

Information Note

Management response to the comments in the Report of the Advisory Committee on Administrative and Budgetary Questions (DP/OPS/2025/11) on United Nations Office for Project Services budget estimates for the biennium 2026-2027 (DP/OPS/2025/10)

22 December 2025

Executive summary

Pursuant to financial regulation 14.05, UNOPS budget estimates 2026-2027 (DP/OPS/2025/10) were shared with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for comments prior to the submission to the Executive Board for approval. This informal note provides responses to the ACABQ comments (DP/OPS/2025/11), covering a range of topics including the budget estimates 2026-2027, staff and personnel, and other matters. Starting with the budget estimates for the biennium 2028-2029 UNOPS will provide the Executive Board with informal updates on its responses to ACABQ comments in advance of the Board's consideration of relevant agenda items. This information note is presented in response to the Executive Board decision 2025/31.

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I. Introduction

1. UNOPS budget estimates for the biennium 2026-2027 (DP/OPS/2025/10) were shared with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for comments prior to the submission to the Executive Board for approval. ACABQ report on the budget estimates 2026-2027 (DP/OPS/2025/11) contains comments covering a range of topics including the budget estimates 2026-2027, staff and personnel, and other matters.
2. This information note responds to Executive Board decision 2025/31 and provides responses to the ACABQ comments ([DP/OPS/2025/11](#)) related to the budget estimates 2026-2027 ([DP/OPS/2025/10](#)), with Annex 1 containing the responses to specific ACABQ comments, listed by paragraph.

II. Responses to comments by ACABQ

3. In drafting the budget estimates for the biennium 2026-2027, UNOPS carefully considered the ACABQ comments from the previous two bienniums, and during the review process by ACABQ, updated the Committee on the implementation of 28 previous comments.
4. The ACABQ review of the 2026-2027 budget estimates involved UNOPS providing written responses to 64 questions. Subsequently, the final ACABQ report incorporated 11 new comments, which pertain to the 2026-2027 budget estimates, staff and personnel matters, and other areas. The comments are addressed below in a summarized format, with details available in annex 1.

Budget estimates for 2026-2027

5. Related to the budget estimates, unlike other UN entities, UNOPS is fully funded from service fees and receives no assessed or voluntary core contributions. Consequently, UNOPS continuously adjusts its budget and organization to financial realities to maintain a balanced budget ('net-zero revenue'), adhering to its financial regulations and rules.
6. Related to revenue and reserves, the Executive Board has endorsed a revised methodology presenting the liquid excess reserves, and these have been included in the 2024 financial statements on a pilot basis. The methodology allows for funding other reserves under financial regulation 22.03, based on Executive Board decisions, as part of 'corporate commitments, representing obligations for future expenditure.' An example is the ongoing dialogue concerning the funding of the Process Innovation and Digitalization Programme (PID).
7. Related to management fees, in line with financial regulation 9.01, as a self-financing entity, UNOPS must operate on a full cost recovery basis, setting its management fees accordingly. The management fee setting model approved through the budget estimates process is the basis for UNOPS recovery of its indirect cost. It is applied to each individual project agreement that does not fall under a global agreement with a fixed management fee. The presented average rate is a calculation based on the projected indirect cost and delivery to ensure funding for UNOPS management budget and actual management fee rates vary by project agreement. UNOPS monitors actual recovery and adjusts the final management budget to ensure full cost recovery based on operational realities.

Staff and personnel

8. Related to staff posts, UNOPS completed the contract modality review, which ensured appropriate use of fixed-term (staff) and individual contractor agreements, aligning with review standards and organizational policies. Personnel on individual contractor agreements performing business-critical

or inherently United Nations functions were transitioned to staff positions. The review converted 94 management budget funded positions to staff to maintain staff as the core human resource. Subject to availability of funding, UNOPS continues to review its structures in line with business needs during the budget period and to adapt staff positions accordingly, pursuant to financial regulation 14.02

9. Related to gender parity and geographical representation, the UNOPS strategic plan and results framework (2026-2029) includes a 'people culture' goal to 'Manage gender parity and geographical representation at all levels.' The indicator tracks gender parity and geographical representation (Global North/Global South) in the workforce. In 2024, the baseline for all positions was 51% women and for international positions the baseline was 55% from the Global South. The 2026-2029 target is 47% - 53%. Results are reported in the Executive Director's annual reports. To achieve this, UNOPS is strengthening its talent acquisition and retention via the integrated people strategy and organizational culture roadmap.

