pools
Amortized cost	Cash and cash equivalents and receivables

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

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

29. Financial assets at fair value through surplus or deficit are those that either have been designated in this category at initial recognition or are held for trading or are acquired principally for the purpose of selling in the short term. With the adoption of IPSAS 41, such financial assets have been reclassified to fair value through net asset after an assessment of their contractual cash flows characteristics, as well as the determination of the organization’s management model of such financial assets, which is to both collect contractual cash flows and sell the financial assets. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of net assets in the period in which they arise.

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

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

32. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the organization has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally

enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets: investment in cash pools

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

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

35. The investment pools are subject to an expected credit loss for the reporting period. The expected credit loss on investments is calculated using the Fitch default rating, with a combination of the Fitch issuer rating and the type of issuer. The expected default rates are derived by Fitch using historical data over a period of 32 years (1990–2022). The Fitch rating by type of issuer is obtained for each investment position. The default rate is obtained from the transition matrix for the specific type of issuer, for example, supranational, sovereign, corporate etc.

36. Owing to its conservative and risk-averse investment strategy/model, the United Nations does not invest in risky low-grade. As a result, most of the investments carry a zero-default rating and investments and there is no history of non-collection in the past. The organization will therefore assess expected credit loss at the end of each reporting period and recognize an impairment loss if material.

Financial assets: cash and cash equivalents

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

Financial assets: receivables from non-exchange transactions – contributions receivable

38. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to the organization by Member States, non-member States and other donors on the basis of enforceable agreements. These non-exchange receivables are stated at nominal value, less impairment for estimated irrecoverable amounts, that is, the loss allowance. Voluntary contributions receivable that will mature in more than 12 months are reported at a discounted value calculated using the effective interest method.

39. Voluntary contributions receivable and other receivables are subject to impairment using the expected credit loss model applicable to the donor or customer type.

Financial assets: assessed contributions receivable

40. For assessed contributions receivable, the loss allowance is calculated using objective historical evidence of collections of the portfolio of receivables.

41. For ongoing IPSAS 41 compliance, payment data are monitored for any indication of changes in payment patterns. Where data are indicative of expected credit loss, loss allowance is recognized in accordance with IPSAS 41.

42. The forward-looking model applies historical percentages of previous credit losses as the basis for determining the expected credit losses of receivable balances. This historical percentage is updated at each year-end. The United Nations operates in a worldwide environment with dynamic macroeconomic variables, it is therefore difficult to factor the worldwide gross domestic product growth rate in the calculation of the loss allowance. On the basis of the analysis of historical data on the collection history of assessed contributions receivable, no expected credit loss has been established for such receivables where no historical evidence of any loss pattern for Member States exists.

Financial assets: voluntary contribution receivable

43. Voluntary contribution receivables have distinct characteristics compared to conventional receivables classified as financial assets. These distinctions include:

- Variability in amounts. Owing to their voluntary nature, the amounts associated with voluntary contribution receivables can vary, as they may fluctuate on the basis of future funding requirements for project implementation and the intentions of donors;
- Flexible due date. Due dates for voluntary contributions receivable are highly adaptable and subject to adjustment in alignment with the progress of the related project implementation.

44. The inherent variability of the pledged amounts and the flexibility of due dates pose substantial challenges in formulating a reasonable estimation of loss allowance for voluntary contributions receivable. The historical amount of write-off instances over the aggregate value of voluntary contributions receivable is relatively small. The organization has therefore assessed a loss allowance on voluntary contributions on a case-by-case basis, therefore creating a 100 per cent loss allowance for delinquent receivables that are identified as uncollectible.

45. The non-trust funds voluntary contributions receivable and trust funds with a partially assessed nature will be assessed for loss allowance from historical payment pattern.

Financial assets: receivable from exchange transactions – other receivables

46. Other receivables include primarily amounts receivable for goods or services provided to other entities, amounts receivable for operating lease arrangements, and receivables from staff. Receivables from other United Nations reporting entities are also included in this category.

47. Other receivables are categorized by customer types with homogeneous characteristics, for example, with same debt settlement patterns. The evolution of the outstanding balances is assessed over a period of years to determine the historical transition rate. The transition rate is reassessed at the end of each reporting period and applied to the exposure balance to determine the loss allowance.

Other assets

48. Other assets include education grant advances and prepayments, including advances for the United Nations Development Programme (UNDP) Service Clearing Account, which are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Advance transfers

49. Advance transfers relate mainly to cash transferred to executing agencies/implementing partners as an advance in order for them to provide agreed goods or services. Advances issued are initially recognized as assets, and then expenses are recognized when goods are delivered or services are rendered by the executing agencies/implementing partners and confirmed by receipt of certified expense reports, as applicable. In some instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual is needed.

Inventories

50. Inventory balances, if any, are recognized as current assets and include the following categories:

Categories	*Subcategories*
Held for sale or external distribution	Books and publications, stamps
Raw materials and work in progress associated with items held for sale or external distribution	Construction materials/supplies, work in progress
Strategic reserves	Fuel reserves, bottled water, and rations reserves
Consumables and supplies	Material holdings of consumables and supplies, including spare parts and medicines

51. The cost of inventory in stock is determined using the average price cost basis. The cost of inventories includes the cost of purchase, plus other costs incurred in bringing the items to the destination and condition for use. A standard rate of 14 per cent of the cost of purchase is used in place of actual associated costs incurred. Inventories acquired through non-exchange transactions, that is, donated goods, are measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods/services are valued at the lower of cost and current replacement cost.

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

53. Holdings of consumables and supplies for internal consumption are capitalized in the statement of financial position only when material. Such inventories are valued by the periodic weighted average or the moving average methods based on records available in the inventory management systems, such as Galileo and Umoja, which are validated by thresholds, cycle counts and enhanced internal controls. Valuations are subject to impairment review, which takes into consideration the variances between moving average price valuation and current replacement cost, as well as slow-moving and obsolete items.

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

Heritage assets

55. Heritage assets are not recognized in the financial statements, but significant heritage assets are disclosed in notes to the financial statements.

Property, plant, and equipment

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

(a) Property, plant, and equipment are capitalized when their cost is greater than or equal to the threshold of $20,000 or $100,000 for leasehold improvements and self-constructed assets. A lower threshold of $5,000 applies to five commodity groups: vehicles; prefabricated buildings; satellite communication systems; generators; and network equipment;

(b) All property, plant, and equipment, other than real estate assets, are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs. Standard rates ranging from 2 per cent to 40 per cent of the cost of purchase, depending on the location of each office and mission, are used in place of actual associated costs incurred;

(c) Owing to the absence of historical cost information, buildings and infrastructure real estate assets were initially recognized at fair value using a depreciated replacement cost methodology for initial IPSAS implementation. The method involves calculating the cost per unit of measurement, for example the cost per square metre, by collecting construction cost data, utilizing in-house cost data (where available) or using external cost estimators for each catalogue of real estate assets and multiplying that unit cost by the external area of the asset to obtain the gross replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional, and economic use of the assets have been made to determine the depreciated replacement cost of the assets. With the exception of real estate assets located in the special political missions, any subsequent real estate additions are recognized at historical cost. Effective January 2018, new constructions in the special political missions were recognized at historical cost;

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

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

residual value is nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes used by the organization since IPSAS adoption are set out below.

58. As with other accounting estimates and underlying assumptions, estimated useful life assumptions are reviewed on an ongoing basis. Changes in accounting estimates result from new information, new developments or more experience, for example, adjustment of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits associated with assets. Such changes are accounted for as a change in the accounting estimate. It is recognized prospectively by including it as a surplus or deficit in the period of change and future periods if the change affects both. Such prospective recognition is applied to transactions, other events and conditions from the date of the change in estimate.

59. Following recommendations of the Board of Auditors to review the useful lives of all classes of assets, the organization carried out a system-wide survey with the support of the Task Force on Accounting Standards and analysed its own historical data on asset utilization, resulting in the revision of useful lives. The updated useful lives have been applied to the organization’s property, plant and equipment prospectively, starting 1 January 2023. The objective of the 2022 review of estimated useful lives was to determine if, on the basis of Umoja data and experience to date, revising useful life assumptions for future asset acquisitions would in the future provide more relevant and reliable information. The review concluded that 13 of the 25 asset subclasses in the table below should have revised estimated useful lives. The estimated useful lives of property, plant and equipment classes are set out below.

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

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

Estimated useful lives of property, plant and equipment classes

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4–5 years[a]
	Communications	7–8 years[a]
	Audiovisual equipment	7–10 years[a]
Vehicles	Light-wheeled vehicles	6–7 years[a]
	Marine vessels	10 years
	Specialized vehicles, trailers and attachments	6–12 years
	Heavy-wheeled and engineering support vehicles	12 years

Class	*Subclass*	*Estimated useful life*
Machinery and equipment	Light engineering and construction equipment	5–8 years[a]
	Medical equipment	5–6 years[a]
	Security and safety equipment	5–6 years[a]
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7–10 years[a]
	Ground transportation equipment	7–10 years[a]
	Heavy engineering and construction equipment	10–12 years[a]
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4–5 years[a]
	Fixtures and fittings	7–10 years[a]
	Furniture	10 years
Buildings	Temporary and mobile buildings	7–10 years[a]
	Fixed buildings	Up to 50 years
	Major buildings components	Up to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

[a] In 2023, following the review of the estimates of the periods over which asset subclasses are expected to be available for use, estimated useful lives for 12 subclasses were increased

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

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

64. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying

amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end, net-book-value greater than $500,000 per unit are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000.

Intangible assets

65. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The threshold for recognition is $100,000 for internally generated intangible assets and $20,000 per unit for externally acquired intangible assets.

66. Acquired computer software licenses are capitalized based on costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with the development of software for use by the organization are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs.

67. Intangible assets with finite useful lives are amortized on a straight-line method, over their estimated useful lives starting from the month of acquisition or when the intangible assets become operational.

68. The useful lives of major classes of intangible assets have been estimated as shown below.

Estimates of useful lives of major classes of intangible assets

Class	*Range of estimate useful life*
Software acquired externally	3–10 years
Software internally developed	3–10 years
Licences and rights	2–6 years (period of licence/right)
Copyrights	3–10 years
Assets under development	Not amortized

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

Financial liabilities: classification

70. Financial liabilities are classified as “other financial liabilities”. They include accounts payable, transfer payables, unspent funds held for future refunds, and other liabilities such as inter-fund balance payables. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with duration of less than 12 months are recognized at their nominal value. The organization re-evaluates the classification of financial liabilities at each reporting date and de-recognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

71. Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for as at the reporting date. Payables are recognized and subsequently measured at their nominal value, as they are generally due within 12 months. Transfers payable within this category relate to amounts owed to executing entities/implementing agencies and partners and residual balances due to be returned to donors.

Funds received in advance and deferred revenue, liabilities for conditional arrangements and other liabilities

72. Funds received in advance and deferred revenue consist of advance receipts relating to contributions or payments received in advance, assessments or voluntary contributions received for future years and other deferred revenue. Funds received in advance and deferred revenue are recognized as revenue at the start of the relevant financial year or based on the organization's revenue recognition policies. Liabilities for conditional arrangements represent liabilities for conditional funding arrangements. Other liabilities include other miscellaneous items.

Leases: the organization as lessee

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

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

Leases: the organization as lessor

75. The organization often leases out assets under operating leases. Leased-out assets are reported under property, plant and equipment, and lease revenue is recognized in the statement of financial performance over the term of the lease on a straight-line basis.

Donated rights to use

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

77. Where a donated right-to-use arrangement is treated as an operating lease, an expense and corresponding revenue equal to the annual rental value of the asset or similar property are recognized in the financial statements. Where a donated right-to-use arrangement is treated as a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and

depreciated over the shorter of the useful life of the property or the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the lease term. Donated right-to-use land arrangements are accounted for as operating leases where the organization does not have exclusive control over the land and/or title to the land is transferred under restricted deeds.

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

79. The threshold for the recognition of revenue and expense is the yearly rental value equivalent of $20,000 for donated right-to-use premises and $5,000 for machinery and equipment.

Employee benefits

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

Short-term employee benefits

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

Post-employment benefits

82. Post-employment benefits comprise the after-service health insurance plan and end-of-service repatriation benefits that are accounted for as defined benefit plans, in addition to the pension provided through the United Nations Joint Staff Pension Fund.

Defined benefit plans

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

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

85. **After-service health insurance**. Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided 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 organization'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 organization'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 organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly.

86. **Repatriation benefits**. Upon end of service, staff members 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.

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

Pension plan: United Nations Joint Staff Pension Fund

88. UNEP is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations

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

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

Termination benefits

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

Other long-term employee benefits

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

92. **Appendix D benefits**. Appendix D to the Staff 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. Actuaries value these liabilities, and changes in the liability are recognized in the statement of financial performance.

Provisions

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

94. Uncommitted balances of the appropriations at the end of the budget period and expired balances of appropriations retained from prior periods are to be reported as provisions for credits to Member States. These provisions will remain until the General Assembly decides the manner of their disposal.

