



**United Nations**

**United Nations Office for Project Services**

# **Financial report and audited financial statements**

**for the year ended 31 December 2024**

**and**

# **Report of the Board of Auditors**

**General Assembly**

**Official Records**

**Eightieth Session**

**Supplement No. 5K**





**United Nations Office for Project Services**

**Financial report and audited  
financial statements**

**for the year ended 31 December 2024**

**and**

**Report of the Board of Auditors**



United Nations • New York, 2025

*Note*

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

## Contents

<i>Chapter</i>	<i>Page</i>
Letters of transmittal . . . . .	5
I. Report of the Board of Auditors on the financial statements: audit opinion . . . . .	7
II. Long-form report of the Board of Auditors . . . . .	10
Summary . . . . .	10
A. Mandate, scope and methodology . . . . .	14
B. Findings and recommendations . . . . .	15
1. Follow-up of recommendations from previous years . . . . .	15
2. Financial overview . . . . .	16
3. Financial management . . . . .	18
4. Strategy management . . . . .	24
5. Project management . . . . .	27
6. Procurement management . . . . .	35
C. Transmissions of information by management . . . . .	41
1. Write-off of losses of cash, receivables and property . . . . .	41
2. Ex gratia payments . . . . .	41
3. Cases of fraud and presumptive fraud . . . . .	41
D. Acknowledgement . . . . .	42
Annex	
Status of implementation of recommendations up to the financial year ended	
31 December 2023 . . . . .	43
III. Financial report for the year ended 31 December 2024 . . . . .	54
IV. Financial statements for the year ended 31 December 2024 . . . . .	55
I. Statement of financial position as at 31 December 2024 . . . . .	55
II. Statement of financial performance for the year ended 31 December 2024 . . . . .	57
III. Statement of changes in net assets/equity for the year ended 31 December 2024 . . . . .	58
IV. Statement of cash flows for the year ended 31 December 2024 . . . . .	59
V. Statement of comparison of budget and actual amounts for the year ended	
31 December 2024 . . . . .	61
Notes to the 2024 financial statements . . . . .	62

---

Annex I	
United Nations Office for Project Services individual contractors provident fund summary for the year ended 31 December 2024 . . . . .	135
Annex II	
2024 pilot: disclosure and calculation methodology for liquid excess reserves . . . . .	136

---

## Letters of transmittal

### **Letter dated 5 June 2025 from the Executive Director and the Chief Financial Officer and Director of Administration of the United Nations Office for Project Services addressed to the Chair of the Board of Auditors**

The United Nations Office for Project Services (UNOPS) hereby submits its annual financial statements for the year ended 31 December 2024.

We acknowledge that:

Management is responsible for the integrity and objectivity of the financial information included in these financial statements.

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

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. UNOPS internal auditors continually review the accounting and control systems. Further improvements are being implemented in specific areas.

Management provided the Board of Auditors and UNOPS internal auditors with full and free access to all accounting and financial records.

The recommendations of the Board of Auditors and UNOPS internal auditors are reviewed by management. Control procedures have been revised or are in the process of being revised, as appropriate, in response to those recommendations.

We certify that, to the best of our knowledge and information available, the appended financial statements of UNOPS are correct in all material respects.

*(Signed)* Jorge **Moreira da Silva**  
Executive Director

*(Signed)* Karl-Ludwig **Soll**  
Chief Financial Officer

---

**Letter dated 23 July 2025 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 Office for Project Services for the year ended 31 December 2024.

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

## Chapter I

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

#### **Opinion**

We have audited the financial statements of the United Nations Office for Project Services (UNOPS), which comprise the statement of financial position (statement I) as at 31 December 2024 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 UNOPS as at 31 December 2024 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 UNOPS, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Executive Director of UNOPS is responsible for the other information, which comprises the financial report for the year ended 31 December 2024, contained in chapter III 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 is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Executive Director determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director is responsible for assessing the ability of UNOPS 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 UNOPS 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 UNOPS.

### **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 UNOPS;

(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 UNOPS 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 UNOPS 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 UNOPS 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 UNOPS 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 UNOPS.

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

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

*(Signed)* Vital **do Rêgo Filho**  
President of the Brazilian Federal Court of Accounts

23 July 2025

## Chapter II

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

#### *Summary*

The Board of Auditors has audited the financial statements of the United Nations Office for Project Services (UNOPS) for the financial year ended 31 December 2024 in accordance with General Assembly resolution 74 (I) of 1946. The Board also examined the financial transactions and operations executed at UNOPS. The interim audit of UNOPS headquarters in Copenhagen, the Europe and Central Asia Regional Office, and Geneva office was conducted on site. The Board conducted the final audit at UNOPS headquarters in Copenhagen.

#### **Audit Opinion**

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UNOPS as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards.

#### **Overall conclusion**

In 2024, the financial position of UNOPS remains sound, and the reported surplus continues to contribute to significant reserves. There were a few cases of shortcomings in financial management, project management, strategy management and procurement management, the lessons of which could further improve delivery by UNOPS.

The Board did not identify significant errors, omissions or misstatements from the review of financial records of UNOPS for the year ended 31 December 2024. However, the Board identified scope for improvement, especially in the areas of financial management, procurement management, and project management, the lessons of which could enhance UNOPS management capabilities in these areas.

#### **Key findings**

##### *Uncertain progress of efforts to recover the Sustainable Investments in Infrastructure and Innovation initiative funds, despite significant resource allocations*

Between 2018 and 2020, UNOPS invested \$58.8 million in seven S3i projects for the Sustainable Investments in Infrastructure and Innovation initiative through loans to seven special-purpose vehicles, all affiliated with a single private holding group, intended to support social housing, renewable energy projects. In 2020, UNOPS recognized expected credit losses of \$22.19 million, and by 2022, having failed to recover any funds, fully impaired the entire \$58.8 million. Despite repeated Executive Board decisions since 2020 urging recovery efforts and a significant increase in the budget for covering costs incurred for legal services, forensic investigations and other reviews, as well as costs incurred in relation to all work undertaken by OLA in providing UNOPS with the support required in this matter, including efforts related to funds recovery and criminal accountability – from \$8 million to \$17.2 million – no recovery had been achieved and the recovery efforts remain ongoing in April 2025. The Executive Board approved continuing the recovery efforts until 2027, raising concerns regarding the effectiveness and return on the resources committed to the recovery process.

*Management gaps in a significant infrastructure project with ongoing disputes*

UNOPS did not fulfil the post-facto review required under the conditional approval of its Engagement Acceptance Committee at the time of signing a high-value amendment to the agreement for a significant infrastructure project (hereinafter referred to as Project A). It implemented design changes without undergoing the required technical review and approval, and key implementation risks were not escalated to UNOPS headquarters in a timely manner by the responsible country office. In addition, key internal audit recommendations related to compliance issues identified in the same country office and project context remained unimplemented for several years. These issues reflected governance and control gaps that may have contributed to the risk exposure ultimately reflected in the contingent liability disclosed in note 25 (contingent liabilities) to its 2024 financial statements.

*Lack of accountability for project losses*

While UNOPS had established accountability frameworks that defined roles and responsibilities for project delivery, its practical enforcement remained limited due to the absence of effective mechanisms to assign and enforce individual accountability. From 2022 to 2024, no individuals were held accountable for \$49.6 million in write-offs and provisions across 154 projects, many of which were associated with recurring operational challenges. This lack of structured accountability may affect the credibility of internal controls and hinder the development of a culture of responsible project delivery.

*Performance shortfalls in mine action projects*

A review of all performance targets from a sample of 28 mine action projects implemented by UNOPS between 2022 and 2024 (with a total delivery of \$116.29 million), revealed that around 14 per cent of targets were not met due to factors partially or fully within UNOPS control. Contributing factors for performance shortfalls included both external constraints and internal shortcomings – such as delayed recruitments, inadequate technical planning, and limited oversight of third-party contractors – highlighting the need for a systematic review of the mine action portfolio to identify systemic lessons learned and support the continuous strengthening of project quality, coordination and performance.

*Excessive use of direct contracting compromised procurement fairness and compliance*

Between 2022 and 2024, 12.47 per cent of UNOPS procurement by value (\$608.76 million) was conducted through direct contracting. The Board identified insufficient justification under exception grounds (ii), (viii) and (x), limited market sourcing and gaps in the overview and tracking of the review processes of the internal Contracts and Property Committees in certain cases, raising concerns regarding consistency, transparency and compliance with procurement practices.

**Main recommendations**

While further detailed recommendations are set out in the present report, in summary, the Board recommends that UNOPS:

*Uncertain progress of the efforts to recover the Sustainable Investments in Infrastructure and Innovation initiative funds, despite significant resource allocations*

(a) **In collaboration with the Office of Legal Affairs, continue to prudently consider the resource requirements in relation to the progress of the funds recovery and criminal accountability efforts related to the Sustainable Investments in Infrastructure and Innovation initiative;**

*Management gaps in a significant infrastructure project with ongoing disputes*

(b) **Identify all ongoing engagements that proceeded following conditional approval by the Engagement Acceptance Committee and required follow-up actions, assess whether the Committee's follow-up occurred and if not, whether that contributed to implementation challenges or financial risks, take the necessary corrective actions and strengthen future engagement risk management frameworks;**

(c) **Continue its efforts to review Project A, address any outstanding issues with the partner, continue to negotiate with the aim of resolving the dispute and minimizing the financial impact and, where necessary, hold individuals accountable in accordance with applicable regulations;**

(d) **Conduct comprehensive reviews of other major projects involving material disputes, assess the need for corrective actions, and enhance future engagement risk frameworks;**

(e) **Strengthen risk escalation mechanisms through operationalization of the Portfolio Oversight Committee and continued transformation initiatives;**

*Lack of accountability for project losses*

(f) **Institutionalize a portfolio analysis to conduct annual reviews of all provisions and write-offs, to trigger response actions, and develop more detailed criteria and procedures for enforcing accountability taking into account organizational, operational and individual levels of accountability;**

*Performance shortfalls in mine action projects*

(g) **Conduct a cross-functional thematic review of its performance management of mine action projects to identify systemic lessons learned and improve project quality, coordination and performance;**

*Excessive use of direct contracting compromised procurement fairness and compliance*

(h) **Develop a guidance document to further support procurement practitioners and procurement authorities in the practical implementation of exception grounds – namely: (ii) no competitive marketplace; (viii) genuine urgent need; and (x) the Executive Chief Procurement Officer believes that formal bidding would not yield satisfactory results – to ensure a consistent and well-informed approach across UNOPS operations;**

(i) **Improve the overview and tracking of questions raised by the Contracts and Property Committees and answers provided by the submitting unit to ensure that they are duly considered through the ongoing process innovation and digitalization programme within UNOPS.**

**Follow-up of previous recommendations**

As at 31 December 2024, of the 31 outstanding recommendations up to the financial year ended 31 December 2023, 20 (65 per cent) had been implemented and 11 (35 per cent) were under implementation.

**Key facts**

<b>\$1,447.22 million</b>	Total revenue
<b>\$1,481.77 million</b>	Total expenses
<b>\$121.67 million</b>	Net finance income
<b>\$87.12 million</b>	Surplus
<b>\$3,838.01 million</b>	Total assets
<b>\$3,463.02 million</b>	Total liabilities
<b>\$374.99 million</b>	Net assets/equity
<b>\$190.43 million</b>	Minimum operational reserve

**A. Mandate, scope and methodology**

1. The United Nations Office for Project Services (UNOPS) helps people to build better lives and countries to achieve sustainable development. UNOPS is a demand-driven and self-financing organization without any contributions from Member States that relies on the revenue that it earns from the implementation of projects and the provision of transactional and advisory services. It provides services that contribute to peace and security, humanitarian and development operations of the United Nations system. UNOPS revenue is wholly dependent on fees generated by the provision of project services through advisory, implementation and transactional services in its five core areas of expertise, namely, infrastructure, procurement, project management, financial management and human resources.

2. The Board of Auditors has audited the financial statements of UNOPS for the financial year ended 31 December 2024 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the financial regulations and rules of UNOPS, as well as the International Standards on Auditing and the International Standards of Supreme Audit Institutions for the financial audit of public sector entities. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNOPS as at 31 December 2024 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenses recorded in the financial statements had been incurred for purposes approved by the UNOPS governing body and whether they had been properly classified and recorded in accordance with the UNOPS financial regulations and rules.

4. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered it necessary to form an opinion on the financial statements.

5. The Board reviewed UNOPS operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations. The Board conducted an on-site interim audit of UNOPS headquarters in Copenhagen, and the Geneva office from 22 October

to 22 November 2024. The Board conducted the final audit from 1 April to 4 May 2025 at UNOPS headquarters in Copenhagen.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The report was discussed with UNOPS management, whose views have been appropriately reflected.

## B. Findings and recommendations

### 1. Follow-up of recommendations from previous years

7. There were 31 outstanding recommendations up to the year ended 31 December 2023. At the time of the audit of the Board, 20 (65 per cent) had been implemented, 11 (35 per cent) were under implementation, as shown in table II.1. The rate of implementation of recommendations was higher than that achieved in the previous year (58 per cent).

Table II.1  
Status of implementation of recommendations

Status	Report of the Board of Auditors					Total
	A/75/5/Add.11	A/76/5/Add.11	A/77/5/Add.11	A/78/5/Add.11	A/79/5/Add.11	
Financial year	2019	2020	2021	2022	2023	
Open recommendations as at 31 December 2023	–	–	3	9	19	31
Status of implementation in 2024						
(a) Implemented	–	–	3	5	12	20
(b) Under implementation	–	–	–	4	7	11
(c) Not implemented	–	–	–	–	–	–
(d) Overtaken by events	–	–	–	–	–	–
Open recommendations as at 31 December 2024	–	–	–	4	7	11

Source: Analysis by the Board of Auditors.

8. The Board further carried out an analysis of the 11 open recommendations as at 31 December 2024 and noted that:

(a) Five (46 per cent) related to financial and budget management, three (27 per cent) related to project management, one (9 per cent) referred to investment management, one (9 per cent) referred to information and communications technology and one (9 per cent) referred to human resources management;

(b) With regard to the aging of the recommendations, seven (64 per cent) were issued one year ago and four (36 per cent) were issued two years ago;

(c) As for the recommended corrective measures, four (36 per cent) indicated a need for the development of regulations and seven (64 per cent) required corrections on account of non-compliance with regulations.

9. The Board acknowledged that UNOPS had progressed towards implementation of the pending recommendations and noted that preliminary action had been initiated for 11 cases, but that further efforts were required for actual implementation. Details are set out in the annex to the present chapter.

## 2. Financial overview

### *Financial results*

10. The General Assembly, in its decision 48/501, established UNOPS as a separate, self-financing entity to provide capacity-building services, including project management, procurement and the management of financial resources. To cover its expenses, UNOPS charges its clients fees for services rendered. It reported an overall surplus of \$87.12 million in 2024 against the surplus of \$41.33 million in 2023. The surplus represented 5.9 per cent of the expenses of \$1,481.77 million that UNOPS had incurred in 2024.

11. The net revenue that UNOPS generates from its project activities is used to cover its central management costs. As shown in table II.2, since 2020, UNOPS has generated net revenue from its project activities ranging from \$109.05 million in 2020 to \$110.85 million in 2024. The net surplus/deficit that UNOPS reported each year included net finance income/expense.

Table II.2

### **Analysis of surpluses reported by the United Nations Office for Project Services**

(Thousands of United States dollars)

	2024	2023	2022	2021	2020
Net revenue from project activities <sup>a</sup>	110 845	113 602	127 326	139 703	109 046
Miscellaneous and non-exchange revenue	(372)	949	2 883	9 766	8 591
Non-project expenses <sup>b</sup>	(145 025)	(136 352)	(128 660)	(85 933)	(89 168)
<b>Surplus from operations</b>	<b>(34 552)</b>	<b>(21 801)</b>	<b>1 549</b>	<b>63 536</b>	<b>28 469</b>
Net finance income/(expense)	121 672	63 126	(30 329)	26 845	11 031
<b>Reported surplus/(deficit)</b>	<b>87 120</b>	<b>41 325</b>	<b>(28 780)</b>	<b>90 381</b>	<b>39 500</b>

Source: UNOPS financial statements.

<sup>a</sup> Direct project revenue less direct project expenditure.

<sup>b</sup> Total expenditure less direct project expenditure.

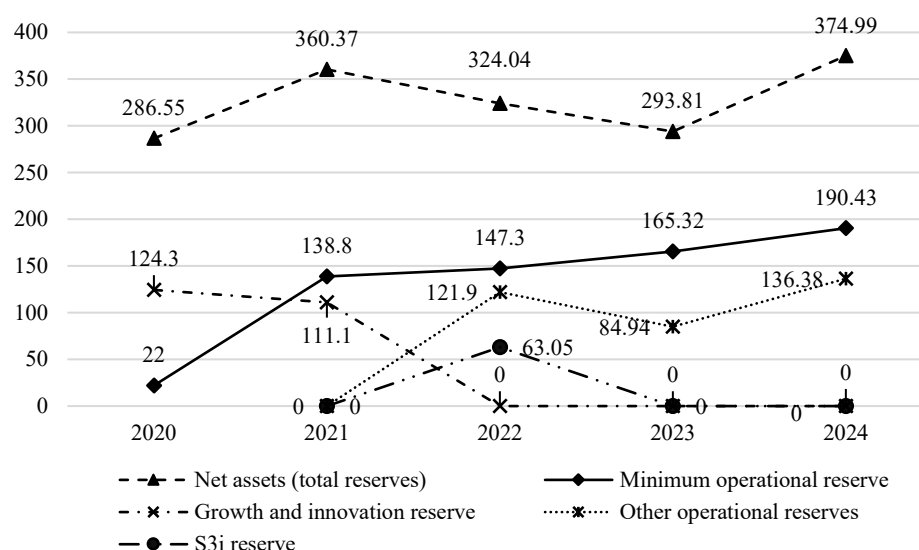
### *Net assets and equity*

12. In 2021, the new minimum operational reserve requirement was established by the Executive Board (DP/2022/2, decision 2021/21) to provide better protection to UNOPS as a self-financing United Nations entity. The Executive Board approved the change in the minimum requirement for the operational reserves of UNOPS to be set at 25 per cent of the infrastructure service line expenses, 5 per cent of expenses for other service lines and 33 per cent of administrative costs, with a weight of 50 per cent for the current year, 30 per cent for the previous year and 20 per cent for the year prior. On the basis of this formula, for the period ended 31 December 2024, the minimum operational reserve requirement was \$190.43 million, an increase of \$25.11 million compared with 2023.

13. As a result of the surplus recognized in 2024 and the approved distribution, the net assets as at 31 December 2024 increased to \$374.99 million (2023: \$293.81 million). The details are shown in the figure below.

Figure II.1  
**Net assets and equity as at 31 December 2024**

(Millions of United States dollars)



Source: UNOPS financial statements.

#### Ratio analysis

14. The Board analysed the financial health of UNOPS using a range of key ratios, as set out in table II.3.

Table II.3  
**Financial ratios as at 31 December**

Financial ratios	2024	2023	2022	2021	2020
Cash ratio <sup>a</sup>					
Cash + short-term investments: current liabilities	0.85	0.94	0.82	0.80	0.85
Quick ratio <sup>b</sup>					
Cash + short-term investments + accounts receivable: current liabilities	0.95	1.05	0.86	0.82	0.87
Current ratio <sup>c</sup>					
Current assets: current liabilities	0.95	1.05	0.87	0.83	0.88
Solvency ratio <sup>d</sup>					
Total assets: total liabilities	1.11	1.08	1.10	1.07	1.08
Project surplus <sup>e</sup> (margin percentage <sup>f</sup> )	\$110.85 million	\$113.6 million	\$127.3 million	\$139.7 million	\$109 million
Direct project revenue – direct project expenses	(7.7 per cent)	(9.3 per cent)	(10.4 per cent)	(11.7 per cent)	(9.4 per cent)
Net surplus (margin percentage <sup>f</sup> )	\$87.12million	\$41.33 million	-\$28.78million	\$90.38 million	\$39.5 million
Revenue – expenses	(6 per cent)	(3.4 per cent)	(-2.4 per cent)	(7.5 per cent)	(3.4 per cent)

Source: UNOPS financial statements.

<sup>a</sup> The cash ratio serves as an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

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

<sup>c</sup> A high ratio indicates an entity's ability to pay off its short-term liabilities.

<sup>d</sup> A high ratio is a good indicator of solvency.

<sup>e</sup> Direct project revenue and expenses relate to the project revenue/expenses reported in note 21 to the financial statements.

<sup>f</sup> Margin percentage refers to project revenue/total revenue.

15. As at 31 December 2024, UNOPS had total assets of \$3.84 billion (2023: \$3.80 billion), consisting mainly of investments of \$2.9 billion (2023: \$2.7 billion) and cash and cash equivalents of \$575.38 million (2023: \$702.59 million). The total liabilities of UNOPS stood at \$3.46 billion as at 31 December 2024 (2023: \$3.5 billion), with liabilities relating to project cash advances received at \$2.79 billion (2023: \$2.8 billion), representing 79 per cent (2023: 80 per cent) of the total liabilities. Total assets as at 31 December 2024 increased modestly.

16. The Board noted that, in 2024, there was a slight increase in the solvency ratio compared with 2023, from 1.08 to 1.11. In 2024, there were decreases in the cash ratio, quick ratio and current ratio compared with 2023. The overall gross margin on project services declined for the third consecutive year from 11.7 per cent in 2021, 10.4 per cent in 2022 and 9.3 per cent in 2023 to 7.7 per cent in 2024. The net surplus and net margin percentage increased considerably from \$41.33 million and 3.4 per cent in 2023 to \$87.12 million and 6 per cent in 2024 respectively. The overall financial position of UNOPS remained sound given that the solvency ratio was above one.

### 3. Financial management

#### *Weaknesses in risk reporting and weaknesses in internal control over field office expenditures*

17. According to the IPSAS Conceptual Framework, public sector entities must maintain robust internal control systems to support high-quality financial reporting and responsible resource management. It is emphasized in IPSAS 1: Presentation of financial statements that management has a duty to establish controls that provide reasonable assurance regarding financial statement reliability. UNOPS also established its internal control framework in operational directive OD.FG.2020.01, in which internal control is defined as a continuous process led by senior management and implemented by personnel at all levels.

18. The Board noted that UNOPS, in note 25 (contingent liabilities) to its 2024 financial statements, disclosed a contingent liability in relation to a significant infrastructure project (hereinafter referred to as Project A) implemented by UNOPS for a Government entity client.

#### *(a) Gaps in timely risk identification and appropriate financial reporting*

19. The Board further noted that, although the client had been in communication with UNOPS about unapproved expenditures of \$62.13 million since 2018 and in July 2023 had questioned the eligibility of the project expenditures (as UNOPS had not justified them), UNOPS had not disclosed any risks or potential financial implications associated with the client's long-standing concern about the financial statements for prior years until the preparation of the 2024 financial statements.

20. The Board was further informed that the client's long-standing differences had at first been handled at the local project level and had only been escalated to UNOPS headquarters in 2023, when the client finally questioned the eligibility of the project expenditures, as UNOPS had still not justified the amounts. This suggested a gap in UNOPS mechanisms for timely risk identification and appropriate financial reporting.

#### *(b) Absence of comprehensive independent third-party assessments*

21. The Board noted that, as at the time of the audit, UNOPS had not yet completed comprehensive independent third-party assessments on the unapproved project expenditures to reasonably determine the amount of potential obligation to compensate the client. UNOPS indicated, in a memorandum issued by its Legal Group

in March 2025, that an assessment by a technical expert may be necessary to conclusively establish whether any contractual breach occurred and, if so, to clarify the scope and amount of potential refund liability. UNOPS informed the Board that internal legal and technical reviews are currently underway to support and inform the scope of the third-party assessment.

(c) *Weaknesses in internal control over field office expenditures*

22. The Board was informed that some critical documentation appeared to be missing or untraceable, raising concerns over records management and the preservation of institutional knowledge for this particular project. The absence of such documentation might not only affect the reliability of expenditure records but also limit the ability of UNOPS to defend its financial position in the event of disputes or donor reviews.

23. The Board is concerned that the lack of effective oversight over field office expenditures exposed UNOPS to increased financial and operational risks.

**24. The Board recommends that UNOPS expedite an independent third-party assessment on the unapproved expenditures and strengthen its risk identification and disclosure mechanism.**

25. UNOPS accepted this recommendation.

*Inconsistencies identified in the revised methodology for calculating UNOPS liquid excess reserves*

26. In order to calculate the base for distributing excess reserves accumulated within UNOPS, in January 2025, UNOPS proposed to the Executive Board a revised methodology for computing “liquid excess reserves”, replacing the prior approach that focused on “excess reserves”. Under this revised methodology, UNOPS excluded certain categories of non-liquid assets (such as property, plant and equipment; intangible assets; and inventory), as well as amortization and changes in the fair value of investments. The stated rationale was that these items did not represent immediately available cash or cash equivalents, and thus should not factor into the calculation of liquid excess reserves.

27. The Board sampled and analysed four out of five items that were proposed to be subtracted from the calculation of liquid excess reserves and noted that UNOPS excluded inventory from its liquidity excess reserves calculation on the grounds that these inventories were designated for project operational use and lacked convertibility to cash for meeting short-term financial obligations. Under this approach, \$9.81 million of inventory was excluded in 2023 and \$4.15 million in 2024. However, the Board noted that inventory purchased with donor contributions was recorded as a current asset with a corresponding deferred revenue, resulting in no increase in net assets or liquidity. Therefore, subtracting the same inventory again in the liquid excess reserve formula would lead to double exclusion, understating the available liquidity.

28. The Board further noted that UNOPS, applying similar logic, also excludes property, plant and equipment from its liquidity excess reserves calculation. The property, plant and equipment reported by UNOPS were financed by both donors and internal UNOPS funds. In 2023, of the \$17.63 million in reported property, plant and equipment, \$9.01 million was donor-funded and \$8.62 million internally funded. In 2024, of the \$18.17 million reported, \$6.78 million was donor-funded and \$11.40 million internally funded.

29. The Board is of the view that all assets that were financed by donor funds, including but not limited to inventory and property, plant and equipment, should not

be excluded from net assets again to arrive at the calculated liquid excess reserves, regardless of their liquidity. According to IPSAS, such assets were already excluded from net assets. Removing them again in the calculation of liquid excess reserves systematically understates the actual liquidity of UNOPS.

30. UNOPS acknowledged the Board's concerns and accordingly revised the calculation of liquid excess reserves for the years 2023 and 2024, resulting in an increase of \$18.8 million and \$10.9 million, respectively.

31. While acknowledging corrective action taken by UNOPS, the Board believes it would be necessary for UNOPS to also perform a further review and revision of the underlying methodology presented to the Executive Board.

**32. The Board recommends that UNOPS conduct a comprehensive assessment and revise and resubmit the methodology for calculating liquid excess reserves to the Executive Board for further review.**

33. UNOPS accepted this recommendation.

*Inventory year-end recognition and verification deficiencies*

34. In accordance with IPSAS 12, inventories should be recognized as assets when they meet the definition of inventories and should be measured and recorded accurately to reflect their economic substance. IPSAS 12 also requires periodic physical verification of inventories and adequate internal control mechanisms to ensure completeness and existence. UNOPS established its internal regulatory instruments related to inventory management, including the standard operating procedure for inventory management (2021), guidance for inventory submission, and the operational instruction on financial accounting and reporting (OI.FG.2020.01).

35. UNOPS recorded inventory as expenses under "supplies and consumables" upon purchase. At year-end, office centres submitted certificates of inventory records to UNOPS headquarters, which then adjusted the expense balances by reversing the value of unconsumed inventory. According to the standard operating procedure for Inventory Management (2021), year-end inventory consisted of items purchased for project activities but not yet consumed or distributed. The latter were reclassified from "supplies and consumables" to inventory in the financial statements. Items already used or distributed remained expensed. In 2024, UNOPS recognized \$271.7 million of supplies and consumables and only \$4.1 million of inventory.

36. Upon reviewing the inventory data provided by UNOPS for the fiscal years 2022 to 2024, the Board observed that, apart from the Peace and Security Cluster, a significant proportion of UNOPS office centres reported zero inventory, raising concerns regarding the accuracy and completeness of inventory reporting. Table II.4 summarizes the statistics of office centres that reported zero inventory.

Table II.4

**The statistics of office centres that reported zero inventory**

<i>Fiscal year</i>	<i>Total number of office centre reports</i>	<i>Number (percentage) of office centres reporting zero inventory</i>
2024	82	74 (90)
2023	77	68 (88)
2022	75	65 (87)

*Source:* Inventory certificates submitted to UNOPS headquarters by UNOPS office centres.

37. The Board identified deficiencies in the internal control system over inventory verification. UNOPS headquarters had not verified the year-end inventory data submitted by office centres by physical verification or by reviewing original documentation of inventory management. There was no evidence that headquarters had established adequate procedures to assess the accuracy or completeness of self-reported inventory amounts from office centres.

38. UNOPS explained that its inventory reporting follows established procedures under the standard operating procedure for inventory management. Office centres were responsible for conducting physical counts and certifying year-end balances, which were then reviewed by designated senior staff and submitted to headquarters. The headquarters Finance Group performed validations based on the documentation provided, while consolidated inventory data was maintained centrally. Supporting records, however, were retained locally, and retrieving them globally would require significant resources. UNOPS considered this decentralized approach, built on staff professionalism and segregation of duties, to be a cost-effective mechanism for inventory reporting.

39. While acknowledging the procedures performed by UNOPS headquarters and office centres regarding the reporting and validation of inventory balances, the Board is of the view that UNOPS headquarters lacked adequate mechanisms to verify the existence and valuation of field level inventories, posing a material risk to the reliability of reported balances.

**40. The Board recommends that UNOPS evaluate the working process of supplies and consumables management with the objective of identifying systemic control weaknesses, establish and implement an integrated risk-based inventory assurance framework that combines periodic sample-based reviews of original documentation with a rotating schedule of on-site physical counts.**

41. UNOPS accepted this recommendation.

*Deficiencies in shared services management affecting cost transparency and donor equity*

42. According to UNOPS financial regulations and rules, “direct costs are costs incurred for the benefit of a particular project or client(s). Such costs are clearly identifiable as having a direct benefit for a particular project or client(s) and can be clearly documented,” and shared services costs are “costs incurred for engagement-related activities such as shared support services on a local, regional or corporate level”, as stated in the rule 2.2 of UNOPS operational instruction on engagement pricing and costing (OI.FG.2018.07).

43. Executive Board decision 2022/13, paragraph 13 (b), stipulated that UNOPS should “increase transparency around UNOPS management fees and costing structure, with a view to limiting the accumulation of UNOPS reserves”.

44. The Board was informed that, from 2022 to 2024, the shared services cost recoveries were relatively stable – \$101.27 million, \$109.19 million and \$116.87 million, respectively – broadly in line with the scale of project delivery during the same period, as shared services cost recovery had been charged to donors as part of direct project costs. In contrast, shared services expenditures increased significantly over the same period, from \$94.29 million in 2022 to \$112.73 million in 2023 and further to \$134.81 million in 2024. This divergence between recovery and expenditure trends led to a notable reduction in the accumulated carry-forward balance, which decreased from \$27.42 million in 2022 to \$23.87 million in 2023 and further to \$5.94 million in 2024. The upward trend in shared services expenditures, which substantially outpaced the growth in project delivery, warranted closer review.

45. The Board reviewed the UNOPS shared services cost recovery framework and noted that the application of a 33 per cent carry-forward threshold – derived from minimum operational reserve policies – was not adequately justified for donor-funded shared services, potentially resulting in inequitable surplus refund treatment.

(a) *Inadequately justified application of a 33 per cent carry-forward threshold*

46. The Board further noted that, in the UNOPS guidance on monitoring and managing the shared services carry-forward balance, an approach for managing shared services surpluses was introduced such that offices were permitted to carry forward a balance equivalent to 33 per cent of the previous year's total shared services expenditure, with any excess refunded to financially open projects.

47. The Board was informed that the 33 per cent threshold is derived by analogy with the Executive Board decision ([DP/2022/2](#), decision 2021/21), which established minimum operational reserve levels for UNOPS, specifically, 33 per cent for administrative costs.

