

Annex I to DP/2024/26

Detailed annual review of the financial situation, 2023

Summary

The report on the annual review of the financial situation presents a comprehensive review and analysis of UNDP activities at the global and aggregate levels from a financial perspective. The overview assesses funding performance by nature - regular resources, other resources - and provides a summary of the financial position of UNDP at the end of 2023 with prior year comparatives.

To streamline documentation for the Executive Board per their Decision 2019/18, the annual review of the financial situation is integrated with DP/2024/26 - Structured Funding Dialogue (SFD).

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I. Introduction

1. This Annex provides an overview of the financial position of UNDP – including the United Nations Volunteers (UNV) and the United Nations Office for South-South Cooperation (UNOSSC) at the end of 2023.
2. Appendices I-VI are available on the Executive Board web page. Tables 1-10, in Appendix VII, provide further details of the activities undertaken by UNDP.
3. In accordance with Executive Board decision 2013/28, this report includes a comparative overview of actual 2023 utilization compared to the resource planning figures in UNDP integrated resources plan and integrated budget estimates for 2022-2025 (DP/2021/29) and the corresponding appendix II. It includes appendices III.A and III.B in the format of the UNDP integrated resources plan. Appendix III.C provides the resources allocated to posts, by location. Appendix IV provides annual contributions (regular resources) from top 10 donors, and an update on general management services cost-recovery waivers is described in Appendix V. The detailed agenda of Appendices can be found in Section VIII.

II. Overview

4. Financial stability remained a top corporate priority in 2023 for UNDP. UNDP continued to focus on the effective implementation of its programmatic activities, with the support from partners/donors.
5. Total revenue, including voluntary contributions, was \$5.9 billion, an increase of \$612 million (12 per cent) from 2022. Voluntary contributions were \$5.4 billion, an increase of \$372 million (7 per cent) from 2022. The increase in voluntary contributions was the result of higher revenue from cost sharing contributions, mainly from the top three donors.
6. Total expenses, including programme expenses, were \$5.6 billion, an increase of \$237 million (4 per cent) from 2022. Programme expenses were \$4.8 billion, an increase of \$140 million (3 per cent) from 2022.
7. In 2023, UNDP had a surplus of revenues over expenses of \$350 million, compared with a deficit of \$25 million in 2022. The increase stems primarily from the fact that UNDP funding is received on a cyclical basis, where the revenue from multi-year agreements with donors is recorded in full when those agreements are signed, provided that certain criteria is met. However, spending is only available to UNDP once cash is received from donors. In addition, \$130 million of the increase is related to unrealized gains on investments. This had previously been recognised only in net assets but, following the introduction of IPSAS 41 in 2023, it is now included in the Statement of Financial Performance.
8. The 2023 institutional budget was fully balanced for the seventh consecutive year.
9. In 2023, 65 per cent of regular resources were allocated to development programmes (69 per cent in 2022), and 35 per cent to institutional activities (31 per cent in 2022). The decrease reflects a lower 2023 core programme budget compared to 2022, which has been mitigated by the redeployment of available reserves and alternative funding sources with a view to continuing to meet the target set out in the Strategic Plan. The planned ratio of programmatic activities to institutional budget in the 2022 – 2025 Integrated Resources Plan and Integrated Budget is 68 per cent to 32 per cent.

10. In 2023, 92 cents of every dollar spent went to programmes and services to achieve development results, this is a slight increase from prior year's 91 cents. Every \$1 in regular resources spent on programmes leveraged \$11 in other programme resources.
11. Annual contributions increased by 1 per cent to \$5.0 billion in 2023, from \$4.9 billion in 2022. Annual contributions to regular resources decreased by 4 per cent to \$566 million, down from \$591 million in 2022. Annual contributions to other resources increased by 2 per cent to \$4.4 billion, from \$4.3 billion in 2022.
12. Total accumulated surpluses excluding reserves, increased by 3 per cent, to \$11.8 billion (2022: \$11.4 billion). The accumulated surplus includes \$4.9 billion of non-exchange receivables (2022: \$5.0 billion) and \$5.8 billion (2022: \$5.3 billion) is earmarked to be used in future programming including cost-sharing, trust funds, reimbursable support, and other activities. In addition, \$1.1 billion of cash and investments for after-service health insurance and end-of-service portfolios and specific purpose are ringfenced.
13. A significant portion of accumulated surpluses is therefore not available for programme delivery. Under its Financial Regulations and Rules, UNDP is permitted to spend only when the cash is received. It should be noted that the present value of future after-service health insurance liabilities was reduced due to a reduced per capita medical claims cost and higher enrolment in US Medicare, offset in part by the decrease in the single equivalent discount rate in 2023. This had a positive financial impact on the accumulated surplus which is not expected to recur.
14. Total UNDP cash and investments (excluding MPTFO), including the after-service health insurance and end-of-service portfolio, increased by \$364 million to \$8.5 billion (2022: \$8.1 billion).
15. The liability for after-service health insurance was valued at \$808 million as of 31 December 2023 (\$891 million in 2022), a decrease of 9 per cent. The decrease in the after-service health insurance liability is due to a reduced per capita medical claims cost and higher enrolment in US Medicare, offset in part by the decrease in the single equivalent discount rate from 5.21 per cent in 2022 to 4.84 per cent in 2023. The end-of-service/repatriation benefit liability was actuarially valued at \$107 million (2022: \$99 million).
16. UNDP holds \$1.1 billion in cash and investments to fund its after-service health insurance liabilities (131 per cent funded) (2022: \$917 million and 103 per cent funded) and \$60 million in cash and investments to fund its end-of-service/repatriation liabilities (56 per cent funded) (2022: \$61 million and 61 per cent funded). UNDP has lowered its payroll surcharge for after-service health insurance from 6 per cent to 5 per cent in 2023 and in 2024, it has been set at 1 per cent. The after-service health insurance funding ratio can fluctuate significantly from year to year due to the volatility inherent in the actuarial valuation.
17. Overall, in 2023, UNDP had foreign exchange (FX) gains of \$110 million (recorded as "Other revenue") and FX losses of \$102 million (recorded as "Other expenses") giving a net FX gain of \$8 million (2022: \$4 million net FX losses). Of this amount, net FX gains of \$32 million (2022: \$13 million net FX gains) related to core resources (primarily the working capital portfolio).
18. Figure I (a) -I (c) illustrates the trend of total revenue and total expenses.

Figure I (a). UNDP total revenue trend

(In millions of United States dollars)