Contingent liabilities

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

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

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

Contingent assets

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

99. Voluntary pledges and other promised donations that are not supported by binding agreements which include offer and acceptance conditions, or that are supported by agreements that have not yet been formalized by acceptance, are considered contingent assets provided that the receipt is measurable and probable within the subsequent financial period.

Commitments

100. Commitments are future expenses that are to be incurred by the organization on contracts entered into by the reporting date and that the organization has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the organization in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

101. Assessed contributions for the organization comprise the UNEP regular budget allocation and the assessed contributions of its multilateral environment conventions and the Multilateral Fund. Assessed contributions are assessed and approved for a budget period of one or more years. The one-year proportion of the assessed contributions is recognized as revenue at the beginning of the year. Assessed contributions include the amounts assessed on Member States and non-member States to finance the activities of the organization in accordance with the agreed scale of assessments. Revenues from assessed contributions from Member States and from non-member States are presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

102. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time the agreement becomes binding, which is the point when the organization is deemed to acquire control of the asset. However, where cash is received subject to specific conditions or when contributions are explicitly given for a specific operation to commence in a future financial year, recognition is deferred until those conditions have been satisfied. Revenue will be recognized up front for all conditional arrangements up to the threshold of $50,000.

103. Voluntary pledges and other promised donations are recognized as revenue when the arrangement becomes binding. These, as well as agreements not yet formalized by acceptance, are disclosed as contingent assets. For unconditional multi-year agreements the full amount is recognized as revenue when the agreement becomes binding.

104. Unused funds returned to the donor are netted against revenue.

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

106. In-kind contributions of goods above the recognition threshold of $20,000 (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. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment, a lower threshold of $5,000 applies. 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 services above the threshold of $20,000 per discrete contribution in the notes to the financial statements.

Exchange revenue

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

(a) Revenue from sales of publications, books and stamps and by the United Nations Gift Shop and Visitor Centre is recognized when the sale occurs, and risks and rewards have been transferred;

(b) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed. As a practical expedient, operationally, revenue may be billed in advance, with service provision following shortly thereafter;

(c) Exchange revenue also includes income from the rental of premises, net gains on the sale of used or surplus property, plant and equipment, income from services provided to visitors in relation to guided tours, and income from net gains resulting from currency exchange adjustments;

(d) An indirect cost recovery or “programme support cost” is charged to trust funds as a percentage of direct costs, including commitments and other “extrabudgetary” activities, to ensure that the additional costs of supporting activities financed from extrabudgetary contributions are not borne by assessed funds and/or other core resources of the Secretariat. The programme support cost is eliminated for the purposes of financial statement preparation, as disclosed in note 4, “Segment reporting”. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Investment revenue

108. Investment revenue includes the organization’s share of net cash pool revenue 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 sales proceeds and book value. Transaction costs that are directly attributable to 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. 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

109. 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.

110. Employee salaries include international, national, and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance, staff assignment, repatriation, hardship, and other allowances. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and post-employment benefits, consultant and contractor fees, ad hoc experts, International Court of Justice judges’ allowances and non-military personnel compensation and allowances.

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

112. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities as well as quick-impact projects. Supplies and consumables relate to the cost of inventory used and expenses for supplies. For outright grants, an expense is recognized at the point at which the organization has a binding obligation to pay.

113. Programme activities, distinct from commercial or other arrangements where the United Nations expects to receive equal value for funds transferred, are implemented by executing entities/implementing partners to service a target population that typically includes Governments, non-governmental organizations and United Nations agencies. Transfers to implementing partners are initially recorded as advances, and balances that are not expensed during the year remain outstanding at the end of the year and are reported in the statement of financial position. These executing entities/implementing partners provide the organization with certified expense reports documenting their use of resources, which are the basis for recording expenses in the statement of financial performance. In instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual or an impairment should be recorded against the advance and submit the accounting adjustment. Where a transfer of funds is deemed to be an outright grant, an expense is recognized at the point that the organization has a binding obligation to pay, which is

generally upon disbursement. Binding agreements to fund executing entities/implementing partners not paid out by the end of the reporting period are shown as commitments in the notes to the financial statements.

Multi-partner trust funds

114. Multi-partner trust fund activities are pooled resources from multiple financial partners that are allocated to multiple implementing entities to support specific national, regional or global development priorities.

115. They are assessed to determine the existence of control and whether the organization is considered to be the principal of the programme or activity. Where control exists and the organization is exposed to the risks and rewards associated with the multi-partner trust fund activities, such programmes or activities are considered to be the organization's operations and are therefore reported in full in the financial statements.

116. Where joint control exists but the organization is not considered to be the principal, the activities are considered joint operations and accounted for as described above.

Note 4
Segment reporting

117. A segment is a distinguishable activity or group of activities for which financial information is reported separately to evaluate an entity's past performance in achieving its objectives and for making decisions about the future allocation of resources. The segments for UNEP are established by the grouping of trust funds that finance activities that are of a similar nature or are aimed at achieving operating objectives consistent with its overall mission or are under similar governance structure.

118. Segment reporting information is provided on the basis of seven segments:

(a) **Environment Fund**. The segment comprises the core trust funds of the Environment Fund, namely the programme of work, the programme reserve and programme support;

(b) **Regular budget**. The segment relates to all activities funded by the United Nations regular budget allocations to UNEP;

(c) **Other support to the UNEP programme of work**. The segment comprises all other voluntary contributions trust funds managed by UNEP in support of the programme of work activities, including the Global Environment Fund, the Green Climate Fund, programme cooperation agreements and trust funds for Junior Professional Officers;

(d) **Conventions and protocols**. The segment relates to all assessed and voluntary contribution trust funds for multilateral environment agreements and protocols that are administered by UNEP;

(e) **Multilateral Fund**. The segment relates to the activities for the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer by the implementing partners of the Multilateral Fund;

(f) **Programme support**. The segment comprises the trust funds for the programme support account and the cost recovery account;

(g) **End-of-service and post-retirement benefits**. The segment comprises the trusts for after-service health insurance, annual leave, and repatriation benefits.

119. Both the statement of financial position and the statement of financial performance are as shown below.

All funds: statement of financial position for the period ended 31 December 2023, by segment

(Thousands of United States dollars)

	Environment Fund (Annex I)	*Regular budget*	*Other support to UNEP programme of work (Annex II)*	*Conventions and protocols (Annex III)*	*Multilateral Fund (Annex IV)*	*Programme support (Annex V)*	*End-of-service and post-retirement benefits (Annex VI)*	*Intersegment eliminations*	*31 December 2023*	*31 December 2022*
Assets										
Current assets										
Cash and cash equivalents	8 889	–	111 473	26 781	84 511	4 983	15 453	–	252 090	243 628
Investments	45 801	–	576 145	138 142	434 829	25 668	79 713	–	1 300 298	977 349
Assessed contributions receivable	–	–	–	10 391	32 056	–	–	–	42 447	36 495
Voluntary contributions receivable	18 518	–	335 970	39 740	–	–	–	–	394 228	397 314
Other receivables	43	–	1 124	1 054	144	250	–	(1 842)	773	986
Advance transfers	1 763	–	209 549	18 811	89 947	440	–	(21 177)	299 333	268 564
Other assets	8 441	–	15 500	2 710	174	1 429	–	–	28 254	16 368
Total current assets	**83 455**	**–**	**1 249 761**	**237 629**	**641 661**	**32 770**	**95 166**	**(23 019)**	**2 317 423**	**1 940 704**
Non-current assets										
Investments	14 327	–	180 223	43 212	136 019	8 029	24 935	–	406 745	473 271
Assessed contributions receivable	–	–	–	–	–	–	–	–	–	–
Voluntary contributions receivable	10 070	–	677 228	13 939	–	–	–	–	701 237	660 304
Advance transfers	–	–	–	–	94 172	–	–	(36 053)	58 119	68 899
Property, plant and equipment	942	–	94	715	29	104	–	–	1 884	2 042
Intangible assets	–	–	36	–	–	–	–	–	36	53
Total non-current assets	**25 339**	**–**	**857 581**	**57 866**	**230 220**	**8 133**	**24 935**	**(36 053)**	**1 168 021**	**1 204 569**
Total assets	**108 794**	**–**	**2 107 342**	**295 495**	**871 881**	**40 903**	**120 101**	**(59 072)**	**3 485 444**	**3 145 273**
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities	2 696	–	27 195	3 291	453	457	–	–	34 092	24 180
Funds received in advance and deferred revenue	–	–	30 282	5 820	90 175	–	–	–	126 277	104 001
Employee benefits liabilities	2 488	–	1 444	1 243	193	532	7 619	–	13 519	12 251
Provisions	–	–	–	–	–	–	–	–	–	–
Liabilities for conditional arrangements	–	–	111 817	35 490	–	–	–	–	147 307	135 799

	Environment Fund (Annex I)	*Regular budget*	*Other support to UNEP programme of work (Annex II)*	*Conventions and protocols (Annex III)*	*Multilateral Fund (Annex IV)*	*Programme support (Annex V)*	*End-of-service and post-retirement benefits (Annex VI)*	*Intersegment eliminations*	*31 December 2023*	*31 December 2022*
Other liabilities	–	–	1 176	666	–	–	–	(1 842)	–	–
Total current liabilities	**5 184**	**–**	**171 914**	**46 510**	**90 821**	**989**	**7 619**	**(1 842)**	**321 195**	**276 231**
Non-current liabilities										
Employee benefits liabilities	–	–	–	–	–	–	220 135	–	220 135	210 308
Total non-current liabilities	–	–	**–**	**–**	**–**	**–**	**220 135**	**–**	**220 135**	**210 308**
Total liabilities	**5 184**	**–**	**171 914**	**46 510**	**90 821**	**989**	**227 754**	**(1 842)**	**541 330**	**486 539**
Total net of total assets and total liabilities	**103 610**	**–**	**1 935 428**	**248 985**	**781 060**	**39 914**	**(107 653)**	**(57 230)**	**2 944 114**	**2 658 734**
Net assets										
Accumulated surpluses/(deficits): unrestricted	83 610	–	1 935 428	236 132	781 060	33 514	(107 653)	(57 230)	2 904 861	2 620 507
Reserves	20 000	–	–	12 853	–	6 400	–	–	39 253	38 227
Total net assets	**103 610**	**–**	**1 935 428**	**248 985**	**781 060**	**39 914**	**(107 653)**	**(57 230)**	**2 944 114**	**2 658 734**

All funds: statement of financial performance for the period ended 31 December 2023, by segment

(Thousands of United States dollars)

	Environment Fund (Annex I)	*Regular budget*	*Other support to UNEP programme of work (Annex II)*	*Conventions and protocols (Annex III)*	*Multilateral Fund (Annex IV)*	*Programme support (Annex V)*	*End-of-service and post-retirement benefits (Annex VI)*	*Intersegment eliminations*	*31 December 2023*	*31 December 2022*
Segment revenue										
Assessed contributions	–	24 701	–	60 571	157 114	–	–	–	242 386	235 579
Voluntary contributions	79 306	–	256 277	74 845	1 055	–	–	–	411 483	463 929
Other transfers and allocations	–	–	252 605	20	–	–	–	(27 403)	225 222	233 064
Investment revenue	2 459	–	30 997	7 982	31 670	1 489	4 352	–	78 949	8 260
Other revenue	634	–	12 320	2 960	505	41 776	17 800	(58 558)	17 437	13 327
Total revenue	**82 399**	**24 701**	**552 199**	**146 378**	**190 344**	**43 265**	**22 152**	**(85 961)**	**975 477**	**954 159**
Segment expense										
Employee salaries, allowances and benefits	60 623	22 092	65 586	47 267	4 525	16 863	12 949	(17 719)	212 186	207 823
Non-employee compensation and allowances	8 771	479	49 997	5 305	269	2 277	–	(154)	66 944	51 859
Grants and other transfers	4 433	1 329	205 081	24 281	97 954	659	–	(26 998)	306 739	291 248
Supplies and consumables	70	12	119	81	7	56	–	–	345	534
Depreciation	96	1	21	197	(7)	12	–	–	320	321
Amortization	–	–	17	–	–	–	–	–	17	27
Travel	6 321	248	21 135	13 924	462	728	–	(405)	42 413	35 814
Other operating expenses	11 160	540	42 108	28 139	8 230	15 369	7	(40 685)	64 868	64 357
Exchange losses from the fixed exchange rate mechanism	–	–	–	–	2 728	–	–	–	2 728	(820)
Other expenses	15	–	66	1	–	–	–	–	82	156
Total segment expenses	**91 489**	**24 701**	**384 130**	**119 195**	**114 168**	**35 964**	**12 956**	**(85 961)**	**696 642**	**651 319**
Surplus/(deficit) for the year	**(9 090)**	**–**	**168 069**	**27 183**	**76 176**	**7 301**	**9 196**	**–**	**278 835**	**302 840**

Note 5
Comparison to budget

120. UNEP prepares its budget on a modified cash basis, while expenses are presented on accrual basis in the financial statements. The statement of comparison of budget and actual amounts, presented in the financial statement as statement V, provides the differences between budget amounts and actual expenditure on a comparable basis.