48. The Board noted a difference between shared services and administrative costs. Administrative costs were internally funded and the 33 per cent reserve threshold was designed to mitigate financial risks and ensure continuity. By comparison, shared services constitute direct project costs funded by clients and were subject to a framework that is intended solely for cost recovery, without provision for surplus retention. Benchmarking the carry-forward threshold for shared services surpluses against that of administrative costs incorrectly treats them as analogous, when in fact they are distinct cost categories. Accordingly, the Board is concerned that the basis for applying the 33 per cent carry-forward limit to shared services lacks sufficient justification.

49. UNOPS explained the similarity between administrative costs and shared services. Both management fees and shared services are comparable as they provide essential functions for UNOPS service delivery on an ongoing basis, except for the fact that shared services cover direct costs while management fees cover indirect costs. UNOPS stressed that shared services were essential to support both the start-up of new projects and the operational closure of completed projects. Although shared services were not classified as indirect costs, they still require funding to ensure uninterrupted operations. UNOPS further noted that year-end shared services balances may not align with project timelines, as projects often span multiple years, resulting in temporary surpluses or deficits. To mitigate the risk of service disruptions caused by these timing differences, a modest buffer is maintained. UNOPS also reaffirmed its commitment to achieving a break-even position for shared services over time.

50. The Board acknowledges that shared services require adequate funding to support essential activities and recognizes the initiative of UNOPS to formalize surplus and deficit management. However, the Board reiterates that the core regulatory distinction between administrative costs and shared services must be addressed. Under UNOPS financial regulations and rules (e.g., financial regulation 22.02) and the High-Level Committee on Management framework, a distinction is made between administrative costs, which are internally funded indirect costs, and shared services costs, which are direct and client-funded. The 33 per cent operational reserve cap approved by the Executive Board applies exclusively to administrative costs. Moreover, the application of a 33 per cent carry-forward threshold to shared-services surpluses appears to be inconsistent with the stated commitment of UNOPS to the objective of maintaining a break-even approach.

(b) *Inequitable treatment of contributing partners in refund practices*

51. The Board noted that the current refund method, by limiting refunds solely to donors with financially open projects, systematically disadvantages donors whose projects have closed. The donors of these projects contributed to the financing of shared services but would be excluded from the surplus redistribution, regardless of their historical support. This practice indicates clear inequality among donors and lack of transparency around management fees and cost structure, in contradiction to the Executive Board's long-standing emphasis on transparency and accountability. Given that all donors financed shared services on the understanding of full cost recovery without surplus retention or deficit, the current approach risks creating implicit cross-subsidization between different groups of donors.

(c) *IPSAS compliance risks*

52. The Board further noted that the current shared services surplus management mechanism may create IPSAS compliance issues on the measurement of liabilities. According to IPSAS, a liability should be recognized only when there is a present obligation to a specific party (IPSAS conceptual framework, chapter 5). Under the current refund mechanism, donors associated with financially closed projects are no longer eligible for refunds, meaning that no present obligation remains towards these donors. However, the existing accounting treatment continues to classify all shared services surpluses, including amounts relating to closed projects for which no donor claims exist, as liabilities. Moreover, under the current management mechanism, UNOPS is unable to quantify the portion of shared services surplus that lacks any associated donor obligation. Continuing to classify such surplus amounts as liabilities might potentially result in overstatement of the Office's liabilities.

53. UNOPS introduced the current accounting treatment for shared services. Shared services recoveries were reported as liabilities until the corresponding costs were incurred, at which point revenue is recognized, reducing the liability.

54. The Board is of the view that the core issue remains unresolved. The Office's explanation focused on the timing of liability recognition and the eventual reduction of liabilities when expenses were incurred. While this practice is appropriate when there is a clearly identifiable donor obligation, the Board's concern specifically relates to surpluses associated with closed projects where no donor claim or obligation exists. Once a donor's project is financially closed, and no further refunds are payable, no present obligation can logically remain. Accordingly, the classification of surplus balances from closed projects as liabilities, even temporarily, might lack compliance with IPSAS and could lead to a systematic overstatement of liabilities. Although UNOPS highlighted the declining surplus balance as evidence of minimizing accumulation, this does not resolve the fundamental measurement issue regarding the correct recognition of liabilities.

(d) *Potential misalignment of the current shared services surplus refund mechanism with cost recovery principles*

55. The Board also noted that shared services were intended to operate strictly on a no-profit, no-loss basis. However, the 33 per cent threshold, borrowed from operational reserve parameters designed for broader organizational sustainability, might introduce an unjustified accumulation of funds within shared services, which would contradict the full cost recovery model. The Board further noted that, as at April 2025, UNOPS had not proactively refunded any shared service surpluses to partners, although the related policy had been finalized in early 2025.

56. The Board is of the view that UNOPS should establish a transparent, equitable and cost-effective mechanism to attribute shared-services costs to projects and to refund any resulting surpluses on a timely basis, thereby safeguarding donor equity and preventing the build-up of balances under shared services.

**57. The Board recommends that UNOPS review the justification and appropriateness of the 33 per cent carry-forward threshold currently applied to shared services balances.**

**58. The Board further recommends that UNOPS revise its shared services refund policy to ensure equitable treatment of all contributing partners, including those whose projects were financially closed within the refund year or at least the preceding four years.**

59. UNOPS accepted these recommendations.

#### **4. Strategy Management**

*Uncertain progress of efforts to recover the Sustainable Investments in Infrastructure and Innovation initiative funds, despite significant resource allocations*

60. In the comprehensive response plan, which is intended to resolve outstanding legal and financial matters related to the sustainable investments in infrastructure and innovation initiative portfolio, UNOPS committed to “liaise with the Office of Legal Affairs on the recovery of funds from sustainable investments in infrastructure and innovation in concerned jurisdictions with the support of contracted law firms”. A budget of \$8 million was allocated to the funds recovery and criminal accountability efforts.

61. The Board referred to the audit observations in previous reports ([A/78/5/Add.11](#) and [A/79/5/Add.11](#)). Between 2018 and 2020, UNOPS had invested \$58.8 million in seven projects for the Sustainable Investments in Infrastructure and Innovation initiative through loan agreements with entities linked to a single private holding group. By 2022, all investments had been fully impaired due to failed recovery efforts. From 2020 onward, the Executive Board had repeatedly urged UNOPS to take all necessary measures to recover the funds and ensure full accountability, including individual responsibility as reaffirmed in decisions 2022/21 and 2022/24, and had requested, in its decision 2025/6, that UNOPS pursue full accountability for the failures, reported irregularities and misconduct related to the projects, including on the part of previous senior UNOPS leadership, and to assess the possibility of an investigation into the former Executive Director of UNOPS.

62. The Board noted that the Executive Board had approved continuing the recovery efforts until 2027 and that the budget for the funds recovery process and the work related to criminal accountability (including costs incurred for legal services, forensic investigations and other reviews, as well as costs incurred in relation to all work undertaken by the Office of Legal Affairs in providing UNOPS with the support required in the matter of the Sustainable Investments in Infrastructure and Innovation initiative, including efforts related to funds recovery and criminal accountability) had more than doubled from \$8 million to \$17.2 million by January 2025. By the end of 2024, UNOPS had already incurred expenditures totalling \$9 million on the funds recovery and criminal accountability efforts, which exceeded the initially allocated \$8 million. Furthermore, UNOPS had requested further funding in January 2025 to continue the recovery. In response, the Executive Board had authorized an additional allocation of \$9.2 million from the UNOPS operational reserve to sustain those efforts until the end of 2027, as reflected in decision 2025/6. By April 2025, no funds had yet been recovered from the \$58.8 million invested in the projects, and the funds recovery efforts remain ongoing.

63. **The Board recommends that UNOPS, in collaboration with the Office of Legal Affairs, continue to prudently consider the resource requirements in relation to the progress of the funds recovery and criminal accountability efforts related to the Sustainable Investments in Infrastructure and Innovation initiative.**

64. UNOPS accepted this recommendation.

*Implementation gaps of UNOPS 2022–2025 Strategic Plan commitments*

65. The Executive Board, by its decision 2023/16, endorsed the restated UNOPS strategic plan for the period 2022–2025 (DP/OPS/2023/6). The Board noted that UNOPS had not fully delivered on several priority commitments set out in the strategic plan, particularly in relation to digital transformation, climate action, transparency and timely client reporting. These shortfalls may affect the Office’s ability to meet its contribution and management goals as planned.

(a) *Delayed implementation of the process innovation and digitalization programme*

66. UNOPS, in its restated strategic plan for the period 2022–2025, stated: “We want to enable cost-effective operations through digital processes. (i) Manage processes and energy efficiency; (ii) Respond to oversight recommendations; and (iii) Innovate operations platform and services”. To that end, UNOPS committed, in its comprehensive response plan, to “develop detailed planning, scoping, and architecture for UNOPS digital transformation leading to the design and implementation of new or enhancement of existing UNOPS digital platforms”, supported by a dedicated budget of \$20.4 million and with a target completion date of 31 December 2023. In early 2023, UNOPS launched the process innovation and digitalization programme to deliver on those commitments.

67. The Board noted that the process innovation and digitalization programme had originally been designed as a five-year initiative (for the period 2023–2027), including the implementation of a new enterprise resource planning system scheduled for 2025–2026, with a planned go-live date of 1 January 2027. However, following decision 2024/28, in which the Executive Board requested an external evaluation of the process innovation and digitalization programme, UNOPS decided to postpone the enterprise resource planning system selection until after the evaluation results were presented at the Executive Board’s 2025 annual session. The postponement of the system’s implementation had a direct impact on the overall schedule and associated costs of the process innovation and digitalization programme, which was expected to continue until the end of 2029, as indicated in the programme’s Roadmap, version 2.

68. The Board is concerned that the Roadmap remains a live document rather than a finalized and approved version, and it noted the absence of version control in the programme’s timeline management.

69. UNOPS explained that the postponement of selection of the enterprise resource planning system allowed for the prioritization of other programme components. Those adjustments, combined with strategic changes in certain pilots, had necessitated a review of the entire Roadmap, which management indicated was close to being finalized. UNOPS further stated that any plan is subject to revision as part of any good programme management process, in order to reflect changes and delays, as long as a clear baseline is set, and justification given.

**70. The Board recommends that UNOPS strictly control project timeline changes throughout the entire process innovation and digitalization programme**

**to implement it in time, in accordance with the new version of the programme's Roadmap, once approved.**

71. UNOPS accepted this recommendation.

*(b) The delayed climate action programme plan*

72. UNOPS, in its restated strategic plan for the period 2022–2025, stated that, “We will rally efforts across the organization to combat climate change: (a) as a cross-cutting issue permeating everything we do; and (b) to respond through projects focused on addressing mitigation, adaptation, and response to loss and damage”, and stated in the report of the Executive Director for 2023 on the implementation of the restated UNOPS strategic plan (DP/OPS/2024/6) that “UNOPS has established a climate action programme as a strategic means of accelerating its efforts to cap the effects of climate change through mitigation and adaptation”.

73. The Board was informed that, in line with those commitments, UNOPS had established a climate action programme as an organization-wide initiative and had developed and implemented the 2024 Workplan. However, the Board noted that 36 of the 54 planned activities of the 2024 Workplan (67 per cent) had not been completed as scheduled. The budget implementation rate for the 2024 Workplan was 63 per cent (\$0.674 million of the approved \$1.084 million) with the unspent 37 per cent to be allocated to the following years.

74. UNOPS explained that the delay was primarily attributed to the introduction of an internal peer review process, complex multi-year activities, and the deferral of some tasks, such as carbon pricing and the air travel policy.

75. The Board further noted weaknesses in the planning and implementation of tasks, as well as human resource shortages. Key personnel had not been recruited as expected, and existing staff supported the programme in addition to their regular responsibilities. Furthermore, the share of infrastructure and procurement projects integrating climate-related targets remained low, at 26 per cent in 2023 and 31 per cent in 2024, far below the 2025 strategic target of 80 per cent. Management clarified that the Contribution Goal indicators had been before the climate action programme was set up and that the programme was intended to support the attainment of those targets over time. The figures do not reflect the performance of the programme to date but rather the progress of UNOPS towards this priority area.

76. The Board is of the view that delays in the implementation of the climate action programme have hindered progress towards meeting the climate-related objectives outlined in the strategic plan.

**77. The Board recommends that UNOPS develop an actionable four-year implementation plan for the period 2026–2029 as a mechanism for comprehensively assessing funding needs, human capacity, activities required and the risk response to improve the planning and implementation of the climate action programme.**

78. UNOPS accepted this recommendation.

*(c) Gaps in reporting through the UN INFO platform*

79. UNOPS, in its restated strategic plan for the period 2022–2025, emphasized transparency as a core driver under the “Partner trust” management goal. In the Executive Director’s 2023 report on the implementation of the restated strategic plan, UNOPS further committed that, “UNOPS will make portfolio data available to partners through the insights portal. The internal piloting of country-level reports may provide positive reinforcement for uptake in UN INFO reporting”.

80. The Board noted that, in 2024, only 50 per cent of UNOPS country and multi-country level offices reported through UN INFO, which was significantly below the final target of 80 per cent set for the 2022–2025 strategic planning period. Among the five regions, the Middle East Region had the lowest reporting rate at only 17 per cent, as only one the six offices reported.

81. The Board is of the view that the lagging performance in UN INFO reporting may hamper efforts to enhance transparency and accountability, and may adversely affect the level of trust and confidence among partners.

**82. The Board recommends that UNOPS improve, together with the country and multi-country offices in regions, the UN INFO reporting.**

83. UNOPS accepted this recommendation.

*(d) Delays in client reporting*

84. UNOPS, in its restated strategic plan for the period 2022–2025, identified financial stewardship as one of four key management goals, stating that “we want to balance risks and opportunities through adequate resourcing”, by ensuring “transparent and fair financial management for partners”.

85. The Board noted that, in 2024, a total of 6,243 client reports were due, of which 4,408 were submitted on time, representing 71 per cent. While this reflects an improvement from 2023 (58 per cent), it remained below the 2025 target of 95 per cent. Additionally, the Board noted that for 455 reports (7.3 per cent), no records could be found in the internal tracking system.

86. UNOPS explained that the improved submission rate was supported by internal initiatives, such as awareness campaigns, communication improvements and the introduction of a batch upload tool. Some reports may have been submitted to partners but were not reflected in the internal tracking system, thus contributing to apparent delays.

87. The Board also reviewed the 2024 UNOPS Partnership Survey and noted that only 72 per cent of respondents agreed that project targets were delivered in a timely manner, while 9 per cent disagreed. Timeliness satisfaction was lower among partners in infrastructure and procurement projects (68–69 per cent), with regional and other intergovernmental organizations (22 per cent) and international financial institutions (20 per cent) expressing the most dissatisfaction. Financial and administrative reporting delays were cited as key areas requiring improvement.

88. The Board is concerned that delays in client reporting, combined with inconsistencies in the data reflected in monitoring tools, may affect partner satisfaction with project delivery.

**89. The Board recommends that UNOPS strengthen internal monitoring mechanisms for client reporting to improve timeliness and accountability, with a particular focus on service lines and regions with lower satisfaction scores.**

90. UNOPS accepted the recommendation.

## 5. Project management

### *Management gaps in a significant infrastructure project with ongoing disputes*

91. In the above-mentioned Project A that UNOPS initiated with a Government entity client in April 2015, seven agreements (one original agreement and six subsequent amendments) were signed between UNOPS and the partner from April 2015 to October 2021. Over this period, the cumulative value of the agreements

increased significantly – from an initial \$1 million to approximately \$140.6 million. In parallel, the scope of the engagement evolved substantially, expanding from the original scope of preparing technical documentation to a comprehensive service package encompassing full engineering, procurement, and construction management responsibilities, project monitoring, and operational readiness activities. This transformation marked a shift in the role of UNOPS from that of an agent to a principal, entailing considerably greater operational and legal accountability. Although the agreement expired in June 2022, the project had not yet been closed at the time of the audit in April 2025, as the parties have obligations beyond the expiration of the agreement.

92. In July 2023, the partner questioned the eligibility of approximately \$62.13 million in project expenditures by UNOPS. At the time of the audit in April 2025, UNOPS had not been able to resolve the differences with the partner that had led the partner to question the eligibility of the project expenditures. This reflects the continuing uncertainty surrounding the legal and financial implications of the engagement. The Board noted deficiencies in project management that may have contributed to differences between the parties.

(a) *Non-fulfilment of the post-facto review requirement*

93. Pursuant to the UNOPS policies in effect at the time of the signing of the agreement and the amendments for Project A, any engagement or amendment with a value exceeding 10 per cent of the annual business acquisition or engagement addition target for the region shall be considered a high-risk engagement and escalated to the Engagement Acceptance Committee for formal review and endorsement.

94. On 22 December 2015, the director of the respective UNOPS country office submitted, for urgent approval by the Engagement Acceptance Committee, an amendment of the project agreement that represented the most substantive and extensive revision. Given its urgent nature, on 23 December 2015, the then Deputy Executive Director of UNOPS and Chair of the Engagement Acceptance Committee had approved the request to sign the amendment on the condition that a comprehensive post-facto review would be conducted, immediately following the end-of-year holidays, to ensure that all relevant risks were identified, addressed and appropriately documented. However, approvals from legal, finance, procurement, infrastructure and project management reviewers had been obtained and formally recorded within LEADS, the UNOPS former project management system, during the period 17–24 December 2015, before the amendment was awarded on 25 December. The Engagement Acceptance Committee had also recommended that a disclaimer be included in the agreement, explicitly stating that the proposal was conditional upon completion of a full internal review. On 24 December 2015, the amendment valued at \$127 million was signed between UNOPS and the partner.

95. The Board found no evidence that the required post-facto review had been conducted or documented. In addition, the signed amendment did not contain the recommended disclaimer.

96. The Board reviewed the project documentation and the dispute correspondence and further noted disagreements between UNOPS and its client regarding the change approval process and valuation methodology. The Board is concerned that the lack of a shared understanding regarding the terms governing UNOPS relationship with its contractor may have contributed, at least in part, to differing interpretations during project implementation. A more structured contracting process, particularly one that ensures that both parties have a shared understanding of the applicable contractual framework, may help mitigate the risk of similar disputes in future engagements.

97. **The Board recommends that UNOPS identify all ongoing engagements that proceeded following conditional approval by the Engagement Acceptance Committee and required follow-up actions, assess whether the Committee's follow-up occurred and if not, whether that contributed to implementation challenges or financial risks, take the necessary corrective actions and strengthen future engagement risk management frameworks.**

98. UNOPS accepted the recommendation.

(b) *Implementation of construction scope optimization changes without approvals*

99. According to the UNOPS Operational Instruction on Design Review of Infrastructure Works and the UNOPS Project Management Manual, all UNOPS infrastructure works must undergo a design review prior to implementing the construction; the Infrastructure and Project Management Group manages the design review approval process, which assures a minimum level of quality for all UNOPS infrastructure projects by providing technical reviews and certification.

100. The Board was informed that the partner had made a formal request in June 2017 for UNOPS to reduce the infrastructure scale by optimizing the building's scope and layout and eliminating certain structural elements. The Board found that the UNOPS country office, under the leadership of its then director, had implemented the design changes but had bypassed the mandatory internal review and risk mitigation processes.

101. The Board noted that, although management indicated that discussions had occurred with the Infrastructure and Project Management Group prior to the submission of the modified design for review, the responsible country office had not submitted the modified design for the Infrastructure and Project Management Group review before completing most of the concrete structure. The submission was made only at a later stage, and at the time of the audit in April 2025, no formal approval had been obtained. Furthermore, discrepancies persisted between UNOPS and the partner regarding the scope and cost of the changes. The Board is of the view that this deviation violated UNOPS policies, which mandated that all infrastructure designs undergo formal review as part of quality assurance and risk mitigation.

(c) *Unimplemented internal audit recommendations*

102. The Board further noted that the UNOPS Internal Audit and Investigations Group had conducted an audit of the relevant country office's operations from January 2019 to September 2020, and had identified several compliance issues, including the absence of a valid design review certificate and other regulatory violations related to Project A. In response, the auditors provided corresponding recommendations. However, UNOPS has been unable to implement these audit recommendations to date.

103. The Board is concerned that the project, under the management of the country office, may have exhibited significant deficiencies in governance, risk management and internal controls, exposing the organization to substantial legal, financial and reputational risks.

(d) *Delayed risk escalation to headquarters*

104. The Board noted that, as early as 2018, the partner had started to ask questions about the project expenses incurred by UNOPS for implementation of the modified design, which implied a risk regarding the eligibility of the project expenses. However, the risk was not properly escalated to or addressed by UNOPS headquarters in time to allow for strategic intervention by headquarters.

105. The Board is of the view that this may have resulted in missed opportunities for dispute mitigation, and it may have hampered the ability to safeguard the financial and reputational interests of UNOPS. The Board is concerned that this situation represented a failure of UNOPS risk identification and escalation mechanisms at the time.

106. UNOPS explained that the occurrence of unapproved expenditures was specific to the nature of certain infrastructure projects and that such projects account for only a limited portion of the UNOPS overall portfolio.

107. The Board noted that infrastructure services constituted a critical and irreplaceable service line for UNOPS, involving substantial financial volumes. In 2024 and 2023, infrastructure services contributed 33.9 per cent and 36.6 per cent of UNOPS project-related revenue, and they accounted for 35.1 per cent and 38.6 per cent of its project-related expenses, respectively. The Board is of the view that the absence of a systematic control mechanism at headquarters to monitor unapproved project activities and expenditures exposed UNOPS to significant operational and financial risks and could affect the transparency and reliability of its financial statements.

108. UNOPS acknowledged the importance of timely and effective risk escalation and stated that significant steps had recently been taken to strengthen its escalation mechanisms. In particular, the organization had established the Portfolio Oversight Committee, operational from April 2025, which provided a structured forum for reviewing high-stakes engagements throughout the project life cycle – not just during engagement development. This was to ensure that risks arising during implementation could be subject to appropriate oversight and timely escalation. Additionally, new guidance on engagement and partnership escalation had been issued in conjunction with the roll-out of the Portfolio Oversight Committee.

**109. The Board recommends that UNOPS continue its efforts to review Project A, address any outstanding issues with the partner, continue to negotiate with the aim of resolving the dispute and minimizing the financial impact and, where necessary, hold individuals accountable in accordance with applicable regulations.**

**110. The Board recommends that UNOPS conduct comprehensive reviews of other major projects involving material disputes, identify corrective actions, and enhance future engagement risk frameworks.**

**111. The Board recommends that UNOPS strengthen risk escalation mechanisms through operationalization of the Portfolio Oversight Committee and continued transformation initiatives.**

112. UNOPS accepted these recommendations.

*Performance shortfalls in mine action projects*

113. It was stated in the UNOPS Project Management Manual (Part II Requirements) that a monitoring and evaluation plan is a long-term plan used to assess the performance of projects, institutions and programmes set up by Governments, international organizations and non-governmental organizations with the goal of improving current and future management of outputs, outcomes and impacts. It was further stated that value for money and quality-related aspects are key points in discussions with partners, as well as obvious indicators of effective project output.

114. The UNOPS Peace and Security Cluster has implemented mine action projects around the world. The main client for these projects is the United Nations Mine Action Service, a section within the United Nations Secretariat. UNOPS and the United

Nations Mine Action Service sign engagement agreements (known as “financial agreements”) for individual projects.

115. From 2022 to 2024, UNOPS signed and implemented a total of 128 mine action projects with a total delivery amount of \$367.01 million, of which 74 projects were closed with a total delivery amount of \$261.84 million by the end of 2024. Out of the 74 closed projects, the Board noted that the delivery targets of 28 projects were only partially achieved, despite full budget execution and complete disbursements. These projects, which have a cumulative delivery amount of \$116.29 million, were located in Burkina Faso, the Central African Republic, the Democratic Republic of the Congo, Iraq, Somalia and South Sudan, and elsewhere.

116. The observed performance shortfalls reflected other potential shortfalls, including setting inappropriate or unrealistic targets and omitting to adjust them with the client, delays in critical recruitment processes, third-party performance and oversight challenges, external risk exposure and mitigation gaps, and limitations in monitoring and evaluation.

117. UNOPS explained that performance shortfalls in 20 of the 28 projects were attributed primarily to external factors, including security deterioration, legal restrictions, administrative delays and limitations in host country support. In contrast, the remaining eight projects experienced performance shortfalls due to internal factors partially or fully within UNOPS control, and it was difficult to identify any one “systemic issue” that needs to be improved across the mine action portfolio. UNOPS further noted that 13.7 per cent of all targets across the 28 projects were not met due to factors partially or fully within UNOPS control. In addition, in the majority of the selected projects, many targets were exceeded – in several cases, vastly exceeded.

118. To support further analysis, the Board requested more detailed project management documentation, including task orders issued to third parties, monthly contractor performance monitoring reports and so on. However, UNOPS explained that providing these documents for the entire project population would be a challenging and lengthy exercise comprising thousands of documents, as these records and materials were voluminous, decentralized across field locations or stored in systems that could not be shared for information security reasons, access restrictions or, in some cases, because the systems or data were the property of the client and not owned by UNOPS. Consequently, such documentation was received by the Board for an agreed sample of projects.

**119. The Board recommends that UNOPS conduct a cross-functional thematic review of its performance management of mine action projects to identify systemic lessons learned and improve project quality, coordination and performance.**

120. UNOPS accepted this recommendation.

*Lack of accountability for project losses*

121. According to the Project Management Manual (version 1.1, 2019) the Engagement Authority (e.g. multi-country director or regional director) is accountable for directing the project and therefore accountable for any poor outcomes in project direction; the Project Executive (e.g. country manager) is accountable for managing the project on an ongoing-basis and therefore accountable for poor management; the Project Manager is accountable for delivering assigned work packages in accordance with the implementation plan and therefore accountable for any poor delivery (non-delivery) of work packages.

122. The Board reviewed 154 UNOPS projects from 2022 to 2024 that incurred financial losses either through write-offs or provisions. Write-offs were recorded against 55 projects, totalling \$8.7 million, for 11 distinct reasons. Provisions were made for 99 projects, totalling \$40.9 million, for identified reasons that included ineligible expenditures, project overexpenditures, infrastructure rectification costs and so on.

123. The Board is of the view that the reasons cited for the write-offs and provisions reflected poor outcomes, poor management or poor delivery in these projects, leading to (potential) financial losses for UNOPS. During the period from 2022 to 2024, certain write-off indicators demonstrated consistent annual recurrence. Notably, project overexpenditure (unbudgeted) was identified across multiple years, impacting 14.5 per cent of all projects reviewed. In addition, recurrent drivers of provision recognition were noted, particularly infrastructure rectification costs and expenditure rejections observed across multiple projects. In addition, some loss indicators have deteriorated sharply year-on-year, including ineligible expenditures, project overspending and supplier/implementing partner issues.

124. The Board noted that the mechanisms to assess the underlying causes of recurring losses, identify high-risk regions and take corrective actions need to be strengthened. For example, the Africa Region and Asia Pacific Region collectively represented 66.2 per cent of total write-offs. Furthermore, the Latin American and Caribbean Region constituted 46.7 per cent of total provisions. This hindered the issuance of early warnings and the formulation of effective, targeted corrective measures.

125. The Board also noted that from 2022 to 2024, there were no cases in which individuals were held accountable for project losses leading to write-offs or provisions. The current accountability framework lacked the necessary rigour and enforcement mechanisms to ensure that financial losses were traced to individuals. Although roles and responsibilities were formally defined, the Board found no established processes to assign personal accountability for financial losses, enforce consequences for mismanagement or negligence or implement disciplinary measures where warranted.

126. The Board is of the view that this reflects a critical failure within UNOPS to translate findings of poor outcomes/management/delivery into remedial actions, to ensure that responsibility was assigned to individuals and consequences were enforced. When no one is held accountable, systemic weaknesses persist and risks are repeated. The absence of enforcement not only perpetuates risk but also affects the credibility of the accountability process.

**127. The Board recommends that UNOPS institutionalize a portfolio analysis to conduct annual reviews of all provisions and write-offs, to trigger response actions, and develop more detailed criteria and procedures for enforcing accountability, taking into account organizational, operational and individual levels of accountability.**

128. UNOPS accepted this recommendation.

*Significant delays in closure of projects*

129. According to regulation 4.5.6 of the Project Closure Guidelines, while it is understood that there may be circumstances that cause unanticipated delays at the end of a project, that should be the exception and not the norm. Delays in the approval process for amendments, particularly in relation to exceeding the implementation end date of the project can lead to an appearance of project delays within the system and financial risk for the project. According to regulation 4.6.1. operational closure should

be completed within six months of the end of the implementation stage and the expiry of the legal agreement.

130. It is stated in the guidance note on moving unclaimed project fund balances to corporate that, according to UNOPS policy, no project should be in financial freeze status for more than three months from the date on which the final financial report was shared with the donor.

131. The Board conducted a comprehensive review of the status of 686 projects, all of which had implementation end dates ranging from 1 January 2024 to 31 March 2025, and noted that a substantial percentage of completed projects were experiencing delays in the operational and financial closure stage.

(a) *Overruns in the expiration stage of project timelines*

132. The Board noted that of the 686 projects mentioned above, 412 were found to have overrun their implementation end dates. Out of 412 projects, 13 had overrun the official implementation end date by more than 180 days after the deadline, with the longest delay being 318 days. Further examination revealed that only 70 projects had requested partners to extend the timeline.

133. The Board further noted that some projects overrun on their implementation end dates could result in financial loss. In the first half of 2024, at least two projects had incurred expenses beyond the original implementation period according to the 2024 interim audit data, which had forced UNOPS to commit to injecting a total amount of \$0.18 million to fund operational and human resources and defect notification period costs to cover the extension period.

(b) *Delays in the operational closure stage*

134. The Board noted that as at 30 April 2025, 68 projects had exceeded the six-month period for operational closure, with net delays ranging from 0.06 to 83.26 months (averaging 11.9 months).

135. The Board sampled the 20 projects most overdue for operational closure, with delays ranging from 11 months to 90 months. Of the 20 projects, 15 were lacking no-objection letters from clients owing to the lack of response from clients (25 per cent), late delivery (20 per cent), a dispute (20 per cent) and substandard quality (10 per cent). In addition, the delivery of five projects was delayed due to lengthy administrative procedures, such as obtaining write-off approval and performing asset transfer.

(c) *Delays in the financial closure stage*

136. The Board noted that a total of 153 projects had been on financial freeze status for more than three months, with delays ranging from 5 to 36.5 months (an average of 8.4 months), pending client acceptance. Of the 153 projects, the final financial reports of two projects had not been delivered to clients, resulting in a delay of about 20 months in returning the remaining funds of \$2.28 million to donors. A total of 13 projects had been delayed due to the clients' refusal to pay partial fees in November 2024, while the remaining projects had been closed in April 2025.

137. The Board further noted that in the Partner Survey 2024 report, partners believed that the key area for improvement in UNOPS was the timely delivery of projects.

138. UNOPS explained that, as part of the ongoing transformation process, UNOPS is conducting a thorough analysis of project closure challenges. The analysis of key factors and lessons learned regarding the timely operational and financial closure of projects will be completed by the first quarter of 2025.

139. The Board is of the view that the timely closure of projects is an important criterion for project success. Unfortunately, overrun of the implementation date in UNOPS has become the norm rather than the exception. The Board is concerned that delays in operational and financial closure have reflected deficiencies in project management such as insufficient communication with clients, as well as inefficiencies in internal administrative management procedures. This may lead to reputational and financial risks.

**140. The Board recommends that UNOPS conduct an in-depth analysis of factors that hinder the timely closure of projects and establish more effective coordination and supervision mechanisms to keep track of the end of projects.**

141. UNOPS accepted the recommendation.

*Non-compliant management of the Small Grants Programme*

142. According to the Global Environment Facility (GEF) Small Grants Programme Operational Guidelines, paragraph 79, once the National Steering Committees has approved a project for funding support from the Small Grants Programme, a Memorandum of Agreement is signed between the grantee and the UNDP Resident Representative on behalf of UNOPS, based on a delegation of authority.

143. According to paragraph 87 of the Operational Guidelines, at the country level, the Small Grants Programme country programme team, as well as the National Steering Committee, undertake monitoring of the grant portfolio on an ongoing basis. Each project is visited at least once during the life cycle of the project.

144. It is stated in section 3.3 of the UNOPS operational instruction on grant support (OI.PS.2022.02) that “An Implementing Partner is responsible and accountable to UNOPS for the use of the resources transferred to it by UNOPS to execute the Grant Support Project Activities and/or deliver the outputs in accordance with the Agreement between UNOPS and the Implementing Partner. UNOPS is accountable to the Funding Source, as per the terms of the Engagement Agreement.”