Other matters

10. Related to the UN80 initiative, UNOPS delivers infrastructure, procurement, and project management services in partnership with the UN, governments, and other partners to expand multilateral implementation. The Secretary-General's progress report on the UN80 initiative structural reforms proposes assessing a merger of UNOPS and UNDP to form a stronger engine for sustainable development within UN Country Teams. Initial analysis is expected by the Executive Boards in February 2026. UNOPS' leadership is fully committed to supporting the assessment.
11. Related to the comprehensive response plan, the enhanced Accountability Framework, benchmarked with JIU standards, reinforces risk management and was submitted to the Executive Board in the 2025 Annual Report. An accompanying Accountability Handbook will ensure all UNOPS personnel understand and practice expected behaviors, raising organizational standards in line with UNOPS and UN values of integrity, respect, professionalism, and accountability.
12. Related to S3i, UNOPS together with OLA regularly updates the Executive Board in closed sessions regarding the status of the S3i funds recovery efforts. The funds recovery related expenses approved under Executive Board decisions are reported in the UNOPS financial statements.

III. Conclusion

13. In line with decision 2025/31, UNOPS will, for future budget estimates, provide its responses in advance of the Board session during which the budget estimates are approved. The response is anticipated to be integrated as an annex to the budget estimates document.

Annex 1: UNOPS response to specific ACABQ comments included in DP/OPS/2025/11

ACABQ comment in DP/OPS/2025/11	UNOPS response
<p>Paragraph 6: The Advisory Committee notes that the estimate for project expenses of \$6.4 billion for 2026-2027 is 8.5 per cent higher than the \$5.9 billion estimate for 2024-2025. The Committee also notes that actuals for 2024-2025 amounted to \$3.8 billion as of June 2025. The Committee trusts that detailed information will be provided to the Executive Board during its consideration of the present report regarding the assumptions and estimates which underpin expectations of a significant increase in project expenses in the next biennium, especially in a scenario of constrained resources among United Nations entities.</p>	<p>Response to paragraphs 6, 7 and 8: UNOPS is a United Nations organization established by the General Assembly. Its implementation role has been set by Member States' resolutions and decisions since 1994. In 2010, the General Assembly reaffirmed UNOPS mandate as a service provider to a broad range of stakeholders, including the UN system, international and regional financial institutions, donor and recipient governments and others.</p>
<p>Paragraph 7: The Advisory Committee notes that the proposed budget estimates assume estimated project expenses that are significantly above actuals in the current biennium (see para. 6, above). The Committee also notes that, despite being a reduction in comparison to the budget estimates for 2024-2025, the proposed amount represents an increase in comparison to actual budget projections for the current cycle.</p>	<p>The resolution recognized the potential for value-adding contributions through provision of efficient, cost-effective services to partners in the areas of project management, human resources, financial management and shared services. The resolution also encouraged UNOPS to enhance engagements as a service provider to various actors in the development, humanitarian and peacekeeping arenas.</p>
<p>Paragraph 8: The Advisory Committee recalls its recommendation (see AC/2251, para. 5) that there may be merit in a more gradual increase in budget estimates (see also para. 13, below). The Committee considers that, in view of actual budget projections and in the context of constrained resources within the United Nations system, a more comprehensive and detailed justification should be provided to the Executive Board on the continuing trend of estimated growth of project expenses.</p>	<p>UNOPS provides cost-effective project services through technical expertise in infrastructure, procurement and project management. Its practical solutions create comparative advantage de-risking implementation activities for partners in the United Nations system and beyond, even in the most challenging operational contexts.</p> <p>To do this, UNOPS rely on a flexible structure of country and multi-country offices, backed by global support and delivery structures to enable UNOPS to meet changing demand.</p> <p>It should be noted that unlike other UN entities, UNOPS' budget is fully funded from the service fees and UNOPS does not receive any assessed or voluntary contributions as core funding. This means that UNOPS continues to adjust its budget and organization to the financial realities in order to operate a balanced budget ('net-zero revenue'), in accordance with the financial regulations and rules.</p>
<p>Paragraph 12: The Advisory Committee notes that, in the current biennium, organizational investments have been financed from reserves due to reduced revenue and a slower transition to the new cost-recovery policy. The Committee also notes that for 2026-2027, \$40 million is estimated as organizational investments, separate from the budget estimates. The Committee acknowledges the importance of long-term investments, and is of the view that they need to be accompanied by a clear strategy and performance indicators, particularly in the context of</p>	<p>Response to paragraph 12: The Executive Board through decision 2025/6 paragraph 18 (revised calculation methodology and disclosures for liquid excess reserves), endorsed the proposal for a revised calculation methodology and disclosures for liquid excess reserves. This decision mandated that the revised methodology be presented, as a pilot, in an annex to the 2024 financial statements (A/80/5/Add.11, annex II). This measure addresses the recommendation of the Board of Auditors (A/79/5/Add.11, paragraph 64) and aims to ensure</p>

