United Nations

Financial report and audited financial statements

for the 12-month period from 1 July 2022 to 30 June 2023

and

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Seventy-eighth Session
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Note

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

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Contents

Abbreviations

COVID-19	Coronavirus disease
CPAS	Comprehensive Planning and Performance Assessment System
FAO	Food and Agriculture Organization of the United Nations
GSC	Global Service Centre
ICSC	International Civil Service Commission
ICT	Information and communications technology
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
MINUGUA	United Nations Verification Mission in Guatemala
MINUJUSTH	United Nations Mission for Justice Support in Haiti
MINURCA	United Nations Mission in the Central African Republic
MINURCAT	United Nations Mission in the Central African Republic and Chad
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observation Mission in Angola
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
OHCHR	Office of the United Nations High Commissioner for Human Rights
OIOS	Office of Internal Oversight Services
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
RSCE	Regional Service Centre in Entebbe, Uganda
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNAMIR	United Nations Assistance Mission for Rwanda

UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNEF	United Nations Emergency Force
UNEP	United Nations Environment Programme
UNFPA	United Nations Population Fund
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNISFA	United Nations Interim Security Force for Abyei
UNLB	United Nations Logistics Base
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIS	United Nations Mission in the Sudan
UNMISET	United Nations Mission of Support in East Timor
UNMISS	United Nations Mission in South Sudan
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d’Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission in Uganda-Rwanda
UNOPS	United Nations Office for Project Services
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force

UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
UNSOM	United Nations Assistance Mission in Somalia
UNSOS	United Nations Support Office in Somalia
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
WHO	World Health Organization

Letters of transmittal

Letter dated 30 September 2023 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit the financial statements of the United Nations peacekeeping operations, for the 12-month period from 1 July 2022 to 30 June 2023, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) António **Guterres**

Letter dated 28 September 2023 from the Controller, Office of Programme Planning, Finance and Budget, addressed to the Executive Secretary of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2022 to 30 June 2023 have been prepared in accordance with financial regulation 6.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to V, are correct in all material respects.

(*Signed*) Chandramouli **Ramanathan**

Letter dated 31 January 2024 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 peacekeeping operations for the financial period from 1 July 2022 to 30 June 2023.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
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 United Nations peacekeeping operations, which comprise the statement of financial position (statement I) as at 30 June 2023, 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 year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2023 and their financial performance and cash flows for the year 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 the United Nations peacekeeping operations, 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 Secretary-General is responsible for the other information, which comprises the financial report for the year ended 30 June 2023, 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 the Secretary-General and those charged with governance for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary-General 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, the Secretary-General is responsible for assessing the ability of the United Nations peacekeeping operations to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Secretary-General intends either to liquidate the United Nations peacekeeping operations 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 the United Nations peacekeeping operations.

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:

- 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 the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.

- 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 the United Nations peacekeeping operations.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General.

- Draw conclusions as to the appropriateness of the Secretary-General'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 the United Nations peacekeeping operations 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 the United Nations peacekeeping operations to cease to continue as a going concern.

- 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 the United Nations peacekeeping operations 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 the United Nations peacekeeping operations.

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

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

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

31 January 2024

Chapter II
Long-form report of the Board of Auditors

Summary

Audit opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2023, and their financial performance and cash flows for the year then ended in accordance with IPSAS.

Scope of the present report

United Nations peacekeeping operations are deployed on the basis of Security Council mandates to maintain international peace and security. As at 30 June 2023, there were 11 active United Nations peacekeeping missions, with 118 countries contributing 66,936 military personnel and 80 countries contributing 7,729 police personnel. In addition, there were 10,411 civilian staff and 1,290 United Nations Volunteers.

The peacekeeping final budget for the financial year 2022/23 was $6.47 billion, comparable to the previous year's budget. The audit included the peacekeeping headquarters, the 11 active field missions, the 35 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost-recovery fund; and the employee benefits fund.

Audit focus

In addition to the audit of the financial statements of the United Nations peacekeeping operations, the Board has focused its audit, inter alia, on the management of budget processes, the management of the civilian components of multidimensional peacekeeping operations, the status of the recommendations of previous reports, finance, the procurement of fuel, the closure of MINUSMA and findings arising from on-site visits to the missions and centres.

Key findings

Management of budget processes

The appropriations of peacekeeping operations are following a downward trend due to the overall reduction in their number and size. Total appropriation fell from $7.2 billion in 2018/19 to $6.5 billion in 2022/23. This trend will amplify in the coming years with the closure of MINUSMA (an appropriation of $1.3 billion in 2022/23) and the transition to the progressive disengagement of MONUSCO (an appropriation of $1.1 billion in 2022/23).

The Board focused its audit on the management of budget processes in peacekeeping operations on four areas: budget planning, preparation and formulation; resource and liquidity management; budget implementation; and accountability on budget management and reporting on performance.

Budget planning, preparation and formulation

Budget planning, preparation and formulation of peacekeeping operations are intrinsically difficult exercises, on which recent progress has been made. These

processes still suffer from the limitation of the essentially incremental approach used and from the lack of a multi-year perspective. The participation of all stakeholders in the peacekeeping budget development process could also be improved, and scalability opportunities at the level of both Headquarters and service centres remain underexploited.

Revenue and liquidity management

Liquidity tensions faced by some peacekeeping operations have led to the introduction of several tools that have proved useful but are now reaching certain limits, including in the case of the borrowing mechanisms. At the end of 2022/23, unpaid contributions for active missions amounted to $1.8 billion. In June 2023, the Secretariat was unable to ensure the timely settlement of payments to cover some contingent-owned equipment of troop- and police-contributing countries, leaving a total of $224 million due. Liquidity management cannot completely overcome the difficulty of collecting contributions in full and on time. The management of revenue, expenditure and liquidity are complementary tools to address this challenge.

Budget implementation

Various gaps, compared with formulation, can be noted. The flexibility of budget implementation at the field level appears variable, while opportunities exist to define and strengthen the functioning of the second line of defence in monitoring budget implementation, especially after the 2019 reforms.

Accountability on budget management and reporting on performance

The results-based budgeting framework and associated tools have been gradually rolled out to ensure accountability and reporting on performance. However, quantitative and qualitative shortcomings make it difficult to analyse, within the budget process, the effective use of resources and the progress made in implementing the mandates.

Management of the civilian components of multidimensional peacekeeping operations

Four multidimensional peacekeeping operations (MINUSCA, MINUSMA, MONUSCO and UNMISS) comprise substantive civilian components. Staffing appropriation for these four civilian components totalled 3,225 positions in 2022/23 and their budget appropriation (including operational costs) reached $332.5 million in 2022/23, representing 14.1 per cent of the entire appropriation of these four multidimensional missions.

The Board focused its audit on the civilian components of multidimensional peacekeeping operations on four areas: translating the mandate and planning the civilian component's operations; resource and management of the civilian component; integration of the civilian component within the mission and coordination with other stakeholders; and performance and accountability of the civilian component.

Translating the mandate and planning the civilian component's operations

Mandates for multidimensional peacekeeping operations are characterized by a growing complexity with regard to the civilian component's objectives. The translation of the mandate from the strategic to the operational level is based on cascading planning, but the quality of mission planning remains heterogeneous, the involvement of Headquarters appears inconsistent and the articulation with key stakeholders outside the missions is insufficient. Although essential given the scale and nature of the activities carried out by the civilian components, the sequencing of operations remains a weak point, in particular in the transition and withdrawal phases.

Resource and management of the civilian component

Available data on the staffing and cost of the substantive civilian component show growth in its cost despite stable headcounts. Civilian components turn to extrabudgetary funds to complement operating appropriations. They also face a series of challenging human resources issues, including with regard to recruitment and staff rotation.

Integration of the civilian component within the mission and coordination with other stakeholders

The United Nations has developed a strong doctrine on peacekeeping that emphasizes the necessity of fully integrating all components of a multidimensional mission, including the civilian component. However, current practices of integration suffer from various weaknesses. United Nations agencies, funds and programmes engage in areas of concern to the civilian component. Many examples of cooperation exist but there is room to improve the effectiveness of this cooperation. The host country is the first and foremost partner of the civilian component. There is room to improve the effectiveness of the cooperation with key stakeholders outside the United Nations system.

Performance and accountability of the civilian component

Reporting on the performance of the civilian component involves abundant data and uncoordinated tools. This cumbersome process does not allow for reporting on the performance results of the civilian component in a relevant and reliable way. Therefore, the achievements of each of the civilian components and their key success factors are not adequately highlighted. Shortcomings in the performance assessment of the civilian component reveal a need for greater involvement of Headquarters and the senior management of the missions and the need to streamline reporting requirements and make better use of performance review tools.

Finance

Bank account management

The Board identified discrepancies between the United Nations register of signatories and banks, as well as outdated staff privileges that should be removed.

Employee benefits liabilities

Non-current employee benefits liabilities amounted to $1,597.8 million, according to the financial statements for volume II in 2022/23. The estimation of the valuation of employee benefits liabilities is outsourced to an actuary firm under a contract. Efforts were made by the Administration to provide all appropriate documentation. However, progress in assessing the actuarial assumptions of medical plans and cost-sharing processes has yet to be made.

Credit returns to Member States

The method of calculating the credit returns to Member States is complex and has been refined in the financial year 2022/23. However, this sensitive procedure needs to be fully documented to ensure transparency. Meanwhile, a technical issue in the Umoja Enterprise Core Component funds management module has affected the calculation of the credit returns to Member States over the past nine years. The

Administration identified this issue and resolved it in July 2022. At this stage, the amount of the understatement estimated by the Administration is $17.0 million. The exact amount is currently being determined and will be rectified once the correction is considered final.

Cost recovery

The accumulated surplus of $105.2 million is similar to the previous financial year. Maintaining a substantial unencumbered balance is not an effective or efficient method of fund management.

To avoid receiving double payments – one from peacekeeping cost-recovery funds and the other from assessed contributions – entities are required to determine whether an expenditure related to the cost-recovery fund is not already covered by assessed contributions. The Administration has identified misclassifications of revenue, leading to the return of $21.0 million to Member States.

Procurement of fuel

Category management

Fuel represents a significant procurement category for peacekeeping operations, amounting to $369 million in 2022. The Organization has defined a comprehensive strategy to enhance efficiency, yielding notable results. However, the Board noted occasional delays and interruptions in certain actions undertaken as part of this strategy. Market outreach and sustainable development are two areas for improvement. As the context has changed significantly, the revision of the fuel category strategy adopted four years ago needs to be considered.

Monitoring

The Organization has introduced new methods to improve the efficiency of fuel procurement management. However, the results are not monitored through adequate reporting by the missions and the use of key performance indicators.

Due diligence regarding vendors

The Organization encountered major problems with the delivery of fuel to two large peacekeeping missions, which affected operations and led to a significant financial loss (estimated at $22.5 million). These problems, mostly linked to the financial difficulties of the provider, revealed the need to improve the Organization's due diligence regarding its vendors. Measures have already been taken to better assess the financial health of vendors in the future.

Closure of MINUSMA

The termination of the mandate of MINUSMA was not foreseen in the short term. It has represented a major challenge for the Organization since June 2023 and will remain so in the coming months. Lessons learned from the recent closure of UNAMID were taken into account where applicable. The early withdrawal faced unanticipated risks and safety issues. Both Headquarters and the mission's leadership were, however, able to respond to the situation.

Recommendations

The Board has made 26 new recommendations based on its audit. Details of how they can be implemented are provided throughout the report, notably in the paragraphs immediately following the formulation of each recommendation. The main recommendations are that the Administration:

Management of budget processes

(a) **Develop a strategy and propose to the General Assembly ways to improve budget development for peacekeeping operations, in order to achieve greater accuracy, predictability and efficiency;**

(b) **Analyse the sustainability of the support account, taking into consideration the consequences of the reduction or closure of peacekeeping missions, and develop scalability models for both Headquarters and service centres;**

(c) **Present, in its next report to the General Assembly on improving the financial situation of the United Nations, desirable evolutions in revenue, expenditure and liquidity management for peacekeeping operations;**

(d) **Define the roles and responsibilities of budget monitoring of peacekeeping operations by different stakeholders of the second line of defence to ensure that appropriate checks and balances are in place and greater attention is paid to budgetary discipline and mandate priorities;**

(e) **Streamline and improve the quality of the data used in accountability reports produced as part of the results-based budgeting;**

(f) **Develop a methodology to gradually build up a presentation of the main expenses according to an analytical breakdown by mandate component;**

Management of the civilian component of multidimensional peacekeeping operations

(g) **Review the planning of the civilian component's operations to ensure, after in-depth consultations, a more realistic multi-year sequencing of the implementation of the mandate and a better alignment with strategic priorities;**

(h) **Provide information in the budget documentation on the costs of the substantive civilian component of peacekeeping operations;**

(i) **Review and adjust existing senior mission leadership mechanisms, in line with the revised Policy on Integrated Assessment and Planning, to enhance their effectiveness in the delivery of their core integration and strategic management functions;**

(j) **Explore new ways of working with United Nations agencies, funds and programmes regarding the implementation of the objectives of the peacekeeping mandates;**

(k) **Review, through a process including both Headquarters and the missions, the quality of the existing reporting on the performance of the substantive civilian components of peacekeeping operations, in order to increase its relevance and better support strategic management and oversight;**

Finance

Bank account management

(l) **Update the information on signature authority with the missions to ensure that the personnel registered correspond to the operational needs;**

(m) **Request from the banks a written confirmation when a change in signatories is notified to them;**

Employee benefits liabilities

(n) **Include in the policy document mentioned in chapter II, paragraph 274, of A/77/5 (Vol. II): (i) an analysis of the possibility of differentiating the withdrawal and retirement rates at the time of retirement by participant status (international versus national); (ii) a study to determine the historical rate of participants in after-service health insurance plans who leave the plan after retirement; and (iii) an option that the valuation method for the full valuation be revised in the light of the results of these analyses;**

(o) **Establish in a formal document the process for determining the peacekeeping operations' shares of the various after-service health insurance medical plans, specifying in particular the internal controls to be implemented;**

Credit returns to Member States

(p) **Establish a standard operating procedure for the credit returns to Member States that provides an overview of the process and the related internal controls;**

(q) **Finalize its analysis to determine the final adjustments necessary related to credit returns;**

Cost recovery

(r) **Review the cost-recovery accumulated surplus of UNMISS, UNSOS, MINUSMA, MINUSCA, MONUSCO and UNISFA and make the necessary adjustments;**

(s) **Continue its work on centrally monitoring cost recovery in particular to ensure the correct differentiation between spendable and non-spendable income;**

Procurement of fuel

(t) **Complete its review of the fuel category strategy in a timely manner to adapt it to various challenges, including by exploring additional contract tools and operating models in order to reduce its dependence on a very limited number of suppliers;**

(u) **Improve reporting from the field concerning fuel needs and consumption;**

(v) **Continue to reinforce financial diligence with vendors both at the selection phase and in cases when significant and persistent issues affect the ongoing performance of the contract;**

Closure of the United Nations Multidimensional Integrated Stabilization Mission in Mali

(w) **Ensure better anticipation and mitigation by peacekeeping operations of the risks associated with withdrawal.**

Follow-up on previous recommendations

Of the 41 recommendations endorsed by the General Assembly in previous reports, 13 have been fully implemented, representing 32 per cent of outstanding recommendations, compared with 46 per cent in 2021/22. The Board noted, however, that 49 per cent (20) of the 41 recommendations had only been endorsed by the Assembly as at 30 June 2023.

Key figures	
11	Number of active peacekeeping missions
1,290	Number of United Nations Volunteers in peacekeeping missions
10,411	Number of civilian staff engaged in peacekeeping missions
80	Number of countries contributing police personnel
7,729	Number of police personnel engaged in peacekeeping missions
118	Number of countries contributing military personnel
66,936	Number of military personnel engaged in peacekeeping missions
$4.43 billion	Assets
$3.92 billion	Liabilities
$0.51 billion	Net assets
$6.99 billion	Revenue, including assessed contributions of $6.49 billion
$6.47 billion	Final approved budget for peacekeeping
$6.38 billion	Expenditure on peacekeeping operations (budget basis)
$0.09 billion	Unutilized budget

A. Mandate, scope and methodology

1. The Board of Auditors audited the financial statements and reviewed the activities of the United Nations peacekeeping operations for the financial period from 1 July 2022 to 30 June 2023 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing and the International Standards of Supreme Audit Institutions guidelines for the financial audit of public sector entities.

2. In 2022/23, the Board was able to conduct on-site audits, except for MINUSMA (see annex I).

3. The financial statements of the United Nations peacekeeping operations for the year ended 30 June 2023 are the tenth set of statements prepared after the adoption of IPSAS. In addition, the financial report was issued on 15 November 2023.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements fairly present the financial position of the United Nations peacekeeping operations as at 30 June 2023 and the financial performance and cash flows for the accounting period of one financial year then ended 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.

5. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued its audit coverage at peacekeeping headquarters, the 11 active field missions, the 35 closed missions and the six special-purpose accounts – namely, the peacekeeping reserve fund; the support account for peacekeeping operations; UNLB; RSCE; the peacekeeping cost-recovery fund; and the employee benefits funds, as detailed in annex I to the present report.

6. In addition to the audit of the financial statements, the Board carried out reviews of peacekeeping operations under financial regulation 7.5, which allows it to make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the peacekeeping operations. This year, the Board focused notably on the management of budget processes in peacekeeping operations and the civilian components of multidimensional peacekeeping operations.

7. The Board continued to report the results of audits to the Administration through management letters. The Board issued 13 management letters during the period under review.[1]

8. The Board cooperated with OIOS in order to avoid unnecessary duplication and determine the extent to which the Board could rely on the work of OIOS.

9. 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 the Administration, and their views have been appropriately reflected in the report.

B. Financial overview

10. Total expenditures ($6.38 billion) remained comparable to the previous financial year, and the surplus amounted to $0.09 billion. The final budget amounted to $6.47 billion. The cash ratio, which measures the ability of an entity to cover its current liabilities with cash (cash equivalent or invested funds) deteriorated from 0.48 to 0.30. The cross-borrowing between missions was utilized more often than in the financial year 2021/22, with an additional total amount of $126.4 million borrowed for active missions.

11. In the financial year 2022/23, the number of active missions decreased from 12 to 11. UNAMID was considered a closed mission. The impact of this change was negligible as its final budget was minimal.

12. The final peacekeeping approved budget for the financial year 2022/23 was $6.47 billion, similar to the previous year. A total of $0.09 billion was unused in 2022/23, compared with $0.05 billion in 2021/22.

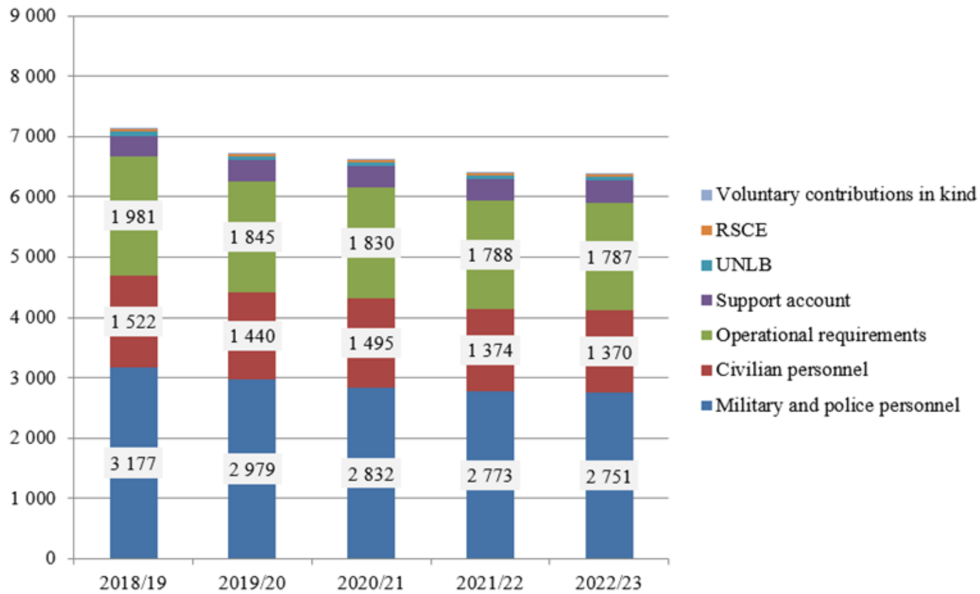
1. Trend of expenditure

13. The trend of expenditure is detailed in figure II.I. The details of the expenditure incurred under the three budget groups (military and police personnel, civilian personnel and operational requirements), the support account, UNLB, RSCE and expenditures related to budgeted voluntary contributions in kind[2] during the five years ended 30 June are shown in table II.1.

[1] The Board issued management letters to MINURSO, UNDOF, UNFICYP, UNIFIL, UNMIK, MONUSCO, UNISFA, UNSOS, MINUSMA, MINUSCA, UNMISS, UNLB and RSCE.

[2] Actual amounts in this category are not significant compared with the others.

Figure II.I
Trend of expenditure
(Millions of United States dollars)



Source: Financial statements of peacekeeping operations.

Table II.1
Actual expenditure of peacekeeping operations, by group
(Millions of United States dollars)

Group	*2018/19*	*2019/20*	*2020/21*	*2021/22*	*2022/23*
Military and police personnel	3 176.5	2 978.6	2 831.5	2 773.1	2 750.8
Civilian personnel	1 521.6	1 440.4	1 495.1	1 374.2	1 370.0
Operational requirements	1 980.7	1 844.9	1 829.9	1 787.6	1 787.4
Support account	324.7	348.9	355.5	353.4	368.6
UNLB	82.1	63.3	62.1	65.6	64.3
RSCE	31.4	35.4	36.3	39.8	41.7
Voluntary contributions in kind	0.8	0.7	0.6	0.5	0.6
Total	**7 117.8**	**6 712.2**	**6 611.0**	**6 394.2**	**6 383.4**

Source: Financial statements of peacekeeping operations.

2. Variances between appropriation and expenditure

14. Peacekeeping operations incurred expenditures of $6.38 billion against the approved budget of $6.47 billion, resulting in an underexpenditure of $0.09 billion. Expenditures included $0.2 billion committed for contingent services that had not yet been paid at the end of the financial period owing to the liquidity shortage. The overall underexpenditure increased slightly compared with the previous financial year, when it amounted to $0.05 billion. The underexpenditure varied between 0.04 and 4.36 per cent across the 11 missions.

3. Budget redeployments

15. The total amount of budget redeployments[3] for the financial year 2022/23 was $129 million (2 per cent of the original budget). This was a decrease from financial year 2021/22, when redeployments amounted to $194.3 million (3 per cent of the original budget). The most significant redeployment relates to UNISFA (8 per cent of the original budget – $23.1 million, including $21.8 million between groups).[4] The details of redeployments at the mission level are provided in annex II to the financial statements (chap. V).

4. Financial position

16. The financial position varies between the different active peacekeeping operations. The cash ratio, which measures the ability of an entity to cover its current liabilities with cash (cash equivalent or invested funds) from its current asset, was above or close to 1 for only two missions, while it was close to zero for another four missions (UNMIK, UNSOS, UNISFA, UNMISS) as at 30 June 2023, showing their difficulties in paying off their debts of less than one year.

17. The four missions, as well as MINURSO, have experienced cash difficulties due to a lack of payment of assessed contributions. This was also the case during the previous financial year. In this context, the cross-borrowing mechanism among active missions was used extensively. As a result, a total of $318.9 million has been loaned since 2019 as at financial year-end, including $97.9 million from the Peacekeeping Reserve Fund, an increase of $126.4 million compared with the previous financial year (66 per cent year-on-year increase). This total amount represents 5 per cent of the consolidated peacekeeping budget.

18. As at 30 June 2023, funds available from the Peacekeeping Reserve Fund amounted to $42.6 million. The cash positions of the peacekeeping cost-recovery funds and the UNLB-strategic deployment stocks were $96.0 million and $118.0 million, respectively, with very low associated liabilities. In contrast, the employee benefits funds were largely unfunded, with a cash ratio of 0.02.

19. The investments made in financial year 2022/23 using the cash pool resulted in a gain of $68.2 million. This performance is better than the previous year, which showed a loss, although the amounts in the short- and long-term investments were lower this year ($471.6 million less than in 2021/22).

20. The arrears of assessed contributions for peacekeeping operations increased by 8 per cent to $2,474.0 million in gross value, as at 30 June 2023, and by 11 per cent to $1,826.6 million in net value, as at 30 June 2023. This variation is a key indicator explaining the strong pressure on liquidity. As a result, outstanding payments of troop- and police-contributing countries at the end of the financial year 2022/23 amounted to $223.4 million, against $37.6 million for the previous financial period.

21. All ratios decreased, owing mainly to a decrease in short-term investments of $435.1 million.[5] This decrease was offset in part by an increase in receivables of

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[3] Redeployments between groups and within operational requirements at mission level.

[4] The redeployment from military and police personnel was made possible by reduced requirements for military contingents, owing to delays in the deployment of the new multinational contingents, and for United Nations police and formed police units. Funds were redeployed to operational costs to meet the increased requirements related to facilities and infrastructure, mainly for the acquisition of prefabricated accommodations and generators for the reconstruction of camps.

[5] The decrease in cash and investments is owing to the late payment of contributions. During the previous financial year, an advance of $343.2 million was received, compared with $60.3 million this year. At the same time, receivables from Member States increased by $175.6 million in comparison with 2021/22, to $1,826.6 million.

$180.6 million for the assets to liabilities and current and quick ratios, but not the cash ratio (see table II.2).

Table II.2
Capital structure ratios

Ratios	*30 June 2019*	*30 June 2020*	*30 June 2021*	*30 June 2022*	*30 June 2023*
Asset position					
Assets-to-liabilities ratio[a]	1.07	1.11	1.09	1.18	1.13
Total assets: total liabilities					
Current ratio[b]	1.27	1.25	1.38	1.32	1.29
Current assets: current liabilities					
Liquidity position					
Quick ratio[c]	1.12	1.11	1.22	1.17	1.10
Cash + short-term investments + accounts receivable: current liabilities					
Cash ratio[d]	0.49	0.47	0.47	0.48	0.30
Cash + short-term investments: current liabilities					

Source: Board of Auditors, based on the financial statements of peacekeeping operations.

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

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

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

[d] The cash ratio is an indicator of an entity's liquidity; it measures the amount of cash, cash equivalents or invested funds that are in current assets to cover current liabilities.

5. Net asset situation

22. Net assets decreased by 29 per cent to $512.4 million, compared with the financial year 2021/22. This decline is mainly due to:

(a) For assets, the drop in investment ($471.6. million (see para. 19)), offset in part by an increase in the assessed contributions receivable ($175.6 million);

(b) For liabilities, an increase in the provisions ($124.2 million) and a decrease in advance receipts ($282.9 million).

6. Financial performance

23. Revenue increased from $6,768.9 million to $6,989.7 million owing mainly to higher assessed contributions ($150 million) and an increase in investment revenue of $68.2 million.

24. Expenses rose from $7,091.3 million to $7,226.7 million. The increase of $135.4 million can be primarily explained by a combination of:

(a) A decrease of $151 million in other operating expenses, owing mainly to a decrease in the write off of property, plant and equipment in 2023 ($68 million) and a reduction in allowances for assessed contributions, which has remained unpaid for more than two years ($68.2 million);

(b) An increase of $251.3 million in credits given to Member States, owing mainly to a return of cash assets in closed peacekeeping missions ($196 million) (see A/76/738).

25. The Administration implemented new useful lives of major classes of intangibles on 1 January 2023 without retroactive impact. The effect of the change in the estimated useful lives in 13 asset subclasses was not material ($0.5 million).

26. The Board noted that for December 2022 acquisitions, the January 2023 rate was incorrectly applied for no fewer than 225 transactions. The Administration acknowledged this issue. It assessed the total error in depreciation expense for the month, which appeared very limited ($12,163).

27. The Security Council, in its resolution 2690 (2023), terminated the mandate of MINUSMA. This decision occurred during the financial year 2022/23. The Board engaged with the Administration to review key financial areas such as human resources to ensure that appropriate provisions had been accounted for in accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets. As a result, a specific disclosure in note 17 to the financial statements has been provided. For the 2022/23 period, $17.0 million was recorded regarding the agreed termination costs.

28. There are significant financial risks, however, that could have an impact on the next financial year and that are not covered by provisions owing to the uncertainty factor, in particular in relation to asset management and the repatriation of contingent-owned equipment. As at 30 June 2023, the fixed assets of MINUSMA represented 20 per cent of the fixed assets as presented in volume II, with a net value of $224.6 million. The Administration has prepared for their disposal in accordance with financial regulation 5.14, but there is a high risk of forced abandonment owing to the difficult situation in the field, which also applies to the repatriation of contingent-owned equipment.

C. Management of budget processes in peacekeeping operations

29. The Board audited the management of budget processes in peacekeeping operations. The audit focused on four areas: budget planning, preparation and formulation; revenue and liquidity management; budget implementation; and accountability on budget management and reporting on performance.

30. Appropriations and expenditures in peacekeeping operations have been following a downward trend for several years due to the overall reduction in the operations' number and size (see table II.3). Total appropriation fell from $7.2 billion in 2018/19 to $6.5 billion in 2022/23. This trend will increase in the coming years with the closure of MINUSMA (appropriation of $1.3 billion in 2022/23) and the transition of MONUSCO (appropriation of $1.1 billion in 2022/23).

Table II.3
Appropriation and expenditure in peacekeeping operations
(Billions of United States dollars)

	2018/19	*2019/20*	*2020/21*	*2021/22*	*2022/23*
Appropriation	7.2	6.8	6.8	6.4	6.5
Expenditure	7.1	6.7	6.6	6.4	6.4
Level of implementation	99%	99%	97%	99%	99%

Source: Financial statements of peacekeeping operations.

31. For each peacekeeping mission, appropriation and expenditure are presented in three categories: military and police personnel (group I), civilian personnel (group II) and operational costs (group III). Approved and proposed human resources are

presented in two types of categories, detailing on the one hand the status of the personnel (military observers, military contingents, United Nations police, formed police units, international staff, national staff, temporary positions, United Nations volunteers, Government-provided personnel) and on the other their function (executive direction and management, components as set out in the mandate of the Security Council, support). A distinction is made between appropriation, allotment (or consumable budget) and expenditure (including commitments and disbursements), as shown in table II.4.

Table II.4
Glossary of budgetary accountability terms used by the Secretariat in accordance with the Financial Regulations and Rules

Appropriation	Authorization granted, as voted by the General Assembly for the financial period, to incur commitments and make payments for the purposes set by legislative bodies and up to the amount so voted.
Allotment	Maximum amount authorized to incur commitments and expend funds for specified purposes during the financial period. Allotments take into account initial appropriations, redeployments, commitment authorities and revised budgets. Synonym: consumable budget.
Expenditure	Amount spent during the financial period, which includes commitments and disbursements.

Source: Office of Programme Planning, Finance and Budget.

1. Budget planning, preparation and formulation

32. Budget planning, preparation and the formulation of peacekeeping operations appears to be an intrinsically difficult exercise on which recent progress has been made (see sect. 1.1). These processes nevertheless suffer from the limitations of the essentially incremental approach used and the lack of a multi-year perspective (see sect. 1.2). Participation in the budget development process could also be improved, and scalability opportunities remain underexploited (see sect. 1.3).

1.1 Budget development, an intrinsically difficult exercise on which recent progress has been made

33. Budget planning, preparation and the formulation of peacekeeping operations are intrinsically difficult exercises on which recent progress has been made.

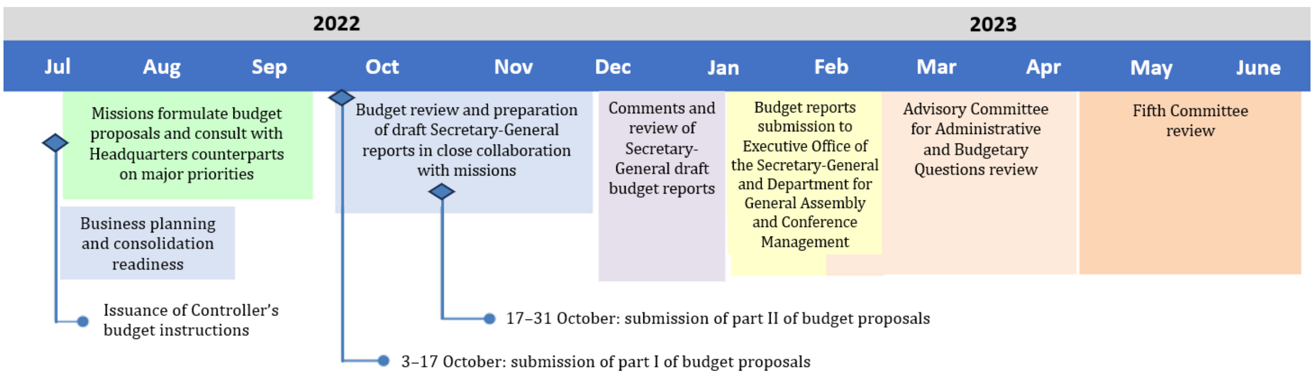
(a) Intrinsic difficulty of developing the budget of peacekeeping operations

34. The development of peacekeeping budgets, on the basis of mandates from the Security Council, follows policies and decisions of the General Assembly as well as recommendations of the Advisory Committee on Administrative and Budgetary Questions as endorsed by the Assembly. Each peacekeeping operation and UNSOS have their own budget, individually approved by the Assembly, usually for a full year, on a cycle from 1 July to 30 June, subject to the extension of the mission's mandate by the Security Council. Each year a budget is also submitted for the support account, which finances Headquarters' expenditures linked to peacekeeping, as well as UNLB and RSCE.

35. The Secretariat is required to present to the General Assembly consistent and reliable budgets that enable missions to fulfil their respective mandates. A balance

needs to be struck between the need for resources to fulfil the mandate and the need for budgetary discipline. Each year, a set of budget instructions is issued by the Controller. In terms of budget formulation and preparation, these instructions notably include the necessary deadlines required to meet the legislative requirements. The introduction of the Umoja budgeting tool for business planning and consolidation and its constant enhancements have facilitated budget formulation and review, as well as improved consistency in estimate calculations and increased transparency on detailed requirements. In addition, the module acts as a book of record to keep track of the different levels of review and adjustments by isolating entity proposals from the Office of the Controller, proposals from the Secretary-General and adjustments made by the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee to finally arrive at the approved budget for the cycle (see figure II.II).

Figure II.II
Peacekeeping budget cycle



Source: Office of Programme Planning, Finance and Budget. Budget preparation guidance for the budget performance report for 2021/22 and the proposed budget for 2023/24.

36. Developing the budget of peacekeeping operations raises a series of intrinsic difficulties:

(a) The Security Council's mandate, usually renewed yearly, is the basis for the definition of the needs. This is not in itself a major challenge, since there are mechanisms that are used to address these issues should the requirements be markedly changed (e.g. supplementary funding options such as financing notes, commitment authority, etc.). Nevertheless, while some mandates are renewed in time for consideration of the budget (MINURSO and UNSOM mandates until 31 October, MINUSCA and UNISFA mandates until 15 November, UNIFIL mandate until 31 August, UNMIK open mandate with no annual renewal), other interventions occur later in the year (MONUSCO mandate until 20 December, UNDOF mandate until 31 December, UNFICYP mandate until 31 January, UNMISS mandate until 15 March);

(b) Some underlying assumptions that underpin the structure of the budget may vary significantly by the time the budget is authorized, owing to economic factors (typically inflation and exchange rates) or legislative factors (typically salaries and vacancy rates). In addition, adjustments in parameters that affect reimbursements for contingent-owned equipment and troops are not always fully taken into account during the appropriation phase.

(b) Recent progress made in terms of budget development

37. Recent progress made in terms of budget planning, preparation and the formulation of peacekeeping operations includes:

(a) Delegation of authority, which enables the missions to prepare their budgets while final approval rests with the Secretary-General. The preparation of peacekeeping budget proposals is delegated to the heads of entity (following a format provided by the Department of Management Strategy, Policy and Compliance) while the submission and approval processes remain the responsibility of the Secretary-General (see ST/SGB/2019/2);

(b) Utilization of improved budget methodologies to better forecast requirements. For instance, the Advisory Committee on Administrative and Budgetary Questions has highlighted "the efforts to improve the accuracy and consistency of the vacancy rate factors applied in the proposed budgets for the 2023/24 period, based on the Headquarters guidelines to the field missions" while noting "the lack of consistency in the application of the vacancy rate and clear justifications in many cases" and recalling "that efforts should continue to be made to ensure that the proposed vacancy rates are based, as much as possible, on actual rates" (A/77/767, para. 27). Indeed, the data review and implementation of existing policies demonstrated that vacancy rates predicted by missions were too low and did not reflect the actual onboarding situation, resulting in overbudgeting. Further policy guidance was therefore provided by the Field Operations Finance Division of the Department of Management Strategy, Policy and Compliance to improve the accuracy and consistency of vacancy factors applied in the 2023/24 budget, in response to the legislative requests to create budgets that are as close to actual as much as possible;

(c) Improved forecasting of certain categories of expenditure depending on external factors. For instance, with regard to a major category such as fuel, the Secretariat has been able to provide updated prices to the Assembly throughout its consideration of the proposed budgets, including by taking into account price increases and the overall impact of an increase of $17 million in fuel costs for all missions during the seventy-sixth session, as well as price decreases and the overall impact of a decrease of $35 million in fuel costs during the seventy-seventh session.