145. The Small Grants Programme, initiated in 1992, finances community-led initiatives to address global environmental and sustainable development issues. The programme is managed by the New York office of UNOPS, with individual grants typically capped at \$50,000. For the period from 2022 to 2024, the total expenditure of the Programme amounted to \$146.30 million, with \$44.15 million disbursed in 2024. The Board reviewed documents and noted the following shortcomings:

*(a) Slow disbursement progress due to delay in signing the memorandum of agreement*

146. The Board reviewed 2,993 grant support projects under the Small Grants Programme from 2022 to 2024 in the Programme’s database and noted that 882 memorandums of agreement (29.47 per cent) had been signed between 50 to 100 days after approval by the national steering committee, and 960 memorandums of agreement (32.07 per cent) had been signed more than 100 days after the approval, with the longest delay being 1,249 days.

*(b) Deficiency in on-site inspections on grant support projects*

147. The Board conducted a sample review of 20 completed grant support projects and found that six grant support projects lacked documents from on-site inspections; one on-site inspection report did not specify the inspection date or location, and the report content was not truly relevant to the inspection.

*(c) Delays in the implementation of grant support projects*

148. The Board reviewed 2,695 completed grant support projects from 2022 to 2024 and found 120 grant support projects (4.45 per cent) with delays of 50 to 100 days, and 115 grant support projects (4.27 per cent) with a delivery delay exceeding 100 days, with the longest delay being 2,309 days.

149. The Board is of the view that delays in Small Grants Programme projects were notably more pronounced compared with the overall grant support projects execution. UNOPS should take these delays seriously and implement stronger corrective measures to improve timeliness.

**150. The Board recommends that UNOPS conduct a comprehensive review and optimization of the Small Grants Programme process and strengthen the Programme's internal controls.**

151. UNOPS accepted the recommendation and stated that a structured improvement action plan had already been implemented to strengthen internal controls, enhance oversight and improve guidance within the Small Grants Programme process.

**6. Procurement management***Excessive use of direct contracting compromised procurement fairness and compliance*

152. Section 6.6.6 (Solicitation of offers in situations of direct contracting under sole sourcing) of the UNOPS Procurement Manual (version 7, 2021), stipulates that “although the direct contracting modality waives the competitive process, this method does not diminish the responsibilities and accountabilities of personnel involved in the procurement process. Under the direct contracting modality, a contract must still be awarded to a vendor whose offer substantially conforms to the requirements at a reasonable price”.

153. Section 6.8.1 (Exceptions) of the UNOPS Procurement Manual stipulates that “In accordance with Financial Rule 118.05 (c), when a decision is made pursuant to Financial Rule 118.05(a), the [Executive Chief Procurement Officer] or authorized personnel may record the reasons in writing and may then award a procurement contract – either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract – to a qualified contractor whose offer substantially complies with the requirements at an acceptable price”.

154. From 2022 to 2024, UNOPS executed a total of 53,524 purchase orders, with a total procurement value of \$4,879.48 million. Among these, 6,800 orders, amounting to \$608.76 million, were conducted through direct contracting (or sole sourcing), accounting for 12.47 per cent of the total procurement value. The Board analysed the justifications for direct contracting, the categories of procured goods, procurement amounts and contract implementation status. Following contract sampling based on data analysis, specific procurement records were reviewed. The Board identified the following issues in UNOPS management of direct contracting, which have impacted the fairness, compliance and efficiency of the procurement process.

*(a) Insufficient justification for direct contracting*

155. The UNOPS Procurement Manual stipulates 10 grounds for exception that allow direct contracting procurement to be conducted. However, the Board noted that certain exception grounds had been defined in a vague manner and were inadequately applied in practice.

156. The Board analysed data for 1,064 purchase orders (for a total of \$124.96 million) for the period from 2022 to 2024 that were justified under exception

ground (x) (the Executive Chief Procurement Officer believes formal bidding would not yield satisfactory results) and considered this justification too broad to clearly demonstrate the necessity of bypassing competitive procurement or reflect the actual situation of direct contracting, which carries a risk of potential misuse.

157. The Board reviewed eight cases under exception ground (x) (total value: \$107.22 million) and identified concerns in two cases. One case should have been tendered but was directly procured due to the client's request for an extension; the other was directly signed with the second-ranked supplier without going through a re.tender process when the top-ranked supplier withdrew, even though the initial tender had been highly competitive.

158. The Board further noted that a large volume of procurement related to training planning and development consultancy services and treasury services, as well as funds transfer, clearance and exchange services, were all conducted under exception ground (x) as the sole basis for direct contracting. The corresponding procurement amounts were \$11.58 million, \$5.66 million and \$3.18 million, respectively.

159. The Board is of the view that even if the nature of the goods or services may, on its own, validate the use of direct contracting, the justification must still be clearly articulated and sufficiently detailed to demonstrate the legitimacy of the need. Relying solely on the special approval of the Executive Chief Procurement Officer as a blanket justification is not adequate.

160. The Board also noted that 127 purchase orders totalling \$85.28 million cited the exception ground (viii) – genuine urgent need – as the basis for direct contracting. However, the distinction between this and the emergency procurement procedures was not clearly defined.

161. The Board holds the view that in urgent situations, the emergency procurement procedures should have been applied, and the existence of an urgent need should not, in itself, serve as sufficient justification for bypassing competitive procurement in favour of a sole supplier. Otherwise, there was a risk that the “urgent need” ground could be used to circumvent formal procurement procedures and improperly designate suppliers.

162. The Board reviewed five such cases (\$1.43 million) and raised concerns in two cases. One case was for the procurement of consulting services under urgent demand, and involved irregularities, including lack of market research, unclear performance indicators and unjustified amendments. As for the other, although urgency was cited, the supplier's qualifications were flawed and project implementation was delayed, demonstrating that emergency grounds did not yield the best outcome.

163. UNOPS explained that it has been working to reduce direct contracting, with the share decreasing from 13.8 per cent in 2022 to 11.5 per cent in 2024, and acknowledges the need to develop guidance for better implementation of exception grounds.

*(b) Neglecting market sourcing*

164. UNOPS procurement policy does not include vendor sourcing or market testing in direct contracting, whereas the UN Procurement Manual requires an expression of interest advertisement as a mandatory step. UNOPS explains that in sole source cases, only one vendor is qualified, and therefore the issuance of a request for expression of interest would not help to identify others, could duplicate internal market analysis, and could affect the justification for direct contracting, causing inefficiencies without adding procurement value.

165. While UNOPS acknowledges that a request for expression of interest can, in some cases, be used as preliminary market research before confirming a sole source, this step is not included as a required procedure in its direct contracting policy.

166. The Board holds the view that this omission makes it difficult to justify claims such as “there is no competitive marketplace for the requirement, such as where a monopoly exists” (exception ground (ii)) as a valid reason for direct contracting.

167. The Board reviewed eight direct contracting cases citing ground (ii) (\$644.76 million) and found insufficient evidence in several cases. In one case, the procurement document directly specified a particular brand of product, thereby excluding potential competitors. In the second case, the contract was amended multiple times during implementation without conducting a new tender or market testing. In another case related to the procurement of vehicles of a specific brand through direct contracting, evidence was found that other suppliers had participated in open tenders for similar projects, raising questions about the validity of the justification.

168. The Board holds the view that such practices compromise cost-effectiveness and reflect a disregard for competitive procurement mechanisms. In addition, the direct appointment of suppliers without proper procedure poses significant compliance risks.

(c) *Insufficient system capture of the Contracts and Property Committees’ deliberations*

169. In reviewing the Contracts and Property Committees’ minutes on these procurement cases, the Board noted concerns raised by the Committees about direct contracting justifications and certain contract amendments, yet no formal responses were recorded. The Committees’ recommendations were also often not reflected in final decisions.

170. UNOPS stated that responses to queries from the Contracts and Property Committees were documented separately by the submitting unit and archived in the Committees’ drive to preserve member anonymity, although they were not uploaded to the CPC system.

171. The Board is concerned that, in view of the inconsistencies between the concerns raised during discussions and the final recommendations in the Contracts and Property Committees’ minutes, it was not clear whether and how the Committee’s feedback had been considered in the final decisions. Additionally, since the full review process is not recorded in the Committee’s system, it may limit the completeness of documentation and make it more difficult to follow the progression from discussion to decision.

**172. The Board recommends that UNOPS develop a guidance document to further support procurement practitioners and procurement authorities in the practical implementation of exception grounds – namely: (ii) no competitive marketplace; (viii) genuine urgent need; and (x) the Executive Chief Procurement Officer believes formal bidding would not yield satisfactory results – to ensure a consistent and well-informed approach across UNOPS operations.**

**173. The Board also recommends that UNOPS improve the overview and tracking of questions raised by the Contracts and Property Committees and answers provided by the submitting unit to ensure that they are duly considered through the ongoing process innovation and digitalization programme within UNOPS.**

174. UNOPS accepted the recommendations.

*Deficiencies in procurement efficiency, transparency and anti-collusion controls*

175. The Board observed several areas within the UNOPS procurement process that may benefit from further attention to strengthen overall efficiency, compliance, and risk mitigation. First, delays in evaluation, prolonged award recommendation periods and a relatively high proportion of cancelled tenders may reflect challenges in ensuring timely and effective procurement execution. Second, instances of shortened solicitation periods without full documentation of justifications and safeguards suggest opportunities to improve adherence to established procurement procedures. Third, while UNOPS has mechanisms in place to detect and address irregularities, the current use of technical tools, such as IP and media access control address monitoring, could be further developed to support the identification of potential collusive behaviour.

*(a) Inefficient procurement processes*

176. It is stated in paragraph 1.4 of the Procurement Manual (Revision 7 2021) that “under the Executive Director Principles, UNOPS strives to use the resources that we receive from our partners in the most efficient, effective, transparent and accountable manner”.

177. The Board reviewed procurement data for the period from 2022 to 2024 and identified the following inefficiencies in the procurement process:

(a) **Delayed finalization of award recommendations.** The Board noted that, as at 31 December 2024, a total of 61 bidding processes remained at the award recommendation stage for an average of 111 days. The longest case had been pending for 846 days, with seven cases exceeding 200 days. Among these, 18 bidding processes (29.5 per cent) were conducted under emergency procurement procedures, yet experienced substantial delays;

(b) **Slow bidding evaluation.** The Board found that a total of 185 bidding processes were in the evaluation stage as at 31 December 2024. Of these, six (3.24 per cent) had been under evaluation for more than 365 days, with the longest case being 641 days. The Board further observed that out of the six bidding processes initiated in 2023, four that were procured through emergency procurement procedures were still pending evaluation as at the end of 2024. Additionally, among the 179 bidding processes initiated in 2024, including 36 under emergency procurement procedures, none had reached completion by 31 December 2024. UNOPS explained that delays were due to procedural finalization steps and technical issues. However, the Board remains concerned that 185 dormant tenders were still open and that the procedural and technical issues had not been resolved for such an extended period;

(c) **High proportion of cancelled tenders.** The Board noted that a total of 1,276 tenders had been cancelled prior to completion, representing 20.7 per cent of all finalized bidding processes between 2022 and 2024. A sample review of the 10 longest and 10 shortest cancelled tenders revealed that in 12 cases, cancellations were attributable to internal shortcomings within UNOPS. These included excessive delays that rendered the original justifications obsolete, as well as administrative errors. UNOPS explained that this may arise due to factors beyond UNOPS control, such as evolving partner requirements or contextual developments on the ground. However, the Board is of the view that frequent tender cancellations may affect overall procurement efficiency, and emphasizes that, as the responsible tendering entity, UNOPS should implement adequate measures to mitigate the risk of subsequent changes.

178. The Board further noted that UNOPS currently lacks established regulations governing the overall duration of bidding processes, which may contribute to prolonged procurement timelines.

179. UNOPS explained that while a bid validity period must be specified in a tender, the procurement manual provides guidance rather than prescribing a specific period for each case. It is therefore incorrect to infer that a tender process has exceeded the bid validity period based solely on the solicitation method.

180. The Board maintains that this interpretation is flawed and reflects a logical inconsistency. The bid validity period is a critical control mechanism intended to safeguard the interests of the procuring entity by ensuring that bidders remain contractually bound to their offers for a defined duration, even in the face of market price fluctuations. The Board noted that, in practice, the average bidding durations for all the three competitive methods exceeded their standard bid validity periods, increasing the risk that bidders may withdraw or renegotiate their offers. This situation suggests weaknesses in procurement planning and process management.

181. UNOPS explained that due to the wide variation in tendering activities across UNOPS operations, it is difficult to define a standard duration for each stage of the tendering process or to determine what constitutes excessive delay.

182. The Board acknowledges the diversity of procurement contexts but observes that, despite the existence of internal benchmarks to monitor tender timelines, these benchmarks were non-binding and did not influence procurement behaviour. Consequently, systemic delays in bid evaluations and awards remain unaddressed.

183. The Board is concerned that the current UNOPS procurement framework lacks explicit regulatory provisions governing maximum allowable durations for bid evaluation, award recommendation, total solicitation period and cancellation threshold. In the absence of such guidelines, recurring issues such as delayed evaluations, prolonged approvals, tender cancellations and extended bidding durations are likely to persist. These shortcomings may impair project implementation, reduce procurement responsiveness and disincentivize supplier participation.

**184. The Board recommends that UNOPS leverage data analytics to enhance procurement efficiency and to strengthen collaboration among relevant UNOPS headquarters units and the regional offices, to ensure a cohesive and integrated approach to procurement management.**

185. UNOPS accepted the recommendation and will strengthen existing monitoring mechanisms and enhance region-specific guidance to address the diversity of operational contexts and procurement complexities.

*(b) Non-compliance with minimum solicitation periods*

186. It is stated in Procurement Procedures (OI.PG.2021.01), paragraph 5.18, that “the deadline for submission should allow vendors a sufficient number of days to prepare and submit an offer. Unless otherwise approved by the [procurement authority], the following minimum solicitation period applies: five calendar days ([request for quotation]), 15 calendar days ([invitation to bid] for goods and works), 21 calendar days ([invitation to bid] for services and [requests for proposal]).”

187. It is also stated in section 6.5.2, paragraph l) ii., of the UNOPS Procurement Manual (version 7, 2021) that:

... if due cause exists, the [Procurement Authority] can authorize a shorter solicitation period. However, the procurement officials must justify the decision

for waiving the minimum day requirement in a note to the file that describes the reasons and explains how the requirement for competition has been met despite the shortened solicitation period. The note to the file must also confirm the availability of the evaluation team members immediately after the end of the solicitation period.

188. It is also stated in section 6.5.2, paragraph 1) ii., of the UNOPS Procurement Manual that “for works, a shortened bid period is usually not recommended. This is especially true for large works and lump sum contracts as in both circumstances a bidder will need to calculate quantities.”

189. The Board analysed data from 4,435 tenders for the years 2022 to 2024 and noted that UNOPS did not implement the minimum solicitation period as required. Out of the total tenders analysed, 243 tenders (representing 5.5 per cent of the total) failed to meet the minimum solicitation period requirements.

190. The Board reviewed a sample of 10 procurement cases involving shortened solicitation periods. Among these, only one case demonstrated full compliance, with both the justification for the reduced timeline and appropriate competition protection measures clearly stated. The remaining nine cases exhibited deficiencies: eight cases only stated reasons for the adjustment but omitted competition protection measures, while one case failed to provide either the justification or required safeguards. These findings indicate systemic non-compliance with established procurement requirements when implementing shortened solicitation periods.

191. The Board further noted that although the procurement manual has stated that it is not recommended to shorten the solicitation period for works because the bidders need to calculate the quantities, there were 34 works tenders whose bidding period is shorter than the stipulated time.

192. UNOPS explained that the justifications may contain more information in the local procurement file than what is recorded in e-sourcing system. However, UNOPS has not supplied any supporting documentation from the local procurement file.

193. The Board is of the view that UNOPS continued to have several instances of bidding solicitation periods that were excessively short. Such short solicitation periods were not conducive to the selection of the most suitable suppliers, nor did they facilitate the obtaining of more accurate subcontract quotations.

**194. The Board recommends that UNOPS, through its ongoing process innovation and digitalization programme, enhance the e-sourcing system to allow for a more complete capture of the justification, competition safeguards and availability of evaluation teams, when used for waiving the minimum tender period.**

195. UNOPS accepted the recommendation and will strengthen its e-sourcing system as part of ongoing digital transformation efforts while continuing to use data tools and dashboards to monitor procurement performance.

*(c) Limitations in technical measures for detecting bid collusion*

196. As outlined in section 1.4.3 of the UNOPS Procurement Manual (Version 7, 2021), effective competition is a fundamental procurement principle. This requires prospective contractors to act independently and compete under the same conditions to achieve best value for money.

197. The Board noted that while UNOPS records the IP addresses used by vendors during electronic bid submissions, it does not actively analyse this data to identify risks of potential collusion. The Board identified multiple cases where bidders

submitted bids from identical IP addresses. For instance, in 403 tenders from 2023 to March 2025, a total of 583 vendors submitted bids using shared IP addresses. A total of 98 tenders were awarded to 82 such vendors, with total contract values amounting to \$22.01 million. Furthermore, 14 vendors among this group had previously been sanctioned or warned by UNOPS. While identical IP addresses alone do not conclusively indicate collusion due to technical and operational factors, the recurrence of these patterns among already sanctioned vendors suggests they could serve as a red flag warranting further investigation.

198. The Board further observed that UNOPS does not currently collect or analyse media access control address data, which can more reliably identify specific devices. The absence of media access control address analysis limits the organization's ability to detect collusion with stronger technical evidence. Although UNOPS highlighted its existing review mechanisms as effective, the Board found that, of the vendors involved in bidding processes with abnormal IP address patterns, 12 were eventually disqualified by UNOPS. This indicates that incorporating technical analytics such as IP and media access control address pattern analysis can enhance, rather than replace, existing oversight mechanisms.

**199. The Board recommends that UNOPS assess the applicability and feasibility of enhancing its e-sourcing system to improve the system's ability to detect bid collusion practices and of developing further guidance for procurement officials on identifying potential flags for collusion or conflicts of interest.**

200. UNOPS accepted the recommendation and will assess the feasibility of enhancing the e-sourcing system and updating guidance to further strengthen the detection and prevention of collusion.

## **C. Transmissions of information by management**

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

201. UNOPS informed the Board that, in 2024, it formally wrote off assets in the amount of \$4,407,347, including overspending of \$1,477,230 and client rejected expenditures of \$553,889.

202. As at 31 December 2024, UNOPS had also reported provisions of \$32.39 million for bad and doubtful debts.

### **2. Ex gratia payments**

203. UNOPS informed the Board that UNOPS had made no ex gratia payments during the financial year ending 31 December 2024.

### **3. Cases of fraud and presumptive fraud**

204. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements in such a way 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.

205. During the audit, the Board makes 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. The

Board also enquires as to whether management has any knowledge of actual, suspected or alleged fraud.

206. UNOPS informed the Board that there were 70 substantiated fraud cases in 2024, up from 62 cases in 2023. In addition, UNOPS informed the Board that one of those 70 cases had a monetary impact of \$43 (2023: \$978,786) on UNOPS.

#### **D. Acknowledgement**

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

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

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

*(Signed)* Vital **do Rêgo Filho**  
President of the Brazilian Federal Court of Accounts

23 July 2025

## Annex

## Status of implementation of recommendations up to the financial year ended 31 December 2023

No.	Audit report year	Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2021	<a href="#">A/77/5/Add.11</a> , chap. II, para. 72	The Board recommends that UNOPS conduct a comprehensive, in-depth and adequate evaluation or review of the decision-making, management and internal control of the We Are the Oceans and Ocean Generation projects, and establish a compliance and accountability mechanism to avoid the recurrence of such issues.	UNOPS has taken several measures to prevent similar issues from occurring in the future. These include: The establishment of a Portfolio Oversight Committee. UNOPS has implemented a new policy on due diligence processes, to align with wider United Nations system best practices. A dedicated due diligence unit is now fully staffed with subject matter experts. UNOPS has established a Security Operations Centre and made the Contracts and Property Committee more robust.	It is noted that UNOPS has established a mechanism to avoid the recurrence of such issues. This recommendation is considered implemented.	X			
2	2021	<a href="#">A/77/5/Add.11</a> , chap. II, para. 115	The Board recommends that UNOPS review the human resources services it provides to United Nations partners and try its best to align its services involving individual contractors with partners' applicable rules on the management of individual contractors.	UNOPS has reviewed the human resources services provided to United Nations partners and is trying its best to align its services involving individual contractors with partners' applicable rules on the management of individual contractors.	It is noted that UNOPS has reviewed the human resources services provided to United Nations partners and is trying its best to align its services involving individual contractors with partners' applicable rules on the management of individual contractors. This recommendation is considered implemented.	X			
3	2021	<a href="#">A/77/5/Add.11</a> , chap. II, para. 206	The Board recommends that UNOPS list clearly in its rules the positions that entail "inherently United Nations activities" and must be filled by staff members to ensure that staff members remain the core human resources of the organization.	The relevant process in the Process and Quality Management System which is an integral part of the UNOPS legislative framework contains the new definition of "inherently United Nations activities". The full list with positions is also available in the Process and Quality Management System process 7.4.1: issue letter of appointment for staff.	It is noted that the UNOPS legislative framework contains the new definition of "inherently United Nations activities". The full list with positions is also available in the Process and Quality Management System process 7.4.1: issue letter of appointment for staff. This recommendation is considered implemented.	X			

No.	Year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
4	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 35	The Board recommends that UNOPS conduct a thorough review of its revenue and make reasonable revenue forecasts to ensure the integrity of revenue estimates in the budget preparation process in accordance with its financial regulations and rules.	UNOPS will, as part of the preparation of the budget estimates for the biennium 2026–2027 conduct a thorough review of its revenue and make reasonable revenue forecasts to ensure the integrity of revenue estimates in the budget preparation process in accordance with its financial regulations and rules. The target date is aligned with the budgeting cycle and therefore currently there is no delay in the implementation.	The target date is aligned with the budgeting cycle. This recommendation is considered to be under implementation.		X		
5	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 68	The Board recommends that UNOPS take all measures necessary within its remit to recover the funds associated with Sustainable Investments in Infrastructure and Innovation investment losses.	UNOPS is liaising with the Office of Legal Affairs in its efforts to recover the funds associated with Sustainable Investments in Infrastructure and Innovation initiative. The funds recovery efforts are ongoing and expected to continue beyond 2025. In its first regular session of 2025, the Executive Board approved the allocation of additional funds to continue the recovery efforts until the end of 2027. In line with Executive Board decision 2025/6, UNOPS has therefore revised the implementation target date for this recommendation accordingly, to the end of 2027.	Given that the Sustainable Investments in Infrastructure and Innovation initiative funds have not been recovered, this recommendation is considered to be under implementation.		X		
6	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 81	The Board also recommends UNOPS establish a global budgeting and recovery approach of locally managed direct costs for client projects to keep the recovery at a reasonable level.	The cost recovery work with KPMG was concluded in December 2024. The review provides a good overview of the UNOPS cost recovery model with benchmarking of the United Nations and other similar organizations. It also provides improvements. One of the improvements reflected is related to harmonization of locally managed share services. Hence, the Finance Group has gathered a working group from regions and headquarters who	Given that UNOPS is still working on the establishment of global budgeting and recovery approaches, this recommendation is considered to be under implementation.		X		

No.	year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
				will be dedicated to working on this topic. The Finance Group will engage with the working group to develop a proposal that will be approved for further implementation.					
7	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 93	The Board recommends that UNOPS conduct a thorough identification and assessment of the potential risks of the portfolios to ensure that risks are mitigated.	At the Investment Committee meeting held on 26 August 2024, a full review of the after-service health insurance investment portfolio was undertaken, which completed the review of all investment portfolio structures and risks.	It is noted that the Strategic Asset Allocation, returns to date, and ex-post risk metrics are acceptable to UNOPS. This recommendation is considered implemented.	X			
8	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 104	The Board recommends that UNOPS include a detailed reference to the treatment of interest collected on prepayments made by partners and a clear reference to UNOPS investment principles in all legal agreements with partners, to ensure that partners are fully informed of the use by UNOPS of prepayments for investment.	UNOPS has included the relevant language in the UNOPS standard legal templates and general conditions. This will ensure that all new agreements using the standard template will include this clause as recommended by the Board of Auditors.	We have noted the new standard template. This recommendation is considered implemented.	X			
9	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 136	The Board recommends that UNOPS establish a centralized management mechanism for grant projects, including a digital system, to conduct effective monitoring at the organizational level.	From 2020 to 2023, UNOPS assessed and developed information technology (IT) requirements for a new digital grant management system. In June 2024, an IT consulting firm was hired to support its development and design. From June to December 2024, system requirements were refined and tested through workshops and meetings. In late 2024, UNOPS decided to transition the development of Grant+ to in-house efforts using new technology, driven by the need to integrate it with other systems. In January 2025, the UNOPS Information Technology Group began internal development of Grant+, focusing on modules such as	It is noted that the grants management system is still under construction. This recommendation is considered to be under implementation.		X		

No.	year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented
				proposal management, evaluation, capacity assessments, monitoring and evaluation, payments and grant closure. Version 1 is scheduled for release in May 2025 with pilot projects.				
10	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 145	The Board recommends UNOPS develop guidelines to improve the timeliness, completeness and accuracy of grantee reporting and integrate it with the upcoming digitization system for more effective grantee reporting management.	<p>UNOPS has successfully developed comprehensive guidance and requirements for the monitoring and evaluation of grant support activities. To ensure effective implementation, training sessions on these requirements were conducted in the fourth quarter of 2024 and the first quarter of 2025.</p> <p>The guidance establishes clear standards, principles, and minimum requirements for monitoring and evaluation, including specific requirements for implementing partners related to three types of reporting: narrative, financial and data reporting.</p>	It is noted that UNOPS developed and rolled out comprehensive monitoring and evaluation guidance for grant support activities and conducted related training. This recommendation is considered implemented.	X		
11	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 157	The Board recommends that UNOPS take effective measures to appropriately record all financial reports to clients in the UNOPS financial reporting monitoring dashboard to ensure effective and timely internal oversight.	<p>The Infrastructure and Project Management Group introduced process indicators for time performance as part of the quarterly management review and is closely collaborating with regional offices to facilitate timely actions and decision-making. Additionally, both quantitative and qualitative indicators related to time and cost for all ongoing projects, including infrastructure, are incorporated into the quarterly assurance tool within the oneUNOPS Projects system and are reflected in the Assurance Dashboard.</p> <p>All UNOPS projects with infrastructure outputs are monitored, and if a physical site exists, there is a requirement to create and manage</p>	It is noted that UNOPS has established a financial reporting monitoring dashboard to ensure effective and timely internal oversight. This recommendation is considered implemented.	X		

No.	year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented
				location records within the oneUNOPS projects locations module. This enables project managers and project executives to effectively monitor planned timelines and address any emerging issues.				
12	2022	<a href="#">A/78/5/Add.11</a> , chap. II, para. 181	The Board recommends that UNOPS strengthen the approval process of pre-selection requests from United Nations funding sources and assess the feasibility of obtaining endorsement from their headquarters office so as to better implement the principle of mutual recognition of best practices in the United Nations development system.	UNOPS enhanced the approval process for pre-selection requests from United Nations funding sources by requesting that confirmation of the delegation of authority structures from the United Nations agencies be set out in all project agreements, ensuring that the necessary delegated authorities are in place for the pre-selection process. Additionally, UNOPS has strengthened its internal review process for pre-selection to further improve efficiency and compliance.	The Board acknowledges that UNOPS has taken steps to enhance the pre-selection approval process, thus the recommendation is considered to be implemented.	X		
13	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 36	The Board recommends that UNOPS establish clear guidance for carrying forward and usage of balances from shared services to improve the recovery of shared services costs.	UNOPS has released the guidance note for shared services maximum balances (ceiling) that can be carried forward to the following year. The guidance was included in the policy and process portal.	It is noted that UNOPS has issued and published guidance on the carry-forward ceiling for shared services balances, thereby supporting improved cost recovery practices. This recommendation is considered implemented.	X		
14	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 37	The Board recommends that UNOPS report the nature of shared services to the Executive Board in compliance with the United Nations harmonized cost recovery guidance during the budget estimate process for 2026–2027.	UNOPS will report the nature of its shared services to the Executive Board in compliance with the United Nations harmonized cost recovery guidance during the budget estimate process for 2026–2027.	This recommendation is intended to be implemented with the submission of the budget estimate for 2026–2027. This recommendation is considered to be under implementation.		X	

No.	Audit report year	Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
15	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 38	The Board recommends that UNOPS include a reference in the standard legal agreement about the UNOPS cost recovery policy related to shared services to strengthen transparency in the future.	UNOPS has included a reference to the cost recovery policy in the general conditions of its standard legal agreement template.	It is noted that UNOPS has included a reference to the cost recovery policy in the general conditions of its standard legal agreement template. This recommendation is considered implemented.	X			
16	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 52	The Board recommends that UNOPS conduct an assessment of projects with internal discrepancies arising during project classification, and conduct relevant training to promote the effective execution of the project classification process.	UNOPS reviewed classification discrepancies, revised its methodology aligned with IPSAS 47 and conducted training to strengthen project classification practices.	The Board considers this recommendation implemented based on the revised methodology and training conducted by UNOPS.	X			
17	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 53	The Board recommends that UNOPS enhance the guidance provided in the project classification guidance note in conjunction with the impending implementation of IPSAS 47.	UNOPS reviewed and enhanced its project classification approach in line with IPSAS 47, shifting from project- to output-level assessment.	The Board considers this recommendation implemented as UNOPS reviewed and enhanced its project classification approach in line with IPSAS 47.	X			
18	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 64	The Board recommends that UNOPS present to the Executive Board a revised calculation methodology for calculating accurate levels of excess reserves that is in line with the Executive Board's request to ensure that there is no accumulation of liquid excess reserves in UNOPS operations.	UNOPS presented the revised calculation methodology to the Executive Board in an informal session in January 2025, together with the Board of Auditors. In its decision 2025/6 on the item, the Executive Board requested UNOPS to apply the revised calculation methodology for 2024 and to await the review of the methodology by the Board of Auditors.	The Board considers this recommendation implemented as UNOPS presented the revised methodology to the Executive Board in January 2025 and incorporated it into the 2024 calculation.	X			
19	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 72	The Board recommends that UNOPS establish operational guidelines to ensure timely completion of excess reserves refunds.	In March 2025, UNOPS released the process documentation, which is aligned with the recently endorsed calculation methodology for liquid excess reserves.	The Board considers this recommendation implemented as UNOPS has issued operational guidelines.	X			

No.	Audit report year	Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
20	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 94	The Board recommends that UNOPS report to the Executive Board and the Advisory Committee on Administrative and Budgetary Questions, as part of its review of the financial regulations and rules, on the need for further clarification of the circumstances requiring the submission of supplementary proposals to the management budget.	The ongoing review of the financial regulations and rules encompasses the entire policy, and therefore UNOPS confirms that the regulations related to supplementary budget proposals are within the scope of the review.	Considering that the review is still in progress, this recommendation is considered to be under implementation.		X		
21	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 95	The Board also recommends that UNOPS improve the budget formulation for the multi-year process innovation and digitalization programme based on actual project implementation schedules and optimize the expenditure plan to effectively utilize the resources allocated.	UNOPS has actively worked on the recommendation to ensure effective resource utilization for the process innovation and digitalization programme, including by aligning programme budgets with the current Roadmap, refining project implementation schedules and collaborating with stakeholders.	It is noted that UNOPS has improved the budget formulation for the multi-year process innovation and digitalization programme based on the actual project implementation schedule. This recommendation is considered implemented.	X			
22	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 126	The Board recommends that UNOPS conduct a comprehensive review of the nature, strategy, internal control, and potential gains or losses of derivatives, to ensure that the use and disclosure of financial derivatives transactions by UNOPS comply with the IPSAS requirements.	UNOPS reviewed derivative practices, updated two policies, restructured treasury functions for control segregation, and issued new reporting guidance.	The recommendation has been implemented through policy updates, structural reforms, and enhanced reporting.	X			