121. Approved budgets are those that authorize the expenditure to be incurred and are approved by the United Nations Environment Assembly. For IPSAS purposes, the approved budget relates to appropriations approved by the Assembly in its resolutions.

122. The original annual budget is the proportion of the 2022–2023 biennium budget approved by the United Nations Environment Assembly, while the final budget is the revised annual budget approved by the Executive Director. The original budget is based on the projected contributions, while the final budget is the revised budget based on the fund balances from prior years, including the expected collections for the year.

123. Material differences between the final budget and actual expenditure on a modified cash basis are deemed to be those greater than 10 per cent and are attributable to:

(a) In line with 2022–2025 medium-term strategy and the adoption of the Umoja integrated planning, management and reporting solution, and in order to enable UNEP to benefit from the system, the annual allocation was issued in tranches that focused on programmatic priorities delivery;

(b) The cyclical nature of activities that occur in the second year of the biennium.

Savings and overruns are carried over to 2023, when the implementation is expected to increase.

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

124. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is shown below.

Reconciliation for the year ended 31 December 2023

(Thousands of United States dollars)

Reconciliation	*Operating*	*Investing*	*Financing*	*Total 2023*
Actual amounts on comparable basis (statement V)	(31 048)	–	–	(31 048)
Basis differences	(171 506)	(196)	–	(171 702)
Entity differences	(580 452)	–	–	(580 452)
Timing differences	–	–	–	–
Presentation differences	975 477	(177 474)	(6 339)	791 664
Actual amount in statement of cash flows (statement IV)	**192 471**	**(177 670)**	**(6 339)**	**8 462**

125. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the non-cash elements such as unliquidated obligations, payments against prior-year obligations, property, plant and equipment and outstanding assessed contributions are included as basis differences.

126. Entity differences represent cash flows of fund groups other than the organization that are reported in statement V of the financial statements. The financial statements include results for all fund groups.

127. 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 the organization.

128. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which are related primarily to the non-recording income in statement V and the net changes in cash pool balances.

Note 6
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Cash at bank and on hand	22	23
Cash pool cash and term deposits	252 068	243 605
Total cash and cash equivalents	**252 090**	**243 628**

129. Cash and cash equivalents include trust fund monies which are for the specific purposes of the respective trust funds.

Note 7
Investments

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Current cash pool	1 300 298	977 349
Non-current cash pools	406 745	473 271
Total	**1 707 043**	**1 450 620**

130. Investments include amounts in relation to trust funds and funds held in trust.

Note 8
Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	Current	*Non-current*	*31 December 2023*	*31 December 2022*
Assessed contributions – Member State	253 559	–	253 559	236 577
Assessed contributions – Non-Member State	12	–	12	15
Total assessed contributions receivable before expected credit loss allowance	**253 571**	**–**	**253 571**	**236 592**
Expected credit loss allowance – Member State	(211 113)	–	(211 113)	(200 091)
Expected credit loss allowance – Non-Member State	(11)	–	(11)	(6)
Total expected credit loss allowance for receivables	**(211 124)**	**–**	**(211 124)**	**(200 097)**
Total assessed contributions receivable	**42 447**	**–**	**42 447**	**36 495**

Note: The governing body of the Multilateral Fund is aware of the outstanding receivables from several parties. This matter was brought to the attention of the Executive Committee at its 93rd meeting, held from 15 to 19 December 2023 in Montreal, Canada. The Executive Committee has noted the matter of “outstanding contributions receivable” and agreed to continue to keep them in the books (Decision 93/4 (c)). For a detailed discussion and decision, refer to the Committee’s report, paras. 22–24, the decision being contained in para. 25.

Note 9
Receivables from non-exchange transactions: voluntary contributions

(Thousands of United States dollars)

	Current	*Non-current*	*31 December 2023*	*31 December 2022*
Member States	101 529	35 947	137 476	188 440
Other governmental organizations	22 652	10 751	33 403	39 081
United Nations organizations	135 889	599 387	735 276	674 646
Private donors	139 859	55 152	195 011	167 155
Total voluntary contributions receivable before allowance	**399 929**	**701 237**	**1 101 166**	**1 069 322**
Expected credit loss allowance for receivables	(5 701)	–	(5 701)	(11 704)
Total voluntary contributions receivable	**394 228**	**701 237**	**1 095 465**	**1 057 618**

Note 10
Other receivables

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Current other receivables		
Value added tax recoverable	280	520
Other receivables from United Nations agencies, funds and programmes	686	1 086
Other exchange accounts receivable	406	486
Loans receivable	–	–
Subtotal	**1 372**	**2 092**
Expected credit loss allowance for receivables	(599)	(1 106)
Total other receivables (current)	**773**	**986**

Note 11
Advance transfers

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Advance transfers (current)	299 333	268 564
Advance transfers (non-current)	58 119	68 899
Total advance transfers	**357 452**	**337 463**

Note 12
Other assets

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Advances to UNDP and other United Nations agencies[a]	17 765	11 899
Advances to vendor	974	260
Advances to staff	3 696	878
Advances to other personnel	16	72
Deferred charges	3 755	3 215
Other assets; other	2 048	44
Total other assets	**28 254**	**16 368**

[a] Includes the UNDP Service Clearing Account and advances to other entities to provide administrative services and operational support.

Note 13
Heritage assets

131. Certain assets are categorized as heritage assets because of their cultural, educational or historical significance. The organization's heritage assets were acquired over many years by various means, including purchase, donation and bequest. These heritage assets do not generate any future economic benefits or service potential; accordingly, the organization elected not to recognize heritage assets in the statement of financial position.

132. The organization does not have any additional heritage assets within the reporting period to disclose.

Note 14
Property, plant and equipment

133. In accordance with IPSAS 17, opening balances are initially recognized at cost or fair value as at 1 January 2014 and measured at cost thereafter. The opening balance of buildings was obtained on 1 January 2014, on the basis of depreciated replacement cost, and was validated by external professionals. Machinery and equipment are valued using the cost method.

134. During the year, the organization did not write down property, plant and equipment on account of accidents, malfunctions and other losses. As at the reporting date, the organization did not identify any additional impairment.

Property, plant and equipment

(Thousands of United States dollars)

	Building	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Total*
Cost as at 1 January 2023	**842**	**578**	**437**	**1 636**	**1 270**	**73**	**4 836**
Additions	–	–	–	161	–	35	196
Disposals	–	–	(13)	(52)	(488)	(14)	(567)
Transfers	–	–	–	–	–	–	–
Cost as at 31 December 2023	**842**	**578**	**424**	**1 745**	**782**	**94**	**4 465**
Accumulated depreciation as at 1 January 2023	**(164)**	**(9)**	**(376)**	**(1 169)**	**(1 026)**	**(50)**	**(2 794)**
Depreciation	(21)	(116)	(14)	(114)	(61)	6	(320)
Transfers	–	–	–	–	–	–	–
Disposals	–	–	13	52	459	7	531
Other changes	–	–	–	–	1	1	2
Accumulated depreciation as at 31 December 2023	**(185)**	**(125)**	**(377)**	**(1 231)**	**(627)**	**(36)**	**(2 581)**
Net carrying amount as at 31 December 2022	678	569	61	467	244	23	2 042
Net carrying amount as at 31 December 2023	**657**	**453**	**47**	**514**	**155**	**58**	**1 884**

Note 15
Intangible assets

135. All intangible assets acquired before 1 January 2014, except for the capitalized costs associated with the Umoja project, are subject to the IPSAS transition exemption and are therefore not recognized.

(Thousands of United States dollars)

	Software acquired externally	*Licences and rights*	*Umoja*	*Other*	*Total*
Cost as at 1 January 2023	**393**	**–**	**–**	**–**	**393**
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Cost as at 31 December 2023	**393**	**–**	**–**	**–**	**393**
Accumulated amortization as at 1 January 2023	**(340)**	**–**	**–**	**–**	**(340)**
Amortization	–	–	–	–	–
Disposals	–	–	–	–	–
Other changes	(17)	–	–	–	(17)
Accumulated amortization as at 31 December 2023	**(357)**	**–**	**–**	**–**	**(357)**
Net carrying amount 31 December 2022	53	–	–	–	53
Net carrying amount 31 December 2023	**36**	**–**	**–**	**–**	**36**

Note 16
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Vendor payables (accounts payable)	4 618	4 216
Transfers payable	–	18
Payables to Member States	2 749	171
Payables to other United Nations entities	6 285	6 689
Accruals for goods and services	10 259	3 006
Accounts payable – other	10 181	10 080
Total accounts payable and accrued liabilities	**34 092**	**24 180**

Note 17
Funds received in advance and deferred revenue

(Thousands of United States dollars)

	31 December 2023	31 December 2022[a]
Current advance receipts		
Funds received in advance	97 091	78 492
Deferred revenue, Global Environment Facility agency fees	29 186	25 509
Total funds received in advance and deferred revenue	**126 277**	**104 001**

[a] The funds received in advance and deferred revenue of $104,001 for 2022 have been disaggregated into: (a) funds received in advance of $78,492; and (b) deferred revenue, Global Environment Facility agency fees of $25,509 to conform with the current-year presentation.

Note 18
Employee benefits liabilities

(Thousands of United States dollars)

	Current	Non-current	31 December 2023	31 December 2022
After-service health insurance	2 151	181 388	183 539	177 973
Annual leave	1 931	14 377	16 308	16 534
Repatriation benefits	3 537	24 370	27 907	21 762
Subtotal defined benefit liabilities	**7 619**	**220 135**	**227 754**	**216 269**
Accrued salaries and allowances	5 871	–	5 871	6 264
Pension contributions liabilities	28	–	28	26
Insurance liabilities	1	–	1	–
Total employee benefits liabilities	**13 519**	**220 135**	**233 654**	**222 559**

136. The liabilities arising from end-of-service/post-employment benefits and the workers' compensation programme under appendix D to the Staff Rules are determined by independent actuaries in accordance with IPSAS 39: Employee benefits. The full actuarial valuation for after-service health insurance, annual leave and repatriation benefits is usually undertaken every two years with rolled forward valuation performed between full valuation cycles. The most recent full actuarial valuation was conducted as at 31 December 2023, while actuarially valued balances as of 31 December 2022 represent a roll-forward of the December 2021 valuation results.

137. The after-service health insurance programme provides eligible staff members with continued health insurance coverage throughout their retirement under the same health insurance schemes available to active United Nations staff. Premium rates established for all such health plans are reviewed and, where necessary, revised annually to ensure that a sufficient level of operational reserves is available to maintain each plan.

138. The General Assembly establishes contribution ratios for the United Nations health insurance plans between the share of the Organization and that of the staff. Currently, contribution ratios between the Organization and active and retired staff

for the health insurance plans are: 2 to 1 for all United States-based plans; 1 to 1 for non-United States-based plans administered by Headquarters; and 3 to 1 for the Medical Insurance Plan.

139. The after-service health insurance programme is funded on a pay-as-you-go basis for assessed funding sources as medical benefits are accessed by retirees, with increasing cost attributable mainly to changing demographics, improved life expectancy and increased cost of health-care services. To address the growing costs of health insurance, the Organization has over the years adopted cost containment initiatives while ensuring that participants continue to have access to appropriate insurance coverage to meet their health-care needs. Health insurance costs are controlled by the manner in which the plans are structured and through ongoing reviews of plan provisions and benefits offered. To manage the inherent risks related to funding, the Organization periodically carries out a funding study of the after-service health insurance programme to analyse and explore options for the improvement of efficiency and the containment of costs and liabilities associated with the Organization's health insurance obligations.

Actuarial valuation: assumptions

140. The organization reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations as at 31 December 2023 are as follows.

Actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates as at 31 December 2023	3.56	4.95	4.93
Discount rates as at 31 December 2022	4.09	5.06	5.10
Inflation as at 31 December 2023	2.35–8.00	2.30	–
Inflation as at 31 December 2022	2.55–6.50	2.50	–

141. The yield curves used in the calculation of the discount rates in respect of the United States dollar, the euro and the Swiss franc are those developed by Aon Hewitt, a human capital and management consulting firm, consistent with the recommendation of the United Nations Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

142. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2023 were updated to include escalation rates for future years. As at 31 December 2023, these escalation rates were at 7.70 per cent (2022: 5.20 per cent), 8.00 per cent (2022: 4.25 per cent) and 8.00 per cent (2022: 6.50 per cent) for eurozone, Swiss and all other medical plans respectively, except 7.40 per cent (2022: 6.50 per cent) for the United States Medicare plan and 7.80 per cent (2022: 6.50 per cent) for the United States dental plan, grading down to 3.95 per cent (2022: 4.15 per cent) and 2.35 per cent (2022: 2.55 per cent) over 12 years and 4 years for Eurozone and Swiss health-care costs, respectively, and to 3.65 per cent (2022: 3.85 per cent) over 7 years for United States health-care cost.

143. With regard to the valuation of repatriation benefits as at 31 December 2023, inflation in travel costs was assumed to be 2.30 per cent (2022: 2.40 per cent), on the basis of the projected United States inflation rate over the next 20 years.

