Headquarters, Copenhagen

30 December 2025

Establishment and Approval of Provisions, Write-Offs, Contingent Assets and Contingent Liabilities

1. **Authority**

This Policy is issued by the Chief Financial Officer on the basis of a delegation of authority from the Executive Director.

2. **Consequential changes**

This Policy supersedes and abolishes OI.FG.2018.08 - *Establishment and Approval of Write-Offs and Provisions for Write-Offs* of 27 December 2018.

3. **Effective Date**

This Policy shall become effective on 30 December 2025.

[signature redacted]

Karl-Ludwig Soll
Chief Financial Officer

1. Chapter 1 - General provisions

1. Purpose

1.1 The purpose of this Policy is to provide instructions on the procedure for the establishment and approval of:

(a) provisions;
(b) write-offs;
(c) contingent assets;
(d) contingent liabilities.

1.2 This Policy is subject to the Financial Regulations and Rules of UNOPS, including Financial Regulation 23.11 and Financial Rules 123.09 and 123.12.

2. Scope

2.1. This Policy covers provisions, write-offs, contingent assets and contingent liabilities of UNOPS.

2.2. The write-offs of property, plant and equipment are governed by the *Fixed and Intangible Asset Management* policy (OI.FG.2018.02).

3. Definitions

3.1. In this Policy, the following terms have the meanings set out below:
(a) "**adjustment to accounting entry**" comprises an adjustment of an asset or liability for reasons other than the standard process for requesting a write-off;
(b) "**amount reliably estimated**" means an amount that is supported by sufficient and appropriate evidence;
(c) "**bad debt**" means a receivable that is unlikely to be recovered because the third party is unable or not willing to pay UNOPS;
(d) "**Chief Financial Officer (CFO)**" means the Comptroller of UNOPS;
(e) "**constructive obligation**" means an obligation that derives from an entity's actions where:

(i) by an established pattern of past practice, published policies, or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
(ii) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities;

(f) "**contingent asset**" means a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNOPS;
(g) "**contingent liability**" means a possible obligation that arises from past events, or a present obligation that arises from past events, where outflow of resources is not probable or where the

amount of the obligation cannot be measured with sufficient reliability;
(h) "**corporate provisions**" comprise probable losses not related to client projects, and include provisions for termination benefits, leasehold restoration or non-project-related legal cases and must meet the same conditions specified under section 4.1;
(i) "**General Ledger (GL) entry**" means the fundamental accounting record of a financial transaction, detailing the change in at least two General Ledger accounts to maintain the balance according to the double-entry system;
(j) "**Global Shared Services Costs (GSS)**" refers to direct costs of shared services at a corporate level that are attributable to programmes and projects based on a predefined criteria and allocation processes;
(k) "**legal obligation**" means an obligation that derives from a contract, legislation or other operation of law;
(l) "**liability**" means a present obligation arising from past events, expected to result in an outflow of resources from UNOPS, embodying economic benefits or service potential;
(m) "**probable outflow of resources**" means the probability of UNOPS incurring a loss is higher than the probability of not incurring the loss;
(n) "**provision**" means a liability of uncertain timing or amount;
(o) "**receivable**" means a contractual right to receive cash or other financial asset from a third party;
(p) "**submitting unit**" means the unit responsible for initiating requests for provisions or write-offs, and includes project offices, country offices and multi-country offices, Regional Offices for project-related matters or Headquarters units for HQ-related matters;
(q) "**write-off**" means the act of removing a loss allowance (bad debt) or worthless asset from a UNOPS account.

Chapter 2 - Provisions for write-offs

4. Recognition of a provision for write-off

4.1. The Chief Financial Officer may recognise a provision is recognized when all the following conditions are met:

(a) there is a present obligation, legal or constructive, arising from past events;
(b) there is a probable outflow of resources for UNOPS;
(c) the amount can be reliably estimated.

