



**Executive Board of the
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Programme, the United Nations
Population Fund and the United
Nations Office for Project Services**

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**United Nations Office for Project Services budget estimates for
the biennium 2024-2025**

**Report of the Advisory Committee on Administrative and Budgetary
Questions**

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the budget estimates for the biennium 2024-2025 for the United Nations Office for Project Services (DP/OPS/2023/7). During its consideration of the report, the Advisory Committee met online with representatives of the Executive Director of UNOPS, who provided additional information and clarification, concluding with written responses received on 20 June 2023.

2. The report indicates that UNOPS has aligned its budget for the 2024-2025 biennium with the harmonized presentation adopted by UNDP, UNFPA, the United Nations Children's Fund and UN-Women, based on decision 2020/12 in which the Executive Board approved harmonized approaches for cost classification, results-based budgeting and budget presentation. The budget estimates for the 2024-2025 biennium are rooted in the restated UNOPS strategic plan, 2022-2025. The budget supports the strategic ambitions expressed in its three contribution goals with four management goals, which frame its management ambitions across the four perspectives of its balanced scorecard: people culture; partner trust; process excellence; and financial stewardship.

3. Upon enquiry as to changes in the restated strategic plan, the Advisory Committee was informed of four changes. First, the restated plan is a clear break with the Sustainable Investments in Infrastructure and Innovation ('S3i') initiative, and states unambiguously that UNOPS will not: (a) make impact investments in projects using seed capital from its reserves; (b) undertake development projects that do not support the Sustainable Development Goals; or (c) enable greenhouse gas emissions activities if there are workable alternatives. Second, it reconfirms the ability and readiness to expand implementation capacity for all the Goals, while also highlighting that UNOPS has significant experience in and expects future demand for Goals 3 and 16, as well as increased demand for contributions to Goals 7 and 13. Third, it sets a results framework with ambitions for impact and goals for contributions, in addition to management goals and results. Finally, it includes a strong emphasis on working with and through the United

Nations system. **The Advisory Committee notes the changes in the restated strategic plan and trusts that information on the implementation of the changes will be provided in the next report.**

II. Budget estimates for 2024-2025

4. The UNOPS budget estimates for 2024-2025, of \$325 million, amount to \$65.2 million in real growth of management resources compared to the actuals and projection for the previous biennium. As a full cost recovery organization, the viability of UNOPS requires that its revenue match its use of resources. The \$325 million biennial revenue estimate serves as a frame for the UNOPS management budget, 2024-2025. The revenue estimate is based on an underlying estimate for project expenses of \$5.9 billion (DP/OPS/2023/7, paragraph 101). Upon enquiry, the Advisory Committee was provided with a breakdown of the budget estimates (see annex I).

5. The Advisory Committee notes from table 4 of the report that budget estimates for the 2024-2025 biennium amount to \$325 million, as compared to the 2022 actual expenses and 2023 projected expenses of \$259.8 million. Actual expenses for 2020-2021 amounted to \$126.1 million; for the 2018-2019 biennium, \$115.1 million; and for the 2016-2017 biennium, \$134.9 million. **The Advisory Committee notes the significant increase in the budget estimates and the trend of actual expenses, and considers that there may be merit in a more gradual increase (see also paragraphs 25 and 31, below).**

6. The budget estimates report states that, based on the audited financial statement for 2022 and the approved 2023 budget, projections for the 2022-2023 biennium show that UNOPS will likely exceed its revenue targets. Revenue is expected to reach \$249.2 million, which is 24.3 per cent above the target of \$200.5 million. UNOPS has considerably increased its management expenses, with the projection for the current biennium at an all-time high of \$302.9 million – and UNOPS anticipates ending the 2022-2023 biennium with a deficit of \$53.7 million. UNOPS expects that by the end of the 2022-2023 biennium, its net assets will fall substantially, to \$193.2 million (a decrease of 46 per cent) from the \$360.4 million as at 31 December 2021 (DP/OPS/2023/7, paragraphs 38 and 39).

7. Responding to Executive Board decisions and a Board of Auditors recommendation, UNOPS seeks to increase its management resources to ensure that the organizational investments and other expenses required to keep UNOPS fit for purpose are funded, and the changes in workforce composition made, reflecting the estimated cost of implementing the decisions and recommendations while aligning the funding of budgetary items with cost classification guidance (DP/OPS/2023/7, paragraph 102). Upon enquiry, the Advisory Committee was provided with the tables below, showing the breakdown of the \$65.2 million proposed increase in management resources for 2024-2025.

Table 1
Breakdown of the \$65.2 million proposed increase in management resources for 2024-2025 (\$ millions)

	Expense category	2020-2021 actual	2022 actual* and 2023 projections	2022-2023 projections vs 2020-2021 actual	2024-2025 budget estimates	2024-2025 estimates vs 2022-2023 projections	Inflation in 2024-2025	Remaining increase
Management expenses	Posts	26.0	42.2	16.3	64.1	21.9	3.8	18.1
	Common staff costs	19.8	32.5	12.7	46.4	13.9	2.7	11.1
	Travel	1.6	9.8	8.2	11.2	1.4	0.6	0.8
	Consultants	65.1	147.8	82.7	160.2	12.4	7.5	4.9
	Operating expenses	7.9	17.6	9.8	20.3	2.7	1.3	1.4
	Furniture and equipment	3.2	3.8	0.6	10.9	7.1	0.3	6.8
	Reimbursements	2.6	6.0	3.4	11.9	5.9	0.7	5.2
	Total mgmt. expenses	126.1	259.8	133.7	325.0	65.2	16.9	48.3

8. With respect to the \$5.9 billion estimate for project expenses, the Committee was informed upon enquiry that those estimates are subject to UNOPS receiving sufficient requests for its services. Since UNOPS does not receive contributions or have a programmatic mandate, those expenses are subject to individual project agreements. As of May 2023, out of the projected project expenses of \$5.9 billion, UNOPS had signed around \$2 billion with expected implementation in 2024-2025. A significant part of the projection is thus based on the assessment of UNOPS regarding the volume of its services that will be needed in 2024-2025 and can be signed with UNOPS partners from the United Nations – but also from governments, the Economic Commission for Europe, international financial institutions and others. To form the estimate for 2024-2025 project expenses, UNOPS conducted a consultative process through which all regions reviewed their portfolio of engagements and provided their best estimates for the biennium, considering already signed projects, projects in the pipeline, any past trends, and inflation.

9. Paragraph 106 of the report indicates that, in the 2024-2025 biennium, UNOPS will set aside \$20 million for strategic internal investments, integrated into management resources and managed through the Internal Investment Committee. Upon enquiry, the Committee was informed that the \$20 million strategic internal investment is planned in line with the 2022-2023 biennium and is integrated in the 2024-2025 resource plan, the funds being recovered from management fees. UNOPS follows an internal investment strategy – approved by the Executive Director – that sets the parameters for the internal investments. The internal investment budgets are allocated towards activities that are time-limited in nature and therefore outside the regular annual budgets of the business units. The internal investment strategy is reviewed regularly to ensure that it continues to support the UNOPS strategic plan, and most of the funds are allocated to the regional offices, which are independent in the management of regional investment fund allocations. Headquarters and cross-cutting initiatives fall under the review of the internal investment committee, headed by the chief financial officer. The level of funding for internal

investments remains stable in 2024-2025 budget estimates compared to 2022-2023. Examples of 2022 funding include: activities for greening offices in Afghanistan and Bangladesh; development of UNOPS safeguards; review of UNOPS crisis management and resilience; accelerating the UNOPS contribution to Sustainable Development Goals; Ukraine crisis response; the partner portal; and improved partner data. The Committee was informed that UNOPS will not engage in impact investing and will not invest in any special-purpose vehicles. **The Advisory Committee trusts that more details on strategic internal investments will be provided to the Executive Board during its consideration of the present report, and that an update will be included in the next report.**