144. Annual leave balances were assumed to increase at the following annual rates (in days) during the staff member's projected years of service: 0–1 year, 8.1 days; 2–3 years, 4.1 days; 4–8 years, 1.9 days; 9–15 years, 1.0 day; and more than 16 years, 0.4 days, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

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

Note 19
Movement in employee benefits liabilities accounted for as defined benefit plans

Reconciliation of opening to closing total defined benefits liability

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total 2023*
Net benefit liability at 1 January 2023	**177 973**	**21 762**	**16 534**	**216 269**
Current service cost	6 035	1 272	1 384	8 691
Interest cost	7 241	1 044	797	9 082
Actual benefits paid	(1 689)	(2 224)	(1 775)	(5 688)
Total costs recognized in the statement of financial performance in 2023	**11 587**	**92**	**406**	**12 085**
Subtotal	**189 560**	**21 854**	**16 940**	**228 354**
Actuarial (gains)/loss[a]	(6 021)	6 053	(632)	(600)
Net defined liability as at 31 December 2023	**183 539**	**27 907**	**16 308**	**227 754**

[a] The cumulative amount of actuarial gains and losses recognized in the statement of changes in net assets is $0.6 million.

Discount rate sensitivity analysis

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

Discount rate sensitivity analysis: year-end employee benefits liabilities

(Thousands of United States dollars)

31 December 2023	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(19 634)	(897)	(553)
As percentage of end-of-year liability	(11%)	(3%)	(3%)
Decrease of discount rate by 0.5 per cent	22 974	955	586
As percentage of end-of-year liability	13%	3%	4%

Medical cost sensitivity analysis

147. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability resulting from changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 0.5 per cent, this would have an impact on the measurement of the defined benefit obligations, as shown below.

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

(Thousands of United States dollars)

2023	*Increase*		*Decrease*	
Effect on the defined benefit obligation	12.09%	22 192	10.46%	(19 201)
Effect on aggregate of the current service cost and interest cost	14.19%	1 884	11.59%	(1 539)

(Thousands of United States dollars)

2022	*Increase*		*Decrease*	
Effect on the defined benefit obligation	13.01%	23 158	11.11%	(19 789)
Effect on aggregate of the current service cost and interest cost	15.93%	2 453	13.35%	(2 055)

Other defined benefit plan information

148. Benefits paid for 2023 are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation, and commutation of accrued annual leave. The estimated defined benefits payments (net of participants' contributions in these schemes) are shown in the table below.

Estimated defined benefits payments, net of participants' contributions

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
Estimated 2023 defined benefit payments net of participants' contributions	2 151	3 537	1 931	7 619
Estimated 2022 defined benefit payments net of participants' contributions	2 110	2 224	1 774	6 108

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

(Thousands of United States dollars)

	2023	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
Present value of the defined benefits obligations	227 754	216 269	280 635	273 060	246 922	190 864	203 218	140 633

Other employee benefit liabilities

Accrued salaries and allowance

149. Accrued salaries and allowances comprise $1.2 million relating to for accrued salaries payable and $1.1 million relates to other benefits.

United Nations Joint Staff Pension Fund

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

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

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

153. The financial obligation of UNEP to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the 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 of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

154. The most recent full actuarial valuation was conducted as at 31 December 2023, while actuarially valued balances as of 31 December 2022 represent a roll-forward of the December 2021 valuation results.

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

156. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2021, for deficiency payments under article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of the present report, the General Assembly has not invoked the provision of article 26.

157. Should article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based on 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 (2020, 2021 and 2022) amounted to $8,937.68 million, of which 1.4 per cent was contributed by UNEP.

158. During 2023, contributions paid to the Fund amounted to $46.71 million (2022: $43.45 million). Expected contributions due in 2024 are approximately $48.26 million.

159. Membership of the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff 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 are included in the amount.

160. 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 are available at www.unjspf.org.

Note 20
Provisions

161. As at the reporting date, the organization had no material legal claims that required the recognition of provisions.

Note 21
Liabilities for conditional arrangements

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Liabilities for conditional arrangements	147 307	135 799
Total other liabilities	**147 307**	**135 799**

Note 22
Net assets

Accumulated surpluses/deficits

162. The unrestricted accumulated surplus includes the accumulated deficit for employee benefits liabilities, the net positions of after-service health insurance, repatriation benefit and annual leave liabilities.

163. The following table shows the status of the organization's net assets balances and movements, by segment.

Net assets balances and movements[a]

(Thousands of United States dollars)

	1 January 2023	*Impact upon adoption of IPSAS 41*	*1 January 2023 (remeasured)*	*Surplus/(deficit)*	*UNEP internal elimination*	*Inter-segment transfers*	*Other movements*	*31 December 2023*
Unrestricted fund balance								
Environment Fund	92 093	167	92 260	(9 090)	–	–	440	83 610
Other support to UNEP programme of work	1 709 587	1 526	1 711 113	168 069	(6 072)	–	5 088	1 878 198
Conventions and protocols	205 953	2 213	208 166	27 183	–	–	783	236 132
Multilateral Fund	704 667	(4 205)	700 462	76 176	–	–	4 422	781 060
Programme support	26 355	32	26 387	7 301	–	–	(173)	33 515
End-of-service liabilities	(118 148)	–	(118 148)	9 196	–	–	1 298	(107 654)
Subtotal unrestricted fund balance	**2 620 507**	**(267)**	**2 620 240**	**278 835**	**(6 072)**	**–**	**11 858**	**2 904 861**
Reserves								
Environment Fund	20 000	–	20 000	–	–	–	–	20 000
Other support to UNEP programme of work	–	–	–	–	–	–	–	–
Conventions and protocols	12 227	–	12 227	–	–	–	626	12 853
Multilateral Fund	–	–	–	–	–	–	–	–
Programme support	6 000	–	6 000	–	–	–	400	6 400
Subtotal reserves	**38 227**	**–**	**38 227**	**–**	**–**	**–**	**1 026**	**39 253**
Total net assets								
Environment Fund	112 093	167	112 260	(9 090)	–	–	440	103 610
Other support to UNEP programme of work	1 709 587	1 526	1 711 113	168 069	(6 072)	–	5 088	1 878 198
Conventions and protocols	218 180	2 213	220 393	27 183	–	–	1 409	248 985
Multilateral Fund	704 667	(4 205)	700 462	76 176	–	–	4 422	781 060
Programme support	32 355	32	32 387	7 301	–	–	227	39 915
End-of-service liabilities	(118 148)	–	(118 148)	9 196	–	–	1 298	(107 654)
Total net assets	**2 658 734**	**(267)**	**2 658 467**	**278 835**	**(6 072)**	**–**	**12 884**	**2 944 114**

[a] Net assets movements including fund balances, are IPSAS based. Detailed movements by fund are included in annexes I to VI.

Note 23
Revenue from non-exchange transactions

Assessed contributions

164. Assessed contributions of $242.4 million (2022: $235.6 million) have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the various conferences/meeting of parties and the policies of the United Nations, on the basis of the agreed budget scale of assessment. An amount of $24.7 million (2022: $24.6 million) of this is an allocation from the United Nations Secretariat.

165. Each year, the organization receives an allocation from the United Nations regular budget, which is included in assessed contributions. These are reported under Volume I, a related entity, but are also included in these statements for completeness. In addition, internally within the organization, funds are allocated for implementation that is reflected as other transfers and allocations in the statement of financial performance.

Assessed contributions

(Thousands of United States dollars)

	2023	*2022*
Assessed contributions		
Assessed contributions by Member State Governments	217 685	210 892
Bilateral transfers from the Multilateral Fund	–	–
Allocations from regular budget	24 701	24 687
Amount reported in statement II, "Assessed contributions"	**242 386**	**235 579**

Voluntary contributions

166. All voluntary contributions under binding agreements signed during 2023 are recognized as revenue in 2023, including the future portion of multi-year agreements.

Voluntary contributions

(Thousands of United States dollars)

	2023	*2022*
Voluntary contributions		
Voluntary contributions: in cash	428 281	480 105
Voluntary contributions: in kind	847	2 775
Total voluntary contributions received	**429 128**	**482 880**
Refunds	(17 645)	(18 951)
Net voluntary contributions received	**411 483**	**463 929**

167. For the recognized contribution revenue, a breakdown of the amount intended to be contributed by donors per year is shown below.

(Thousands of United States dollars)

	Voluntary contributions
2023	303 042
2024	65 143
2025	21 391
2026	12 495
2027	6 357
Beyond 2027	3 055
Total voluntary contributions	**411 483**

Other transfers and allocations

168. Revenue from non-exchange transactions includes other transfers and allocations, mainly received from United Nations entities. This income mainly corresponds to transfers from the Global Environment Facility trust funds.

	2023	2022[a]
Other transfers and allocations		
Allocations received from United Nations internal funds	227 371	233 221
Total	**227 371**	**233 221**
Refunds	(2 149)	(157)
Net total	**225 222**	**233 064**

[a] The comparative has been restated to conform with the current-year presentation.

Services in kind

169. In-kind contributions of services received during the year are not recognized as revenue and, therefore, are not included in the above in-kind contributions revenue. Services in kind confirmed during the year are shown below.

Services in kind

(Thousands of United States dollars)

	2023	2022
Technical assistance/expert services	242	356
Administrative support	1 624	39
Training participation	323	596
Total	**2 189**	**991**

Note 24
Other revenue

(Thousands of United States dollars)

	2023	2022
Other/miscellaneous revenue	2 210	20
Foreign exchange gains and revenue-producing activities	15 227	13 307
Total other exchange revenue	**17 437**	**13 327**

Note 25
Expenses

Employee salaries, allowances and benefits

170. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. Allowances and benefits include other staff entitlements, including pension and insurance, staff assignment, repatriation, hardship and other allowances.

Employee salaries, allowances and benefits

(Thousands of United States dollars)

	2023	2022
Salary and wages	159 934	157 985
Pension and insurance benefits	48 322	47 841
Other benefits	3 930	1 997
Total employee salaries, allowances and benefits	**212 186**	**207 823**

Non-employee compensation and allowances

171. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and post-employment benefits, consultant and contractor fees, ad hoc experts and non-military personnel compensation and allowances.

Non-employee compensation and allowances

(Thousands of United States dollars)

	2023	2022
United Nations Volunteers	5 164	5 177
Consultants and contractors	61 780	46 619
United Nations police	–	1
Other	–	62
Total non-employee compensation and allowances	**66 944**	**51 859**

Grants and other transfers

172. Grants and other transfers include outright grants to implementing agencies, partners and other entities; see note 31 for more details.

Grants and other transfers

(Thousands of United States dollars)

	2023	*2022*
Grants to end beneficiaries	870	2 271
Transfers to implementing partners	305 869	288 977
Total grants and other transfers	**306 739**	**291 248**

Supplies and consumables

173. Supplies and consumables include consumables, fuel and lubricants and spare parts, as set out in the table below.

Supplies and consumables

(Thousands of United States dollars)

	2023	*2022*
Fuel and lubricants	19	15
Spare parts	99	66
Consumables	227	453
Total supplies and consumables	**345**	**534**

Travel

174. Travel includes staff and representative travel as shown below.

Travel expenses

(Thousands of United States dollars)

	2023	*2022*
Staff travel	29 188	23 237
Non-staff travel	13 225	12 577
Total travel	**42 413**	**35 814**

Other operating expenses

175. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance and allowances for doubtful receivables.

Other operating expenses

(Thousands of United States dollars)

	2023	*2022*
Air transport	71	38
Ground transport	269	80
Communication and IT	10 433	10 127
Other contracted services	27 393	24 923
Acquisitions of goods	2 276	1 992

	2023	*2022*
Acquisitions of intangible assets	203	542
Contributions in kind	842	2 665
Rent: offices and premises	9 843	9 588
Rental: equipment	138	361
Maintenance and repair	918	2 386
Bad debt/doubtful debt expenses	4 189	(3 215)
Net foreign exchange losses/gains	7 891	14 233
Other/miscellaneous operating expenses	402	637
Total other operating expenses	**64 868**	**64 357**

Exchange losses from the fixed-rate mechanism

176. The Multilateral Fund operates a fixed exchange-rate mechanism (initially approved for implementation by the Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer in its decision XI/6 of 17 December 1999 and extended for the 2018–2020 period in its decision XXIX/2 of 20 November 2017) which, subject to fulfilling certain criteria, allows parties to opt in advance to pay their contributions for the forthcoming triennium, in their own currencies, at a predetermined exchange rate to the United States dollar fixed prior to the triennium. The exchange loss of $2,728 million (2022: gain of $0.82 million) resulted from the difference between the actual United States dollar equivalent of the respective contributions received as compared to the United States dollar receivable that had been established in the UNEP books of account.

