



United Nations

**Report of the United Nations Board of Auditors
on the financial statements of the United Nations
Convention to Combat Desertification
for the year ended 31 December 2023**

Note

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

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Chapter I

Report of the Board of Auditors on the Financial Statements: Audit Opinion

Opinion

We have audited the financial statements of the United Nations Convention to Combat Desertification (UNCCD) which comprise the statement of financial position (statement I) as at 31 December 2023 and the statement of financial performance (statement II), statement of changes in net assets (statement III), cash flow statement (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of UNCCD in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor’s Report thereon

The UNCCD Executive Secretary is responsible for the other information. The other information comprises the financial report for the year ended 31 December 2023 included in chapter IV, but does not include the financial statements and our auditor’s report thereon.

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

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

Responsibilities of Management and those charged with Governance for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing UNCCD’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate UNCCD or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing UNCCD’s

financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UNCCD's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- (d) Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on UNCCD's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UNCCD to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, the transactions of UNCCD that have come to our notice or that we have tested as part of our audit have been, in all significant respects, in accordance with the Financial Regulations and Rules of UNCCD and legislative authority.

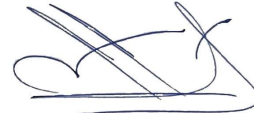
In accordance with article VII of the United Nations Financial Regulations and Rules, we have also issued a long-form report on our audit of UNCCD.



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



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



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

24 July 2024

Chapter II

Long-form report of the Board of Auditors

Summary

The United Nations Convention to Combat Desertification (UNCCD) was established in 1994 and is the binding international agreement linking environment and development to sustainable land management. The Board of Auditors audited the financial statements and reviewed the operations of UNCCD for the year ended 31 December 2023. The Board conducted the audit of the financial statements and reviewed the operations of UNCCD for the year ended 31 December 2023. The audit was carried out at the premises, in Bonn (Germany), from 27 November to 1st December 2023 for the interim and the final audit was conducted on site from 8 to 26 April 2024.

Audit opinion

The Board has issued an unqualified audit opinion on the financial statements for the period under review as reflected in chapter I.

Overall conclusion

On 31 December 2023, UNCCD fund balances and reserves amounted to \$15.3 million (in 2022: \$21.5 million). UNCCD recognized a deficit of \$6.3 million (in 2022: \$3.2 million). The 2023 financial statements were presented for audit on 31 March 2024. The Board noted that the initial version of financial statements did not include information related to the application IPSAS 41. After reviewing them to take into account the observations of the audit team, UNCCD presented the revised financial statements on 17 May 2024.

Key findings

Finance

Based on the analysis of the Conference of the Parties (COP) 15 and the Committee for the Review of the Implementation of the Convention (CRIC) 21 accrued expenses as of 31 December 2023, the Board considers that UNCCD should perform a clearing analysis of the expenditures incurred and allocated to the special account for UNCCD cost recovery under home country agreement compared to the year-end estimation as statement of accounts balances detailing the expenditures have not yet been submitted to host countries.

Management of budget processes

The Board has focused its audit of the management of budget processes on four aspects: budget planning, preparation and appropriation; resource mobilization; budget implementation; accountability and reporting.

Budget planning, preparation and appropriation

The budget of UNCCD Secretariat is governed by specific financial regulations and rules set by the Conference of the Parties. The budget proposal is prepared by a committee chaired by the Executive Secretary, in relation with other internal structures.

Adopted at COP 15, the current budget, covering exceptionally a triennium, 2022-2024, amounts to EUR 24.6 million. The budget for the next biennium shall be presented at COP 16. The Secretariat's budget proposal is focused on the "core budget", financed by indicative contributions, as opposed to extra-budgetary funds covered by voluntary

contributions.

The core budget only covers partially expenses required to carry out the Secretariat's mandate, with an increasing number of activities funded by voluntary contributions. Based on the Secretariat's budget proposal, the Parties approve resource requirements set out in the core budget, while voluntary contributions follow bilateral agreements with each donor.

An analysis of budget trends since 2012 points to an increasing dependency on extra-budgetary funds, which have become preponderant. Moreover, relying on a zero nominal growth budget scenario in a context of inflation means that the sustainability of the financing of the Secretariat's missions is at risk.

Resource mobilization

Resource mobilization is key to the Convention, notably given the growing role of extra-budgetary funding. However, the resource mobilization strategy is still a draft. It will have to be adopted, and then assessed over the next few years to measure progress made in terms of fundraising.

Budget implementation

The Secretariat currently faces a risk of over-implementing its core budget. In both 2022 and 2023, the core budget and voluntary contributions have been over-implemented on an annual basis, compared to annual allocations and provisions. The Secretariat needs adjustments to ensure that the overall limit of its core budget for the triennium 2022-2024 is respected. Monitoring of the implementation of the budget could be strengthened through the use of adequate budget modules in Umoja.

Accountability on budget management and reporting on performance

The budget proposal is based on a results-based budgeting methodology and performance frameworks that can still be improved. The performance framework would also benefit from defining better designed performance indicators with clear ownership. Setting up in the medium term an informative "integrated budget" would give the COP an overview of projected core and non-core resources.

The role of the Convention as a bridge between science and policy

The need to rely on sound science

Acting as a bridge between science and policy is one of the strategic priorities of the UNCCD Secretariat. It involves a number of entities directly within the Secretariat or in its immediate environment, such as the science-policy interface. In each of the Rio Conventions, sound scientific knowledge is not only required to understand and address climate change, desertification or biodiversity related issues, but it is also a cornerstone in designing effective policies at international, national and local levels.

Communication and partnerships on science

Communication and partnerships are essential in bridging science and policy. The Secretariat's role in this area involves proactive communication, with a particular emphasis on subjects requiring scientific expertise. The Secretariat relies also on a network of external scientific partners without a clear supporting strategy.

Support to the Parties in the implementation and monitoring of the Convention

Capacity building and knowledge management of various stakeholders are essential for the implementation of the Convention, in particular to bridge between science and policy. Monitoring of the national reporting process and policy-related initiatives such as the "land degradation neutrality" should be strengthened.

The need to define a clear conceptual framework and corporate guidance on innovation

The Secretariat has limited capacity to support innovation, which hinders the implementation of the Convention at community level. On account of lack of strategic guidance related to innovation in the strategic framework or in the multi-year work plan for 2022-2025, there are no activity or deliverable related to innovation in the Secretariat units'

work plans. From an operational and local perspective, innovation seems key to the effective implementation of the Convention. A number of flagship initiatives sustained by innovation have been deployed by the Convention. However, a corporate agenda on innovation still needs to be defined to fully benefit from the Convention's interactions with the scientific community, the private sector and civil society.

Recommendations

The Board has made 12 new recommendations based on its audit. Details of how they can be implemented are provided throughout the report, notably in paragraphs immediately following the formulation of each recommendation. The Board recommends that the UNCCD Secretariat:

Finance

- (a) provide sufficient information in its financial statements on liabilities linked to the pending status of the main host country agreements;**

Management of budget processes

- (b) take the opportunity of its core budget proposal for the next biennium to present ways to progressively secure critical positions and expenses for the implementation of its mandate, while better taking into account the effects of inflation;**
- (c) endorse a resource mobilization strategy at the Executive Secretary level with the objective to increase both the volume and quality of its funding, including in terms of flexibility, multiyear visibility and diversification;**
- (d) carry out a feasibility study on the extension of Umoja budget modules, and take a decision on this extension, considering the costs and expected benefits as well as the implementation conditions required;**
- (e) progressively ensure a better link between budget and performance processes;**
- (f) make better use of its performance framework as a managerial tool for the Organization, in particular through workplans defining indicators at the unit level;**
- (g) set-up an integrated budget framework, presenting both projected core and non-core resources, for the information of the COP 17;**

The role of the Convention as a bridge between science and policy

- (h) explore ways to deepen its work on science, including by taking into account the relevant lessons from the social sciences as well as indigenous and local knowledge;**
- (i) propose to the Parties formalized guidelines for the functioning of the "science and technology correspondents" network, to ensure higher effectiveness;**
- (j) strengthen its monitoring on partnerships related to bridging science and policy, including by: (i) better mapping the existing partnerships and prioritizing areas where similar partnerships would also be needed; (ii) identifying and mitigating critical risks associated with these partnerships, notably through formalized due diligence; and (iii) finalizing a strategy on partnerships and adopting it at the Executive Secretary's level;**
- (k) establish an action plan to strengthen the Secretariat's capacities to support Parties in monitoring and evaluating objectives of the UNCCD, including Capacity Building and Knowledge Management as a key role in**

bridging between science and policy, and allocate sufficient resources for its effective implementation;

- (l) define a corporate agenda on innovation, to fully benefit from the Convention's interactions with the scientific community, the private sector and civil society.**

Follow-up of previous recommendations

The Board noted that out of 18 outstanding recommendations, six (33.3 per cent) have been implemented, eight (44.5 per cent) are still under implementation and four (22.2 per cent) are overtaken by events.

Key facts

\$20.60 million	Revenue
\$26.92 million	Expenses
\$6.32 million	Deficit for the year
\$55.39 million	Assets
\$40.08 million	Liabilities
\$15.31 million	Fund balance and reserves
€8.22 million	Core budget
83	Staff

A. Mandate, scope and methodology

1. The United Nations Convention to Combat Desertification (UNCCD) was established in 1994 and is the binding international agreement linking environment and development to sustainable land management. Currently, the Convention has 197 parties. The work of UNCCD is facilitated by its Secretariat located in Bonn, Germany. Established under the Convention as an operational arm, the Global Mechanism provides advisory services and works together with developing countries, the private sector, and donors to mobilize substantial resources for the implementation of UNCCD.

2. The Board of Auditors (Board) has audited the financial statements of UNCCD and reviewed its operations for the year ended 31 December 2023 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto and in accordance with the International Standards on Auditing (ISAs) and the International Standards of Supreme Audit Institutions (ISSAIs). These standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNCCD as at 31 December 2023 and the results of its operations and cash flows for the financial year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). This included an assessment as to whether the expenditures recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations and IPSAS. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

4. In addition to auditing the accounts and financial transactions, the Board carried out reviews of the UNCCD operations under United Nations financial regulation 7.5. This enables the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, internal financial controls and, in general, the administration and management of UNCCD operations. The Board focused its audit, among others, on finance, the management of budget processes and the role of the Convention as a bridge between science and policy. The Board also followed up on its previous recommendations.

5. The interim audit was carried out on site from 27 November to 15 December 2023 and the final audit was conducted on site, in Bonn (Germany) from 2 to 26 April 2024. The examination of UNCCD included a review of the internal controls

and accounting systems and procedures only to the extent considered necessary for the effective performance of our examination.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the Conference of the Parties. The Board's observations and conclusions were discussed with the UNCCD Secretariat whose views are appropriately reflected in the report.

B. Findings and recommendations

1. Previous recommendations

7. As of 31 December 2023, there were 18 outstanding recommendations of the Board of Auditors concerning UNCCD: nine from the audit report of 2022 and nine from previous exercises.

8. Out of these 18 outstanding recommendations, six (33.3 per cent) have been implemented, eight (44.5 per cent) are still under implementation and four (22.2 per cent) are overtaken by events. Details of the status of implementation of these recommendations are presented in the annex 1 to this report.

9. Implemented recommendations would represent 43 per cent if recommendations overtaken by events were not considered in the calculation of the implementation rate.

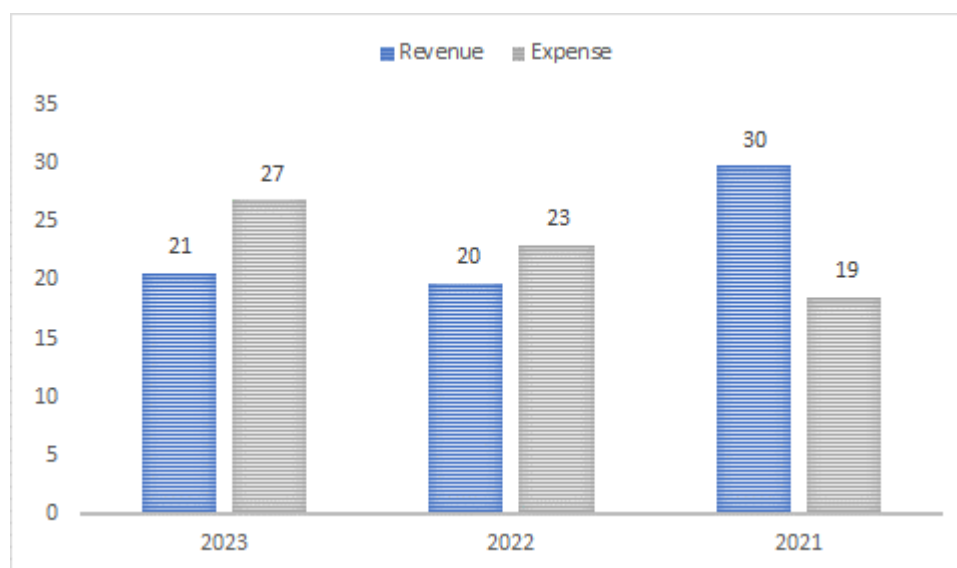
2. Financial overview

Revenue and expenses

10. The Board noted that revenue from indicative and voluntary contributions amounted to \$18.2 million in 2023 (in 2022: \$19.8 million) representing almost 88 per cent of total revenue. \$2.4 million related to other revenue such as interest revenue and gain on investments was thus significantly higher than in the prior year (in 2022: \$0.1 million).

11. UNCCD's total expenses for 2023 (\$26.9 million) increased by \$3.9 million compared to the expenses for 2022 (\$23.0 million). This increase is predominantly due to grants (increase of about \$2.8 million due to Global Mechanism and to the Secretariat), higher staff costs (increase of about \$1.0 million), and contractual services (\$0.9 million).

Figure II.I
Revenue and expenses
(Millions of United States dollars)



Source: Board of Auditors based on UNCCD financial statements for 2023, 2022 and 2021

12. Table II.1 below presents an overview covering a three-year period from 2021 to 2023. It shows changes and trends in revenue and expenses, and also in the balance sheet categories.

Table II.1
Overview covering the years 2021-2023
(Millions of United States dollars)

	<i>Annual figures</i>			<i>Increase/(decrease) in %</i>	
	2023	2022	2021	2022 to 2023	2021 to 2022
Revenue	20.6	19.8	29.8	4.1	(33.6)
Expenses	26.9	23.0	18.6	17.0	23.7
Surplus/Deficit	(6.3)	(3.2)	11.2	(97.4)	(128.6)
Assets	55.4	57.6	52.7	(3.9)	9.4
Liabilities	40.1	36.2	35.7	10.7	1.4
Fund balance and reserves	15.3	21.5	17	(28.8)	26.5
Personnel expenses	14.0	13,0	12	7.9	8.3

Source: Board of Auditors' calculations based on the UNCCD financial statements for 2023, 2022, and 2021.

Assets and liabilities

13. In 2023, the amount for total assets decreased by \$2.2 million, thus reaching \$55.4 million at year-end. This represents a decrease of 3.9 per cent for one year. Main changes in the 2023 assets compared to the 2022 assets stemmed from a decrease in current and non-current contributions receivable by \$8.8 million and an increase in investments by \$6.1 million.

14. Liabilities amounted to \$40.1 million at year-end 2023, compared to 2022 (\$36.2 million). The Board noted that the growth is related, in one hand, to advance receipts which increased by \$2.0 million, include due to deferred revenue from conditional voluntary contributions (+1.4 million) and, on the other hand, to employee benefit liabilities which rose by \$1.5 million.

15. The employee benefit liabilities amounted at \$28.9 million as at 31 December 2023, consisting mainly of after service health insurance (\$25.8

million), repatriation grant and travel (\$1.8 million) and accumulated annual leave (\$0.8 million, which is mainly booked as non-current liabilities).

16. Table II.2 presents key financial ratios. They indicate that UNCCD's current liquidity further deteriorate as at 31 December 2023 compared to previous years.

Table II.2

Ratio analysis

<i>Ratio</i>	<i>31 Dec 2023</i>	<i>31 Dec 2022</i>	<i>31 Dec 2021</i>	<i>31 Dec 2020</i>
Assets-to-liabilities ratio^a				
Total assets: total liabilities	1.38	1.59	1.48	1.15
Current ratio^b				
Current assets : current liabilities	3.37	3.86	12.20	10.59
Quick ratio^c				
(Cash + short-term investments + accounts receivable): current liabilities	3.33	3.79	12.09	10.48
Cash ratio^d				
(Cash + short-term investments): current liabilities	2.91	2.96	8.01	7.01

Source: Board of Auditors' calculations based on the UNCCD financial statements for 2023, 2022, 2021, and 2020.

^aA high ratio is a good indicator of solvency.

^bA high ratio indicates an entity's ability to pay off its current liabilities.

^cThe quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

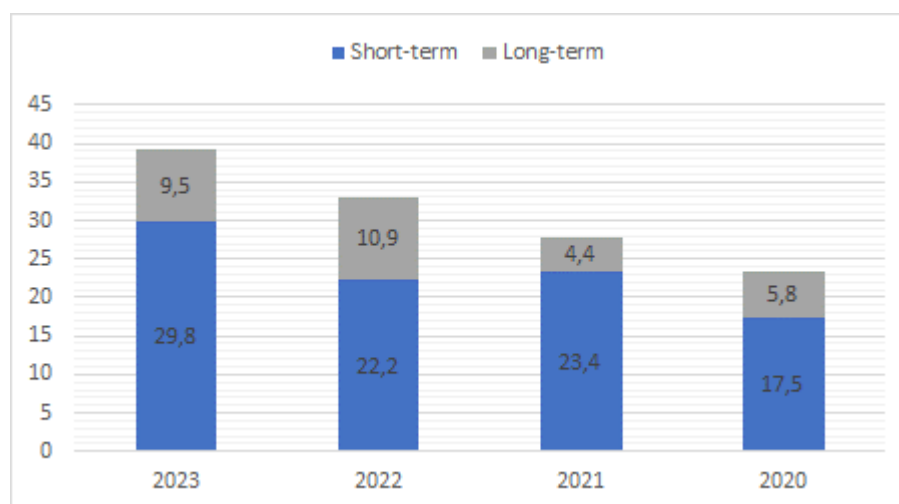
^dThe cash ratio is an indicator of an entity's liquidity. It serves to measure the amount of cash, cash equivalents or invested funds available in current assets to cover current liabilities.

17. The overall solvency (ratio of total assets to total liabilities) at year-end 2023 has decreased to 1.38. According to the current ratio, the quick ratio and the cash ratio, UNCCD's liquidity deteriorated significantly. This deterioration in liquidity was mainly a result of the most important increase of current liabilities.

Figure II.II

Development of investments during the years 2020-2023

(Millions of United States dollars)



Source: Board of Auditors based on UNCCD financial statements for 2023, 2022, 2021 and 2020.

18. Total investments overall, handled by the United Nations Secretariat, increased in 2023 from \$33.1 million to \$39.3 million (see figure II.II above). However, long-term investments decreased slightly. In 2023, cash increased from \$5.8 million to \$6.3 million. Those results are not dependent of UNCCD management as cash and investments of the Convention are directly handled by United Nations Treasury.

Net assets by fund

19. The total net assets decreased by \$6.2 million between 2022 and 2023 for setting at \$15.3 million as at 31 December 2023.

Table II.3

Net assets/(liabilities) by fund

(Millions of United States dollars)

	TF for the global mechanism	TF for Voluntary financing of activities	TF for the core budget	Special account for Programme Support Cost	Cost recovery under host country agreement	Other funds	Total Net Assets
2021	16,0	23,9	-13,1	-12,5	1,6	1,1	17,0
2022	13,5	26,9	-11,4	-9,9	1,6	0,8	21,5
2023	11,0	24,7	-11,8	-10,8	1,5	0,7	15,3

Source: UNCCD financial statements for 2023.

20. UNCCD funds, which are primarily composed of voluntary contributions, show high net assets. IPSAS 23 “Revenue from Non-Exchange Transactions (Taxes and Transfers)” required that revenue from voluntary contributions, including multi-year agreements, is regularly recognized upon signing of donor agreements. A liability is only recognized if the requirements for UNCCD under these agreements meet certain criteria (note 3 to the financial statements).

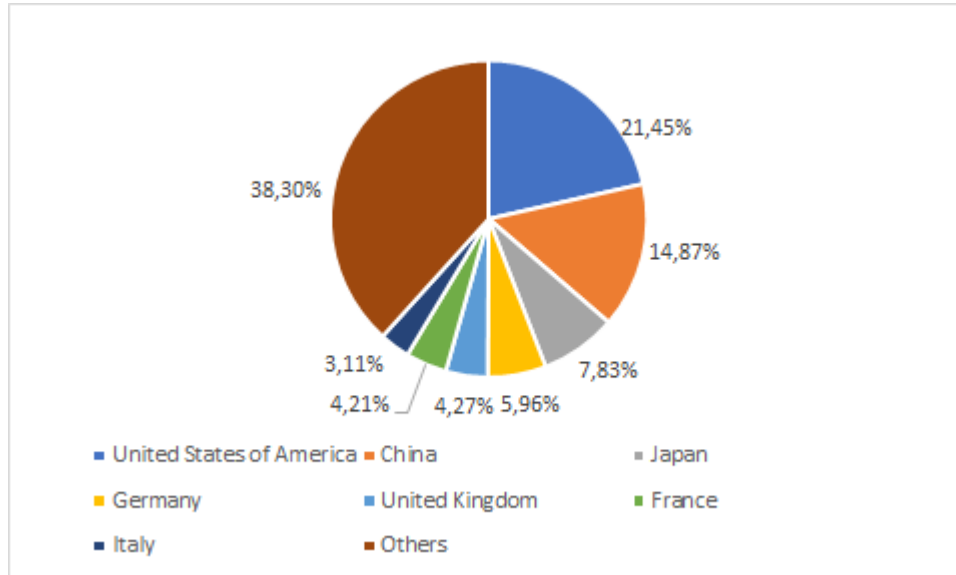
21. The “Trust fund for the core budget of the UNCCD” and the “Special account for UNCCD programme support cost” bear a large portion of the employee benefit liabilities.

Main parties contributing to the core budget

22. The figure below shows the top seven parties providing 62 per cent of total contributions to UNCCD core budget. The United States of America (21.45 per cent), China (14.87 per cent), Japan (7.83 per cent) and Germany (5.96 per cent) shares account for almost 50 percent of total contributions.

Figure II.IV

Main parties contributing to the core budget
(Millions of United States dollars)



Source: Analysis made by the Board of Auditors based on the UNCCD 2023 financial statements.

3. Finance

3.1. Observations during the audit and taken into account by the organization

23. In the course of the audit of UNCCD financial report and financial statements for the year ended 31 December 2023, the Board reviewed the issued financial statements in the version submitted to the Board on 31 March 2024. They have identified several transactions that were incorrectly reflected in the financial statements. Besides some mistakes have been noted in the financial statements, such as errors in total amounts, in titles of items in tables. They all have been corrected by UNCCD.

3.2. Implementation of IPSAS 41

24. Effective 1 January 2023, the United Nations Organizations adopted IPSAS 41: Financial instruments, which was issued by the International Public Sector Standards Board (IPSASB) in August 2018. The Standard replaced IPSAS 29: Financial instruments: recognition and measurement, and resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial asset or where the practical expediency is applied, management is allowed to use a simplified approach and measure impairment for financial assets using the twelve-month expected credit losses. The ECL considers possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at amortized cost (AC) or at fair value through net asset equity (FVNAE).

25. The initial version of financial statements of UNCCD in 2023 did not include information related to the application IPSAS 41.
26. At the request of auditors, UNCCD provided an accounting policy paper regarding IPSAS 41 implementation, made some adjustments to the notes and calculated loss provisions for indicative contributions:
- Note 3 – Significant Accounting Policies: the paragraphs have been improved to consider the new standard IPSAS 41.
 - Revised loss allowance calculation for 2023: loss allowance for indicative contributions has been recalculated based on available historical data for years 2015-2023. Loss allowance increased from \$2.8 million to \$3.2 million according to the calculation.
 - Note 7 – Indicative Contributions Receivable: the note has been updated with the concept of “less doubtful debt allowance” and it is now specified: “Less loss allowance have been calculated for indicative contributions receivables in line with IPSAS 41”
 - Note 8 – Voluntary Contributions Receivable: in paragraph 91 it is now specified that no expected credit losses were recognized in the year ending 31 December 2023.
 - Note 9 – Other Accounts Receivable: in paragraph 92 it is now specified that no expected credit losses were recognized in the year ending 31 December 2023.
 - Note 21 - Financial instruments and financial risk management: The notions of “Fair value through the surplus or deficit” has been replaced with “Fair value through net assets and equity”, and “Cash and cash equivalents at fair value through surplus and deficit” by “Cash and cash equivalents”. The tables “Movement in the allowance for doubtful receivables” and “Ageing of indicative contributions” have been updated.

3.2. Complementary information in note 16 “Net assets”

27. The note 16 “Net Asset” did not include the decision taken by the 10/COP 15:
- *“Authorizes the Executive Secretary, on an exceptional basis and without setting a precedent, to draw upon available unspent balances or contributions from prior financial periods to:*
 - *Set aside funds for after-service health insurance, not exceeding the amount of EUR 500,000.*
28. IPSAS 1, states the purpose of the financial statements, as follow:
- *§15 a: Providing information about the sources, allocations and uses of financial resources;*
 - *§15 b: Providing information about how the entity financed its activities and met its cash requirements;*
 - *§15 c: Providing information that is useful in evaluating the entity’s ability to finance its activities and to meet its liabilities and commitments;*
29. UNCCD only indicated in the note 16 that “The accumulated surplus includes the accumulated surplus of the General Fund and related funds, general trust funds, and after-service employee benefit funds.”
30. The new version of UNCCD financial statements provided on 10 may 2024, took into account the Board’s observation in the note 16 “Net assets”.

3.3. Knowledge of fixed assets that are no more in use

31. UNCCD had not carried out a physical inventory, and therefore had a limited knowledge of its fixed assets which are no more in use.

32. Indeed, the initial version of the note 11 “fixed assets” of the financial statement, as at 31 December 2023, indicated a total in gross amount of \$201 314, which included, one vehicle that the organization certified to detain and other vehicles and equipment that it denied detaining. These last raised at a total of \$161 933,84 and are totally amortized.

33. IPSAS 17 “Property, plant and equipment” states as definition: “Property, plant, and equipment are tangible items that: are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one reporting period.”

34. In a first instance, UNCCD did not provide physical inventory.

35. During the audit, UNCCD made some verifications and provided the inventory signed by the chief of administrative services, on which two (instead of one initially recognized by UNCCD) vehicles were registered.

36. In addition, some vehicles and equipment listed on the initial accounting record, for a total gross amount raised at \$141, 508 were no more in use, and no more registered in the physical inventory. UNCCD made the derecognition of those fixed assets, following the UN IPSAS Guidance, on Property, Plant and Equipment.

37. After those adjustments, the gross amount of the Property, plant and equipment raised at \$59, 806 as at 31 December 2023, instead of \$ 201, 314. So, the property, plant and equipment is only composed by two vehicles.

3.4. Umoja users

38. No recommendation was issued during the Board’s previous financial audit concerning Umoja roles but the Board pointed out several risks, concerning mainly the following points:

- the Tcode “PFCG-maintenance role” was granted to all users, which allowed the administration of authorizations with the ability to create a role and to be assigned very critical transactions. It is not the case any more. This Tcode is now only granted to staff who is performing activities related to security;
- the need of simplification of Umoja user roles, which exposes UNCCD to risks on integrity of operational and financial data and fraud;
- enhancing supervision on access rights.

39. The responsibility for user role management is shared with UN headquarters. UN headquarters is responsible for the Umoja role master and the separation of duties matrix construction. The Security Liaison Officer (SLO) is in charge of reviewing quarterly the user rights granted to users, and removing user rights if needed. The user access management at the SLO level should be reviewed next year and all actions carried out as part of the review and corrective actions must be documented, and supporting documents kept. UNCCD undertakes to make it.

3.5. Information in the financial statements on host country agreements

40. Based on the Board’s analysis of the Conference of the Parties (COP) 15 and the Committee for the Review of the Implementation of the Convention (CRIC) 21 accrued expenses as of 31 December 2023, UNCCD should perform a clearing analysis of the expenditures incurred and allocated to the Special account for UNCCD cost

recovery under home country agreement (ZHC) compared to the year-end estimation as statement of accounts balances detailing the expenditures have not yet been submitted to host countries.

41. The UN Resolution 40/243 decided that United Nations bodies may hold sessions away from their established headquarters when a Government issuing an invitation has agreed to defray the actual additional costs directly or indirectly involved. Furthermore, organization and hosting of UNCCD Conference of the Parties and its subsidiary bodies meetings is required to follow guidelines provided by the United Nations (ST/AI/342). In line with Chapter II Art A, OP7 of the same administrative instruction, the UNCCD Secretariat will conclude an agreement with the respective host Government in the form of a treaty.

42. COP 15, originally planned for 2021, took place from 9 to 20 May 2022 in Abidjan. The host country agreement signed between Republic of Côte d'Ivoire and Secretariat provided for a host country contribution of \$1.7 million by 20 May 2022. This contribution was paid to UNCCD by the end of September 2022. These transactions are accounted for in the UNCCD Cost Recovery Under HCA fund (ZHC).

43. The agreement stated, among other things, that Secretariat will reimburse the Government of Côte d'Ivoire for the unused balance. In 2023, the statement of accruals provided (ref "CRIC21 COP15 accruals 2023") states that total expenses incurred with regards to COP 15 is \$1.1 million and a fund balance of \$0.6 million.

44. Committee for the Review of the Implementation of the Convention 21 (CRIC21), took place from 13 to 17 November 2023 in Samarkand, Uzbekistan. The host country agreement signed between Republic of Uzbekistan and Secretariat provided for a host country contribution of \$0.8 million by 10 October 2023. In 2023, the statement of accruals provided (ref "CRIC21 COP15 accruals 2023") states that total expenditures incurred in relation with to CRIC 21 is \$0.5 million and a fund balance of \$0.3 million.

