



United Nations

**Fund of the United Nations
Environment Programme**

Financial report and audited financial statements

for the year ended 31 December 2025

and

Report of the Board of Auditors

**General Assembly
Official Records
Eighty-first Session
Supplement No. 5G**



Fund of the United Nations Environment Programme

**Financial report and audited
financial statements**

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Report of the Board of Auditors



United Nations • New York, 2026

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.

Contents

<i>Chapter</i>	<i>Page</i>
Letters of transmittal	5
I. Report of the Board of Auditors on the financial statements: audit opinion	7
II. Long-form report of the Board of Auditors	10
Summary	10
A. Mandate, scope and methodology	13
B. Findings and recommendations	14
1. Follow-up on previous recommendations	14
2. Financial overview	15
3. Budget and financial management	17
4. Strategy management	21
5. Programme and project management	26
6. Procurement management	31
C. Transmission of information by management	32
1. Write-off of cash, receivables, inventories and property	32
2. Ex gratia payments	32
3. Cases of fraud and presumptive fraud	32
D. Acknowledgement	34
Annex	
Status of implementation of recommendations up to the financial year ended	
31 December 2024	35
III. Certification of the financial statements	45
IV. Administration's financial overview for the year ended 31 December 2025	46
A. Introduction	46
B. Operational aspects	46
C. International Public Sector Accounting Standards sustainability plan	48
D. Overview of the financial statements for the year ended 31 December 2025	49
E. End-of-service and post-retirement accrued liabilities	53
V. Financial statements and related explanatory notes for the year ended 31 December 2025	54
I. Statement of financial position as at 31 December 2025	54

II. Statement of financial performance for the year ended 31 December 2025	55
III. Statement of changes in net assets for the year ended 31 December 2025	56
IV. Statement of cash flows for the year ended 31 December 2025	57
V. Statement of comparison of budget and actual amounts for the year ended 31 December 2025	58
Notes to the 2025 financial statements	59

Letters of transmittal

Letter dated 31 March 2026 from the Executive Director of the United Nations Environment Programme addressed to the Chair of the Board of Auditors

In accordance with regulation 6.2 and rule 106.1 of the Financial Regulations and Rules of the United Nations, I have the honour to transmit the financial report and accounts of the United Nations Environment Programme, including associated trust funds and other related accounts, for the year ended 31 December 2025, which I hereby approve on the basis of the attestations of the Chief Finance Officer, the United Nations Office at Nairobi and the Chief, Financial Management Services, United Nations Environment Programme.

Copies of these financial statements are made available to both the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors.

(Signed) Inger **Andersen**
Executive Director
United Nations Environment Programme

**Letter dated 22 July 2026 from the Chair of the Board of Auditors
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations Environment Programme, for the year ended 31 December 2025.

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

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the Fund of the United Nations Environment Programme (UNEP), 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 UNEP 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 UNEP, 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 Executive Director of UNEP 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 Executive Director of UNEP is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as 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 UNEP 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 UNEP 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 UNEP.

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 that of not detecting 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 UNEP;
- (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 UNEP 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 UNEP 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 UNEP 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 UNEP.

(Signed) **Amélie de Montchalin**

First President of the French Cour des comptes
Chair of the Board of Auditors

(Signed) **Hou Kai**

Auditor General of the People's Republic of China
(Lead Auditor)

(Signed) **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 Environment Programme (UNEP) for the year ended 31 December 2025. The interim audit was conducted in Nairobi at UNEP headquarters and in Montreal at the secretariat of the Convention on Biological Diversity from October to November 2025. The final audit was carried out on site at headquarters in Nairobi from April to May 2026.

In addition to the audit of the financial statements, the Board focused on budget preparation, strategy implementation, performance management, programme and project management. 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 UNEP as at 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).

The Board also performed an annual audit of the seven trust funds of the Global Environment Facility (GEF) and issued an unqualified opinion on their financial statements for the year ended 31 December 2025. The management issues of UNEP-GEF are also consolidated in the present report.

Overall conclusion

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

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

The Board recognizes that improvements have been made in response to previous recommendations on financial internal control, programme and project management and property management, although continued efforts are needed to further strengthen these processes.

Based on new findings, the Board also identified areas for improvement in financial and budget management, strategy management, procurement management, and programme and project management.

Key findings

Financial overview

Total revenue for the financial year 2025 amounted to \$1,154.64 million, representing an increase of \$52.79 million (5 per cent) compared with 2024, when it amounted to \$1,101.84 million.

Total expenses amounted to \$829.27 million, representing a decrease of \$2.81 million (-0.34 per cent) compared with 2024, when they amounted to \$832.08 million.

As a result, the entity reported a surplus of \$325.37 million, compared with \$269.77 million in 2024.

As at 31 December 2025, total assets amounted to \$4,096.76 million, representing an increase of \$312.26 million (8 per cent) compared with 2024. Total liabilities amounted to \$547.73 million, representing a decrease of \$42.37 million (7 per cent) compared with 2024. Net assets stood at \$3,549.03 million, representing an increase of \$354.63 million (11 per cent) compared with 2024.

Strategy management

Inaccuracies in performance target setting and data reporting

Performance target setting and data reporting by UNEP for the 2025 proposed programme budget presented deficiencies, including inconsistent performance target setting, with identical targets being used despite changes in underlying delivery data (e.g. maintaining a target of 25 countries for early warning systems despite a corrected achievement of 26); incorrect baseline data, with published baselines inconsistent with subsequent calculations (e.g. initially publishing baselines of 70 entities and \$224 million but later calculating achievements using a baseline of zero); and inconsistencies in reported results for key indicators across programme documents. These issues indicate gaps in data quality control affecting the consistency and reliability of performance reporting for accountability and evidence-based decision-making.

Lack of alignment between the programme of work and the proposed programme budget

Misalignments were identified between the programme of work and the proposed programme budget in terms of indicators, deliverables, reporting methodologies, planned activities and reported results. Key discrepancies included divergence of indicators, inconsistent measurement units, and differing targets and outputs across documents. Inconsistencies were also noted in reported implementation results for the same subprogrammes. These issues reduced comparability and coherence between planning and budget instruments, affecting the consistency and clarity of UNEP performance reporting.

Programme and project management

Ineffective project performance and fund underutilization

As at 31 December 2025, out of 1,483 approved projects (\$5.18 billion), 671 remained ongoing, including 109 delayed projects (16.24 per cent) with an average delay of 478 days, and there were continued delays in projects scheduled for closure between 2022 and 2025. In addition, 445 projects awaited financial closure and 109 ongoing delayed projects held \$40.12 million in unutilized balances, indicating idle funds and reduced financial efficiency.

Ineffective use of the Integrated Planning, Management and Reporting system compromising project documentation, monitoring and data reliability

In the Integrated Planning, Management and Reporting system, there were no monitoring attachments for 1,031 approved projects, comprising 503 financially closed projects, 267 operationally closed projects and 261 ongoing projects. In addition, for 43 projects, indicators remained recorded as incomplete despite narrative reports indicating implementation progress and budget utilization exceeding 80 per cent. Furthermore, 81 ongoing projects recorded in the system were not reflected in quarterly management reporting, limiting the completeness of project oversight. These weaknesses reduced the reliability, completeness and consistency of information used for project monitoring and internal management.

Main recommendations

The Board has made 17 new recommendations on the basis of its audit. The main recommendations are that the Administration:

Strategy management

- (a) **Strengthen data management for all performance measures by undertaking an exercise to publish accurate baseline data, targets and accomplishments, thereby ensuring the consistency of performance information;**
- (b) **Increase awareness among its senior management team about the proposed programme budget formulation and its linkage with the programme of work, and submit new planned results (result 3) for the proposed programme budget for 2028 that are more closely aligned with the subprogramme indicators of the programme of work for the 2026–2029 strategic cycle;**

Programme and project management

- (c) **Integrate into the quarterly review mechanism an analysis of the underlying causes of poor project performance, based on data provided by project managers, together with targeted measures to address identified project challenges and measure project results;**
- (d) **Update the Programme and Project Management Manual to mandate that all project indicators be updated in the Integrated Planning, Management and Reporting system before any project progress or completion report is prepared, thereby ensuring consistency between reported information and system records;**
- (e) **Conduct a one-time review of existing projects in the Integrated Planning, Management and Reporting system to identify and update missing data and documentation, with particular attention to ensuring timely monitoring and the upload of required documentation for active projects that are ongoing as at 31 March 2026.**

Follow-up on previous recommendations

As at 31 December 2025, of the 27 outstanding recommendations up to the financial year ended 31 December 2024, 18 (67 per cent) had been implemented, 8 (30 per cent) remained under implementation, and 1 (three per cent) had been overtaken by events.

Key facts

\$1,154.64 million	Total revenue
\$829.27 million	Total expenses
\$325.37 million	Surplus
\$4,096.76 million	Assets
\$547.73 million	Liabilities
\$3,549.03 million	Total net assets
3,011	Staff and non-staff personnel

A. Mandate, scope and methodology

1. UNEP is the designated authority of the United Nations system with respect to environmental issues at the global and regional levels. Its mandate is to coordinate the development of environmental policy consensus by keeping the global environment under review and bringing emerging issues to the attention of Governments and the international community for action. The mandate and objectives of UNEP emanate from General Assembly resolution [2997 \(XXVII\)](#) of 15 December 1972 and subsequent amendments adopted at the United Nations Conference on Environment and Development in 1992, the Nairobi Declaration on the Role and Mandate of UNEP, adopted at the nineteenth session of the UNEP Governing Council, and the Malmö Ministerial Declaration of 31 May 2000. It was founded as a result of the United Nations Conference on the Human Environment held in June 1972 and has its headquarters in Nairobi.

2. The Board of Auditors audited the financial statements and reviewed the operations of UNEP for the year ended 31 December 2025 in accordance with General Assembly resolution [74 \(I\)](#) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Those 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 present fairly the financial position of UNEP as at 31 December 2025 and the results and cash flows for the accounting period in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

4. The Board also reviewed the operations of UNEP 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 UNEP operations. During the present audit, the Board focused on budget preparation, strategy implementation, performance management, and programme and project management. 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 interim audit was conducted in Nairobi at UNEP headquarters and in Montreal at the secretariat of the Convention on Biological Diversity from October to November 2025. The final audit was carried out on site at headquarters in Nairobi from April 2026 to May 2026.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were communicated to UNEP management, and their views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up on previous recommendations

7. In its resolution [80/231](#), the General Assembly requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to ensure full implementation of the recommendations of the Board of Auditors in a prompt and timely manner.

8. Of the 27 outstanding recommendations up to the financial year ended 31 December 2024, 17 were issued in the previous report ([A/80/5/Add.7](#)) and endorsed by the General Assembly. As at 31 December 2025, 18 (67 per cent) of the 27 recommendations had been implemented, 8 (30 per cent) remained under implementation and 1 (3 per cent) was considered to have been overtaken by events.

9. Of the eight pending recommendations, three (38 per cent) were related to programme and project management, two (25 per cent) concerned financial and budget management, two (25 per cent) fell under the category of partnership management and one (12 per cent) was related to information and communications technology.

Table II.1
Status of implementation of recommendations

<i>Audit report year</i>	<i>Report</i>	<i>Recommendations pending as at 31 December 2024</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>	<i>Recommendations pending as at 31 December 2025</i>
2021	A/77/5/Add.7	2	2	—	—	—	—
2022	A/78/5/Add.7	3	1	1	—	1	1
2023	A/79/5/Add.7	5	4	1	—	—	1
2024	A/80/5/Add.7	17	11	6	—	—	6
Total		27	18	8	—	1	8

10. Of the eight pending recommendations, one (13 per cent) had been pending for three years, one (13 per cent) for two years, and six (74 per cent) for one year. The Board noted that certain recommendations were under implementation due to the time

required for their full implementation. Detailed follow-up to the recommendations issued during the previous years is shown in annex I.

11. UNEP informed the Board that management takes the Board's recommendations seriously. UNEP also noted that complex recommendations can take more time than originally planned once implementation is under way. Priorities can also change in response to new mandates or external events.

2. Financial overview

12. The overall financial position of UNEP as at 31 December 2025 showed improvement with continued growth in voluntary contributions receivable alongside strong investment holdings.

2.1. Revenue and expenses

13. Total revenue for the financial year 2025 amounted to \$1,154.64 million, representing an increase of \$52.79 million (5 per cent), compared with \$1,101.84 million in 2024. The main sources of revenue were voluntary contributions. The growth was attributable to a greater number of new multi-year agreements concluded in 2025.

14. Total expenses amounted to \$829.27 million, representing a decrease of \$2.81 million (0.34 per cent) compared with 2024. Total expenses in 2025 decreased slightly, primarily due to reduced other operating expenses from bad debt provision reversals, lower foreign exchange losses and decreased travel expenditure, while staff salaries, allowances and benefits increased due to higher repatriation benefits, and grants and transfers rose owing to accelerated implementation of Multilateral Fund projects.

15. As a result, UNEP reported a surplus of \$325.37 million, compared with \$269.77 million in 2024.

2.2. Assets and liabilities

16. As at 31 December 2025, total assets amounted to \$4,096.76 million, representing an increase of \$312.26 million (8 per cent) compared with 2024. Total assets in 2025 increased primarily due to higher investment balances, increased advance transfers to implementing agencies, growth in voluntary contributions receivable from new multi-year agreements, and the recognition of right-of-use assets upon initial adoption of IPSAS 43: Leases.

17. The main components of assets consisted of cash and cash equivalents, investments, assessed contributions receivable, voluntary contributions receivable and advance transfers.

18. Total liabilities amounted to \$547.73 million, representing a decrease of \$42.37 million (7 per cent) compared with 2024. Total liabilities in 2025 decreased primarily due to lower accounts payable and accrued liabilities resulting from reduced year-end unsettled procurements, and decreased advance receipts and deferred revenue as project funds received in prior periods were progressively recognized as revenue in the current period.

19. Net assets amounted to \$3,549.03 million, reflecting an increase of \$354.63 million (11 per cent) compared with the previous reporting period. The change was attributable mainly to accumulated surpluses for the year.

2.3. Ratio analysis

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

21. The main financial ratios (see table II.2 below) show an improvement in 2025 as compared with 2024.

22. The solvency ratio, which measures the entity's long-term financial stability by comparing total assets with total liabilities, increased from 6.41 in 2024 to 7.48 in 2025, indicating a strong financial position, which reflects the growth in total assets and the reduction in total liabilities as mentioned above.

23. The current ratio indicates the entity's ability to meet its short-term obligations using its current assets. The ratio stood at 7.90 as at 31 December 2025, compared with 6.52 in 2024. The improvement was due to higher short-term investments, increased voluntary contributions receivable and rising advance transfers driving growth in current assets, while current liabilities declined on account of reduced advance receipts and deferred revenue as prior-period funds were recognized as revenue.

24. The cash ratio, which measures the most conservative level of liquidity by comparing cash and investments with current liabilities, stood at 5.26, indicating strong immediate liquidity.

25. The quick ratio, which measures the ability to convert assets rapidly into liquidity to meet short-term commitments, stood at 6.54, compared with 5.58 in 2024.

26. Overall, these ratios indicate that the entity has strengthened its ability to meet both short-term and long-term obligations.

Table II.2

Ratios analysis

Description of ratio	31 December 2025	31 December 2024	31 December 2023	31 December 2022	31 December 2021
Solvency ratio^a					
(assets/liabilities)	7.48	6.41	6.44	6.46	5.10
Current ratio^b					
(current assets/current liabilities)	7.90	6.52	7.22	7.03	6.88
Cash ratio^c					
(cash + investments/current liabilities)	5.26	4.45	4.83	4.42	4.66
Quick ratio^d					
(cash + investments + short-term accounts receivable/current liabilities)	6.54	5.58	6.20	5.99	5.99

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

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

^b A high current 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 an entity's potential ability to convert quickly assets into liquidities to address its current commitments. A higher ratio means a more liquid current position.

3. Budget and financial management

3.1. Budget management

Results-based budgeting not fully adopted in the secretariat of the Convention on Biological Diversity

27. The Secretary-General, in his proposal on results-based budgeting ([A/54/456](#)) and his proposal on administrative reform ([A/72/492](#)), emphasized that accomplishments must be specific and measurable through quantitative or qualitative indicators to demonstrate a clearer link between resources and results, ensuring transparency and accountability.

28. In decision 14/37 of the Conference of the Parties to the Convention on Biological Diversity, the Executive Secretary was requested to submit an updated, detailed and integrated programme of work for the period 2021–2022, setting out the objectives, tasks to be completed by the secretariat, and results expected for each budget item under the Convention and its Protocols, for the consideration of the Conference of the Parties to the Convention and the Parties to its Protocols, together with a corresponding programme budget in line with the format of the UNEP proposed programme budget.

29. The Board noted that in response to decision 14/37, the secretariat presented four expected programmatic accomplishments and set out the outputs and suboutputs for each outcome in the proposed budget for the programmes of work of the Convention on Biological Diversity, the Cartagena Protocol on Biosafety and the Nagoya Protocol on Access and Benefit-Sharing for the bienniums 2023–2024 ([CBD/COP/15/7](#)) and 2025–2026 ([CBD/COP/16/4-CBD/CP/MOP/11/5-CBD/NP/MOP/5/5](#)). However, these did not include specific and measurable performance indicators such as baselines and targets.

30. The Board is of the view that the lack of clear baselines and targets impairs the use of the results-based budgeting framework for the monitoring of the current programme of work in terms of progress towards the established outcomes.

31. The Board recommends that the secretariat of the Convention on Biological Diversity develop specific and measurable performance indicators by the eighth meeting of the Subsidiary Body on Implementation, with a view to enhancing the results-based budgeting framework as an accountability and management tool.

32. UNEP accepted the recommendation.

3.2. Financial management

Prolonged retention of significant advance balances and low utilization of advances

33. The UNEP Programme and Project Management Manual (2024) requires that resources be fully accounted for and used effectively and efficiently for their intended purpose, and designates the project manager as the directly responsible individual holding project management accountability. The Manual stipulates that “a key consideration for the effective management of legal agreements is the level of financial advances paid to the implementing partner. In general, lower levels of advances are preferred as this allows UNEP to minimise financial risk by withholding subsequent instalments in cases of non-performance. Instalments should correspond with the resources required to achieve the agreement’s major milestones, and part from the initial instalment, requests for subsequent advances should be accompanied by substantive and financial reports. The latter should provide detailed information on expenditures incurred against each budget line.”

34. As at 31 December 2025, the UNEP financial statements reflected advance balances of \$499 million (12 per cent of total assets). The audit team conducted an aging analysis which indicated that \$70.4 million (14 per cent) of advances had remained outstanding for more than one year. In accordance with the UNEP guidance note on the systematic monitoring and implementing partner risk flagging framework, such aged advances represent a high to critical level of risk. \$57.03 million was outstanding for one to two years, \$10.57 million for two to four years, and \$2.8 million for more than four years, indicating that a portion of advanced funds has not been timely converted into actual expenditure.

35. The Board noted that five advance disbursements (totalling \$14.82 million) were not consistently linked to the receipt of financial reports, while subsequent advances were released despite significant unliquidated balances from prior payments. In one case (totalling \$1.22 million), there was insufficient evidence that the related funds had been utilized.

36. The Board also noted that, as at 31 December 2025, 23 agreements under the secretariat of the Convention on Biological Diversity had outstanding advances totalling \$617,314.86. A sample of six agreements, with outstanding advances of \$290,000, was noted where advances remained unexpensed for more than six years due to the implementing partners failing to submit required activity, financial or progress reports.

37. The Board further noted that similar issues were raised in prior audits (2021 and 2024). UNEP has since strengthened controls through the issuance of the guidance note on the systematic monitoring and implementing partner risk flagging framework in February 2026, introducing post facto measures such as risk categorization, suspension of new agreements, and payment holds. UNEP attributed some long-outstanding balances to legacy cases and external factors, including the implementing partners' reporting timelines (over which UNEP does not have direct oversight).

38. The Board is of the view that the existing controls, while useful in identifying outstanding advances after disbursement, are primarily reactive and do not sufficiently prevent advances from remaining uncleared for prolonged periods. The continued existence of long-outstanding advances, together with gaps in linking disbursements to corresponding project implementation or expenditure recognition, indicates inefficiencies in the utilization of funds and potential financial risks. Advance management extends beyond the finance function, as project managers bear direct accountability and play a critical role in monitoring and clearing outstanding advances.

39. The Board is concerned that delays in converting advances into expenditure and project results across the total advance balance, together with the prolonged retention of funds by implementing partners owing to advance amounts that are disproportionate to implementation rates and a predominantly reactive control framework, may reduce the efficiency and effectiveness of resource utilization and increase financial management risks.

40. The Board recommends that UNEP incorporate the timely clearance of outstanding advances as a key performance indicator in project manager performance assessments, ensuring that project managers are held accountable for monitoring and resolving unliquidated balances within their respective portfolios.

41. UNEP accepted the recommendation.

Delays in financial closure and prolonged retention of unspent balances

42. The standard operating procedure on financial closure of projects and grants (Budget and Financial Management Service standard operating procedure 114, as revised in December 2023) sets out the procedures for the financial closure of UNEP projects and grants in compliance with the United Nations Financial Regulations and Rules, stipulating that unspent funds must be transferred to the relevant unearmarked account, and that the closing period shall be completed in line with donor requirements for certified final reporting, normally within 6 to 12 months after the operational end date.

43. The Board noted that unspent balances of \$14.87 million from 235 financially closed earmarked grants had been transferred to unearmarked accounts for the period 1 January 2025 to 31 December 2025. Of this amount, \$1.28 million (8.6 per cent) remained pending donor confirmation and \$1.28 million (8.6 per cent) were awaiting updates from the financial management officers.

44. The Board further noted that 306 grants with unspent balances of \$6.3 million remained in “closing” status beyond their contractual expiry dates. Additionally, 15 grants with zero cash balance had not been formally closed in Umoja.

45. The Board was informed that UNEP sought donor consultations before reprogramming unspent balances after the financial closure of each grant. However, obtaining donor confirmations can be challenging in practice. For instance, some donors did not respond despite repeated follow-up and in some cases, delays in communication or changes in donor focal points and interests further complicate the process.

46. The Board is concerned that delays in grant closure and prolonged retention of unspent balances have constrained the timely redeployment of funds and limited flexibility in liquidity management, making it necessary to enhance financial closure processes and effective utilization of resources within UNEP.

47. The Board recommends that UNEP establish a formal process to review unspent balances from closed grants and assess the feasibility and cost-effectiveness of engaging donors to obtain approval for the appropriate treatment of each balance.

48. UNEP accepted the recommendation.

*Deficiencies in resource mobilization strategy implementation**(a) Weaknesses in resource mobilization strategy implementation*

49. The UNEP resource mobilization strategy for the period 2021–2025, effective as from July 2021, aimed to enhance funding sustainability and flexibility by broadening the donor base, increasing the proportion of core funding, and optimizing the overall funding structure in support of medium-term strategy and programme of work, including in relation to Member States’ commitment to raise the core share of funding for development-related activities (Environment Fund and regular budget) from 20 per cent to 30 per cent by 2023 in accordance with the United Nations funding compact.

50. The Board reviewed resource mobilization performance from July 2022 to December 2025 and noted that the funding environment had become increasingly constrained. Only 84 per cent (compared to 91 per cent in the previous year) of the approved regular budget for 2025 (\$24.5 million) had been released, hindering operational planning.

51. The Board further noted that the strategy set a target of 5 per cent annual growth in total income from the 2020 baseline of \$501.7 million, which was not reflected in the approved proposed programme budgets, indicating a mismatch between resource mobilization performance targets and budget planning.

52. The Board also noted that, despite steady growth in total income, the share of core funding remained at 14 per cent rather than increasing towards the United Nations funding compact target of 30 per cent (core funding out of total voluntary funding from Member States for United Nations operational activities for development). Approximately 90 per cent of core funding from 2022 to 2024 came from the top 15 donors out of a total of over 100 donors, indicating high risk of concentration.

53. The Board further noted that the client relationship management platform envisaged in the strategy had not been effectively established. Outreach for earmarked resources remained decentralized, with multiple programme managers conceivably contacting the same donor, showing a potential risk of duplication of efforts and inefficient coordination and tracking.

54. The Board is concerned that the current strategy has not adequately responded to changes in the funding environment. In addition, the proportion of core funding remained low, and highly concentrated among a small number of major donors, exposing UNEP to financial risks and reduced flexibility. The absence of effective coordination and tracking mechanisms for donor engagement further limited the effectiveness of the strategy.

(b) Inadequacy of voluntary trust funds

55. Six trust funds for the secretariat of the Convention on Biological Diversity and its Protocols were recorded in Umoja, comprising three core programme budgets and three voluntary trust funds.

56. In its decision 16/28, the Conference of the Parties to the Convention on Biological Diversity acknowledged the following funding estimates for the period 2025–2026: \$21.94 million for funding requirements by thematic area and expenditure component for the Special Voluntary Trust Fund for Additional Approved Activities under the Convention and its Protocols (BE fund); \$6.75 million for funding requirements of staff for the BE fund; \$7.89 million for funding requirements for the Special Voluntary Trust Fund for Facilitating the Participation of Parties in the Convention Process (BZ fund); and \$0.32 million for funding requirements for the Special Voluntary Trust Fund for Facilitating the Participation of Indigenous Peoples and Local Communities (VB fund). It also reaffirmed the importance of the full and effective participation of at least two delegates from developing country Parties, in particular the least developed countries and small island developing states, and Parties with economies in transition.

57. The Board noted the significant shortfalls in funding for implementation of the decisions of the Conference of the Parties. Of 219 activities relating to 40 Conference of the Parties decisions, 106 activities (48 per cent in quantity) lacked sufficient resources, with a funding gap of \$14.36 million (85 per cent of the total funding requirements), including for, inter alia, the hiring of consultants and translators, the organization of meetings and workshops and the participation of delegates in meetings and workshops. Furthermore, 20 of 22 posts, which should all be funded by voluntary contributions, remained vacant, with the secretariat attempting to fill the gap by recruiting temporary staff or consultants.

58. The Board also noted that the lack of predictable and sustainable funding affected the participation of developing country Parties, Indigenous Peoples and local

communities in the meetings held under the Convention and its Protocols. The secretariat could fund the participation of only one delegate each from 92 Parties for the two subsidiary body meetings in Panama in October 2025, leading to dissatisfaction among the Parties.

59. The Board is concerned that the persistent funding shortfalls may hinder the implementation of the decisions of the Conference of the Parties and increases the financial pressure regarding funding delegates' participation in meetings.

60. The Board recommends that UNEP ensure that the resource mobilization strategy for the period 2026–2029 includes a management review mechanism allowing adjustments in line with changing operational and funding realities, and that the accompanying implementation plan be updated accordingly.

61. The Board recommends that the secretariat of the Convention on Biological Diversity, in consultation with the bureau, submit a proposal to revise the structure and rules of the Special Voluntary Trust Fund for Facilitating the Participation of Parties in the Convention Process, and enhance transparency by providing comprehensive cost estimates and indicating the expected amount of voluntary contributions to the BE fund.

