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 2025

Note

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

[22 July 2026]

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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 2025, and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the period 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 the UNCCD as at 31 December 2025 and their financial performance and cash flows for the period then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of UNCCD, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The UNCCD Executive Secretary is responsible for the other information, which comprises the financial report for the period ended 31 December 2025, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the financial reporting process of UNCCD.

Auditor's responsibilities for the audit of the financial statements

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

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

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UNCCD;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

(d) Draw conclusions on the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNCCD 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 deficiencies 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, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

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

Amélie **de Montchalin**
First President of the French Cour des comptes
Chair of the Board of Auditors
(Lead Auditor)

Hou Kai
Auditor General of the People’s Republic of China

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

22 July 2026

Chapter II
Long-form report of the Board of Auditors

Summary

Scope of the report

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Convention to Combat Desertification (UNCCD) for the year ended 31 December 2025. The financial audit was carried out on site, in Bonn (Germany) from 3 to 7 November 2025 and from 7 to 24 April 2026.

In addition to the audit of the financial statements, the Board focused on the Global Mechanism (GM) as a lever of action for the secretariat of the UNCCD in the implementation of major projects. The audit was carried out on site at Headquarters in Bonn from 29 September to 3 October 2025 and from 7 to 17 April 2026. Finally, the Board followed up on the recommendations set out in its previous reports to assess how they had been implemented.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UNCCD as of 31 December 2025 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Overall conclusion

The Board did not identify material deficiencies in accounts and records that might affect the fair presentation of the financial statements of UNCCD for the year ended 31 December 2025.

The key ratios on the financial position of UNCCD as at 31 December 2025 remained sound.

The Board recognizes that improvements have been made in response to previous recommendations on the accrued expenses procedure at year-end and controls over segregation of duties, while continued efforts are needed to further strengthen core business processes in finance, budget and bank account management.

Based on new findings, the Board also identified areas for improvement in the financial documentation with regard to IPSAS compliance for the substantiation of the classification employee benefit liability and for the institutional coherence between the secretariat and the Global Mechanism.

Key findings

Financial overview

Total revenue for the financial year 2025 amounted to $46.1 million, representing a decrease of $14.9 million (24.5 per cent) compared with the previous period when it amounted to $61 million.

Total expenses amounted to $34.1 million, representing a decrease of $6.0 million (15.1 per cent) compared with the previous period when they amounted to $40.1 million.

As a result, the entity reported an annual surplus of $12.0 million compared with $20.9 million in the previous period.

As at 31 December 2025, total assets amounted to $92.4 million, representing an increase of $14.5 million (18.6 per cent) compared with the previous reporting period. Total liabilities amounted to $44.3 million, representing a decrease of $0.2 million (0.4 per cent) compared with the previous period. Net assets stood at $48.1 million, representing an increase of $14.7 million (44.0 per cent) compared with the previous year.

The financial results were mainly influenced by a decline of more than one-third in voluntary contributions revenue in 2025, partly offset by a notable decrease in total expenses incurred during the reporting period, mainly driven by a sharp reduction in travel expenses.

Financial management

IPSAS 39 paid annual leave accruals classification as short-term or long-term employee benefits

The classification of annual leave liabilities is based on IPSAS 39, which generally requires recognition according to the expected timing of settlement of employee benefits. The current and non-current split is primarily driven by staff separation assumptions rather than by the expected timing of leave consumption by active staff.

There is no dedicated analysis or empirical evidence supporting the actual pattern of annual leave utilization within normal operational cycles. This may limit the robustness of the classification of the liability between current and non-current portions and highlights the need for documented evidence to substantiate the expected timing of settlement of the annual leave liability in line with IPSAS 39.

The Global Mechanism as a lever of action for the secretariat of the UNCCD

Institutional coherence between the secretariat and the Global Mechanism needs to be strengthened

Created by article 21 of the Convention, the Global Mechanism (GM) serves as the operational arm of the UNCCD, notably mobilizing resources for the implementation of projects on the ground, in support of affected country Parties. The Rules and procedures between the GM and the secretariat, as well as the delineation of roles and responsibilities, remain to be clarified – including on common areas of interest such as resource mobilization and partnerships.

Global Mechanism's organization and internal processes could be clarified

While priorities defined by the Conference of the Parties are internally translated into biennial work programmes, monitored periodically by the secretariat and the GM, the methodology as well as working assumptions applied to define funding needs could be clarified. Reports presented to Parties provide unclear or partial information on resources mobilized, whether (i) for the implementation of the biennial work programme, or (ii) for the implementation of the Convention.

Main recommendations

The Board has made 13 new recommendations on the basis of its audit. The main recommendations are that the secretariat:

Financial management

(a) **provide documented, sufficient and verifiable evidence to substantiate the classification of annual leave liabilities as current and non-current at the reporting date, in accordance with IPSAS 39 requirements regarding the expected timing of settlement of employee benefit obligations.**

The Global Mechanism as a lever of action for the secretariat of the UNCCD

Institutional coherence between the secretariat and the Global Mechanism needs to be strengthened

(b) **implement point 4(a) of decision 6/COP.10, "develop internal rules and procedures for the relationship between the UNCCD secretariat and the GM", by formalizing internal rules and procedures governing their relationship, including the delineation of roles and responsibilities, coordination mechanisms, and accountability arrangements for areas of shared mandate;**

(c) **with the Global Mechanism, prepare and formalize comprehensive Terms of Reference to be adopted by the Executive Secretary, clarifying its mandate, responsibilities, reporting arrangements and interactions with the secretariat;**

Global Mechanism's organization and internal processes could be clarified

(d) **formalize and document the methodology used to estimate funding needs consistently for the biennial work programme, including guidelines on working assumptions and standardized cost parameters, taking into account the upcoming COP decision;**

(e) **in the future reports on progress made in the mobilization of resources for the implementation of the Convention, the Global Mechanism include: (i) data on resources mobilized by the GM to complement the narrative section on its activities, (ii) data on resources made available through other funding vehicles that have benefitted from the GM's support such as the Land Degradation Neutrality Fund (LDN Fund) and the Drought Resilience Investment Facility (DRIF), and (iii) information reflecting relevant contributions from related UNCCD initiatives, including the G20 Global Land Initiative (GLI);**

(f) **with the Global Mechanism, finalize the operational manual currently under preparation, and ensure that its approach to partnerships is aligned with the framework to be defined under the future common partnership policy.**

Follow-up on previous recommendations

As of 31 December 2024, of the 28 outstanding recommendations up to the financial year ended 31 December 2025, 8 (28 per cent) had been implemented, 12 (43 per cent) remained under implementation, 5 (18 per cent) are not implemented and 3 (11 per cent) were overtaken by events.

Key facts

$46.1 million	Total revenue
$34.1 million	Total expenses
$12.0 million	Surplus/Deficit
$92.4 million	Assets
$44.3 million	Liabilities
$48.1 million	Total net assets
186	Number of employees (82 staff and 104 non-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 2025 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 2025 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. The Board also reviewed the operations of the UNCCD under regulation 7.5 of the Financial Regulations and Rules of the United Nations. This entitles the Board to make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls and, in general, the administration and management of UNCCD operations. During the present audit, the Board focused, inter alia, on finance and the Global Mechanism as a lever of action for the secretariat of the UNCCD. The General Assembly has also requested the Board to follow up on previous recommendations and to report thereon accordingly. Those matters are addressed in the relevant sections of the present report, and the details of the results are included in the annex to the present chapter.

5. The financial audit was carried out on site in Bonn (Germany) from 4 to 8 November 2025 and from 7 to 24 April 2026 and included a review of the internal controls and accounting systems and procedures only to the extent considered necessary for the effective performance of the Board's examination. The performance audit was carried out on site at headquarters in Bonn from 29 September to 10 October 2025 for the interim mission, and from 7 to 17 April 2026 for the final mission.

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 communicated to the UNCCD secretariat, and their views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up on previous recommendations

7. Of the 28 outstanding recommendations, 13 were issued in the previous report and endorsed by the UNCCD secretariat as at 31 December 2025. Of those 28 recommendations, eight (28 per cent) had been implemented, 12 (43 per cent) remained under implementation, five (18 per cent) are not implemented and three (11 per cent) were overtaken by events.

8. Among the 28 outstanding recommendations, 5 (18 per cent) were related to financial management, 4 (15 per cent) were about risk management, 6 (21 per cent) fell under the category of budget management, 6 (21 per cent) were related the relationship between science and policy and 7 (25 per cent) were about COP organization.

Table II.1
Status of implementation of recommendations

Audit report year	*Report*	*Recommendations pending as at 31 December 2024*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2025*
2019	ICCD/COP(15)/8	1		1			1
2020	ICCD/COP(15)/9	1	1				0
2021	-	1		1			1
2022	ICCD/COP(16)/8	2	1			1	0
2023	ICCD/COP(16)/9	10	2	6		2	6
2024	-	13	4	4	5		9
	Total	**28**	**8**	**12**	**5**	**3**	**17**

Source: Board of Auditors

9. Of the 17 still pending recommendations, 2 (12 per cent) have been pending for more than three years, 6 (35 per cent) for two years, and 9 (53 per cent) for one year. The Board noted that while certain recommendations were not implemented yet, the secretariat has taken steps for 12 recommendations under implementation (71 per cent). Detailed follow-up to the recommendations issued during the previous years is shown in annex I.

10. The secretariat informed the Board that the Management takes the Board’s recommendations seriously. The secretariat also noted that complex recommendations can take more time than originally planned once implementation is underway. Priorities can also change in response to new mandates or external events.

2. Financial overview

11. The overall financial position of UNCCD as at 31 December 2025 remained sound, despite a one-third decrease in voluntary contribution revenue recognized in 2025 and the non-receipt of a major Member State’s contribution to the core budget

(representing 21 per cent of the total core budget)[1]. These developments prompted the organization to implement mitigation measures such as minimizing travel and consultancy-related activities and freezing recruitment to address the resulting funding gap and potential liquidity pressures that could affect the execution of its core activities.

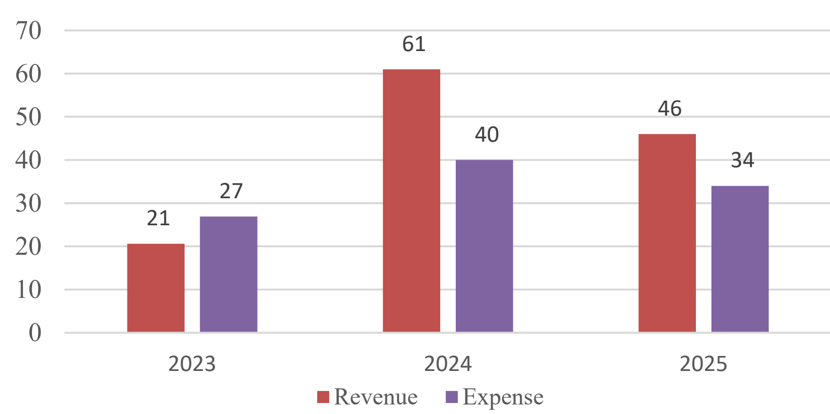
12. The financial year 2025 closed with a surplus of $12.0 million, compared with $20.9 million in 2024. This result is mainly due to a 36 per cent decline in voluntary contributions in 2025, partly offset by a 15 per cent decrease in total expenses, mainly driven by a 68 per cent decrease in travel expenses. At year-end 2025, net assets amounted to $48.1 million, an increase of $14.7 million compared with 2024.

2.1 Revenue and expenses

13. Total revenue for the financial year 2025 amounted to $46.1 million, representing a decrease of $14.9 million (24.5 per cent) compared with $61 million in the previous reporting period, as shown in Figure II.I below. The main sources of revenue were voluntary contributions, indicative contributions and other revenue.

14. Contributions continue to constitute the primary source of revenue, amounting to $40.8 million compared with $58.8 million in 2024, comprising $8.7 million of indicative2 contributions and $32.1 million of voluntary contributions. Indicative contributions increased by 1.9 per cent, as the $0.7 million budget increase for 2025 was largely offset by the appreciation of the United States dollar against the euro. Investment revenue remained stable at $2.2 million compared to the previous year, while other revenue primarily reflected a foreign exchange gain of $3.1 million.

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

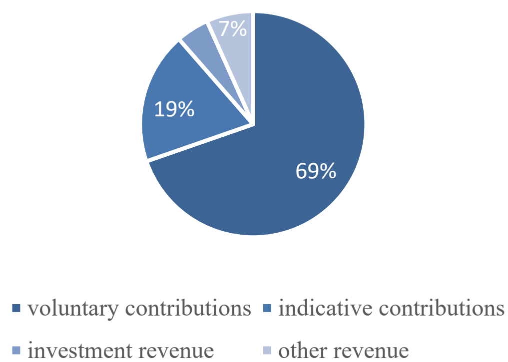


Source: Analysis made by the Board based on UNCCD financial statements from 2023 to 2025.

1 The core budget refers to the budget funded by contributions from Parties based on the indicative scale of assessments of the United Nations. It supports the essential and ongoing activities of the secretariat, including servicing the intergovernmental process, organizing sessions of the Convention's bodies, and providing administrative and logistical support.
2 Indicative contributions are preliminary, non-binding financial commitments provided by Parties to UNCCD to guide the Convention's budgetary and work planning processes. They are calculated based on an agreed scale of assessment. The amounts were decided during the Conference of the Parties (COP16), which voted the budget for the biennium 2025-2026.

15. The change in total revenue is primarily driven by the cyclical pattern of UNCCD funding[3]. In 2024, a significant share of revenue derived from COP-related contribution revenue[4], amounting to $11.2 million, as well as from signed multi-year voluntary contribution agreements. Voluntary contributions remained the primary source of revenue in 2025, accounting for 69 per cent of the total, as shown in Figure II.II below.

Figure II.II
UNCCD revenue source segmentation



Source: Analysis made by the Board based on UNCCD 2025 financial statements.

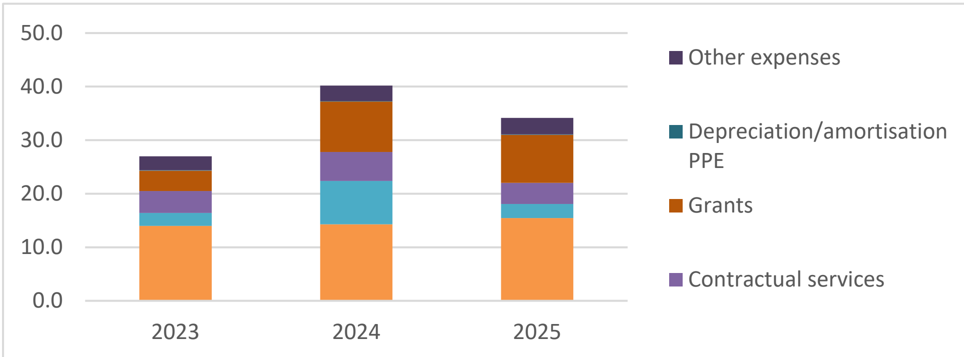
16. Total expenses amounted to $34.1 million, representing a decrease of $6.0 million (15.1 per cent) compared with $40.1 million in the previous reporting period. The main expense categories were personnel expenditures, grants, contractual services and other expenses. The decrease is primarily due to a significant reduction in travel expenses, which declined to $2.6 million in 2025, representing a drop of $5.5 million (68 per cent) compared to 2024. This trend mainly reflects the absence of a COP event during the year. Personnel expenses, which represent 44 per cent of total expenses, as shown in Figure II.III below, increased by $1.1 million, reaching $15.4 million compared with the previous reporting period. This increase was mainly due to the upward revision of the Bonn salary scale following the International Civil Service Commission's Bonn salary survey, applicable across the United Nations system.

17. Other expense categories remained broadly consistent with the previous period, with contractual services amounting to $4.0 million ($5.4 million in 2024) and other expenses totalling $3.1 million ($2.9 million in 2024), also reflecting COP-related expenses incurred in 2024 compared with 2025.

18. As a result, UNCCD reported an annual surplus of $12.0 million compared with $20.9 million in previous year.

3 Some funding arrangements with donors are signed for multi-years and revenue is recorded by UNCCD either upon signature or according agreements' conditions as provided by IPSAS 23, consequently generating an increase or decrease in a given year.
4 UNCCD COP is organized every two years.

Figure II. III
Breakdown of expenditures by financial statements categories
(Millions of United States dollars)



Source: Analysis made by the Board based on UNCCD financial statements from 2023 to 2025.

2.2 Assets and liabilities

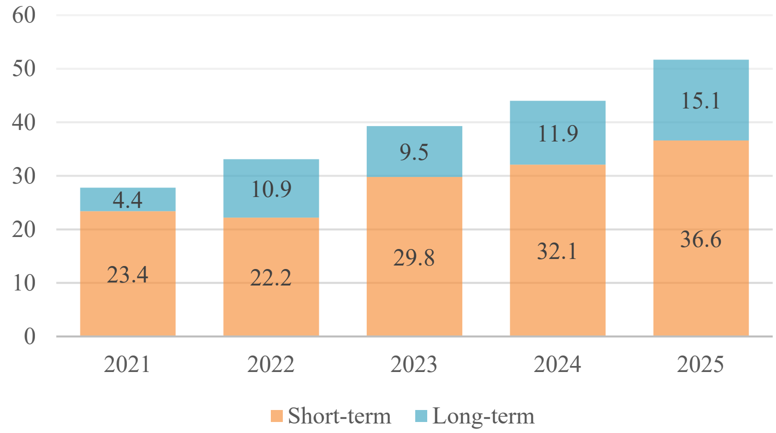
19. As at 31 December 2025, total assets amounted to $92.4 million, representing an increase of $14.5 million (18.6 per cent) compared with $77.9 million in the previous reporting period. This increase was mainly driven by a rise of $8.5 million in cash and investments and an increase of $7.1 million in receivables from voluntary and indicative contributions.

20. The two categories mentioned above accounted for 99.4 per cent of total assets.

21. Receivables from contributions include amounts due at the reporting date as well as amounts expected to be received over the duration of existing agreements with donors. The non-receipt of a major Member State's core contribution represented 65 per cent of the net amount of outstanding core contribution receivables at year-end. Of the total, $10.7 million, compared with $16.7 million in 2024, is classified as non-current and due in more than one year at the reporting date.

22. Investments managed by the United Nations secretariat increased by 18 per cent, from $44 million to $51.7 million in 2025 (see Figure II.IV below), of which 71 per cent consisted of short-term investments.

Figure II.IV
Development of investments during the years 2021-2025
(Millions of United States Dollars)



Source: UNCCD financial statements from 2021 to 2025. Accrued interests are excluded.

23. Total liabilities amounted to $44.3 million in 2025, representing a decrease of $0.2 million (0.4 per cent) compared with $44.5 million in the previous year. The largest component relates to employee benefits liabilities amounting to $33.0 million, compared with $33.1 million in 2024. Employee benefits liabilities represented obligations outstanding at year-end, the main element of which was the estimated cost of after-service health insurance (ASHI) amounting to $29.5 million compared with $30.2 million in 2024. With regard to the ASHI liability, as disclosed in Note 14 to the financial statements, UNCCD recognized a net actuarial gain[5] of $2.5 million in 2025, compared with a net actuarial loss of $2.8 million in 2024.

24. The second largest liability component relates to advance receipts, which increased to $8.9 million compared with $6.3 million in 2024. This includes $8.2 million ($6.1 million in 2024) of conditional voluntary contributions, recognized in accordance with IPSAS 23, and $0.7 million in indicative contributions received in advance for 2026 ($0.2 million in 2024).

25. Net assets amounted to $48.1 million in 2025, reflecting a positive movement of $14.7 million (44.0 per cent), compared with the previous reporting period. The change was mainly attributable to the annual surplus of $12.0 million and adjustments related to actuarial gains and fair value gain on investments amounting to $2.7 million.

2.3 Ratio analysis

26. An analysis of key financial ratios provides further insight into the entity's liquidity and overall financial position.

27. The main financial ratios (see Table II.1 below) show an improvement in 2025 compared with 2024.

5 Net actuarial loss/gain refers to the cumulative losses that arise from differences between the assumptions used in actuarial calculations (such as discount rates, life expectancy, or salary growth) and the experience adjustments. The actuarial gains/losses are recognized directly in net assets.

28. The current ratio increased to 5.17 in 2025, compared with 3.95 in the previous year, confirming UNCCD's ability to meet its short-term obligations with its current assets.

29. The cash ratio slightly increased to 3.37 compared with 3.05 in 2024, indicating adequate immediate liquidity.

30. The quick ratio increased to 5.13 in 2025 compared with 3.83 in the previous reporting period, reflecting a strong ability to convert assets rapidly into liquidity to meet short-term commitments.

31. The solvency ratio stood at 2.09 in 2025 compared with 1.75 in the previous year, indicating an adequate financial position and long-term financial stability.

32. Overall, these ratios indicate that UNCCD maintains a strong financial position at year-end 2025 and strengthened its ability to meet both short-term and long-term obligations.