45. As noted in 2023 for the 2022 financial statements audit, Secretariat has not yet submitted to the Republic of Côte d'Ivoire the statement of accounts detailing the expenditures. The estimated accrued amount of \$363,000 booked in 2022 had as counterparty account the voluntary contributions (#61201210) and disclosed as a refund to donor based on the recommendation from the Board during the financial year 2022 audit.

46. The Secretariat has not yet submitted to the Republic of Uzbekistan the statement of accounts detailing the expenditures.

47. The Secretariat indicated about the status of reporting:

- "CRIC 21 report could not be finalized due to a few pending actions to be performed by UNEP/UNON. The report will be finalized as soon as UNEP/UNON clears vendor account and closes remaining PO balances.
- "COP15 final report will be available in 2024 after posting all entries and closing funds commitments which are no longer required. The Executive Secretary of UNCCD is in discussion with the Government of Côte d'Ivoire for the utilization of the remaining funds and based on the approval, the necessary steps will be taken to close COP15 project in 2024".

48. In the absence of a finalized report, an information should be disclosed in the financial statements, detailing accounting entries and the status at the year end of the both operations.

49. The Board recommends that the UNCCD Secretariat provide sufficient information in its financial statements on liabilities linked to the pending status of the main host country agreements.

50. UNCCD Secretariat accepted the recommendation.

4. The management of budget processes

51. The Board has focused its audit of the management of budget processes on four aspects: budget planning, preparation and appropriation (see sect. 4.1); resource mobilization (see sect. 4.2); budget implementation (see sect. 4.3); and accountability and reporting (see sect. 4.4).

4.1. Budget planning, preparation and appropriation

52. The budget of UNCCD Secretariat is governed by specific financial regulations and rules set by the Conference of the Parties. The budget proposal is prepared by a committee chaired by the Executive Secretary, in relation with other internal structures.

53. Adopted at COP 15, the current budget, covering exceptionally a triennium, 2022-2024, amounts to EUR¹ 24.6 million. The budget for the next biennium shall be presented at COP 16. The Secretariat's budget proposal is focused on the "core budget", financed by indicative contributions, as opposed to extra-budgetary funds covered by voluntary contributions.

54. The core budget only covers partially expenses required to carry out the secretariat's mandate, with an increasing number of activities funded by voluntary contributions. Based on the Secretariat's budget proposal, the Parties approve resource requirements set out in the core budget, while voluntary contributions follow bilateral agreements with each donor.

55. An analysis of budget trends since 2012 points to an increasing dependency on extra-budgetary funds, which have become preponderant. Moreover, relying on a zero nominal growth budget scenario in a context of inflation means that the sustainability of the financing of the Secretariat's missions is at risk.

4.1.1 Specific financial rules approved by the COP define the framework for budget processes applied by the Secretariat

56. The budget of the UNCCD Secretariat is governed by the financial rules of the Conference of the Parties, its subsidiary bodies and the Convention Secretariat, adopted by the COP in its decision 2/COP.1², and amended by decisions 10/COP.13³ and 10/COP.14⁴. Under these rules, the Executive Secretary of the Convention is responsible for preparing a budget proposal for the coming biennium, which they then submit to the COP for approval. Article 22.2(g) of the financial rules states that the COP shall "approve its programme of activities and budget, including those of its subsidiary bodies, and take the necessary measures for their financing"⁵, covering the main activities of the Secretariat and the Global Mechanism.

57. Adopted by the COP in its decision 10/COP.15, the Convention's programme-budget, which exceptionally covers a three-year period⁶, complies with the Convention's financial management rules⁷. The current programme-budget covers the 2022-2024 triennium, and next budget proposal to be presented at COP 16 will cover the 2025-2026 biennium.

¹ Euros.

² Decision 2/COP.1, Financial rules of the Conference of the Parties, its subsidiary bodies and the Convention Secretariat.

³ Decision 10/COP.13, Programme and budget for the biennium 2018-2019.

⁴ Decision 10/COP.14, Programme and budget for the biennium 2020-2021.

⁵ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, article 22.2(g).

⁶ According to decision 10/COP.15: "The three-year timeline between the fifteenth and sixteenth sessions of the Conference of the Parties, deriving from the Covid-19 pandemic restrictions, differs from the usual two-year period".

⁷ Financial management rules include financial period, adoption of the programme-budget and of the indicative scale of contributions by the COP, accounts and audits, and administrative support costs.

58. The core budget, covering the main activities of the Secretariat and the Global Mechanism (GM), is supplemented by extra-budgetary funds divided into supplementary and special funds.

59. A distinction must be made between the core budget and other voluntary contributions or extra-budgetary funds, which are divided into various trust funds.

60. Accounted for in the Trust Fund for the Core Budget of the UNCCD, the core budget, is intended to cover the main activities of the Secretariat and the Global Mechanism. It is made up of 75 percent staff costs. For the 2022-2024 triennium, the core budget approved by the COP amounts to EUR 24,646,354. It should be noted that said approved budget is based on the zero nominal growth scenario, and does not include the recommended adjustments made by the Secretariat for 2023.

Table II.4
Resource requirements distributed by subprogramme for the 2022-2024 triennium
- core budget as approved by the COP
(Euros)

	2022	2023	2024	Total proposed budget
<i>I. Secretariat programmes</i>				
A. Executive Office	716 024	716 024	716 024	2 148 072
B. Governing Bodies and Legal Affairs	426 808	426 807	426 807	1 280 422
C. Communications	561 295	561 295	561 295	1 683 885
D. External Relations, Policy and Advocacy	1 091 937	1 091 937	1 091 937	3 275 811
E. Science, Technology and Innovation	1 602 685	1 602 685	1 602 685	4 808 055
F. Administrative Services	1 024 110	1 024 110	1 024 110	3 072 330
<i>II. Global Mechanism</i>				
G. Global Mechanism	1 847 452	1 847 453	1 847 453	5 542 358
Subtotal (A-G)	7 270 311	7 270 311	7 270 311	21 810 933
III. Programme support costs (13%)	945 141	945 140	945 140	2 835 421
IV. Working capital reserve	-	-	-	-
TOTAL (I-IV)	8 215 452	8 215 451	8 215 451	24 646 354
Income				
Contributions from the host Government	511 292	511,292	511,292	1 533 876
Indicative contributions	7 582 749	7,704,159	7,704,159	22 991 067
Unspent balance or contributions from prior financial periods (up to)	121 411	-	-	121 411
Total income	8 215 452	8,215,451	8,215,451	24,646,354

Source: Decision 10/COP.15, Programme and budget for the triennium 2022-2024.

61. The Secretariat's budget proposal is focused on the core budget, which only covers partially budgetary expenses required to carry out the Secretariat's mandate. In addition to the core budget, voluntary and/or earmarked contributions, also known as extra-budgetary funds, finance other activities in line with the guidelines approved by the COP, in the 2022-2025 multi-year workplan for the Convention institutions adopted at COP 15. Voluntary contributions are divided into the following categories of trust funds:

- (i) The Trust Fund for Participation of Representatives of Eligible Parties in the Sessions of the UNCCD Conference⁸, special fund created to finance the participation of representatives of developing States Parties in the sessions of the COP and its subsidiary bodies.

⁸ ICCD/COP(15)/5, Programme and budget for the biennium 2022-2023, Note by the Secretariat. For the 2022-2023 biennium, the estimated resources needed to cover CRIC 21 and COP 16 amounted to EUR 2.2 million.

(ii) The two Trust Funds for Voluntary Financing of Activities under (i) the UNCCD and (ii) the Global Mechanism, which allow the Secretariat to finance projects and activities decided by the Parties that are not covered by the core budget, or other activities implemented by the Secretariat at the request of the Parties.

(iii) The Trust Fund for Convention Events Organized by the UNCCD secretariat, also known as the Bonn Fund. This additional annual contribution from the host country, amounting to EUR 511,292, is intended to finance Convention-related activities organized by the Secretariat.

62. Although the COP approves the core budget as well as a contingency budget, it should be noted that the Parties only take note of the estimated resource requirements for the Special Trust Fund for participation.

63. Finally, a special account has been created for Programme Support Costs (PSC). In accordance with the financial rules approved by the COP and with UN standard practice, a rate of 13 percent is charged to all trust funds. This special account mainly covers expenditure relating to the administrative support staff and secretarial staff costs of the United Nations Liaison Office in New York. For the 2022-2023 biennium, the Secretariat estimated the need for human resources at 17 posts, which amount to EUR 1.8 million in staff costs per year⁹. These requirements are subject to income from the relevant special account.

4.1.2 The budget preparation process relies on specific committees and actors, according to a defined timeframe

64. Within the Secretariat, the weekly Operations Group (OG), is in charge of coordinating substantive discussions on programme budget planning - core budget and extra-budgetary contributions, to be linked to the Convention's strategic priorities. Indicators associated with the programme-budget are also discussed during OG meetings.

65. In addition, the Budget and Finance Committee has been set up in 2023 to focus on monitoring budget revenue and expenditure, including core budget and extra-budgetary contributions. This BFC also provides an opportunity to discuss the need for any adjustments and reallocations and to prepare future budget proposals. Chaired by the Executive Secretary, it brings together all heads of unit¹⁰, who are invited to present their spending plans, in line with the strategic priorities defined by the COP.

66. Lastly, the Resource Mobilization Committee, which meets once or twice a month, is chaired on rotating basis by the Director of the Global Mechanism and the Chief of the Unit for Communications, External Relations and Partnerships. This committee brings together the heads of units and is responsible for monitoring extra-budgetary contributions and related issues.

67. Budget preparation process for 2025-2026, to be presented at COP 16, has started early. The preparation of the budget is structured in different phases, which are applied to the current preparation process initiated for the 2025-2026 programme and budget. The preparation and consultation phases should lead to the drafting of two scenarios to be presented at the next COP: one zero nominal growth scenario – which may pose a challenge to the sustainability of activities – and another scenario comprising recommended adjustments to the zero nominal growth scenario.

68. Upon suggestion from the COP Bureau, an informal consultation of the parties¹¹ has been initiated in March 2024, in order to collect feedback on the budget proposal-

⁹ Ibid.

¹⁰ The BFC is to be extended to all heads of units, including the Science, Technology and Innovation Unit – which was not represented in the first meetings.

¹¹ UNCCD, [Minutes of the meeting of the COP 15 bureau](#), 13 November 2023.

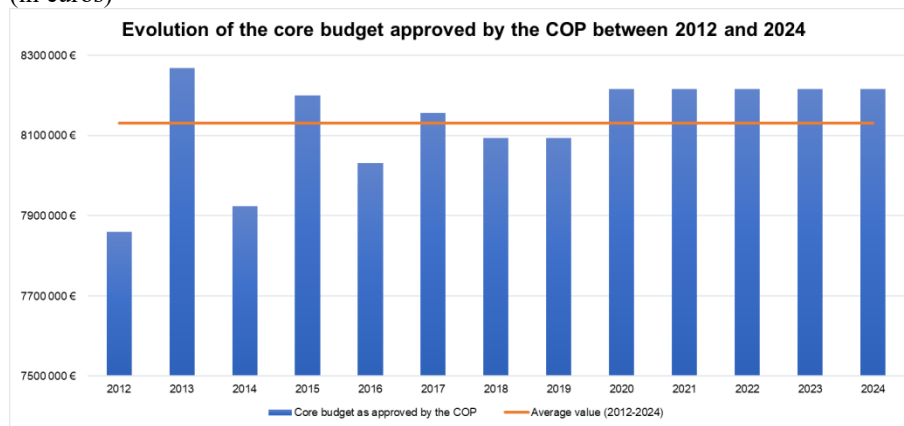
including on voluntary contributions and identification of financing needs¹². At the same time, the Secretariat is holding discussions with the major donors to discuss the priorities and funding needs identified. Following final clearance by the Executive Secretary, the budget proposal will become an official document in September 2024, to be presented at the COP by December 2024.

4.1.3 An analysis of budget trends since 2012 points to an increasing dependency on extra-budgetary funds, which have become preponderant

69. Over the last ten years, the core budget has remained relatively stable: EUR 8.27 million voted for the 2013 budget compared with EUR 8.22 million for the 2023 budget¹³. This amount remains unchanged between 2020 and 2024.

Figure II. V

Evolution of the core budget approved by the COP between 2012 and 2024 (in euros)



Source: Board of Auditors, based on data from COP decisions on programmes and budgets, from biennium 2012-2013 to triennium 2022-2024 (COP 10 to COP 15).

70. While the core budget has scarcely changed in value over the past ten years, its share of funding for activities has declined sharply compared to extra-budgetary funding. While the core budget accounted for over 50 percent of the funding of the Convention's activities during the 2012-2013 biennium, the trend has gradually been reversed.

71. The dependence of the Secretariat on extra-budgetary funding is further exemplified by the fact that numerous staff costs are not covered by the core budget, namely costs relating to the administrative and secretarial staff of the United Nations Liaison Office in New York, or posts attached to the Regional Cooperation Unit¹⁴. Within the Administrative Services of the Secretariat, staff positions in the Budget & Finance, Human Resources, Information and Technology, Procurement and Travel units are also funded exclusively by extra-budgetary funds.

72. Activities and projects financed by extra-budgetary resources from the Trust Fund for Supplementary Activities of the Secretariat and the Global Mechanism have been sharply increased for several financial years. This fund, which finances activities such as special intersessional working groups, regional workshops¹⁵, or projects such as the Changwon Initiative, has seen its income increase sevenfold between the 2012-

¹² UNCCD, [Budget consultations ahead of UNCCD COP 16](#), Notification, 18 March 2024.

¹³ UNCCD, Meeting of the Bureau of the COP 15, Status of the UNCCD core budget, November 2023.

¹⁴ UNCCD, Organigram of the Secretariat, updated on November 2023. Three posts attached to the Regional Cooperation unit are also financed by the trust fund for additional activities, including the Regional Liaison Officers for Central and Eastern Europe and the Northern Mediterranean.

¹⁵ ICCD/COP(15)/7, Financial performance for the Convention trust funds, Note by the Secretariat – Annex, Projects and events funded from the Trust Fund for Supplementary Activities (secretariat and the Global Mechanism) in the biennium 2020–2021.

2013 and 2022-2023 biennia. The total income for this trust fund has risen from EUR 2.07 million to EUR 14.4 million over this ten-year period.

4.1.4 Relying on a zero nominal growth budget scenario in a context of inflation means that the sustainability of the financing of the Secretariat's missions is at risk

73. While the amount of the core budget approved by the COP has remained relatively stable since 2013, inflation has had a significant impact on the UNCCD core budget, due to the revision of UN salary scales and post-adjustment rules in Germany, decided by the UN Secretariat¹⁶. In addition, the prices of products and services have risen, including the price of office supplies and Umoja reimbursement services.

74. Against this backdrop, the Secretariat is forecasting a 7.8 per cent over-execution of the budget for the 2022-2024 triennium, and estimates that staff costs could account for up to 90 percent of the triennial budget. According to the expenditure forecasts, based on the average expenditure for the period from 1 January 2022 to 31 August 2023, the three-year budget would be implemented at 107.8 percent by the end of 2024¹⁷. In the interest of budgetary discipline, the Secretariat and the Global Mechanism have frozen positions and postponed the recruitment of key positions. However, these measures are likely to affect the efficiency of the Secretariat at a time when COP 16 is scheduled to be held at the end of the year. In addition to the freezing of posts, other measures are being considered, including the outsourcing of certain activities to other agencies in the United Nations system, through long-term agreements.

75. Having recognized the seriousness of the aforementioned budgetary problems, the COP Bureau indicated that the situation should be reviewed during the preparation of the next biennium 2025-2026¹⁸. The Secretariat has therefore launched a consultation process with the Parties on the budget, in March 2024, in order to share the state of the core budget and discuss the next budget proposal to be drafted by the Secretariat. All parties have been invited to provide feedback.

76. Given that the Parties have themselves requested the Executive Secretary to "ensure effectiveness and efficiency in the implementation of the approved work programme" through an appropriate organizational structure and staffing¹⁹, the Secretariat should secure the funding of critical positions through the core budget.

77. The Board recommends that the UNCCD Secretariat take the opportunity of its core budget proposal for the next biennium to present ways to progressively secure critical positions and expenses for the implementation of its mandate, while better taking into account the effects of inflation.

78. The UNCCD Secretariat accepted the recommendation.

4.2. Resource mobilization

79. Resource mobilization is key to the Convention, notably given the growing role of extra-budgetary funding. However, the resource mobilization strategy is still a draft. It will have to be adopted, and then assessed over the next few years to measure progress made in terms of fundraising.

4.2.1. The resource mobilization function is key to the Secretariat, notably given its growing dependency on extra-budgetary funding

80. While the amount of the core budget, approved by the COP, has remained stable over the last 10 years, the amount of extra-budgetary resources has steadily increased.

¹⁶ UNCCD, Information consultation on the UNCCD budget, Background information, 13 March 2014.

¹⁷ UNCCD, Meeting of the Bureau of the COP 15, Status of the UNCCD core budget, November 2023.

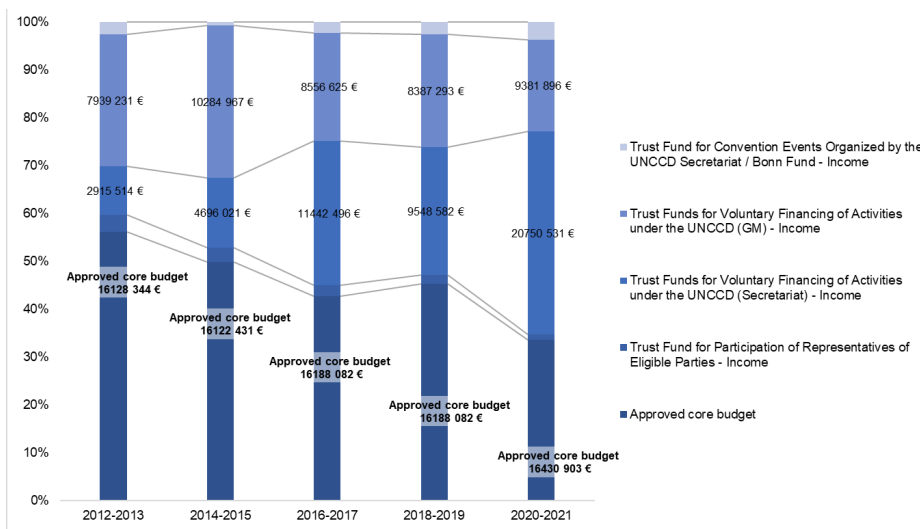
¹⁸ UNCCD, Information consultation on the UNCCD budget, Background information, 13 March 2014.

¹⁹ Decision 10/COP.15, Programme and budget for the triennium 2022-2024, paragraph 12.

In 2023, extra-budgetary funding will account for more than half of the Secretariat’s resources. Extra-budgetary resources account for 54 percent of income (i.e. EUR 11.0 million of extra-budgetary funding, compared to EUR 9.4 million of core budget income) and 63 percent of expenditure (i.e. EUR 16.0 million in expenditure).

81. The Trust fund for Voluntary Financing of UNCCD activities, which has been grown particularly over the last 10 years, generated income of EUR 8.5 million euros in 2022 and EUR 8.8 million in 2023 - an amount equivalent to the core budget.

Figure II.VI
Distribution of financial resources (core and extrabudgetary) between 2012 and 2024



Source: Board of Auditors, based on data from (i) COP decisions on programmes and budgets, and from (ii) financial performance reports for the Convention trust funds presented to the COP, from biennium 2012-2013 to triennium 2022-2024 (COP 10 to COP 15).

82. To carry out its mandated activities, the Secretariat relies heavily on extra-budgetary funding, including for the funding of key functions and positions that serve the mandate of the Convention. As such, resource mobilization is described in the Mid-Term Evaluation of the Strategic Plan 2018-2023 as one of the key functions performed by the Secretariat and the Global Mechanism to ensure the implementation of the Convention's objectives²⁰.

4.2.2. The Secretariat’s resource mobilization strategy needs to be adopted and implemented

83. In order to support resource mobilization efforts and secure the extra-budgetary funding needed to carry out the mandate entrusted by the Convention, the Secretariat has formalized an internal resource mobilization strategy. The guiding principles include strengthening strategic partnerships, improving the attractiveness of the UNCCD, broadening the donor base and diversifying funding sources, seeking more predictable funding, among others²¹.

84. As such, the resource mobilization strategy is complementary to the partnership strategy - the extension and consolidation of financial partnerships being understood as a lever for resource mobilization. This strategy entrusts the Deputy Executive Secretary with a key role in defining priorities and coordinating resource mobilization.

85. This strategy, finalized in November 2023, remains a working document

²⁰ ICCD/COP(16)/2, Midterm evaluation of the UNCCD 2018-2030 Strategic Framework, Note by the Secretariat [Draft version].

²¹ UNCCD, Resource mobilization, Strategy of the UNCCD Secretariat, November 2023, Draft version

awaiting validation. Although it has not been endorsed by the Executive Secretary yet, preliminary work has been carried out on identification of the financing needs²² arising from the priorities defined by the 2022-2025 multi-year work programme approved at COP15²³.

86. **The Board recommends that the UNCCD Secretariat endorse a resource mobilization strategy at the Executive Secretary level with the objective to increase both the volume and quality of its funding, including in terms of flexibility, multiyear visibility and diversification.**

87. In the medium term, this strategy should also be assessed so that it can be adjusted if necessary.

88. The UNCCD Secretariat accepted the recommendation.

4.3. Budget implementation

89. The Secretariat currently faces a risk of over-implementing its core budget. In both 2022 and 2023, the core budget and voluntary contributions have been over-implemented on an annual basis, compared to annual allocations and provisions. The Secretariat needs adjustments to ensure that the overall limit of its core budget for the triennium 2022-2024 is respected. Monitoring of the implementation of the budget could be strengthened through the use of adequate budget modules in Umoja.

4.3.1. The Secretariat currently faces a risk of over-implementing its core budget

90. Over the last two financial years, in 2022 and in 2023, the core budget and voluntary contributions have been fully implemented - even over-implemented on an annual basis, but still within the limits of the multi-year approved budget period.

91. While the core budget was largely over-implemented in 2022 (revenue spent at 131 percent), the execution rate dropped to 99 percent in 2023 – due to the regulation of the implementation of core budget over the triennium.

92. As far as voluntary contributions are concerned, the trend of over-execution has largely been confirmed, even though revenues have increased between 2022 and 2023. This trend highlights the UNCCD's growing reliance on extra-budgetary funding. The findings on over-execution are confirmed for all the trust funds dedicated to voluntary contributions – notably by the increase of the implementation rate for the Trust fund for voluntary financing of activities under the UNCCD (from 69 percent in 2022 to 127 percent in 2023).

93. The conclusion is that the Secretariat is willing and able to fully use contributions from the Parties for the implementation of activities.

4.3.2. Monitoring of the implementation of the budget could be strengthened through the use of adequate budget modules in Umoja

94. Within the Secretariat, each unit is responsible for monitoring its budget, covering both core budget and extra-budgetary funds, with the support of the Administration Services team, which sends each month a consolidated report to all heads of unit, detailing the updated consumption of core budget and extra-budgetary funds by unit.

95. Although the Umoja software package has been deployed within the Secretariat, budget monitoring is largely carried out manually through Excel spreadsheets, both for the core budget and for resource mobilization. This monitoring is therefore time-consuming and carries a significant risk of input errors. This type of monitoring does

²² 2022-2024 work programme of the UNCCD Secretariat and the Global Mechanism – Activities and the availability of funding.

²³ Decision 1/COP.15, Multi-year workplan for the Convention institutions (2022–2025).

not provide an overall view in real time, as it requires time to consolidate the information provided by each unit beforehand.

96. In addition, it should be noted that the small size of the Secretariat, and particularly of the Budget and Finance team²⁴, could be critical to the segregation of rights on Umoja.

97. The use of Umoja BPC module, could automate the production of financial statements, hence facilitating the monitoring of budget for the Administration Services. However, the Secretariat is facing a lack of staff training on Umoja. In addition, certain conditions need to be met – including the allocation of dedicated resources on the core budget²⁵ to allow for this solution to be deployed.

98. **The Board recommends that the UNCCD Secretariat carry out a feasibility study on the extension of Umoja budget modules, and take a decision on this extension, considering the costs and expected benefits as well as the implementation conditions required.**

99. The analysis should consider Grant management module and / or Integrated Planning, Management and Reporting.

100. The UNCCD Secretariat accepted the recommendation, pending the availability of financial resources in order to carry out the study.

4.4. Accountability on budget management and reporting on performance

101. The budget proposal is built on a results-based budgeting methodology and performance frameworks that can still be improved. The performance framework would also benefit from defining better designed performance indicators with clear ownership. Setting up in the medium term an informative “integrated budget” would give the COP an overview of projected core and non-core resources.

4.4.1. The budget proposal is based on a results-based budgeting methodology and performance frameworks that can still be improved

102. The current budget framework does not allow to identify activities associated with financial resources allocated.

103. The presentation of the biennial budget approved by the COP includes a description of the components of the budget, using a results-based budgeting approach²⁶, in line with the Strategic Framework 2018-2030²⁷ adopted at COP 13.

104. In its decision 1/COP.15, the COP approved the results framework, which reflects the strategic direction of the Secretariat and the Global Mechanism²⁸, and includes defined results for 2022-2025, on which the programme priorities are based. The biennial programme-budget must also be consistent with the performance framework set out in this document.

105. Although the note by the Secretariat presenting the programme and the budget

²⁴ UNCCD, Organigram of the Secretariat, updated in November 2023. The Budget and Finance team is made up of three staff.

²⁵ ICCD/COP(15)/5, Programme and budget for the biennium 2022-2023, Note by the Secretariat. In the scenario based on further recommended adjustments for the zero-nominal growth, the Secretariat had proposed an increase of the core budget to cover licenses concerning Umoja.

²⁶ ICCD/COP(4)/2/Add.2, Programme and budget (b) Proposal on the ways of improving the budgeting and reporting process, November 2000.

²⁷ Decision 7/COP.13, The future strategic framework of the Convention: Annex – The UNCCD 2018-2030 Strategic Framework.

²⁸ Decision 1/COP.15, Multi-year workplan for the Convention institutions (2022-2025).

for the 2022-2023 biennium²⁹ applies the results-based budgeting approach adopted by the COP, it focuses on the core budget section, broken down by programme / unit and by object of expenditure.

106. Extra-budgetary funding needs, on which the Secretariat relies to carry out its mandate and the activities entrusted to it by the COP, are not detailed in the note. Furthermore, the core budget is not accompanied by clearly identified indicators in the budget proposal. The inclusion of performance indicators would facilitate the monitoring of performance at the Secretariat level, as well as at programme levels.

107. At the end of each biennium, the Secretariat reports to the COP on its substantive performance and financial results through two siloed reporting frameworks.

108. In accordance with decisions 1/COP.14 and 1/COP.ES-2, the Secretariat was required to report to COP 15 on the status of the trust funds established under the financial rules, as well as on the results achieved by the institutions and subsidiary bodies of the Convention for the 2020-2021 biennium. The reporting carried out at the end of this biennium was therefore presented at COP 15 by the Secretariat in two complementary notes: one on the financial results and the other one on performance, in the latter detailing of the activities carried out to achieve the strategic objectives set out in the Strategic Framework 2018-2030 and in the four-year work programme 2022-2025 validated by the COP.

109. The first document describes the financial performance of the Convention trust funds, both for the core budget and the voluntary contributions divided into three trust funds³⁰. While the report covers the activities included in the biennial programme budget for 2020-2021, the income and expenditure are not clearly linked to the reference performance frameworks and the related indicators set out in the 2018-2030 Strategic Framework and the 2022-2025 four-year work programme.

110. On the other hand, the report on the performance of the Convention's institutions and subsidiary bodies is intended to present the progress made by the Secretariat and the Global Mechanism in achieving the objectives and results set out in the four-year framework 2020-2023 adopted at COP 14. It sets out the progress made in relation to the results indicators included in the aforementioned performance framework, and identifies the main achievements and activities carried out during the biennium.

111. Although expenditure under the core budget is outlined, there is no mention of the budgets or financial resources mobilized to achieve the main outputs under the five strategic objectives, or their breakdown into expected results. Similarly, the section dedicated to the results achieved by each of the Secretariat's programmes details a narrative and examples of activities carried out by each unit, without ever mentioning the associated budget, whether core budget or voluntary contributions.

112. The existence of two separate reports highlights the dissociation between financial performance and performance with regard to the achievement of strategic objectives or their operational implementation. Establishing a link between resources and objectives / expected results in the next budget proposal at COP 16 would improve the coherency of the budget and accountability in the next reporting process and budgetary discussions at COP 17.

113. The Board recommends that the UNCCD Secretariat progressively ensure a better link between budget and performance processes.

114. In **particular**, the Secretariat will strive to put in place the tools and staff training that will enable it to present, in the medium term, priority objectives and key performance indicators along with its budget proposal.

115. The UNCCD Secretariat accepted the recommendation.

²⁹ ICCD/COP(15)/5, Programme and budget for the biennium 2022-2023, Note by the Secretariat.

³⁰ ICCD/COP(15)/7, Financial performance for the Convention trust funds, Note by the Secretariat.

4.4.2. The performance framework would also benefit from defining better designed performance indicators with clear ownership

116. Existing indicators do not allow proper monitoring of performance.

117. For subsequent periods, the 2022-2025 results framework adopted at COP 15 includes 10 outcomes, each linked to at least one strategic objective of the Convention's strategic framework, and broken down into monitoring indicators. These indicators are essentially activity indicators - for example, the number of desertification, land degradation and drought (DLDD) projects that have been developed with the Convention's support and that contribute to neutral land degradation³¹, or the number of briefs, publications and events aimed at various stakeholder groups³². Of the thirty or so indicators, only three relate to the budget and funding requirements.