1.2 Limitations of an essentially incremental approach and the lack of a multi-year perspective

38. Budget development still suffers from the limitations of an essentially incremental approach and the lack of a multi-year perspective.

(a) Limitations of an essentially incremental approach

39. In its resolutions, the General Assembly emphasizes that all peacekeeping missions shall be provided with adequate resources for the effective and efficient discharge of their respective mandates and requests the Secretary-General to ensure that proposed peacekeeping budgets are based on the relevant legislative mandates (see, notably, resolution 76/274).

40. Missions and supporting entities would benefit from moving beyond an incremental budgeting approach to make the link with the fulfilment of their mandate and, where deemed appropriate, justify their requirements on a "zero basis". Groups I (military and police personnel and their support: contingent-owned equipment, rations, transportation of contingents, etc.) and III (operational costs) are already developed using "zero-based budgeting" in the business planning and consolidation module in Umoja used for budget formulation. For civilian personnel, only job creation or conversion must be justified in the budget development process. For military personnel, the formulation is made on the basis of known deployment projections and historical vacancy rates. A change in budget methodology to foster a justification of the needs on a "zero basis" would need to be reflected in the

Controller's instructions and could also necessitate evolutions in the business planning and consolidation system.

41. The Secretariat is required to explain to the legislative bodies the reasons for variations from one year to the next, and provide a template for that presentation. The supplementary forms to the budget proposal therefore primarily justify year-on-year evolutions – namely those greater than 5 per cent or $100,000. This makes it easy for missions to renew expenses without having to justify them, but more difficult for missions to obtain an appropriation for expenses linked to new needs in connection with the mandate.

42. Some appropriations are repeatedly and significantly higher than actual expenditures, calling into question the accuracy of the budget development process. For example, year after year, MONUSCO receives a budget for its aviation expenditure that far exceeds what the Mission is able to spend, allowing unused resources to be used for other purposes even if they were not budgeted as such (see table II.5). While the need may be there, the gap between the proposal and the utilization can be explained by various causes, including external or human factors that interfere with utilization (service ability, obstruction from flying, weather, etc.). To better take this into account, the Secretariat is working on guidance for use in the 2024/25 financial year that will bring the budgeting of aviation flight hours closer to the actual average hours used. This would contribute to a tighter budgeting process, based on actual usage.

Table II.5
Budget execution expenditure, air operations at MONUSCO
(Millions of United States dollars)

	2018/19	*2019/20*	*2020/21*	*2021/22*	*2022/23*	*2023/24*
Appropriation	219.38	140.62	125.65	108.22	99.68	118.84
Consumed budget	165.22	104.33	105.79	90.47	64.73	–
Variance	**54.16**	**36.29**	**19.86**	**17.75**	**34.95**	**–**

Source: Umoja, MONUSCO, 30 June 2023.

43. Additional documents for mission budget presentations should also be reviewed and templates adapted so that, where appropriate, the missions present their requirements on a zero basis in relation to mandate objectives. The change from the previous year should no longer be the basis for justification.

(b) Lack of a multi-year perspective

44. The formulation of peacekeeping budgets lacks a multi-year perspective, especially with regard to asset management. The process based on the justification of variations for construction projects, which by their very nature are one-offs, does not appear appropriate and does not allow for a multi-year vision, nor for an understanding of which projects have been abandoned or postponed. Expenditure presentation models for infrastructure projects also lack a clear vision of past and future planning for each operation.

45. The lack of multi-year perspectives on asset management and replacement is also leading to disruptive and unpredictable situations for the missions. Multi-year asset management and replacement plans could be presented, approved once by the legislative bodies and then resourced every year, as long as there are no changes to

the mandate or operational requirements. Proposals could be made to the General Assembly to address these limitations.

1.3 Participation in the budget development process of all stakeholders to be improved and scalability opportunities still underexploited

46. The participation of all stakeholders in the peacekeeping budget development process could be strengthened, and scalability opportunities at the level of both Headquarters and the service centres could be developed.

(a) Participation of stakeholders in the budget development process

47. At the level of Headquarters, the budget development process suffers from a lack of participation of key stakeholders.

48. Budget development and approval is a structured and formalized process set out by the Controller. In accordance with the delegation of authority framework (ST/SGB/2019/2), the authority for decisions on a mission's budget is delegated to the Special Representative of the Secretary-General in consultation with relevant Headquarters entities. The budget development process is discussed in a series of dialogues between the field and relevant Headquarters entities. For instance, consultations between the Department of Operational Support and the Field Operations Finance Division are organized to ensure that, where new contracts need to be updated, the correct rates are reflected or, where significant pricing changes occur with major financial impact, are adjusted in a mission's budget. To refine the process of budget formulation and implementation, the Department of Peace Operations and the Department of Management Strategy, Policy and Compliance are also working on a guideline. In the Controller's instructions for the 2022/23 period, it is noted that read-only access to the business planning and consolidation module of Umoja is in place to allow users to access the budget proposals at any version throughout the budget planning and submission process.

49. This approach nevertheless suffers from a lack of sufficient participation by some of the key stakeholders. Discussion of budget matters cannot take place within a single department of the Secretariat. While final budgetary decisions are made by the Secretary-General, based on the budget proposal of a mission and recommendations from the Controller – who is in charge of advising the Secretary-General on policy matters relating to programme planning, finance and budgeting and of monitoring processes and performing key controls on these matters, as well as representing him before the legislative bodies – consultations at the Headquarters level are necessary and would benefit from being as comprehensive, inclusive and participative as possible.

50. Better communication and understanding on budget issues among the stakeholders of the departments involved appears necessary. Following the management reform, the relative roles of the departments and the delegation of authority on matters of finance and budget requires everyone to participate actively in the budget process. Developing communication, training and capacity-building of Headquarters and field entities could help enhance the quality of the budget development process.

(b) Scalability opportunities at the Headquarters level

51. The support account amounted to $372 million in 2022/23, covering resources required by the various departments to support the peacekeeping operations, notably the Department of Peace Operations, the Department of Operational Support, the Department of Management Strategy, Policy and Compliance, the Office of Information and Communications Technology and the peacekeeping-related expenses of OIOS.

52. The design of the support account is not based on a scalability model. The scalability model for peacekeeping operation budgets refers to a concept aimed at adjusting the financial resources allocated to these support activities to the evolution of the number and size of the missions. The Controller issues instructions to each department of the Secretariat referenced in peacekeeping operations, but does not distinguish between the share of expenses that could be linked to the volume of operations and those that are linked to other elements.

53. The Secretariat underlined some of the complexities of a scalability approach (see also A/74/761):

(a) Resource requirements under the support account are not linked solely to the number of operations or personnel deployed – the increased complexity of missions and mandates also plays a part;

(b) The support account is also sometimes used in practice to support special political missions which are not financed by the volume II budget;

(c) The reorganization of the Secretariat in 2019 was not used as an opportunity to calibrate resources on a zero basis, but reused existing positions to create a new organizational chart, resulting in a discrepancy between the funding source of the positions and the functions performed.

54. The downsizing of peacekeeping budgets could have a significant impact on all entities financed by the support account. The departments have nevertheless been unable so far to provide a breakdown of work carried out for peacekeeping operations and other missions. The proportion of funding for these positions varies from department to department.

55. In the absence of a precise outline, however, it appears very difficult to determine to what extent a reduction in the number and size of the peacekeeping operations would lighten the tasks of support account entities, as some of them will not be directly affected while others will become even more burdensome (during the closure of a mission, for example). For instance, with the termination of MINUSMA, all but one of the positions related to the integrated operational team focused specifically on Mali were assessed by the Department of Peace Operations as appropriate for abolishment, but the withdrawal process also temporarily created additional work, including for the Department of Operational Support. Additional funding was provided for these needs through the MINUSMA revised budget for 2023/24.

56. Another difficulty lies in the fact that the support account contributes to the financing of activities related to special political missions. The level of cross-subsidizing from the budget set out in volume II to the budget set out in volume I is difficult to assess in the absence of clear mapping of the tasks performed. An attempt to substantially reduce the support account would need to take this factor into consideration in the light of the Secretariat's ability to continue to carry out its missions for the benefit of special political missions. The report presented to the General Assembly in March 2020 (A/74/761) is an interesting initiative but is also a limited study that considers only two departments.

57. The sustainability of the support account should be precisely analysed as a whole, taking into consideration the consequences of the reduction or closure of peacekeeping missions. The actual use of the support account for special political missions should also be clarified. The workload analysis and staffing review of the support account expected for the seventy-ninth session, in accordance with General Assembly resolution 77/304, will provide an opportunity to put these issues into perspective.

(c) Scalability models in service centres

58. The expenses of UNLB in Brindisi and Valencia, and of RSCE, respectively amounted to $66 million and $43 million in 2022/23.

59. UNLB has a specific budget financed by the budgets of peacekeeping missions. It has been based on the principle of a scalability model since 2019/20. The data used for the "mathematical" definition of the initial scalability model and the improvements made over the course of the various exercises to arrive at the current scalability matrix could nevertheless not be verified by the Board owing to the lack of supporting documents.

60. RSCE has continuously refined its scalability model since its first budget proposal presented to General Assembly by the Secretary-General (A/70/754). The Centre expanded the use of the scalability model to serve as the basis for its budget formulation, in line with the recommendations of the Board endorsed by the Assembly in its resolutions 71/293, 72/286, 73/309, 74/281 and 75/294.

61. The RSCE scalability model is focused on services, which include onboarding and separation, international benefits and payroll, national benefits and payroll, uniformed personnel, travel, claims and education grant services, cashier services, vendor services, internal control and accounts.

62. As a result, some of the RSCE units and components are not included in the current model as they are either not involved in scalable services using transactional volume data, or are not of the same nature as the functional service line activities of personal administration and financial activities (the executive direction and management component, the Regional Field Technology Service, the Forward Support and Deployment Hub and the Global Procurement Support Section). The Client Services Section (component 3), which was not part of the scalability model at the time of the Centre's 2022/23 budget request, is now included within the scope of the scalability model in line with the 2023/24 budget formulation, showing that the model is still being improved and refined.

63. The principles of the RSCE scalability model are clearly defined, but there is room for improvement in their implementation. The scalability model is based on a methodology which is detailed in each budget request report; however, the origin of the input data used in the model, the methods used to collect them through the Umoja information system and any restatements made by the Centre are not verifiable. There is no framework document allowing the end-to-end process to be traced and, consequently, allowing audit checks to be carried out to ensure the reality, accuracy, integrity and robustness of the data; in addition, most of the average times per transaction were defined in 2019 and have not been updated since, despite being a key factor in determining the headcount for the service lines. For the financial year 2022/23, RSCE appropriately applied a weighted average approach over the past three periods in order to obtain more reliable activity data in terms of the volume of transactions carried out, in particular by mitigating the effects of the coronavirus disease (COVID-19); for the financial year 2023/24, that statistical approach was maintained but this time used different coefficients without any clear justification. In its budget request, the Centre detailed the volume forecast for each transaction and, ultimately, the corresponding need in terms of full-time equivalents; however, details of the volume of transactions actually carried out during each financial year are not included in the performance budget report, although they form part of the implementation of the budget.

1.4 Way forward

64. Managing the budget planning, preparation and the formulation of peacekeeping operations, and the support account and the support entities, undoubtedly raises

challenges. They would benefit from a series of further improvements to reach greater accuracy, predictability and efficiency, including: moving beyond an essentially incremental approach; developing a multi-year perspective; encouraging greater participation by all stakeholders in the budget development process; and consolidating scalability opportunities (see figure II.III).

65. **The Board recommends that the Administration develop a strategy and propose to the General Assembly ways to improve budget development for peacekeeping operations, in order to achieve greater accuracy, predictability and efficiency.**

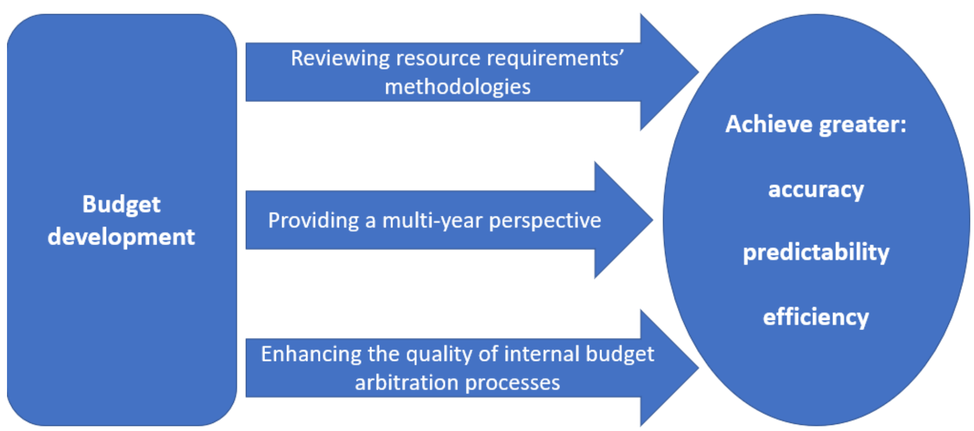
66. This strategy could be prepared by a high-level seminar of the Secretariat that included all relevant stakeholders from both Headquarters and missions. It should notably seek to propose to the General Assembly ways to improve budget development for peacekeeping operations in the following areas:

(a) Reviewing progressively, where appropriate, resource requirements based on a zero-based budgeting approach for the missions, service centres and support account, focused on financing the priority objectives of the mandates, reducing the risk of over- and underbudgeting, and proposing to the Assembly the inclusion of appropriate information in the budget documents;

(b) Providing a multi-year perspective where appropriate and proposing to the Assembly the presentation of multi-year construction, asset management and replacement plans, to be approved once by the legislative bodies and then resourced every year, as long as there are no changes to the mandate or operational requirements.

67. The Secretariat should also seek to enhance the quality of its internal budget development process by developing communications, training and capacity-building to ensure that all stakeholders at Headquarters and in the field are knowledgeable and participate actively in budget formulation and implementation.

Figure II.III
Improving budget development for peacekeeping operations



Source: Board of Auditors.

68. **The Board also recommends that the Administration analyse the sustainability of the support account, taking into consideration the consequences of the reduction or closure of peacekeeping missions, and develop scalability models for both Headquarters and service centres.**

69. In accordance with General Assembly resolution 77/304, which notably endorsed the conclusions and recommendations contained in paragraph 12 of the

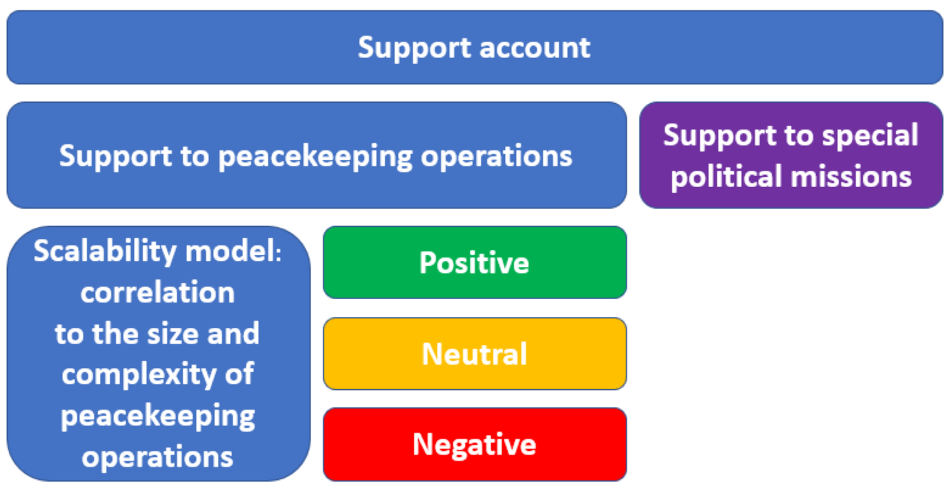
report of the Advisory Committee on Administrative and Budgetary Questions (A/77/833), the workload analysis and staffing review of the support account expected in the seventy-ninth session would be an opportunity to put these issues into perspective. Looking forward, the Board is of the view that this analysis may benefit from the following steps:

(a) Mapping the tasks of the support account in order to determine to what extent they have a positive, neutral or negative correlation to the reduction of the size of the peacekeeping portfolio, and deduce from this analysis a credible scope and model of “scalability”;

(b) Clarifying the contribution of the support account to special political missions that are outside the scope of the volume II budget (see figure II.IV).

70. The scalability models of UNLB and RSCE should also be improved.

Figure II.IV
Analysing sustainability of the support account and developing a scalability model



Source: Board of Auditors.

71. The Administration accepted both recommendations.

72. Regarding the first of these recommendations, the Secretariat underlined that it would continue its efforts to improve the budget formulation process. To this end, to refine the forecasting, the proposed budgets would reflect up-to-date financial performance data and the impact of foreseeable factors where possible, which should closely align to the mandate and operational tempo of the missions. The Administration agreed that the resource requirements could be carefully reviewed on a zero-basis approach, bearing in mind, in particular, the mission’s mandate and concept of operations. During budget formulation, the presentations in the reports of the Secretary-General would still reflect incremental changes related to staffing and financial resource requirements. In line with the recommendations of the Advisory Committee on Administrative and Budgetary Questions and the requests of the General Assembly, detailed and comparative information, with justifications, would continue to be provided to facilitate the decision-making process.

73. The Secretariat also highlighted that, to enhance accuracy, predictability and transparency, the information in the budget reports would be enhanced by presenting holistic multi-year plans for construction and assets, as appropriate, including implementation status in the various budget periods. This was contingent on the

necessary system changes and available resourcing to implement the change within missions and support entities, and may require prioritization of some multi-year elements, with financial value taking precedence.

74. Regarding the second of these recommendations, the Secretariat stressed that it would take advantage of the scalability model report to be submitted during the seventy-ninth session, in accordance with General Assembly resolution 77/304, to undertake a comprehensive analysis of interconnected issues linked to the support account and the support entities, including the relative balance of work funded by the support account and the regular budget, including to backstop special political missions.

75. The Secretariat also underlined that a scalability model for the support account needed to be future-proof and ensure the long-term readiness of the United Nations to support peace and security, in particular peacekeeping efforts. Even as operations close, the Secretariat is facing increasing demand to support others in deploying. Thus, a scalability model would need to consider the emergence of models of intervention, such as the multinational security support mission in Haiti, or regional organization-led operations, where there are expectations of United Nations support that have support account implications. Furthermore, the Secretariat considers that, as a field-based organization, it needs to retain the capacity to deploy its own peace operations, as mandated. Both are key requirements emphasized in the New Agenda for Peace and in the Pact for the Future process. Both need to be integrated into the development of the consolidated scalability model called for by the Board.

76. With regard to the Department of Peace Operations, the Secretariat highlighted that this model should also acknowledge that many services, which support peacekeeping operations (including standing capacities financed by the UNLB budget), also support special political missions and other United Nations clients, in accordance with their mandated functions. The scalability model therefore needs to consider the entire spectrum of support provided to United Nations peace and security efforts by the Department. This would also require the provision of adequate funding support, through the regular budget, to entities other than peacekeeping operations, as notably undertaken by the Office of Rule of Law and Security Institutions.

2. Revenue and liquidity management

77. The tools put in place to ease liquidity tensions in some peacekeeping operations have proved useful but are now reaching certain limits (see sect. 2.1). Revenue, expenditure and liquidity management levers should be mobilized jointly to address the situation (see sect. 2.2).

2.1 Usefulness and limits of tools put in place to ease liquidity tensions in peacekeeping operations

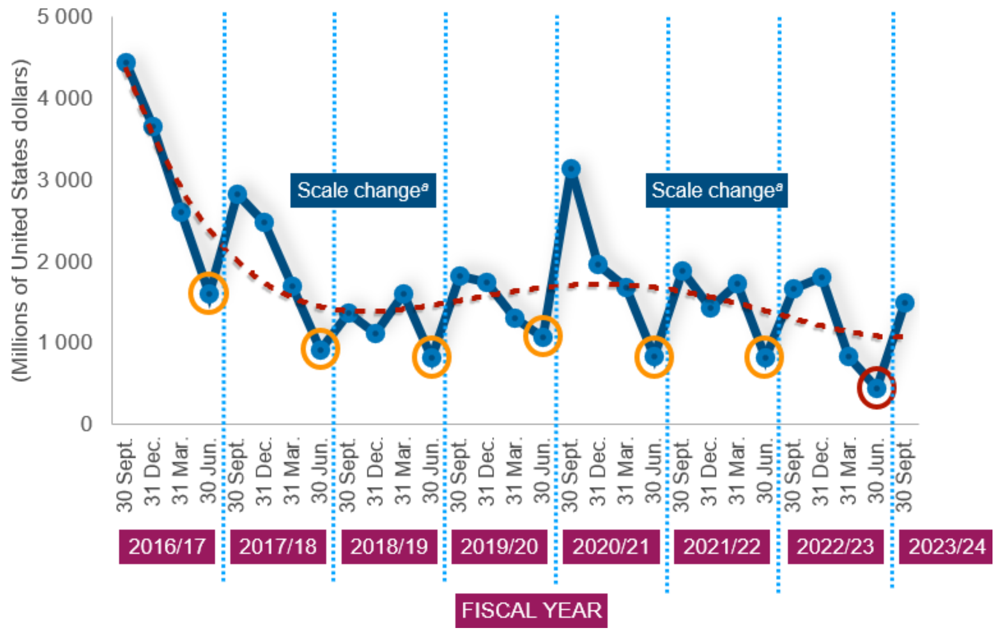
78. Liquidity tensions faced by some peacekeeping operations have led to the introduction of several tools, which have proved useful but are now reaching certain limits, including in the case of the borrowing mechanisms. At the end of financial year 2022/23, unpaid contributions for active missions amounted to $1.8 billion. In June 2023, the Secretariat was unable to ensure the timely settlement of payments to cover contingent-owned equipment of troop- and police-contributing countries, leaving a total of $224 million due.

(a) Liquidity tensions faced by peacekeeping operations

79. The cash balance of all current peacekeeping operations evolves in a predictable but fluctuating manner: cash levels generally trend upward in the first quarter of the fiscal year (July to September) and downward in the second quarter (October to December), reaching their lowest level towards the end of the fiscal year (April to

June). Every three years, liquidity tensions are also affected by the fact that the scales of assessment change as from January.[6]

Figure II.V
Quarterly aggregate cash balances of active peacekeeping missions



Source: Office of Programme Planning, Finance and Budget.
[a] Collection pattern (and cash balance) is different when scale changes (middle of budget period in 2018/19 and in 2021/22).

80. A view of the quarterly aggregate cash balances of active peacekeeping missions from 2016/17 to 2022/23 (see figure II.V) shows that, on top the overall downward trend in the first quarters, due to a reduction in the number and size of peacekeeping operations, the amount of cash at year-end has declined in recent periods, from $1,069 million as at 30 June 2020 to $438 million as at 30 June 2023.

81. These tensions mostly reflect a difficulty in collecting assessed contributions at a rhythm that would enable the coverage of expenditures. Peacekeeping operations are financed through special accounts by mandatory contributions from Member States, according to a specific scale adopted by the General Assembly. This scale includes a premium for the permanent members of the Security Council, in recognition of their responsibility for peacekeeping. For the 2022–2024 period, the main contributors to the peacekeeping budget are the United States of America (26.9493 per cent), China (18.6857 per cent), Japan (8.0330 per cent), Germany (6.1110 per cent), the United Kingdom of Great Britain and Northern Ireland (5.3592 per cent) and France (5.2894 per cent). At the end of the budget cycle, unspent contributions are returned to Member States on the basis of the scale used for calls for contributions. As at 30 June 2023, unpaid contributions for active missions amounted to $1.8 billion (see table II.6).

[6] During a year in which the scales of assessment change, Member States are assessed for only six months (July–December) because there is no approved scale for the next fiscal year. For example, between July and December 2024, the Secretariat will only assess Member States for 1 July to 31 December 2024 because the next scale of assessment will likely be approved by the General Assembly in late December 2024 and go into effect in 2025. Some Member States do ask for estimates based on the current scale, but they are not a majority.

Table II.6
Collection of assessed contributions of active peacekeeping operations
(Billions of United States dollars)

	2018/19	*2019/20*	*2020/21*	*2021/22*	*2022/23*
Opening outstanding assessments	1.6	1.5	1.7	1.7	1.7
Net assessments during the year[a]	6.9	6.8	6.7	6.2	6.4
Collection during the year (including credits[b])	7.0	6.6	6.7	6.2	6.3
Closing balance	1.5	1.7	1.7	1.7	1.8

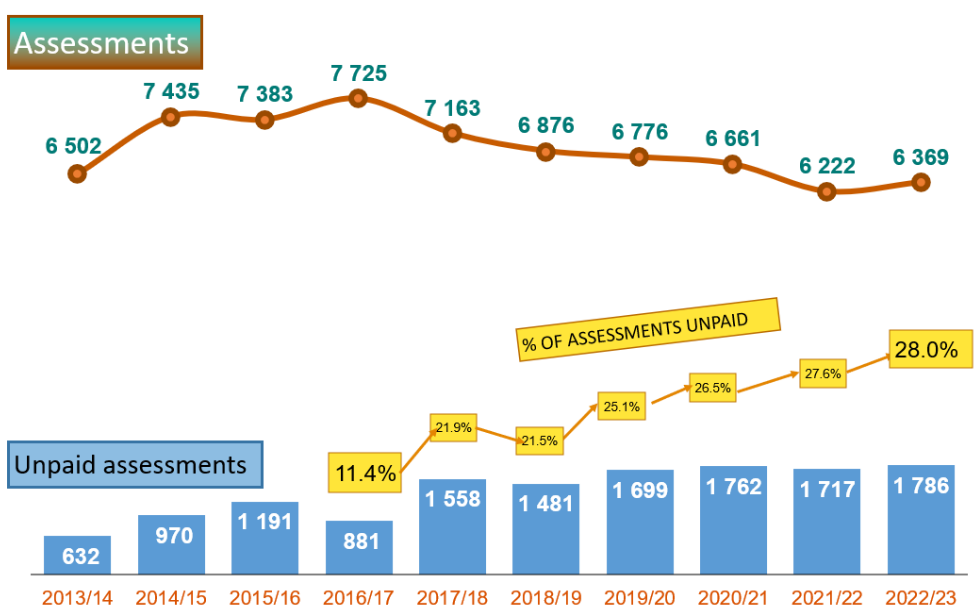
Source: Office of Programme Planning, Finance and Budget.

[a] Amounts which the General Assembly determines should be assessed to finance the approved appropriation, shared among Member States in accordance with the scale of assessment less the amount set off against the apportionment among Member States for their respective share in the Tax Equalization Fund, also referred to as staff assessment income.

[b] Amounts returned to Member States for unspent funds from prior periods in accordance with the General Assembly resolution for the respective missions.

82. Unpaid or delayed assessments are increasing despite declining peacekeeping budgets. Figure II.VI shows the scissor effect of the increasing percentage of unpaid contributions at the end of the year and the decreasing trend of peacekeeping assessments.

Figure II.VI
Peacekeeping assessments and fiscal year-end arrears
(Millions of United States dollars)



Source: Office of Programme Planning, Finance and Budget.

83. The difficulties in collecting mandatory contributions are well known. Each mission has multiple assessments based on mandate extensions. At the start of the peacekeeping fiscal year, the portion of an assessment with a governing Security Council mandate in effect is considered due and payable within 30 days of the receipt of the communication of the Secretary-General. The remaining assessment for the fiscal year, following the decision of the General Assembly in July 2019, is considered

due within 30 days of the effective date of the extension of a peacekeeping operation's mandate. As underlined by the Secretary-General in his note of July 2023, the need for discipline and adherence by Member States to the schedule for payment of mandatory contributions is imperative. Delayed payments pose a risk of facing further shortfalls in troop payments and difficulties in fulfilling the mandate.

(b) Scope, impact and limitations of liquidity management tools put in place

84. In 2019 and 2022, the General Assembly put in place a series of mechanisms to alleviate the liquidity pressures faced by peacekeeping operations.

85. In his report on improving the financial situation of the United Nations in March 2019 (A/73/809), the Secretary-General detailed the rising liquidity tensions faced by the United Nations, including its peacekeeping operations, and requested that the General Assembly: (a) approve the management of the cash balances of all active peacekeeping operations as a pool, allowing cross-borrowing among active peacekeeping missions while maintaining the balances in separate funds for each mission; (b) approve the issuance of assessment letters for peacekeeping operations for the full budget period approved by the Assembly, subject to the availability of rates of assessments for applicable years; (c) create a Peacekeeping Working Capital Fund of $250 million and authorize its use to address the liquidity challenges of active peacekeeping operations; and (d) temporarily suspend the return of unspent funds for peacekeeping operations. After examination by the Advisory Committee on Administrative and Budgetary Questions, the Assembly, in its resolution 73/307, approved the first two of these mechanisms on a three-year trial basis.

86. The Secretariat considers that the mechanisms put in place in 2019 have had a positive effect, allowing notably for due settlement of payments to troop- and police-contributing countries. The Administration nevertheless underlines that, while the cross-borrowing mechanism and the issuance of assessment letters for the full budget period helped the Organization better manage the liquidity constraints and minimize their impact on peacekeeping operations, unpaid contributions relative to assessments continued to increase.

87. In this context, the Secretariat found it necessary to request additional mechanisms, as those already approved were no longer sufficient to cope with the liquidity pressures. In his report on the same topic in October 2021 (A/76/429), the Secretary-General updated the General Assembly and reported on the use of the tools put in place in 2019. He requested that the Assembly take additional measures to: (a) relax the restrictions on the use of the Peacekeeping Reserve Fund in order to allow its use as a liquidity mechanism for the regular operations of active peacekeeping operations; (b) authorize the retention of the interest earned in the Peacekeeping Reserve Fund up to the amount necessary to bring the cash balance of the Fund, including interest, to $150 million; and (c) approve the return of credits for any active peacekeeping operation for unspent funds and cancellations of prior-period commitments only if all payments to troop- and police-contributing countries due and payable in that operation had been settled at the time that the Assembly took a decision on the return of credits. After examination by the Advisory Committee on Administrative and Budgetary Questions, the Assembly, in its resolution 76/272 of June 2022, extended for a further five years the cash pool/cross-borrowing mechanism and approved the use of the Peacekeeping Reserve Fund as a liquidity mechanism up to the level of $110 million for active peacekeeping operations (keeping, as originally intended for the Fund, an amount of $40 million in reserve to support new missions and the expansion of existing missions).

88. The various measures have contributed to mitigating the impact of the liquidity constraints on peacekeeping missions. In particular, the early settlement of payments to troop- and police-contributing countries was possible in each quarter up to June 2023.

89. Nevertheless, the various mechanisms cannot solve the fact that assessed contributions are not paid in full or on time on a long-term basis, especially as the trend shows a further deterioration. As the arrears continue to increase, the liquidity constraints also increase and the measures are occasionally not sufficient to manage the pressure, especially in the final quarter of each fiscal year.

90. In June 2023, only a year after the second set of measures were taken, the Secretariat was unable to cope with the size of the deficit and ensure timely payments to troop- and police-contributing countries, leaving a total of $224 million[7] due and showing that the mechanisms were not sufficient in the final quarter of the fiscal year. In July 2023, the Secretary-General pointed out that this situation was largely due to contributions not being paid on time. Indeed, the arrears of assessed contributions for peacekeeping operations increased by 8 per cent to $2.5 billion in gross value as at 30 June 2023, and by 11 per cent to $1.8 billion in net value as at 30 June 2023. The overall peacekeeping budget has been significantly reduced in the last few years, but this has not given rise to the improved collection of assessed contributions. The Organization's Reserve Fund, inter-mission cross-borrowing and cash pool mechanisms are not always sufficient to curb the resource tensions of peacekeeping operations, especially at fiscal year-end.

(c) Borrowing mechanisms

91. During the financial year 2022/23, $97.9 million was borrowed from the Peacekeeping Reserve Fund, in accordance with a decision of the General Assembly. Owing to a previous loan commitment to MINUSCA, the remaining $12.1 million could not be used. The borrowing limit of the Fund was therefore reached during the financial year 2022/23. Although some missions were able to temporarily repay part of their loans during the financial year, the amounts were not sufficient to cover all the operational needs of missions that faced liquidity problems. MINUSMA, MONUSCO and UNIFIL had to contribute an additional $221 million in 2022/23 through the mechanism of cross-borrowing between active missions, an amount that was higher than the previous year.[8]

92. MINUSMA remained the main lender in 2022/23 ($152 million). Its mandate extension coincided with the budget period, allowing the issuance of letters of assessment for the full budget period. Over the past four years, most annual assessed contributions of MINUSMA were paid in the first three months of the budget period, enabling it to lend cash to other missions through liquidity management.[9]

93. As at 30 June 2023, the total amount borrowed through these mechanisms was $318.9 million, as shown in table II.7, representing an increase of 66 per cent compared with 2022/23.

[7] Including UNAMID.

[8] As at 30 June 2022, total borrowings amounted to $192.5 million: $112.5 million from MINUSMA, $40.0 million from UNIFIL and $40.0 million from MONUSCO.

[9] At year-end 2022/23, MINUSMA arrears were statistically the lowest of all missions, representing 18 per cent of the gross amount receivable during the year. The financial year 2021/22 was also a period of decreasing arrears for MINUSMA and some other missions. The funds collected exceeded the annual gross assessed contributions.

Table II.7
Balance of cross-borrowing as at 30 June 2023
(Thousands of United States dollars)

Lender	*Amount*
Peacekeeping Reserve Fund	$97 900
MINUSMA	$152 000
UNIFIL	$69 000
Total	**$318 900**

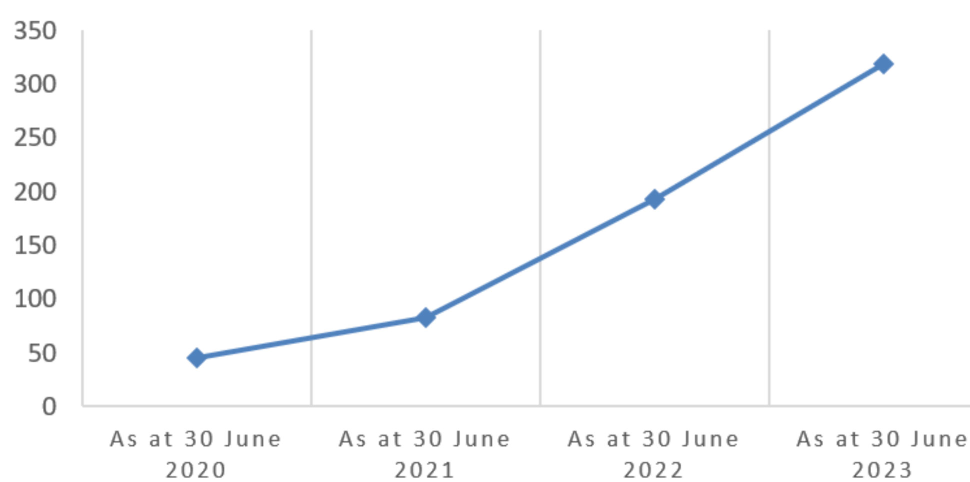
(Thousands of United States dollars)

Borrower	*Amount*	*2022/23 appropriation (percentage)*
UNMISS	$132 000	11
UNISFA	$63 300	22
UNSOS	$78 200	14
UNMIK	$31 000	69
MINURSO	$14 400	22
Total	**$318 900**	**5**

Source: Board of Auditors.

94. Over the past four years, the amounts borrowed have increased significantly (see figure II.VII), demonstrating the difficulty some missions have in repaying loans without needing to borrow the following year, sometimes in larger proportions. As at 30 June 2023, debt represented 69 per cent of the approved budget for 2022/23 for UNMIK, and 22 per cent of the approved budgets of both UNISFA and MINURSO.

Figure II.VII
Total amount borrowed by peacekeeping missions as at 30 June in the last four financial periods
(Millions of United States dollars)



Source: Board of Auditors.

95. In the case of UNSOS, UNMIK and MINURSO, the amounts cross-borrowed helped to compensate for the weak collection and cover the missions' current expenditures other than troops and contingent-owned equipment. In the case of UNMISS, cross-borrowing contributed to settling part of the contingent services at the end of the year. However, the cash pool was insufficient to cover one quarter of the financial period for contingent-owned equipment in active peacekeeping operations. As at 30 June 2023, $204.6 million was still due for active peacekeeping operations.