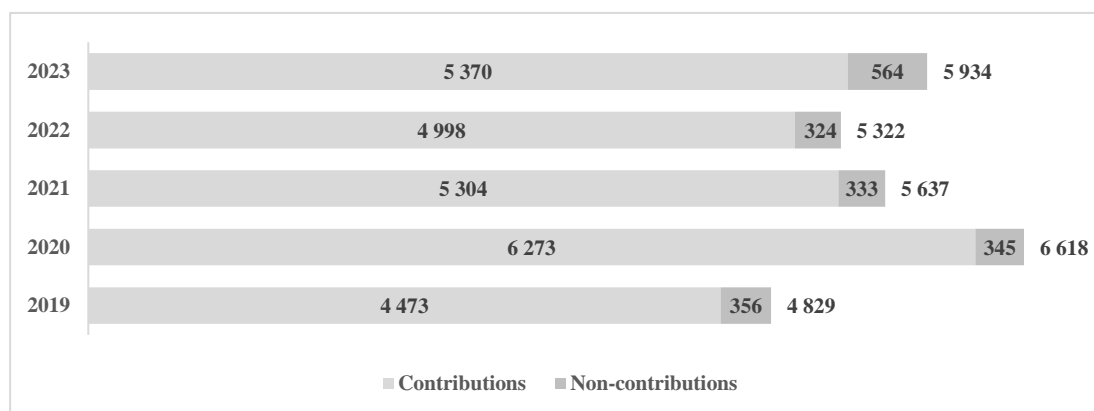
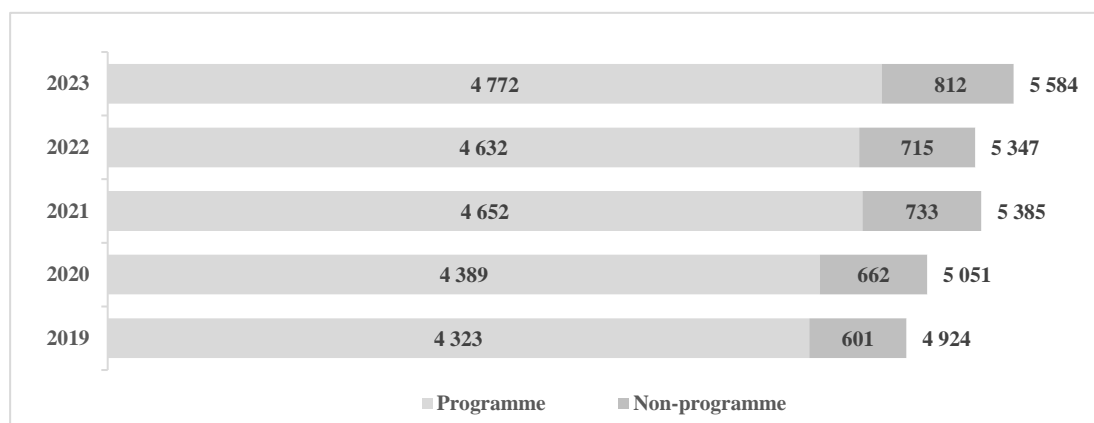


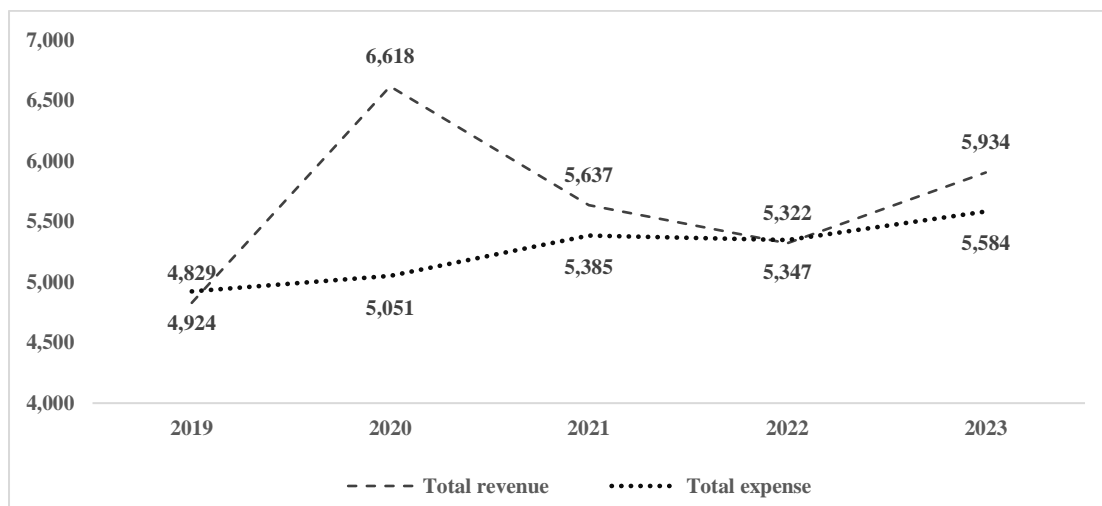
Figure I (b). UNDP total expenses trend

(In millions of United States dollars)



Note: Non-programme expenses consist of (a) operational support to programme and development effectiveness; (b) United Nations development coordination; (c) management; (d) independent oversight and assurance; and (e) special purpose.

Figure I (c). Total revenue and expenses trend, 2019-2023
(In millions of United States dollars)



Note: In 2019, UNDP changed its accounting policy for revenue recognition. This accounting policy change, in line with IPSAS 23, has resulted in revenue being recorded in full when agreements with donors are signed, provided certain criteria are met.

III. Financial highlights for 2023

A. Summary of UNDP financial situation

Table 1. UNDP financial situation, 2022-2023

(In millions of United States dollars)

	2023	2022	Increase/ (Decrease)	Percentage change
Revenue^a	5 934	5 322	612	12%
Expenses^a	5 584	5 347	237	4%
Net revenue	350	(25)	375	1 500%
Assets	15 279	14 822	457	3%
Liabilities	3 218	3 073	145	5%
Net assets	12 061	11 749	312	3%
Composed of:				
Accumulated balance	11 755	11 440	315	3%
Reserves¹	306	309	(3)	(1%)
	12 061	11 749	312	3%

^a Revenue and expense amounts are after elimination of internal cost recovery of \$287 million in 2023 and \$270 million in 2022.

Before elimination: Total revenue: \$6 221 million in 2022; \$5 592 million in 2023
Total expense: \$5 871 million in 2022; \$5 618 million in 2023

B. Revenue

19. Total revenue (including contributions, investment revenue, exchange revenues, etc.) in 2023 was \$5.9 billion, an increase of \$612 million or 12 per cent from 2022 revenue of \$5.3 billion.

Voluntary Contributions

20. Voluntary Contributions reported in the financial statements in 2023 totalled \$5.4 billion, an increase of \$372 million (7 per cent) from the 2022 amount of \$5.0 billion. Of \$5.4 billion net voluntary contributions, \$548 million were contributions to regular (core) resources and \$4.8 billion were contributions to other (non-core) resources. The increase in voluntary contributions was the result of higher revenue from cost sharing contributions, mainly from top three donors. The top three donors' contributions increased by \$286 million from \$1.4 billion in 2022 to \$1.7 billion in 2023, together with an increase in contributions from other donors.

21. Voluntary contributions represent 90 per cent (2022: 94 per cent) of the total revenue, with the remaining 10 per cent largely consisting of investment revenue and other revenue, as set out in table 2a below.

22. Based on the UNDP's accounting policy on IPSAS 23 for recognizing revenue from voluntary contributions effective in 2019, UNDP records the full value of the

¹ On calculating the operational reserves for 2023, a net transfer of \$3.0 million was released to accumulated surpluses. The operational reserve was established in 1979 by the Governing Council (now the Executive Board) of UNDP to ensure adequate liquidity of UNDP by funding such reserve through a defined formula that is calculated yearly.

contribution agreements signed (including multi-year agreements) being recognized as revenue in the year an agreement is signed. Under UNDP's Financial Regulations and Rules, UNDP is only permitted to spend up to the amount of cash received; hence, in the following section of this document, where applicable, 'Annual contributions' are presented to align with the past revenue recognition policies for contributions (i.e., cash received in a reporting year, plus receivables due in a reporting year).