10. The report states that the budget includes \$25 million for the Digital Transformation Programme, which was started in 2022 as part of the comprehensive response plan and is expected to span multiple years (DP/OPS/2023/7, paragraph 108). Upon enquiry, the Committee was informed that the programme is designed to be a large-business transformation programme that will change processes and procedures and is more than a new enterprise resource planning system. The Digital Transformation Programme is still in the planning stage and is starting key maturity assessments, process design workshops, and systems selection analysis. The estimates that UNOPS presented for the programme were based on a 2022 assessment of \$54.1 million to \$86.6 million, with a recommended time frame of 3 to 5 years, 5 years being recommended given the complexity of the organization. The median between the two numbers is \$70.3 million, which equates to \$14 million per year for 5 years, calculated on a linear basis. The budget estimates provided in the biennium budget have been adjusted to \$25 million for the biennium, based on a few assumptions and the fact that some parts of the systems licences were paid in 2022. The key assumption for cash flow is that implementation activities will be performed at roughly the same pace in all five years. **The Advisory Committee trusts that more detailed information on the benefits of the Digital Transformation programme will be provided to the Executive Board during its consideration of the present report, and included in the next report.**

11. Regarding national capacity-building, the Committee was informed, upon enquiry, of an initiative called the National Infrastructure and Procurement Context and Opportunity Assessments, whereby UNOPS draws on its expertise to help identify key challenges so as to better support governments in achieving their national development objectives – including the broader Sustainable Development Goal and nationally determined contribution targets – and to ensure that social and economic priorities flow from support to nationally determined contributions. The initiative is being piloted across eight countries (Ecuador, Georgia, Guyana, Madagascar, Pakistan, the Philippines, Serbia and South Sudan), with ambitions to scale it across all countries where UNOPS has a presence.

Cost recovery

12. Paragraph 36 of the report indicates that, as requested by the Board based on recommendation of the Advisory Committee on Administrative and Budgetary Questions, UNOPS has changed its approach to indirect cost recovery for the 2024-2025 biennium through two key adjustments. First, to prevent a further accumulation of unnecessary reserves, UNOPS no longer includes a risk increment when the operational reserve meets its minimum requirement. Second, UNOPS has moved from establishing its cost-recovery needs based on the past to a forward-looking approach. It will fulfil its biennial ambitions in terms of estimated project expenditure and additional revenue needs to establish appropriate management fee-setting parameters (proposed for the first time in the report).

13. Upon enquiry, the Advisory Committee was informed that direct and indirect costs are defined in regulation 1.02 of the 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 direct benefit for a particular project or client(s), and can be clearly documented. Direct costs are not covered by the management fee. Indirect costs are costs incurred by the management and

administration of the organization in furtherance of UNOPS activities and policies. Such costs are charged to projects through a management fee specified in the project agreement. The Committee was also informed that, in line with the article 14 of the Financial Regulations and Rules, the budget estimates are prepared for indirect cost and the revenue that funds indirect cost (predominantly a management fee that is usually a percentage of direct cost). The budget estimates are not prepared for direct cost, but in order to estimate the indirect cost, management prepares an underlying estimate of direct cost and average indirect cost recovery rate, which in the budget estimates for 2024-2025 is adjusted to fund the indirect cost required to keep UNOPS fit for purpose and fund needed organizational investments (in line with decision 2023/4). A review of the Financial Regulations and Rules is scheduled to commence in 2023 as part of the implementation of the comprehensive response plan. **The Advisory Committee notes that regulation 2.02 stipulates that amendments and exceptions to the Financial Regulations may be made only by the Executive Board, after review by the ACABQ. The Committee looks forward to reviewing the Financial Regulations and Rules in due course.**

14. The report indicates that the Board has instructed UNOPS to establish a regular process making the excess operational reserve (over the minimum approved level) available to paying entities. In alignment with other United Nations organizations overseen by the Board, UNOPS suggests that it report back to the Board at the end of a strategic plan period on any excess in its operational reserve over the approved threshold. For utilization of any excess, UNOPS would request the Board to provide a decision (DP/OPS/2023/7, paragraph 37).

Operational reserves

15. The Advisory Committee recalls that, under the provisions of regulation 22.02 of the UNOPS Financial Regulations and Rules, the following reserves may be established within the UNOPS accounts: (a) An operational reserve at a level set by the Executive Board. The purpose of the operational reserve is to guarantee the financial viability and integrity of UNOPS as a going concern; (b) A growth and innovation reserve to invest in the future revenue generating ability of UNOPS. Transfers to this reserve will be limited to 50 per cent of the excess operational reserves, over and above the level set by the Executive Board. The specific approval of the Executive Board shall be required if the amount to be transferred exceeds 50 per cent of the excess operational reserves; (c) The decision to draw from these reserves shall rest solely with the Executive Director who shall report all drawdowns to the Executive Board.

16. The Committee was informed, upon enquiry, that the use of the excess reserve is subject to a decision by the Board, and in 2023 the Board decided to refund the excess reserve as at 2021 to paying entities. The budget estimates document was prepared on the basis of that decision. The refund amount was calculated based on audited financial statements for 2021 and by applying Board decisions on UNOPS reserves. The attribution key by paying entity was defined by calculating their share of the \$435 million in management fees collected during the period 2018-2021.

17. With respect to delays in the refund process, the Committee was informed, upon enquiry, that the excess reserve was accumulated over a longer time period – over 15 years – and that it comes from management fees collected as well as from net finance income, so individual partner amounts do not relate to ongoing projects. The refund is thus an unprecedented process as it does not pertain to any specific budget line with a paying entity. Partners have indicated that they need more time to work out exceptional procedures under their own financial regulations and rules. Challenges mentioned were that it is difficult for many partners to process, since data between UNOPS and the partners needs to be fully reconciled, increasing the administrative burden on both sides. This results in additional challenges to partner relations, while partners have indicated a wish to avoid additional administrative burden and are looking for partners who can facilitate smooth implementation. It is worth noting that funds returned to government partners cannot always be channelled back into the development system, but often have to go back into regular

finances. Therefore, the main causes of delay are the exceptional nature of the process, the absence of clear guidelines, and the need for detailed reconciliations of a large number of projects (over 1000 in total) with some of the partners. **The Advisory Committee recommends that UNOPS strengthen its efforts to accelerate the refund process, while taking into account individual donors’ specific needs (see also paragraph 21 below). The Committee also trusts that lessons learned will be consolidated and shared with partners and an update will be provided in the next report.**

18. The Committee was provided with the table below on the calculation of the refund amount of \$123.8 million, as well as a table showing the list of paying entities, share of excess reserve attributed and status of refund process as of 25 May 2023 (see annex II). The Committee notes that the United Nations Secretariat share of the excess reserve amounts to \$20,041,561. **The Advisory Committee trusts that the refund to the United Nations Secretariat will be processed as soon as possible, and an update be provided as appropriate.**