96. Following the recommendation of the Board from the previous year, the process of cross-borrowing is better documented but still needs to be described in detail, in particular to explain the criteria that triggers it. A review of the loan request notes of the Field Operations Finance Division and the Finance Division shows that an accurate assessment of the situation is systematically made when a loan application is submitted. Based on the notes, towards the end of the financial period, the event that triggers a loan request seems to be when a mission balance falls to roughly half a month of operating expenses left, and the borrowed amount is calculated to maintain a one-month operating expense level after the settlement of payments (mostly payroll). At the request of the Advisory Committee on Administrative and Budgetary Questions that the Secretariat consider options for potentially charging interest, the Secretariat examined the modalities, but concluded that they created practical challenges with regard to charging interest on internal borrowing among active peacekeeping operations and would not provide any tangible benefit to Member States. The decision process has been improved with formal notes for loan requests. However, the Board notes that its recommendation in chapter II, paragraph 222, of A/77/5 (Vol. II) is still under implementation.

97. Borrowing mechanisms have contributed to improving the liquidity situation for peacekeeping operations in each quarter and there is no evidence to suggest that it led to late payments of assessed contributions, since late payments for specific missions existed before cross-borrowing and follow a reasonably consistent pattern. On the other hand, even if the missions are able to settle their loans before seeking fresh ones, the amount borrowed from the Peacekeeping Reserve Fund and from other peacekeeping missions has increased sharply over the years. These mechanisms may contribute to ease short-term liquidity tensions but could also create a snowball effect, resulting in potentially long-lasting debts for some missions such as MINURSO and UNMIK, where the assessed contributions are repeatedly not collected in full.

98. The closure of MINUSMA, the main lender to peacekeeping missions facing liquidity tensions, may also put pressure on the sustainability of the cross-borrowing mechanism in the coming years, and increase the risks of liquidity shortages and of incidents of delayed payments for active missions. In July 2023, the Secretary-General recalled to Member States his request of 2019 to create a working capital fund of $250 million for active peacekeeping operations, in response to liquidity difficulties.

2.2 Jointly mobilizing revenue, expenditure and liquidity management levers

99. Liquidity management cannot completely overcome the difficulty of collecting contributions in full and on time. Revenue, expenditure and liquidity management can be made complementary to address this challenge.

(a) Liquidity management is not meant to completely overcome the difficulty of collecting contributions in full and on time

100. On the one hand, the role of liquidity management is to support the smooth execution of the budget and avoid cash shortages in the course of the year even in a

situation of particular fiscal stress,[10] "ensuring the liquidity necessary to meet the Organization's cash-flow requirements" (financial rule 104.12). In a context where borrowing from outside is not allowed, easing cash management should consist in allowing appropriate initiatives within the boundaries of a given financial year.

101. On the other hand, the existence of a persistent gap between the expenditures of some peacekeeping operations and the assessed contributions actually collected poses a structural challenge. As long as payments of assessed contributions continue to consistently lag, the issue at heart can still be considered purely as a liquidity issue. But if this lag in collection is not consistent, or if the expected collection never materializes, a gap between expenditures and collections appears that cannot be properly addressed by cash management alone. There is a difference between collecting late and collecting less: for a given peacekeeping operation, collecting late can be covered by liquidity management, collecting less can never be.

102. Liquidity and budget management are different. Liquidity management can help avoid a cash shortage during a given period, allowing for the timely settlement of a payment due, but not guarantee the longer-term match between actual levels of revenue collected and expenditures. The Administration notes that, until recently, this did not appear clearly in the sense that peacekeeping missions suffered little from liquidity constraints with regard to the coverage of their internal expenditures. Indeed, in practice, prior to the approval of cross-borrowing among active missions, the gap between collections and expenditures was bridged by delaying payments to troop- and police-contributing countries, which were financing liquidity by receiving payments late.

(b) Building on the complementarity of revenue, expenditure and liquidity management levers

103. To ease liquidity tensions and address the structural challenge arising from the collection of assessed contributions, complementary levers could be used, involving revenue, expenditure and liquidity management.

104. On the side of revenue management, the fact that assessed contributions are due does not prevent the taking of proactive measures to better anticipate the risks at stake and ensure that expected contributions are actually paid out in a timely manner, or even paid in advance. The Secretariat has intensified its initiatives in this field, including through close engagement and collaboration with the main contributors and the development of projection models to provide credible collection forecasts.

105. Theoretically, on the side of expenditure management, especially in a system where deficit and debt are out of the question, any budgetary authority takes into account the risk that actual revenues will be significantly below expectations. Beyond addressing the quality of expenditure through regular reviews and the monitoring of execution, the most common response, especially in a context where the actual level of revenue is largely outside the control of the Organization, is to act on the level of expenditure, by implementing regulatory measures that enable key expenditures to be prioritized according to the objectives set. One of the main limitations of this reasoning in the case of peacekeeping operations is that executing a smaller budget based on collection would still trigger a return of the unspent funds to the Member States that have fulfilled their financial obligations to the mission, in accordance with Financial Regulations and Rules of the United Nations.

106. To deal with a worsening situation in 2022/23, the Controller found it necessary to slow down expenditure in an effort to align projected outflows with anticipated inflows. These measures were implemented to manage first and foremost the risk of

[10] See, for example, International Monetary Fund, "Government cash management under fiscal stress", *Fiscal Affairs* (Washington, D.C., 2020).

defaulting on payments to staff and partners to which the United Nations already had a commitment to pay. The Controller has also indicated his willingness to carry out a review of peacekeeping expenditures.

107. However, the implementation of expenditure constraints would rapidly exceed the Secretariat's jurisdiction and result in a number of implications, not only with regard to the non-delivery of approved activities but also on the return of budgetary savings as credits to Member States, creating a vicious circle of further eroding the liquidity situation. Such a strategy would also, since the composition of the budgets differs significantly between groups in terms of post and non-post resources, need to be applied cautiously to avoid a disproportionate impact on different groups and hence different mandates.

108. Eventually, on the side of liquidity management, the pros and cons of adjusting and complementing the existing tools to better meet needs could be studied, and complementary tools be put in place if the General Assembly so wishes. So far, the flexibilities in liquidity management do not allow the Organization to take advantage of the different seasonality of volume I and volume II revenue collection. The regular budget experiences a shortage usually from September to December, while peacekeeping experiences a shortage from March to June (except in years when the scale of assessments is adjusted). However, liquidity tension for the regular budget can be felt from January, when the year begins with very little cash. The ability to borrow across fiscal periods would be fundamental to the success of an inter-volume borrowing regime. To ensure that cash and resource management are clearly delineated and to avoid an imbalance in the mechanism in either direction, or a risk of de facto cross-funding, the level of borrowing should be periodically reviewed for any corrective measures that may be warranted.

2.3 Way forward

109. **The Board recommends that the Administration present, in its next report to the General Assembly on improving the financial situation of the United Nations, desirable evolutions in revenue, expenditure and liquidity management for peacekeeping operations.**

110. Regarding revenue management, the Secretariat could reflect on possible ways to:

(a) Propose to the General Assembly that the Secretariat assess the financial impact of revisiting the principle of a "special account" for each peacekeeping operation, in order to mitigate the impact of a delayed payment of an assessed contribution on a given mission. This could include a mechanism for distributing revenue among peacekeeping operations in proportion to their appropriation;

(b) Continue to refine collection projection models;

(c) Engage with key contributors to ensure greater attention from their national budgetary authorities to the financial needs and performance of peacekeeping operations, and strive to make the payment of contributions more predictable, in full and on time, or even earlier.

111. Regarding expenditure management, the report of the Secretariat could explore options to:

(a) Propose to the General Assembly that the Secretariat curb spending if actual and projected collections appear to be significantly below the initial appropriation;

(b) Enhance fiscal responsibility and efficiency awareness in the management of peacekeeping operations, including through targeted spending reviews;

(c) Continue to improve control over the pace of expenditure.

112. Regarding liquidity management, the analysis could present complementary ways to:

(a) Reflect in performance reports whether and how far execution and performance has been affected by liquidity constraints;

(b) Propose to the General Assembly that the Secretariat ensure the sustainability of the peacekeeping cash position, including by discussing the pros and cons of adjusting and complementing the existing tools to better meet the needs;

(c) Periodically review the levels of borrowing for any corrective measures that may be warranted (see figure II.VIII).

Figure II.VIII
Better addressing liquidity tensions in peacekeeping operations

Source: Board of Auditors.

113. The Administration accepted the recommendation.

3. Budget implementation

114. Against a backdrop of a general downward trend, budget implementation for peacekeeping operations shows various shortcomings in relation to formulation (see sect. 3.1), as well as uneven flexibility and monitoring (see sect. 3.2).

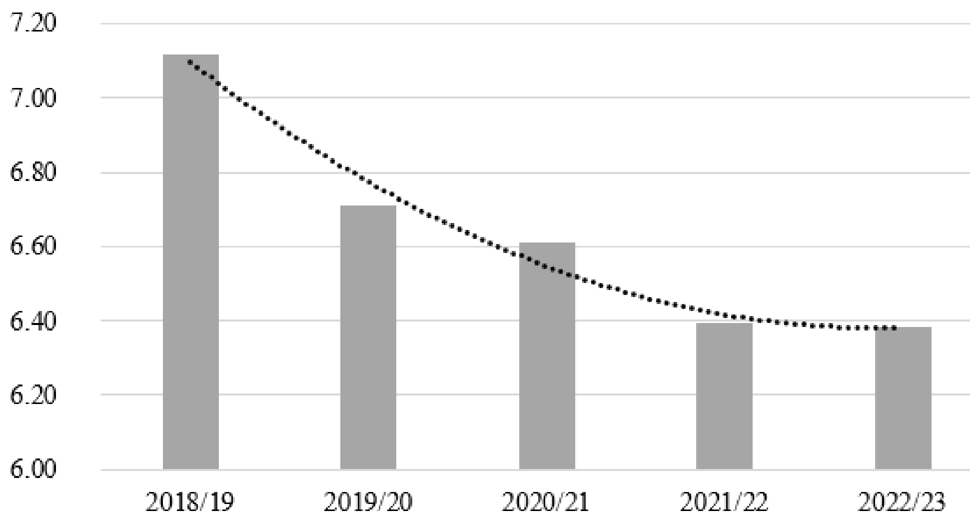
3.1 Main characteristics of budget implementation in peacekeeping operations

115. Peacekeeping budgets have been characterized by a downward trend for several years and various gaps compared with formulation can be noted.

(a) Downward trend of peacekeeping budget for several years

116. Over the financial period 2018/19–2022/23, the overall appropriation of peacekeeping operations has followed a downward trend, falling by 10 per cent in five years (see figure II.IX). This change can be explained in particular by the closure of UNAMID and also by changes in the mandates of missions, including the transition plan of MONUSCO.

Figure II.IX
Peacekeeping appropriations in the past five years
(Billions of United States dollars)



Source: Financial statements of peacekeeping operations.

117. Over the same period, budget implementation rates were around 98 to 99 per cent, with one notable exception in 2020/21 due to the COVID-19 pandemic. The breakdown of expenditure by group was also relatively stable.

(b) Gaps between budget formulation and implementation

118. Efforts have been made to improve the estimated budgets in an attempt to anticipate the impact of external factors such as exchange rates, inflation and fuel prices, among others. However, various gaps between budget formulation and implementation can be observed. Budget formulation considers costs and activity parameters as they are known at the time (i.e. six months before the budget is implemented). If methodological adjustments and refinements have been made to define more reliable fuel costs and vacancy rates (see A/77/779), these methods are still based on the latest actual costs/rates and not on projected trends.[11] The same applies to costs covered by existing contracts, even if these contracts are up for renewal during the budget period and include expected increases or decreases in consideration of market conditions, or contracts have already been renewed previously for other missions that have the same requirements. On this specific point, the example of aviation contracts is quite revealing, given the significant increase in service provider costs observed over the past two years.

119. This time lag is also reflected in the renewal of the reimbursement rates for troop- and police-contributing countries (June 2022) and contingent-owned equipment (June 2023), which are not aligned with the budget cycle. Some rates are decided and implemented out of cycle and the resulting increase is absorbed in the mission budget during the first year of implementation. The same applies to the

[11] The Secretariat presented a regression model to the legislative bodies for the projected costs of fuel (A/77/779, paras. 256–264). The Advisory Committee on Administrative and Budgetary Questions noted this work in its report (A/77/767, para. 66). The General Assembly, however, did not adopt a cross-cutting resolution during its seventy-seventh session and hence did not pronounce itself on this regression model. For now, the legislative bodies have requested rates to be based on actual costs, not projected trends.

revision to the salary scales of staff,[12] as the measures adopted by the General Assembly,[13] on the recommendation of ICSC, take effect on 1 January each year and automatically lead to an increase in financial requirements over a six-month period for peacekeeping operations. Similarly, for local staff, every five years ICSC carries out a full salary evaluation for similar work with other employers in the local labour market by means of a survey, and between these full evaluations, salaries are adjusted in line with the evolution of salaries in the local labour market. As the salary increases start on the day the survey is launched, significant additional expenditure may be incurred during budget implementation,[14] especially as the planning of these surveys does not consider the specificities of the budgetary cycle of the peacekeeping operations.

120. Similarly, there may be changes between when planning assumptions are formulated and the actual budget implementation. This can occur for all budget assumptions, and while some costs will go up, others may go down. For instance, in 2022/23, while the budget assumption included the full deployment of the UNIFIL Maritime Task Force of six vessels, only five were deployed, resulting in a non-expenditure of about $9 million. Assumptions regarding troop/police rotations and contributing countries considered when establishing the budget may also be modified during its implementation, depending on the operational context and challenges, with a significant impact on the level of group I (military and police personnel) expenditures. For example, in 2022/23, UNISFA faced an increase in the cost of travel on emplacement, rotation and repatriation of military contingents. At the time of preparation of the budget, the troop-contributing countries that would replace the single troop-contributing country as part of the reconfiguration of the Force had not been identified. As such, the approved budget for the 2022/23 period did not cater for the emplacement of contingents from eight countries located at varying distances from Abyei, which were deployed or scheduled to arrive in 2022/23. This entailed additional resource requirements in the amount of $8.9 million (A/77/836, para. 3 (b)).

121. In terms of activities, as explained earlier, the renewal of mandates at specific dates can, for certain missions, disrupt budget management because of the time lag with the budget formulation cycle. In cases of significant changes to the mandate (increase/decrease of troops, areas of operations, priorities and programmatic activities), if mechanisms such as supplementary budgets are planned, missions must first absorb these new needs and prioritize them, pending any additional financial resources. This can be easier or more difficult depending on when the changes occur in the budget cycle, the size of the mission and the specific context at that point in time.

122. Budget implementation in peacekeeping operations is therefore characterized by numerous differences between the assumptions made at the time of formulation and their implementation, given the challenging and volatile environment in which peacekeeping operations operate. Expenditure may increase or decrease as a result of the following main factors: price effects; volume effects, especially in the case of changes in planned activities; differences between planned and actual vacancies and contingent-owned equipment shortage rates; and the necessity of new expenditures to meet unplanned and urgent needs.

3.2 Uneven flexibility and monitoring of budget implementation

123. Flexibility of budget implementation at the field level appears variable, while there exist opportunities to define and strengthen the functioning of the second line of defence in monitoring budget implementation, especially after the 2019 reforms.

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[12] Base floor salary scale and value of the post adjustment multiplier for staff in the Professional and higher category; children's and secondary dependants' allowances; hardship allowance and mobility incentive.

[13] See, for example, resolutions 77/256 A and 77/256 B for the 2022/23 budget period.

[14] See, for example, UNMISS during the 2022/23 period (A/77/786 (para. 3 (b)).

(a) Variable flexibility of budget implementation at the field level

124. By nature, the bulk of the peacekeeping operations budget is made of expenditures deemed as compulsory, in particular group I (military and police personnel), but also group II (civilian personnel), both of which on average account for 75 per cent of the overall budget of the four largest missions from 2018/19 to 2022/23 (group I between 40 and 50 per cent; group II between 20 and 30 per cent). Some operational expenditures are more "controllable" in that they include appropriations for the purchase of equipment and the financing of infrastructure, which can be temporarily postponed during the implementation of the budget.

125. For group I, commitments are made in full at the beginning of the period directly at the Headquarters level by the Uniformed Capabilities Support Division, with invoicing on a quarterly basis. Group II and group III (operational costs) commitments are made at the level of the mission.

126. The flexibility of budget implementation depends mainly on the level of implementation of groups I and II, bearing in mind that any additional need will necessarily have to be covered, first by redefining spending priorities and then, if necessary, by recourse to additional resources. In this respect, an examination of budget implementation by group compared with the original distribution for the same four largest missions reveals different levels of rigidity in terms of compulsory expenditure. Compared with the other missions, UNMISS in particular has a tight budget implementation, with expenditure levels for groups I and II in line with the appropriations allocated.

127. Redeployment between and within groups is an essential management tool in the implementation of the budget. As shown in paragraphs 301 to 307 of the report of the Secretary-General on the overview of the financing of the United Nations peacekeeping operations (A/77/779), redeployments between groups remain low as a proportion of the total appropriation of peacekeeping operations, but can nevertheless represent significant amounts when compared with the appropriation of the group from which these redeployments originate or to which they contribute. Flexibility in the use of appropriation within each group can also lead to significant internal redeployments.

128. Heads of peacekeeping operations have been delegated the authority to reallocate consumables between classes within the same group and, more importantly, between expenditure groups in order to deal with discrepancies between the assumptions on which the budget is based and actual requirements. This delegation is part of the budgetary process, with heads of entity best placed to prioritize expenditure according to objectives set at the beginning of the financial year and possibly revised during budget implementation. This delegation has allowed for flexibility and responsiveness within the peacekeeping operations, subject to the respect for and fulfilment of certain rules and conditions.

129. The Controller's memorandum of 15 March 2021 set out the instructions and conditions for implementing the redeployments within the applicable financial regulations and rules. In particular, the Controller stated that redeployments across groups of expenditure must be accompanied by detailed justification, with strict reference to either the respective mandate requirements of the mission or specific urgently and newly arising operational circumstances on the ground; redeployment across groups of expenditure should be made only when the projected expenditures for any given group exceeded the allocation approved by the General Assembly and that unencumbered balances should not be redeployed between groups of expenditure so they can be committed before the end of the financial year.

130. Deviations from the regulatory framework were noted in the justification of some redeployments in 2022/23. For example, UNLB transferred $1.2 million in

funds from group II to group III without demonstrating the urgency of the needs to be financed; rather, the reallocations were the result of a situation characterized by lower expenditures within group II, given a staff vacancy rate significantly higher than that used for appropriation, allowing the unencumbered resources to be used to cover activities that were deprioritized in previous cycles owing to the unavailability of funding, including the acquisition of generators and infrastructure.

(b) Opportunities to strengthen the second line of defence in monitoring budget implementation

131. The Department of Management Strategy, Policy and Compliance has developed dashboards to monitor budget consumption at the macro and micro levels. Based on data visualization, the indicators are adapted to different reading levels and allow senior managers to access valuable information directly from the Umoja system in a simplified way, thus facilitating their decision-making.

132. In the second half of 2020, a new section of the management dashboard on accountability indicator monitoring was introduced to provide managers access to automated quarterly reporting on the 16 key performance indicators[15] of the delegation of authority accountability framework. Previously available only in PDF format, the new accountability indicator monitoring section provides easy access to the quarterly monitoring report for each key performance indicator, at both the entity and the global Secretariat levels. For the budget and finance function, seven indicators have been introduced, as set out in table II.8.

Table II.8
Accountability indicator monitoring for the budget and finance function

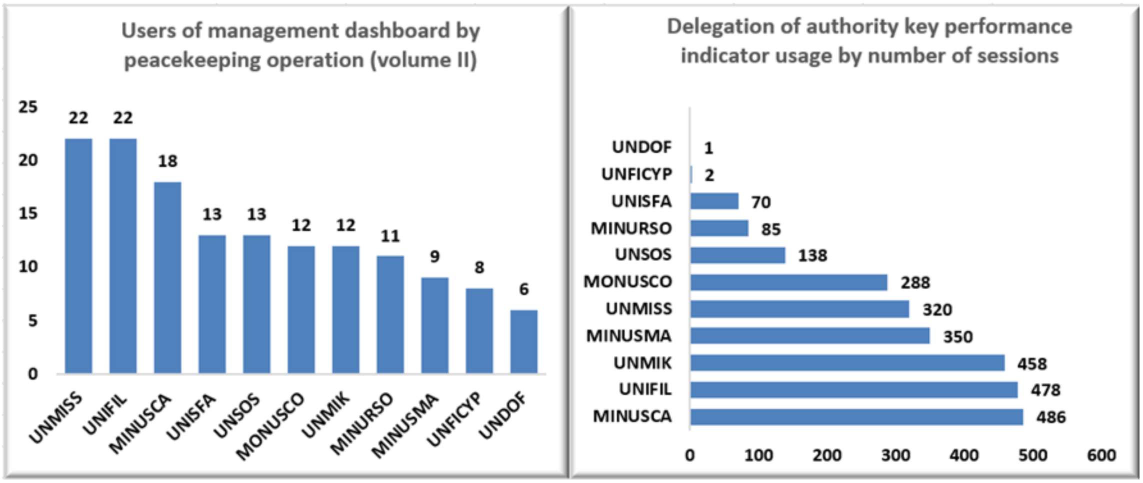
Indicator	*Measure*
Expenditure against appropriation	Percentage of budget expenditure to average budget appropriation
Voluntary contributions management	Percentage of available cash balance compared to available budget for active grants (target: 100% or higher)
Cost-recovery sustainability	Percentage of cost of services provided against fund balance
Timely payment for goods and services	Percentage of payments disbursed within 30 days from the invoice date
Programme support cost sustainability	Percentage of the reported quarterly programme support cost funds expenditures against the current programme support cost funds balance
Actual versus budgeted vacancy rates	Percentage of average quarterly rate against budgeted vacancy rate
Staff receivables management	Percentage of overdue staff receivables against total active staff receivables

Source: Data from the Business Transformation and Accountability Division.

133. There are no specific indicators for redeployments, even though they fall within a precise regulatory framework. The Administration considers it difficult to define a compliance indicator insofar as only a contextual analysis of each mission will make it possible to conclude whether the redeployment is compliant. Such an indicator could nevertheless be usefully included in the section devoted to budget monitoring.

[15] A total of 24 key performance indicators, when including the provisional indicators.

Figure II.X
Overview of peacekeeping operations users and volume of activity on management dashboard



Source: Data from the Business Transformation and Accountability Division.

134. Figure II.X illustrates disparities in the use of the management dashboards. Although the level of funding varies considerably between peacekeeping operations, the situation of UNDOF raises questions about the internal monitoring of the delegation of authority, as there has been only a single user session since the dashboard became operational.

135. During the budget implementation process, the role of the Field Operations Finance Division as a second line of defence (A/77/5 (Vol. II), chap. II, paras. 119–141) appears to be unclear and inconsistently carried out. Some budget officers seem to consider that the tasks of the second line of defence are exclusively for the Business Transformation and Accountability Division to perform, and that they should not be involved at the stage of budget implementation in the context of the delegation of authority. If the Business Transformation and Accountability Division defines the framework for monitoring the exercise of delegated decision-making authority – with input from policy owners on the most appropriate indicators for each functional area – the control and monitoring of the budget implementation, including the expenditure rates, goes beyond the monitoring of delegated authority and should fall under the responsibility of the budget experts of the Field Operations Finance Division.

136. The coordination between the different actors of the second line of defence needs to be improved. Indeed, Headquarters actors other than those in the Field Operations Finance Division play a key role when they take decisions that have a significant impact on budget implementation, for instance on troop- and police-contributing country replacements, capability studies, assessments or salary reviews. The fact that the Field Operations Finance Division does not receive the proper information in due course, nor is it invited to participate in cost-significant reviews and assessments, needs to be corrected in order to ensure that financial constraints are duly taken into account.

137. The second line of defence is a joint responsibility and, following the roll-out of the delegation of authority framework in 2019, the roles and responsibilities of monitoring by different stakeholders need to be clarified and strengthened. The Board made a similar conclusion on operationalizing the second line of defence in the context of risk management (A/77/5 (Vol. II), chap. II, para. 139 (still under implementation)), noting the need to formalize the participation of the Department of Peace Operations.

138. Following another recommendation of the Board (A/72/5 (Vol. II), chap. II, para. 77), and in accordance with the Controller's memorandum of 15 March 2021, missions are required to provide quarterly reports on material redeployments to the Office of Programme Planning, Finance and Budget. These reports should also include projections of expenditures, including the reprioritization of resources and the impact on mandated tasks during the rest of the budget period. Such reports must be supported by the information recorded suitably under the Umoja strategic management application. The Secretariat was unable to provide to the Board the quarterly reports of peacekeeping operations for 2021/22 and 2022/23, recognizing that the missions do not systematically send them without proper follow-up or reminders. Analysis of these reports should be an integral part of the second line of defence's role in monitoring budget implementation.

139. When situations of underperformance are reported from the missions to other Headquarters entities, the Field Operations Finance Division is not systematically included, nor is the cost dimension thoroughly taken into consideration in the decision-making process, in spite of the significant budgetary consequences that these situations may imply. Notwithstanding the fact that heads of mission have been delegated the authority to make decisions with regard to budget implementation, the role of the Field Operations Finance Division in monitoring the budget implementation should be reinforced to ensure financial discipline during the financial year. This would help mitigate the risk of taking decisions either from the fiscal perspective only, at the expense of the mandate, or the opposite, at the expense of financial discipline.

140. The weakness of the second line of defence can also result in compliance challenges. For instance, examination of the commitments in group III (operational costs) shows that, contrary to financial regulation 5.3, some of these commitments were maintained beyond 12 months, resulting in a reduction in the refund that should have been paid to Member States under regulation 5.4. The Secretariat explained that such commitments were linked to remaining financial liabilities to outside entities that were not funded in the new budgets but still had to be met, and that, if these carry-overs had not occurred, funding would then have to be sought again from Member States to meet the financial liabilities. The decision to maintain these commitments beyond 12 months is done through a detailed review of the requests from entities by the Office of Programme Planning, Finance and Budget and the decision communicated to the entities through an email from the Office of the Controller. The commitments for 2021/22 that were maintained beyond 2022/23 through this process amounted to $14.3 million in total, and concern liabilities related to MINUSMA ($8.4 million) and UNAMID ($5.9 million).

3.3 Way forward

141. **The Board recommends that the Administration define the roles and responsibilities of budget monitoring of peacekeeping operations by different stakeholders of the second line of defence to ensure that appropriate checks and balances are in place and greater attention is paid to budgetary discipline and mandate priorities.**

142. In particular, this implies:

(a) Clarifying the scope and delineating the responsibilities of budget monitoring by different stakeholders of the second line of defence in the context of the new delegation of authority, including the Department of Peace Operations and the Department of Management Strategy, Policy and Compliance, to ensure that significant budgetary management decisions during the year take into account all factors (financial, operational, mandate-related implications, etc.);

(b) Strengthening the Controller's role by ensuring the Field Operations Finance Division is informed and consulted in due course on any event that could have a significant impact on budget implementation and is invited to participate in cost-significant discussions, reviews and assessments. In particular, all relevant cables sent from the field should be copied to the Controller as a matter of course, the Field Operations Finance Division should participate in reviews and assessments of the missions to advise on financial and budgetary implications, and discussions related to the replacement of troop- and police-contributing countries should present several scenarios and include a cost-impact analysis conducted by the Field Operations Finance Division;

(c) Fully implementing the Controller's directives concerning quarterly mission reports on budget implementation, in a standardized format, enabling more responsive anticipation and management of difficulties and risks;

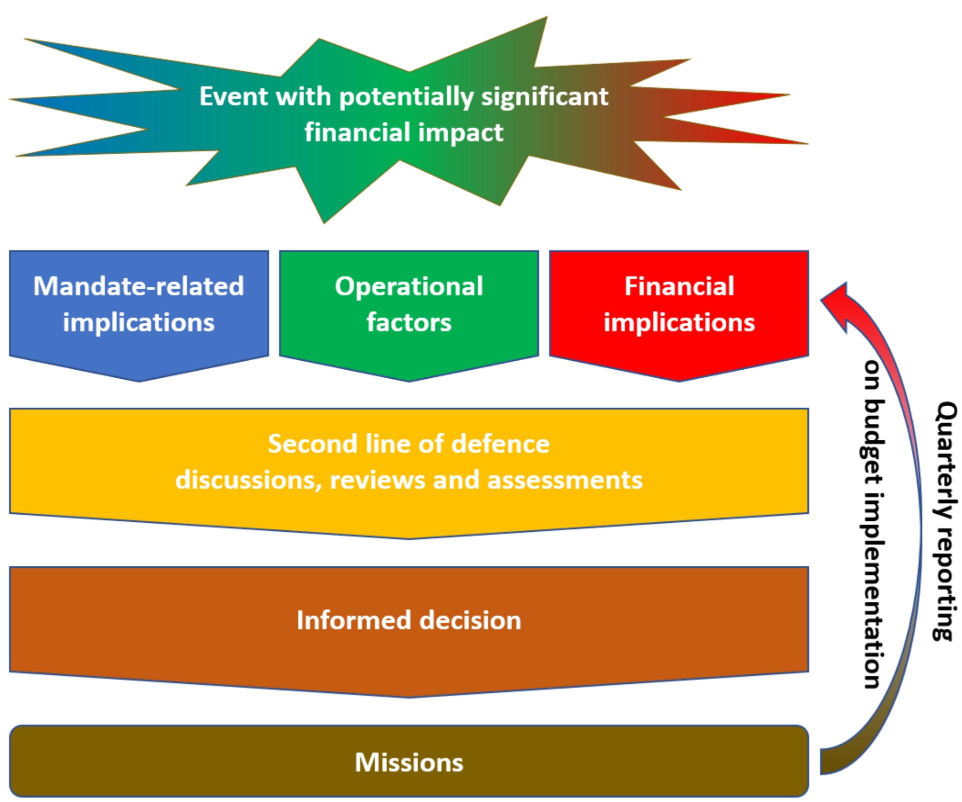
(d) Strictly adhering to criteria governing redeployments and more closely monitoring the use of unencumbered balances;

(e) Better aligning decisions on salary surveys with the peacekeeping budget cycle in order to reduce their retroactive effects;

(f) Proposing without delay to the General Assembly that the Administration take into account in the budgets the reimbursement rates for troop- and police-contributing countries and contingent-owned equipment, when approved;

(g) Ensuring that commitments are managed transparently and in full compliance with applicable regulations and rules (see figure II.XI).

Figure II.XI
Better monitoring of budget implementation of peacekeeping operations



Source: Board of Auditors.

143. The Administration accepted the recommendation. Notably, it underlined that it supported measures to strengthen oversight, monitoring and accountability measures, and that the scope and delineating responsibilities of budget monitoring by different stakeholders of the second line of defence should be clearly defined as part of the new delegation of authority framework to be issued in 2024. It also stressed that the Controller's 2021 memorandum regarding the management of allotments and procedures for redeployments reflected viable checks and balances, to the extent that missions adhered to its provisions. The Field Operations Finance Division indicated that it would continue its efforts to conduct stringent monitoring during budget implementation and seek further clarification and justification from missions and departments at Headquarters where necessary, and that this would require that the Field Operations Finance Division be better informed on the strategic discussions by all stakeholders that had major budgetary impacts.

144. As part of the monitoring role of the second line of defence, the Department of Peace Operations indicated that, as the oversight department for peacekeeping operations, it would assess the adequacy of the alignment of budget implementation with mandate priorities. It noted that not all reviews and assessments of missions would require the participation of the Field Operations Finance Division. It further stressed that force generation decisions, which are under its responsibility, were typically heavily constrained in terms of the options available for decision, once all necessary factors were considered. In particular, factors such as the preparedness and readiness of a troop- and/or police-contributing country; geographical proximity; regional balance; the past performance and conduct of a troop- and/or police-contributing country, including its suitability against the provisions of Security Council resolution 2272 (2016) and its human rights record; and its approval by the host nation were taken into consideration. The Department of Peace Operations also stressed that a cost-impact analysis would be a useful additional element to inform decisions.

4. Accountability on budget management and reporting on performance

145. Results-based budgeting is a long-standing process, with a defined framework and methodology and, more recently, Umoja solutions to process it. Nevertheless, ensuring the accountability of peacekeeping operations on budget management and reporting on performances, including the performance report, remains a laborious and burdensome process for missions. Performance reports are numerous and nearly half their content is dedicated to results-based budgeting, in particular lengthy developments on outputs. With the deployment of CPAS in all peacekeeping operations, missions can now use this framework to feed results-based budgeting, avoid redundancy on data collection and encourage a cultural shift to better report on impact-based indicators for mandated tasks. To enhance budget transparency, it would be worth overcoming the current disconnection between the results-based budgeting framework and financial resources, and employ Umoja to better understand the breakdown of expenditure per component and mandated task.

146. The existing reporting on performances and budget implementation presents limits (see sect. 4.1). It appears necessary to build up a more strategic accountability of peacekeeping operations (see sect. 4.2).

4.1 Limits of the existing reporting on performances and budget implementation

147. The results-based budgeting framework and associated tools have been gradually rolled out to ensure accountability and reporting on performance. However, quantitative and qualitative shortcomings make it difficult to analyse, within the budget process, the effective use of resources and the progress made in implementing the mandates.

(a) Gradual roll out of the results-based budgeting framework and associated tools

148. The results-based budgeting framework was set up in peacekeeping operations 20 years ago. The Secretary-General recommended that programme budgeting be shifted towards results-based budgeting to introduce results-based accountability and flexibility (see A/51/950). In its resolution 55/231 of December 2000, the General Assembly approved the results-based budgeting framework to enhance responsibility and accountability in the implementation of programmes and budgets, ensure the efficient use of resources and better determine the effectiveness of the work of the Organization. Within this framework, the Administration reports on the accomplishments achieved based on measurements using performance indicators. After a progressive introduction in peacekeeping missions from 2000, the Assembly confirmed the use of the results-based budgeting framework for the preparation of the budgets for peacekeeping operations. In its resolution 61/276 of June 2007, the Assembly requested the Secretary-General to prepare the budgets for peacekeeping operations in full compliance with resolution 55/231 and to link results-based budgeting to the mandate implementation plans of peacekeeping operations.

149. According to the Financial Regulations and Rules of the United Nations (ST/SGB/2013/4), the Secretary-General shall prepare budgets for peacekeeping operations setting out objectives, expected accomplishments and outputs for consideration and approval by the General Assembly (regulation 2.12) and decide on the objectives, expected accomplishments, outputs, activities and resource allocation in all peacekeeping operation budgets submitted to the Assembly (rule 102.8 (a)).

150. Both the budget performance report for the previous year and the proposed budget for the following year are occasions to link budget and performance. Since the implementation of the management reform and the revised delegation of authority, heads of mission submit to the Controller forms for the preparation of the budget proposal and budget performance reports. Both reports are harmonized. Performance reports include two main parts: the "mandate performance", which includes the result-based budgeting framework, and the "resource performance". The Controller's budget instructions include a budget preparation guide related to the budget performance report for the previous years and the proposed budget for the following year, which provides, inter alia, guidance for the preparation of the budget performance report and the deadlines for submission to the Office of Programme Planning, Finance and Budget. The guide reflects policy measures arising from General Assembly resolutions. The performance report for the previous year is issued before the budget proposal for the following year, allowing for a virtuous budget circle between execution and budget proposal, which does not exist for the regular budget and partly counterbalances the lack of a performance report concerning the current year.

151. The Secretary-General also submits an annual overview report on the financing of peacekeeping missions, as requested by the General Assembly in its resolution 59/296. This report presents an overview, complementary to the mission-specific budget performance reports. The latest peacekeeping operations overview produced by the Secretary-General reported on the budget performance for the financial year 2021/22 (A/77/779).

152. As far as information technology tools are concerned, peacekeeping operation budgets are processed through different solutions in Umoja. The strategic planning, budget formulation and performance management solution is envisioned to support the planning for, management of and reporting on the utilization of resources as well as the implementation of mandates based on results-based frameworks. The solution comprises three key components:

(a) Business planning and consolidation, used for budget formulation;

(b) Integrated planning, monitoring and reporting, used as a programme management tool on a voluntary basis;

(c) Strategic management application, used to monitor performance from the point of view of the mandate. Missions use the application to monitor their progress towards their expected accomplishments and outputs.

(b) Quantitative and qualitative shortcomings make it difficult to analyse effective use of resources and progress made in implementing mandates

153. Performance reports appear laborious and burdensome for missions. Performance reports are numerous. A substantial portion of data gathered within the results-based budgeting framework does not appear to be strategic enough: there are too many intermediary indicators and outputs, which does not allow for a straightforward and effective consideration of mission progress towards achieving mandated tasks and making effective use of resources.

154. In its resolution 72/286, the General Assembly requested the Secretary-General to ensure that the results-based budgeting frameworks adequately permitted consideration of each mission's progress towards achieving mandated tasks and ensuring the effective use of resources.

155. In results-based budgeting, missions report against the indicators through the respective reports of the Secretary-General. Results-based budgeting frameworks are presented in chapter I (mandate and planned results) of the proposed budget and not in chapter II (financial resources). The aim is to present indicators of achievement that illustrate the year's objectives, priorities and outputs associated with the implementation of the mission's mandate.