118. In addition, this results framework does not specify either the baseline or the target for each indicator, which makes performance measurement even more difficult. In this respect, some of the outcome indicators identified are not "SMART" (Specific, Measurable, Achievable, Realistic / Relevant and Timely), or do not necessarily provide information on progress made on the main outcomes identified.

119. At the operational level, an attempt to break down the results framework by unit was finally abandoned, leaving in place a perfectible internal performance monitoring system.

120. For the 2020-2021 biennium, the Secretariat had drawn up a work programme based on the 2018-2030 Strategic Framework and the 2020-2023 results framework. Internally, each unit was responsible for monitoring the objectives and activities assigned in the work programme, which were to be recorded in a monitoring journal³³ in accordance with the guidelines issued by the Evaluation Office. However, this monitoring process, deemed too time-consuming and cumbersome, has not been repeated for subsequent fiscal years.

121. Although this monitoring process is in line with the Convention's strategic and results frameworks, it nevertheless remains disconnected from the monitoring of budget implementation and has limited use as a management tool.

122. Likewise, in a report on the Convention's monitoring and performance framework³⁴, the internal auditor noted that for the 2020-2021 biennium, a large majority of indicators are neither specific nor measurable (24 out of 34 indicators) and that only three units had formalized an operational workplan at the time of the audit. In this respect, OIOS stressed the need to define workplans associated with the performance framework for each unit.

123. The Board recommends that the UNCCD Secretariat make better use of its performance framework as a managerial tool for the Organization, in particular through workplans defining indicators at the unit level.

124. The UNCCD Secretariat accepted the recommendation.

4.4.3. Setting up in the medium term an informative "integrated budget" would give the COP an overview of projected core and non-core resources

125. In its resolution A/RES/67/226, the General Assembly "Encourages the governing bodies of the United Nations funds, programmes and specialized agencies,

³¹ Outcome 1 - Reduced desertification/land degradation and effects of drought in affected areas.

³² Outcome 7 - New stakeholders engage in the UNCCD process and implementation.

³³ Status report of progress toward 2020-2021 targets – as at 30 June 2021 [Internal UNCCD Secretariat document]

³⁴ Office of Internal Oversight Services, Internal Audit Division, Report 2023/036, Audit of the UNCCD, The Convention needs to improve its performance reporting and monitoring framework and some aspects of administrative services.

as appropriate, to ensure that all available and projected core and non-core resources are consolidated within an integrated budgetary framework, based on the priorities of their respective strategic plans". This budgetary framework is intended to promote the predictability of resources and transparency³⁵ – although purely informative on extra-budgetary resources.

126. At UNCCD, the set-up of an integrated budget would contribute to better inform Parties, presenting a comprehensive overview of the sources of funding on which the Secretariat relies – while keeping an approval by the Parties of the sole core budget, in compliance with the financial regulations and rules established by the COP.

127. This quest for greater transparency and communication on the costs associated with the activities financed has been echoed in the Midterm Evaluation of the 2018-2030 Strategic Plan, which also calls for a more integrated presentation of the budget³⁶.

128. The Board recommends that the UNCCD Secretariat set-up an integrated budget framework, presenting both projected core and non-core resources, for the information of the COP 17.

129. The UNCCD Secretariat accepted the recommendation.

5. The role of the Convention as a bridge between science and policy

130. In its audit of the role of the UNCCD Secretariat to bridge between science and policy, the Board notably focused on the following areas: the need to rely on sound science (see sect. 5.1); communication and partnerships on science (see sect. 5.2); support to the Parties in the implementation and monitoring of the Convention (see sect. 5.3); and the need to define a clear conceptual framework and corporate guidance on innovation (see sect. 5.4).

Scope of the audit

131. The UNCCD Secretariat presents its three strategic orientations³⁷ as:

- (i) The Secretariat acts as a bridge between science and policy. It creates momentum for a global commitment to halt land degradation, promote sustainable land and water management, rehabilitate degraded lands, and build community and ecosystem resilience to drought.
- (ii) The Secretariat provides access to the latest data and knowledge, ensuring that best practices are shared and opportunities for capacity building are increased.
- (iii) The Secretariat also assists the Conference of the Parties and its subsidiary bodies in carrying out their tasks and activities.

132. The Independent assessment of the midterm evaluation of the implementation of the 2018-2030 strategic framework³⁸ points out that: "The status and recognition of the UNCCD is considered to be lower than that of the other two Rio Conventions - in most countries, the UNCCD does not have much influence on national budgetary processes and, in general, it receives less political and media attention and less influence from science policy."

133. Since the Stockholm United Nations Conference on the Human Environment, science-policy interfaces (SPI) have been created to improve public policies designed

³⁵ A/RES/67/226, Quadrennial comprehensive policy review of operational activities for development of the United Nations System, 22 January 2013 – paragraphs 41-33.

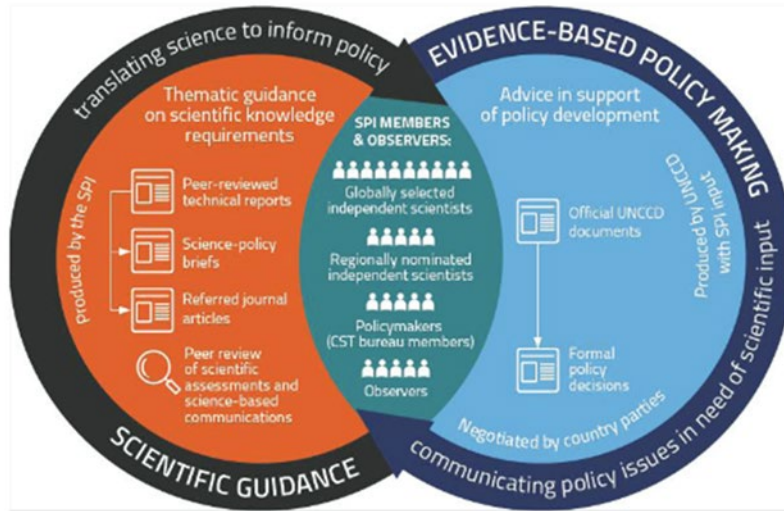
³⁶ ICCD/COP(16)/2, Ibidem, paragraph 60.

³⁷ <https://www.unccd.int/convention/secretariat>

³⁸ [Midterm evaluation of the UNCCD 2018-2030 Strategic Framework](#), Independent Assessment Report, October 2023.

and implemented to address environmental risks, such as the Intergovernmental Panel on Climate Change (IPCC). The UNCCD has its own SPI, which is embedded in the Convention and not at stand-alone entity as the IPCC.

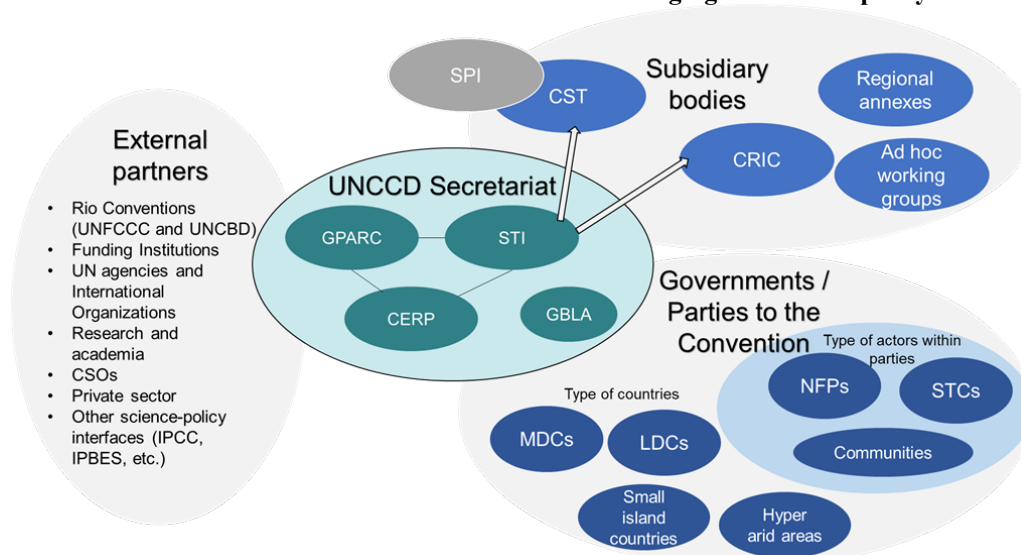
Figure II.VII
The science-policy interface



Source: UNCCD.

134. However, it appears that the bridging function between science and policy goes beyond the scope of the SPI³⁹, as it involves a number of entities directly within the Secretariat or in its immediate environment, which it is mandated to support.

Figure II.VIII
Structures and networks involved in the role of bridging science and policy for the UNCCD



Source: Board of Auditors - all acronyms are developed later in the report.

135. In order to support effectively and efficiently the role of the Convention as a bridge between science and policy, the Secretariat:

- (i) Needs to rely on sound science in order to support the design of relevant public policies and address related risks;
- (ii) Must develop science-related communication and partnerships;
- (iii) Should better support Parties in the design and implementation of public policies through capacity-building and knowledge management;

³⁹ Which is undergoing an independent assessment carried out by the Evaluation Office of the Secretariat.

- (iv) Could, as a way forward, define a clear conceptual framework and corporate guidance on innovation to prepare for future challenges.

5.1. The need to rely on sound science

136. Acting as a bridge between science and policy is one of the strategic priorities of the UNCCD Secretariat. It involves a number of entities directly within the Secretariat or in its immediate environment, such as the science-policy interface. In each of the Rio Conventions, sound scientific knowledge is not only required to understand and address climate change, desertification or biodiversity related issues, but it is also a cornerstone in designing effective policies at international, national and local levels.

5.1.1 The need to rely on sound scientific knowledge is exemplified by the establishment of science-policy interfaces for the Rio Conventions

137. Sound scientific knowledge is not only required to understand and address climate change, desertification or biodiversity related issues, but is also key to designing effective public policies, and to monitoring progress towards the objectives.

138. In the United Nations Framework Convention on Climate Change (UNFCCC), Parties recognize *“that steps required to understand and address climate change will be environmentally, socially and economically most effective if they are based on relevant scientific, technical and economic considerations and continually re-evaluated in the light of new findings in these areas”*⁴⁰ while Parties to the Convention on Biological Diversity (CBD) are *“aware [...] of the urgent need to develop scientific, technical and institutional capacities to provide the basic understanding upon which to plan and implement appropriate measures.”*⁴¹

139. Similarly, the mandate of the UNCCD Secretariat has been founded on rigorous scientific knowledge, as exemplified by the Convention’s text itself: *“Believing that strategies to combat desertification and mitigate the effects of drought will be most effective if they are based on sound systematic observation and rigorous scientific knowledge and if they are continuously re-evaluated”*⁴².

140. In the respective scope of these Rio Conventions, the bridge between science and policy has been embodied by science-policy interfaces. In the area of climate change, although the IPCC has been established prior to the creation of the UNFCCC, its policy-relevant assessments supports Parties negotiations: they provide scientific information to decision-makers and embrace a comprehensive approach to understanding climate change, covering scientific, technical, and socio-economic information⁴³.

141. Regarding CBD, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) was created in 2012⁴⁴. Such platform is intended to serve a similar role as IPCC by *“identifying and prioritizing key scientific information needed for policymakers”* and by *“supporting policy formulation and*

⁴⁰ United Nations Framework Convention on Climate Change, United Nations, 1992, p.2

⁴¹ Secretariat of the Convention on Biological Diversity Montreal, Convention on Biological Diversity, first adopted 22 May 1992, p.2.

⁴² United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, p.3.

⁴³ [Principles governing IPCC work](#), Approved at the Fourteenth Session (Vienna, 1-3 October 1998) on 1 October 1998, amended at the Twenty-First Session (Vienna, 3 and 6-7 November 2003), the Twenty-Fifth Session (Mauritius, 26-28 April 2006), the Thirty-Fifth Session (Geneva, 6-9 June 2012) and the Thirty-Seventh Session (Batumi, 14-18 October 2013).

⁴⁴ [Resolution on the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services](#), Adopted by the second session of the plenary meeting to determine the modalities and institutional arrangements for IPBES, held from 16 – 21 April 2012 in Panama City.

*implementation*⁴⁵. IPBES has released numerous assessment reports, each containing a summary for policymakers – including on land degradation and restoration⁴⁶.

142. Building on the success of the IPCC and of IPBES, UNCCD has also established its own Science-Policy Interface (SPI). In UNCCD, scientific cooperation is largely encouraged at the international, regional and national levels, and has a dedicated section in the Convention’s text within Part III on Action programmes, scientific and technical cooperation and supporting measures⁴⁷. The Convention’s foundation on sound scientific knowledge is also exemplified by the creation of the Committee on Science and Technology (CST) as a subsidiary body “*to provide [the Conference of the Parties] with information and advice on scientific and technological matters relating to combating desertification and mitigating the effects of drought*”⁴⁸.

143. In addition, the Science-Policy Interface was created by decision 23/COP.11⁴⁹ to “*facilitate a two-way science-policy dialogue and ensure the delivery of policy-relevant information, knowledge and advice on desertification/land degradation and drought*”⁵⁰.

144. However, UNCCD’s SPI does not benefit from a permanent status and remains dependent on subsequent Conference of the Parties (COP) decisions and on CST assignments. As per its ToR, its work programme is determined by the CST and approved by the COP for each biennium. The SPI is expected to operate up to the end of COP16 (2024), when a review is to be presented⁵¹. The mid-term evaluation highlights that the SPI does not influence research agendas and debates as the IPCC and IPBES would, since its nature as a temporary body reduces the weight and attraction of the SPI among the scientific community⁵². Based on progress to date, it appears both the mid-term evaluation and the independent assessment of the SPI may recommend Parties to consider an update of the mandate of the SPI to establish it as a continuous UNCCD body, in order to strengthen the role of science and to enhance visibility of the science-policy work under the UNCCD.

5.1.2 The Secretariat could consider a more comprehensive scientific approach

145. In the absence of clear indication of what it encompasses in the UNCCD text, science has customarily been restricted to hard science. No clear definition for scientific expertise is given, either in the UNCCD text or in COP decisions. For instance, the COP emphasizes the “*need to mobilize scientific and technical expertise at both global and regional levels to address the problems of desertification and land degradation, and mitigate the effects of drought*” in its decision 23/COP.11⁵³, without specifying what science encompasses.

146. The current composition of the SPI shows that all members have a dominant background in hard science, whether they are from the CST bureau or chosen

⁴⁵ Ibidem.

⁴⁶ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), The Assessment Report on Land Degradation and Restoration, 2018: [Full Report](#) and [Summary for policymakers](#).

⁴⁷ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, Section 2: Scientific and technical cooperation, articles 16-18, pp.12-15.

⁴⁸ Ibid., p.24.

⁴⁹ Decision 23/COP.11, Measures to enable the United Nations Convention to Combat Desertification to become a global authority on scientific and technical knowledge pertaining to desertification/land degradation and mitigation of the effects of drought.

⁵⁰ UNCCD, Terms of reference of the Science-Policy Interface, 7 November 2017.

⁵¹ Ibid.

⁵² ICCD/COP(16)/2, Midterm evaluation of the UNCCD 2018-2030 Strategic Framework, Note by the Secretariat.

⁵³ Decision 23/COP.11, Measures to enable the United Nations Convention to Combat Desertification to become a global authority on scientific and technical knowledge pertaining to desertification/land degradation and mitigation of the effects of drought.

independent scientists⁵⁴. Examples of areas of scientific expertise covered by the SPI members include environmental studies, geosciences, biology, agronomy or agricultural engineering. However, recent SPI publications show that social sciences can bring additional inputs to hard sciences, as evidenced by references in 2023 report on *Multiscale Approaches for the Assessment and Monitoring of Social and Ecological Resilience to Drought*⁵⁵.

147. Social sciences, citizen science and indigenous and local knowledge (ILK) are valuable sources of information that can be used to inform decision-making and improve the effectiveness of land management practices. Citizen science and indigenous and local knowledge can provide useful insights for Parties' needs, in addition to hard science. While citizen science involves the public in scientific research, for instance by collecting data on environmental conditions or monitoring the impact of land-use changes, ILK refers to people's knowledge and understanding of their local environment, often passed down from generation to generation.

148. In this respect, the mid-term evaluation encourages the extension of the selection of the disciplines among the SPI members, “*notably to include more expertise on economics and political/social science*” in order to “*increase[e] the responsiveness of the science-policy guidance to national level information needs*”⁵⁶. Feedback from Parties in the mid-term evaluation and findings of the independent assessment of the SPI also suggest that the under-utilization of those sciences and local knowledge should be addressed by the Convention.

149. **The Board recommends that the UNCCD Secretariat explore ways to deepen its work on science, including by taking into account the relevant lessons from social sciences as well as indigenous and local knowledge.**

150. The UNCCD Secretariat accepted the recommendation, pending a COP decision to provide funding.

5.1.3 The actions of bridging science and policies rely on voluntary extra-budgetary funds

151. The first subsidiary body of the Convention was designed to advise Parties on scientific matters and is supported by a dedicated unit within the Secretariat. Established as the first subsidiary body of the COP by Article 24 of the Convention, the Committee on Science and Technology is mandated to provide the Parties with “*information and advice on scientific and technological matters relating to combating desertification and mitigating the effects of drought*”⁵⁷. It has further been mandated to contribute to improve scientific understanding of and knowledge on the DLDD processes and solutions⁵⁸. The CST meets in conjunction with ordinary sessions of the

⁵⁴ UNCCD, Science-Policy Interface Members, [UNCCD official website](#).

⁵⁵ A. Reichhuber, M. Svoboda, C. King-Okumu, A. Mirzabaev, S.M. Vicente-Serrano, R. Srinivasan, K. Ehlert, X. Jia, A. Karnib, R. Lal, B. Mislimeshova, N.H. Ravindranath, A. López Santos, L. Schipper, R. Stefanski, A. Vuković, H. Zhang. 2022. *Multiscale Approaches for the Assessment and Monitoring of Social and Ecological Resilience to Drought*. [A Report of the Science-Policy Interface](#). United Nations Convention to Combat Desertification (UNCCD), Bonn, Germany.

⁵⁶ ICCD/COP(16)/2, Midterm evaluation of the UNCCD 2018-2030 Strategic Framework, Note by the secretariat

⁵⁷ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, article 24.

⁵⁸ Decision 7/COP.13, The future strategic framework of the Convention – Annex: The UNCCD 2018-2030 Strategic Framework: “*At the request of the COP, the Committee on Science and Technology will provide, with input from the Science-Policy Interface, scientific advice for the assessment and implementation of the Convention and The Strategy by:*

(a) *Contributing to improving the scientific understanding of and knowledge on the processes leading to and solutions to address desertification/land degradation and drought;*

(b) *Contributing to addressing specific needs of local populations and helping to identify solutions that improve the standards of living of people in affected areas;*

COP. In 2013, the Science-Policy Interface (SPI) has been established to provide the CST with thematic guidance, that would facilitate the implementation of the Convention.

152. The science sub-programme funding structure highlights the Secretariat's dependence on extra-budgetary funds, to complete its bridge between science and policy through support provided to the CST. Within the Secretariat, the Science, Technology and Innovation (STI) unit is in charge of servicing the CST and its Bureau. Led by one chief scientist, it is to be noted that the science sub-programme of the STI unit, which in years past was comprised of seven positions, is currently comprised of four (P5, P4, P3, G6), two of which are funded through voluntary contributions that are coming to an end in late 2024 or early 2025. As such, continuity of the Secretariat's role as a bridge between science policy and support to the CST could be at risk.

5.1.4 Guidelines in the selection process of scientific experts would improve the effectiveness of the science networks related to the Convention

153. At the core of the Secretariat's role as bridge between science and policy and the national level, the network of Science and Technology Correspondents (STCs) could be strengthened. National Focal Points (NFPs) and Science and Technology STCs play a key liaison role between UNCCD processes and national governments, especially with regards to national implementation of COP decisions and guidance. While NFPs are appointed government officials, responsible for coordinating national implementation efforts under the UNCCD, STCs are appointed scientific experts. As part of their mandate, STCs ensure that scientific knowledge informs national decision-making processes related to DLDD and land management, and are also involved in the national reporting process⁵⁹.

154. In addition, the impact of the STC network could be improved. STCs' role in distributing UNCCD science-policy guidance at national level could also be clarified, based on the findings of the mid-term evaluation⁶⁰ and the assessment of the SPI⁶¹. According to the survey carried out during the independent assessment of the SPI, up to 79 percent of respondents are of the opinion that the role of STCs in delivering UNCCD science-policy messages to the country level should be reconsidered.

155. Finally, STCs do not participate in the CRIC, where national reporting matters are discussed. During CRIC 21 in Samarkand, Parties *“requested financial resource be made available to the Convention to ensure the effective provision of scientific knowledge in its deliberations on policy matters”*, covering STCs' participation in the full duration of the COP⁶². Their participation will be essential in informing NFPs and the negotiations on substantive aspects given the scientific and data-driven nature of the national reporting process.

156. The Board recommends that the UNCCD Secretariat propose to the Parties formalized guidelines for the functioning of the “science and technology correspondents” network, to ensure higher effectiveness.

157. The UNCCD Secretariat accepted the recommendation.

(c) Facilitating networking among scientific institutions related to DLDD and ongoing activities through the Science-Policy Interface to provide recommendations for implementation;

(d) Assisting the CRIC through the timely provision of scientific advice on methodological matters related to reporting.”

⁵⁹ <https://www.unccd.int/convention/who-is-who>.

⁶⁰ ICCD/COP(16)/2, Midterm evaluation of the UNCCD 2018-2030 Strategic Framework, Note by the Secretariat.

⁶¹ External Assessment of the SPI, Provisional Findings and recommendations, Presentation at the SPI meeting, 19 March 2024, Dr. Mariam Akhtar-Schuster.

⁶² ICCD/CRIC(21)/11, Report of the twenty-first session of the Committee for the Review of the Implementation of the Convention, held in Samarkand, Uzbekistan, from 13 to 17 November 2023, paragraph 72.

5.2. Communication and partnerships on science

158. Communication and partnerships are essential in bridging science and policy. The Secretariat's role in this area involves a proactive communication, with a particular emphasis on subjects requiring scientific expertise. The Secretariat relies also on a network of external scientific partners without a clear supporting strategy.

5.2.1 Communication is essential to promote the role of bridge between science and policy

159. The Secretariat's role as a bridge between science and public policy involves a proactive communication, with a particular emphasis on subjects requiring scientific expertise. Following COP 13⁶³, the Secretariat adopted a communication plan for 2018-2030⁶⁴, designed to convey the objectives and key messages of the UNCCD Strategic Framework covering the same period⁶⁵. The 2018-2030 Strategic Framework acknowledges the key importance of communication and of public awareness-raising in the fight against desertification and drought⁶⁶, as reaffirmed by the COP in its decision 4/COP.14.

160. This key role in awareness raising and popularizing the links between science and public policy is also one of the pillars of the Secretariat's brand strategy, formalized in 2022⁶⁷. Other more targeted communication strategies, such as the communication strategy for COP 16⁶⁸, form part of this broader multi-annual framework.

161. In its operational work programme, the Communications, External Relations & Partnerships (CERP) Unit has endeavored to promote initiatives linked to the Science, Technology and Innovation Unit. The 2022-2024 work programme of the Secretariat and the Global Mechanism also includes a number of publications and initiatives involving CERP, GPARC and STI Units, as well as the Global Mechanism and the G20 Global Land Initiative. These initiatives include the promotion of transformative projects and programmes to achieve the LDN targets – involving partners from the academic world and civil society organizations, contents on the launch of the UNCCD Data Dashboard⁶⁹, or the promotion campaign for SPI products and publications⁷⁰.

162. In addition, the CERP unit is involved in promoting the work of the SPI, and has recently organized capacity-building sessions on media training for SPI members⁷¹. The CERP unit is also involved in reviewing the SPI's communication strategy, which is currently being revised⁷².

⁶³ Decision 4/COP.13, Review of progress in the implementation of the comprehensive communication strategy and the United Nations Decade for Desert and the Fight against Desertification (2010-2020).

⁶⁴ The UNCCD Communication Plan (2018-2030).

⁶⁵ Decision 7/COP.13, The future strategic framework of the Convention: Annex – The UNCCD 2018-2030 Strategic Framework.

⁶⁶ Decision 7/COP.13, The future strategic framework of the Convention: Annex – The UNCCD 2018-2030 Strategic Framework: *“The United Nations Convention to Combat Desertification (UNCCD) can play a central role in addressing these issues through capacity-building, the sharing of successful experiences, technology transfer, the provision of scientific support, awareness-raising, mobilization of resources and the provision of assistance to countries in implementing policies at national, subregional, regional and international levels.”*

⁶⁷ Blossom for UNCCD, Development of UNCCD brand strategy, 15 January 2022. “Expand outside of the science-policy bubble by speaking in simple language to all stakeholders’ concerns”.

⁶⁸ UNCCD, Our Land. Our Future., UNCCD COP16 Communications Strategy.

⁶⁹ <https://data.unccd.int/>

⁷⁰ 2022-2024 work programme of the UNCCD Secretariat and the Global Mechanism, Activities and the availability of funding. The initiatives mentioned above are funded by voluntary contributions.

⁷¹ UNCCD, CERP Unit Workplan 2024: SPI members comms training scheduled in March 2024. UNCCD, Tips for media interviews, 19th Meeting of the Science-Policy Interface (SPI), 19 March 2024.

⁷² The [previous Communications Strategy of the SPI](#), dated 1 November 2017, is outdated and is currently under revision.

5.2.2 The Secretariat relies on a network of external scientific partners without a clear supporting strategy

163. The Secretariat relies on a number of diverse scientific partnerships, with different types of entities and various purposes. Among them are partners from the academic world and/or from the scientific community, such as the World Overview of Conservation Approaches and Technologies (WOCAT), a global network set up around Sustainable Land Management (SLM) and many others under the auspices of the Group on Earth Observation Land Degradation Neutrality (GEO LDN) flagship initiative.

164. The partnership with UN University (UNU) is also considered crucial, due to the collaboration on publications related to specific COP decisions. Other partnerships are rather financial, such as partnerships with some Parties, on extrabudgetary funding or with the private sector.

165. Although the Secretariat has more than 450 cooperation agreements with various types of partners, there is no harmonized approach or guidelines on partnerships. In this respect, the Secretariat needs to define a scientific partnership policy covering the diversity of existing partnerships, and taking into account the purpose of the partnership in the framework of strategic objectives, criteria such as the type of stakeholder for instance.

166. A first assessment has been initiated by the CERP unit, and has led to the identification of nine categories of stakeholders and potential partners, including host country government, other Parties, or private sector. However, a scientific partnership strategy has yet to be finalized by the Secretariat.

167. The Board recommends that the UNCCD Secretariat strengthen its monitoring on partnerships related to bridging science and policy, including by: (i) better mapping the existing partnerships and prioritizing areas where similar partnerships would also be needed; (ii) identifying and mitigating critical risks associated with these partnerships, notably through formalized due diligence; and (iii) finalizing a strategy on partnerships and adopting it at the Executive Secretary's level.

168. This strategy could be complemented by the finalization of the mapping of partners currently underway. In addition, the scientific partnership strategy also needs to consider the risk management approach, which has led to the drafting of a standard operating procedure on due diligence, to mitigate any reputational risk associated with the partners, whether they be donors, land ambassadors, implementing partners or any other type of stakeholders.

169. The UNCCD Secretariat accepted the recommendation.

5.3. Support to the Parties in the implementation and monitoring of the Convention

170. Capacity building and knowledge management of various stakeholders are essential for the implementation of the Convention, in particular to bridge between science and policy. Monitoring of the national reporting process and policy-related initiatives such as the "land degradation neutrality" should be strengthened.

5.3.1 The role of the Committee for the Review of the Implementation of the Convention in fostering science-policy guidance

171. Established in 2001 as a subsidiary body to the COP⁷³, the Committee for the Review of the Implementation of the Convention has been mandated to assist the COP through a regular review of the implementation of the Convention. The CRIC has a

⁷³ Decision 2/COP.5, Date and venue of the first session of the Committee for the Review of the Implementation of the Convention.

focus on monitoring and reporting of measures undertaken at the national level to implement the Convention. It shall also facilitate the exchange and communication of information between Parties and the COP, pursuant to article 26 of the Convention.

172. By decision 13/COP.13 and its terms of reference, the CRIC has also been mandated to review the 2018-2030 Strategic Framework based on review of information provided by the Parties through the Performance Review and Assessment of Implementation System (PRAIS)⁷⁴, but also to undertake a performance review of the Convention institutions and subsidiary bodies, following a results-based management approach⁷⁵.

173. CRIC sessions are convened during the COP, and once between each of the ordinary sessions of the COP. While CRIC sessions cover the reviews of the implementation of the Convention, of the multi-year workplan, and of the performance, they also provide advice on issues requested by the Committee on Science and Technology⁷⁶. As such, the independent assessment of the SPI identifies CRIC meetings as “a potential efficient and effective platform for science-policy guidance” – during sessions held in conjunction with the COP⁷⁷. However, it is to be noted that STCs do not participate in CRIC sessions.

5.3.2 Capacity building and knowledge management of stakeholders, essential for the implementation of the Convention, are key to bridge between science and policy

174. As per the Convention and COP decisions, capacity building and development are key to implementing the Convention. Capacity building is defined by the UNCCD as “*institution building, training and development of relevant local and national capacities*”⁷⁸. In the UNCCD text, *capacity building, education and public awareness*” are listed among priority measures required to combat desertification and mitigate the effects of drought in affected areas⁷⁹.

175. The high priority given to such topics is exemplified by article 19 of the Convention: Parties recognize “*the significance of capacity building in efforts to combat desertification and mitigate the effects of drought*”, and should therefore contribute to capacity-building efforts⁸⁰.