62. UNEP and the secretariat of the Convention on Biological Diversity accepted the recommendations.

4. Strategy management

Inaccuracies in performance target setting and data processing

63. According to the UNEP medium-term strategy for the period 2022–2025, UNEP recognized that the continuing transition to results-based management was as much a transformation of the institution's internal culture as it was a management issue; that the use of data, monitoring and evaluation was a critical tool for decision-making; and that UNEP would enhance its internal capacity to deliver results and develop indicators that were aligned with organizational objectives to reflect true transformational change.

64. The Board reviewed the assessment results of the proposed programme budget for 2025 ([A/79/6 \(Sect. 14\)](#)) and the proposed programme budget for 2026 ([A/80/6 \(Sect. 14\)](#)). The following deficiencies were observed:

(a) Incorrect performance target setting

65. The performance measure "number of countries with established early warning systems" had identical target values of 25 in the proposed programme budgets for both 2025 and 2026, which was not aligned with the strategic objective of expanding coverage.

66. UNEP explained that this resulted from miscalculating the 2025 actual achievement as 23 instead of the correct 26, leading to an understated 2026 target.

(b) Incorrect baseline data

67. Two out of five indicators under the Nature Action subprogramme in the programme of work for the period 2022–2025 had incorrect baselines. UNEP initially published baselines of 70 entities and \$224 million but subsequently calculated all cumulative achievements using a baseline of zero, which was contradictory to the published figures.

68. UNEP explained that the published figures were unintentional errors, and the correct baselines should have been zero.

(c) Inconsistencies in performance data

69. For the indicator “number of financial institutions that signed a commitment to set biodiversity targets to reduce their impacts on nature”, the programme of work for the period 2022–2025 reported a 2024 target of 384 and an actual accomplishment of 418, whereas the assessment results of the proposed programme budget for 2025 recorded the 2024 year-end accomplishment as 349 and the 2025 year-end accomplishment as 402. Similarly, for the indicator “number of countries that submit quality-assured data on surface and groundwater quality to the Global Freshwater Quality Database (cumulative)”, the programme of work for the period 2022–2025 reported both the 2024 target and the actual accomplishment as 15, while the assessment results of the proposed programme budget for 2025 recorded the 2024 year-end accomplishment as 10.

70. The Board is of the view that weaknesses in controls over performance data reduced the reliability of performance information for accountability and evidence-based decision-making. This was not fully consistent with the commitment of UNEP, under its medium-term strategy, to strengthening its internal capacity to deliver results and developing indicators that reflect true transformational change.

71. The Board recommends that UNEP strengthen data management for all performance measures by undertaking an exercise to publish accurate baseline data, targets and accomplishments, thereby ensuring the consistency of performance information.

72. UNEP accepted the recommendation.

Lack of further alignment between the programme of work and the proposed programme budget

73. The Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation ([ST/SGB/2018/3](#)) state, in rule 105.7 (c), that “the programmes of work submitted by programme managers to specialized intergovernmental organs should contain activities and output specifications identical to those set out in the programme portion of the proposed programme budget” and, in regulation 5.8, that “the Committee for Programme and Coordination shall review the proposed programme budget to ensure that the narratives of the programme budget fascicles are identical to the approved biennial programme plan”.

74. The Board reviewed the programme of work for the period 2022–2025 and the proposed programme budget for 2024 and 2025 and noted certain areas where further alignment could be sought, as follows:

(a) Differences in presentation of shared indicators/performance measures between the programme of work and the proposed programme budget

75. The 2025 proposed programme budget established 21 performance measures, 12 of which were not reflected in the programme of work. The programme of work contained 29 indicators, 20 of which were not reflected in the proposed programme budget. Moreover, of the nine shared indicators, seven employed different measurement units, one reported inconsistent results, and one had conflicting target values for the same year, limiting comparability.

(b) *Differences in the presentation of planned economic activities between the programme of work and the proposed programme budget*

76. The Board noted that, although the programme of work and the proposed programme budget covered the same seven subprogrammes, they used different information reporting modalities, leading to differences in the presentation of planned activities. The proposed programme budget set out 63 deliverables, of which 31 were not reflected in the programme of work, while the “programme management and support” pillar established under the programme of work was absent from the proposed programme budget. UNEP explained that these differences were associated with the distinct focus of the two documents: the proposed programme budget focuses on regular budget delivery, with the audience being the Advisory Committee on Administrative and Budgetary Questions, the Committee for Programme and Coordination, the Fifth Committee and the General Assembly; whereas the programme of work is designed to be discussed by the Committee of Permanent Representatives – and the Environment Fund portion is subject to approval by the United Nations Environment Assembly – and accordingly covers the full scope of funding, for context.

(c) *Differences in the reporting of results between programme of work and the proposed programme budget*

77. The Chemicals and Pollution Action subprogramme was reported as only partially achieved in the programme implementation reports, which reflected the status of implementation of the programme of work in 2024. However, the corresponding result in the proposed programme budget indicated full achievement in 2024. Similar inconsistencies were noted in the reporting for 2025 across several subprogrammes.

78. UNEP explained that the differences arose because the proposed programme budget results had been developed before the approval of the programme of work, as UNEP had elevated the topic in its focus by bringing it first into the proposed programme budget reporting and then into the medium-term strategy and the programmes of work. However, the proposed programme budget result focused on country reports while the scope of the programme of work indicator was wider, meaning that they had different formulations, baselines and starting years. Since there is strict guidance from United Nations Secretariat, management has not been allowed to change the result area in the proposed budget report retrospectively to match the programme of work indicator, and thus there has not been any effort to try to reconcile the differentiated reporting between country reports and other reports.

79. The Board is of the view that closer alignment between the proposed programme budget and the programme of work would improve the clarity and consistency of performance reporting.

80. The Board recommends that UNEP increase awareness among its senior management team about the proposed programme budget formulation and its linkage with the programme of work, and submit new planned results (result 3) for the proposed programme budget for 2028 that are more closely aligned with the subprogramme indicators of the programme of work for the 2026–2029 strategic cycle.

81. UNEP accepted the recommendation.

Deficiencies in monitoring and reporting regarding implementation of the United Nations Environment Assembly resolutions

82. As decided by the United Nations Environment Assembly and in consultation with the Committee of Permanent Representatives, UNEP developed the United Nations Environment Assembly Monitoring and Reporting Portal, which provides mandatory six-monthly intersessional secretariat reporting on United Nations Environment Assembly outcomes.

83. The United Nations Environment Assembly offline reporting template for resolution monitoring and reporting issued on January 2026 states that the primary resolution focal point is the directly responsible individual responsible for ensuring preparation and submission of the report, and that before entering the report in the portal, the primary focal point should ensure that it has been reviewed and cleared by the respective director. The template also stipulates that the implementation plan must focus on major actions planned for the year for the resolution's implementation, including timelines, responsible teams, data accuracy and internal accountability, and that milestones must use clear, measurable indicators and specify the progress status based on the reporting period.

84. The Board reviewed the intersessional reports on the implementation of the 15 resolutions adopted by the sixth session of the United Nations Environment Assembly during 2024 and 2025 and observed the following deficiencies:

(a) Incomplete six-monthly reports

85. For two resolutions, namely resolutions 12 and 14, one six-monthly report for each resolution was missing from the portal, limiting the timeliness of monitoring and the transparency of tracking the implementation of United Nations Environment Assembly resolutions.

(b) Insufficient updating and measurability of implementation plans

86. For four resolutions, namely resolutions 8, 10, 11 and 12, the full text or core content of the implementation plans had been copied across two to four consecutive reports, without reflecting progress made, adjustments required or changes in priorities. In addition, some implementation plans did not include clear timelines, making it difficult to assess whether the milestones for the corresponding reporting periods were sufficiently robust.

(c) Inaccurate setting of milestones

87. The milestones in some reports did not accurately reflect the activities scheduled for the relevant reporting period, thereby limiting effective progress tracking. For example, the June 2024 report on resolution 5 marked all four milestones as "not attained", even though two of those milestones were not scheduled for completion until late 2025. This indicated a disconnect between the basis for assessing milestone achievement and the timeline set out in the implementation plan.

88. UNEP explained that the June 2024 report was the first report for all resolutions adopted at the sixth session and was used to identify key milestone activities to be undertaken during the implementation of the resolutions. The "not attained" status was revised in subsequent reporting periods. UNEP further indicated that the implementation of the mandates under these resolutions was subject to the availability of funds, in accordance with the wording of the resolutions. Given this provision, the submission of the Executive Directors' report to the seventh session of the United Nations Environment Assembly was the main activity undertaken and reported on in relation to resolution 6 in the two reporting periods of 2024.

89. The Board is of the view that the issues observed may affect the consistency and clarity of information captured in the monitoring framework. Addressing these issues would strengthen the secretariat's ability to track progress against mandates and support Member States in obtaining a comprehensive and timely overview of implementation.

90. The Board recommends that UNEP carry out training sessions for resolution focal points to ensure the timeliness and completeness of intersessional monitoring and reporting regarding implementation of United Nations Environment Assembly resolutions.

91. UNEP accepted the recommendation.

Limited implementation of the digital transformation strategy

92. Under the 2022–2025 medium-term strategy, the Digital Transformation Subprogramme serves as an enabler, with interventions designed to facilitate the delivery of outcomes of UNEP subprogrammes.

93. According to the Data and Digital Governance Framework, the senior management team provides top-tier strategic oversight of all data and digital activities while delegating technical decisions to the Data and Product Group and Information and Communications Technology Solutions Group. The Data and Product Group and Information and Communications Technology Solutions Group are required to submit biannual reports to the senior management team covering updates, new policy approvals and high-level challenges, along with their terms of reference, which become an integral part of the Framework once adopted.

94. The Board reviewed Digital Transformation Subprogramme and noted the following deficiencies:

(a) Lack of the dedicated projects in Digital Transformation Subprogramme

95. The Board noted that, as of November 2025, the Digital Transformation Subprogramme had no dedicated projects. Although 243 ongoing projects included digital or platform-related components, they were all being implemented under other subprogrammes. As a result, the deliverables of the Digital Transformation Subprogramme were generated through projects managed under those subprogrammes. This arrangement limited the Subprogramme's ability to exercise sufficient leverage for effective coordination and integration, potentially increasing the risk of fragmentation and undermining the sustainability of digital platforms and data.

96. The Board also noted that, from 2022 to 2025, the Subprogramme planned for earmarked funding of \$53.6 million, but received only \$2.59 million, or 4.83 per cent of the planned amount. During the same period, the work of the subprogramme relied primarily on three funding sources, namely the Environment Fund, the regular budget and programme support costs. These resources were allocated mainly to human resources, limiting the financial flexibility available to support other critical operational and implementation needs.

(b) Incomplete implementation of the Data and Digital Governance Framework

97. The Board noted that the Data and Digital Governance Framework had not been effectively implemented. Neither the Data and Product Group nor the Information, Communication and Technology Solutions Group had fulfilled the related reporting and terms-of-reference requirements. Although the terms of reference had been discussed and approved within the respective groups, they had not yet been endorsed by the senior management team.

98. UNEP explained that the Digital Transformation Subprogramme functions primarily as an organization-wide enabling mechanism and was not delivered through stand-alone projects, with many deliverables generated through collaborative activities, corporate initiatives and support to other subprogrammes, rather than discrete project structures. UNEP also highlighted that governance challenges are being resolved through the ongoing consolidation of governance groups into a unified structure.

99. The Board is of the view that the absence of dedicated projects, insufficient funding and incomplete implementation of the data and digital governance framework have constrained the Digital Transformation Subprogramme's ability to perform its core coordination and enabling functions. These weaknesses may undermine the coherence, stability and effectiveness of the implementation of digital transformation initiatives.

100. The Board recommends that UNEP continue to explore the feasibility of assigning agile and/or enabling types of projects suitable for Digital Transformation Subprogramme to ensure that key objectives are systematically executed and monitored within the UNEP medium-term strategy.

101. The Board also recommends that UNEP review and update the Data and Digital Governance Framework to establish clear, organization-wide data standards, and institute biannual reporting to the senior management team on its implementation of and compliance with the Framework.

102. UNEP accepted the recommendations.

5. Programme and project management

Ineffective project performance and fund underutilization

103. The UNEP Programme and Project Management Manual requires that all projects be implemented within approved programmes, ensuring clear alignment between project results and programme objectives and a direct linkage to the medium-term strategy and programme of work. Project performance must be measured through defined indicators, and project managers are responsible for ensuring delivery within approved timeframes, budgets and workplans. Project extensions are subject to control, due to associated cost and risk implications. The Manual further requires that all financial closure procedures be completed within one year of operational completion.

(a) Project delays resulting in inefficient implementation

104. As at 31 December 2025, UNEP had approved 1,483 projects with a total budget of \$5.175 billion, of which 671 projects (\$3.35 billion) were ongoing. Among these ongoing projects, 109 projects (16.24 per cent) were delayed, with an average delay of 478 days and a maximum delay of 2,453 days, a combined budget of \$417.13 million, and a cumulative expenditure of \$376.67 million (90.30 per cent execution rate). Of these delayed projects, 45 projects (41.28 per cent) were delayed for over one year, 27 projects (24.77 per cent) over two years and 13 projects (11.93 per cent) over three years.

105. The Board also noted that, as at 31 December 2025, projects scheduled for closure between 2022 and 2025 exhibited persistent delays. These included 38 of 161 projects (23.60 per cent) scheduled for closure in 2025 (\$78.92 million, 86.35 per cent utilized), all of 36 projects scheduled for closure in 2024 (\$161.32 million, 92.44 per cent utilized), all of 17 projects scheduled for closure in 2023 (\$29.80 million,

88.28 per cent utilized), and all of 18 projects scheduled for closure in 2022 or earlier years (\$147.09 million, 90.48 per cent utilized).

(b) Non-achievement of certain project performance indicators

106. The Board reviewed the indicator data recorded in the Integrated Planning, Management and Reporting system and noted that, among 812 operationally or financially closed projects, 773 projects were ineligible for reporting against the indicators. Indicator data for 39 projects was reported in the Integrated Planning, Management and Reporting system. Despite closure, the overall indicator completion rate was 54.8 per cent, with 19.3 per cent marked as “not yet due to start”, 22 per cent as “in progress”, 1.8 per cent as “terminated” and 2.1 per cent as “delayed”. These gaps were linked to weak alignment between monitoring information and actual project progress, with some monitoring reports not updated for extended periods.

(c) Idle funds and inefficient use of funds

107. The Board noted that 445 projects remained operationally closed but pending financial closure, with \$27.92 million in outstanding commitments and \$134.86 million in unutilized balances. Of these, 355 projects had not been financially closed for more than one year (representing \$15.95 million in outstanding commitments and \$114.65 million in unutilized balances). Additionally, 109 delayed ongoing projects, with a combined budget of \$416.43 million and an average delay of 478 days, had \$50.28 million in outstanding commitments and \$40.12 million in unutilized balances. The unutilized balances, which cannot be freely disbursed, indicate low financial efficiency and prolonged idle funds that delayed resource reallocation.

108. The Board recommends that UNEP integrate into the quarterly review mechanism an analysis of the underlying causes of poor project performance, based on data provided by project managers, together with targeted measures to address identified project challenges and measure project results.

109. UNEP accepted the recommendation.

Deficiencies in implementation of the project extension policy

110. The UNEP Programme and Project Management Manual recommends that projects be extended only once, with a first extension of up to nine months (not exceeding 12 months). A second extension may be granted exceptionally for up to three months (not exceeding six months) only in cases of force majeure, while third or subsequent extensions are generally not recommended. It is recommended that extension requests be submitted six months prior to the planned operational closing date; requests submitted after that date are generally not recommended for approval.

111. The Board noted the following deficiencies in the implementation of the extension policy:

(a) Untimely closure of expired projects

112. As at 31 March 2026, out of 579 ongoing projects, 72 projects remained active beyond their planned completion dates without the required extensions having been obtained, which is not in line with the stipulation in the Programme and Project Management Manual that extensions require prior approval and must be requested six months in advance. These projects had a total consumable budget of \$645.44 million and resulted in \$155.55 million in idle funds. Despite lacking formal approval, these projects continued to be implemented, without operational closure, underscoring a

failure to enforce the new regulatory framework and weakening controls over progress management and extension approval.

(b) Projects approaching closure with limited extension feasibility

113. There were 41 ongoing projects with less than six months remaining before their planned end dates. Of these, 22 projects had completed less than 50 per cent of planned activities, and 23 were classified as “yellow” or “red” risk, indicating low implementation efficiency. Due to the short remaining duration, these projects were facing significant challenges in meeting the six-month advance submission requirement for extension requests.

(c) Non-compliance with extension timelines and durations

114. Among 10 non-vertical fund projects approved for extension after 14 April 2025, 1 project submitted its extension request after the planned closure date and 6 submitted their requests within six months of the planned closure date. Moreover, 4 had an initial extension period exceeding 12 months. This indicated weaknesses in compliance with the prescribed extension control requirements at both the application and approval stages, as the approving authorities had not effectively enforced the required controls.

(d) Ambiguity in the applicability of extension policies to legacy projects

115. Among 16 Green Climate Fund projects approved for extension, 10 had been extended more than once: 5 with a second extension, 2 with a third extension, 2 with a fourth extension and 1 with a fifth extension. The Programme and Project Management Manual, effective as from 14 April 2025, does not clearly specify whether projects that had already been extended before that date are subject to the new limits on the frequency and duration of extensions, creating ambiguity regarding the application of the new requirements to such projects. UNEP explained that decisions on whether projects could be recommended for extension are made on a case-by-case basis, taking into account the specific context, implementation and performance of the project, as well as the broader political context. It further noted that extension requests are permitted only where the project maintains its original business case – specifically, where the theory of change remains intact – and where the rationale for extension is clearly articulated and adequately substantiated in the supporting documentation.

116. The Board is concerned that untimely project closure, insufficient advance planning for extensions, inconsistent application of approval controls and ambiguous policy guidance indicate weaknesses in project extension and closure management by UNEP. These weaknesses may undermine the economic and efficient use of funds, increase the risk of delayed or incomplete project delivery and affect the operational effectiveness of UNEP.

117. The Board recommends that UNEP update the Programme and Project Management Manual with guidance clarifying extension frequency and duration to ensure that extension decisions are based on implementation plans, available resources, and strengthened monitoring arrangements, so as to promote effective execution and timely completion.

118. UNEP accepted the recommendation.

Weaknesses in approval of adaptive management revisions

119. The UNEP Programme and Project Management Manual states that adaptive management should aim to strengthen the delivery of results and not be used to hide

poor project design or performance. It further stipulates that revision requests must be submitted to the Project Review Committee secretariat and/or the division director for approval.

120. The Board noted that, as at April 2026, of 983 closed projects recorded in the Integrated Planning, Management and Reporting system, 254 projects, or 26 per cent, reflected revisions to their results frameworks without corresponding evidence in the system of review by the Project Review Committee or formal approval. The revisions included modifications to targets, replacement of outputs and discontinuation of activities. In four instances, the audit team noted that major revisions to project results frameworks – including modifications to targets, replacement of outputs or discontinuation of activities – were not consistently supported by formal revision documentation or recorded approval in line with established procedures. This affected the comparability of reported results with the originally approved project objectives. While such changes may have been made in response to implementation challenges, the absence of documented review and approval limits oversight, justification and alignment with the original project objectives.

121. The Board is concerned that these conditions weaken the transparency and auditability of project performance information, reduce comparability between planned and achieved results, and limit assurance that project revisions were subject to appropriate governance and oversight.

122. The Board recommends that UNEP undertake an analysis of all active projects, identify any unapproved revisions that have occurred, develop a corrective action plan and update the project revisions guidance in the Programme and Project Management Manual, to ensure that there is transparency in the revision process, that the Integrated Planning, Management and Reporting system is used to record all supporting documentation, and that all revisions are properly justified and supported by appropriate evidence in accordance with established procedures.

123. UNEP accepted the recommendation.

Ineffective use of the Integrated Planning, Management and Reporting system, affecting project documentation, monitoring and data reliability

124. According to chapter 3 of the Programme and Project Management Manual, projects are required to report progress semi-annually; all project monitoring and reporting must take place in the Integrated Planning, Management and Reporting system; and project managers are responsible for preparing the operational closure report at least six months before the project end date and submitting it in the Integrated Planning, Management and Reporting system.

(a) Potential Incomplete and missing mandatory project documentation

125. There were no monitoring attachments recorded in the system for 1,031 approved projects, comprising 503 financially closed projects, 267 operationally closed projects and 261 ongoing projects. These gaps indicate that project documentation and monitoring information may not have been consistently recorded in accordance with the requirements of the Programme and Project Management Manual.

(b) Weak recording of monitoring information and untimely data updates

126. Among projects for which monitoring information was recorded, the Board noted significant gaps in indicator reporting. For 43 projects, including 33 projects that had already been closed, none of the 626 outcome and output indicators had been

recorded as completed in the system, despite budget utilization exceeding 80 per cent. A sample review of 17 projects confirmed that indicators remained marked as “not yet started” in the system even though narrative reports indicated higher levels of implementation progress.

(c) *Inconsistent use of the Integrated Planning, Management and Reporting system, limiting management oversight*

127. The Board compared data from the quarterly business review with data recorded in the Integrated Planning, Management and Reporting system and identified discrepancies in project coverage. Specifically, 81 ongoing projects recorded in the system, with start dates in 2025 or earlier and end dates in 2026 or later, were not reflected in the quarterly business review. UNEP explained that while the quarterly business review used Integrated Planning, Management and Reporting system data, it was an internal management tool to support discussion and was not used for external reporting. The mismatches between the quarterly business review and the Integrated Planning, Management and Reporting system were due mainly to some Strategy Management Application identifiers not meeting the criteria for the quarterly business review rating – namely the project being 3 to 6 months past the actual implementation date and having a secured budget and expenses. This discrepancy indicates that certain ongoing projects were not captured in management reporting, limiting the completeness of project portfolio information available for oversight and performance monitoring.

128. The Board is concerned that the Integrated Planning, Management and Reporting system has not been used consistently in accordance with the Programme and Project Management Manual. The persistence of missing documentation, untimely data updates and inconsistencies between system records and management reporting indicates gaps in system governance and enforcement, which may affect the reliability of performance information and the effectiveness of management oversight.

129. The Board recommends that UNEP update the Programme and Project Management Manual to mandate that all project indicators be updated in the Integrated Planning, Management and Reporting system before any project progress or completion report is prepared, thereby ensuring consistency between reported information and system records.

130. The Board also recommends that UNEP conduct a one-time review of existing projects in the Integrated Planning, Management and Reporting system to identify and update missing data and documentation, with particular attention to ensuring timely monitoring and the upload of required documentation for active ongoing projects as at 31 March 2026.

131. UNEP accepted the recommendations.

Evidence-rating discrepancies in terminal evaluations

132. The UNEP evaluation policy (2022) states that evaluation results and recommendations are derived from use of the best available, objective, reliable and valid data and by accurate quantitative and qualitative analysis of evidence.

133. The Board reviewed a sample of terminal evaluation reports for 12 Global Environment Facility (GEF) projects completed in 2025, with a combined approved budget of \$36,509,682. The review identified instances where the linkage between documented evidence, evaluation criteria and assigned ratings was not always fully explicit or readily traceable within the final terminal evaluation report.

134. However, the audit team acknowledged that the assignment of evaluation ratings inherently involves professional judgment, including the consideration of contextual factors and the balancing of multiple strands of qualitative and quantitative evidence. Accordingly, the observations should not be interpreted as a reassessment of terminal evaluation reports ratings or as a conclusion that the ratings were necessarily incorrect. Rather, the observations relate to the transparency and clarity of the evaluative reasoning documented in certain terminal evaluation reports.

135. The Board noted instances where annual audit reports or related financial documentation were pending at the time of terminal evaluation report finalization, while financial management ratings remained within the satisfactory range. Although the reports generally disclosed the missing documentation and provided contextual explanations, the terminal evaluation reports did not always explicitly explain how these documentation limitations were reflected in the rating rationale.

136. The Board further noted instances where safeguard screening, monitoring systems, management plans, mitigation measures or grievance mechanisms were incomplete, not systematically implemented, or absent. Although these limitations were generally disclosed, in the terminal evaluation report narratives the basis for the assigned safeguard ratings was not always fully explained in relation to the applicable criteria descriptors. The reports did not always clearly explain how such gaps were reflected in the assigned safeguard ratings.

137. The Board is of the view that, in certain terminal evaluation reports, the rationale supporting financial management ratings did not always clearly demonstrate how limitations in audit documentation or deviation from standard financial management arrangements were reflected in the assigned ratings. Clearer articulation of the relationship between safeguard evidence, implementation gaps and rating descriptors would further strengthen the consistency and defensibility of terminal evaluation report assessments.

138. The Board is concerned that some terminal evaluation reports do not consistently ensure full traceability between evidence, identified documentation gaps and assigned ratings, which could constrain transparency of evaluative judgments and reduce the robustness of confidence about reported evaluation outcomes.

139. The Board recommends that UNEP update the financial management table, the environmental, social and economic safeguards tool and the evaluation criteria ratings matrix to require (a) disclosure of pending audit reports at terminal evaluation finalization and definition of their impact on financial management ratings, and (b) explicit justifications of safeguards ratings, including a clear linkage between identified safeguards weaknesses and the assigned ratings.

140. UNEP accepted the recommendation.

6. Procurement management

Repeated low-value acquisitions undermining transparency and competition

141. The United Nations Procurement Manual defines four solicitation methods: low-value acquisition, request for quotation, invitation to bid and request for proposal. Low-value acquisition is intended for procuring readily available, off-the-shelf or standard specification goods or services up to or equal to \$10,000, or simple works or services up to or equal to the value of \$10,000. The Procurement Manual states that under no circumstances shall the requirements be split into multiple solicitations or combined between requests for quotation and low-value acquisitions for the same or related requirements to avoid a formal method of solicitation.

142. The Board reviewed UNEP procurement documents for the period from January 2023 to December 2025 and identified 55 cases of repeated low-value acquisitions, totalling \$739,689. Each case involved the procurement of the same type of goods from the same supplier within a 30-day period, with the aggregate value exceeding \$10,000.

143. The Board is of the view that the repeated use of low-value acquisitions in such circumstances was not consistent with the intended use of this procurement modality under the Procurement Manual, and is concerned that such practice may reduce transparency and competition in procurement processes and limit the fair participation of potential suppliers. The Procurement Manual also states that should an entity identify that low-value acquisitions are being used repeatedly within the same year to buy similar requirements, efforts should be made to aggregate the requirements and conduct a bidding exercise with the aim of replacing the use of low-value acquisitions as soon as possible.

144. The Board recommends that UNEP conduct a comprehensive review of the 55 identified cases and reinforce its training framework to explicitly target this issue, with an emphasis on achieving strict compliance with United Nations Procurement Manual guidelines, and strengthen monitoring of low-value acquisition transactions to ensure full alignment with established procurement requirements.