156. These exercises present numerous quantitative and qualitative shortcomings. For instance, in the case of MONUSCO, the budget proposal for 2022/23 (A/76/718) is presented in the results-based budgeting frameworks under three components: protection of civilians; support to stabilization and the strengthening of State institutions in the Democratic Republic of the Congo and key governance and security reforms; and support. For each component, expected accomplishments and indicators of achievement are detailed. The multi-year dimension of the results for the expected accomplishments is presented, with a reminder of the indicators of achievement's established targets for the past three financial years, including the current year. There are no visuals associated with this data. With the exception of the "support" component, no budgetary expression is associated with the indicators in the results-based budgeting framework, even if a number of outputs are linked to outreach and programmatic funding. These shortcomings are of a systemic nature and need to be addressed as such.

157. Indicators are defined by the mission itself, with methodological advice from the Field Operations Finance Division and harmonization by the Department of Operational Support for indicators related to support. Some of the indicators relate to performance, as their achievements contribute to the overall objective of the mandate, and appear measurable, achievable and congruent over time.

158. Much of the information is of lesser interest. In line with resolution 59/296 of the General Assembly, the purpose of the indicators of achievement is not to assess the performance of Member States but, where possible, to reflect the contributions by peacekeeping missions to the expected accomplishments and objectives in keeping with their respective mandates. Outputs, in turn, are meant to capture the corresponding planned and actual contributions of the mission. However, these outputs mix performance data, related to the achievement of the mandate, with purely activity-related data, such as the number of meetings, workshops, work sessions, feedback sessions, training sessions and seminars. Even if such activities contribute,

as intermediary steps, to the implementation of the mandate, there is no need to report extensively on them to underline the mission's performance.

159. The number of indicators and outputs appear to be too numerous and their quality disparate, and most of the time they are not linked to the performance of the actions carried out by the missions. For instance, the report of the Secretary-General on the budget proposal for MONUSCO for 2022/23, which details indicators of achievement and outputs for each expected accomplishment, is nearly a hundred pages, and at some points has more than 20 outputs per expected accomplishment. The Secretary-General presents too many achievements that are more a matter of day-to-day activities, and does not identify the concrete progress made in relation to the success indicators. One difficulty in reducing the quantity of data provided lies in the fact that some managers seem to fear that communicating less data about their day-to-day activities could result in budget cuts.

160. Some indicators of achievement provide information that is not focused on the mission itself. At MONUSCO for instance, that is the case for most of the information provided under expected accomplishments 2.1 to 2.5 of component 2: support to stabilization and the strengthening of State institutions in the Democratic Republic of the Congo and key governance and security reforms. Such data can be useful in explaining the context but raise questions about their adequacy regarding the long-established request of the General Assembly to develop indicators that measure the performance by the mission of mandated tasks. Indeed, the Assembly requested in its resolution 59/296 that the Secretary-General ensure that expected accomplishments and, where possible, indicators of achievement were included to measure achievements in the implementation of the programmes of the Organization and not those of individual Member States, noting that some indicators of achievement reflected in the budgets and budget performance reports appeared to measure the performance of Member States, and requested the Secretary-General to ensure that the purpose of the indicators of achievement was not to assess the performance of Member States but, where possible, to reflect the contributions by peacekeeping missions to the expected accomplishments and objectives in keeping with their respective mandates.

161. The missions maintain too many outputs and provide too much information, which distort the key messages. Efforts should be made to ensure that all elements of the results-based budgeting frameworks are significant and aligned with the missions' mandates. The refinement and improvement in conciseness requested in the Controller's budget instructions to reduce the number and length of description of outputs in each component seems appropriate.

4.2. Building up a more strategic accountability of peacekeeping operations

162. Reaping the benefits of CPAS and better articulating performance at the operational level, as well as working to better bridge budget implementation and performance, could help to shape a more strategic accountability of peacekeeping operations.

(a) Reaping the benefits of CPAS and better articulating performance at the operational level

163. With the deployment of CPAS in all peacekeeping operations, missions can now use this tool to feed results-based budgeting and limit redundancy in data collection when the collection has been deemed adequate, and encourage a cultural shift to better report on impact-based indicators for mandated tasks as well as articulate performance at the operational level.

164. Performance in peacekeeping operations is a collective effort that involves Member States, including host States, the Secretariat and missions. In its resolution

76/274, the General Assembly underlined that peacekeeping performance assessment should be based on a comprehensive approach that gives due consideration to political, operational, and mandating and resourcing aspects of performance, and requested that the Secretary-General ensure that such an approach was integrated into performance assessment tools, including CPAS.

165. CPAS is an internal performance assessment tool for the mission to regularly review and strengthen mandate delivery. As requested by the General Assembly in resolution 76/274, peacekeeping missions have focused on reporting and measuring with regard to their impact. The Assembly insisted on effective performance management and requested that the Secretary-General provide in his next overview report an execution plan for and analysis of the implementation of CPAS and the lessons learned, including examples of how it is used to inform mission planning; impact-based indicators for mandated tasks that show whether and how mission activities contribute to advancing mandate implementation; the reporting and accountability systems in place; and how CPAS data are used to increase performance and effectiveness, as well as to inform budget formulation, in order to facilitate consideration by the Assembly of resource requests for its implementation.

166. In the missions, planning officers use a variety tools for monitoring performance. To drive improvement in reporting, peacekeeping missions rely on a range of online tools, including Umoja and CPAS, to help strengthen the effectiveness of their results-based budgeting frameworks and performance reports. A technical solution to enable cohesiveness of the different systems would be beneficial.

167. CPAS was developed in 2018, and its use differs from one mission to another. CPAS is intended to integrate strategic and operational data and impact assessments in order to regularly review and strengthen mandate delivery. It enables peacekeeping missions to regularly assess their context and develop and update mission plans in order to deliver mandated tasks, and uses data to help assess progress. On the ground, data and analysis generated through CPAS may support decision-making by mission leadership and managers, but the use of data contained in the CPAS framework may also be used to feed results-based budgeting and avoid duplication of work and wasted time.

168. The reporting process should be streamlined to reduce the burden on managers, notably by limiting redundancies and better articulating accountability requirements. One of the biggest issues in the field is that missions have too many different tools and solutions, such as Umoja and CPAS, among others. CPAS and results-based budgeting are different frameworks designed for different uses, and one cannot replace the other. Results-based budgeting is a long-established budget framework requested by the General Assembly in the budgetary process. As an internal mission tool, CPAS can help inform the indicators of achievement and outputs in the results-based budgeting frameworks while ensuring compliance with the results-based budgeting methodology. While CPAS is an integrated planning and performance assessment tool, it does not directly assess the implementation of mission support. Some missions, such as MONUSCO, MINUSMA, MINUSCA, UNIFIL and UNFICYP, have already started to use CPAS to inform their results-based budgeting.

169. Reporting on performance at the mission level should also be better articulated with the assessment of collective and individual results at the operational level, so that results-based budgeting and the broader accountability framework contribute to motivating and rewarding staff at the field level.

(b) Working to better bridge budget implementation and performance

170. Mission resource requirements are in principle linked to their objectives through the results-based budgeting framework, with reporting by components.

171. Nevertheless, results-based budgeting is presented in chapter I (mandate and planned results) of the budget proposal, and not chapter II, where financial resources are presented by category (military and police personnel, civilian personnel, operational costs). The reporting on expenditures is similarly presented by category in the performance report (under "resource performance"). For instance, in MONUSCO, apart from staff, resources are not presented by component. Such a breakdown could, however, serve to further enhance budget transparency.

172. The current disconnect between mission-mandated tasks, on the one hand, and resource allocation and actual expenditures, on the other, needs to be overcome. Actual expenditure by component is not tracked in Umoja, except for an incomplete breakdown by functional area, which is not included in the performance report. As a result, it is not possible to establish a clear link between resources allocated and results achieved from the budget proposal or the performance report submitted by the Secretary-General. The ability to account for finances is limited, since the results obtained are not financially valued, nor linked to resources spent. The Secretariat could use Umoja to provide more detailed information in that regard; however, this would require significant reconfiguration as well as changed operational and management processes. The General Assembly, in its resolution 77/267 on shifting the management paradigm in the United Nations, noted the lack of an activity-based costing system to account for the workload and associated costs of preparing programme budget documentation. This would require a far-reaching shift in practices and systems in the Secretariat and in peacekeeping missions. If the identification of resources required for each component or mandated task in the ex ante budget proposals would be premature, a next step could be to better track expenditures in Umoja to be able to report on expenditures by component, and in even more detail when technically possible, at the level of the performance report.

4.3 Way forward

173. **The Board recommends that the Administration streamline and improve the quality of the data used in accountability reports produced as part of the results-based budgeting.**

174. This quality review should notably aim at:

(a) Producing more strategic budget and performance reports, ensuring that the results-based budgeting framework becomes more meaningful;

(b) Making better use of data, including through the use of more visuals;

(c) Better aligning accountability reports with peacekeeping mandates and policies;

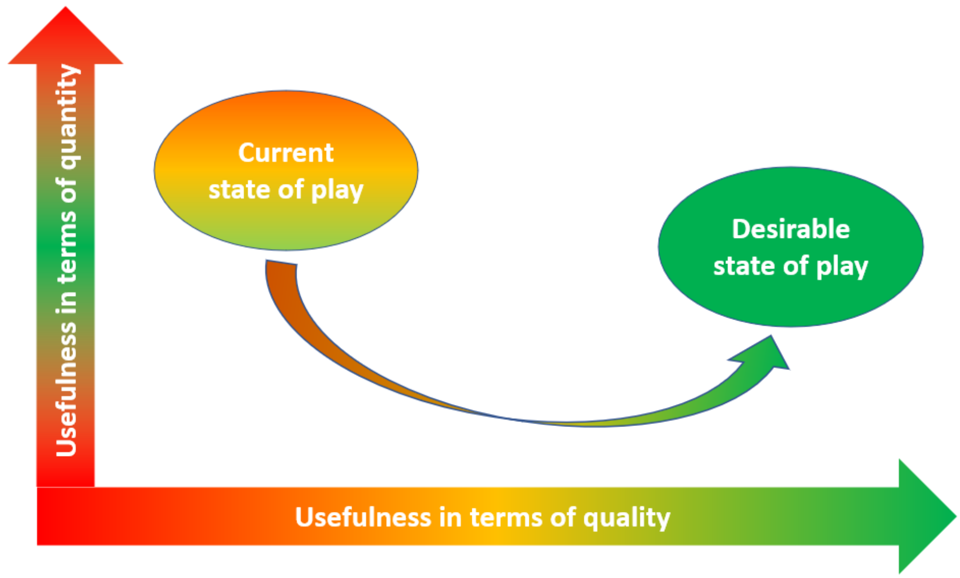
(d) Significantly reducing the volume and raising the quality of the data produced (notably indicators and outputs related to expected accomplishments and current activities);

(e) Improving the reporting on impact-based indicators for mandated tasks, including by better exploiting CPAS data to enrich the results-based budgeting framework;

(f) Better articulating the operational performances at the mission level;

(g) Integrating systems to make a cohesive, consolidated set of data to reduce duplication and ensure efficiencies in data entry, recording and reporting (see figure II.XII).

Figure II.XII
Quality review of the results-based budgeting data



Source: Board of Auditors.

175. **The Board also recommends that the Administration develop a methodology to gradually build up a presentation of the main expenses according to an analytical breakdown by mandate component.**

176. This presentation, based on tracking in Umoja of the expenditures that are easiest to break down by priority tasks, as set out in the mandate (e.g. protection of civilians; disarmament, demobilization, reintegration and stabilization; security sector reform), could be progressively included in the ex post performance reports of peacekeeping operations.

177. A more comprehensive analytical breakdown, which is not proposed by the Board at this stage, would require changes to the Umoja business planning and consolidation and Enterprise Core Component systems and entail significant resources for both the Field Operations Finance Division and the missions, given that significant costs in operations are not currently tracked against their mandates. For example, aviation costs are budgeted under mission support yet provide support to the military components and serve multiple tasks in the mandate, as do fuel, generators and construction.

178. The Administration accepted both recommendations.

179. The Secretariat highlighted that, in line with the Secretary-General's management reform and increased use of results-based management, the results-based budgeting process needed to be improved to demonstrate more impact-oriented results. The accountability for both resource management and programme delivery should be clearly reflected in the budget performance and budget proposal reports submitted to the General Assembly. For peacekeeping missions, the results-based budget remained the process by which responsibility and accountability in the implementation of programmes and budget was enhanced, as endorsed by the Assembly. To drive improvement in both planning and reporting, peacekeeping missions would progressively rely on a range of online tools, including Umoja and CPAS, to help strengthen the impact of their results-based budgeting frameworks and performance reports. As an internal mission tool, CPAS could help inform the

indicators of achievement and outputs in the results-based budgeting frameworks, while ensuring compliance with the results-based budgeting methodology, to strengthen mission tracking and demonstrate more impact. This would ensure consistency in assessing the performance and impact of a mission, based on the collection of data and on analysis on a regular basis, in step with the nature of the environment in which the mission operated.

180. To further improve the results-based budgeting process, the Secretariat also stressed that it could begin the process of improving the linkages between results and resources. However, the scope of implementation may vary based on resource requirements and the practicality of such linkages. It noted that, based on the current budgeting and accounting systems of the Organization, this would require a major shift in practices and systems in the Secretariat and in peacekeeping operations, and any changes would be contingent on the necessary system changes and available resourcing to implement the change within peacekeeping-funded entities, and that only some elements that could more easily be linked may be reflected.

D. Management of civilian component of multidimensional peacekeeping operations

181. The limitations of the multidimensional peacekeeping operations deployed during the 1990s led the United Nations to rethink the conditions for success and the modalities of these missions. In the statement of the President of the Security Council dated 29 December 1998 (S/PRST/1998/38), the Security Council agreed that relevant post-conflict peacebuilding elements should be explicitly and clearly identified and could be integrated into the mandates of peacekeeping operations, and noted that operations may include humanitarian and other civilian components. The report of the Panel on United Nations Peace Operations (commonly called "the Brahimi report") (A/55/305-S/2000/809) provided a conceptual basis for this approach: the civilian component of peacekeeping operations should focus on consolidating the peace process by restoring the State's capacity to maintain security and respect the rule of law and human rights; it should also aim at facilitating the political process by promoting dialogue and reconciliation, relying on legitimate and effective institutions. The adoption of the "capstone doctrine" in 2008, the New Horizon Initiative in 2009 and various Security Council resolutions made it possible to refine this conceptual and practical framework for the deployment of a new generation of multidimensional peacekeeping operations.

182. The Board audited the civilian component of multidimensional peacekeeping operations. While the capstone doctrine does not explicitly define the substantive civilian component, it is usually understood to include activities related to protection; human rights; political affairs; civil affairs; electoral assistance; the restoration of State authority and rule of law and security institutions, including disarmament, demobilization and reintegration; mine action; security sector reform; and justice and corrections. The definition used for this audit retained three cumulative criteria for the civilian component: it is located within the peacekeeping mission (as opposed to other United Nations agencies, funds and programmes and various public, semi-private and private actors who act in similar areas); it is civilian (as opposed to uniformed components made up of military and police forces); and it is substantive (i.e. responsible for performing front office operations and contributing to the implementation of the mandate's objectives, as opposed to back-office support functions, although the latter are also often performed by civilian staff) (see figure II.XIII).

Figure II.XIII
Scope of the audit: definition of the substantive civilian component

Source: Board of Auditors.

183. Four multidimensional peacekeeping operations (MINUSCA, MINUSMA, MONUSCO and UNMISS) include substantive civilian components. Staffing appropriation for these civilian components totalled 3,225 positions in 2022/23. Global budget appropriation (including operational costs) reached $332.5 million in 2022/23, representing 14.1 per cent of the entire appropriation for these missions.

184. The civilian components of the peacekeeping operations currently deployed cover numerous areas of intervention. The Board focused on the following: protection of civilians; political affairs; civil affairs; disarmament, demobilization and reintegration; human rights; child protection; and women and peace and security. The Board also audited the role played by Headquarters and the Service Centres in Brindisi and Entebbe to support the civilian components. Audits were conducted on-site, and remotely in the case of MINUSMA.

185. The Board covered the following four areas: translating the mandate and planning the civilian component's operations; resourcing and management of the civilian component; integration of the civilian component within the mission and coordination with other stakeholders; and performance and accountability of the civilian component.

1. Translating the mandate and planning the civilian component's operations

186. The quality of the civilian component's planning remains uneven (see sect. 1.1). One of the main difficulties lies in the partial absence of a much-needed sequencing of activities to be carried out as a priority (see sect. 1.2).

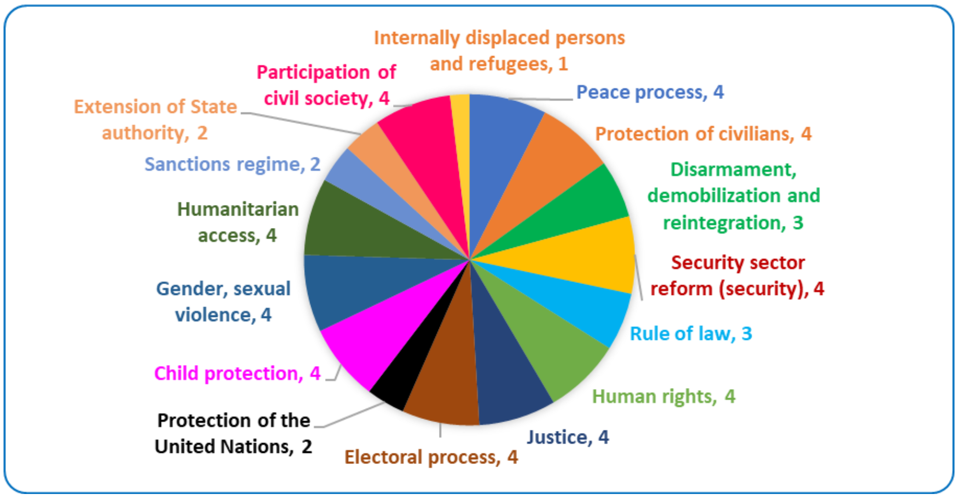
1.1 Uneven quality of the civilian component's planning

187. Multidimensional mandates are characterized by a growing complexity with regard to the civilian component's objectives. The translation of the mandate from the strategic to the operational level is based on a cascade of planning, but the quality of mission planning remains heterogeneous, the involvement of Headquarters appears inconsistent and the articulation of responsibility with key stakeholders outside the missions is insufficient.

(a) Growing complexity of multidimensional mandates

188. The mandates from the Security Council for multidimensional peacekeeping operations tend to cover a wide and diversified scope. The range of tasks assigned has expanded over time. It is therefore all the more important to ensure that planning documents are properly elaborated and applied, given the wide range of civilian component activities. Indeed, this component fulfils a critical role in realizing broad objectives. Its concept has been enriched, which has translated into substance and responsibilities, as shown by the deployment of civilian activities in the peacekeeping operations (see figure II.XIV).

Figure II.XIV
Civilian activities in MINUSCA, MINUSMA, MONUSCO and UNMISS



Source: Board of Auditors.
Note: Civil society participation is an objective set by the Security Council in each of the four peacekeeping operations.

189. At this stage of the definition of the mandate, it is key that the Department of Peace Operations exercise its strategic guidance to ensure that the proposal to the Security Council is achievable. Coordination among different parts of the Secretariat is also key to help prioritize mandated tasks. Above all, there should be a clear and common understanding as to what the key objectives are so that operations can be planned accordingly.

(b) Cascading planning to translate mandate objectives to operational level

190. The translation of the Security Council's mandate to the operational level is based on a cascade of planning.

191. The planning process must ensure that the objectives and priorities of peacekeeping operations are consistent across all planning documents, both at Headquarters and in the field. The coherence of the cascade of planning documents with different levels of responsibility begins with the strategic planning documents created further to the mandate, such as the Headquarters strategic guidance cable on the implementation of mandates, missions' political strategies and the mission concept validated in partnership with mission leadership. In line with the Action for Peacekeeping Plus initiative, political strategies and mission concepts define the overall approach to mandate implementation by peacekeeping operations by outlining the prioritization of mandated tasks, in order to guide the allocation of resources and fully utilize peacekeeping as a political tool to advance sustainable peace.

192. There are three levels of field-based planning tools:

(a) The mission plan, under the responsibility of the Special Representative of the Secretary-General, with the support of the Office of the Chief of Staff;

(b) Cross-cutting strategies, such as women and peace and security activities, or protection of civilians, under the responsibility of the Special Representative with the support of dedicated personnel;

(c) Workplans of the sections of the civilian component, which are operational plans. They are defined at the level of mission headquarters and adapted at the field office-level (field offices themselves, in particular those in strategically significant locations for mandate implementation, may also have integrated field office workplans).

193. The added value of the mission plan is not obvious if it is not clearly distinct from the mission concept. The guidance currently being prepared by the Secretariat on mission concepts and mission plans is intended to further detail the purposes and hierarchy of those documents and of the workplans under them. The mission concept is a high-level, long-term strategic document, and the mission plan is an overall plan that covers all components; sections then draw up workplans, a mission plan and thematic strategies, including the protection of civilians strategy, and civilian component workplans should be consistent with the objectives and priorities of the mandate, strategic guidance and political strategy. Meanwhile, budget documents and the allocation of resources should support and their frameworks be realigned with the strategic and operational planning documents. This is key, as mandate and budget cycles are not automatically aligned with regard to large peacekeeping operations, a constraint that complicates the strategic planning cycle for missions. For example, MINUSCA now has a five-year mission plan derived from a multi-year political strategy; this plan is directly linked to the allocation of resources (in the Umoja integrated planning, management and reporting solution).

(c) Heterogenous quality of planning

194. The section workplans are not based on standardized formats, and major planning shortcomings have been observed in the field. Workplan formats vary widely and the tools used to produce them are heterogeneous, but generally remain fairly elementary. Workplan durations vary, but too often lack a multi-year vision. The authorities who endorse workplans beyond the sections are not always formally identified. For instance, although the MONUSCO field offices' workplans are standardized, that is not the case for the civilian component at mission headquarters, whose workplans are very different and are of variable quality. At MINUSMA, the Political Affairs Division's recent workplans include objectives consistent with the mission plan and the mandate, with clearly defined activities and persons in charge. However, they do not contain any dates or milestones for the implementation of activities. Instead, they include activities that are related more to daily tasks than to measurable objectives for implementing the mandate.

195. The formalization of the planning process is insufficient. While the actions of the civilian component are carried out in a coherent manner by the Chief of Staff or under his or her responsibility, this is not supported by a formal decision-making process. The Chiefs of Staff and their mission planning units do not always play their role in ensuring consistency between the workplans. Responsibilities must be clarified and integrated strategic planning units should be strengthened in missions. The main constraint in this respect is one of capacity. Owing to a lack of resources, and the fact that their functions typically encompass more just than planning, mission planning units cannot always play this role satisfactorily. Additional resources, which are already lacking with regard to their current functions, would need to be considered. So far, guidance for mission planning units has not detailed this "downstream" role, due notably to these

inherent capacity constraints. The search for consistency in workplans also has intrinsic limits, as, due to the very nature of their tasks and objectives, different civilian sections may need to develop differing paces and approaches.

196. An effective tool to support planning within the mission is currently lacking. While CPAS was initially conceived as a performance and impact monitoring tool, the methodology always included a planning element: at the outset (context mapping, building the results framework); as a result of the periodic impact assessments (resulting in recommendations to adjust operations and therefore adjust planning); and during framework reviews as a result of changes in context or mandate (adjusting context mapping and the results framework). CPAS was therefore adopted as a tool to support planning and was recognized as such (see A/75/19 and A/76/505). The CPAS roll-out has contributed to all missions now having mission plans and/or CPAS frameworks, as acknowledged in the Action for Peacekeeping Plus report.[16] CPAS, deployed as of 2019 in peacekeeping operations, helped to make progress in measuring impact and collecting data on the actions carried out by the civilian component,[17] and appears to be useful for adjusting planning at the level of the Special Representative of the Secretary-General (mission plan), but not directly at lower hierarchical levels.

197. The current lack of a high-performance tool is not in line with the objectives of the Strategy for the Digital Transformation of United Nations Peacekeeping and the Action for Peacekeeping Plus initiative. However, while there is a gap in planning tools, and there are no tools that link work planning and budget management, CPAS has contributed significantly to advancing the priorities of the Strategy for Digital Transformation and Action for Peacekeeping Plus. Of all the information technology tools in peacekeeping, CPAS holds the most mission-wide data. CPAS has helped enhance data literacy and Action for Peacekeeping Plus priorities, in particular with regard to the performance and accountability of peacekeepers and their strategic and operational integration, capabilities and mindset.[18] MINUSCA is gradually implementing Umoja's integrated planning, management and reporting solution, which complements CPAS in supporting a comprehensive operational planning process. The coordinated use of a range of tools now provides MINUSCA with the ability to adopt a complete results-based management approach to mission planning, enabling improved operation planning and harmonization across the strategic, operational and tactical levels of mission coordination. Headquarters will capitalize on this ongoing experiment to enhance mission planning, bearing in mind that data inform strategy but cannot dictate it.

198. One of the weaknesses observed at the unit level is the limited link between objectives and available resources, in particular in terms of dynamic resource management. The workplans sometimes present results-based budgeting indicators associated with objectives. However, their main purpose is to ensure compatibility among various performance frameworks, including CPAS. As such, there is no articulation between workplans and resource allocation, nor any real-time monitoring of the consumption of the corresponding resources. The main cause lies with the absence of a tool that enables the planning process to be fully integrated with resource management. In the case of MINUSCA, realigning the results-based budgeting structure with the mission's political strategy and related mission plan also required technical considerations when adapting the established templates.

[16] See https://peacekeeping.un.org/sites/default/files/a4p_background_paper.pdf.

[17] See, for example, Daniel Forti, "UN Peacekeeping and CPAS: an experiment in performance assessment and mission planning", International Peace Institute, October 2022.

[18] See, notably, United Nations, "The Comprehensive Planning and Performance Assessment System (CPAS): taking stock four years after the launch". Available at https://peacekeeping.un.org/sites/default/files/taking_stock_of_cpas_implementation.pdf.

(d) Inconsistent involvement of Headquarters

199. Headquarters could play a more proactive role in ensuring that the key objectives of the mandate are effectively prioritized and adhere to the strategic guidance and political strategies, and that best practices are shared among peacekeeping operations.

200. Alongside mission management, and given their strategic role, the integrated operational teams and desks at Headquarters, in partnership with mission leadership, finalize draft mission concepts based on mandates and as required by the policy on planning and review of peacekeeping operations (2017). The Integrated Assessment and Planning Unit in the Department of Peace Operations supports integrated operational teams in developing and updating the mission concepts, and the teams draft and finalize the documents unless agreed otherwise with the missions. Other component concepts, such as the military concept of operations and the police concept of operations are finalized by the Office of Military Affairs and the Office of Rule of Law and Security Institutions, respectively, of the Department of Peace Operations.

201. Although integrated operational teams issue strategic guidance cables for the implementation of the mandates and for the preparation of the budget, their effective role in the planning process of the civilian component could be consolidated. The role of parent offices at Headquarters in the planning process of civilian subcomponents should also be clearly articulated, including, inter alia, the Office of Rule of Law and Security Institutions, the Policy, Evaluation and Training Division and the United Nations Transitions Project (protection of civilians, civil affairs, child protection, women and peace and security). In their overall role of backstopping, the integrated operational teams and desks should reinforce their oversight on this activity.

202. The mission concept should be revised following a significant change in the mandate or the operating environment, or a strategic shift for the mission. Indeed, even if mission concepts are intended to be longer-term strategic documents, they need to be reviewed at every mandate change that implies a strategic shift in the mission. The reconfiguration, internal reprioritization or readjustment of the mission to respond to evolving conditions and demands on the ground may be initiated by the Secretary-General and/or his Executive Committee, the Under-Secretary-General of the lead department or the head of mission. The mission concept, and subsequently the military and police concept of operations and the mission plan, should be adjusted to align with a shift in the strategy or structure of the mission and should, where possible, be made in a timely manner to inform budget preparation. Incoming heads of mission may ask Headquarters to jointly review the mission concept following their arrival at the mission.

203. Heterogeneous planning within missions reveals the lack of a detailed policy that covers the entire planning process. The need for coordinated planning within missions is a long-standing observation and has already been noted by OIOS. Planning for peacekeeping operations is the subject of a 2017 policy, the details of which do not extend to intra-mission operational or work planning. The policy refers only to the organization and preparation of strategic planning at the level of the mission concept (for each major military/police/support component, but not the civilian component per se), and the mission plan. As mentioned above, the forthcoming guidelines on the mission concept and mission plan, which are nearing finalization, are intended to provide more details on key planning elements for the mission concept and mission plan than the 2017 policy does, and provide templates for both documents. The 2017 policy does not organize the articulation of planning within the mission among stakeholders: in particular, cross-cutting strategies are not the subject of a specific development process, whereas protection of civilians, for example, is now a major and systematic focus of the mandates, requiring the action of elements of the civilian component to be articulated internally and externally. Protection of civilians is a priority outlined in

the Action for Peacekeeping Plus initiative, but not the only one. There has been a multiplication of cross-cutting or thematic issues with stand-alone strategies (including protection of civilians and women and peace and security) that risks undermining efforts to create an integrated approach to mandate implementation and strategic planning. Mission political strategies are aimed at addressing that, as they cover all strategies, including thematic ones.

204. A second policy, Authority, Command and Control in United Nations Peacekeeping Operations,[19] defines the general role of the stakeholders in the planning process within missions, without describing the planning process per se. It partly fills in the gaps left by the previous policy in terms of the roles of the players in the planning process.

205. Positive initiatives exist, but Headquarters has so far not built on them. Piecemeal initiatives have suggested operational solutions, such as the planning toolkit developed between 2010 and 2012 containing positive elements such as a definition of what is expected of workplans.[20] Nevertheless, this initiative has not been revised following the reorganization of Headquarters nor has it been extended to all players in the civilian components. Relevant offices still need to update and streamline existing guidance in a post-reform context, and the responsibility for guidance on assessment and planning lies with the Integrated Assessment and Planning Unit.

206. Clarifying the understanding of the respective roles and responsibilities of Headquarters and the missions, and how to work in partnership to achieve strategic planning, would also strengthen ownership of the planning process. Despite the production of numerous plans, the impact of planning efforts remains weak in practice. Changes in planning appear to have limited effects on operational-level activities, which is also due to inadequacies in strategic management at the mission level and strategic steering and oversight by Headquarters.

(e) Insufficient articulation with key stakeholders outside the missions

207. Taking into account the views and roles of key stakeholders outside the mission is critical to ensuring the quality of the civilian component's planning process. Most mandates relate to providing support to national authorities, and capacities and planning therefore need to closely account for national priorities and plans. For instance, disarmament, demobilization and reintegration programmes are nationally led, as are electoral assistance programmes and/or programmes to support the restoration of State authority, and many civilian components contribute to them, notably in the realm of rule of law and security institutions. Disarmament, demobilization and reintegration activities also rely on other development partners such as the World Bank, in particular with regard to reintegration. There is nevertheless room to improve coordinated planning with United Nations and non-United Nations partners, especially in the context of mission transitions. In

[19] Available at https://police.un.org/sites/default/files/2019.23_policy_on_authority_command_and_control_25_october_2019.pdf.

[20] This toolkit was developed after a report from the Secretary-General (A/61/858) identified a need to develop standards, strategic guidance and best practices and provide advice to field missions and planning processes on the design and implementation of security sector reform support to national authorities. The toolkit identified as a good practice, for each field of the civilian component, on the basis of the mission concept, a multi-year strategy or concept of operation that analysed the current situation in a sector and identified the strategic objective for the field mission in that sector and how best to implement it; and an annual workplan based on this multi-year strategy or concept of operation, described as a detailed document stating objectives, expected accomplishments, indicators (in relation to expected accomplishments), outputs, timelines (i.e. the deadline for the completion of outputs) and roles and responsibilities. It is used as a monitoring and accountability tool to ensure the effective implementation of the component's mandate.

particular, agencies, funds and programmes may be called to play a decisive role at mission closure, strategically repositioning the role of the United Nations in the country, even if most tasks previously undertaken by the peacekeeping operation will no longer be performed owing to constraints in mandates and resources.

208. Improving planning for the civilian component would require extensive consultations with key stakeholders active in related fields, including the host country, troop-contributing countries, United Nations entities, international financial institutions and regional organizations, as well as multilateral and bilateral partners.

209. While the mission plan is supposed to focus on a "whole of peacekeeping operation" approach, the United Nations common strategic framework is meant to cover the overall United Nations presence and objectives. In the 2023 revised United Nations Policy on Integrated Assessment and Planning, it was decided that the United Nations Sustainable Development Cooperation Framework agreed with the government of a country would by default be the appropriate common strategic framework for the United Nations and that it would provide the appropriate tool for articulating all useful elements of planning and coordination. The Policy, however, stipulates that senior management can decide that a different instrument, such as an integrated strategic framework, which is not signed by the government of a country, is more appropriate given the specific circumstances.

210. These tools could be appropriate to develop a coherent planning framework at a system-wide level. Indeed, they could include: main findings from integrated assessments; the identification of common priorities; the articulation of programmatic processes, functions and operational areas requiring an integrated approach; organizational risk management; agreed goals, timelines and responsibilities; and a common monitoring, reporting and evaluation framework, including indicators or benchmarks of progress. However, in the case of the Democratic Republic of the Congo, the United Nations Sustainable Development Cooperation Framework adopted in 2019 does not cover many critical areas of the peacekeeping mandate or transitional issues, and has remained unchanged despite substantial shifts in the political situation and to the mandate.

1.2 Virtually non-existent sequencing of operations

211. Although essential given the scale and nature of the activities carried out by the civilian components, the sequencing of operations remains a weak point, in particular in the transition and withdrawal phases.

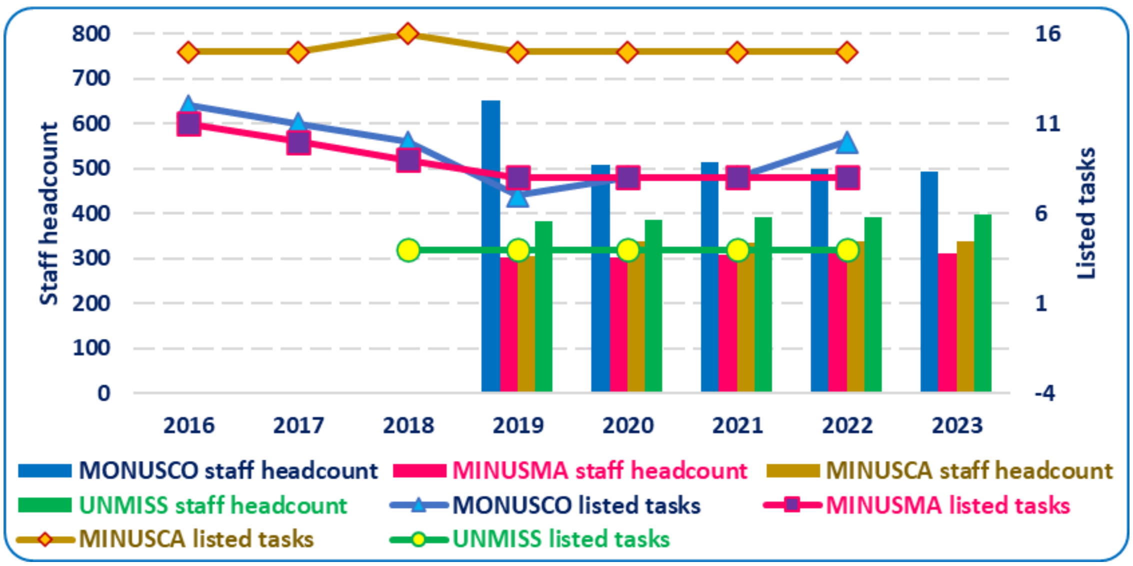
(a) Lack of sequencing of civilian operations to be implemented

212. By their very nature, many of the tasks of the civilian component cannot be performed effectively unless the peacekeeping operation has first been able to restore peace and security to some degree. On the other hand, some of the tasks performed by the civilian component are assumed to contribute to restoring peace or are necessary to support the implementation of core mandate objectives such as the protection of civilians.

213. The lack of sequencing of civilian operations can result in the impossibility of carrying out certain actions or of obtaining lasting results. Some areas should be prioritized at the initial phase of the mandate, including disarmament and demobilization activities, with a close interaction between the civilian and the uniformed components and clear deadlines. This has not always been the case, as mission planners are tempted to deploy, from scratch, an unrealistic set of civilian operations, regardless of the progress made on the security front. In contrast, MINUSCA demonstrated flexibility and creativity to further confidence-building measures when conditions for disarmament, demobilization and reintegration were not fully met.

214. A quantified set of activities can illustrate the breadth of the civilian components' agenda in the annual mandates and their relative constancy from 2016 (see figure II.XV). If at first glance the UNMISS mandates stand out from the others with their limited number of set activities, the activities provided for in the mandates are also numerous. The deployment of the civilian component of a multidimensional operation results in a "ratchet effect", leading to the difficulty of downsizing some civilian subcomponents despite changes in the political and security context. So far, the changes in the contexts have had little impact on staff headcounts. However, the improvement of the political and security situation should not automatically result in the downsizing of a civilian component but rather its reconfiguration, as it contributes to stabilization and consolidation efforts, including capacity-building, which are factors that go beyond short-term political and security considerations.