Table II.1
Ratio analysis

Description of ratio	*31 December 2025*	*31 December 2024*	*31 December 2023*	*31 December 2022*	*31 December 2021*
Solvency ratio[a]					
(asset/liabilities)	2.09	1.75	1.38	1.59	1.48
Current ratio [b]					
(current assets/current liabilities)	5.17	3.95	3.37	3.86	12.20
Cash ratio[c]					
(cash + investments/current liabilities)	3.37	3.05	3.33	3.64	12.09
Quick ratio[d]					
(cash + investments + short-term accounts receivable/current liabilities)	5.13	3.83	2.91	2.87	8.01

Source: Analysis by the Board of Auditors of the UNCCD financial statements.

[a] A high ratio (generally at least 1) indicates an entity's ability to meet its overall obligations.

[b] A high ratio (generally at least 1) indicates an entity's ability to pay off its current liabilities.

[c] The cash ratio indicates an entity's liquidity. It measures the coverage of liabilities by cash, cash equivalents and invested funds available.

[d] The quick ratio indicates the potential ability to convert quickly assets into liquidities to face its current commitments. The higher is the ratio, the higher is the liquid current position.

2.4 Budgetary aspects

33. The budgetary performance resulted in expenditure below the approved core budget for 2025. The final approved core budget for 2025 amounted to €8.9 million, compared with actual expenditure amounting to €8.1 million, resulting in a utilization rate of 91 per cent. This underspending reflects mitigation measures implemented during the year following the non-receipt of a major Member State's core contribution ($2.1 million), which led to a reduction in UNCCD's core operational activities for 2025.

3. Resolved matters and adjustments to the financial statements

34. The Board identified some issues during the audit that were promptly resolved by the secretariat before the issuance of this report. These matters are presented in this section to acknowledge the secretariat's responsiveness, enhance transparency, and support continuous improvement in accountability and internal control effectiveness.

3.1. Adjustments to the financial statements

35. The Board proposed adjustments to the financial statements, which the UNCCD secretariat accepted and recorded. As a result, these matters do not negatively affect the assurance conveyed in the audit opinion in Chapter 1 of this report and are disclosed for information and follow-up purposes only.

3.1.1. IPSAS 41 - Accounting treatment of the Expected Credit Loss (ECL) relating to the COP16 additional contribution receivable under the Host Country Agreement (HCA)

36. UNCCD had recognized, in its initial version of the 2025 financial statements, an Expected Credit Loss (ECL) allowance of $1.15 million, under IPSAS 41, relating to an additional contribution receivable associated with ministers' and speakers' participation at the sixteenth session of the Conference of the Parties (COP16).

37. UNCCD had requested this additional contribution based on estimated travel expenditures, but all related expenditures were ultimately financed from the initial host country contribution of $10 million received in 2024. Although UNCCD no longer expected to receive this contribution, it maintained the receivable and recognized a full loss allowance in the absence of a formal cancellation at year-end.

38. This did not faithfully represent the underlying economic reality of the transaction and was therefore inconsistent with the ECL recognition principles of IPSAS 41. The accounting treatment resulted in the recognition of a receivable that was no longer enforceable based on the principles set forth in the agreement and therefore required derecognition rather than recognition of an ECL allowance.

39. The Board proposed an adjustment to the financial statements to reverse the $1.15 million ECL allowance expense and account for the transaction in accordance with IPSAS 41 asset derecognition requirements.

3.1.2. Accounting treatment of the CRIC 21 unspent contribution liability under a Host Country Agreement (HCA)

40. UNCCD recognized, in the initial version of its 2025 financial statements, an accrual liability of $0.2 million with the related reduction in voluntary contribution revenue, corresponding to the unspent balance of the host country voluntary contribution for the twenty-first session of the Committee for the Review of the Implementation of the Convention (CRIC) held in 2023 in Samarkand, Uzbekistan. Upon signature of the agreement by both parties, this contribution was initially measured as non-exchange revenue without conditions, in accordance with IPSAS 23.

41. As permitted by the CRIC 21 Host Country Agreement, the host country formally requested the refund of the unspent balance on 22 January 2026. Consequently, the Board proposed an adjustment to the financial statements as the

accrual of $0.2 million recorded at year-end was not consistent with IPSAS 23 principles regarding conditions versus restrictions and liability recognition. A liability should be recognized only when a present obligation exists at the reporting date.

42. As the refund request, constituting the triggering event, occurred after 31 December 2025, the liability and related expense should therefore not have been recognized in 2025 but instead recorded in 2026, when the refund request established the obligation, with no present obligation existing at year-end.

43. Following discussion with the Board, the UNCCD secretariat accepted the reversal of the accrual liability of $0.2 million together with the related revenue adjustment, and will recognize the liability in the 2026 accounts to ensure compliance with IPSAS 23, the cut-off principle and the accurate presentation of the financial statements.

4. Financial management

4.1. Financial statements

Insufficient documented evidence to support the current and non-current classification of annual leave liabilities

44. Paid annual leave corresponds to the IPSAS 39, Employee Benefits definition of "vesting accumulating paid leave" where the expected cost of settlement is recognized when employees render services that increase their entitlement to future paid absences. This entitlement shall be measured as the additional amount that the entity expects to pay as a result of the unused entitlement accumulated at the end of the reporting period. In addition, as mentioned in paragraph 9, IPSAS 39, paragraph 10, provides that "*if a change in expectations of the timing of settlement is not temporary, then the entity considers whether the benefit still meets the definition of short-term employee benefits*".

45. Different practices exist within the UN system regarding the classification of annual leave liabilities, with some entities classifying them as long-term (non-current) based on actuarial patterns, while others classify them entirely as short-term[6] (current) due to their operational nature.

46. In compliance with the Staff Rules and Regulations of the United Nations, UNCCD staff are entitled to 30 days of paid leave per annum for fixed-term appointments, which can be carried forward up to a total of 60 working days by 1 April of the following year. When leaving the Organization, staff members can monetize their unused accumulated annual leave balance up to this limit.

47. UNCCD external actuaries performed an actuarial valuation of the End-of-Service benefits liabilities as of 31 December 2025, including the valuation of annual leave benefits for staff members with unused accrued leave upon separation from service[7].

48. Based on the actuarial report, as of 31 December 2025, UNCCD recognized the employee benefit liability related to annual leave from the actuarial report: $0.8 million classified as non-current and $0.2 million classified as current. Actuaries

6 As part of this audit, the Board conducted analytical work and harmonization efforts across entities: UNHCR classifies annual leave as short-term, as do UNDP, UNCDF and WTO, while UNOG, OHCHR and Peacekeeping Operations (PKO) classify it into short-term/long-term.
7 UNCCD, Actuarial valuation of End-of-Service benefits as of 31 December 2025, Ernst & Young Advisory, §5.2.2.3.

confirmed that the current part is mostly explained by staff members expected to leave during the next year (withdrawal or retirement), based on census data and actuarial assumptions. The basis supporting the classification of the annual leave liability between current and non-current portions was not sufficiently documented to demonstrate compliance with IPSAS 39 requirements regarding the expected timing of settlement.

49. The Board considers that these accumulated days represent a present obligation arising from past service. To the extent that a portion of these balances is expected to be consumed (settled) as absences within the next 12 months, such portion would meet the criteria for classification as current liabilities (short-term employee benefits) requiring recognition as accrued expenses according to IPSAS 39 (§11 and §16).

50. In order to fully comply with IPSAS 39, paragraph 10, UNCCD should periodically carry out an empirical analysis to demonstrate the actual timing of settlement of its annual leave liability, ensuring a robust and data-driven differentiation supporting the current and non-current liability classification.

51. **The Board recommends that the UNCCD secretariat provide documented, sufficient and verifiable evidence to substantiate the classification of annual leave liabilities as current and non-current at the reporting date, in accordance with IPSAS 39 requirements regarding the expected timing of settlement of employee benefit obligations.**

52. UNCCD accepted this recommendation on the condition that (i) the data for the current year and previous years to be obtained from UNHQ in order to calculate and classify current and non-current liabilities in the financial statements, and (ii) the actuarial valuation of End-of-Service benefits as of 31 December 2026 to be provided by Ernst & Young Advisory including accrued expenses (current liabilities) in compliance with IPSAS 39.

5. The Global Mechanism as a lever of action for the secretariat of the UNCCD

5.1. Introduction

53. Established by article 21 of the Convention “to increase the effectiveness and efficiency of existing financial mechanisms”, the Global Mechanism (GM) is entrusted with the “mobilization and channeling of substantial resources” to support developing countries and the implementation of the Convention[8]. The Convention assigns the GM a facilitation and advisory role in identifying financing sources, supporting Parties in innovative financing approaches and coordinating financial information, as well as in fulfilling reporting obligations to the COP. Decision 25/COP.1 also established guiding principles for the Global Mechanism, including flexibility, responsiveness to emerging opportunities, and the avoidance of duplication with existing financing mechanisms.

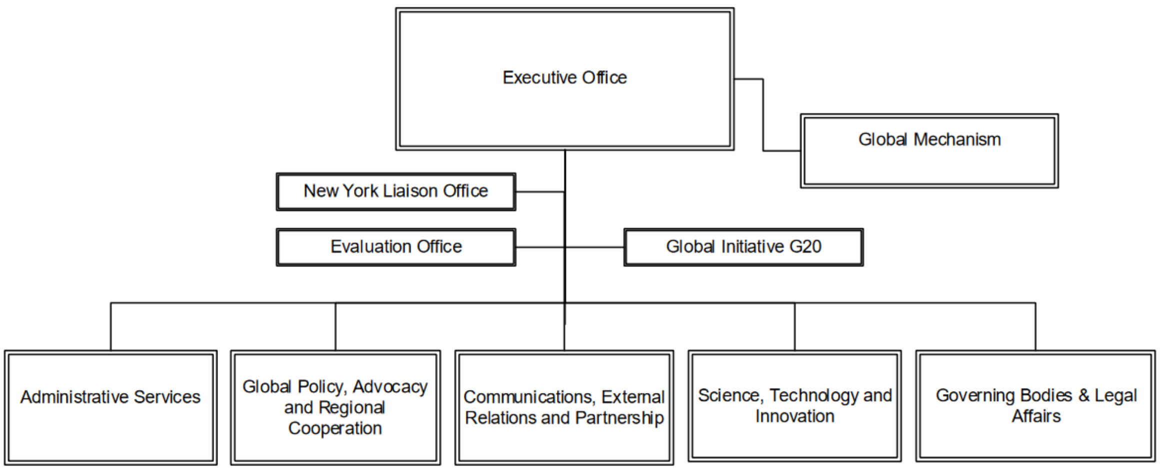
54. Support to the Parties can also cover project preparation support for desertification, land degradation and drought (DLDD)-related issues, including through flagship initiatives such as the Land Degradation Neutrality Target Setting Programme (LDN TSP) or the Great Green Wall Initiative. By converting intergovernmental mandates and decisions of the Conference of the Parties into country-level action on the ground, the GM is also accountable to the Parties through reporting to the COP and its subsidiary body, the Committee for the Review of the Implementation of the Convention – notably on progress made in mobilizing

8 United Nations Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa, 1994, Article 21 – Financial mechanisms.

resources and financial flows for the implementation of the Convention, as well as on private sector participation.

55. While the United Nations Convention to Combat Desertification, the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention on Biological Diversity (CBD) rely on independent financial mechanisms such as the Global Environment Facility (GEF) and the Green Climate Fund (GCF), they do not have an institutional mechanism directly comparable to the GM to help catalyze funding.

Figure II.V
Organizational chart of the UNCCD secretariat and the GM



Source: ICCD/COP(16)/6−ICCD/CRIC(22)/2, Comprehensive multi-year workplan for the Convention (2025–2028) and two-year costed work programme for the Convention (2025–2026). Note by the secretariat.

5.2. Institutional coherence between the secretariat and the Global Mechanism

56. During COP1, Parties decided that the GM would be housed in Rome, under the International Fund for Agricultural Development (IFAD)[9]. The memorandum of understanding, validated by COP3[10], stated that the GM was part of IFAD's structure. The President of IFAD was in charge of appointing the Managing Director of the GM[11] and of approving the GM's work programme and budget prior to submission to the Executive Secretary of the UNCCD for the preparation of the Convention's budget.

5.2.1. Relationship between the Global Mechanism and the secretariat

The Global Mechanism's broad mandate lacks clarity on its interactions with the secretariat

57. The risk of overlap between the roles and responsibilities of the secretariat and the GM had been identified from the start by Parties, notably in decision 18/COP.2

9 Decision 24/COP.1, op.cit.
10Decision 10/COP.3, Memorandum of understanding between the COP of the UNCCD and the IFAD regarding the modalities and administrative operations of the Global mechanism.
11 The Managing Director of the Global Mechanism was nominated by the Administrator of the United Nations Development Programme (UNDP) and appointed by the President of IFAD.

requesting the GM and the secretariat to 'cooperate to avoid duplication and enhance the effectiveness of the Convention'[12].

58. Evaluation reports also highlighted overlaps. The 2003 independent evaluation[13], followed by the Joint Inspection Unit's 2005[14] and 2009 reports[15] and the evaluation report presented by the Bureau of the COP[16] at COP10 pointed to a need for a clearer definition of the respective responsibilities of the secretariat and the GM, insisting on '*the lack of definition of boundaries and division of labour in their respective mandates, the lack of a single vertical chain of command to enforce coordination in the definition and* implementation *of their respective work programmes, and the absence of regular mechanisms ensuring coherence and integration instead of overlapping and duplication*'[17].

59. COP10 decided to transfer responsibility for the GM from IFAD to the Executive Secretary of the Convention[18] to increase institutional coherence between the secretariat and the GM[19]. The physical transfer of the GM to Bonn took place in 2014.

Delineation of roles and responsibilities between the Global Mechanism and the secretariat is still incomplete

60. To improve coordination between the secretariat and the GM, COP10 also requested the development of *"internal rules and procedures for the relationship between the secretariat and the Global Mechanism"*[20]. However, this decision had not yet been implemented as of April 2026.

61. The division of roles between the secretariat and the GM has not been clarified. Thus, a 2023 report by the Office of Internal Oversight Services (OIOS) EX[21] on UNCCD states that the roles of the secretariat and the GM are not clearly established, citing the areas of resource mobilization and partnership. No comprehensive document currently defines the GM's missions, including the clear delineation of tasks between the GM and the secretariat.

62. The perception of the Global Mechanism's missions by external stakeholders was assessed by the Board based on an online survey addressed to all National Focal

12 Decision 18/COP.2, Global mechanism.
13 The 2003 independent evaluation mentioned that '*particularly regarding financial and technical support for the development and implementation of national action programmes (NAPs)*'.
14 JIU/REP/2005/5, Review of the Management, Administration and Activities of the secretariat of the UNCCD.
15 JIU/REP/2009/4, Assessment of the Global Mechanism of the UNCCD.
16 ICCD/COP(10)/4, Implementation of decision 6/COP.9, Report by the bureau of the Conference of the parties at its ninth session. The report identified duplications on communication, mobilization efforts, cooperation with the GEF, regional coordination mechanisms, and human resources.
17 JIU/REP/2009/4, Assessment of the Global Mechanism of UNCCD.
18 Decision 6/COP.10, Governance and institutional arrangements of the Global Mechanism.
19 JIU/REP/2005/5, Review of the Management, Administration and Activities of the secretariat of the UNCCD and JIU/REP/2009/4, Assessment of the Global Mechanism of the UNCCD; OIOS, Internal Audit Division, Report 2019/024, Audit of the Global Mechanism at the United Nations Convention to Combat Desertification, Efficiency and effectiveness in implementation of the Global Mechanism's activities need to be enhanced, April 2019; ICCD/COP(10)/4, Implementation of decision 6/COP.9, Report by the bureau of the Conference of the parties at its ninth session.
20 Decision 6/COP.10, point 4.a.
21 OIOS, 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, August 2023, p. 8-9.

Points (NFPs) and interviews with five NFPs[22], as well as with two public agencies that have funded the GM's activities[23]. Overall, findings indicate that the role of the Global Mechanism is well identified by stakeholders. However, the contact person in case of questions on a specific topic or project remains unclear, which suggests possible improvements regarding the delineation of roles and responsibilities[24]. While all interviewees described very good collaboration and smooth interactions with the GM, several identified areas for improvement are related to the visibility and communication of the GM's work, including on resources used for activities carried out, and on the delineation of missions between the secretariat and the GM including regarding resource mobilization and the private sector.

63. An analysis of COP decisions carried out by the Board shows that the delineation of missions cannot be clearly derived, as requests can be assigned to the GM alone, to the secretariat alone, or jointly to both entities. In practice, many subjects are jointly assigned to the GM and the secretariat, which confirms the need for clearer internal allocation of responsibilities. For instance, at COP 15 and COP 16, subjects related to the private sector and to resource mobilization that are jointly assigned to the secretariat and the GM also overlap with subjects assigned solely to the GM[25].

64. An internal table consolidated by the secretariat assigns tasks and requested actions deriving from each COP decision, either solely to the secretariat, solely to the GM, or to both entities[26]. However, the internal follow-up table does not fully resolve ambiguities, as some decisions initially assigned to one entity or jointly assigned by the COP are reallocated by the secretariat differently in practice, particularly in relation to the private sector and resource mobilization[27].

65. In addition, the GM's status is unclear, as it contributes to the joint internal biennial work programme along with other secretariat units[28], but can also sign agreements with external stakeholders as an entity representing the secretariat, based on the Delegation of Authority (DOA) granted by the Executive Secretary[29]. In this respect, its status should be further clarified in upcoming internal procedures, but also in dedicated terms of reference, which should clarify its mandate, boundaries, responsibilities, reporting lines and accountability arrangements within the secretariat. Clarifications on internal procedures and on areas of shared mandate would help avoid duplication of activities between the GM and the secretariat, while facilitating smoother processes between them.

66. **The Board recommends that the UNCCD secretariat implement point 4(a) of decision 6/COP.10, "*develop internal rules and procedures for the relationship between the UNCCD secretariat and the GM*", by formalizing internal rules and procedures governing their relationship, including the delineation of roles and**

22 Botswana, France, Morocco, South Africa, Zimbabwe.
23 Austrian Development Agency and Korean Forestry Service.
24 When they have a question about a project, 34 per cent of respondents indicated that they would contact the GM, although they would also contact the secretariat (43 per cent of respondents), and the regional local officer (38 per cent).
25 COP16. The decisions related to the mobilization of resources are the following: 3 (point 6), 12 and 23 are allocated to the Global Mechanism, 3 (point 7), 7 and 29 to both the secretariat and the Global Mechanism et decision 20 to the secretariat. The decisions related to the private sector are the following: 3, 6 (points 2 and 5) and 7 (point 8) are allocated to the Global Mechanism, 6 (points 1 and 3), 7 (points 7 and 22) and 18 to both the secretariat and the Global Mechanism et decisions 6 (point 6) and 8 to the secretariat.
26 COP 10 to COP 16 decisions, Presentation of outcomes / Requested actions and tasks set to the secretariat and the GM [internal document].
27 Decision 6 point 6 and decision 8 point 7.c.
28 Internal monitoring of the 2025-2026 work programme: Outcome indicators and targets.
29 Agreement between the government of Germany, […] Years 2021-2026.

responsibilities, coordination mechanisms, and accountability arrangements for areas of shared mandate.

67. UNCCD accepted the recommendation.

Missions of the Global Mechanism are not formalized in dedicated Terms of Reference or on the official website

68. The latest draft Terms of Reference of the GM date from 2024 and does not yet provide a clear and comprehensive definition of responsibilities and working arrangements[30]. For instance, key functions are outlined in four succinct bullet points, and complemented by a list of key COP decisions and internal frameworks. Moreover, it includes elements that should be updated annually, whereas Terms of Reference are typically intended to remain valid for several years. The OIOS report from 2023 has also recommended that UNCCD maintain "*up-to-date […] terms of reference of organizational units"* – including for the GM[31].

69. In addition, the official website of the UNCCD does not provide accurate or complete information regarding the GM's missions and its interactions with the secretariat, either on the GM's official webpage[32], or on the secretariat's official webpage[33]. The mission related to collecting and disseminating information is not mentioned. Furthermore, the webpage primarily focuses on the LDN, the Great Green Wall, and the Drought Initiative, while the GM addresses a broader range of subjects, which could be further detailed so that external stakeholders and the general public have clear visibility of the GM's missions.

70. **The Board recommends that the Global Mechanism prepare and formalize comprehensive Terms of Reference to be adopted by the Executive Secretary, clarifying its mandate, responsibilities, reporting arrangements and interactions with the secretariat.**

71. Such Terms of Reference should be updated as needed, in accordance with priorities mandated by the Parties and in conjunction with the secretariat.

72. UNCCD accepted the recommendation.

5.2.2. Resource mobilization and partnerships

Resource mobilization currently lacks a validated strategy and operational governance

73. Given that the secretariat and the GM depend heavily on non-core contributions to implement the mandate entrusted to them under the Convention, resource mobilization is a key activity, carried out by both the secretariat and the GM for their respective activities. In this respect, some donors are the same for the GM and the secretariat[34], and these donors include Member States, public agencies, other UN entities (e.g. the Food and Agriculture Organization of the United Nations, FAO), vertical funds (e.g. GEF) or international financial institutions.