145. UNEP accepted the recommendation.

C. Transmission of information by management

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

146. In accordance with rule 106.7 of the Financial Regulations and Rules, UNEP 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 106.1.

147. UNEP reported that it had formally written off assets of \$63,186.87 in 2025 (compared with \$63,737.98 in 2024). The write-offs refer primarily to damaged property, plant and equipment (\$32,000) and non-recoveries (\$31,186.87).

2. Ex gratia payments

148. UNEP reported no ex gratia payments in 2025.

3. Cases of fraud and presumptive fraud

149. In accordance with regulation 7.11 of the Financial Regulations and Rules and the additional terms of reference to the Financial Regulations and Rules, fraud cases are among the matters that should be reported to the General Assembly by the Board. UNEP defines “fraud” and “presumptive fraud” in accordance with the common definition established by the United Nations System 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 International Standard of Supreme Audit Institutions 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.

150. For 2025, UNEP reported nine presumptive fraud cases.¹ The previous year, the Administration had reported no confirmed fraud cases, with a financial loss of \$0, and nine presumptive fraud cases (100 per cent).

151. There were no confirmed fraud cases in 2025. As at 31 December 2025, nine cases of presumptive fraud remained under investigation by the oversight office.²

Table II.3

Transmission of cases of fraud and presumptive fraud

(United States dollars)

<i>Period ended</i>	<i>Fraud</i>		<i>Presumptive fraud</i>	
	<i>Number of cases^a</i>	<i>Amount</i>	<i>Number of cases</i>	<i>Amount^b</i>
31 December 2025	—	—	9	742 472
31 December 2024 ^c	—	—	9	280 995
31 December 2023 ^d	1 ^e	—	11	111 116
31 December 2022	3 ^f	245 477	—	—
31 December 2021	1 ^g	77 500	3	222 491
31 December 2020	—	—	2	16 177

Source: Board of Auditors

^a Reported figures per year indicate the number of cases that were closed in that specific year, and only if the case was determined to be fraud.

^b UNEP would like to highlight that the figures reported under the presumptive cases are based on the allegations made and, in some instances, reflect the total amount of a contract rather than only the portion subject to the alleged fraud. In addition, for certain cases, UNEP is not aware of the exact figures, as the cases are being handled directly by the Office of Internal Oversight Services. Therefore, the amounts reported are preliminary and indicative only, and may not necessarily reflect the actual amount subject to the alleged fraud or misconduct.

^c UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2024, investigations into two cases were finalized and it was concluded that the reported conduct did not amount to fraud, misconduct or any other form of unsatisfactory conduct.

^d UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2023, investigations into three cases were finalized and it was concluded that the reported conduct did not amount to fraud, misconduct or any other form of unsatisfactory conduct. There was one additional case reported; however, it was not related to UNEP personnel and did not involve the misuse of UNEP funds.

^e The one case of determined fraud resulted in no loss to UNEP.

^f Three cases were determined to be fraud, but only two of these cases resulted in a financial loss to UNEP.

^g UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2025, investigations into four cases were finalized and it was concluded that the reported conduct did not amount to fraud, misconduct or any other form of unsatisfactory conduct.

¹ These were nine new cases received by the Administration in 2025, different from the nine received in 2024.

² The figure stated herein pertains to the nine new cases received by UNEP in 2025.

D. Acknowledgement

152. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director of the United Nations Environment Programme, the Office of Internal Oversight Services and the Controller and members of their staffs, as well as all employees of the field offices.

(Signed) **Amélie de Montchalin**

First President of the French Cour des Comptes
Chair of the Board of Auditors

(Signed) **Hou Kai**

Auditor General of the People's Republic of China
(Lead Auditor)

(Signed) **Vital do Rêgo Filho**

President of the Brazilian Federal Court of Accounts

22 July 2026

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2024

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented
1	2021	A/77/5/Add.7 , chap. II, para. 28	The Board recommends that UNEP develop corporate guidance in its monitoring policy on when and how to collect relevant data to establish baselines for programme of work indicators.	The newly developed monitoring, learning and reporting policy provides an integrated corporate framework that ensures necessary consistency between the monitoring practices and other existing guidance documents on related subjects such as the UNEP Programme and Project Management Manual and knowledge management strategy.	Given that considerable progress has been achieved, this recommendation is considered to be implemented.	X		
2	2021	A/77/5/Add.7 , chap. II, para. 78	The Board recommends that the secretariat of the Convention on Biological Diversity actively communicate with donors in a timely manner and expedite the process of clearing up the outstanding balances of closed grants.	Considerable progress has been achieved since the issuance of the recommendation. To date, over 61 per cent of grants from 2021 to 2024 have already been fully cleared. This demonstrates that the secretariat has accelerated the clearance process and addressed the bulk of the legacy outstanding workload for this period.	Given that considerable progress has been achieved, this recommendation is considered to be implemented.	X		
3	2022	A/78/5/Add.7 , chap. II, para. 118	The Board recommends that UNEP assess the workload of incumbent task managers of GEF projects and formulate a response plan to mitigate the potential imbalance of project allocations.	UNEP has progressed with the review of GEF operations, including the assessment of GEF task managers' workload. This process has been taking place in 2025 following the establishment of the GEF Coordination Office, which provides a strategic, operational and programmatic overview of the GEF portfolio within UNEP.	Given that considerable progress has been achieved, this recommendation is considered to be implemented.	X		

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
4	2022	A/78/5/Add.7 , chap. II, para. 167	The Board recommends that UNEP consider publishing 75 per cent of active projects' information and conducting a quarterly review of the updating of Open Data portal content to help ensure the integrity, accuracy and consistency of the voluntary information disclosures.	The technical revamp of the Open Data Portal, initiated in July 2024, has been completed, incorporating automated publication processes and enhanced data quality controls aligned with UNEP disclosure standards. Final internal clearance and quality assurance checks are under way, with the public launch of the upgraded portal expected by the end of 2026.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
5	2022	A/78/5/Add.7 , chap. II, para. 168	The Board recommends that UNEP disclose the safeguard information and information on Sustainable Development Goals when the safeguards and gender online system and the integrated planning, management, and reporting solution, respectively, are ready.	Overtaken by events: the original premise and implementation pathway underpinning the recommendation have materially changed since the issuance of the recommendation in 2022. At the time the recommendation was issued, UNEP was developing a standalone Safeguards and Gender Online System (SAGE), which was expected to serve as the primary mechanism for the disclosure and management of safeguards and Sustainable Development Goals-related information.	Given that the Safeguards and Gender Online System (SAGE) will not be developed, and the transparency and disclosure objectives set out in the recommendation have been delivered through the Integrated Planning, Management and Reporting system and the UNEP Open Data Portal, this recommendation is considered to be overtaken by events.				X
6	2023	A/79/5/Add.7 , chap. II, para. 25	The Board recommends that UNEP undertake an investigation to clarify the procedures for managing open long-outstanding commitments and enhance the review of open commitments within the year-end closing processes.	UNEP reviewed all outstanding commitments from 2014 to 2022 and reasons for their existence in Umoja have been compiled and provided to the auditors. Several old items whose balances resulted from technical errors in Umoja are under resolution through consultations between UNEP, the United Nations Office at Nairobi and United Nations Headquarters.	Given that UNEP has completed a review of long outstanding commitments, resolved relevant system issues and strengthened year-end review procedures, this recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
7	2023	A/79/5/Add.7 , chap. II, para. 65	The Board also recommends that UNEP reduce the percentage of projects pending financial closure for more than two years.	UNEP management has intensified efforts to conclude the financial closure of technically completed projects aged more than two years by simplifying approval processes, dedicating targeted financial and human resources, strengthening accountability mechanisms, enhancing coordination with implementing partners, and establishing a joint task force to drive the clearance of the backlog.	Given that UNEP has made commendable efforts in implementing this audit recommendation by developing a memorandum to guide financial closures and listing 140 projects, this recommendation is considered to be implemented.	X			
8	2023	A/79/5/Add.7 , chap. II, para. 91	The Board recommends that UNEP specify in its programme of work document that the detailed evaluation plan for a subprogramme is in the form of a term of reference, which will be prepared annually and will cover the requirements of an evaluation plan.	The recommended specification has been incorporated as appendix 1 in the draft programme of work for 2026–2029. This integration was formalized at the Committee of Permanent Representatives on 16 September 2025 and subsequently submitted to the Advisory Committee on Administrative and Budgetary Questions for review, in accordance with rule 204.2 of the Financial Rules of the Environment Fund and Associated Trust Funds of UNEP.	Given that the recommended specification has been incorporated as appendix 1 in the draft programme of work for 2026–2029, this recommendation is considered to be implemented.	X			
9	2023	A/79/5/Add.7 , chap. II, para. 108	The Board recommends that UNEP formulate framework to regulate its engagement with collaborating centres, including their establishment, management and operational issues.	UNEP has allocated additional resources to ensure the full implementation of this recommendation. Work is under way to develop a framework to regulate UNEP engagement with collaborating centres.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
10	2023	A/79/5/Add.7 , chap. II, para. 116	The Board recommends that UNEP prepare an updated report on the implementation of the interim memorandum on the integration of the digital monitoring and reporting mechanism in the Partners Portal for private sector partnerships, including monitoring of risk elements.	UNEP integrated a digital monitoring and reporting mechanism for private sector partnerships into the UNEP Partners Portal in 2022, enabling programme managers to conduct quarterly risk-informed reporting in line with the interim memorandum.	Given that the attached documents demonstrate enhanced monitoring of implementing partners by UNEP, this recommendation is considered to be implemented.	X			
11	2024	A/80/5/Add.7 , chap. II, para. 29	The Board recommends that UNEP undertake a comprehensive review of the unspent balances of closed grants as at 31 December 2024 and follow up on their disposition in consultation with the relevant parties and/or donors, as appropriate, in accordance with the terms of the respective agreement/fund.	UNEP is reviewing unspent balances from grants closed as at 31 December 2024 to ensure appropriate treatment of these balances in consultation with relevant donors and parties. Internal monitoring measures have been strengthened, and progress is ongoing.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
12	2024	A/80/5/Add.7 , chap. II, para. 39	The Board recommends that UNEP issue guidance to clarify the treatment of interest income at grant closure, including the procedures to follow in cases where there is a potential conflict between the provisions of donor agreements and the terms of reference of the trust funds.	UNEP has issued a guidance note to the finance community to clarify procedures for managing interest income and resolving potential conflicts between donor agreements and trust fund terms of reference, and outlining key considerations when agreements are signed between the Organization and donors.	Given that UNEP has issued a guidance note to the finance community to clarify procedures for managing interest income, this recommendation is considered to be implemented.	X			
13	2024	A/80/5/Add.7 , chap. II, para. 46	The Board recommends that UNEP review existing performance indicators and actual performance and formulate indicators for the next programme of work, for the period 2026–2027, in a relevant and aligned manner.	In developing the medium-term strategy for 2026–2029 and the programme of work for 2026–2027, UNEP comprehensively reviewed previous performance indicators and implementation outcomes, assessing their feasibility and data availability while identifying design gaps. The resulting One Impact Framework establishes a	Given that UNEP has reviewed existing performance indicators and implementation outcomes and refined indicators, the recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification		
						Implemented	Under implementation	Not implemented Overtaken by events
				hierarchical system of impact, outcome, and output indicators, enhancing cross-subprogramme consistency and measurability. Refined indicators include those on pollutant/waste reduction, climate resilience, and biodiversity integration in decision-making.				
14	2024	A/80/5/Add.7 , chap. II, para. 53	The Board recommends that UNEP adjust the funding strategy of Planetary Funds based on the evaluation of the past funding performance and ensuring alignment with the objectives of the medium-term strategy for the period 2026–2029.	The UNEP-wide resource mobilization strategy is currently being updated to align with the medium-term strategy for the period 2026–2029. The internal review and update of the operations of the Planetary Funds is progressing in parallel. With these two processes still ongoing, it has been agreed that an evaluation of the Planetary Funds would be premature at this point. The situation will be reassessed by end of 2026.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X	
15	2024	A/80/5/Add.7 , chap. II, para. 62	The Board recommends that UNEP reinforce the management of property by ensuring that the essential information of the property items is regularly updated to ensure the integrity and accuracy of property information.	UNEP, in close coordination with Property Management Unit of the United Nations Office at Nairobi, continues to reinforce the management and integrity of property records. In addition to the regular year-end physical verification exercise, an additional mid-year physical verification has been instituted to further strengthen oversight and data accuracy.	Given that an additional mid-year physical verification has been instituted to further strengthen oversight and data accuracy, this recommendation is considered to be implemented.	X		

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
16	2024	A/80/5/Add.7 , chap. II, para. 70	The Board recommends that UNEP establish a systematic monitoring mechanism within its implementation agreement management systems to identify and flag long-outstanding advances based on defined aging thresholds and assign corresponding risk ratings to inform future funding decisions and enhance oversight.	UNEP has fully implemented the recommendation through the formal issuance and operationalization of the guidance note on the systematic monitoring and implementing partner risk flagging framework. The guidance integrates structured red-flag controls across the grantor management lifecycle, strengthening advance monitoring, IPSAS-compliant accrual management and funding decision governance.	Given that UNEP has developed operational guidelines, this recommendation is considered to be implemented.	X			
17	2024	A/80/5/Add.7 , chap. II, para. 75	The Board recommends that UNEP conduct annual reviews of purchase orders for goods and services to identify those that have exceeded the latest delivery date indicated in the purchase order by at least one quarter.	In line with the recommendation, UNEP completed the 2025 annual review of purchase orders. All cases where delivery exceeded the planned deadline by one quarter or more were identified and communicated to the respective requisitioning units to raise awareness and ensure that any future deviations are properly justified and documented in the case file	Given that UNEP has completed the 2025 annual review of purchase orders and taken action to ensure that any future deviations are properly justified and documented in the case file, this recommendation is considered to be implemented.	X			
18	2024	A/80/5/Add.7 , chap. II, para. 89	The Board recommends that UNEP update the necessary project data in the Integrated Planning, Management and Reporting system and address the data gaps related to the approved budget, project indicator and name of project manager to enhance project data quality.	UNEP is enhancing project data quality and oversight within the Integrated Planning, Management and Reporting system solution through close coordination with project managers and focal points. Actions are under way to ensure the completeness and accuracy of project records and documentation.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
19	2024	A/80/5/Add.7 , chap. II, para. 90	The Board also recommends that UNEP issue notes on a semi-annual basis to encourage project managers to capture all information approved by the Project Review Committee, including the approved budget and indicators in the Integrated Planning, Management and Reporting system, to report against all indicators with supervisor approval recorded in the system and to monitor progress across all ongoing projects approved by the Project Review Committee in the system.	UNEP issued the first internal guidance note in May 2025, ahead of the June reporting deadline. The second guidance note was issued in November 2025, ahead of the December reporting deadline. Both notes remind project managers of their obligation to report against all indicators in the Integrated Planning, Management and Reporting system.	Given that project managers have already monitored any progress across all ongoing projects approved by the Project Review Committee in the Integrated Planning, Management and Reporting system, this recommendation is considered to be implemented.	X			
20	2024	A/80/5/Add.7 , chap. II, para. 101	The Board recommends that UNEP conduct a performance analysis of Green Climate Fund readiness projects and funded activity projects currently under implementation in alignment with its annual performance reporting cycle.	UNEP has scheduled a comprehensive performance analysis of all ongoing Green Climate Fund readiness and funded activity projects for the second quarter of 2026. This exercise is aligned with the annual performance reporting cycle, leading to a consolidated report for senior management to inform decision-making and oversight.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
21	2024	A/80/5/Add.7 , chap. II, para. 108	The Board recommends that UNEP update the Programme and Project Management Manual and the Integrated Project Management and Reporting step-by-step manual to clarify the definition and procedure for revising project indicators and targets during implementation to ensure that any target changes are formally approved for ongoing and future projects.	UNEP is revising both the Programme and Project Management Manual and the Integrated Planning, Management and Reporting system step-by-step guide to clarify definitions and procedures for revising project indicators and targets during implementation. The updates will ensure that any changes to targets are formally approved for both ongoing and future projects.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
22	2024	A/80/5/Add.7 , chap. II, para. 115	The Board recommends that UNEP conduct root cause analysis on the uncompleted indicators of all closed projects and develop targeted action plans to strengthen project design, monitoring and reporting skills in alignment with the Programme and Project Management Manual.	UNEP completed a root cause analysis on the uncompleted indicators across closed projects through the Integrated Planning, Management and Reporting system. The review confirmed design and feasibility weaknesses, partner capacity limitations, gaps in monitoring continuity and instances of non-adherence to the 2024 Programme and Project Management Manual.	Given that UNEP has finished the analysis on the uncompleted indicators, this recommendation is considered to be implemented.	X			
23	2024	A/80/5/Add.7 , chap. II, para. 122	The Board recommends that UNEP conduct a comparative assessment of the efficacy of the current supply chain and other applicable procurement planning tools available within the United Nations Secretariat, and determine the measures needed to enhance oversight of acquisition planning and procurement activities.	UNEP has completed the required review and analysis of available United Nations Secretariat systems and determined the measures needed to enhance oversight of acquisition planning and procurement activities.	Given that UNEP has completed the required review and analysis of available United Nations Secretariat systems and determined the measures needed to enhance oversight of acquisition planning and procurement activities, this recommendation is considered to be implemented.	X			
24	2024	A/80/5/Add.7 , chap. II, para. 130	The Board recommends that UNEP maintain sufficient documentation for the selection of pre-selected grantees, undertake a structured review of identified deficiencies in implementing the partner selection process and enhance staff training, with a particular focus on improving documentation, strengthening the justification for non-competitive selections and fostering compliance with established procedures.	Drawing on the results of a structured review of selection practices across comparable United Nations entities, UNEP has integrated key sector trends into its enhanced implementation approach. The partner selection process has been strengthened through updated procedures and thresholds, reduced and clarified documentation requirements, automation of due diligence and risk processes within the UNEP Partner Portal, integration of the harmonized approach to cash transfers (HACT) and red flag screening into the due diligence cycle, and organization-wide	Given that UNEP has integrated key sector trends into its enhanced implementation approach, this recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Board recommendation	Administration response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
25	2024	A/80/5/Add.7 , chap. II, para. 140	The Board recommends that UNEP put in place guidance for partner leads to ensure that partnerships with private sector entities contribute to objectives and results as outlined in the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.	training supported by a partnership champions network. UNEP developed a playbook for private sector engagement in 2023 to better standardize its engagement and partnerships with businesses to achieve greater impact. The playbook is being updated to refine the approach and better align UNEP internal processes.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
26	2024	A/80/5/Add.7 , chap. II, para. 147	The Board recommends that UNEP ensure all positions at D-1 and above level funded by regular budget and extrabudgetary resources, as reasonably projected at the time of preparing the proposed programme budget, are fully reflected in the proposed programme budget.	This recommendation has been addressed in the context of the preparation of the regular budget for 2026. UNEP ensured that all positions at D-1 level and above funded by regular budget and extrabudgetary resources at the time of the budget proposal preparation were fully reflected in the proposed budget. This practice has now been institutionalized and will continue to be applied in future proposed programme budget preparation.	Given that UNEP has incorporated this recommendation in formulating the 2026 budget, this recommendation is considered to be implemented.	X			
27	2024	A/80/5/Add.7 , chap. II, para. 154	The Board recommends that UNEP provide guidance to the UNEP-administered secretariats of multilateral environmental agreements to comply with the United Nations budget guide to present the number of posts, including established and temporary posts by grade and source of funding, in their respective budgets.	UNEP revised the standard operating procedure (SOP) on review of budget proposals of UNEP-administered secretariats of multilateral environmental agreements. This SOP streamlines the budget proposal review process for UNEP-administered secretariats of multilateral environmental agreements by providing clear guidelines and responsibilities.	Given that UNEP revised the standard operating procedure and requested the secretariats of multilateral environmental agreements to provide a detailed staffing table in their budget proposals, this recommendation is considered to be implemented.	X			

<i>Audit report</i>	<i>No.</i>	<i>year</i>	<i>Report reference</i>	<i>Board recommendation</i>	<i>Administration response</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
							<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
					The revised version of the SOP, which has assessed the inputs from the secretariats of multilateral environmental agreements, was approved and circulated in December 2025.					
Total number of recommendations							27	18	8	0
Percentage of the total number of recommendations							100	67	30	0

Chapter III

Certification of the financial statements

Letter dated 31 March 2026 from the Chief Finance Officer of the United Nations Office at Nairobi addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Environment Programme (UNEP) for the year ended 31 December 2025 have been prepared in accordance with rule 106.1 of the Financial Regulations and Rules of the United Nations ([ST/SGB/2013/4](#)) and rule 207.3 of the supplement to the Financial Regulations and Rules of the United Nations ([ST/SGB/2015/4](#)).

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes, and the accompanying schedules, provide additional information and clarification of the financial activities undertaken by UNEP during the period covered by these statements.

The certification function defined in financial rules 105.5 and 105.7 to 105.9 of the Financial Regulations and Rules of the United Nations is assigned to UNEP. Responsibility for the accounts and the performance of the approving function, as defined in article VI and financial rule 105.6 of the Financial Regulations and Rules of the United Nations, is assigned to the United Nations Office at Nairobi.

In accordance with the authority assigned to me, I hereby certify that the appended financial statements of the Fund of UNEP for the year ended 31 December 2025 are correct in all material respects.

(Signed) Vanda **Andromeda**
Chief Finance Officer
United Nations Office at Nairobi

Chapter IV

Administration's financial overview for the year ended 31 December 2025

A. Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts, of UNEP, including the Environment Fund, associated trust funds and the related accounts, for the year ended 31 December 2025. The financial statements consist of five statements and notes to the financial statements. In accordance with financial rule 106.1, these financial statements were to be transmitted to the Board of Auditors on 31 March 2026.

2. The United Nations Secretariat's Systems Applications and Products in Data Processing (SAP) Analytics Cloud serves as the enterprise reporting and analytics platform, providing access to comprehensive financial and operational data through interactive dashboards and reports that support various business needs. In addition, SAP/Business Planning and Consolidation (BPC) was used to support the preparation of financial statements and notes. SAP/BPC helps to automate and streamline business forecast, planning and consolidation activities.

3. Regular budget revenue and expense, insofar as they relate to UNEP, are included in Volume I, a related party, but for completeness have also been included in these financial statements.

B. Operational aspects

Mission and vision

4. UNEP is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment.

5. The mission of UNEP is to provide leadership and encourage partnership in caring for the environment by inspiring, informing and enabling nations and peoples to improve their quality of life without compromising that of future generations.

6. UNEP supports Member States in ensuring that environmental sustainability is reflected in development and investment planning and provides countries with the necessary tools and technologies to protect and restore the environment.

Governance

7. UNEP works closely with the 193 Member States and with representatives from civil society, businesses and other major groups and stakeholders to address environmental challenges through the United Nations Environment Assembly of the United Nations Environment Programme, the world's highest-level decision-making body on the environment. It addresses the critical environmental challenges facing the world today. Understanding these challenges and preserving and rehabilitating the environment are at the heart of the 2030 Agenda for Sustainable Development.

8. The United Nations Environment Assembly meets biennially to set priorities for global environmental policies and develop international environmental law. Through its resolutions and calls to action, the Assembly provides leadership and catalyses intergovernmental action on the environment. Decision-making requires broad participation, and the Assembly provides an opportunity for all peoples to help design solutions for maintaining the health of the planet.

9. Headquartered in Nairobi, UNEP is led by a senior management team chaired by the Executive Director. The organization hosts the secretariats of many critical multilateral environmental agreements and research bodies.

10. UNEP categorizes its work into seven broad thematic areas: climate change; digital transformation; nature action; environmental governance; chemicals and pollution action; finance and economic transformation; and science policy.

11. Programme management and support are implemented through services provided by the Corporate Services and Policy and Programme Divisions of UNEP. The objective is to ensure the efficient and effective development and delivery of the programmatic priorities of the medium-term strategy, underpinned by sound management and leadership practices with a reinforced accountability framework that clarifies roles and responsibilities. Programme management and support serve to provide guidance on programme and project design, delivery and closure; the governance of resources; corporate policy development and oversight; programme monitoring and reporting; the building of staff knowledge and capacity; and the development of programme and resource management tools that support decision-making.

12. UNEP continues to strengthen planning and delivery processes through the progressive use of results-based management and strategic partnerships.

Objective and strategy

13. The medium-term strategy of UNEP for the period 2022–2025 and the programme of work and budget for the biennium 2024–2025 are focused on responding to three planetary crises: climate change, biodiversity and nature loss, and pollution and waste.

14. The medium-term strategy is the vision of UNEP for reversing that trajectory. In the strategy, UNEP articulates its role in delivering on the promises of the 2030 Agenda as well as of the United Nations Conference on Sustainable Development and its outcome document, “The future we want”. UNEP also outlines the way in which it will strengthen the environmental dimension of the 2030 Agenda during the period 2022–2025, supporting countries in delivering on their environmental commitments under international agreements.

15. The four-year strategy provides a plan of action for the first half of the decade of action and delivery for sustainable development that will enable UNEP to strengthen the collective United Nations response to the crises of climate change, biodiversity loss and pollution. The United Nations development system reform presents a tremendous opportunity for empowering the United Nations to address global environmental and socioeconomic crises. UNEP will leverage this opportunity to enhance its guiding role, raise ambition and accelerate and scale up progress towards the Sustainable Development Goals, in the spirit of the Secretary-General’s decade of action and delivery.

Funding arrangements

16. There are three main sources of funding for UNEP:

- **United Nations regular budget.** The only regular source of funding, it supports the functions of the UNEP secretariat, including the governing bodies; coordination in the United Nations system; and cooperation with global scientific communities. This source constitutes about 3 per cent of the Programme’s annual funding requirement, although this may fluctuate from time to time.

- **Environment Fund.** This is the core UNEP fund that supports the essential capacity needed for the balanced and efficient delivery of the programme of work of UNEP, which is approved by the Member States. This constitutes about 8 per cent of the annual funding requirement.
- **Earmarked contributions.** These are funds earmarked for specific projects, themes or countries that enable the expansion and replication of the programme of work of UNEP and its results in more countries and with more partners. This constitutes about 89 per cent of the annual funding requirement and consists of earmarked funds and global funds.

17. As UNEP relies on voluntary contributions for approximately 97 per cent of its funding (from the Environment Fund and earmarked contributions), its work is made possible by partners that fund and champion its mission.

18. The Environment Fund is the core source of flexible funds for UNEP, providing the bedrock for its work worldwide.

19. The main providers of earmarked funds include the Global Environment Facility, the Green Climate Fund, the Multilateral Fund for the Implementation of the Montreal Protocol, the European Commission and counterpart contributions in support of the programme of work.

20. Around the world, UNEP works in partnership with governments, the scientific community, the private sector, civil society and other United Nations entities and international organizations. It brings together partners to agree on solutions to common environmental challenges, for example through the United Nations Environment Assembly. By means of its campaigns, in particular World Environment Day, UNEP raises awareness and advocates effective environmental action.