Figure II.XV
Listed tasks and staff headcounts in peacekeeping operations



Source: Security Council mandates from 2016–2022 and Department of Operational Support, Human Resources Services Division.

Note: These data include exclusively political affairs, human rights and humanitarian affairs, rule of law, legal affairs, security institutions, civil affairs, electoral affairs, social affairs and programme management.

215. The lack of early sequencing and real prioritization of activities can prove particularly dysfunctional. The recent experience of MINUSMA confirmed that the establishment of minimum conditions of security and stability is a prerequisite for the civilian component to operate effectively. The activities of the civilian component in Mali have been severely hampered, and sometimes deadlocked, by the deteriorating security situation. In such a context, maintaining many loosely sequenced activities is unrealistic and can lead to a growing disappointment when objectives cannot be met, both within and outside a mission.

216. Greater prioritization of tasks in strategic planning, in partnership with the host country, is very much needed. Increasing the prioritization of tasks in most mandates (see for instance Security Council resolution 2666 (2022) on MONUSCO) facilitates planning and should help missions work on well-defined, realistic sequencing.

217. There is no fixed periodicity for the mission concepts and mission plans. If there is a valid multi-year plan, subject to a resolution of the Security Council, there should be a process to make sure that the planning documents are reviewed and, as necessary,

updated promptly following substantial changes to the mandate or in the operating environment of the mission. For example, the MONUSCO mission concept 2022–2024 (June 2022) was improved in comparison with the former concept (May 2020), but it was adopted 20 months after the joint strategy on the progressive and phased drawdown of MONUSCO (see S/2020/1041) and 9 months after a review by the Secretary-General (S/2021/807). Similarly, the MINUSMA mission concept framed in September 2021 could have been updated to take stock of a volatile and evolving situation in Mali, as presented in the report of the Secretary-General (S/2023/36). The previous mission concept of MINUSMA was issued almost five years earlier.

(b) Weak planning of transitions and withdrawals

218. The lack of anticipation and sequencing of the civilian operations is also detrimental during the transition and withdrawal phases of peacekeeping missions. Such planning should be designed as soon as the mission is launched, as a natural part of its life cycle. The requirement for transition planning is part of standard doctrine and guidance (i.e. defining an end state, lines of operation and sequencing, and an exit strategy), but a more systematic implementation is notably constrained by limited planning resources and capacities.

219. The anticipation of transitions or closures is variable. MONUSCO has been considering an exit strategy since 2014, but there has been a much greater focus on transition with the development of a transition plan. For UNMISS, clearer language on transition was developed and an exit strategy was integrated into the mandate. Headquarters decided to update the transition policy in 2024 in order to take recent events into account.

220. In practice, changes in mandates involve little substantial modification in the civilian component's agenda. Although organizational and planning efforts are being put in place, these efforts can taper off. For MINUSMA, daily activities punctuated by the management of emergencies was an obstacle to anticipating the possible closure of the mission or at least to developing a transition plan for the civilian component.

221. Close collaboration with partners at the country level, in particular the United Nations country team, is key when in a transition, and should begin early. In addition, the drawdown of a peacekeeping operation might in some cases call for additional support from standing capacities to support the transition and to sustain peace and strengthen rule of law in the longer term. For instance, MONUSCO received support from the Department of Peace Operations' standing capacities in 2022 to facilitate the development of its transition plan in view of the Mission's drawdown, including transition planning for rule of law and security sector reform. In another such instance, the Justice and Corrections Standing Capacity was deployed immediately to MINUSMA following the decision to withdraw and assisted the Mission in its handover planning and implementation, and with drafting a comprehensive legacy document aimed at, inter alia, informing rule of law support activities by the United Nations country team to sustain the Mission's gains in this area.

1.3 Way forward

222. Civilian component planning remains of an insufficient quality and should include more proactive efforts from Headquarters as well as from key stakeholders outside the missions. The plans of civilian components must support the political strategy of a mission (ideally a multi-year strategy) and be based upon the evolving context. The heterogeneity of planning documents within missions calls for standardization, under the guidance of a revised policy and with the support of an appropriate tool. Lead departments at Headquarters should be responsible for

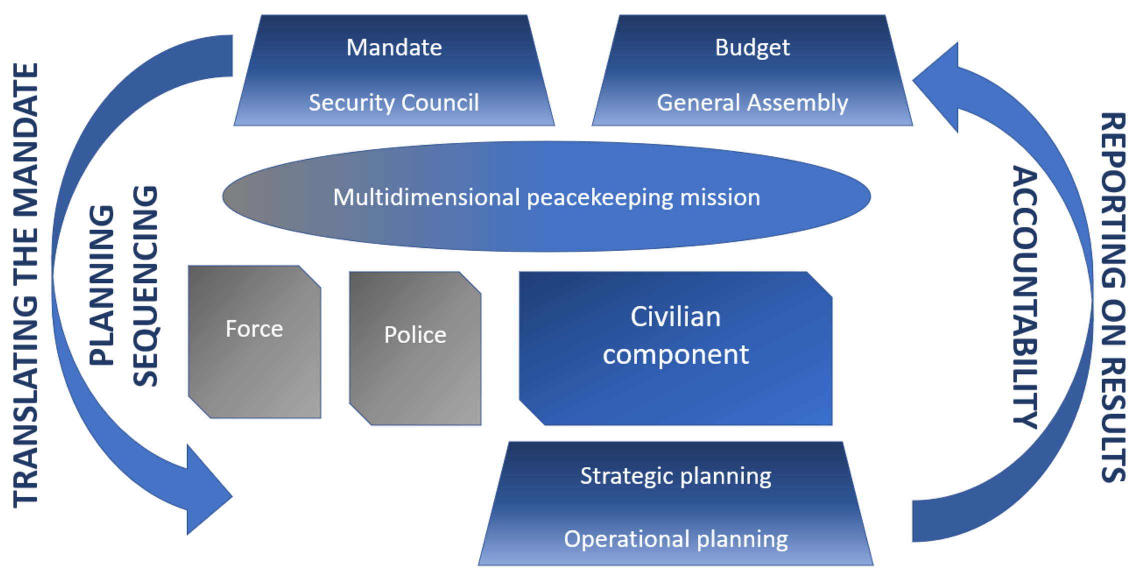
reviewing mission plans, after assessing whether they reflect strategic directives of the mandate and are consistent with available resources.

223. The success of the civilian component greatly depends on a multi-year and more realistic sequencing of tasks, which has been uneven and weak to date. It is essential to take into account the prerequisite of restoring minimum conditions of safety and peace, to sequence activities and to anticipate exit and transition strategies. To this end, integrated operational teams should ensure that the missions develop a political strategy and clear and phased planning. After each mandate's renewal, integrated operational teams should produce analyses of the adequacy of the mission concepts, to be endorsed by the Under-Secretary-General for Peace Operations. Given the fact that operations linked to the transition or withdrawal of the civilian component are complex, they need to be carefully planned as far upstream as possible. At mission-level, this planning should be shared with United Nations and other stakeholders to ensure the key peacebuilding gains are sustained and supported by the remaining United Nations presence after a peacekeeping mission leaves.

224. A multi-year vision with regard to the planning directives of the Secretary-General and mission concepts would help missions sequence and frame their activities and draft their mission plans accordingly. The identification of milestones could be particularly useful for transition and withdrawal processes. This multi-year vision should be extended by multi-year programme plans for each of the civilian component's sections, irrespective of their yearly workplans.

225. Regarding cooperation with agencies, funds and programmes, the United Nations Sustainable Development Cooperation Framework and the integrated strategic framework should be more systematically linked with the planning process, including in transition or drawdown processes.

Figure II.XVI
Substantive civilian component's planning and reporting processes



Source: Board of Auditors.

226. **The Board recommends that the Administration review the planning of the civilian component's operations to ensure, after in-depth consultations, a more realistic multi-year sequencing of the implementation of the mandate and a better alignment with strategic priorities.**

227. This implies in particular:

(a) A more proactive, better-defined and distinct involvement of Headquarters at the various levels of the planning cycle process; for example, whereas the Department of Peace Operations should validate a mission concept, the Department may only provide technical support to subcomponent plans. This applies as well to the various stages of the planning process, beyond the planning itself to its execution and monitoring. The Department of Peace Operations should play the oversight role at the strategic level, while the mission is involved at the programmatic and operational levels;

(b) A wider and well-organized process of consultation and planning with the other components of the mission as well as with United Nations entities and key stakeholders in the field;

(c) The inclusion of political strategies as part of a multi-year planning process for missions to allow clear prioritization, and a realistic multi-year sequencing of operational priorities to achieve the strategic objectives that distinguishes between fields of intervention that require immediate action and those that can only be usefully implemented once certain preconditions have been met, including in terms of political and security contexts. The Secretariat could also propose that such sequencing be better reflected in the mandates;

(d) Effective monitoring of the operational implementation of the strategy to ensure that the key objectives of the mandate are effectively prioritized, including flexibility in the event that multi-year planning needs to be revised;

(e) The issuance of a more comprehensive and streamlined planning policy, guiding planning at the mission and field office levels;

(f) An internal review of the tools available to support the planning cycle at the strategic, programmatic and operational levels, covering the planning itself, its implementation and its link with budget and resource management, as well as performance and impact monitoring and evaluation, in order to identify gaps and opportunities for integration and streamlining (see figure II.XVI).

228. The Administration agreed with the recommendation. The Department of Peace Operations also emphasized that any effort to strengthen the planning cycle process for the civilian component should be part of a broader effort to strengthen the integrated strategic management (within missions) and strategic oversight (by the Department of Peace Operations) of peacekeeping operations. It also noted that its implementation would require additional resources both in missions and at Headquarters.

229. The Board, however, considers that ensuring the sequencing of the implementation of the mandate regarding the civilian component and better alignment with strategic objectives is an unconditional priority.

2. Resourcing and management of the civilian components

230. The cost of the civilian components of multidimensional peace operations has grown significantly (see sect, 2.1). Civilian components face significant challenges in managing their resources and staff (see sect. 2.2).

2.1 Sustained growth in the cost of the civilian components

231. Available data on the staffing and cost of the substantive civilian components show significant growth in costs, despite a stable headcount.

(a) Availability of data on the staffing and cost of the substantive civilian components

232. Financial resources related to the substantive civilian components are not treated separately when examining the budgets of peacekeeping missions and

monitoring their performance. Data relating to costs of the civilian components, in terms of both appropriation and expenditure, are neither presented nor tracked as such, which precludes a clear and complete picture of the situation and its dynamics. The Secretariat reports on the performance of the budgets of the missions as a whole against approved appropriations by the General Assembly. The presentation in the budget reports and related budget performance reports is based on the current structure of budget classes and subclasses of expenditures. Group II (civilian personnel) does not specifically show the cost of the substantive civilian components, but also includes support activities. Group III (operational costs) covers all substantive activities, including the operational costs of Group I (military and police personnel). Cost estimates related to the substantive part of group II are not monitored as such but can be retrieved from Umoja, which is not the case for the civilian-related part of group III (see (b) below).

233. On the other hand, the headcounts of the civilian components can be reconstructed from budget documentation, and a breakdown is also provided at the subcomponent level. The staffing requirements of missions are attributed to each component, including the civilian substantive components, and where applicable, justification of staffing changes is provided. The breakdown provided at the subcomponent level completes the information. For instance, in the case of MONUSCO, the number of personnel is attributed to each of the substantive subcomponents of the mandate: protection of civilians, support to stabilization and the strengthening of State institutions in the Democratic Republic of the Congo, and key governance and security reforms. Information on the ratio of substantive to support staff is also provided to the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee upon enquiry. The current procedure also establishes a framework for the review of posts vacant for two years or longer during the budget formulation process.

234. Nevertheless, data on staffing for the civilian components are not regularly monitored and analysed, nor does the information flow naturally between missions and substantive, budget and human resources management departments. The Human Resources Services Division in the Department of Operational Support issues a weekly snapshot of staffing in peacekeeping operations. In addition, each leave is individually recorded. However, these data are neither processed nor analysed at the Headquarters and mission levels, and are not complete enough to provide enlightening information about a civilian component’s staffing situation. For instance, the durations of job tenures, vacancies of less than two years and the recruitment process are not tracked in a comprehensive and systematic way, and do not allow for overall monitoring and mitigation of underperformance. The Secretariat also does not have the capacity to inform the Board of conclusions of cases concerning underperforming personnel, and separation procedures in civilian components.

(b) Significant growth in the cost of the civilian component despite stable headcount

235. In terms of staffing (see table II.9), appropriation for the civilian components of the four large multidimensional peacekeeping missions reached 3,225 positions in 2022/23,[21] a figure which has not evolved much in the last five years (less than 2 per cent), in spite of significant variations at the mission level, due to transitioning (a decrease of 24 per cent for MONUSCO) or ramping-up (an increase of 20 per cent for MINUSCA) processes.

[21] As agreed with the Administration, the data used in this paragraph rely on existing budget documentation and include the personnel of the civilian component as well as that of the Mine Action Service and the offices of the force and police commanders. The personnel of the executive directorate and management of the mission are not included.

Table II.9

Staffing appropriation of the substantive civilian components of the four large multidimensional peacekeeping missions

	MINUSCA	*MINUSMA*	*MONUSCO*	*UNMISS*	*Total*
Staffing appropriation in 2022/23	443	1 397	635	750	3 225
Evolution since 2018/19 (percentage)	20	2	(24)	2	(2)

Source: Board of Auditors, based on budget documentation.

236. Data on actual staffing (for instance headcount at year-end) and on vacancies are not available for the substantive civilian components in budget documents, nor are they easily accessible (apart from vacancies of more than two years).

237. The total appropriation for the substantive components of the four multidimensional peacekeeping missions, corresponding to group II (civilian personnel) and group III (operational costs) (see table II.10), reached $332.5 million in 2022/23,[22] representing 14.1 per cent of the entire appropriation of these missions. This appropriation has risen significantly in the past five years (31.5 per cent), although there are significant variations at the mission level, ranging from increases of 75 per cent and 49 per cent respectively for MINUSCA and MINUSMA, to an increase of 1 per cent for MONUSCO. Trends concerning allotment and expenditures are less pronounced. The overall implementation rate (ratio between expenditures and allotment) reached 92 per cent in 2022/23, owing to a lower rate in MINUSMA stemming from the deterioration of the security context.

Table II.10

Total appropriation, consumables and expenditures of the substantive components of the four large multidimensional peacekeeping missions – group II (civilian personnel) and group III (operational costs)

(Millions of United States dollars)

	MINUSCA	*MINUSMA*	*MONUSCO*	*UNMISS*	*Total*
Appropriation in 2022/23	88.7	78.4	83.9	81.4	332.5
As part of the appropriation of the entire mission (percentage)	18.8	10.5	16.1	13.2	14.1
Evolution since 2018/19 (percentage)	74.8	49.0	1.0	22.8	31.5
Consumables in 2022/23	80.4	74.8	83.6	77.7	316.5
As part of the consumable of the entire mission (percentage)	16.9	10.0	16.2	12.6	13.5
Evolution since 2018/19 (percentage)	68.0	50.7	(9.0)	14.5	23.0
Expenditures in 2022/23	80.4	68.3	80.1	77.8	306.6
Evolution since 2018/19 (percentage)	69.3	37.8	(12.9)	14.8	19.5
Implementation rate in 2022/23 (percentage)	90.6	87.2	95.4	95.5	92.2

Source: Office of Programme Planning, Finance and Budget, based on Umoja.

[22] As agreed with the Administration, the data used in this section rely on extraction and processing from Umoja, and include data linked to group II (civilian personnel) and group III (operational costs) related to the substantive component (including the uniformed component's operational costs, which cannot be easily isolated).

238. A large part of this appropriation is related to staffing (see table II.11). The total appropriation of the multidimensional peacekeeping missions related to staffing of the substantive civilian components (substantive part of group II: civilian personnel) reached $253.0 million in 2022/23, with a significant increase over the past five years (16 per cent) masking major variations at the mission level, ranging from an increase of 38 per cent for MINUSCA to a decrease of 6 per cent for MONUSCO. Similar trends were observed concerning consumables and expenditures, although the variation in expenditures over the past five years showed an overall stable cost increase of 3 per cent, notwithstanding a sharp decrease for MONUSCO (22 per cent).

Table II.11
Appropriation, consumables and expenditures related to the staffing of the substantive civilian components of the four large multidimensional peacekeeping missions – group II (civilian personnel)
(Millions of United States dollars)

	MINUSCA	*MINUSMA*	*MONUSCO*	*UNMISS*	*Total*
Appropriation in 2022/23	65.1	49.5	66.3	72.1	253.0
Evolution since 2018/19 (percentage)	30.9	38.1	(6.0)	16.9	16.2
Consumables in 2022/23	59.4	45.9	64.7	68.7	238.7
Evolution since 2018/19 (percentage)	27.5	18.7	(18.2)	9.5	5.1
Expenditures in 2022/23	59.4	43.8	62.0	68.7	233.9
Evolution since 2018/19 (percentage)	28.5	13.2	(21.6)	9.6	3.2
Implementation rate in 2022/23 (percentage)	91.2	88.6	(93.5)	95.3	92.5

Source: Office of Programme Planning, Finance and Budget, based on Umoja.

239. Operational appropriation (see table II.12) reached $79.5 million in 2022/23, including operational costs for the uniformed components. The major evolution in the past five years (an increase of 127 per cent) mainly reflected a change in scope, based on the way the budgets were formulated in 2018/19 compared with 2022/23. For example, in MINUSCA, quick-impact projects were budgeted under mission support in 2018/19 and under substantive costs in 2022/23. Similar trends were observed concerning consumables and expenditures. Overall, the implementation rate averaged 91.4 per cent in 2022/23, although the rate was 84.8 per cent in MINUSMA.

Table II.12
Operational appropriation, consumables and expenditures of the substantive components of the four large multidimensional peacekeeping missions – group III (operational costs) including uniformed costs
(Millions of United States dollars)

	MINUSCA	*MINUSMA*	*MONUSCO*	*UNMISS*	*Total*
Appropriation in 2022/23	23.6	28.9	17.6	9.3	79.5
Evolution since 2018/19 (percentage)	2 197.0	72.0	40.1	103.2	127.2
Consumables in 2022/23	21.0	28.8	18.9	9.0	77.8
Evolution since 2018/19 (percentage)	1 520.3	164.0	48.2	75.8	158.4
Expenditures in 2022/23	21.0	24.5	18.1	9.0	72.6
Evolution since 2018/19 (percentage)	1 556.4	125.2	41.7	79.9	142.7
Implementation rate in 2022/23 (percentage)	88.9	84.8	102.6	96.8	91.4

Source: Office of Programme Planning, Finance and Budget, based on Umoja.

2.2 Challenges in managing resources and staff

240. Civilian components take recourse to extrabudgetary funds to complement operating appropriations. They also face a series of challenging human resources issues, including with regard to recruitment and staff rotation.

(a) Recourse to extrabudgetary funds to complement operating appropriations

241. The appropriation of the civilian components is mainly made up of civilian staff costs and operating costs. For 2022/23, civilian personnel costs accounted for $253.0 million while operating costs accounted for $79.5 million, representing a total of $332.5 million, or 14.1 per cent of the overall appropriation of the four multidimensional missions.

242. The demands formulated by the missions at the time of budget appropriation should properly reflect the operating needs of the civilian components. However, mission planners have a tendency towards self-restraint, if not self-censorship, and anticipate that budgetary authorities may not grant their requests, and therefore revert to seeking voluntary funding. Building confidence among stakeholders during the budget process is key to the success of the mission. Sufficient resources for programmatic funds for civilian components are crucial for mandate implementation.

243. To complement the assessed budget, the missions call on extrabudgetary funds to finance posts and activities that contribute to the fulfilment of their mandate, notably in the areas of the civilian components. Missions can call on two types of trust funds: trust funds directly managed by missions, and multi-partner trust funds managed by UNDP, whose missions may be part of the governance system. For instance, MINUSMA received grants from a project intended to support the reform of elections in Mali ($38.7 million for 2021–2022, shared with UNDP and UN-Women) and a project responding to the urgent needs of women and girls affected by conflict-related sexual violence in the Ménaka and Gao regions in Mali (in partnership with UNFPA).

244. Projects funded through trust funds have the advantage of involving missions in collaboration with other United Nations entities and offering a degree of flexibility, with multi-year funding. These specific features are beneficial in times of transition as they contribute to knowledge-sharing and capacity-building of United Nations entities on substantive tasks.

245. The information on this extrabudgetary funding is reported to the legislative bodies as part of volume I. The fund managers of the trust funds are usually the heads of mission, but they can report more extensively on the use of these resources to the Secretariat departments responsible for overseeing the missions. Such funds enable the civilian components to recruit staff and carry out projects that contribute to achieving the objectives of their mandates. To get a better picture of the full resource requirements necessary to implement the mandate of the Security Council, additional information on the extrabudgetary funding used by the missions would be needed.

246. The Department of Peace Operations also relies on extrabudgetary funds to operate some of its activities hosted by UNLB. Since 2010, standing capacities have been established in UNLB to provide a coherent, effective and responsive start-up capacity for peacekeeping operations, and to assist existing operations through the provision of advice and expertise on police, justice and corrections and on disarmament, demobilization and reintegration, as well as on security sector reform and governance, and are mainly funded through the UNLB assessed budget. Standing capacities have proved to be integrated, cost-effective, complementary resources that ensure coherent and coordinated support to the field. The standing activities provide their services to the special political missions and other non-peacekeeping Secretariat entities. Demands have exceeded their staffing capacities for some time, bringing into

question the sustainability of the economic model of standing capacities. Limited resources do not allow for the coverage of all travel expenses and staff needs. With regard to standing capacities, the budget is dependent on annual appeals to donors by the Department of Peace Operations for uncertain extrabudgetary funding.

247. The administrative workload involved in managing different sources of funding is heavy. Trust funds can be cumbersome tools and there is limited and scattered technical expertise in the peacekeeping substantive civilian components to manage them.

248. Such challenges in managing funds can also occur for activities and projects funded from assessed budget. The staffing requirements for managing programmatic activities and quick-impact projects are high in relation to the amounts involved, and can be time-consuming for management. Following the instructions given by the Secretariat, in order to manage programmatic activities missions deploy a programme coordinator, a programmatic activity steering group and programmatic activities technical teams. To manage quick-impact projects, missions maintain a project review committee, field-level project review committees and a quick-impact project management team, field-level teams or focal points. Personnel from the civilian components, who work on the activities and projects, and stakeholders who take part in the budget process, are also involved. For example, the programmatic activities of MONUSCO involve a section budget focal point, a budget steering committee and a mission leadership team, all of whom take part in approving the budget for programmatic activities. Compared with the amount of resources at stake, a significant number of personnel are involved full-time in the process and the committee process appears time-consuming, including for senior management. Many of the tasks are related to: (a) meeting the due diligence requirements of selecting and monitoring the performance of implementing partners; (b) providing the detailed reporting required for the budgeting and performance of programmatic and quick-impact projects; and (c) completing the evaluation procedures to ensure projects, once they are finished, have met the goals of the mission.

(b) Challenging human resources issues, including recruitment and staff rotation

249. Civilian components of multidimensional missions face human resources challenges during operation, which have notable consequences on vacancy rates and staff rotation, including within missions, as staff can be recruited for a specific duty station or town and not the generic country area, which limits options for internal mobility even for reasons of welfare.

250. Civilian components suffer from significant vacancies in senior management positions, in particular for heads of field offices. In a peacekeeping operation, these vacancies are questionable because of the operational and sensitive nature of the positions. In addition, handover notes are not used often enough for these positions, even though there is a policy on this area of concern and they contribute to knowledge-sharing and business continuity.

251. Civilian components require highly specialized profiles with knowledge of the local context. Recruiting personnel, both international and national, can be a lengthy process. Staff rule 4.4 (a) stipulates that all staff members in the General Service category are to be "recruited in the country or within commuting distance of each office, irrespective of their nationality and of the length of time they may have been in the country". The head of mission has the authority to laterally reassign locally recruited staff members to similar functions at the same level and category within the duty station. Locally recruited staff members may be considered for vacancies in other duty stations, while international staff may be reassigned between duty stations within a mission under the delegation of authority of the head of mission.

252. The numerous expectations placed on incumbents have led to significant vacancies in certain key senior management positions, in particular heads of field offices. For instance, the position of Head of Field Office in Juba (UNMISS) remained vacant for 15 months. Long vacancies have also been observed for the positions of Head of Field Office in Mopti and Timbuktu (MINUSMA), even before the rise of safety concerns. Indeed, recruiting senior officials at the D-1 level to field locations to serve as a head of field office can be challenging given typical requirements for fluency in French and English (for MINUSCA, MINUSMA and MONUSCO), as well as other hiring requirements such as gender and geographic diversity, combined with hardship duty station conditions for these heads, who live in integrated military-civilian camps in missions (such as UNMISS, MINUSCA and MINUSMA). These personnel must be able to operate in precarious security contexts and, sometimes, in isolation for a certain period, even if the rest and recuperation policy partly alleviates this situation. In addition, the profiles of these staff tend to be older (e.g. in their 50s or early 60s), which means candidates with any kind of health condition are wary of taking up such positions. Some heads of field offices have left MINUSCA for this reason. Finally, setting up rotation schemes for civilian staff is challenging under the current administrative procedures, which call for the payment of relocation grants to move among duty stations within a mission.

253. These vacancies affect business continuity. Management positions are strategically placed and are close to operations in order to take day-to-day decisions. The post may be temporarily filled by an officer-in-charge at a similar grade during the vacancy period, who is generally the head of a substantive section. However, this temporary solution creates a domino effect, as the replacement officer cannot fully carry out the duties of the original position. In addition, handover notes are insufficiently handled for this type of personnel profile in peacekeeping operations, although such notes would offer the opportunity to share best practices as well as to ensure business continuity.

254. One flexible modality, which has proven useful when deploying specialized capacity, is that of Government-provided personnel. This modality has been leveraged in the areas of justice and corrections in particular, which has proved to be cost-effective and useful for deploying additional specialized expertise. This modality could be an option for other civilian areas. Specialized functions performed by national personnel of United Nations peacekeeping operations are being developed as well. The missions, however, need to take into account the risk that this drain on the host country's civil servants could end up weakening the country's capacities, which would be the opposite of the desired effect.

255. In addition, some staff remain in post for a long time. These long job tenures can lead to an erosion of performance. However, this underperformance is not sufficiently addressed internally.

256. The successful completion of substantive mandates can be hindered by long job tenures and lack of mobility. This can lead to an erosion of performance, which could be better monitored and managed. The four multidimensional peacekeeping operations partly rely on national personnel to conduct their civilian activities. As of June 2023, 55 per cent of the personnel of the civilian components (1,256 of 2,288) had been recruited locally into the General Service and the National Professional Officer categories. These categories of personnel are more likely to stay in their positions for a long time. Local personnel stay an average of 5.9 years in a mission. Among personnel at the Professional level, 84 per cent are in a position for more than five years. Overall, UNMISS and MONUSCO personnel stay in positions the longest, with an average of almost five years. Staff turnover in the civilian headquarters of missions, where personnel remain in posts for an average of 4.5 years, is higher than in the field offices.

257. In addition to the long service life in the field offices, in some missions staff are less and less present at the duty station. This factor hampers the conduct of civilian activities. The cost of danger pay is a good indicator of duty station presence. Two trends emerged from the analysis of the period from financial year 2018/19 to financial year 2022/23: the amount of danger pay increased by 4 per cent for MINUSCA and UNMISS, while it decreased by 8 per cent for MINUSMA and MONUSCO.

258. Finally, setting up a large civilian component at a mission's opening can also be challenging in terms of human resources management. In the case of MINUSMA, the deployment of the mission was decided on April 2013. At the start of the mission, the civilian component took just three financial quarters to structure itself and fully enter the operating phase. Growth was exponential over these first three quarters of activity. Initially, recruitment focused on international staff. The majority of national staff arrived during the first quarter of 2014, a period during which the civilian headquarters in Bamako was partly staffed and the field offices were opened and staffed. After this milestone, the headcount reached a plateau.

259. The Secretariat should analyse the main managerial issues faced by the substantive civilian components of peacekeeping operations, paying particular attention to human resources management (long-lasting vacancies, long job tenures, risks of underperformance and demotivation, constraints linked to the applicable policies), in order to better tackle them and mitigate the risks at stake.

2.3 Way forward

260. **The Board recommends that the Secretariat provide information in the budget documentation on the costs of the substantive civilian component of peacekeeping operations.**

261. This implies in particular a more precise presentation on the costs of the staffing of the substantive civilian component and, where possible, the related programmatic costs.

262. The Administration accepted the recommendation. The Secretariat highlighted that detailed information on the number of posts and positions per grade level was already provided for each component within a mission and that the presentation could be enhanced to include the costing of this information for all components. In addition, for those missions that had programmatic funding, the information in future budget reports could be further enhanced to be shown by component.

3. Integration of the civilian component within the mission and coordination with other stakeholders

263. The civilian components do not appear to be sufficiently integrated with the other components of multidimensional peacekeeping operations (see sect. 3.1). Cooperation between the civilian components and United Nations agencies, funds and programmes (see sect. 3.2), as well as other key stakeholders (see sect. 3.3), is also essential and could be improved.

3.1 Insufficient integration of the civilian component with other components of the peacekeeping operation

264. The United Nations has developed a strong doctrine on peacekeeping that emphasized the necessity of fully integrating all components of a multidimensional mission, including the civilian component. However, current practices of integration suffer from various weaknesses.

(a) Necessity of fully integrating the civilian component with other components in the mission

265. Integration is at the heart of the concept of multidimensional peacekeeping operations. These broad mandates convey the idea that the force and police components cannot alone build long-lasting peace, but that their operations need to be closely aligned with actions performed by complementary substantive civilian components. This requires the close integration of all components of a mission. This comprehensive and integrated approach was conceptualized by the Brahimi report (A/55/305-S/2000/809) and then defined more clearly in the capstone doctrine.[23] It requires a close combination of military, police and civilian components to effectively implement the mandate.

266. Some units of the civilian component must ensure, more than others, integration with the rest of the components in peacekeeping missions. That is notably the case for protection of civilians, a whole-of-mission activity which is the subject of a recently revised policy[24] that reiterates the need for integration.[25] Protection of civilians activities are jointly implemented by different mission components through a three-tiered approach, in conjunction with the United Nations country team: protection through dialogue and engagement (tier I); provision of physical protection (tier II); and the establishment of a protective environment (tier III). At the highest mission level, the protection of civilians is the subject of a specific protection of civilians strategy. In the case of UNMISS, for example, where the protection of civilians is a priority of the mandate, this strategy was drawn up jointly by the civilian component entities, in conjunction with the force and United Nations police, but also with the United Nations country team members and communities through field offices. Disarmament, demobilization and reintegration is another example where a close integration of the civilian and uniformed components is indispensable.

267. Integrated structures have been set up to support integration of the different components. In the field, every multidimensional operation has several integrated civilian, military and police structures, which are considered to have greatly improved coordination and integration. The Joint Operations Centre and the Joint Mission Analysis Centre are the best examples of the consolidation and analysis of information received from the field.

268. This integration has involved assigning uniformed personnel to the civilian component, under the authority of a mission's Chief of Staff. In MINUSMA, the planning unit at the heart of the integration mechanisms of the civilian component was strengthened in 2019 with police and military officers in addition to civilian staff. These staff maintain a direct relationship with their original components through command-and-control mechanisms. Such efforts need strong leadership to make a difference on the ground.

269. Integration is also facilitated by the mission governance, in particular at the senior management level, which enables regular (at least weekly) exchanges of information between the heads of the various units and among the different components.

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[23] See https://peacekeeping.un.org/sites/default/files/capstone_eng_0.pdf.

[24] See https://peacekeeping.un.org/sites/default/files/2023_protection_of_civilians_policy.pdf.

[25] Policy on the protection of civilians in United Nations peacekeeping, sect. A, para. 3: "An integrated approach to the protection of civilians requires the effort of all mission components – civilian, police and military – and, where relevant and appropriate, coordination with other [United Nations] actors including the [United Nations] country team (UNCT)."

(b) Weaknesses of current practices in terms of integration

270. In spite of the efforts made, the integration of the substantive civilian component with the force and police components still needs perfecting. As mandated, support to an overall political process, guided by the mission's political strategy, will essentially be a whole-of-mission effort, which itself guides the development of the strategies of the various components, including the concept of operations of uniformed components. Not all activities of civilian components gain from integrated interventions with uniformed components, but when joint actions of civilian and uniformed components are expected, such as with protection of civilians, disarmament, demobilization and reintegration and security sector reform, integration is not always adequate and so does not benefit from the multiplier effect of combined and coordinated interventions. During the COVID-19 crisis, the exceptional measures taken by the Secretariat included, for civilian personnel, the widespread use of remote work, which has also temporarily limited interactions with other components.

271. As a result of safety and security rules, which are necessary to operate in environments such as those where peacekeeping operations deploy, civilian personnel movement typically requires force-provided security. Indeed, missions are also mandated "to protect the United Nations personnel, installations, equipment and goods and ensure the security and freedom of movement of United Nations and associated personnel" (see Security Council resolution 2709 (2023)). The Administration recognizes the overall impact that a necessary focus on the security of all personnel has on deployment capacity and possibly on mandate implementation. This is both a constraint and a necessity, but may also at times divert the force from its first mission to protect civilian populations, with obvious adverse effects. At the same time, much of protection of civilians implementation, understood in its three tiers, is undertaken by civilian components, including in support of the force – for example through the establishment of community-based early warning mechanisms, which enable, in principle, early response by the force.

272. Organization and management principles do not tend to naturally organize integration among the various components of the mission. In accordance with the policy on Authority, Command and Control in United Nations Peacekeeping Operations,[26] the chains of command within missions are clearly separated into four pillars: (a) force, (b) police and (c) mission support, with their own concept of operations and reporting line to the Special Representative of the Secretary-General; and (d) other elements of the civilian component, which report to the Special Representative directly or through a Deputy Special-Representative. The Office of the Chief of Staff, which supports the Special Representative in the strategic management of all pillars, appears as a key organizational factor of mission integration. It includes the mission planning unit and other units supporting integration. Reinforcing this function continues to be a priority for the Administration.

273. Some management processes are not conducive to integration, such as the typical structure of the results-based budget, with mandated tasks often having to be formulated as distinct outputs delivered by specific civilian subcomponents, even in situations where delivery is integrated. A better articulation of integrated contributions to delivery could help foster a more integrated management.

274. Integration with the force on conceptually close ways of working could improve. In accordance with its policy,[27] United Nations civil-military cooperation is "a military staff function that contributes to facilitating the interface between military

[26] See https://police.un.org/en/policy-authority-command-and-control-un-peacekeeping-operations-2019.

[27] See https://peacekeepingresourcehub.un.org/en/training/stm/cimic.

and civilian components, which also include humanitarian and development actors in the mission area". This military function plays a role in coordinating and interfacing with the civilian component of the mission and external civilian actors, notably in the realm of humanitarian assistance. On the other hand, missions implement, mostly through the civilian components, quick-impact projects. These projects are designed as "small-scale, rapidly implementable projects used by [United Nations] peacekeeping operations to establish and build confidence in the mission, its mandate and the peace process, thereby improving the environment for effective mandate implementation".[28] They are not technically United Nations civil-military cooperation projects, nor are they programmatic activities linked to the core of the mandate, but rather projects whose purpose is to build confidence in the mission, its mandate and the peace process. Ultimately, United Nations civil-military cooperation and certain facets of the civilian component are close in concept and modus operandi, with no truly formalized integration mechanism other than senior management or ad hoc meetings at the mission headquarters or field office levels.

275. Other structural factors that limit further integration between civilian and uniformed components include challenges relating to distinct "work cultures" and modes of command and control, adding to the internal challenges faced by the uniformed component, as peacekeeping operations involve, by design, time-limited deployments of uniformed contingents and personnel from a variety of backgrounds.

3.2 Essential aspect of cooperation with United Nations agencies, funds and programmes

276. United Nations agencies, funds and programmes engage in areas of concern to the civilian components of missions. Many examples of cooperation exist but there is room to improve the effectiveness of this cooperation.

(a) United Nations agencies, funds and programmes: players in areas of concern to the civilian components

277. The necessary collaboration between the civilian components and the rest of the United Nations system is an established and accepted fact (see figure II.XVII). "Peace and security" and "development" are two historic pillars of United Nations action, enshrined in Article 1 of the Charter of the United Nations. Even prior to the Brahimi report, operations could be mandated to participate in strengthening the rule of law[29] and therefore collaborate with the other agencies involved in this objective.[30] The civilian component, besides being fully integrated into the mission, needs to closely cooperate with key stakeholders outside the mission, especially partners who are able to leverage and sustain long-lasting peace building.