<p>reduced revenues. The Committee trusts that more information on the use of reserves to fund organizational investments, as well as on the proposed investments for 2026-2027, objectives, and indicators, will be provided to the Executive Board at the time of its consideration of the present report. The Committee also trusts that updated information on the current level of operational reserves, and further justification on the need for replenishment, will likewise be provided to the Executive Board.</p>	<p>that there is no accumulation of such reserves. The methodology permits the possibility for funding of the other reserves classified as corporate commitments, representing obligations for future expenditure, under financial regulation 22.03 based on the Executive Board's decisions. A current instance of application under the said financial regulation is the funding of the Process Innovation and Digitalization Programme (PID), and related decision 2025/33 whereby Executive Board decided to commit \$3 million from the UNOPS reserves for the implementation programme and to revisit the funding of the ongoing activities at the first regular session 2026. This will be accompanied by a clear strategy including clear deliverables.</p>
<p>Paragraph 13: The Advisory Committee notes that the budget estimates for 2026-2027 are based on a methodology for calculating the cost recovery rate, which, in the context of reduced revenue projections, includes elements not yet approved by the Executive Board, such as \$80 million in long-term investments and the replenishment of the minimum operational reserve. The Committee recalls its previous recommendation on the subject (see AC/2251, para. 25), which considered that a gradual approach would be more appropriate for the proposed increase in the cost recovery rate, and trusts that further clarification will be provided to the Executive Board at the time of its consideration of the present report.</p>	<p>Response to paragraph 13: In line with financial regulation 9.01, as a self-financing entity UNOPS shall operate on the basis of full cost recovery and shall set its management fees accordingly. The annex 2 - Management fee and shared services for the biennium 2026-2027 provides the Executive Board with a transparent presentation of the elements UNOPS incorporates in its cost recovery rate setting model, which is applied to each individual project agreement that UNOPS enters into that does not fall under a global agreement with a fixed rate. The presented average rate is a calculation based on the projected indirect cost and delivery to ensure funding for UNOPS management budget and actual management fee rates vary by project agreement. UNOPS monitors actual recovery rates and adjusts the final management budget to ensure full cost recovery based on operational realities. Also the changes to the average recovery rate of UNOPS between the current Budget Estimates and the one for 2026-2027 are very low. The funding requirements for long-term investments are a requirement that UNOPS is presenting to the Executive Board.</p>
<p>Paragraph 19: The Advisory Committee notes that despite being a decrease from estimates for 2024-2025, the proposed level of staff for 2026-2027 represents an increase compared to actuals for 2024-2025, and trusts that further justification on the need for the additional 36 posts – in particular the additional 17 at headquarters – will be provided to the Executive Board at the time of its consideration of the present report.</p>	<p>Response to paragraph 19: Pursuant to a decision of the Executive Board (2023/1, paragraph 11) and a recommendation of the Board of Auditors (A/77/5/Add.11, paragraph 206), UNOPS completed the first phase of a comprehensive review of contract modalities across the organization. The process ensured the appropriate usage of fixed term (staff) and individual contractor agreements across the organization, aligning with the standards set forth in the comprehensive review of contract modalities across UNOPS and in organizational policies. A clear transition approach was implemented for converting personnel on individual contractor agreements performing business-critical roles and inherently United Nations functions to staff positions. As part of the review, 94 positions funded</p>