C. International Public Sector Accounting Standards sustainability plan

21. This is the twelfth year for which the financial statements of UNEP have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS). To support continued IPSAS compliance, the organization has deployed an IPSAS sustainability plan with ongoing work under five major components that have been identified as the core pillars for IPSAS sustainability, namely:

- (a) Management of the benefits of IPSAS: this entails tracking and compiling IPSAS benefits and examining ways of using IPSAS-triggered information to better manage the organization;
- (b) Strengthening of internal controls: this includes the deployment and ongoing management of the framework that will support a statement of internal control;
- (c) Management of the IPSAS regulatory framework: this includes active participation in the work of the IPSAS Board to formulate new IPSAS or change existing standards, and the related update of the IPSAS policy framework and financial rules and guidance, as well as the related changes to systems and processes;
- (d) Maintenance of the integrity of Umoja as the backbone for IPSAS-compliant accounting and reporting: this includes ensuring IPSAS-compliant processes for new programmes and activities and automating the production of financial statements via Umoja;
- (e) Continued IPSAS training and the deployment of a skills strategy that will support a strengthened finance function.

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

All funds

22. Statements I to IV show the consolidated figures for all UNEP activities, comprising the Environment Fund, the regular budget, trust funds supporting the UNEP programme of work, trust funds supporting UNEP conventions and protocols, the Multilateral Fund, the programme support account, and end-of-service and retirement benefits for the year ended 31 December 2025. Statement V reports on the Environment Fund and the regular budget.

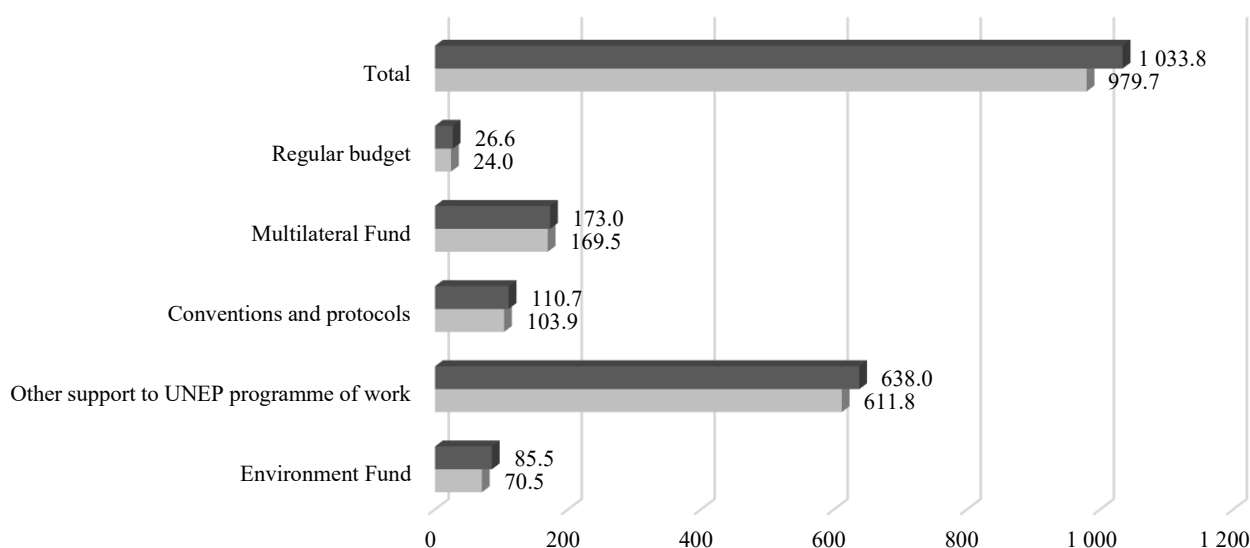
23. Comparison between the year ended 31 December 2024 and the current reporting date is provided.

24. The revenue of UNEP for the year ended 31 December 2025, by source of funding, is shown in figures IV.I and IV.II.

Figure IV.I

2025 contributions, by source of funding

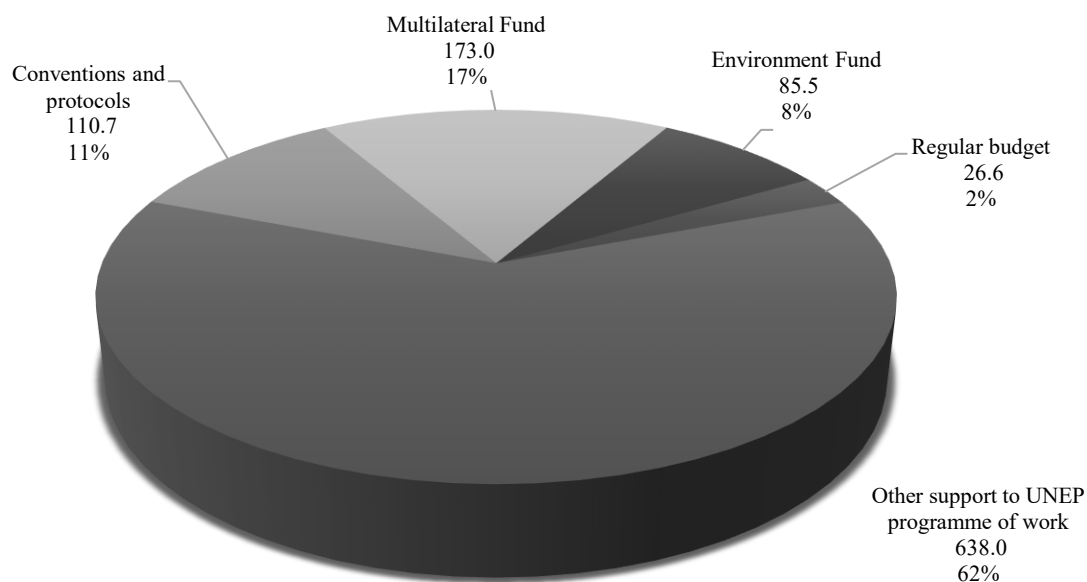
(Millions of United States dollars)



	Environment Fund	Other support to UNEP programme of work	Conventions and protocols	Multilateral Fund	Regular budget	Total
■ 2025	85.5	638.0	110.7	173.0	26.6	1 033.8
■ 2024	70.5	611.8	103.9	169.5	24.0	979.7

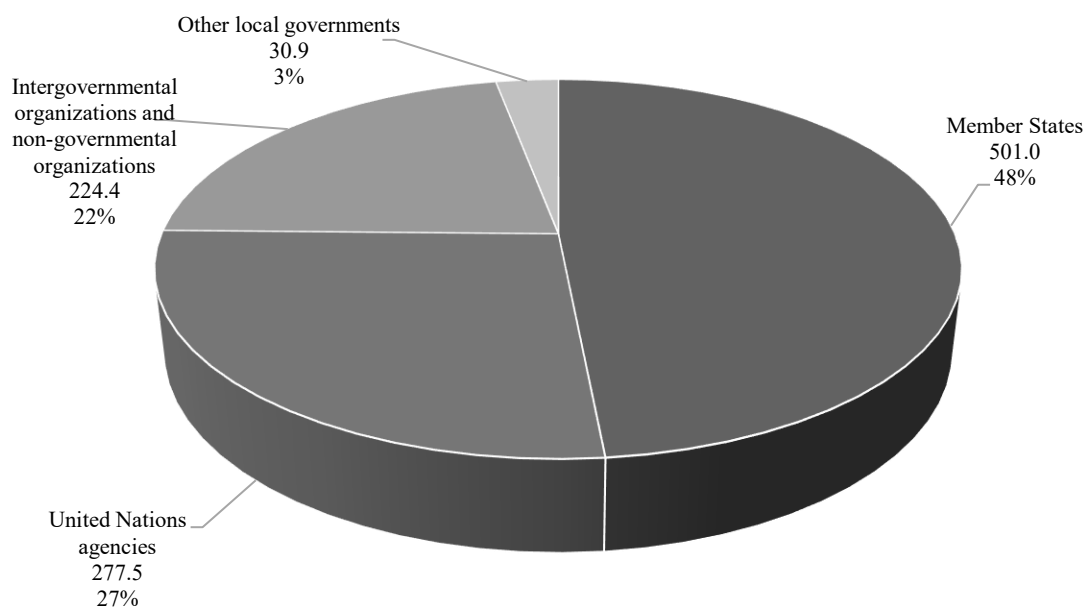
Note: Multilateral Fund revenue is presented with no elimination adjustment, while Other support to UNEP programme of work revenue is presented less elimination adjustments for: (a) UNEP internal implementation of \$23.3 million (2024: \$45.0 million); (b) carbon offsets cost recovery of \$0.3 million (2024: \$0.4 million); and (c) the amount of \$0.1 million related to contributions in kind to programme support.

Figure IV.II
2025 contributions, by source of funding (proportions)
 (Millions of United States dollars)



25. The distribution of contributions, by type of contributing entity, is shown in figure IV.III.

Figure IV.III
Distribution of contributions, by type of entity
 (Millions of United States dollars)



26. The contributions are based on IPSAS accounting, which includes recognizing donor project funding in full on the signing of a donor agreement by both the donor

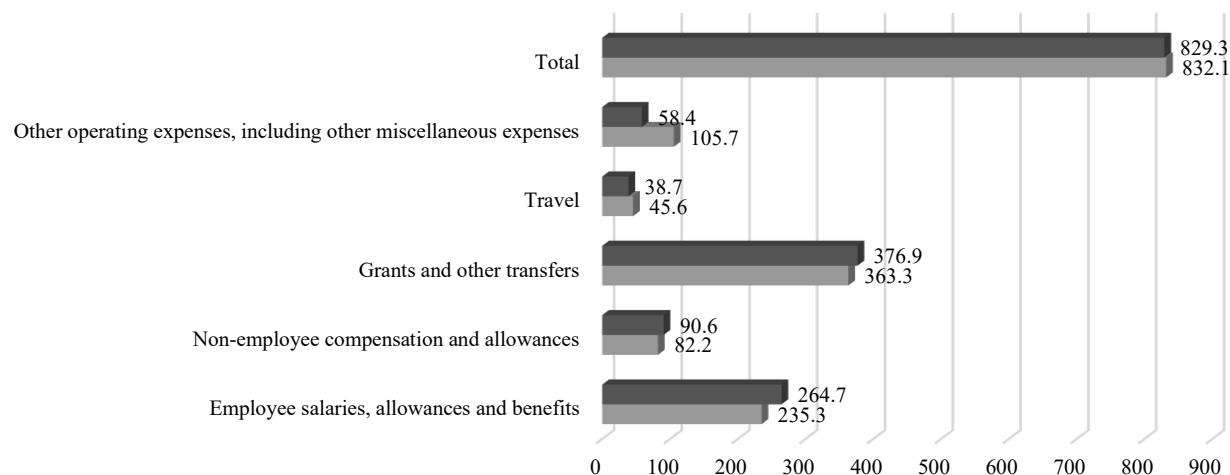
and UNEP. This includes project funding from the Global Environment Facility where revenue is recognized in full for multi-year projects following project approval by the Facility and receipt of a letter of commitment from the Facility trustee, the International Bank for Reconstruction and Development.

27. Expenditure in 2025 relative to 2024, by type of expense, is shown in figure IV.IV.

Figure IV.IV

Expenditure in 2025 relative to 2024, by type of expense

(Millions of United States dollars)



	Employee salaries, allowances and benefits	Non-employee compensation and allowances	Grants and other transfers	Travel	Other operating expenses, including other miscellaneous expenses	Total
■ 2025	264.7	90.6	376.9	38.7	58.4	829.3
■ 2024	235.3	82.2	363.3	45.6	105.7	832.1

28. Total expenses for 2025 are \$829.3 million. Other operating expenses, including other miscellaneous expenses, are as shown in note 25.

Key indicators from statement I

29. Total assets increased by \$312.3 million (8.3 per cent) to \$4,096.8 million as at 31 December 2025, from \$3,784.5 million as at 31 December 2024.

30. Total liabilities decreased by \$42.4 million (7.2 per cent) to \$547.7 million as at 31 December 2025, from \$590.1 million as at 31 December 2024.

31. Net assets increased by \$354.6 million (11.1 per cent) to \$3,549.0 million as at 31 December 2025, from \$3,194.4 million as at 31 December 2024.

32. Table IV.1 contains a summary of other key indicators for the year ended 31 December 2025 compared with the year ended 31 December 2024.

Table IV.1
Other key indicators
(Millions of United States dollars)

	2025	2024	<i>Increase/ decrease</i>	<i>Change (percentage)</i>
Assessed contributions revenue	261.6	255.9	5.7	2.2
Voluntary contributions revenue	496.7	387.6	109.1	28.1
Other transfers and allocations	275.6	336.2	(60.6)	(18.0)
Total contributions revenue	1 033.9	979.7	54.2	5.5
Cash and cash equivalents	241.3	226.3	15.0	6.6
Short-term investments	1 397.5	1 359.3	38.2	2.8
Long-term investments	569.5	497.1	72.4	14.6
Total cash and investments	2 208.3	2 082.7	125.6	6.0
Assessed contributions receivable	17.0	19.6	(2.6)	(13.3)
Voluntary contributions receivable	1 320.9	1 248.6	72.3	5.8
Total receivables	1 337.9	1 268.2	69.7	5.5
Advance transfers	498.7	396.4	102.3	25.8
Other assets	39.0	34.5	4.5	13.0
Accounts payable and accrued payables	41.8	52.8	(11.0)	(20.8)
Employee benefits liabilities	253.1	251.3	1.8	0.7
Liabilities for conditional arrangements/other liabilities	127.3	132.1	(4.8)	(3.6)

33. Additional information on the movements as shown in the table above is provided in the notes to the financial statements.

34. A liquidity analysis at the segment level is presented in table IV.2. The cash balances of the trust funds are earmarked for specific activities of each fund and are not available to other fund groups. The balances include payments received in advance for the implementation of activities in future years. A liquidity analysis of the regular budget and related funds has not been provided, as UNEP does not control those funds.

Table IV.2

Liquidity analysis at the segment level

(Thousands of United States dollars)

Segment	31 December 2025					31 December 2024	
	Cash assets ^a	Total current assets	Total current liabilities ^b	Cash assets to current liabilities ^b	Current ratio	Cash assets to current liabilities	Current ratio
	A	B	C	A/C	B/C		
Environment Fund	47 521	55 870	8 840	5.4	6.3	8.3	11.8
Other support to UNEP programme of work	693 213	1 385 428	180 601	3.8	7.7	3.7	6.9
Conventions and protocols	150 008	199 159	36 178	4.1	5.5	3.6	4.8
Multilateral Fund	576 047	656 759	75 397	7.6	8.7	4.8	5.5
Programme support	44 689	46 470	1 956	22.8	23.8	37.8	39.6
End-of-service and post-retirement benefits	127 296	127 296	8 363	15.2	15.2	14.3	14.3
Segment total	1 638 774	2 470 982	311 335	5.3	7.9	4.5	6.5

^a Cash assets consist of cash, cash equivalents and short-term investments.^b Consolidated figures are net of the intersegment eliminations.**E. End-of-service and post-retirement accrued liabilities**

35. The UNEP financial statements reflect end-of-service and post-retirement benefits, comprising after-service health insurance liabilities, annual leave and repatriation benefits.

36. The 31 December 2025 accrued balances have been adjusted to reflect the estimated liabilities as at 31 December 2025 as reflected in the 2025 actuarial study calculations by a consulting firm engaged by the United Nations Secretariat on behalf of UNEP (see note 18).

Chapter V

Financial statements and related explanatory notes for the year ended 31 December 2025

United Nations Environment Programme

I. Statement of financial position as at 31 December 2025

(Thousands of United States dollars)

	Notes	31 December 2025	31 December 2024
Assets			
Current assets			
Cash and cash equivalents	6	241 251	226 303
Investments	7	1 397 523	1 359 265
Assessed contributions receivable	8	16 979	19 643
Voluntary contributions receivable	9	380 799	383 672
Other receivables	10	664	435
Advance transfers	11	394 740	299 726
Other assets	12	39 026	34 528
Total current assets		2 470 982	2 323 572
Non-current assets			
Investments	7	569 512	497 142
Assessed contributions receivable	8	—	—
Voluntary contributions receivable	9	940 082	864 930
Advance transfers	11	103 987	96 643
Property, plant and equipment ^a	13, 15	12 180	2 185
Intangible assets	14	21	29
Total non-current assets		1 625 782	1 460 929
Total assets		4 096 764	3 784 501
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	16	41 752	52 771
Funds received in advance and deferred revenue	17	115 060	153 924
Employee benefits liabilities	18	23 683	17 369
Provisions	20	1	14
Liabilities for conditional arrangements	21	127 264	132 094
Lease liabilities	15	3 575	—
Total current liabilities		311 335	356 172
Non-current liabilities			
Employee benefits liabilities	18	229 425	233 923
Lease liabilities	15	6 970	—
Total non-current liabilities		236 395	233 923
Total liabilities		547 730	590 095
Total net of total assets and total liabilities		3 549 034	3 194 406
Net assets			
Accumulated surpluses/(deficits) – unrestricted	22	3 499 545	3 157 401
Fair value reserves	22	5 128	(2 419)
Reserves	22	44 361	39 424
Total net assets		3 549 034	3 194 406

^a Includes leases accounted for under IPSAS 43, implemented on 1 January 2025.

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

United Nations Environment Programme

II. Statement of financial performance for the year ended 31 December 2025

(Thousands of United States dollars)

	<i>Notes</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Revenue			
Assessed contributions	23	261 599	255 893
Voluntary contributions	23	496 711	387 606
Other transfers and allocations	23	275 613	336 169
Investment revenue	26	104 971	105 811
Other revenue	24	15 742	16 365
Total revenue		1 154 636	1 101 844
Expense			
Employee salaries, allowances and benefits	25	264 702	235 267
Non-employee compensation and allowances	25	90 597	82 207
Grants and other transfers	25	376 859	363 327
Supplies and consumables	25	511	294
Depreciation	13	4 094	363
Amortization	14	7	7
Travel	25	38 680	45 604
Other operating expenses	25	54 392	104 059
Exchange (gains)/losses from the fixed exchange rate mechanism of the Multilateral Fund	25	(1 062)	889
Interest expense on lease liabilities	15	485	—
Other expenses	25	—	58
Total expenses		829 265	832 075
Surplus/(deficit) for the year		325 371	269 769

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

United Nations Environment Programme

III. Statement of changes in net assets for the year ended 31 December 2025^a

(Thousands of United States dollars)

	<i>Accumulated surpluses/ (deficits) – unrestricted</i>	<i>Elimination</i>	<i>Accumulated surpluses/ (deficits) – unrestricted after elimination</i>	<i>Fair value reserves</i>	<i>Reserves</i>	<i>Total</i>
Net assets at the beginning of the period	3 233 085	(75 684)	3 157 401	(2 419)	39 424	3 194 406
UNEP internal implementation elimination	–	2 520	2 520	–	–	2 520
Changes in net assets:						
Transfers to reserves	(4 937)	–	(4 937)	–	4 937	–
Actuarial gains/(losses)	19 190	–	19 190	–	–	19 190
Fair value change – main pool	–	–	–	7 547	–	7 547
Total items recognized directly in net assets	14 253	2 520	16 773	7 547	4 937	29 257
Surplus/(deficit) for period	325 371	–	325 371	–	–	325 371
Net movement in net assets	339 624	2 520	342 144	7 547	4 937	354 628
Net assets, end of period	3 572 709	(73 164)	3 499 545	5 128	44 361	3 549 034

^a See note 22.

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

United Nations Environment Programme

IV. Statement of cash flows for the year ended 31 December 2025

(Thousands of United States dollars)

	Notes	31 December 2025	31 December 2024
Cash flow from operating activities			
Surplus/(deficit) for the year		325 371	269 769
<i>Non-cash movements</i>			
Depreciation and amortization	13, 14	4 101	370
Actuarial gain/loss on employee benefits liabilities	22	19 190	(4 692)
Lease expense	15	3 943	–
Loss on disposal of property, plant and equipment and intangibles	13	33	62
Unrealized gains/(losses) arising from fair value changes in investments	22	7 547	3 669
<i>Changes in assets</i>			
(Increase)/decrease in assessed contributions receivable	8	2 664	22 804
(Increase)/decrease in voluntary contributions receivable	9	(72 278)	(153 137)
(Increase)/decrease in other receivables	10	(229)	338
(Increase)/decrease in advance transfers	11	(102 358)	(38 917)
(Increase)/decrease in other assets	12	(4 498)	(6 274)
<i>Changes in liabilities</i>			
Increase/(decrease) in accounts payable and accrued liabilities	16	(11 019)	18 679
Increase/(decrease) in funds received in advance and deferred revenue	17	(38 864)	27 647
Increase/(decrease) in employee benefits payable	18	1 816	17 638
Increase/(decrease) in provisions	20	(13)	14
Increase/(decrease) in liabilities for conditional arrangements	21	(4 830)	(15 213)
Increase/(decrease) in lease liabilities	15	10 545	–
Investment revenue presented as investing activities	26	(104 971)	(105 811)
Net cash flows from/(used in) operating activities		36 150	36 946
Cash flow from investing activities			
Pro rata share of net increases in the cash pool	26	(110 628)	(149 364)
Investment revenue presented as investing activities	26	104 971	105 811
Acquisitions of property, plant and equipment	13	(14 122)	(726)
Net cash flows from/(used in) investing activities		(19 779)	(44 279)
Cash flow from financing activities			
Adjustments to net assets	22	2 520	(18 454)
Cash outflow for leases	15	(3 943)	–
Net cash flows from/(used in) financing activities		(1 423)	(18 454)
Net increase/(decrease) in cash and cash equivalents		14 948	(25 787)
Cash and cash equivalents – beginning of year		226 303	252 090
Cash and cash equivalents – end of year	6	241 251	226 303

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

United Nations Environment Programme

**V. Statement of comparison of budget and actual amounts for the year ended
31 December 2025^a**

(Thousands of United States dollars)

	Publicly available budget			Actual expenditure (budget basis)	Difference (percentage) ^b
	Original biennial	Original annual	Final annual		
Executive direction and management	12 000	6 000	6 996	4 935	(29)
Programme of work, comprising:					
Climate action	24 000	12 000	10 903	9 497	(13)
Digital transformation	14 000	7 000	6 115	7 104	16
Nature action	24 000	12 000	11 277	11 806	5
Environmental governance	26 000	13 000	11 240	13 553	21
Chemicals and pollution action	24 000	12 000	8 711	8 666	(1)
Finance and economic transformations	26 000	13 000	12 012	10 413	(13)
Science policy	26 000	13 000	10 455	12 003	15
Total programme of work	176 000	88 000	77 709	77 977	0
Fund programme reserve	10 000	5 000	1 754	1 706	(3)
Programme support	14 000	7 000	6 562	5 584	(15)
Total Environment Fund	200 000	100 000	86 025	85 267	(1)
United Nations regular budget allocation ^c	24 501	24 501	22 694	22 694	0
Total Environment Fund and United Nations regular budget allocation	224 501	124 501	108 719	107 961	0

^a See note 5.^b Actual expenditure (budget basis) less final budget.^c The United Nations regular budget allocation is from assessed contributions as reported in Volume I.

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

United Nations Environment Programme Notes to the 2025 financial statements

Note 1

Reporting entity

The United Nations Environment Programme and its activities

1. The United Nations Environment Programme (UNEP) was established by the General Assembly by its resolution [2997 \(XXVII\)](#) of 15 December 1972 as an autonomous body and a separate reporting entity within the United Nations, with the Governing Council of UNEP as its policymaking organ and a secretariat responsible for leading and coordinating action on environmental matters. As from June 2014, UNEP adopted universal membership, and the United Nations Environment Assembly became its governing body. UNEP is headed by an Executive Director. UNEP is supported by the Environment Fund, a United Nations regular budget allocation, assessed contributions and voluntary contributions from Governments, intergovernmental organizations, foundations, the private sector and other non-governmental sources. Headquartered in Nairobi, UNEP works through its divisions, regional offices, liaison and outposted offices and a growing network of collaborative centres of excellence. UNEP also hosts several environmental conventions, secretariats and inter-agency coordinating bodies that have been established in areas related to the UNEP programme of work.

2. UNEP is the leading global environmental authority, which sets the global agenda and promotes the coherent implementation of sustainable development within the United Nations system. UNEP is an implementing agency of the Global Environment Facility and the Multilateral Fund for the Implementation of the Montreal Protocol.

3. The activities for which UNEP is responsible for fall within programme 11, Environment, of the United Nations programme plan and priorities for 2025. Within its mandate UNEP promotes environmental sustainability while contributing to a balanced integration of the economic, social and environmental dimensions of sustainable development. This balanced approach also acknowledges the integrated nature of the challenges that countries face (e.g., gender equality, unemployment, income inequality, social exclusion and lack of environmental safeguards) and defines a new paradigm for sustainable development in which the environment is no longer treated in a silo.

United Nations Environment Programme

4. The United Nations Environment Programme is a separate financial reporting entity of the United Nations and includes the Environment Fund, the UNEP United Nations regular budget allocation, trust funds that support the UNEP programme of work, trust funds that support the UNEP multilateral environment agreements and the Multilateral Fund for the Implementation of the Montreal Protocol, related programme support costs for the UNEP programme of work and the multilateral environment agencies and the Multilateral Fund.

Note 2

Basis of preparation and authorization for issue

Basis of preparation

5. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with

International Public Sector Accounting Standards (IPSAS). They have been prepared on a going-concern basis and the accounting policies, as summarized in note 3, have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of UNEP, and the cash flows over the financial year, consist of the following:

- (a) Statement I: statement of financial position;
- (b) Statement II: statement of financial performance;
- (c) Statement III: statement of changes in net assets;
- (d) Statement IV: statement of cash flows (using the indirect method);
- (e) Statement V: statement of comparison of budget and actual amounts;
- (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 (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

6. The going-concern assertion is based on the approval by the General Assembly of the regular budget appropriations for 2026 in its resolutions [80/244](#) A–C, the positive historical trend of collection of assessed and voluntary contributions over previous years and the fact that the Assembly has taken no decision to cease the operations of the United Nations.

Authorization for issue

7. These financial statements are certified by the Chief Finance Officer of the United Nations Office at Nairobi and approved by the Executive Director of UNEP. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements as at 31 December 2025 are to be transmitted to the Board of Auditors by 31 March 2026. In accordance with financial regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

8. 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 organization 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

9. The functional currency and the presentation currency of the organization is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

10. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the date of each transaction. At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency-denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year-end.

11. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimates

12. 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.

13. Preparing financial statements in accordance with IPSAS requires the 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.

14. 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 method 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.