Table 2a. UNDP revenue, 2023

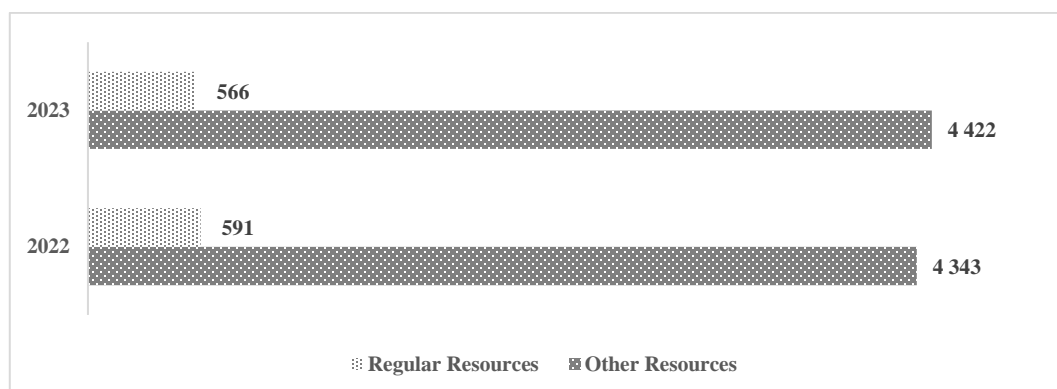
(In millions of United States dollars)

Resources	2023	2022	Increase/ (Decrease)	Percentage change
REVENUE				
Voluntary contributions				
Annual contributions	4 988	4 934	54	1%
Net movement of future due contributions	348	86	262	-
Subtotal: voluntary contributions	5 336	5 020	316	6%
GLOC	35	21	14	67%
Net contributor countries contributions	9	9	-	-
Upper-middle-income-country contributions	10	9	1	11%
Contributions in kind	25	17	8	47%
IPSAS 41 discounting adjustment ²	(8)	-	-	-
Transfer of funds and refunds to donors	(38)	(79)	(41)	(52%)
Voluntary contributions, net	5 370	4 998	372	7%
Investment revenue	344	101	243	241%
Other revenue	508	493	15	3%
Total revenue before elimination	6 221	5 592	629	11%
Elimination – internal UNDP cost recovery	(287)	(270)	17	6%
Total revenue after elimination	5 934	5 322	612	12%

23. During 2023, UNDP's annual contributions totalled \$5.0 billion, an increase of \$54 million or 1 per cent from the 2022 amount of \$4.9 billion. Figure II sets out the level of annual contributions of regular (core) resources in comparison to other (non-core) resources in 2023. In 2023, the ratio between regular and other resources was 11 per cent and 89 per cent respectively.

² Upon adoption of IPSAS 41 with an initial application date of 1 January 2023, UNDP measured its non-current, non-exchange receivables at amortized cost by discounting their nominal value from the estimated date of future cash receipts. This resulted in a reduction of the value of UNDP's non-current assets.

Figure II. Annual regular and other resources ratio, 2023
(In millions of United States dollars)



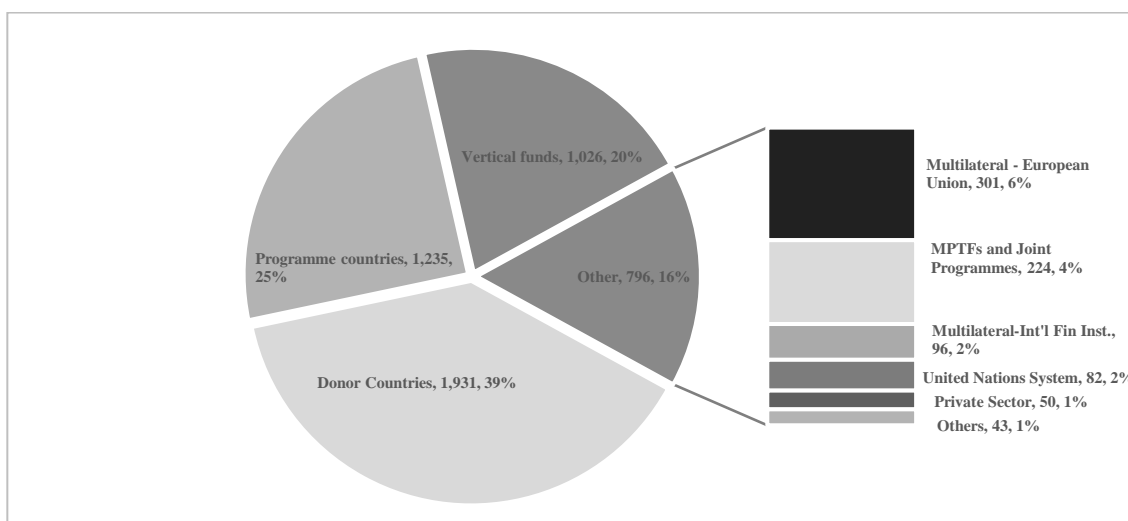
24. Regular resources annual contributions received further decreased to \$566 million from \$591 million in 2022. UNDP continues to rely on the support of Member States to meet the targets of the funding compact.
25. Annual contributions pertaining to other resources increased by 2 per cent to \$4.4 billion from \$4.3 billion in 2022. Other resources are ‘earmarked’ for individual programmes or projects and are important complements to the ‘un-earmarked’ regular resources base. It consists of cost-sharing, trust funds, and reimbursable support services and miscellaneous activities. UNDP is committed to working with Member States to improve the flexibility of this funding.
26. Annual contributions are provided by the funding partners per table 2b and Figure III (a) below:

Table 2b. UNDP annual contributions by funding partners, 2022-2023
(In millions of United States dollars)

	2023			2022			Total Increase	Percentage Change
	Regular Resources	Other Resources	Total	Regular Resources	Other Resources	Total		
Donor Country Governments	554	1 377	1 931	566	1 439	2 005	(74)	(4%)
Programme Country Governments	12	1 223	1 235	25	1 175	1 200	35	3%
Multilateral Partners	-	1 822	1 822	-	1 729	1 729	93	5%
Total	566	4 422	4 988	591	4 343	4 934	54	1%

*Annual contribution is presented by donor category not funding stream.

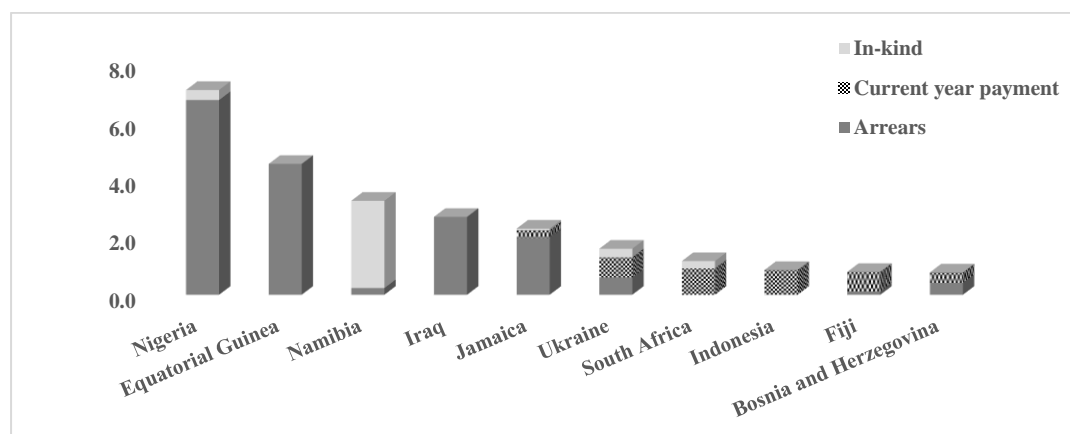
Figure III (a). Annual contributions by funding partners, 2023
(In millions of United States dollars)



Government contributions to local office costs

27. Annual government contributions to local office costs (GLOC) are important source of revenue and can take the form of in-kind or cash contributions by host governments. In the low and middle-income countries categories, \$47 million was received in 2023 (2022: 29 million), consisting of cash contributions of \$35 million (\$16 million for 2023 targets and \$19 million against arrears) and in-kind contributions of \$12 million for premises and utilities. The top 10 contributors are shown in figure III (b).