No.	Year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
23	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 140	The Board recommends that UNOPS maintain its involvement and continue targeted efforts in the recovery of funds from the Sustainable Investments in Infrastructure and Innovation investments in collaboration with the Office of Legal Affairs.	UNOPS is liaising with the Office of Legal Affairs in its efforts to recover the funds associated with the Sustainable Investments in Infrastructure and Innovation initiative. The funds recovery efforts are ongoing and expected to continue beyond 2025. At its first regular session of 2025, the Executive Board approved the allocation of additional funds to continue the recovery efforts until the end of 2027. In line with Executive Board decision 2025/6, UNOPS has therefore revised the implementation target date for this recommendation accordingly, to the end of 2027.	Given that the funds from the Sustainable Investments in Infrastructure and Innovation initiative have not been recovered, this recommendation is considered to be under implementation.		X		
24	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 157	The Board recommends that UNOPS effectively manage infrastructure projects as per contract agreements to ensure monitoring of timelines and costs and timely action for issues raised.	In alignment with the recommendation of the Board of Auditors to enhance infrastructure project monitoring and ensure timely interventions, the Infrastructure and Project Management Group conducts monthly outreach to project managers and project executives to support and verify the creation of project site location records and ensure that operational and defects notification period dates remain accurately aligned. The "Where" section of the embedded project level dashboard also includes a page dedicated to enabling project managers to monitor and manage their project's locations.	It is noted that UNOPS has enhanced its monitoring mechanisms. This recommendation is considered implemented.	X			
25	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 158	The Board recommends that UNOPS strengthen training on infrastructure project management to enhance technical review and regular supervision of infrastructure projects.	UNOPS has updated its essential project management e-learning course, which is available in the Learning Zone platform. Additionally, it has launched a course on infrastructure design management, also available in the Learning Zone and tailored	It is noted that UNOPS has updated its e-learning course and launched new courses to train personnel in the benefits of staged design review. This recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented
				specifically for the international development context. Finally, a dedicated effort to train personnel on the benefits of staged design review – occurring at milestones during infrastructure design development instead of after completion of the design – has produced better and more efficient design review.				
26	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 166	The Board recommends that UNOPS avoid bypassing mandatory review by the Integrated Practice Advice and Support Unit and reinforce the tracking of residual risks identified during the review.	UNOPS has enhanced system controls, residual risk tracking and staff training; the Integrated Practice Advice and Support Unit is working with the policy teams to improve review compliance and risk oversight.	It is noted that UNOPS has enhanced compliance through monitoring mechanisms and system improvements. This recommendation is considered implemented.	X		
27	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 174	The Board recommends that UNOPS consider the project/programme focus as it develops and resources capacity for outcome-based reporting during the next indicator review, and finalize the country-level reporting indicators for its contribution goals.	The expanded results framework in the restated strategic plan for the period 2022–2025 includes strategic priorities for focus on impact, contribution and management results. Correspondingly, it outlines three levels for impact focus, contribution goals and management goals. The finalized results framework will be presented to the Executive Board, as an annex to the strategic plan for the period 2026–2029 at the second regular session in August 2025.	It is noted that the finalized results framework will be presented to the Executive Board as an annex to the strategic plan for the period 2026–2029, at the second regular session in August 2025. This recommendation is considered under implementation.		X	
28	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 186	The Board recommends that UNOPS, collaborating with partners, actively play its role in the design of peace and security projects and improve the quality of the indicators and targets set forth in legal agreements to comprehensively reflect actual progress and achievement of projects.	The UNOPS Peace and Security Cluster will take steps to: (a) improve the review of draft financial agreements to ensure that targets and indicators are well-designed; (b) ensure that reports to partners accurately measure progress against targets; and (c) ensure that in cases where targets are not achieved, the reasons are explained to the partner, and if necessary, project targets are revised. An action plan	Given that an action plan covering the three elements has been developed and progress is ongoing, this recommendation is considered to be under implementation. The response from UNOPS is provided at the bottom of the table.		X	

No.	year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
29	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 197	The Board recommends that UNOPS ensure prudent application of emergency procurement procedures in future procurement activities.	UNOPS conducted a comprehensive assessment of its emergency procurement procedures, with a task force established to conduct the review. Based on the findings, recommendations for improvement have been made to ensure the effective application of EPP. As a result, management considers this audit recommendation to be fully implemented.	It is noted that UNOPS has enhanced prudent application of emergency procurement procedures through a task force review process. This recommendation is considered implemented.	X			
30	2023	<a href="#">A/79/5/Add.11</a> , chap. II, para. 204	The Board recommends that UNOPS take a proactive approach and supervision measures in overseeing performance management, to ensure the appropriateness of individual performance evaluation.	Since receiving this observation, UNOPS has taken significant steps to enhance its performance management framework. We established the people planning and performance team within the People and Culture Group and launched the integrated people strategy, which includes a strategic objective of strengthening performance management across the organization. Fully addressing this recommendation requires essential technological advancements, which are being implemented in a phased approach through our process innovation and digitalization programme. Given the complexity of these enhancements, full deployment is anticipated by the end of 2026.	It is noted that fully addressing this recommendation requires essential technological advancements, which are being implemented in a phased approach through the process innovation and digitalization (PID) programme. Given the complexity of these enhancements, full deployment is anticipated by the end of 2026. This recommendation is considered under implementation.		X		

No.	Year	Audit report Report reference	Board's recommendation	UNOPS response	Board's assessment	Status after verification				
						Implemented	Under implementation	Not implemented	Overtaken by events	
31	2023	A/79/5/Add.11, chap. II, para. 214	The Board recommends that UNOPS establish regulations or procedural guidelines on the management of computing devices and enhance the oversight of registration, disposal and data security at headquarters and in the regional and country offices, respectively.	A preliminary business case was sent to the Process Innovation and Digitization Unit to seek the possibility of enhancing the current enterprise resource planning system to incorporate the needed functions that include matching personnel contracts to computing devices and efficiently tracking assets (including computer devices). As requested by the Process Innovation and Digitization Unit, the Shared Services Centre has developed a business analysis report and will work with the Process Innovation and Digitization Unit to have the requirements implemented. Given the dependency on the unit, resource constraints etc, the tentative date of implementation is set at 31 December 2025. Specific guidance relating to the management of computing devices is currently being formulated. The guidance will be released before 1 March 2025.	It is noted that the guidance is still unpublished. This recommendation is considered to be under implementation.			X		
<b>Total number of recommendations</b>						<b>31</b>	<b>20</b>	<b>11</b>	<b>–</b>	<b>–</b>
<b>Percentage of the total number of recommendations</b>						<b>100</b>	<b>65</b>	<b>35</b>	<b>–</b>	<b>–</b>

UNOPS management response to recommendation No. 28 (2023, A/79/5/Add.11. chap. II, para 186):

UNOPS considers this 2023 audit recommendation to be overtaken by events. In our discussions regarding the new 2024 recommendation, we noted that several performance targets were found to have not been met because (a) the targets were not designed properly; (b) assumptions that underpinned those targets did not materialize; and (c) the reasons for not meeting the targets were not adequately explained in substantive reports. These reasons are virtually the same as those identified in the 2023 audit report. Since the 2024 recommendation requires UNOPS to conduct a review of its mine action project, the steps required to close the 2024 recommendation will include the same steps required to close the 2023 recommendation. Accordingly, the 2023 recommendation should be considered to have been overtaken by events.

## **Chapter III**

### **Financial report for the year ended 31 December 2024<sup>1</sup>**

---

<sup>1</sup> In the light of the liquidity situation affecting the regular budget of the United Nations and the related management measures implemented by the Secretary-General, chapter III is made available online at <https://digitallibrary.un.org/record/4090389>.

## Chapter IV

### Financial statements for the year ended 31 December 2024

#### United Nations Office for Project Services

#### I. Statement of financial position as at 31 December 2024

(Thousands of United States dollars)

	Note	31 December 2024	31 December 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	18 174	17 629
Intangible assets	8	3 733	4 672
Right-of-use asset	9	12 354	–
Long-term investments	12	619 711	187 464
<b>Total non-current assets</b>		<b>653 972</b>	<b>209 765</b>
<b>Current assets</b>			
Inventories	10	4 149	9 811
Other assets	13	4 223	1 247
Accounts receivable	14		
Project accounts receivable		80 865	94 786
Prepayments		14 250	47 028
Other accounts receivable		229 345	213 984
Short-term investments	12	2 275 829	2 516 861
Cash and cash equivalents	15	575 377	702 587
<b>Total current assets</b>		<b>3 184 038</b>	<b>3 586 304</b>
<b>Total assets</b>		<b>3 838 010</b>	<b>3 796 069</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employee benefits, long-term	16	94 834	84 902
Lease liability, long-term	9	6 898	–
Provisions, long-term	24	89	172
<b>Total non-current liabilities</b>		<b>101 821</b>	<b>85 074</b>
<b>Current liabilities</b>			
Employee benefits, short-term	16	45 675	37 463
Accounts payable and accruals	17	507 216	563 607
Project cash advances received	18		
Deferred revenue		1 944 988	1 805 022
Cash held on agency projects		841 987	995 020
Other liabilities	19	248	7 787
Lease liability, short-term	9	5 789	–
Provisions, short-term	24	15 295	8 286
<b>Total current liabilities</b>		<b>3 361 198</b>	<b>3 417 185</b>
<b>Total liabilities</b>		<b>3 463 019</b>	<b>3 502 259</b>
<b>Net assets/equity</b>		<b>374 991</b>	<b>293 810</b>

**United Nations Office for Project Services**
**I. Statement of financial position as at 31 December 2024 (continued)**

(Thousands of United States dollars)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
<b>Net assets/equity</b>			
Post-employment benefit reserve	20		
Actuarial gains/(losses)		38 109	43 259
Changes in fair value of post-employment benefit financial assets recognized in net assets/equity		(4 134)	(3 345)
Other post-employment benefit investment returns recognized in surplus/deficit		3 080	228
Post employment funding gap	20	11 116	3 413
Changes in fair value of non-post-employment benefit financial assets	20	–	–
Operational reserves	20		
Minimum operational reserve		190 431	165 319
Other operational reserves		136 389	84 936
Accumulated surpluses	20	–	–
<b>Total net assets/equity</b>		<b>374 991</b>	<b>293 810</b>
<b>Total liabilities and net assets/equity</b>		<b>3 838 010</b>	<b>3 796 069</b>

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

**United Nations Office for Project Services**

**II. Statement of financial performance for the year ended 31 December 2024**

(Thousands of United States dollars)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
<b>Revenue</b>			
Revenue from project activities	21	1 447 590	1 216 013
Miscellaneous revenue		(372)	949
Non-exchange revenue	21	–	–
<b>Total revenue</b>		<b>1 447 218</b>	<b>1 216 962</b>
<b>Expenses</b>			
Contractual services	21	459 657	450 504
Other personnel costs – other personnel	22	369 538	343 883
Salaries and employee benefits – staff	22	154 541	130 770
Operational costs	21	146 716	127 366
Supplies and consumables		271 742	135 524
Travel		48 533	47 033
Other expenses	21	19 885	(1 388)
Depreciation of property, plant and equipment and right-of-use assets	7	9 219	3 596
Amortization of intangible assets	8	1 939	1 475
<b>Total expenses</b>		<b>1 481 770</b>	<b>1 238 763</b>
<b>Surplus/(deficit) from operations</b>		<b>(34 552)</b>	<b>(21 801)</b>
Finance income	23	112 226	63 672
Exchange rate gains/(losses)	23	9 446	(546)
<b>Net finance income/(expenses)</b>		<b>121 672</b>	<b>63 126</b>
<b>Surplus/(deficit) for the period</b>		<b>87 120</b>	<b>41 325</b>

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

**United Nations Office for Project Services**

**III. Statement of changes in net assets/equity for the year ended 31 December 2024**

(Thousands of United States dollars)

	<i>Note</i>	
<b>Opening balance as at 1 January 2023</b>	20	<b>324 037</b>
Impact of adoption of IPSAS 41		51 996
<b>Opening balance as at 1 January 2023</b>	20	<b>376 033</b>
Actuarial gains/(losses) for the period		(5 638)
Change in fair value of post-employment benefit financial assets recognized in net assets/equity		5 882
Change in fair value of non-post-employment benefit financial assets recognized in net assets/equity		–
Approved distribution to UNOPS donors		(123 792)
Surplus/(deficit) for the period		41 325
<b>Opening balance as at 1 January 2024</b>	20	<b>293 810</b>
Actuarial gains/(losses) for the period		(5 150)
Change in fair value of post-employment benefit financial assets recognized in net assets/equity		(789)
Change in fair value of non-post-employment benefit financial assets recognized in net assets/equity		–
Approved distribution to UNOPS donors		–
Surplus/(deficit) for the period		87 120
<b>Closing balance on 31 December 2024</b>	20	<b>374 991</b>

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

**United Nations Office for Project Services**

**IV. Statement of cash flows for the year ended 31 December 2024**

(Thousands of United States dollars)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the period		87 120	41 325
<b>Non-cash movements:</b>			
Amortization	8	1 939	1 475
Depreciation	7	9 219	3 596
Finance income	23	(112 226)	(63 672)
(Gains)/losses on the disposal of property, plant and equipment	7	2 251	345
(Gains)/losses on the disposal of intangible assets	8	15	–
Increase/(decrease) in provisions	24	6 926	(5 325)
<b>Net surplus before changes in working capital</b>		<b>(4 756)</b>	<b>(22 256)</b>
<b>Changes in working capital</b>			
(Increase)/decrease in inventories	10	5 662	1 912
(Increase)/decrease in other assets	13	(2 976)	4 093
Increase/(decrease) in other liabilities	19	(7 539)	(12 921)
(Increase)/decrease in accounts receivable		8 056	(19 159)
(Increase)/decrease in prepayments	14	32 408	(32 135)
Increase/(decrease) in employee benefits (net of actuarial gains)	16	12 994	5 587
Increase/(decrease) in accounts payable and accruals	17	(39 905)	(63 653)
Increase/(decrease) in deferred revenue	18	139 966	493 714
Increase/(decrease) in project cash advances received	18	(153 033)	(446 793)
<b>Cash flow impact on changes in working capital</b>		<b>(4 367)</b>	<b>(69 355)</b>
Finance income received on cash and cash equivalents	23	1 325	1 396
<b>Net cash flows from/(used in) operating activities</b>		<b>(7 798)</b>	<b>(90 215)</b>

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

**United Nations Office for Project Services**

**IV. Statement of cash flows for the year ended 31 December 2024 (continued)**

(Thousands of United States dollars)

	<i>Note</i>	<i>31 December 2024</i>	<i>31 December 2023</i>
<b>Cash flows from investing activities</b>			
Acquisitions of intangible assets	8	(1 015)	(848)
Acquisitions of property, plant and equipment		(6 020)	(3 137)
Proceeds from sale of property, plant and equipment	7	81	79
Purchase of investments		(6 054 477)	(5 771 083)
Proceeds from the maturity of investments		5 932 143	6 071 521
Interest income received on investments		47 600	42 362
Finance income/(cost) allocated to projects	23	(34 760)	(26 343)
<b>Net cash flows from/(used in) investing activities</b>		<b>(116 448)</b>	<b>312 551</b>
<b>Cash flows from financing activities</b>			
Approved distribution to UNOPS donors		–	(123 792)
Principal and interest portion of lease liabilities paid	9	(6 017)	–
<b>Net cash flows from/(used in) financing activities</b>		<b>(6 017)</b>	<b>(123 792)</b>
Effect of exchange rate changes on investments and cash equivalents		2 086	–
Adjustment for fair value on cash equivalents		967	(566)
<b>Net increase/(decrease) in cash and cash equivalents<sup>a</sup></b>		<b>(127 210)</b>	<b>97 978</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>702 587</b>	<b>604 609</b>
<b>Cash and cash equivalents at the end of the period<sup>b</sup></b>	15	<b>575 377</b>	<b>702 587</b>

<sup>a</sup> There is no difference between cash and cash equivalents on the statement of cash flows and the statement of financial position.

<sup>b</sup> The components of cash and cash equivalents as at 31 December 2024 are disclosed in note 15.

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

**United Nations Office for Project Services**

**V. Statement of comparison of budget and actual amounts for the year ended 31 December 2024**

(Thousands of United States dollars)

	Note	Biennial	2024	2024	2024 actual	Difference between final budget and actuals
		management budget <sup>a</sup>	management budget	management budget	amounts	
		Original	Original	Final	Actuals	
Revenue on budget basis		325 000	162 500	122 719	112 009	(10 710)
Response plan-related investments from reserves		–	–	14 855	16 149	1 294
<b>Total revenue for the period</b>	27	<b>325 000</b>	<b>162 500</b>	<b>137 574</b>	<b>128 158</b>	<b>(9 416)</b>
Management resources						
Posts		64 100	32 050	28 221	28 348	127
Common staff costs		46 400	23 200	21 816	20 971	(845)
Travel		11 200	5 600	5 238	4 759	(479)
Consultants		160 200	80 100	49 293	47 116	(2 177)
Operating expenses		20 300	10 150	12 106	5 047	(7 059)
Furniture and equipment		10 900	5 450	1 617	1 561	(56)
Reimbursements		11 900	5 950	4 428	4 461	33
Response plan-related investments from reserves		–	–	14 855	16 149	1 294
<b>Total use of management resources</b>		<b>325 000</b>	<b>162 500</b>	<b>137 574</b>	<b>128 412</b>	<b>(9 162)</b>
<b>Net revenue on budget basis</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(254)</b>	<b>(254)</b>
<i>Less: write-offs, provisions and contingency surplus</i>		–	–	–	18 926	18 926
<b>Total balance of resources</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(19 180)</b>	<b>(19 180)</b>

<sup>a</sup> DP/OPS/2025/2.

**United Nations Office for Project Services**  
**Notes to the 2024 financial statements**

**Note 1**

**Reporting entity**

1. The mission of UNOPS is to help people to build better lives and countries to achieve peace and sustainable development. UNOPS is a self-financing organization, without any voluntary or assessed contributions from Member States, and relies on the revenue that it earns from project implementation and other services. UNOPS was established as an independent entity on 1 January 1995; its headquarters is located in Copenhagen.

2. UNOPS activities and its management budget are set by its Executive Board. UNOPS enables its partners to expand implementation capacity across peace and security, humanitarian and development efforts, including through capacity-development activities. Through its project services, it supports the United Nations system, Governments and other partners in accelerating national achievement of the Sustainable Development Goals.

3. Pursuant to General Assembly resolution [65/176](#) and subsequent Executive Board decisions, UNOPS can act as a service provider for various actors in the development, humanitarian and peacekeeping arenas, including the United Nations, the agencies, funds and programmes of the United Nations system, donor and recipient Governments, intergovernmental organizations, international and regional financial institutions, non-governmental organizations, foundations and the private sector.

4. UNOPS has a role as a central resource for the United Nations system in procurement and contract management, as well as in civil works and physical infrastructure development, including the relevant capacity development activities. UNOPS can make value-added contributions by providing efficient, cost-effective services to partners in the areas of project management, human resources and financial management.

5. UNOPS follows a results-oriented approach to the services it provides. It launches and implements new project operations quickly, transparently and in a fully accountable manner. UNOPS expands partners' implementation capacity through three service models: support services, technical advice and integrated solutions. Its functional service lines include:

(a) Infrastructure: UNOPS uses its expertise and experience to construct emergency and permanent infrastructure;

(b) Procurement: UNOPS uses its procurement network to purchase equipment and supplies on behalf of and on the basis of the specifications of its customers;

(c) Project management: UNOPS is responsible for the delivery of one or more outcomes of projects, where it coordinates all aspects of implementation of the project;

(d) Other services: human resources management services include recruitment, appointment and the administration of personnel contracts undertaken by UNOPS on behalf of its partners. The appointed individuals do not work under the direction of UNOPS. Another service offered is financial management or administration, whereby UNOPS acts on behalf of the donors.

6. The accounting for agent and principal transactions is further described in the accounting policy in note 3.

7. The financial statements include only the operations of UNOPS, which has no subsidiaries or interests in associates or jointly controlled entities.

## **Note 2**

### **Basis for preparation**

8. UNOPS financial regulation 23.01 requires the preparation of annual financial statements on an accrual accounting basis in accordance with IPSAS, using the historical cost convention, except where stated in note 3. Where IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard is adopted. The accounting policies have been applied consistently in the preparation and presentation of these financial statements, except where a change in accounting policy is disclosed in note 4.

9. These financial statements are prepared on the basis that UNOPS is a going concern and will continue in operation and meet its mandate for at least a 12-month period after the financial statements have been approved.

10. The financial statements are prepared in accordance with IPSAS and on an accrual basis and cover the period from 1 January 2024 to 31 December 2024. The financial statements comply with IPSAS as issued by the IPSAS Board.

## **Note 3**

### **Summary of significant accounting policies**

11. The accounting policies adopted in the preparation of the 2024 financial statements are consistent with those followed in preparing the annual financial statements for the year ended 31 December 2023, except for the early adoption of IPSAS 43: Leases prior to its effective date of 1 January 2025. IPSAS 43 supersedes IPSAS 13: Leases, issued in 2006. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single accounting model (right-of-use model), with recognition exemptions. This is further described in note 4.

12. The principal accounting policies applied in the preparation of these financial statements are set out below.

### **Project accounting**

13. IPSAS 9: Revenue from exchange transactions, distinguishes between a contract where UNOPS acts as a principal and a contract where UNOPS acts as an agent. Therefore, revenue from a project in which UNOPS acts as a principal is recognized in full on the statement of financial performance, while in the case of projects in which UNOPS operates as an agent on behalf of its partners, only the net revenue is reported on the statement of financial performance. Additional information on these agency transactions is provided in note 21. Regardless of the status of UNOPS as principal or agent, all project-related receivables and payables are recognized in the statement of financial position at period-end and reflected in the statement of cash flows. In particular, where UNOPS receives amounts in advance from partners, the excess of cash received over costs and expenses incurred is treated as project cash advances received and reported as a liability; for projects in which the costs incurred exceed the cash received from the client, the balance is reported as a receivable.

**Functional and presentation currency**

14. The United States dollar is the functional currency of UNOPS and is the currency of these financial statements. The amounts in the financial statements, schedules and notes are rounded to the nearest thousand United States dollars unless otherwise stated. Calculations in the tables are made based on unrounded figures; as a result, rounding differences may occur. Transactions, including non-monetary items, in currencies other than dollars are translated into dollars at the United Nations operational rate of exchange on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and unrealized exchange differences (gains and losses) from the translation at year end are recognized in the statement of financial performance.

**Financial instruments**

15. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Initial recognition*

16. All financial assets and financial liabilities are initially recognized when UNOPS becomes a party to the contractual provisions of the instrument. Cash equivalents are recognized when the cash is deposited in a financial institution.

17. A financial asset or financial liability is initially measured at fair value, plus or minus transaction costs that are directly attributable to its acquisition or issue, except when such an instrument is designated at fair value through surplus or deficit, in which case transaction costs are recognized as expenses in the statement of financial performance.

18. The fair value of a financial asset on initial recognition is normally the transaction price unless the transaction is not at arm's length, i.e. at no or at nominal consideration for public policy purposes. In this case, the fair value of a financial asset is derived from current market transactions for a directly equivalent instrument and the difference between the fair value of the financial instrument and the transaction price is a non-exchange component recognized as income in the statement of financial performance. If there is no active market for the instrument, the fair value is derived from a valuation technique that uses available data from observable markets.

*Classification and measurement*

19. UNOPS uses a principles-based approach to the classification of financial assets, which requires the use of two criteria to determine how financial assets should be classified and measured:

- (a) The entity's management model for financial assets;
- (b) The contractual cash flow characteristics of the financial asset.

20. Depending on the criteria, financial assets are subsequently measured at amortized cost, fair value through net assets or equity, or fair value through surplus or deficit.

21. UNOPS financial assets are classified as current assets if the financial assets mature, are realized, or management intends to dispose of them within 12 months of the end of the reporting period.

*Subsequent measurement*

22. The following table summarizes the policies of UNOPS for subsequent measurement and recognition of subsequent gains and losses on its financial assets.

Table IV.1

**Subsequent measurement and recognition of financial assets**

<i>Financial asset</i>	<i>Subsequent measurement and recognition</i>
Financial assets at fair value through surplus/deficit	These assets are subsequently measured at fair value. Net gains/losses, including any interest or dividend revenue, are recognized in surplus/deficit.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in surplus/deficit. Any gain/loss on derecognition is recognized in surplus/deficit.
Debt instruments at fair value through net assets/equity	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains/losses and impairment are recognized in surplus/deficit. Other net gains/losses are recognized in net assets/equity. On derecognition, gains/losses accumulated in net assets/equity are reclassified to surplus/deficit.
Equity instruments at fair value through net assets/equity	These assets are subsequently measured at fair value. Dividends are recognized as revenue in surplus/deficit unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains/losses are recognized in net assets/equity and, if irrevocably classified at fair value through net assets/equity, are never reclassified to surplus/deficit.

*Financial assets at amortized cost*

23. Financial assets with contractual cash flows that represent solely the repayment of principal and payment of interest are classified depending on the UNOPS management model. If the management model is solely to hold the financial assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the financial assets are classified at amortized cost.

24. UNOPS has classified in this category the following: cash and cash equivalents, except money market funds; term deposits with an original maturity of more than 94 days; treasury bills, notes and bonds held in its operational reserve and working capital portfolios; and exchange receivables.

25. Financial assets with contractual cash flows that do not represent only principal and interest, but introduce exposure to risks and volatility other than those present in a basic lending arrangement (for example, changes in equity prices), are classified as fair value through surplus or deficit, regardless of the management model.

*Financial assets at fair value through net assets/equity*

26. These non-derivative financial assets have contractual cash flows that represent only principal and interest on the outstanding principal. In addition, the management model is to hold the financial assets both to collect contractual cash flows and to sell the financial assets.

27. Included in this category are bonds and equity instruments held in the post-employment benefit liability hedge portfolio, which may be sold in order to meet minimum investment income requirements.

*Financial assets at fair value through surplus or deficit*

28. Financial assets at fair value through surplus or deficit are so designated on initial recognition or held for trading, or their contractual cash flows do not represent only principal and interest. They are initially recorded at fair value and any transaction costs are expensed. The assets are measured at fair value at each reporting date, and any resultant fair value gains or losses are recognized through surplus or deficit. Derivatives are used for economic hedging purposes and not as speculative investments. UNOPS classifies derivatives as financial assets at fair value through surplus or deficit in the statement of financial performance. UNOPS does not apply hedge accounting treatment for derivatives.

29. UNOPS classifies in this category derivatives; investments in pooled portfolio funds; and other equity-type investments, including real estate investment trusts, as part of the investment portfolios.

*Fair value at subsequent measurement*

30. The fair values of quoted investments in active markets are based on transaction prices or current bid prices. If the market for a financial asset is not active (for example, for unlisted securities and over-the-counter derivatives), UNOPS establishes a fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash-flow analysis, option pricing models and other valuation techniques commonly used by market participants.

*Impairment of non-derivative financial assets*

31. UNOPS recognizes and measures an impairment loss for expected credit losses on financial assets that are measured at amortized cost and at fair value through net assets/equity. The expected credit loss is the present value of the difference between the contractual cash flows and the cash flows that UNOPS expects to receive. The expected credit loss incorporates reasonable and supportable information that is available without undue cost or effort as at the reporting date.

32. The expected credit loss is measured with a three-stage model that takes into account probability-weighted default events during the lifetime of the financial asset and the evolution of credit risk since the origination of the financial asset. S&P Global's global probability of default rating is utilized for this purpose. If there is no significant increase in credit risk since origination (stage 1), the impairment loss is the expected credit loss from possible default events in the next 12 months from the reporting date ("12 months expected credit loss"). If there is a significant increase in credit risk since origination (stage 2), or if there is objective evidence of a credit impairment (stage 3), the impairment loss equals the expected credit loss from possible default events over the whole lifetime of the financial asset ("lifetime expected credit loss").

33. To meet operational requirements, UNOPS holds cash and deposits in certain currencies in banking institutions with lower credit ratings or in banking institutions that are unrated. For these accounts, a review was conducted using S&P Global's global probability of default ratings for rated banks and the sovereign rating of the country in which the banking institution is located for non-rated banks. The review resulted in a determination that no expected credit loss is required to be recognized in the financial statements, and no impairment allowance has been recognized for the cash and cash equivalents held in these banks.

34. UNOPS measures the impairment loss at the amount of lifetime expected credit loss, using practical expedients (for example, by considering the most probable outcomes).

35. For project accounts receivable from Member States of the United Nations, UNOPS has not previously incurred impairment losses, nor faced any defaults on payments. Therefore, UNOPS considers the expected credit losses on project receivables to be negligible, and a statistical approach to calculate expected credit losses to be inappropriate. Therefore, no expected credit losses are recognized in the statement of financial performance for the project receivables. However, contracts covering project accounts receivable may contain clauses providing for the withholding of reimbursement in connection with expenditures determined to be ineligible. For these disallowances, a provision has been established (see details in note 14).

36. For receivables of accrued interest on cash equivalents, term deposits and other investments, a review was made using S&P Global's global probability of default ratings for the bank, entity or institution from which the accrued interest was to be paid. The review resulted in a determination that no expected credit loss is required to be recognized, and no impairment allowance has been recognized for these receivables.

37. For assets at amortized cost, the asset's carrying amount is reduced by the amount of the impairment loss, which is recognized in the statement of financial performance. For assets at fair value through net assets/equity, the loss allowance is recognized in net assets/equity and does not reduce the carrying amount of the financial asset in the statement of financial position. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed through the statement of financial performance.

#### *Derecognition of financial assets*

38. UNOPS derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which UNOPS neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### *Write offs*

39. The gross carrying amount of a financial asset is written off when UNOPS has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For individual receivables, UNOPS has a policy of writing off the gross carrying amount when the financial asset is deemed to be non-recoverable and all efforts for recovery have been exhausted, based on the historical experience of recoveries of similar assets.

#### *Financial assets – management model assessment*

40. UNOPS makes an assessment of the objective of the management model in which its financial assets are held at a portfolio level because this best reflects the way in which the operations are managed, and information is provided to management. UNOPS categorizes each of its portfolios in one of the following management models: hold to collect cash flows that are solely payments of principal and interest on the amount outstanding; or hold to collect cash flows and sell. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through surplus or deficit.

#### *Investment portfolios*

41. Initial recognition of assets is measured at amortized cost, at fair value through net assets/equity or at fair value through surplus or deficit, depending on the

management model for the portfolio. UNOPS holds its investments in three different portfolios, and the types of securities held in them vary, as shown below:

(a) Working capital (relates to contributions received against projects): government securities, government agency, other official entity and multilateral organization securities, with a minimum allowable long-term rating of AA- (S&P Global Ratings), Aa3 (Moody's) or AA- (Fitch), or a short-term rating of A-1, P-1 or F-1 (limited to 50 per cent of the investment account assets); bank obligations; exchange-traded futures; and covered bonds (limited to 20 per cent of the investment account assets);

(b) Reserves (relates to UNOPS operational reserves): government securities; government agency, other official entity and multilateral organization securities, with a minimum allowable long-term rating of AA- (S&P Global Ratings), Aa3 (Moody's) or AA- (Fitch), or a short-term rating of A-1, P-1 or F-1 (limited to 50 per cent of the investment account assets); bank obligations; exchange-traded futures; and covered bonds (limited to 20 per cent of the investment account assets);

(c) Post-employment benefit liability hedge portfolio: United States dollar investment-grade corporate bonds; sovereign, supranational and agency debt; developed market equities; emerging market equities; and real estate investment trusts.

42. The interest income earned on investments is recognized in the statement of financial performance during the period earned.

#### *Other assets and liabilities*

43. Other assets and liabilities consist of derivatives, which are used for economic hedging purposes and not as speculative investments. Derivatives are classified as held for trading and accounted for at fair value through surplus or deficit.

44. UNOPS does not apply hedge accounting to its derivative instruments. If they are not closed out at the reporting date, derivatives with a positive fair value are reported as other assets (current), while derivatives with a negative fair value are reported as other liabilities (current) in the statement of financial position. Gains and losses from changes in the fair value of derivatives are recognized in net finance income in the statement of financial performance.

#### *Cash and cash equivalents*

45. Cash and cash equivalents comprise cash on hand, cash at banks, time deposits and money market instruments held with financial institutions that have very high credit ratings. The initial term is 94 days or less; therefore, the instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Given the short duration and low default probabilities, the expected credit losses from cash and cash equivalents are negligible. As a result, no impairment allowance is recognized for these cash and cash equivalents. They are held at nominal value less an allowance for any anticipated losses.