74. To prevent the secretariat and the GM from operating in a disjointed manner, a draft resource mobilization strategy was initiated several years ago. The last available

30 The document contained elements from "Business model and operational framework", "partnership development and management", "core business line 2025-2026" and different processes, a list of SOPs and topics to be developed.
31 OIOS, Internal Audit Division, Report 2023/036, op.cit., p. 2.
32 UNCCD, Global Mechanism, Official webpage.
33 UNCCD, The secretariat, Official webpage.
34 Some agreements are common for both the Global Mechanism and the secretariat. This is the case for grants given by China, Canada, and all the ones include in the Changwon initiative.

version is from March 2025. It primarily focuses on the secretariat, and the general principles outlined appear to be limited to the scope of the secretariat, as the GM is not mentioned, although the themes covered by the strategy[35] are also relevant to its activities.

75. To make concrete progress on this matter, a resource mobilization task force was created in late 2024. It consists of a secretariat officer, a GM officer, and a secretariat officer on budget matters, and is supervised by the Deputy Executive Secretary. Its role is to coordinate reporting to donors, to coordinate with the Executive Office on strategic missions to access donors, to conduct strategic analyses of the donor landscape, to develop proposals, to lead negotiations with donors, and to prepare meetings of the Budget and Resource Mobilization Committee.

76. The task force has not been able to operate properly since its creation because of its limited membership, prolonged staff absence, and competing assignments. Moreover, it has only met twice since May 2025.

77. **The Board recommends that the UNCCD secretariat finalize and formally adopt a resource mobilization strategy clarifying the governance arrangements, coordination mechanisms, and respective roles of the secretariat and the Global Mechanism.**

78. UNCCD accepted the recommendation.

Partnerships lack a common framework or policy

79. The secretariat and the GM both rely on partnerships to carry out a number of activities. In this regard, the 2023 OIOS report[36] states that the secretariat and the GM each have staff members working on partnerships without a clear definition of who is responsible for what and without a clear indication of the coordination between the two entities.

80. Currently, two documents related to partnerships are available. One is an outdated strategy designed to operationalize the 10-year strategic framework (2008–2018)[37], while the other is a draft document prepared by the secretariat[38] that appears to focus primarily on situational analysis rather than on establishing a formal policy framework. Furthermore, the document is oriented towards the partnerships of the secretariat. The GM is mentioned only once.

81. In addition, the GM has initiated the drafting of an operational manual covering partnerships. The GM's mandate encompasses technical structuring of projects and collaboration to facilitate access to global funding channels, such as the Green Climate Fund.

82. A shared policy should be developed to provide a general framework, outlining the allocation of tasks and specifying the coordination process between the GM and the secretariat. This does not preclude the GM from developing more detailed

35 The themes include consolidating strategic partnerships, seeking new donors, diversifying donors, improving the predictability of resources, encouraging the availability of unearmarked funds, in-kind contributions, and improving internal coordination.
36 OIOS, Internal Audit Division, Report 2023/036, op.cit., p. 8-9.
37 UNCCD Partnership Strategy, Working with Others to Achieve Land Degradation Neutrality [internal document].
38 UNCCD, Draft Partnership strategy for the secretariat of the United Nations Convention to Combat Desertification, Communications, External Relations, and Partnership Unit (CERP), April 2024 [internal document].

guidance or strategies adapted to its specific characteristics, provided that the elements of the common policy are respected.

83. **The Board recommends that the UNCCD secretariat establish a common policy on partnerships for both the secretariat and the Global Mechanism, clarifying the overall framework, coordination arrangements, and respective responsibilities for partnerships.**

84. UNCCD accepted the recommendation.

5.2.3. Private sector engagement

Due diligence processes are insufficiently documented

85. In a context where the GM seeks to deepen engagement with the private sector, a Standard Operating Procedure (SOP) for due diligence has been developed by the secretariat to support *'risk-informed decision-making on* partnerships' [39] and to prevent any reputational risk. Although the initial version of the SOP was drafted as early as November 2022, it was not until November 2025 that the SOP was officially promulgated by the Executive Secretary, thereby formalizing a process that had been applied informally for more than two years. A due diligence committee was subsequently established in 2026, responsible for applying the SOP and deciding on the acceptance or rejection of partners[40].

86. In order to assess the effective application of the due diligence SOP, the Board analyzed documentation on checks carried out for a sample of ten private entities with varied profiles, with a focus on private sector entities with whom an agreement has been signed or was under consideration[41]. Among these ten companies, nine were accepted and one was rejected. In addition, all companies that scored below 70 on the due diligence scorecard[42] required waivers by the Due Diligence Committee. However, the final acceptance decisions were not produced, nor were additional details recorded.

87. The analysis of the files sampled highlights systemic vulnerabilities in the documentary management of the due diligence process, with three major patterns of record-keeping failure. Firstly, foundational documents were not archived in the file for 4 out of 10 cases sampled, with the core due diligence checklist missing and no records relating to Environmental, Social and Governance (ESG) practices, human rights, or controversy screening. Secondly, 5 out of 10 files sampled show fragmented archiving of in-depth risk assessments performed on financial capacity or solvency, or of conflict-of-interest declaration forms. Lastly, the legal archiving phase is the weakest link in the documentary chain. Complete due diligence files and validated agreements are not systematically stored in the centralized SharePoint repository, with partial or missing documentation observed. Moreover, the core tools of information management, such as the formal decision register, are absent from almost all audited files. All these failures weaken institutional memory and the audit trail of partnerships.

88. **The Board recommends that the GM, in coordination with the secretariat, establish a centralized repository for due diligence files and ensure that all**

39 UNCCD Standard Operating Procedure, Due Diligence, Revised in November 2025.
40 UNCCD, Memorandum from the Executive Secretary, UNCCD due diligence committee, 23 March 2026.
41 Out of the 10 entities sampled, six are private sector entities, three are networks of private actors, and one is an NGO. Four have an active Memorandum of Understanding (MoU) with the UNCCD represented by the GM, three have an expired MoU, one has a MoU pending due diligence approval, and two are partners without formal agreement.
42 UNCCD Standard Operating Procedure, Due Diligence, Revised in November 2025. Annex I – Due diligence assessment for business sector engagement.

required documentation, approvals, and decision records are systematically retained for all partnerships – including rejected ones.

89. UNCCD accepted the recommendation, and emphasized that the coordination mentioned above aims to ensure efficient governance of due diligence processes, supported by appropriate documentation.

5.3. Global Mechanism's organization and internal processes

5.3.1 Work programme and monitoring of activities arising from COP decisions

Internal work programmes point to a need to clarify rules and responsibilities

90. The secretariat and the GM have a clear performance monitoring framework, based on the biennial work programme detailing the secretariat's units and the GM's activities. It indicates overall progress in the implementation of the 2025-2026 work programme, with a higher proportion of activities either completed or significantly advanced compared with the previous internal monitoring exercise conducted in June 2025[43].

91. Based on internal monitoring of the 2025-2026 work programme specifying the actors responsible for approved outcome indicators, the GM is the exclusive owner of all outcome indicators related to the enabling environment and to flagship programmes and projects related to desertification, land degradation and drought [44].

92. However, a number of activities related to partnerships and resource mobilization require a clearer delineation of roles and responsibilities, as well as coordination modalities between the secretariat and the GM, as highlighted above in the section on institutional coherence. For instance, the GM and the secretariat's Communications, External Relations and Partnerships (CERP) unit are both owners of the outcome indicator on the number of donor countries/organizations engaged by the secretariat and/or the GM, and activities identified on partnership development and resource mobilization require clearer coordination mechanisms and delineation of tasks – as recommended above[45].

5.3.2 Implementing a clear funding needs methodology

Funding needs estimates attached to the work programme rely on unclear methodology and working assumptions

93. The GM's programme and project positions are funded through voluntary contributions to carry out mandated activities. Despite this standard practice, transition periods can result in additional workload for staff, as pending activities related to closing projects fall under their purview after the closure of a grant and the subsequent departure of the project-funded position. Pending at the time of the audit, the recruitment of a G6 project associate position funded by voluntary contributions was finalized in May 2026, to support the GM in the monitoring of projects.

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43 UNCCD secretariat and the Global Mechanism: Summary of findings of the internal monitoring as at 31 December 2025 and UNCCD secretariat and the Global Mechanism: Summary of findings of the internal monitoring as at 30 June 2025.
44 Internal monitoring of the 2025-2026 work programme: Outcome indicators and targets. Outcome 1- Improved enabling environment to reduce desertification and land degradation and outcome 11 - An accelerated pipeline of flagship programmes and projects to mobilize financing for DLDD.
45 See recommendation paragraph 14.

94. In its latest report on progress in the mobilization of resources for the implementation of the Convention, the GM itself insists on *"additional resources"* needed and the *"capacity to expand support further"*, as well as on the need to ensure the *'long-term sustainability of the partnership model'*[46]. In a context where the GM is already operating with a lean team, and where its activities are dependent on voluntary contributions, the accuracy of funding needs and a clearly structured resource mobilization function are key to ensuring the sustainability of its work.

95. The biennial work programme defined by the secretariat and the GM covers the same timeframe as the 2025-2026 programme-budget adopted by the COP[47], which only covers the core budget[48]. Additional voluntary funding requirements are defined by each unit and consolidated for the secretariat and the GM, and funding status is monitored periodically along with the 2025-2026 work programme. However, the analysis of funding needs identified by the GM does not allow for the identification of clear estimates backed by well-identified working assumptions.

96. Estimated at $71 million – including $22.5 million for the GM for 2025–2026[49], funding needs to cover activities identified for the 2025–2026 biennium consolidated for the secretariat and the GM lack precise guidelines and supporting details. The *'lack of standardized costs to calculate the budget needed'* has been highlighted by the Committee on Budget and Resource Mobilization in 2025[50]. The analysis of two different documents displaying funding needs for the GM, namely (i) the costed unit work programme for 2025-2026[51], and (ii) the 2025-2026 GM workplan[52], shows that figures for the GM can hardly be reconciled, and that both documents provide insufficient details to explain the calculations behind the final resource mobilization target estimated. For instance, costs for outcome 12 related to engagement with the private sector are estimated at $7.5 million in the costed unit work programme for the GM (document i), while estimated at $2.5 million in the 2025–2026 GM workplan (document ii). Similarly, budget needs for objective 2 – Financing Strategy are estimated at $5 million per year in the GM workplan (document ii), and at over $8 million split between several outcomes in the costed unit work programmes for the GM (document i). Although initial costed units work programmes (document i) serve as the basis for the monitoring of funding status and funding gaps for each unit of the secretariat and the GM[53], the rationale and working hypotheses behind the initial estimated cost of each activity appear insufficiently detailed.

97. Adequate resource estimation and requirements are even more important for the GM, given its central role on resource mobilization. In charge of reporting to the Parties on progress made, the GM is also owner or co-owner of indicators in *outcome 10* dedicated to *enhanced resource mobilization* in the 2025-2028 multi-year work programme[54].

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46 ICCD/CRIC(22)/5, Progress made in the mobilization of resources for the implementation of the Convention and Sustainable Development Goal 15.3 matters, Report by the Global Mechanism.
47 Decision 10/COP.16, Programme and budget for the biennium 2025-2026.
48 ICCD/COP(16)/5, op.cit.
49 UNCCD, Costed Units Work Programme 2025-2026 [internal document].
50 UNCCD, Second Meeting of the Committee on Budget and Resource Mobilization, 23 October 2025.
51 UNCCD, Costed Unit Work Programme 2025-2026 – GM.
52 GM Workplan 2025-2026, September 2024 [draft version].
53 GM: Funding status and gaps as at 31 December 2025.
54 Internal monitoring of the 2025-2026 work programme: Outcome indicators and targets. Within outcome 10 - Enhanced resource mobilization by the secretariat and the GM, the GM is owner of one indicator (Total funds raised by the secretariat and the GM and their partners for projects and initiatives addressing desertification, land degradation and drought (DLDD)) and co-owner of two indicators with the CERP unit

98. **The Board recommends that the UNCCD secretariat formalize and document the methodology used to estimate funding needs consistently for the biennial work programme, including guidelines on working assumptions and standardized cost parameters, taking into account the upcoming COP decision.**

99. Such methodology and guidelines should include GM insights, given the varying needs at stake. It has been noted that a process to define standardized costs has been initiated, and this would contribute to efforts to clarify the methodology applied by the secretariat's units and the GM to define non-core funding needs.

100. UNCCD accepted the recommendation.

5.3.3 Reports presented to the Parties

Reports to the Parties do not display complete information on funds mobilized to implement activities detailed in the narrative

101. Although reports presented to Parties provide detailed narratives on the GM's planned activities and accomplishments, they provide limited visibility on the voluntary resources mobilized and used to implement the work programme. In its note related to the Comprehensive multi-year workplan for the Convention (2025–2028) and two-year costed work programme for the Convention (2025–2026), the secretariat displays resource requirements for each of the secretariat's units and for the GM in the two-year costed work programme, but these documents focus exclusively on the core budget and do not integrate voluntary contributions[55]. Similarly, reports presented to Parties provide detailed information on activities implemented by the secretariat and the GM, but do not systematically quantify the voluntary resources mobilized to support these achievements.[56]

102. Providing Parties with visibility on the resources required is all the more important given that many activities requested by the COP from the secretariat and the GM are "subject to availability of resources", such as the acceleration of efforts to support private sector engagement and the promotion of innovation[57]. In this respect, over 50 per cent of decisions adopted by the Parties at COP16 are conditional on the availability of resources (i.e. at least 16 out of 37 COP decisions).

103. Estimates of voluntary funding needed to implement the biennial work programme are to be included in the presentation of the integrated budget at COP 17, thereby providing Parties with more visibility on the extent of funding required to implement the biennial work programme. The presentation of an integrated budget to the Parties, detailing both the core budget and projected non-core resources, is consistent with the Board's recommendation in its 2023 report on budget processes with decision 10/COP.16 requesting the secretariat to "prepare an integrated, results-based budget and work programme for the biennium 2027–2028"[58].

(Extrabudgetary resources received per year for the implementation of the UNCCD workplan; Number of donor countries/organizations engaged by the secretariat and/or the GM).

55 ICCD/COP(16)/6−ICCD/CRIC(22)/2, Comprehensive multi-year workplan for the Convention (2025–2028) and two-year costed work programme for the Convention (2025–2026), Note by the secretariat.

56 ICCD/CRIC(22)/3, Report on the performance of the Convention institutions and subsidiary bodies (2022–2024), Note by the secretariat.

57 Decision 6/COP.16, Participation and involvement of the private sector in meetings and processes of the United Nations Convention to Combat Desertification: *'Further requests the secretariat and the Global Mechanism, within their respective mandates and subject to the availability of financial resources, […] to accelerate efforts to support private sector engagement and promote innovation'.*

58 Decision 10/COP.16, op.cit.

104. Similarly, resources mobilized in support of the Convention's objectives, including to cover funding needs assessed by the GM, are not clearly identified in the reports presented by the GM to Parties. All three reports linked to the GM's activities (i) on progress made on the mobilization of resources and financial flows for the implementation of the Convention, Sustainable Development Goal (SDG) 15.3 matters and facilitation of involvement of the private sector; (ii) on implementation of the voluntary LDN targets and related implementation efforts; and (iii) on participation and involvement of the private sector, contain detailed narratives of activities carried out by the GM, but lack information on the resources used.

105. The report on progress made in the mobilization of resources and financial flows for the implementation of the Convention, SDG 15.3 matters and facilitation of private sector involvement mentions the financial needs assessment carried out by the GM to cover DLDD-related investments, estimated at $355 billion per year, as well as the financial gap estimated at $278 billion. However, the extent to which the GM has contributed to closing the gap remains insufficiently quantified in the report, and the information provided on funding sources used over the biennium remains insufficiently comprehensive. Similarly, financial efforts undertaken by country Parties on DLDD-related issues are not quantified either in the report.

106. Although it has been noted that the workstream on the retrieval of data on financial flows at the country level is ongoing[59], and that available information on that matter is detailed in the GM's report[60] on Strategic Objective 5, data on resources mobilized with the support of the GM remain insufficiently detailed in the report on progress made in the mobilization of resources. In addition to information on voluntary contributions and sources of funding mobilized by the GM that remain insufficiently detailed[61], other financing and investment vehicles that aim at achieving the Convention's objectives are noticeably absent from the report, such as the LDN Fund and the Drought Resilience Investment Facility (DRIF) scheduled to be officially launched at COP 17 in Mongolia.

107. While the report on progress made in the mobilization of resources is coordinated by the GM, it also appears focused on the GM's activities and does not mention relevant initiatives from the G20 GLI also contributes to this area of work. However, G20 GLI activities are in fact referred to in the GM's report on participation and involvement of the private sector in meetings and processes of the United Nations, which explicitly covers the "main activities undertaken by the secretariat, the GM and the Group of 20 (G20) Global Land Restoration Initiative in implementing decision 6/COP.15"[62].

108. **The Board recommends that, in the future reports on progress made in the mobilization of resources for the implementation of the Convention, the Global Mechanism include: (i) data on resources mobilized by the GM to complement the narrative section on its activities, (ii) data on resources made available through other funding vehicles that have benefitted from the GM's support such as the Land Degradation Neutrality Fund (LDN) Fund and the Drought**

59 ICCD/CRIC(22)/5, op.cit.
60 ICCD/CRIC(21)/6, Preliminary analysis – strategic objective 5: To mobilize substantial and additional financial and non-financial resources to support the implementation of the Convention by building effective partnerships at global and national level, Report by the Global Mechanism.
61 ICCD/CRIC(22)/5, op.cit. Apart from sections on the GM's platform business model and the Great Green Wall Initiative, which contain partial information on resources mobilized, other narrative sections on impact at scale-flagships, on innovative finance or in Peace Forest Initiative do not refer to sources or funding or amounts of resources mobilized.
62 ICCD/COP(16)/13, Participation and involvement of the private sector in meetings and processes of the United Nations Convention to Combat Desertification, Report by the Global Mechanism.

Resilience Investment Facility (DRIF), and (iii) information reflecting relevant contributions from related UNCCD initiatives, including the G20 Global Land Initiative (GLI).

109. UNCCD accepted the recommendation.

5.3.4 Internal procedures and tools

The Global Mechanism is still formalizing its operational procedures

110. The Global Mechanism had not yet developed any specific SOP as of April 2026, although it has contributed to SOPs adopted at the secretariat level. However, a set of SOPs is under preparation by the GM, covering three main areas in its scope of activities: project closure; technical and financial monitoring of projects; and knowledge management. The formalization of these SOPs by the GM forms part of a broader effort undertaken across all units, at a time when the secretariat is seeking to “identif[y], revis[e] and update[e] internal procedures with the aim of optimizing institutional performance considering the new geopolitical context”[63].

111. The GM is also developing an operational manual tailored to its activities. The operational manual builds on the Partnership for Project Preparation Operational Framework already drafted by the GM[64]. This operational manual is intended to formalize the GM’s partnership approach. While the GM is entitled to develop a specific approach to its activities and its partners, this manual should remain consistent with the overall framework being defined by the secretariat for partnerships, as well as with upcoming rules and procedures between the secretariat and the GM.

112. **The Board recommends that the Global Mechanism finalize the operational manual currently under preparation, and ensure that its approach to partnerships is aligned with the framework to be defined under the future common partnership policy.**

113. UNCCD accepted the recommendation.

A majority of no-cost extension agreements are signed close to or after the initial agreement’s expiration dates

114. The scope of the GM’s activities and timeline for implementation are provided by the terms of the donor or project agreement. However, the implementation period can be extended without changes to the initial approved budget, through signature of a no-cost extension agreement with the donor. Such no-cost extension agreements must be anticipated and approved by the relevant authority before the initial project end date, hence the need for the GM to closely monitor implementation of activities and the associated budget within the agreed timeframe.

115. While the rationale behind no-cost extension requests is not being questioned, the issue concerns insufficient anticipation and delays in the approval and signature of amendments. In addition to the workload generated under tight deadlines for the

63 UNCCD List of Standard Operating Procedures (SOPs), Table of Proposed SOPs.
64 UNCCD – The Global Mechanism, Partnership for Project Preparation Operational Framework, April 2025 [internal document].

secretariat’s teams, delayed no-cost extension agreements pose a risk to the continuity of the GM’s activities in the field.

116. Over the past year, several no-cost extension agreements related to GM activities were signed in 2025, following delays in field implementation, including by implementing partners. Based on the list provided by the GM, which contains 23 agreements for which a no-cost extension agreement was required in 2025, 15 agreements (65 per cent) were signed less than a month before the expiration of the initial agreement. For 39 per cent of those agreements (i.e. 9 out of 23), no-cost extensions were even signed on the expiration date or after the initial agreement had expired. For instance, an amendment to a project in Asia with a partner was signed on 30 March 2026, two months after the initial agreement expired.

117. **The Board recommends that the Global Mechanism strengthen the monitoring and planning of no-cost extension deadlines through periodic reviews and timely escalation procedures in order to ensure timely approval of no-cost extensions before agreements expire.**

118. UNCCD accepted the recommendation.

5.3.5 Monitoring and reporting on projects involving the Global Mechanism

Financial monitoring remains highly reliant on manual processes

119. The review of financial monitoring and reporting processes within the GM, based on a sample of 10 agreements, points to a significant reliance on manual, off-system processes to track expenditures and report to donors. While the United Nations' enterprise resource planning system, Umoja, is used for the official accounting of expenditures, it is not currently configured to automatically generate the specific financial reports required by the GM's various donors.