Figure III (b). Annual GLOC contributions by top 10 host governments, 2023
(In millions of United States dollars)



* Excluding future year payments.

28. Tables 8(a), 8(b) and 8(c) in appendix VII provide information on 2023 government cash contributions to local office costs in regular resources by countries in low and middle-income categories, cumulative arrears, and contributions towards arrears.

Net contributor country contributions

29. Net contributor programme country governments contributed \$9 million, at the same level as 2022 (See details in appendix VII table 4).

Upper-middle income country contributions

30. Contributions from Upper-middle income programme countries with GNI per capita above \$6,692 contributed \$10 million, 11 per cent higher than 2022 contribution of \$9 million. (See details provided in appendix VII table 4).

Investment revenue

31. Investment revenue notably increased from \$101 million in 2022 to \$344 million in 2023. This was due to the continued elevated level of interest rates along with a sharp rise in equity markets. In addition, under the new IPSAS 41: Financial Instruments, unrealized gains and losses on UNDP's externally managed portfolio of \$130 million (2022: nil) are now recognised investment revenue.
32. Hedging programme - UNDP had foreign exchange (FX) gains of \$110 million (recorded as "Other revenue") and FX losses of \$102 million (recorded as "Other expenses") giving a net FX gain of \$8 million (2022: \$4 million net FX losses). Of this amount, net FX gains of \$32 million (2022: \$13 million net FX gains) related to core resources (primarily the working capital portfolio).

Other revenue

33. Other revenue (including revenue from exchange transactions) totalled \$508 million (2022: \$493 million), mainly consisting of: cost recovery revenue of \$414 million; for instance, \$53 million revenue for UNDP providing services to the United Nations system; and miscellaneous revenue, such as foreign exchange gains.

Cost-recovery

34. UNDP made every effort to recover the general management support and implementation costs associated with the delivery of other resources-funded programmes and projects and with United Nations entities.
35. UNDP recovered \$259 million through general management support service fees, \$6 million higher than in 2022. Including UNV cost recovery of \$38 million, the cost recovery revenue increased by 3 per cent to \$414 million (2022: \$401 million), reflecting a change in mix of resources. Table 3 shows the breakdown of these revenues.

Table 3. Cost recovery, 2023
(In millions of United States dollars)

	Programme and project delivery	Reimbursable support services	Total
Revenue			
General management support services	259	-	259
United Nations organizations – reimbursable services	-	53	53
Administrative agent fees	12	-	12
NCC contributions	9	-	9
Upper MIC contributions	10	-	10
Interest	12	-	12
Other	20	38	58
Total revenue	323	91	414
Expenditure			
Total expenditure	386	98	484

36. UNDP made every effort to attain full compliance with the cost recovery rate and seeks to further reduce the number of waivers. While infrequent, General Management Support (GMS) waivers continue to be requested by funding partners. During 2023, there was one new waiver on the general management support fee granted for new projects. The details of GMS waivers issued in 2023 and prior to 2023 for activities ongoing in 2023 are described in Appendix V.

C. Expenses

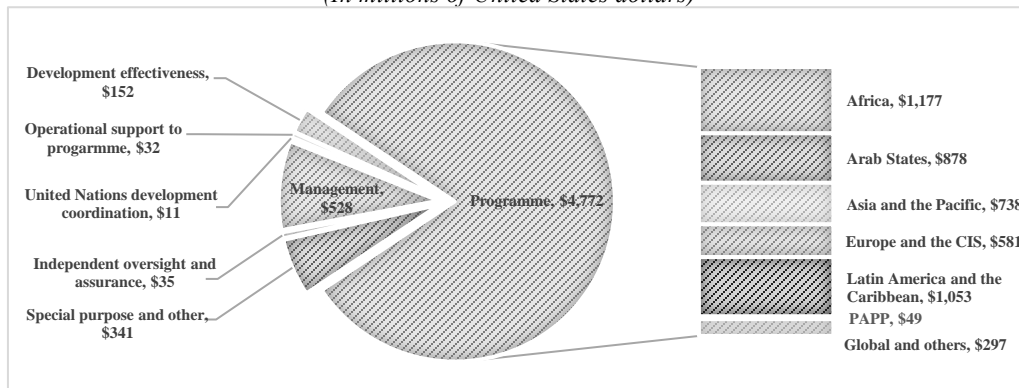
37. In 2023, total expenses, after elimination of internal cost recovery increased by 4 per cent or 237 million, to \$5.6 billion (2022: \$5.3 billion).
38. The amount of \$5.9 billion, before elimination of internal cost recovery is composed of \$790 million for regular resources and \$5.1 billion for other resources. Of this total amount of \$5.9 billion, \$4.8 billion was for programme expenses, which represents 81 per cent of total expenses.

Table 4. UNDP overall expenses, 2023
(In millions of United States dollars)

Resources	2023	2022	Increase/ (Decrease)	Percentage change
Expenses				
Development activities				
Programme	4 772	4 632	140	3%
Operational support to programme	32	32	-	-
Development effectiveness	152	188	(36)	(19%)
Subtotal – development activities	4 956	4 852	104	2%
United Nations development coordination activities	11	-	11	-
Management activities	528	463	65	14%
Independent oversight and assurance	35	33	2	6%
Special purpose activities	67	52	15	29%
Other activities	274	218	56	26%
Total expenses before elimination	5 871	5 617	254	5%
Elimination	(287)	(270)	17	6%
Total expenses	5 584	5 347	237	4%

39. In its decision 2020/12, the UNDP Executive Board endorsed the cost definitions and classification of activities and associated costs in the broad categories, as follows: (a) development, which encompass subcategories for programme activities, operational support to programme activities and development effectiveness activities; (b) United Nations development coordination; (c) management; (d) independent oversight and assurance; (e) special purpose. Expenditure outside those classifications is reported under ‘other activities’ and are included as part of overall expenditure.
40. The composition of total expenses and harmonized cost classification activities is shown in figure IV (a); comparison of programme expenses by region between 2022 and 2023 is shown in figure IV (b).

Figure IV (a). Total expenses by cost classification and programme expenses by region, 2023
(In millions of United States dollars)



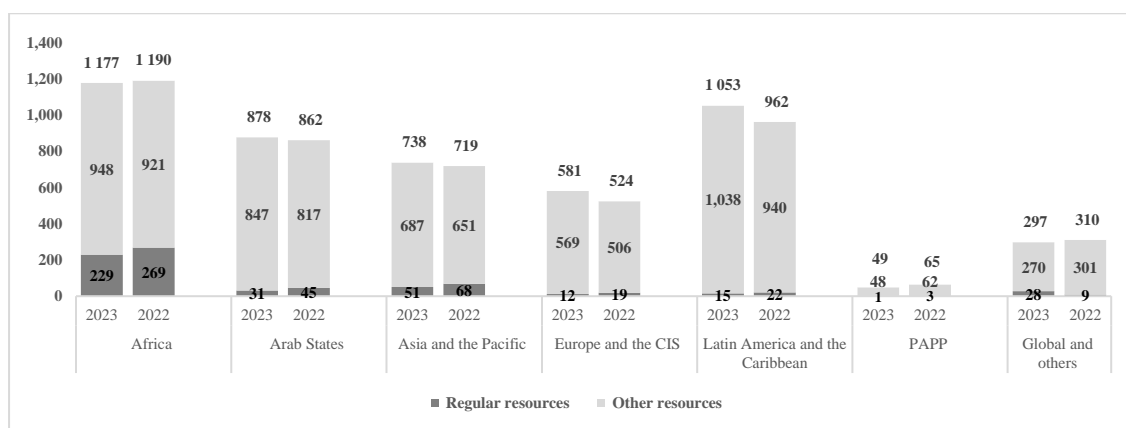
Development expenses

41. Development expenses consist of programme expenses of \$4.8 billion, operational support to programme of \$32 million and development effectiveness of \$152 million.