4.2. Where the existence or nature of a present obligation is uncertain or legally complex, the Chief Financial Officer shall request the General Counsel to assess whether a legal or constructive obligation exists.

4.3. A provision shall not be used as a funding mechanism to cover delays in project funding or to expand project budgets where funding from the source has not yet been received.

5. Request for provisions

5.1. Where a situation arises that is likely to lead to a loss for UNOPS equal to or above USD 2,500, a submitting unit shall promptly submit a request for provision to the Chief Financial Officer.

5.2. The submitting unit shall submit the request for provision within the financial year in which the potential loss is identified and a request for provision must not be delayed under any circumstances.

5.3. In addition, if in the last month of the financial year:

(a) there is a loss indicating that a write-off is required, but no request for write-off has been submitted to the Contracts and Property Committee, and a provision has not been established, the submitting unit shall request a provision, to ensure that the loss is recognised in the appropriate financial year.
(b) a request for write-off is still being reviewed by the Contracts and Property Committee, and a provision has not been established, the submitting unit shall request a provision to ensure that the loss is recognised in the appropriate financial year.

5.4. A request for a provision shall be submitted to the Chief Financial Officer using the appropriate form on the UNOPS Policy and Process Portal (PPP).

5.5. Regional Directors, Country Directors/ Multi Country Directors, Heads of Support Services or Headquarters (HQ) Directors are responsible for:

(a) the timely submission of provision requests for their respective regions, offices and units;
(b) ensuring that the recorded provisions against the respective regions, offices and units are valid and relevant and reported to HQ;
(c) regularly communicating any increases or decreases to the provisioned amounts, based on the actual circumstances of each case, to the Chief Financial Officer to ensure accurate adjustments in the financial records of UNOPS;
(d) on an annual basis and as part of the year-end closure process, providing the certification of the total provisions under their respective regions, offices and units to the Chief Financial Officer.

5.6. The Finance Group, on receipt of a provision request, shall:

(a) review and assess the provision request based on supporting documents provided by the submitting unit in compliance with the requirements of International Public Sector Accounting Standards (IPSAS) and UNOPS internal policies; and
(b) submit the reviewed requests, including a summary of the case, to the Chief Financial Officer.

5.7. The Chief Financial Officer shall further review the request and may:

(a) include the requested provision in UNOPS' books, in compliance with IPSAS;
(b) require the submitting unit to follow the procedure for requests for write-offs;
(c) require that the case be considered for contingency analysis in line with IPSAS requirements; or
(d) reject the request in the absence of any sound justification or demonstrated efforts on the recovery of the potential loss.

5.8. The Chief Financial Officer shall refer provision requests that require legal analysis of UNOPS' potential legal exposure to the General Counsel for advice and assessment, before approving any provision.

6. Accounting treatment of provisions

6.1. The Finance Group shall, upon receiving approval from the Chief Financial Officer, make the necessary provision adjustment in UNOPS' financial statements.

6.2. A provision must be recorded and reported against the relevant region, office or unit.

7. Practice Review Committee to advise on requests for provisions of USD10,000 or more

7.1. A Practice Review Committee is hereby established, with the concurrence of the Executive Director, to review all cases where a provision of USD10,000 or more is requested, except those involving allegations of misconduct. The Secretariat of the Practice Review Committee shall refer all cases involving allegations of misconduct to the UNOPS Internal Audit and Investigations Group.

7.2. For the avoidance of doubt, the Chief Financial Officer may recognise a provision without waiting for the Practice Review Committee to provide its advice.

7.3. The Practice Review Committee shall provide written advice on the following:

(a) the facts that caused the likely loss;
(b) the person(s) accountable for the likely loss;
(c) measures to be taken to mitigate the likely loss;
(d) measures to be taken to avoid a similar loss in the future;
(e) lessons learned;
(f) such other matters regarding the likely loss as the Practice Review Committee may consider appropriate.