176. By its decision 8/COP.13, the COP reasserts the essential role of capacity building in the implementation of the Convention, including at the local and community levels⁸¹. The COP has also confirmed the Secretariat’s capacity building

⁷⁴ UNCCD, Committee for the Review of the Implementation of the Convention (CRIC), UNCCD official website

⁷⁵ Decision 13/COP.13, Additional procedures or institutional mechanisms to assist the Conference of the Parties in regularly reviewing the implementation of the Convention – Terms of reference of the Committee for the Review of the Implementation of the Convention

⁷⁶ Decision 13/COP.13, Additional procedures or institutional mechanisms to assist the Conference of the Parties in regularly reviewing the implementation of the Convention – Terms of reference of the Committee for the Review of the Implementation of the Convention

⁷⁷ External Assessment of the SPI, Provisional Findings and recommendations, Presentation at the SPI meeting, 19 March 2024, Dr. Mariam Akhtar-Schuster

⁷⁸ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, Part III: Action programmes, scientific and technical cooperation and supporting measures / Article 19: Capacity building, education and public awareness, pp.15-16

⁷⁹ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, Part III: Action programmes, scientific and technical cooperation and supporting measures / Article 10: National action programmes, p.9

⁸⁰ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, Part III: Action programmes, scientific and technical cooperation and supporting measures / Article 19: Capacity building, education and public awareness, pp.15-16

⁸¹ Decision 8/COP.13, Enhancing the implementation of the United Nations Convention to Combat Desertification in support of the 2030 Agenda for Sustainable Development through the enhancement, strengthening and promotion of capacity building

activities by decision 2/COP.15. Such activities include cooperation with Parties, partnerships and tools such as the Capacity Building Marketplace and the UNCCD Knowledge Hub.

177. Within the Secretariat, priority given by the Convention to capacity building has been supported by a sub-programme dedicated to Capacity Building and Innovation within the Science, Technology and Innovation unit. The Capacity Building and Innovation sub-programme is namely in charge of “*Promotion of capacity-building to further the implementation of the Convention’s activities and the spearheading of the innovation agenda of the Secretariat in order to increase the knowledge, technical skills and expertise of UNCCD stakeholders [...]*”⁸².

178. These activities rely on only one Capacity Building and Innovation Officer, previously complemented by another one dedicated to Knowledge management. Both officers have contributed to the launch of a UNCCD Knowledge Hub⁸³, that incorporated a “Capacity Building Marketplace” (CBM⁸⁴).

179. The CBM was designed as a forum to connect stakeholders and gather them around initiatives on areas of interest for the UNCCD, including DLDD, by “providing a public space where science, technology, and human capital resources are brought together in one location to work toward implementing the Convention”⁸⁵. Although the expansion of the CBM is encouraged by the Parties⁸⁶, the CBM website is no longer available, as of April 2024, although some of its functionality has been incorporated into the corporate website, albeit without reference to CBM.

180. Capacity building activities, to be sustained in the long term, can be threatened by a lack of resources in the short term. Although capacity building has been highlighted as a priority by the Parties, related activities appear to have slowed down, particularly since the retirement of the previous programme officer in charge, who had been in office for 26 years.

181. The Capacity Building and Innovation Officer position, which is funded by core resources and vacated in December 2023, may not be filled before 2025. In the meantime, noticeable impacts on the Secretariat’s capacity building activities include a brief disruption of the e-learning platform⁸⁷, and the apparent closing of the Capacity Building Marketplace, although the expansion of the CBM appears as an outcome indicator in the 2022-2024 work programme⁸⁸.

5.3.3 Monitoring of the national reporting process, and policy-related initiatives such as the “land degradation neutrality” should be strengthened

182. When it comes to national reporting, which is central to the implementation of the UNCCD, the role of the Secretariat is key. Under article 26 the Convention, and in accordance with decisions 11/COP.189 and 11/COP.15⁹⁰, Parties are required to report

⁸² UNCCD, Overview Terms of Reference of the Science, Technology and Innovation (STI) Unit of the UNCCD Secretariat (2022-2024 Triennium).

⁸³ <https://www.unccd.int/data-knowledge> et [ancien site](#).

⁸⁴ The CBM enables stakeholders, individuals and organizations to network, offer knowledge, funding and job opportunities.

⁸⁵ <https://www.unccd.int/our-work/capacity-building-marketplace>

⁸⁶ Decision 2/COP.15, Promotion of capacity-building to further the implementation of the Convention, article 1 (c): Expansion of the Capacity Building Marketplace and the exclusive e-learning platform by increasing the number of opportunities offered in other United Nations languages and through the continuous widening of their clientele.

⁸⁷ The brief disruption appeared in December 2023, owing to a late payment of the Moodle license, but was solved promptly by the Secretariat.

⁸⁸ STI unit work programme, based on corporate three-year programme 2022-2024 [internal document].

⁸⁹ Decision 11/COP.1, Procedures for the communication of information and review of implementation.

⁹⁰ Decision 11/COP.15, Improving the procedures for communication of information as well as the quality and formats of reports to be submitted to the Conference of the Parties.

through the UNCCD Secretariat on “the measures [...] taken for the implementation of the Convention”⁹¹. Since 2018, the national reporting process has monitored progress made in the implementation of the UNCCD 2018-2030 Strategic Framework, adopted at COP 13⁹². As such, the current national reporting system tracks progress towards five strategic objectives using a set of 17 progress indicators.

183. Concluded prior to CRIC 21, the latest national reporting process has been done through the fourth generation of Performance Review and Assessment of Implementation System, PRAIS 4⁹³. The interface⁹⁴ allows for the collection of data provided by Parties. Data collected is then aggregated and analyzed by the Secretariat, which produces monitoring reports related to the implementation of the Convention for consideration by the CRIC. Data received from 126 Parties in their 2022 national reports have been consolidated by the Secretariat and displayed on the UNCCD Data Dashboard⁹⁵.

184. The Secretariat supports the parties in the field of data, providing “default data” for reporting to all. Countries can choose to accept, edit or completely replace it with their own national data. The Secretariat support Parties in ensuring availability and accessibility of data to all, but also in assisting the Parties during the national reporting process, including through technical support. Decision 16/COP.11 identifies the Secretariat as the entity entrusted with availability and accessibility of data and information from the reporting process, to national and local levels, but also of data quality⁹⁶. Within the Secretariat, the responsibility for UNCCD reporting falls within the STI Unit⁹⁷.

185. To reduce the reporting burden and in accordance with the procedure established in decision 22/COP.11, PRAIS 4 forms are pre-filled with “default national estimates” based on available global data sources. Parties have the opportunity to verify and / or replace pre-filled default data, using more reliable or updated data from national or local sources. Further support for data access, capacity building and development of standards to fulfill reporting requirements for SDG indicator 15.3.1⁹⁸ is provided by the Group on Earth Observation Land Degradation Neutrality Flagship (GEO-LDN)⁹⁹ upon Parties’ request¹⁰⁰.

186. While the accuracy and coverage of national reporting could be improved, UNCCD guidance and tools could be better integrated at the national level. Parties still need further support from the Secretariat in the national reporting process, as highlighted by the midterm evaluation, including on capacity building. For instance, many countries still do not have the capacity and monitoring systems required to provide verified data for all indicators when the default data don’t accurately reflect the situation on the ground¹⁰¹.

187. Considering that the national reports submitted for the 2022 reporting process only cover half of the global land area, the mid-term evaluation also suggests the

⁹¹ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, Article 26: Communication of Information.

⁹² Decision 7/COP.13, The future strategic framework of the Convention.

⁹³ Prior to decision 15/COP.13, the reporting cycle was renewed every two years.

⁹⁴ [PRAIS4 reporting platform | UNCCD](#)

⁹⁵ <https://data.unccd.int/>

⁹⁶ Decision 16/COP.11, The iterative process relating to the assessment of implementation, including performance and progress indicators, methodology and reporting procedures

⁹⁷ UNCCD, Overview Terms of Reference of the Science, Technology and Innovation (STI) Unit of the UNCCD Secretariat (2022-2024 Triennium)

⁹⁸ SDG indicator 15.3.1 measures the proportion of land that is degraded over total land area. By decision 3/COP.12, LDN has been adopted as one of the targets under Sustainable Development Goal 15.

⁹⁹ GEO Land Degradation Neutrality Flagship, [Official website](#)

¹⁰⁰ Decision 9/COP.13, Promotion and strengthening of relationships with other relevant conventions and international organizations, institutions and agencies

¹⁰¹ ICCD/COP(16)/2, Midterm evaluation of the UNCCD 2018-2030 Strategic Framework, Note by the Secretariat.

possibility of easing the current data collection and verification tasks of Parties, while highlighting the need for further capacity building as well as for the timely provision of financial support for to national reporting. Parties' feedback on the need to simplify the reporting process for the upcoming 2026 reporting process has also been raised during the latest joint CRIC-CST Bureau meeting¹⁰². The request for simplification of the reporting process has also been raised in the past by COP, for previous PRAIS generations¹⁰³.

188. Aside from support to stakeholders through data accessibility and capacity building, which are prerequisites for data quality in the reports provided by Parties, the Secretariat could as well look to develop advanced analytical features and enhance visualization and communication of results. The UNCCD Data Dashboard launched in October 2023 represents a major step forward in this direction, and further work should be encouraged.

189. The Board recommends that the UNCCD Secretariat establish an action plan to strengthen the Secretariat's capacities to support the Parties in monitoring and evaluating the objectives of the UNCCD, including on capacity building and knowledge management, as a key role in bridging science and policy, and allocate sufficient resources for its effective implementation.

190. Such an action plan should not only include measures related to the national reporting, but also to support Parties' initiatives related to the implementation of UNCCD – such as the LDN TSP or the Drought Initiative.

191. The UNCCD Secretariat accepted the recommendation.

5.4. The need to define a clear conceptual framework and corporate guidance on innovation

192. The Secretariat has limited capacity to support innovation, which hinders the implementation of the Convention at community level. On account of lack of strategic guidance related to innovation in the strategic framework or in the multi-year work plan for 2022-2025, there are no activity or deliverable related to innovation in the Secretariat units' work plans. From an operational and local perspective, innovation seems key to the effective implementation of the Convention. A number of flagship initiatives sustained by innovation have been deployed by the Convention. However, a corporate agenda on innovation still needs to be defined to fully benefit from the Convention's interactions with the scientific community, the private sector and civil society.

5.4.1 The Secretariat has limited capacity to support innovation, which hinders the implementation of the Convention at community level

193. On account of lack of strategic guidance related to innovation in the Strategic Framework or in the multi-year work plan for 2022-2025¹⁰⁴, there are no activity or deliverable related to innovation in the Secretariat units' work plans. Although article 17 of the Convention is dedicated to Research and Development¹⁰⁵ and article 19 states that Parties shall promote capacity building through innovative ways, innovation as such is not mentioned in the Convention text. When it comes to article 18, it is solely

¹⁰² Online joint CRIC-CST bureau meeting, 5 April 2024.

¹⁰³ Decision 16/COP.11, The iterative process relating to the assessment of implementation, including performance and progress indicators, methodology and reporting procedures: "requests the secretariat to simplify the performance review and assessment of implementation system, including the requirements for financial reporting, and reduce the overall number of performance indicators, while not adding any new indicators".

¹⁰⁴ Decision 1/COP.15, Multi-year workplan for the Convention institutions (2022-2025).

¹⁰⁵ United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994.

dedicated to transfer, acquisition and development of technology¹⁰⁶, without referring to innovation either.

194. The importance of innovation in the implementation of the Convention is recognized by the Parties through decision 6/COP.14, which requests the Secretariat to evaluate “*options for promoting greater participation [...] in the development and mainstreaming of innovative and sustainable solutions for combating desertification/land degradation and drought and achieving land degradation neutrality*”¹⁰⁷.

195. However, the 2018-2030 Strategic Framework does not mention innovation, either in the role of the UNCCD or in the strategic objectives. Nevertheless, it identifies capacity-building, technology transfer, the provision of scientific support, awareness-raising and mobilization of resources among UNCCD’s levers to address DLDD issues through long term strategies¹⁰⁸ - some of which fall within the STI Unit’s mandate.

196. The emerging attention to innovation was acknowledged by the Secretariat when its unit in charge of science and technology was renamed Science, Technology and Innovation Unit instead of Science, Technology and Implementation unit. As per its terms of reference (ToR), the STI Unit is in charge “*the spearheading of the innovation agenda of the Secretariat in order to increase the knowledge, technical skills and expertise of UNCCD stakeholders, [...]*”¹⁰⁹. Such activities fall under the Capacity Building and Innovation sub-programme, including “*ensuring coordination, cooperation and collaboration is done as regards initiatives in the areas of capacity developing and innovation undertaken by the Secretariat, the Global Mechanism and the G20 Initiative*”¹¹⁰.

197. However, there is still no clear plan from the Secretariat to sustain “innovation processes” mentioned above.

5.4.2 A number of flagship initiatives sustained by innovation have been deployed by the Convention

198. From an operational and local perspective, innovation seems key to the effective implementation of the Convention. For instance, the DeserTech and the Great Green Wall initiatives are both looking to tackle desert-related challenges, through innovative technologies¹¹¹. The DeserTech Initiative, an innovation community specialized in climate technologies, and the Great Green Wall flagship initiative, partnered on the DeserTech Innovation Leaders for the Great Green Wall¹¹². The programme, that gathered active leaders from Sub-Saharan countries between January and May 2023, aimed at identifying desertification and drought induced challenges¹¹³, assessing their technology needs, discussing collaboration opportunities and designing project

¹⁰⁶ The Model Framework for Technology Transfer in the UNCCD context specifically refers to innovation and provides a framework for its integration into UNCCD implementation. <https://www.unccd.int/resources/other/model-framework-technology-transfer>.

¹⁰⁷ Decision 6/COP.14, Participation and involvement of the private sector in meetings and processes of the United Nations Convention to Combat Desertification and the business engagement strategy

¹⁰⁸ Decision 7/COP.13, The future strategic framework of the Convention – Annex: The 2018-2030 Strategic Framework.

¹⁰⁹ UNCCD, Overview Terms of Reference of the Science, Technology and Innovation (STI) Unit of the UNCCD Secretariat, 2022-2024 Triennium

¹¹⁰ UNCCD, Terms of Reference for post of Capacity Building & Innovations Officer, STI, Reference number: CCD/22/STI/

¹¹¹ UNCCD, Combating desertification with innovation: Great Green Wall and DeserTech tackle common challenges, Story, 30 March 2023

¹¹² DeserTech, Great Green Wall, UNCCD, DeserTech Innovation Leaders for the Great Green Wall, African Leaders Combating Desertification through Innovation, [Official website](#)

¹¹³ DeserTech, Desert Challenges, Learn about the real challenges of organizations in arid markets, connect with them and offer your solution, [Official website](#)

proposals to implement adapted solutions for their communities.

199. A number of initiatives to recreate the DeserTech project are underway, as well as initiatives to expand this project to other regions. A lessons-learned from the DeserTech project will also be presented at COP 16.

200. Efforts to promote innovation have been embodied by the scheduled creation of the Innovation Task Force and of the Innovation Hub 114, funded by voluntary contributions. In the past, the Secretariat has intended to design and develop a comprehensive concept and strategy for a UNCCD Innovation Framework, including the Innovation Hub. Such strategy was deemed to “*promote and stimulate the process of innovation in various crucial fields necessary for the efficacious implementation of the Convention including technology and technology transfer, science, capacity building, innovative financing, communication and information sharing and awareness raising*”¹¹⁵. The conceptualization of innovation within the UNCCD process was to be finalized, within said concept and strategy. It remains unclear whether or not such documents have been formalized.

201. Efforts to formalize a UNCCD Innovation Framework and a corporate agenda on such topics should be pursued, while considering the need to promote the involvement of future generations in the implementation of the Convention¹¹⁶. An upcoming agenda on innovation must also prioritize the inclusion of women, recognizing their pivotal role in designing and effectively implementing tailored policies. Women are indispensable stakeholders¹¹⁷ whose contributions are essential for the success of ad hoc policies, as exemplified by the integration of a comprehensive Gender Action Plan¹¹⁸ within the Convention.

202. The Board recommends that the UNCCD Secretariat define a corporate agenda on innovation, to fully benefit from the Convention’s interactions with the scientific community, the private sector and civil society.

203. The UNCCD Secretariat accepted the recommendation.

C. Disclosures by Management

1. Write-off cash, receivables and property, ex gratia payments

204. UNCCD reported that there were no write-offs of cash, receivables and assets during 2023. UNCCD also did not make any ex gratia payments.

2. Cases of fraud and presumptive fraud

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

206. During the audit, the Board makes enquiries of Management regarding their

¹¹⁴ 2022-2024 work programme of the UNCCD secretariat and the Global Mechanism: Activities and the availability of funding

¹¹⁵ UNCCD, Terms of Reference, Consultant to support the design and the development of a concept and strategy of and for a UNCCD Innovation Framework, including and Innovation Hub, Consultancy Reference number: CCD/20/STI/44

¹¹⁶ Decision 32/COP.15, Declaration of the Youth Forum

¹¹⁷ Decision 25/COP.15, Abidjan Declaration on Gender and Report from the Gender Caucus

¹¹⁸ <https://www.unccd.int/resources/publications/gender-action-plan>

oversight responsibility of assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that Management has identified or that has been brought to their attention. The Board also inquired whether Management has any knowledge of any actual, suspected or alleged fraud.

207. UNCCD further reported that there was no case of fraud and presumptive fraud for the financial year ended 31 December 2023. The Board has not identified any instances of fraud in its audit, and no cases have come to the Board's attention as a result of the review.

D. Acknowledgement

208. The Board wishes to express its appreciation for the cooperation and assistance extended to it by the Executive Secretary and staff members of UNCCD.



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



(Signed) **Pierre Moscovici**
President of the French Court of accounts
(Lead Auditor)



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

24 July 2024

Annex

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

No.	Year	Audit Report Reference	Board's Recommendation	Management/Administration's Response	Board's Assessment	Status after Verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1	2018	ICCD/COP(14)/9 chap. II, para. 40	The Board recommends that, in consultation with United Nations Treasury, UNCCD assess the possibilities of investment approaches within the cash pool for the reserves set aside for the after-service health insurance liabilities.	The mentioned possibilities have been discussed with UNFCCC, UNHQ Treasury and EY Advisory. UNCCD has been received the proposal from EY and is in ongoing discussions United Nations Secretariat.	The coverage of ASHI debts is partially taken into account in the net asset, since the financial statements indicate in note 16 that "accumulated surplus" (equivalent to "retained earnings") includes ASHI funds. In addition, COP 15 (2022) has decided to make an exceptional additional allocation of \$500,000 of this retained earnings to the ASHI funds. As such, the recommendation is considered as <i>overtaken by events</i> . Besides, the Board of auditors considered that the amount of investments within the cash pool should cover the ASHI long term liabilities. As such, the recommendation is considered as <i>overtaken by events</i> .				X
2	2018	ICCD/COP(14)/9 chap. II, para. 55	The Board recommends that UNCCD assess, in consultation with United Nations Headquarters, whether it is beneficial to conclude agreements with the organizations of incoming and leaving UNCCD staff to gain legal assurance on the employee benefit liabilities incurred for those staff members.	. UNCCD accepts the inter-agency transfer of the staff joining and leaving and the employee benefit liabilities are based on the rules and regulations of the United Nations. The legal assurances are part of the inter-agency transfer.	The Board of Auditors, during its final financial audit carried out several test on such transfer which did not show any discrepancy. The recommendation is considered as implemented.	X			
3	2019	ICCD/COP(15)/8 chap. II, para. 61	The Board recommends that UNCCD, in coordination with the United Nations Secretariat, review how UNCCD could ensure segregation of duties with regard to procurement activities up to \$50,000.	This recommendation is implemented with the new UNCCD Procurement Officer.	The Board of Auditors noticed the arrival of a procurement officer in April 2023 with delegated authority to validate procurements up to \$50 thousands.	X			

					<i>Status after Verification</i>			
<i>Audit Report</i>		<i>Board's Recommendation</i>	<i>Management/Administration's Response</i>	<i>Board's Assessment</i>				
<i>No.</i>	<i>Year</i>				<i>Report Reference</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>
				The recommendation is considered as implemented.				
4	2019	ICCD/COP(15)/8 chap. II, para. 70	The Board recommends that UNCCD liaise with United Nations Treasury to specify the responsibilities between UNCCD and United Nations Treasury and explore options to formalize this arrangement.	Since this can be implemented jointly with UNHQ, UNCCD's opinion is that this observation should also be raised directly with UNHQ Treasury unit and implemented by UNHQ for all entities participating in the central cash pool.	The recommendation remains under implementation. The Board proposes to UNCCD to write down UNCCD's understanding of UNCCD's and United Nations Treasury's respective responsibilities to implement this recommendation and get further clarity.		X	
5	2020	ICCD/COP(15)/9 chap. II, para. 116	The Board recommends that UNCCD implement comprehensive guidelines for the CiC documentation and file management. The guidelines should determine what kind of essential information shall be documented to the extent required.	UNCCD has drafted a comprehensive standard operating procedure for CiC, and the intranet human resources site is rebuilt to provide easy access to related policies, guidance and templates. Draft SOP has been prepared which will be presented to senior management for official approval.	The Board takes note positively of the steps taken to implement this recommendation, which will however stay under implementation while the SOP has not been officially endorsed by senior management.		X	
6	2021	ICCD/COP(16)/8 chap. II, para. 107	The Board also recommends that UNCCD should define a "critical" limit of overtime in advance.	The UNCCD uses overtime only as the last solution for covering tasks that cannot be otherwise done. It is always ad-hoc and kept to minimum.	UNCCD does not use overtime except for ICT officer and executive office (driving ES/DES) who have to perform some functions during the week-end, as such, the recommendation is considered as overtaken by events.			X
7	2021	ICCD/COP(16)/9 chap. II, para. 115	The Board recommends that UNCCD reconsider a SIC based on the SIC signed by the Secretary-General in 2021.	SIC will be finalized upon the approval of Risk Management Policy of the UNCCD, which is being finalized.	The recommendation is under implementation and a formal SIC may be presented by ES for financial statements 2024.		X	
8	2021	ICCD/COP(16)/9 chap. II, para. 124	The Board recommends that UNCCD establish an implementation plan for the Board's recommendations that is underpinned with	On 23 April 2024, the UNCCD management team decided to consider audit recommendations implementation as a standing	The Board takes note of comments from the administration. No implementation plan <i>per se</i> has			X

				<i>Status after Verification</i>				
<i>Audit Report</i>			<i>Management/Administration's Response</i>	<i>Board's Assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
<i>No.</i>	<i>Year</i>	<i>Report Reference</i>	<i>Board's Recommendation</i>					
			staff resources..	agenda item in its meetings, to be discussed twice a year.	been organized earlier. Nevertheless, the Board notes the steps taken by the Administration to implement the recommendations and the identification of resources shall be addressed through the audit on budget management. As such, the recommendation is considered as <i>overtaken by events</i> .			
9	2021	ICCD/COP(16)/9 chap. II, para. 125	Furthermore, the Board recommends that UNCCD continuously monitor progress against the implementation plan.	One of these management team considerations will be immediately after the receipt of the audit recommendations, so that all managers are aware of the recommendations and will start taking action as needed. The other time will be around six months later.	This recommendation needs the previous one to be implemented as a precondition. It is therefore considered as overtaken by events. The Board will monitor tightly the implementation of recommendations and may renew later.			X
10	2022	ICCD/COP(X)/X chap. II para. 28	The Board recommends that UNCCD Secretariat specify the information related to its assets and financial performance on investments in the notes to its financial statements.	UNCCD followed up with UNHQ treasury and upon request, UNCCD has received a statement of investment report. With regards to other report, UNCCD was informed to find out itself, similar to UNFCCC who calculates the data. UNCCD's opinion that this recommendation should also be addressed to UNHQ treasury as UNCCD will not be able to implement this without the assistance from UNHQ treasury.	The recommendation remains under implementation. UNCCD followed up with UNHQ treasury and received one report and informed that other report should be made by UNCCD similar to UNFCCC.		X	
11	2022	ICCD/COP(X)/X chap. II, para. 42	The Board recommends that the UNCCD Secretariat broaden the identification and assessment of critical risks in order to cover the full scope of the Convention and better involve senior management and the legislative	All units of the secretariat, guided by an external expert, were trained in January-March on risk assessment. After the training, each unit identified and assessed risks	A renewed risk register has been approved by the Risk Management Committee on 1 May 2024. Upstream from this document, the Administration has carried out the			X

				<i>Status after Verification</i>				
<i>Audit Report</i>			<i>Management/Administration's Response</i>	<i>Board's Assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
<i>No.</i>	<i>Year</i>	<i>Report Reference</i>	<i>Board's Recommendation</i>					
			bodies in this endeavour.	that they considered most relevant required process to broaden the for the unit. The risks identified at scope of risk identification and unit level were then combined and assessment. streamlined to a corporate risk register, which was presented in an all-staff workshop on 30 April and approved by the Risk Management Committee at its meeting of 1 May 2024. Corporate risk register is enclosed.	The recommendation is considered as implemented.			
12	2022	ICCD/COP(X)/X chap. II, para. 62	The Board recommends that the UNCCD Secretariat identify, ahead of the upcoming COP, the most critical risks at stake, including related to the host country agreement and to the sponsoring of the Conference, in order to anticipate and mitigate them.	The corporate risk register includes several risks that are critically important for the COPs, COP 16 (this is a cross-functional from misconduct cases to staffing activity). Financial risks do not specify the COP hosting agreements but cover related risks. In this context, the Secretariat considers that this recommendation is completed. Nevertheless, the secretariat recognizes that assessing COP related risks cannot be over-emphasized and plans to establish a specific risk register ahead of each COP.	The UNCCD Secretariat is working on a specific risk register related to COP 16 (this is a cross-functional from misconduct cases to staffing activity). This document shall be ready, at the latest, in September 2024. The recommendation is under implementation.		X	
13	2022	ICCD/COP(X)/X chap. II, para. 70	The Board recommends that the UNCCD secretariat update its risk management policy, with a view to ensure a more effective and efficient process, focusing as a priority on critical risks of strategic importance.	The UNCCD risk management policy has been updated and it was tested during the unit training workshops. The policy includes also detailed guidelines for risk assessment, terms of reference for the Risk Management Committee, and a template for the risk register. Policy has been approved by the Risk Management Committee on 1 May 2024. ES official bulletin to	The risk management policy has been updated in April 2024. It shall be supported by an Executive Secretary Bulletin to become an official internal document. In the meanwhile, the recommendation is under implementation.		X	

					<i>Status after Verification</i>				
<i>Audit Report</i>		<i>Board's Recommendation</i>	<i>Management/Administration's Response</i>		<i>Board's Assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Not Overtaken by events</i>
<i>No.</i>	<i>Year</i>		<i>Report Reference</i>	<i>Response</i>					
				be circulated to all staff is still pending.					
14	2022	ICCD/COP(X)/X chap. II, para. 80	The Board recommends that the UNCCD Secretariat ensure that all staff are made aware of the risks associated with cybersecurity, through regular, mandatory trainings.	All-staff training on cybersecurity was held in June 2023 (in two groups).	UNCCD implemented the IT security best practises shared by UNICC. UNCCD set up a mandatory course about cyber risks, that have to be done every year, with a good result to pass; the IT intranet's page has been improved to focus on cybersecurity (the training session is recorded and available on this intranet page). The recommendation is implemented.	X			
15	2022	ICCD/COP(X)/X chap. II, para. 97	The Board recommends that the UNCCD Secretariat assign the responsibility of Chief Risk Officer to an existing senior executive.	The Deputy Executive Secretary is nominated as the Chief Risk Officer. Of other key positions, the Deputy Chief of Administrative Services serves as the Secretary of the Risk Management. ES official bulletin to be circulated to all staff is still pending	The Deputy Executive Secretary has been indeed identified as the Chief Risk Officer in the revised risk policy. As long as this document is not official, the recommendation remains under implementation.		X		
16	2022	ICCD/COP(X)/X chap. II, para. 107	The Board recommends that the UNCCD Secretariat review the quality of the corporate "risk register" and finalize a risk treatment plan.	The risk register has been completely revised in a participatory manner. It contains 29 risks, for all of which a treatment plan and residual risk have been defined.	The Board noted that the risk register has been revised and considers that the recommendation is implemented.	X			
17	2022	ICCD/COP(X)/X chap. II, para. 134	The Board recommends that the UNCCD Secretariat update and supplement its policies on conduct and discipline and the prevention of fraud and corruption, and ensure their effective implementation.	Both topics are covered in the risk register and will be regularly monitored. Policy on conduct and discipline still has to be signed and explained to staff members.	The Secretariat has taken steps to implement the recommendation. A policy on conduct and discipline still has to be signed and explained to staff members so that the recommendation is completely implemented. In the meanwhile, it is considered under implementation.		X		
18	2022	ICCD/COP(X)/X	The Board recommends that the UNCCD	The UNCCD Secretariat have	UNCCD has already reviewed and	X			

					<i>Status after Verification</i>				
<i>Audit Report</i>		<i>Management/Administration's Response</i>		<i>Board's Assessment</i>	<i>Under implementation</i>		<i>Not implemented</i>		
<i>No.</i>	<i>Year</i>	<i>Report Reference</i>	<i>Board's Recommendation</i>		<i>Implemented</i>	<i>implementation</i>	<i>implemented</i>	<i>by events</i>	
		chap. II, para. 169	Secretariat update the job descriptions for each position, starting with the most essential ones.	started working on them, currently under the review.	updated job descriptions based on its priority and is further committed to continue with this process .UNCCD provided the list of the reviewed job description. The recommendation is implemented.				
Total				18		6	8		4
Percentage				100		33.33	44.45		22.22

Chapter III

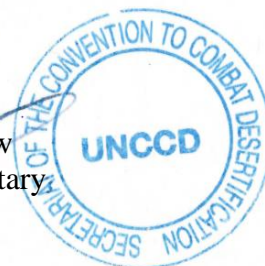
Certification of the financial statements

The financial statements of the United Nations Convention to Combat Desertification (UNCCD) for the financial year ended 31 December 2023 have been prepared in accordance with financial rule 106.1 of the Financial Regulations and Rules of the United Nations. They include all trust funds and special accounts operated by UNCCD. This is the ninth time that the financial statements have been prepared under the International Public Sector Accounting Standards (IPSAS). The accounts of UNCCD are maintained in accordance with the Financial Rules of the Conference of Parties.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by UNCCD during the period covered by the statements, for which the Executive Secretary has administrative responsibility.