#### *Accounts receivable*

46. Accounts receivable consist of project receivables and other accounts receivable. Project receivables and other accounts receivable are initially measured at fair value and subsequently at amortized cost using the effective interest method less an allowance for uncollectable amounts. This calculation includes amounts relating to retentions for work performed but not yet paid for by the client.

47. Receivables are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. Such receivables are classified as non-current assets.

*Financial liabilities*

Table IV.2

**Classification and subsequent measurement**

<i>IPSAS classification</i>	<i>Types of financial liabilities</i>
Amortized cost	Accounts payable and accruals, and other liabilities
Fair value through surplus or deficit	Derivative liabilities

48. Financial liabilities are classified as measured at amortized cost or fair value through surplus or deficit. A financial liability is classified at fair value through surplus or deficit if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

49. Fair value through surplus or deficit financial liabilities are those held for trading or those that are so designated on initial recognition. They are initially recorded at fair value and any transaction costs are expensed. The liabilities are measured at fair value at each reporting date, and any resultant fair value gains or losses are recognized through surplus or deficit. UNOPS classifies derivatives as financial liabilities at fair value through surplus or deficit in the statement of financial performance. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months of the reporting date.

50. Financial liabilities that are not subsequently measured at fair value through surplus or deficit are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

*Accounts payable and accruals*

51. Accounts payable are financial liabilities in respect of either goods or services that have been acquired and received by UNOPS and for which the invoices have been received from the suppliers, or payments due to implementing partners against agreements with those partners. Accruals are liabilities for goods and services that have been received or provided to UNOPS during the year and have not been invoiced by suppliers as at the reporting date.

52. Given that the accounts payable of UNOPS generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement. Payables and accruals are initially measured at fair value, that is, the amount expected to be paid to discharge the liability, and subsequently measured at amortized cost using the effective interest method.

*Other liabilities*

53. Other liabilities consist of derivatives that are used for economic hedging purposes and not as speculative investments. Derivatives are accounted for at fair value through surplus or deficit. UNOPS does not apply hedge accounting to its derivative instruments.

*Derecognition of financial liabilities*

54. UNOPS derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. UNOPS also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

55. Upon the derecognition of a financial liability, the difference between the carrying amount is extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in surplus or deficit.

*Offsetting of financial instruments*

56. Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when, and only when, UNOPS has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**Property, plant and equipment**

57. UNOPS recognizes property, plant and equipment at their historical cost less depreciation and impairment losses in line with IPSAS 17: Property, plant and equipment. For any item of property, plant and equipment received as a contribution in kind, the fair value at the date of acquisition is deemed to be its cost, in line with IPSAS 23: Revenue from non-exchange transactions (taxes and transfers).

58. UNOPS depreciates its property, plant and equipment on a straight-line basis over their estimated useful life, with the exception of land and assets under construction, which are not depreciated. Property, plant and equipment are also subject to a systematic annual review to confirm the remaining useful life and to identify any impairment.

59. Individual items of property, plant and equipment are capitalized when their original acquisition value is equal to or greater than the threshold of \$2,500 for asset classes, except for leasehold improvements, where the applicable threshold is \$10,000.

60. UNOPS performs an annual review of the useful economic lives of property, plant and equipment in line with the requirements of IPSAS 17. There were no extensions to useful economic lives during the year under review. The estimated useful life ranges and capitalization thresholds for the various classes of property, plant and equipment are as follows:

Table IV.3

**Depreciation of property, plant and equipment**

<i>Property, plant and equipment class</i>	<i>Estimated useful life (years) as at 31 December 2024</i>	<i>Capitalization threshold (United States dollars)</i>
Buildings	10–40	2 500
Vehicles	5–20	2 500
Leasehold improvements	10	10 000
Plant and equipment	3–10	2 500
Communications and information technology equipment	3–10	2 500

61. Property, plant and equipment are reviewed for impairment at each reporting date, taking into consideration various impairment indicators. Any impairment loss is recognized in other expenses within the statement of financial performance when the carrying amount of an asset exceeds its recoverable service amount.

### Intangible assets

62. UNOPS intangible assets comprise purchased software packages, internally developed software and intangible assets under construction. Intangible assets are recognized at cost less accumulated amortization and impairment losses in line with IPSAS 31: Intangible assets. Annual software licences are expensed and adjusted as necessary for any element of prepayment.

63. Assets under construction are not amortized. Amortization of other intangible assets is calculated over the estimated useful life of the asset using the straight-line method. During the current financial year, the assessment of the useful economic life of UNOPS intangible asset classes was undertaken in line with the requirements of IPSAS 31. The assessment did not result in changes to any of the asset classes. The estimated useful lives for intangible asset classes are as follows:

Table IV.4  
**Amortization of intangible assets**

<i>Intangible asset class</i>	<i>Estimated useful life, in years</i>	<i>Capitalization threshold (United States dollars)</i>
Internally developed software	10	100 000
Software acquired	5	2 500

64. Intangible assets are subject to an annual review to confirm the remaining useful life and to identify any impairment.

65. Property, plant and equipment and intangible assets are classified as non-cash-generating assets. None of the property, plant and equipment or intangible assets belonging to UNOPS is held with the objective of earning a commercial return.

### Leases

66. UNOPS as lessee recognizes right-of-use assets, along with their corresponding liabilities, as at the date on which the leased assets are available for use by UNOPS. Each lease payment is allocated between the liability and the finance cost. The finance cost is recognized in the statement of financial performance over the lease term. The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis.

67. Right-of-use assets are initially measured at cost, comprising the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs; and restoration costs, if applicable.

68. Lease liabilities include, if applicable, the net present value of fixed payments, including in-substance fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease if the lease term reflects the possibility of the lessee exercising that option.

69. Short-term leases are leases with a term of 12 months or less. Low-value assets are items that do not meet the UNOPS capitalization threshold and are considered to be insignificant for the statement of financial position for UNOPS as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of financial performance.

70. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options or periods after termination options are included in the lease term only if the lease is reasonably certain to be extended or not terminated. UNOPS assesses at lease commencement whether it is reasonably certain to exercise the extension options. UNOPS reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

71. Leases in which UNOPS, as lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is recognized on a straight-line basis over the lease term and included in revenue in the statement of financial performance. UNOPS does not have any finance leases.

#### **Inventories**

72. Bulk raw materials purchased in advance for the implementation of projects and supplies on hand at the end of the financial period are recorded as inventories. The inventories are valued at the lower of cost and net realizable value. Cost is estimated using the “first in, first out” method.

73. The cost of inventory includes costs incurred in acquiring the inventory and other costs incurred in bringing it to its existing location and condition (e.g. freight costs).

#### **Employee benefits**

74. UNOPS recognizes the following categories of employee benefits:

- (a) Short-term employee benefits due to be settled within 12 months after the end of the accounting period in which employees render the related service;
- (b) Post-employment benefits;
- (c) Other long-term employee benefits;
- (d) Termination indemnity.

##### *Short-term employee benefits*

75. Short-term employee benefits comprise salaries, the current portion of home leave, annual leave and those elements of other employee benefits (including assignment grant, education grant and rental subsidy) payable within one year of period-end and measured at their nominal values.

##### *Post-employment benefits*

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

common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

77. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. UNOPS and the Pension Fund, in line with the other organizations participating in the Fund, are not in a position to identify the proportionate share of UNOPS of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Therefore, UNOPS has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The United Nations Joint Staff Pension Fund conducts actuarial valuations using the projected unit credit method.

78. UNOPS contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

#### *Other long-term employee benefits*

79. Other long-term employee benefits comprise the non-current portion of home leave entitlements.

#### *Termination indemnity*

80. Termination indemnity is recognized as an expense only when UNOPS is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits 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.

### **Provisions and contingencies**

81. Provisions are made for future liabilities and charges where UNOPS has a present legal or constructive obligation as a result of past events and it is probable that UNOPS will be required to settle the obligation. This, for example, includes those cases where the anticipated cost of completing a construction project is likely to exceed the recoverable amount.

82. A contingent liability is a possible obligation that arises as a result of past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UNOPS. Contingent liabilities are disclosed in the notes to the financial statements unless the possibility that they will be realized is remote.

### **Revenue**

83. UNOPS recognizes revenue under exchange transactions, including but not limited to construction projects, implementation projects and service projects, and non-exchange transactions.

84. Where the outcome of a project can be reliably measured, revenue from construction projects (IPSAS 11: Construction contracts) and other exchange transactions (IPSAS 9) is recognized by reference to the stage of completion of the project at period end, as measured by the proportion of costs incurred for work to date to the estimated total project costs. Where the outcome of the project cannot be

estimated reliably, revenue is recognized to the extent that it is probable for the incurred costs to be recovered.

85. Although UNOPS does not receive any voluntary or assessed contributions from Member States, occasional non-exchange revenue arises, most often in relation to donations and services in kind (IPSAS 23). Non-exchange revenue (donations) is measured at fair value and is included within non-exchange revenue in the statement of financial performance. UNOPS has elected not to recognize services in kind in the statement of financial performance but to disclose the most significant in-kind services in the notes to these financial statements.

### **Expenses**

86. UNOPS expenses are accounted for on an accrual basis. Expenses are recognized on the basis of the delivery principle, that is, the fulfilment of a contractual obligation by the supplier when the goods are received or when a service is rendered. The recognition of expenses is therefore not linked to when cash or its equivalent is paid.

87. UNOPS presents expenses in the statement of financial performance by their nature.

### **Taxation**

88. UNOPS enjoys a privileged tax exemption, and its assets, income and other property are exempt from all direct taxation. Accordingly, no provision is made for any tax liability.

### **Net assets/equity**

89. "Net assets/equity" is the standard term used in IPSAS to refer to the residual financial position (assets less liabilities) at period-end, comprising contributed capital, accumulated surpluses and deficits, and reserves. Net assets/equity may be positive or negative.

90. In the absence of any capital contributions, UNOPS net assets/equity comprise reserves as detailed in note 20.

### **Project cash advance**

91. Project cash advance represents funds received from donors, United Nations agencies and other third parties for project activities yet to be utilized. These funds are recognized at fair value when received.

### **Segment reporting**

92. A segment is a distinguishable activity or group of activities for which it is appropriate to report financial information separately. At UNOPS, segment information is based on the principal activities relating to its separate operational centres and its headquarters. This is also the manner in which UNOPS measures its activities and how its financial information is reported to the Executive Director.

### **Budget comparison**

93. The Executive Board approves the biennial budget estimates and, in particular, the net revenue target calculated on an accrual basis. Budgets may be subsequently amended by the Executive Board or through the exercise of delegated authority by the Executive Director to redeploy funds within the approved biennial administrative budget, as well as to increase or reduce funds, provided that the net revenue target for the biennium, as established by the Board, remains unchanged.

94. The budget of UNOPS is prepared on a modified accrual basis, whereas the financial statements of UNOPS are prepared on an accrual basis. In the statement of financial performance, expenses are classified according to their nature. In the approved management budget, expenses are classified by cost components or the source of funding against which the expenses will be charged. As required under IPSAS 24: Presentation of budget information in financial statements, the totals presented in the statement of budget and actual comparison are reconciled with net cash flows from operating activities, net cash flows from investing activities and net cash flows from financing activities as presented in the cash flow statement.

#### **Critical accounting estimates and judgments**

95. The preparation of financial statements in accordance with IPSAS necessarily includes the use of accounting estimates, management assumptions and judgment. The areas in which estimates, assumptions or judgment are significant to UNOPS financial statements include but are not limited to post-employment benefit obligations; provisions; and revenue recognition. Actual results could differ from the amounts estimated in these financial statements.

96. Estimates, assumptions and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. They are subject to continual review.

97. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, UNOPS uses its judgment to select a variety of methods and make assumptions that are based mainly on market conditions existing at the end of each reporting period. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

98. The classification and measurement of financial assets under IPSAS 41: Financial instruments, depend on the characteristics of the contractual cash flows and the management model of UNOPS for a particular financial asset.

99. UNOPS determines the management model at a level that reflects how financial assets are managed together to achieve a particular management objective. This assessment includes judgments reflecting all relevant evidence, as well as how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. UNOPS constantly monitors its financial assets that are derecognized prior to their maturity, if any, to understand the reason for their disposal and whether the reasons are consistent with the objective of the management for which the asset was held. Monitoring is part of the organization's continuous assessment of whether the management model for which the financial assets are held continues to be appropriate. For further details on the management model assessment policy, see note 3 for significant accounting policies.

100. The measurement of impairment losses in accordance with expected credit losses under IPSAS 41 for the financial assets of UNOPS requires judgment, in particular, the estimation of the default instances, the amount and timing of future cash flows that are expected to be recovered after default and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, which can result in different levels of allowances. The organization's expected credit loss calculations are outputs of statistical estimation models that include a number of underlying assumptions regarding the choice of variable inputs and their

interdependencies. The elements of the expected credit loss models that are considered for the judgments and estimates include:

- (a) Qualitative and quantitative factors considered for the organization's judgment of the credit risk assessment of the issuer of the respective debt instrument;
- (b) The segmentation of the organization's financial assets, when the expected credit loss of a segment is assessed on a collective basis;
- (c) The development of expected credit loss models, including the various formulas and the choice of inputs and statistical models used;
- (d) The determination of associations between macroeconomic scenarios and, economic inputs, and their effect on the probability of default, the loss given a default and the exposure at default;
- (e) The selection of forward-looking macroeconomic variables and scenarios and their probability weightages, to derive the economic inputs needed for the expected credit loss models.

#### *Leases*

101. UNOPS cannot readily determine the interest rate implicit in the lease agreement. Therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that UNOPS would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The rate therefore reflects what UNOPS "would have to pay", which requires estimation when no observable rates are available. UNOPS estimates the incremental borrowing rate using observable inputs, such as market interest rates when available, and is required to make certain entity-specific estimates. In the public sector, it is common practice to use risk-free rates, such as the United States Treasury rate, when determining the discount rate for lease liabilities, particularly in cases in which no observable rates exist.

102. UNOPS determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

103. UNOPS has several lease contracts that include extension and termination clauses. UNOPS applies judgment in evaluating whether it is reasonably certain that the option to renew or terminate the lease will, or will not, be exercised. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or the termination option. After the commencement date, UNOPS reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or terminate the contract.

#### *Post-employment benefits and other long-term employee benefits*

104. The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Actuarial assumptions are established to anticipate future events and are used in calculating post-employment benefits and other long-term employee benefits. Note 16 records the assumptions made during the calculation and a sensitivity analysis of the assumptions.

*Provisions*

105. Significant judgment is required in the estimation of present obligations that arise from past events, including legal claims and onerous contracts. These judgments are based on prior UNOPS experience with such issues and are the best current estimate of the liability. Management believes that the total provisions for legal matters are adequate, on the basis of currently available information. Additional information is disclosed in note 24.

*Provision for write-off of disallowed costs*

106. UNOPS has provisions for the write-off of disallowed costs, which are detailed in note 14. Such estimates are based on analysis of historical trends and UNOPS experience taking into account economic conditions. Management believes that the impairment allowances for provisions for the write-off of disallowed costs are adequate, on the basis of currently available information. Given that these allowances are based on management estimates, they may be subject to change as better information becomes available.

*Revenue recognition*

107. Revenue from exchange transactions is measured according to the stage of completion of the contract. The measurement requires an estimate of costs incurred but not yet paid for, and total project costs. The estimates are prepared by technically qualified staff and advisers, which reduces, but does not eliminate, uncertainty.

**IPSAS standards issued but not yet effective**

108. IPSAS 3: Accounting policies, changes in accounting estimates and errors, requires the disclosure of new IPSAS standards that have been issued but not yet effective. The following standards have been issued by the IPSAS Board:

*IPSAS 44: Non-current assets held for sale and discontinued operations*

109. In May 2022, the IPSAS Board issued IPSAS 44: Non-current assets held for sale and discontinued operations. IPSAS 44 is based on International Financial Reporting Standard 5: Non-current assets held for sale and discontinued operations, developed by the International Accounting Standards Board. IPSAS 44 specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria as held for sale to be:

(a) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease;

(b) Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

110. The effective date for IPSAS 44 is 1 January 2025. This standard is not expected to have a material impact on the organization in the current or future reporting periods and on foreseeable future transactions.

*IPSAS 45: Property, plant, and equipment*

111. In May 2023, the IPSAS Board issued IPSAS 45: Property, plant and equipment, to replace IPSAS 17. IPSAS 45 removes the scope exclusion for heritage property, plant and equipment, provides application and implementation guidance on infrastructure assets, and captures property, plant and equipment-related measurement impacts from IPSAS 46: Measurement. The effective date for IPSAS 45 is 1 January 2025.

112. UNOPS has assessed the impact of IPSAS 45 and expects that its adoption will have no impact on the financial statements, as the existing UNOPS accounting policies are aligned with the requirements of the standard. UNOPS will continue to monitor any possible impact.

*IPSAS 46: Measurement*

113. In May 2023, the IPSAS Board issued IPSAS 46. It is the Board's first measurement-dedicated standard and 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. The effective date for IPSAS 46 is 1 January 2025.

114. UNOPS has assessed the impact of IPSAS 46 and determined that its adoption will have no impact on the financial statements, as the adoption of IPSAS 46 is not expected to change the Organization's accounting policy choice to apply the historical cost model to tangible and intangible assets.

*IPSAS 47: Revenue*

115. In May 2023, the IPSAS Board issued IPSAS 47: Revenue, to replace IPSAS 9, IPSAS 11 and IPSAS 23. IPSAS 47 is based on International Financial Reporting Standard 15: Revenue from contracts with customers, developed by the International Accounting Standards Board. IPSAS 47 includes the application of the accounting model for revenue with binding arrangements, which is primarily aligned with International Financial Reporting Standard 15 but has been adapted and expanded for operability in the public sector, with binding arrangements and compliance obligations being the key adapted aspects. The effective date of IPSAS 47 is 1 January 2026, with earlier application permitted. UNOPS has decided to adopt IPSAS 47 early, starting from 1 January 2025.

116. UNOPS is currently performing an assessment of the impact of IPSAS 47. A significant expected impact relates to the classification of UNOPS as either an agent or a principal. Currently, UNOPS has based its classification as an agent or a principal on the assessment of risks and rewards associated with the delivery of goods or services. Specifically, UNOPS considered itself a principal when it bore significant risks and rewards related to the sale of goods and services and an agent when it merely facilitated transactions on behalf of other parties. However, this classification method requires additional clarity to provide a stable and consistent internal framework.

117. IPSAS 47 introduces a structured framework focusing on the concept of "control", rather than "risks and rewards". UNOPS is using this opportunity to conduct a comprehensive review of its project activities against IPSAS 47 to develop a more stable and clearly defined internal framework for classifying its role as either a principal or an agent.

*IPSAS 48: Transfer expenses*

118. In May 2023, the IPSAS Board issued IPSAS 48: Transfer expenses. It provides guidance on accounting for transfer expenses. The transfer expense model aligns with the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and presents two accounting models based on the existence of a binding arrangement. The effective date of IPSAS 48 is 1 January 2026, with earlier application permitted. UNOPS has decided to adopt IPSAS 48 early, starting from 1 January 2025, and is currently assessing the impact of IPSAS 48 to determine its implications for financial reporting. IPSAS 48 is applicable to the accounting for grants made, which is part of the expenses incurred through implementing partners.

*IPSAS 49: Retirement benefit plans*

119. In November 2023, the IPSAS Board issued IPSAS 49: Retirement benefit plans. It is aligned 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 benefits or health and welfare plans. The effective date of IPSAS 49 is 1 January 2026. This standard is not applicable to UNOPS. It is therefore expected that its adoption will have no impact on UNOPS financial statements.

**Note 4**

**Impact of the adoption of International Public Sector Accounting Standard 43**

120. UNOPS has opted for the early adoption of IPSAS 43 as at its voluntary adoption date, 1 January 2024, using the modified retrospective transition approach as permitted under the specific transition provisions of the standard. As a result, comparatives have not been restated. Right-of-use assets were recognized at an amount equal to the lease liability, adjusted for any prepayments or accrued lease payments related to each lease as at the date of initial application. This approach had no impact on accumulated surpluses/deficits as at the date of transition.

121. UNOPS has opted not to use the practical expedient of applying IPSAS 43 to only those contracts that were previously identified as leases under IPSAS 13. In adopting IPSAS 43, UNOPS has applied the following practical expedients:

- (a) Use of a single discount rate for portfolios of leases with reasonably similar characteristics;
- (b) Accounting for operating leases in accordance with IPSAS 13 as short-term leases with a remaining lease term of less than 12 months as at 1 January 2024;
- (c) Exclusion of initial direct costs for the measurement of right-of-use assets as at the date of initial application;
- (d) Use of hindsight in determining the lease term when a contract contains options to extend or terminate a lease;
- (e) Election, by class of underlying asset, not to separate non-lease components from lease components and instead to account for each lease component and any associated non-lease components as a single lease component.

122. As at 1 January 2024, UNOPS had recognized lease liabilities amounting to \$13.7 million and associated right-of-use assets amounting to \$14.1 million in relation to contracts that had been concluded as leases under the principles of IPSAS 43. The liabilities were measured at the present value of the remaining lease payments, discounted using the United States Treasury rate (risk-free rate). The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepayments relating to that lease recognized in the statement of financial position as at 31 December 2023. The weighted average United States Treasury rate, which serves as the risk-free rate, applied to discount the lease liabilities for 2024 was 4.32 per cent.

123. The following table outlines the impact of IPSAS 43 on the opening financial position as at 1 January 2024.

Table IV.5  
**Opening financial position under International Public Sector Accounting Standard 43**

(Thousands of United States dollars)

	<i>1 January 2024</i>
Right-of-use assets	14 051
Lease liabilities	13 681
Prepayments/accrued lease payments (adjustment)	370

124. The following table shows the reconciliation of operating lease commitments under IPSAS 13 to the lease liability under IPSAS 43 as at 1 January 2024:

Table IV.6  
**Lease liabilities recognized as at 1 January 2024**

(Thousands of United States dollars)

	<i>1 January 2024</i>
Operating lease commitments as at 31 December 2023	25 238
<i>Less:</i> discounted using the incremental borrowing rate	(889)
<i>Less:</i> short-term lease expenses	(7 516)
<i>Less:</i> low-value lease expenses	(31)
<i>Less:</i> contract reassessed as a services agreement	(3 321)
Other adjustments	200
<b>Lease liabilities recognized at 1 January 2024</b>	<b>13 681</b>

125. UNOPS recognizes right-of-use assets and lease liabilities as at the date on which the leased assets are available for use by UNOPS. Right-of-use assets are initially measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date until the end of the lease term.

126. Lease liabilities are initially measured at the present value of outstanding lease payments as at the commencement date, discounted using the interest rate implicit in the lease. When that rate cannot be readily determined, UNOPS uses its incremental borrowing rate. In cases in which the incremental borrowing rate is not available, UNOPS applies a risk-free rate, such as the United States Treasury rate, as a proxy for discounting lease liabilities, which is consistent with public sector best practices under IPSAS 43.

127. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the UNOPS capitalization threshold and are considered to be insignificant for the statement of financial position for UNOPS as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in the statement of financial performance.

128. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options or periods after termination

options are included in the lease term only if the lease is reasonably certain to be extended or not terminated. UNOPS assesses at lease commencement whether it is reasonably certain to exercise the extension options. UNOPS reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

## Note 5

### Capital management

129. UNOPS defines the capital that it manages as the aggregate of its net assets/equity, which consist of accumulated surpluses and reserves as detailed in note 20.

130. The minimum requirement for the operational reserves of UNOPS was adapted to provide better protection to UNOPS as a self-financing United Nations entity, in line with the risks faced by the organization. The new minimum operational reserve requirement was established in 2021 by the Executive Board of UNOPS in paragraph 5 of its decision 2021/21. The Executive Board approved the change in the minimum requirement for the operational reserves of UNOPS to be set at 25 per cent of the infrastructure service line expenses, 5 per cent of expenses for other service lines, and 33 per cent of administrative costs, with a weight of 50 per cent for the current year, 30 per cent for the previous year and 20 per cent for the year prior.

131. In June 2022, the Executive Board requested that UNOPS transfer into the operational reserves any balance not committed to projects from the growth and innovation reserve and accumulated surpluses reserve.

132. The objectives of UNOPS in managing capital are to:

- (a) Support the long-term operations of UNOPS in order to guarantee the financial viability and integrity of UNOPS as a going concern;
- (b) Fulfil its mission and objectives, as established in its strategic plan;
- (c) Provide security in adverse circumstances and liquidity to meet its operating cash requirements;
- (d) Preserve capital.

133. To meet its objectives in managing capital, UNOPS has a four-year strategic plan that is proposed by the Executive Director and endorsed by the Executive Board. In addition, its biennial management budgets are proposed by UNOPS together with the Advisory Committee on Administrative and Budgetary Questions and approved by the Executive Board. The strategic plan and budget set out the workplan of the organization. In accordance with regulation 13.01 of the UNOPS financial regulations and rules, the Executive Director is responsible and accountable for planning the use of resources administered by UNOPS and issuing allocations and allotments effectively and efficiently in furtherance of the policies, aims and activities of UNOPS.

134. In addition, to effectively manage its assets and financial resources, UNOPS has formulated a statement of investment principles that is reviewed regularly by the Investment Advisory Committee in collaboration with the Executive Director and the Chief Financial Officer.

135. UNOPS is not subject to externally imposed capital requirements, but the strategic plan and budgets are reviewed and approved by the Executive Board. In its decision 2023/18, the Executive Board requested UNOPS to propose a fair and transparent methodology and time frame for distributing any excess reserves accumulated in the relevant budget cycle to paying entities. This information is further disclosed in note 20.

**Note 6****Financial instruments and risk management**

136. UNOPS has instituted prudent risk management policies and procedures in accordance with its financial regulations and rules. UNOPS is exposed to a variety of financial management risks, including, but not limited to market risk (currency risk and interest rate risk), credit risk and liquidity risk. The UNOPS approach to risk management is summarized in the section on internal controls of the Executive Director's statement accompanying these financial statements.

137. UNOPS has outsourced both investment management and custodianship to professional entities selected through its procurement process. Some of the investments with the custodian are managed internally by the UNOPS treasury. Investments in marketable securities are registered in the name of UNOPS and investments in any pooled funds are in the name of the fund manager. In both scenarios, the marketable securities and the units in pooled funds are held by the custodian appointed by UNOPS.

138. The principal objectives of the investment guidelines are:

(a) Working capital: preserve the nominal value of project-related funds to ensure the funding of UNOPS projects;

(b) Reserves: provide security and liquidity in adverse circumstances and support the long-term operations of UNOPS;

(c) Post-employment benefits: provide for the after-service healthcare, repatriation and death benefits of the employees of UNOPS by managing assets in relation to relevant liabilities.

139. The allocation of UNOPS portfolios between asset classes, currencies or geographies shall comply with the following guiding principles:

(a) Preservation of capital in nominal terms is the primary objective of the UNOPS working capital portfolio, capital preservation in nominal terms is the primary objective of the UNOPS reserves portfolio, and generating a return sufficient to meet future mutations in the net obligation of post-employment benefit liabilities is the primary objective of the post-employment benefit liability hedge portfolio;

(b) Liquidity is a key consideration in the management of the UNOPS portfolios and a requirement of the financial regulations and rules, more specifically rules 22.02 and 22.06. Liquidity is less important than returns for the post-employment benefit liability hedge portfolio owing to the longer-term investment horizon of the portfolio;

(c) The return obtained in the portfolios is less important than capital preservation and liquidity considerations, with the exception of the UNOPS post-employment benefit liability hedge portfolio, which has a primary focus on generating returns;

(d) Diversification (across asset classes, strategies, geographies, currencies, financial instruments) reduces risk;

(e) Risks should be taken only when there is an expected return (i.e. unrewarded risks are to be avoided);

(f) Fixed-income instruments are a core asset class for UNOPS, given the mission and objectives of the portfolios for which it is responsible.

140. The UNOPS Investment Advisory Committee is the independent investment advisory body assisting the UNOPS Executive Director in the management and

oversight of UNOPS assets, including in the selection and review of asset managers and custodians.

### Currency risk

141. UNOPS receives contributions from funding sources and clients in currencies other than the United States dollar and is therefore exposed to foreign currency exchange risk arising from fluctuations in currency exchange rates. UNOPS also makes payments in currencies other than the United States dollar.

142. The currency risk is monitored closely by management, for example, through the close monitoring of the level of cash balances in local currency bank accounts and the maintenance of bank balances in the same currency as that of the payments to be made to vendors.

143. Management's upper estimate of possible movements in the exchange rates against the United States dollar is 10 per cent. The table below shows the potential impact of monetary revaluation of major currencies as at the reporting date and the increase or decrease in net assets/equity and surplus by the amounts shown.

Table IV.7

#### Currency risk sensitivity analysis as at 31 December 2024

(Thousands of United States dollars)

	<i>MXN</i>	<i>ARS</i>	<i>BRL</i>	<i>UAH</i>	<i>EUR</i>	<i>GBP</i>	<i>LBP</i>	<i>ETB</i>	<i>SSP</i>	<i>JPY</i>
+10 per cent	950	738	559	250	210	191	112	62	59	44
-10 per cent	(950)	(738)	(559)	(250)	(210)	(191)	(112)	(62)	(59)	(44)

*Abbreviations:* MXN, Mexican peso; ARS, Argentine peso; BRL, Brazilian real; UAH, Ukraine hryvnia; EUR, euro; GBP, British pound; LBP, Lebanese pound; ETB, Ethiopian birr; SSP, South Sudanese pound; JPY, Japanese yen.

Table IV.8

#### Currency risk sensitivity analysis – comparative, as at 31 December 2023

(Thousands of United States dollars)

	<i>MXN</i>	<i>CHF</i>	<i>EUR</i>	<i>ARS</i>	<i>UAH</i>	<i>GBP</i>	<i>LBP</i>	<i>JPY</i>	<i>SSP</i>	<i>MMK</i>
+10 per cent	947	804	751	718	251	186	112	62	59	46
-10 per cent	(947)	(804)	(751)	(718)	(251)	(186)	(112)	(62)	(59)	(46)

*Abbreviations:* MXN, Mexican peso; CHF, Swiss franc; EUR, euro; ARS, Argentine peso; UAH, Ukraine hryvnia; GBP, British pound; LBP, Lebanese pound; JPY, Japanese yen; SSP, South Sudanese pound; MMK, Myanmar kyat.

144. The foregoing sensitivities are calculated with reference to a single moment in time and are subject to change owing to a number of factors, including fluctuating trade receivable and trade payable balances and fluctuating cash balances.

145. Given that the sensitivities are limited to period-end financial instrument balances, they do not take into account sales and operating costs, which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation, while in reality commodity prices, interest rates and foreign currencies do not move independently.

146. The following assumptions are made in calculating the sensitivity: all statement of financial performance sensitivities also affect net assets/equity; and the sensitivity

analysis disclosure relates to monetary items (as defined in IPSAS 4: The effects of changes in foreign exchange rates) at year end.

### Credit risk

147. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. UNOPS is exposed to credit risks on its bank balances, investments, receivables, other financial assets and other assets. UNOPS applies IPSAS 41, when measuring expected credit losses (see note 11 for details). The table below shows the maximum exposure of UNOPS to credit risk by class of financial instrument.

Table IV.9  
**Credit risk, by financial instrument**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Investments	2 895 540	2 704 325
Receivable items factored into expected credit loss	261 637	281 005
Other assets	4 223	1 247
Cash and cash equivalents	575 377	702 587
<b>Total</b>	<b>3 736 777</b>	<b>3 689 164</b>

148. UNOPS has considerable cash reserves, given that project funding is received in advance of project execution. The resulting cash reserves are invested in an investment portfolio, which is essentially composed of high-quality government, supranational and agency-issued bonds and highly rated bank obligations. The majority of the UNOPS investment portfolio is outsourced to external investment managers.

149. UNOPS investment guidelines limit the amount of credit exposure to any one counterparty and include minimum credit quality requirements. The credit risk mitigation strategies stated in the guidelines include conservative minimum credit criteria of investment grade for all issuers with maturity and counterparty limits by credit rating. The investment guidelines require continuing monitoring of issuer and counterparty credit ratings. Permissible investments are limited to fixed-income instruments of sovereign, supranational, governmental or federal agencies and banks.