Recent and future requirements of the International Public Sector Accounting Standards

15. The progress and impact of the following significant future accounting pronouncements by the IPSAS Board on the organization's financial statements continue to be monitored (further information is provided in the financial statements of the United Nations, volume I):

(a) The IPSAS Board approved the final pronouncement, Concessionary leases and other arrangements conveying rights over assets (amendments to IPSAS 43, 47 and 48). The effective date for the relevant amendments is 1 January 2027. It also issued the following pronouncement: Amendments to IPSAS as a result of the application of IPSAS 46, introducing current operational value, a definition of an accounting estimate and related terminology changes, primarily affecting IPSAS 3, 12 and 21. These amendments are effective as from 1 January 2028, and further research will be undertaken on applying current operational value to IPSAS 31;

(b) The IPSAS Board continued its work on replacing IPSAS 1: Presentation of financial statements, expected to progress to a consultation paper in 2026;

(c) Updates to IPSAS 33: First-time adoption of accrual basis IPSAS were approved to improve clarity and usability without altering the standard's scope or objective. Enhancements include new illustrative examples and implementation guidance, effective as from 1 January 2028;

(d) The IPSAS Board also approved a definition of material Amendments to IPSAS 1, IPSAS 3 and the conceptual framework) to improve the consistency of materiality terminology. These amendments are effective as from 1 January 2027;

(e) Recently issued IPSAS and their anticipated impact are shown in the table below.

<i>Standard</i>	<i>Anticipated impact</i>
IPSAS 47	Adoption of the standard is mandatory for the financial reporting for the year ending 31 December 2026. Based on a preliminary assessment, the adoption of IPSAS 47: Revenue is not expected to materially affect the overall amount of revenue recognized. However, the timing of recognition for certain voluntary contributions and agreements with performance obligations may change, potentially resulting in higher deferred revenue at initial application.
IPSAS 48	Adoption of the standard is mandatory for financial reporting for the financial year ending 31 December 2026. Based on a preliminary assessment, IPSAS 48: Transfer expenses is not expected to materially affect the total level of transfer expenses over the life of arrangements; however, it may change the timing of recognition, particularly for grants and transfers subject to enforceable performance conditions.
IPSAS 49	IPSAS 49: Retirement benefit plans is aligned with International Accounting Standard 26 and establishes accounting requirements for public sector retirement benefit plans. It does not cover other employment benefits. The effective date is 1 January 2026. A preliminary assessment indicates no impact on the organization's financial reporting.
IPSAS 50	IPSAS 50: Exploration for and evaluation of mineral resources is aligned with International Financial Reporting Standard 6 and addresses accounting for exploration and evaluation expenditures. The effective date is 1 January 2027. A preliminary assessment indicates no impact on the organization's financial reporting.
IPSAS Board sustainability reporting standard 1	Introduces requirements for climate-related disclosures (phase I). A separate standard on public policy programmes will follow in 2026 (phase II). The effective date is 1 January 2028. The organization is assessing the preliminary impact.
IPSAS 51	IPSAS 51: Tangible natural resources held for conservation establishes recognition, measurement and disclosure principles for tangible natural resources held for conservation. The effective date is 1 January 2028. A preliminary assessment indicates no impact on the organization's financial reporting.

Note 3

Significant accounting policies

Financial assets measurement and classification

16. 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.

<i>Classification</i>	<i>Financial assets</i>
Fair value through net assets/equity	Investments in cash pools
Amortized cost	Cash and cash equivalents and receivables
Fair value through surplus or deficit	Derivatives

17. Certain financial assets, such as investments in cash pools, are classified at fair value through net assets/equity based on their cash flow characteristics and the organization's management model of collecting and selling contractual cash flows. These assets are measured at fair value each reporting date, with related gains or losses recognized in a fair value reserve in the statement of net assets.

18. Financial assets with maturities in excess of 12 months as at the reporting date are categorized as non-current assets in the financial statements. Financial assets denominated in foreign currencies are translated into United States dollars using the United Nations operational rate of exchange at the reporting date, with resulting exchange differences recognized in surplus or deficit in the statement of financial performance.

19. Financial assets at amortized cost are non-derivative assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, with interest revenue recognized on a time-proportion basis.

20. Financial assets are reviewed at each reporting date for objective evidence of impairment, such as counterparty default, delinquency or a permanent decline in value. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

21. Financial assets are derecognized when contractual rights to cash flows have expired or have been transferred and the organization has transferred substantially all related risks and rewards. Financial assets and liabilities are offset when a legally enforceable right exists and the organization intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets: investment in cash pools

22. The United Nations Treasury invests funds pooled from the United Nations Secretariat entities and other participating entities, including UNEP, into two internally managed investment cash pools. Participation entails shared investment risks and returns, as funds are commingled and each participant is exposed to the portfolio's overall risk in proportion to its invested balance.

23. The organization's investments in the cash pools are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity period of the investment.

24. The investment pools undergo an expected credit loss assessment each reporting period using Fitch Ratings. Expected credit losses are estimated by applying Fitch default rates, which are based on historical three-year data and derived from the issuer's rating and issuer type. For each investment, the applicable Fitch rating is obtained, and the corresponding default rate is taken from the relevant transition matrix (e.g. supranational, sovereign and corporate).

25. Given the organization's conservative investment strategy, funds are placed only in highly rated instruments, most of which carry a zero-default rating and have no history of non-collection. The organization assesses expected credit losses at each reporting date and recognizes an impairment loss only if it is material.

Financial assets: cash and cash equivalents

26. 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.

Financial assets: receivables from non-exchange transactions – contributions receivable

27. Contributions receivable represent uncollected assessed and voluntary contributions committed through enforceable agreements with Member States, non-member States and other donors. These non-exchange receivables are recorded at nominal value, less a loss allowance for estimated irrecoverable amounts. Voluntary contributions receivable due after 12 months are discounted using the effective interest method.

28. Voluntary contributions receivable and other receivables are subject to impairment using the expected credit loss model applicable to the donor or customer type.

Financial assets: assessed contributions receivable

29. For assessed contributions receivable, the loss allowance is calculated using objective historical evidence of the collections of receivables.

30. Payment data are monitored for any indication of changes in payment patterns. Where data are indicative of expected credit loss, a loss allowance is recognized.

31. Based on historical collection patterns, no expected credit loss is recognized for assessed contributions receivable when there is no evidence of loss for Member States. However, for the specific receivables noted below, the forward-looking model requires an expected credit loss to be recorded:

(a) Assessed contributions receivable from Member States subject to Article 19 voting restrictions – because their arrears equal or exceed contributions due for the preceding two years – are included in the loss allowance. These receivables carry higher credit risk due to a history of non-payment or prolonged delays;

(b) Assessed contributions receivable that are past due and have received special treatment from the General Assembly, such as unpaid assessed contributions transferred to a special account under Assembly resolutions;

(c) Assessed contributions receivable outstanding for completed projects, for closed missions and for contested balances that are at a higher risk of credit loss are included in the loss allowance as collection is uncertain.

Financial assets: voluntary contributions receivable

32. Voluntary contributions receivable have distinct characteristics compared with conventional receivables classified as financial assets. These distinctions include:

(a) Variability in amounts: because contributions are voluntary, receivable amounts may change based on project funding requirements and donor intentions;

(b) Flexible due date: payment dates are adjustable and depend on the progress of project implementation.

33. The variability of pledged amounts and the flexibility of due dates make it difficult to estimate loss allowances for voluntary contributions receivable. Historically, write-offs have been minimal. Accordingly, the organization assesses these receivables individually and applies a 100 per cent loss allowance to delinquent amounts specifically identified as uncollectible.

34. The non-trust-fund voluntary contributions receivable and trust funds with a partially assessed nature will be assessed for loss allowance from historical payment patterns.

Financial assets: receivable from exchange transactions – other receivables

35. Other receivables comprise amounts due for goods and services provided, and also include receivables from other United Nations reporting entities, amounts arising from leased out assets, and balances due from staff.

36. Loss allowances for these receivables are determined using a forward-looking model based on historical credit loss percentages, updated annually. Receivables are grouped by customer type with homogeneous characteristics such as similar settlement patterns, and historical transition rates of outstanding balances are analysed over a period of years and reassessed at each reporting period. The resulting transition rates are applied to the exposure balance to calculate the expected loss allowance.

Other assets

37. Other assets include education grant advances and prepayments, including advances for the United Nations Development Programme (UNDP) Service Clearing Account, which are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Advance transfers

38. Advance transfers relate mainly to cash transferred to executing agencies/ implementing partners as an advance in order for them to provide agreed goods or services. Advances issued are initially recognized as assets, and then expenses are recognized when goods are delivered or services are rendered by the executing agencies/implementing partners and confirmed by receipt of certified expense reports, as applicable. In some instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual is needed.

Inventories

39. Inventory balances, if any, are recognized as current assets and include the following categories:

<i>Categories</i>	<i>Subcategories</i>
Held for sale or external distribution	Books and publications, stamps
Raw materials and work in progress associated with items held for sale or external distribution	Construction materials/supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves
Consumables and supplies	Material holdings of consumables and supplies, including spare parts and medicines

40. Inventory cost is determined using the average cost method and includes purchase price plus other costs necessary to bring items to their current location and condition. Such costs are applied using standard overhead rates of between 4 and 27 per cent, depending on office or mission location, and are used instead of actual associated costs. Donated inventory is measured at fair value on acquisition. Inventories held for sale are valued at the lower of cost and net realizable value, while inventories held for distribution at no or nominal charge, or for consumption, are valued at the lower of cost and current replacement cost.

41. Carrying amount of inventories is expensed when sold, exchanged, distributed or consumed. Net realizable value is the expected amount recoverable from sale in the normal course of operations, and current replacement cost is the estimated cost of acquiring the item.

42. Consumables and supplies for internal use are capitalized only when material and are valued using the moving average costs recorded in Umoja. These inventories are reviewed for impairment, considering differences between moving average cost and current replacement cost, as well as slow-moving or obsolete items.

43. Inventories undergo physical verification based on value and risk assessments. Inventory valuations reflect write-downs to current replacement cost or net realizable value, which are recognized in the statement of financial performance.

Heritage assets

44. Effective 1 January 2025, the organization adopted IPSAS 45: Property, plant and equipment, which replaces IPSAS 17. IPSAS 45 introduces current operational value as a measurement basis and specific provisions for heritage assets. The organization has determined that there is no change required in measurement basis for property, plant and equipment under IPSAS 45. The policy described under paragraph 48 below is unchanged.

45. The recognition of heritage assets under IPSAS 45 is mandatory. Most heritage assets donated to the organization are works of art that are displayed in the organization's facilities and are not available for sale. Therefore, such heritage assets are not recognized as assets from which economic benefits or service potential are derived. Significant heritage assets are disclosed in the notes where applicable.

Property, plant and equipment

46. Property, plant and equipment are classified into different groups by nature, function, useful life and valuation basis, including vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, leasehold improvements, infrastructure and assets under construction) and are recognized as follows:

(a) Property, plant and equipment are capitalized when the unit cost meets a threshold of \$20,000, or \$100,000 for leasehold improvements and self-constructed assets. A lower threshold of \$5,000 applies to vehicles, prefabricated buildings, satellite communication systems, generators and network equipment;

(b) All property, plant and equipment, other than real estate assets, are measured at historical cost less accumulated depreciation and impairment. Historical cost includes purchase price, directly attributable costs and estimated dismantling or restoration costs. Standard cost rates of between 2 and 40 per cent, depending on office or mission location, are applied instead of actual indirect costs;

(c) Due to the absence of historical cost data, buildings and infrastructure were initially measured using a depreciated replacement cost valuation methodology at the

time of IPSAS implementation. This involved determining unit construction cost (e.g. per square metre), deriving gross replacement cost and deducting depreciation allowance for physical, functional and economic obsolescence. Subsequent real estate additions are recorded at historical cost, except for special political missions, which began recognition at historical cost from January 2018. The adoption of IPSAS 46 does not result in a change to the measurement basis for buildings and infrastructure where depreciated replacement cost was applied. In accordance with IPSAS 46, depreciated replacement cost is an allowable method and equivalent to the current operational value for assets held for service delivery purposes;

(d) With regard to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of acquiring equivalent assets.

47. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, except for land and assets under construction, which are not depreciated. Significant building components are depreciated separately because they have different useful lives and replacement cycles. Depreciation begins in the month the organization gains control of the asset under applicable commercial terms and is not charged in the month of retirement or disposal. Residual value is assumed to be nil unless expected to be significant. The useful lives applied to each asset class are shown below.

48. Estimated useful lives are reviewed regularly. Revisions may arise from new information, developments or experience, such as reassessing an asset's condition or expected future benefits. Changes in estimates are applied prospectively and recognized in surplus or deficit in the period of change and, when applicable, future periods.

Estimated useful lives of property, plant and equipment classes

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Communications and information technology equipment	Information technology equipment	4–5 years
	Communications	7–8 years
	Audiovisual equipment	7–10 years
Vehicles	Light-wheeled vehicles	6–7 years
	Marine vessels	10 years
	Specialized vehicles, trailers and attachments	6–12 years
	Heavy-wheeled and engineering support vehicles	12 years
Machinery and equipment	Light engineering and construction equipment	5–8 years
	Medical equipment	5–6 years
	Security and safety equipment	5–6 years
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7–10 years
	Ground transportation equipment	7–10 years
	Heavy engineering and construction equipment	10–12 years
	Printing and publishing equipment	20 years

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Furniture and fixtures	Library reference material	3 years
	Office equipment	4–5 years
	Fixtures and fittings	7–10 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7–10 years
	Fixed buildings	Up to 50 years
	Major buildings components	Up to 50 years
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

49. In exceptional cases, assets initially recognized upon IPSAS implementation may have useful lives that differ from the standard subclass lives but still fall within the broader asset-class range. These lives were based on a detailed assessment of remaining economic life at conversion and recorded in the asset master data. Although total useful life may appear longer than standard, the remaining life from the capitalization date remains within the prescribed range.

50. When fully depreciated assets with material cost continue to be used, accumulated depreciation is adjusted to reflect a residual value of 10 per cent of historical cost, based on analysis of relevant asset classes and useful lives.

51. The organization applies the cost model for measurement of property, plant and equipment. Subsequent expenditures are capitalized only when future economic benefits or service potential are probable and exceed the capitalization threshold; repairs and maintenance costs are expensed as incurred.

52. Gains or losses from the disposal or transfer of property, plant or equipment arise when proceeds differ from the carrying amount. These are recognized in the statement of financial performance under other revenue or other expenses.

53. Impairment is assessed during annual physical verification and whenever indicators suggest that an asset's carrying amount may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value above \$500,000 per unit are reviewed at each reporting date, while the threshold for other property, plant and equipment (excluding assets under construction and leasehold improvements) is \$25,000.

Intangible assets

54. Intangible assets are measured at cost less accumulated amortization and impairment. Donated assets or those acquired at nil or nominal cost are recorded at fair value on acquisition. Recognition thresholds are \$100,000 per unit for internally generated intangibles and \$20,000 per unit for externally acquired assets.

55. Acquired software licences are capitalized at acquisition and include costs to bring them into use. Software developed for organizational use is capitalized when directly attributable costs – such as staff, consultants and related overhead costs – can be reliably measured. Intangible assets with finite lives are amortized on a straight-

line basis from the month of acquisition or when placed in service. Estimated useful lives of major classes are shown below.

Estimates of useful lives of major classes of intangible assets

<i>Class</i>	<i>Range of estimate useful life</i>
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software internally developed	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

56. Annual impairment reviews of intangible assets are conducted where assets are under construction or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

57. Financial liabilities are classified as “other financial liabilities” and include accounts payable, transfers payable, unspent funds held for future refunds and amounts payable to other United Nations system entities. These liabilities are initially recognized at fair value and subsequently measured at amortized cost. Those due within 12 months are recorded at nominal value. The organization reviews liability classifications at each reporting date and derecognizes them when the related obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

58. Accounts payable and accrued liabilities arise from goods and services received but not yet paid at the reporting date. Current payables are measured at nominal value, while non-current payables are measured at fair value. Transfers payable within this category relate to amounts owed to executing entities/implementing agencies and partners and residual balances due to be returned to donors.

Advance receipts and deferred revenue

59. Advance receipts and deferred revenue consist of contributions or payments received in advance and other deferred revenue.

Liabilities for conditional arrangements

60. Liabilities for conditional arrangements are liabilities arising from funding arrangements with stipulations imposed by donors on the use of the contributions that are classified as conditions.

Leases: the organization as lessee

61. Effective 1 January 2025, the organization adopted IPSAS 43: Leases, which 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. 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 guarantee
- The exercise price of purchase options or payments for optional renewal periods, if the organization is reasonably certain to exercise these
- Penalties for earlier termination unless the organization is reasonably certain not to terminate early.

62. 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 for property, plant and equipment. 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.
- Low-value leases: leases of assets that are low value when new, consistent with the organization's capitalization thresholds for property, plant and equipment.

63. Upon transition to IPSAS 43 on 1 January 2025, the organization has applied the modified retrospective practical expedient, which includes not restating comparative information. For 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 assets were measured at an amount equal to the lease liability.
- Hindsight was used when determining the lease term.
- Leases with a remaining term of 12 months or less were treated as short-term leases.

64. Leases previously classified as finance leases relate solely to donated right-to-use arrangements. Such arrangements continue to be governed by IPSAS 23: Revenue from non-exchange transactions (taxes and transfers), as described below (and by IPSAS 47 from 2026 onwards).

Leases: the organization as lessor

65. The organization often leases out assets under operating leases. Leased-out assets are reported under property, plant and equipment, and lease revenue is recognized in the statement of financial performance over the term of the lease on a straight-line basis. IPSAS 43 does not change the accounting treatment for lessors.

Donated rights to use

66. The provisions of IPSAS 43 do not yet cover donated right-of-use arrangements and the organization will continue to account for such arrangements in the same manner as under IPSAS 13 until the forthcoming amendments to IPSAS 43 for donated right-of-use assets become effective.

67. Land, buildings, infrastructure assets, machinery and equipment that are granted to the organization, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements continue to be assessed as to whether control over the underlying asset is transferred to the organization.

68. Where no control exists, formerly known as an operating lease under IPSAS 13, including where title to the land is transferred under restricted deeds, an expense and corresponding non-exchange revenue equal to the annual fair rental value of the asset (or of a similar property) are recognized in the financial statements.

69. Where control exists over the underlying asset (principally with a lease term of over 35 years for premises), formerly known as a finance lease, the fair value of the property is capitalized and depreciated over the shorter of the useful life of the property or the term of the arrangement, with a corresponding liability recognized and progressively recognized as revenue over the lease term.

70. Where title to property is transferred to the organization without restrictions, the property is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

71. The threshold for the recognition of revenue and expense is a yearly rental value equivalent of \$20,000 per unit for donated right-to-use premises and \$5,000 per unit for machinery and equipment.

Employee benefits

72. Employees are staff members appointed (under Article 97) and governed by regulations issued under Article 101 of the Charter of the United Nations. Employee benefits are categorized as short-term, long-term, post-employment and termination benefits.

Short-term employee benefits

73. Short-term employee benefits, excluding termination benefits, are those payable within 12 months after the year in which services are rendered. They include first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave), and other short-term benefits such as death grants, education grants, tax reimbursements and home leave travel. Such benefits earned but unpaid at the reporting date are recognized as current liabilities.

Post-employment benefits

74. Post-employment benefits comprise the after-service health insurance plan and end-of-service repatriation benefits that are accounted for as defined-benefit plans, in addition to the pension provided through the United Nations Joint Staff Pension Fund.

Defined benefit plans

75. The organization accounts for after-service health insurance, repatriation benefits (post-employment benefits) and the commutation of accumulated annual leave (other long-term benefits) as defined benefit plans. Under these plans, the organization bears the actuarial risk and recognizes a liability equal to the present value of the defined benefit obligation. Changes in this liability, excluding actuarial gains and losses, are recognized in the statement of financial performance when they occur. Actuarial gains and losses are recognized directly in the statement of changes in net assets. As at year-end, the organization held no plan assets as defined by IPSAS 39: Employee benefits.

76. Defined benefit obligations, as described below, are measured by independent actuaries using the projected unit credit method. The present value of these obligations is determined by discounting estimated future cash flows using high-quality corporate bond rates with maturities that approximate those of the plans.

77. **After-service health insurance.** The organization provides worldwide medical coverage to eligible former staff and their dependants through a defined benefit health insurance plan. Staff and dependants may enrol upon separation if eligibility criteria are met: generally 10 years of participation in a United Nations health plan for staff recruited after 1 July 2007, and 5 years for those recruited earlier. This liability represents the present value of the organization's share of future medical costs for retirees and the portion of post-retirement benefits accrued by active staff. In determining the organization's residual liability, contributions from retirees and a portion of contributions from active staff are deducted from the gross liability in accordance with General Assembly-approved cost-sharing ratios.

78. **Repatriation benefits.** Eligible staff who separate from service and reside outside their country of nationality at that time are entitled to a repatriation grant, along with travel and removal expenses. A liability is recognized from the date the staff member joins the organization and is based on the estimated cost of these entitlements.

79. **Annual leave.** The liability for annual leave reflects accumulated unused leave days that will be paid to staff upon separation, up to 60 days (18 days for temporary staff). The organization recognizes the actuarial value of these accumulated balances at year-end. A last-in, first-out methodology is applied, whereby current-period leave is used before accumulated balances, and accumulated leave is typically realized more than 12 months after it arises. As accumulated leave is expected to be settled primarily at end of service, it is classified as an other long-term benefit, while the portion expected to be paid within 12 months is classified as a current liability.

Pension plan: United Nations Joint Staff Pension Fund

80. UNEP is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the 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.

81. The plan 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. UNEP and the Fund, in line with the other organizations participating in the Fund, are not able to identify the proportionate share of UNEP in the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNEP has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. The organization's contributions to the Fund during the financial period are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

82. Termination benefits are recognized as an expense only when the organization is demonstrably committed, without a 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 because 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.

Other long-term employee benefits

83. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of long-term employee benefits.

84. **Appendix D benefits.** Appendix D to the Staff Rules of the United Nations governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Actuaries value these liabilities and actuarial gains and losses are recognized in the statement of changes in net assets.

Provisions

85. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, because 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.

86. Uncommitted balances of the appropriations at the end of the budget period and expired balances of appropriations retained from prior periods are to be reported as provisions for credits to Member States. These provisions will remain until the General Assembly decides the manner of their disposal.

Contingent liabilities

87. Contingent liabilities are possible obligations arising from past events whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the organization's control. They are also disclosed when a present obligation cannot be recognized because an outflow of resources is not probable or the amount cannot be measured reliably.

88. Provisions and contingent liabilities are reassessed continually. When an outflow of resources becomes more probable, a provision is recognized. When it becomes less probable, the obligation is disclosed as a contingent liability.

89. An indicative threshold of \$10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

90. 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.

91. Voluntary pledges and promised donations without binding agreements – or with agreements not yet formally accepted – are treated as contingent assets when receipt is measurable and probable within the subsequent financial period.

Commitments

92. Commitments represent future expenses under open contracts that the organization has little or no discretion to avoid. They include capital commitments not yet paid or accrued, undelivered goods and services under contract, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

93. Assessed contributions for the organization comprise the UNEP regular budget allocation and the assessed contributions of its multilateral environment conventions and the Multilateral Fund. Assessed contributions are assessed and approved for a budget period of one or more years. The one-year proportion of the assessed contributions is recognized as revenue at the beginning of the year. Assessed contributions include the amounts assessed on Member States and non-member States to finance the activities of the organization in accordance with the agreed scale of assessments. Revenues from assessed contributions from Member States and from non-member States are presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

94. Voluntary contributions and transfers supported by legally enforceable agreements are recognized as revenue when the agreement becomes binding and the organization is deemed to gain control of the asset. When funds are received with specific conditions, revenue is deferred until those conditions are met. For conditional arrangements up to \$50,000, revenue is recognized immediately.

95. Unconditional multi-year voluntary contribution agreements, pledges and promised donations are recognized as revenue in full when the arrangement becomes binding, except for the Junior Professional Officer programme and fundraising activities conducted by another party, such as contributions from the United Nations Foundation to the United Nations Fund for International Partnerships. Revenue from the Junior Professional Officers programme is recognized as services are rendered, and United Nations Foundation contributions are recognized upon receipt of a cash disbursement authorization. Unused funds returned to donors are netted against voluntary contributions.

96. Unused funds returned to the donor are netted against revenue.

97. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable the organization to administer projects or other programmes on their behalf.

98. In-kind contributions of goods above \$20,000 per contribution (or \$5,000 for vehicles, prefabricated buildings, satellite communication systems, generators and network equipment) are recognized as assets and revenue when it is probable that future economic benefits or service potential will flow to the organization and fair value can be measured reliably. In-kind contributions are initially measured at fair value based on observable market prices or independent appraisals. In-kind services are not recognized as revenue but are disclosed in the notes when valued above \$20,000 per contribution.

Exchange revenue

99. Exchange transactions occur when the organization sells goods or services for compensation. Revenue is measured at the fair value of consideration received or receivable and is recognized when it can be reliably measured, when economic benefits are probable and when the following criteria are met, as follows:

(a) Revenue from sales of publications, books and stamps and by the United Nations Gift Shop and Visitor Centre is recognized when the sale occurs, and risks and rewards have been transferred;

(b) Revenue from commissions and fees for technical, procurement, training, administrative and other services is recognized when the service is performed; operationally, these may be charged in advance, shortly before service delivery;

(c) Exchange revenue also includes revenue from the rental of premises, the sale of used or surplus property, guided tours and net currency exchange gains.

100. An indirect cost recovery called a “programme support cost” is charged to trust funds as a percentage of direct costs, including commitments and other “extrabudgetary” activities to ensure that the additional costs of supporting activities financed from extrabudgetary contributions are not borne by assessed funds and/or other core resources of the Secretariat. The programme support cost is eliminated for the purposes of financial statement preparation, as disclosed in note 4, “Segment reporting”. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Investment revenue

101. Investment revenue comprises the organization’s share of net cash pool revenue and other interest income. Net cash pool revenue includes realized gains and losses on investment sales, measured as the difference between sale proceeds and book value. Direct transaction costs are deducted from revenue, and the net amount is allocated to cash pool participants based on their average daily balances.

Expenses

102. Expenses represent decreases in economic benefits or service potential during the reporting year and are recognized on an accrual basis when goods are delivered or services are rendered, regardless of payment terms.

103. Employee salaries include compensation for international, national and temporary staff, post adjustment and staff assessment. Allowances and benefits include entitlements such as pension and insurance subsidies, assignment, repatriation, hardship and other allowances. Non-employee compensation includes United Nations Volunteers’ living allowances and end-of-service benefits, as well as fees for consultants, contractors and ad hoc experts, allowances for International Court of Justice judges and costs for non-military personnel.

104. Grants and transfers include outright grants and transfers to implementing agencies, partners and other entities, including quick-impact projects. Outright grants are expensed when the organization has a binding obligation to pay.

105. Supplies and consumables relate to the cost of inventory used and expenses for supplies and consumables.

106. Other operating expenses include purchases of goods and intangible assets below capitalization thresholds, maintenance, utilities, contracted services, training, security, shared services, rent, insurance, loss allowances and foreign exchange

losses. Other expenses also include in-kind contributions, hospitality and official functions, donations and asset transfers.