Programme expenses

42. Programme expenses were \$4.8 billion, an increase of \$140 million (3 per cent) from 2022.
43. UNDP took measures to curtail expenses, reflecting its focus on efficiency while shielding programme components, such as target for resource assignment from the core TRAC-1, TRAC-2, TRAC-3, South-South cooperation, and the Human Development Report Office, including multi-year allocations from TRAC-2.
44. The \$4.8 billion programme expenses include \$2.0 billion related to donor cost-sharing, \$1.2 billion related to government cost-sharing, \$1.0 billion related to vertical funds, including the Global Fund to Fight AIDS, Tuberculosis and Malaria (\$547 million), the Global Environment Facility (\$251 million), the Green Climate Fund (\$181 million) and the Montreal Protocol (\$20 million). 37 per cent of the UNDP programme expenses amounting to \$1.7 billion was attributed to the 10 largest country offices, in Argentina, Iraq, Yemen, Zimbabwe, Afghanistan, Lebanon, Ukraine, Democratic Republic of the Congo, Indonesia and Colombia.

Figure IV (b). Programme expenses by region, 2022-2023
(In millions of United States dollars)



Comparison of programme expenses by region, 2022-2023

45. Overall programme expense in the Africa region decreased by 1.1 per cent. The top three countries with the largest programme expense in 2023 were Zimbabwe (\$204 million), Democratic Republic of the Congo (\$107 million) and South Sudan (\$79 million). Of the \$204 million expense in Zimbabwe, \$184 million (90 per cent) was funded by the Global Fund. Of the top six Country Offices within this region with more than \$40 million expense; Zimbabwe increased its expense by \$31 million (18 per cent), Democratic Republic of the Congo by \$53 million (96 per cent) and South Sudan by \$9 million (13 per cent), when Burundi and Nigeria decreased by \$14 million (19 per cent), by \$20 million (26 per cent) respectively. Chad remained the same level of \$49 million as in 2022.
46. Overall programme expense in the Arab States region increased by 1.8 per cent. While Iraq had the second largest programme expense in UNDP and largest in Arab States region, the Country Office delivered a total of \$213 million in 2023, a decrease of 19 per cent from the 2022 expense of \$263 million. Of the total programme expense \$213 million, 82 per cent was funded from third-party cost-sharing arrangements. Yemen had the third largest programme expense in UNDP of \$206 million, an increase of \$94 million (85 per cent) from 2022 expense of \$111 million, of which 25 per cent were funded by the World Bank Group.
47. Overall programme expense in the Asia and the Pacific region increased by 2.6 per cent. Of the six Country Offices with more than \$30 million expense, Indonesia and Pakistan have increased their expense by \$38 million (56 per cent) and \$24 million (61 per cent), while Afghanistan, Fiji, India and Bangladesh decreased expense by \$19 million (11 per cent), \$11 million (22 per cent), \$6 million (13 per cent) and \$26 million (44 per cent) respectively. Afghanistan delivered the sixth highest level of programme expenses in UNDP at \$153 million, including \$135 million from third-party cost-sharing agreements.
48. Overall programme expense in the Europe and the Commonwealth of Independent States (CIS) region increased by 10.7 per cent. Ukraine had the highest programme expense in the region at \$123 million, representing an increase of 62 per cent from \$76 million in 2022. The highest increase in programme expense in this region was in Moldova, which increased to \$43 million from \$21 million in 2022 (104 per cent).

49. In the Latin America and Caribbean region, overall programme expense increased by 9.5 per cent. Argentina had the highest programme expense in UNDP, at \$410 million, an increase of 54 per cent from the 2022 expense of \$266 million. The second highest expense was in Colombia, which increased to \$96 million from \$91 million in 2022. Brazil had the third highest expense of \$58 million.

Management expenses

50. Management expenses increased to \$528 million (2022: \$463 million) remaining within the parameters of the integrated resources plan, 2022-2025.

Independent oversight and assurance

51. \$35 million was spent on independent oversight and assurance in 2023 (2022: 32 million).

Special purpose expenses

52. Special purpose expenses totalled \$67 million (2022: \$52 million). This amount includes expenses of \$33 million related to capital investments, \$21 million related to reimbursable support services, \$8 million related to UNV and \$2 million related to UNCDF.

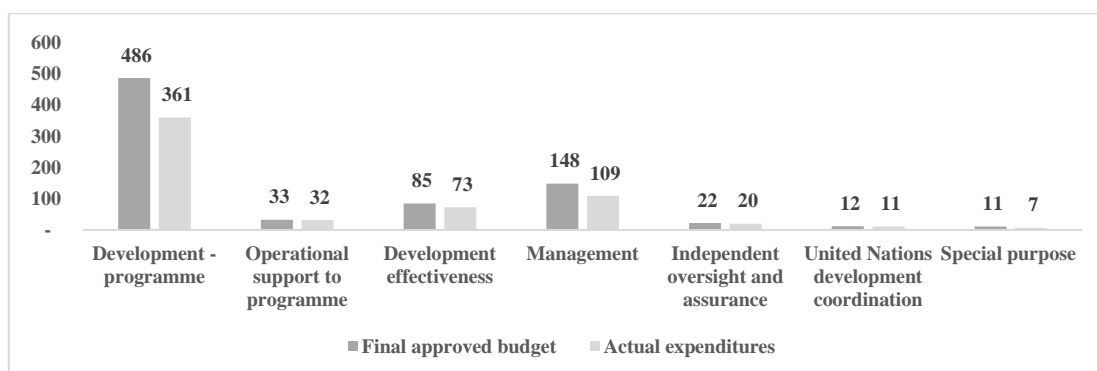
Other expenses

53. Other expenses totalled \$274 million (2022: \$218 million), of which \$46 million (2022: \$52 million) related to after-service health insurance, \$32 million (2022: \$37 million) to common services, \$23 million (2022: \$22 million) to security-related activities, \$13 million (2022: \$14 million) to the junior professional office programme, \$70 million (2022: \$25 million) to currency revaluation and exchange rate fluctuations to voluntary contributions, \$12 million (2022: \$10 million) to the support fee for the Joint Programme, and \$1 million (2022: \$1 million) to Management Service Agreement related activities.

Regular resources and integrated budget expenditure

54. For activities reported in 2023, UNDP operates within the integrated budget, 2022-2025, as approved by the Executive Board in decision 2021/15, for regular resources - financed activities: (a) programmatic components; and (b) institutional components.
55. Appendix II and figure V below compare the 2023 approved budget, covering both programmatic and institutional components, with the 2023 actual expenditure amounts, calculated on the same basis as the corresponding budget for regular resources (modified accruals basis).
56. The statement of activities and related budget expenditures presented in figure V are aligned with the harmonized cost classification categories specified in the Joint comprehensive proposal on the cost-recovery policy, as endorsed by the Executive Board during its second regular session in 2020 (decision 2020/12).