Table 2
Calculation of excess reserves to be distributed to paying entities

Funds to be distributed to paying entities (\$ millions)	
UNOPS total reserves including the accumulated surplus as at 31 December 2021 ¹	361.0
<i>Minimum operational reserve²</i>	-
<i>Funds remaining in the S3i reserve³</i>	-138.8
<i>Allocation for comprehensive response plan⁴</i>	-63.0
Total funds to be distributed to paying entities	-35.4
<p>¹ See UNOPS Financial report and audited financial statements for the year ended 31 December 2021 and Report of the Board of Auditors, (A/77/5/Add.11), pages 13 and 81 (Operational reserve, Growth and innovation reserve and Accumulated surplus).</p> <p>² See UNOPS Financial report and audited financial statements for the year ended 31 December 2021 and Report of the Board of Auditors, (A/77/5/Add.11), page 126, note 19.</p> <p>³ See decision 2022/13, paragraph 8 (c), requesting UNOPS to (...) “transfer into the operational reserve any balance not committed to projects from the growth and innovation reserve, accumulated surpluses, and the S3i reserve (...)”. The value of the reserve was set at \$63 million in UNOPS; see Financial report and audited statements for the year ended 31 December 2021 and Report of the Board of Auditors, A/77/5/Add.11, page 18, para 22: “In 2019, a growth and innovation reserve was established by UNOPS. The reserve provided funding to, inter alia, activities under the S3i initiative. The value of the reserve was set at 50 per cent of the excess operational reserves. At the end of 2021, \$63 million had been allocated by UNOPS to S3i initiative projects.”</p> <p>⁴ See decision 2023/4, paragraph 17.</p>	

19. Upon enquiry, the Advisory Committee was informed that the growth and innovation reserve was established formally by the Executive Director in 2019 under regulation 22.02 (b) of the Financial Regulations and Rules, which limited transfers to the reserve to 50 per cent of the excess operational reserves over and above the level set by the Executive Board. In the 2018-2019 and 2020-2021 biennia, the S3i investments were funded from the growth and innovation reserve, but these were moved to the S3i reserve in 2022, together with an uncommitted balance. There had been no use of the growth and innovation reserve other than the S3i investments; the full balance of the growth and innovation reserve was therefore moved to the operational reserve in 2022, and UNOPS no longer maintains a growth and innovation reserve in its books. Regulation 22.02(b) falls within the scope of the review of the Financial Regulations and Rules

scheduled to commence in 2023 as part of the implementation of the comprehensive response plan.

20. The report states that the minimum operational reserve level is calculated based on the formula approved by the Board. At the end of 2021, the requirement reached \$138.8 million; it is projected to reach \$160.5 million by the end of the 2022-2023 biennium. For the 2024-2025 biennium, the operational reserve requirement is estimated at \$186.9 million. To meet minimum operational reserve requirements, UNOPS is requesting that the Board release funds from the former S3i reserve. UNOPS will continue its efforts to seek full recovery of S3i funds through the Office of Legal Affairs (DP/OPS/2023/7, paragraph 40). Upon enquiry, the Advisory Committee was informed that, of the \$58.8 million disbursed under the seven loan facility agreements, approximately \$6.3 million in interest and principal were repaid to UNOPS in 2019 and 2021, before the recovery process started. Interest payments account for \$5.5 million of the total payments of \$6.3 million. The Committee was informed that UNOPS is responsible for covering the costs of Office of Legal Affairs recovery activities, which are estimated at \$8 million. **The Advisory Committee notes the expense and effort undertaken to recover the S3i funds and emphasizes the importance of full recovery of the funds. The Committee trusts that a detailed update, including on legal fees, will be provided in the next report.**

21. Paragraph 42 of the report indicates that at the end of the 2022-2023 biennium UNOPS is projected to have in excess of \$40.8 million in its operational reserve. To avoid overcharging partners, the Board has requested UNOPS not to recover more revenue than it will have unfunded indirect cost. UNOPS has committed not to further build up reserves; thus the \$40.8 million over the minimum operational reserve level could be considered in setting future revenue needs based on applicable Board decisions. The Committee was informed, upon enquiry, that the Board decisions imply that the minimum level of the operational reserve is also the maximum level. **The Advisory Committee notes that the Board has requested UNOPS not to recover more revenue than it will have unfunded indirect cost in order to avoid overcharging partners, and further notes UNOPS' commitment not to further build up reserves. The Committee emphasizes the importance of full cost recovery. In order to prevent the accumulation of excess reserves, the Advisory Committee is of the view that there would be merit in establishing a mechanism to monitor the financial situation, the level of reserves, as well as the return of excess reserves for annual reporting to the Executive Board (see also paragraph 17 above).**

22. Annex II of the report provides a comparison of two scenarios: Scenario 1, without considering the \$40.8 million over the minimum operational reserve level, and scenario 2, considering the \$40.8 million, in estimating the UNOPS recovery need. UNOPS estimates total project expenses of \$5.889 million during the 2024-2025 biennium. Considering the revenue need of \$325 million, UNOPS will need an overall average recovery rate of 5.5 per cent, representing an increase from the 4 per cent rate projected for the 2022-2023 biennium. Should the Board decision on the management of the operational reserve excess include carrying forward funds within a strategic plan cycle, the average management fee rate would fall to 4.8 per cent.

23. Upon enquiry, the Advisory Committee was informed that scenario 1 suggests that UNOPS recover the whole \$325m from the management fee it will charge for the delivery of services during the budget period. Scenario 2 suggests that UNOPS use any excess operational reserve to reduce the need for management fees charged during the budget period. Scenario 1 indicates a higher average management fee be charged compared to scenario 2, as the excess reserve anticipated after closing the S3i reserve and any carry-over reduces the revenue on budget basis to be collected through management fees from \$325 million to \$284 million, with the excess reserve at the end of 2023 projected to reach \$40.8 million. The overall impact of that scenario is that UNOPS would plan to use the excess reserves projected for the end of the current

biennium to reduce the inflow of resources from management fee. The budget estimates document is based on scenario I (see annex III).

24. The Committee also was informed, upon enquiry, that UNOPS is refunding \$124 million – the complete excess reserve as of 31 December 2021 – to paying entities. At the same time, UNOPS has to increase its cost basis significantly due to decisions taken by the Board and to lessons learned from the S3i crisis, both because of the increase in its management budget and because the basis for the recovery of management fee – its project expenses – are estimated to decline for the forthcoming period. Another element to consider is the option to carry forward any excess reserves from prior periods as in scenario 2, where UNOPS can use potential excess reserves available to reduce management fees going forward.

25. On the increase in management fees, the Committee was informed, upon enquiry, that UNOPS funds its indirect cost from the revenue it generates, the major component of which stems from its management fees. Throughout the S3i crisis, UNOPS briefed its major partners – from the United Nations system, government entities and multilateral organizations – through its client boards. Furthermore, UNOPS invited United Nations Comptrollers to Copenhagen and elaborated the UNOPS management fee-setting approach in detail. UNOPS has made publicly available the Klynveld Peat Marwick Goerdeler (KPMG) reports documenting the need for an increase in cost. The feedback from the partner community can be condensed into two comments: (a) UNOPS should recover the cost it needs, but must not build up excess reserves. This was particularly important for United Nations partners and the services provided to them; and (b) UNOPS needs to be able to deliver effectively while maintaining sufficient control and oversight to prevent fraud and misuse of funds. If that leads to an increase in cost, it would be acceptable to the majority of partners. UNOPS is aware that any increase would have an impact on some partners. UNOPS estimates that for such quality services an average fee range of 5.5 per cent would be feasible. At the same time, being aware of the steep increase from 4 per cent to 5.5 per cent, UNOPS proposes, in scenario 2, a procedure that would keep the average fee at a lower rate of 4.8 per cent. In the view of UNOPS, this would strike a balance whereby the aspiration to quality is accompanied by smaller fee increases. **While the Advisory Committee notes the justifications provided for an increase in management fees, it is not fully convinced that the proposed level of increase is warranted at this stage, and considers that a gradual approach would be more appropriate. The Committee therefore recommends that more detailed explanations be provided to the Executive Board as to the feasibility of a conservative approach with a lower rate than 5.5 per cent (see also paragraphs 5, 21 and 31).**

26. The report indicates that, as of the 2024-2025 biennium, the UNOPS budget estimates will no longer allocate resources as a contingency to mitigate potential financial risks that may have to be absorbed by its own resources. In line with financial regulation 22.02, those will be covered by the operational reserve. If, during the strategic plan period, UNOPS is not able to meet the minimum requirement for the operational reserve, it will reintroduce the risk increment to its cost recovery rates (DP/OPS/2023/7, paragraphs 115 and 118).