Exchange losses from the fixed exchange-rate mechanism

(Thousands of United States dollars)

	2023	*2022*
Exchange (gain)/loss from the fixed exchange rate mechanism	2 728	(820)

Other expenses

177. Other expenses relate largely to hospitality and official functions, and donation/transfer of assets.

(Thousands of United States dollars)

	2023	*2022*
Ex gratia and compensation claims	–	–
Other/miscellaneous expenses	82	156
Total other expenses	**82**	**156**

Note 26
Financial instruments and financial risk management

Financial instruments

(Thousands of United States dollars)

	2023	*2022*
Financial assets		
Fair value through net asset/equity		
Short-term investments: main pool	1 300 298	977 349
Total short-term investments	**1 300 298**	**977 349**
Long-term investments: main pool	406 745	473 271
Total long-term investments	**406 757**	**473 271**
Total fair value through net asset/equity	**1 707 043**	**1 450 620**
Cash, loans and receivables		
Cash and cash equivalents: main pool	252 068	243 605
Cash and cash equivalents – other	22	23
Cash and cash equivalents	**252 090**	**243 628**
Assessed contributions receivable	42 447	36 495
Voluntary contributions receivable	1 095 465	1 057 618
Other receivables	773	986
Other assets (excluding advances)	–	–
Total cash, loans and receivables	**1 390 775**	**1 338 727**
Total carrying amount of financial assets	**3 097 818**	**2 789 347**
Of which relates to financial assets held in main pool	1 959 111	1 694 225
Other investment revenue	78 949	8 260
Financial liabilities at amortized cost	–	–
Accounts payable and accrued payables (excluding deferred payables)	34 092	24 180
Total carrying amount of financial liabilities	**34 092**	**24 180**
Summary of net income from financial assets		
Other investment revenue	4 573	3 320
Investment revenue	74 376	4 940
Foreign exchange gains/(losses)	–	–
Total net income from financial assets	**78 949**	**8 260**

Financial risk management: overview

178. The organization has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

179. The present note and note 27, "Financial instruments: cash pool", present information on the organization's exposure to the above-mentioned risks, the objectives, policies and processes for measuring and managing risk and the management of capital.

Risk management framework

180. The organization's risk management practices are in accordance with its Financial Regulations and Rules and Investment Management Guidelines (Guidelines). The organization defines the capital that it manages as the aggregate of its net assets, which comprises accumulated fund balances and reserves. Its objectives are to safeguard its ability to continue as a going concern, to fund its asset base and to accomplish its objectives. The organization manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

Credit risk

181. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposures to outstanding receivables. The carrying value of financial assets less allowances for doubtful receivables is the maximum exposure to credit risk.

Credit risk management

182. The investment management function is centralized at United Nations Headquarters, and under normal circumstances other areas are not permitted to engage in investing. An area may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Guidelines.

Credit risk: cash pool investments and deposits

183. The organization's Investment Management Guidelines, risk and investment strategies define certain limits and restrictions in order to limit the exposure to credit risk of the portfolio, which is limited to a minimum investment grade AA- for medium/long-term maturities and A-1, P-1, F-1 for short-term maturities. Furthermore, there is a limit of 5 per cent of any single outstanding issue or bond offering per pool, and any new issuer is subject to a credit review process and approval by the Treasurer prior to an investment decision. The expected credit loss assessment was conducted using the Fitch annual global default rating by applying the default rates based on the credit rating of each issuer with which the organization holds an investment. As investments are limited to highly rated institutions, the impairment loss on such investment is relatively small and not material.

Financial instruments	*Expected credit loss calculation method*	*Calculation for 2023*
Cash and cash equivalents	Using the (Fitch) annual global default and rating transition study	Considered not material
Money market funds investments	Using the (Fitch) annual global default and rating transition study	Considered not material
Bond Investments	Using the (Fitch) annual global default and rating transition study	Considered not material

Credit risk: contributions receivable and other receivables

184. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities that do not have significant credit risk. As at the reporting date, the organization did not hold any collateral as security for receivables.

Loss allowance

185. The organization uses the simplified approach to evaluate the lifetime expected credit loss at each reporting date. The loss allowance is established based on the historical loss rate and the exposure balance at the year-end for each financial assets category. Balances credited to the loss allowance account are reduced when management approves write-offs under the Financial Regulations and Rules or are reversed when the previously impaired receivables are received. It is worth noting that the decisions for write-off of receivables in the case of assessed contributions from parties to the global multilateral environmental agreements of the United Nations Environment Programme are considered at the governing bodies level. The movement in the allowances account during the year is as shown below.

Assessed contributions receivable and loss allowance

186. The expected credit loss allowance for assessed contributions receivable is calculated by analysing historical outstanding balances for each business partner group and calculating the historical loss rates. These expected credit loss rates, which vary across business partner groups and delinquency ageing buckets, are then applied to the current year's outstanding receivables balances to determine the appropriate loss allowance for the year. The expected credit loss allowance provisioning goes through the specific identification of accounts receivables based on available information and subject to loss allowance provisions, and then the general expected credit loss allowance based on historical loss rates is applied.

Voluntary contributions receivable and loss allowance

187. The expected credit loss allowance for voluntary contributions receivable is calculated by analysing historical outstanding balances for each business partner group adjusted for write downs and calculating the historical loss rates. These expected credit loss rates, which vary across business groups and delinquency ageing buckets, are then applied to the current year's outstanding receivables balances to determine the appropriate loss allowance for the year.

Other accounts receivables and loss allowance

188. The expected credit loss allowance for other receivable is calculated by analysing historical outstanding balances for each business partner group and calculating the historical loss rates. These expected credit loss rates, which vary across business groups and delinquency ageing buckets, are then applied to the current year's outstanding receivables balances to determine the appropriate loss allowance.

Movement in expected credit loss allowance for receivables

(Thousands of United States dollars)

	Assessed contributions receivable	*Voluntary contributions receivable*	*Other accounts receivables*	*31 December 2023*
Opening expected credit loss allowance for doubtful receivables (2022 brought forward)	200 097	12 646	164	212 907
Impact upon adoption of IPSAS 41	5 486	(5 871)	652	267
Opening expected credit loss allowance for doubtful receivables 1 January 2023 (remeasured)	**205 583**	**6 775**	**816**	**213 174**
Doubtful receivables adjustment for current year	5 541	(1 074)	(217)	4 250
Expected credit loss allowance	**211 124**	**5 701**	**599**	**217 424**

189. The ageing of contributions receivable and associated allowance is as shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	Gross receivable	*Allowance*
Neither past due nor impaired	–	–
Less than one year	34 031	7 127
One to two years	15 023	5 364
Two to three years	10 025	5 917
More than three years[a]	194 492	192 716
Total	**253 571**	**211 124**

[a] The governing body of the Multilateral Fund is aware of the outstanding receivables from several parties. The matter was brought to the attention of the Executive Committee at its 93rd meeting, held from 15 to 19 December 2023 in Montreal, Canada. The Executive Committee has noted the matter of "outstanding contributions receivable" and agreed to continue to keep them in the books (decision 93/4 (c)). For a detailed discussion and decision, refer to the Committee's report, paras. 22–24, the decision being contained in para. 25.

Ageing of voluntary contributions receivable

(Thousands of United States dollars)

	Gross receivable	*Allowance*
Neither past due nor impaired	978 689	1 390
Less than one year	67 663	253
One to two years	29 848	923
Two to three years	9 357	530
More than three years	15 609	2 605
Total	**1 101 166**	**5 701**

Ageing of other receivables

(Thousands of United States dollars)

	Gross receivable	*Allowance*
Less than one year	635	6
One to two years	8	1
Two to three years	–	–
More than three years	729	592
Total	**1 372**	**599**

Cash and cash equivalents

190. The organization had cash and cash equivalents of $252.1 million as at 31 December 2023 (2022: $243.6 million), which is the maximum credit exposure on these assets.

Liquidity risk

191. Liquidity risk is the risk that the organization might not have adequate funds to meet its obligations as they fall due. The organization's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the organization's reputation.

192. The Financial Regulations and Rules require that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to the amounts receivable.

193. The organization performs cash flow forecasting and monitors rolling forecasts of liquidity requirements to ensure that they have sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The organization maintains a large portion of its investments in cash equivalents and short-term investments sufficient to cover its commitments as and when they fall due.

Financial liabilities

194. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the receivables, cash and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. At the reporting date, the organization had not pledged any collateral for any liabilities or contingent liabilities, and in the year no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which the organization can be required to settle each financial liability are shown below.

Maturities for financial liabilities as at 31 December 2023

(Thousands of United States dollars)

	<3 months	3 to 12 months	>1 year	Total
Maturities for financial liabilities: as at 31 December 2023, undiscounted accounts payable and accrued payables	34 092	–	–	34 092

Market risk

195. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the organization's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the organization's fiscal position.

Interest rate risk

196. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to 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 fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk. The main exposure to interest rate risks relates to the cash pools and is considered in note 27.

Currency risk

197. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The organization has transactions, assets and liabilities in currencies other than its functional currency and is exposed to currency risk arising from fluctuations in exchange rates. Management policies and the Guidelines require the organization to manage its currency risk exposure.

198. The organization's financial assets and liabilities are denominated primarily in United States dollars. Non-United States dollar financial assets relate primarily to investments in addition to cash and cash equivalents and receivables held in order to support local operating activities where transactions are made in local currencies. The organization maintains a minimum level of assets in local currencies and, whenever possible, maintains bank accounts in United States dollars. The organization mitigates currency risk exposure by structuring contributions from donors in foreign currency to correspond to foreign currency needs for operational purposes. The most significant exposure to currency risk relates to cash pool cash and cash equivalents. At the reporting date, the non-United States dollar denominated balances in these financial assets were primarily euros and Swiss francs, along with over 30 other currencies, as shown below.

Currency exposure of the cash pools as at 31 December 2023

(Thousands of United States dollars)

	United States dollars	Euros	Swiss francs	Others	Total
Main cash pool	1 935 947	15 562	2 267	5 336	1 959 112

Sensitivity analysis

199. A strengthening/weakening of the euro and Swiss franc United Nations operational rates of exchange as at the reporting date would have affected the measurement of investments denominated in a foreign currency and increased or decreased net assets and surplus or deficit by the amounts shown below. This analysis is based on foreign currency exchange rate variances considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

Effect on net assets, surplus or deficit

(Thousands of United States dollars)

	As at 31 December 2023		*As at 31 December 2022*	
	Effect on net asset surplus or deficit		*Effect on net asset surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	1 556	(1 556)	1 234	(1 234)
Swiss franc (10 per cent movement)	227	(227)	230	(230)

Other market price risk

200. The organization is not exposed to significant other price risk, as it has limited exposure to price-related risk related to expected purchases of certain commodities used regularly in operations. A change in those prices may alter cash flows by an immaterial amount.

Classification and measurement

201. Investments in the cash pool are carried at fair value through net asset. Cash and cash equivalents, receivables – including non-current voluntary contributions receivable, which are reported at amortized cost calculated using the effective interest method – and accounts payable are valued at amortized cost, which is a fair approximation of fair value as at 31 December 2023

Fair value hierarchy

202. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

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

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

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

203. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian on the basis of the 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 by the cash pools is the current bid price.

Fair value hierarchy

(Thousands of United States dollars)

Main pool

	31 December 2023			31 December 2022		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through net asset						
Bonds – corporates	20 259	–	20 259	9 359	–	9 359
Bonds – non-United States agencies	423 429	–	423 429	283 435	–	283 435
Bonds – supranational	203 262	–	203 262	113 334	–	113 334
Bonds – United States treasuries	16 779	–	16 779	193 495	–	193 495
Bonds – non-United States sovereigns	132 111	–	132 111	13 881	–	13 881
Main pool – commercial papers	–	87 509	87 509	–	250 824	250 824
Main pool – certificate of deposit	–	511 527	511 527	–	381 036	381 036
Main pool – term deposits	–	312 167	312 167	–	205 256	205 256
Total	**795 840**	**911 203**	**1 707 043**	**613 504**	**837 116**	**1 450 620**

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

205. There were no level 3 financial assets, nor any liabilities carried at fair value, nor any significant transfers of financial assets between fair value hierarchy classifications.

Note 27
Financial instruments: cash pool

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

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

208. As at 31 December 2023, the cash pools and the total assets were for $11,548.7 million (2022: 11,873.8 million), of which $1,959.1 million was due to the organization (2022: $1,694.2 million), and its share of revenue from cash pools was $74.224 million (2022: $5.203 million).

Summary of assets and liabilities of the main pool as at 31 December 2023

(Thousands of United States dollars)

	Main pool
Fair value through the net asset/equity	
Short-term investments	7 554 712
Long-term investments	2 397 703
Total fair value through the net asset/equity investments	**9 952 415**
Loans and receivables	
Cash and cash equivalents	1 485 897
Accrued investment revenue	110 348
Total loans and receivables	**1 596 245**
Total carrying amount of financial assets	**11 548 660**
Cash pool liabilities	
Payable to UNEP	1 959 112
Payable to other cash pool participants	9 589 548
Total liabilities	**11 548 660**
Net assets	–

Summary of revenue and expenses of the main pool for the year ended 31 December 2023

(Thousands of United States dollars)

	Main pool
Investment revenue	488 377
	–
Investment revenue from main pool[a]	**488 377**
Foreign exchange gains/(losses)	9 194
Bank fees	(808)
Operating expenses from main pool	**8 386**
Revenue and expenses from main pool	**496 763**

[a] Unrealized loss from cash pools mark to market revaluation is reported under the statement of net assets in accordance with IPSAS 41 in 2023. In 2022, the corresponding unrealized loss was included as part of the investment revenue from cash pools.