120. The preparation of financial reports relies heavily on a manual workflow: the Finance Officer must extract raw data from Umoja and manually reprocess it in spreadsheets. For instance, the processing of Journal Vouchers by Administrative Services remains manual. This time-consuming reprocessing is necessary to map the GM's internal expenditures to the highly specific budget lines and templates imposed by individual bilateral and multilateral donors.

121. While the current process remains functional, the reliance on manual tracking introduces potential risks of data-entry inaccuracies or omissions.

122. Furthermore, this fragmented architecture fails to meet the operational needs of the GM. As explicitly highlighted in the internal document collecting needs and challenges reported by units for the Umoja feasibility study launched by the secretariat [65], currently being finalized, the absence of a centralized dashboard deprives project managers of real-time access to their financial data. The feasibility study examines the modalities for the deployment of dedicated Umoja modules, such as the Grants Management or Implementing Partner Management (Integrated Planning, Management and Reporting, IPMR) modules.

123. **The Board recommends that the secretariat, building on the results of the ongoing Umoja feasibility study, accelerate the transition to an automated financial tracking system through the deployment of appropriate modules (e.g., Grants Management / Integrated Planning, Management and Reporting-IPMR)**

65 Identification of Areas for Improvement, Key challenges to integrated budget planning and opportunities for streamlining financial processes and reporting, October 2025 [internal document].

in Umoja in order to reduce manual processing in financial monitoring and provide relevant stakeholders with real-time access to financial data.

124. This should be conducted as part of the broader digital transformation of UNCCD.

125. UNCCD accepted the recommendation.

Contractual arrangements with implementing partners do not consistently reflect donor requirements

126. An analysis of a sample of five projects involving implementing partners was carried out to assess how the obligations accepted by the GM under donor agreements are translated into the requirements it establishes for its downstream implementing partners. It has been noted that the current contracting approach offers a degree of flexibility, which, while facilitating partnerships, presents opportunities for further alignment to enhance the GM's oversight framework.

127. Upstream donors establish comprehensive accountability frameworks in the donor agreement itself. For example, under the Great Green Wall Accelerator (Phase II) project, the General Terms and Conditions grant the donor the right to conduct *in situ* inspections, request original supporting documents, and demand detailed progress evaluations based on a specific Logframe Matrix.

128. However, an analysis of the GM's downstream agreements (such as Letters of Agreement or Implementation Agreements) shows that they do not systematically mirror these detailed requirements. In practice, the GM frequently adapts to its partners' operational contexts by incorporating their own financial and administrative rules into the agreements. While this practice fosters collaboration, it can lead to varying levels of financial control and assurance across the portfolio, as illustrated by two of the projects sampled.

129. KenGrow Project*:* In the Letter of Agreement (LoA) signed with the NGO KenGrow[66], the GM formally annexed the partner's KenGrow Finance and Audit Policy to the agreement. While respecting the partner's established procedures, relying primarily on external policies rather than a standardized UN framework may limit the GM’s ability to uniformly enforce UN standards regarding financial justification and procurement.

130. LOGMe II Project*:* For the implementation agreement signed with the International Union for Conservation of Nature (IUCN) under the LOGMe project, it has been noted that the contract allowed for financial tracking by broad macro-components[67]. This approach created practical challenges during the external financial audit conducted by the firm SECCAPI. The external auditors issued a qualified opinion, noting that the "lack of a quantified and detailed Annual Work Programme and Budget by budget line" limited their ability to fully implement due diligence regarding the exact eligibility of specific project expenses[68].

131. The Board acknowledges the GM's efforts to build adaptable and trust-based relationships with its implementing partners. Nevertheless, to ensure robust financial assurance, standardizing contractual clauses, such as requiring financial reporting by detailed budget lines and retaining the right to request original supporting documents, would strengthen the organization’s assurance framework. It would provide the GM

66 Letter of Agreement between United Nations Convention to Combat Desertification and KenGrow (signed), 15 November 2023.

67 Agreement regarding the implementation of the project: "Sahelian Landscapes, a land of opportunities – widen proven furrows” (signed), 20 November 2024.

68 SECCAPI Audit et Conseil, LOGME Project / IUCN Audit Report of the financial statements, Period from 1 September 2020 to 31 August 2024, Final, October 2024.

with a consistent framework to verify field expenditures and ensure alignment with the expectations of its upstream donors.

132. **The Board recommends that the Global Mechanism review and update its contract templates for future agreements with implementing partners to include standard financial control clauses, in order to strengthen the consistency of financial control requirements across agreements and provide the GM with an adequate framework to verify the eligibility of project expenditures.**

133. UNCCD accepted the recommendation.

Financial assurance over implementing partners' expenditures could be strengthened

134. Building on the contractual limitations identified above, the Board reviewed the GM's internal validation process for the disbursement of funds to implementing partners, based on the same sample of projects. The documentation review evidences that the current control framework primarily relies on the certification of financial reports provided by the partners themselves. As such, the internal procedure applied by the secretariat consists of verifying that the aggregated amounts reported align with the approved budget. Desk reviews of original supporting documents, such as local supplier invoices, receipts, or travel orders, are not required by the internal procedure.

135. While relying on the internal control systems of implementing partners is a common practice to facilitate project implementation, incorporating a proportionate, sample-based verification mechanism would provide the GM with a necessary additional layer of assurance. The absence of such checks may result in compliance issues at the field level remaining undetected until an external evaluation or audit is performed, as evidenced by audit findings on the LOGMe and FLEUVE projects. For instance, the external audit conducted by the firm SECCAPI on the IUCN's execution of the LOGMe project highlighted several areas where additional oversight by the GM would have been beneficial. In this case, weaknesses have been identified in the application of local procedures[69]. Similarly, a previous audit report by the Office of Internal Oversight Services on the GM, which covered the FLEUVE project, had highlighted the need for the GM to obtain adequate supporting documentation, including original receipts, for expenditures reported by its partners[70].

136. Strengthening expenditure verification remains an area for improvement, as the GM currently consolidates the expenditures reported by its implementing partners and presents them in its official financial reports to upstream donors. By doing so without a formalized mechanism to verify a sample of the underlying documentation, the GM assumes institutional responsibility for expenditures whose eligibility and compliance have not been independently verified. Implementing a proportionate control approach would account for the GM's limited human resources while significantly enhancing the reliability of the financial data reported to donors.

137. **The Board recommends that the Global Mechanism implement a proportionate financial control framework for implementing partners through a formalized procedure requiring the GM and the secretariat to conduct targeted, risk-based sample checks of supporting documentation before clearing implementing partners' financial reports.**

138. UNCCD accepted the recommendation.

69 SECCAPI Audit et Conseil, LOGME Project / IUCN Audit Report of the Financial Statements, Period from 1 September 2020 to 31 August 2024, Final, October 2024.

70 OIOS, Internal Audit Division, Report 2019/024, Audit of the Global Mechanism at the United Nations Convention to Combat Desertification, Efficiency and effectiveness in implementation of the Global Mechanism’s activities need to be enhanced, April 2019.

C. Transmission of information by management

1. Write-off of cash, receivables, inventories and property

139. In accordance with regulation 6.5 of the UN Financial Regulations and Rules, UNCCD may, after full investigation, authorize the write-off of losses of assets, including cash, inventories and property, plant and equipment, provided that a statement of all such amounts written off is submitted to the Board with the annual financial statements submitted as required by regulation 6.1.

140. UNCCD reported that there were no write-offs of cash, receivables and assets during 2025.

2. Ex gratia payments

141. UNCCD reported that no ex gratia payments were made during 2025.

3. Cases of fraud and presumptive fraud

142. In accordance with the United Nations Financial Rule 7.11 and the additional terms of reference to the Financial Regulations and Rules, fraud cases are included in the matters that should be reported to the Conference of the Parties. The secretariat defines "Fraud" and "presumptive fraud" in accordance with the common definition established by the Chief Executives Board for Coordination (CEB/2017/3). International Standard on Auditing 240 and International Standard of Supreme Audit Institutions 1240 stipulate that it is the responsibility of the external auditor to identify risks of material misstatements in the financial statements that may result from fraud, to provide reasonable assurance that financial statements are free from material misstatement due to fraud and to consider its own assessment of fraud risk in defining its audit strategy and its work. More generally, in accordance with ISSAI 100, the external auditor should maintain an attitude of professional scepticism and be alert to the possibility of fraud throughout every audit process. However, the external auditor's role is not to investigate fraud and the primary responsibility for preventing and detecting fraud rests with management. The assessment of misstatement due to fraud does not guarantee detection of all fraud due to inherent limitations in auditing procedures and auditor scope of responsibilities.

143. For 2025, UNCCD stated that there was no case of fraud or presumptive fraud.

D. Acknowledgement

144. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by UNCCD Executive Secretary.

Amélie **de Montchalin**
First President of the French Cour des Comptes
Chair of the Board of Auditors
(Lead Auditor)

侯凯

Hou Kai
Auditor General of the People's Republic of China

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

22 July 2026

Annex I

Status of implementation of recommendations up to the financial year ended 31 December 2025

No.	Audit report year	Report reference	Board's recommendation	Management's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2019	ICCD/COP(15)/8	The Board recommends that UNCCD secretariat liaise with UN treasury to specify the responsibilities between UNCCD and UN 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 Board suggests that the UNCCD document its understanding of the respective responsibilities of both the UNCCD and the UN Treasury and liaise with UN HQ Treasury to implement this recommendation and get further clarity. The Board considers the recommendation still under implementation.		X		
2	2020	ICCD/COP(15)/9 chap. II, para. 116	The Board recommends that UNCCD secretariat implement comprehensive guidelines for the CiC documentation and file management. The guidelines should determine what kind of esential information shall be documented to 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	As the CiC SOP has been officially endorsed by senior management in October 2025, the Board considers the recommendation as implemented.	X			
3	2021	chap. II, para. 70	The Board recommends that UNCCD secretariat reconsider a SIC based on the SIC signed by the Secretary-General in 2021.	Initial discussion held with the Board and at the Operational Group meeting of UNCCD. The preliminary work on SIC is expected to be included in the 2022 FS after further discussion with the Board	A formal SIC may be presented by ES for financial statements. The Board considers the recommendation is under implementation		X		

4	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, from misconduct cases to staffing gaps. 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. A risk register specific to COP 17 is also under preparation	The Board acknowledges that the Risk Register of the UNCCD contains operational and financial risks related to the organization of the COP. It also took note of the COP 16 Issues Management Communication Plan, detailing communication risks identified for COP 16. This recommendation is superseded by a recommendation drafted on the Board's report on fiscal year 2025, and is therefore considered overtaken by events.				X
5	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 included risks related to conduct and discipline, as well as fraud on its corporate risk register, and identified associated treatment measures. While applying the Anti-Fraud and Anti-Corruption Framework of the United Nations secretariat (ST/IC/2016/25), the secretariat also displays specific information on conflict of interest on its HR Portal on UNCCD Intranet. Reminders are sent to staff on the completion of mandatory courses on "Ethics and Integrity in the United Nations" and "Preventing Fraud and Corruption at the United Nations", as well as information on ethics and code of conduct. In light of these elements, the Board considers the recommendation implemented.	X			

6	2023	ICCD/2024/ chap. II/ para. 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		The Resource Mobilization Strategy has yet to be finalized and endorsed by the Executive Secretary, and the latest draft version is dated March 2025. In light of new elements related to the governance and coordination mechanisms in the Resource Mobilization Strategy raised in its report on fiscal year 2025, the Board has drafted a new recommendation that supersedes this recommendation. As such, the Board considers this recommendation overtaken by events.				X
7	2023	ICCD/2024/ chap. II/ para. 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;	The feasibility study is close to completion and will be shared with the Board as soon as itis finalized.	The secretariat hired a consultant and the ToR is complete. It notes difficulties in recruiting Umoja specialists to go further. The Board waits for the work of the consultant. The Board considers the recommendation under implementation.		X		
8	2023	ICCD/2024/ chap. II/ para.113	The Board recommends that the UNCCD secretariat progressively ensure a better link between budget and performance processes;	The Umoja feasibility study (ref to above) will include the use of IPMR modules. They enable using Umoja for applying key components of the results-based work programme (outcomes, outputs) as the basis for budget allocation and monitoring of both resources and results.	Pending the secretariat's decision on the use of IPMR modules once the feasibility study is finalized, the Board considers the recommendation under implementation.		X		
9	2023	ICCD/2024/ chap. II/ para.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	UNCCD has already established corporate level as well as Unit level work plan. 2025-2026 work programme includes indicators and targets. In addition, unit priorities are now specified.	In line with the multi-year workplan adopted by the COP in its decision 1/COP.16, the secretariat has established biennial corporate work programme for 2025-2026, and unit level work programme, specifying outcome indicators as well as main outputs and activities. Internal monitoring of the 2025-2026 work programme is carried out twice a year. In light of those	X			

					elements, the Board considers the recommendation implemented.		
10	2023	ICCD/2024/ chap. II/ para. 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	The integrated budget is being prepared and will be submitted to COP 17. The document will be shared with the Board as soon as it is ready.	The secretariat has recruited a consultant to support the process. Pending review of the integrated budget to be presented at COP 17, the Board considers the recommendation under implementation.		X
11	2023	ICCD/2024/ chap. II/ para. 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 the social sciences as well as indigenous and local knowledge	In response to the Board of Auditors' recommendation to further strengthen the scientific foundation of its work, the UNCCD secretariat continues to leverage and enhance the role of its Science-Policy Interface (SPI). The UNCCD Science-Policy Interface (SPI) now comprises 35 internationally selected experts: 25 independent scientists, 5 CST Bureau delegates, and 5 observers from civil society, UN agencies, and international organizations. It provides science-based assessments on land degradation, desertification, and drought to support evidence-based policymaking under the UNCCD. The SPI is interdisciplinary and globally representative, drawing members from leading research and policy institutions worldwide. Expertise spans cover social and environmental sciences, including ecology, soil science, climate science, hydrology, and land systems analysis. It also integrates socio-ecological science and economics. Building on this interdisciplinary foundation, the secretariat is committed to deepening the integration of social sciences and enhancing the systematic inclusion of indigenous and local knowledge. This is being pursued through SPI's ongoing work, which increasingly emphasizes participatory approaches, diverse knowledge systems, and the co-production of knowledge to ensure that scientific assessments are	In light of expertise range covered by the renewed SPI membership following decision 20/COP.16, including social and environmental sciences as well as indigenous studies, the Board considers the recommendation implemented	X	

				context-specific, policy-relevant, and inclusive.					
12	2023	ICCD/2024/ chap. II/ para. 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	This recommendation is currently under implementation. The secretariat is actively engaging with national focal points to identify and designate Science and Technology Correspondents, with a view to strengthening the network's structure and effectiveness. This process is intended to ensure clearer role and function of STCs, and to enhance the overall coordination and uptake of scientific knowledge at the national level. In parallel, the secretariat is taking into account the recommendations emerging from the Intergovernmental Working Group (IWG) midterm review of the UNCCD Strategic Framework 2018–2030, which highlighted the need for greater clarity regarding the roles and functions of Science and Technology Correspondents. A consideration of a COP decision to formalize the terms of reference of STCs is underway. Through these ongoing efforts, the secretariat aims to establish a more coherent and effective framework for the functioning of the Science and Technology Correspondents network, thereby strengthening the science-policy interface and improving the implementation of the Convention at all levels.	Decision 20/COP16 allowed the recommendation to go ahead. The regional groups are encouraged to strengthen regional scientific networks with the support of the secretariat. The secretariat is currently working with national focal points to identify STCs, and looking to formalize TOR for STCs – taking into account recommendations from IWG midterm review of the 2018-2030 Strategic Framework. The Board considers this recommendation under implementation.		X		
13	2023	ICCD/2024/ chap. II/ para. 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	Initial mapping was done in 2024, and overall secretariat-wide partnership strategy was developed, including processes for due diligence and monitoring. A UNCCD partnership committee was started,	Two of the three items of this recommendation are implemented. The first one about mapping the partnerships and the second one, identifying and mitigating risks. The last one which includes the finalization of the				**X**

			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	consisting of all units, the GM and country-hosted initiatives. The committee agreed on the overall course and direction. Approval of the finalized partnerships strategy and related internal work processes by the Executive Secretary is expected in the first half of 2025	strategy was to be finalized in 2025, but was still pending as of April 2026. Given that the report on fiscal year 2025 raises the necessity of institutional coherence related to partnerships of the secretariat and of the GM, a new recommendation was drafted, encompassing items mentioned in part (iii) of this recommendation. As such, the Board considers this recommendation overtaken by events.				
14	2023	ICCD/2024/ chap. II/ para.189	The Board recommends that the UNCCD secretariat 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	The UNCCD secretariat has initiated concrete steps toward implementation. A dedicated consultant has already been engaged to develop a comprehensive Capacity Building Strategy and an accompanying agenda on innovation. The purpose of this consultancy is to design a long-term strategic framework for innovation-centred capacity building and development, aimed at supporting the effective implementation of the UNCCD Strategic Framework 2018–2030 and advancing the achievement of land degradation neutrality (LDN), drought resilience, and sustainable land management (SLM) objectives at the global level. Key expected outcomes include: a shared conceptual understanding of capacity development within the UNCCD context; a clear vision and theory of change with defined high-level results; and a set of principles and strategies to make capacity-building efforts more innovative, systemic, country-driven, inclusive, and gender-responsive. It will also provide inputs on approaches to resource mobilization in support of capacity building and innovation. In addition, the process is expected to strengthen synergies with other Rio Conventions and relevant partners.	Decision 4/COP1.16 will facilitate to implement this recommendation. A consultant has been hired to develop a Capacity Building Strategy and an accompanying agenda on innovation. As such, the Board considers the recommendation under implementation.		X		

15	2023	ICCD/2024/ chap. II/ para. 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.	The current work of the UNCCD Science-Policy Interface (SPI) already contributes to the three pillars of digital transformation identified by the secretariat; (i) internal flows of digitalization (ii) reporting and data (iii) land restoration efforts. Through its core function of producing authoritative, science-based assessments, the SPI supports the digitalization of internal knowledge flows by developing harmonized methodologies, conceptual frameworks, and standardized approaches that can be integrated into digital systems. In addition, the consultant hired to develop a comprehensive Capacity Building Strategy will also produce an accompanying agenda on innovation, that enhances the ability of Parties and stakeholders to implement the Convention effectively. The consultancy is expected to provide inputs on approaches to resource mobilization in support of capacity building and innovation.	The secretariat has taken steps to implement this recommendation. The Board has noted that the consultant hired to establish the Capacity Building Strategy will also produce an accompanying agenda on innovation, and therefore considers this recommendation under implementation.		X
16	2024	ICDD/2025 chap. II/ para. 36	The Board recommends that UNCCD secretariat formally document compensating controls for all Segregation of Duties conflicts classified as medium or high risk and considered acceptable without immediate modification of user roles.	UNCCD reviewed the Segregation of Duties (SoD) in Umoja and took action in Umoja accordingly. Proof of the report has been provided to the Board.	UNCCD conducted regular Segregation of Duties conflict reviews in accordance with Umoja requirements, with three review cycles conducted in 2025 and compensating controls for identified conflicts were put in place, any retained access conflicts formally justified and documented, ensuring traceability of risk; The Board considers the recommendation as implemented.	X	
17	2024	ICDD/2025 chap. II/ para. 47	The Board recommends that the UNCCD secretariat, in coordination with the Umoja Analytics support team, improve the completeness of dedicated unliquidated obligations report and strengthen the accrued expenses procedure with regard to transactions identified and	The reporting and data quality issue has been raised to Umoja Analytics team and confirmation of the issue resolution obtained in February 2026. Report was tested by UNCCD and reconciled with other	As the Umoja Analytics report for accrual process at year-end has been corrected and a testing on a sample of transactions performed at the reporting date were satisfactory. The Board considers the recommendation as implemented.	X	

			recorded in the financial statements at year-end.	FM report in Umoja Analytics before start of the ULO (unliquidated obligations) accrual process.		
18	2024	ICDD/2025/ chap. II/ para. 57	The Board recommends that the UNCCD secretariat improve the reconciliation of COP-related expenses recorded in Umoja to ensure accurate expense recognition in the financial statements and alignment of year-end expenses with the signed report submitted to the host country	Final report for COP 16 is still pending and expected to be submitted after COP 17.	The final utilization report (FUR) for COP 16 is still pending, and other cleaned host country agreement governed expenses report reconciliations were pending at the reporting period. The Board noted that this recommendation could be implemented in 2026. The Board considers the recommendation is not implemented.	X
19	2024	ICDD/2025/ chap. II/ para. 70	The Board recommends that the UNCCD secretariat formally document and communicate all approved reallocations to the Parties, in order to ensure transparency and compliance with budgetary rules.	As informed in 2024, it is not always easy to prepare a formal written documentation for each tiny amount of reallocation to Heads of Units. UNCCD comment was not included in the final report.	The Board noted that amendments may occur in the next reporting period concerning the applicable rules on communications to the COP Parties the transfers between budget appropriation lines. The Board will await confirmation of such changes and the budget performance report of the 2025–2026 biennium to assess the implementation status. The Board considers the recommendation is not implemented.	X
20	2024	ICDD/2025/chap. II/ para. 80	The Board recommends that the UNCCD secretariat coordinate with the UN Treasury team to set up a process to obtain letters requesting amendments to the Deutsche bank signatory panel, as well as the bank's confirmation once the updates have been made.	UNCCD suggested that this recommendation should be addressed to UN treasury, responsible for all UNCCD accounts. UNCCD would be happy to share any amendments received from UN treasury.	The external confirmation provided by the Bank provides differences in bank signatures and no evidence of correspondence between both organizations provided at the reporting date. The Board suggests the UNCCD to liaise with UN HQ Treasury to implement this recommendation and get further clarity. The Board considers the recommendation is not implemented.	X