III. Staff and personnel

Proposed conversions from individual contractor positions to staff posts

27. The report indicates that 2024-2025 staff posts include new posts entailing inherently United Nations activities previously performed by individual contractor agreement holders. Approximately 120 individual contractor positions are expected to be converted to staff posts, ensuring that staff members remain the core human resources of UNOPS. Individual contractors continue to form the majority of the UNOPS management budget-funded workforce, with an estimated 500 positions in the 2024-2025 biennium (DP/OPS/2023/7, paragraphs 111 and 114).

28. Upon enquiry, the Advisory Committee was informed that the budget estimates, 2024-2025, use approximately 120 positions, although the precise number of conversions considered is 118, as set out in the tables below. The Committee was provided with a list of the proposed conversions (see annex IV). Regarding the number of headquarters staff posts as compared to field operations posts, the Committee was informed that the total number of indirect cost-funded positions at headquarters is lower than in the field operations (142 versus 153). Moreover, when looking at staff posts funded by both indirect and direct cost, the overall number of staff positions in the regions represents 87 per cent of the total. **The Advisory Committee notes that only 54 posts are planned for the regions while 64 are dedicated to the Headquarters and considers that when proposed, more resources should be, in line with the purpose and vision of UNOPS, deployed to the field-based locations (see paragraph 34 below).**

Table 3
Proposed conversions from individual contractor positions to staff posts, by level

Position	Conversion
USG/ASG	-
D-2	-
D-1	1
Other international professionals	101
All others	16
Total	118

Table 4
Proposed conversions from individual contractor positions to staff posts, by period and location

Conversions by period		Conversions by location	
2023	73	Regions	54
2024-2025	45	Headquarters	64
Total	118	Total	118

29. The Committee was informed, upon enquiry, that UNOPS has expanded the scope of the definition of an “inherently United Nations function” in determining the conversion of position from individual contractors to United Nations staff contract holders. The policy stipulates that for an activity to qualify as inherent United Nations function, it must entail: (a) High-level authority/ discretion in critical decision-making; (b) Significant fiduciary responsibility, or to act as internal control custodian of the organization; (c) The establishment of procedures/processes related to the oversight of monetary transactions or entitlements; or (d)

Managing or advising on the security of personnel at field locations where security risks are high.

30. The Committee was informed of the financial impact of the conversion. For the year of the expected conversion, part of the year is budgeted under the old contractual modality and part under the new, based on local knowledge and typically considering conversion implemented from mid-year of the conversion. The full budget under the new modality is considered from the year after the conversion. In both cases, the budget amount is reduced with an estimated vacancy rate of 15 per cent. It is expected that the conversions will increase overall UNOPS costs in two ways: on the one hand, through the increase in indirect cost, and on other, through the increase in direct cost, where applicable. The increase in indirect cost is included in the increases documented in the budget estimates, 2024-2025, with details of the management fee changes described in annex II of that report.

31. The new fees will be applied only to new client projects, and thus do not impact the present project portfolio. Any fees applicable to direct costs will be absorbed by client projects that have contractors who have been converted to staff supporting those projects. UNOPS will charge the additional cost to the projects as it does with all changes to expected cost. In cases where budget lines are insufficient to cover for the cost, UNOPS teams will discuss with partners whether funding for the activities can be increased or the scope reduced. This will make the provision of services for UNOPS more expensive overall, but will also increase quality and compliance. **The Advisory Committee is not fully convinced of the necessity of all the proposed conversions, and taking into consideration the need for a conservative approach in the proposed management fees, recommends to the Executive Board a phased approach to the conversions, including national posts and the establishment of a regular review and monitoring mechanism that would allow for adjustment according to needs and sustainability of resources. In this context, the Committee trusts that a higher vacancy rate will be taken into consideration.**

32. Upon enquiry, the Committee was provided with the table below, showing all the positions proposed for upgrading and their financial impact.

Table 5
Proposed upgrades and financial impact

Organizational unit description	New position grade	Previous position grade	Position title	Year	Financial impact (in \$)
DP, NYBER, New York Board and External Relations Office	P-5	P-4	Senior Partnerships Advisor	2023	100,000
LCR, NICO, Nicaragua	D-1	P-5	Director, country office	2023	50,000
DP, NYBER, New York Board and External Relations Office	D-1	P-5	Director of NYBER	2023	100,000
AFR, GHMCO, Ghana MCO	D-1	P-5	Director	2023	50,000
AR, SEAMCO, Thailand MCO	D-1	P-5	Director (multi-country office)	2023	50,000
				Total	350,000

National staff

33. Upon enquiry, the Advisory Committee was informed that the proposed conversions include 16 conversions from contractor position to national staff, as indicated below.

Table 6
List of proposed conversions from contractor position to national staff

Headquarters/ Regions	Organization unit description	Position title	Position grade	New annual budget	Previous position grade	Previous annual budget
Regions	ECR, RSMCO, Serbia MCO	Head of Support Services	NO-D	117,000	LI11	108,120
Regions	ECR, RSMCO, Serbia MCO	Head of Programme	NO-D	117,000	LI11	108,120
Headquarters	IN, IAIG, Intl Aud and Inv Group	Data Analytics Senior Assistant	GS-5	141,000	LI5	73,280
Headquarters	IN, IAIG, Intl Aud and Inv Group	Senior Administrative Assistant	GS-5	146,000	LI5	82,768
Headquarters	IN, IAIG, Intl Aud and Inv Group	Senior Investigations Assistant 1	GS-5	141,000	LI5	72,482
Headquarters	IN, IAIG, Intl Aud and Inv Group	Senior Investigations Assistant 2	GS-5	146,000	LI5	75,937
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839
Headquarters	Unassigned	LICA-6 to GS-6 conversion	GS-6	102,888	LI6	92,839

34. Upon enquiry, the Advisory Committee was informed that the 10 unassigned conversions above are referred to as ‘unassigned’ since they relate to internal review for which the outcome has not yet been communicated internally at UNOPS. Regarding the difference in salary and benefits between national staff and the remaining national contractors, national staff are eligible for a pension through the United Nations Joint Staff Pension Fund and after-service health insurance, while local individual contractors have access to a provident fund defined contribution scheme and medical insurance only for the duration of their service with UNOPS. There are also differences in terms of annual leave and sick leave accumulation, where the maximum limits are higher for national staff compared to local individual contractors, although local individual contractors have access to fee protection in case of long terms illness (which is tied to tenure in a manner similar to national staff sick leave). Both contract types are tied to

the International Civil Service salary scales for salary/fee, and receive regular adjustments, but only local staff may receive language allowance. **The Advisory Committee is of the view that for the sake of efficiency and national capacity-building, UNOPS could continue assessing its staffing structure and consider further nationalization of field capacities.**