I certify that the appended financial statements of the United Nations Convention to Combat Desertification, numbered I to V are correct.


Ibrahim Thiaw
Executive Secretary



31 March 2024

Chapter IV

Financial report for the year ended 31 December 2023

A. Introduction

1. The permanent secretariat of the United Nations Convention to Combat Desertification (UNCCD) was established in December 1996. The Strategy is to forge global partnerships to reverse and prevent desertification and land degradation. These partnerships are also meant to mitigate the effects of drought in affected areas. Coupled with the vision is a strategy mission: To provide a global framework to support the development and implementation of national and regional policies that contribute to the reduction of poverty.
2. Note 1 to the financial statements provides information on the governance of the UNCCD.
3. UNCCD receives services from United Nations Headquarters (UNHQ), New York; United Nations Office at Geneva (UNOG); United Nations Framework Convention on Climate Change (UNFCCC); United Nations Development Programme (UNDP); and United Nations Common Services in Bonn.
4. UNHQ provides treasury services including the report of cash and its equivalent, investment, posting interest income, gain and losses, revaluation and forward the notes on financial risk and instruments.
5. UNOG provides Human Resources Services such as Medical Services, Legal and Policy Advisory Services, and contract, entitlements, benefits and time administration. Financial Services include applied deposits/cash applications, vendor payments, medical/life insurance, payroll processing, banking/vendor investigations, and disbursements. It also provides limited Information and Communication Technology services including Umoja user access provisioning, Umoja role mapping and Remote Access Services.
6. UNCCD has an agreement with UNFCCC on procurement services.
7. UNCCD has an arrangement with the UNDP on a Service Clearing Account, whereby UNDP disburses funds to implementing partners, vendors, and consultants. Furthermore, UNDP provides administrative, procurement and financial services for the Regional Liaison Office in Africa.
8. UN Common Services is responsible for the operation and maintenance of UN premises including security in Bonn, Germany. It is also responsible for mail and franking, telephone reception services, meeting rooms and equipment for conference servicing. UNCCD receives these services and reimburses the costs based on the actual services provided.
9. The financial statements of the UNCCD are prepared and submitted to the Conference of the Parties (COP) in accordance with the UN financial regulations and rules. The financial statements include all the operations under the direct authority of the Executive Secretary including the

core budget, the Global Mechanism and the extra-budgetary financed activities. The 2023 financial statements are prepared based upon International Public Sector Accounting Standards (IPSAS) in accordance with the decision of the United Nations General Assembly, provide increased information on actual assets and liabilities enabling in improved internal control and enhanced management of UNCCD's total resources. The statements include additional information on revenue and expenses to senior management to support decision-making and enhance strategic planning. The financial statements are prepared under IPSAS using full accrual-based accounting. UNCCD's budget is prepared on a modified cash basis of accounting in accordance with its financial regulations. Note that under IPSAS:

- Revenue from voluntary contributions is recognized when the contract with the donor becomes binding (i.e. at the time of signature of both parties, rather than when cash is received).
- In the case of contributions that impose conditions requiring return of funds not utilized in accordance with the terms of the agreement, revenue is not recognized until UNCCD delivers the services specified in the agreement with the donor.
- Expenses are recognized when services or goods are received or delivered rather than when a commitment is recognized.
- The annual changes in employee defined benefit obligations (other than those caused by adjustments in actuarial assumptions) are now recognized as expenses rather than in fund balance.
- The value of fixed assets such as vehicles and communications information technology equipment acquired has been capitalized rather than expensed. Included in expenses for 2023 is the depreciation on a vehicle and communications information technology equipment.

B. Overview of financial statements for the year ended 31 December 2023

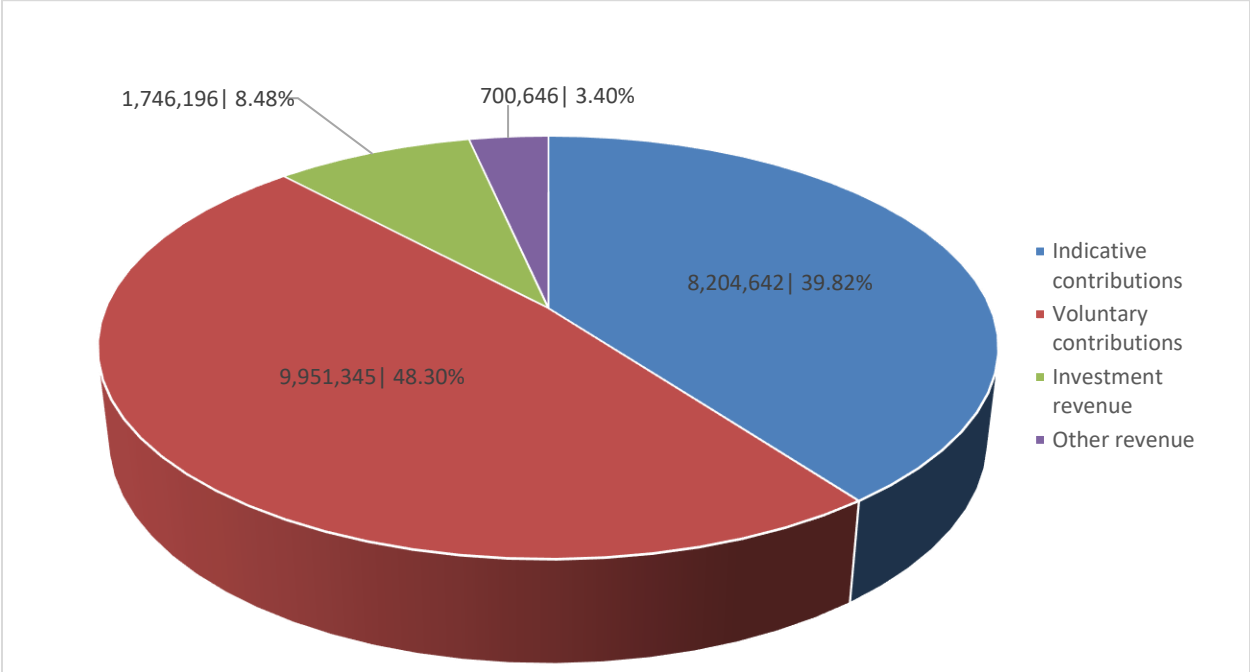
10. Financial statements I, II, III, IV and V show the financial results of the activities of UNCCD and its financial position as at 31 December 2023. The notes to the financial statements explain UNCCD's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Financial performance

Revenue

11. Revenue in 2023 totalled USD 20.60 million (see Note 17: Revenue), as presented below in figure I.

**Figure I. Total Revenue as at 31 December 2023
(In United States dollars)**



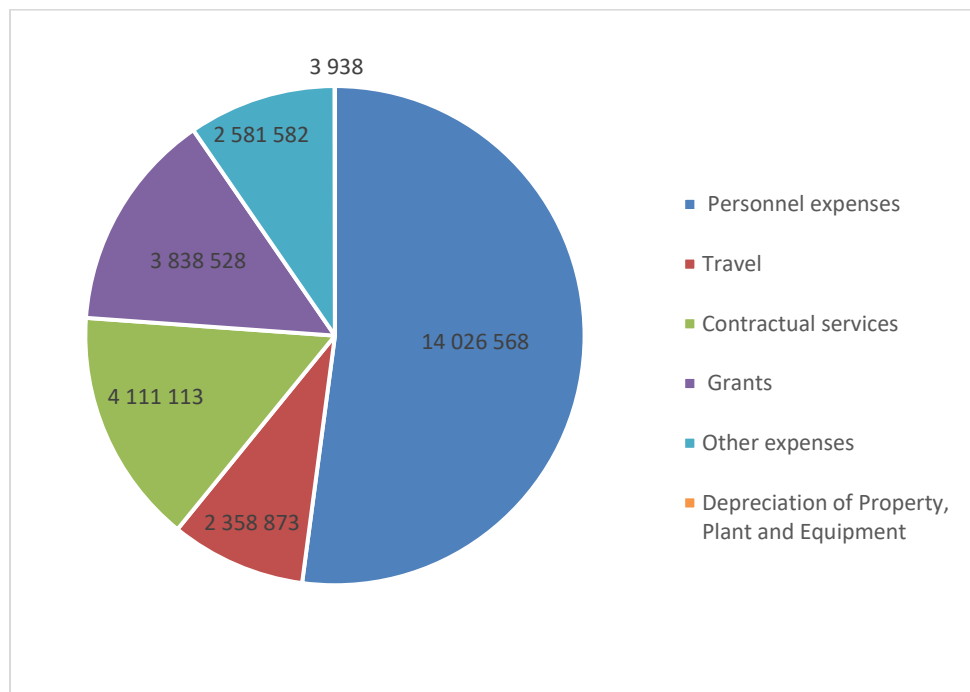
12. The principal sources of revenue were:

- Indicative contributions from signatories of the Convention. Indicative contributions for 2023 totalled USD 8.20 million from Member States, or 39.82 per cent of total revenue (2022: USD 8.61 million or 43.39 per cent).
- Voluntary contributions from donors totalled USD 9.95 million, or 48.30 per cent (2022: USD 11.12 million or 56.04 per cent), comprising (i) contributions of USD 0.86 million for the Global Mechanisms and USD 9.09 million for Secretariat respectively.
- Investment revenue, which represented 8.48 per cent of total revenue, increased to USD 1.75 million from USD 0.10 million reported in 2022.
- The remaining revenue is the other revenue in the amount of USD 0.70 million or 3.40 per cent.

Expenses

13. Expenses in 2023 totalled USD 26.92 million as shown below in figure II.

**Figure II. Total Expenses as at 31 December 2023
(In United States dollars)**

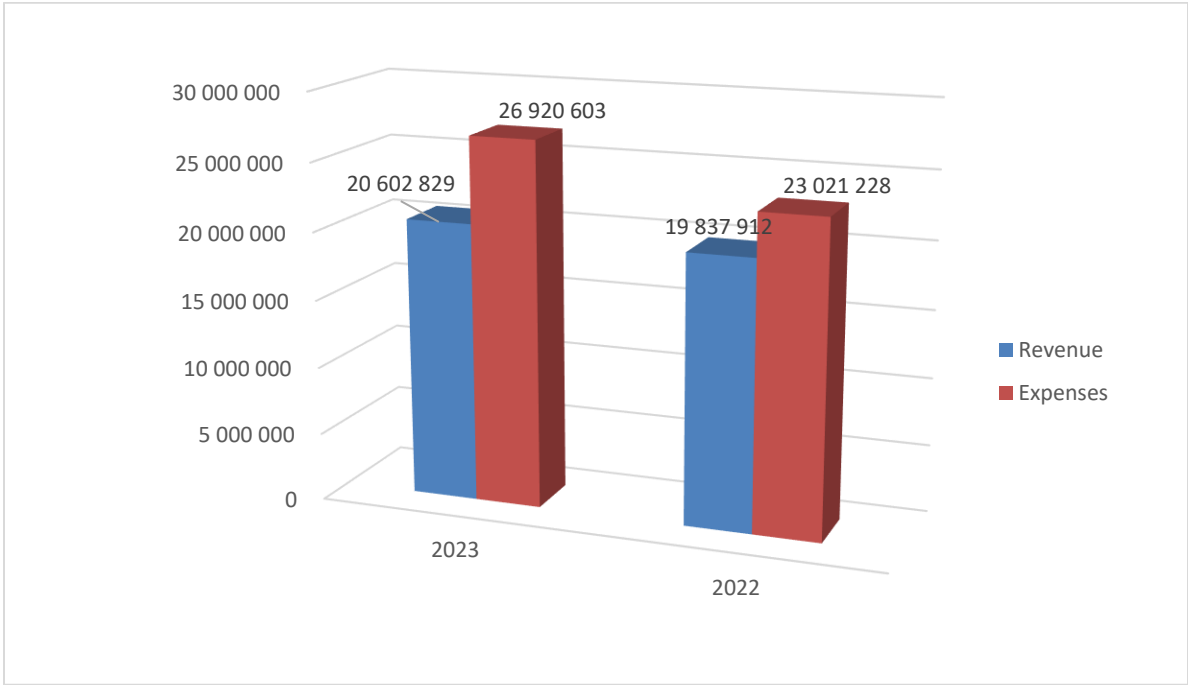


14. An increase of USD 3.90 million in total expenses was reported from the total expense amount of USD 23.02 million reported in 2022. The main increases in 2023 were in Personnel expenses, Contractual Services and Grants. However, there were decreases in expenses such as Travel and Other Expenses – Loss on Foreign Exchange.

15. The main expense categories are Personnel expenses for USD 14.03 million or 52.10 per cent (2022: USD 13.00 million), Contractual services (non-employee compensation including consulting services individual fee, consultancy travel fee) for USD 4.11 million or 15.27 per cent (2022: USD 3.26 million), Grant for USD 3.84 million, or 14.26 per cent (2022: USD 1.06 million), Travel in the amount of USD 2.36 million or 8.76 per cent (2022: USD 2.85 million) and Other expenses of USD 2.58 million or 9.59 per cent (2022: USD 2.84 million).

16. Total Personnel expenses for USD 14.03 million or 52.81 per cent, include (i) salary and wages of USD 8.25 million; (ii) pension and insurance of USD 2.51 million; (iii) interest and current service costs related to defined benefit obligations (After-Service Health Insurance, annual leave, and repatriation grant/travel) in the amount of USD 1.37 million; and (iv) other benefits of USD 1.89 million.

Figure III. Movement in revenue and expenses
(In United States dollars)



17. There was an increase of USD 0.76 million in total revenue compared with the revenue reported in 2022, as shown in figure III above. There was also an increase of USD 3.90 million in total expenses compared with the expenses reported in 2022. The sources of significant increase were USD 2.78 for Grants, USD 1.03 million for Personnel expenses, USD 0.86 million for Contractual Services. There was also decrease in Travel of USD 0.49 million, and Other Expenses of USD 0.62 million.

Operating results

18. The net deficit in revenue over expense in 2023 is reported at USD 6.32 million, compared with the deficit of USD 3.18 million in 2022.

Financial position

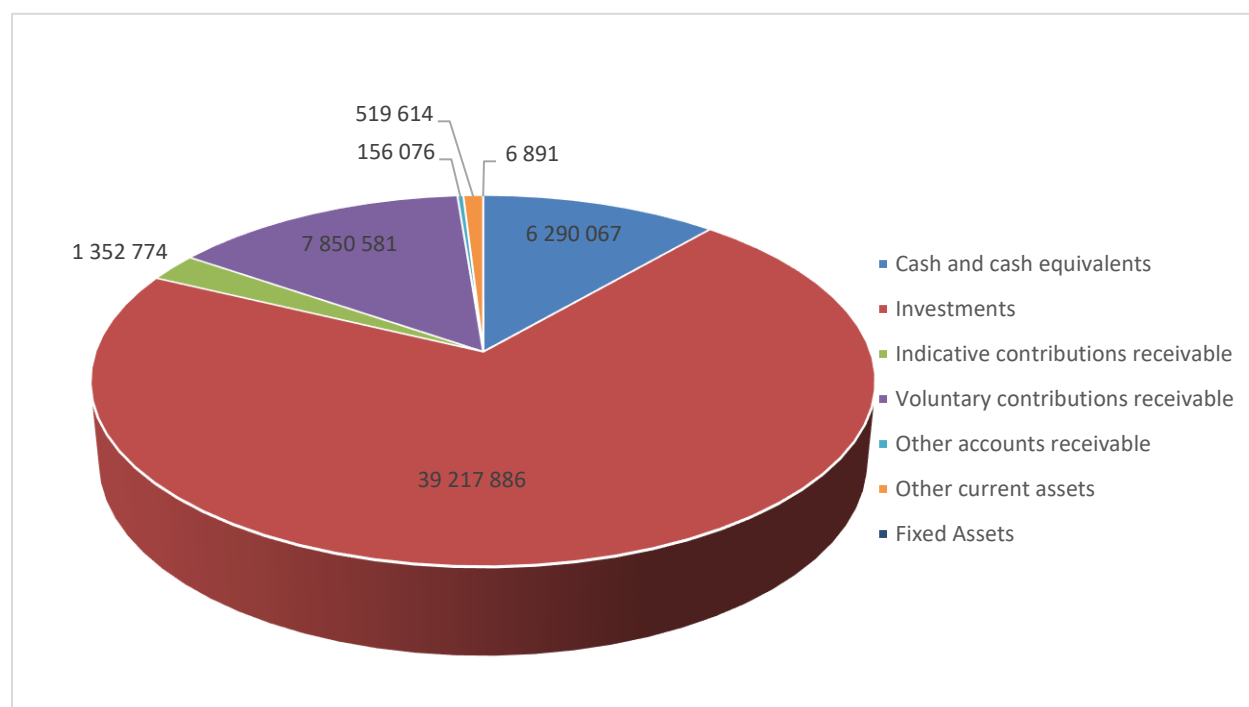
Assets

19. UNCCD reports a decrease in total assets of USD 2.25 million as at 31 December 2023 from the balance of USD 57.64 million reported as at 31 December 2022, to the current USD 55.39 million. The major components of UNCCD's assets are as follows:

Summary of Assets as at 31 December (in United States dollars)	2023	2022	Difference
Cash and cash equivalents	6 290 067	5 785 207	504 860
Investments	39 217 886	33 078 004	6 139 882
Sub total assets held in cash pool	45 507 953	38 863 211	6 644 742
Indicative contributions receivable	4 571 261	4 532 175	39 086
Less provision for doubtful receivables	(3 218 487)	(2 425 591)	(432 338)
Net indicative contributions receivable	1 352 774	2 106 584	(393 252)
Voluntary contributions receivable	7 850 581	15 943 671	(8 093 090)
Net voluntary contributions receivable	7 850 581	15 943 671	(8 093 090)
Other accounts receivable	156 076	47 329	108 747
Other current assets	519 614	670 192	(150 578)
Fixed assets	6 891	10 829	(3 938)
Total Assets	55 393 889	57 641 816	(1 887 369)

Figure IV. Total assets as at 31 December 2023

(In United States dollars)



20. As shown above in figure IV, UNCCD’s assets largely comprised investments of USD 39.22 million, or 70.80 per cent (2022: USD 33.08 million), voluntary contributions receivable from donors of USD 7.85 million, or 14.17 per cent (2022: USD 15.94 million), indicative contributions receivable from signatories to the Convention in the amount of USD 1.35 million, or 2.44 per cent (2022: USD 2.11 million) and cash and cash equivalents totalling USD 6.29 million, or 11.36 per cent (2022: USD 5.79 million). The remainder comprised other accounts receivable of USD 0.16 million (2022: USD 0.05 million), other current assets of USD 0.52 million (2022: USD 0.67 million), and fixed assets of USD 0.01 million (2022: USD 0.01 million).

21. **Cash, cash equivalents and investments:** Cash, cash equivalents and investments are USD 45.51 million held in the UN Treasury Cash Pools (2022: USD 38.86 million). This represents an increase of USD 6.64 million over the balance held at the end of 2022. Changes in cash

are shown in statement IV.

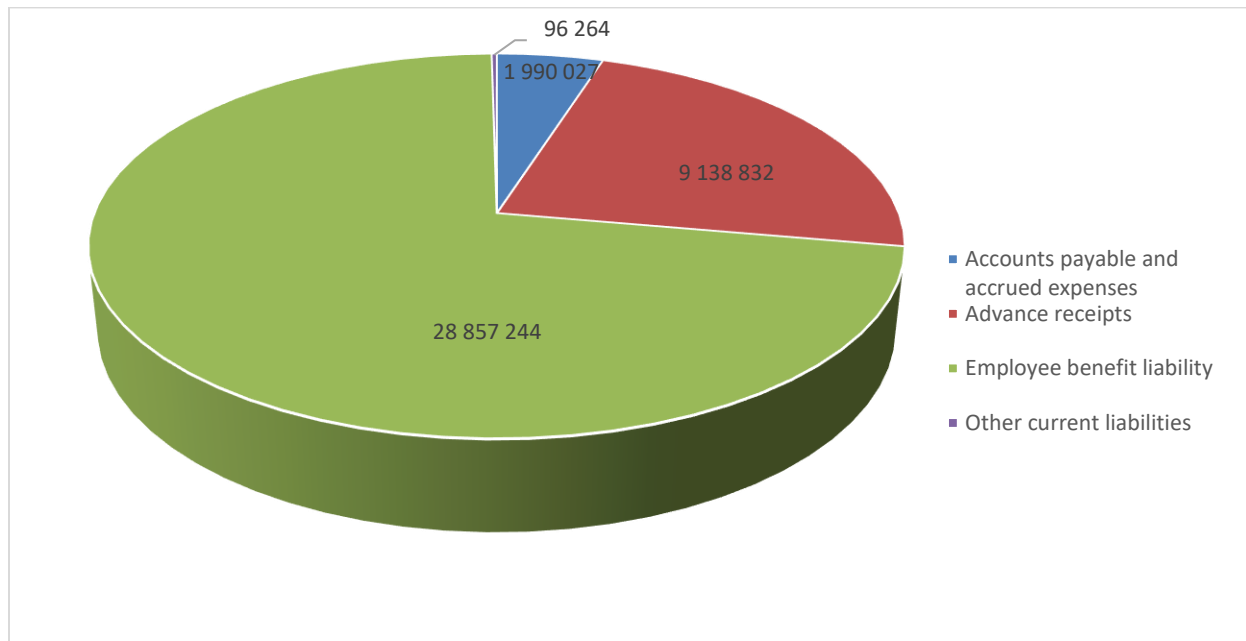
22. **Accounts receivable:** Accounts receivable from indicative contributions are recognized net of allowance for expected credit losses (ECL) in accordance with IPSAS41. Voluntary contributions receivable based on the signed agreement/letter of intent in the net amount of USD 7.85 million of which USD 3.86 million represents receivable due for the Global Mechanism. Other accounts receivable of USD 0.16 million, include value added tax balances in the amount of USD 0.10 million and USD 0.06 million of refund from another UN agency.

Liabilities

23. Liabilities as at 31 December 2023 totalled USD 40.08 million (2022: USD 36.17 million) as follows:

Summary of liabilities at 31 December (in United States dollars)	2023	2022	Difference
Accounts payable and accruals	1 990 027	1 725 728	264 299
Advance receipts	9 138 832	7 116 134	2 022 698
Employee benefit liabilities	28 857 244	27 328 505	1 528 739
Other liabilities	96 264	-	96 264
Total Liabilities	40 082 367	36 170 367	3 912 000

**Figure V. Total Liabilities as at 31 December 2023
(In United States dollars)**

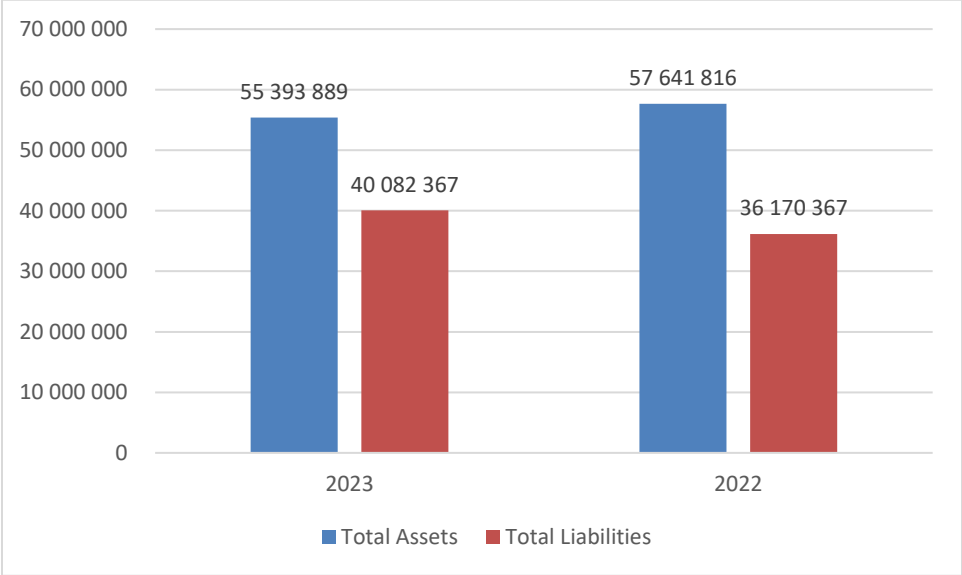


24. The most significant liability is the employee benefits (see figure V) earned by staff members and retirees but not paid at the reporting date, primarily the liability for ASHI. These liabilities total USD 28.86 million, or 72.17 per cent (2022: USD 27.33 million, or 75.55 per cent) of UNCCD’s total liabilities, and are explained in detail in Note 14 to the financial statements.

25. Advance receipts of USD 9.14 million include indicative contributions received in advance of the start of the year to which they are related totalling USD 0.76 million (2022: USD 0.15 million) as well as voluntary contributions, provided by donors totalling USD 8.38 million (2022: USD 6.96 million), that contain conditions requiring the performance of specified services or the return of unused funds to the donor in accordance with the terms of the agreement. In addition, Accounts payable and accrued liabilities stood at USD 1.99 million (2022: USD 1.73 million); this amount relates primarily to payables to vendors in the amount of USD 0.99 million, accruals for refund of unused funds to donors in the amount of USD 0.83million, accruals for goods and

services of USD 0.16 million, and the remaining balance from the Government of the Bolivarian Republic of Venezuela in the amount of USD 0.005 million (2022: USD 0.005 million). Other liabilities in the amount of USD 0.1 million relate to repatriation grant held in trust for two staff members who left during 2023.

Figure VI. Movement in assets and liabilities as at 31 December 2023 (In United States dollars)



26. Figure VI shows a decrease of assets held of USD 2.25 million, from USD 57.64 million reported in 2022 to USD 55.39 million reported for 2023, and an increase in liabilities of USD 3.91 million, from USD 36.17 million reported for 2022 to USD 39.99 million reported for 2023.

Net assets

27. The movement in net assets during the year reflects decrease of USD 6.16 million from USD 21.47 million in 2022 to USD 15.31 million in 2023 due to the operating deficits of USD 6.32 million offset by actuarial and other adjustments recognized in net assets of USD 0.16 million. Net assets include the operating reserves which remained at USD 1.95 million.

C. Financial Report on the impact of the Covid-19 pandemic

28. The COVID-19 pandemic and all related restrictions have been lifted and had no direct effect on UNCCD activities during 2023. UNCCD staff have returned to the office however hybrid working arrangements have been introduced allowing staff to work up to three days per week from home. Meetings and workshops were organized in person as well as through available digital communication channels. UNCCD continued to focus on the effective implementation of its programmatic activities. Furthermore, there can be no objective, exact or systematic determination of the impact of the COVID-19 pandemic on these financial statements as accounting and reporting systems are not intended or designed to report costs, revenues and balances based on a specific underlying cause, such as a pandemic.

Core budget

29. At 15th session of the Conference of the Parties, by its Decision 10 of ICCD/COP(15)/23/Add.1, approved a core budget for the triennium 2022–2024 amounting to EUR 24.7 million of which EUR 8.2 million was programmed for 2023. In addition, the Conference of the Parties approved 1) a contingency budget amounting to EUR 2,104,660 for conference servicing, to be added to the programme budget for the triennium 2022–2024 in the event that the General Assembly decides not to provide resources for these activities in the United Nations regular budget; and 2) on an exceptional basis, to use the remainder of the amount previously allocated from the reserves of the Trust Fund for the Core Budget of the UNCCD for a) set aside funds for after-service health insurance; b) support the Intergovernmental Working Group on Drought and c) provide partial funding for the financial needs assessment to be conducted by the Global Mechanism and submitted to the sixteenth session of the COP. It should be noted that the General Assembly approved a provision for conference servicing for 2023.

30. The core budget continues to be prepared on a modified cash basis in accordance with the UN Financial Regulations. The overall budgetary results for the 2023 financial period in euros are summarized in Statements V. The differences between the net results on the IPSAS (full accrual) basis and those in accordance with the adopted budget are explained in Note 4: Budget Comparison and Reconciliation.

31. Total approved core budget for 2023 amounted to EUR 8.2 million. Expenses under the core budget during 2023 (valued in US dollars at the average USD 1 = EUR 0.93725 at the rate of exchange set by the United Nations and using the modified cash method of accounting) amounted to EUR 8.1 million resulting in a net fund surplus of EUR 0.1 million for the year. Total approved core budget for years 2022-2023 amounted to EUR 16.4 million while the expenses amounted to EUR 16.8 million resulting in a net fund deficit of EUR 0.4 million or 2,6% of the approved budget. Deficit is mainly attributable to personnel expenses. The meetings of the Bureaux of the COP, the Committee on Science and Technology (CST) and the Committee for the Review of the Implementation of the Convention (CRIC) were held in person and hybrid. Meetings of the Science–Policy Interface (SPI) under STI, and meetings in the Regional Implementation Annexes, involving the Regional Liaison Offices under the External Relations, Policy and Advocacy programme, were also held in person or hybrid. The fifteenth session of the COP was held in person in Abidjan, Côte d'Ivoire in May 2022.

Statement on Internal Control

Purpose of the system of internal control

32. Internal control is designed to reduce, manage, and mitigate to an acceptable level, the risk of failure to achieve the Organization's aims, objectives and related policies. Therefore, it can

provide reasonable but not absolute assurance of effectiveness. It is based on an ongoing process designed to identify the key risks, evaluate the nature and extent of those risks and manage them efficiently and effectively.

33. Internal control is a process through which the Executive Secretary, senior management and other personnel provide reasonable assurance to Governing Bodies regarding the achievement of the following:

- a) effectiveness and efficiency of operations;
- b) safeguarding of assets;
- c) reliability of financial reporting; and
- d) compliance with applicable regulations and rules.