7.4. The Practice Review Committee's advice shall be in the form of a written report addressed to the relevant Regional Director.

(a) If the Regional Director agrees with the Practice Review Committee's advice, the Regional Director shall implement the Practice Review Committee's advice.
(b) If the Regional Director does not agree with the Practice Review Committee's advice, the Regional Director and the Practice Review Committee shall discuss the case and endeavour to reach a consensus.

(i) If a consensus is reached, the Regional Director and the Practice Review Committee shall amend its advice accordingly, and the Regional Director shall implement the Practice Review Committee's advice.
(ii) If the Regional Director and the Practice Review Committee are not able to reach a consensus, the case shall be referred to the Executive Director or their delegate.

7.5. After a decision is made (whether by the Regional Director or the Executive Director or their delegate), the Secretariat of the Practice Review Committee shall notify the Chief Financial Officer of the decision. The Chief Financial Officer shall if necessary adjust the relevant provision to reflect the decision, including any change in the estimates of the amount or probability of loss for UNOPS.

7.6. For all cases involving a loss of USD 100,000 or more where the Regional Director agrees with the Practice Review Committee's advice, a copy of the Practice Review Committee's report shall be submitted to the Executive Director.

7.7. Upon receipt of a request for the establishment of a provision of USD 10,000 or more, the Secretariat shall convene a panel of the Committee.

7.8. The Secretariat shall invite the Directors of the Group Practices that, in the view of the Secretariat, are most relevant to the case to participate in the panel, and each invited Director may participate personally, designate another person from the Director's Practice Group to participate on their behalf, or decline participation.

7.9. The panel constituted for each case shall consist of no fewer than two Group Practice Directors and the Head of the UNOPS Contracts and Property Committee (CPC) or their designated representatives.

7.10. The panel shall take its decisions by consensus or, where consensus cannot be reached, by majority vote.

7.11. The most senior member of the panel shall serve as chairperson and shall have a casting vote in the event of a tie, with seniority determined, if needed by grade level and step and, where applicable, by the length of time served at that grade.

7.12. The Head of the CPC or their delegate shall arrange for a person to serve as the Secretariat of the Practice Review Committee.

Chapter 3 - Obligation to request write-offs

8. Request for write-offs

8.1. A submitting unit must initiate a request for a write-off when one or more of the following circumstances exist:

(a) the amount and the timing of the loss are certain;
(b) in the context of client projects, the funding source formally rejects project expenditure and UNOPS has no recourse;
(c) collection efforts have been exhausted;
(d) the probability of recovery of any funds has been assessed by the Chief Financial Officer as null.

8.2. The head of the requesting submitting unit, in consultation with the relevant project support officer, portfolio manager, project manager, and finance officer for the project, must undertake review, reconciliation, and recovery efforts before a write-off is requested.

Chapter 4 - Write-offs not requiring review by Contracts and Property Committee

9. Write-off of corporate provisions

9.1. The Chief Financial Officer or their delegate may write off corporate provisions without any review by the Contracts and Property Committee.

9.2. Any request for such a write-off shall be signed by the head and the Finance Officer of the relevant region, office or group.

9.3. The Chief Financial Officer shall issue guidance on the procedure for write-offs of corporate provisions.

10. Write-off of provisions for exceptional funding related to client projects

10.1. The Chief Financial Officer or their delegate may write off provisions for Executive Director-approved exceptional funding related to client projects without any review by the Contracts and Property Committee.

10.2. The Chief Financial Officer shall issue guidance on the procedure for write-off of provisions for Executive Director-approved exceptional funding related to client projects.

11. Write-offs of Global Shared Services Costs (GSS)

11.1. The Chief Financial Officer or their delegate may write-off GSS without any review by the Contracts and Property Committee under one or more of the following conditions:

(a) when there are ineligible or incorrect GSS charges to a project;
(b) when it is appropriate to adjust GSS recovery within the corporate pool.