Geographical representation and gender parity

35. Upon enquiry, the Advisory Committee was informed that UNOPS recruitment and staffing decisions take gender and geographical diversity into consideration, guided by United Nations system-wide strategies and policies. UNOPS is committed to strengthening its culture, leadership, behaviours, policies and processes, as well as taking necessary actions to become a truly inclusive organization with a diverse workforce. The contract conversion process affects a small percentage of the overall UNOPS workforce and would not bring about any adverse changes in representation and parity. UNOPS envisages that, in the longer term, ensuring the appropriate mix of United Nations staff and individual contractors, as well as the improvements made to the UNOPS International Compliance Association modality, will provide the building blocks to facilitate movement of personnel to the places where they are most needed, improve perspectives between headquarters and field locations, and facilitate stronger outcomes in the Gender, Diversity and Inclusion Workforce Strategy. **The Advisory Committee trusts that UNOPS will increase its efforts to ensure geographical representation and gender parity in its personnel, and provide an update in the next report.**

IV. Other matters

Memorandum of understanding with the United Nations Secretariat

36. Upon enquiry as to the memorandum of understanding with the United Nations Secretariat, the Advisory Committee was informed that negotiations are at an advanced stage with a first draft concluded at the end of 2022. Agreement was reached on a number of new and updated clauses in the draft memorandum of understanding, and the Office of Legal Affairs is undertaking a legal review. Once the memorandum enters into effect, it is intended to be used by all Secretariat entities, increasing consistency and harmonization of arrangements. The proposed management fee-setting arrangement is to have a cascading fee structure based on the annual volume in terms of project budget. The new memorandum of understanding provides clarity on asset capitalization and clearly identifies which side (the Secretariat or UNOPS) will capitalize the asset. Other enhancements include clarity on roles and responsibilities; clear reporting requirements and timelines, including templates for reporting; and clarity on access to information. The existing memorandum expires, under the current amendment, on 31 May 2023. It is expected to be extended to ensure continuity of operations for a further few months while final details on the new one are agreed.

37. The Committee was further informed that the current memorandum of understanding between the United Nations Secretariat and UNOPS prescribes that services provided to Secretariat entities will be charged an 8 per cent management fee, with the exception of services provided in support of the United Nations Mine Action Service, which are charged a management fee of 5 per cent. UNOPS applies this policy consistently; thus the highest rate charged to a project under the memorandum of understanding is 8 per cent. The actual rates to the Secretariat are lower, given that after recovery of the fees UNOPS provides a rebate to the United Nations Secretariat on an annual basis. The new memorandum of understanding will be updated to the latest management fee-setting policy issued by UNOPS in 2022. This will ensure a cap on the fees. The current proposal is 7 per cent for all services. It will also offer further reductions in the form of lower fees for larger portfolios to reflect the economies of scale UNOPS achieves when managing a larger set of services for one partner. **The Advisory**

Committee looks forward to updated information on the new MOU between the United Nations Secretariat and UNOPS in the next report.

Procurement

38. Upon enquiry as to UNOPS procurement procedures, the Advisory Committee was informed that the overall benefit to any partner using UNOPS to implement projects is the proven ability of UNOPS to expand and enhance the implementation capacity of its partners, including the Secretariat. In this sense, procurement is one tool in the overall ‘project management toolkit’, viewed as being integrated within the delivery of a project rather than as an isolated activity. The Committee was also informed that UNOPS procurement rules are broadly similar to those of the Secretariat – and hence, all relevant United Nations-wide standards are incorporated into UNOPS processes. For example, the UNOPS procurement framework is governed by the four fundamental principles shared by all United Nations organizations: (a) Best value for money; (b) Fairness, integrity and transparency; (c) Effective competition; and (d) Best interests of UNOPS and its partners. UNOPS works with the rest of the United Nations system to increase harmonization of procedures and create further efficiencies and synergies. In delivering projects on behalf of the Secretariat, UNOPS operates in accordance with its Financial Regulations and Rules, which include procurement rules. Contractors are selected and managed in accordance with the UNOPS Procurement Manual and are not typically cleared or approved by the Secretariat.

39. The Committee was informed that engaging local communities and beneficiaries is good practice to ensure equitable access to project benefits. In 2022, 45 per cent of procurement spend was recorded with local suppliers (excluding procurement activities in Mexico). \$301 million worth of goods and services were procured from suppliers in least developed countries, \$21 million from small island developing States and \$120 million from landlocked developing countries. **The Advisory Committee encourages UNOPS to continue engaging local communities and beneficiaries and improving diversity in its procurement contracts, in particular, with emerging markets.**

Mitigation of risks with implementing partners

40. Upon enquiry as to the means to mitigate risks – financial, operational and reputational, including sexual exploitation and abuse and other forms of misconduct – in respect of implementing partners, the Committee was informed that implementing partners have to comply with all policies, standards and guidance established for project management in UNOPS. The UNOPS policies, requirements and guidance established for managing grant support, implementing partner selection and management govern those risk management aspects. A dedicated enterprise risk management module is available to all team members in the UNOPS project management system to record and manage risks, issues and lessons learned through a common online process, standard taxonomies and evaluation criteria, as well as classification through dedicated standard risk categories (such as availability of service providers, quality of implementing partners’ supplies and equipment; supplier contract and performance management; prepayments to third parties; fraudulent or unethical behaviour by UNOPS suppliers; and grant and other non-procurement fund disbursement).

41. New engagements with high risks associated with grants to implementing partners are reviewed and approved by the Engagement Acceptance Committee (the highest decision-making authority for new engagements) before signature. Capacity assessment of an implementing partner is required to be conducted for an implementing partner that manages more than \$50,000 in a grant awards from UNOPS, to determine whether the potential grantee has the capacity to effectively manage the grant and successfully implement the grant support activities. The assessment is not, in itself, definitive in determining whether a potential grantee will receive a grant. The areas of assessment include the following: (a) Governance and internal

control; (b) The ability to deliver according to UNOPS standards and quality expectations; (c) Financial stability; and (d) Commitment to integrity and ethics. The required assurance activities depend on the risk profile from which the capacity assessment is also defined. UNOPS is working on a mechanism by which it would use the United Nations Partner Portal and also share the results of capacity assessment with other organizations. The monitoring and reporting framework established for the implementing partners enables monitoring of the implementation of the activities. UNOPS has also recently introduced a new policy on due diligence.

42. The Advisory Committee trusts that UNOPS will continue its efforts to mitigate any potential risks related to implementing partners.