34. Thus, on an operational level, UNCCD's internal control system is not solely a policy or procedure that is performed at certain points in time but, rather, operated continually at all levels within the Organization through internal control processes to ensure the above objectives.

Capacity to handle risk

35. UNCCD has established a conceptual framework of internal control that includes a risk management system. UNCCD's approach to risk management is an integral and systematic process that is identifying, mitigating, monitoring and communicating top risks to the Organization. A new Enterprise Risk Management (ERM) Policy has been developed to enable the Organization to better integrate risk management into significant activities and functions, thereby enhancing the decision-making process. All units have been trained on risk management and participated in assessing risks most relevant to them. The institutional set-up is completed, with the Deputy Executive Secretary nominated as the Chief Risk Officer and a Risk Management Committee, consisting of all unit heads, serving as the coordination and overseeing body.

Risk and internal control framework

36. The Organization's risk and internal control framework includes:

- the identification of risks classified according to category, likelihood, impact and significance; and
- the Risk Management Committee composed of Heads of Units whose mandate is to implement mitigation actions to address major risks, further develop the integrated risk-management framework, strengthen a risk management culture, and regularly re-evaluate risks and the Organization's tolerance levels in light of the evolving environment.

37. The documentation of risks and mitigation to be undertaken are summarized in risk registers. Furthermore, the Executive Secretary is committed to a continuous improvement program to strengthen the system of internal controls across the Organization.

Review of effectiveness

38. The review of the effectiveness of the system of internal controls is mainly informed by the Chief Risk Officer and Heads of Units. The Office of Internal Oversight Services (OIOS) of whose reports on internal audits, and the External Auditor, who provides reports on both the compliance of the accounts with the financial regulations and on the performance of selected areas of UNCCD. These include independent and objective information on compliance and program effectiveness, together with recommendations for improvement. The selected staff of UNCCD will also submit the United Nations Financial Disclosure Program and observations and decisions of the Conference of the Parties. The Executive Secretary of the UNCCD has also issued the delegation of authority to the Heads of Units as well as Certifying and Approving Officers depending on the responsibility of tasks and nature of transactions.

Chapter V

Financial statements for the year ended 31 December 2023

STATEMENT I

United Nations Convention to Combat Desertification

Statement of Financial Position as at 31 December 2023

<i>(In United States Dollars)</i>	<i>Reference</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Assets			
Current Assets			
Cash and cash equivalents	Note 6	6 290 067	5 785 207
Investments	Note 6	29 769 643	22 221 815
Indicative contributions receivable	Note 7	1 352 774	2 106 584
Voluntary contributions receivable	Note 8	3 595 307	5 430 245
Other accounts receivable	Note 9	156 076	47 329
Other current assets	Note 10	519 614	670 192
Total current Assets		41 683 481	36 261 372
Non-Current Assets			
Investments	Note 6	9 448 243	10 856 189
Voluntary contributions receivable	Note 8	4 255 275	10 513 426
Fixed Assets	Note 11	6 891	10 829
Total Non-Current Assets		13 710 408	21 380 444
Total Assets		55 393 889	57 641 816
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	Note 12	1 990 027	1 725 728
Advance receipts	Note 13	9 138 832	7 116 134
Employee benefit liability	Note 14	1 154 244	924 505
Other current liabilities	Note 15	96 264	-
Total Current Liabilities		12 379 367	9 766 367
Non-Current Liabilities			
Employee benefit liability	Note 14	27 703 000	26 404 000
Total Non-Current Liabilities		27 703 000	26 404 000
Total Liabilities		40 082 367	36 170 367
Net Assets		15 311 522	21 471 449
Net Assets/Equity			
Accumulated surpluses/(deficits)		18 039 958	24 160 885
Actuarial gain (loss) recognized in net assets	Note 16	(4 680 691)	(4 641 691)
Operating reserves	Note 16	1 952 255	1 952 255
Total Fund Balances and Reserves		15 311 522	21 471 449

The accompanying notes form an integral part of these financial statements

STATEMENT II

United Nations Convention to Combat Desertification

Statement of Financial Performance for the period 1 January to 31 December 2023

<i>(in United States dollars)</i>	<i>Reference</i>	<i>2023</i>	<i>2022</i>
REVENUE			
Indicative contributions	Note 17	8 204 642	8 606 980
Voluntary contributions	Note 17	9 951 345	11 117 281
Investment revenue	Note 18	1 746 196	101 853
Other revenue	Note 19	700 646	11 798
TOTAL REVENUE		20 602 829	19 837 912
EXPENSES			
Personnel expenses	Note 20	14 026 568	12 999 025
Travel	Note 20	2 358 873	2 850 051
Contractual services	Note 20	4 111 113	3 255 614
Grants	Note 20	3 838 528	1 062 702
Depreciation of Property, Plant and Equipment	Note 20	3 938	11 921
Other expenses	Note 20	2 581 582	2 841 915
TOTAL EXPENSES		26 920 603	23 021 228
SURPLUS/DEFICIT FOR THE PERIOD		(6 317 774)	(3 183 316)

The accompanying notes form an integral part of these financial statements

STATEMENT III

United Nations Convention to Combat Desertification

Statement of Changes in Net Assets for the year ended 31 December 2023

(United States Dollars)				
	Reference	Accumulated Surplus – General Fund	Reserves	Total
Net Assets 31 December 2021		15 065 272	1 952 255	17 017 527
Actuarial gains / (loss) on employee benefit liabilities		7 720 000		7 720 000
Other adjustments		(82 762)		(82 762)
Surplus/ (deficit) for the year	Statement II	(3 183 316)		(3 183 316)
Total changes in net assets	Note 16	4 453 922	-	4 453 922
Net Assets at 31 December 2022	Statement I	19 519 194	1 952 255	21 471 449
Actuarial gains / (loss) on employee benefit liabilities		(39 000)		(39 000)
Other adjustments		196 847		196 847
Surplus/ (deficit) for the year	Statement II	(6 317 774)		(6 317 774)
Total changes in net assets	Note 16	(6 159 927)	-	(6 159 927)
Net Assets at 31 December 2023	Statement I	13 359 267	1 952 255	15 311 522

The accompanying notes form an integral part of these financial statements

STATEMENT IV

United Nations Convention to Combat Desertification

Statement of Cash Flows for the year ended 31 December 2023

<i>(in United States dollars)</i>	<i>Reference</i>	<i>2023</i>	<i>2022</i>
Cash flows from operating activities			
Surplus (deficit) for the period		(6 317 774)	(3 183 316)
Actuarial and other non-cash adjustments to net assets	Note 16	157 847	7 637 239
Depreciation and amortization	Note 20	3 938	11 921
(Increase)/decrease in receivables	Note 7, 8, 9	8 377 595	3 042 152
(Increase)/decrease in other current assets	Note 10	150 578	(304 568)
Increase/(decrease) in advance receipts	Note 13	2 022 698	5 267 826
Increase/(decrease) in accounts payable	Note 12	264 299	1 084 741
Increase/(decrease) in other current liabilities	Note 15	96 264	-
Increase/(decrease) in employee benefit liabilities	Note 14	1 528 739	(5 855 295)
Net cash flows from operating activities		6 644 742	7 700 700
Cash flows from investing activities			
(Increase) decrease in short-term investments	Note 6, 21	(7 547 828)	1 145 063
(Increase) decrease in long-term investments	Note 6, 21	1 407 946	(6 482 853)
Net cash flows from investing activities		(6 139 882)	(5 337 790)
Net cash flows from financing activities			
		-	-
Net increase (decrease) in cash and cash equivalents		504 860	2 362 910
Cash and cash equivalents at beginning of year	Note 6, 21	5 785 207	3 422 297
Cash and cash equivalents at end of year	Note 6, 21	6 290 067	5 785 207

The accompanying notes form an integral part of these financial statements

STATEMENT V
UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION
STATEMENT OF BUDGET TO ACTUAL COMPARISON - CORE BUDGET
For the period 1 January 2022 to 31 December 2023
(in euros)*

Core budget of the Secretariat	<i>Original budget 2023</i>	<i>Final Budget 2023</i>	<i>Actual 2023</i>	<i>Actual 2023</i>	<i>Original budget 2022-2023</i>	<i>Final Budget 2022-2023</i>	<i>Actual 2022-2023</i>	<i>Actual 2022-2023</i>
<i>Programmes</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>USD</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>USD</i>
I. Secretariat programmes								
A. Executive Office	716 024	716 024	803 860	868 881	1 432 048	1 432 048	1 676 971	1 789 247
B. Governing Bodies and Legal Affairs	426 807	426 807	245 052	264 874	853 615	853 615	701 623	748 597
C. Communications	561 295	561 295	590 169	637 905	1 122 590	1 122 590	1 301 751	1 388 905
D. External Relations, Policy and Advocacy	1 091 937	1 091 937	1 209 004	1 306 796	2 183 874	2 183 874	2 449 995	2 614 025
E. Science, Technology and Innovation	1 602 685	1 602 685	1 788 278	1 932 925	3 205 370	3 205 370	3 423 805	3 653 033
F. Administrative services	1 024 110	1 024 110	1 183 096	1 278 792	2 048 220	2 048 220	2 357 787	2 515 644
II. Global Mechanism								
G. Global Mechanism	1 847 453	1 847 453	1 358 500	1 468 384	3 694 905	3 694 905	3 003 094	3 204 155
Subtotal (A-G)	7 270 311	7 270 311	7 177 959	7 758 557	14 540 622	14 540 622	14 915 026	15 913 606
Programme support costs	945 140	945 140	924 279	999 041	1 890 281	1 890 281	1 938 953	2 068 769
Working capital reserve								
TOTAL Core Budget of the Secretariat	8 215 451	8 215 451	8 102 238	8 757 598	16 430 903	16 430 903	16 853 979	17 982 375
Contribution from the host Government	511 292	511 292	511 292	542 197	1 022 584	1 022 584	1 022 584	1 070 937
Indicative contributions	7 704 159	7 704 159	7 704 159	8 204 642	15 286 908	15 286 908	15 286 908	16 811 622
Unspent balances or contributions from prior financial periods (up to)	-	-	-	-	121 411	121 411	121 411	129 540
TOTAL income	8 215 451	8 215 451	8 215 451	8.746.839	16 430 903	16 430 903	16 430 903	18 012 099
International Working Group on Drought	-	-	332 172	359 040	929 204	929 204	472 147	503 757
Programme support costs	-	-	43 182	46 675	120 796	120 796	61 379	65 488
Financial needs assessment to be conducted by GM	-	-	-	-	132 743	132 743	-	-
Programme support costs	-	-	-	-	17 257	17 257	-	-
Contingency budget for conference servicing in the event that the General Assembly decides not to provide resources for these activities in the United Nations regular budget	-	-	-	-	2 104 660	2 104 660	-	2 245 569
Total other budgets approved by the Conference of the Parties	-	-	375 354	405.715	3 304 660	3 304 660	533 526	2 814 815

* At the average monthly exchange rate of the United Nations for the period 2022-2023 with 1 USD = EUR 0.93725, with the exception of the contribution from the host government.

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

UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION

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Note 1: The Reporting Entity

1. The permanent secretariat of the United Nations Convention to Combat Desertification (UNCCD) was established in December 1996. The Strategy is to forge global partnerships to reverse and prevent desertification and land degradation. These partnerships are also meant to mitigate the effects of drought in affected areas. Coupled with the vision is a Strategy mission: To provide a global framework to support the development and implementation of national and regional policies that are to contribute to the reduction of poverty. The Parties adopted the new strategic framework of the Convention for 2018–2030. The new strategy outlines five long-term objectives for the implementation of the UNCCD and directly contributes to the achievement of many SDGs, most notably SDG 15 concerning life on land and its target 15.3 on land degradation neutrality.

2. UNCCD is governed by the following constituent bodies:

Conference of the Parties (COP) is the supreme decision-making body of the UNCCD Convention. All States that are Parties to the Convention are represented at the COP, at which they review the implementation of the Convention and any other legal instruments that the COP adopts and take decisions necessary to promote the effective implementation of the Convention, including institutional and administrative arrangements.

The Bureau of the COP At the beginning of the first meeting of each ordinary session, a President and nine Vice-Presidents are elected from among the representatives of the Parties present at the session in a manner that every geographical region shall be represented by at least two members. They serve as the Bureau of the session. One of the Vice-Presidents shall act as Rapporteur.

The President declares the opening and closing of the session, presides at the meetings of the session, ensures the observance of the present rules, and has complete control of the proceedings and over the maintenance of order thereat. The President, if temporarily absent from a meeting or any part thereof, shall designate a Vice-President to act as President.

The Bureau of the COP has an important role in the UNCCD process also outside the sessions, as it directs various aspects concerning the follow-up of the COP and the preparations of the next one. The COP Bureau is also often assigned by the COP to supervise specific, particularly demanding or sensitive tasks or processes that are carried out between the COP sessions.

The Committee for the Review of the Implementation of the Convention (CRIC) was established by decision 1/COP.5, as a subsidiary body to the COP to assist in it regularly reviewing the implementation of the Convention. Parties at COP 13 adopted new Terms of Reference of the CRIC (decision 13/COP.13). According to its Terms of Reference, the CRIC shall assist the COP in reviewing the implementation of the Convention under the authority and guidance of the COP and as an integral part of the Performance Review and Assessment of Implementation (PRAIS).

The Committee on Science and Technology (CST). In line with Article 24 of the

UNCCD, the Committee on Science and Technology (CST) is established as a subsidiary body of the Conference of the Parties (COP) to provide it with information and advice on scientific and technological matters relating to combating desertification and mitigating the effects of drought. The CST meets in conjunction with the ordinary sessions of the COP. It is meant to be multidisciplinary, open to the participation of all Parties, and composed of government representatives competent in the relevant fields of expertise. The CST Bureau is composed of the Chairperson and four Vice-Chairpersons, among them a Rapporteur. The members of the Bureau are appointed with due regard to geographical representation and following the principle of rotation among the regional groups recognized by the practices of the United Nations.

3. The UNCCD is financed by indicative contributions paid by Parties to the Convention, and voluntary contributions from Parties to the Convention and other donors.

4. The permanent secretariat of the UNCCD is located in Bonn, Germany. Other offices are in New York, Rabat, Santiago de Chile and Istanbul.

5. The Organization enjoys privileges and immunities as granted under the 1947 Convention on Privileges and immunities of the United Nations and the 1996 Headquarters agreement with the Federal Government of Germany, notably being exempt from most forms of direct and indirect taxation.

Note 2: Basis of Preparation

Basis of preparation

6. The financial statements of the UNCCD have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention. The statements are prepared on a going concern basis, and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Organization, consist of the following:

- a) Statement of financial position (statement I);
- b) Statement of financial performance (statement II);
- c) Statement of changes in net assets (statement III);
- d) Statement of cash flows (using the indirect method) (statement IV);
- e) Statement of comparison of budget and actual amounts (statement V);
- f) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;
- g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (e) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements

7. This is the ninth set of financial statements to be prepared in accordance with IPSAS. The adoption of IPSAS required changes to be made to the accounting policies previously followed by UNCCD, including the preparation of a single set of financial statements covering both Core budget and extra-budgetary activities, which are presented throughout in United States dollars (USD). In accordance with IPSAS, the 2023 financial statements are presented on an annual basis covering the period 1 January 2023 to 31 December 2023.

8. The Cash Flow Statement is prepared using the indirect method.

Going concern

9. The going concern assertion is based upon approval by the Conference of Parties of the 2022-2024 Programme and budget, the historical trend of collection of indicative and voluntary contributions over the past years and that the Conference of Parties has not made any decision to cease the operations of the Organization.

10. At the fifteenth session of the Conference of Parties (COP 15) held in May 2022, the COP approved the programme budget (core budget) for 2023 amounting to EUR 8.2 million by its decision ICCD/COP(15)/23/Add.1.

Functional and Presentation Currency

11. The financial statements are presented in United States dollars, which is the functional and presentation currency of UNCCD, whereas the budget is prepared and approved in euros.

Foreign Currency Translation

12. Transactions in currencies other than USD are translated into USD at the prevailing United Nations Operational Rates of Exchange (UNORE). Assets and liabilities in currencies other than USD are translated into USD at the UNORE year-end closing rate. The exchange rate for Euro and Swiss Francs (CHF) at 31 December 2023 are 0.901 and 0.835 respectively. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Materiality and use of judgment and estimates

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

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

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

Changes in Accounting Policies

16. Effective 1 January 2023, the Organization adopted IPSAS 41: Financial instruments which was issued in August 2018. The Standard replaced IPSAS 29: Financial instruments: recognition and measurement and substantially improves the relevance of information for financial assets and financial liabilities by introducing:

- (a) Simplified classification and measurement requirements for financial assets;
- (b) A forward-looking impairment model; and
- (c) A flexible hedge accounting model.

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

18. IPSAS 41 introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified into the following categories: 'financial assets at

amortised cost' (AC), 'financial assets at fair value through net assets/equity' (FVNAE), or 'financial assets at fair value through surplus or deficit' (FVSD).

19. On 1 January 2023, the application of the new criteria led to the reclassification of all cash pool investments from FVSD to FVNAE category. The fair value reserve was reclassified to accumulated surplus or deficit of Net Assets.

New impairment model

20. Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial asset. The ECL considers possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at AC or at FVNAE.

21. The following table shows the original measurement categories under the IPSAS 29 as applied to the 2022 financial statements and the new measurement categories under IPSAS 41 for the Organization's financial assets as at 1 January 2023.

(United States Dollars)

<i>Financial assets</i>	<i>IPSAS 29</i>		<i>IPSAS 41</i>	
	<i>Measurement Category</i>	<i>Carrying Amount</i>	<i>Measurement Category</i>	<i>Carrying Amount</i>
Pro rata share of investments in the cash pools (Note 6)	FVSD	33 078 004	FVNAE	33 078 004
Cash and cash equivalents (investment pool Note 6)	Amortized cost	5 785 207	Amortized cost	5 785 207
Indicative contributions Receivable (Note 7)	Amortized cost	2 106 584	Amortized cost	2 106 584
Voluntary contributions Receivable (Note 8)	Amortized cost	15 943 671	Amortized cost	15 943 671
Other accounts receivables (note 9)	Amortized cost	47 329	Amortized cost	47 329

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

(United States Dollars)

	<i>Balance at 31/12/22</i>	<i>Reclassification</i>	<i>Balance at 1/1/23</i>		
Financial assets:			FVNAE	AC	Total
Short-term investments (Note 6)	22 221 815	(22 221 815)	22 221 815	-	22 221 815
Long-term investments (Note 6)	10 856 189	(10 856 189)	10 856 189	-	10 856 189
Cash and cash equivalents (Note 6)	5 785 207	(5 785 207)	-	5 785 207	5 785 207
Indicative contributions receivable (Note 7)	2 106 584	(2 106 584)	-	2 106 584	2 106 584
Voluntary contributions receivable (Note 8)	15 943 671	(15 943 671)	-	15 943 671	15 943 671
Other accounts receivables (note 9)	47 329	(47 329)	-	47 329	47 329
Total	56 960 795	(56 960 795)	33 078 004	23 882 791	56 960 795

23. The adoption of IPSAS 41 has no change on the classification and measurement of the financial liabilities of the Organisation.

Future accounting pronouncements

24. UNCCD is an observer of United Nations System Organization Task Force on Accounting Standards which is tasked with keeping abreast with accounting standards developments, and Finance and Budget Network (FBN) which is responsible for formulating policy advice and strategic guidance in respect of finance and budget related issues of common concern to UN System organizations.

The progress and impact of the following significant future IPSAS Board accounting pronouncements on the Organization's financial statements continue to be monitored:

- (a) IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025
- (b) IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025.
- (c) IPSAS 45: Property, Plant, and Equipment, issued in May 2023 and effective 1 January 2025;
- (d) IPSAS 46: Measurement, issued in May 2023 and effective 1 January 2025;
- (e) IPSAS 47: Revenue, issued in May 2023 and effective 1 January 2026;
- (f) IPSAS 48: Transfer Expenses, issued in May 2023 and effective 1 January 2026;
- (f) IPSAS 49: Retirement Benefit Plans, approved in September 2023 and effective 1 January 2026.

Note 3: Significant Accounting Policies

Assets

Financial assets

25. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The Organization classifies its financial assets in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date. Please refer to Changes in Accounting Policies for further details on change in classification due to adoption of IPSAS 41 effective 1 January 2023.

Classification of financial assets

Classification	Financial assets
Fair value through net assets/equity (FVNAE)	Investments in cash pools
Amortized Cost (AC)	Cash and cash equivalents and receivables.

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

27. With the adoption of IPSAS 41, financial assets previously designated at fair value through surplus or deficit have been reclassified to fair value through net asset/equity after an assessment of their contractual cash flows characteristics as well as the determination of the Organisation's management model, which is to both collect contractual cash flows and sell the financial assets. These assets are measured at fair value at each reporting date, and any gains or losses arising from

changes in the fair value are now presented in the statement of net assets in the year in which they arise.

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

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

30. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Organization has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

31. UNCCD does not have any financial assets designated at fair value through surplus/deficit.

Investment in cash pools

32. The main cash pool comprises participating entity shares of cash and term deposits, short-term and long-term investments and accrual of investment revenue, all of which are managed by the UN Investment Accounting & Treasury. Cash pool investments are subject to an Expected Credit Loss (ECL) assessment as required by IPSAS 41. UNCCD's share of the cash pool is

disclosed in the notes to the financial statements and on the Statement of Financial Position. Detailed information on the holdings of the main cash pool may be obtained in the Financial Statements of the United Nations (Vol. I).

Cash and Cash Equivalents

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

Accounts receivable

34. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. UNCCD's receivables comprise indicative contributions receivable from member countries, voluntary contributions receivable and other accounts receivable recognized on the Statement of Financial Position.

35. Contributions receivables represent uncollected revenue from indicative and voluntary contributions committed to the Organization by Member States, non-member States and other donors on the basis of enforceable agreements.

36. Other accounts receivable includes Value Added Tax (VAT) reimbursable under the headquarters agreement with the host government.

37. Indicative and voluntary contributions receivable, as well as other receivables are subject to forward-looking loss allowance calculation using the ECL (expected credit loss) model. Where data is indicative of credit losses, loss allowance is recognized in accordance with IPSAS 41

38. For indicative contributions receivable, the loss allowance calculation uses a forward-looking model applying historical percentages of previous credit losses as the basis for determining the expected credit loss allowance rates applied to receivable balances. This historical loss rate percentage is updated at each year-end.

39. No expected credit loss allowance rates have been established for voluntary contributions receivable and other receivables due to the nature and limited number of these transactions. Write-off instances are rare and immaterial. Only specific delinquent receivables which are identified as uncollectible are subject to loss allowance. Reimbursable VAT receivable is not subject to ECL calculations.

Other assets

40. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized. Receivables from other United Nations reporting entities are also included in this category.

Property, Plant and Equipment

41. Equipment with a cost equal to or exceeding USD 5,000 is valued at historical cost less accumulated depreciation and any impairment losses. UNCCD is deemed to control equipment if it can use or otherwise benefit from the asset in the pursuit of its objectives and if UNCCD can exclude or regulate the access of third parties to the asset.

42. Property, Plant and Equipment are depreciated over their estimated useful lives using the straight-line method. The estimated useful life for equipment classes are as follows:

Class	Estimated useful life (years)
Computer Equipment	5
Communication and audio-visual equipment	5
Furniture and fixtures	10
Machinery and equipment	10
Vehicles	10
Leasehold improvements	10 (or lease term, whichever shorter)

43. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable.

Liabilities

Financial liabilities: classification

44. Financial liabilities are classified as 'other financial liabilities'. They include accounts payable, transfers payable, unspent funds held for future refunds and other liabilities such as balances payable to other United Nations system reporting entities and donors.

45. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The Organization re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled, or expired.

Accounts payable and accrued expenses

46. Accounts payable are financial liabilities in respect of either goods or services that have been acquired and received by UNCCD and for which the invoices have been received from the suppliers. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As the accounts payable of UNCCD generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement.

47. Accrued expenses are liabilities for goods and services that have been received or provided to UNCCD during the year and have not been invoiced by suppliers as at the reporting date.

Advance receipts and deferred revenue

48. Advance receipts and deferred revenue consist of payments received in advance relating to non-exchange as well as exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

49. UNCCD recognizes a liability in cases where conditions are attached to voluntary contributions. Conditions are imposed by donors on the use of contributions and include both an obligation to use the donation in a specified manner and an obligation to return any amount not expended in accordance with performance specified by the donation. The amount recognised as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As UNCCD satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognised.

Other Liabilities

50. Other liabilities primarily include obligations for future refunds and other miscellaneous items such as unapplied cash receipts. They are designated similarly to accounts payable and accruals and are recorded at nominal value, as the impact of discounting is immaterial.

Employee Benefits

51. UNCCD provides the following employee benefits:

- Short-term employee benefits comprise first-time employee benefits (assignment grants), regular monthly benefits (wages, salaries, allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (education grant, reimbursement of taxes) which fall due wholly within twelve months after the end of the accounting period in which employees render the related service;

- Post-employment benefits including ASHI, repatriation grant, separation related travel and shipping costs, accumulated annual leave on separation and death benefit; and
- Termination benefits include indemnities for voluntary redundancy payable once a plan has been formally approved.

Defined-benefit plans

52. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits and accumulated annual leave that is commuted to cash upon separation from the Organization. Defined-benefit plans are those where the Organization's obligation is to provide agreed benefits and therefore the Organization bears the actuarial risks.

53. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation at the reporting date. An independent actuary using the projected unit credit method calculates the defined benefit obligations. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-grade corporate bonds with maturity dates approximating those of the individual plans. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the period in which they occur. Actuarial gains and losses are recognised in the statement of changes in net assets in the period in which they occur.

Pension plan: United Nations Joint Staff Pension Fund

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

international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

55. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. UNCCD and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNCCD's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence UNCCD has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. UNCCD's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

Termination benefits

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

Provisions

57. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the Organization has a present legal or

constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision is the best estimate of the expenditures expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount required to settle the obligation.

Contingent liabilities

58. Contingent liabilities, where their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UNCCD or where the value cannot be reliably estimated, are disclosed in the notes to the financial statements.

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

Contingent assets

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

Leases

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

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

Revenue

Non-exchange revenue

Indicative contributions

63. Indicative contributions to the Core Budget are recognised at the beginning of the year to which the assessment relates. The revenue amount is determined based on the approved budgets and the scale of assessment approved by the United Nations General Assembly as adopted by the Conference of the Parties.

Voluntary contributions

64. Voluntary contributions are recognised when the agreement with the donor becomes binding. Revenue is recognised immediately if no condition is attached. If conditions are attached, including

a requirement that funds not utilized in accordance with the agreement must be returned to the contributing entity, revenue is recognised only upon satisfying the conditions. Until such conditions are met a liability (deferred revenue) is recognised.

65. Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are considered contingent assets and are recognised as revenue when received and disclosed in the notes to the financial statements if receipt is considered probable. Unused funds returned to the donors are netted against voluntary contributions.

66. Multi-year voluntary conditional contributions due in future financial periods are recognized as receivables on the signing of the agreement along with a liability (deferred revenue) until the conditions are met.

67. Goods in kind are recognised at their fair value, measured as of the date the donated assets are acquired. Services in kind including the use of space provided are not recognized.

68. UNCCD charges projects financed by voluntary contributions with the cost of providing programme support services. The charge is recognized as revenue in the funds performing the service and expenses in the funds receiving support services and reflected in the statement of financial performance by fund. In the consolidated Statement of Financial Performance (Statement II) both programme support revenue and expenses are eliminated since they represent inter-fund charges and revenue. The income from Repatriation Grant and ASHI for voluntary contributions are also eliminated with the corresponding expenses recorded by Payroll.

Exchange revenue

69. Exchange transactions are those in which the Organization sells goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably

measured, when the inflow of future economic benefits is probable and when specific criteria have been met:

- Revenue from sales of goods is recognized when the sale occurs, and risks and rewards have been transferred;
- Revenue from commissions and fees for services rendered is recognized when the service is performed.

70. An indirect cost recovery called a 'programme support cost' is charged to 'extrabudgetary' activities to ensure that the additional costs of supporting activities financed from extrabudgetary contributions are not borne by the Core Budget. The programme support cost is eliminated for the purposes of financial statement preparation. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Investment revenue and gains / losses on investments

71. Investment revenue includes the Organization's share of net cash pool revenue. The net cash pool revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against revenue and the net revenue is distributed proportionately to all cash pool participants on the basis of their average daily balances.

72. Gains / losses on investments include unrealized market gains and losses on securities, which are distributed proportionately to all participants on the basis of year-end balances.

Expenses

73. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases

in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

74. Expenses arising from the purchase of goods and services are recognized when the services or goods have been received and accepted by UNCCD. Services are considered received on the date when the service is certified as rendered. For some service contracts, this process may occur in stages. Balances of unliquidated obligations recognized as expenses in the Core Budget on the Statement of Budget to Actual Comparison related to services or goods not received and accepted by UNCCD at the reporting date are not recognized as expenses on the Statement of Financial Performance.

75. Savings resulting from the cancellation of expenses accrued in prior period and from instances where actual costs incurred are lower than the amount accrued in a prior period are recognized as a reduction of expenses in the current period on the Statement of Financial Performance.

Personnel expenses

76. Personnel expenses include staff salaries, post adjustment and staff assessment as well as other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances.

Travel

77. Travel covers the cost of airfare and other transport cost, daily support allowances and terminal allowances.

Contractual services

78. Contractual services include the cost of contracting with individual experts and consultants, related insurances and travel, as well as IT services, production and printing of information materials, and translation and interpretation services.

Grants

79. Grants include outright grants and transfers to the implementing agencies, partners and other entities to carry out the mandates contained in the Convention.

Operating and other direct cost

80. Operating and other direct costs include maintenance, utilities, contracted services, training, security services, shared services, rent, and insurance.