21	2024	ICDD/2025/ chap. II/ para. 106	The Board recommends that the UNCCD secretariat include environmental clauses in Host Country Agreements for future COPs, consistent with the UNCCD secretariat's *Greening the Blue* commitments	As agreed, this recommendation will be considered for COP18 as the HCA for COP17 was already signed at the moment of its issuance. As further explained, the secretariat might succeed in integrating such wording in the HCA but it lacks the technical capacity to assess its practical and effective implementation.	The Board has noted that the HCA for COP17 had already been signed at the time of the audit. To address the secretariat's concerns on technical capacity, the Board suggests that the secretariat liaises with UNFCCC's secretariat and define environmental clauses consistent with its current technical capacity. Since this recommendation will only be considered for COP 18, the recommendation is not implemented as of 2026.			X	
22	2024	ICDD/2025/chap. II/ para. 120	The Board recommends that UNCCD secretariat add specific risks for the COP in its general risk register if the type of risk is not included yet in existing categories.	A risk register specific to COP 17 is under preparation. *Note: this duplicates a Board recommendation from 2022*	The Board acknowledges that the Risk Register of the UNCCD contains operational and financial risks related to the organization of the COP. It also took note of the COP 16 Issues Management Communication Plan, detailing communication risks identified for COP 16. While a risk register specific to COP 17 is currently being drawn up by the secretariat, and pending review, the Board considers the recommendation under implementation.		X		
23	2024	ICDD/2025/chap. II/ para. 144	Following decision 24/COP.16, the Board recommends that the UNCCD secretariat initiate consultation with the COP16 Presidency to explore possible avenues for launching an intersessional informal consultation process on drought with Parties, to ensure a transition between COP16 and COP17.	This recommendation has been implemented. The COP16 Presidency has taken the initiative to launch an informal process of consultations titled "Tafa'ul", conceived as an additional space for dialogue amongst parties on the issue of Drought, prior to COP17,	The Board has taken note of the Tafa'ul Process, launched during CRIC 23 in Panama, with three meetings leading up to COP 17 in Ulaanbaatar. The Board considers this recommendation as implemented.	X			
24	2024	ICDD/2025/ chap. II/ para. 169	The Board recommends that the UNCCD secretariat improve the overall communication of the help and emergency contact information during the COP, digitally and through printed materials, especially by creating a help desk with a hotline managed at the level of the COP.	Measures have been taken to ensure the implementation of this recommendation for COP17. Both the Host Country and the designated Service Provider "GL Events" have been informed in consultation with the designated Security Coordinator from UNDSS.	The Board has noted steps taken by the secretariat to implement this recommendation for the upcoming COP17 in Mongolia. Since effective implementation can only be assessed after COP17, the Board considers this recommendation under implementation.		X		

25	2024	ICDD/2025/chap. II/ para. 182	The Board recommends that the UNCCD secretariat obtain from the next host country (Mongolia) the contracts with service providers, including those appointed for the side events managed by the Administration, in order to assess the criticality and potential difficulties in service provision and plan accordingly for remedial actions to prevent and address them on-site during the event, where appropriate.		The Board has noted that the secretariat would take steps to collect copies of contracts with service providers, pending approval from the host country. Pending provision of supporting evidence, including email thread between the secretariat and the host country on the matter, the recommendation is not implemented.			X	
26	2024	ICDD/2025/ chap. II/ para. 189	The Board recommends that the UNCCD secretariat propose a common standard to communicate participation in official documents and external communication materials.	The secretariat will propose to the Host Country a unified system to be based on the statistic generated by INDICO regarding participation, limited to the Blue Zone. It should be however noted that the secretariat will have limited leverage on the Host Country's own/multiple communications channels on the matter.	The secretariat has taken steps to implement the recommendation, which can be reassessed after COP 17. In the meantime, the Board considers the recommendation under implementation.		X		
27	2024	ICDD/2025/chap. II / para. 206	The Board recommends that the UNCCD secretariat formalize the preparation of the "post-mortem" report and commit to maintaining a record of recommendations and their follow-up actions.	Post mortem reports, building on participant feedback surveys and internal exchanges, will be continued. A lesson learned report on the findings concerning COP 14, COP 15 and COP 16 was prepared.	The secretariat takes note of the lessons-learned exercise carried out on the past three COPs, and further encourages the secretariat to formalize the 'post-mortem' process for future COPs. In light of elements shared after COP 16, the recommendation is considered implemented.	X			
28	2024	ICDD/2025/ chap. II./ para. 217	The Board recommends, based on the model already developed by UNFCCC, that the UNCCD secretariat produce a "How to COP" guide for future presidencies, capitalizing on the experience of COP16	The secretariat already disposes of general Guidelines in that respect that will be updated accordingly.	Pending the review and update of general guidelines established by the secretariat, the Board considers the recommendation under implementation.		X		
		Total number of recommendations			**28**	**8**	**12**	**5**	**3**
	Percentage of the total number of recommendations				**100**	**29%**	**42%**	**18%**	**11%**

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 2025 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. The financial statements have been prepared under the International Public Sector Accounting Standards (IPSAS) and as per the decisions of the Conference of the Parties. 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.

(*Signed*) Yasmine **Fouad**

Executive Secretary

31 March 2026

Chapter IV
Financial report for the year ended 31 December 2025

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 Volunteers, Common Services Unit in Bonn.

4. UNHQ provides treasury services including the report of cash and cash equivalents, investments, posting interest income, gain and losses, revaluation and forward the notes on financial risk and instruments included in the notes to the financial statements.

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, hosted by the Government of Morocco. The Regional Liaison Office in the Latin America and the Caribbean hosted by the United Nations Environment Programme (UNEP), who provides administrative, and financial services. The Asia Regional Liaison Office is hosted by the Government of the People's Republic of China. The Service Level Agreement between the UNCCD and the UNDP is still under discussion and hoping to be finalized in 2026.

8. United Nations Volunteers, Common Services Unit 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 2025 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 recognized as expenses rather than in net assets
- The value of acquired fixed assets, such as vehicles and communications equipment, has been capitalized rather than expensed.

B. Overview of financial statements for the year ended 31 December 2025

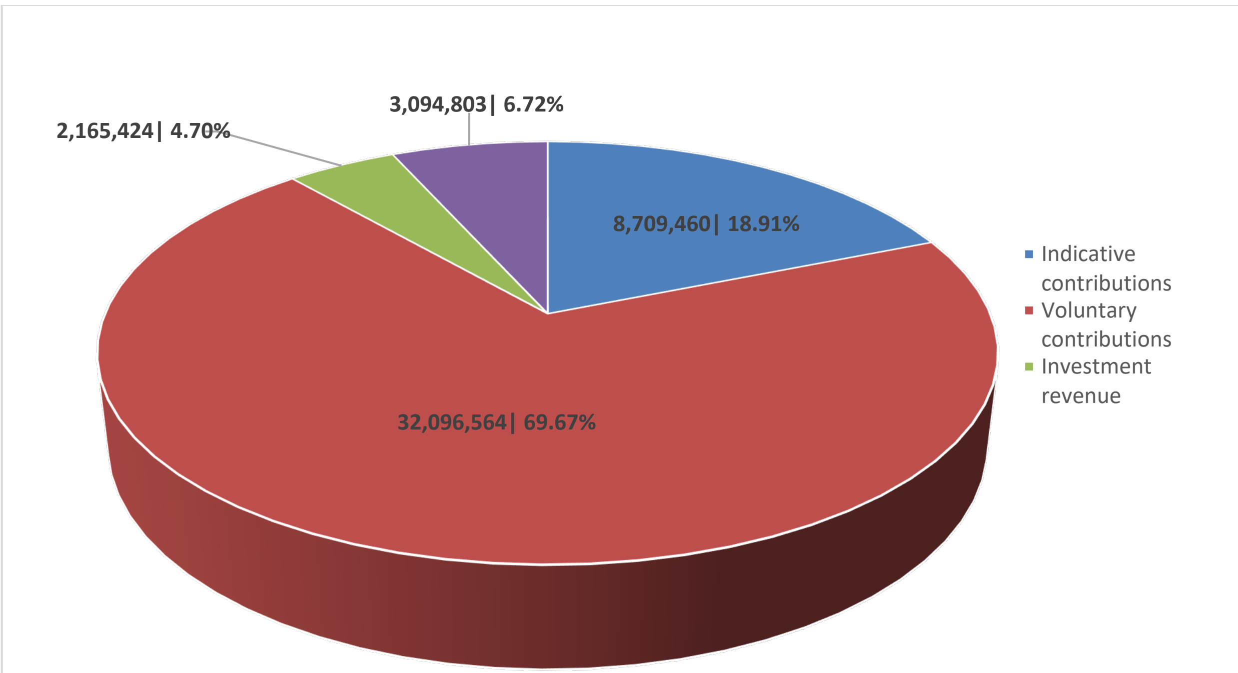
10. Financial statements I, II, III, IV and V show the financial results of the activities of UNCCD and its financial position as at 31 December 2025. The notes to the financial statements explain UNCCD's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Financial performance

Revenue

11. Revenue in 2025 totalled USD 46.07 million (see Note 17: Revenue), as presented below in figure I.

Figure I. Total Revenue as at 31 December 2025
(In United States dollars)



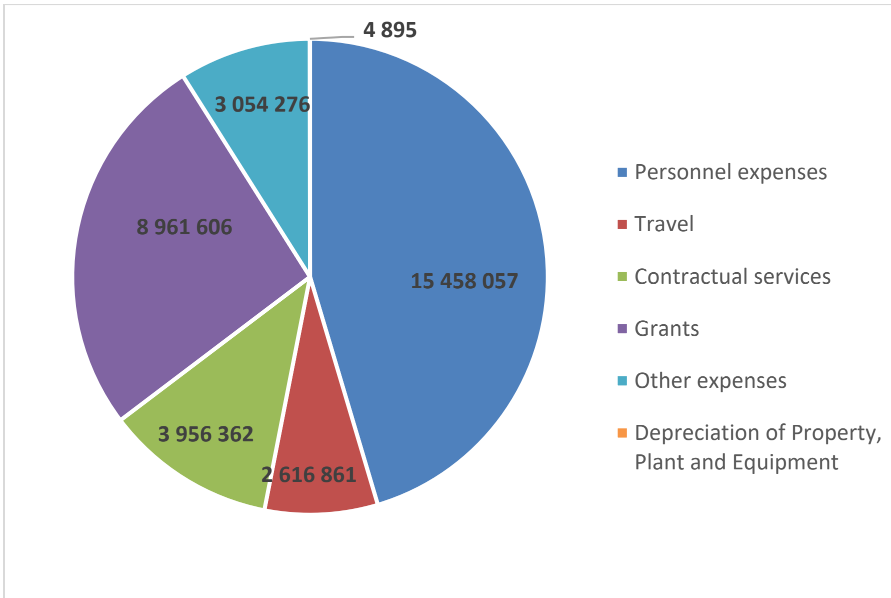
12. The principal sources of revenue were:

- Indicative contributions from signatories of the Convention. Indicative contributions for 2025 totalled USD 8.71 million from Member States, or 18.91 per cent of total revenue (2024: USD 8.55 million or 14.02 per cent).
- Voluntary contributions from donors totalled USD 32.10 million, or 69.67 per cent (2024: USD 50.20 million or 82.30 per cent), comprising (i) contributions of USD 4.45 million for the Global Mechanism and USD 27.65 million for Secretariat respectively.
- Investment revenue of USD 2.17 million, which represented 4.70 per cent of total revenue (2024: USD 2.25 million).
- Other Revenue relates foreign exchange gain of USD 3.09 million, or 6.72 per cent of total revenue, resulting from favourable changes in foreign currency exchange rates

Expenses

13. Expenses in 2025 totalled USD 34.05 million as shown below in figure II.

Figure II. Total Expenses as at 31 December 2025
(In United States dollars)

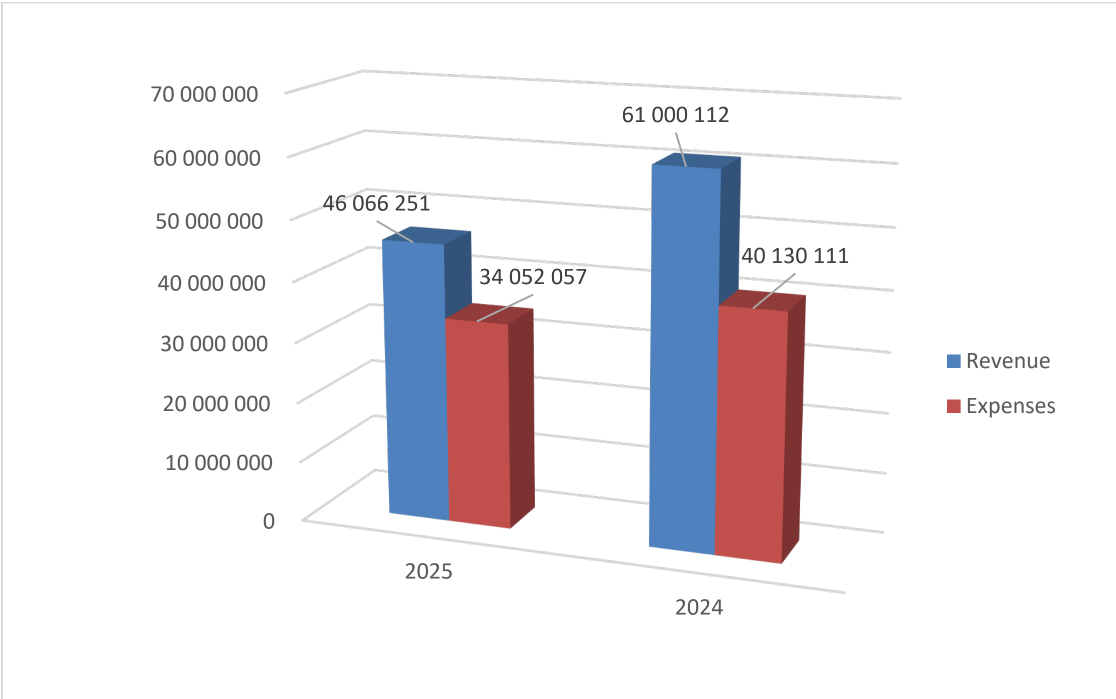


14. A decrease of USD 6.08 million in total expenses was reported from the total expense amount of USD 40.13 million reported in 2024. The main reason was decrease in travel costs of USD 5.49 million which increased in 2024 due to organization of COP16.

15. The main expense categories are Personnel expenses for USD 15.46 million or 45.40 per cent (2024: USD 14.24 million), Grants for USD 8.96 million, or 26.32 per cent (2024: USD 9.39 million), Travel in the amount of USD 2.62 million or 7.68 per cent (2024: USD 8.10 million), Contractual services (non-employee compensation including consulting services individual fee, consultancy travel fee) for USD 3.96 million or 11.62 per cent (2024: USD 5.42 million), and Other expenses of USD 3.05 million or 8.97 per cent (2024: USD 2.95 million).

16. Total Personnel expenses include (i) salary and wages of USD 8.93 million; (ii) pension and insurance of USD 2.73 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 2.08 million; and (iv) other benefits of USD 1.73 million.

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



17. There was a decrease of USD 14.93 million in total revenue compared with the revenue reported in 2024, as shown in figure III above. Revenue decreased mainly due to high level of revenue recognised for multi-year voluntary contribution agreements signed in 2024. There was also a decrease of USD 6.08 million in total expenses compared with the expenses reported in 2024. The main reason was decrease in travel costs incurred in 2024 due to organization of COP16.

Operating results

18. The net surplus in revenue over expense in 2025 is reported at USD 12.01 million, compared with the surplus of USD 20.87 million in 2024.

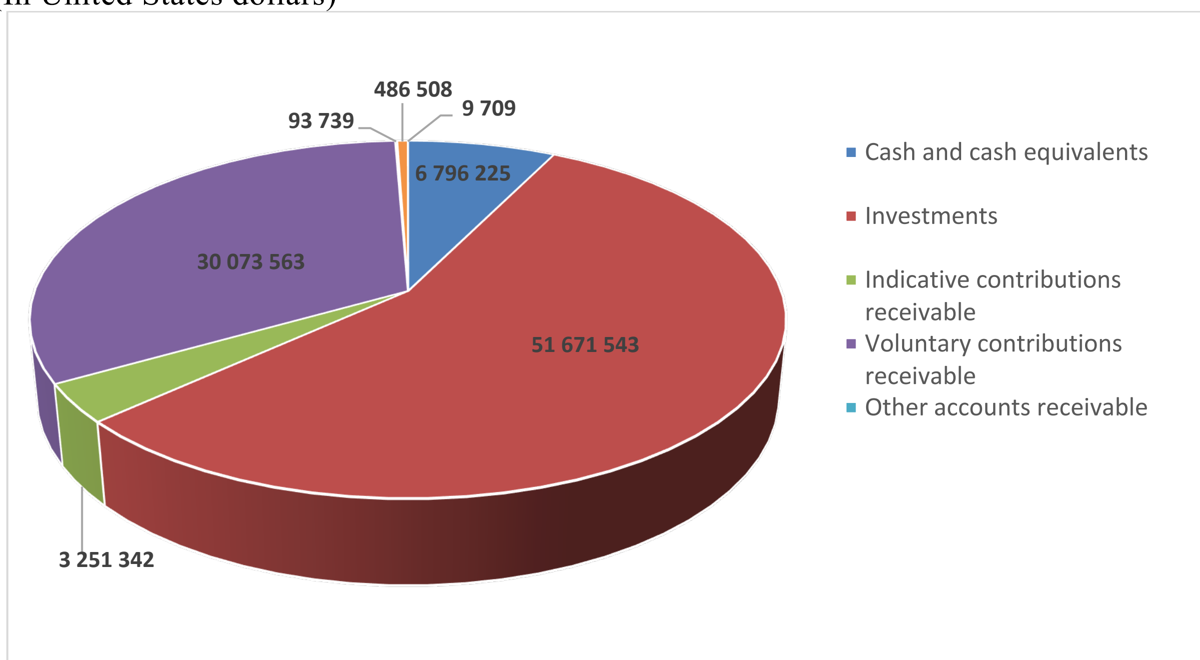
Financial position

Assets

19. UNCCD reports an increase in total assets of USD 14.51 million as at 31 December 2025 from the balance of USD 77.87 million reported as at 31 December 2024, to the current USD 92.38 million. The major components of UNCCD’s assets are as follows:

Summary of Assets as at 31 December (in United States dollars)	2025	2024	Difference
Cash and cash equivalents	6 796 225	6 007 052	789 173
Investments	51 671 543	43 985 696	7 685 847
Sub total assets held in cash pool	58 467 768	49 992 748	8 475 020
Indicative contributions receivable	7 348 664	4 310 785	3 037 879
Less provision for doubtful receivables	(4 097 322)	(3 271 264)	(826 058)
Net indicative contributions receivable	3 251 342	1 039 521	2 211 821
Voluntary contributions receivable	30 569 134	25 191 333	5 377 801
Less provision for doubtful receivables	(495 571)	0	(495 571)
Net voluntary contributions receivable	30 073 563	25 191 333	4 882 230
Other accounts receivable	93 739	151 791	(58 052)
Other current assets	486 508	1 493 034	(1 006 524)
Fixed assets	9 709	2 953	6 756
Total Assets	**92 382 629**	**77 871 380**	**14 511 249**

Figure IV. Total assets as at 31 December 2025
(In United States dollars)



20. As shown above in figure IV, UNCCD’s assets largely comprised investments of USD 51.67 million, or 55.93 per cent (2024: USD 43.99 million), voluntary contributions receivable from donors of USD 30.07 million, or 32.55 per cent (2024: USD 25.19 million), cash and cash equivalents totalling USD 6.80 million, or 7.36 per cent (2024: USD 6.01 million), other current assets of USD 0.49 million, or 0.53 per cent (2024: USD 1.49 million) and indicative contributions receivable from signatories to the Convention in the amount of USD 3.25 million, or 3.52 per cent (2024: USD 1.04 million).

21. **Cash, cash equivalents and investments**: Cash, cash equivalents and investments are USD 58.47 million held in the UN Treasury Cash Pools (2024: USD 49.99 million). This represents an

increase of USD 8.48 million over the balance held at the end of 2024. Changes in cash are shown in statement IV.