Figure V. Regular resources, comparison of budget to actual expenditure, 2023
(In millions of United States dollars)



57. UNDP's performance in 2023 should be considered against the backdrop of two contexts:
- The overarching objective of the UNDP budget was to ensure financial sustainability with respect to the institutional and programmatic components, achieve a better equilibrium between regular and other resources, and increase productivity over time; and
 - In 2023, UNDP continued to support the functioning of the independent and reinvigorated resident coordinator system, helping to ensure that Resident Coordinators and their offices are able to carry out their critical coordination functions seamlessly. At the same time, UNDP maintained its business continuity and continued successfully to drive forward the Strategic Plan, 2022-2025.
58. Table 5 below compares actual expenditure for 2023 and 2022. In 2023, the share of regular resources spent for institutional activities was \$232 million (2022: \$231 million). The share of regular resources spent for programmatic activities was \$380 million, which was \$135 million or 26 per cent less, compared to \$515 million in 2022.
59. For 2023, expenditures for all cost classification categories remained within 2022-2025 approved budget.

Table 5. Integrated budget expenditure, by cost classification category, 2022-2023
(In millions of United States dollars)

Regular resources	2023 actual Expenditures	2022 actual expenditures
Programmatic component	380	515
Institutional component	232	231
Total	612	746

Cost classification category	2023 actual expenditures	2022 actual expenditures
Development activities	465	581
United Nations coordination activities	11	11
Management activities	109	128
Independent oversight and assurance	20	19
Special purpose activities	7	7
Total	612	746

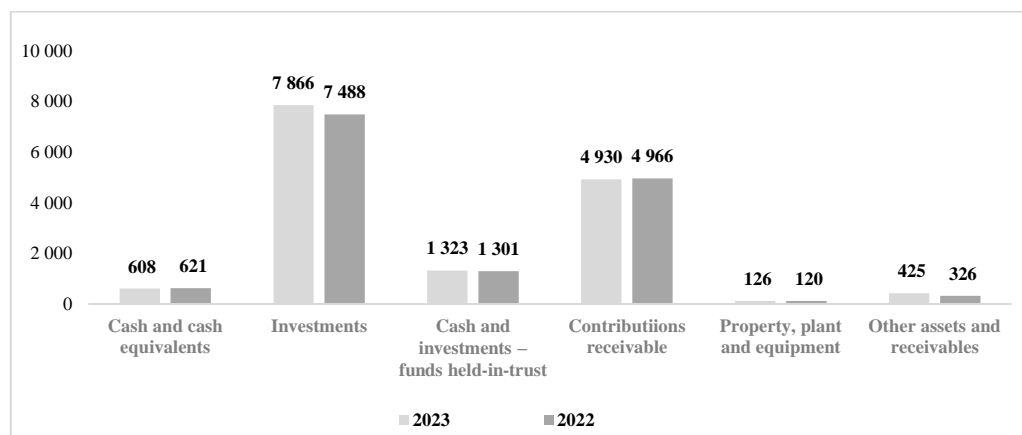
60. Appendix III.A presents the integrated resources plan that covers regular and other resources for 2022-2025 and compares the plan with 2022 and 2023 actuals. This comparison shows that: activities reported in 2022 and 2023 remain within the integrated resources plan.
61. Appendix III.B presents 2022 and 2023 actuals versus estimates of the institutional components of the integrated resources plan by category of expenditures, while appendix III.C presents information on resources allocated to posts by location.

IV. Financial position

A. Assets

62. Total assets registered \$15.3 billion (2022: \$14.8 billion), representing an increase of 3 per cent. UNDP assets consist mainly of investments to fund known liabilities, as well as contributions receivable, as set out below.

Figure VI. UNDP assets, 2022-2023
(In millions of United States dollars)



Cash and investments

63. Total cash and cash equivalents and investments amounted to \$608 million and \$7.9 billion, respectively.
64. The majority of investments and cash and cash equivalents in other resources are earmarked for programme activities funded through cost-sharing and trust fund agreements with donors. The investments and cash equivalents in regular resources and other resources also includes \$1.1 billion for after-service health insurance and end-of-service, the amount invested for the Executive Board mandated operational reserves of \$303 million and the Programme of Assistance to the Palestinian People (PAPP) Endowment Fund of \$3 million.
65. The total cash and investments for Multi-Partner Trust Fund Office of \$1.3 billion (cash and cash equivalents of \$397 million and investments of \$926 million) represent funds provided to UNDP by funding partners to be held on their behalf for future disbursement to organizations of the United Nations system and to national governments.

Contributions receivable

66. Contributions receivable from funding partners registered \$4.9 billion, a decrease of \$36 million from the 2022 amount.
67. Contributions receivable amount is recognized in full, including for multi-year contributions, at the time the agreement is signed, except for programme government contribution agreements and agreements that have performance conditions beyond the control of UNDP. As these funds are not yet received, they are not available for utilization.
68. Contributions receivable of \$4.9 billion include \$4.8 billion committed to UNDP by donors in future years, as set out in the payment schedule in signed agreements. The \$4.8 billion is programmed accordingly for delivery in future years and consists of \$272 million receivable for regular resources and \$4.6 billion for other resources.
69. Of \$272 million regular resources contributions receivable, \$162 million is due in 2024 and \$110 million for future years. Of \$4.6 billion other resources contributions receivable, \$2.5 billion is due in 2024 and \$2.1 billion is due in future years. In 2023,

the past due receivable was at \$137 million with an additional expected credit loss of \$35 million. The top three donors, accounting for 54 per cent (2022: 44 per cent) of the outstanding non-exchange receivable balances, are multilateral or United Nations pooled funds donors. This provides visibility of future year funding available for programme pipeline.

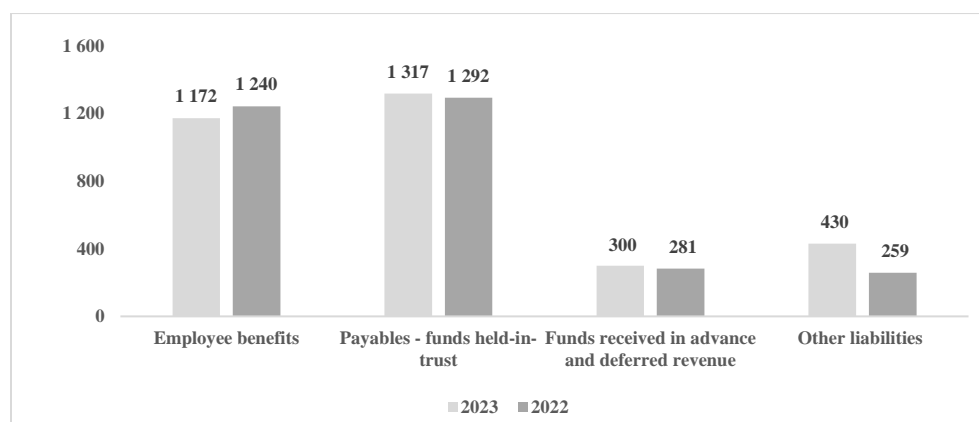
Table 6. Contributions receivable, 2022-2023
(In millions of United States dollars)

Contributions receivable	2023	2022	increase/ (decrease)
Contributions past due	137	253	(116)
Contributions due in future periods	4 793	4 713	80
Total contributions receivables	4 930	4 966	(36)

B. Liabilities

70. The total liabilities of UNDP increased by \$145 million, or 5 per cent, from \$3.1 billion in 2022 to \$3.2 billion in 2023. The change is attributable mainly to accounts payable, which increased by \$174 million, funds held in trust for the Multi-Partner Trust Fund Office, which increased by \$24 million and offset by employee benefit liabilities, which reduced by \$68 million.
71. Funds received in advance and deferred revenue of \$300 million comprise of \$7 million funds received in advance for future periods specified in donor contribution agreements, \$26 million deferred revenue for contributions, \$117 million for common services to United Nations entities, and \$150 million for clearing accounts with United Nations entities.