Note 4: Budget Comparison and Reconciliation

81. UNCCD's budget is prepared on a modified cash accounting basis and the financial statements are prepared on a full accrual basis in accordance with IPSAS. The COP approved the triennial Core budget of the secretariat and the Global Mechanism for 2022-2024 in Euros. For presentation in the financial statements, the budget is divided into annual amounts for presentation in the financial statement. Unexpended balances at the end of the first year of the triennium are carried forward and added to the annual budget estimate for the second year of the triennium. Over-expenditure at the end of the first year of the triennium will reduce the available fundings for the remaining years of the triennium.

82. The COP has delegated authority to the Executive Secretary to make transfers between each of the main appropriations lines in Statement V up to an aggregate limit of 20% of the total estimated expenses for those appropriation lines subject to a further limitation of up to minus 25% of each appropriation line.

83. Statement V compares the final budget to actual revenue and expenses amounts calculated on the same basis as the corresponding approved budget. Comparison of budget and actual amounts are presented in euro, with the corresponding amounts of actuals presented in United States dollars. The comparison is only made in respect of budgets adopted by the COP.

84. The actual amounts presented on a comparable basis to the budget are not prepared on a comparable basis to the Statement of Financial Performance, as the accounts are maintained in United States dollars. A reconciliation of the revenue and expenses on the budgetary basis as on the Statement V to the amounts is presented on the Statement II. As required by IPSAS-24 the differences have been categorized as follows:

Presentation differences are differences in the format and classification schemes in the Statement of Financial Performance which includes both revenue and expenses and the Statement of Comparison of Budget and Actual Amounts which includes only revenue.

Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the net results on an IPSAS basis the non-cash elements such as un-liquidated obligations, payments against prior year obligations and outstanding indicative contributions are included as basis differences.

Entity differences represent funds other than Core budget that are reported in the Statement of Financial Performance.

85. The reconciliation between the actual amounts presented in statement V, and the actual amounts presented on the Statement of Financial Performance for the financial year 2023 is as follows:

Reconciliation of net results on budgetary and IPSAS basis
(United States Dollars)

Actual net result on the Statement of budgets to actual comparison	
Core Budget (UXA) Revenue	8 746 839
Statement V-A Core Budget (UXA) expense on budgetary basis	8 757 598
Expense for other budgets approved by the COP	<u>405 715</u>
Core Budget (UXA) Expense	9 163 313
Core Budget (UXA) Actual net result on budgetary basis	(416 474)
Basis differences	
Adjustments to revenue	
Investment revenue	116 349
Unspent balances & contributions from prior financial periods (up to)	-
Gain on Foreign Exchange	<u>565 015</u>
Miscellaneous revenue not included in budget	681 364
Capitalization of equipment & intangible Assets	3 938
Change in provision for doubtful debts	792 896
Loss on Foreign Exchange	-
Other adjustments to expenditure	(1 695 220)
Post employment benefit interest and current service cost	<u>393 000</u>
	(505 386)
Sub-total basis differences	175 979
Full accrual based net result for Core Budget	(240 495)
Entity differences on IPSAS Basis	
Global Mechanism (GMZ)	(2 599 016)
Participation in UNCCD COP Sessions (UVA)	62 933
Convention events organized by Secretariat (BMA)	(86 711)
Programme support costs (ZQA)	(1 049 488)
Cost Recovery under home country agreement (ZHC)	(36 881)
Voluntary Financing of activities (UWA)	<u>(2 368 115)</u>
Sub-total entity differences	(6 077 278)
Actual net result on the Statement of Financial Performance	<u>(6 317 774)</u>

Note 5: Budget to Actual variance analysis

86. Explanations of material differences between the original budget and final budget, and final budget and the actual amounts are presented in the statement V from the Executive Secretary accompanying these statements. The statement V does not include many adjustments in revenue and expenses included in the reconciliation, such as: investment revenue and gain, as well as the expenses of depreciation, allowance for doubtful debts, loss on foreign exchange, and service costs and interest costs for ASHI, repatriation grant and annual leave.

Note 6: Cash, Cash Equivalents and Investments

(United States Dollars)

	<i>31 December 2023</i>	<i>31 December 2022</i>
Cash and cash equivalents	6 290 067	5 785 207
Short-term investments	29 769 643	22 221 815
Total current cash and short-term investments	36 059 710	28 007 022
Long-term investments	9 448 243	10 856 189
Total cash, cash equivalents and investments	45 507 953	38 863 211

87. UNCCD cash forms part of the cash pools that are maintained and managed by the UN Treasury. The cash pools comprise UNCCD's participating share of cash and term deposits, short term and long-term investments and accrual of investment income all of which are managed in the pool. For further information, refer to Note 22: Financial instruments: Cash Pool.

88. The total cash and investments above include USD 35,586,661 (2022: USD 31,275,380) that are subject to general stipulations in the agreements which did not meet the requirements to be conditions under IPSAS 23. Historically, UNCCD has had positive experiences with regard to receiving the payment tranches from donors in accordance with the agreements and has never been in breach of stipulations that would prompt donors to demand refunds or reimbursements.

Note 7: Indicative Contributions Receivable

Indicative Contributions due from Parties to the Convention

(United States dollars)

	<i>31 December 2023</i>	<i>31 December 2022</i>
Gross receivable from member states	4 552 665	5 221 516
Accumulated revaluation	18 596	(689 341)
Less allowance for doubtful receivables	(3 218 487)	(2 425 591)
Total indicative contributions receivables	1 352 774	2 106 584

89. Indicative contributions reflect the contributions receivable from Parties to the Convention to fund the Core Budget in accordance with the Financial Rules adopted by the COP. As the budget is denominated in EUR, indicative contributions receivable are also denominated in EUR. Indicative contributions receivable have been subject to loss allowance calculation in line with IPSAS 41 requirements.

Note 8: Voluntary Contributions Receivable

Voluntary contribution receivable as at 31 December 2022

(United States dollars)

	<i>Current</i>	<i>Non-current</i>	<i>Total 31 Decem- ber 2022</i>
Voluntary contributions	5 430 245	10 513 426	15 943 671
Total voluntary contributions receivable	5 430 245	10 513 426	15 943 671

Voluntary contribution receivable as at 31 December 2023

(United States dollars)

	<i>Current</i>	<i>Non-current</i>	<i>Total 31 Decem- ber 2023</i>
Voluntary contributions	3 595 307	4 255 274	7 850 581
Total voluntary contributions receivable	3 595 307	4 255 274	7 850 581

90. Voluntary contributions receivable of USD 7,850,581 (2022: USD 15,943,671) includes for both Secretariat and Global Mechanism as per the signed agreements. The voluntary contribution

receivables from 2023 have been classified and presented in the Financial Position as current assets USD 3,595,307 and non-current assets USD 4,255,274 based on the due date.

91. The Gross voluntary contribution receivables above include USD 7,817,285 (2022: USD 15,488,179) that are subject to general stipulations in the agreements which did not meet the requirements to be conditions under IPSAS 23. Historically, UNCCD has had positive experiences with regard to receiving the payment tranches from donors in accordance with the agreements and has never been in breach of stipulations that would prompt donors to demand refunds or reimbursements. No expected credit loss allowance was recognized in the year ending 31 December 2023.

Note 9: Other accounts receivable

(United States dollars)

	2023	2022
VAT	96 708	47 329
Other	59 368	-
Total other accounts receivable	156 076	47 329

92. Value Added Tax (VAT) for USD 96,708 for taxes reimbursable under the headquarters agreement with the host government. Other receivables relate to a refund from another UN agency. No expected credit loss allowance was recognized in the year ending 31 December 2023.

Note 10: Other current assets

(United States dollars)

	2023	2022
Education grant advance	193 095	243 156
UNDP Remittances net of charges	141 745	391 139
Travel advance	166 402	26 801
Salary advance	12 726	7 987
Other	5 646	1 109
Total other current assets	519 614	670 192

93. Internationally recruited staff members received advance for education grants. The education grant advance of USD 193,095 related to 13 staff members paid during 2023 but not claimed at the reporting date.

94. UNDP remittance of net charges related to the fund balance between the amount transferred minus the expenses reported at 31 December 2023. The balance amount of USD 141,745 will be used to cover the payments to implementing partners, consultants, and vendors in 2024.

Note 11: Fixed Assets

(United States dollars)

	<i>Vehicles</i>	<i>Communications Information Technology Equipment</i>	<i>Total</i>
Cost as at 31 December 2022	109 882	91 432	201 314
Additions	0	0	0
Impairment	0	0	0
Disposals	(50 076)	(91 432)	(141 508)
Cost as at 31 December 2023	59 806	0	59 806
Accumulated depreciation as at 31 December 2022	99 053	91 432	190 485
Depreciation	3 938	0	3 938
Impairment	0	0	0
Disposals	(50 076)	(91 432)	(141 508)
Accumulated depreciation as at 31 December 2023	52 915	0	52 915
Net carrying amount			
31 December 2022	10 829	0	10 829
Net carrying amount 31 December 2023	6 891	0	6 891

95. In 2015, the Organization acquired a new vehicle with acquisition value above the capitalization threshold of USD 5,000. The vehicle has been capitalized as fixed asset and is being depreciated over a period of ten years (see note 3). During 2023 UNCCD derecognised assets

which are no longer in use (acquisition value of USD 141,508). All derecognised assets had been fully depreciated and had zero net carrying amount.

Note 12: Accounts payables and accrued expenses

(United States dollars)

	2023	2022
Vendor payables	993 847	1 055 703
Unexpended balance of contribution from the Government of the Bolivarian Republic of Venezuela	5 135	5 135
Accrued expenses	991 045	664 567
Unapplied deposits	-	323
Total payables and accrued expenses	1 990 027	1 725 728

96. Payables to vendors relate to amounts due for goods received and services rendered payment had not been completed. Following are the details of USD 1,990,027 for 2023.

	2023
Vendors/suppliers	830 271
Consultants/individual contractors	95 120
Donors	833 499
United Nations	26 221
Staff	42 235
Accruals for goods and services	162 681
Total payables and accrued expenses	1 990 027

97. The unexpended balance of contribution from the Government of the Bolivarian Republic of Venezuela remained at USD 5,135 for 2023, same as for 2022. The UNCCD continues to communicate with the Government of the Bolivarian Republic of Venezuela for the treatment of this balance, which will be cleared in 2024.

98. Accruals are liabilities for goods and services that have been received or provided to UNCCD during the year and which have not been invoiced by suppliers.

Note 13: Advance receipts and deferred revenue

(United States dollars)

	2023	2022
Deferred revenue from conditional voluntary contributions	8 381 066	6 961 481
Indicative contributions received in advance	757 766	154 653
Total advance receipts	9 138 832	7 116 134

99. Deferred revenue for the voluntary contributions has increased to USD 8,381,066 mainly due to the conditional agreement between the UNCCD and Saudi Arabia for the project Global Land Initiative (G20). Advances related to indicative contributions increased to USD 757 766 as a result of several advance payments received during December 2023.

Note 14: Employee Benefit liability

(United States dollars)

	2023	2022
<i>Current liabilities</i>		
Repatriation grant and travel	320 000	225 000
After service health insurance	223 000	208 000
Accumulated annual leave	121 000	117 000
USA Tax reimbursement	82 924	1 769
Home leave	110 096	175 305
Appendix D Compensation	215 390	197 431
Other	81 834	-
Subtotal current liabilities	1 154 244	924 505
<i>Non-current liabilities</i>		
Repatriation grant and travel	1 460 000	1 100 000
After service health insurance	25 534 000	24 609 000
Accumulated annual leave	709 000	695 000
Subtotal non-current liabilities	27 703 000	26 404 000
Total employee benefits liabilities	28 857 244	27 328 505

100. The ASHI liability increased from USD 24.82 million to USD 25.76 million mainly due to the changes in the discount rates. The repatriation grant has increased in 2023 to the amount of USD 1.78 million and the annual leave liability has increased in 2023 to the amount of USD 0.83 million mainly due to experience adjustment.

101. The methodology for estimating the amounts of each liability is as follows:

Education grant: Internationally recruited staff members are eligible for partial reimbursement of the amounts paid for the education of dependent children up to maximum allowances established by the International Civil Service Commission (ICSC). The liability relates to the amount earned but not claimed at the reporting date. Staff members received advances for education grants. The advances exceeded the respective liability. Hence, the liability against the staff members was offset from the advances and shown under “other current assets”.

Home leave: Non-locally recruited UNCCD staffs are entitled to reimbursement for the costs of travel to their home country in the second year after their initial appointment and thereafter, every second year. The liability recorded has been calculated proportionately reflecting the number of months of home leave entitlement earned by officials since their last entitlement at the reporting date.

US taxes: American citizens that are officials of UNCCD are reimbursed for the amounts of income taxes payable on the compensation they earn from the Organization.

Post-employment benefits

Annual leave: In accordance with UN Staff Rules and Staff Regulations, UNCCD staff may accumulate annual leave of up to 60 working days which is payable on separation from service.

Repatriation grant and travel: In accordance with UN Staff Rules and Staff Regulations, non-locally recruited UNCCD staff are entitled to a grant calculated based on length of services and family status on separation from service if they have completed five year of

service outside their home country. In addition, non-locally recruited UNCCD staff are entitled to reimbursement of travel and transport of personal effects on separation for themselves, their spouse and their dependent children.

After Service Health Insurance (ASHI): Staff members (and their spouses, dependent children and survivors) retiring from service at the age of 55 or later are eligible for ASHI coverage if they have contributory health insurance coverage prior to retirement for at least five years of service for staff hired before 1 July 2007 and ten years of service for staff hired after 1 July 2007. Staff hired before 1 July 2007 who retire with less than ten years but more than five years of covered receive unsubsidized coverage until enrolled for ten years at which time the coverage is subsidized. UNCCD's liability for ASHI is calculated as the residual liability after deducting contributions from retirees and a portion of the contribution from active staff. For 2023, the gross liability was calculated by the actuary as USD 25,757,000 net of contributions from plan participants (USD 24,817,000 at 31 December 2022.).

After-service health insurance for retired staff members and their survivors and dependents of UNCCD is provided by the United Nations Staff Mutual Insurance Society against Sickness and Accident (UNSMIS) established under article 6.2 of the United Nations Staff Regulation. UNSMIS is governed by its General Assembly approves amendments to the Statutes. An Executive Committee consisting of three members appointed by the Director-General of the United Nations Office at Geneva, three members appointed by the Co-ordinating Council of the United Nations at Geneva in consultation with corresponding bodies of the specialized agencies affiliated to the UNSMIS and one member appointed by the

other six members, is responsible for approving the UNSMIS accounts and management report.

In accordance with Article 11 of the Statute, persons insured by UNSMIS shall pay monthly contributions, the amount of which shall be fixed by its Internal Rules. The UNCCD, or other UNSMIS affiliated organizations, shall contribute to the UNSMIS funds through the payment of a subsidy, the proportion of which in relation to staff member contributions shall be fixed by the Director-General of the United Nations Office at Geneva. The ASHI liability calculation also includes staff members who contribute to other United Nations insurance plans and accrue eligibility for after-service health insurance.

Defined benefit obligations: An actuarial valuation at 31 December 2023 has been utilized to determine the UNCCD's estimated liability and expenses recognized on the Statement of Financial Performance for repatriation grants and travel, accumulated leave and after-service health insurance at the reporting date.

The results as at 31 December 2023 presented in this report for defined benefit obligations are based on a full valuation. Financial assumptions such as discount rates, salary increases, inflation rates and health-care cost trends have been updated since the actuarial valuation carried out in 2022 to determine UNCCD's estimated liability for defined benefit obligations at the reporting date. Demographic assumptions including probability of marriage at retirement will be updated in the actuarial study to be conducted.

102. Each year, the UNCCD reviews assumptions and methods that will be used by the actuaries in the valuation to determine the expenses and contribution requirements for the UNCCD's after-service medical care plans and separation benefit plans. The discount rate is determined by calculating the expected benefit payments for each future year attributable to past service as of the

valuation date and then discounting these benefit payments using spot rates for high quality corporate bonds. A single equivalent discount rate was then determined that resulted in the same past service obligation. The resulting single discount rate was rounded to the nearest 1/2 basis point.

Assumptions used to determine the value of employee benefit liabilities

<i>Assumption</i>	<i>After-service health insurance</i>	<i>Repatriation grant</i>	<i>Accumulated annual leave</i>
Discount rate (31 December 2022)	2.32%	5.08%	5.11%
Discount rate (31 December 2023)	2.27%	4.93%	4.93%
Travel inflation (31 December 2022)	–	2.4%	–
Travel inflation (31 December 2023)	–	2.3%	–
Salary increase rate	Salary scales provided by the UN TFAS which are developed by the UNJSPF for actuarial valuation of the UNJSPF pension plan		

103. The following assumptions were utilized by the actuary in determining the maturity profile of the defined benefit obligations at 31 December 2023:

- ASHI scheme: full eligibility is achieved once the staff member’s period of service reaches 10 years in duration (5 years if hired before 01.07.2007) and once he/she reaches 55 years old. The projected duration of the ASHI liability is 25 years.
- Repatriation benefits: historically, for disclosure purposes it has been assumed that full eligibility is achieved from the time when the staff member’s period of service reaches 12 years. The projected duration of the repatriation grant liability is 6 years.
- Annual leave: historically, for disclosure purpose sit has been assumed that full eligibility is achieved from the time when the staff member has accumulated 60 days of leave, i.e. once the maximum of benefits has

been accumulated. The projected duration of the annual leave liability is 6 years.

104. The principal financial assumptions in the valuation of the defined benefit obligations are the rate at which medical costs are expected to increase in the future and the discount rate curve, which is calculated on the basis of corporate bonds. The sensitivity analysis looks at the change in liability due to changes in the medical cost trend rates and discount rate. The sensitivity analyses below are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, the same method has been applied as when calculating the pension liability recognized in the statement of financial position. Should the discount rate or the medical cost trend assumption vary by 1 percentage point, this would affect the measurement of the defined-benefit obligations as follows:

Sensitivity of defined benefit obligations

(United States dollars)

	2023		2022	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
0.5 percentage point movement in the assumed medical costs trend rate				
Effect on the defined benefit obligation	3 393	(2 911)	3 463	(2 945)
Effect on the aggregate of the current service cost and interest cost	359	(288)	327	(270)
	2023		2022	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
0.5 percentage point movement in the assumed discount rate				
Effect on the ASHI defined-benefit obligation	(2 989)	3 530	(2 519)	2 818
Effect on the Repatriation Grant defined-benefit obligation	(50)	54	(43)	44
Effect on the Annual Lease defined-benefit obligation	(23)	23	(28)	29

Reconciliation of opening to closing defined benefit liability and expense in 2023

(Thousands of United States dollars)

	<i>ASHI</i>	<i>Repatriation Grant & Travel</i>	<i>Annual Leave</i>
Net defined benefit liability as at 1 January	24 817	1 325	812
Current service cost	1 053	85	83
Interest cost	574	62	39
Total costs recognized in the statement of financial performance			
Benefits paid (net of participant contribution)	(171)	(231)	(120)
Liability (gain)/loss due to actuarial assumptions and experience recognized in net assets	(516)	539	16
Net defined benefit liability as at 31 December	<u>25 757</u>	<u>1 780</u>	<u>830</u>

Reconciliation of opening to closing defined benefit liability and expense in 2022

(Thousands of United States dollars)

	<i>ASHI</i>	<i>Repatriation Grant & Travel</i>	<i>Annual Leave</i>
Net defined benefit liability as at 1 January	30 244	1 609	959
Current service cost	1 936	116	100
Interest cost	137	40	24
Total costs recognized in the statement of financial performance			
Benefits paid (net of participant contribution)	(172)	(204)	(115)
Liability (gain)/loss due to actuarial assumptions and experience recognized in net assets	(7 328)	(236)	(156)
Net defined benefit liability as at 31 December	<u>24 817</u>	<u>1 325</u>	<u>812</u>

105. Under IPSAS-39 the liabilities for ASHI, repatriation grant and travel and accumulated annual leave are considered unfunded and, therefore, no fair value of plan assets has been recognized and the entire liabilities are recognized as liabilities of UNCCD.

106. Effective 01 January 2017, a monthly accrual has been implemented to start funding after-service health insurance liabilities relating to extra-budgetary activities. For this purpose, an accrual rate of 6% is applied on the sum of gross salary and post adjustment.

107. As of 31 December 2023, UNCCD accrued USD 342,703 for repatriation grant and travel and USD 563,734 for ASHI from all funds except core budget and programme support costs. These amounts were collected in the fund for employee benefits and will be used to (partially) fund future payments for ASHI and repatriation grants relating to the funds participating in the accrual.

108. Beginning in 2014 with the adoption of IPSAS, interest cost and current service cost related to the defined benefit obligation for ASHI liability, repatriation grant and travel, death benefits and accumulated leave have been recognized on the statement of financial performance as a component of staff costs. Actuarial gains or losses for the ASHI defined benefits plan results from changes in actuarial assumptions or experience adjustments including experience adjustments are directly recognized in the consolidated statement of changes in net assets. Actuarial adjustments for other long-term benefits including repatriation grants, death benefits and accumulated leave are recognized directly in the Statement of Financial Performance. The balance of each provision is reviewed annually and adjusted to reflect actual experience.

Historical present value of liability for defined-benefit obligations

(Thousands of United States dollars)

	<i>31 December 2023</i>	<i>31 December 2022</i>	<i>31 December 2021</i>
After Service Health Insurance	25 757	24 817	30 244
Repatriation Grant and Travel	1 780	1 325	1 609
Annual Leave	830	812	959
Total	28 367	26 954	32 812

109. Short-term employee benefit liabilities for education grants and home leave are recognized at an undiscounted amount. Short-term compensated absences are recognized, as employees earn their entitlement to future compensated absences through rendering a service to the UNCCD. For non-accumulating compensating absences an expense is recognized when the absence occurs.

United Nations Joint Staff Pension Fund

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

111. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. The UNCCD and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the UNCCD’s proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the UNCCD has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The UNCCD’s contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

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

113. The UNCCD’s financial obligation to the Fund consists of its mandated contribution, at the

rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

114. The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2023 will be used by the Fund for its 2023 financial statements.

115. The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.

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

117. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member

organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2020, 2021 and 2022) amounted to USD 8,937.68 million, of which 0.057% was contributed by the UNCCD.

118. During 2023, contributions paid to the Fund amounted to USD 2.02 million (2022 USD 1.87 million). Expected contributions due in 2024 are approximately USD 2.19 million.

119. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

120. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed at www.unjspf.org.

Note 15: Other current liabilities

Other current liabilities

(United States dollars)

	2023	2022
Repatriation grant held in trust	96 264	-
Total	96 264	-

121. Other current liabilities represent repatriation grant held in trust related to two staff members who left UNCCD during 2023. There are no claims arising from legal actions that are likely to result in a significant liability to UNCCD.

Note 16: Net assets

Reconciliation of opening and closing net assets

(United States dollars)

	<i>Total</i>
Net assets as at 31 December 2022	21 471 449
Changes in net assets	
Actuarial gains / (losses) on employee benefit liabilities	(39 000)
Other adjustments to net assets	196 846
Surplus / (deficit) for the year	(5 957 216)
Total changes in net assets	(5 799 369)
Net assets as at 31 December 2023	15 672 080

Net assets as at 31 December 2022

(United States dollars)

	<i>Total</i>
Accumulated surplus/ (deficit)	24 160 885
Actuarial gains / (losses) on employee benefit liabilities and other adjustments to net assets	(4 641 691)
Reserves	1 952 255
Total net assets	21 471 449

Net assets as at 31 December 2023

(United States dollars)

	<i>Total</i>
Accumulated surplus/ (deficit) - up to 2022	24 160 885
Surplus / (deficit) for 2023	(6 317 774)
Sub-total	17 843 111
Actuarial gains / (losses) on employee benefit liabilities and other adjustments to net assets - up to 2022	(4 641 691)
Actuarial gains / (losses) on employee benefit liabilities and other adjustments to net assets for 2023	(39 000)
Sub-total	(4 680 691)
Other adjustments to net assets	196 847
Reserves	1 952 255
Total net assets	15 311 522

Accumulated surplus

122. The accumulated surplus includes the accumulated surplus of the General Fund and related funds, general trust funds, and after-service employee benefit funds.

123. The 15th Session of the Conference the Parties (COP 15) authorized the Executive Secretary, on an exceptional basis and without setting a precedent, to draw upon available unspent balances or contributions from prior financial periods to set aside funds for after-service health insurance, not exceeding the amount of EUR 0.5 million.

Reserves

124. A working capital reserve has been established for the Core Budget as part of the adoption of the budget by the COP along with operating reserves established for the Trust Fund for Voluntary Financing, Trust Fund for participation of State Parties in the Conference and Special Account for Programme Support. The total reserves at the reporting date totalled USD 1.95 million (USD 1.95 million as at 31 December 2022).

Note 17: Revenue from non-exchange transactions

Indicative contributions

(United States dollars)

	2023	2022
Indicative contributions approved by the Conference of the Parties	8 204 642	8 606 980
Amount reported in Statement II: Indicative contributions	8 204 642	8 606 980

125. The above amount of USD 8,204,642 includes the contributions from the following top ten countries which represents 69.26 per cent of total amounts.

(United States dollars)

	Amount	Percent
United States of America	1 759 654	21.45
People's Republic of China	1 220 080	14.87
Japan	642 513	7.83
Germany	488 784	5.96
United Kingdom of Great Britain and Northern Ireland	349 931	4.27
France	345 372	4.21
Italy	255 070	3.11
Canada	210 199	2.56
Republic of Korea	205 880	2.51
European Union	205 116	2.50
Total top ten	5 682 599	69.26

Voluntary contributions

126. Voluntary contributions are recognised as revenue at the point of signature except where such agreement contains a condition in which case recognition as revenue is deferred until the conditions specified in the donor agreement have been satisfied.

127. Net voluntary contributions amount includes refunds to donors which consist of a revised accrual for the COP15 refund of USD 209 059, accrual for CRIC21 refund of USD 256 578 and USD 7 967 of other refunds made during 2023.

(In United States dollars)

	2023	2022
Voluntary contributions	10 424 950	11 480 006
COP15 & CRIC21 Balance refund accrual	(465 638)	(362 725)
Refunds to donors	(7 967)	-
Net voluntary contributions	9 951 345	11 117 281

128. The UNCCD receives in-kind contributions from the government of the Federal Republic of Germany (host government) of the right to use land, office space and other facilities in its operations. The Organization has not received title to these properties which remain with the government. The facilities are provided to UNCCD without charge. The agreement under which the facilities are provided may be cancelled by the UNCCD or by the government with twelve months' notice but, in such case, would remain in force for whatever additional period is required for UNCCD to cease its activities in the Federal Republic of Germany in an orderly manner. UNCCD does not recognize the value of in-kind contributions of services including the financial value of the donated right to use the facilities provided by the Federal Republic of Germany on the financial statements. In addition to the host government contribution, during 2022 the government of Côte d'Ivoire hosted the fifteenth session of the Conference of the Parties (COP15) and provided the conference venue and other facilities. Similar in-kind contributions were received during 2023 from the government of Uzbekistan, which hosted the twenty-first session of the Committee for the Review of the Implementation of the Convention (CRIC 21).

129. Until now UNCCD had no evidence of non-receipt of voluntary contributions from donors. Therefore, no provision was made on voluntary contributions in 2023. UNCCD will however continue to analyse the voluntary contribution receivables and will make necessary provisions in the financial statements of 2024 if required.

Note 18: Investment revenue*Investment revenue*

(United States dollars)

	2023	2022
Investment revenue (recorded by UNHQ Treasury New York)	1 746 196	101 853
Total investment revenue	1 746 196	101 853

130. There was an increase in investment revenue from 2022 in the amount of USD 101,853 to 2023 in the amount of USD 1,746,196 due to the higher amount of voluntary contributions received in cash during 2023 and the overall higher interest rates.

Note 19: Other revenue*Other Revenue*

(United States dollars)

	2023	2022
Income for services rendered	19 222	11 798
Gain on Foreign Exchange	681 424	-
Total other revenue	700 646	11 798

131. Gain on foreign exchange represents the realized gain on transactions occurring in currencies other than US dollars as well as unrealized loss resulting from revaluation of monetary assets. Due to favorable fluctuation in currency exchange rates during 2023, UNCCD recorded gain of USD 681,424 compared to a loss of USD 1,540,360 during 2022.

Note 20: Expenses

Personnel expenses

(United States dollars)

	2023	2022
Salary and wages	8 252 137	7 109 169
Pension and insurance benefits	2 512 523	2 271 565
Interest, service costs and net benefits paid	1 374 000	1 862 000
Other benefits	1 887 908	1 756 291
Total personnel expenses	14 026 568	12 999 025

132. Personnel expenses include employee salaries, allowances, and benefits. Employee salaries include international, national, and general temporary staff salaries, post adjustment and staff assessment including employment of temporaries. The allowances and benefits include other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship, living allowances and post-employment benefits for United Nations Volunteers, and other allowances.

Travel

(United States dollars)

	2023	2022
Travel	2 358 873	2 850 051
Total travel	2 358 873	2 850 051

133. Travel covers the cost of airfare and other transport cost, daily support allowances and terminal allowances. Travel costs decreased from USD 2,850,051 in 2022 to USD 2,358,873 in 2023 mainly due to the organization of the fifteenth session of the COP in Côte d'Ivoire during 2022.

Grants

(United States dollars)

	2023	2022
Outright grants	3 594 032	1 005 815
Transfers to implementing agencies	244 496	56 887
Total grants	3 838 528	1 062 702

134. Grant amounts of USD 3,838,528 include outright grants and transfers to the implementing agencies, partners and other entities to carry out the mandates contained in the Convention. The increase in 2023 by USD 2,775,826 compared to 2022 results from increase of USD 1,654,151 attributable to Global Mechanism and USD 1,121,675 to the Secretariat.