278. The civilian component's activity affects several Sustainable Development Goals, on which other actors of the United Nations system are also active. As such, the missions operate at the heart of the United Nations system on the ground and are involved in achieving various Goals. Different sections of the civil component contribute to Goal 16 on peace, justice and institutions, but also to Goal 5 on gender equality and Goal 13 on climate. Other Goals, such as Goal 4 on education or Goal 6

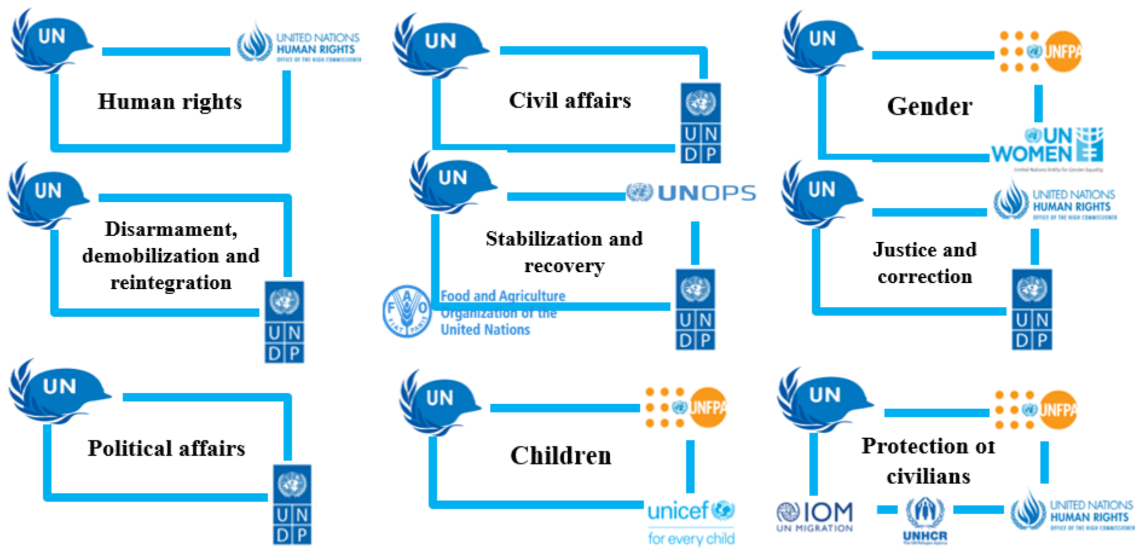
[28] See https://unmil.unmissions.org/sites/default/files/new_dpko_qip_guidelines.pdf.

[29] See, for example, Security Council resolution 1244 (1999), in which the Council established UNMIK.

[30] More recently, the Secretary-General, in paragraph 37 of his report on the budget for UNMISS for the period from 1 July 2022 to 30 June 2023 (A/76/704) stated that: "System-wide coordination and integrated planning and programming will remain key priorities for UNMISS during the 2022/23 period as the Mission seeks to enhance coherence and impact across the United Nations system by pursuing complementarity between mandated activities and the implementation of the United Nations Sustainable Development Cooperation Framework for South Sudan for 2023–2025."

on access to drinking water, can also occasionally benefit from specific initiatives such as quick-impact projects.

Figure II.XVII
Examples of activities of the civilian components connected with OHCHR and United Nations agencies, funds and programmes



Source: Board of Auditors.

279. The integration between United Nations country teams and peacekeeping missions is included in United Nations strategic documents and policies. It is organized by the coordination function devolved to integrated missions and is manifested by the "triple-hatted" Deputy Special Representative of the Secretary-General, acting as both Resident Coordinator and Humanitarian Coordinator. This function was reviewed following resolution 72/279 of the General Assembly. The generic job description states that the resident coordinator coordinates United Nations entities' contributions to context and trend analysis and leads the United Nations country team in the development of and monitoring and reporting on the United Nations Sustainable Development Cooperation Framework.[31]

(b) Cooperation with the wider United Nations system

280. In the field, cooperation with the wider United Nations system appears uneven. Beyond coordination on one-off projects, a structurally integrative role is played by the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator and the strategic-level processes leading to the development of the United Nations Sustainable Development Cooperation Framework, or to the strategic management forums often set up to steer the implementation of large joint programmes (typically co-chaired with national authorities), to which missions, OHCHR and United Nations agencies, funds and programmes contribute. Within missions, staff of the civilian component are required to collaborate and coordinate their action with those entities, in particular UNDP, OHCHR, UNHCR, UN-Women and UNICEF, but direct coordination between subcomponents and specific agencies, funds and programmes at the operational level remains variable. The Policy on Integrated Assessment and Planning, revised in 2023, sets out four minimum requirements to facilitate integration, namely the joint conduct of assessments; a common vision and a plan (the

[31] See https://unsdg.un.org/sites/default/files/2022-09/RC%20job%20description%202021.pdf.

United Nations Sustainable Development Cooperation Framework); joint mechanisms; and joint monitoring and evaluation. A guidance note from the Secretary-General on integrated missions was also revised and reissued in November 2023, with the objective of clarifying the responsibility and authority of the Special Representative of the Secretary-General and of the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator.

281. Joint programmes are meant to leverage the comparative advantages of various partners to deliver on an integrated set of strategic and programmatic objectives. For instance, joint projects with UNDP, sometimes funded by the Peacebuilding Fund, are far larger than missions' programmatic funds. However, they represent a small part of the UNDP portfolio and are lightly coordinated.

282. The four countries in which multidimensional missions are deployed are eligible for funding from the Peacebuilding Fund. The Peacebuilding Fund finances the work of the United Nations system to complement and support United Nations mission objectives. The practice of not funding peacekeeping operations directly is due to an expectation that the mandates and activities of peacekeeping operations and the Peacebuilding Fund are distinct, though complementary and mutually supportive, and that therefore the funding streams should remain distinct. In 2022, total approved project funding for the four countries where multidimensional peacekeeping operations were deployed was as follows: Mali, $12.8 million; South Sudan, $11.7 million; the Democratic Republic of the Congo, $8.0 million; and the Central African Republic, $3.9 million. All requests to the Peacebuilding Fund are channelled through the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator and signed by Governments. Joint steering committees, co-chaired by the Government and the United Nations, are established to oversee priorities. The Deputy Special Representative usually co-chairs these committees for the United Nations, and mission staff regularly participate. Projects are discussed with the relevant components of the mission, whether rule of law, civilian governance, elections, human rights, and so on. Whenever possible, the Peacebuilding Fund seeks to be synergistic with mission efforts, as in the case of the Democratic Republic of the Congo, where in recent years the Peacebuilding Fund has financed projects in line with the transition plans and focused activities on provinces from which MONUSCO is withdrawing, namely Kasai, Kasai Oriental and Tanganyika.

283. Ad hoc cooperation mechanisms between missions and the rest of the United Nations system have been developed. At the mission level, coordination mechanisms with the United Nations country team are generally sought in, inter alia, the thematic areas of children in armed conflict, sexual violence in conflict, elections and disarmament, demobilization and reintegration (and community violence reduction), with a crucial role expected to be played by the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator in multidimensional missions.

284. At Headquarters level, mechanisms of cooperation include: (a) integrated task forces led by the Department of Peace Operations and including all United Nations agencies, funds and programmes – as well as special political missions as relevant – active in a particular country where a peacekeeping operation is deployed; (b) the climate security mechanism,[32] created in 2018 as the result of a joint initiative by the Department of Political and Peacebuilding Affairs, the Department of Peace Operations, UNDP and UNEP, which seeks to address climate-related security risks more systematically; (c) the Global Focal Point for the Rule of Law,[33] established in 2012 by the Secretariat and co-chaired by UNDP and the Department of Peace

[32] See www.unep.org/explore-topics/disasters-conflicts/what-we-do/disaster-risk-reduction/climate-security-mechanism.

[33] See www.un.org/ruleoflaw/globalfocalpoint/.

Operations as an inter-agency coordination platform aimed at strengthening coherence and efficiency, leading to a variety of field coordination arrangements and joint programming, including in transition contexts; and (d) the Team of Experts on the Rule of Law and Sexual Violence in Conflict,[34] created in 2009 and made up of experts from the Department of Peace Operations, OHCHR, the Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict and UNDP. Integrated mechanisms such as the Joint Operations Centre and the Joint Mission Analysis Centre also allow for the consolidation and dissemination of security and situational information and assessments across United Nations country teams. In the various operations audited, the members of the country teams positively highlighted the benefits of these platforms.

285. However, the interaction of the civilian components with United Nations entities needs to be scaled up. When working in the same areas of programmatic intervention, mission subcomponents and United Nations entities have complementary mandates and activities, and would benefit from increased cooperation. Even though such cooperation has some drawbacks, the human rights subcomponent of peacekeeping operations is a notable exception, as it is fully integrated into OHCHR, and reports to both the High Commissioner for Human Rights and the Special Representative of the Secretary-General.

286. A model in which a United Nations entity would be in charge of implementing a given civilian objective of a peacekeeping mandate instead of a civilian component of the mission could be tested. In 2012, in the final year of UNMIT, UNDP received funding from the Mission for rule of law activities, under a specific memorandum of understanding geared towards sustaining essential rule of law work during and after the transition. The Mission focused on the political dimensions of rule of law, while UNDP focused on the more technical and developmental aspects. The Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator was also the resident representative of UNDP, as this took place before the reform that delinked resident coordinator and UNDP resident representative functions.

3.3 Essential aspect of cooperation with the host country and other stakeholders

287. The host country is, first and foremost, the partner of the civilian component. There is room to improve the effectiveness of the cooperation with key stakeholders outside the United Nations system.

(a) Host country, first partner of the civilian component

288. The host country is, first and foremost, the partner of the civilian component, not only at the central governmental level but also at the local level, through local governments and traditional community leaders or civil society organizations.

289. Some activities of the civilian component require particularly close cooperation with the authorities of the host country. For example, the success of the disarmament, demobilization and reintegration component of MONUSCO relies heavily on the Government of the Democratic Republic of the Congo, which retains the primary responsibility for defining the disarmament, demobilization and reintegration policies.

290. In the long term, negative repercussions, such as creating a potential "brain drain" in a country by using its civil servants to cover the needs of large peacekeeping missions, should be avoided. These issues, which have in the past been the subject of studies by the United Nations,[35] create the risk of a lasting impact by multidimensional

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[34] See www.un.org/sexualviolenceinconflict/our-work/team-of-experts/.

[35] See, for example, Chiyuki Aoi, Cedric de Coning and Ramesh Thakur, eds., *Unintended Consequences of Peacekeeping Operations* (United Nations University Press, 2007).

missions that includes several facets, including loss of competence of the public services of the host country, an increase in the salary gap and difficulties maintaining lasting relationships between United Nations system actors and State structures. In accordance with annex I to the Staff Regulations and Rules of the United Nations, "The Secretary-General shall fix the salary scales for staff members in the General Service and related categories, normally on the basis of the best prevailing conditions of employment in the locality of the United Nations Office concerned". Labour market distortions are real but not easily manageable, as many other actors beyond peacekeeping operations compete to attract local personnel, and legislative bodies have encouraged further nationalization of staff positions in peacekeeping operations.

(b) Cooperation with other key stakeholders

291. As the above-mentioned capstone doctrine of 2008 recognized, cooperation with key stakeholders outside the United Nations system is key:

> United Nations peacekeeping operations are almost always deployed alongside a variety of external actors, with widely differing mandates, agendas and time horizons. The challenge of managing an integrated mission is thus further compounded by the need to ensure that there is some degree of coordination between the United Nations and the range of non-United Nations actors who are often present in conflict and post-conflict settings.

292. Depending on the context, peacekeeping operations can coordinate and cooperate with non-United Nations stakeholders. For example, UNMIK has a close relationship with the European Union Rule of Law Mission in Kosovo, the Kosovo Force and the Organization for Security and Cooperation in Europe. In integrated multidimensional missions, the Deputy Special Representative/Resident Coordinator is also the Humanitarian Coordinator, and coordinates humanitarian action beyond the activities of United Nations entities. The Deputy Special Representative/Resident Coordinator is supported in this role by a coordination apparatus managed by the Office for the Coordination of Humanitarian Affairs and at the level of civilian subcomponents; key actors can contribute to humanitarian coordination forums, notably on protection of civilians or mine action.

293. Consultation with development actors such as the World Bank, regional development banks and bilateral agencies would normally happen at the strategic level of United Nations presence planning (the United Nations Sustainable Development Cooperation Framework or an integrated strategic framework). Interaction with the missions is all the more important when programmes financed by these actors are related to the objectives of the mandates. Occasionally, some projects involving regional development banks have been supported by the civilian component through the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator. This was the case for the Aweil rice scheme in South Sudan, for instance, which involved cooperation among UNMISS, the African Development Bank and FAO, and for the joint identification and assessment mission in northern Mali, which included MINUSMA, the African Development Bank and the Islamic Development Bank. Enhanced strategic coordination between international financial institutions and peacekeeping operations is welcome and encouraged. But cooperation with United Nations development actors may not always have to happen through missions: in many sectors of intervention, they cooperate with other United Nations entities or with the Peacebuilding Fund, including on programmatic interventions that support the prevention of violent conflicts.

294. Some humanitarian actors may also be reluctant to work visibly with the civilian components of the missions, owing to reasons related to culture and principle. This issue had already been clearly identified by the capstone doctrine 15 years ago:

"Humanitarian actors…have as an institutional imperative to maintain a high level of visible independence from political-military structures to ensure the safety and feasibility of their actions and personnel. United Nations peacekeepers must be cognizant of the concept of 'humanitarian space'".

295. Humanitarian principles imply limits to the level of cooperation with peacekeeping operations. Indeed, certain agencies and non-governmental organizations continue to mention the need for a clear distinction between "blue UN" (humanitarian) and "black UN" (peacekeeping missions). Increased cooperation between the civilian components and other stakeholders asks the latter to take a step forward, which can remain challenging. The fact that humanitarian partners, while requesting peacekeeping operations to provide escort security, do not want to be seen as associating with peacekeeping operations, can limit substantive cooperation.

296. Nevertheless, peacekeeping operations are often specifically mandated by the Security Council to "facilitate the immediate, full, safe and unhindered delivery of humanitarian assistance" (see, for example Council resolution 2709 (2023) on MINUSCA) and typically coordinate closely with humanitarian actors on the question of protection of civilians, as well as through the humanitarian coordinator function of the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator.

3.4 Way forward

297. Although the integration of the civilian components inside and cooperation outside peacekeeping missions is enshrined in doctrine and policy documents, they both suffer from major limitations in the field. As laid out in the Secretary-General's New Agenda for Peace, the Administration is committed to ensuring that peace operations are significantly more integrated and to leveraging the full range of civilian capacities and expertise across the United Nations system and its partners, as part of a system of networked multilateralism and strengthened partnerships.

298. There is no single line of command that encompasses the entire civilian component. The complexity of multidimensional peacekeeping operations has led to the establishment of the Deputy Special Representative/Resident Coordinator/Humanitarian Coordinator function, which ensures coordination with the larger United Nations presence and the humanitarian actors. This function, however, does not integrate responsibility for all substantive civilian subcomponents, which is shared with the second Deputy Special Representative of the mission. Strategic integration is supposed to be ensured at the mission level and the strategic management function towards the integrated implementation of the mission's mandate is delivered under the leadership of the Special Representative.

299. In practice, however, the integration of the substantive civilian component with the force and police components of a mission can be improved.

300. Peacekeeping operations can also operate in areas that complement or overlap those of United Nations agencies, funds and programmes, whose mandates, expertise and capabilities usually precede and outlast peacekeeping missions, which are by nature temporary. The modalities of the partnerships with the wider United Nations system should be integrated by design from the outset of peacekeeping operations.

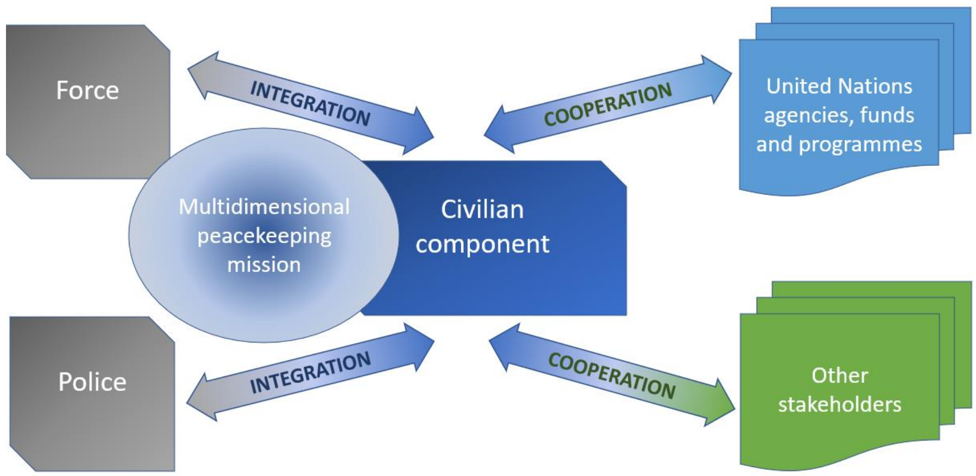
301. A model in which a United Nations entity is in charge of implementing objectives of the peacekeeping mandate has been attempted and could be expanded.

302. Ways should be considered to enhance processes to ensure the effective and integrated strategic management of missions. At the same time, many formal coordination mechanisms already exist, with the result that staff of the civilian components already spend a lot of time in meetings. Increasing integration inside the mission, and cooperation with key stakeholders, should therefore not result in an

increased workload for managers, but rather prove that the investment is worthwhile (see figure II.XVIII).

303. The revised Policy on Integrated Assessment and Planning requires the existence of a senior leadership forum comprising key in-country United Nations decision makers and a joint analytical and planning capacity to ensure shared analysis, planning, decision-making, coordination, monitoring and evaluation. A review of the implementation of this measure by missions and the provision of support for them to enact it and streamline their overall strategic management processes would foster the progress needed on integration.

Figure II.XVIII
Integration of the civilian component within the mission and cooperation with other stakeholders



Source: Board of Auditors.

304. **The Board recommends that the Administration review and adjust existing senior mission leadership mechanisms, in line with the revised Policy on Integrated Assessment and Planning, to enhance their effectiveness in the delivery of their core integration and strategic management functions.**

305. Such mechanisms should:

(a) Centre on an integrated senior leadership forum comprising key in-country United Nations decision makers, inclusive of the Deputy Special Representatives of the Secretary-General and the mission Chief of Staff;

(b) Be streamlined to subsume, to the extent possible, other coordination mechanisms and lighten the burden on managers;

(c) Support all stages of the integrated, strategic management process, from planning to monitoring and reporting, from defining shared responsibilities and joint actions to assessing performance and impact;

(d) Be supported by a joint analytical and planning capacity to ensure shared analysis, planning, decision-making, coordination, monitoring and evaluation.

306. **The Board also recommends that the Administration explore new ways of working with United Nations agencies, funds and programmes regarding the implementation of the objectives of the peacekeeping mandates.**

307. Exploring such new modalities could be part of the Administration's intent to work towards nimble, adaptable models for peacekeeping operations and to leverage

the full range of civilian capacities and expertise across the United Nations system and its partners, as highlighted in the Secretary-General's New Agenda for Peace.

308. In contexts of transition, the Secretariat could, in particular, propose to the Security Council and the General Assembly alternative models for the implementation of specific mandates, leveraging civilian capacities and expertise from United Nations system partners, on the basis of clear comparative advantages. This could, notably, be considered in the context of the transition of MONUSCO. In-depth discussions with the United Nations agencies, funds and programmes concerned should be encouraged within the framework of a structured dialogue on priorities, with prior capacity assessments and reviews of programmes and respective resources. The approach should remain cautious, as the mandates and activities of mission subcomponents and their United Nations partners are distinct and complementary, and the delivery modalities are therefore not interchangeable.

309. Any such experiment would need to be context-specific and take into account ex ante assessments of comparative advantages. Such assessments can prove complex, as they need to consider multiple factors. For instance, considering the cost criterion, implementation through United Nations agencies, funds and programmes funded by assessed peacekeeping contributions would typically incur additional overhead costs, which could negate any financial advantage. As to the technical/delivery capacity criterion, mandates, activities and therefore capacities are often distinct and specialized, limiting the number and scope of mandated activities that could be easily transferred for implementation by agencies, funds and programmes. This is notably the case for programmatic activities of a more sensitive political nature, where direct proximity with the political leverage of mission leadership may be an advantage, or of sectors that require direct cooperation with mission uniformed components.

310. The Administration agreed with both recommendations.

4. Performance and accountability of the civilian component

311. The significant results achieved by the civilian component in multidimensional peacekeeping operations are not well reflected, as the quality of the existing reporting on performance is poor (see sect. 4.1). Upgrading performance management would require, among other things, greater involvement of Headquarters to ensure strategic oversight and streamlined reporting processes to lighten the burden for staff (see sect. 4.2).

4.1 Poor quality of reporting on performance of the civilian component, in spite of significant achievements

312. Reporting on the performance of the civilian component mobilizes abundant data but employs uncoordinated tools. This cumbersome process does not allow reporting on the results of the civilian component in a relevant and reliable way; therefore, the achievements of the civilian component and its key success factors are not highlighted enough.

(a) Abundant data and badly coordinated tools

313. It is difficult to achieve a performance assessment for civilian component activities such as protection of civilians, human rights or good offices. It can be challenging to know which activity has an impact on which objectives. For instance, for protection of civilians, assessing the impact of actions related to tiers I and III is challenging, which explains why physical protection (tier II) tends to remain the focus of attention. Nevertheless, the need to assess the effectiveness and performance of the

civilian component in multidimensional peacekeeping operations appears unavoidable.

314. Performance and accountability have been raised as major issues to implement peacekeeping mandates, with a view to enhancing the overall effectiveness of the missions and to informing objective decision-making. To this end, Headquarters has rolled out several tools and processes for performance assessment, but the tools coexist without being well articulated. They imply abundant and partly redundant activity for civilian component teams, with no guarantee of a useful and reliable performance measurement.

315. Results-based budgeting is a perennial budgeting process which covers the whole cycle of budget planning, implementation, performance monitoring and reporting. The different civilian component units of a mission use Umoja and report their activities through reports of the Secretary-General based on specific indicators. This process is intended to provide Member States with data on performance.

316. Several tools assess mission activities, including those of the substantive component. In particular, CPAS supports performance and impact assessment, and its data can be leveraged for reporting purposes, but it is not the only tool nor a tool intended to be used for comprehensive reporting. CPAS can be used to incorporate any data a mission collects and deems relevant or needs an indicator for, and be focused on the priorities of a mission to deliberately keep the results framework as lean as possible. CPAS can nevertheless be time-consuming and dependent on the quality of information provided to the system. In UNMISS, two meetings per month on CPAS management and implementation are held with Headquarters to review the progress and difficulties, which mobilize many attendees.

317. As of the time of writing, CPAS was interoperable with Situational Awareness Geospatial Enterprise (SAGE)[36] but not with Umoja. However, CPAS does help to organize data relating to peacekeeping operations, with the indirect effect of improving the ability to interact with Umoja. Furthermore, the Department of Peace Operations is ready to explore options on greater interoperability, as part of a broader review of the tools available to support the planning cycle at the strategic, programmatic and operational levels, inclusive of planning, implementation (including linkages to budget and resource management), monitoring and performance and impact assessment, in order to identify gaps and opportunities for integration and streamlining.

318. Managing and tracking performance-related recommendations from reviews and audits, for example, is also a huge burden on missions. CPAS features a recommendations tracker that can host and track recommendations from various assessment and review processes. The Department of Peace Operations is also ready to explore the possibility of linkages with trackers developed and coordinated by OIOS and the Department of Management Strategy, Policy and Compliance for the recommendations of oversight bodies. In the case of UNMISS, the system's data is updated on a quarterly basis, which does not allow operations to evolve dynamically.

319. In addition, other reporting mechanisms exist, such as the information systems for some subcomponents, including for women and peace and security and evaluations related to the Sustainable Development Goals. All these tools and mechanisms are loosely coordinated and only increase the number of reporting lines, hindering their ability to function in an integrated manner.

[36] SAGE is an incident and event database that is intended to replace the unstructured daily, fact-based incident and activity reporting performed by many entities at the mission headquarters and field levels.

(b) Lack of relevant and reliable reporting

320. Too many indicators, that are too granular, are selected by the missions, and are not always aligned with their overarching strategies, making it impossible to draw on comprehensive, robust data to assess activities against the missions' political strategy or mission concept. Results-based budgeting outputs are numerous, disparate and sometimes difficult to interpret. Although a performance dashboard has been launched, the abundance of achievement indicators and subindicators reduces the effective value of results-based budgeting. The workload involved in monitoring them, as well as their relative effectiveness, argues in favour of simplification, although that is hampered by a fear of funding cuts. The quarterly reporting of results-based budgeting indicators in the Umoja strategy management tool is not really considered to be useful for steering the civilian component's activities during the year. In most missions, the results-based budgeting framework of the civilian component has remained virtually unchanged for years, even if new issues and priorities have emerged that would justify adjustments. Chosen indicators are insufficiently results-oriented to enable a real performance assessment and, if need be, changes in budget allocations.

321. Several impact and output indicators generated, most notably by CPAS, are not analysed or have outdated data. For instance, 12 of 147 indicators (8 per cent) do not have data for 2022/23 in the case of MINUSCA, and 14 of 56 (25 per cent) in the case of UNMISS. Missions develop ambitious indicators against which data collection can be challenging in a peacekeeping setting. Moreover, at times missions realize that indicators are not very meaningful at a given time. With regard to a disarmament, demobilization and reintegration process that faces delays, for example, missions do not want to delete these indicators as they will become relevant as soon as the respective process picks up. Hence, they keep these indicators in the framework/system, but dormant, with no updated data. Such gaps weaken the evidence-based process, blur the expected strategic impact and affect the quality of the reports.

322. A clear distinction should be made among monitoring, reporting, and performance and impact assessment as part of the overall process of strategic management within the mission and strategic oversight by Headquarters – and ultimately the Security Council and the General Assembly. Management and oversight at distinct organizational levels require distinct granularity in the data collected and analysed. The types of indicators that the various stakeholders of the civilian component of peacekeeping operations focus on vary greatly. While Headquarters and heads of mission need to focus on strategic indicators of impact, chiefs of units and divisions need to monitor outcome and output level indicators for the proper management of their subcomponents. Intermediate reports and tools along the chain of management and oversight will typically require more granular information than legislative bodies in order to support effective decision-making at these various levels. CPAS can support both the strategic management by mission leadership and the strategic oversight by Headquarters and legislative bodies. At the latter level, it supports reporting through Security Council factsheets as well as visualized data included in reports of the Secretary-General to the Security Council. As for historic depth, CPAS is the only tool in peacekeeping that has data that go back several years and are able to show trends.

323. Reporting also needs to be sustainable and as streamlined as possible, in terms of both its processes and its products. Decisions should be balanced against the cost-efficiency and effectiveness of reporting, which ought to be considered at the upstream stage of the production of the data, the midstream stage of the production of the analysis and report and the downstream stage of the consumption of the data by the various stakeholders.

(c) Achievements of the civilian components and key success factors are not highlighted enough

324. Despite the highly challenging contexts of peace operations, some activities of the civilian components have convincing results that have not been well captured in the reporting documents over the past years. The key success factors remain insufficiently known, and insufficiently analysed, to develop or, conversely, abandon actions. Most often, the selected indicators present raw data that does not allow stakeholders to understand the effectiveness of the actions carried out and does not offer sufficient perspective on the achievements.

325. However, the results obtained by certain units of the civilian component can be convincing, and useful for both the local populations and the host countries.

326. In South Sudan, the achievements of the Human Rights Division in UNMISS illustrate such results. Responsible for monitoring, investigating and reporting on human rights, implementing the transitional justice mechanism and providing specialized thematic expertise in conflict-related sexual violence, this Division is fully integrated into the Mission despite a lack of formalization of some mechanisms. Its collaboration with other UNMISS divisions such as the Child Protection Unit, the Gender Affairs Unit, the Civil Affairs Division and the Rule of Law Advisory Section is recognized, particularly in the field, and has proven useful in carrying out its missions.

327. In Mali, the Human Rights Protection Division and the Justice and Corrections Section of MINUSMA, focusing on reconciliation and justice, as well as promotion and protection of human rights, made quick progress in areas such as the promulgation of a law on reparation for gross human rights violations and in criminal justice reform, in particular concerning management of high-security prisons and supporting the national Specialized Judicial Unit to Combat Terrorism and Transnational Organized Crime in terms of criminal accountability for serious crimes that fuel the conflict, including terrorist offences and crimes against peacekeepers. Despite a very volatile political context since 2020, the concept of forced abduction was officially mentioned in the new Malian penal code reformed in 2023. Meanwhile, to contribute to the completion of the national disarmament, demobilization and reintegration programme, a project to reintegrate women associated with armed groups was implemented in 2023, with immediate significant results.

4.2 Upgrading performance management

328. Shortcomings in the performance assessments of the civilian components reveal a need for greater involvement of Headquarters and senior management of the missions, and the necessity of streamlining reporting requirements and making better use of performance review tools.

(a) Insufficient involvement of senior management and Headquarters in monitoring performance

329. Managing the performance of the civilian components presupposes that clear lines of responsibilities are defined. A central question is to clearly identify who, in the end, is responsible for implementing the mandate of the civilian components or, to be more specific, under what conditions the Special Representative of the Secretary-General can be held accountable. If Special Representatives of the Secretary-General are entrusted with the implementation of the mission mandate and the Under-Secretary-General for Peace Operations oversees and provides strategic direction, political and policy guidance and instructions to the peace operations under the purview of the Department, the fact that other departments, as well as special coordinators, intervene from their various perspectives in the implementation of each

peacekeeping mandate tends to dilute accountability lines further and requires additional coordination. Being held accountable implies sufficient control over the financial and human resources required to successfully implement the mandate.

330. The role of Headquarters in the implementation of oversight and accountability processes related to the civilian component could be strengthened. Integrated operational teams contribute to the formal assessments transmitted to the legislative bodies in the form of reports of the Secretary-General, produced with reporting from components of the mission, which also engage with parent offices at Headquarters. Analysis on mandate implementation is supported by data (including but not limited to data from CPAS). However, the overall narrative in a report cannot solely be accomplished through data. Moreover, mission performance is a very broad concept, and not all the various performance-related indicators have been streamlined to something that is easily manageable by missions and directly tied to mandated strategic priorities. A combination of qualitative and quantitative assessments is needed to inform analysis. Qualitative assessment tends to take precedence over quantitative data analysis. The cross-cutting vision of integrated operational teams on the implementation of mandates could be more valued, and the fact that the teams do not monitor key performance indicators limits the lessons that might be learned. The oversight by Headquarters should inform the development and revision of policies, including cross-cutting, and the evolution of planning, such as the need to update the mission concept or suggest the evolution of mandates.

331. The involvement of senior management teams varies from one mission to another and depends on the willingness of the Special Representative of the Secretary-General, the Deputy Special Representative and the Chief of Staff to deal with performance management. Owing to the lack of a streamlined process, the evaluation of the activities of the civilian components and the consequences likely to be drawn from them are not established as a standard, institutional process but are dependent on the interest and willingness of individual leaders to make this a priority.

(b) Need to streamline reporting requirements and make better use of performance review tools

332. Rationalizing the requirements, mechanisms and tools for reporting on the performance of the civilian components is a necessity. Indeed, they tend to overlap, and their calendars are not well articulated, creating an avoidable burden for the missions. Current requirements include, to quote a few mission inputs to reports of the Secretary-General, separate Action for Peacekeeping Plus reports, specific performance-related mechanisms and reporting on sexual exploitation and abuse.

333. To carry out its strategic oversight role, Headquarters must push for fit-for-purpose tools to better assess and incentivize the performance of the civilian components at the collective and individual levels. The links between results and operational management have not been sufficiently established over the past years.

334. Enhancing human resources performance is a key factor. To this end, one of the most important gaps that should be bridged is delinking the assessment of activities using CPAS and other reporting lines, on the one hand, and civilian staff evaluations on the other. The assessment mechanisms should be precise enough to allow for an appraisal of collective and individual performance in terms of results achieved as reflected by key performance indicators. This delinking of organizational performance management and individual performance management is arguably not a problem unique to the civilian components. Redressing this would notably imply a review of planning and assessment frameworks, down to the unit and individual levels.

335. As a complement to internal strategic reviews and episodic integrated strategic assessments,[37] civilian staffing reviews could also enhance the alignment of human resources to the priorities of the mandates and to mission strategies. This would imply the involvement of the Department of Peace Operations, in addition to the missions. Such reviews would be a useful tool to ensure that, for each activity, staffing requirements were aligned to the strategy and the objectives of the mandate, and competencies were relevant and adapted to the expected results. Civilian staffing reviews also enable missions to shift and rebalance their human resources and address possible workforce gaps from a workforce planning and management perspective. In close collaboration with United Nations country teams and other stakeholders, civilian staffing reviews are even more useful in the context of mission drawdowns and transitions. In the light of some missions' lack of mobility and frequent stability in headcount, civilian staffing reviews could also help reconfigure civilian components of missions whose mandates did not substantially change. Such missions require a review of posts, including post levels, reprofiling and reclassifications, with possible reclassifications and outsourcing. A staffing review toolkit was released in May 2020 by the Secretariat's workforce planning team but has not been used as an opportunity by the missions. Headquarters should determine the need for and appropriate timing of civilian staffing reviews and should be actively involved in their implementation, bearing in mind that civilian staffing reviews are at a minimum carried out every four years, as requested by the General Assembly at its seventy-sixth session.

336. Individual staff end-of-cycle performance reviews are held for the personnel of civilian components, along with performance conversations and milestone discussions. Almost all staff members are recognized as exceeding performance expectations or successfully meeting performance expectations,[38] which is a classic limit to this type of exercise that brings into question the relevance of the defined success criteria and performance expectations. This tool should allow for the tracking of issues such as low performance or lack of skills, and allow management to take corrective measures as appropriate.

4.3 Way forward

337. Performance management of the civilian components requires a strengthening of the leadership and oversight by Headquarters over the missions. Headquarters should better understand the results obtained by the civilian components and the success factors in order to disseminate good practices.

338. Quality reporting to the legislative bodies is also essential and requires the Administration to continue the efforts already under way to break down silos and better put into perspective the results obtained by measuring them with fewer and more robust indicators. Less time and fewer resources should be spent on producing data and more put into the active use of it for monitoring, reporting, accountability and overall decision-making by the various actors.

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[37] A strategic assessment is an integrated assessment undertaken to jointly develop a shared understanding of a conflict or post-conflict situation, the role of stakeholders and core priorities for sustaining peace, and to propose options for United Nations engagement on the basis of an assessment of risks and opportunities.

[38] For the years 2017/18, 2018/19 and 2019/20, less than 0.5 per cent of Secretariat staff received a performance rating of either "partially meets expectations" or "does not meet expectations". In 2019/20, 37 per cent of the field mission staff exceeded and 63 per cent fully met expectations; only 0.3 per cent partially met and 0.06 per cent (nine agents) did not meet expectations. The situation was similar for the 2021/22 performance cycle, for which only 0.4 per cent partially met and 0.06 per cent (six agents) did not meet expectations, as reflected in the integrated peacekeeping performance and accountability framework.

339. To this end, coherence among the accountability and performance frameworks should be enhanced to ensure that the tools provide a useful overview of the achievements of the civilian components, organize a clearer link between overall results and unit performance and reduce the burden on the missions by limiting data collection requirements. The accountability and performance management process at every level needs to rely on stable and fit-for-purpose tools that target the issuance of relevant information, in line with the digital transformation and data strategies of the Secretary-General. Placing greater emphasis on impact measurement could also lead to fully realizing the benefit of CPAS data. However, a distinct framework for civilian components would be counterproductive, since organizational performance management and the reporting that facilitates it in peacekeeping operations needs to ensure mission-wide integration. Progress in this area requires leveraging, connecting and simplifying the organizational tools and processes in place, inclusive of CPAS and results-based budgeting, which is the overall Secretariat framework for planning, monitoring, evaluation and reporting and is critical to linking organizational and individual performance management.

340. In addition, clearer links must be established between the measurement of the effectiveness and efficiency of activities, on the one hand, and the objectives assigned to staff on the other. Without a robust staff evaluation system, the idea of accountability is destined to remain largely theoretical.

341. **The Board recommends that the Administration review, through a process including both Headquarters and the missions, the quality of the existing reporting on the performance of the substantive civilian components of peacekeeping operations, in order to increase its relevance and better support strategic management and oversight.**

342. The objectives of this review would be to:

(a) Map the processes supporting the planning, monitoring, assessment, evaluation and reporting on mission mandate implementation by civilian components, and their performance;

(b) Clarify reporting and data requirements for the effective exercise of management, strategic management and strategic oversight responsibilities, depending on organizational levels;

(c) Identify and clarify the purpose and scope of the processes and tools to be used for monitoring, reporting and assessment at various organizational levels, within an integrated, streamlined framework;

(d) Assess and address gaps, redundancies and inefficiencies in these processes to improve their cost-effectiveness and the quality of the information produced;

(e) Ensure that the revised framework reinvigorates the use of results-based management principles and leverages the comparative advantages of various tools;

(f) Better link the management of organizational performance and individual performance of personnel of the civilian components;

(g) Ensure that management of the civilian components by Headquarters and the mission leverage monitoring, reporting and assessment processes to exercise their strategic management and oversight responsibilities (see figure II.XVI).