22. **Accounts receivable**: Accounts receivable from indicative and voluntary contributions are recognized net of allowance for expected credit losses (ECL) in accordance with IPSAS41. Indicative contributions receivable increased by USD 3.04 million (gross) or USD 2.21 million (net) due to increased balance of outstanding contributions at the reporting date. Voluntary contributions receivable based on the signed agreement/letter of intent in the net amount of USD 30.07 million of which USD 19.98 million represents receivable due for the Global Mechanism. Other accounts receivable of USD 0.1 million comprise mainly of receivable value added tax balances.

Liabilities

23. Liabilities as at 31 December 2025 totalled USD 44.29 million (2024: USD 44.45 million) as follows:

Summary of liabilities at 31 December (in United States dollars)	**2025**	**2024**	**Difference**
Accounts payable and accruals	2 334 608	4 941 613	(2 607 005)
Advance receipts	8 940 184	6 303 646	2 636 538
Employee benefit liabilities	32 962 279	33 086 898	(124 620)
Other liabilities	50 564	119 103	(68 539)
Total Liabilities	**44 287 635**	**44 451 261**	**163 626**

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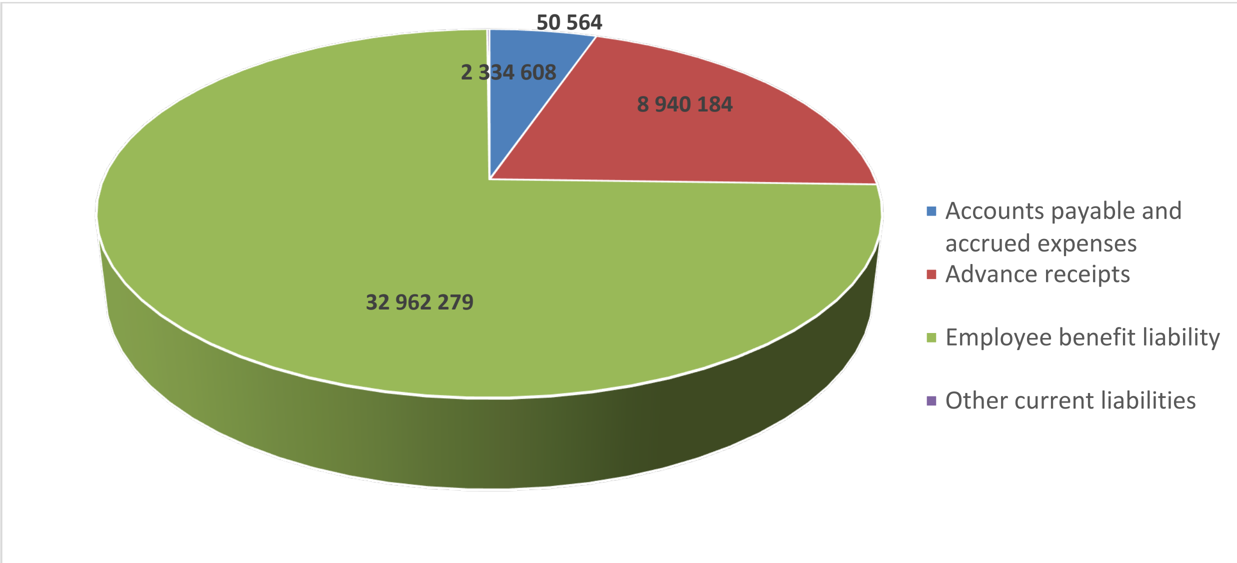
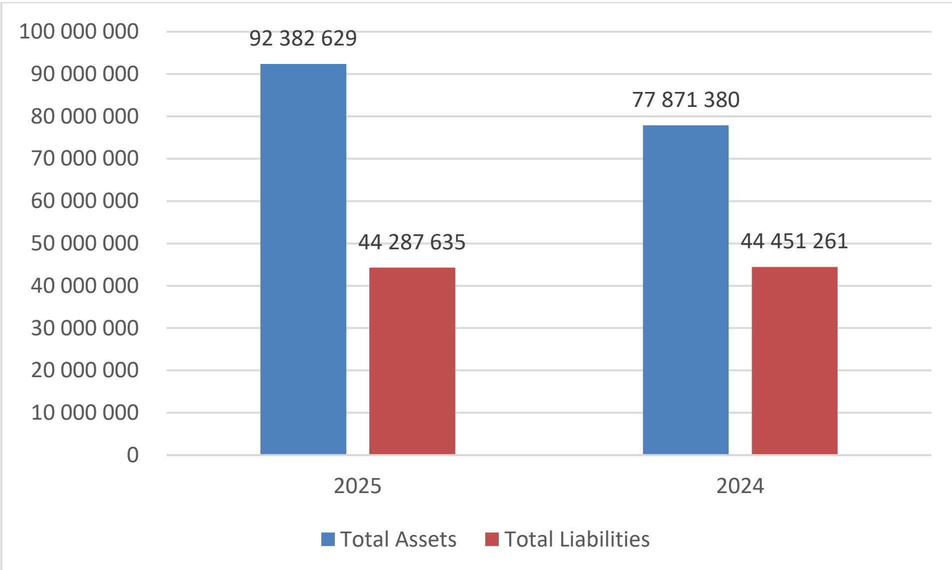
Figure V. Total Liabilities as at 31 December 2025
(In United States dollars)



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 32.96 million, or 74.43 per cent (2024: USD 33.09 million) of UNCCD's total liabilities, and are explained in detail in Note 14 to the financial statements.

25. Advance receipts of USD 8.94 million include indicative contributions received in advance of the start of the year to which they are related totalling USD 0.73 million (2024: USD 0.20 million) as well as voluntary contributions, provided by donors totalling USD 8.21 million (2024: USD 6.10 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 2.33 million (2024: USD 4.94 million); this amount relates mainly to payables to vendors and accruals for goods and services received. Other liabilities in the amount of USD 0.05 million relate to repatriation grant held in trust for former staff members.

Figure VI. Movement in assets and liabilities as at 31 December 2025
(In United States dollars)



26. Figure VI shows an increase of assets held of USD 14.51 million, from USD 77.87 million reported in 2024 to USD 92.38 million reported for 2025, and an increase in liabilities of USD 0.07 million, from USD 44.45 million reported for 2024 to USD 44.52 million reported for 2025.

Net assets

27. The movement in net assets during the year reflects increase of USD 14.67 million from USD 33.42 million in 2024 to USD 48.09 million in 2025 due to the surplus of USD 12.01 million offset by actuarial and other adjustments recognized in net assets of USD 2.47 million. Net assets include the operating reserves which remained at USD 1.95 million.

Core budget

29. At 16th session of the Conference of the Parties, by its Decision 10 of ICCD/COP(16)/24/Add.1, approved a core budget for the biennium 2025–2026 amounting to EUR 17.74 million of which EUR 8.87 million was programmed for 2025. In addition, the Conference of the Parties approved 1) a contingency budget amounting to EUR 2,252,090 for conference servicing, to be added to the programme budget for the biennium 2025–2026 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 draw upon available uncommitted balances to a) cover operating and other non-staff costs in an amount not exceeding EUR 1,161,949 b) support the Intergovernmental Working Group on the Future Strategic Framework of the Convention in an amount not exceeding EUR 280,000 c) cover the expenditures concerning a feasibility study to identify ways of ensuring adequate technical support for the Science-Policy Interface in the amount not exceeding EUR 60,000 d) Cover the programme support costs related to the above, in an amount not exceeding EUR 195,253 3) authorised use of previously allocated funds in an amount up to EUR 500,000 to cover the after-service health insurance costs that may occur during the biennium 2025–2026.

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 2025 financial period in euros are summarized in Statements V. The differences between the net results on the IPSAS basis and results on budgetary basis are explained in Note 4: Budget Comparison and Reconciliation.

31. Total approved core budget for 2025 amounted to EUR 8.87 million. Expenses under the core budget during 2025 (valued in US dollars at the average rate of exchange USD 1 = EUR 0.88833 and using the modified cash method of accounting) amounted to EUR 8.09 million resulting in a net fund surplus of EUR 0.78 million for the year and resulting in utilization rate of 91,2% of the approved budget. In 2025, an amount of €6.24 million including the contribution from the host government to the core budget has been received. The expenditures for 2025 were €8.09 million, resulting the deficit of €1.85 million, covered from the working capital reserve in the amount of €0.95 million and €0.9 million from the programme support cost. This has been presented to the Parties during the online consultation meetings conducted after the reporting date.

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 performed 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 are subject to the United Nations Financial Disclosure Program. 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 2025

STATEMENT I

United Nations Convention to Combat Desertification

Statement of Financial Position as at 31 December 2025

(In United States Dollars)	*Reference*	*31 December 2025*	*31 December 2024*
Assets			
Current Assets			
Cash and cash equivalents	Note 6	6 796 225	6 007 052
Investments	Note 6	36 592 773	32 052 266
Indicative contributions receivable	Note 7	3 251 342	1 039 520
Voluntary contributions receivable	Note 8	19 384 401	8 522 118
Other accounts receivable	Note 9	93 739	151 791
Other current assets	Note 10	486 508	1 493 034
Total current Assets		**66 604 988**	**49 265 781**
Non-Current Assets			
Investments	Note 6	15 078 770	11 933 430
Voluntary contributions receivable	Note 8	10 689 162	16 669 216
Fixed Assets	Note 11	9 709	2 953
Total Non-Current Assets		**25 777 641**	**28 605 599**
Total Assets		**92 382 629**	**77 871 380**
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	Note 12	2 334 608	4 941 613
Advance receipts	Note 13	8 940 184	6 303 646
Employee benefit liability	Note 14	1 553 279	1 092 899
Other current liabilities	Note 15	50 564	119 103
Total Current Liabilities		**12 878 635**	**12 457 261**
Non-Current Liabilities			
Employee benefit liability	Note 14	31 409 000	31 994 000
Total Non-Current Liabilities		**31 409 000**	**31 994 000**
Total Liabilities		**44 287 635**	**44 451 261**
Net Assets		**48 094 994**	**33 420 119**
Net Assets/Equity			
Accumulated surpluses/(deficits)		51 134 430	38 926 555
Actuarial gain (loss) recognized in net assets	Note 16	(4 991 691)	(7 458 691)
Operating reserves	Note 16	1 952 255	1 952 255
Total Fund Balances and Reserves		**48 094 994**	**33 420 119**

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 2025

(in United States dollars)	*Reference*	*2025*	*2024*
REVENUE			
Indicative contributions	Note 17	8 709 460	8 550 676
Voluntary contributions	Note 17	32 096 564	50 201 500
Investment revenue	Note 18	2 165 424	2 247 936
Other revenue	Note 19	3 094 803	-
TOTAL REVENUE		**46 066 251**	**61 000 112**
EXPENSES			
Personnel expenses	Note 20	15 458 057	14 265 654
Travel	Note 20	2 616 861	8 104 073
Contractual services	Note 20	3 956 362	5 419 128
Grants	Note 20	8 961 606	9 386 194
Depreciation of Property, Plant and Equipment	Note 20	4 895	3 938
Other expenses	Note 20	3 054 276	2 951 124
TOTAL EXPENSES		**34 052 057**	**40 130 111**
SURPLUS/DEFICIT FOR THE PERIOD		**12 014 194**	**20 870 001**

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 2025

(United States Dollars)				
	Reference	**Accumulated Surplus – General Fund**	**Reserves**	**Total**
Net Assets 31 December 2023		**13 359 267**	**1 952 255**	**15 311 522**
Actuarial gains / (loss) on employee benefit liabilities	Note 16	(2 778 000)		(2 778 000)
Other adjustments	Note 16	16 596		16 596
Surplus/ (deficit) for the year	Statement II	20 870 001		20 870 001
Total changes in net assets	Note 16	18 108 597	-	18 108 597
Net Assets at 31 December 2024	Statement I	**31 467 864**	**1 952 255**	**33 420 119**
Actuarial gains / (loss) on employee benefit liabilities	Note 16	2 467 000		2 467 000
Other adjustments	Note 16	193 681		193 681
Surplus/ (deficit) for the year	Statement II	12 014 194		12 014 194
Total changes in net assets	Note 16	14 674 876	-	14 674 876
Net Assets at 31 December 2025	Statement I	**46 142 739**	**1 952 255**	**48 094 994**

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 2025

(in United States dollars)	*Reference*	*2025*	*2024*
Cash flows from operating activities			
Surplus (deficit) for the period		12 014 194	20 870 001
Actuarial and other non-cash adjustments to net assets	Note 16	2 660 682	(2 761 405)
Depreciation and amortization	Note 20	4 895	3 938
(Increase)/decrease in receivables	Note 7, 8, 9	(7 035 999)	(17 023 213)
(Increase)/decrease in other current assets	Note 10	1 006 525	(973 420)
Increase/(decrease) in advance receipts	Note 13	2 636 538	(2 835 185)
Increase/(decrease) in accounts payable	Note 12	(2 607 004)	2 951 586
Increase/(decrease) in other current liabilities	Note 15	(68 540)	22 839
Increase/(decrease) in employee benefit liabilities	Note 14	(124 620)	4 229 654
Net cash flows from operating activities		**8 486 671**	**4 484 795**
Cash flows from investing activities			
(Increase) decrease in short-term investments	Note 6, 21	(4 540 507)	(2 282 623)
Purchase of fixed assets	Note 11	(11 651)	-
(Increase) decrease in long-term investments	Note 6, 21	(3 145 340)	(2 485 187)
Net cash flows from investing activities		**(7 697 498)**	**(4 767 810)**
Net cash flows from financing activities		**-**	**-**
Net increase (decrease) in cash and cash equivalents		**789 173**	**(283 015)**
Cash and cash equivalents at beginning of year	Note 6, 21	**6 007 052**	**6 290 067**
Cash and cash equivalents at end of year	Note 6, 21	**6 796 225**	**6 007 052**

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 (in euros)*

For the period 1 January 2025 to 31 December 2025

Core budget of the Secretariat	*Original budget 2025*	*Final Budget 2025*	*Actual 2025*	*Actual 2025*
Programmes	*EUR*	*EUR*	*EUR*	*USD*
I. Secretariat programmes				
A. Executive Office	1 008 407	1 008 407	1 260 450	1 418 898
B. Governing Bodies and Legal Affairs	392 612	392 612	351 431	395 609
C. Communications	1 479 201	1 479 201	1 467 110	1 651 537
D. External Relations, Policy and Advocacy	885 868	885 868	768 011	864 556
E. Science, Technology and Innovation	1 291 106	1 291 106	1 067 381	1 201 559
F. Administrative services	697 483	697 483	519 224	584 495
II. Global Mechanism				
G. Global Mechanism	2 096 982	2 096 982	1 727 463	1 944 619
Subtotal (A-G)	7 851 659	7 851 659	7 161 070	8 061 272
Programme support costs	1 020 715	1 020 715	930 939	1 047 965
TOTAL Core Budget of the Secretariat	8 872 374	8 872 374	8 092 009	9 109 238
Contribution from the host Government	511 292	511 292	511 292	598 703
Indicative contributions	8 361 082	8 361 082	8 361 082	8 709 460
TOTAL income	8 872 374	8 872 374	8 872 374	9 308 163
Uncommitted Balances				
Contractual services	45 000	45 000	30 171	33 964
Travel	127 671	127 671	110 025	123 856
Equipment, vehicles and furniture	122 238	122 238	16 091	18 114
Operating and direct costs	286 066	286 066	250 521	282 013
Sub-total	580 975	580 975	406 808	457 947
Programme support costs	75 527	75 527	52 885	59 533
Total	656 501	656 501	459 693	517 480
Support the Intergovernmental Working Group on the Future Strategic Framework of the Convention	280 000	280 000	172 584	194 279
Programme support costs	36 400	36 400	22 436	25 256
Total	316 400	316 400	195 020	219,535
Feasibility study to identify ways of ensuring adequate technical support for the Science-Policy Interface	60 000	60 000	0	0
Programme support costs	7 800	7 800	0	0
Total	67 800	67 800	-	-
TOTAL Uncommitted Funds	1 040 701	1 040 701	654 713	737 015
After-service health insurance	221 239	221 239	130 923	147 381
Programme support costs	28 761	28 761	17 020	19 160
Total	**250 000**	**250 000**	**147 943**	**166 541**
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	2 252 090	2 252 090	0	0
Total other budgets approved by the Conference of the Parties	**3 542 791**	**3 542 791**	**802 656**	**903 556**

* At the average monthly exchange rate of the United Nations for the period 2025 with 1 USD = EUR 0.88833, 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

Notes to the financial statements

Page

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. In accordance with IPSAS, the 2025 financial statements are presented on an annual basis covering the period 01 January 2025 to 31 December 2025.

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 (COP16) of the 2025-2026 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 or materially curtail the operations of the Organization.

10. At the sixteenth session of the Conference of Parties (COP 16) held in December 2024, the COP approved the programme budget (core budget) for 2025 amounting to EUR 8.87 million by its decision ICCD/COP(16)/24/Add.1.

Measurement Basis

11. These financial statements are prepared using the historical-cost convention, except for investments held in the cash pool recorded at fair value through net assets/equity and derivatives held at fair value through surplus and deficit. Effective 1 January 2025, the Organisation adopted IPSAS 46, Measurement. The measurement bases introduced and clarified under IPSAS 46 are already consistent with the methodologies currently applied by the Organization.

Functional and Presentation Currency

12. 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

13. 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 at 31 December 2025 is 0.85. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Materiality and use of judgment and estimates

14. 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.

15. 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.

16. 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.

Future accounting pronouncements

17. 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.

18. The progress and impact of the significant future IPSAS Board accounting pronouncements on the Organization's financial statements continue to be monitored. Pronouncements effective on 1st of January 2026 are being reviewed and implemented as per guidance issued by United Nations Task Force on Accounting Standards. Below is list of key future accounting pronouncements:

(a) IPSAS 47: Revenue, issued in May 2023 and effective 1 January 2026;

(b) IPSAS 48: Transfer Expenses, issued in May 2023 and effective 1 January 2026;

(c) IPSAS 49: Retirement Benefit Plans, approved in September 2023 and effective 1 January 2026.

Note 3: Significant Accounting Policies

Assets

Financial assets

19. 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.

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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

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

Investment in cash pools

26. 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

27. 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

28. 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.

29. 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.

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

31. 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.

32. 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.

33. 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. 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

34. 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

35. Effective 1 January 2025, the Organization adopted IPSAS 45, Property, plant and equipment (PPE) which replaces IPSAS 17. IPSAS 45 introduces current operational value as a measurement basis and specific provisions for heritage assets. The Organization does not hold or control any heritage assets as defined by IPSAS 45. The Organization has determined that there is no change required in measurement basis for PPE under IPSAS 45. The policy described below is unchanged.

36. Property, plant and 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.

37. 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)

38. 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

39. 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.

40. 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

41. 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.

42. 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

43. 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.

44. 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

45. 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

46. 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

47. 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.

48. 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.

49. The portion of the ASHI, repatriation benefit and accumulated annual leave benefit that is expected to be settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability.

Pension plan: United Nations Joint Staff Pension Fund

50. 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.

51. 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

52. 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

53. 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

54. 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.

55. 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

56. 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

57. Effective 1 January 2025, the Organization adopted IPSAS 43, Leases. The new standard replaces IPSAS 13. IPSAS 43 introduces a single lessee accounting model under which the Organization recognizes, for all leases other than those qualifying for recognition exemptions, a right-of-use asset and a corresponding lease liability at the commencement date.

58. A lease is identified when a contract conveys to the Organization the right to control the use of an identified asset in exchange for consideration. Control exists when the Organization has (a) the right to obtain substantially all the economic benefits or service potential from the use of the asset, and (b) the right to direct the use of that asset over the lease term. Contracts not meeting these requirements do not represent a lease and are expensed.

59. Lease liabilities are initially measured at the present value of future lease payments and are remeasured when future lease payments change. Lease payments included in the initial measurement comprise:

- fixed payments and variable lease payments that depend on an index or rate
- amounts expected to be payable under a residual value guarantees
- the exercise price of purchase options or payments for optional renewal periods, if the Organization is reasonably certain to exercise these; and
- penalties for earlier termination unless the Organization is reasonably certain not to terminate early.

60. Right-of-use assets are initially measured at cost, comprising the initial lease liability, lease payments made before or at commencement, initial direct costs and estimated costs to dismantle or restore the underlying asset or site, less lease incentives received. The assets are subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Asset classifications and useful lives are determined on the same basis as owned property, plant and equipment.

61. The Organization elected to apply the following recognition exemptions under IPSAS 43 and leases under these two categories are expensed:

- Short term leases: leases with a maximum term of 12 months or less, without a purchase option; and
- Low value leases: leases of assets that are low value when new, consistent with the Organization's capitalization thresholds for property, plant and equipment.

62. On transition to IPSAS 43 on 1 January 2025, the Organization has applied the modified retrospective practical expedient which includes not restating comparative information. For not exempted leases previously classified as operating leases under IPSAS 13 and active on 1 January 2025:

- lease liabilities were measured at the present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2025, excluding initial direct costs;
- Right of use (RoU) assets were measured at an amount equal to the lease liability;
- hindsight was used when determining the lease term; and
- leases with a remaining term of 12 months or less were treated as short term leases.