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

(Thousands of United States dollars)

	Main pool
Fair value through the surplus or deficit	
Short-term investments	6 789 427
Long-term investments	3 316 889
Total fair value through the surplus or deficit investments	**10 106 316**
Loans and receivables	
Cash and cash equivalents	1 707 288
Accrued investment revenue	60 265
Total loans and receivables	**1 767 553**
Total carrying amount of financial assets	**11 873 869**
Cash pool liabilities	
Payable to UNEP (14.27%)	1 694 250
Payable to other cash pool participants	10 179 619
Total liabilities	**11 873 869**
Net assets	–

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

(Thousands of United States dollars)

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

Financial risk management

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

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

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

Financial risk management: credit risk

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

213. 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.

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

Investments of the cash pool by credit rating as at 31 December 2023

(Percentage)

Main pool	*Ratings as at 31 December 2023*			
Bonds (long-term ratings)				
	AAA/AAA	*AA+u/AA+/AA*		*NA*
S&P	37.1%	62.9%		
	AAA	*AA+/AA/AA-*	*A+*	*NA/NR*
Fitch	28.4%	53.3%	1.3%	17.0%
	Aaa	*Aa1/Aa2/Aa3*		*NA*
Moody's	61.9%	30.5%		7.6%
Commercial papers/certificates of deposit (short-term ratings)				
	A-1+/A-1			
S&P	100.0%			
	F1+/F1			*NR*
Fitch	98.8%			1.2%
	P-1/P2			
Moody's	100.0%			
Term deposits/demand deposit account (Fitch viability ratings)				
	aa/aa-	*a+/a/a-*		
Fitch	23.8%	76.2%		

	Ratings as at 31 December 2022			
Bonds (long-term ratings)				
	AAA/AAAu	*AA+u/AA+/AA*		*NA*
S&P	33.8%	65.9%		0.3%
	AAA	*AA+/AA/AA-*	*A+*	*NA/NR*
Fitch	61.9%	22.5%	0.2%	15.4%
	Aaa	*Aa1/Aa2/Aa3*		*NA*
Moody's	66.7%	30.9%		2.4%
Commercial papers/certificates of deposit (short-term ratings)				
	A-1+/A-1			
S&P	100.0%			
	F1+/F1			*NR*
Fitch	97.7%			2.3%
	P-1/P2			
Moody's	100.0%			
Term deposits/demand deposit account (Fitch viability ratings)				
	aa/aa-	*a+/a/a-*		
Fitch	35.9%	64.1%		

Abbreviations: NA, not applicable; NR, not rated.

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

Financial risk management: liquidity risk

216. The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. They maintain sufficient cash and marketable securities to meet participants' commitments as and when they fall due.

The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The cash pool liquidity risk is therefore considered to be low.

Financial risk management: interest rate risk

217. The cash pools comprise the organization's main exposure to interest rate risk with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the cash pools had invested primarily in securities with shorter terms to maturity, with the maximum being less than four years (2022: five years). The average duration of the main pool on 31 December 2023 was 0.65 years (2022: 0.77 years), which is considered to be an indicator of low risk.

Cash pool interest rate risk sensitivity analysis

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

Main pool interest rate risk sensitivity analysis as at 31 December 2023

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (Millions of United States dollars):									
Main pool total	144.78	108.58	72.38	36.19	0	(36.19)	(72.37)	(108.55)	(144.73)

Main pool interest rate risk sensitivity analysis as at 31 December 2022

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

Other market price risk

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

Accounting classifications and fair value hierarchy

220. All investments are reported at fair value through net asset/equity. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value.

221. The levels are defined as:

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

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

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

222. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian on the basis of 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 cash pools is the current bid price.

223. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which 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.

224. The following fair value hierarchy presents the cash pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets, nor any liabilities carried at fair value and no significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December 2023: main pool

(Thousands of United States dollars)

	31 December 2023			*31 December 2022*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through net assets/equity						
Bonds – corporate	118 115	–	118 115	65 200	–	65 200
Bonds – non-United States agencies	2 468 680	–	2 468 680	1 974 662	–	1 974 662
Bonds – supranational	770 234	–	770 234	789 587	–	789 587
Bonds – United States treasuries	1 185 059	–	1 185 059	1 348 056	–	1 348 056
Bonds – non-United States sovereigns	97 824	–	97 824	96 713	–	96 713
Main pool – commercial papers	–	510 193	510 193	–	1 747 461	1 747 461
Main pool – certificates of deposit	–	2 982 310	2 982 310	–	2 654 637	2 654 637
Main pool – term deposits	–	1 820 000	1 820 000	–	1 430 000	1 430 000
Total	**4 639 912**	**5 312 503**	**9 952 415**	**4 274 218**	**5 832 098**	**10 106 316**

Note 28
Related parties

Key management personnel

225. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the organization. For UNEP, the key management personnel group is deemed to comprise the Executive Director of UNEP, the Deputy Executive Director of UNEP, the Head of the New York office of UNEP, divisional directors, regional directors, the Head of Multilateral Environmental Agreements and Regional Seas and Conventions and the Executive Secretary of the Secretariat for the Convention on Biological Diversity.

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

227. The organization's key management personnel were paid $7.8 million over the financial year; such payments are in accordance with the Staff Regulations and Staff Rules of the United Nations, the published salary scales of the United Nations and other publicly available documents.

Compensation of key management personnel

(Thousands of United States dollars)

	Key management personnel	*Close family members*	*Total*
Number of positions (full-time equivalents)	37	–	37
Aggregate remuneration:			
Salary and post adjustment	7 803	–	7 803
Other compensation/entitlements	1 730	–	1 730
Total remuneration for the year ended 31 December 2023	**9 533**	–	**9 533**

228. Non-monetary and indirect benefits paid to key management personnel were not material.

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

Related entity transactions

230. In the ordinary course of business, to achieve economies in executing transactions, financial transactions of the organization are often executed by one financial reporting entity on behalf of another. Before the introduction of the Umoja system, these had to be manually followed up and settled. In Umoja, settlement occurs when the service provider is paid.

Note 29
Leases and commitments

Finance leases

231. The organization does not normally enter into finance leases for the use of land, permanent and temporary buildings, and equipment, and had no finance leases during the period.

Operating leases

232. The organization enters into operating leases for the use of land, permanent and temporary buildings, machinery and equipment. While some of the agreements are under commercial terms, others are for space provided to UNEP by host Governments on a free-of-charge or nominal-fee basis. Rental value equivalent was estimated and recognized as an expense and in-kind contributions were presented in the statement of financial performance as voluntary contributions revenue. Operating lease expenses for the year totalled $16.5 million (2022: $12.3 million). Future minimum lease payments under non-cancellable operating leases are as shown below.

Future minimum operating lease obligations

(Thousands of United States dollars)

	Minimum lease payment as at 31 December 2023	*Minimum lease payment as at 31 December 2022*
Due in less than 1 year	17 025	14 837
Due in 1 to 5 years	42 003	53 268
Due later than 5 years	9 357	17 686
Total minimum operating lease obligations	**68 385**	**85 791**

233. These contractual leases typically run between one and six years, with some leases allowing extension clauses and/or permitting early termination within 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contain purchase options.

Contractual commitments

234. At the reporting date, the commitments for property, plant and equipment; intangible assets; implementing partners; and goods and services contracted but not delivered were as shown below. These include contracts with partners for multi-year projects.

Contractual commitments by category

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Goods and services	69 722	47 478
Implementing partners	932 505	939 370
Multilateral Fund external implementing partners	148 742	165 615
Total contractual commitments	**1 150 969**	**1 152 463**

Note 30
Contingent liabilities and contingent assets

Contingent liabilities

235. The organization is subject to a variety of claims that arise from time to time in the ordinary course of its operations.

236. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, there were no claims that met the threshold for either provision recognition or provision disclosure.

Contingent assets

237. In accordance with IPSAS 19, the organization discloses contingent assets when an event gives rise to a probable inflow of economic benefits or service potential to the organization and there is sufficient information to assess the probability of that inflow. As at 31 December 2023, there were no material contingent assets arising from the organization's legal actions or interests in joint ventures that were likely to result in a significant economic inflow.

Note 31
Grants and other transfers

238. The following are the categories in which the funds given to implementing partners have been spent.

Grants and other transfers: expenditure reporting by category

(Thousands of United States dollars)

	2023[a]	*2022*
Grants to end beneficiaries	**870**	**2 271**
Grants to implementing partners:		
Staff and other personnel costs	84 982	83 237
Supplies, commodities, materials	2 508	3 052
Equipment, vehicles, and furniture	8 326	7 433
Contractual services	40 198	36 482
Travel	20 405	13 888
Transfers and grants to counterparts	63 710	62 384
General operating and other direct costs	13 579	14 916
Indirect support costs (implementing partner)	1 205	1 600
Subtotal grants to implementing partners	**235 783**	**225 263**
Multilateral Fund expenditure	97 954	88 885
Less: eliminated expenses	(26 998)	(22 900)
Net Multilateral Fund expenditure	**70 956**	**65 985**
Total grants and other transfers	**306 739**	**291 248**

[a] As at the time of the financial statements, 77 per cent of active implementing partners had confirmed their 2023 deliverables, representing an improvement in compliance reporting by the implementing partners from 66 per cent in 2022. UNEP recognized the 2023 expenses on the basis of the reports received from the implementing partners and confirmed their 2023 deliverables. The pending expenses from the implementing partners will be recorded against the commitments and the balances of the contractual commitments to the implementing partners are reported in paragraph 234, in note 29.

239. The amount under the Multilateral Fund is implemented by the four implementing partners set out below.

(Thousands of United States dollars)

	Total 2023	*Total 2022*
United Nations Environment Programme	21 799	23 140
United Nations Industrial Development Organization	43 808	27 501
World Bank	10 509	9 976
United Nations Development Programme	21 838	28 268
Total	**97 954**	**88 885**

240. The amounts from the United Nations Development Programme, the United Nations Industrial Development Organization and the World Bank are recorded based on unaudited expenditure, based on the approval of the Executive Committee of the Multilateral Fund in order to allow UNEP to comply with the requirement to issue the financial statements by 31 March of the following year. There is, however, an agreement that the implementing agencies will provide audited expenditures as soon as they become available, but not later than 30 September of the following year.

241. Authorized advance transfers from the Multilateral Fund to the implementing agencies are issued for the full, multi-year project implementation period. Amounts against which expense reports are expected to be received by the end of 2023, calculated on the basis of the average levels of expenses reported in prior years, are classified as current assets in the statement of financial position and the balances are classified as non-current assets.

Note 32
Future year contributions

242. The organization has an amount of $1,101.2 million worth of signed contributions from voluntary contributions for implementation in current and future years. This amount is obtained from note 9, Voluntary contributions receivable, before the expected credit loss allowance for doubtful accounts receivables.

Note 33
Events after the reporting date

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

Note 34
Statement of cash flows for the year ended 31 December 2023

Environment Fund

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Cash flow from operating activities		
Surplus/(deficit) for the year	**(9 090)**	**30 088**
Non-cash movements		
Depreciation and amortization	96	104
Actuarial gain/(loss) on employee benefits liabilities	–	–
Transfers and donated property, plant and equipment and intangibles	–	–
Net gain/(loss) on disposal of property, plant, and equipment	13	–
Unrealized gains/(losses) arising from fair value changes on investments - main pool	440	–
Changes in assets		
(Increase)/decrease in voluntary contributions receivable	20 443	(26 079)
(Increase)/decrease in other receivables	(23)	78
(Increase)/decrease in advance transfers	(1 306)	401
(Increase)/decrease in other assets	(1 874)	(1 883)

	31 December 2023	31 December 2022
Changes in liabilities		
Increase/(decrease) in accounts payable and accrued liabilities	(1 111)	2 623
Increase/(decrease) in funds received in advance and deferred revenue	–	–
Increase/(decrease) in employee benefits payable	1 050	59
Increase/(decrease) in provisions	–	–
Investment revenue presented as investing activities	(2 459)	(89)
Net cash flows from/(used in) operating activities	**6 179**	**5 302**
Cash flow from investing activities		
Pro rata share of net increases in the cash pool	(8 495)	(2 680)
Investment revenue presented as investing activities	2 459	89
Acquisitions of property, plant, and equipment	(105)	(70)
Proceeds from disposal of property plant and equipment	–	–
Net cash flows from/(used in) investing activities	**(6 141)**	**(2 661)**
Cash flow from financing activities		
Adjustments to net assets	167	–
Net cash flows from/(used in) financing activities	**167**	**–**
Net increase/(decrease) in cash and cash equivalents	205	2 641
Cash and cash equivalents – beginning of year	8 684	6 043
Cash and cash equivalents – end of year	**8 889**	**8 684**

Note 35
Statement of cash flows for the year ended 31 December 2023

Multilateral Fund

(Thousands of United States dollars)