107. Programmatic activities, distinct from commercial or other arrangements, are implemented by the United Nations or partners to benefit target populations such as Governments, non-governmental organizations and United Nations entities. Transfers to implementing partners are expensed when disbursed. Binding agreements not yet paid at year-end (other than outright grants) are disclosed as commitments in the notes to the financial statements.

Multi-partner trust funds

108. Multi-partner trust fund activities are pooled resources from multiple financial partners that are allocated to multiple implementing entities to support specific national, regional or global development priorities.

109. These arrangements are evaluated to determine whether the organization exercises control and serves as the principal. When control is established and the organization is exposed to the related risks and benefits, the related programmes or activities are deemed part of the organization's operations and are therefore fully reflected in the financial statements.

110. Where joint control exists but the organization is not considered to be the principal, the activities are considered joint operations and accounted for as described above.

Note 4

Segment reporting

111. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources. The segments for UNEP are established by the grouping of trust funds that finance activities that are of a similar nature or are aimed at achieving operating objectives consistent with its overall mission or are under a similar governance structure.

112. Segment reporting information is provided on the basis of seven segments:

(a) **Environment Fund.** The segment comprises the core trust funds of the Environment Fund, namely the programme of work, the programme reserve and programme support;

(b) **Regular budget.** The segment relates to all activities funded by the United Nations regular budget allocations to UNEP;

(c) **Other support to the UNEP programme of work.** The segment comprises all other voluntary contributions trust funds managed by UNEP in support of the programme of work activities, including the Global Environment Facility, the Green Climate Fund, programme cooperation agreements and trust funds for Junior Professional Officers;

(d) **Conventions and protocols.** The segment relates to all assessed and voluntary contribution trust funds for multilateral environment agreements and protocols that are administered by UNEP;

(e) **Multilateral Fund.** The segment relates to the activities for the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer by the implementing partners of the Multilateral Fund;

(f) **Programme support.** The segment comprises the trust funds for the programme support account and the cost recovery account;

(g) **End-of-service and post-retirement benefits.** The segment comprises the trusts for after-service health insurance, annual leave, and repatriation benefits.

113. Both the statement of financial position and the statement of financial performance are as shown below.

All funds: statement of financial position for the period ended 31 December 2025, by segment

(Thousands of United States dollars)

	<i>Environment Fund (annex I)</i>	<i>Regular budget</i>	<i>Other support to UNEP programme of work (annex II)</i>	<i>Conventions and protocols (annex III)</i>	<i>Multilateral Fund (annex IV)</i>	<i>Programme support (annex V)</i>	<i>End-of-service and post-retirement benefits (annex VI)</i>	<i>Intersegment eliminations</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Assets										
Current assets										
Cash and cash equivalents	7 005	–	102 042	22 083	84 798	6 584	18 739	–	241 251	226 303
Investments	40 516	–	591 171	127 925	491 249	38 105	108 557	–	1 397 523	1 359 265
Assessed contributions receivable	–	–	–	12 534	4 445	–	–	–	16 979	19 643
Voluntary contributions receivable	5 066	–	355 783	19 878	–	72	–	–	380 799	383 672
Other receivables	69	–	319	542	51	168	–	(485)	664	435
Advance transfers ^a	1 180	–	310 071	13 071	95 022	(19)	–	(24 585)	394 740	299 726
Other assets	2 034	–	26 527	3 126	5 779	1 560	–	–	39 026	34 528
Total current assets	55 870	–	1 385 913	199 159	681 344	46 470	127 296	(25 070)	2 470 982	2 323 572
Non-current assets										
Investments	16 512	–	240 912	52 131	200 190	15 528	44 239	–	569 512	497 142
Assessed contributions receivable	–	–	–	–	–	–	–	–	–	–
Voluntary contributions receivable	8 504	–	919 241	12 337	–	–	–	–	940 082	864 930
Advance transfers	–	–	–	–	152 566	–	–	(48 579)	103 987	96 643
Property, plant and equipment	4 306	–	310	5 431	1 903	230	–	–	12 180	2 185
Intangible assets	–	–	21	–	–	–	–	–	21	29
Total non-current assets	29 322	–	1 160 484	69 899	354 659	15 758	44 239	(48 579)	1 625 782	1 460 929
Total assets	85 192	–	2 546 397	269 058	1 036 003	62 228	171 535	(73 649)	4 096 764	3 784 501
Liabilities										
Current liabilities										
Accounts payable and accrued liabilities	1 261	–	34 926	4 939	116	510	–	–	41 752	52 771
Funds received in advance/deferrals	–	–	35 336	5 130	74 594	–	–	–	115 060	153 924
Employee benefits liabilities	5 812	–	6 121	1 585	223	1 579	8 363	–	23 683	17 369
Provisions	–	–	–	–	–	1	–	–	1	14

	<i>Environment Fund (annex I)</i>	<i>Regular budget</i>	<i>Other support to UNEP programme of work (annex II)</i>	<i>Conventions and protocols (annex III)</i>	<i>Multilateral Fund (annex IV)</i>	<i>Programme support (annex V)</i>	<i>End-of-service and post-retirement benefits (annex VI)</i>	<i>Intersegment eliminations</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Liabilities for conditional arrangements	–	–	104 050	23 214	–	–	–	–	127 264	132 094
Lease liabilities	1 767	–	–	1 311	463	34	–	–	3 575	–
Other liabilities	–	–	450	35	–	–	–	(485)	–	–
Total current liabilities	8 840	–	180 883	36 213	75 397	2 124	8 363	(485)	311 335	356 172
Non-current liabilities										
Employee benefits liabilities	–	–	–	–	–	–	229 425	–	229 425	233 923
Lease liabilities	1 588	–	–	3 900	1 482	–	–	–	6 970	–
Total non-current liabilities	1 588	–	–	3 900	1 482	–	229 425	–	236 395	233 923
Total liabilities	10 428	–	180 883	40 113	76 879	2 124	237 788	(485)	547 730	590 095
Total net of total assets and total liabilities	74 764	–	2 365 514	228 945	959 124	60 104	(66 253)	(73 164)	3 549 034	3 194 406
Net assets										
Accumulated surpluses/(deficits): unrestricted	54 615	–	2 363 343	215 667	957 322	48 413	(66 651)	(73 164)	3 499 545	3 157 401
Fair value reserves	149	–	2 171	468	1 802	140	398	–	5 128	(2 419)
Reserves	20 000	–	–	12 810	–	11 551	–	–	44 361	39 424
Total net assets	74 764	–	2 365 514	228 945	959 124	60 104	(66 253)	(73 164)	3 549 034	3 194 406

^a The negative balance in advance transfers under the programme support segment arises from the reversal of prior-period accruals.

All funds: statement of financial performance for the period ended 31 December 2025, by segment

(Thousands of United States dollars)

	<i>Environment Fund (annex I)</i>	<i>Regular budget</i>	<i>Other support to UNEP programme of work (annex II)</i>	<i>Conventions and protocols (annex III)</i>	<i>Multilateral Fund (annex IV)</i>	<i>Programme support (annex V)</i>	<i>End-of-service and post-retirement benefits (annex VI)</i>	<i>Intersegment eliminations</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Segment revenue										
Assessed contributions	–	26 645	–	64 072	170 882	–	–	–	261 599	255 893
Voluntary contributions	85 532	–	363 264	45 704	2 121	90	–	–	496 711	387 606
Other transfers and allocations	–	–	298 312	898	–	–	–	(23 597)	275 613	336 169
Investment revenue	2 482	–	39 881	9 378	44 158	2 494	6 578	–	104 971	105 811
Other revenue	2 486	–	9 035	2 848	–	54 961	20 926	(74 514)	15 742	16 365
Total revenue	90 500	26 645	710 492	122 900	217 161	57 545	27 504	(98 111)	1 154 636	1 101 844
Segment expense										
Employee salaries, allowances and benefits	71 241	25 324	85 173	56 334	5 217	25 603	16 736	(20 926)	264 702	235 267
Non-employee compensation/allowances	7 243	306	73 297	7 423	175	2 775	–	(622)	90 597	82 207
Grants and other transfers	778	568	260 921	25 425	112 729	(279)	–	(23 283)	376 859	363 327
Supplies and consumables	88	–	324	75	5	19	–	–	511	294
Depreciation	1 939	1	29	1 567	483	75	–	–	4 094	363
Amortization	–	–	7	–	–	–	–	–	7	7
Travel	1 939	146	21 821	13 898	520	669	–	(313)	38 680	45 604
Other operating expenses	6 328	300	55 215	21 958	3 046	20 426	86	(52 967)	54 392	104 059
Exchange (gains)/losses from the fixed exchange rate mechanism	–	–	–	–	(1 062)	–	–	–	(1 062)	889
Interest expense on lease liabilities	144	–	–	245	94	2	–	–	485	–
Other expenses	–	–	8	2	–	(10)	–	–	–	58
Total segment expenses	89 700	26 645	496 795	126 927	121 207	49 280	16 822	(98 111)	829 265	832 075
Surplus/(deficit) for the year	800	–	213 697	(4 027)	95 954	8 265	10 682	–	325 371	269 769

Note 5 Comparison to budget

114. UNEP prepares its budget on a modified cash basis, while expenses are presented on an accrual basis in the financial statements. The statement of comparison of budget and actual amounts, presented in the financial statements as statement V, provides the differences between budget amounts and actual expenditure on a comparable basis.

115. Approved budgets are those that authorize the expenditure to be incurred and are approved by the United Nations Environment Assembly. For IPSAS purposes, the approved budget relates to appropriations approved by the Assembly in its resolutions.

116. The original annual budget represents the portion of the 2024–2025 biennium budget based on projected funding during the development of the programme of work and approved by the United Nations Environment Assembly, while the final budget reflects the allocation approved by the Executive Director based on the available fund balance from prior years and expected contributions for the year.

117. Material variances of more than 10 per cent between the final budget and actual expenditure, on a modified cash basis, are mainly attributable to the following factors:

- (a) In line with the 2022–2025 medium-term strategy, annual allocations were released in tranches aligned with the planned delivery of programmatic priorities;
- (b) The cyclical nature of biennial activities, whereby activities are typically initiated in the first year of the biennium, with implementation taking place in the second year.

While implementation continued in 2025, budget allocations were reduced as a result of unexpected changes in the funding landscape during the year. It should also be noted that part of the 2025 implementation was financed through carry-over balances from 2024, when the organization's financial position was significantly more stable.

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

118. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is shown below.

Reconciliation for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Reconciliation</i>	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total 2025</i>
Actual amounts on comparable basis (statement V)	(107 961)	–	–	(107 961)
Basis differences	(295 169)	(14 122)	–	(309 291)
Entity differences	(701 145)	–	–	(701 145)
Timing differences	–	–	–	–
Presentation differences	1 140 425	(5 657)	(1 423)	1 133 345
Actual amount in statement of cash flows (statement IV)	36 150	(19 779)	(1 423)	14 948

119. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the non-cash elements such as unliquidated obligations, payments against prior-year obligations, property, plant and equipment and outstanding assessed contributions are included as basis differences.

120. Entity differences represent cash flows of fund groups other than the organization that are reported in statement V of the financial statements. The financial statements include results for all fund groups.

121. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. For the purposes of comparison of budget and actual amounts, there are no timing differences for the organization.

122. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which are related primarily to the non-recording income in statement V and the net changes in cash pool balances. Other presentation differences are that the amounts included in the statement of comparison of budget and actual amounts are not segregated into operating, investing and financing activities.

Note 6

Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Cash at bank and on hand	17	33
Cash pool cash and term deposits	241 234	226 270
Total cash and cash equivalents	241 251	226 303

123. Cash and cash equivalents include trust fund monies which are for the specific purposes of the respective trust funds.

Note 7

Investments

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Current cash pool	1 397 523	1 359 265
Non-current cash pools	569 512	497 142
Total	1 967 035	1 856 407

124. Investments include amounts in relation to trust funds and funds held in trust.

Note 8

Assessed contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	Current	Non-current	31 December 2025	31 December 2024
Assessed contributions – Member State	252 193	–	252 193	256 654
Assessed contributions – Non-member State	14	–	14	13
Total assessed contributions receivable before expected credit loss allowance	252 207	–	252 207	256 667

	Current	Non-current	31 December 2025	31 December 2024
Expected credit loss allowance – Member State	(235 218)	–	(235 218)	(237 013)
Expected credit loss allowance – Non-member State	(10)	–	(10)	(11)
Total expected credit loss allowance for receivables	(235 228)	–	(235 228)	(237 024)
Total assessed contributions receivable	16 979	–	16 979	19 643

Note 9

Voluntary contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	Current	Non-current	31 December 2025	31 December 2024
Member States	54 391	50 820	105 211	118 212
Other governmental organizations	11 027	6 742	17 769	34 548
United Nations organizations	151 398	725 790	877 188	878 041
Private donors	166 328	156 730	323 058	222 886
Total voluntary contributions receivable before allowance	383 144	940 082	1 323 226	1 253 687
Expected credit loss allowance for receivables	(2 345)	–	(2 345)	(5 085)
Total voluntary contributions receivable	380 799	940 082	1 320 881	1 248 602

Note 10

Other receivables: receivables from exchange transactions and loans

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Current other receivables		
Value added tax recoverable	638	278
Other receivables from United Nations agencies, funds and programmes	58	745
Other exchange accounts receivable	31	31
Loans receivable	–	–
Subtotal	727	1 054
Expected credit loss allowance for receivables	(63)	(619)
Total other receivables (current)	664	435

Note 11

Advance transfers

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Advance transfers (current)	394 740	299 726
Advance transfers (non-current)	103 987	96 643
Total advance transfers	498 727	396 369

Note 12
Other assets

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Advances to UNDP and other United Nations agencies ^a	32 857	18 449
Advances to vendor	17	6 670
Advances to staff	362	5 255
Advances to other personnel	101	–
Deferred charges	4 315	4 018
Other assets; other	1 374	136
Total other assets	39 026	34 528

^a Includes the UNDP Service Clearing Account and advances to other entities to provide administrative services and operational support.**Note 13**
Property, plant and equipment

125. During the year, the organization did not write down property, plant and equipment on account of accidents, malfunctions and other losses. As at the reporting date, the organization did not identify any additional impairment.

Property, plant and equipment

(Thousands of United States dollars)

	Building ^a	Leasehold improvements	Furniture and fixtures ^a	Communications and information technology equipment	Vehicles	Machinery and equipment	Total
Cost as at 1 January 2025	834	882	143	1 385	789	75	4 108
Additions	13 652	–	34	63	70	303	14 122
Disposals	–	–	(11)	(31)	(256)	(12)	(310)
Transfers	–	–	–	–	–	–	–
Cost as at 31 December 2025	14 486	882	166	1 417	603	366	17 920
Accumulated depreciation as at 1 January 2025	(198)	(241)	(120)	(901)	(432)	(31)	(1 923)
Depreciation	(3 629)	(220)	(21)	(114)	(77)	(33)	(4 094)
Transfers	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–
Depreciation on retirement	–	–	11	31	223	12	277
Accumulated depreciation as at 31 December 2025	(3 827)	(461)	(130)	(984)	(286)	(52)	(5 740)
Net carrying amount as at 31 December 2024	636	641	23	484	357	44	2 185
Net carrying amount as at 31 December 2025	10 659	421	36	433	317	314	12 180

^a See note 15 for right-of-use assets included in property, plant and equipment.

Note 14
Intangible assets

126. Intangible assets net carrying amounts are shown in the table below.

(Thousands of United States dollars)

	<i>Software acquired externally</i>	<i>Licences and rights</i>	<i>Umoja</i>	<i>Other</i>	<i>Total</i>
Cost as at 1 January 2025	393	–	–	–	393
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Cost as at 31 December 2025	393	–	–	–	393
Accumulated amortization as at 1 January 2025	(365)	–	–	–	(365)
Amortization	(7)	–	–	–	(7)
Disposals	–	–	–	–	–
Other changes	–	–	–	–	–
Accumulated amortization as at 31 December 2025	(372)	–	–	–	(372)
Net carrying amount 31 December 2024	29	–	–	–	29
Net carrying amount 31 December 2025	21	–	–	–	21

Note 15
Leases

As a lessee

127. The organization leases land and buildings, machinery and equipment, communications and information technology equipment, vehicles and aircraft. Land and building leases typically run from 15 to 30 years in major office locations and from 5 to 15 years elsewhere. Leases for other asset classes typically run from 3 to 5 years or shorter depending on the mandate and funding situation. To provide operational flexibility, most leases contain extension and termination options. The organization assesses at lease commencement date whether it is reasonably certain to exercise extension or termination options and reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Right-of-use assets

(Thousands of United States dollars)

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Machinery and equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
Balance as at 1 January 2025	–	–	–	–	–	–
Additions	–	13 652	–	–	34	13 686
Depreciation	–	(3 608)	–	–	(14)	(3 622)
Balance as at 31 December 2025	–	10 044	–	–	20	10 064

Amounts recognized in surplus or deficit

(Thousands of United States dollars)

	2025 ^a
Interest expense on lease liabilities	485
Common premises income from sub-leasing right-of-use assets	(20)
Expenses relating to short-term leases	—
Expenses relating to variable lease payments not included in lease liabilities' measurement	5 656

^a No disclosure of comparative information based on the modified retrospective approach without restating comparative information upon transition to IPSAS 43.

Amounts recognized in statement of cash flows

(Thousands of United States dollars)

	2025 ^a
Total cash outflow for leases	(3 943)

^a No disclosure of comparative information based on the modified retrospective approach without restating comparative information upon transition to IPSAS 43.

Lease liabilities

(Thousands of United States dollars)

	2025 ^a
Maturity analysis – contractual undiscounted cash flows	
Less than 1 year	3 911
1 to 5 years	7 292
More than 5 years	—
Total future lease payments (undiscounted)	11 203
Less: unearned interest	(658)
Lease liabilities as at 31 December 2025	10 545
Current	3 575
Non-current	6 970

^a No disclosure of comparative information based on the modified retrospective approach without restating comparative information upon transition to IPSAS 43.

As a lessor

128. The organization often leases out assets under operating leases. Leased-out assets are reported under property, plant and equipment, and lease revenue is recognized in the statement of financial performance over the term of the lease on a straight-line basis. IPSAS 43 does not change the accounting treatment for lessors.

Note 16
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Vendor payables (accounts payable)	4 705	9 462
Transfers payable	4 410	5 305
Payables to Member States	407	1 693
Payables to other United Nations entities	7 006	7 912
Accruals for goods and services	10 041	18 887
Accounts payable – other	15 183	9 512
Total accounts payable and accrued liabilities	41 752	52 771

Note 17
Funds received in advance and deferred revenue

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Current advance receipts		
Funds received in advance	80 098	121 536
Deferred revenue, Global Environment Facility agency fees	34 962	32 388
Total funds received in advance and deferred revenue	115 060	153 924

Note 18
Employee benefits liabilities

(Thousands of United States dollars)

	Current	Non-current	31 December 2025	31 December 2024
After-service health insurance	2 449	189 740	192 189	198 638
Annual leave	1 632	12 103	13 735	15 778
Repatriation benefits	4 282	27 582	31 864	27 230
Subtotal defined benefit liabilities	8 363	229 425	237 788	241 646
Accrued salaries and allowances	15 281	–	15 281	9 606
Pension contributions liabilities	39	–	39	40
Insurance liabilities	–	–	–	–
Total employee benefits liabilities	23 683	229 425	253 108	251 292

129. Liabilities for end-of-service, post-employment benefits and the workers' compensation programme under appendix D to the United Nations Staff Rules are measured by independent actuaries in accordance with IPSAS 39. Full actuarial valuations of after-service health insurance, annual leave and repatriation benefits are performed every two years, with roll-forward estimates in intervening periods. The most recent full valuation was completed as at 31 December 2025; the 31 December 2024 balances reflect a roll forward of the 31 December 2023 valuation results.

130. The after-service health insurance programme provides eligible retirees with continued health insurance coverage under the same schemes offered to active staff. Premium rates for all plans are reviewed annually to maintain adequate operational reserves.

131. The General Assembly sets cost-sharing ratios between the organization and participants. Current ratios are 2:1 for all plans based in the United States of America, 1:1 for non-United States based-plans administered by Headquarters and 3:1 for the Medical Insurance Plan.

132. After-service health insurance is financed on a pay-as-you-go basis as medical benefits are used by retirees. Costs continue to rise due to demographic shifts, longer life expectancy and higher healthcare expenses. The organization implements cost containment measures and conducts periodic funding studies to enhance programme efficiency and manage associated liabilities while ensuring continued access to appropriate healthcare coverage.

Actuarial valuation: main assumptions

133. The organization reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations as at 31 December 2025 and 31 December 2024 are as follows:

Actuarial assumptions

(Percentage)

<i>Assumptions</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Discount rates as at 31 December 2025	4.42	5.19	5.26
Discount rates as at 31 December 2024	3.73	5.56	5.10
Inflation as at 31 December 2025	1.90–9.50	2.20	–
Inflation as at 31 December 2024	2.15–9.00	2.50	–

134. The yield curves used in the calculation of the discount rates in respect of the United States dollar, the euro and the Swiss franc are those developed by Aon Hewitt, a human capital and management consulting firm, consistent with the recommendation of the United Nations Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system. The salary increase assumptions for the Professional staff category were 9.37 per cent for a staff member 19 years of age, grading down to 4.07 per cent for a staff member 65 years of age. The salaries of the General Service staff category were assumed to increase by 6.94 per cent for staff 19 years of age, grading down 4.07 per cent for staff 65 years of age.

135. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The healthcare cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2025 were updated to include escalation rates for future years. As at 31 December 2025, these escalation rates were as follows:

Medical cost trend assumptions

(Percentage)

Cost trend assumptions	2025			2024		
	Initial	Final	Grade down	Initial	Final	Grade down
United States non-Medicare	9.50	3.85	7 years	9.00	3.85	8 years
United States Medicare	9.00	3.85	7 years	8.85	3.85	8 years
United States dental	7.80	3.85	7 years	6.80	3.85	8 years
Non-United States (Switzerland)	5.00	1.90	7 years	6.00	2.15	8 years
Non-United States (eurozone)	6.90	3.75	8 years	6.90	3.75	10 years

136. With regard to the valuation of repatriation benefits as at 31 December 2025, inflation in travel costs was assumed to be 2.20 per cent (2024: 2.50 per cent), on the basis of the projected United States inflation rate over the next 10 years.

137. Annual leave balances were assumed to increase at the following annual rates (in days) during the staff member's projected years of service: 0–1 year, 8.1 days; 2–3 years, 4.1 days; 4–8 years, 1.9 days; 9–15 years, 1.0 days; and more than 16 years, 0.4 days, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

138. For defined benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Pre-retirement mortality, withdrawal and retirement assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in its actuarial valuation. The Fund's post-retirement mortality rates have been used by Buck, a firm that provides pensions and employee benefits consulting services, to produce the weighted headcount mortality table, applied for the December 2024 and December 2025 valuations in line with the recommendations of the Task Force on Accounting Standards.

Note 19

Movement in employee benefits liabilities accounted for as defined benefit plans

Reconciliation of opening to closing total defined benefits liability

(Thousands of United States dollars)

	After-service health insurance	Repatriation benefits	Annual leave	Total 2025
Net benefit liability as at 1 January 2025	198 638	27 230	15 778	241 646
Current service cost	6 523	1 570	1 331	9 424
Interest cost	6 856	1 512	828	9 196
Actual benefits paid	(1 451)	–	(1 837)	(3 288)
Total costs recognized in the statement of financial performance in 2025	11 928	3 082	322	15 332
Subtotal	210 566	30 312	16 100	256 978
Actuarial (gains)/loss	(18 377)	1 552	(2 365)	(19 190)
Net defined liability as at 31 December 2025	192 189	31 864	13 735	237 788

Discount rate sensitivity analysis

139. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bonds markets vary over the reporting period, and the volatility has an impact on the discount rate assumption. Should the assumption vary by 0.5 per cent, its impact on the obligations would be as shown below.

Discount rate sensitivity analysis: year-end employee benefits liabilities

(Thousands of United States dollars)

<i>31 December 2025</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Increase of discount rate by 0.5 per cent	(20 690)	(1 047)	(485)
As percentage of end-of-year liability	(11%)	(3%)	(4%)
Decrease of discount rate by 0.5 per cent	24 159	1 116	519
As percentage of end-of-year liability	13%	4%	4%

Medical cost sensitivity analysis

140. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability resulting from changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 0.5 per cent, this would have an impact on the measurement of the defined benefit obligations, as shown below.

Medical cost sensitivity analysis: 0.5 per cent movement in the assumed medical cost trend rates

(Thousands of United States dollars)

<i>2025</i>	<i>Increase</i>	<i>Decrease</i>
Effect on the defined benefit obligation	12.52% 24 066	10.83% (20 807)
Effect on aggregate of the current service cost and interest cost	15.32% 2 050	13.18% (1 764)

(Thousands of United States dollars)

<i>2024</i>	<i>Increase</i>	<i>Decrease</i>
Effect on the defined benefit obligation	12.98% 25 778	11.16% (22 170)
Effect on aggregate of the current service cost and interest cost	17.57% 2 088	14.33% (1 703)

Other defined benefit plan information

141. Benefits paid for 2025 are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave. The estimated defined benefits payments (net of participants' contributions in these schemes) are shown in the table below.

Estimated defined benefits payments, net of participants' contributions

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>	<i>Total</i>
Estimated 2025 defined benefits payments net of participants' contributions	2 449	4 282	1 632	8 363
Estimated 2024 defined benefits payments net of participants' contributions	2 577	3 309	1 837	7 723

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Thousands of United States dollars)

	<i>2025</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Present value of the defined benefit obligations	237 788	241 646	227 754	216 269	280 635	273 060

Other employee benefits liabilities

Accrued salaries and allowances

142. Accrued salaries and allowances comprise \$2.1 million relating to accrued salaries payable and \$14.4 million relating to other benefits.

United Nations Joint Staff Pension Fund

143. UNEP is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the 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.

144. The financial obligation of UNEP to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that 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.

145. The most recent actuarial valuation for the Pension Fund was completed as at 31 December 2025. A roll forward of the participation data as at 31 December 2023 to 31 December 2024 was used by the Fund for its 2024 financial statements.

146. During 2025, contributions paid to the Pension Fund amounted to \$53.11 million (2024: \$51.15 million). Expected contributions due in 2026 are approximately \$50.74 million.

Note 20
Provisions

147. As at the reporting date, the organization had the following legal claims that required the recognition of provisions.

Movement in provisions

(Thousands of United States dollars)

	<i>Litigation and claims</i>
Provisions as at 1 January 2025	14
Additional provisions made	1
Amounts reversed	—
Amounts used	(14)
Provisions as at 31 December 2025	1

Note 21
Liabilities for conditional arrangements

(Thousands of United States dollars)

	<i>31 December 2025</i>	<i>31 December 2024</i>
Liabilities for conditional arrangements	127 264	132 094
Total other liabilities	127 264	132 094

Note 22
Net assets*Accumulated surpluses/deficits*

148. The unrestricted accumulated surplus includes the accumulated deficit for employee benefits liabilities, the net positions of after-service health insurance, repatriation benefit and annual leave liabilities.