150. UNOPS implements projects worldwide and in post-conflict and rural areas. Considering the conditions and areas in which these projects are implemented, some banks are not rated by reference to external credit ratings.

### Market risk

151. UNOPS uses various financial instruments to minimize the risks associated with losses on its investments and fluctuations in foreign exchange. Financial instruments used by the UNOPS treasury to minimize these risks include foreign exchange derivatives (FX spot, FX forwards, non-deliverable forwards and FX options), interest rate derivatives (interest rate/bond futures, interest rate swaps and cross-currency swaps), credit derivatives (credit default swaps), equity derivatives (equity futures) and inflation swaps.

152. The organization operates internationally and is exposed to foreign exchange risk arising from its operations, primarily with respect to project-related transactions

in foreign currencies (defined as all currencies other than the United States dollar). This includes both payments and receipts of project contributions. Furthermore, UNOPS investment portfolios are allowed to diversify investments into non-United States dollar assets if the foreign exchange risk associated with that investment strategy is fully hedged to the United States dollar. In connection with this, derivatives are therefore allowed for hedging and risk management purposes.

153. Similarly, the organization manages investments in multiple different asset classes, including government bonds, agency mortgage backed securities, covered bonds, investment grade corporate debt, equities, cash/cash equivalents, money market instruments, and real estate funds. UNOPS is exposed to interest rate risks on its fixed-income investment assets, in which an increase in market-based interest rates leads to a change (negative) in the fair value of fixed-income securities. This is known as duration risk, which is set at a specific level by the UNOPS Executive Director and mandated in the investment portfolios. UNOPS invests in both floating and fixed rates assets and hedge instruments, but also occasionally swaps floating rates to fixed rates, and vice versa. UNOPS uses interest rate derivatives predominantly to maintain the correct level of duration (i.e. interest rate risk) in its investment portfolios, ensuring that this is in line at all times with the UNOPS risk appetite.

154. Derivatives and other financial instruments used by UNOPS do not qualify as “highly probable” forecast transactions and, hence, do not satisfy the requirements for hedge accounting (economic hedges). These instruments are accounted for as held for trading with gains/losses recognized in the statement of financial performance and included under “Finance income” and “Exchange rate gains/losses”.

155. UNOPS investment guidelines allow the organization to invest in non-United States dollar government securities once fully hedged back to the United States dollar, given that this can sometimes increase the yield on investments for little or no additional credit risk. In these instances, realized gains or losses on associated financial assets are recognized in “Finance income”, while the corresponding gains/losses on the associated derivatives contracts are recognized in “Exchange rate gains/losses”. The net effect is seen in “Net finance income”, but this approach can also lead to volatility in the two sub-lines of this part of the UNOPS corporate financial statements. The total impact on “Net finance income” in the statement of financial performance from returns on investments and associated financial instruments is shown in the table below:

Table IV.10  
**Impact of returns on investment on finance income**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Realized gains/(losses) from investments	3 309	12 409
Gains/(losses) from derivatives	299	(1 364)
Gains/(losses) from foreign exchange deals	4 111	2 927
<b>Total</b>	<b>7 719</b>	<b>13 972</b>

156. UNOPS may mitigate the foreign exchange risks associated with investments in financial instruments or with contributions arising from the contractual obligations of funding sources and clients that are payable to UNOPS in foreign currencies in the future through the use of foreign exchange derivatives. Assets (unrealized gains) and liabilities (unrealized losses) as at 31 December 2024 are shown in the table below.

Table IV.11  
**Foreign exchange gains and losses on derivatives**

(Thousands of United States dollars)

	<i>Investment-related</i>	<i>Related to future contributions</i>	<i>Total</i>
Other assets – derivatives	3 649	574	4 223
Other liabilities – derivatives	–	(248)	(248)
<b>Net unrealized gains/(losses)</b>	<b>3 649</b>	<b>326</b>	<b>3 975</b>

157. Within UNOPS investment portfolios, eligible investment instruments that are not denominated in United States dollars are required to be hedged back to United States dollars. As at 31 December 2024, the investments held by UNOPS in currencies other than the United States dollar were denominated in Canadian dollars, Japanese yen, euros and Swiss francs.

158. All of the actual investments denominated in foreign currencies were fully hedged back to United States dollars. Accordingly, the final cash inflows at the maturities of the investments were fixed in United States dollars at inception using currency derivatives. The combination of the investments and the appropriate derivative transactions ensured that the final net results and net cash flows at maturity were known at inception in United States dollars and were not exposed to the risk of adverse movements in foreign exchange rates.

159. The foreign currency derivatives outstanding as at 31 December 2024 were entered into between September and December 2024 and were scheduled to expire no later than June 2025. The initial term did not exceed 182 days. Investments included bonds or bills issued by governments or municipalities, as well as time deposits placed at financial institutions with high ratings.

160. When a future project contribution is committed by a funding source or client in a currency other than the United States dollar, and the agreement between the funding source or client and UNOPS requires or allows UNOPS to mitigate the currency risk due to exposure to exchange rate fluctuations, the UNOPS treasury engages with the project management team and develops a hedging solution that mitigates the impact of exchange rates on future receivables, thereby locking in the United States dollar equivalent budget rate. UNOPS enters into foreign exchange derivative contracts by selling against the United States dollar the amount of the foreign currency that is anticipated to flow to UNOPS in the future. The net gain from these contracts was \$0.3 million as at 31 December 2024. Foreign currency contribution hedging is performed on behalf of projects, at the request of the project as the risk owner, and the results of any hedging activity are applied to the project account.

### **Liquidity risk**

161. Liquidity risk is the risk that UNOPS will not be able to meet its financial obligations as they fall due. Investments are made with due consideration to UNOPS cash requirements for operating purposes based on cash flow forecasting. The investment approach includes a consideration for investment maturity structuring that takes into account the timing of future funding needs of the organization. UNOPS maintains an adequate portion of its investments in cash equivalents and short-term investments that are sufficient to cover its commitments as and when they fall due.

**Note 7**

**Property, plant and equipment**

162. As at 31 December 2024, the net book value of UNOPS property, plant and equipment was \$18.2 million (\$17.6 million in 2023). UNOPS also held assets with an acquisition value of \$65.2 million and net book value of \$11.8 million (\$15.3 million in 2023) as a custodian under service concession arrangements with the Mine Action Service. These assets are not included in property, plant and equipment.

163. As at 31 December 2024, the gross carrying amount of fully depreciated UNOPS property, plant and equipment still in use was \$19.9 million (\$16.4 million in 2023).

164. The table below summarizes property, plant and equipment held by UNOPS as at 31 December 2024 under each of the classes mentioned in note 3.

Table IV.12

**Property, plant and equipment by class**

(Thousands of United States dollars)

	<i>Administration</i>	<i>Project</i>	<i>Total</i>
Vehicles	4 312	5 693	10 005
Plant and equipment	813	558	1 371
Land and buildings	2 956	115	3 071
Communications and information technology equipment	661	376	1 037
Leasehold improvements	655	34	689
Assets under construction	2 001	–	2 001
<b>Net carrying amounts as at 31 December 2024</b>	<b>11 398</b>	<b>6 776</b>	<b>18 174</b>

Table IV.13

**Property, plant and equipment by class – 2023 comparatives**

(Thousands of United States dollars)

	<i>Administration</i>	<i>Project</i>	<i>Total</i>
Vehicles	3 878	6 508	10 386
Plant and equipment	462	985	1 447
Land and buildings	2 871	1 103	3 974
Communications and information technology equipment	779	374	1 153
Leasehold improvements	530	44	574
Assets under construction	95	–	95
<b>Net carrying amounts as at 31 December 2023</b>	<b>8 615</b>	<b>9 014</b>	<b>17 629</b>

165. The table below shows the movement in property, plant and equipment held by UNOPS during the period.

Table IV.14  
**Movement in property, plant and equipment**

(Thousands of United States dollars)

	<i>Vehicles</i>	<i>Plant and equipment</i>	<i>Land and buildings</i>	<i>Communications and information technology equipment</i>	<i>Leasehold improvements</i>	<i>Assets under construction</i>	<i>Total</i>
Cost as at 1 January 2024	29 526	3 378	8 825	6 899	1 278	95	50 001
Additions	2 799	527	50	439	146	2 001	5 962
Disposals	(3 968)	(771)	(844)	(723)	–	–	(6 306)
Completed assets under construction	–	–	–	–	95	(95)	–
Other changes/reclassification	(9)	–	–	9	–	–	–
<b>Cost as at 31 December 2024</b>	<b>28 348</b>	<b>3 134</b>	<b>8 031</b>	<b>6 624</b>	<b>1 519</b>	<b>2 001</b>	<b>49 657</b>
Accumulated depreciation and impairment as at 1 January 2024	(19 140)	(1 931)	(4 851)	(5 746)	(704)	–	(32 372)
Depreciation	(1 988)	(272)	(326)	(373)	(126)	–	(3 085)
Release of accumulated depreciation on asset disposal	2 785	440	217	532	–	–	3 974
<b>Accumulated depreciation and impairment as at 31 December 2024</b>	<b>(18 343)</b>	<b>(1 763)</b>	<b>(4 960)</b>	<b>(5 587)</b>	<b>(830)</b>	<b>–</b>	<b>(31 483)</b>
<b>Net carrying amount as at 31 December 2024</b>	<b>10 005</b>	<b>1 371</b>	<b>3 071</b>	<b>1 037</b>	<b>689</b>	<b>2 001</b>	<b>18 174</b>

Table IV.15  
**Movement in property, plant and equipment – 2023 comparatives**

(Thousands of United States dollars)

	<i>Vehicles</i>	<i>Plant and equipment</i>	<i>Land and buildings</i>	<i>Communications and information technology equipment</i>	<i>Leasehold improvements</i>	<i>Assets under construction</i>	<i>Total</i>
Cost as at 1 January 2023	28 279	3 373	8 878	6 435	1 266	–	48 231
Additions	2 163	202	100	684	12	95	3 256
Disposals	(916)	(225)	(119)	(226)	–	–	(1 486)
Other changes/reclassification	–	28	(34)	6	–	–	–
<b>Cost as at 31 December 2023</b>	<b>29 526</b>	<b>3 378</b>	<b>8 825</b>	<b>6 899</b>	<b>1 278</b>	<b>95</b>	<b>50 001</b>
Accumulated depreciation and impairment as at 1 January 2023	(17 283)	(1 833)	(4 532)	(5 608)	(582)	–	(29 838)
Depreciation	(2 480)	(268)	(397)	(329)	(122)	–	(3 596)
Release of accumulated depreciation on asset disposal	623	169	78	192	–	–	1 062
Reclassification of depreciation	–	1	–	(1)	–	–	–
<b>Accumulated depreciation and impairment as at 31 December 2023</b>	<b>(19 140)</b>	<b>(1 931)</b>	<b>(4 851)</b>	<b>(5 746)</b>	<b>(704)</b>	<b>–</b>	<b>(32 372)</b>
<b>Net carrying amount as at 31 December 2023</b>	<b>10 386</b>	<b>1 447</b>	<b>3 974</b>	<b>1 153</b>	<b>574</b>	<b>95</b>	<b>17 629</b>

166. The table below shows the profit made on disposal of property, plant and equipment by UNOPS through sales or donations.

Table IV.16  
**(Profit)/loss on the disposal of property, plant and equipment**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Net book amount of disposed assets	2 332	424
Proceeds from disposal	(81)	(79)
<b>Total (profit)/loss on disposal</b>	<b>2 251</b>	<b>345</b>

167. The table below shows the aggregated depreciation, which comprises the sum of depreciation for property, plant and equipment, alongside the depreciation of the right of use for leases. UNOPS adopted IPSAS 43 early, which standard supersedes IPSAS 13, issued in 2006, as outlined in note 4.

Table IV.17  
**Depreciation of property, plant and equipment and right-of-use assets**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Depreciation of property, plant and equipment	3 085	3 596
Depreciation of right-of-use assets	6 134	–
<b>Total depreciation for the period</b>	<b>9 219</b>	<b>3 596</b>

**Note 8**  
**Intangible assets**

168. The net carrying value of intangible assets amounted to \$3.7 million as at 31 December 2024 (\$4.7 million as at 31 December 2023), which includes internally developed software and other computer software (acquired).

169. A total of \$0.1 million of development costs incurred by UNOPS during 2023 was capitalized in 2024 in line with the requirement of IPSAS 31. A total of \$0.1 million of development costs incurred by UNOPS during 2022 was capitalized during 2023.

170. The remainder of internally developed software relates to the development costs of UNOPS management systems, which create a unified reporting platform for all business areas (including finance, human resources, procurement, project management, and results and performance management).

Table IV.18  
**Intangible assets**  
(Thousands of United States dollars)

	<i>Internally generated computer software</i>	<i>Other computer software</i>	<i>Intangible assets under construction</i>	<i>Total</i>
Cost as at 1 January 2024	11 332	207	75	11 614
Additions	845	–	170	1 015
Completed assets under construction	75	–	(75)	–
Disposals	–	(36)	–	(36)
<b>Cost as at 31 December 2024</b>	<b>12 252</b>	<b>171</b>	<b>170</b>	<b>12 593</b>
Accumulated amortization and impairment as at 1 January 2024	(6 758)	(184)	–	(6 942)
Amortization	(1 934)	(5)	–	(1 939)
<i>Less: removal of amortization on asset disposal</i>	–	21	–	21
<b>Accumulated amortization and impairment as at 31 December 2024</b>	<b>(8 692)</b>	<b>(168)</b>	<b>–</b>	<b>(8 860)</b>
<b>Net carrying amount as at 31 December 2024</b>	<b>3 560</b>	<b>3</b>	<b>170</b>	<b>3 733</b>

Table IV.19  
**Intangible assets – 2023 comparatives**  
(Thousands of United States dollars)

	<i>Internally generated computer software</i>	<i>Other computer software</i>	<i>Intangible assets under construction</i>	<i>Total</i>
Cost as at 1 January 2023	10 418	241	141	10 800
Additions	773	–	75	848
Completed assets under construction	141	–	(141)	–
Disposals	–	(34)	–	(34)
<b>Cost as at 31 December 2023</b>	<b>11 332</b>	<b>207</b>	<b>75</b>	<b>11 614</b>
Accumulated amortization and impairment as at 1 January 2023	(5 293)	(208)	–	(5 501)
Amortization	(1 465)	(10)	–	(1 475)
<i>Less: removal of amortization on asset disposal</i>	–	34	–	34
<b>Accumulated amortization and impairment as at 31 December 2023</b>	<b>(6 758)</b>	<b>(184)</b>	<b>–</b>	<b>(6 942)</b>
<b>Net carrying amount as at 31 December 2023</b>	<b>4 574</b>	<b>23</b>	<b>75</b>	<b>4 672</b>

**Note 9**  
**Leases**

171. UNOPS has lease agreements for land and buildings. The leases typically run for a period of 2 to 10 years but may be renewed upon the mutual consent of UNOPS and the lessor. Where practicable, UNOPS seeks to include extension options to provide operational flexibility. Lease terms are defined as per contract on an individual basis and contain a wide range of different terms and conditions.

172. Movement in right-of-use assets and lease liabilities is shown in the tables below:

Table IV.20

**Movement in right-of-use assets**

(Thousands of United States dollars)

	<i>31 December 2024</i>
Gross carrying amount as at 1 January 2024	–
Effect of IPSAS 43 adoption	14 051
Additions	4 437
<b>Gross carrying amount as at 31 December 2024</b>	<b>18 488</b>
Accumulated depreciation as at 1 January 2024	–
Depreciation of right-of-use assets	(6 134)
<b>Accumulated depreciation as at 31 December 2024</b>	<b>(6 134)</b>
<b>Net carrying amount as at 31 December 2024</b>	<b>12 354</b>

Table IV.21

**Movement in lease liabilities**

(Thousands of United States dollars)

	<i>31 December 2024</i>
Balance as at 1 January 2024	–
Effect of IPSAS 43 adoption	13 681
Additions	4 436
Finance charge on lease liability	587
Less: principal and interest portion of lease liabilities paid	(6 017)
<b>Balance as at 31 December 2024</b>	<b>12 687</b>
Of which:	
Lease liability, short-term	5 789
Lease liability, long-term	6 898

173. The table below shows the lease-related amount recognized in the statement of financial performance:

Table IV.22

**Lease-related expenses**

(Thousands of United States dollars)

	<i>31 December 2024</i>
Depreciation of right-of-use assets	6 134
Finance charge on lease liability	587
Expenses related to short-term leases and low-value assets	9 284

174. UNOPS had total cash outflows for leases of \$6 million in 2024. UNOPS also had non-cash additions to right-of-use assets and lease liabilities of \$4.4 million in 2024.

175. The aggregate undiscounted repayment schedule of lease liabilities is shown in the table below:

Table IV.23

**Aggregate undiscounted repayment schedule of lease liabilities**

(Thousands of United States dollars)

	31 December 2024					Total
	2025	2026	2027	2028	2029 and beyond	
Lease liabilities (undiscounted)	6 184	3 953	2 263	655	387	13 442

**Note 10****Inventories**

176. Inventories consist mainly of bulk raw materials purchased in advance in relation to projects and supplies on hand. The table below shows the total value of inventories, as presented in the statement of financial position. The carrying amount of inventories is shown by UNOPS operations centre.

177. A total of \$5.6 million of inventory was recognized as an expense during 2024 (\$4.5 million in 2023), and \$4.6 million of inventory was written down in 2024 (\$1.1 million in 2023). The inventory written down in 2024 was primarily due to project closures and was held mainly by peace and security clusters in Mali.

Table IV.24

**Inventories**

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Inventories	4 149	9 811

Table IV.25

**United Nations Office for Project Services offices holding inventories**

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Central African Republic	–	3
Democratic Republic of the Congo	–	2
Haiti	32	237
Lebanon	6	–
Libya	2 513	3 181
Myanmar	4	5
Peace and Security Cluster	1 577	6 336
Pakistan	–	1
Serbia	10	14
South Sudan	7	32
<b>Total</b>	<b>4 149</b>	<b>9 811</b>

**Note 11**  
**Financial instruments**

Table IV.26

**Assets according to the statement of financial position**

(Thousands of United States dollars)

	31 December 2024				31 December 2023			
	<i>Financial assets at amortized cost</i>	<i>Financial assets at fair value through surplus or deficit</i>	<i>Financial assets at fair value through net assets/equity</i>	<i>Total</i>	<i>Financial assets at amortized cost</i>	<i>Financial assets at fair value through surplus or deficit</i>	<i>Financial assets at fair value through net assets/equity</i>	<i>Total</i>
Investments (note 12)	2 819 903	63 412	12 225	2 895 540	2 630 453	61 934	11 938	2 704 325
Other assets (note 13)	–	4 223	–	4 223	–	1 247	–	1 247
Accounts receivable, excluding prepayments (note 14)	310 210	–	–	310 210	308 770	–	–	308 770
Cash and cash equivalents (note 15)	332 059	243 318	–	575 377	453 540	249 047	–	702 587
<b>Total</b>	<b>3 462 172</b>	<b>310 953</b>	<b>12 225</b>	<b>3 785 350</b>	<b>3 392 763</b>	<b>312 228</b>	<b>11 938</b>	<b>3 716 929</b>

Table IV.27

**Liabilities according to the statement of financial position**

(Thousands of United States dollars)

	31 December 2024			31 December 2023		
	<i>Financial liabilities at amortized cost</i>	<i>Financial liabilities at fair value through surplus or deficit</i>	<i>Total</i>	<i>Financial liabilities at amortized cost</i>	<i>Financial liabilities at fair value through surplus or deficit</i>	<i>Total</i>
Accounts payable and accruals (note 17)	507 216	–	507 216	563 607	–	563 607
Cash held by UNOPS as agent (note 18)	841 987	–	841 987	995 020	–	995 020
Other liabilities (note 19)	–	248	248	–	7 787	7 787
<b>Total</b>	<b>1 349 203</b>	<b>248</b>	<b>1 349 451</b>	<b>1 558 627</b>	<b>7 787</b>	<b>1 566 414</b>

**Fair value hierarchy**

178. IPSAS establishes a three-level fair value hierarchy that categorizes the financial instruments measured at fair value into three levels based on the significance of inputs used in their valuation:

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

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

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

179. A lower fair value level does not necessarily imply a higher level of credit risk, liquidity risk, a risk of default or other risks.

180. The table below presents financial instruments measured at fair value by valuation method.

Table IV.28

**Fair value hierarchy**

(Thousands of United States dollars)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Assets</b>				
Financial instruments at fair value through surplus or deficit	251 376	59 577	–	310 953
Financial instruments at fair value through net assets/equity	–	12 225	–	12 225
<b>Total assets</b>	<b>251 376</b>	<b>71 802</b>	<b>–</b>	<b>323 178</b>
<b>Liabilities</b>				
Financial instruments at fair value through surplus or deficit	–	248	–	248
<b>Total liabilities</b>	<b>–</b>	<b>248</b>	<b>–</b>	<b>248</b>

181. The prices of the fixed-income securities held in the post-employment benefit liability hedge portfolio were determined based on prices on over-the-counter markets or on brokers' bids, which were indicative quotes and therefore classified as level 2.

182. Derivative instruments transacted over the counter are classified as level 2, as their fair value is directly observable as a price or indirectly derived from prices.

183. During 2024, there was no transfer between fair value levels for financial assets.

**Note 12****Investments**

184. The majority of the UNOPS investment portfolio is outsourced to external investment managers. UNOPS has three investment portfolios, namely the working capital portfolio, the post-employment benefit liability hedge portfolio and the operational reserve portfolio. The working capital portfolio of \$3,047.2 million is managed by the World Bank (\$226.8 million) and Allianz (\$2,179.7 million), and the remaining \$640.7 million (21 per cent) is managed internally by the UNOPS treasury.

The operational reserve portfolio of \$221.5 million is managed by DWS. BNP Paribas manages \$84.1 million for the post-employment benefit liability hedge portfolio.

Table IV.29

**Financial assets held in investment portfolios**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Post-employment benefit liability hedge portfolio	84 114	81 349
Operational reserve portfolio	221 466	222 579
Working capital portfolio	3 047 233	2 894 210
<b>Total financial assets held in investment portfolios</b>	<b>3 352 813</b>	<b>3 198 138</b>

185. The table below presents the composition of the asset value of investments.

Table IV.30

**Composition of the asset value of investments**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Original cost at purchase	3 326 336	3 172 078
Unrealized cumulative amortization	31 206	29 177
Unrealized gains or losses	(4 729)	(3 117)
<b>Total</b>	<b>3 352 813</b>	<b>3 198 138</b>

186. The investment portfolio is classified as follows:

Table IV.31

**Classification of investment portfolio**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Long-term investments	619 711	187 464
Short-term investments	2 275 829	2 516 861
<i>Less: allowance for expected credit losses on assets classified at amortized cost</i>	–	–
<b>Subtotal</b>	<b>2 895 540</b>	<b>2 704 325</b>
Investments classified as cash and cash equivalents	457 273	493 813
<i>Less: allowance for expected credit losses</i>	–	–
<b>Total investments</b>	<b>3 352 813</b>	<b>3 198 138</b>

187. Investments amounting to \$457.3 million in 2024 (\$493.8 million in 2023), which consist of money market instruments with 94 days or less to maturity and time deposits, have been classified as cash and cash equivalents in accordance with IPSAS 2: Cash flow statements.

188. The UNOPS working capital portfolio remains safe, in line with its investment policy on working capital, given that it holds high-quality assets aimed at preserving principal over the investment horizon.

189. UNOPS investment income has increased overall, to \$146.2 million during 2024 (income of \$88.6 million in 2023).

190. There have been no impairments of investment assets held during this period in any of the pooled cash resources invested. The UNOPS working capital portfolio asset allocation is invested in highly rated sovereigns, supranational and agency debt and highly rated bank obligations, in line with the principal investment objective of the preservation of capital over the investment horizon.

191. UNOPS actively monitors all ratings for the investment holdings and investment counterparties and divests any marketable securities that fall below its minimum rating requirements. There were no material downgrades of UNOPS banking partners in 2024.

192. The operational reserve portfolio and the post-employment benefit liability hedge portfolio include allocations to developed market fixed income.

Table IV.32

**Movements in investments**

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Opening balance as at 1 January	2 704 325	2 885 516
Impact of IPSAS 41 adoption on short and long-term investments	–	52 562
<b>Restated opening balance as at 1 January</b>	<b>2 704 325</b>	<b>2 938 078</b>
Additions (purchases of investments)	6 038 048	5 944 335
Disposals	(5 935 547)	(6 230 160)
Recognition of amortized costs	89 706	45 962
Fair value adjustment	(992)	6 110
Less: allowance for expected credit losses	–	–
<b>Closing balance as at 31 December</b>	<b>2 895 540</b>	<b>2 704 325</b>
Of which:		
Current portion (short-term investments)	2 275 829	2 516 861
Non-current portion (long-term investments)	619 711	187 464

193. Accrued interest receivables of \$13.7 million (\$7.6 million in 2023) have been included in the statement of financial position within “other accounts receivable” (see note 14).

194. During 2024, payables related to investments decreased by \$16.4 million, to \$186.5 million (\$202.9 million in 2023) as at 31 December 2024.

195. As at 31 December 2024, proceeds for the sale of financial assets amounting to \$189.6 million (\$186.2 million in 2023) were yet to be received.

**Short-term investments**

196. Short-term investments are those investments with final maturities at purchase of between 3 and 12 months. They consist of corporate bonds, unit trust bonds, time deposits and unit trust equity maturing within one year of the reporting date.

Table IV.33  
**Short-term investments**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Time deposits	186 598	25 000
Bonds, notes and treasury bills	2 089 231	2 491 861
<i>Less: allowance for expected credit losses</i>	–	–
<b>Total short-term investments</b>	<b>2 275 829</b>	<b>2 516 861</b>

**Long-term investments**

197. Long-term investments comprise bonds that mature beyond one year.

Table IV.34  
**Long-term investments**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Bonds and notes	619 711	187 464
<i>Less: allowance for expected credit losses</i>	–	–
<b>Total long-term investments</b>	<b>619 711</b>	<b>187 464</b>

198. The investment portfolio of UNOPS consists of high-quality debt and equity instruments (corporate bonds and index-linked government bonds). In the table below, the entire portfolio is presented following its credit rating distribution.

Table IV.35  
**Credit rating distribution of investments**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
AAA	2 324 250	2 443 988
AA+	113 520	50 867
AA	132 320	77 801
AA-	172 953	24 992
A+	49 085	11 358
A	40 000	62 018
BBB	30 096	–
Unrated <sup>a</sup>	33 316	33 301
<b>Total</b>	<b>2 895 540</b>	<b>2 704 325</b>

<sup>a</sup> Pertains to the pooled investment funds in the post-employment benefit liability hedge portfolio, which, by their nature, do not have a credit exposure and are therefore unrated.

**Note 13**  
**Other assets**

199. Other assets comprise forward exchange contracts and futures contracts gains at the end of 2024.

Table IV.36

**Other assets**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Derivative assets	4 223	1 247

**Note 14**  
**Accounts receivable**

200. The accounts receivable of UNOPS are divided into the following categories:

(a) Project accounts receivable: a project receivable is recognized in connection with projects that have incurred expenditure and are awaiting further funding from partners;

(b) Prepayments: payments made in advance of the receipt of goods or services from vendors;

(c) Other accounts receivable: this category includes staff receivables, accrued interest income on investments and other miscellaneous receivables.

201. An overview of these categories can be found in the table below.

Table IV.37

**Accounts receivable**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Project accounts receivable (gross)	89 664	101 389
<i>Less: provision for write-off of disallowed costs</i>	<i>(8 799)</i>	<i>(6 603)</i>
<b>Project account receivable (net)</b>	<b>80 865</b>	<b>94 786</b>
Other accounts receivable (gross)	231 656	215 083
<i>Less: provision for write-off of disallowed costs</i>	<i>(2 311)</i>	<i>(1 099)</i>
<b>Other accounts receivable (net)</b>	<b>229 345</b>	<b>213 984</b>
<b>Total accounts receivable (net) excluding prepayments</b>	<b>310 210</b>	<b>308 770</b>
Prepayments	14 250	47 028
<b>Total accounts receivable (net) including prepayments</b>	<b>324 460</b>	<b>355 798</b>
Of which:		
Current portion of accounts receivable	324 460	355 798

202. Prepayments relate to payments made in advance of the receipt of goods or services from a vendor.

203. Given that the fair value of the current receivables approximates their carrying amount and the impact of discounting is not significant, no fair value disclosure has been added.

204. As at 31 December 2024, receivables of \$11.1 million (\$7.7 million in 2023) were impaired and provisions were made against them (see table IV.43), which includes provision for \$1.1 million held in the International Bank of Yemen.

205. As at 31 December 2024, receivables of \$24.5 million (\$18.4 million in 2023) were past due but not impaired, given that there is no recent history of default regarding those receivables. The ageing of those receivables exceeds three months.

Table IV.38

**Ageing of receivables**

(Thousands of United States dollars)

	<i>Current 0–3 months</i>	<i>Overdue 3–6 months</i>	<i>Overdue 6–12 months</i>	<i>Over 12 months</i>	<i>Total</i>
Accounts receivable	285 666	3 974	8 852	11 718	310 210

**Project accounts receivable**

206. The project accounts receivable are reflected in the table below.

Table IV.39

**Project accounts receivable**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Project implementation-related receivables	67 152	57 975
Accounts receivable – United Nations Development Programme	12 641	35 601
Accounts receivable – other United Nations agencies	1 072	1 210
<b>Total project accounts receivable</b>	<b>80 865</b>	<b>94 786</b>

207. Project implementation-related receivables arise in connection with projects that have incurred expenditure and are awaiting further funding from partners. The nature of some agreements requires UNOPS to perform services prior to invoicing the client and receiving cash/payment.

208. Of the balance of project receivables of \$80.9 million (\$94.8 million in 2023), \$11.5 million (\$5.8 million in 2023) relates to cash advances due from customers for construction contracts for the year ended 31 December 2024, as detailed in note 21.

209. The accounts receivable from other United Nations entities include amounts due from the United Nations Secretariat. The amounts relate mainly to project expenditure incurred by UNOPS when implementing projects on behalf of the agency, as well as in connection with staff on secondment.

210. For project accounts receivable from Member States of the United Nations, UNOPS has not previously incurred impairment losses, nor faced any defaults on payments. Therefore, UNOPS considers the expected credit losses on projects receivable to be negligible, and a statistical approach to calculate expected credit losses as inappropriate.

211. Accounts receivable from the United Nations Development Programme (UNDP) arise mainly in connection with advances made for payments that will be made on behalf of UNOPS.

Table IV.40

**Accounts receivable – United Nations Development Programme**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Cumulative project expenses and fees due to UNOPS	12 662	35 527
<i>Less: provision for write-off of disallowed costs</i>	<i>(1 506)</i>	<i>(710)</i>
<b>Net receivable/(project advances) from UNDP</b>	<b>11 156</b>	<b>34 817</b>
Cumulative advances/(payables) to UNDP to disburse payments on behalf of UNOPS	1 485	784
<b>Total balance with UNDP</b>	<b>12 641</b>	<b>35 601</b>
Of which:		
Receivable from UNDP	12 641	35 601
Payable to UNDP (excluding project advances)	–	–
Project advances from UNDP	–	–

212. At 31 December 2024, UNOPS had an amount due from UNDP of \$12.6 million (\$35.6 million in 2023).

**Other accounts receivable**

213. The other accounts receivable are composed of the following:

Table IV.41

**Other accounts receivable**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Staff receivables	2 526	1 037
Accrued interest receivable on investments	13 712	7 620
Miscellaneous receivables	213 107	205 327
<b>Total other accounts receivable</b>	<b>229 345</b>	<b>213 984</b>

214. The staff receivables relate to salary advances, education grants, rental subsidies and other entitlements.

215. The composition of miscellaneous receivables as at 31 December 2024 is as follows:

Table IV.42  
**Breakdown of miscellaneous receivables**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Provident fund for personnel	12 096	10 802
Investment settlements receivable	189 623	186 219
Refundable taxes: value added tax/sales tax	9 449	5 656
Rent deposits	1 031	1 039
Other staff-related receivables	901	538
Other miscellaneous receivables	7	1 073
<b>Total miscellaneous receivables</b>	<b>213 107</b>	<b>205 327</b>

216. The other miscellaneous receivables relate to receivables from other United Nations agencies for shared costs and doubtful receivables net of any bad debt allowance.