	31 December 2023	31 December 2022
Cash flow from operating activities		
Surplus/(deficit) for the year	**76 176**	**59 917**
Non-cash movements		
Depreciation and amortization	1	(1)
Transfers and donated property, plant and equipment and intangibles	–	–
Unrealized gains/(losses) arising from fair value change on investments – main pool	4 204	–
Changes in assets		
(Increase)/decrease in assessed contributions receivable	(9 098)	6 058
(Increase)/decrease in voluntary contributions receivable	–	–
(Increase)/decrease in other receivables	(69)	693
(Increase)/decrease in advance transfers	(6 611)	14 758
(Increase)/decrease in other assets	(78)	(40)

	31 December 2023	*31 December 2022*
Changes in liabilities		
Increase/(decrease) in accounts payable and accrued liabilities	165	(1 846)
Increase/(decrease) in advance receipts	19 668	26 423
Increase/(decrease) in employee benefits payable	(180)	280
Investment revenue presented as investing activities	(31 670)	(4 747)
Net cash flows from/(used in) operating activities	**52 508**	**101 495**
Cash flow from investing activities		
Pro rata share of net increases in the cash pool	(78 381)	(74 992)
Acquisitions of property, plant, and equipment	–	–
Investment revenue presented as investing activities	31 670	4 747
Net cash flows from/(used in) investing activities	**(46 711)**	**(70 245)**
Cash flow from financing activities		
Adjustments to net assets	(3 987)	–
Net cash flows from/(used in) financing activities	**(3 987)**	**–**
Net increase/(decrease) in cash and cash equivalents	**1 810**	31 250
Cash and cash equivalents – beginning of year	82 701	51 451
Cash and cash equivalents – end of year	**84 511**	**82 701**

Annex I

Environment Fund segment

Schedule of net assets, revenue, and expense at fund level for the year ended 31 December 2023

(Thousands of United States dollars)

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
FEL	UNEP Environment support budget	76 589	20 000	96 589	429	–	11 313	21 198	87 133
FPL	Environment Fund programme activities	12 591	–	12 591	154	–	70 995	68 511	15 229
RAL	Environment Fund programme reserve activities	2 913	–	2 913	24	–	91	1 780	1 248
	Net total	**92 093**	**20 000**	**112 093**	**607**	–	**82 399**	**91 489**	**103 610**

Annex II

Other support to the programme of work segment of the United Nations Environment Programme

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2023

(Thousands of United States dollars)

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
CBL	Trust fund for the capacity-building initiatives for transparency of the Global Environment Facility	11 286	–	11 286	(5)	–	1 693	4 996	7 978
CCL	Technical cooperation trust fund for the management of the United Nations Environment Programme (UNEP)/Global Environment Facility special climate change fund programme	5 280	–	5 280	29	–	(512)	1 820	2 977
FBL	Technical cooperation trust fund for the implementation of the Global Environment Facility fee-based system for funding project implementation	23 890	–	23 890	351	–	16 816	13 567	27 490
GFL	Technical cooperation trust fund for UNEP implementation of the activities funded by the Global Environment Facility	744 333	–	744 333	540	–	158 025	101 238	801 660
LDL	Technical cooperation trust fund for the management of the UNEP/ Global Environment Facility national adaptation programme of action for least developed countries	82 045	–	82 045	103	–	16 306	13 141	85 313
NPL	Technical cooperation trust fund for the Management of UNEP/ Global Environment Facility Nagoya Protocol implementation fund	2 230	–	2 230	12	–	63	140	2 165
Global Environment Facility trust fund: totals		**869 064**	**–**	**869 064**	**1 030**	**–**	**192 391**	**134 902**	**927 583**
AEL	General trust fund for the purpose of post-conflict environmental assessment	1 212	–	1 212	47	–	1 135	1 042	1 352
AFB	Technical cooperation trust fund for UNEP activities as multilateral implementing entity of the Adaptation Fund Board	16 325	–	16 325	2 207	–	368	2 539	16 361
AML	General trust fund for the African Ministerial Conference on the Environment	3 265	–	3 265	48	–	982	302	3 993
BPL	Technical cooperation trust fund for the implementation of the agreement with Belgium	1 750	–	1 750	12	–	28	944	846
CFL	Technical cooperation trust fund for the implementation of the framework agreement on strategic cooperation between the Ministry of Environmental Protection of China and UNEP	3 572	–	3 572	32	–	158	350	3 412
CLL	Trust fund to support the activities of the Climate Technology Centre and Network	22 512	–	22 512	69	–	7 230	7 687	22 124

Fund ID code	Fund description	Net asset accumulated surplus – unrestricted	Net asset reserve – unrestricted	Net assets 1 January 2023	Changes in net asset accumulated surplus – unrestricted	Changes in net asset reserve – unrestricted	Revenue	Expense	Net assets 31 December 2023
CML	Trust fund for the special programme in support of institutional strengthening at the national level to enhance implementation of the Basel, Rotterdam and Stockholm Conventions, the Minamata Convention on mercury and the Strategic Approach to International Chemicals Management	10 712	–	10 712	133	–	3 901	3 782	10 964
CNL	Technical cooperation trust fund for the UNEP climate-neutral fund	407	–	407	2	–	422	108	723
CPL	Counterpart contributions in support of Environment Fund activities	281 627	–	281 627	1 875	–	162 077	117 593	327 986
CSS	UNEP general trust fund for climate stability	15 260	–	15 260	41	–	(2 493)	1 362	11 446
DPL	Technical cooperation trust fund for the partnership agreement between the Government of the Netherlands and UNEP	20	–	20	–	–	1	–	21
ECL	Technical cooperation trust fund to support achievement of contribution agreement No. 21 (0401/2011/608174/SUB/E2) – strategic cooperation agreement between European Commission Directorate-General for the Environment and UNEP	428	–	428	202	–	8 153	6 170	2 613
ESS	Technical cooperation trust fund for UNEP implementation of ecosystem-based adaptation	91 678	–	91 678	540	–	20 471	4 895	107 794
ETL	Trust fund for the environmental training network in Latin America and the Caribbean	307	–	307	5	–	123	88	347
EUL	Technical cooperation trust fund to support achievement of contribution agreement No. DCI-ENV/2010/258-800 – strategic cooperation agreement between European Commission Directorate-General for the Environment and UNEP	8	–	8	3	–	220	(20)	251
FIL	General trust fund to support the activities of the UNEP financial services initiative on the environment	29 361	–	29 361	111	–	27 561	16 777	40 256
FRL	UNEP Environment Fund holding fund for cash transactions of UNEP Economy Division – Environment Fund support budget – counterpart contributions	52	–	52	–	–	2	–	54
FSL	Technical cooperation trust fund to support implementation of the Seed Capital Assistance Facility	17 159	–	17 159	107	–	645	2 623	15 288
FTL	Trust fund for revolving fund activities	101	–	101	1	–	8	3	107
GCF	General trust fund to support the activities of the Green Climate Fund operating under the accreditation master agreement	139 269	–	139 269	(397)	–	21 974	13 105	147 741
GCL	General trust fund to support the activities of the Green Climate Fund operating under the framework readiness and preparatory support grant agreement	53 709	–	53 709	(156)	–	14 329	7 661	60 221
GPL	General trust fund in support of the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities, and related information exchange and technical assistance	665	–	665	6	–	22	333	360

Fund ID code	Fund description	Net asset accumulated surplus – unrestricted	Net asset reserve – unrestricted	Net assets 1 January 2023	Changes in net asset accumulated surplus – unrestricted	Changes in net asset reserve – unrestricted	Revenue	Expense	Net assets 31 December 2023
GPP	Trust fund to assist delegates from developing countries, least developed countries, landlocked developing countries and small island developing States in attending the sessions of the ad hoc open-ended working group	7	–	7	–	–	–	–	7
GPS	Trust fund for activities and functions of the Secretariat and organization of meetings and consultations in respect of the Global Pact for the Environment	3	–	3	–	–	–	–	3
GRL	Technical cooperation trust fund for the implementation of the greening economies in the Eastern neighbourhood and Central Asia programme	30	–	30	–	–	1	–	31
IAL	Technical cooperation trust fund for Irish Aid multilateral environment fund for Africa	118	–	118	1	–	5	(13)	137
IEL	Technical cooperation trust fund for priority projects to improve the environment in the Democratic People's Republic of Korea	564	–	564	6	–	(570)	–	–
IML	Technical cooperation trust fund for UNEP implementation of the Multilateral Fund activities	51 714	–	51 714	120	–	27 010	21 614	57 230
JCL	Technical cooperation trust fund for the establishment of the International Environmental Technology Centre in Japan	4 369	–	4 369	33	–	2 014	1 117	5 299
LHN	General trust fund for living in harmony with nature	14 147	–	14 147	34	–	(2 608)	1 698	9 875
MCL	General trust fund in support of the preparation of a global assessment of mercury and its compounds	5 635	–	5 635	43	–	136	1	5 813
MDL	Technical cooperation trust fund for UNEP implementation of the Millennium Development Goals achievement fund	124	–	124	1	–	6	–	131
MOL	General trust fund to support the activities of the Montevideo Programme V	1 381	–	1 381	10	–	176	117	1 450
NFL	Technical cooperation trust fund for the implementation of the framework agreement between UNEP and the Government of Norway	5 944	–	5 944	71	–	817	4 448	2 384
PFP	General trust fund for pollution free planet	10 903	–	10 903	9	–	288	936	10 264
PGL	Technical cooperation trust fund for the implementation of the Partnership for Action on Green Economy	8 886	–	8 886	82	–	1 806	4 304	6 470
POL	General trust fund in support of the preparation for and negotiation of an internationally legally binding instrument for international action on persistent organic pollutants, and related information exchange and technical assistance activities	447	–	447	3	–	20	–	470
QGL	Support of the Global Environment Facility	2 369	–	2 369	20	–	142	393	2 138
RED	Technical cooperation trust fund to support the UNEP programme of work and responsibilities of the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries	6 125	–	6 125	111	–	11 075	5 785	11 526

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
REL	Technical cooperation trust fund for the promotion of renewable energy in the Mediterranean region	8 305	–	8 305	60	–	191	2 984	5 572
RPL	General trust fund to support participation of developing countries in a regular process for reporting and assessment of the state of the marine environment	4	–	4	–	–	–	–	4
SCP	Technical cooperation trust fund for the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns	3 575	–	3 575	29	–	1 636	1 664	3 576
SEL	Technical cooperation trust fund for the implementation of the agreement with Sweden	21 892	–	21 892	(63)	–	1 574	4 366	19 037
SFL	Technical cooperation trust fund for implementation of the framework agreement between Spain and UNEP	429	–	429	4	–	17	91	359
SLP	Trust fund to support the activities of the Climate and Clean Air Coalition to Reduce Short-lived Climate Pollutants	45 288	–	45 288	102	–	19 870	8 571	56 689
SML	General trust fund for the Strategic Approach to International Chemicals Management: quick-start programme	2 777	–	2 777	(41)	–	23 607	17	26 326
UTL	Technical cooperation trust fund for the implementation of the UNEP/United Nations Conference on Trade and Development capacity-building task force on trade, environment, and development	50	–	50	–	–	2	–	52
WPL	General trust fund to provide support to the Global Environment Monitoring System/Water Programme office and to promote its activities	62	–	62	–	–	3	–	65
FEC	General trust fund for the core activities of the “Faith for Earth Coalition” of UNEP	5	–	5	–	–	–	–	5
	Other support to UNEP programme of work (non-Global Environment Facility trust fund non-Junior Professional Officer): total	**884 552**	**–**	**884 552**	**5 523**	**–**	**354 535**	**245 437**	**999 173**
TBL	Technical cooperation trust fund for provision of Junior Professional Officers (financed by the Government of Belgium)	117	–	117	–	–	3	67	53
CEL	Technical cooperation trust fund for financing of Junior Professional Officers (financed by the Government of Finland)	485	–	485	4	–	147	198	438
SNL	Technical cooperation trust fund for provision of Junior Professional Officers (financed by the Government of Switzerland)	4	–	4	2	–	261	51	216
TCL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Nordic Governments through the Government of Sweden)	296	–	296	2	–	13	–	311

Fund ID code	Fund description	Net asset accumulated surplus – unrestricted	Net asset reserve – unrestricted	Net assets 1 January 2023	Changes in net asset accumulated surplus – unrestricted	Changes in net asset reserve – unrestricted	Revenue	Expense	Net assets 31 December 2023
TDL	Special purpose trust fund for the Government of Denmark agreement with UNEP for the provision of Junior Professional Officers	5	–	5	–	–	–	–	5
TGL	Special purpose trust fund for the provision of Junior Professional Officers (financed by the Government of Germany)	1 006	–	1 006	6	–	1 285	716	1 581
THL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of the Netherlands)	281	–	281	4	–	665	420	530
TIL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Italy)	312	–	312	2	–	337	192	459
TJL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Japan)	1 346	–	1 346	15	–	1 252	1 054	1 559
TKL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of the Republic of Korea)	1 161	–	1 161	11	–	252	486	938
TNL	Special purpose trust fund for the Government of Norway agreement with UNEP for the provision of Junior Professional Officers	559	–	559	4	–	208	38	733
TPL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Spanish Agency for International Development Cooperation)	161	–	161	1	–	7	–	169
TRL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of France)	831	–	831	6	–	607	392	1 052
TSL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Sweden)	565	–	565	4	–	236	177	628
	Trust funds for Junior Professional Officers: total	**7 129**	**–**	**7 129**	**61**	**–**	**5 273**	**3 791**	**8 672**
	Other support to UNEP programme of work: total	**1 760 745**	**–**	**1 760 745**	**6 614**	**–**	**552 199**	**384 130**	**1 935 428**
	Fund IML financial statement elimination	**(51 158)**	**–**	**(51 158)**	**(6 072)**	**–**	**–**	**–**	**(57 230)**
	Net total	**1 709 587**	**–**	**1 709 587**	**542**	**–**	**552 199**	**384 130**	**1 878 198**