Contractual services

(United States dollars)

	2023	2022
Consultancy services – individual and institutional	3 041 773	2 515 433
ICT services	482 929	408 578
Translation and interpretation services	85 234	169 361
Information services – production and printing	403 064	103 148
Other	98 113	59 094
Total contractual services	4 111 113	3 255 614

135. Non-employee compensation and allowances (contractual services) cover the cost of contracting with individual experts and consultants, insurances and travel expenses of the consultants, ICT services, production and printing of information materials, and translation and interpretation services.

Depreciation of property, plant and equipment

(United States dollars)

	2023	2022
Depreciation of property, plant and equipment	3 938	11 921
Total depreciation of property, plant and equipment	3 938	11 921

136. Depreciation of property, plant and equipment has decreased in 2023 compared to 2022 due to lack of new acquisitions and some assets being fully depreciated by end of 2022.

Other Expenses:

137. Other Expenses include operating and other direct costs; supplies, commodities and materials; Equipment, vehicle and furniture; loss on investments; loss on foreign exchange and change

in provision for doubtful debts, as explained below.

	2023	2022
Operating and other direct costs	1 467 129	1 210 035
Supplies commodities and materials	52 513	128 801
Equipment vehicles and furniture	269 045	71 489
Allowance for doubtful debts - indicative contributions receivable	792 896	380 125
Allowance for doubtful debts - voluntary contributions receivable	-	(488 895)
Loss on foreign exchange	-	1 540 360
Total	2 581 582	2 841 915

Operating and other direct costs

(United States dollars)

	2023	2022
Joint activities	683 513	650 931
Contracted services	337 906	42 755
Communications utilities	41 301	38 455
Rental	134 103	166 534
Shared services	51 740	89 929
Hospitality and official functions	6 145	11 959
Bank charges and UNDP services	6 448	42 759
Shipping	22 583	15 980
Training	183 390	150 733
Total operating and other direct costs	1 467 129	1 210 035

138. Operating and other direct costs include maintenance, utilities, contracted services, training, security services, shared services, rent, and insurance, as per details above. There is an increase of USD 0.26 million in operating and other direct costs comparing with the expenses of 2022. The main increase was in contracted services of USD 0.30 million offset by decrease in other cost lines.

Equipment, vehicles and furniture

(United States dollars)

	2023	2022
Equipment, vehicles and furniture	269 045	71 489
Total equipment, vehicles and furniture	269 045	71 489

139. Equipment, vehicles and furniture have increased from USD 71,489 in 2022 to USD 269,045 in 2023. This was mainly due to procurement of computer and other IT & communication equipment made in 2023.

Supplies, commodities and materials

(United States dollars)

	2023	2022
Supplies, commodities and materials	52 513	128 801
Total supplies, commodities and materials	52 513	128 801

140. Supplies, commodities and materials have decreased from USD 128,801 in 2022 to USD 52,513 in 2023. This was mainly due to procurement of public information supply for the fifteenth session of the COP in Côte d'Ivoire and G20 during 2022.

Loss on foreign exchange

(United States dollars)

	2023	2022
Loss on foreign exchange	-	1 540 360
Total loss on foreign exchange	-	1 540 360

141. There was a gain on foreign exchange in 2023 of USD 681,424 compared to a loss of USD 1,540,360 during 2022 (see Note 19: Other Revenue for details)

Change in allowance for doubtful receivables

(United States dollars)

	2023	2022
Indicative contributions	792 896	380 125
Voluntary contributions receivable	-	(488 895)
Total change in provision for doubtful receivables	792 896	(108 770)

142. There was an increase of USD 0.41 million in change in allowance for doubtful receivables for indicative contributions comparing with the expenses of 2022. The change in allowance for doubtful receivables for voluntary contributions represents the reversal of the 2021 amount.

Note 21: Financial instruments and financial risk management

Summary of UNCCD's financial instruments

(United States dollars)

	<i>Note</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Financial assets			
Fair value through net assets and equity (FVNAE)			
Short-term investments: Cash pool	6	29 769 643	22 221 815
Total short-term investments		29 769 643	22 221 815
Long-term investments: Cash pool	6	9 448 243	10 856 189
Total long-term investments		9 448 243	10 856 189
Total fair value through net assets and equity (FVNAE)		39 217 886	33 078 004
Cash and cash equivalents			
Cash and cash equivalents: Cash pool	6	6 290 067	5 785 207
Total cash and cash equivalents		6 290 067	5 785 207
Loans and receivables			
Indicative contributions receivables	7	1 713 332	2 106 584
Voluntary contributions receivables	8	7 850 581	15 943 671
Other receivables	9	156 076	47 329
Other assets (excluding advances and deferred charges)		-	-
Total of cash and cash equivalents, receivables from exchange and non-exchange transactions and loans		9 719 989	18 097 584
Total carrying amount of financial assets		55 227 942	56 960 795
Of which relates to financial assets held in main pool		45 507 953	38 863 211
Financial liabilities at amortized cost			
Accounts payable and accrued expenses	12	1 990 027	1 725 728
Other liabilities		-	-
Total carrying amount of financial liabilities		1 990 027	1 725 728
Summary of net revenue from financial assets			
Net cash pool revenue		43 517 926	37 137 483
Other investment revenue		-	-
Total net revenue from financial assets		43 517 926	37 137 483

Financial risk management

Overview

143. The Organization has exposure to the following financial risks:

- a) Credit risk;
- b) Liquidity risk;
- c) Market risk

144. The present note and note 22: “Financial instruments: Cash pool” present information on the Organization's exposure to those risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management framework

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

Financial risk management: credit risk

146. Credit risk is to the risk of financial loss resulting from a counterparty to a financial instrument failing to meet on its contractual obligations. Credit risk arises from cash and cash equivalents, investments, deposits and forward currency contracts with financial institutions, as well as credit exposure to outstanding receivables. The carrying value of financial assets is to the maximum exposure to credit risk.

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

Credit risk: contributions receivable and other receivables

148. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities that do not have significant credit risk. The maximum exposure to credit risk of financial assets equals their carrying amount. As at the reporting date, the Organization held no collateral as security for receivables.

Credit risk: allowance for doubtful receivables

149. The Organization evaluates the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the Organization will not collect the full amount due. Management-approved write-offs under the Financial Regulations and Rules or reversals of previously impaired receivables are recognized directly in the statement of financial performance. The movement in the allowances account during the year is shown below.

Movement in the allowance for doubtful receivables

(United States dollars)

<i>Total allowance for doubtful receivables</i>	
Opening balance	2 425 591
Net movement 2023	792 896
As at 31 December 2023 – indicative contribution receivable	3 218 487
Opening balance	0
Net movement 2023	0
As at 31 December 2023 – Voluntary contribution receivable	0
Total as at 31 December 2023	3 218 487

150. The carrying amounts of the indicative contribution receivable are denominated in euros. The age of Indicative contributions and other accounts receivables including voluntary contributions at the reporting date are as follows.

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

Ageing of indicative contributions

(United States dollars)

	<i>31 December 2023</i>		<i>31 December 2022</i>	
	<i>Gross receivable</i>	<i>Allowance</i>	<i>Gross receivable</i>	<i>Allowance</i>
Less than one year	455 491	53 121	1 050 470	0
One to two years	793 003	221 081	1 008 696	0
Two to three years	315 675	156 247	520 627	0
Three to four years	261 215	182 789	432 265	216 132
More than four years	2 727 280	2 605 249	2 209 458	2 209 459
Revaluation	18 596		(689 341)	
Total	4 571 261	3 218 487	4 532 175	2 425 591

152. The ageing and associated allowance of receivables other than assessed contributions is as shown below.

Ageing of voluntary/other receivables

(United States dollars)

	<i>31 December 2023</i>		<i>31 December 2022</i>	
	<i>Gross receivable</i>	<i>Allowance</i>	<i>Gross receivable</i>	<i>Allowance</i>
Less than one year	7 344 138	0	5 262 312	0
One to two years	(26 324)	0	7 112 196	0
Two to three years	130 000	0	1 948 561	0
More than three years	558 844	0	1 652 273	0
Total	8 006 657	0	15 975 342	0

Credit risk: cash and cash equivalents

153. At the year end, the Organization had cash and cash equivalents of USD 6.29 million (2022: USD 5.79 million), which is the maximum credit exposure on those assets. See Note 22: Financial instruments: Cash Pool.

Financial risk management: liquidity risk

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

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

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

Liquidity risk: financial liabilities

157. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the

cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations.

Financial risk management: market risk

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

Market risk: interest rate risk

159. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to a change in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk. The main exposure to interest rate risks relates to the cash pools and is considered in note 22: Financial instruments: cash pools.

Market risk: currency risk

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

161. The Organization's financial assets and liabilities are primarily denominated in euros and United States dollars. Non-United States dollar financial assets primarily relate to indicative and

voluntary contributions receivables. The Organization participates in the United Nations cash pool and does not maintain own bank accounts.

The most significant exposure to currency risk relates to indicative contributions receivable and voluntary contribution receivable. As at the reporting date, the non-United States dollar denominated balances in those financial assets were primarily euros and Canadian dollars.

Currency risk: sensitivity analysis

162. A strengthening or weakening of foreign currencies from United Nations operational rates of exchange as at the reporting date would have affected the measurement of assets and liabilities denominated in a foreign currency. Below analysis includes three main foreign currencies (EUR, CAD and CHF) to which UNCCD is exposed at the reporting date. It is based on foreign currency exchange rate variances considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

Currency exposure as at 31 December 2023

(In United States dollars)

	EUR	CAD	CHF
Indicative contributions receivable	5 665 643	-	-
Voluntary contributions receivable	0	1 200 000	199 215
Other accounts receivable	72 664	-	-
Other Current Assets	2 600	-	-
Accounts payable and accrued expenses	(525 430)	-	(2 316)
Advance receipts	(2 420 556)	-	-
Total	2 794 921	1 200 000	196 898

Currency exposure sensitivity analysis

USD exchange rate as at 31 December 2023	0,901	1,319	0,835
Effect of a 10% increase of the exchange rate (in USD)	279 492	120 000	19 690
Effect of a 10% decrease of the exchange rate (in USD)	(279 492)	(120 000)	(19 690)

Other market price risk

163. The Organization is not exposed to other significant market price risk as it has limited exposure to price-related risk with respect to expected purchases of certain commodities used in normal operations. Therefore, change in those prices can only alter cash flows by an immaterial amount.

Accounting classifications and fair value

164. The carrying value of fair value through net assets and equity investments is fair value. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Fair value hierarchy

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

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

166. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on

an arm's length basis. The quoted market price used for financial assets held by the cash pools is the current bid price.

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

168. There were no level 3 financial assets or any liabilities carried at fair value or any transfers of financial assets between fair value hierarchy classifications. The fair value hierarchy for the cash pools is disclosed in note 22: Financial instruments: cash pools.

Note 22: Financial instruments: Cash Pool

169. In addition to directly held cash and cash equivalents and investments, the United Nations Convention to Combat Desertification (“UNCCD”) participates in the United Nations Treasury cash pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars.

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

171. As at 31 December 2023, the cash pools and the total assets for \$11,548.7 million (2022: \$11,873.8 million), of which \$45.5 million was due to the Organization (2022: \$38.9 million), and its share of revenue from cash pools was 1.746 million (2022: \$0.102 million).

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

(Thousands of United States dollars)

	<i>Main pool</i>
Fair value through net asset/equity	
Short-term investments	7 554 712
Long-term investments	2 397 703
Total fair value through net asset/equity investments	9 952 415
Loans and receivables	
Cash and cash equivalents	1 485 897
Accrued investment revenue	110 348
Total loans and receivables	1 596 245
Total carrying amount of financial assets	11 548 660
Cash pool liabilities	
Payable to UNCCD	45 508
Payable to other cash pool participants	11 503 152
Total liabilities	11 548 660
Net assets	-

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

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	488 377
Investment revenue from main pool ^a	488 377
Foreign exchange gains / (losses)	9 194
Bank fees	(808)
Operating gains (losses) from main pool	8 386
Revenue and expenses from main pool	496 763

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

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

(Thousands of United States dollars)

	<i>Main pool</i>
Fair value through the surplus or deficit	
Short-term investments	6 789 427
Long-term investments	3 316 889
Total fair value through the surplus or deficit investments	10 106 316
Loans and receivables	

	<i>Main pool</i>
Cash and cash equivalents	1 707 288
Accrued investment revenue	60 265
Total loans and receivables	1 767 553
Total carrying amount of financial assets	11 873 869
Cash pool liabilities	
Payable to UNCCD	38 863
Payable to other cash pool participants	11 835 006
Total liabilities	11 873 869
Net assets	–

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

(Thousands of United States dollars)

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

Financial risk management

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

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

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

Financial risk management: credit risk

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

176. The Guidelines require that investments are not to be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

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

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

<i>Main pool</i>	<i>Ratings as at 31 December 2023</i>				<i>Ratings as at 31 December 2022</i>				
Bonds (Long term ratings)					Bonds (Long term ratings)				
	AAA	AA+/AA-/AA	A+	NA		AAA/AAAu	AA+u/AA+/AA	A+	NA
S&P	37.1%	62.9%			S&P	33.8%	65.9%		0.3%
Fitch	28.4%	53.3%	1.3%	17.0%	Fitch	61.9%	22.5%	0.2%	15.4%
	Aaa	Aa1/Aa2/Aa3		NA		Aaa	Aa1/Aa2/Aa3		NA
Moody's	61.9%	30.5%		7.6%	Moody's	66.7%	30.9%		2.4%
Commercial papers/ Certificates of Deposit (Short term ratings)					Commercial papers/ Certificates of Deposit (Short term ratings)				
	A-1+/A-1					A-1+/A-1			
S&P	100.0%				S&P	100.0%			
	F1+/F1		NR			F1+/F1		NR	
Fitch	98.8%		1.2%		Fitch	97.7%		2.3%	
	P-1/P2					P-1/P2			
Moody's	100.0%				Moody's	100.0%			
Term deposits/demand deposit account (Fitch viability ratings)					Term deposits/demand deposit account (Fitch viability ratings)				
	aa/aa-	a+/a/a-				aa/aa-	a+/a/a-		
Fitch	23.8%	76.2%			Fitch	35.9%	64.1%		

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

Financial risk management: liquidity risk

179. The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. They maintain sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The cash pool liquidity risk is therefore considered to be low.

Financial risk management: interest rate risk

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

Cash pools interest rate risk sensitivity analysis

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

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

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

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

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

Other market price risk

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

Accounting classifications and fair value hierarchy

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

184. The levels are defined as:

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

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

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

185. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third-parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held in the cash pools is the current bid price.

186. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximise the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2.

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

Fair value hierarchy for investments of United Nations as at 31 December: main pool
(Thousands of United States dollars)

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

Note 23: Related Parties

188. The key management personnel of UNCCD are the Executive Secretary, Deputy Executive Secretary and Heads of the units, who have the authority and responsibility for planning, directing, and controlling the activities of UNCCD and influencing its strategic direction.

189. The below table does not include the remuneration and final settlements and repatriation grants for the four staff left during and prior to 2023 in the amount of USD 568,354.

Key management remuneration
(United States dollars)

	Number of Individuals (full time equivalents)	Aggregate Remuneration	After-service health insurance, repatriation, and annual leave liability
Senior Management (2023)	10	2 356 367	668 000
Senior Management (2022)	8	1 705 660	683 000

190. The aggregate remuneration paid to key management personnel includes gross salaries, post adjustment, entitlements, assignments and other grant, rental subsidy, personal effects shipment costs, income tax reimbursement, employer contributions to pension plan and current health insurance contributions. Key management personnel are also qualified for post-employment benefits which are payable only upon separation. In addition to the aggregate remuneration, the post-employment benefits for the key management personnel as at 31 December 2023 in the amount of USD 668,000 provided by the actuary.

191. Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund (UNJSPF).

192. Advances are those made against entitlements in accordance with the staff rules and regulations. There were no loans granted to key management personnel.

193. Except otherwise noted in these statements for revenue from non-exchange transactions including contributions in kind, all transactions made with 3rd parties occur within a normal supplier or client/recipient relationship or at arm's length terms and conditions.

194. The charges paid to the United Nations (UN Office at Geneva – UNOG) for services related to security, payroll, treasury and other services are considered to be provided on a normal supplier basis. The United Nations Secretariat also provides support services on a normal supplier basis such as translation and editing of documents related to the meetings of the Conference of Parties to the Organization. In addition, the United Nations Volunteers (UNV) is responsible for the management of the building occupied by UNCCD in Bonn, Germany. UNV charges UNCCD for the costs of space occupancy and security services on a normal supplier basis.

195. The authority to establish funds is vested in the Secretary General of the United Nations with the approval of the Conference of the Parties. All such funds must be consistent with the objectives

of the UN Convention to Combat Desertification. The termination of any existing fund by the Conference of the Parties and the distribution of any remaining fund balance is subject to consultation with the Secretary General of the United Nations.

196. The Organization reimburses the United Nations for the cost of all services provided at such rates as may from time to time be agreed upon for that purpose by both organizations.

Note 24: Leases and commitments and contingencies

197. UNCCD has operating leases for photocopiers, water coolers, data and telecommunications equipment and outsourced computer services. The leases for photocopiers provide for the payment of costs per copy made above a maximum monthly amount, the leases for the water coolers for water supplies and for computer services provide for special services charged on an as needed basis. These additional charges are considered contingent rents and are not included in the minimum lease payments disclosed below.

198. The minimum lease payments under non-cancellable property in 2023 are USD 22,820 compared to 2022 in the amount of USD 22,110 and has no outstanding leases qualifying as finance leases at the reporting date. Lease payments recognised as expenses in the period are USD 22,820 (2022: USD 22,110).

199. Other commitments relate to the acquisition of goods and services contracted for, but not delivered, as at 31 December 2023 amount to USD 925,392 (2022: USD 476,713).

Contingent liabilities

200. No contingent liabilities during the reporting period.

Contingent assets

201. No contingent assets during the reporting period.

Note 25: Events after the reporting date

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

Note 26: Fund Accounting

203. The UNCCD is a single purpose entity established by the Parties to the Convention and the United Nations. The UNCCD has one major mandate to assist the signatories of the Convention to improve the living conditions for people in drylands, to maintain and restore land and soil productivity, and to mitigate the impact of land degradation and protect our land so we can provide food, water, shelter and economic opportunity to all people. To provide additional information for use to senior management and Parties to the Convention supplemental disclosures are prepared on a fund accounting basis, showing at the end of the period the consolidated position of all UNCCD funds. Fund balances represent the accumulated residual of revenue and expenses.

204. The following separate funds have been established:

- Trust fund for the Core Budget of UNCCD financed from indicative contributions (or general-purpose contributions from donors) supports the core functions of the secretariat.
- Trust fund for Participation of Representatives of eligible State Parties affected by Desertification and/or Drought in the sessions of the Conference of the Parties and its Subsidiary Bodies.
- Special Fund for the voluntary financing of activities under the UNCCD (United Nations Convention to Combat Desertification) enabling a donor or a recipient government to make voluntary contributions supports mandated activities for which provisions are not made under the Core budget.

- Trust fund for Convention Events organized by the UNCCD Secretariat.
- Special account for Programme Support Costs financed from charges made to the projects financed from voluntary contributions used to manage the overhead charges payable on all trust funds to cover costs relating to administrative services.
- Special account for UNCCD Cost Recovery under the Host Country Agreement used to finance costs associated with the hosting of the Conference of the Parties under the host country agreement. Balances in this account are refunded to the host country.
- Trust Fund for voluntary financing of Global Mechanism

205. Transactions occurring between funds are accounted for at cost and eliminated on consolidation.

UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION
Statement I : Statement of Financial Position by Fund
as at 31 December 2023

	TRUST FUND FOR CONVENTION EVENTS ORGANIZED BY THE UNCCD SECRETARIAT (BMA)		TRUST FUND FOR VOLUNTARY FINANCING OF THE UNCCD GLOBAL MECHANISM (GMZ)		TRUST FUND FOR PARTICIPATION OF REPRESENTATIVES OF STATE PARTIES IN THE SESSION OF THE UNCCD CONFERENCE(UVA)		TRUST FUND FOR VOLUNTARY FINANCING OF ACTIVITIES UNDER THE UNCCD (UWA)		TRUST FUND FOR THE CORE BUDGET OF THE UNCCD (UXA)		SPECIAL ACCOUNT FOR UNCCD PROGRAMME SUPPORT COST (ZQA)		SPECIAL ACCOUNT FOR UNCCD COST RECOVERY UNDER HCA (ZHC)		TOTAL	
	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December	December	December	December	December	December	December	December	December
Assets																
Current Assets																
Cash and cash equivalents	87 740	105 826	993 531	1 340 367	45 425	16 469	4 125 859	3 441 943	576 706	469 183	163 200	51 860	297 607	357 559	6 290 067	5 785 207
Investments	415 258	406 493	4 702 185	5 148 544	214 986	70 944	19 526 875	13 220 999	2 729 434	1 802 198	772 391	199 201	1 408 514	1 373 436	29 769 643	22 221 815
Indicative contributions receivable	-	-	-	-	-	-	-	-	1 352 774	2 106 584	-	-	-	-	1 352 774	2 106 584
Voluntary contributions receivable	-	-	1 856 123	-	35 928	-	1 703 255	5 430 245	-	-	-	-	-	-	3 595 307	5 430 245
Other accounts receivable	443	75	120	(219)	-	-	28 915	11 850	109 476	20 235	10 690	9 781	6 432	5 607	156 076	47 329
Other current assets	(1 343)	-	14 472	567	(18 005)	(14 300)	148 434	79 630	336 864	573 422	13 765	35 010	25 427	(4 137)	519 614	670 192
Total current Assets	502 099	512 394	7 566 431	6 489 259	278 334	75 113	25 533 338	22 184 667	5 105 253	4 971 622	960 046	295 852	1 737 980	1 732 465	41 683 481	36 261 372
Non-Current Assets																
Investments	131 794	198 587	1 492 372	2 515 256	68 232	34 659	6 197 409	6 458 954	866 263	880 441	245 140	97 317	447 032	670 975	9 448 243	10 856 189
Voluntary contributions receivable	-	-	2 000 559	4 795 826	-	-	2 254 716	5 717 600	-	-	-	-	-	-	4 255 275	10 513 426
Fixed Assets	-	-	-	-	-	-	-	-	6 891	10 829	-	-	-	-	6 891	10 829
Total Non-Current Assets	131 794	198 587	3 492 931	7 311 082	68 232	34 659	8 452 125	12 176 554	873 154	891 270	245 140	97 317	447 032	670 975	13 710 408	21 380 444
Total Assets	633 892	710 981	11 059 361	13 800 341	346 566	109 772	33 985 463	34 361 221	5 978 408	5 862 892	1 205 187	393 169	2 185 012	2 403 440	55 393 889	57 641 816
Liabilities																
Current liabilities																
Accounts payable and accrued expenses	10 445	3 157	49 900	261 569	186 648	(99)	902 951	495 642	113 403	123 740	16 444	13 596	710 237	828 123	1 990 027	1 725 728
Advance receipts	-	-	22 574	22 574	-	-	8 358 492	6 938 907	757 766	154 653	-	-	-	-	9 138 832	7 116 134
Employee benefit liability	2 064	5 484	3 778	9 505	-	-	29 342	34 915	790 401	628 263	328 659	246 338	-	-	1 154 244	924 505
Other current liabilities	-	-	-	-	-	-	-	-	-	-	96 264	-	-	-	96 264	-
Total Current Liabilities	12 509	8 641	76 252	293 648	186 648	(99)	9 290 784	7 469 464	1 661 570	906 656	441 367	259 934	710 237	828 123	12 379 367	9 766 367
Non-Current Liabilities																
Employee benefit liability	-	-	-	-	-	-	-	-	16 154 000	16 338 000	11 549 000	10 066 000	-	-	27 703 000	26 404 000
Total Non-Current Liabilities	-	-	-	-	-	-	-	-	16 154 000	16 338 000	11 549 000	10 066 000	-	-	27 703 000	26 404 000
Total Liabilities	12 509	8 641	76 252	293 648	186 648	(99)	9 290 784	7 469 464	17 815 570	17 244 656	11 990 367	10 325 934	710 237	828 123	40 082 367	36 170 367
Net Assets	621 384	702 340	10 983 110	13 506 693	159 918	109 871	24 694 679	26 891 757	(11 837 162)	(11 381 764)	(10 785 180)	(9 932 765)	1 474 774	1 575 317	15 311 523	21 471 449
Accumulated surpluses/(deficits)	(347 381)	(266 424)	10 458 419	12 982 002	115 822	65 774	23 108 528	25 305 606	(10 839 434)	(10 620 035)	(6 057 627)	(5 008 211)	160 1631	1 702 173	18 039 958	24 160 885
Actuarial gain (loss) recognized in net asse	968 764	968 764	524 691	524 691	-	-	902 321	902 321	(1 951 747)	(1 715 747)	(5 124 720)	(5 321 720)	-	-	(4 680 691)	(4 641 691)
Operating reserves	-	-	-	-	44 097	44 097	683 830	683 830	954 018	954 018	397 166	397 166	(126 856)	(126 856)	1 952 255	1 952 255
Total Fund Balances and Reserves	621 383	702 340	10 983 110	13 506 693	159 919	109 871	24 694 679	26 891 757	(11 837 163)	(11 381 764)	(10 785 181)	(9 932 765)	1 474 775	1 575 317	15 311 522	21 471 449

STATEMENT II

UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION

Statement of Financial Performance for the period 1 January to 31 December 2023 by fund

(in United States dollars)	TRUST FUND FOR CONVENTION EVENTS ORGANIZED BY THE UNCCD SECRETARIAT (BMA)		TRUST FUND FOR VOLUNTARY FINANCING OF THE UNCCD GLOBAL MECHANISM (GMZ)		TRUST FUND FOR PARTICIPATION OF REPRESENTATIVES OF STATE PARTIES IN THE SESSION OF THE UNCCD CONFERENCE (UVA)		TRUST FUND FOR VOLUNTARY FINANCING OF ACTIVITIES UNDER THE UNCCD (UWA)		TRUST FUND FOR THE CORE BUDGET OF THE UNCCD (UXA)		SPECIAL ACCOUNT FOR UNCCD PROGRAMME SUPPORT COST (ZQA)		SPECIAL ACCOUNT FOR UNCCD COST RECOVERY UNDER HCA (ZHC)		ELIMINATIONS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE																		
Indicative contributions	-	-	-	-	-	-	-	-	8 204 642	8 606 980	-	-	-	-	-	-	8 204 642	8 606 980
Voluntary contributions	528 740	528 740	856 382	248 712	369 485	-	7 637 599	8 463 051	542 197	528 740	-	-	16 942	1 348 038	-	-	9 951 345	11 117 281
Interest Revenue	22 263	(286)	276 881	1 355	8 865	1 895	1 209 651	86 146	116 349	12 704	12 317	(817)	99 869	856	-	-	1 746 196	101 853
Other revenue	15 369	-	139 232	-	(391)	-	(40 186)	-	565 015	-	19 880	11 798	1 727	-	-	-	700 646	11 798
Programme support revenue	-	-	-	-	-	-	-	-	-	-	2 930 712	2 103 308	-	-	(2 930 712)	(2 103 308)	-	-
TOTAL REVENUE	566 372	528 454	1 272 495	250 067	377 959	1 895	8 807 064	8 549 197	9 428 204	9 148 424	2 962 909	2 114 289	118 538	1 348 894	(2 930 712)	(2 103 308)	20 602 829	19 837 912
EXPENSES																		
Personnel expenses	345 037	376 006	495 002	628 902	-	-	3 014 424	1 792 241	6 128 876	7 569 825	4 050 775	2 615 333	(7 547)	16 718	-	-	14 026 568	12 999 025
Travel	93 259	372 010	219 443	250 455	278 657	57 674	1 313 317	801 450	431 799	406 781	8 011	(33 285)	14 387	994 966	-	-	2 358 873	2 850 051
Contractual services	85 654	-	600 413	682 426	-	15 882	2 971 758	1 901 332	348 404	538 638	(11 777)	36 007	116 661	81 329	-	-	4 111 113	3 255 614
Grants	-	-	2 053 106	398 955	-	10 504	1 760 422	653 243	25 000	-	-	-	-	-	-	-	3 838 528	1 062 702
Amortization/depreciation	-	-	-	-	-	-	-	7 983	3 938	3 938	-	-	-	-	-	-	3 938	11 921
Other expenses	49 651	3 359	118 694	309 809	128	(9 179)	730 839	(82 857)	1 684 966	2 437 503	(34 612)	59 555	31 917	123 725	-	-	2 581 582	2 841 915
Programme support costs	79 483	100 608	384 853	135 990	36 241	11 083	1 384 419	784 175	1 045 716	1 071 452	-	-	-	-	(2 930 712)	(2 103 308)	-	-
TOTAL EXPENSES	653 083	851 983	3 871 510	2 406 537	315 026	85 964	11 175 179	5 857 567	9 668 699	12 028 137	4 012 397	2 677 610	155 419	1 216 738	(2 930 712)	(2 103 308)	26 920 603	23 021 228
SURPLUS/DEFICIT FOR THE PERIOD	(86 711)	(323 529)	(2 599 016)	(2 156 470)	62 933	(84 069)	(2 368 115)	2 691 630	(240 495)	(2 879 713)	(1 049 488)	(563 321)	(36 881)	132 156	-	-	(6 317 774)	(3 183 316)

ACRONYMS

ASHI	After Service Health Insurance
COP	Conference of the Parties
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
IPSAS	International Public Sector Accounting Standards
OAH	Office Away from Headquarters
PP&E	Property, plant and equipment
SDG	Sustainable Development Goals
UN	United Nations
UNBOA	United Nations Board of Auditors
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNDSA	United Nations Daily Subsistence Allowance
UNFCCC	United Nations Framework Convention on Climate Change
UNHQ	United Nations Headquarters, New York
UNJSPF	United Nations Joint Staff Pension Fund
UNOG	United Nations Office at Geneva
UNORE	United Nations operational rate of exchange
UNV	United Nations Volunteers
USD	United States dollar