V. Conclusion

43. The elements of decisions for the Board requested by UNOPS are set out in the summary of the budget estimates report. **Taking into account its observations and recommendations above, the Advisory Committee recommends that the Executive Board:**

- (a) take note of the UNOPS budget estimates, 2024-2025 and its annexes, and approve the net-zero revenue target for the biennium;**
- (b) endorse the approach for setting indirect cost recovery rates based on required revenue needs;**
- (c) endorse the two-year aspiration of UNOPS with respect to its management results and the targeting of resources to support its contribution and management goals;**
- (d) take note of the estimated composition of net assets following decisions 2022/13, 2021/21 and 2023/4, including the release of committed Sustainable Investments in Infrastructure and Innovation ('S3i') funds to the operational reserve; and**
- (e) decide that any excess operational reserves at the end of the strategic plan period are credited to partners.**

Annex I
Breakdown of the budget estimates for 2024-2025

Harmonized functional cluster	Driver for contribution and management goals	Management resources (in \$ millions)				
		2020-2021	2020-2021	2022-2023	2022 (actuals) and 2023 (projection)	2024-2025
		Budget estimates	Actual	Budget estimates		Budget estimates
Leadership and corporate direction						
<i>Contribution goal 1. Enable partners through cost-effective project services</i>	(a) Respond to partner focus (b) Focus on partner needs and global goals (c) Enable sustainable supply	18.0	19.5	41	67.7	57.2
Corporate external relations and partnerships, communications and resource mobilization						
<i>Management goal 2. Partner trust: build trust and create value with partners</i>	(a) Preserve partner trust (b) Collaborate for value (c) Demonstrate transparency for purpose	40.0	36.7	45.8	55.2	68.0
Country office oversight, management and operations support						
<i>Contribution goal 2. Help people in need through sustainable implementation</i> <i>Contribution goal 3. Support countries in accelerating achievement of the Goals</i>	(a) Respond through sustainable implementation approaches (b) Focus on gender mainstreaming and inclusion (c) Enable climate mitigation and adaptation (a) Respond through technical analysis (b) Focus on country priorities (c) Enable national capacity	30.4	25.7	30.6	56.6	73.5

Corporate human resources management and Staff and premises security*						
<i>Management goal 1. People culture: Inclusive, fair, and positive workplace culture where people can contribute, grow and develop</i>	(a) Embrace a culture of United Nations values	11.0	9.3	11.1	12.7	15.5
	(b) Attract, recognize and develop talent (c) Reinforce accountability for leadership and a conducive culture	1.0	0.9	1.1	2.0	3.7
Corporate financial, information and communications technology and administrative management						
<i>Management goal 3. Process excellence: enable cost-effective operations through digital processes</i>	(a) Manage processes and energy efficiency (b) Respond to oversight recommendations (c) Innovate operations platform and services	27.6	19.5	34	33.9	61.4
Corporate oversight and assurance						
<i>Management goal 4. Financial stewardship: balance risks and opportunities through adequate resourcing</i>	(a) Adequately resource organizational capacity (b) Ensure transparent and fair financial management for partners (c) Enable accurate financial planning	10.5	14.6	17.7	31.7	45.7
Total		138.5	126.1	181.3	259.8	325.0

Annex II

List of paying entities, share of excess reserve attributed and status of refund process as of 25 May 2023

Paying entity	Share of excess reserve	Status as of 25/5/2023
United Nations Secretariat	20,041,561	
World Bank Group	9,881,693	
Mexico government partners	9,290,304	
Global Fund to Fight Aids, Tuberculosis and Malaria	7,312,761	
European Union	6,808,270	
United States of America government partners	5,629,445	
United Nations Development Programme	5,003,637	Refund to donor
Guatemala government partners	4,468,029	
Office of the United Nations High Commissioner for Refugees	4,222,507	
United Kingdom government partners	4,178,060	
Argentina government partners	3,970,276	
Japan government partners	3,481,969	
Qatar government partners	2,886,417	Refund to donor
Qatar Fund for Development	57,543	Refund to donor
Peru government partners	1,933,763	To fund an upcoming project
Canada government partners	1,821,915	
Germany government partners	1,731,386	
Honduras government partners	1,633,441	
Norway government partners	1,436,857	Deposit to United Nations resident Coordinator Special Purpose Trust Fund
Water Supply and Sanitation Collaborative Council	1,391,382	
Livelihoods and Food Security Fund	1,381,249	
World Health Organization	1,296,508	Refund to donor
Three Millennium Development Goal Fund/Myanmar Access for Health	1,143,495	
Ethiopia government partners	1,037,749	

Swedish International Development Agency	881,692	Refund to donor
Sweden government partners/Single Euro Payments Area	114,718	
Paraguay government partners	827,844	To fund an upcoming project
South Korea government partners	815,680	
Panama government partners	759,828	
United Nations Children's Fund	755,424	Refund to donor
El Salvador government partners	711,265	
Costa Rica government partners	639,862	
Central American Bank for Economic Integration	637,124	
Scaling Up Nutrition Movement	621,693	
Islamic Development Bank	567,027	Refund to donor
Italy government partners	517,921	
Global Green Growth Institute	509,735	Refund to donor
Myanmar government partners	468,784	
Ukraine government partners	467,715	
Switzerland government partners	451,096	
Joint Peace Fund	444,940	
Green Climate Fund	399,707	
Cities Alliance	392,021	
Stop TB Partnership	386,547	
Netherlands government partners	376,859	
United Nations Population Fund	359,117	Refund to donor
Enhanced Integrated Framework	334,513	
International Fund for Agricultural Development	326,031	Refund to donor
Organization for the Prohibition of Chemical Weapons	307,106	Refund to donor
Australia government partners	303,389	
Resolute Support HQ – North Atlantic Treaty Alliance	293,332	
Somalia Joint Police Programme	292,604	

Brazil government partners	291,171	
Colombia government partners	277,322	
Bill and Melinda Gates Foundation	273,468	
Sustainable Energy for All	269,837	
Bangladesh government partners	260,774	
Private Sector	260,659	
Asian Development Bank	254,174	
African Development Bank	248,690	
International Monetary Fund	237,832	
Food and Agriculture Organization of the United Nations	234,734	Refund to donor
China government partners	224,136	
United Nations-Water Inter-agency Trust Fund	207,251	
France government partners	192,831	
Inter-American Development Bank	189,303	
India government partners	187,453	
Roll Back Malaria	181,907	
Uruguay government partners	172,113	
Global Alliance for Vaccination and Immunization	159,084	Refund to donor
Afghanistan government partners	139,410	
Initiative for Climate Action Transparency	138,084	
United Nations Entity for Gender Equality and the Empowerment of Women	134,533	Refund to donor
International Trade Centre	100,303	Refund to donor
Denmark government partners	99,279	Refund to donor
Saudi Arabia government partners	26,766	Refund to donor
Saudi development fund	64,600	
Mozambique government partners	89,382	
International Organization for Migration	89,102	
United Nations World Food Programme	84,284	

Ecuador government partners	82,099	
Congregation of the Sisters of Saint Anne	81,490	
Pakistan government partners	77,586	
Yemen Famine Relief Fund	70,317	
Thailand government partners	68,921	
United Republic of Tanzania government partners	67,386	
Iraq government partners	63,439	
Comic Relief	63,433	
Interpeace	62,629	
International Aid Transparency Initiative	62,231	
United Nations Institute for Disarmament Research	60,879	Refund to donor
Saint Lucia government partners	60,352	
Cambodia government partners	60,052	
Uzbekistan government partners	58,778	
Gambia government partners	58,515	
Médecins Sans Frontières Logistics	55,278	
Serbia government partners	53,433	
Nicaragua government partners	53,182	
Organization of the Petroleum Exporting Countries	51,835	
United Nations Educational, Scientific and Cultural Organization	51,825	Refund to donor
Ireland government partners	49,957	
Joint Support to Somaliland National Electoral Commission	45,689	
Tunisia government partners	45,142	
International Labour Organization	44,549	Refund to donor
The Defeat-NCD Partnership	41,416	Refund to donor
Uganda government partners	40,645	
Malawi government partners	40,581	
Zambia government partners	40,519	