343. The Administration accepted the recommendation.

E. Other main findings and recommendations

1. Follow-up on previous recommendations

1.1 General overview

344. In its resolutions 74/249 B, 75/242 B, 76/235 B and 77/253 B, the General Assembly requested the Secretary-General to ensure the full implementation of the recommendations of the Board of Auditors in a prompt and timely manner.

345. Of the 41 recommendations made in previous reports that the General Assembly had endorsed, 13 have been fully implemented, representing 31 per cent of outstanding recommendations, compared with 46 per cent in 2021/22. A total of 27 recommendations (66 per cent) remain under implementation. One recommendation is considered as having been overtaken by events (2 per cent).

346. Among the 20 recommendations issued in the previous report (A/77/5 (Vol. II)), 4 recommendations (20 per cent) have been implemented and 16 recommendations (80 per cent) are still under implementation.

347. With regard to the ageing of the 11 pending recommendations issued prior to the previous report, 6 (55 per cent) have been pending for more than three years, 3 (27 per cent) have remained open for three years and 2 (18 per cent) were made two years ago. The detailed follow-up of the recommendations issued during the previous six years is shown in annex II.

1.2 Implementation of recommendations linked to the 2021/22 audit of risk management in peacekeeping operations

348. In its previous report, the Board paid particular attention to the audit of United Nations risk management in the area of peacekeeping operations. This work led to six major audit findings, relating to: (a) understanding the key risks at stake and their dynamics; (b) the importance of better defining and operationalizing the "appetite" for risk; (c) concrete cases of risk management in key areas; (d) the role of the different lines of defence in the field and at Headquarters; (e) the implementation of the specific enterprise risk management tools; and (f) the benefits of a more mature risk management, if it were better articulated within the wider United Nations accountability system. Eight recommendations were made that the Administration accepted (A/77/5 (Vol. II), chap. II, paras. 24–207). One recommendation has been implemented and seven are under implementation.

349. Work on implementing these recommendations started after the approval of the Board's recommendations by the General Assembly on 30 June 2023. While implementation efforts are currently ongoing, the Board was informed that most activities will be undertaken in 2024, as the primary focus of the risk management team of the Business Transformation and Accountability Division has been the following main priorities for 2023:

(a) The full revision of the Secretariat-wide risk register, an exercise which was last done in 2020. The work of the risk management team, in coordination with the enterprise risk management task force of the Management Committee, led to a presentation of the final draft to the Management Committee in July 2023 and an approval of the revised Secretariat-wide risk register by the Management Committee in November 2023. The revised register highlights a total of 43 risks, of which 14 are categorized as critical (very high). Eleven designated corporate risk owners at the principal level will be tasked to develop detailed risk treatment and response plans for the identified critical risks;

(b) The completion by 31 December 2023 of risk registers at 57 entities which were identified in 2020 through a set of criteria. The Board was informed that 56 risk registers had been completed by the end of December, and the last remaining entity was finalizing its risk register in January 2024 with the active support of the Business Transformation and Accountability Division;

(c) The migration of entities' risk registers to the Umoja enterprise risk management module in several waves.

350. The Administration implemented the recommendation regarding the promotion of risk-based approaches to peacekeeping through annual bottom-up feedback sessions on key risk and crisis management cases (A/77/5 (Vol. II), chap. II, para. 116). The Business Transformation and Accountability Division indicated it would continue to work closely with the peacekeeping missions on the key risk management cases in regular bottom-up sessions. The three-day session on enterprise risk management that took place in February 2023 was successfully completed. Similar workshops are intended to take place on an annual basis (the next one has been planned for March 2024), focusing on detailed bottom-up reviews of key risk and crisis management case studies and lessons learned.

351. A revision of the overarching enterprise risk management policy is planned to further strengthen the governance framework in peacekeeping operations and update the terms of reference for various roles associated with enterprise risk management, including the roles of: (a) local risk management committees, responsible for overseeing risks and facilitating discussions on risk-taking; (b) the first and second lines of defence; and (c) the integrator/facilitator role of chief risk officers.

352. The Administration recognized the value of the Board's recommendation to "conduct a thorough review of all the existing accountability requirements on peacekeeping operations, in order to streamline and reduce the burden on managers ('simplification shock'), as well as to better articulate risk management with key internal control, strategic programming, budgeting and performance frameworks and ensure data sharing and interconnected information systems" (A/77/5 (Vol. II), chap. II, para. 204). The Board had also noted that: "Some of these simplifications, streamlining and better articulation of accountability requirements, including regarding internal control and performance, would certainly need to be considered in a broader context than peacekeeping operations" (A/77/5 (Vol. II), chap. II, para. 205).

353. During consultation with key stakeholders across peacekeeping and the wider Secretariat, the Administration started to implement this recommendation across all Secretariat entities. An inventory of all existing reporting requirements has been developed for the first time, and is the basis of efforts to identify opportunities to stop, streamline, simplify, automate or align reporting requests. An initial round of proposals and implementation plans are being developed, after which the Administration intends to transition the project into a continuous improvement process as part of the Administration's simplification agenda.

354. The Secretariat continues to enhance synergies between enterprise risk management and the statement of internal control, and to further streamline the processes to ensure they reinforce each other. In this regard, a thorough review of internal controls detailed in entity-level risk registers has been undertaken as part of the process of adoption of the Umoja enterprise risk management tool, to ensure their full alignment with the internal control framework.

2. Finance

2.1 Bank account management

(a) Signatory authority management on bank accounts

355. Signatory authority management shows shortcomings that need to be addressed, such as discrepancies between the United Nations and bank registers or old privileges granted to staff that should be removed.

356. United Nations funds are held in private banks, under the authorization of the Under-Secretary-General for Management Strategy, Policy and Compliance. According to rule 104.4 on bank accounts, authority and policy of the Financial Regulations and Rules of the United Nations, the Under-Secretary-General for Management "shall establish all official bank accounts required for the transaction of United Nations business and shall designate those officials to whom signatory authority is delegated for the operation of those accounts".

357. In order to ensure the security on these bank accounts, the same rule stipulates that "two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment".

358. Since 2020, the bank signatories on bank accounts are all globally managed by the Global Banking Operations Section at Headquarters, within the Office of Programme Planning, Finance and Budget. This Section uses a specific database to track the signatories and authorizations on all bank accounts of the Organization. The database is maintained on the basis of information regarding rotation and staff movements. On this specific topic, the Section relies on information provided by the mission or the Office of Human Resources.

359. The Business Transformation and Accountability Division monitors the access rights in Umoja on a quarterly basis and provides regular updates to the Global Banking Operations Section when a staff member changes assignment or leaves the Organization. Action is subsequently taken by the Section to remove the bank signatory. However, it is the mission's responsibility to inform the Office of Programme Planning, Finance and Budget of all staff movements so that immediate action can be taken in terms of withdrawal of bank signatory delegations.

360. The bank signatory authority and responsibility for those bank accounts are defined in rule 104.5 on bank signatories:

> Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with rule 105.6. Designated bank signatories must:
>
> (a) Ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment;
>
> (b) Verify that all cheques and other payment instructions are made to the order of the named payee approved by an approving officer (designated in accordance with rule 105.6) and prepared in accordance with banking laws, regulations and standards;
>
> (c) Ensure that cheques and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in accordance with rule 106.8.

361. Approximately 99 per cent of bank transactions are processed through Umoja. Depending on need, a staff member may be granted access to specific Umoja transactions (tier 1 or tier 2 authorization level) or may also be provided with physical means of payment, especially for peacekeeping missions in countries where the banking system is weak. The first type of bank signatory has both the access and authority to approve payments in Umoja, while the second type only has the authority to sign cheques locally.

362. In addition, requests are sent to OIOS and the Office of Human Resources to confirm that the designated staff member is not under investigation or disciplinary action. This clearance process is mandatory for the Global Banking Operations Section to forward the signatory change information to the appropriate bank.

363. The Board performed tests on the bank signatories registered in the Global Banking Operations Section database. Discrepancies were found, as some registered staff members still had bank signatories even when:

(a) Their assignments had changed (shift of country and/or division): of 29 staff tested, 3 staff (1 of which had authority over all the accounts) should have had their banking authorizations withdrawn;

(b) Staff members had left the Organization (retirement or end of contract): 2 of the 29 staff tested had continued to benefit from bank authorizations (1 of which had authority over all bank accounts).

364. The Board considers that the management of signatory authorities must be rigorously controlled, in particular to reduce the risk of fraud.

365. **The Board recommends that the Administration update the information on signature authority with the missions to ensure that the personnel registered correspond to the operational needs.**

366. The Administration accepted the recommendation and has already reached out to all local offices and missions requesting confirmation that the current bank signatories in the Global Banking Operations Section database are still active, and will take any necessary action accordingly. This control will be performed on an annual basis and the standard operating procedures on banking will be amended.

367. In accordance with ISA 505, the Board requested that external banks return confirmation letters from bank signatories as at 30 June 2023. The Board noted discrepancies between the signatories registered in the United Nations database and those registered at the bank level despite requests being made by the Global Banking Operations Section.

368. As no formal written confirmation is requested in return, the Global Banking Operations Section cannot control whether or not the requested changes have been taken into consideration by local banks.

369. The Board considers that there is a compliance issue in bank account management and that the risk of fraud is not fully covered, despite the dual signature procedure and the low level of funds in bank accounts outside the main banks.

370. The Board recommends that the Administration request from the banks a written confirmation when a change in signatories is notified to them.

371. The Administration accepted the recommendation and will request a written confirmation from the external banks when a signatory change letter is sent. This process will also be included in the updated standard operating procedure for authorized bank signatories.

(b) Bank reconciliation

372. Audit tests on bank reconciliations upon the closure of a financial statement could not be reliably performed using only the dedicated SAP transaction (FEBAN) in Umoja. Moreover, a number of old entries had not been reconciled at the end of the financial year 2022/23.

373. Cash management is centralized at Headquarters to enable cash pooling of all bank accounts and to implement a global investment policy of cash surplus.

374. Daily bank reconciliations are performed in Umoja between accounting and bank entries, the latter being automatically integrated into Umoja through the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system, in accordance with the provisions of rule 104.11 of the Financial Regulations and Rules:

> Every month, unless an exception is authorized by the Under-Secretary-General for Management, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 104.4. This reconciliation must be performed by an official playing no actual part in the receipt or disbursement of funds; if the staffing of an outposted office makes this impracticable, alternative arrangements may be established in consultation with the Under-Secretary-General for Management.

375. Bank reconciliations enable the Administration to ensure the accuracy of cash entries within the financial statements. A standard operating procedure for bank reconciliations is documented in a job aid on the Knowledge Gateway portal. Based on this job aid, the Administration performs daily bank reconciliations using FEBAN. According to the closing instructions for volume II 2022/23, the bank reconciliations had to be fully completed by 11 August 2023.

376. The Board conducted tests of bank reconciliations with FEBAN as at 30 June 2023, focusing on the completeness and the ageing of open reconciling items. This type of test was different from the Administration's day-to-day reconciliation and clearing process, as the objective was to review entries that had not been reconciled after these routine checks and to identify the open items that had not been cleared within a reasonable time period. As some reconciling items included unpresented cheques and deposits for which further information was required from the bank, a period of three months was considered a reasonable timeline for clearance.

377. After the transmission of the financial statements 2022/23 on 30 September 2023, bank reconciliations that still had open items greater than three months included 6 banks of the 25 selected for review (i.e. 24 per cent). It should be noted that the accounts selected were mainly situated in complex operating environments and were therefore not indicative of the overall status of unreconciled items across the full range of bank accounts, which were significantly lower as a percentage.

378. Furthermore, the use of FEBAN in Umoja was not sufficient to carry out reliable audit tests on bank reconciliations, as some entries registered as unreconciled in FEBAN had already been cleared by the Administration through other processes, using a different reporting process (general ledger line-item). An improvement of the SAP transaction on the open item indicator in FEBAN would allow the reconciliation indicators in FEBAN (opened or reconciled items) to show the correct status of the item.

379. **The Board recommends that the Administration explore improvements on the bank reconciliation transaction in Umoja.**

380. In addition, unreconciled aged entries on bank reconciliations were identified at the end of the financial year 2022/23. In a sample of 21 bank accounts, the Board identified 495 entries totalling $4.226 million (in absolute terms) that remained unreconciled as at 25 October 2023, some of which had been outstanding since 2021. As a consequence, a centralized follow-up of old entries is necessary to identify and improve the clearing of old open items, as well as to provide the Board with a justification of the unreconciled items at year-end.

381. **The Board recommends that the Administration maintain a central list of all bank reconciliation open items older than three months, as well as work with local bank reconcilers and the United Nations Treasury to identify process changes that would improve the clearing period of old open reconciling items.**

382. The Administration accepted both recommendations, underlining that the upgrading of the SAP module would be subject to a cost-effective analysis and that the reconciliation of old entries also depended on the information provided by external banks.

2.2 Employee benefits liabilities

383. Non-current employee benefits liabilities amounted to $1,597.8 million in the volume II 2022/23 financial statements, having increased by $53.5 million (2021/22: $1,544.3 million). Current actuarially valued employee benefits liabilities amounted to $29.8 million in financial year 2022/23, having decreased by $1.15 million (2021/22: $31 million).

384. The estimation of the valuation of employee benefits liabilities is outsourced to an actuary firm under a contract that also covers other agencies or entities within the United Nations system. The Board has reviewed the process for calculating employee benefits liabilities and preparing the financial statements in accordance with IPSAS 39: Employee benefits.

385. Efforts were made by the Administration to provide all the relevant information and documentation. However, areas of uncertainty and room for improvement remain relating to the actuarial assumptions of medical plans and the medical cost-sharing process.

(a) Actuarial assumptions related to enrolment, retirement and withdrawal rates

386. The actuarial assumptions for the medical plans related to enrolment rate, retirement rate and withdrawal rate do not differentiate between national and international staff. These assumptions need to be supported by statistical fit tests (e.g. historical experience).

387. Regarding enrolment assumptions, the Organization assumed that 95 per cent of future retirees who are expected to meet the eligibility requirements for after-service health insurance benefits will participate in the after-service health insurance programme. This enrolment rate is applied uniformly to all staff members. The Organization does not differentiate the enrolment assumption by staff category (Director, Professional or General Service staff), gender or employment status (national or international staff).

388. The Organization uses retirement and withdrawal rates that are differentiated by gender, staff category, age and years of service, and that are considered to be actuarially reasonable. They are not differentiated by staff status (international or national). The memorandum of January 2023 of the Chair of the Task Force on Accounting Standards states that plan participation and staff turnover rates are specific to each plan. The Board considers that the retirement and withdrawal rates should be tailored to the situation and the context of each entity. These assumptions are not supported by appropriate evidence, such as relevant experience and statistical "goodness-of-fit" tests. These tests would ensure that assumptions are a good fit to the current and future experiences, as recommended by actuarial best practices and standards.[39] For example, one of the assumptions, the non-differentiation of the enrolment rate by staff status, has been determined on the basis of the professional judgement of the actuary.[40]

389. Given the relationship between these rates and the defined benefit obligation valuation model, these assumptions are expected to have an important impact on after-service health insurance liabilities. Using unsupported assumptions could lead to uncertainty in the values of the reported liabilities and the actuarial gains reported in

[39] For example, Actuarial Standard of Practice No. 27 (Selection of Economic Assumptions for Measuring Pension Obligation) and Actuarial Standard of Practice No. 35 (Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations).

[40] The Administration states that it uses retirement and withdrawal rates provided by the United Nations Joint Staff Pension Fund based on actual historic United Nations system data records.

the financial statements. For instance, some international organizations under IPSAS differentiate these rates based on statistical tests.

(b) Actuarial assumptions regarding participants who leave the medical plan after retirement

390. The actuarial valuation of the after-service health insurance plan does not consider the proportion of participants who leave the medical plan after their retirement for reasons other than death (lapse factor). This conservative assumption is insufficiently documented.

391. The review of the actuarial report, the financial statements and the sample life output files from the valuation software used by the actuary showed that after-service health insurance liabilities were not adjusted by the lapse rates. This means that the Organization assumes either that no retiree and their eligible dependants lapse from the after-service health insurance plans for reasons other than death or that the impact of the lapse is not material.

392. There is no evidence supporting the reasonableness of this conservative assumption. Assuming that no participant in a medical plan will lapse coverage each year after retirement from the Organization for reasons other than death is very conservative, given that the lapse factor is generally applied geometrically, independently of the mortality rates, to the discounted projected liabilities. As such, although the lapse factor is generally a low annual rate, it may have a significant compound effect on the closing defined benefit obligation at the measurement date when applied each year during retirement.

393. As a result, the use of a zero-lapse rate is likely to inflate the total amount of after-service health insurance-related liabilities as at 30 June 2023.

394. **The Board recommends that the Administration include in the policy document mentioned in chapter II, paragraph 274, of A/77/5 (Vol. II): (a) an analysis of the possibility of differentiating the withdrawal and retirement rates at the time of retirement by participant status (international versus national); (b) a study to determine the historical rate of participants in after-service health insurance plans who leave the plan after retirement; and (c) an option that the valuation method for the full valuation be revised in the light of the results of these analyses.**

395. The Administration accepted the recommendation.

(c) Actuarial assumptions pertaining to the use of a mix of currencies in the discount rate

396. Because parts of the employee benefits liabilities are settled in currencies other than United States dollars, the actuarial valuation considers a mix of currencies in the discount rate for after-service health insurance plans. However, the basis for the current rates needs to be substantiated.

397. The Board reviewed the calculation of the discount rates for after-service health insurance plans and compared them with those used in the valuation. This was done, inter alia, on the basis of the currency mix provided by the Administration as shown in table II.13. The results confirmed the discount rate used by the actuary for the after-service health insurance plan (5.09 per cent).

Table II.13
Currency mix used to weight the actuarial rates derived from the yield curves and the expected cash flows for 2022

Cash flow currency mix	*Percentage*
United States dollar	96.1
Euro	0.2
Swiss franc	3.7

Source: Department of Management Strategy, Policy and Compliance, peacekeeping operations.

398. The Board welcomes the use of a mix of currencies in the discount rates for after-service health insurance plans, which is the main actuarial assumption, in accordance with paragraph 85 of IPSAS 39.

399. The basis for the currency mix currently applied is provided in the actuarial valuation report prepared by the actuary and in the financial statements for the year ended 30 June 2023. However, this currency mix could not be verified, as the Administration has not provided sufficient numerical basis for verification.

400. This numerical basis for verification concerns the breakdown of benefit payments by local currencies converted into United States dollars for a sufficient period of time, for instance the past five years. Such information is usually provided by other international organizations as an audit trail.

401. Owing to the high sensitivity of after-service health insurance liabilities to discount rates, a slight difference in the currency mix could involve some uncertainty regarding the total liabilities.

402. Regarding non-medical plans, such as the repatriation benefits plan ($159 million) and the accrued annual leave plan ($106 million), only the United States yield curve is considered in the calculation of the discount rate. The actuary stated in its report that the Aon yield curve was used system-wide in the United Nations.

403. **The Board recommends that the Administration maintain an appropriate audit trail for the currency mix used in weighting the after-service health insurance discount rates, and for the discount rate for non-medical plans, which takes into account only the United States yield curve, and disclose this information in the notes to the financial statements.**

404. The Administration accepted the recommendation.

(d) Medical cost-sharing process

405. The medical cost-sharing process used in the valuation of after-service health insurance liabilities is complex and involves many parameters. However, it is not formalized and its supporting evidence and analysis need to be strengthened.

406. The after-service health insurance defined benefit liabilities of $1.3 billion as at 30 June 2023 were estimated by applying the United Nations share of medical costs, in accordance with paragraph 112 of note 16 to the financial statements. The United Nations administers the medical programme for multiple United Nations entities, such as the Secretariat (volumes I and II), UNDP, UNICEF and UNOPS. This is a multi-stage and iterative process involving many internal and external stakeholders, such as staff representatives, after-service health insurance administrators and third parties, in addition to the Health and Life Insurance Section.

407. To determine peacekeeping operations' shares, information on medical costs and human resources must be extracted from the various information systems of the

Secretariat (volumes I and II), UNDP, UNICEF and UNOPS. This allows for the determination of the premiums and contribution rates and amounts and their application against staff and retiree compensation levels, which remains in effect for an entire insurance year.

408. This estimation is performed on the basis of a simulation program in order to align with the ratios approved by the General Assembly. These ratios are: 2 to 1 for all United States plans (or 67 per cent/33 per cent), 1 to 1 for non-United States plans administered by Headquarters (or 50 per cent/50 per cent), and 3 to 1 for the Medical Insurance Plan (or 75 per cent/25 per cent). The results provided by the Administration are the Organization's historical share of medical costs, as detailed in table II.14 under "Actual".

Table II.14
Historical shares of medical costs, by plan
(Percentage)

1. United States plan (Aetna)	*Actual*	*Expected*	*2. United States plan (Empire)*	*Actual*	*Expected*
2018	68.73	66.67	2018	63.72	66.67
2019	67.43	66.67	2019	63.53	66.67
2020	67.34	66.67	2020	65.17	66.67
2021	66.54	66.67	2021	66.52	66.67
2022	65.09	66.67	2022	63.98	66.67
Total	**66.99**	**66.67**	**Total**	**64.63**	**66.67**
Delta 1: average		**0.32**	**Delta 2: average**		**(2.04)**

3. United States plan (Cigna Dental)	*Actual*	*Expected*	*4. Non-United States plan (Cigna Worldwide Plan)*	*Actual*	*Expected*
2018	63.06	66.67	2018	42.7	50
2019	61.77	66.67	2019	45.5	50
2020	62.16	66.67	2020	43.3	50
2021	62.45	66.67	2021	41.8	50
2022	60.07	66.67	2022	39.9	50
Total	**61.90**	**66.67**	**Total**	**42.7**	**50**
Delta 3: average		**(4.77)**	**Delta 4: average**		**(7.33)**

5. Non-United States plan (Cigna medical insurance plan)	*Actual*	*Expected*
2018	77	75
2019	76	75
2020	77	75
2021	77	75
2022	77	75
Total	**77**	**75**
Delta 5: average		**1.54**

Source: Health and Life Insurance Section, Department of Management Strategy, Policy and Compliance.

409. The after-service health insurance cost-sharing process involves the use of many parameters, in particular assumptions set out in General Assembly resolutions, staff agreements and other internal documents, some of which date back to the 1960s.

410. During the audit, the Administration was not able to provide documentation relating to after-service health insurance cost-sharing, such as the 1974 Joint Administrative Committee decision on the distribution of contributions between active and retired staff.

411. After-service health insurance liabilities represent an average of 34 per cent of total liabilities for the current and the previous five years, as shown in table II.15. However, the process is not set out in a formal document describing its organization, the stakeholders, inputs, sources and internal control activities.

Table II.15
After-service health insurance liabilities
(Millions of United States dollars)

	30 June 2018	*30 June 2019*	*30 June 2020*	*30 June 2021*	*30 June 2022*	*30 June 2023*	*Average*
After-service health insurance liabilities (1)	1 367	1 679	1 577	1 732	1 209	1 289	1 476
Total liabilities (2)	4 227	4 461	4 594	4 504	4 015	3 910	4 285
(1)/(2)	32%	38%	34%	38%	30%	33%	34%

Source: 2022/23 financial statements.

412. Concerning the actuarial valuation of after-service health insurance liabilities, the Organization’s share of the medical plan costs is highly correlated with the medical plans’ liabilities, owing to the multiplicative nature of the projected unit credit valuation method prescribed by IPSAS 39. Thus, any change in these assumptions has a significant impact on the medical plans’ liabilities.

413. A review of table II.14 shows that, except for the United States Aetna plan, the historical ratios present differences with the expected ratios.

414. The Administration agreed in the case of the Cigna Worldwide Plan that the actual overall contribution and subsidy amounts were not as close as possible to a 1:1 ratio. The Administration stated that this was due to problems in recent years with the simulation program, which had gone through a number of revisions and changes in platform. It agreed on the need to improve the process of determining peacekeeping operations’ shares relating to the Cigna Worldwide Plan.

415. The Administration does not agree that actual cost shares are the appropriate basis for the actuarial valuation of after-service health insurance liabilities instead of the cost-sharing ratios approved by the General Assembly. However, the Board has not obtained sufficient evidence – such as a sensitivity analysis – showing that the differences between actual and expected rates as approved by the Assembly do or do not have a significant impact on after-service health insurance liabilities. The estimation of the impact of these differences on peacekeeping operations’ shares in after-service health insurance costs has not been carried out.

416. Furthermore, regarding the overall process of determining the peacekeeping operations’ shares, the Administration indicated that significant changes to the simulation process were required. A thorough review of the process and an overall review of the simulation program was initiated in early 2023.

417. An information technology consultant has been engaged to assist the Administration in implementing a more rigorous simulation program that includes periodic reviews of actual cost-sharing experience.

418. **The Board recommends that the Administration establish in a formal document the process for determining the peacekeeping operations' shares of the various after-service health insurance medical plans, specifying in particular the internal controls to be implemented.**

419. The Administration accepted the recommendation.

2.3 Credit returns to Member States

(a) Credit returns to Member States process

420. The calculation process for the credit returns to Member States is complex and has been refined in the financial year 2022/23. However, it is not sufficiently documented.

421. The calculation of the credit returns to Member States for active missions is determined each year by the Administration. The methodology is derived from regulations 5.3, 5.4 and 5.5 of the Financial Rules and Regulations. These regulations provide that the balance of any appropriation may in general be retained for a period up to 12 months to discharge commitments for goods and services supplied in that budget period, and that Government commitments can be retained for a period of five years.

422. The data used for the calculations are mostly extracted from the Umoja budgetary module (Umoja Enterprise Core Component-funds management), in particular the cancellations from prior-year commitments and the uncommitted appropriations of the financial year. To a lesser extent, other data that compose the credit returns come from Umoja financial accounting such as non-spendable revenue from the cost-recovery fund, or investment revenues.

423. As at 30 June 2023, the credit returns to Member States for active missions amounted to $274.3 million and were composed of the following figures:

(a) $105.5 million in cancellations of prior-period commitments for the financial year 2022/23, including cancellations of the prior 12 months of commitments (2021/22), and the cancellation of Government commitments for the period 2017/18 to 2020/21);

(b) An unencumbered balance of $78.1 million for the financial year 2022/23, which corresponds to the uncommitted appropriations;

(c) Investment revenue in the amount of $48.4 million for the financial year 2022/23, which is based on current year postings in the financial statements;

(d) Other revenue of $3.3 million for the financial year 2022/23, which represents all other revenue that generated additional income, such as the sale of assets;

(e) Non-spendable revenue from the peacekeeping cost-recovery fund of $21.5 million for the financial year 2022/23, corresponding to revenue recorded in the peacekeeping cost-recovery fund;

(f) Prior-period adjustments of $17.5 million for the financial year 2022/23.

424. During the financial year 2022/23, the Administration refined the methodology for calculating the credit returns to Member States. This refinement was the result of a review of the previous methodology and the closure of a long-outstanding issue raised with Umoja funds management, as described below.

425. Until the financial year 2021/22, the calculation for the cancellation of prior-year commitments required a separate manual selection of information, in particular from the cancellation report, to derive the amount to be included in the credit returns, which was a cumbersome process.

426. The refinement of the methodology consists of using the aggregated movement of both actual and committed amounts over a period of five years for the prior-year

cancellation. As a result, all movements in the unused balance at the end of each subsequent financial year are now included in the credit returns.

427. Moreover, the Administration will no longer need to derive the cancellation amount from the cancellation reports or other sources, which reduces errors.

428. However, the Board notes that adequate formalization of this important process is required. Although the Administration has provided an analysis of the refined methodology, there is no document outlining the overall process that specifies the related rules of the Financial Regulations and Rules with regard to the methodology for the calculation, the stakeholders for each step and the main internal controls performed, such as formalizing the appropriate authority responsible for approving any change or refinement to the methodology.

429. **The Board recommends that the Administration establish a standard operating procedure for the credit returns to Member States that provides an overview of the process and the related internal controls.**

430. The Administration accepted the recommendation.

(b) Valuation of credit returns to Member States

431. Credit returns to Member States are undervalued by a provisionally estimated $17.0 million, owing to a double-consumption posting issue within the Umoja funds management module. This issue, which has existed for the past nine years, was addressed in July 2022. It has had an impact on the calculation of credit returns over the past nine years, and must be corrected once reviewed and confirmed as final by the Administration. Appropriate information was disclosed in the notes related to credit returns.

432. A technical issue occurred in the Umoja Enterprise Core Component fund management module which resulted in a double consumption of the budget in a select number of commitment documents during the process of recording services received. According to the documentation provided by the Administration, budget consumption postings amounting to $30.4 million were recorded twice in the Umoja funds management module. This erroneously increased the consumed budget, affecting the calculation of credit returns, which in turn led to an understatement of the returns. The Administration stated that this issue was limited to the Umoja funds management module and did not have an impact on other modules, such as Umoja financial accounting.

433. As the double consumption appeared to be occurring randomly, it was challenging to diagnose and to solve. In July 2022, the Administration implemented a compensating control to address the issue. Only once the control was in place could the total impact be analysed.

434. The Board notes that the amount of credit returns to Member States has not yet been corrected. The analysis of the Administration of the final impact on credit returns is still ongoing. The latest figures provided by the Administration represent a provisional understatement of $17.0 million. The Administration is in the process of recalculating and adjusting, where necessary, credit returns recorded for the financial years 2013/14 to 2021/22.

435. **The Board recommends that the Administration finalize its analysis to determine the final adjustments necessary related to credit returns.**

436. The Administration accepted the recommendation and stressed that adjustments had not yet been reflected on the financial statements, as the analysis to calculate the final amount to be returned to the Member States was still in progress. As the final amount cannot be reasonably estimated at this point, no additional provisions can be recorded in accordance with IPSAS 3: Accounting policies, changes in accounting estimates and errors.

437. Furthermore, the Administration stated that the correction affected the returnable amounts of the financial years 2013/14 to 2021/22. During these reporting periods, the double consumption did not occur systematically in the Umoja system and consultations with SAP on this technical issue could not come to a conclusion on the cause and therefore on a solution for this issue. To the extent that the double consumption was identified in a given year, which was a difficult process, double consumptions were manually adjusted and added back to the returns to Member States. As the issue has now been addressed, the Administration is undertaking a holistic and complete review and is carefully analysing the data, including all the manual adjustments made over the course of the past years, to ensure that it correctly calculates the adjustments to be made.

438. The Board acknowledges the additional disclosure related to credits to Member States included in the final version of the financial statements 2022/23 during the clearance process, in accordance with its observations.

2.4 Cost recovery

439. The peacekeeping cost-recovery fund showed a stable surplus of $105.2 million as at 30 June 2023. Retaining a large unencumbered balance is not an effective and efficient way of managing a fund.

440. To avoid receiving two incomes, one from the peacekeeping cost-recovery fund and the other from assessed contributions, entities are required to determine whether an expenditure related to the cost-recovery fund is not already covered by assessed contributions. Errors have been identified by the Administration, resulting in the return of $21.0 million to Member States.

(a) Accumulated surplus

441. In accordance with rule 105.11 of the Financial Regulations and Rules, United Nations entities can provide services to other entities on a reimbursable basis.

442. In accordance with the cost-recovery policy and guidelines issued by the Office of the Controller in February 2022, an entity supplying a service should fully recover all costs that are properly associated with providing that service. The aim is to make neither profit nor loss.

443. In its previous report (A/77/5 (Vol. II)), the Board noted that the Administration had deviated from the cost-recovery policy and guidelines, and that the peacekeeping cost-recovery fund had a large surplus at the end of the 2021/22 financial year that had accumulated over time. Much of this surplus was generated before the policy was in place.

444. In contrast to the financial year 2021/22, the Board acknowledges that at the end of the financial year 2022/23 the cost-recovery fund position was compliant with the policy:

(a) There was a deficit of $9.8 million, which is consistent with a non-profit principle;

(b) The accumulated surplus of $105.2 million did not exceed the limit set in the policy.

445. In accordance with the cost-recovery policy and guidelines, a fund balance is required because service provision is often not sustainable without the availability of an operating reserve (i.e. a receivable turnover), and longer-term costs associated with service provision need to be considered (e.g. the replacement of fixed assets, separation liabilities, etc.). Moreover, service rates are often established based on projections. The limit of one year of expense as a reserve in the cost-recovery policy

and guidelines is meant to ensure that any cost-recovery activity does not adversely affect assessed funding. The Administration considers that a year is a reasonable unit because it is aligned with the fiscal period and benefits from the review of balances at that frequency. However, the amount of the surplus remains important.

446. The policy states that service providers should to the extent possible bill in advance. Even when that is the case, the revenue is not always received in advance from the customer. For example, if the provider needs to buy software licences or equipment to provide services, it needs to pay upfront for it, hence a fund balance is needed. No such service operation could run without working capital, especially large and complex operations. The Board is not aware of any investments that have been made in relation to the peacekeeping cost-recovery fund. The cost of investments in fixed assets may be charged as direct costs to clients, but that is only utilized when fixed assets have to be replaced and, therefore, needs to be accumulated as a fund balance to be ready when the time comes to make such a replacement.

447. The Administration is not prepared to provide justification as long as it complies with the current policy and guidelines.

448. The Board is of the view that retaining a large unencumbered balance is not an effective and efficient way of managing a fund. The Administration is analysing whether the high level of surplus is the result of the incorrect characterization of revenue as spendable and requires the return of the funds to Member States. Moreover, the fund balance needs to be associated with the liabilities that must be discharged. When such a review is completed, the Administration will have a good measure of the potential "surplus" and adjust policies and practices accordingly.

449. At the entity level, 5 of 18 entities have unencumbered balances, representing almost 90 per cent of the total net asset position. The Office of Information and Communications Technology is the only entity with a negative position (see table II.16).

450. In addition, 16 of 18 of the entities (89 per cent) are not compliant with the instruction that the overall fund balance should not exceed one year of expenses, as mentioned in the cost-recovery policy and guidelines, although it should be acknowledged that some of these cumulative balances were from before the policy was in place.

Table II.16
Distribution of surplus by entity
(Millions of United States dollars)

Entity	*Net asset position as at June 30 2023*	*Percentage of total*	*Revenue 2022/23*	*Revenue 2021/22*	*Revenue 2020/21*	*Average revenue past 3 years*
UNMISS	26.05	25	8.02	13.29	11.66	10.99
United Nations Headquarters	20.65	20	53.98	50.67	69.49	58.05
UNSOS	15.75	15	7.17	6.35	6.94	6.82
MINUSMA	15.56	15	27.17	17.42	15.98	20.19
UNLB	13.43	13	22.55	36.10	15.95	24.86
MINUSCA	9.61	9	3.27	5.07	2.95	3.76
MONUSCO	5.62	5	(0.44)	7.72	6.51	4.60
UNISFA	2.99	3	1.97	2.44	1.58	2.00
UNAMID	0.86	1	(7.70)	1.38	1.05	(1.75)
UNIFIL	0.55	1	0.85	0.48	0.31	0.55
RSCE	0.34	0	0.36	0.09	0.11	0.19

Entity	Net asset position as at June 30 2023	Percentage of total	Revenue 2022/23	Revenue 2021/22	Revenue 2020/21	Average revenue past 3 years
United Nations Office to the African Union	0.11	0	0.00	0.00	0.01	0.00
UNFICYP	0.06	0	(0.03)	0.17	0.24	0.13
MINURSO	0.05	0	(0.12)	–	0.02	(0.05)
UNMIK	0.05	0	0.00	0.02	0.02	0.02
UNDOF	0.04	0	0.33	0.22	0.10	0.22
MINUSTAH	(0.02)	0	–	–	0.00	0.00
Office of Information and Communications Technology	(6.54)	(6)	–	–	0.00	0.00
Total	**105.17**	**100**	**117.38**	**141.44**	**132.93**	**130.58**

Source: Board of Auditors.

451. A review of the ageing balance shows that $18.2 million in receivables, or 50 per cent of the total gross value, were overdue by more than one year.

452. According to the cost-recovery policy and guidelines, after reasonable collection attempts, this outstanding balance should have been reviewed for a possible write-off.

453. The fact that the position of the peacekeeping cost-recovery fund is in line with the one-year expenses policy can be explained by the small surplus held by Headquarters, which offsets the high unencumbered balances of all the missions except UNLB. The significant surpluses held by UNMISS, UNSOS, MINUSMA, MINUSCA, MONUSCO and UNISFA amount to $75.6 million and exceed one year of expenses. The Board considers that appropriate measures should be taken.