Figure VII. UNDP liabilities, 2022-2023
(In millions of United States dollars)



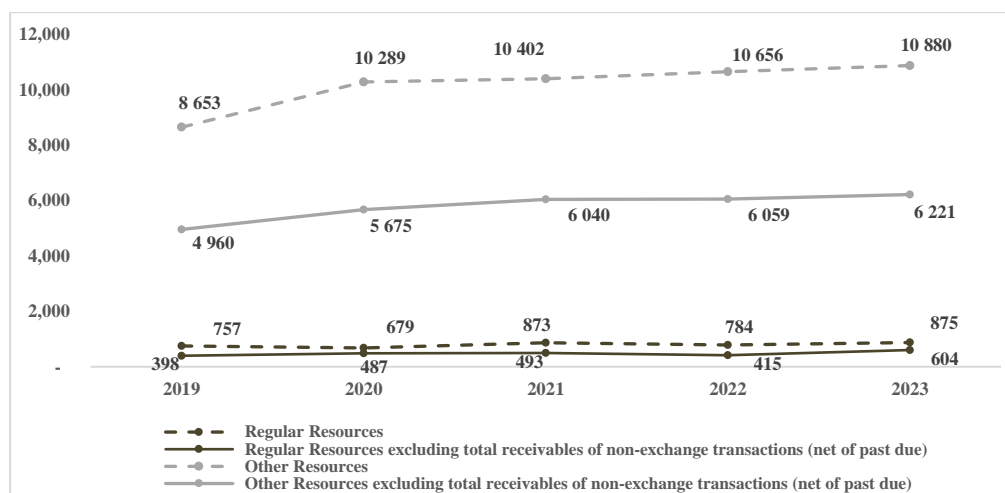
72. UNDP liabilities also include \$1.2 billion (2022: \$1.2 billion) in liabilities for employee benefits, of which \$808 million (2022: \$891 million) is for after-service health insurance. The decrease of 9% in the after-service health insurance liability in 2023 is due to a reduced per capita medical claims cost and higher enrolment in US Medicare, offset in part by the decrease in the single equivalent discount rate from 5.21 per cent in 2022 to 4.84 per cent in 2023. The end-of-service/repatriation benefit liability was actuarially valued at \$107 million (2022: \$99 million).

73. UNDP holds \$1.1 billion in cash and investments to fund its after-service health insurance liabilities (131 per cent funded), (2022: \$917 million and 103 per cent funded) and \$60 million to fund its end-of-service/repatriation liabilities (56 per cent funded) (2022: \$61 million and 61 per cent funded). UNDP has lowered its payroll surcharge for after-service health insurance from 6 per cent to 5 per cent in 2023 and in 2024, it has been set at 1 per cent. The after-service health insurance funding ratio can fluctuate significantly from year to year due to the volatility inherent in the actuarial valuation.
74. The investment management of this portfolio is fully outsourced to external managers to ensure an adequate level of investment return given the longer-term nature of the liabilities. UNDP, UNFPA, UNCDF, the United Nations Children’s Fund (UNICEF) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) collaborate in this arrangement.
75. Payables (funds held in trust) represent funds provided by donors to UNDP to be held on their behalf for future disbursement to organizations of the United Nations system and to national governments. The amount of \$1.3 billion is the multi-partner trust funds that UNDP administers.

C. Accumulated surplus

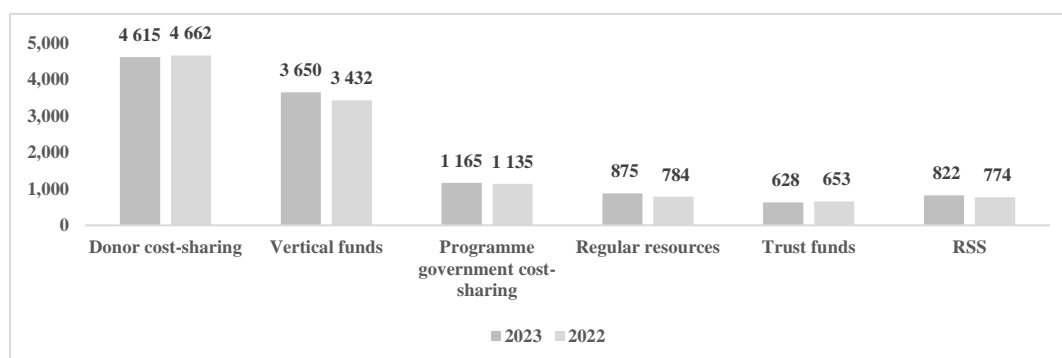
76. The Financial Regulations and Rules of UNDP require it to operate on a fully funded basis for activities funded by other resources. In accordance with partnership agreements, all project balances are segregated for accounting and reporting purposes, with no commingling of balances between projects. Appropriate cash balances are held for settling liabilities.
77. UNDP receives programmatic resources for multi-year programmes linked to individual programmes or projects. Hence, in any given year, there is an excess of resources over expenditure. This excess of resources is referred to as the accumulated surplus, which consists mainly of resources committed for future programme delivery.
78. As of 31 December 2023, the accumulated balance, excluding reserves, increased by 3 per cent, to \$11.8 billion (2022: \$11.4 billion). The increase in accumulated balance is mostly attributed to the increase in receivables as a result of the change in the revenue recognition policy due to International Public Sector Accounting Standards. Accordingly, the accumulated surplus includes \$4.9 billion of non-exchange receivables (2022: \$5.0 billion) and \$5.8 billion (2022: \$5.3 billion) is earmarked to be used in future programming including cost-sharing, trust funds, reimbursable support, and other activities. In addition, \$1.1 billion of cash and investments for after-service health insurance and end-of-service portfolios and specific purpose are ringfenced. A significant portion of accumulated surpluses is therefore not available for programme delivery. Under UNDP’s Financial Regulations and Rules, the organization is only permitted to spend when the cash is received. Figure VIII (a) below illustrates the trend in the accumulated balances, and the impact of changes in the receivables of non-exchange transactions.

Figure VIII (a). Accumulated balance, regular resources and other resources
(In millions of United States dollars)



79. Available total accumulated resources increased by \$312 million in 2023 as a result of the combined effect of the following factors: (a) surplus of \$350 million; (b) decrease on adoption of IPSAS 41 of \$191 million; (c) actuarial gains of \$134 million; and (d) increase in funds with specific purposes of \$19 million. In 2023, \$3 million (2022: \$8 million) was released to the accumulated surpluses from the operational reserve, in accordance with the operational reserve formula approved by the Executive Board in decision 1999/9.
80. In addition, in line with Board decision 1999/9, a prudent level of liquidity for regular resources is equivalent to three to six months' expenditures. UNDP maintained the year-end core liquidity position at 4.7 months of working capital, above the minimum threshold (2022: 5.0 months).
81. The attribution of the accumulated balance to the various funding sources for future delivery is set out in figure VIII (b) below. This comprises of donor cost-sharing balance of \$4.6 billion (2022: \$4.7 billion), vertical funds balance of \$3.7 billion (2022: \$3.4 billion), programme cost-sharing balance of \$1.2 billion (2022: \$1.1 billion), regular resources balance of \$875 million (2022: \$784 million), trust funds balance of \$628 million (2022: \$653 million), and reimbursable support services balance of \$822 million (2022: \$774 million).