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 after service 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. Internal revenue 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 biennial Core budget of the secretariat and the Global Mechanism for 2025-2026 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 biennium are carried forward and added to the annual budget estimate for the second year of the biennium. Over-expenditure at the end of the first year of the biennium will reduce the available fundings for the second year of the biennium.

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 2025 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	
Statement V - Core Budget Income	9 308 163
Statement V - Core Budget expense on budgetary basis	(9 109 238)
Statement V - Expense for other budgets approved by the COP	(903 556)
Core Budget Actual net result on budgetary basis	(704 631)
Basis differences	
Adjustments to revenue	
Investment revenue	228 104
Gain on Foreign Exchange	1 146 702
Miscellaneous revenue not included in budget	1 374 806
Capitalization of equipment & intangible Assets	(2 953)
Change in provision for doubtful debts	(826 058)
Loss on Foreign Exchange	-
Other adjustments to expenditure	(12 904)
Post employment benefit interest and current service cost	(1 056 000)
	(1 897 915)
Sub-total basis differences	(523 109)
Full accrual based net result for Core Budget	(1 227 740)
Entity differences on IPSAS Basis	
Convention events organized by Secretariat (BMA)	382 656
Global Mechanism (GMZ)	1 395 921
Participation in UNCCD COP Sessions (UVA)	1 323 921
Voluntary Financing of activities (UWA)	8 867 811
Program support costs (ZQA)	(273 869)
Cost Recovery under home country agreement (ZHC)	1 545 493
Sub-total entity differences	13 241 935
Actual net result on the Statement of Financial Performance	**12 014 194**

Note 5: Budget to Actual variance analysis

86. The statement of comparison of budget and actual amounts (statement V) presents the difference between budget amounts, which are prepared on a modified cash basis, and actual income and expenditure on a comparable basis.

Note 6: Cash, Cash Equivalents and Investments
(United States Dollars)

	31 December 2025	*31 December 2024*
Cash and cash equivalents	6 796 225	6 007 052
Short-term investments	36 592 773	32 052 266
Total current cash and short-term investments	43 388 998	38 059 318
Long-term investments	15 078 770	11 933 430
Total cash, cash equivalents and investments	**58 467 768**	**49 992 748**

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 49,928,317 (2024: USD 41,518,295) that are subject to general stipulations in the agreements which did not meet the requirements to be conditions under IPSAS 23.

Note 7: Indicative Contributions Receivable
Indicative Contributions due from Parties to the Convention
(United States dollars)

	31 December 2025	*31 December 2024*
Gross receivable from member states	6 789 860	4 532 259
Accumulated revaluation	558 804	(221 475)
Less allowance for doubtful receivables	(4 097 322)	(3 271 264)
Total indicative contributions receivables	**3 251 342**	**1 039 520**

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 expected credit loss (ECL) calculation in line with IPSAS 41 requirements. Indicative contributions receivable increased year on year by USD 3.04 million (gross) or USD 2.21 million (net) due to increased balance of outstanding contributions at the reporting date.

Note 8: Voluntary Contributions Receivable

Voluntary contribution receivable as at 31 December 2024
(United States dollars)

	Current	*Non-current*	*Total*
Gross voluntary contributions	8 522 118	16 669 216	25 191 334
Less allowance for doubtful receivables	-	-	-
Total voluntary contributions receivable	**8 522 118**	**16 669 216**	**25 191 334**

Voluntary contribution receivable as at 31 December 2025
(United States dollars)

	Current	*Non-current*	*Total*
Gross voluntary contributions	19 879 971	10 689 162	30 569 133
Less allowance for doubtful receivables	(495 570)	-	(495 570)
Total voluntary contributions receivable	**19 384 401**	**10 689 162**	**30 073 563**

90. Voluntary contributions receivable of USD 30,073,563 (2024: USD 25,191,334) includes for both Secretariat and Global Mechanism as per the signed agreements. The voluntary contribution receivables are classified and presented in the Statement Financial Position as current assets USD 19,384,401 and non-current assets USD 10,689,162 based on due dates.

91. The voluntary contribution receivables above include USD 30,073,563 (2024: USD 25,160,083) 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 very limited occurrences of breach of stipulations that would prompt donors to demand refunds or reimbursements. In the year ending 31 December 2025 expected credit loss allowance of USD 495 570 was recognized for specific delinquent voluntary receivables.

Note 9: Other accounts receivable

(United States dollars)

	2025	*2024*
VAT	49 947	151 791
Other	43 792	-
Total other accounts receivable	**93 739**	**151 791**

92. Value Added Tax (VAT) for USD 49,947 for taxes reimbursable under the headquarters agreement with the host government. Other receivables relate to a refund from another UN agency.

Note 10: Other current assets
(United States dollars)

	2025	*2024*
Education grant advance	253 258	217 816
Advance Payment to Vendors	-	692 000
UNDP Remittances net of charges	164 051	539 302
Travel advance	68 467	42 321
Salary advance	-	-
Other	732	1 595
Total other current assets	**486 508**	**1 493 034**

93. Internationally recruited staff members receive advance for education grants. The education grant advance portion of USD 253,258 pertains to future months of the current scholastic year. Advance to vendors related to a cash advance balance refundable to UNCCD.

94. UNDP remittance of net charges related to the fund balance between the amount transferred minus the expenses reported at 31 December 2025. The balance amount of USD 164,051 will be used to cover the payments to implementing partners, consultants, and vendors in 2026.

Note 11: Fixed Assets
(United States dollars)

	Vehicles	*Communications Information Technology Equipment*	*Total*
Cost as at 31 December 2024	**59 806**	**0**	**59 806**
Additions	0	11 651	11 651
Impairment	0	0	0
Disposals	0	0	0
Cost as at 31 December 2025	**59 806**	**11 651**	**71 457**
Accumulated depreciation as at 31 December 2024	**56 853**	**0**	**56 853**
Depreciation	2 953	1 942	4 895
Impairment	0	0	0
Disposals	0	0	0
Accumulated depreciation as at 31 December 2025	**59 806**	**1 942**	**61 748**
Net carrying amount			
31 December 2024	2 953	0	2 953
Net carrying amount 31 December 2025	**0**	**9 709**	**9 709**

95. During 2025 UNCCD acquired and capitalised audiovisual equipment in the amount of USD 11 651 which will be depreciated over 5 years

Note 12: Accounts payables and accrued expenses
(United States dollars)

	2025	*2024*
Vendor payables	1 278 235	2 598 407
Accrued expenses	1 056 373	2 343 206
Unapplied deposits	-	-
Total payables and accrued expenses	**2 334 608**	**4 941 613**

96. Payables to vendors relate to amounts due for goods received and services rendered and for which payment had not been completed.

97. Accrued expenses relate to 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)

	2025	*2024*
Deferred revenue from conditional voluntary contributions	8 205 810	6 100 967
Core budget contributions received in advance	734 374	202 679
Total advance receipts	**8 940 184**	**6 303 646**

98. Deferred revenue for the voluntary contributions in the amount of USD 8,205,810 relates mainly to the conditional agreement between the UNCCD and Saudi Arabia for the project Global Land Initiative (G20). Advances related to core budget contributions pertain to contributions received before the actual due date.

Note 14: Employee Benefit liability
(United States dollars)

	2025	2024
Current liabilities		
Repatriation grant and travel	379 000	258 000
After service health insurance	313 000	274 000
Accumulated annual leave	166 000	131 000
USA Tax reimbursement	95 913	60 090
Home leave	89 246	138 563
Appendix D Compensation	269 339	231 246
Other	240 781	-
Subtotal current liabilities	**1 553 279**	**1 092 899**
Non-current liabilities		
Repatriation grant and travel	1 428 000	1 384 000
After service health insurance	29 184 000	29 974 000
Accumulated annual leave	797 000	636 000
Subtotal non-current liabilities	**31 409 000**	**31 994 000**
Total employee benefits liabilities	**32 962 278**	**33 086 899**

99. The ASHI liability decreased from USD 30.25 million to USD 29.50 million mainly due to the changes in the discount rates. The repatriation grant has increased in 2025 to the amount of USD 1.81 million from 1.64 million in 2024 and the annual leave liability has increased in 2025 to the amount of USD 0.96 million from 0.77 million in 2024.

100. 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 2025, the gross liability was calculated by the actuary as USD 29,497,000 net of contributions from plan participants (USD 30,248,000 at 31 December 2024.).
- 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 2025 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 2025 presented in this report for defined benefit obligations are based on a full actuarial valuation including review of census data, demographic assumptions, financial assumptions such as discount rates, salary increases, inflation rates and health-care cost trends to determine UNCCD's estimated liability for defined benefit obligations at the reporting date.

101. 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 ½ basis point.

Assumptions used to determine the value of employee benefit liabilities

Assumption	*After-service health insurance*	*Repatriation grant*	*Accumulated annual leave*
Discount rate (31 December 2025)	2.58%	5.09%	5.18%
Discount rate (31 December 2024)	1.98%	5.56%	5.57%
Travel inflation (31 December 2025)	–	2.2%	–
Travel inflation (31 December 2024)	–	2.5%	–
Salary increase rate	Salary scales provided by the UN TFAS which are developed by the UNJSPF for actuarial valuation of the UNJSPF pension plan		

102. The following assumptions were utilized by the actuary in determining the maturity profile of the defined benefit obligations at 31 December 2025:

- 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 24 years.
- Repatriation benefits: 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: for disclosure purposes it 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 7 years.

103. 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 post-employment benefit obligations
(Thousands of United States dollars)

	2025		*2024*	
	Increase	*Decrease*	*Increase*	*Decrease*
0.5% movement in healthcare costs inflation rate				
Effect on the accumulated benefit obligation	3 801	(3 265)	4 384	(3 725)
Effect on combined service and interest cost	292	(250)	431	(345)

	2025		2024	
	Increase	*Decrease*	*Increase*	*Decrease*
0.5% movement in discount rate				
Effect on the ASHI defined-benefit obligation	(3 270)	3 846	(3 567)	4 227
Effect on the Repatriation Grant defined-benefit obligation	(49)	51	(48)	50
Effect on the Annual Lease defined-benefit obligation	(30)	31	(23)	24

Reconciliation of opening to closing defined benefit liability and expense in 2025
(Thousands of United States dollars)

	ASHI	*Repatriation Grant & Travel*	*Annual Leave*
Net defined benefit liability as at 1 January	**30 248**	**1 642**	**767**
Current service cost	1 636	93	5
Interest cost	552	90	42
Total costs recognized in the statement of financial performance			
Benefits paid (net of participant contribution)	(210)	(78)	(53)
Liability (gain)/loss due to actuarial assumptions and experience recognized in net assets	(2 729)	60	202
Net defined benefit liability as at 31 December	**29 497**	**1 807**	**963**

Reconciliation of opening to closing defined benefit liability and expense in 2024
(Thousands of United States dollars)

	ASHI	*Repatriation Grant & Travel*	*Annual Leave*
Net defined benefit liability as at 1 January	**25 757**	**1 780**	**830**
Current service cost	1 367	100	68
Interest cost	541	79	21
Total costs recognized in the statement of financial performance			
Benefits paid (net of participant contribution)	(223)	(320)	(121)
Liability (gain)/loss due to actuarial assumptions and experience recognized in net assets	2 806	3	(31)
Net defined benefit liability as at 31 December	**30 248**	**1 642**	**767**

104. 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.

105. 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. Similarly, a monthly accrual for repatriation grant benefit of 8% of gross salary less staff assessment is applied to all post funded by voluntary contributions.

106. As of 31 December 2025, UNCCD accrued USD 559,130 for repatriation grant and travel and USD 987,148 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.

107. 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 statement of changes in net assets. Actuarial adjustments for other long-term benefits including repatriation grants 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.

108. 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

109. 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.

110. The Fund collectively exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. 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 contributions to the Fund as if they were to 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.

111. 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 Fund's Consulting Actuary. The practice of the Pension Board has usually 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 into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

112. 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% of pensionable remuneration 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. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

113. The latest actuarial valuation for the Fund was completed as at 31 December 2023, and the valuation as of 31 December 2025 is currently being performed. A roll forward of the participation data as of 31 December 2023 to 31 December 2024 was used by the Fund for its 2024 financial statements.

114. Actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0% when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0% when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.

115. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2023, 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. At the time of this report, the General Assembly has not invoked the provision of Article 26.

116. 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 (2022, 2023 and 2024) amounted to USD 10,191.93 million, of which 0.059% was contributed by the UNCCD.

117. In 2025, contributions paid to the Fund by the UNCCD amounted to USD 2.19 million (2024

USD 2.13 million). Expected contributions due in 2026 are approximately USD 2.25 million.

118. 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.

119. 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 provides weekly information on its investments, and it can be viewed at www.unjspf.org.

Note 15: Other current liabilities
(United States dollars)

	2025	*2024*
Repatriation grant held in trust	50 564	119 103
Total	**50 564**	**119 103**

120. Other current liabilities represent repatriation grant held in trust related to former staff members of UNCCD. 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)

	Actuarial gain/(loss)	Fair Value gain/(loss)	Accumulated surplus/(deficit)	Total accumulated surplus/(deficit)	Reserves	Total net assets
Balance as at 01 January 2024	(4 680 691)	(141 486)	18 181 444	13 359 267	1 952 255	15 311 522
Surplus/(Deficit) for the period			20 870 001	20 870 001		20 870 001
Actuarial gains/(losses) on employee benefits	(2 778 000)			(2 778 000)		(2 778 000)
Fair value gains/(losses) on investments held		83 583		83 583		83 583
Other adjustments			(66 988)	(66 988)		(66 988)
Balance as at 01 January 2025	(7 458 691)	(57 903)	38 984 458	31 467 864	1 952 255	33 420 119
Surplus/(Deficit) for the period			11 783 932	11 783 932		11 783 932
Actuarial gains/(losses) on employee benefits	2 467 000			2 467 000		2 467 000
Fair value gains/(losses) on investments held		193 682		193 682		193 682
Other adjustments			-	-		-
Balance as at 31 December 2025	(4 991 691)	135 779	50 768 390	45 912 478	1 952 255	47 864 733

Accumulated surplus

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

122. The 15th Session of the Conference the Parties (COP 15) authorized the Executive Secretary, to set aside funds for after-service health insurance (ASHI), not exceeding the amount of EUR 500,000. Subsequently COP 16 authorized the secretariat to use those funds to cover the ASHI costs that may occur during the biennium 2025–2026. During 2025 UNCCD incurred ASHI costs in the amount of EUR 147,943, with remaining balance of EUR 352,057 to cover 2026 costs.

123. Actuarial gains/(losses) relate to the defined employee benefit plans. Please refer to note 3 (Significant Accounting Policies) for more details

124. Fair value movements relate to unrealised gain/(loss) on cash pool investments classified at fair value through net assets in accordance with IPSAS 41

Reserves

125. 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 equal to USD 1.95 million (USD 1.95 million as at 31 December 2024).

Note 17: Revenue from non-exchange transactions
Indicative contributions
(United States dollars)

	2025	*2024*
Indicative contributions approved by the Conference of the Parties	8 709 460	8 550 676
Amount reported in Statement II: Indicative contributions	**8 709 460**	**8 550 676**

126. The above amount of USD 8,709,460 includes contributions from the following top ten member states which represents 69.26 per cent of total revenue amount:

(United States dollars)

	Amount	Percent
United States of America	1 867 917	21.45
People's Republic of China	1 295 146	14.87
Japan	682 045	7.83
Germany	518 856	5.96
United Kingdom of Great Britain and Northern Ireland	371 460	4.27
France	366 621	4.21
Italy	270 764	3.11

Canada	223 131	2.56
Republic of Korea	218 546	2.51
European Union	217 736	2.50
Total top ten	**6 032 222**	**69.26**

Voluntary contributions

127. 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.

128. Net voluntary contributions consist of revenue of USD 30 779 650 as well as reversal of prior year accruals with net impact of USD 1 316 914.No refunds were made or accrued during 2025. The overall decrease in revenue is mainly attributable to year on year decrease in voluntary contribution revenue recognised for Global Mechanism.

(In United States dollars)

	2025	*2024*
Voluntary contributions	30 779 650	50 888 817
COP16 & CRIC21 Balance Refund Accruals	1 316 914	(488 551)
Refunds to other donors	-	(198 766)
Net voluntary contributions	**32 096 564**	**50 201 500**

129. 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 2025 the government of Panama hosted the twenty third session of the Committee for the Review of the Implementation of the Convention (CRIC23) and provided the conference venue and other facilities.

Note 18: Investment revenue

(United States dollars)

	2025	*2024*
Investment revenue (recorded by UNHQ Treasury)	2 165 424	2 247 936
Total investment revenue	**2 165 424**	**2 247 936**

Note 19: Other revenue
(United States dollars)

	2025	*2024*
Other Revenue	-	-
Gain on Foreign Exchange	3 094 803	-
Total other revenue	**3 094 803**	**-**

130. Due to favorable fluctuation in foreign currency exchange rates during 2025, UNCCD recorded overall foreign exchange gain compared to a loss of USD 648,886 during 2024. No other revenue was recognized during the reporting year.

Note 20: Expenses

Personnel expenses
(United States dollars)

	2025	*2024*
Salary and wages	8 925 252	8 397 550
Pension and insurance benefits	2 730 270	2 632 891
Interest, service costs and net benefits paid	2 077 000	1 512 000
Other benefits	1 725 535	1 723 213
Total personnel expenses	**15 458 057**	**14 265 654**

131. 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, staff assignment, repatriation, hardship, living allowances, post-employment benefits for United Nations Volunteers, and other allowances.

Travel
(United States dollars)

	2025	*2024*
Travel	2 616 861	8 104 073
Total travel	**2 616 861**	**8 104 073**

132. Travel covers the cost of airfare and other transport cost, daily support allowances and terminal allowances. Travel costs decreased substantially during the reporting year. Travel costs in 2024 were mainly driven by the organization of the sixteenth session of the COP in Riyadh, Kingdom of Saudi Arabia.

Grants
(United States dollars)

	2025	*2024*
Grants and transfer to implementing partners	8 961 606	9 386 194
Total grants	**8 961 606**	**9 386 194**

133. Grants include outright grants and transfers to the implementing agencies, partners and other entities to carry out the mandates contained in the Convention. The decrease in the reporting period compared to 2024 results from decrease attributable to the Secretariat and G20 initiative and increase attributable to the Global Mechanism.

Contractual services
(United States dollars)

	2025	*2024*
Consultancy services – individual and institutional	3 040 129	4 367 581
ICT services	619 691	429 790
Translation and interpretation services	53 562	85 450
Information services – production and printing	113 495	426 053
Other	129 485	110 255
Total contractual services	**3 956 362**	**5 419 128**

134. Contractual Services cover the cost of contracting with individual experts and consultants, insurances and their travel expenses, ICT services, production and printing of information materials, translation and interpretation services.

Depreciation of property, plant and equipment
(United States dollars)

	2025	*2024*
Depreciation of property, plant and equipment	4 895	3 938
Total depreciation of property, plant and equipment	**4 895**	**3 938**

135. Depreciation charges relate to a car and audiovisual equipment.

Other Expenses:

136. Other Expenses include operating and other direct costs; supplies, commodities and materials; Equipment, vehicle and furniture; loss on foreign exchange and change in credit loss provision, as explained below.

	2025	*2024*
Operating and other direct costs	1 572 514	2 136 750
Equipment and furniture	110 474	55 784
Supplies commodities and materials	49 659	56 927
Loss on foreign exchange	-	648 886
Expected Credit Loss (ECL) Provision - core budget contributions receivable	826 058	52 777
Expected Credit Loss (ECL) Provision - voluntary contributions receivable	495 571	-
Total	**3 054 276**	**2 951 124**

137. Operating and other direct costs include maintenance, shared services, utilities, contracted

services, training, security services, shared services, rent, and insurance.

138. Equipment, vehicles and furniture relates to end user and office equipment that is fully expensed during reporting period. Supplies, commodities and materials include publications, stationery, office supplies and fuel costs.

139. Due to favourable fluctuations in foreign currency exchange rates during 2025, UNCCD recorded overall exchange gain compared to a loss of USD 648,886 during 2024 (see Note 19: Other Revenue for details). The foreign exchange gain/loss relates to transactions occurring in currencies other than US dollars as well as unrealized loss resulting from revaluation of monetary assets

140. There was a net increase of USD 826,058 in expected credit loss provision calculated for the core budget contributions receivable, compared with the provision for the prior reporting period. This resulted mainly from increase in gross outstanding receivables from the member states at the end of the reporting period.

141. Expected credit loss provision was recognised for specific delinquent voluntary contributions based on gross outstanding receivable balances and lifetime expected credit loss at the reporting date.