Annex III

Conventions and protocols segment

Schedule of net assets, revenue, and expense at fund level for the year ended 31 December 2023

(Thousands of United States dollars)

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
BDL	Trust fund to assist developing countries and other countries in need of technical assistance in the implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	22 208	–	22 208	220	–	3 275	4 694	21 009
BCL	Trust Fund for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	5 910	736	6 646	(127)	29	5 111	5 320	6 339
ROL	General trust fund for the operational budget of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	5 435	927	6 362	(66)	14	4 507	4 806	6 011
SCL	General trust fund for the Stockholm Convention on Persistent Organic Pollutants, its subsidiary bodies and the Convention secretariat	4 261	895	5 156	13	38	6 328	6 605	4 930
RSL	Technical cooperation trust fund to support implementation of the Rotterdam and Stockholm Conventions in developing countries	–	–	–	–	–	–	–	–
RVL	Special Trust Fund for the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	2 123	–	2 123	23	–	836	818	2 164
SVL	Special trust fund for the Stockholm Convention, its subsidiary bodies and the Convention secretariat	8 152	451	8 603	74	–	2 304	4 868	6 113
	Basel, Rotterdam and Stockholm Conventions: total	**48 089**	**3 009**	**51 098**	**137**	**81**	**22 361**	**27 111**	**46 566**
QCL	Support of the Cartagena Convention and Action Plan for the Caribbean Environment Programme	529	–	529	–	–	3 982	311	4 200
CRL	Regional trust fund for implementation of the Action Plan for the Caribbean Environment Programme	2 376	190	2 566	(72)	126	1 339	1 061	2 898
	Caribbean Environment Programme: total	**2 905**	**190**	**3 095**	**(72)**	**126**	**5 321**	**1 372**	**7 098**
CAP	Trust fund for the core budget of the Framework Convention on the Protection and Sustainable Development of the Carpathians and related protocols	1 164	–	1 164	12	–	1 157	328	2 005

Fund ID code	Fund description	Net asset accumulated surplus – unrestricted	Net asset reserve – unrestricted	Net assets 1 January 2023	Changes in net asset accumulated surplus – unrestricted	Changes in net asset reserve – unrestricted	Revenue	Expense	Net assets 31 December 2023
CAR	Trust fund for the core budget of the Carpathian Convention	1 314	–	1 314	(5)	–	298	199	1 408
	Carpathian Convention: total	**2 478**	**–**	**2 478**	**7**	**–**	**1 455**	**527**	**3 413**
BEL	General trust fund for additional voluntary contributions in support of approved activities under the Convention on Biological Diversity	18 733	–	18 733	155	–	12 628	4 161	27 355
BBL	Trust fund for the core programme budget for the Nagoya Protocol	1 717	384	2 101	(105)	34	2 639	2 440	2 229
BGL	General trust fund for the core programme budget for the Biosafety Protocol	4 091	444	4 535	(66)	39	3 139	2 537	5 110
BYL	General trust fund for the Convention on Biological Diversity	9 974	2 129	12 103	(336)	188	14 602	13 562	12 995
BZL	General trust fund for voluntary contributions to facilitate the participation of parties in the process of the Convention on Biological Diversity	1 335	–	1 335	(12)	–	1 683	954	2 052
VBL	General trust fund for voluntary contributions to facilitate the participation of indigenous and local communities in the work of the Convention on Biological Diversity	450	–	450	3	–	334	178	609
	Convention on Biological Diversity: total	**36 300**	**2 957**	**39 257**	**(361)**	**261**	**35 025**	**23 832**	**50 350**
EAP	Multi-donor technical cooperation trust fund for the implementation of the African Elephant Action Plan	1 637	–	1 637	9	–	436	642	1 440
QTL	Support of activities related to the Convention on International Trade in Endangered Species of Wild Fauna and Flora	21 066	–	21 066	509	–	22 787	7 710	36 652
CTL	Trust fund for the Convention on International Trade in Endangered Species of Wild Fauna and Flora	6 106	952	7 058	(80)	15	6 799	6 569	7 223
	Convention on International Trade in Endangered Species of Wild Fauna and Flora: total	**28 809**	**952**	**29 761**	**438**	**15**	**30 022**	**14 921**	**45 315**
AVL	General trust fund for voluntary contributions in respect of the Agreement on the Conservation of African-Eurasian Migratory Waterbirds	1 426	–	1 426	54	–	369	269	1 580
MRL	Technical cooperation trust fund on the Conservation and Management of Marine Turtles and their Habitats of the Indian Ocean and South-East Asia	579	–	579	2	–	21	147	455
MVL	General trust fund for voluntary contributions in support of the Convention on the Conservation of Migratory Species of Wild Animals	13 422	–	13 422	499	–	6 202	4 123	16 000
QFL	General trust fund for voluntary contributions in support of the secretariat of the Agreement on the Conservation of Populations of European Bats	70	–	70	1	–	45	47	69
AWL	General trust fund for the African-Eurasian Waterbirds Agreement	301	194	495	(11)	–	1 295	1 206	573
BAL	General trust fund for the conservation of small cetaceans of the Baltic, North-East Atlantic, Irish and North Seas	257	41	298	(3)	6	265	270	296

Fund ID code	Fund description	Net asset accumulated surplus – unrestricted	Net asset reserve – unrestricted	Net assets 1 January 2023	Changes in net asset accumulated surplus – unrestricted	Changes in net asset reserve – unrestricted	Revenue	Expense	Net assets 31 December 2023
BTL	General trust fund for the conservation of European bats	153	90	243	(8)	6	529	531	239
MSL	Trust fund for the Convention on the Conservation of Migratory Species of Wild Animals	3 598	502	4100	(113)	(2)	3 732	2 723	4 994
QVL	General trust fund in support of the secretariat of the Agreement on the Conservation of Small Cetaceans of the Baltic, North-East Atlantic, Irish and North Seas	207	–	207	1	–	22	82	148
QWL	Support of the Convention on the Conservation of Migratory Species of Wild Animals	267	–	267	2	–	12	–	281
SMU	Trust fund to support the activities of the secretariat of the memorandum of understanding on the conservation of migratory sharks	750	100	850	6	–	536	386	1 006
	Convention on the Conservation of Migratory Species of Wild Animals: total	**21 030**	**927**	**21 957**	**430**	**10**	**13 028**	**9 784**	**25 641**
CAL	Support of the Mediterranean Action Plan (financed by the Government of Greece)	1 486	–	1 486	7	–	846	191	2 148
QML	Support of the Mediterranean Action Plan	5 806	–	5 806	55	–	6 850	5 397	7 314
MEL	Trust fund for the protection of the Mediterranean Sea against pollution	6 592	1 256	7 848	(18)	58	6 491	8 261	6 118
	Mediterranean Action Plan: total	**13 884**	**1 256**	**15 140**	**44**	**58**	**14 187**	**13 849**	**15 580**
QNL	Support of the North-West Pacific Action Plan	3 827	–	3 827	27	–	1 432	915	4 371
PNL	General trust fund for the protection, management and development of the coastal and marine environment and the resources of the north-west Pacific region	1 833	75	1 908	(9)	–	539	171	2 267
	Northwest Pacific Action Plan: total	**5 660**	**75**	**5 735**	**18**	**–**	**1 971**	**1 086**	**6 638**
QOL	Support of the activities of the Ozone Secretariat	83	–	83	4	–	614	524	177
MPL	Trust fund for the Montreal Protocol on Substances that Deplete the Ozone Layer	8 330	859	9 189	56	18	3 540	5 510	7 293
VCL	Trust fund for the Vienna Convention for the Protection of the Ozone Layer	2 478	135	2 613	(106)	86	888	759	2 722
SOL	General trust fund for financing activities on research and systematic observation for the Vienna Convention	346	–	346	2	–	118	78	388
	Ozone: total	**11 237**	**994**	**12 231**	**(44)**	**104**	**5 160**	**6 871**	**10 580**
QAC	Support for the Convention for Cooperation in the Protection, Management and Development of the Marine and Coastal Environment of the Atlantic Coast of the West, Central and Southern Africa Region	1 088	–	1 088	(9)	–	20	206	893
QAW	Support of the Action Plan for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region	7 611	–	7 611	947	–	148	1 032	7 674

Fund ID code	Fund description	Net asset accumulated surplus – unrestricted	Net asset reserve – unrestricted	Net assets 1 January 2023	Changes in net asset accumulated surplus – unrestricted	Changes in net asset reserve – unrestricted	Revenue	Expense	Net assets 31 December 2023
QEL	Support of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of the East Asian Seas	325	–	325	2	–	908	383	852
EAL	Regional seas trust fund for the Eastern African region	1 791	57	1 848	95	18	422	344	2 039
ESL	Regional trust fund for implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of the East Asian Seas	873	49	922	(15)	19	362	463	825
WAL	Trust fund for the Convention for Cooperation in the Protection, Management and Development of the Marine and Coastal Environment of the Atlantic Coast of the West, Central and Southern African Region	1 265	62	1 327	23	68	749	820	1 347
	Regional seas total	**12 953**	**168**	**13 121**	**1 043**	**105**	**2 609**	**3 248**	**13 630**
MCC	Trust fund for core activities under the Minamata Convention	2 337	678	3 015	133	(158)	4 902	4 609	3 283
MCP	Trust fund for activities relating to the Specific International Programme of the Minamata Convention on Mercury	5 044	–	5 044	33	–	1 282	1 193	5 166
MCV	Trust fund for voluntary activities relating to the Minamata Convention	1 888	–	1 888	21	–	1 425	1 535	1 799
	Minamata Convention: total	**9 269**	**678**	**9 947**	**187**	**(158)**	**7 609**	**7 337**	**10 248**
BML	Trust fund for the Bamako Convention core programme budget, United Nations Environment Programme	567	–	567	(53)	–	(204)	35	275
BRL	Trust fund for the revolving fund activities of the Bamako Convention	1 175	–	1 175	1 142	–	4	219	2 102
BWL	Special Trust Fund for Voluntary Contribution in support of the Bamako Convention	–	–	–	–	–	–	–	–
	Bamako Convention: total	**1 742**	**–**	**1 742**	**1 089**	**–**	**(200)**	**254**	**2 377**
PES	Trust fund for the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services	10 955	1 021	11 976	73	24	7 698	8 611	11 160
	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services: total	**10 955**	**1 021**	**11 976**	**73**	**24**	**7 698**	**8 611**	**11 160**
SRL	General trust fund for voluntary contributions in respect of the United Nations Scientific Committee on the Effects of Atomic Radiation	642	–	642	7	–	132	392	389
	United Nations Scientific Committee on the Effects of Atomic Radiation: total	**642**	**–**	**642**	**7**	**–**	**132**	**392**	**389**
	Conventions and protocols total	**205 953**	**12 227**	**218 180**	**2 996**	**626**	**146 378**	**119 195**	**248 985**

Annex IV

Multilateral Fund segment

Schedule of net assets, revenue, and expense at fund level for the year ended 31 December 2023

(Thousands of United States dollars)

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
MFL	Trust fund for the Multilateral Fund under the Montreal Protocol on Substances that Deplete the Ozone Layer	704 667	–	704 667	217	–	190 344	114 168	781 060
	Net totals	**704 667**	**–**	**704 667**	**217**	**–**	**190 344**	**114 168**	**781 060**

Annex V

Programme support segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2023

(Thousands of United States dollars)

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
ECR	Cost recovery	2 301	–	2 301	13	–	9 754	8 418	3 650
OTA	UNEP trust fund programme support cost	24 054	6 000	30 054	(155)	400	33 511	27 546	36 264
	Net totals	**26 355**	**6 000**	**32 355**	**(142)**	**400**	**43 265**	**35 964**	**39 914**

Annex VI

End-of-service and post-retirement benefits segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2023

(Thousands of United States dollars)

Fund ID code	*Fund description*	*Net asset accumulated surplus – unrestricted*	*Net asset reserve – unrestricted*	*Net assets 1 January 2023*	*Changes in net asset accumulated surplus – unrestricted*	*Changes in net asset reserve – unrestricted*	*Revenue*	*Expense*	*Net assets 31 December 2023*
AAL	After-service health insurance	(139 122)	–	(139 122)	6 275	–	14 833	11 590	(129 604)
ALL	Annual leave	(16 534)	–	(16 534)	632	–	–	406	(16 308)
RGL	Repatriation benefits	37 508	–	37 508	(5 608)	–	7 319	960	38 259
	Net totals	**(118 148)**	**–**	**(118 148)**	**1 299**	**–**	**22 152**	**12 956**	**(107 653)**

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