Figure VIII (b). Accumulated balance by funding source, 2022-2023
(In millions of United States dollars)



82. Accumulated resources of vertical funds increased by \$218 million is mainly due to a combination of the multi-year contribution agreements increase from the Global Fund and decrease from Green Climate Fund. Accumulated resources of government cost-sharing increased by \$30 million in 2023.

V. Others

Management service agreements

83. Management service agreement contributions totalled -\$6 million (2022: -\$13 million), total expenses registered \$1 million (2022: \$1 million), and the accumulated balance further decreased to \$5 million (2022: \$12 million). Details are provided in document Appendix VII to Annex I to DP/2024/26.

United Nations Volunteers programme

84. The financial value of UNV activities totalled \$311.6 million in 2023, an increase of \$24 million or eight per cent from \$287.6 million in 2022. During the year, UNV continued to invest in its organizational agility through sustained investment in digital excellence and by effectively streamlining business processes and workflows and containing costs. UNDP core contribution remains a significant funding source to ensure UNV field presence and strengthen its corporate performance.
85. In 2023, contributions to the UNV full funding programme totalled \$19.2 million. UNV deployed fully funded UN Volunteers with support from the Governments of Australia, China, Czechia, Finland, France, Germany, Iceland, Ireland, Japan, Kazakhstan, Luxembourg, Norway, the Republic of Korea, the Russian Federation, Saudi Arabia, Spain, Sweden and Switzerland, as well as the Agency for Volunteer Service of Hong Kong, Special Administrative Region of China. Iceland and Saudi Arabia joined as new funding partners to the programme in 2023.
86. To leverage the Special Voluntary Fund, UNV continued to conduct volunteer research, promote volunteerism, drive innovation for development and advance gender parity, diversity and inclusion, as well as use for immediate emergency response. In 2023, the Fund contributions reached \$5.3 million with 12 donor Member States: Bangladesh, China, Czechia, France, Germany, Ireland, Kazakhstan, Spain, Sweden, Switzerland, Thailand, and Türkiye, with Spain joining as a new donor thanks to UNV outreach efforts to diversify the donor base of the Special Voluntary Fund.

United Nations Office of South-South Cooperation

87. The United Nations Office for South-South Cooperation implemented its strategic framework through an allocation of \$2.2 million (2022: \$2.3 million) from the UNDP institutional budget and \$3.1 million (2022: \$3.6 million) in regular resources.
88. In addition, the office received \$7.2 million in contributions through its trust funds; \$5.1 million from the United Nations Fund for South-South Cooperation; \$2.0 million from the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation; and \$.08 million from the Pérez-Guerrero Trust Fund for South-South Cooperation.
89. In 2023, the office mobilized \$7.2 million of other resources, bringing the resources mobilized under the current Strategic Framework to 104 per cent (\$26.3 million of the \$25.0 million planned for the first two years of implementation).

VI. United Nations reform and support to United Nations organizations

90. UNDP undertakes many activities in partnership with and support to the United Nations system at large.

A. UNDP administrative agent function

91. UNDP supports UN joint programming through its role in fund design and administration of joint programmes and multi-partner trust funds on behalf of the United Nations system, in addition to its implementation role as a participating United Nations organization in multi-partner trust funds and joint programmes. In 2023, the Multi-Partner Trust Fund Office continued to provide a high volume of Administrative Agent services to UN Organisations, as demonstrated by the establishment of 19 new inter-agency pooled funds, and by the \$1.1 billion in transfers to more than 100 programme countries, more than 50 UN entities and to a growing number of non-UN entities. The array of partners in multi-partner trust funds continued to grow, and dialogue with IFIs progressed on modalities of cooperation particularly in climate-related funds. Overall, there was a decrease both in new contributions and in the total amount of funds transferred to Participating Organisations, mostly due to a shifting of humanitarian country-based pooled funds donor contributions towards newly established funds managed by the Office for the Coordination of Humanitarian Affairs.
92. As such, new contributions received by UNDP Multi-Partner Trust Fund Office for multi-partner trust funds and joint programmes on behalf of the United Nations system stood at \$979 million (2022: \$1.5 billion), and the net value of funds transferred to all participating organisations by the Multi-Partner Trust Fund Office in its role as administrative agent decreased to \$1.1 billion (2022: \$1.7 billion).

B. Support to United Nations organizations

93. UNDP continued to be the operational backbone of the United Nation system in 2023. It disbursed \$2.0 billion in 113 currencies through its payroll system, more than half of which (53 per cent) was on behalf of partner United Nations organizations. UNDP supported \$2.5 billion (2022: \$3.1 billion) in financial transactions for approximately 118 United Nations entities and other agencies in over 170 countries. This included \$12.6 million (2022: \$46.2 million) of expenses related to services provided to the resident coordinator system.

94. In 2023, UNDP also provided common premises for other agencies in at least 135 countries, where they could avail common services, including travel management.

C. United Nations-mandated security costs

95. In 2023, UNDP spent \$26.7 million (2022: \$29.2 million) for security costs, of which \$17.1 million (2022: \$18.7 million) was associated with its share of the United Nations field security coordination programme as a part of United Nations Security Management System; and \$9.5 million (2022: \$10.5 million) with security advisory services and investments to ensure compliance with minimum operating security standards.

VII. ‘Greening’ UNDP

96. In 2023, UNDP continued to make substantial progress towards its ambitious ‘Greening Moonshot’ targets, committing to reduce Greenhouse Gas (GHG) emissions from global operations by 25 per cent by 2025 and 50 per cent by 2030. Between the corporate Greening Moonshot Facility, Regional Bureau and Country Office funding, another 17 solar energy and energy efficiency projects and 29 Electric Vehicles were funded with a total investment of \$1,800,000 in 2023. With this, the first four years of Moonshot Facility funding have resulted in annual avoidance of 2,850 tCO₂e, which reduces UNDP’s annual energy carbon footprint by 14.3% while saving the organization over \$ 1 million in energy/fuel costs every year. In addition, secondary cost savings from improved business continuity, reduced loss of assets, improved security and staff well-being are expected. Over an average project lifetime of 15 years for facility installations and 7 years for vehicles, this investment is projected to avoid 41,113tCO₂e– the equivalent of carbon absorbed by 680,000 trees – and to save the organization a minimum of \$14.3 million in energy costs.
97. UNDP continues to monitor its global carbon footprint from around 300 UNDP-managed facilities, UNDP vehicle fleet operations and duty travel via its Environmental Management Tool (EMT). Data is used to inform investment decisions and to develop additional effective 'greening' measures.
98. Following the development of a methodology for monitoring the carbon footprint of cooling assets including facility cooling, vehicle cooling and refrigeration, UNDP offices reported refrigerants impact of around 4,000 cooling assets in 2023. Results are utilized to inform strategic greening measures. Several other UN agencies have adopted the UNDP methodology since.
99. In 2023, following UNEP and UNFCCC recommendations UNDP continued to purchase Certified Emission Reductions (CERs) from the Adaptation Fund established under the Kyoto Protocol of the United Nations Framework Convention on Climate Change to offset its 2022 corporate carbon footprint of 49,718 tCO₂e as monitored in the EMT and reported in the UN Greening the Blue report.

VIII. Appendices (available on the [Executive Board website](#))

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