149. The following table shows the status of the organization's net assets balances and movements, by segment.

Net assets balances and movements^a

(Thousands of United States dollars)

	<i>Net assets as at 1 January 2025</i>	<i>Surplus/(deficit)</i>	<i>UNEP internal elimination</i>	<i>Other movements^b</i>	<i>31 December 2025</i>
Unrestricted fund balance					
Environment Fund	53 815	800	—	—	54 615
Other support to UNEP programme of work	2 073 962	213 697	2 520	—	2 290 179
Conventions and protocols	219 479	(4 027)	—	215	215 667
Multilateral Fund	861 368	95 954	—	—	957 322
Programme support	45 300	8 265	—	(5 152)	48 413
End-of-service liabilities	(96 523)	10 682	—	19 190	(66 651)
Subtotal unrestricted fund balance	3 157 401	325 371	2 520	14 253	3 499 545

	<i>Net assets as at 1 January 2025</i>	<i>Surplus/(deficit)</i>	<i>UNEP internal elimination</i>	<i>Other movements^b</i>	<i>31 December 2025</i>
Fair value reserves					
Environment Fund	(69)	—	—	218	149
Other support to UNEP programme of work	(1 040)	—	—	3 211	2 171
Conventions and protocols	(241)	—	—	709	468
Multilateral Fund	(841)	—	—	2 643	1 802
Programme support	(59)	—	—	199	140
End-of-service liabilities	(169)	—	—	567	398
Subtotal fair value reserves	(2 419)	—	—	7 547	5 128
Reserves					
Environment Fund	20 000	—	—	—	20 000
Other support to UNEP programme of work	—	—	—	—	—
Conventions and protocols	13 024	—	—	(214)	12 810
Multilateral Fund	—	—	—	—	—
Programme support	6 400	—	—	5 151	11 551
End-of-service liabilities	—	—	—	—	—
Subtotal reserves	39 424	—	—	4 937	44 361
Total net assets					
Environment Fund	73 746	800	—	218	74 764
Other support to UNEP programme of work	2 072 922	213 697	2 520	3 211	2 292 350
Conventions and protocols	232 262	(4 027)	—	710	228 945
Multilateral Fund	860 527	95 954	—	2 643	959 124
Programme support	51 641	8 265	—	198	60 104
End-of-service liabilities	(96 692)	10 682	—	19 757	(66 253)
Total net assets	3 194 406	325 371	2 520	26 737	3 549 034

^a Net assets movements, including fund balances, are IPSAS-based. Detailed movements by fund are included in annexes I to VI.

^b Includes actuarial gains/losses and fair value movements.

Note 23

Revenue from non-exchange transactions

Assessed contributions

150. Assessed contributions of \$261.6 million (2024: \$255.9 million) have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the various conferences/meeting of parties and the policies of the United Nations, on the basis of the agreed budget scale of assessment. An amount of \$26.6 million (2024: \$24.0 million) of this is an allocation from the United Nations Secretariat.

151. Each year, the organization receives an allocation from the United Nations regular budget, which is included in assessed contributions. These are reported under volume I, a related entity, but are also included in these statements for completeness. In addition, internally within the organization, funds are allocated for implementation that are reflected as other transfers and allocations in the statement of financial performance.

Assessed contributions

(Thousands of United States dollars)

	2025	2024
Assessed contributions		
Assessed contributions by Member State Governments	234 954	231 882
Bilateral transfers from the Multilateral Fund	—	—
Allocations from the regular budget	26 645	24 011
Amount reported in statement II, “Assessed contributions”	261 599	255 893

Voluntary contributions

152. All voluntary contributions under binding agreements signed during 2025 are recognized as revenue in 2025, including the future portion of multi-year agreements.

Voluntary contributions

(Thousands of United States dollars)

	2025	2024
Voluntary contributions		
Voluntary contributions: in cash	499 855	402 491
Voluntary contributions: in kind	3 056	1 838
Total voluntary contributions received	502 911	404 329
Refunds	(6 200)	(16 723)
Net voluntary contributions received	496 711	387 606

153. For the recognized contribution revenue, a breakdown of the amount intended to be contributed by donors per year is shown below.

(Thousands of United States dollars)

	<i>Voluntary contributions</i>
2025	297 221
2026	75 291
2027	49 620
2028	34 369
2029	23 585
Beyond 2029	16 625
Total voluntary contributions	496 711

Other transfers and allocations

154. Revenue from non-exchange transactions includes other transfers and allocations, mainly received from United Nations entities. This income mainly corresponds to transfers from the Global Environment Facility trust funds.

	2025	2024
Other transfers and allocations		
Allocations received from United Nations internal funds	285 018	346 893
Total	285 018	346 893
Refunds	(9 405)	(10 724)
Net total	275 613	336 169

Services in kind

155. In-kind contributions of services received during the year are not recognized as revenue and, therefore, are not included in the above in-kind contributions revenue. Services in kind confirmed during the year are shown below.

Services in kind

(Thousands of United States dollars)

	2025	2024
Technical assistance/expert services	572	312
Administrative support	3 243	642
Training participation	—	—
Total	3 815	954

Note 24

Other revenue

(Thousands of United States dollars)

	2025	2024
Other/miscellaneous revenue	1 390	736
Foreign exchange gains and revenue-producing activities	14 352	15 629
Total other exchange revenue	15 742	16 365

Note 25

Expenses

Employee salaries, allowances and benefits

156. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. Allowances and benefits include other staff entitlements, including pension and insurance, staff assignment, repatriation, hardship and other allowances.

Employee salaries, allowances and benefits

(Thousands of United States dollars)

	2025	2024
Salary and wages	188 846	182 779
Pension and insurance benefits	54 222	49 698
After-service health insurance	740	546
Repatriation benefits	17 797 ^a	610
Other benefits	3 097	1 634
Total employee salaries, allowances and benefits	264 702	235 267

^a Includes amounts related to termination indemnity.*Non-employee compensation and allowances*

157. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and post-employment benefits, consultant and contractor fees, ad hoc experts and non-military personnel compensation and allowances.

Non-employee compensation and allowances

(Thousands of United States dollars)

	2025	2024
United Nations Volunteers	7 061	7 118
Consultants and contractors	83 396	75 071
United Nations Police	—	1
Other	140	17
Total non-employee compensation and allowances	90 597	82 207

Grants and other transfers

158. Grants and other transfers include outright grants to implementing agencies, partners and other entities; see note 31 for more details.

Grants and other transfers

(Thousands of United States dollars)

	2025	2024
Grants to end beneficiaries	447	160
Transfers to implementing partners	376 412	363 167
Total grants and other transfers	376 859	363 327

Supplies and consumables

159. Supplies and consumables include consumables, fuel and lubricants and spare parts, as set out in the table below.

Supplies and consumables

(Thousands of United States dollars)

	2025	2024
Fuel and lubricants	14	6
Spare parts	55	40
Consumables	442	248
Total supplies and consumables	511	294

Travel

160. Travel includes staff and representative travel as shown below.

Travel expenses

(Thousands of United States dollars)

	2025	2024
Staff travel	19 785	30 707
Non-staff travel	18 895	14 897
Total travel	38 680	45 604

Other operating expenses

161. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance and allowances for doubtful receivables.

Other operating expenses

(Thousands of United States dollars)

	2025	2024
Air transport	6	5
Ground transport	404	365
Communications and information technology	8 487	10 507
Other contracted services	35 515	28 782
Acquisitions of goods	1 210	1 878
Acquisitions of intangible assets	378	358
Contributions in kind	3 050	1 818
Rent: offices and premises ^a	4 671	7 698
Rental: equipment	224	225
Maintenance and repair	1 300	1 637
Bad debt/doubtful debt expenses	(4 995)	25 286
Net foreign exchange losses/gains	3 746	25 033
Other/miscellaneous operating expenses	396	467
Total other operating expenses	54 392	104 059

^a Includes transactions used to offset lease expenses recognized during lease accounting entries under IPSAS 43.

Exchange losses from the fixed-rate mechanism

162. The Multilateral Fund operates a fixed exchange-rate mechanism (initially approved for implementation by the Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer in its decision XI/6 of 17 December 1999 and extended for the 2024–2026 period in its decision XXXV/2 of 27 October 2023) which, subject to fulfilling certain criteria, allows Parties to opt in advance to pay their contributions for the forthcoming triennium, in their own currencies, at a predetermined exchange rate to the United States dollar fixed prior to the triennium. The exchange gain of \$1.0 million (2024: loss of \$0.9 million) resulted from the difference between the actual United States dollar equivalent of the respective contributions received as compared to the United States dollar receivable that had been established in the UNEP books of account.

Exchange losses from the fixed exchange-rate mechanism

(Thousands of United States dollars)

	2025	2024
Exchange (gain)/loss from the fixed exchange-rate mechanism	(1 062)	889

Other expenses

163. Other expenses relate largely to hospitality and official functions, and donation/transfer of assets.

(Thousands of United States dollars)

	2025	2024
Ex gratia and compensation claims	–	6
Other/miscellaneous expenses	–	52
Total other expenses	–	58

Note 26**Financial instruments and financial risk management***Financial instruments*

(Thousands of United States dollars)

	2025	2024
Financial assets		
Fair value through net assets/equity		
Short-term investments: main pool	1 397 523	1 359 265
Total short-term investments	1 397 523	1 359 265
Long-term investments: main pool	569 512	497 142
Total long-term investments	569 512	497 142
Total fair value through net assets/equity	1 967 035	1 856 407

	2025	2024
Cash, loans and receivables		
Cash and cash equivalents: main pool	241 234	226 270
Cash and cash equivalents – other	17	33
Cash and cash equivalents	241 251	226 303
Assessed contributions receivable	16 979	19 643
Voluntary contributions receivable	1 320 881	1 248 602
Other receivables	664	435
Other assets (excluding advances)	–	–
Total cash, loans and receivables	1 579 775	1 494 983
Total carrying amount of financial assets	3 546 810	3 351 390
Of which relates to financial assets held in main pool	2 208 269	2 082 677
Other investment revenue	104 971	105 811
Financial liabilities at amortized cost		
Accounts payable and accrued payables (excluding deferred payables)	41 752	52 771
Total carrying amount of financial liabilities	41 752	52 771
Summary of net income from financial assets		
Other investment revenue	9 809	10 176
Investment revenue	95 162	95 635
Foreign exchange gains/(losses)	–	–
Total net income from financial assets	104 971	105 811

Financial risk management: overview

164. The organization has exposure to the following financial risks:

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

165. The present note and note 27, “Financial instruments: cash pool”, present information on the organization’s exposure to the above-mentioned risks, the objectives, policies and processes for measuring and managing risk and the management of capital.

Risk management framework

166. The organization’s risk management practices are in accordance with the Financial Regulations and Rules of the United Nations and the United Nations Investment Management Guidelines. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines. The organization manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

Credit risk

167. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet 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 the maximum exposure to credit risk.

Credit risk management

168. 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: cash pool investments and deposits

169. The expected credit loss assessment was conducted using the Fitch annual global default rating by applying the default rates on the basis of the credit rating of each issuer in which the organization holds an investment. Given that investments are limited to highly rated institutions, the impairment loss on such investment is relatively small and assessed as not material.

<i>Financial instruments</i>	<i>Expected credit loss calculation method</i>	<i>Calculation for 2025</i>
Cash and cash equivalents	Using the (Fitch) annual global default and rating transition study	Considered not material
Money market funds investments	Using the (Fitch) annual global default and rating transition study	Considered not material
Bond investments	Using the (Fitch) annual global default and rating transition study	Considered not material

Credit risk: contributions receivable and other receivables

170. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, and other receivables are due from other United Nations entities that collectively 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.

Loss allowance

171. The organization uses the simplified approach to evaluate the lifetime expected credit loss at each reporting date. The loss allowance is established based on the historical loss rate and the exposure balance at year-end for each financial assets category. Balances credited to the loss allowance account are reduced when management approves write-offs under the Financial Regulations and Rules or are reversed when the previously impaired receivables are received. It is worth noting that the decisions for write-off of receivables in the case of assessed contributions from Parties to the global multilateral environmental agreements of UNEP are considered at the governing bodies' level. The movement in the allowances account during the year is as shown below.

Movement in loss allowance for receivables

(Thousands of United States dollars)

As at 1 January 2025	242 728
Additional/(reduced) loss allowance	(11 871)
Receivables written off during the period as uncollectable	6 779
As at 31 December 2025	237 636

Assessed contributions receivable and loss allowance

172. The expected credit loss allowance for assessed contributions receivable is calculated by analysing historical outstanding balances for each business partner group and calculating the historical loss rates. These expected credit loss rates, which vary across business partner groups and delinquency ageing buckets, are then applied to the current year's outstanding receivables balances to determine the appropriate loss allowance for the year. The expected credit loss allowance provisioning goes through the specific identification of accounts receivable based on available information and subject to loss allowance provisions, and then the general expected credit loss allowance based on historical loss rates is applied.

Voluntary contributions receivable and loss allowance

173. The expected credit loss allowance for voluntary contributions receivable is calculated by analysing historical outstanding balances for each business partner group adjusted for write downs and calculating the historical loss rates. These expected credit loss rates, which vary across business groups and delinquency ageing buckets, are then applied to the current year's outstanding receivables balances to determine the appropriate loss allowance for the year.

Other accounts receivable and loss allowance

174. The expected credit loss allowance for other receivables is calculated by analysing historical outstanding balances for each business partner group and calculating the historical loss rates. These expected credit loss rates, which vary across business groups and delinquency ageing buckets, are then applied to the current year's outstanding receivables balances to determine the appropriate loss allowance.

Movement in expected credit loss allowance for receivables

(Thousands of United States dollars)

	<i>Assessed contributions receivable</i>	<i>Voluntary contributions receivable</i>	<i>Other accounts receivable</i>	<i>31 December 2025</i>
Expected credit loss allowance	235 228	2 345	63	237 636

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

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	<i>Gross receivable</i>	<i>Allowance</i>
Neither past due nor impaired	—	—
Less than one year	18 540	6 567
One to two years	1	1
Two to three years	9 180	7 199
More than three years	224 241	221 461
Total	251 962	235 228

Ageing of voluntary contributions receivable

(Thousands of United States dollars)

	<i>Gross receivable</i>	<i>Allowance</i>
Neither past due nor impaired ^a	387 940	35
Less than one year	76 295	176
One to two years	15 854	318
Two to three years	13 053	572
More than three years	4 689	1 244
Total	497 831	2 345

^a Amounts reflect loss allowance recorded on a case-by-case basis for receivables that are identified as uncollectible.

Ageing of other receivables

(Thousands of United States dollars)

	<i>Gross receivable</i>	<i>Allowance</i>
Less than one year	21	—
One to two years	—	—
Two to three years	—	—
More than three years	68	63
Total	89	63

Cash and cash equivalents

176. The organization had cash and cash equivalents of \$241.3 million as at 31 December 2025 (2024: \$226.3 million), which is the maximum credit exposure on these assets.

Liquidity risk

177. 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.

178. Pursuant to the Financial Regulations and Rules of the United Nations, it is required 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.

179. 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.

Financial liabilities

180. 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 receivables, cash 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. At the reporting date, the organization had not pledged any collateral for any liabilities or contingent liabilities, and in the year no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which the organization can be required to settle each financial liability are shown below.

Maturities for financial liabilities as at 31 December 2025

(Thousands of United States dollars)

	<3 months	3 to 12 months	>1 year	Total
Maturities for financial liabilities: as at 31 December 2025, undiscounted accounts payable and accrued payables	41 752	–	–	41 752

Market risk

181. 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 income 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.

Interest rate risk

182. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to change in interest rates. In general, as the 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 27.

Currency risk

183. 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 its

functional currency and is exposed to currency risk arising from fluctuations in exchange rates. Management policies and the Investment Management Guidelines require the organization to manage its currency risk exposure.

184. The organization's financial assets and liabilities are denominated primarily in United States dollars. Non-United States dollar financial assets relate primarily to investments in addition to cash and cash equivalents and receivables held in order to support local operating activities where transactions are made in local currencies. The organization maintains a minimum level of assets in local currencies and, whenever possible, maintains bank accounts in United States dollars. The organization mitigates currency risk exposure by structuring contributions from donors in foreign currency to correspond to foreign currency needs for operational purposes. The most significant exposure to currency risk relates to cash pool cash and cash equivalents. At the reporting date, the non-United States dollar denominated balances in these financial assets were primarily euros and Swiss francs, along with over 30 other currencies, as shown below.

Currency exposure of the cash pools as at 31 December 2025

(Thousands of United States dollars)

	<i>United States dollars</i>	<i>Euros</i>	<i>Swiss francs</i>	<i>Others</i>	<i>Total</i>
Main cash pool	2 188 898	7 889	3 352	8 130	2 208 269

Sensitivity analysis

185. A strengthening/weakening of the euro and Swiss franc United Nations operational rates of exchange as at the reporting date would have affected the measurement of investments denominated in a foreign currency and increased or decreased net assets and surplus or deficit by the amounts shown below. This analysis 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.

Effect on net assets, surplus or deficit

(Thousands of United States dollars)

	<i>As at 31 December 2025</i>		<i>As at 31 December 2024</i>	
	<i>Effect on net asset surplus or deficit</i>		<i>Effect on net asset surplus or deficit</i>	
	<i>Strengthening</i>	<i>Weakening</i>	<i>Strengthening</i>	<i>Weakening</i>
Euro (10 per cent movement)	789	(789)	877	(877)
Swiss franc (10 per cent movement)	335	(335)	832	(832)
British pound sterling (10 per cent movement)	144	(144)	92	(92)
Colombian peso (10 per cent movement)	453	(453)	48	(48)

Other market price risk

186. 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.

Classification and measurement

187. Investments in the cash pool are carried at fair value through net assets. Cash and cash equivalents, receivables, including non-current voluntary contributions receivable, which are reported at amortized cost calculated using the effective interest method, and accounts payable are valued at amortized cost, which is a fair approximation of fair value as at 31 December 2025.

Fair value hierarchy

188. 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 in 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 assets or liabilities that are not based on observable market data (that is, unobservable inputs).

189. 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 on the basis of the 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.

Fair value hierarchy

(Thousands of United States dollars)

Main pool

	31 December 2025			31 December 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets at fair value through net assets						
Bonds – corporate	27 117	–	27 117	16 362	–	16 362
Bonds – non-United States agencies	440 083	–	440 083	449 855	–	449 855
Bonds – supranational	222 901	–	222 901	82 568	–	82 568
Bonds – United States treasuries	69 692	–	69 692	136 819	–	136 819
Bonds – non-United States sovereigns	9 802	–	9 802	17 165	–	17 165
Main pool – commercial papers	–	147 690	147 690	–	161 197	161 197
Main pool – certificate of deposit	–	663 290	663 290	–	559 724	559 724
Main pool – term deposits	–	370 839	370 839	–	408 735	408 735
Total	769 595	1 181 819	1 951 414	702 769	1 129 656	1 832 425

Note 27

Financial instruments: cash pool

190. In addition to directly held cash and cash equivalents and investments, UNEP 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.

191. 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.

192. As at 31 December 2025, the cash pools and the total assets were for \$12,624.1 million (2024: \$12,076.1 million), of which \$2,208.3 million was due to the organization (2024: \$2,082.7 million), and its share of revenue from cash pools was \$95.078 million (2024: \$95.442 million).

Summary of assets and liabilities of the main pool as at 31 December 2025

(Thousands of United States dollars)

	<i>Main pool</i>
Fair value through the net assets/equity	
Short-term investments	7 900 980
Long-term investments	3 254 786
Total fair value through the net asset/equity investments	11 155 766
Loans and receivables	
Cash and cash equivalents	1 380 057
Accrued investment revenue	88 327
Total loans and receivables	1 468 384
Total carrying amount of financial assets	12 624 150
Cash pool liabilities	
Payable to UNEP	2 208 268
Payable to other cash pool participants	10 415 882
Total liabilities	12 624 150
Net assets	–

Summary of revenue and expenses of the main pool for the year ended 31 December 2025

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	545 247
Investment revenue from main pool^a	545 247
Foreign exchange gains/(losses)	(4 807)
Bank fees	(800)
Operating gains/(losses) from main pool	(5 607)
Revenue and expenses from main pool	539 640

^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)

	<i>Main pool</i>
Fair value through the surplus or deficit	
Short-term investments	7 742 472
Long-term investments	2 882 612
Total fair value through the surplus or deficit investments	10 625 084
Loans and receivables	
Cash and cash equivalents	1 312 000
Accrued investment revenue	139 050
Total loans and receivables	1 451 050
Total carrying amount of financial assets	12 076 134
Cash pool liabilities	
Payable to UNEP	2 082 676
Payable to other cash pool participants	9 993 458
Total liabilities	12 076 134
Net assets	–

Summary of revenue and expenses of the main pool for the year ended 31 December 2024

(Thousands of United States dollars)

	<i>Main pool</i>
Investment revenue	577 165
Unrealized gains/(losses)	–
Investment revenue from main pool^a	577 165
Foreign exchange gains/(losses)	8 723
Bank fees	(733)
Operating expenses from main pool	7 990
Revenue and expenses from main pool	585 155

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

Financial risk management

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

194. 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.

195. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto. Information related to credit risk management, cash pool investments by credit ratings, interest rate risk, liquidity risk and cash pool interest rate risk sensitivity analysis is provided in the financial statements of the United Nations, volume I.

Note 28

Related parties

Key management personnel

196. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the organization. For UNEP, the key management personnel group is deemed to comprise the Executive Director of UNEP, the Deputy Executive Director of UNEP, the Head of the New York office of UNEP, divisional directors, regional directors, the Head of Multilateral Environmental Agreements and Regional Seas and Conventions and the Executive Secretary of the Secretariat for the Convention on Biological Diversity.

197. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and other entitlements such as grants, subsidies, employer pension and health insurance contributions.

198. The organization's key management personnel were paid \$12.5 million over the financial year; such payments are in accordance with the Staff Regulations and Staff Rules of the United Nations, the published salary scales of the United Nations and other publicly available documents.

Compensation of key management personnel

(Thousands of United States dollars)

	<i>Key management personnel</i>	<i>Close family members</i>	<i>Total</i>
Number of positions (full-time equivalents)	42	–	42
<i>Aggregate remuneration:</i>		–	
Salary and post adjustment	7 581	–	7 581
Other compensation/entitlements	4 930	–	4 930
Total remuneration for the year ended 31 December 2025	12 511	–	12 511

199. Non-monetary and indirect benefits paid to key management personnel were not material.

200. No close family member of key management personnel was employed by the organization at the management level. Advances made to key management personnel are those made against entitlements in accordance with the staff rules and regulations; such advances against entitlements are widely available to all staff of the organization.

Related entity transactions

201. In the ordinary course of business, to achieve economies in executing transactions, financial transactions of the organization are often executed by one financial reporting entity on behalf of another. Before the introduction of the Umoja

system, these had to be manually followed up and settled. In Umoja, settlement occurs when the service provider is paid.

Note 29

Leases and commitments

Finance leases

202. The organization does not normally enter into finance leases for the use of land, permanent and temporary buildings, and equipment, and had no finance leases during the period.

Operating leases

203. The organization enters into operating leases for the use of land, permanent and temporary buildings, machinery and equipment. While some of the agreements are under commercial terms, others are for space provided to UNEP by host Governments on a free-of-charge or nominal-fee basis. Rental value equivalent was estimated and recognized as an expense and in-kind contributions were presented in the statement of financial performance as voluntary contributions revenue. Operating lease expenses for the year totalled \$13.4 million (2024: \$15.9 million). Future minimum lease payments under non-cancellable operating leases are as shown below.

Future minimum operating lease obligations

(Thousands of United States dollars)

<i>Minimum lease payment</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Due in less than 1 year	5 638	14 694
Due in 1 to 5 years	6 052	26 228
Due later than 5 years	—	8 268
Total minimum operating lease obligations	11 690	49 190

These contractual leases typically run between one and six years, with some leases allowing extension clauses and/or permitting early termination within 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contain purchase options.

Contractual commitments

204. At the reporting date, the commitments for property, plant and equipment; intangible assets; implementing partners; and goods and services contracted but not delivered were as shown below. These include contracts with partners for multi-year projects.

Contractual commitments by category

(Thousands of United States dollars)

	<i>31 December 2025</i>	<i>31 December 2024</i>
Goods and services	70 846	69 312
Implementing partners	1 246 893	1 066 957
Multilateral Fund implementing partners	267 170	191 887
Total contractual commitments	1 584 909	1 328 156

Note 30**Contingent liabilities and contingent assets***Contingent liabilities*

205. The organization is subject to a variety of claims that arise from time to time in the ordinary course of its operations.

206. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, there were no claims that met the threshold for either provision recognition or provision disclosure.

Contingent assets

207. In accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets, the organization discloses contingent assets when an event gives rise to a probable inflow of economic benefits or service potential to the organization and there is sufficient information to assess the probability of that inflow. As at 31 December 2025, there were no material contingent assets arising from the organization's legal actions or interests in joint ventures that were likely to result in a significant economic inflow.

Note 31**Grants and other transfers**

208. The following are the categories in which the funds given to implementing partners have been spent.

Grants and other transfers: expenditure reporting by category

(Thousands of United States dollars)

	2025 ^a	2024
Grants to end beneficiaries	447	160
Grants to implementing partners:		
Staff and other personnel costs	98 973	96 290
Supplies, commodities and materials	3 207	4 452
Equipment, vehicles and furniture	8 889	7 079
Contractual services	38 862	38 897
Travel	21 036	19 538
Transfers and grants to counterparts	80 961	83 248
General operating and other direct costs	33 856	52 602
Indirect support costs (implementing partner)	1 182	1 821
Subtotal grants to implementing partners	286 966	304 087
Multilateral Fund expenditure	112 729	103 849
Less: eliminated expenses	(23 283)	(44 609)
Net Multilateral Fund expenditure	89 446	59 240
Total grants and other transfers	376 859	363 327

^a As at the time of the financial statements, 85 per cent of active implementing partners had confirmed their 2025 deliverables, reflecting maintained high compliance levels compared with 86 per cent in 2024. UNEP recognized the 2025 expenses on the basis of the reports received from the implementing partners and confirmed their 2025 deliverables. The pending expenses from the implementing partners will be recorded against the commitments and the balances of the contractual commitments to the implementing partners are reported in paragraph 204, in note 29.

209. The amount under the Multilateral Fund is implemented by the four implementing partners set out below.

(Thousands of United States dollars)

	<i>Total 2025</i>	<i>Total 2024</i>
United Nations Environment Programme	25 667	26 290
United Nations Industrial Development Organization	38 490	26 277
World Bank	24 091	29 185
United Nations Development Programme	24 481	22 097
Total	112 729	103 849

210. The amounts from UNDP, the United Nations Industrial Development Organization and the World Bank are recorded based on unaudited expenditure, based on the approval of the Executive Committee of the Multilateral Fund in order to allow UNEP to comply with the requirement to issue the financial statements by 31 March of the following year. There is, however, an agreement that the implementing agencies will provide audited expenditures as soon as they become available, but not later than 30 September of the following year.