Trinidad and Tobago government partners	40,061	
World Vision	39,917	
United Nations Relief and Works Agency for Palestine Refugees in the Near East	39,019	
TradeMark East Africa	38,895	
Rwanda government partners	36,426	
Tajikistan government partners	35,728	
Save the Children	34,937	
Libya government partners	32,406	
Nigeria government partners	28,986	
Sanitation and Hygiene Fund	27,608	
Web Buy Pay in Advance	26,957	
Finland government partners	25,921	Refund to donor
Sierra Leone government partners	25,412	
Antilles government partners	23,990	
Group of 77	23,182	
Belarus government partners	21,636	
Grenada government partners	20,283	
Luxembourg government partners	19,610	
Papua New Guinea government partners	19,197	
Burkina Faso government partners	18,608	
Zimbabwe government partners	18,267	
Cameroon government partners	16,407	
Centre for Mediterranean Integration	16,031	
Global Centre on Adaptation	15,955	
National Non-Governmental Organization	15,949	
Energy Transition Partnership	15,761	
Nepal government partners	14,777	
International Centre for Migration Policy Development	14,563	

Senegal government partners	14,174	
United Arab Emirates government partners	14,116	Refund to donor
Jamaica government partners	13,551	
Côte d'Ivoire government partners	12,836	
Universal Postal Union	12,819	Refund to donor
Sri Lanka government partners	12,339	
Initiative for the Palestinian Economy	12,092	
Russian Federation government partners	11,524	
New Zealand government partners	11,478	
United Nations Framework Convention on Climate Change	11,275	Refund to donor
Kosovo (under UNSCR 1244/99) government partners	11,249	
Aga Khan Foundation	10,108	Refund to donor
Philippines government partners	9,924	
Community Partners International	9,526	
Development Bank of Latin America	9,336	
Liberia government partners	9,192	
Namibia government partners	9,059	
Timor-Leste government partners	8,669	
Purpose Foundation	8,457	
Omidyar Network	8,050	
Kochon Foundation	7,445	
United Nations Industrial Development Organization	7,410	
World Tourism Organization	7,328	
MAVA Foundation	7,205	
Benin government partners	6,749	
Azerbaijan government partners	6,648	
Indonesia government partners	6,641	
Petunia Foundation	6,631	

National Geographic Society	6,452	
Sustainable Markets Foundation	6,440	
Menschen für Menschen	5,794	
The Climate Vulnerable Forum and Vulnerable Twenty Group of Ministers of Finance	5,276	
Marshall Islands government partners	5,172	
Mauritania government partners	4,869	
GHL Global Humanitarian Lab	4,540	
CRS Catholic Relief Services	4,304	
ClimateWorks Foundation	4,175	
Romanian Angel Appeal	3,599	
Fiji government partners	3,558	
Bhutan government partners	3,391	
Dominican Republic government partners	3,363	
Samoa government partners	3,225	
Equatorial Guinea government partners	3,157	
Angola government partners	3,138	
PATH	2,943	
Children's Investment Fund Foundation	2,846	
Seychelles government partners	2,757	
Ghana government partners	2,744	
Congo government partners	2,207	
World Intellectual Property Organization	2,097	Refund to donor
Asian Football Confederation	2,064	
Chad government partners	1,632	
Burundi government partners	1,602	
Elizabeth Glaser Pediatric AIDS Foundation	1,528	
International Rescue Committee	1,482	
Cape Verde government partners	1,430	

Egypt government partners	1,261	
Catholic Organisation for Relief and Development Aid	1,183	Refund to donor
Bulgaria government partners	1,131	
International Atomic Energy Agency	943	Refund to donor
North Macedonia government partners	779	
Democratic Republic of the Congo government partners	735	
Rockefeller Philanthropy Advisors	715	
Mali government partners	702	
Organization for Economic Cooperation and Development	601	
Morocco government partners	580	
Woord en Daad	340	Deposit to United Nations resident Coordinator Special Purpose Trust Fund
Paul G. Allen Family Foundation	156	
Other donors	146	
International Maritime Organization	136	
Antigua and Barbuda government partners	105	
Guyana government partners	102	
Nauru government partners	56	
Slovakia government partners	56	
Estonian Centre for Eastern Partnership	28	
NDC Partnership Fund	22	
Jordan government partners	13	
	123,792,317	

Annex III
Resource plan for scenario 2

	2016-2017	2018-2019	2020-2021	2022-2023	2022 (Actual***) and 2023 (Projection)	2024-2025
Resources	Actual	Actual	Actual	Budget estimates		Budget estimates
Net assets at beginning of period*	99.2	158.6	252.0	344.7	360.4	193.2
Total revenue on budget basis	169.2	182.9	244.0	200.5	249.2	284.2
Net assets after the impact of revenue on budget basis	268.4	341.5	496.0	545.2	928.9	518.1
Use of resources						
Management resources	134.9	115.1	126.1	181.3	259.8	325.0
Provisions, liabilities and contingencies	-4.7	9.1	28.6	19.2	43.1	0.0
Strategic investments from surplus	0.0	5.8	3.0	0.0	0.0	0.0
Total use of resources	130.1	130.1	157.7	200.5	302.9	325.0
Balance of resources						
Net revenue on budget basis	39.0	52.8	86.3	0.0	-53.7	-40.8
Net financial income	21.2	45.3	26.8	0.0	0.0	0.0
International Professional Accounting Standards (IPSAS) basis difference	-2.0	-12.5	11.8	0.0	17.8	0.0
Refund from the reserves	0.0	0.0	0.0	0.0	-123.8	0.0
Actuarial gains/losses for the period	-2.0	2.2	4.9	0.0	39.2	0.0
Increase in fair value reserve	3.1	5.7	-21.5	0.0	-46.7	0.0
Budget basis to IPSAS reconciliation	-0.8	-4.7	-4.8	0.0	-113.5	0.0
Change to net assets on IPSAS** basis	59.4	93.4	108.3	0.0	-167.2	-40.8

Net assets at end of period	158.6	252.0	360.4	344.7	193.2	152.4
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UNOPS net assets composition

Actuarial gains/losses	9.8	12.0	9.7	4.8	48.9	48.9
Fair value of available for sale financial assets	3.6	9.2	-10.3	11.1	-57.1	-57.1
Operational reserve	20.7	21.0	138.8	179.8	201.3	160.6
<i>Minimum operational reserve</i>	20.7	21.0	138.8	179.8	160.5	186.9
<i>Excess</i>	0.0	0.0	0.0	0.0	40.8	-26.3
Growth and innovation reserve	0.0	104.9	111.1	22.0	0.0	0.0
S3I reserve****	0.0	0.0	0.0	104.9	0.0	0.0
Accumulated surpluses	124.6	104.9	111.1	22.0	0.0	0.0
Net assets at end of period	158.6	252.0	360.4	344.7	193.2	152.4

Annex IV

List of positions being converted from individual contractors to United Nations staff contract holders