**Provision for write-off of disallowed costs**

217. The movement in provision for write-off of disallowed costs is as follows:

Table IV.43  
**Movement in provision for write-off of disallowed costs**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Opening balance		
Project related	6 603	3 904
Other accounts receivable	1 099	572
<b>Opening balance</b>	<b>7 702</b>	<b>4 476</b>
Net increase/(decrease) in provision for receivables impairment		
Increase	4 392	3 794
Receivables written off during the year as uncollectible	(1 439)	(844)
Unused amounts reversed or reclassified	455	276
<b>Net increase/(decrease)</b>	<b>3 408</b>	<b>3 226</b>
Closing balance		
Project related	8 799	6 603
Other accounts receivable	2 311	1 099
<b>Closing balance</b>	<b>11 110</b>	<b>7 702</b>

218. The maximum exposure to credit risk as at the reporting date represents the carrying value of each class of receivable mentioned above.

**Note 15**  
**Cash and cash equivalents**

219. As at 31 December 2024, UNOPS held \$575.4 million of cash and cash equivalents, as follows:

Table IV.44  
**Cash and cash equivalents**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Cash at banks	117 813	208 541
Cash equivalents	457 273	493 813
Cash on hand	291	233
<i>Less: allowance for expected credit losses</i>	–	–
<b>Total cash and cash equivalents</b>	<b>575 377</b>	<b>702 587</b>

220. Cash at banks includes project funds received from clients for the implementation of project activities. Cash advances received from clients for project activities and other UNOPS cash balances are commingled and are not held in separate bank accounts.

221. The cash on hand is the cash held in field offices for the purpose of meeting financial needs at field locations.

222. Cash and cash equivalents comprise cash on hand, cash at banks, time deposits and money market instruments held with financial institutions where the initial term is 94 days or less. With the exception of money market instruments, which are measured at fair value, the remaining cash equivalents are held at nominal value less any expected credit losses.

223. Cash at banks is denominated in the following currencies:

Table IV.45  
**Cash at banks**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
United States dollar	95 890	180 568
Japanese yen	5 257	8 165
Guatemalan quetzal	2 862	2 798
Euro	2 724	1 977
Tunisian dinar	2 303	18
Israeli shekel	1 544	5 540
Other currencies	7 233	9 475
<b>Total</b>	<b>117 813</b>	<b>208 541</b>

224. The credit quality of the cash at banks, by reference to external credit ratings, is summarized below.

Table IV.46  
**Credit rating distribution of cash at banks**  
(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
AAA	15	1 437
AA+	8	329
AA	48	105
AA-	132	157
A+	8 259	10 142
A	8 099	5 785
A-	119	732
BBB+	425	213
BBB	97	330
BBB-	629	617
BB+	847	3 596
BB	3 684	247
BB-	1 597	285
B+	828	3 198
B	229	637
B-	2 434	1 435
CCC+	18 997	388
CCC	36 091	–
CCC-	39	44 843
CC	–	72 639
D	1 287	–
Unrated	33 949	61 426
<b>Total</b>	<b>117 813</b>	<b>208 541</b>

225. UNOPS implements projects worldwide and in post-conflict and rural areas. Considering the conditions and areas in which these projects are implemented, some banks are not rated by reference to external credit ratings.

226. The credit quality of cash equivalents was as follows:

Table IV.47  
**Credit rating distribution of cash equivalents**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
AAA	245 435	261 188
AA+	12 582	–
AA	15 533	51 916
AA-	98 946	130 503
A+	24 130	25 000
A	30 710	10 000
A-	–	13 800
BB	29 937	–
Unrated	–	1 406
<b>Total</b>	<b>457 273</b>	<b>493 813</b>

227. To meet operational requirements, UNOPS holds cash and deposits in certain currencies in banking institutions with lower credit ratings or in banking institutions that are unrated. For these accounts, a review was conducted using S&P Global's global probability of default ratings for rated banks and the sovereign rating of the country in which the banking institution is located for non-rated banks. The review resulted in a determination that no expected credit loss is required for cash and cash equivalents. In addition, cash amounting to \$1.1 million held in the International Bank of Yemen, to which UNOPS does not have access, has been reclassified as receivables since it no longer meets the criteria for cash and equivalents.

#### **Note 16**

##### **Employee benefits**

228. The employee benefit liabilities of UNOPS are composed of:

- (a) Short-term employee benefits: accrued annual leave, current portion of home leave;
- (b) Long-term employee benefits: non-current portion of home leave;
- (c) Post-employment benefits: all benefits relating to after-service health insurance, repatriation grant and death benefits;
- (d) Termination benefits: benefits related to termination of contract.

Table IV.48

##### **Employee benefit liabilities**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Short-term employee benefits	37 752	34 413
Long-term employee benefits	3 511	3 190
Post-employment benefits	95 343	84 762
Termination benefits	3 903	–
<b>Total employee benefit liabilities</b>	<b>140 509</b>	<b>122 365</b>

	31 December 2024	31 December 2023
Of which:		
Current portion	45 675	37 463
Non-current portion	94 834	84 902

### Short-term benefit liabilities

229. Short-term employee benefits are composed of:

Table IV.49

### Short-term employee benefits

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Annual leave entitlements	35 570	32 091
Home leave entitlements (current portion)	2 173	2 213
Assignment grant on first appointment or reassignment	9	109
<b>Total short-term employee benefit liabilities</b>	<b>37 752</b>	<b>34 413</b>

230. Home leave allows eligible internationally recruited staff members to visit their home country periodically to renew and strengthen cultural and family ties.

### Long-term benefit liabilities

231. Long-term employee benefits consist of the non-current portion of the home leave entitlement. Rights vested that can be used in the next 12 months are presented as short-term employee benefits, while rights to be used beyond the 12-month period are presented as long-term employee benefits.

### Post-employment benefit liabilities

232. The post-employment benefit liabilities are composed of:

Table IV.50

### Post-employment benefit liabilities

(Thousands of United States dollars)

	31 December 2024	31 December 2023
<b>After-service health insurance</b>		
Current portion	1 829	1 303
Non-current portion	77 468	68 606
<b>Subtotal</b>	<b>79 297</b>	<b>69 909</b>
<b>Repatriation grant</b>		
Current portion	2 141	1 711
Non-current portion	13 537	12 800
<b>Subtotal</b>	<b>15 678</b>	<b>14 511</b>

	31 December 2024	31 December 2023
<b>Death benefit</b>		
Current portion	50	36
Non-current portion	318	306
<b>Subtotal</b>	<b>368</b>	<b>342</b>
<b>Total post-employment benefits</b>	<b>95 343</b>	<b>84 762</b>
Of which:		
Current	4 020	3 050
Non-current	91 323	81 712

233. Post-employment benefits consist of after-service health insurance, repatriation grants, the death benefit and pension plans. After-service health insurance is a plan that allows eligible retirees and their eligible family members to participate in the full medical insurance plan. A repatriation grant is an entitlement payable to Professional staff on separation, together with related costs in travel and the shipment of household effects.

234. The actuarial valuation of liabilities regarding after-service health insurance, repatriation grant and the death benefit was undertaken by an independent professional actuary. At the end of 2024, total post-employment benefit liabilities amounted to \$95.3 million (\$84.8 million in 2023). They are established in accordance with the Staff Regulations and Rules of the United Nations for staff members in the Professional and General Service categories.

#### *After-service health insurance*

235. The year-end liabilities for after-service health insurance are derived from the actuarial valuation conducted at year-end 2024. The net present value of the UNOPS accrued liability as at 31 December 2024, net of contributions from plan participants, was estimated by actuaries at \$79.3 million (\$69.9 million in 2023).

236. Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements. These requirements include 10 years of participation in a United Nations health plan, for those who were recruited after 1 July 2007, and 5 years of participation, for those who were recruited prior to that date.

#### *Repatriation grant*

237. Upon end of service, staff members who meet specific eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant based on length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

238. The net present value of the UNOPS accrued liability as at 31 December 2024 was estimated by actuaries at \$15.7 million (\$14.5 million in 2023).

#### *Death benefit*

239. The death benefit is a post-employment defined benefit plan, for which payment is made upon the death of an eligible employee who leaves behind a surviving spouse or dependent child.

240. The net present value of the UNOPS accrued liability as at 31 December 2024 was estimated by actuaries at \$0.4 million (\$0.3 million in 2023).

*Accounting for post-employment benefits*

241. Defined benefit obligations are measured using an actuarial valuation method. The movement in the present value of the defined benefit obligations over the year is as follows:

Table IV.51

**Post-employment benefit liabilities**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Death benefit</i>	<i>Total 2024</i>	<i>Total 2023</i>
<b>Liability at 1 January</b>	<b>69 909</b>	<b>14 511</b>	<b>342</b>	<b>84 762</b>	<b>74 812</b>
Current service cost	3 363	1 046	11	4 420	3 658
Interest cost	3 281	675	15	3 971	3 771
Benefits paid	(1 364)	(1 536)	(60)	(2 960)	(3 117)
Actuarial losses/(gains)	4 108	982	60	5 150	5 638
<b>Liability at 31 December</b>	<b>79 297</b>	<b>15 678</b>	<b>368</b>	<b>95 343</b>	<b>84 762</b>

Table IV.52

**Post-employment benefit liabilities: active and retired staff**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Death benefit</i>	<i>Total 2024</i>	<i>Total 2023</i>
Current retirees	41 570	–	–	41 570	33 509
Active employees – fully eligible	15 296	7 430	368	23 094	19 864
Active employees – not yet fully eligible	22 431	8 248	–	30 679	31 389
<b>Liabilities as at 31 December</b>	<b>79 297</b>	<b>15 678</b>	<b>368</b>	<b>95 343</b>	<b>84 762</b>

242. The amounts recognized in the statement of financial performance are as follows:

Table IV.53

**Impact of post-employment benefits on financial performance**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Death benefit</i>	<i>Total 2024</i>	<i>Total 2023</i>
Current service cost	3 363	1 046	11	4 420	3 658
Interest cost	3 281	675	15	3 971	3 771
<b>Total</b>	<b>6 644</b>	<b>1 721</b>	<b>26</b>	<b>8 391</b>	<b>7 429</b>

243. The total expense has been included under “salaries and employee benefits” in the statement of financial performance.

*Actuarial gains/losses*

244. Actuarial gains/losses are recognized directly in net assets and reflect changes in financial and demographic assumptions and experience adjustments.

Table IV.54

**Actuarial gains/losses**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Death benefit</i>	<i>Total 2024</i>	<i>Total 2023</i>
Changes in financial assumptions	2 465	581	16	3 062	(12 038)
Changes in demographic assumptions	–	–	–	–	879
Experience adjustments	(6 573)	(1 563)	(76)	(8 212)	5 521
<b>Total actuarial gains/(losses)</b>	<b>(4 108)</b>	<b>(982)</b>	<b>(60)</b>	<b>(5 150)</b>	<b>(5 638)</b>

*Actuarial assumptions*

245. The key actuarial assumption used by the actuary to determine defined benefit liabilities is the discount rate. For the after-service health insurance liability, this also includes the healthcare cost trend rate.

246. The discount rate calculation is performed annually by the actuary using the projected unit credit method. The discount rate is the yield curve approach. This involves considering the yields on high-grade corporate bonds as at the measurement date, as well as expected cash flows and assumed currency exposure for each zone. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in net assets/equity in the year in which they arise. All other changes in the liability for those obligations are recognized as surplus or deficit in the statement of financial performance in the year in which they arise.

247. The principal actuarial assumptions for 2024 were as follows:

Table IV.55

**Principal actuarial assumptions**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Death benefit</i>
Discount rate as at 1 January 2024	4.74	4.91	4.86
Discount rate as at 31 December 2024	5.29	5.53	5.5
Future salary increases (on top of inflation)	United Nations Salary scale	United Nations Salary scale	United Nations Salary scale
Mortality rate	United Nations Joint Staff Pension Fund scales	United Nations Joint Staff Pension Fund scales	United Nations Joint Staff Pension Fund scales
Turnover rate	United Nations Joint Staff Pension Fund scales	United Nations Joint Staff Pension Fund scales	United Nations Joint Staff Pension Fund scales

*Sensitivity analysis*

248. Sensitivity analysis outlines the potential impact of changes in some key assumptions used in measuring post-employment benefits. If the assumptions about the discount rate and the healthcare cost trends were to change, then this would have an impact on the measurement of the post-employment benefits, as shown below.

Table IV.56

**Potential impact of changes in discount rates on post-employment benefits**

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation</i>	<i>Death benefit</i>
Increase of 0.5 per cent	(6 997)	(514)	(12)
Decrease of 0.5 per cent	8 068	534	13

Table IV.57

**Potential impact of changes in healthcare cost trend rates on after-service health insurance liabilities**

(Thousands of United States dollars)

	<i>After-service health insurance obligation</i>	<i>Service cost and interest cost</i>
Increase of 0.5 per cent	8 266	1 067
Decrease of 0.5 per cent	(7 303)	(866)

*United Nations Joint Staff Pension Fund*

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

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

251. It is stated in the Regulations of the Pension Fund that the United Nations Joint Staff 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 into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

252. The financial obligation of UNOPS to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly invokes the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date. It has never been necessary to invoke article 26, and no deficiency payments have ever been requested.

253. The most recent actuarial valuation for the Pension Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.

254. The actuarial valuation as at 31 December 2023 revealed a funded ratio of actuarial assets to actuarial liabilities of 111.0 per cent (117.0 per cent in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation of benefits) were taken into account. The reported funded ratio was 152.0 per cent (158.2 per cent in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under article 26.

255. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2023, for deficiency payments under article 26, given that the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of reporting, the General Assembly had not invoked the provision of article 26.

256. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or due to the termination of the Pension 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 (2021, 2022 and 2023) amounted to \$9,499.41 million, of which 0.6 per cent was contributed by UNOPS.

257. During 2024, contributions paid to the Pension Fund by UNOPS amounted to \$21.7 million (2023: \$17.7 million). Expected contributions due in 2025 are approximately \$23.5 million.

258. Membership in the Pension Fund may be terminated by a decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund

on the date of termination; no part of the assets that are in excess of the liabilities are included in the amount.

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

### Termination benefits

260. In December 2024, UNOPS communicated a resizing plan due to budget limitations. The resizing exercise led to the abolishment of various positions, which was publicly announced during the same month. UNOPS termination entitlement liabilities amounted to \$3.9 million as at 31 December 2024 (nil at 31 December 2023).

### Note 17

#### Accounts payable

Table IV.58

#### Accounts payable and accruals

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Accounts payable	363 570	408 024
Accruals	143 646	155 583
<b>Total</b>	<b>507 216</b>	<b>563 607</b>

261. Balances of accounts payable as at 31 December 2024 are shown below.

Table IV.59

#### Accounts payable

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Accounts payable – UNDP	–	–
Accounts payable – other United Nations agencies	4 785	3 928
Accounts payable – other	358 785	404 096
<b>Total accounts payable</b>	<b>363 570</b>	<b>408 024</b>

262. Accounts payable relate to transactions in which invoices from vendors were received and approved for payment but not yet paid.

### Accruals

263. The accrued charges amounting to \$143.6 million (\$155.6 million in 2023) are financial liabilities in respect of goods or services that were received or provided to UNOPS during the reporting period but not yet invoiced.

**Note 18**  
**Project cash advances received**

264. The project cash advances received represent deferred revenue, which is the excess of cash received over the total of project revenue recognized on projects, and of cash held by UNOPS for projects in which UNOPS serves as a disbursement authority.

Table IV.60  
**Project cash advances received**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Deferred revenue	1 944 988	1 805 022
Cash held by UNOPS as agent	841 987	995 020
<b>Total</b>	<b>2 786 975</b>	<b>2 800 042</b>

265. Of the balance in deferred revenue of \$1,945.0 million (\$1,805.0 million in 2023), \$1,236.6 million relates to cash advances on construction contracts for the year ended 31 December 2024, as detailed in note 21.

**Note 19**  
**Other liabilities**

266. Other liabilities comprise forward exchange contracts and futures contracts in loss at year end 31 December 2024.

Table IV.61  
**Other liabilities**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Derivative liabilities	248	7 787

**Note 20**  
**Net assets/equity**

267. UNOPS net assets/equity are as follows:

Table IV.62  
**Net assets/equity**

(Thousands of United States dollars)

	<i>Post-employment benefit reserve</i>			<i>Operational reserves</i>					<i>Total</i>	
	<i>Actuarial gains/(losses)</i>	<i>Changes in fair value of post-employment benefit financial assets recognized in net assets/equity</i>	<i>Other post-employment benefit investment returns recognized in surplus/deficit</i>	<i>Post-employment funding gap</i>	<i>Fair value of non-post-employment benefit financial assets</i>	<i>Minimum operational reserve</i>	<i>Other operational reserves</i>	<i>Sustainable Investments in Infrastructure and Innovation reserve</i>		<i>Accumulated surpluses</i>
<b>Balance as at 1 January 2023</b>	<b>48 897</b>	–	–	–	<b>(57 083)</b>	<b>147 252</b>	<b>121 924</b>	<b>63 047</b>	–	<b>324 037</b>
Impact of IPSAS 41 adoption	–	–	–	–	47 856	–	–	–	4 140	51 996
<b>Adjusted balance as at 1 January 2023</b>	<b>48 897</b>	–	–	–	<b>(9 227)</b>	<b>147 252</b>	<b>121 924</b>	<b>63 047</b>	<b>4 140</b>	<b>376 033</b>
Surplus/(deficit) for the period	–	–	–	–	–	–	–	–	41 325	41 325
Reclassification of change in fair value	–	(9 227)	228	–	9 227	–	–	–	(228)	–
Actuarial gains/(losses)	(5 638)	–	–	–	–	–	–	–	–	(5 638)
Change in fair value of post-employment benefit financial assets	–	5 882	–	–	–	–	–	–	–	5 882
Approved distribution to UNOPS Donors	–	–	–	–	–	–	(123 792)	–	–	(123 792)
Transfers to/from other reserves	–	–	–	3 413	–	18 067	86 804	(63 047)	(45 237)	–
<b>Balance as at 1 January 2024</b>	<b>43 259</b>	<b>(3 345)</b>	<b>228</b>	<b>3 413</b>	–	<b>165 319</b>	<b>84 936</b>	–	–	<b>293 810</b>
Surplus/(deficit) for the period	–	–	–	–	–	–	–	–	87 120	87 120
Reclassification of change in fair value	–	–	2 852	–	–	–	–	–	(2 852)	–
Actuarial gains/(losses)	(5 150)	–	–	–	–	–	–	–	–	(5 150)
Change in fair value of post-employment benefit financial assets	–	(789)	–	–	–	–	–	–	–	(789)
Approved distribution to UNOPS Donors	–	–	–	–	–	–	–	–	–	–
Transfers to/from other reserves	–	–	–	7 703	–	25 112	51 453	–	(84 268)	–
<b>Balance as at 31 December 2024</b>	<b>38 109</b>	<b>(4 134)</b>	<b>3 080</b>	<b>11 116</b>	–	<b>190 431</b>	<b>136 389</b>	–	–	<b>374 991</b>

*Post-employment benefit reserve*

268. In decision 2023/18, the Executive Board requested UNOPS to distribute any excess reserves to paying entities. The post-employment benefit liabilities reserve has been created with the purpose of mitigating the risk of not having sufficient funds to meet UNOPS post-employment defined benefit obligations in the future. This reserve relates to the gains and losses arising from the post-employment benefit liability hedge portfolio and the actuarial gains and losses of the defined benefit obligations of the after-service health insurance, repatriation grant and death benefit post-employment defined benefit plans. Therefore, the post-employment benefit liabilities reserve is excluded from the calculations of the excess reserves to be distributed to paying entities.

*Actuarial gains/losses*

269. Actuarial gains or losses reflect the changes in the present value of the defined benefit obligation of the defined benefit plans resulting from experience adjustments and the effects of changes in actuarial assumptions as required by IPSAS 39. See note 3 on accounting policies on employee benefit liabilities.

*Changes in fair value of post-employment benefit financial assets recognized in net assets/equity*

270. Fair value movements of certain post-employment benefit financial assets are recognized directly in net assets/equity, in line with IPSAS 41 and are part of the post-employment benefit liabilities reserve.

*Other post-employment benefit investment returns recognized in surplus/deficit*

271. Realized and unrealized gains and losses arising from post-employment benefit financial assets recognized in surplus and deficit, in line with IPSAS 41, are transferred from the accumulated surpluses to the post-employment benefit liabilities reserve, so that those gains are not considered as part of the excess reserves available for distribution to paying entities.

*Post-employment funding gap*

272. UNOPS fully funds the post-employment benefit obligation. The results of the post-employment benefit assets and liabilities presented below reflect the current funding deficit/surplus. Given past experience, it is expected that the post-employment benefit obligation will continue to increase over the years.

Table IV.63

**Post-employment funding gap**

(Thousands of United States dollars)

	31 December 2024	31 December 2023
<b>Assets</b>		
Book cost value	85 281	84 466
Fair value of assets through net assets/equity	(4 134)	(3 345)
Fair value of assets through surplus/deficit	3 080	228
<b>Market value</b>	<b>84 227</b>	<b>81 349</b>
<b>Liabilities</b>		
Post-employment benefit obligation	(95 343)	(84 762)
<b>Total funding gap</b>	<b>11 116</b>	<b>3 413</b>

*Fair value of non-post-employment benefit financial assets*

273. Fair value movements of certain financial assets not part of the post-employment benefit financial assets are recognized directly in net assets/equity, in line with IPSAS 41.

*Minimum operational reserve*

274. A new minimum operational reserve was established in 2021 by the Executive Board of UNOPS (see [DP/OPS/2021/6](#)) to guarantee the financial viability and integrity of UNOPS as a going concern. In accordance with financial regulation 22.02, the operational reserve shall be fully funded and limited to:

- (a) Downward fluctuations or shortfalls in revenue;
- (b) Uneven cash flows;
- (c) Increases in actual costs above planning estimates or fluctuations in project costs;
- (d) Other contingencies that result in a loss of resources for which UNOPS has made commitments.

275. The requirement for the minimum operational reserve of UNOPS is set at 25 per cent of the infrastructure service line expenses, 5 per cent of expenses for other service lines and 33 per cent of administrative costs, with a weight of 50 per cent for the current year, 30 per cent for previous year and 20 per cent for the year prior. On the basis of this formula, for the year ended 31 December 2024, the minimum operational reserve requirement was \$190.4 million, an increase of \$25.1 million compared to 2023.

*Other operational reserves*

276. In its decision 2023/18, the Executive Board requested UNOPS to propose for approval, at every second regular session at which the UNOPS biennial budget is considered, starting in 2023, a fair and transparent methodology and time frame for distributing any excess reserves accumulated in the relevant budget cycle to paying entities, including those of the United Nations system. The proposal should be presented to the Executive Board in an informal session preceding those second regular sessions, with the aim of distributing the reserves within 12 months of receiving the report of the Board of Auditors.

*Liquid excess reserves*

277. In January 2025, the Executive Board of UNOPS (see [DP/2025/9](#)) endorsed the proposal for a revised calculation methodology and disclosures for liquid excess reserves, to be presented, as a pilot, in an annex to the 2024 financial statements, to ensure that there would be no accumulation of such reserves, noting the recommendation of the Board of Auditors to that effect ([A/79/5/Add.1](#), para. 64).

278. UNOPS has included an annex to the financial statements presenting a pilot calculation of liquid excess reserves. This pilot project is designed to calculate liquid excess reserves through an indirect method on the basis of the net assets presented in the IPSAS-compliant financial statements and excluding non-liquid line items. The methodology and calculation are presented in annex II.

279. The pilot calculation is presented for informational purposes only and does not represent a change in UNOPS accounting policies. UNOPS will continue to monitor the pilot project and may make adjustments to the methodology or presentation in future reporting periods.

*Sustainable investments in infrastructure and innovation reserve*

280. In decision 2023/22, the Executive Board approved the release of committed sustainable investments in infrastructure and innovation initiative funds to the UNOPS operational reserves. Consequently, the total committed sustainable investments in infrastructure and innovation investments, which amounted to \$63.0 million in 2022, were released into the operational reserves in 2023. As a result, there were no movements in 2024.

*Accumulated surpluses*

281. Accumulated surpluses represent the accumulated surpluses and deficits from UNOPS operations over the years, net of those transferred to other reserves, as detailed above. During the year 2024, a total of \$84.3 million of accumulated surpluses was transferred into the operational reserves.

**Note 21****Revenue and expenses****Non-exchange revenue**

282. During the year 2024 UNOPS did not generate any non-exchange revenue, nor in 2023.

283. Services in kind for the period amounted to \$4.8 million (\$4.2 million in 2023), \$4.2 million of which is attributed to the estimated market rental value of office space provided by the Government of Denmark to accommodate the UNOPS headquarters in Copenhagen.

284. The remaining \$0.6 million relates to additional in-kind services, including personnel providing assistance to UNOPS' operations. These services were not material and, therefore, details have not been disclosed in the financial statements, in accordance with IPSAS 23.

**Exchange revenue**

285. The exchange revenue of UNOPS comprised \$1,447.6 million (\$1,216.0 million in 2023) in revenue from project activities and (\$0.4) million (\$0.9 million in 2023) from miscellaneous revenue. The revenue and expenses from UNOPS project activities were as follows:

Table IV.64

**Revenue and expenses from project activities**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Construction contracts (infrastructure)	490 879	445 251
Procurement	101 661	107 449
Financial management	87 614	103 267
Human resources administration	31 794	27 285
Other project management	735 642	532 761
<b>Total project related revenue</b>	<b>1 447 590</b>	<b>1 216 013</b>

	31 December 2024	31 December 2023
<b>Less: project expenses</b>		
Construction contracts	468 716	426 056
Procurement	78 382	75 720
Financial management	74 723	84 433
Human resources	20 519	15 423
Other project management	694 405	500 779
<b>Total project related expenses</b>	<b>1 336 745</b>	<b>1 102 411</b>
<b>Net revenue from project activities</b>	<b>110 845</b>	<b>113 602</b>

286. During the period, UNOPS revenue was reported using the categories in the table above. For operational reasons and as described in the annual report, UNOPS analyses its revenue according to the following three core service categories: infrastructure, procurement and project management. These categories are detailed in note 1.

### Construction contracts

287. The amount of revenue relating to the construction contracts recognized in the statement of financial performance was as follows:

Table IV.65

### Construction contracts – revenue

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Revenue	490 879	445 251

288. Amounts related to construction contracts in progress were as follows:

Table IV.66

### Construction contracts – Cost incurred and amounts due to/from customers

(Thousands of United States dollars)

	31 December 2024	31 December 2023
Advances received	(3 798 261)	(3 080 567)
Cost incurred and recognized surpluses	2 573 235	1 855 665
<b>Amount due (to)/from customers included in deferred revenue and project receivables respectively</b>	<b>(1 225 026)</b>	<b>(1 224 902)</b>
Of which		
Gross amount due (to)/from customers included in deferred revenue and project receivables respectively	(1 236 552)	(1 230 725)
Projects with net balance project receivable	11 526	5 823
Retentions	17 378	19 316

289. Cash advances received comprise cash received over the life of both construction contracts and contracts that contain construction and an agency service element (such as procurement services) where the cash advances were not specifically designated for use on the agency service.

### Operational costs and other expenses

290. Operational costs of \$146.7 million (\$127.4 million in 2023) relate to expenses incurred by UNOPS for a range of activities, which included payments for:

- (a) Offices space and common services: \$18.9 million;
- (b) Maintenance of buildings and equipment: \$59.2 million;
- (c) Management and reporting services: \$10.8 million;
- (d) Utilities: \$1.4 million.

291. Other expenses of \$19.9 million ((\$1.4) million in 2023). Other expenses comprise:

- (a) Movements in provisions and impairments: \$17 million;
- (b) Other expenses: \$2.9 million.

292. Contractual services of \$459.7 million (\$450.5 million in 2023) relate to expenses incurred for a range of UNOPS activities, some of which included payments for:

- (a) Construction and engineering services: \$308.9 million;
- (b) Humanitarian aid and relief services: \$29.7 million;
- (c) Trade and business services: \$22.4 million;
- (d) Security services: \$29.7 million.

### Note 22

#### Employee benefits expenses

Table IV.67

#### Employee benefits expenses

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Salaries	93 676	78 433
After service health insurance	6 644	5 792
Annual leave	1 776	1 721
Home leave	817	671
Defined contribution plan	21 683	17 720
Repatriation grants	1 787	1 705
Other short-term employee benefit expenses	28 158	24 728
<b>Expenses related to staff</b>	<b>154 541</b>	<b>130 770</b>
Other personnel expenses	369 538	343 883
<b>Total employee benefits expenses</b>	<b>524 079</b>	<b>474 653</b>

293. Other personnel expenses relate to the remuneration paid to UNOPS individual contractors for salaries, provident fund and accrued annual leave.

294. In October 2014, UNOPS implemented a provident fund scheme for all UNOPS local individual contractors. The provident fund is a defined contribution plan. The employer contributions of 15 per cent of local individual contractor's agreement fees are fixed and are recognized as an expense. The contractors contribute 7.5 per cent of their fee on a monthly basis. UNOPS responsibility is to establish arrangements to provide a provident fund facility, monitor and to cover administrative costs related to these arrangements. The balance of funds held for the benefit of UNOPS local individual contractors by the provident fund as at 31 December 2024 was \$150.2 million (\$129.0 million in 2023). Further details on the provident fund are disclosed in the annex I to the financial statements.

295. In accordance with the contract with UNOPS, the provident fund is administered and held by Zurich International on behalf of the local individual contractors.

### Note 23

#### Finance income/(expenses)

Table IV.68

#### Finance income/(expenses)

(Thousands of United States dollars)

	31 December 2024	31 December 2023
<b>Finance income</b>		
Finance income on investments	53 692	42 429
Recognition of amortized cost (note 12)	89 706	45 962
Gains/(losses) on financial assets at fair value through surplus/(deficit)	2 850	228
<b>Finance income on investments</b>	<b>146 248</b>	<b>88 619</b>
Finance income on UNOPS bank balances	1 325	1 396
<b>Finance income</b>	<b>147 573</b>	<b>90 015</b>
<b>Finance expenses</b>		
Finance charge on lease liability	(587)	–
<b>Finance expenses</b>	<b>(587)</b>	<b>–</b>
<i>Less: Finance income/(expenses) allocated to projects</i>	<i>(34 760)</i>	<i>(26 343)</i>
<b>Total finance income/(expenses)</b>	<b>112 226</b>	<b>63 672</b>

296. The component of total finance income that relates to returns on investments is detailed in table IV.10.

297. In accordance with IPSAS 1: Presentation of financial statements, revenue and expenses are required to be presented separately and not to offset against each other unless they relate to similar transactions or it is required in line with another IPSAS. There was no interest earned on other financial assets during the year ended 31 December 2024 and, accordingly, impairment on other financial assets has been included as part of other expenses in 2024 and not finance income/expenses.

Table IV.69  
**Exchange rate gains/losses**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Foreign exchange gains/(losses)	9 446	(546)

298. Net unrealized gains of \$4 million of derivative instruments are included within the UNOPS net foreign exchange gains/losses.

**Note 24**  
**Provisions**

Table IV.70

**Provisions**

(Thousands of United States dollars)

	<i>1 January 2024</i>	<i>Additional provisions</i>	<i>Unused amounts reversed</i>	<i>Utilized 31 December 2024</i>	
Claims	3 051	130	(3 051)	–	130
Leasehold restoration provisions	217	32	(157)	–	92
Other provisions	5 190	14 102	(3 304)	(826)	15 162
<b>Total</b>	<b>8 458</b>	<b>14 264</b>	<b>(6 512)</b>	<b>(826)</b>	<b>15 384</b>

Of which:

Current portion	15 295
Non-current portion	89

Table IV.71

**Provisions 2023 comparatives**

(Thousands of United States dollars)

	<i>1 January 2023</i>	<i>Additional provisions</i>	<i>Unused amounts reversed</i>	<i>Utilized 31 December 2023</i>	
Claims	1 950	1 101	–	–	3 051
Leasehold restoration provisions	247	–	(30)	–	217
Other provisions	11 586	1 577	(4 429)	(3 544)	5 190
<b>Total</b>	<b>13 783</b>	<b>2 678</b>	<b>(4 459)</b>	<b>(3 544)</b>	<b>8 458</b>

Of which:

Current portion	8 286
Non-current portion	172

299. Leasehold restoration provisions reflect an estimate of requirements to return leased properties to the lessors at the end of the lease term in a specified condition. They concern various lease agreements in which UNOPS has the obligation to remove installed assets. Claims refer to legal cases in which outflow of resources is probable and can be reliably estimated. Other provisions relate mostly to the estimated cost of remedial work required on projects being implemented by UNOPS.