	<p>by indirect cost were converted to ensure that staff members remain the core human resource of the organization and that UNOPS maintains a staff-based core organizational structure. Any further modest conversions are subject to funds availability and future organizational planning. The second assistant secretary-general post approved by the Board in 2022 (2022/24, paragraph 6) was filled in 2024.</p> <p>Subject to availability of funding, UNOPS continues to review its structures in line with business needs during the budget period and to adapt staff positions accordingly, pursuant to financial regulation 14.02.</p>
<p><u>Paragraph 21:</u></p> <p>The Advisory Committee recalls its earlier recommendation (see AC/2251, para. 35) and trusts that UNOPS will continue to increase its efforts towards geographical representation and gender parity in its personnel. The Committee also trusts that, going forward, UNOPS will ensure to include up-to-date and further disaggregated statistics on geographical representation, as appropriate, for the consideration of the Executive Board in its budget estimate reports.</p>	<p><u>Response to paragraph 21:</u></p> <p>UNOPS strategic plan, 2026-2029 and UNOPS results framework, 2026-2029 incorporate under management goal of 'people culture', a principle of 'Manage gender parity and geographical representation at all levels', with an indicator with reporting level of 'gender parity and geographical representation (GN=Global North; GS=Global South) in workforce'. The baseline in 2024 was 51% of women and 55% of GS in international positions. The target for the period 2026-2029 was set at 47% - 53%. The results are reported through the annual reports of the Executive Director and related annexes. To meet the target, UNOPS continues to develop its talent acquisition and retention as part of the integrated people strategy and organizational culture roadmap (information note, roadmap).</p>
<p><u>Paragraph 22:</u></p> <p>The Advisory Committee trusts that the implications of the UN80 initiative with respect to the budget estimates for the biennium 2026-2027, and to UNOPS operations as a whole, will be further elucidated to the Executive Board at the time of its consideration of the present report.</p>	<p><u>Response to paragraphs 22 and 23:</u></p> <p>The strategic plan, 2026-2029, anchors UNOPS in General Assembly resolution 65/176 which reaffirmed UNOPS as a United Nations organization. For over 30 years it has expanded partners' implementation capacity, providing infrastructure, procurement and project management services across development, humanitarian and peace efforts.</p>
<p><u>Paragraph 23:</u></p> <p>In the context of the UN80 initiative, the Advisory Committee sees merit in reviewing the expansion of the UNOPS business model against the entity's original mandate as a service provider.</p>	<p>UNOPS can partner with the United Nations, governments of programme and donor countries, intergovernmental institutions, international and regional financing institutions, foundations, the private sector, and non-governmental organizations. It can expand implementation for a range of multilateral partnerships.</p> <p>UNOPS is a resource for infrastructure, procurement and project management services, including financial management and human resources. Its complementarity lies in its ability to de-risk implementation, complementing the upstream policy advice and development financing enabled by entities in the United Nations system and beyond.</p>

	<p>The Secretary-General shared with Member States a progress report on structural reforms and programme realignments under the third workstream of the UN80 Initiative, outlining proposals for paradigm-shifting changes in the Organization's structure, in the way its entities collaborate, and in how it operates.</p> <p>The progress report presented an area for action to conduct a thorough assessment of the benefits of a merger between UNDP and UNOPS, which could create a stronger engine for sustainable development in UN Country Teams, with greater scale. Initial analysis will be presented to the Executive Board in February 2026.</p> <p>UNOPS is fully committed to working with UNDP on the initial analysis, under the leadership of the Deputy Secretary-General and Secretary-General, and to receive further guidance on a way forward from Member States. .</p>
<p><u>Paragraph 24:</u></p> <p>The Advisory Committee notes the advanced implementation of the comprehensive response plan and trusts that more information regarding how its implementation has contributed to enhanced internal controls and a strengthened accountability framework will be provided in future reports.</p>	<p><u>Response to paragraph 24:</u></p> <p>Internal controls have been improved, and risk tracking and mitigation measures have been implemented. Escalation processes of residual high risks are now managed through the new internal Portfolio Oversight Committee. Internal restructuring of teams and business units will consolidate measures implemented to date and continuous monitoring, training and awareness raising are helping to reinforce good practices.</p> <p>The new enhanced Accountability Framework will inter alia reinforce the principles and practices of risk management across the organization. This new enhanced Accountability Framework, benchmarked with JIU standards, was submitted as part of the Annual Report to the Executive Board for the 2025 annual session. As UNOPS drives internal efforts to strengthen accountability, the new Framework will be accompanied by an Accountability Handbook to ensure that each and every member of the UNOPS workforce understands and practices expected behaviours in all activities raising organizational standards in line with UNOPS and UN-wide values of integrity, respect, professionalism and accountability.</p>
<p><u>Paragraph 26:</u></p> <p>The Advisory Committee trusts that future reports will include updated information on funds recovered and the related expenses.</p>	<p><u>Response to paragraph 26:</u></p> <p>UNOPS together with OLA regularly updates the Executive Board in closed sessions regarding the status of the S3i funds recovery efforts. Due to the highly confidential nature of the recovery efforts, and to avoid prejudicing ongoing efforts, UNOPS is not able to disclose additional details at this stage.</p> <p>The funds recovery related expenses approved under Executive Board decisions 2023/4, 2023/22,</p>

	2024/4, 2025/6 and 2025/6 are reported in the UNOPS financial statements.
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