HQ/Regions	Organizational unit description	Position grade	Position title	Year planned
Regions	AFR, SNMCO, Senegal MCO	P-5	Head of Support Services	2023
Regions	AFR, SNMCO, Senegal MCO	P-5	Head of Programme	2023
Regions	AFR, SNMCO, Senegal MCO	P-5	Country Manager Senegal	2023
Regions	AFR, KEMCO, Kenya MCO	P-4	Country Manager, Zimbabwe	2023
Regions	AFR, KEMCO, Kenya MCO	P-5	Head of Support Services, KEMC	2023
Regions	AFR, KEMCO, Kenya MCO	P-5	Head of Programme, KEMC	2023
Regions	AFR, SOCO, Somalia	P-4	Head of Support Services	2023
Regions	AFR, SOCO, Somalia	P-4	Head of Programme	2023
Regions	AFR, CDMCO, DR Congo MCO	P-4	Head of Partnership Development	2023
Regions	AFR, CDMCO, DR Congo MCO	P-4	Head of Support Services	2023
Regions	AFR, GHMCO, Ghana MCO	P-4	Head of Programme	2023
Regions	AFR, GHMCO, Ghana MCO	P-4	Head of Support Services	2023
Regions	AFR, ETMCO, Ethiopia MCO	P-4	Country Manager	2023
Regions	AFR, ETMCO, Ethiopia MCO	P-4	Head of Support Services	2023
Regions	AFR, ETMCO, Ethiopia MCO	P-5	Head of Programme	2023
Regions	AR, AFCO, Afghanistan	P-4	Head of Support Services	2023
Regions	AR, SAMCO, Sri Lanka MCO	P-4	Country Manager Nepal	2023
Regions	AR, SAMCO, Sri Lanka MCO	P-4	Head of Support Services	2023
Regions	AR, SAMCO, Sri Lanka MCO	P-5	Country Manager Pakistan	2023
Regions	AR, SAMCO, Sri Lanka MCO	P-5	Country Manager Bangladesh	2023
Regions	AR, SAMCO, Sri Lanka MCO	P-5	Head of Programme	2023
Regions	AR, SEAMCO, Thailand MCO	P-4	Head of Support Services	2023
Regions	AR, SEAMCO, Thailand MCO	P-5	Country Manager - Papua New Guinea	2023
Regions	AR, SEAMCO, Thailand MCO	P-5	Head of Programme	2023
Regions	ECR, GVA, Geneva	P-4	Head of Support Services	2023
Regions	ECR, GVA, Geneva	P-5	Head of Programme	2023

Regions	ECR, AUMCO, Austria MCO	P-4	Country Manager - Georgia	2023
Regions	ECR, AUMCO, Austria MCO	P-4	Head of Office Pristina	2023
Regions	ECR, AUMCO, Austria MCO	P-4	Head of Support Services	2023
Regions	ECR, AUMCO, Austria MCO	P-5	Head of Programme	2023
Regions	LCR, GTCO, Guatemala	P-4	Head of Programme	2023
Regions	LCR, GTCO, Guatemala	P-4	Head of Support Services	2023
Regions	LCR, HTCO, Haiti	P-4	Head of Programme	2023
Regions	LCR, HTCO, Haiti	P-4	Head of Support Services	2023
Regions	LCR, NICO, Nicaragua	P-4	Head of Programme	2023
Regions	LCR, NICO, Nicaragua	P-4	Head of Support Services	2023
Regions	LCR, MXCO, Mexico	P-5	Head of Support Services	2023
Regions	LCR, MXCO, Mexico	P-5	Head of Programme	2023
Regions	LCR, ARMCO, Argentina MCO	P-4	Head of Support Services	2023
Regions	LCR, ARMCO, Argentina MCO	P-4	Project Centre Manager / Country Manager Brazil	2023
Regions	LCR, ARMCO, Argentina MCO	P-4	Head of Programme Paraguay	2023
Regions	LCR, ARMCO, Argentina MCO	P-5	Head of Programme	2023
Regions	LCR, ARMCO, Argentina MCO	P-5	Country Manager Paraguay	2023
Regions	LCR, PAMCO, Panama MCO	P-4	Head of Support Services	2023
Regions	LCR, PAMCO, Panama MCO	P-4	Head of Programme	2023
Regions	LCR, PEMCO, Peru MCO	P-4	Head of Programme	2023
Regions	LCR, HNMCO, Honduras MCO	P-4	Head of Programme	2023
Regions	MR, AMMMCO, Amman	P-4	Head of Support Services	2023
Regions	MR, AMMMCO, Amman	P-5	Head of Programme	2023
Regions	MR, JRSCO, Jerusalem	P-4	Head of Programme	2023
Regions	NYPO, SDC, Sustainable Development Cluster	P-4	Senior Portfolio Manager	2023
Regions	ECR, RSMCO, Serbia MCO	NO-D	Head of Support Services	2023
Regions	ECR, RSMCO, Serbia MCO	NO-D	Head of Programme	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-2	Investigator 3	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-3	Audit Specialist 1	2023

HQ	CRP, IAIG, Intl Aud and Inv Group	P-3	Audit Specialist 2	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-3	Audit Specialist 3	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-3	Data Analytics Specialist	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-3	Investigator 2	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-4	Internal Auditor	2023
HQ	CRP, IAIG, Intl Aud and Inv Group	P-4	Senior Investigator 2	2023
HQ	OP, FG, Finance Group	P-3	Reporting Specialist	2023
HQ	OP, PCG, People and Culture Group	P-4	HR Advisor - Internal Grievances	2023
HQ	CRP, SRC, Corporate Strategy, Risk and Change Group	P-4	Chief Information Security Officer	2023
HQ	CRP, SRC, Corporate Strategy, Risk and Change Group	P-5	Chief Risk Officer	2023
HQ	OP, QAG, Quality Assurance Group	P-4	CPC Chair	2023
HQ	OP, QAG, Quality Assurance Group	P-4	CPC Chair	2023
HQ	OP, QAG, Quality Assurance Group	P-4	CPC Chair	2023
HQ	IN, IAIG, Intl Aud and Inv Group	GS-5	Data Analytics Senior Assistant	2023
HQ	IN, IAIG, Intl Aud and Inv Group	GS-5	Senior Administrative Assistant	2023
HQ	IN, IAIG, Intl Aud and Inv Group	GS-5	Senior Investigations Assistant 1	2023
HQ	IN, IAIG, Intl Aud and Inv Group	GS-5	Senior Investigations Assistant 2	2023
HQ	OP, IPMG, Infra and PM Group	D-1	Deputy Director, IPMG	2023
REGIONS	AFR, GHMCO, Ghana MCO	P-4	Country Manager - Sierra Leone	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025

HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-4	II3 to P4 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-5	II3/II4 to P5 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-5	II3/II4 to P5 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-5	II3/II4 to P5 conversion placeholder	2024-2025
HQ	HQ Placeholder	P-5	II3/II4 to P5 conversion placeholder	2024-2025
HQ	OP, LG, Legal Group	P-3	Dispute Legal Specialist	2024-2025
HQ	OP, LG, Legal Group	P-2	Administrative Law Legal Analyst	2024-2025
HQ	OP, LG, Legal Group	P-3	Institutional Legal Specialist LCR	2024-2025
HQ	OP, LG, Legal Group	P-2	Administrative Law Legal Specialist	2024-2025
HQ	OP, LG, Legal Group	P-4	Administrative Law Lead Adviser	2024-2025
HQ	OP, LG, Legal Group	P-4	LCR Legal Advisor	2024-2025
HQ	OP, LG, Legal Group	P-4	Corporate Law Legal Specialist	2024-2025
HQ	OP, LG, Legal Group	P-4	Admin. Law Specialist	2024-2025
HQ	OP, LG, Legal Group	P-3	Corporate Legal Specialist	2024-2025
HQ	OP, LG, Legal Group	P-5	Corporate and Institutional Senior Legal Advisor	2024-2025
HQ	OP, LG, Legal Group	P-2	Institutional Law Legal Analyst	2024-2025
HQ	OP, LG, Legal Group	P-4	Dispute Legal Advisor	2024-2025
HQ	DP, NYBER, New York Board and External Relations Office	P-4	Intergovernmental Affairs Advisor	2024-2025
HQ	DP, NYBER, New York Board and External Relations Office	P-4	Intergovernmental Affairs Specialist	2024-2025
HQ	DP, NYBER, New York Board and External Relations Office	P-3	Intergovernmental Affairs Specialist	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025

HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
HQ	HQ unassigned	GS-6	LICA-6 to G6 conversion placeholder	2024-2025