Note 21: Financial instruments and financial risk management
Summary of UNCCD's financial instruments
(United States dollars)

	Note	*31 December 2025*	*31 December 2024*
Financial assets			
Fair value through net assets and equity (FVNAE)			
Short-term investments: Cash pool	6	36 592 773	32 052 266
Total short-term investments		**36 592 773**	**32 052 266**
Long-term investments: Cash pool	6	15 078 770	11 933 430
Total long-term investments		**15 078 770**	**11 933 430**
Total fair value through net assets and equity (FVNAE)		**51 671 543**	**43 985 696**
Cash and cash equivalents			
Cash and cash equivalents: Cash pool	6	6 796 225	6 007 052
Total cash and cash equivalents		**6 796 225**	**6 007 052**
Loans and receivables			
Indicative contributions receivables	7	3 251 342	1 039 521
Voluntary contributions receivables	8	30 073 563	25 191 333
Other receivables	9	93 739	151 791
Other assets (excluding advances and deferred charges)		-	-
Total of cash and cash equivalents, receivables from exchange and non-exchange transactions and loans		**33 418 643**	**26 382 645**
Total carrying amount of financial assets		**91 886 411**	**76 375 393**
Of which relates to financial assets held in main pool		58 467 768	49 992 748
Financial liabilities at amortized cost			
Accounts payable and accrued expenses	12	2 334 608	4 941 613
Other liabilities		-	-
Total carrying amount of financial liabilities		**2 334 608**	**4 941 613**
Summary of net revenue from financial assets			
Net cash pool revenue		56 133 159	45 051 135
Other investment revenue		-	-
Total net revenue from financial assets		**56 133 159**	**45 051 135**

Financial risk management

Overview

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

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

143. 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

144. 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

145. 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.

146. 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

147. A large portion of the contribution’s 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

148. 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)

	Total allowance for doubtful receivables
Opening balance – core budget contribution receivable	3 271 264
Net movement 2025	826 058
Closing balance – core budget contribution receivable	**4 097 322**
Opening balance – voluntary contribution receivable	
Net movement 2025	495 571
Closing – voluntary contribution receivable	**495 571**
Total as at 31 December 2025	**4 592 893**

149. The carrying amounts of the core budget contributions receivable are denominated in euros and revalued to USD based on the UNORE exchange rate effective at the reporting date. The age and associated allowance of indicative contributions and voluntary contributions at the reporting date are as follows.

Ageing of indicative contributions
(United States dollars)

	31 December 2025		*31 December 2024*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	3 100 249	447 161	661 279	89 348
One to two years	393 009	122 328	391 600	112 241
Two to three years	367 218	186 332	395 818	205 053
Three to four years	358 684	265 449	126 643	104 632
More than four years	3 129 504	3 076 053	2 735 444	2 759 990
Total	**7 348 664**	**4 097 322**	**4 310 784**	**3 271 264**

Ageing of voluntary contributions
(United States dollars)

	31 December 2025		*31 December 2024*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	29 982 563	0	23 925 827	0
One to two years	26 000	0	761 720	0
Two to three years	0	0	0	0
More than three years	560 571	495 571	503 787	0
Total	**30 569 134**	**495 571**	**25 191 334**	**0**

Credit risk: cash and cash equivalents

150. At the year end, the Organization had cash and cash equivalents of USD 6.80 million (2024: USD 6.01 million), which is the maximum credit exposure on those assets. See Note 22: Financial instruments: Cash Pool.

Financial risk management: liquidity risk

151. 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.

152. 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.

153. 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

154. 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

155. 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

156. 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

157. 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.

158. 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.

Currency risk: sensitivity analysis

159. 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 SAR) 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 2025

(In United States dollars)

	EUR	CHF	CAD
Indicative contributions receivable	5 474 899	-	-
Voluntary contributions receivable	24 540 129	1 774 398	-
Other accounts receivable	49 398	-	-
Other Current Assets	706	-	-
Accounts payable and accrued expenses	(309 637)	(73 648)	(8 369)
Advance receipts	(2 774 596)	-	-
Total	26 980 899	1 700 750	(8 369)

Currency exposure sensitivity analysis			
USD exchange rate as at 31 December 2025	0.850	0.789	1.367
Effect of a 10% increase of the exchange rate (in USD)	2 698 090	170 075	837
Effect of a 10% decrease of the exchange rate (in USD)	(2 698 090)	(170 075)	(837)

Other market price risk

160. 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

161. 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

162. 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).

163. 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.

164. 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.

165. 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

166. 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.

167. 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.

168. As at 31 December 2025, the cash pools held total assets of $12,624.1 million (2024: $12,076.1 million), of which $58.5 million was due to the Organization (2024: $50.0 million), and its share of revenue from cash pools was $2.165 million (2024: $2.248 million).

Summary of assets and liabilities of the main pool as at 31 December 2025
(Thousands of United States dollars)

	Main pool	*UNCCD's share*
Fair value through net asset/equity		
Short-term investments	7 900 980	36 593
Long-term investments	3 254 786	15 079
Total fair value through net asset/equity investments	**11 155 766**	51 672
Loans and receivables		
Cash and cash equivalents	1 380 057	6 387
Accrued investment revenue	88 327	409
Total loans and receivables	**1 468 384**	6 796
Total carrying amount of financial assets	**12 624 150**	**58 468**

Summary of revenue and expenses of the main pool for the year ended 31 December 2025
(Thousands of United States dollars)

	Main pool	*UNCCD's share*
Investment revenue	545 247	2 165
Investment revenue [a]	**545 247**	**2 165**
Foreign exchange gains / (losses)	(4 807)	103
Bank fees	(800)	(4)
Operating gains (losses)	**(5 607)**	**99**
Revenue and expenses	**539 640**	**2 264**

[a] Unrealized loss from cash pools mark to market revaluation is reported under the statement of net assets in accordance with IPSAS 41.

Summary of assets and liabilities of the main pool as at 31 December 2024
(Thousands of United States dollars)

	Main pool	*UNCCD's share*
Fair value through the surplus or deficit		
Short-term investments	7 742 472	32 052
Long-term investments	2 882 612	11 934
Total fair value through the surplus or deficit investments	**10 625 084**	43 986
Loans and receivables		
Cash and cash equivalents	1 312 000	5 431
Accrued investment revenue	139 050	576
Total loans and receivables	**1 451 050**	6 007
Total carrying amount of financial assets	**12 076 134**	**49 993**

Summary of revenue and expenses of the main pool for the year ended 31 December 2024
(Thousands of United States dollars)

	Main pool	*UNCCD's share*
Investment revenue	577 165	2 248
Investment revenue [a]	**577 165**	**2 248**
Foreign exchange gains / (losses)	8 723	39
Bank fees	(733)	(3)
Operating gains (losses)	**7 990**	**36**
Revenue and expenses	**585 155**	**2 284**

Financial risk management

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

170. 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.

171. An investment committee evaluates investment performance periodically, assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

172. Pursuant to the Investment Management Guidelines, ongoing monitoring of issuer and counterparty credit ratings is required. 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 fewer. The cash pools do not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

173. Pursuant to the Investment Management Guidelines, it is required 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.

174. The credit ratings used to assess financial instruments are those issued by major rating agencies S&P, Moody's, and Fitch. At year-end, investments were held in high quality fixed income and money market instruments, with all holdings rated at least Aa3/AA- or P-1/A-1/F1, as applicable, by one of these agencies. As at 31 December 2025, S&P rated 97.7 per cent of bonds as A+ and above (2024: 100 per cent AA- and above). For commercial paper, certificates of deposit and term deposits, 100 per cent were rated A-1 and above (2024: 100 per cent A-1 and above).

175. The United Nations Treasury actively monitors credit ratings and because 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

176. 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

177. 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 five years (2024: five years). The average duration of the main pool on 31 December 2025 was 0.86 years (2024: 0.78 years), which is considered to be an indicator of low risk.

Cash pools interest rate risk sensitivity analysis

178. 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 2025

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (Millions of United States dollars):									
Main pool total	213.90	160.41	106.93	53.46	0	(53.46)	(106.90)	(160.34)	(213.77)

Main pool interest rate risk sensitivity analysis as at 31 December 2024

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (Millions of United States dollars):									
Main pool total	180.84	135.62	90.41	45.20	0	(45.20)	(90.39)	(135.57)	(180.75)

Other market price risk

179. 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

180. 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.

181. 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).

182. 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.

183. 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.

184. 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 2025			*31 December 2024*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds – corporate	155 019	–	155 019	94 875	–	94 875
Bonds – non-United States agencies	2 515 850	–	2 515 850	2 608 429	–	2 608 429
Bonds – supranational	1 274 270	–	1 274 270	478 759	–	478 759
Bonds – United States treasuries	398 410	–	398 410	793 328	–	793 328
Bonds – non-United States sovereigns	56 038	–	56 038	99 527	–	99 527
Main pool – commercial papers	–	844 309	844 309	–	934 677	934 677
Main pool – certificates of deposit	–	3 791 870	3 791 870	–	3 245 489	3 245 489
Main pool – term deposits	–	2 120 000	2 120 000	–	2 370 000	2 370 000
Total	**4 399 587**	**6 756 179**	**11 155 766**	**4 074 918**	**6 550 166**	**10 625 084**

Note 23: Related Parties

185. The key management personnel of UNCCD are the Executive Secretary, Deputy Executive Secretary, Heads of the units and other designated key personnel, who have the authority and responsibility for planning, directing and controlling activities of UNCCD and its strategic direction.

186. The below table does not include the remuneration and final settlements and repatriation grants for the staff left during and prior to 2025.

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 (2025)	11	2 957 984	3 821 000
Senior Management (2024)	11	2 569 153	735 000

187. 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 2025 in the amount of USD 3 821,000 provided by the actuary.

188. Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund (UNJSPF).

189. Advances are those made against entitlements in accordance with the staff rules and regulations. There were no loans granted to key management personnel.

190. 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.

191. 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), Common Services Unit 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.

192. 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.

193. 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, commitments and contingencies

194. The Organization conducted an assessment to determine whether its current and prospective contractual arrangements meet the definition of a lease under adopted IPSAS 43 – Leases. As a result it has been concluded that the Organization does not have any contractual arrangement at the reporting date that qualifies as a lease under IPSAS 43. Identified and assessed arrangements were as a result exempted from the recognition requirement.

195. Occupancy and use of the premises – 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 UNCCD has not received title to these properties which remain with the government. The facilities are provided to UNCCD without charge except for contribution to a proportionate share of the costs for common UN Bonn services, maintenance, and other expenditures. These payments are not tied to exclusive use of a specific asset, but rather to collective occupancy and service cost-sharing. The German Government retains control over

the space allocation and its use as well as office space structural alterations and improvements. This means that the right-to-control condition is not met and therefore this arrangement is not a lease. In addition the arrangement is open ended and there are no indicators that it would be reasonably certain for the German Government or UNCCD to exercise its termination rights. Therefore the definition of a “period of time” is not achieved.

196. Lease of equipment – the UNCCD outsources services covering provision, installation and maintenance of printers and MFP (Multi-Function Printer) devices. The contract involves identified assets that are physically distinct and individually assignable to UNCCD operations. Current contract expired on 30 November 2025 and as per transitional measures leases with a remaining term of 12 months or less were treated as short term leases and not recognised and measured in line with IPSAS43 requirements. The minimum, non-cancellable, lease payments related to this contract and recognised as expenses in 2025 are USD 28,791 compared to USD 31,538 in 2024.

197. Other commitments relate to funds transfers to implementing partners or the acquisition of goods and services contracted for, but not delivered, as at 31 December 2025 amount to USD 2,531,873 (2024: USD 3,220,317).

Contingent assets and liabilities

198. No contingent assets or liabilities during the reporting period.

Note 25: Events after the reporting date

199. 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

200. 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.

201. 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

202. 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 2025

	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)	
	31 December 2025	*31 December 2024*	*31 December 2025*	*31 December 2024*	*31 December 2025*	*31 December 2024*	*31 December 2025*	*31 December 2024*
Assets								
Current Assets								
Cash and cash equivalents	91 352	44 564	1 647 989	1 232 688	234 558	135 535	3 977 941	3 527 307
Investments	491 875	237 785	8 873 283	6 577 344	1 263 383	723 186	21 420 446	18 820 912
Indicative contributions receivable	-	-	-	-	-	-	-	-
Voluntary contributions receivable	-	-	10 008 648	6 745 620	186 000	1 150 000	7 468 416	626 498
Other accounts receivable	4 219	5 267	965	1 152	-	-	16 761	50 412
Other current assets	494	1 770	33 170	10 234	(14 114)	682 685	42 479	75 518
Total current Assets	587 940	289 387	20 564 054	14 567 038	1 669 827	2 691 406	32 926 042	23 100 647
Non-Current Assets								
Investments	202 688	88 530	3 656 420	2 448 821	520 686	269 250	8 827 105	7 007 243
Voluntary contributions receivable	-	-	9 928 706	15 541 857	-	-	760 456	1 127 358
Fixed Assets	-	-	-	-	-	-	9 709	-
Total Non-Current Assets	**202 688**	**88 530**	**13 585 126**	**17 990 679**	**520 686**	**269 250**	**9 597 271**	**8 134 601**
Total Assets	**790 629**	**377 917**	**34 149 181**	**32 557 717**	**2 190 513**	**2 960 656**	**42 523 313**	**31 235 248**
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	-	542	236 058	52 458	193 377	1 843 384	1 763 660	2 536 313
Advance receipts	-	-	22 574	22 574	-	-	8 183 237	6 078 393
Employee benefit liability	29 027	684	5 360	38 388	-	-	34 315	59 746
Other current liabilities	(0)	(0)	-	-	-	-	-	-
Total Current Liabilities	**29 027**	**1 226**	**263 992**	**113 420**	**193 377**	**1 843 384**	**9 981 212**	**8 674 452**
Non-Current Liabilities								
Employee benefit liability	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Liabilities	**29 027**	**1 226**	**263 992**	**113 420**	**193 377**	**1 843 384**	**9 981 212**	**8 674 452**
Net Assets	**761 602**	**376 691**	**33 885 189**	**32 444 297**	**1 997 136**	**1 117 272**	**32 542 101**	**22 560 796**
Accumulated surpluses/(deficits)	(207 163)	(592 073)	33 360 498	31 919 606	1 953 039	1 073 175	30 955 950	20 974 644
Actuarial gain (loss) recognized in net assets	968 764	968 764	524 691	524 691	-	-	902 321	902 321
Operating reserves	-	-	-	-	44 097	44 097	683 830	683 830
Total Fund Balances and Reserves	**761 601**	**376 691**	**33 885 189**	**32 444 297**	**1 997 136**	**1 117 272**	**32 542 101**	**22 560 795**

	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 December 2025	*31 December 2024*	*31 December 2025*	*31 December 2024*	*31 December 2025*	*31 December 2024*	*31 December 2025*	*31 December 2024*
Assets								
Current Assets								
Cash and cash equivalents	233 641	407 642	451 458	381 115	159 286	278 200	6 796 225	6 007 052
Investments	1 257 889	2 175 083	2 428 251	2 033 545	857 645	1 484 412	36 592 773	32 052 266
Indicative contributions receivable	3 251 342	1 039 521	-	-	-	-	3 251 342	1 039 521
Voluntary contributions receivable	-	-	-	-	1 721 337	-	19 384 401	8 522 118
Other accounts receivable	62 629	77 541	1 162	10 033	8 003	7 385	93 739	151 791
Other current assets	390 282	705 427	21 082	13 668	13 117	3 732	486 508	1 493 034
Total current Assets	5 195 782	4 405 214	2 901 953	2 438 361	2 759 388	1 773 729	66 604 988	49 265 781
Non-Current Assets								
Investments	518 320	809 809	1 000 140	757 112	353 410	552 664	15 078 770	11 933 430
Voluntary contributions receivable	-	-	-	-	-	-	10 689 162	16 669 215
Fixed Assets	-	2 953	-	-	-	-	9 709	2 953
Total Non-Current Assets	**518 320**	**812 762**	**1 000 140**	**757 112**	**353 410**	**552 664**	**25 777 641**	**28 605 599**
Total Assets	**5 714 102**	**5 217 976**	**3 902 093**	**3 195 474**	**3 112 798**	**2 326 393**	**92 382 629**	**77 871 380**
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	85 229	180 499 -	(0)	57 208	56 285	271 207	2 334 608	4 941 613
Advance receipts	734 374	202 679	-	-	-	-	8 940 184	6 303 646
Employee benefit liability	931 882	631 127	552 694	362 954	-	-	1 553 279	1 092 898
Other current liabilities	50 563	53 312	(0)	65 791	-	-	50 564	119 103
Total Current Liabilities	**1 802 047**	**1 067 617**	**552 693**	**485 954**	**56 285**	**271 207**	**12 878 635**	**12 457 261**
Non-Current Liabilities								
Employee benefit liability	18 411 000	18 640 000	12 998 000	13 354 000	-	-	31 409 000	31 994 000
Total Non-Current Liabilities	**18 411 000**	**18 640 000**	**12 998 000**	**13 354 000**	**-**	**-**	**31 409 000**	**31 994 000**
Total Liabilities	**20 213 047**	**19 707 617**	**13 550 693**	**13 839 954**	**56 285**	**271 207**	**44 287 635**	**44 451 261**
Net Assets	**(14 498 946)**	**(14 489 641)**	**(9 648 600)**	**(10 644 480)**	**3 056 514**	**2 055 185**	**48 094 994**	**33 420 119**
Accumulated surpluses/(deficits)	(13 053 217)	(11 833 913)	(5 058 046)	(4 796 927)	3 183 370	2 182 041	51 134 430	38 926 554
Actuarial gain (loss) recognized in net assets	(2 399 747)	(3 609 747)	(4 987 720)	(6 244 720)	-	-	(4 991 691)	(7 458 691)
Operating reserves	954 018	954 018	397 166	397 166	(126 856)	(126 856)	1 952 255	1 952 255
Total Fund Balances and Reserves	**(14 498 946)**	**(14 489 642)**	**(9 648 600)**	**(10 644 481)**	**3 056 514**	**2 055 185**	**48 094 994**	**33 420 118**

UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION

Statemnt II: Statement of Financial Performance for the period 1 January to 31 December 2025 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	
	2025	*2024*	*2025*	*2024*	*2025*	*2024*	*2025*	*2024*	*2025*	*2024*	*2025*	*2024*	*2025*	*2024*	*2025*	*2024*	*2025*	*2024*
REVENUE																		
Indicative contributions	-	-	-	-	-	-	-	-	8 709 460	8 550 676	-	-	-	-	-	-	8 709 460	8 550 676
Voluntary contributions	856,040	567 472	4 450 212	25 855 745	1 418 114	4 461 400	22 022 955	14 876 184	598 703	552 151	-	-	2 750 540	3 888 548	-	-	32 096 564	50 201 500
Interest Revenue	11,295	23 992	470 103	291 270	72 788	76 117	1 178 844	1 412 137	228 104	240 466	130 243	69 806	74 047	134 149	-	-	2 165 424	2 247 937
Other revenue	35,372	-	2 177 408	-	(5 198)	-	(253 682)	-	1 146 702	-	(1 778)	-	(4 020)	-	-	-	3 094 803	-
Programme support revenue	-	-	-	-	-	-	-	-	-	-	3 274 240	4 491 483	-	-	(3 274 240)	(4 491 483)	-	-
TOTAL REVENUE	**902 707**	**591 463**	**7 097 723**	**26 147 014**	**1 485 704**	**4 537 517**	**22 948 117**	**16 288 320**	**10 682 969**	**9 343 293**	**3 402 705**	**4 561 290**	**2 820 567**	**4 022 698**	**(3 274 240)**	**(4 491 483)**	**46 066 251**	**61 000 112**
EXPENSES																		
Personnel expenses	418 924	370 014	773 308	548 825	-	-	2 482 359	2 980 698	8 325 902	7 230 538	3 457 564	3 135 579	-	-	-	-	15 458 057	14 265 654
Travel	39 808	290 949	223 069	169 745	203 750	3 064 633	1 168 921	2 455 740	328 305	120 944	3 520	3 438	649 489	1 998 623	-	-	2 616 861	8 104 073
Contractual services	- (466)	52 241	665 809	701 050	22 072	12 722	2 571 973	3 962 542	425 232	305 150	155 175	77 625	116 567	307 798	-	-	3 956 362	5 419 128
Grants	-	-	3 332 393	2 511 259	-	-	5 629 213	6 143 991	-	238 125	-	-	-	492 819	-	-	8 961 606	9 386 194
Amortization/depreciation	-	-	-	-	-	-	1 942	-	2 953	3 938	-	-	-	-	-	-	4 895	3 938
Other expenses	21	24 452	512 688	328 093	6 840	(2 155)	678 798	782 152	1 676 156	1 378 478	60 314	83 951	119 460	356 154	-	-	3 054 276	2 951 124
Programme support costs	61 763	100 052	194 536	437 188	(70 878)	504 748	1 547 101	2 155 719	1 152 160	1 069 877	-	-	389 558	223 900	(3 274 240)	(4 491 483)	-	-
TOTAL EXPENSES	**520 050**	**837 708**	**5 701 802**	**4 696 160**	**161 783**	**3 579 947**	**14 080 306**	**18 480 842**	**11 910 709**	**10 347 050**	**3 676 573**	**3 300 593**	**1 275 074**	**3 379 294**	**(3 274 240)**	**(4 491 483)**	**34 052 057**	**40 130 111**
SURPLUS/DEFICIT FOR THE PERIOD	**382 656**	**(246 245)**	**1 395 921**	**21 450 854**	**1 323 921**	**957 571**	**8 867 811**	**(2 192 522)**	**(1 227 740)**	**(1 003 757)**	**(273 869)**	**1 260 696**	**1 545 493**	**643 404**	**-**	**-**	**12 014 194**	**20 870 001**

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