211. Authorized advance transfers from the Multilateral Fund to the implementing agencies are issued for the full, multi-year project implementation period. Amounts against which expense reports are expected to be received by the end of 2025, calculated on the basis of the average levels of expenses reported in prior years, are classified as current assets in the statement of financial position and the balances are classified as non-current assets.

Note 32

Future year contributions

212. The organization has an amount of \$1,323.2 million worth of signed contributions from voluntary contributions for implementation in current and future years. This amount is obtained from note 9, Voluntary contributions: receivables from non-exchange transactions, before the expected credit loss allowance for doubtful accounts receivable.

Note 33

Events after the reporting date

213. During the year, the organization was subject to a legal claim arising from events occurring prior to 31 December 2025. Subsequent to the reporting date, management received additional information that confirmed the likelihood of settlement of the claim with an estimated amount of \$25,000.

Note 34**Statement of cash flows for the year ended 31 December 2025****Environment Fund**

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Cash flow from operating activities		
Surplus/(deficit) for the year	800	(30 010)
<i>Non-cash movements</i>		
Depreciation and amortization	1 939	91
Actuarial gain/(loss) on employee benefits liabilities	–	–
Transfers and donated property, plant and equipment and intangibles	–	–
Net gain/(loss) on disposal of property, plant and equipment	33	2
Unrealized gains/(losses) arising from fair value changes on investments – main pool	218	146
<i>Changes in assets</i>		
(Increase)/decrease in voluntary contributions receivable	(2 692)	17 710
(Increase)/decrease in other receivables	(12)	(14)
(Increase)/decrease in advance transfers	(319)	901
(Increase)/decrease in other assets	5 004	1 403
<i>Changes in liabilities</i>		
Increase/(decrease) in accounts payable and accrued liabilities	(935)	(500)
Increase/(decrease) in funds received in advance and deferred revenue	–	–
Increase/(decrease) in employee benefits payable	2 600	724
Increase/(decrease) in provisions	(5)	6
Increase/(decrease) in other liabilities	3 354	–
Investment revenue presented as investing activities	(2 482)	(3 009)
Net cash flows from/(used in) operating activities	7 503	(12 550)
Cash flow from investing activities		
Pro rata share of net increases in the cash pool	(4 243)	7 343
Investment revenue presented as investing activities	2 482	3 009
Acquisitions of property, plant and equipment	(5 188)	(240)
Proceeds from disposal of property, plant and equipment	–	–
Net cash flows from/(used in) investing activities	(6 949)	10 112
Cash flow from financing activities		
Adjustments to net assets	–	–
Net cash flows from/(used in) financing activities	–	–
Net increase/(decrease) in cash and cash equivalents	554	(2 438)
Cash and cash equivalents – beginning of year	6 451	8 889
Cash and cash equivalents – end of year	7 005	6 451

Note 35

Statement of cash flows for the year ended 31 December 2025

Multilateral Fund

(Thousands of United States dollars)

	31 December 2025	31 December 2024
Cash flow from operating activities		
Surplus/(deficit) for the year	95 954	78 278
<i>Non-cash movements</i>		
Depreciation and amortization	483	29
Transfers and donated property, plant and equipment and intangibles	(2 386)	–
Unrealized gains/(losses) arising from fair value change on investments	2 643	1 189
Lease expense	531	–
<i>Changes in assets</i>		
(Increase)/decrease in assessed contributions receivable	8 523	19 088
(Increase)/decrease in voluntary contributions receivable	–	–
(Increase)/decrease in other receivables	240	(147)
(Increase)/decrease in advance transfers	(12 019)	(51 449)
(Increase)/decrease in other assets	(5 585)	(20)
<i>Changes in liabilities</i>		
Increase/(decrease) in accounts payable and accrued liabilities	(150)	(187)
Increase/(decrease) in advance receipts	(38 967)	23 386
Increase/(decrease) in employee benefits payable	(16)	46
Increase/(decrease) in other liabilities	464	–
Increase/(decrease) in finance lease liabilities	1 482	–
Investment revenue presented as investing activities	(44 158)	(44 064)
Net cash flows from/(used in) operating activities	7 039	26 149
Cash flow from investing activities		
Pro rata share of net increases in the cash pool	(44 698)	(75 894)
Acquisitions of property, plant and equipment	–	–
Investment revenue presented as investing activities	44 158	44 064
Net cash flows from/(used in) investing activities	(540)	(31 830)
Cash flow from financing activities		
Lease liabilities cash flows	(531)	–
Adjustments to net assets	–	–
Net cash flows from/(used in) financing activities	(531)	–
Net increase/(decrease) in cash and cash equivalents	5 968	(5 681)
Cash and cash equivalents – beginning of year	78 830	84 511
Cash and cash equivalents – end of year	84 798	78 830

Annex I

Environment Fund segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets 31 December 2025</i>
FEL	UNEP Environment support budget	29 110	19 959	49 069	–	169	36 462	21 079	64 621
FPL	Environment Fund programme activities	22 802	(25)	22 777	–	39	51 384	67 409	6 791
RAL	Environment Fund programme reserve activities	1 903	(3)	1 900	–	10	2 654	1 212	3 352
Net total		53 815	19 931	73 746	–	218	90 500	89 700	74 764

Annex II

Other support to the programme of work segment of the United Nations Environment Programme

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
CBL	Trust fund for the capacity-building initiatives for transparency of the Global Environment Facility	4 041	(4)	4 037	–	7	(379)	1 620	2 045
CCL	Technical cooperation trust fund for the management of the United Nations Environment Programme (UNEP)/Global Environment Facility special climate change fund programme	1 873	(2)	1 871	–	6	27	269	1 635
FBL	Technical cooperation trust fund for the implementation of the Global Environment Facility fee-based system for funding project implementation	29 363	(69)	29 294	–	211	16 625	17 237	28 893
GFL	Technical cooperation trust fund for UNEP implementation of the activities funded by the Global Environment Facility	915 108	(37)	915 071	–	135	186 485	151 540	950 151
LDL	Technical cooperation trust fund for the management of the UNEP/Global Environment Facility national adaptation programme of action for least developed countries	81 191	(13)	81 178	–	32	33 802	10 798	104 214
NPL	Technical cooperation trust fund for the management of the UNEP/Global Environment Facility Nagoya Protocol implementation fund	1 744	(2)	1 742	–	5	(8)	146	1 593
GBF	Technical cooperation trust fund for the Global Biodiversity Framework Fund	–	–	–	–	2	1 144	413	733
Global Environment Facility trust fund: total		1 033 320	(127)	1 033 193	–	398	237 696	182 023	1 089 264

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
AEL	General trust fund for the purpose of post-conflict environmental assessment	1 224	(7)	1 217	–	14	668	406	1 493
AFB	Technical cooperation trust fund for UNEP activities as multilateral implementing entity of the Adaptation Fund Board	23 332	(6)	23 326	–	24	4 566	3 353	24 563
AML	General trust fund for the African Ministerial Conference on the Environment	4 285	(4)	4 281	–	11	453	392	4 353
BPL	Technical cooperation trust fund for the implementation of the agreement with Belgium	551	–	551	–	2	24	118	459
CFL	Technical cooperation trust fund for the implementation of the framework agreement on strategic cooperation between the Ministry of Environmental Protection of China and UNEP	3 072	(4)	3 068	–	6	68	2 260	882
CLL	Trust fund to support the activities of the Climate Technology Centre and Network	22 566	(21)	22 545	–	67	6 251	8 415	20 448
CML	Trust fund for the special programme in support to institutional strengthening at the national level to enhance implementation of the Basel, Rotterdam and Stockholm Conventions, the Minamata Convention on Mercury and the Strategic Approach to International Chemicals Management	9 408	(16)	9 392	–	45	5 606	6 124	8 919
CNL	Technical cooperation trust fund for the UNEP climate-neutral fund	851	(1)	850	–	3	344	308	889
CPL	Counterpart contributions in support of Environment Fund activities	374 413	(313)	374 100	–	925	153 143	136 817	391 351
CSS	UNEP general trust fund for climate stability	10 852	(9)	10 843	–	14	(2 362)	4 653	3 842
DPL	Technical cooperation trust fund for the partnership agreement between the Government of the Kingdom of the Netherlands and UNEP	7	–	7	–	–	16	–	23
ECL	Technical cooperation trust fund to support achievement of contribution agreement No. 21 (0401/2011/608174/SUB/E2) – strategic cooperation agreement between European Commission Directorate-General for the Environment and UNEP	3 461	(35)	3 426	–	139	9 827	7 913	5 479

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
ESS	Technical cooperation trust fund for UNEP implementation of ecosystem-based adaptation	108 964	(103)	108 861	–	303	10 334	17 664	101 834
ETL	Trust fund for the environmental training network in Latin America and the Caribbean	278	–	278	–	1	72	103	248
EUL	Technical cooperation trust fund to support achievement of contribution agreement No. DCI-ENV/2010/258-800 – strategic cooperation agreement between European Commission Directorate-General for the Environment and UNEP	249	–	249	–	–	–	–	249
FIL	General trust fund to support the activities of the UNEP financial services initiative on the environment	46 038	(35)	46 003	–	110	23 703	22 479	47 337
FRL	UNEP Environment Fund holding fund for cash transactions of UNEP Economy Division – Environment Fund support budget – counterpart contributions	58	–	58	–	–	3	–	61
FSL	Technical cooperation trust fund to support implementation of the Seed Capital Assistance Facility	12 001	(12)	11 989	–	83	25 290	4 002	33 360
FTL	Trust fund for revolving fund activities	72	–	72	–	–	7	44	35
GCF	General trust fund to support the activities of the Green Climate Fund operating under the accreditation master agreement	178 357	(61)	178 296	–	178	125 034	9 133	294 375
GCL	General trust fund to support the activities of the Green Climate Fund operating under the framework readiness and preparatory support grant agreement	59 088	(36)	59 052	–	113	6 394	7 456	58 103
GPL	General trust fund in support of the implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities, and related information exchange and technical assistance	256	–	256	–	1	12	(22)	291
GPP	Trust fund to assist delegates from developing countries, least developed countries, landlocked developing countries and small island developing States in attending the sessions of the ad hoc open-ended working group	8	–	8	–	–	–	–	8

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
GPS	Trust fund for activities and functions of the Secretariat and organization of meetings and consultations in respect of the Global Pact for the Environment	4	–	4	–	–	(3)	–	1
GRL	Technical cooperation trust fund for the implementation of the greening economies in the Eastern neighbourhood and Central Asia programme	33	–	33	–	–	1	–	34
IAL	Technical cooperation trust fund for Irish Aid multilateral environment fund for Africa	143	–	143	–	1	6	9	141
IEL	Technical cooperation trust fund for priority projects to improve the environment in the Democratic People's Republic of Korea	–	–	–	–	–	–	–	–
IML	Technical cooperation trust fund for UNEP implementation of the Multilateral Fund activities	75 771	(83)	75 688	–	236	24 501	25 664	74 761
JCL	Technical cooperation trust fund for the establishment of the International Environmental Technology Centre in Japan	5 295	(6)	5 289	–	17	1 965	2 878	4 393
LHN	General trust fund for living in harmony with nature	6 282	(4)	6 278	–	7	(2 527)	2 389	1 369
MCL	General trust fund in support of the preparation of a global assessment of mercury and its compounds	4 791	(5)	4 786	–	6	(3 763)	34	995
MDL	Technical cooperation trust fund for UNEP implementation of the Millennium Development Goals achievement fund	139	–	139	–	–	6	–	145
MOL	General trust fund to support the activities of the Montevideo programme V	1 995	(2)	1 993	–	5	246	733	1 511
NFL	Technical cooperation trust fund for the implementation of the framework agreement between UNEP and the Government of Norway	6 387	(2)	6 385	–	6	(302)	(236)	6 325
PFP	General trust fund for pollution free planet	7 751	(6)	7 745	–	24	3 520	3 478	7 811
PGL	Technical cooperation trust fund for the implementation of the Partnership for Action on Green Economy	5 382	(6)	5 376	–	17	1 394	2 139	4 648
POL	General trust fund in support of the preparation for and negotiation of an internationally legally binding instrument for international action on persistent	495	(1)	494	–	2	(24)	1	471

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
	organic pollutants, and related information exchange and technical assistance activities								
QGL	Support of the Global Environment Facility	1 701	(2)	1 699	–	6	64	182	1 587
RED	Technical cooperation trust fund to support the UNEP programme of work and responsibilities of the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries	10 490	(8)	10 482	–	24	3 440	4 025	9 921
REL	Technical cooperation trust fund for the promotion of renewable energy in the Mediterranean region	7 695	(8)	7 687	–	70	37 479	2 676	42 560
RPL	General trust fund to support participation of developing countries in a regular process for reporting and assessment of the state of the marine environment	4	–	4	–	–	–	–	4
SCP	Technical cooperation trust fund for the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns	4 704	(4)	4 700	–	12	1 030	1 223	4 519
SEL	Technical cooperation trust fund for the implementation of the agreement with Sweden	12 904	(9)	12 895	–	20	1 067	9 275	4 707
SFL	Technical cooperation trust fund for implementation of the framework agreement between Spain and UNEP	203	–	203	–	–	(7)	100	96
SLP	Trust fund to support the activities of the Climate and Clean Air Coalition to Reduce Short-lived Climate Pollutants	64 568	(57)	64 511	–	173	25 602	22 193	68 093
SML	General trust fund for the Strategic Approach to International Chemicals Management: quick start programme	30 361	(36)	30 325	–	113	5 458	2 534	33 362
UTL	Technical cooperation trust fund for the implementation of the UNEP/United Nations Conference on Trade and Development capacity-building task force on trade, environment and development	56	–	56	–	–	3	–	59
WPL	General trust fund to provide support to the Global Environment Monitoring System/Water Programme office and to Promote its Activities	25	–	25	–	–	46	–	71

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
FEC	General trust fund for the core activities of the “Faith for Earth Coalition” of UNEP	5	–	5	–	–	–	–	5
	Other support to UNEP programme of work (non-Global Environment Facility trust fund non-Junior Professional Officer): total	1 106 575	(902)	1 105 673	–	2 778	468 655	310 915	1 266 191
TBL	Technical cooperation trust fund for provision of Junior Professional Officers (financed by the Government of Belgium)	189	–	189	–	1	152	135	207
CEL	Technical cooperation trust fund for financing of Junior Professional Officers (financed by the Government of Finland)	441	(1)	440	–	2	314	73	683
SNL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Switzerland)	199	–	199	–	1	85	120	165
TCL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Nordic Governments through the Government of Sweden)	328	–	328	–	–	(333)	(4)	(1)
TDL	Special purpose trust fund for the Government of Denmark agreement with UNEP for the provision of Junior Professional Officers	6	–	6	–	–	–	–	6
TGL	Special purpose trust fund for the provision of Junior Professional Officers (financed by the Government of Germany)	1 944	(2)	1 942	–	6	1 032	1 042	1 938
THL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of the Kingdom of the Netherlands)	432	(1)	431	–	2	171	145	459
TIL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Italy)	474	–	474	–	3	912	284	1 105
TJL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Japan)	2 144	(2)	2 142	–	8	1 085	1 105	2 130
TKL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of the Republic of Korea)	1 055	(1)	1 054	–	3	482	562	977

<i>Fund ID</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
TNL	Special purpose trust fund for the Government of Norway agreement with UNEP for the provision of Junior Professional Officers	802	(1)	801	–	3	180	134	850
TPL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Spanish Agency for International Development Cooperation)	178	–	178	–	–	(174)	–	4
TRL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of France)	948	(1)	947	–	3	209	222	937
TSL	Technical cooperation trust fund for the provision of Junior Professional Officers (financed by the Government of Sweden)	611	(1)	610	–	2	26	39	599
Trust funds for Junior Professional Officers: total		9 751	(10)	9 741	–	34	4 141	3 857	10 059
Other support to UNEP programme of work: total		2 149 646	(1 039)	2 148 607	–	3 210	710 492	496 795	2 365 514
Fund IML financial statement elimination		(75 688)	–	(75 688)	2 524	–	–	–	(73 164)
Net total		2 073 958	(1 039)	2 072 919	2 524	3 210	710 492	496 795	2 292 350

Annex III

Conventions and protocols segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
BDL	Trust fund to assist developing countries and other countries in need of technical assistance in the implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	16 867	(17)	16 850	–	52	5 375	5 219	17 058
BCL	Trust fund for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal	5 722	757	6 479	(31)	56	5 562	4 803	7 263
ROL	General trust fund for the operational budget of the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	5 593	933	6 526	(27)	48	4 696	3 364	7 879
SCL	General trust fund for the Stockholm Convention on Persistent Organic Pollutants, its subsidiary bodies, and the Convention secretariat	4 213	927	5 140	(38)	57	6 865	5 894	6 130
RVL	Special trust fund for the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	2 547	(3)	2 544	–	8	569	1 131	1 990
SVL	Special trust fund for the Stockholm Convention, its subsidiary bodies and the Convention secretariat	7 730	441	8 171	–	27	4 472	5 895	6 775
Basel, Rotterdam and Stockholm Conventions: total		42 672	3 038	45 710	(96)	248	27 539	26 306	47 095
QCL	Support of the Cartagena Convention Action Plan for the Caribbean Environment Programme	3 910	(1)	3 909	–	4	220	1 141	2 992
CRL	Regional trust fund for implementation of the Action Plan for the Caribbean Environment Programme	2 485	187	2 672	7	(1)	1 359	961	3 076
Caribbean Environment Programme: total		6 395	186	6 581	7	3	1 579	2 102	6 068

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
CAP	Trust fund for the core budget of the Framework Convention on the Protection and Sustainable Development of the Carpathians and related protocols	2 049	(2)	2 047	–	6	717	511	2 259
CAR	Trust fund for the core budget of the Carpathian Convention	1 520	(2)	1 518	–	5	310	274	1 559
	Carpathian Convention: total	3 569	(4)	3 565	–	11	1 027	785	3 818
BEL	General trust fund for additional voluntary contributions in support of approved activities under the Convention on Biological Diversity	24 024	(25)	23 999	–	77	6 164	5 709	24 531
BBL	Trust fund for the core programme budget for the Nagoya Protocol	2 103	420	2 523	(19)	27	2 868	2 629	2 770
BGL	General trust fund for the core programme budget for the Biosafety Protocol	4 574	482	5 056	(22)	39	3 401	3 049	5 425
BYL	General trust fund for the Convention on Biological Diversity	10 437	2 326	12 763	(103)	143	15 771	15 145	13 429
BZL	General trust fund for voluntary contributions to facilitate the participation of parties in the process of the Convention on Biological Diversity	1 124	(1)	1 123	–	5	1 202	716	1 614
VBL	General trust fund for voluntary contributions to facilitate the participation of Indigenous and local communities in the work of the Convention on Biological Diversity	435	(1)	434	–	2	269	47	658
	Convention on Biological Diversity: total	42 697	3 201	45 898	(144)	293	29 675	27 295	48 427
EAP	Multi-donor technical cooperation trust fund for the implementation of the African Elephant Action Plan	1 780	(2)	1 778	–	5	159	113	1 829
QTL	Support of activities related to the Convention on International Trade in Endangered Species of Wild Fauna and Flora	30 468	(31)	30 437	–	94	8 426	11 434	27 523
CTL	Trust fund for the Convention on International Trade in Endangered Species of Wild Fauna and Flora	5 336	1 050	6 386	68	(55)	7 029	8 755	4 673
	Convention on International Trade in Endangered Species of Wild Fauna and Flora: total	37 584	1 017	38 601	68	44	15 614	20 302	34 025

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
AVL	General trust fund for voluntary contributions in respect of the Agreement on the Conservation of African-Eurasian Migratory Waterbirds	1 588	(2)	1 586	–	5	702	1 000	1 293
MRL	Technical cooperation trust fund on the conservation and management of marine turtles and their habitats of the Indian Ocean and South-East Asia	404	–	404	–	1	170	134	441
MVL	General trust fund for voluntary contributions in support of the Convention on the Conservation of Migratory Species of Wild Animals	13 093	(10)	13 083	–	35	3 419	3 025	13 512
QFL	General trust fund for voluntary contributions in support of the secretariat of the Agreement on the Conservation of Populations of European Bats	51	–	51	–	–	75	46	80
AWL	General trust fund for the African-Eurasian Waterbirds Agreement	179	211	390	(205)	207	1 575	1 483	484
BAL	General trust fund for the conservation of small cetaceans of the Baltic, North-East Atlantic, Irish and North Seas	231	47	278	(2)	3	298	292	285
BTL	General trust fund for the conservation of European bats	86	96	182	(4)	5	588	571	200
MSL	Trust fund for the Convention on the Conservation of Migratory Species of Wild Animals	4 265	494	4 759	–	15	3 759	4 038	4 495
QVL	General trust fund in support of the secretariat of the Agreement on the Conservation of Small Cetaceans of the Baltic, North-East Atlantic, Irish and North Seas	160	–	160	–	1	21	13	169
QWL	Support of the Convention on the Conservation of Migratory Species of Wild Animals	296	–	296	–	1	13	–	310
SMU	Trust fund to support the activities of the secretariat of the memorandum of understanding on the conservation of migratory sharks	838	99	937	–	4	246	211	976
Convention on the Conservation of Migratory Species of Wild Animals: total		21 191	935	22 126	(211)	277	10 866	10 813	22 245
CAL	Support of the Mediterranean Action Plan (financed by the Government of Greece)	1 876	(2)	1 874	–	5	61	375	1 565
QML	Support of the Mediterranean Action Plan	5 952	(9)	5 943	–	24	3 642	6 568	3 041

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
MEL	Trust fund for the protection of the Mediterranean Sea against pollution	3 672	1 373	5 045	221	(199)	6 752	6 058	5 761
	Mediterranean Action Plan: total	11 500	1 362	12 862	221	(170)	10 455	13 001	10 367
QNL	Support of the North-West Pacific Action Plan	5 139	(6)	5 133	–	19	1 945	608	6 489
PNL	General trust fund for the protection, management and development of the coastal and marine environment and the resources of the north-west Pacific region	2 401	72	2 473	–	9	557	(7)	3 046
	North-West Pacific Action Plan: total	7 540	66	7 606	–	28	2 502	601	9 535
QOL	Support of the activities of the Ozone Secretariat	110	(1)	109	–	1	575	546	139
MPL	Trust fund for the Montreal Protocol on Substances that Deplete the Ozone Layer	5 020	900	5 920	20	(2)	5 103	5 667	5 374
VCL	Trust fund for the Vienna Convention for the Protection of the Ozone Layer	2 067	134	2 201	(2)	10	878	882	2 205
SOL	General trust fund for financing activities on research and Systematic Observation to the Vienna Convention	496	–	496	–	2	123	(2)	623
	Ozone: total	7 693	1 033	8 726	18	11	6 679	7 093	8 341
QAC	Support for the Convention for Cooperation in the Protection, Management and Development of the Marine and Coastal Environment of the Atlantic Coast of the West, Central and Southern Africa Region	806	–	806	–	1	328	365	770
QAW	Support of the Action Plan for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region	10 414	(6)	10 408	–	13	(2 129)	1 926	6 366
QEL	Support of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of the East Asian Seas	697	(1)	696	–	2	36	319	415
EAL	Regional seas trust fund for the Eastern African region	1 711	57	1 768	(23)	30	437	(154)	2 366
ESL	Regional trust fund for implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of the East Asian Seas	658	48	706	–	2	359	320	747

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
WAL	Trust fund for the Convention for Cooperation in the Protection, Management and Development of the Marine and Coastal Environment of the Atlantic Coast of the West, Central and Southern African Region	822	130	952	38	(38)	836	459	1 329
	Regional seas: total	15 108	228	15 336	15	10	(133)	3 235	11 993
MCC	Trust fund for core activities under the Minamata Convention	2 841	735	3 576	182	(166)	5 257	4 685	4 164
MCP	Trust fund for activities relating to the Specific International Programme of the Minamata Convention on Mercury	5 146	(5)	5 141	–	15	344	767	4 733
MCV	Trust fund for voluntary activities relating to the Minamata Convention	2 235	(3)	2 232	–	7	999	1 496	1 742
	Minamata Convention: total	10 222	727	10 949	182	(144)	6 600	6 948	10 639
BML	Trust fund for the Bamako Convention core programme budget, United Nations Environment Programme	220	–	220	–	–	–	30	190
BRL	Trust fund for the revolving fund activities of the Bamako Convention	196	–	196	–	–	168	–	364
BWL	Special trust fund for voluntary contributions in support of the Bamako Convention	–	–	–	–	–	–	–	–
	Bamako Convention: total	416	–	416	–	–	168	30	554
PES	Trust fund for the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services	10 046	994	11 040	155	(118)	8 151	7 494	11 734
	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services: total	10 046	994	11 040	155	(118)	8 151	7 494	11 734
SRL	General trust fund for voluntary contributions in respect of the United Nations Scientific Committee on the Effects of Atomic Radiation	170	–	170	–	–	187	213	144
	United Nations Scientific Committee on the Effects of Atomic Radiation: total	170	–	170	–	–	187	213	144

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
PCL	General trust fund to support the activities of the Framework Convention for the Protection of the Marine Environment of the Caspian Sea	2 676	(1)	2 675	–	3	1 991	709	3 960
	Conventions and protocols: total	219 479	12 782	232 261	215	496	122 900	126 927	228 945

Annex IV

Multilateral Fund segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
MFL	Trust fund for the Multilateral Fund under the Montreal Protocol on Substances that Deplete the Ozone Layer	861 368	(841)	860 527	–	2 643	217 161	121 207	959 124
Net total		861 368	(841)	860 527	–	2 643	217 161	121 207	959 124

Annex V

Programme support segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
ECR	Cost recovery	2 766	(3)	2 763	–	12	12 439	10 966	4 248
OTA	UNEP trust fund programme support cost	42 534	6 344	48 878	(5 152)	5 338	45 106	38 314	55 856
Net total		45 300	6 341	51 641	(5 152)	5 350	57 545	49 280	60 104

Annex VI

End-of-service and post-retirement benefits segment

Schedule of net assets, revenue and expense at fund level for the year ended 31 December 2025

(Thousands of United States dollars)

<i>Fund ID code</i>	<i>Fund description</i>	<i>Net asset accumulated surplus – unrestricted</i>	<i>Net asset reserve unrestricted</i>	<i>Net assets as at 1 January 2025</i>	<i>Changes in net asset accumulated surplus – unrestricted</i>	<i>Changes in net asset reserve unrestricted</i>	<i>Revenue</i>	<i>Expense</i>	<i>Net assets as at 31 December 2025</i>
AAL	After-service health insurance	(127 219)	(83)	(127 302)	18 377	292	18 309	11 983	(102 307)
ALL	Annual leave	(15 569)	–	(15 569)	2 365	1	400	323	(13 126)
RGL	Repatriation benefits	46 265	(85)	46 180	(1 552)	273	8 795	4 516	49 180
Net total		(96 523)	(168)	(96 691)	19 190	566	27 504	16 822	(66 253)

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