11.2. Such GSS write-offs may relate to postings in prior years or the same year.

12. Write-offs due to specific accounting adjustments

12.1. The Chief Financial Officer or their delegate may write off accounting entries due to adjustments of assets or liabilities without any review by the Contracts and Property Committee, as long as such write-off is not inconsistent with this Policy.

13. Requests for write-offs of USD 2,500 or less

13.1. Pursuant to Financial Rule 123.09(d), the Chief Financial Officer or their delegate may write off any amount of USD2,500 or less without any review by the Contracts and Property Committee.

13.2. Any request for such a write-off shall be signed by the Project Manager, the Finance Officer, and the Head of Office for client projects.

Chapter 5 - Write-offs requiring review by Contracts and Property Committee

14. No write-off without Contracts and Property Committee Review, unless expressly provided otherwise

14.1. Except where expressly provided in this Policy or any other policy, no amount shall be written off except after a review by the Contracts and Property Committee.

14.2. Requests for write-offs requiring the review of the Contracts and Property Committee shall be submitted via the online CPC system.

14.3. The Contracts and Property Committee shall, after review, make its recommendation to the Executive Chief Procurement Officer.

14.4. Upon receipt of the recommendation of the Contracts and Property Committee, the Executive Chief Procurement Officer shall:

(a) in the case of requests valued at USD 100,000 or less, approve with or without conditions, or reject the request;
(b) In the case of requests exceeding USD 100,000, submit the case with recommendations, to the Executive Director or their delegate for approval.

14.5. Upon receipt of the approval of the Executive Chief Procurement Officer or Executive Director or their delegate as applicable, the Contracts and Property Committee shall inform the Chief Financial Officer of the approval in order to provide the accounting entries to the submitting units to record the write-off in UNOPS' financial statements.

Chapter 6 - Accounting treatment of write-offs

15. Accounting treatment of write-offs

15.1. The Finance Group shall provide the General Ledger entry attributes to the submitting unit to record write-offs upon receiving confirmation of the approval by the Contracts and Property Committee for requests for write-offs above USD 2,500, or from the CFO for requests for write-offs equal or below USD 2,500.

15.2. The submitting unit shall post the necessary journal entry to formally record the write-off within the financial period (quarter) of the approval.

15.3. Write-off transactions must be recorded and reported against the relevant region, office or group.

Chapter 7 - Contingent Assets and Contingent Liabilities

16. Contingencies

16.1. The Chief Financial Officer shall obtain from the General Counsel a quarterly report of all legal disputes in which UNOPS is a party.

16.2. The General Counsel shall assess the liability exposure of UNOPS in cases where there is a probability of loss, and the probability of UNOPS receiving future economic benefits or service potential in cases where a positive outcome is expected for the Organization, and provide the results of the assessments to the Chief Financial Officer.

16.3. The Chief Financial Officer may recognise contingent assets and contingent liabilities following an assessment by the General Counsel.

16.4. The process for categorizing the probability of claims for financial reporting purposes shall be established in Corporate Guidance and Informational Documents by the Chief Financial Officer.

Chapter 8 - Final Provisions

17. Adherence to IPSAS and ensuring accurate financial statements

17.1. The Chief Financial Officer may recognise or amend provisions, contingent assets or contingent liabilities so as to ensure adherence to IPSAS and to ensure that the financial statements and their corresponding notes accurately reflect the correct level of the provisions, contingent assets or contingent liabilities.

18. Reporting

18.1. The Chief Financial Officer shall, on an annual basis, prepare a statement of all write-offs, provisions, contingent assets and contingent liabilities for the Executive Director’s signature and submission to the external auditors along with UNOPS' Corporate Financial Statements. This report shall include an explanation and justification of each reported case.

19. Corporate Guidance and Informational Documents

19.1. The Chief Financial Officer may issue Corporate Processes or Corporate Guidance and Informational Documents for the effective implementation of this Policy.