**Note 25**

**Contingent liabilities**

300. UNOPS is subject to claims in the ordinary course of operations, categorized as project-related or staff-related claims. The UNOPS assessment of the financial effect of claims that remain open at year-end is reflected below. The outcome of the open claims is inherently unpredictable and the timing of any outflow is therefore difficult to ascertain.

301. A significant infrastructure project is under dispute. The partner has raised concerns about approximately \$62.1 million spent by UNOPS in connection with the project's implementation. UNOPS is actively working to amicably address this issue with the partner. Simultaneously, UNOPS will continue, with the support of an independent expert, to assess the likelihood and probable amount of any payments that may be owed to the partner.

302. There was one staff-related claim, with the probability of a liability exposure being remote.

**Contingent assets**

303. UNOPS had no contingent assets as at 31 December 2024 (nil as at 31 December 2023).

**Note 26**

**Commitments**

304. UNOPS commitments included purchase orders and service contracts contracted but not delivered as at year end. The table below shows the total UNOPS open commitments at 31 December 2024:

Table IV.72

**Open commitments**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Management budget	5 287	6 465
Project-related commitments	913 309	851 363
<b>Total open commitments</b>	<b>918 596</b>	<b>857 828</b>
Of which:		
Commitments for property, plant and equipment	7 534	1 017
Commitments for intangible assets	—	—

**Note 27****Reconciliation of the statement of comparison of budget and actual amounts**

Table IV.73

**Statement of comparison of original and final budget amounts**

(Thousands of United States dollars)

	<i>Biennial 2024– 2025 management budget</i>	<i>2024 management budget</i>	<i>2024 management budget</i>	<i>Variance between original and final 2024 budget</i>	<i>Percentage</i>	<i>Explanation</i>
	<i>Original</i>	<i>Original</i>	<i>Final</i>			
Revenue on budget basis	325 000	162 500	122 719	(39 781)	(24)	The management fee projection reflects the latest available estimation
Response plan-related investments from reserves	–	–	14 855	14 855	n/a	As approved by the Executive Board in its decision 2024/4
<b>Total revenue for the period</b>	<b>325 000</b>	<b>162 500</b>	<b>137 574</b>	<b>(24 926)</b>	<b>(15)</b>	
<b>Management resources</b>						
Posts	64 100	32 050	28 221	(3 829)	(12)	
Common staff costs	46 400	23 200	21 816	(1 384)	(6)	
Travel	11 200	5 600	5 238	(362)	(6)	
Consultants	160 200	80 100	49 293	(30 807)	(38)	Original budget estimates took into consideration digitization now covered by the response plan, one-off increases linked to third-party reviews and legal fees, as well as strategic investments, which were significantly reduced in 2024
Operating expenses	20 300	10 150	12 106	1 956	19	
Furniture and equipment	10 900	5 450	1 617	(3 833)	(70)	Original budget estimates took into consideration the greening of the offices, which was allocated to other funding sources and additional investment in the One UNOPS enterprise resource planning system that was not planned in 2024
Reimbursements	11 900	5 950	4 428	(1 522)	(26)	Reduced expenses for medical evacuation in 2024
Response plan-related investments from reserves	–	–	14 855	14 855	n/a	As approved by the Executive Board in its decision 2024/4
<b>Total use of management resources</b>	<b>325 000</b>	<b>162 500</b>	<b>137 574</b>	<b>(24 926)</b>	<b>(15)</b>	

Table IV.74  
**Statement of comparison of budget and actual amounts**

(Thousands of United States dollars)

	<i>Biennial 2024/25 management budget</i>	<i>2024 management budget</i>	<i>2024 management budget</i>	<i>2024 actual amounts</i>	<i>Difference between final budget and actuals</i>	<i>Percentage</i>	<i>Explanation</i>
	<i>Original</i>	<i>Original</i>	<i>Final</i>	<i>Actuals</i>			
Revenue on budget basis	325 000	162 500	122 719	112 009	(10 710)	(9)	
Response plan-related investments from reserves	–	–	14 855	16 149	1 294	9	Reflects the actual expenditure against the second tranche and carry-over approved under Executive Board decision 2024/4 related to the comprehensive response plan
<b>Total revenue for the period</b>	<b>325 000</b>	<b>162 500</b>	<b>137 574</b>	<b>128 158</b>	<b>(9 416)</b>	<b>(7)</b>	
<b>Management resources</b>							
Posts	64 100	32 050	28 221	28 348	127	–	
Common staff costs	46 400	23 200	21 816	20 971	(845)	(4)	
Travel	11 200	5 600	5 238	4 759	(479)	(9)	
Consultants	160 200	80 100	49 293	47 116	(2 177)	(4)	
Operating expenses	20 300	10 150	12 106	5 047	(7 059)	(58)	Cost containment to reach net-zero revenue on budget basis
Furniture and equipment	10 900	5 450	1 617	1 561	(56)	(3)	
Reimbursements	11 900	5 950	4 428	4 461	33	1	
Response plan-related investments from reserves	–	–	14 855	16 149	1 294	9	Reflects actual expenditure against the second tranche and carry-over approved under Executive Board decision 2024/4 related to the comprehensive response plan
<b>Total use of management resources</b>	<b>325 000</b>	<b>162 500</b>	<b>137 574</b>	<b>128 412</b>	<b>(9 162)</b>	<b>(7)</b>	
<b>Net revenue on budget basis (a)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(254)</b>	<b>(254)</b>	<b>n/a</b>	
Write-offs, provisions and contingency surplus (b)	–	–	–	18 926	18 926	n/a	
<b>Total balance of resources (a-b)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(19 180)</b>	<b>(19 180)</b>	<b>n/a</b>	

Table IV.75  
**Statement of comparison of response plan budget and actual amounts**

(Thousands of United States dollars)

	2024 management budget	2024 actual amounts	Difference between final budget and actuals	Percentage
	Final	Actuals		
Response plan-related investments from reserves	14 855	16 149	1 294	9
Management resources				
Posts	1 270	547	(723)	(57)
Common staff costs	981	407	(574)	(59)
Travel	185	186	1	–
Consultants	12 225	12 099	(126)	(1)
Operating expenses	175	1 234	1 059	605
Furniture and equipment	19	1 676	1 657	8 721
Reimbursements	–	–	–	–
<b>Total use of resources</b>	<b>14 855</b>	<b>16 149</b>	<b>1 294</b>	<b>9</b>
<b>Net revenue on budget basis</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

305. The UNOPS budget and accounting bases are different. The statement of financial performance (statement II) is prepared on an accrual basis, whereas the statement of comparison of budget and actual amounts (statement V) is restricted to the management budget, including the net surplus earned on projects. It does not include the revenue and expenses incurred on projects, nor does it include finance income or exchange gains/losses.

306. The cost classifications presented in statement V reflect those that are approved by the Executive Board of UNOPS. The differences between expenditure in statement II and statement V are as follows:

Table IV.76  
**Differences between statements II and V**

	Treatment in statement V
Acquisition of property, plant and equipment	Cash basis
Acquisition of intangible assets	Cash basis
Depreciation and impairment of property, plant and equipment	Excluded from UNOPS budget
Amortization and impairment of intangible assets	Excluded from UNOPS budget
Donated assets	Excluded from UNOPS budget
Finance income	Excluded from UNOPS budget
Exchange rate gains(losses)	Excluded from UNOPS budget

307. The approved budget covers the biennium 2024-2025. The annual budget for 2024 was included in statement V.

308. The UNOPS financial regulations and rules specify that the Executive Director has the authority to redeploy resources within the approved management budget and to increase or reduce the total approved management budget allotment, provided that the net revenue target established by the Executive Board for the budget period remains unchanged. As a result, there are some line item differences between the original and final budgets.

**Reconciliation of actual amounts from budgetary basis to financial statement basis**

309. As required under IPSAS 24, actual amounts from statement V must be reconciled to net cash flows from operating activities, investing activities and financing activities (as presented in statement IV, statement of cash flows), separately identifying basis, timing and entity differences

310. Basis differences occur when the approved budget is prepared on a basis other than the accrual basis, as is the case for UNOPS.

311. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for UNOPS for purposes of comparison of budget and actual amounts.

312. Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared

Table IV.77

**Reconciliation with the statement of cash flows**

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amount on comparable basis as presented in the budget and actual comparative statement	836	(1 090)	–	(254)
Basis differences (acquisition and disposal of intangibles and property, plant and equipment)	–	–	–	–
Entity differences	(4 267)	(5 864)	–	(10 131)
Changes in working capital	(4 367)	–	–	(4 367)
Movement in investments	–	(122 334)	–	(122 334)
Movement in interest received	–	12 840	–	12 840
Payment of lease liabilities	–	–	(6 017)	(6 017)
<b>Subtotal</b>	<b>(7 798)</b>	<b>(116 448)</b>	<b>(6 017)</b>	<b>(130 263)</b>
Net foreign exchange gains/(losses)	–	–	–	2 086
Adjustment for fair value on cash equivalents	–	–	–	967
<b>Actual amount in the statement of cash flows</b>	<b>(7 798)</b>	<b>(116 448)</b>	<b>(6 017)</b>	<b>(127 210)</b>

**Note 28**

**Segment reporting**

313. Management has determined its reporting segments geographically, which is the basis as in the statements of budget reporting provided to the UNOPS Executive Director.

314. The UNOPS structure consists of six regions and headquarters, located in Denmark. Headquarters as a segment is made up of four units: corporate functions; delivery and partnerships; independent functions; and management and policy.

315. Segment revenue and expenses are those that are directly attributable to the segment or can reasonably be allocated to the segment.

316. Segment assets and liabilities are those that can reasonably be allocated to the segments. Any others are included under unallocable, in line with IPSAS 18: Segment reporting.

317. UNOPS revenue, expenses, assets and liabilities are segmented as follows:

Table IV.78  
**Segment revenue and expenses**

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>Global Portfolios Office<sup>a</sup></i>	<i>Total</i>
<b>Revenue</b>								
Revenue from project activities	302 169	187 483	97 820	44 196	232 425	251 925	331 572	1 447 590
Miscellaneous revenue	1 038	(2 479)	(3)	1 212	(113)	(37)	10	(372)
<b>Total revenue</b>	<b>303 207</b>	<b>185 004</b>	<b>97 817</b>	<b>45 408</b>	<b>232 312</b>	<b>251 888</b>	<b>331 582</b>	<b>1 447 218</b>
<b>Expenses</b>								
Contractual services	86 298	67 402	52 863	16 502	78 268	89 697	68 627	459 657
Other personnel costs	63 795	58 493	22 217	55 293	47 917	21 199	100 624	369 538
Salaries and employee benefits	8 212	9 261	4 358	29 913	6 646	13 223	82 928	154 541
Operational costs	38 721	21 405	6 754	8 960	15 059	27 660	28 157	146 716
Supplies and consumables	73 461	19 143	9 861	4 772	62 514	88 818	13 173	271 742
Travel	17 411	6 369	1 349	3 568	3 712	1 856	14 268	48 533
Other expenses	4 727	(1 873)	9	5 010	11 541	109	362	19 885
<b>Total expenses</b>	<b>292 625</b>	<b>180 200</b>	<b>97 411</b>	<b>124 018</b>	<b>225 657</b>	<b>242 562</b>	<b>308 139</b>	<b>1 470 612</b>
Finance income	–	–	–	112 226	–	–	–	112 226
Exchange rate gains/(losses)	–	–	–	9 446	–	–	–	9 446
<b>Net finance income/(expenses)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>121 672</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>121 672</b>
<b>Surplus before unallocated expenses</b>	<b>10 582</b>	<b>4 804</b>	<b>406</b>	<b>43 062</b>	<b>6 655</b>	<b>9 326</b>	<b>23 443</b>	<b>98 278</b>
<b>Unallocated segment expenses</b>								
Depreciation of property, plant and equipment and right-of-use assets	–	–	–	–	–	–	–	(9 219)
Amortization of intangible assets	–	–	–	–	–	–	–	(1 939)
<b>Surplus/(deficit) for the period</b>	<b>10 582</b>	<b>4 804</b>	<b>406</b>	<b>43 062</b>	<b>6 655</b>	<b>9 326</b>	<b>23 443</b>	<b>87 120</b>

<sup>a</sup> The UNOPS Global Portfolios Office brings together the New York Portfolios Office and the Geneva Office.

Table IV.79  
**Segment revenue and expenses – 2023 comparatives**

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>New York Portfolios Office</i>	<i>Total</i>
<b>Revenue</b>								
Revenue from project activities	245 820	168 878	137 270	41 851	205 172	188 378	228 644	1 216 013
Miscellaneous revenue	3 470	3 572	–	(7 065)	204	768	–	949
Non-exchange revenue	–	–	–	–	–	–	–	–
<b>Total revenue</b>	<b>249 290</b>	<b>172 450</b>	<b>137 270</b>	<b>34 786</b>	<b>205 376</b>	<b>189 146</b>	<b>228 644</b>	<b>1 216 962</b>
<b>Expenses</b>								
Contractual services	97 287	56 988	19 662	16 560	83 402	86 997	89 608	450 504
Other personnel costs	60 790	54 049	52 318	53 443	50 806	18 438	54 039	343 883
Salaries and employee benefits	5 075	6 021	33 011	22 322	4 249	8 923	51 169	130 770
Operational costs	25 481	24 844	9 459	17 239	11 283	30 445	8 615	127 366
Supplies and consumables	35 176	11 596	3 877	4 933	38 257	31 999	9 686	135 524
Travel	11 987	12 319	7 009	4 069	3 447	1 105	7 097	47 033
Other expenses	1 080	(726)	156	185	(2 503)	4	416	(1 388)
<b>Total expenses</b>	<b>236 876</b>	<b>165 091</b>	<b>125 492</b>	<b>118 751</b>	<b>188 941</b>	<b>177 911</b>	<b>220 630</b>	<b>1 233 692</b>
Finance income	–	–	–	63 672	–	–	–	63 672
Exchange rate gains/(losses)	–	–	–	(546)	–	–	–	(546)
<b>Net finance income/(expenses)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>63 126</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>63 126</b>
<b>Surplus before unallocated expenses</b>	<b>12 414</b>	<b>7 359</b>	<b>11 778</b>	<b>(20 839)</b>	<b>16 435</b>	<b>11 235</b>	<b>8 014</b>	<b>46 396</b>
<b>Unallocated segment expenses</b>								
Depreciation of property, plant and equipment	–	–	–	–	–	–	–	(3 596)
Amortization of intangible assets	–	–	–	–	–	–	–	(1 475)
<b>Surplus/(deficit) for the period</b>	<b>12 414</b>	<b>7 359</b>	<b>11 778</b>	<b>(20 839)</b>	<b>16 435</b>	<b>11 235</b>	<b>8 014</b>	<b>41 325</b>

Table IV.80  
**Segment assets and liabilities**

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>Global Portfolios Office<sup>a</sup></i>	<i>Total for allocated assets and liabilities</i>	<i>Unallocable</i>	<i>Grand total</i>
<b>Assets</b>										
<b>Non-current assets</b>										
Property, plant and equipment	–	–	–	–	–	–	–	–	18 174	18 174
Intangible assets	–	–	–	–	–	–	–	–	3 733	3 733
Right-of-use assets	–	–	–	–	–	–	–	–	12 354	12 354
Long-term investments	–	–	–	619 711	–	–	–	619 711	–	619 711
Non-current accounts receivable	–	–	–	–	–	–	–	–	–	–
<b>Total non-current assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>619 711</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>619 711</b>	<b>34 261</b>	<b>653 972</b>
<b>Current assets</b>										
Inventories	2 520	4	10	–	32	6	1 577	4 149	–	4 149
Other assets	–	–	–	4 223	–	–	–	4 223	–	4 223
Accounts receivable										
Project accounts receivable	–	–	–	–	–	–	–	–	80 865	80 865
Prepayments	2 190	419	611	5 214	2 949	2 506	361	14 250	–	14 250
Other accounts receivable	–	–	–	–	–	–	–	–	229 345	229 345
Short-term investments	–	–	–	2 275 829	–	–	–	2 275 829	–	2 275 829
Cash and cash equivalents	–	–	–	–	–	–	–	–	575 377	575 377
<b>Total current assets</b>	<b>4 710</b>	<b>423</b>	<b>621</b>	<b>2 285 266</b>	<b>2 981</b>	<b>2 512</b>	<b>1 938</b>	<b>2 298 451</b>	<b>885 587</b>	<b>3 184 038</b>
<b>Total assets</b>	<b>4 710</b>	<b>423</b>	<b>621</b>	<b>2 904 977</b>	<b>2 981</b>	<b>2 512</b>	<b>1 938</b>	<b>2 918 162</b>	<b>919 848</b>	<b>3 838 010</b>
<b>Liabilities</b>										
<b>Non-current liabilities</b>										
Employee benefits long-term	–	–	–	–	–	–	–	–	94 834	94 834
Finance lease liability long-term	–	–	–	–	–	–	–	–	6 898	6 898
Provisions	–	–	–	89	–	–	–	89	–	89
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>89</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>89</b>	<b>101 732</b>	<b>101 821</b>

<sup>a</sup> The UNOPS Global Portfolios Office brings together the New York Portfolios Office and the Geneva Office.

Table IV.80  
**Segment assets and liabilities** (continued)

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>Global Portfolios Office<sup>a</sup></i>	<i>Total for allocated assets and liabilities</i>	<i>Unallocable</i>	<i>Grand total</i>
<b>Current liabilities</b>										
Employee benefits short-term	–	–	–	–	–	–	–	–	45 675	45 675
Accounts payable	–	–	–	–	–	–	–	–	507 216	507 216
Project cash advances received	–	–	–	–	–	–	–	–	–	–
Deferred revenue	399 708	374 177	164 071	26 934	402 915	382 048	195 135	1 944 988	–	1 944 988
Cash held on agency projects	225 922	186 884	44 954	32 706	132 578	21 454	197 489	841 987	–	841 987
Other liabilities	–	–	–	248	–	–	–	248	–	248
Finance lease liability short-term	–	–	–	–	–	–	–	–	5 789	5 789
Provisions	2 066	158	–	3	12 565	425	78	15 295	–	15 295
<b>Total current liabilities</b>	<b>627 696</b>	<b>561 219</b>	<b>209 025</b>	<b>59 891</b>	<b>548 058</b>	<b>403 927</b>	<b>392 702</b>	<b>2 802 518</b>	<b>558 680</b>	<b>3 361 198</b>
<b>Total liabilities</b>	<b>627 696</b>	<b>561 219</b>	<b>209 025</b>	<b>59 980</b>	<b>548 058</b>	<b>403 927</b>	<b>392 702</b>	<b>2 802 607</b>	<b>660 412</b>	<b>3 463 019</b>

<sup>a</sup> The UNOPS Global Portfolios Office brings together the New York Portfolios Office and the Geneva Office.

Table IV.81  
**Segment assets and liabilities – 2023 comparatives**

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>New York Portfolios Office</i>	<i>Total for allocated assets and liabilities</i>	<i>Unallocable</i>	<i>Grand total</i>
<b>Assets</b>										
<b>Non-current assets</b>										
Property, plant and equipment	–	–	–	–	–	–	–	–	17 629	17 629
Intangible assets	–	–	–	–	–	–	–	–	4 672	4 672
Long-term investments	–	–	–	187 464	–	–	–	187 464	–	187 464
Other financial assets	–	–	–	–	–	–	–	–	–	–
Non-current accounts receivable	–	–	–	–	–	–	–	–	–	–
<b>Total non-current assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>187 464</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>187 464</b>	<b>22 301</b>	<b>209 765</b>
<b>Current assets</b>										
Inventories	3 218	6	14	–	237	–	6 336	9 811	–	9 811
Other assets	–	–	–	1 247	–	–	–	1 247	–	1 247
Accounts receivable										
Project accounts receivable	–	–	–	–	–	–	–	–	94 786	94 786
Prepayments	3 674	22 071	6 194	4 839	7 429	2 632	189	47 028	–	47 028
Other accounts receivable	–	–	–	–	–	–	–	–	213 984	213 984
Short-term investments	–	–	–	2 516 861	–	–	–	2 516 861	–	2 516 861
Cash and cash equivalents	–	–	–	–	–	–	–	–	702 587	702 587
<b>Total current assets</b>	<b>6 892</b>	<b>22 077</b>	<b>6 208</b>	<b>2 522 947</b>	<b>7 666</b>	<b>2 632</b>	<b>6 525</b>	<b>2 574 947</b>	<b>1 011 357</b>	<b>3 586 304</b>
<b>Total assets</b>	<b>6 892</b>	<b>22 077</b>	<b>6 208</b>	<b>2 710 411</b>	<b>7 666</b>	<b>2 632</b>	<b>6 525</b>	<b>2 762 411</b>	<b>1 033 658</b>	<b>3 796 069</b>
<b>Liabilities</b>										
<b>Non-current liabilities</b>										
Employee benefits long-term	–	–	–	–	–	–	–	–	84 902	84 902
Provisions	–	–	–	172	–	–	–	172	–	172
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>172</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>172</b>	<b>84 902</b>	<b>85 074</b>

Table IV.81  
**Segment assets and liabilities – 2023 comparatives** (continued)

(Thousands of United States dollars)

	<i>Africa region</i>	<i>Asia region</i>	<i>Europe and Central Asia region</i>	<i>Headquarters</i>	<i>Latin America and Caribbean region</i>	<i>Middle East region</i>	<i>New York Portfolios Office</i>	<i>Total for allocated assets and liabilities</i>	<i>Unallocable</i>	<i>Grand total</i>
<b>Current liabilities</b>										
Employee benefits short-term	–	–	–	–	–	–	–	–	37 463	37 463
Accounts payable	–	–	–	–	–	–	–	–	563 607	563 607
Project cash advances received	–	–	–	–	–	–	–	–	–	–
Deferred revenue	370 112	323 844	284 930	34 275	344 206	384 133	63 522	1 805 022	–	1 805 022
Cash held on agency projects	282 103	169 462	281 262	37 609	183 267	31 328	9 989	995 020	–	995 020
Other liabilities	–	–	–	7 787	–	–	–	7 787	–	7 787
Provisions	3 611	2 090	–	196	1 950	439	–	8 286	–	8 286
<b>Total current liabilities</b>	<b>655 826</b>	<b>495 396</b>	<b>566 192</b>	<b>79 867</b>	<b>529 423</b>	<b>415 900</b>	<b>73 511</b>	<b>2 816 115</b>	<b>601 070</b>	<b>3 417 185</b>
<b>Total liabilities</b>	<b>655 826</b>	<b>495 396</b>	<b>566 192</b>	<b>80 039</b>	<b>529 423</b>	<b>415 900</b>	<b>73 511</b>	<b>2 816 287</b>	<b>685 972</b>	<b>3 502 259</b>

**Note 29**

**Related parties**

318. UNOPS is governed by an Executive Board, mandated by the General Assembly, which is responsible for overseeing the work of UNOPS, UNDP and the United Nations Population Fund (UNFPA). The Executive Board is a related party, given that it exercises significant influence over UNOPS as governing body.

319. The activities of UNOPS are overseen by the Executive Board and UNOPS reimburses part of the travel costs, subsistence allowances and office expenses incurred by members of the Board in discharging their official duties, as well as a share of the cost of the Board secretariat. There were no travel-related costs in relation to the Executive Board during 2024. Members of the Executive Board are elected each year by the Economic and Social Council in accordance with the rules of procedure on membership. Executive Board members are not considered key management personnel of UNOPS as defined under IPSAS.

320. UNOPS considers UNDP and UNFPA to be related parties, given that all three organizations are subject to common control by the Executive Board. UNOPS has a range of working relationships with UNDP and UNFPA. All of the transactions between UNOPS and the other two organizations are conducted at arm's length. The inter-agency transactions were consistent with normal operating relationships between the organizations and were undertaken on terms and conditions that are normal for such transactions.

**Key management personnel**

321. The table below provides information on the aggregate remuneration of the executive management personnel.

Table IV.82

**Key management personnel**

(Thousands of United States dollars)

	<i>31 December 2024</i>	<i>31 December 2023</i>
Number of individuals	21	16
Aggregate remuneration:		
Base compensation and post adjustments	4 229	2 985
Other entitlements	975	599
Post-employment benefits	1 387	1 000
<b>Total remuneration</b>	<b>6 591</b>	<b>4 584</b>
Outstanding advances against entitlements	237	80
Outstanding loans	–	–
After-service health insurance, repatriation grant and leave liability	3 237	2 686

322. For the purpose of this disclosure, key management personnel include the Executive Director and staff members of the management team. The Executive Director has the overall authority and responsibility to plan, lead, direct and control the activities of the organization. The management team is an internal coordination forum that supports the Executive Director in the strategic positioning of UNOPS.

323. The aggregate remuneration of the key management personnel is based on a full-time equivalent basis and includes net salaries, post adjustment, entitlements such as representation allowance, rental subsidy, relocation grant and the costs of pension, after-service health insurance and repatriation grant in accordance with the Staff Regulations and Rules of the United Nations.

324. These financial statements disclose key management personnel remuneration as well as post-employment liabilities directly attributable to the individuals.

325. In 2024 there were no known instances of executive management personnel facing conflicts of interest that could potentially influence decision-making, either stemming from the ordinary course of business or with regard to business relationships with family members, other related individuals or vendors.

326. In September 2022, the UNOPS Executive Board approved the creation of a position for a second Deputy Executive Director. This position was filled in 2024.

### **Note 30**

#### **Events after reporting date**

327. The financial statements were approved for issue on the date on which the Board of Auditors signed the audit opinion. None other than UNOPS has the authority to amend these financial statements.

328. On 20 January 2025, the Government of a Member State announced a temporary suspension of foreign aid. While UNOPS receives funding from sources in that country, this funding represents a limited proportion of the organization's overall revenue base, and the agency maintains financial flexibility through diversified funding streams.

329. At the time of issuance of the present financial statements, management has assessed that the funding freeze may result in delays in planned disbursements for certain projects. However, alternative funding sources and internal adjustments have been identified to mitigate immediate operational risks. In addition, waivers are being obtained for some funding and the overall impact is being assessed. As this event occurred after 31 December 2024, it is classified as a non-adjusting event under IPSAS 14: Events after the reporting date, and has no impact on the reported financial position of UNOPS. Management will continue to monitor the situation and adjust financial strategies as necessary.

330. As at the date of signature of the UNOPS financial statements and related notes for the year ended 31 December 2024, no other material events, favourable or unfavourable, have occurred between the reporting date and the date on which the financial statements were authorized for issue that would have required adjustments to the statements.

## Annex I

## United Nations Office for Project Services individual contractors provident fund summary for the year ended 31 December 2024

(Thousands of United States dollars)

	2024	2023
Opening balance as at 1 January	129 048	106 329
Contribution/premium	36 017	33 104
Payouts	(24 051)	(20 240)
Funds not earmarked for the fund	696	940
Earnings/(losses)	8 496	8 915
<b>Closing balance as at 31 December</b>	<b>150 206</b>	<b>129 048</b>

Non-earmarked contributions of the UNOPS provident fund consist of UNOPS/project contributions and related positive/negative interest that the member has not been able to withdraw upon separation owing to vesting rules set forth in the UNOPS provident fund policy. The non-earmarked contributions are fully directed into the default fund of the UNOPS provident fund, but, like all financial assets of the UNOPS provident fund, are kept separate from the other financial assets of UNOPS.

In line with the UNOPS provident fund principles, UNOPS may charge justified administrative or similar costs to non-earmarked contributions of the UNOPS provident fund. The table below provides details on the non-earmarked contributions for the period.

(Thousands of United States dollars)

	2024	2023
Opening balance of the non-earmarked contributions	8 307	7 362
Change in non-earmarked contributions within the period	1 294	1 607
Total expenses against non-earmarked contributions, following provident fund principles		
Payment attributed to UNOPS personnel	–	–
Payment attributed to provident fund administrator or investment adviser	(503)	(393)
Payment attributed to services benefiting all members	(252)	(269)
<b>Total expenses against non-earmarked contributions</b>	<b>(755)</b>	<b>(662)</b>
<b>Closing balance as at 31 December</b>	<b>8 846</b>	<b>8 307</b>

## Annex II

## 2024 pilot: disclosure and calculation methodology for liquid excess reserves

(Thousands of United States dollars)

	2024	2023
Net assets balance according to statement I	374 991	293 810
<i>Less:</i> non-liquid assets (property, plant and equipment, intangible assets and inventory) according to statement I	(15 131)	(13 287)
<i>Less:</i> actuarial (gains)/losses and funding according to statement I	(49 225)	(43 259)
<b>Liquid net assets as at 31 December</b>	<b>310 635</b>	<b>237 264</b>
<i>Less:</i> unrealized amortization and change in fair value of investment according to statement I	(30 152)	(26 060)
<b>Liquid operational net assets as at 31 December</b>	<b>280 483</b>	<b>211 204</b>
<i>Less:</i> minimum operational reserve according to statement I	(190 431)	(165 319)
<b>Liquid operational net assets exceeding minimum operational reserve as at 31 December</b>	<b>90 052</b>	<b>45 885</b>
<i>Less:</i> comprehensive response plan commitments	(10 054)	(26 655)
<i>Less:</i> Office of Legal Affairs	(9 200)	–
<i>Less:</i> funding of the other reserves under regulation 22.03	–	–
<i>Less:</i> committed refund to partners	–	–
<b>Liquid operational net assets after financial commitments and minimum operational reserve as at 31 December</b>	<b>70 798</b>	<b>19 230</b>
Minimum balance to trigger refund (20 per cent of minimum operational reserve)	38 086	33 064
<b>Liquid excess reserves as at 31 December</b>	<b>70 798</b>	<b>–</b>

UNOPS has calculated the excess reserve by taking into account liquid assets and deducting any liabilities payable by the organization. The amount of liquid excess reserves as at 31 December 2024 is \$70.8 million. In accordance with the UNOPS excess refund cycle, 2025 is the next refund year. Consequently, a revised calculation of the excess reserve will be conducted in the 2025 financial year.

The Executive Board, through decisions 2022/13 and 2023/4, mandated UNOPS to consolidate all reserves into the operational reserves and refund any excess. Excess reserves are defined as liquid assets exceeding the organization's operational requirements for liquidity risk management and daily expenses.

In January 2025, the Executive Board of UNOPS (see [DP/2025/9](#)) endorsed the proposal for a revised calculation methodology and disclosures for liquid excess reserves, to be presented, as a pilot, in an annex to the 2024 financial statements, to ensure that there would be no accumulation of such reserves, noting the recommendation of the Board of Auditors to that effect ([A/79/5/Add.1](#), para. 64).

In January 2025, the Executive Board of UNOPS (see [DP/2025/9](#)) approved the allocation of up to \$9.2 million from UNOPS operational reserves for expenses associated with these recovery efforts, through 31 December 2027, and requested UNOPS, in cooperation with the Office of Legal Affairs, to provide an update at each annual session until the recovery process was closed, on the progress of funds recovery efforts, including the amount of funds recovered and the amount of funds cumulatively expended.

UNOPS calculates excess reserves by comprehensively analysing its financial position, including factors such as funding model, cash flow patterns, short-term liabilities and operational contingencies.

UNOPS calculates liquid excess reserves by applying a series of deductions from its net assets, which are calculated as total assets minus total liabilities and reflected in the corporate financial statements. These deductions include:

- (a) Non-liquid items (internally financed UNOPS property, plant and equipment, intangibles, non-project related inventory and actuarial gains/losses) and the fair value and amortized cost of investments, which are excluded from the calculation;
- (b) Corporate commitments, representing obligations for future expenditure, which are deducted to reflect the portion of net assets allocated to these commitments;
- (c) The minimum operational reserve, which is deducted to ensure that UNOPS maintains sufficient resources to guarantee its financial viability and integrity as a going concern.

The remaining balance is then compared to the minimum operational reserve. A refund is triggered if the remaining balance is greater than 20 per cent of the minimum operational reserve.

This approach ensures that UNOPS maintains sufficient operational reserves. It enables the organization to proactively manage its overall liquidity, enhancing its financial stability and mitigating risks while safeguarding its project-based operations and ensuring that it can continue to deliver on its mandate.