454. **The Board recommends that the Administration review the cost-recovery accumulated surpluses of UNMISS, UNSOS, MINUSMA, MINUSCA, MONUSCO and UNISFA and make the necessary adjustments.**

455. The Administration accepted the recommendation.

(b) Distinction between spendable and non-spendable revenues

456. The cost-recovery principle is based on the distinction between spendable revenue (for services provided when there is no assessed budget allotted to the service provider) and non-spendable revenue (when there is an assessed budget allotted). In line with the previous report of the Board, the Administration reviewed the past five financial periods to ensure that the distinction between spendable and non-spendable revenues was correctly made by the missions. As a result, an adjustment of $21.0 million was recorded in the 2022/23 accounts, mainly concerning fuel ($8.1 million) that was incorrectly considered spendable and common services ($7.8 million) relating to benefits in-kind that were wrongly classified as spendable revenue. This adjustment allowed for a partial reduction of the surplus and the return of $21.0 million to the Member States.

457. An analysis of the adjustments by mission and by type of service shows that there is a high risk of mixing spendable and non-spendable expenses for fuel service and mobile telephone services, and that MONUSCO and UNMISS account for 67 per cent of the total adjustments ($14.1 million). This should be considered when designing appropriate internal controls (see table II.17).

Table II.17
Distribution of prior-year adjustments by mission and type of service
(Thousands of United States dollars)

Mission	*Fuel sales*	*Mobile telephone services*	*Fixed telephone services*	*Air transport services*	*Ground transport services*	*Total prior-year adjustments*
MINURSO	74.8	45.8	14.3	–	0.5	135.4
MINUSCA	527.8	2 828.2	185.0	192.4	28.9	3 762.3
MINUSMA	–	663.5	393.4	–	–	1 056.9
MONUSCO	3 767.3	1 729.3	894.1	224.7	834.3	7 449.7
UNFICYP	–	40.0	1.7	–	17.5	59.2
UNIFIL	–	336.1	11.9	–	–	348.0
UNISFA	–	216.7	189.2	–	–	405.9
UNMISS	3 488.9	1 661.9	609.0	687.0	228.0	6 674.8
UNSOS	228.9	265.2	34.5	378.1	221.9	1 128.6
Total	**8 087.7**	**7 786.7**	**2 333.1**	**1 482.2**	**1 331.1**	**21 020.8**

Source: Department of Management Strategy, Policy and Compliance.

458. The Board also conducted a review of 16 items representing $19.6 million of the $154.4 million in expenses (13 per cent) in the financial year 2022/23, and noted a misclassification of $0.5 million as spendable instead of non-spendable. For two MINUSMA items, amounting to $6.2 million, the documentation provided was insufficient to support their classification as spendable expenses. Furthermore, the review of the rates used to calculate expenses recognized as cost recovery identified a total of $1.1 million, which was not justified and whose value had not been reviewed for several years.

459. **The Board recommends that the Administration continue its work on centrally monitoring cost recovery in particular to ensure the correct differentiation between spendable and non-spendable income.**

460. The Administration accepted the recommendation.

(c) Cut-off principle

461. According to paragraph 19 of IPSAS 9: Revenue from exchange transactions: "When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the reporting date."

462. During the year-end review of the MINUSMA surplus, the Board identified a misclassification of $10.6 million of revenue recognized in the financial year 2022/23 instead of in 2021/22. The services were fully completed during the year 2021/22 and then, in accordance with IPSAS 9, the revenue should have been recognized during that year.

463. The Board considers that the recognition of this amount as revenue in the year 2022/23 is not compliant with the cut-off principle and IPSAS 9. A total of $10.6 million should have been classified as deferred revenue.

464. The Administration stands ready to examine the reasons for the failure in this isolated case.

3. Procurement of fuel

3.1 Category management

465. Fuel is a substantial procurement item for peacekeeping operations ($369 million in 2022). The Organization has developed a comprehensive strategy to improve its efficiency, with significant results, but there are still delays and halts in some initiatives. Progress should be made in the areas of market outreach and sustainable development. In the context of current disruptions in multiple markets, the fuel category strategy adopted four years ago needs to be revised.

(a) One of the most important procurement categories of peacekeeping operations

466. Fuel procurement by the United Nations amounted to $450 million in 2022, of which 82 per cent benefited peacekeeping operations. It is the third largest procurement category after aviation and rations. Fuel covers several subcategories, including ground fuel (63 per cent, mainly diesel for generators), aviation fuel (23 per cent), operation and mobilization services (11 per cent), oil and lubricants (1 per cent) and other minor products. Owing to the size of the contracts, most of the solicitations are carried out at the level of United Nations Headquarters, but missions are responsible for planning and managing the contracts. Due to the remote location of many peacekeeping bases, most fuel contracts involve not only the purchase of bulk products at indexed prices, but require the contractor to take responsibility for fuel storage and its delivery to field service stations.

467. A sample of 23 fuel contracts for the peacekeeping missions covering the period from 2017 to 2023 was reviewed by the Board.

(b) Comprehensive strategy

468. The fuel category management strategy was the second of 40 to be approved, in September 2019.[41] It was based on an in-depth analysis of the difficulties involved in transporting fuel to the remote locations of peacekeeping missions. One of the main issues discussed was the balance to be struck regarding the security of fuel supply, limited internal resources and the need for increased competition to keep prices under control.

469. Peacekeeping missions mainly rely on turnkey contracts that transfer the responsibility for storage and outbound delivery of fuel to the contractors, a solution which relieves the Organization of important logistical burdens and risk of loss, and saves internal human resources. It was therefore decided that full turnkey contracts covering a wide range of services would remain the main tool for purchasing fuel, but that more situation-specific service solutions would be introduced through more focused contracts or adjusted requirements.

470. Initiatives were also planned to increase outreach to supply markets, develop a programme to train staff, enhance operational support to missions, implement changes in Umoja, ramp up the electronic fuel management system (a monitoring system to gather more reliable data from the field on fuel consumption), improve the management of the contract life cycle and implement continuous environmental measures to reduce the footprint of peacekeeping operations.

(c) Many positive results and few setbacks

471. In many areas, the Administration was able to achieve its objectives. Areas of success include the following: statement of work templates were created and updated

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[41] Regarding category management related to procurement, see A/77/5 (Vol. II), chap. II, paras. 331–351.

for standard services; acceptable performance levels, which trigger penalties for contractors if they are not achieved, were introduced into contracts; guidance and training were provided, as was technical and operational support to missions through online sessions on the electronic fuel management system; guidance on the correct use of fuel product identifications was developed; and the fuel management guidelines were updated in 2023.

472. Regarding the solicitation methods, it appears that, in a few locations where commercial fuel services were available, full turnkey contracts were not required. These cases represent 13 per cent of the sample audited. In these cases, management used invitations to bid rather than requests for proposals as an appropriate solicitation method that took into account the requirements. The Board is of the view that this choice has enabled greater competition among vendors and better value for money, as turnkey contracts are more global and costly and transfer risks to the supplier. However, the length of procedures was not significantly reduced. A paragraph has been added to the fuel management guide to provide guidance on this practice.

473. In order to organize competition related to the request-for-proposal process among the companies able to deliver fuel to remote locations and to avoid the communication of sensitive information such as the precise location of peacekeeping forces when not strictly necessary, a pre-qualification process was introduced in December 2020. Vendors are required to provide evidence of their ability (directly or indirectly through subcontractors) to deliver fuel where it is required. In the sample audited, this new procedure led to a significant decrease in the number of companies invited, without reducing competition later in the procurement process.

474. However, four years after the adoption of the fuel category strategy, even though all 10 initiatives were scheduled to be completed at the latest in 2020, delays or even cancellations of projects have occurred. Collaboration with the World Food Programme in order to design improved and unified provisions in the field of insurance and performance has been put on hold. Process reviews to standardize and improve the efficiency of contract life-cycle management have been halted, as other initiatives within the Office of Supply Chain Management cover the same scope.

475. Market outreach efforts have not yet achieved all the objectives. Support is provided by a leading energy specialist in Africa as planned, but participation in fuel events was suspended due to the COVID-19 pandemic and has not yet resumed. No business seminar targeting fuel contractors was organized until October 2023. During these events, the focus should be on both global distributors and local contractors, as the Organization is considering diversifying its risk by splitting contract awards so it is less dependent on full turnkey contracts.

476. Although the Secretariat is strongly committed to addressing the consequences of climate change in general, little progress has been made on fuel consumption. Initiative No. 10 of the fuel category strategy mentioned above was aimed at implementing continuous environmental measures to reduce the Organization’s carbon footprint. This mainly involved two actions: (a) using the lowest sulfur content fuel available according to national regulations in the missions; and (b) decreasing the environmental impact of lubricants by reducing their consumption, diminishing spillage and soil pollution, and implementing contractual and oversight control mechanisms.

477. Clauses have been introduced in contracts to achieve the first objective. However, according to several OIOS reports (e.g. report 2021/014 on UNMISS), inspections on fuel quality are often not carried out. Progress is also hampered owing to existing regulations of host Governments that allow for fuel with higher sulfur content and the lack of availability of higher-quality fuel in the region. For the second objective, that project is on hold owing to a lack of resources and the prioritization of fuel solicitations, according to the Administration.

478. The approach to environment varies from one contract to another, depending on the nature of the contract (turnkey delivery, commercial or bulk supply):

(a) In some cases, an environmental criterion (e.g. the existence of an environmental management plan) is added to the technical and financial criteria, with a weighting of 5 to 10 points out of 1,000;

(b) In other cases, an environmental criterion is included in the technical evaluation grid (1 or 2 items in a list of 33 or 60 items);

(c) In a number of cases, however, no environmental evaluation criterion has been included. This was the case when MONUSCO put out an invitation to bid in Uganda, which was the first case where the new fuel category strategy was implemented in a tender.

479. The Board acknowledges that there may be less justification for environmental provisions in contracts for the delivery of bulk fuel than in full turnkey contracts involving storage and retail delivery, which may involve spillages and waste.

(d) Need to review the strategy

480. Since 2019, a number of events have disrupted the fuel markets, including a world pandemic, conflicts, increased volatility and overall inflation. The fuel category strategy should be reviewed to take this new context into account.

481. Furthermore, developments over the past four years show that the balance between supply risk and competition, which is at the heart of the fuel category strategy, has not improved. Overall, the Organization's overreliance on a very limited number of suppliers has worsened. In 2019, the developers of the strategy acknowledged that six vendors accounted for 97 per cent of the expenditure, and one of them accounted for 51 per cent. Based on purchase orders issued in 2022, these ratios have increased respectively to 98 per cent and 66 per cent for the peacekeeping operations.

482. Other factors indicate a lack of competition in fuel procurement. The formal solicitation process for 23 contracts concluded by Headquarters for the 12 United Nations missions resulted in an average of 2.96 compliant proposals per contract. In eight cases (35 per cent), there were two or fewer bidders, which seems insufficient even for the rather difficult market of supplying fuel to remote areas.

483. There have been many examples of this persistent lack of competition. In 2019, when the Organization issued a solicitation for the supply and delivery of ground fuel, oil and lubricants to MINURSO, 40 companies from 16 countries expressed an interest but in the end only 2 companies submitted a bid. Both were rejected, one because it did not meet mandatory requirements and the other because it was more than twice as expensive as the incumbent company. After a lengthy process, the Organization eventually negotiated a new contract with the current supplier. A similar case occurred with the supply of petroleum, oil, lubricants and related services to UNDOF: 30 companies were invited and only 2 submitted an offer, only 1 of which was technically compliant. At the end of the processes, the previous supplier was renewed in more than 61 per cent of cases reviewed, sometimes on better terms for the Organization. For a case related to UNFICYP, solicitations led to keeping the same two companies, one for aviation fuel and one for ground fuel. In 2019, 25 companies expressed interest and were invited but only 3 bids were received. As one was technically rejected, only the two incumbents remained and were then selected without competition, as they did not compete in the same areas. In 2021, the Organization switched to an invitation-to-bid process in order to ensure more competition and efficiency. The number of interested vendors increased to 45 and 4 bids were received. However, the two new companies were rejected after technical evaluation and the two incumbents retained their contracts.

484. The Secretariat has decided to review its fuel category strategy to take stock of these various challenges and adapt to the new context. This means identifying more resilient vendors with the ability to address contingencies.

485. **The Board recommends that the Administration complete its review of the fuel category strategy in a timely manner to adapt it to various challenges, including by exploring additional contract tools and operating models in order to reduce its dependence on a very limited number of suppliers.**

486. This review should notably lead to the exploration of options other than full turnkey contracts and the full implementation of the initiatives considered in the 2019 fuel category strategy of the Secretariat with regard to sustainable development, including by introducing needed provisions in fuel contracts and monitoring their impact through appropriate key performance indicators.

487. The Administration accepted the recommendation.

3.2 Reporting and indicators

488. The Organization has introduced rules and developed new methods to improve efficiency in the management of fuel procurement. However, it does not adequately monitor their impact. Reporting from the field and the use of key performance indicators could be further developed.

(a) Implementation of new rules and methods

489. Most of the fuel category strategy initiatives involve the creation of new rules or instruments to achieve the objectives set. However, little attention seems to have been paid to assessing their real impact once implemented.

490. In this regard, the Administration has recently taken two important steps to improve fuel contracts and procurement planning. Acceptable performance levels were included in contracts and the enhancement of the electronic fuel management system is in progress, with completion dependent on available resources.

(b) Insufficient feedback from the field

491. The acceptable performance levels agreed with the contractor and the electronic fuel management system are implemented and monitored at the mission level. Since fuel management is the responsibility of the mission, there is currently no effective reporting organized from the field to Headquarters. Situations vary in the field, and aggregating data alone could prove pointless.

492. In MINUSCA, nearly 13,000 instances of abnormal fuel consumption amounting to a total quantity of 2.4 million litres were identified in the fuel data recorded in the electronic fuel management system for the financial year 2022/23. The investigations were delayed, running the risk of fraud not being detected and remedial actions not being taken in a timely manner.

493. Direct feedback from the field, beyond the quarterly and often repetitive performance reports, would be useful for Headquarters in managing relationships with global vendors and in preparing solicitations. A project paper on the electronic fuel management system has been prepared. The Board considers that much progress could be made in this area.

(c) Almost no operative indicators implemented

494. In order to monitor the fuel sector, nine key performance indicators have been designed to cover the main aspects to be monitored, including reliability, responsiveness, environment and asset efficiency. However, as of October 2023, only

two of them are currently reported, and only one at the entity level. Most of them are dependent on acceptable performance levels and electronic fuel management system data, which are not yet available.

495. Furthermore, six indicators were considered in the 2019 fuel category strategy in order to specifically monitor its implementation, but no final decision was made on their finalization and implementation. At the time of the audit, only one was in place, concerning the average customer service rate. Notwithstanding this, 15 key performance indicators were identified and included in the supply chain performance management framework, which was done in collaboration with the category team. "Solicitation timeline", "Conformity to standard rates of consumption – vehicles" and "Conformity to standard rates of consumption – generators" were operationalized because there were systems in place to support their evaluation. The framework was promulgated in January of 2021. Since then, the key performance indicators have been re-evaluated and nine new key performance indicators identified, six of which are based on the acceptable performance levels. The other three are "Fuel consumption – vehicles and generators", "Solicitation timeline" and "Weighted average price of fuel (diesel and Jet A-1)". The only key performance indicators that are currently reported are "Fuel consumption – vehicles and generators" and "Solicitation timeline".

496. This lack of indicators is particularly damaging when it comes to assessing the contribution of the fuel category strategy to the reduction of the environmental footprint of the United Nations. The two strategy-specific indicators envisaged, concerning the percentage of low-sulfur fuel used in the supply chain and the reduction of lubricant consumption, have not yet been implemented.

497. However, progress has been made in some areas, such as the risk dashboard, which enables the early detection of insufficient stocks in missions.

498. **The Board recommends that the Administration improve reporting from the field concerning fuel needs and consumption in order to identify situations that require taking appropriate actions as and when needed.**

499. This implies, notably, upgrading information systems on fuel stocks and consumption by: (a) enhancing the electronic fuel management system, improving the quality of the data entered by the missions and exploring solutions to determine projected end-user consumption in the case of bulk supply, where it is difficult to register consumption at the level of individual equipment; (b) implementing critical key performance indicators; (c) monitoring results, in particular through the acceptable performance levels system and the performance management framework, enabling the Administration to identify problems, assess the overall effectiveness of the fuel category strategy and improve vendors' performance through regular performance feedback at both the mission and Headquarters level; and (d) take without delay appropriate corrective actions and initiate investigations when fraud is suspected.

500. The Administration accepted the recommendation.

3.3 Due diligence with regard to vendors

501. The Organization encountered major problems with the delivery of fuel to two large peacekeeping missions, which affected operations and led to a significant financial loss. These problems, mostly linked to the financial difficulties of the provider, revealed the need to improve the Organization's due diligence over its vendors. Measures have already been taken to better assess the financial health of vendors in the future.

(a) Major fuel delivery problems in two large peacekeeping missions due to the financial weakness of a vendor

502. In two large peacekeeping missions, MINUSCA in the Central African Republic and MONUSCO in the Democratic Republic of the Congo, serious delivery issues occurred with regard to a supplier of aviation fuel, ground fuel and lubricants in 2021, 2022 and the first quarter of 2023. These difficulties were initially attributed to consequences of the COVID-19 pandemic and to the sharp rise of oil and sea freight prices. However, it turned out that they were essentially due to the fact that the vendor was no longer able to cover the cost of the contractual stocks of the petroleum products delivered to the United Nations owing to the weight of its financial debts. In turnkey fuel contracts, the vendor is responsible for bearing the cost of the stocks, in return for a fee, and payment is based solely on the quantities consumed within 30 days after acceptance of the invoice.

503. With regard to MINUSCA, the delivery issues had a major impact on the mandate delivery and operations, resulting in cancelled patrols, a reduced number of escorts and convoys, the disruption of air transport and the rationing of the diesel used to provide electricity to the bases and to power the vehicles. After two unsuccessful recovery plans by the vendor, the contract was terminated early by the United Nations in July 2022 (i.e. less than nine months after it began). A new contract was issued to the second-best response to the solicitation of July 2021, which was also the holder of the previous contract, on the terms negotiated at the time of the solicitation.

504. In the Democratic Republic of the Congo, the vendor continued to supply fuel in the western region of the country and to oil drums overall, and continued to operate and maintain the fuel stations. In the eastern part of the country, bulk deliveries were made through competitive spot purchases from alternative suppliers. Deliveries and stock levels became unpredictable but the impact on operational activity remained limited.

505. In January 2023, the vendor announced that it was unilaterally terminating its operations with MONUSCO within one month, a decision that was not provided for in the terms of the contract. In March 2023, the vendor announced to all its clients that it was going into liquidation. The United Nations was able to cope with this cessation of activities, as a solicitation to take over the contract was then in its final phase, given the vendor's earlier deficient performance. The Department of Operational Support accelerated the process to select a new vendor, and the new contract was signed in February 2023. Once the new vendor had been selected, the Department of Operational Support agreed on conditions for ramping up its activity within 15 days instead of the usual two months.

(b) Need to reinforce due diligence with regard to vendors, especially their financial health

506. The due diligence process with regard to vendors, notably the financial information required by the United Nations Procurement Manual for registration (i.e. essentially, certified financial statements for the past three years, certificates and reference letters), proved insufficient to detect the problems that arose during the performance of the contract.

507. Moreover, the Organization was slow to identify the root cause of the vendor's delivery delays, namely its financial weakness. The first warning from MONUSCO was issued in July 2021, before the MINUSCA contract was awarded; however, the problem was not understood until April 2022, when activities at MINUSCA were already deeply affected.

508. Finally, when the United Nations attempted to activate the performance security clause in the MINUSCA contract in January 2023 to recover the financial losses

resulting from the vendor's deficient performance, it turned out that the letter of credit produced by the vendor for this contract, and the one for the MONUSCO contract, were invalid. As a result, the Administration was not able to mitigate the risk of and losses caused by non-performance. The vendor was suspended in June 2023 from all solicitations in the United Nations system, following a review by the Secretariat's Vendor Review Committee.

(c) Measures taken to improve due diligence with regard to vendors

509. The Organization evaluates vendors' financial performance at their registration. For contracts above a certain threshold, contractors are requested to submit their annual statements for evaluation. The vendor under discussion did not submit information despite repeated requests. In addition, the Procurement Division did not take the appropriate measures to verify the authenticity of the security bond provided by the vendor.

510. Following the crisis, action was taken to prevent a similar event in the future. The Organization decided to strengthen the financial analysis of companies applying for turnkey contracts by adding a financial analysis scorecard containing multiple criteria to the mandatory registration criteria. This scorecard was applied for the first time to the solicitation of MONUSCO to replace the defaulting vendor for the deliveries in the eastern region of the country, and led to the elimination of one of the candidates. In addition, the Organization is finalizing a new vendor registration scheme to evaluate vendors for major contracts before award and providing alerts through third-party subscriptions.

511. A new guidance for the processing of performance guarantees is being developed.

512. The loss resulting from the vendor's deficient performance on the two fuel contracts is estimated at $22.5 million.[42] An internal investigation on the reason for these significant losses should be conducted.

513. **The Board recommends that the Administration continue to reinforce financial diligence with vendors both at the selection phase and in cases when significant and persistent issues affect the ongoing performance of the contract.**

514. This reinforcement of financial diligence on vendors ab initio should notably lead to the inclusion in the Procurement Manual, for all turnkey contracts above a given threshold or requiring the vendor to mobilize a significant amount of capital to meet the Organization's needs, of requirements such as an ex ante analysis of the vendors' financial health as well as systematic checks with the bank regarding the compliance of the performance security provided by the vendor. In cases of significant issues during the performance of a contract, the Administration should, without delay, check with the vendor's creditor banks to check for any broader financial problems.

515. The Administration accepted the recommendation.

4. Closure of MINUSMA

516. The termination of the mandate of MINUSMA was not foreseen in the short term. It has represented a major challenge for the Organization since June 2023 and will remain so in the coming months (see sect. 4.1). Lessons learned from the recent closure of UNAMID were taken into account where applicable. The early withdrawal faced unanticipated risks and safety issues. Both Headquarters and the mission's leadership were, however, able to respond to the situation in a reactive manner (see sect. 4.2).

[42] It is estimated that the lack of performance by the same provider caused an additional loss of $18 million with regard to a food rations contract for MONUSCO.

4.1 Closure on short notice, representing a major challenge for the Organization

517. The closure of MINUSMA on short notice happened very suddenly. It has represented a major challenge for the Organization since June 2023 and will remain a risky process in the coming months.

(a) Sudden closure on short notice

518. On 16 June 2023, at the 9350th meeting of the Security Council, the transitional Government of Mali asked for the immediate withdrawal of MINUSMA and confirmed this request in an official letter dated 21 June 2023 (S/2023/463). The Security Council, in its resolution 2690 (2023) of 30 June 2023, terminated the Mission's mandate and requested it to start at once, on 1 July 2023, the cessation of its operations, the transfer of its tasks and the orderly and safe drawdown and withdrawal of its personnel.

519. This withdrawal was to be completed by 31 December 2023, in close consultation with the transitional Government of Mali and in coordination with the troop- and police-contributing countries. After this phase was completed, the mission's liquidation would begin on 1 January 2024.

(b) Major challenge and a risky process for the Organization

520. This tight process has represented a particular challenge for the Organization since June 2023, in terms of:

(a) The size of the mission to close;

(b) The shortest timeline ever in which to perform this withdrawal;

(c) Deteriorating security conditions in the field and in the region;

(d) Human resources management;

(e) Logistics, including: (i) the displacement and disposal of assets, especially contingent-owned equipment and high-value United Nations-owned equipment; (ii) the handover of premises, in full cooperation with the troop-contributing countries and the Malian authorities; and (iii) the need to follow footprint and environmental guidelines;

(f) Business continuity, notably on the tasks performed by the civilian component.

521. The closure of MINUSMA will remain a delicate process in the coming months. As underlined in a joint note from the Department of Peace Operations and the Department of Operational Support,[43] the drawdown involves the repatriation of 15,000 uniformed personnel and corresponding contingent-owned equipment and assets[44] from a landlocked country, the reassignment or separation of 3,000 civilian personnel and the handover of premises and properties requiring prior environmental remediation.

522. This is a major challenge, and it is based on an unstable political situation in the region. A coup in the Niger at the end of July 2023 added another uncertainty to the logistical process: in the north, a road – a major logistical backbone going from Kidal and Gao to Niamey – may not be operational. Therefore, it is likely that logistical costs will be higher than planned, as the Fifth Committee was informed by the Department of Operational Support.[45]

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[43] "MINUSMA: drawdown and closure, 26 July 2023".

[44] Assets estimated at a residual value of $352 million as of July 2023, not including $110 million in inventories.

[45] See https://press.un.org/en/2023/gaab4423.doc.htm.

523. On top of immediate concerns about security and logistics, the management in the medium-term of a large number of staff to be separated from MINUSMA appears particularly challenging. The ability of the United Nations system to absorb a significant number of high-profile personnel at once and without ad hoc measures will need to be assessed. As a first response, specific guidance was provided by Headquarters[46] in order to increase chances of the selection of MINUSMA staff in ongoing recruitment processes.

524. The Security Council requested the Secretary-General to engage with the transitional Government of Mali to formulate a plan, to be approved in August 2023, for the transfer of the Mission's tasks, taking into account the possible contributions of the United Nations country team, the United Nations Office for West Africa and the Sahel and other stakeholders, including in support of the Agreement on Peace and Reconciliation in Mali.

4.2 Reactive response to the situation in spite of a lack of anticipation

525. Lessons learned from the recent closure of UNAMID present limits due to differences in situation. In spite of a lack of anticipation of the risk of early withdrawal, both Headquarters and MINUSMA leadership were able to respond to the situation in a reactive manner.

(a) Limited lessons from the recent closure of UNAMID

526. The recent closure of UNAMID allowed Headquarters to draw lessons on strengthening asset management and preparing for transfer of knowledge, and to prepare for future events. However, the precipitous nature of the closure of MINUSMA presented limits to the applicability of lessons.

527. The Board audited UNAMID for the financial period ended 30 June 2020 and issued a series of recommendations. Headquarters was able to carry out their own reviews and assessments. At both Headquarters (Department of Operational Support and Department of Peace Operations) and mission levels, some tools or knowledge were available. For example, the Department of Operational Support had issued the "Guide for senior leadership on field entity closure" and the "Human resources operational guide for entity closures".

528. However, the situation in Mali was different in many ways: while both missions were in the same category in terms of staffing, UNAMID was already in a process of orderly withdrawal. The schedule was also much tighter for MINUSMA, and the security and logistics obstacles higher.

(b) Lack of anticipation of the risk of early withdrawal

529. The request and the decision by the transitional Government of Mali to close MINUSMA immediately came as a surprise to most stakeholders, both in the field and at Headquarters.

530. However, at least since the end of UNAMID, closure and transition have taken on strategic importance. In 2019, the Secretary-General issued a planning directive for the development of a consistent and coherent United Nations transitions process, focusing on the transition resulting from the withdrawal of a multidimensional peace operation or a transition from a multidimensional peacekeeping operation to a smaller peacekeeping mission, a special political mission or a United Nations country team-only presence.

[46] See https://policy.un.org/sites/policy.un.org/files/files/documents/2023/Aug/2316200e.pdf.

531. Moreover, in the case of Mali, red flags had accumulated in the past two years, which should have indicated that the scenario of an accelerated closure was plausible.

532. In terms of risk management, this critical risk was nevertheless not identified, so anticipation and mitigation measures, such as the establishment of a contingency plan, were not considered.

533. As was acknowledged by the Secretariat, adequate preparation time in advance of the cessation of operations for transition and closure is essential if these risks are to be properly managed. A contingency plan developed at the Mission level could have sped up the timeline for the completion of its closure and materially mitigated the negative externalities of the short time frame prescribed for the closure. The Mission could at least have anticipated the need to brainstorm on the critical issues that were later covered by working groups once the termination of the Mission's mandate was decided.

(c) Response to the emergency situation

534. In June 2023, MINUSMA and Headquarters, in cooperation with Malian authorities, began to take steps to prepare for the closure of the Mission. On 12 July 2023, MINUSMA submitted an initial drawdown and withdrawal concept to Headquarters through a code cable. The final integrated drawdown plan was signed on 3 August 2023.

535. An integrated planning working group, co-chaired by the Director of Mission Support and the Chief of Staff ad interim, was established by the Special Representative of the Secretary-General to begin contingency planning and to develop integrated plans for the eventual withdrawal of MINUSMA. The working group then established seven sub-working groups to provide advice on major challenges:

(a) Repatriation of uniformed personnel;

(b) Human resources management;

(c) Asset disposal and supply chain issues;

(d) Footprint and environment;

(e) Transition of programmatic activities;

(f) Strategic communications;

(g) Security.

536. At Headquarters level, joint Department of Peace Operations/Department of Operational Support strategic guidance on the implementation of Security Council resolution 2690 (2023) was issued immediately. The support of the Department of Peace Operations, the Department of Operational Support and the Department of Management Strategy, Policy and Compliance to MINUSMA in planning and executing its drawdown and withdrawal consisted of an integrated working group. A principal-level task force was also dedicated to these tasks. The integrated operational team in Mali was fully engaged in supporting the Mission during the period and the Under-Secretaries-General for both Operational Support and for Peace Operations visited the Mission to support the implementation of the necessary operations and logistics measures. The standing capacities of the Office of Rule of Law and Security Institutions of the Department of Peace Operations, notably the Justice and Corrections Standing Capacity, were also deployed to MINUSMA to support the handover of crucial rule of law functions to the United Nations country team and prepare relevant legacy documents.

537. The Department of Operational Support also underlined that, notwithstanding the sudden closure of the Mission and the specificities of the operational environment

in Mali, it was able to apply extensive experience in drawdowns over the recent years. Crucial tasks such as joint cross-cutting and coordinated drawdown planning, as well as the implementation of the new human resources downsizing policy, were supported by rapid deployments of experts from the Department at key moments in the process, and quick actions from its experts on supply chain processes enabled the rerouting of large volumes of goods and equipment which were already on their way to the Mission, thereby preventing losses and an even greater accumulation of assets. The Department also stressed that, similarly, contracts for the outbound movements of a large number of personnel and equipment were put in place in a timely manner despite the limited time available. The Board has not yet audited these steps, which were taken outside the period under review in the present report.

4.3 Way forward

538. **The Board recommends that the Administration ensure better anticipation and mitigation by peacekeeping missions of the risks associated with a withdrawal.**

539. Every peacekeeping operation, having by design a temporary mandate, should anticipate the event of its termination and the risks associated with it should be identified and mitigated, including the risk that such a termination may occur earlier than expected. To this end, the risks associated with a mission closure should be included in the risk register template for peacekeeping operations, which would enable the most appropriate mitigation measures to be taken for each specific situation. Such a risk-management approach would in no way be incompatible with the fact that it is for the Security Council alone to determine whether a mission should continue to be deployed or be closed, and to set precise deadlines for such closure.

540. The Administration accepted the recommendation. It nevertheless underlined that it considered that such risks were already anticipated, as relevant to mission context, and that it already worked towards mitigating them and ensuring preparedness, including through regular crisis management preparedness support from Headquarters. The Administration also reiterated that formally including such risks in the risk management process across all operations might raise difficulties, if only because of political sensitivities.

541. The Board will further audit the management of the closure and liquidation of MINUSMA in 2023/24 and beyond.

5. Other audit observations

5.1 Shortcomings in the casualty evacuation operations of MINUSCA

542. On 3 October 2022, three peacekeepers died and one peacekeeper was injured in Bouar, Central African Republic, as a result of mine explosions. All were evacuated by road, involving a nine-hour journey. The delayed treatment had a serious impact and was not in line with the fourth priority of the Action for Peacekeeping Plus initiative, “accountability to peacekeepers”, which specifically refers to improving the effectiveness of the casualty evacuation mechanism, nor was it in line with the casualty evacuation policy.

543. MINUSCA explained that the accident occurred at night and, owing to the ban on night flights by the Government of the Central African Republic, the wounded peacekeepers could not be evacuated by helicopter and had to be evacuated by land.

544. The Board noted that the standard operating procedure for casualty evacuations had not been updated since 2020, despite significant changes happening since then. The casualty evacuation system lacked clear methods of communication, coordination and training. The Administration has begun to take action to address the issue.

5.2 Deficiencies in procurement by several missions

545. The construction project of T-walls was concluded between MINUSCA and Company G. The Board noted that 800 of a total 4,000 T-walls had not been produced in accordance with the specifications required by the contract. The project supervision failed to identify the defects in performance, as reports indicating satisfaction with the quality of construction were issued. Negotiations between MINUSCA and Company G reached an impasse and the situation was reported to the Procurement Division at Headquarters. As of September 2023, the Procurement Division's review of the information received from MINUSCA was still ongoing and the case had not yet been referred for any formal or legal action. No corrective action has been taken for more than two years to address these nonconformities.

546. The procurement of hangar installation services by MINUSCA was not well planned. In 2021, MINUSCA did not initially place a procurement order under the Headquarters system contract, which could provide hangar installation services, but instead carried out a solicitation. After an unsuccessful process, the Mission decided to make use of the system contract. However, the system contractor had been in default of its contractual obligations for over six months. The Procurement Division, the Logistics Division and the Mission met in November 2023 to re-engage with the vendor and to define the roles and responsibilities of the vendor and those of the Mission. Both the vendor and MINUSCA are now engaged in the planning phase of the hangars' installation, and are keeping the Procurement Division informed as to whether any support is required.

547. UNISFA entered into contracts for the supply and delivery of crushed gravel and murram (laterite). In total, the $1 million threshold was exceeded, but contracts were awarded to multiple vendors using a single solicitation process. This process is not in line with the provisions of the United Nations Procurement Manual, and may indicate insufficient procurement planning. The practice of splitting awards following a single solicitation carries the risk of circumventing the Headquarters Committee on Contracts review, which affects the transparency and competitiveness of the procurement.

548. In the financial year 2022/23, UNSOS purchased 260 items with a total value of $327,458 using the low-value acquisition method. These purchases included recurring requirements and multiple low-value acquisition awards totalling $112,743 to five vendors. They all exceeded the threshold of $10,000 and should have been purchased through the request for quotation method.

5.3 Slow progress in increasing renewable energy

549. In September 2019, the United Nations Secretariat climate action plan 2020–2030 set a target of 40 per cent of renewable energy by 2025. As at 30 June 2023, UNISFA had only solar-powered street lights and solar water heaters, and was using hybrid air conditioners at a level II hospital. UNISFA had budgeted $1 million for a solar farm to produce renewable energy; however, only $27,750 was used for the project and the rest was redeployed to other areas. The target of 40 per cent of renewable energy generated is unlikely to be met.

550. The four-year plan developed by UNSOS in January 2021 included a preliminary strategy to increase its renewable energy share to 20 per cent by 2024. In recent years, the renewable energy proportion has increased, from 0.14 per cent of total consumption in 2019/20 to 3 per cent in 2020/21, and to 4 per cent in 2021/22. According to the Office's statistics, the current share of renewable energy represents 9 per cent of total consumption, which is still far from the target set.

551. Since 2014, MINUSCA has accumulated large quantities of electrical and electronic waste in 26 shipping containers stored in premises across the mission area warehouse facilities in Bangui. This included 9,559 items of all categories of ICT

equipment and devices, with a total value of $2.19 million. The Mission eventually found an appropriate service provider to begin the disposal process in November 2023.

552. At UNDOF, electricity produced from diesel generators was reduced by 25 per cent in the financial year 2022/23, mainly owing to the use of new solar panels. However, the efficiency gains from the installation of the solar panel systems were completely outweighed by the inefficiency of the generator's fuel consumption. In fact, the average fuel consumed increased by 34 per cent, indicating that the expected efficiency gains were not realized.

5.4 Gaps in implementation of the internal control framework

553. Internal control in the missions is based on two mechanisms:

(a) The implementation of risk control matrices provided by Headquarters, which identify gaps to be addressed through appropriate action plans;

(b) A self-assessment questionnaire that enables a mission to issue an annual statement of assurance for operations, indicating the areas that need to be strengthened.

554. At UNFICYP, there were inconsistencies between the identification of gaps in the risk control matrices and the self-assessment questionnaire. For example, one control included in the human resources risk control matrix indicated that sampling had been performed to verify the validity of the rental subsidy elements. However, the same control included in the self-assessment questionnaire was reported as not carried out. Such discrepancies may lead UNFICYP to issue an inaccurate assurance statement for 2022.

555. UNIFIL identified 11 control gaps. However, no action was taken to address them.

F. Transmission of information by management

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

556. The additional terms of reference in the Financial Regulations and Rules governing an external audit include write-offs in the list of matters that should be referred to in the report.

557. Within this framework, the Administration reported to the Board that assets amounting to $9.8 million had been written-off during the financial year 2022/23 ($79.1 million in 2021/22). Of those write-offs, $6.9 million related to property fixed assets ($16.5 million in 2021/22), $2.5 million related to real estate assets ($62.3 million in 2021/22), $0.4 million related to losses of receivables ($0.3 million in 2020/21) and no losses of cash were reported ($0.02 million in 2021/22). In 2021/22, write-offs of property and real estate assets were largely affected by the UNAMID liquidation, justifying the significant drop compared with the current period. In 2022/23, receivables from UNAMID were written off for $0.3 million (0.2 million in 2021/22) or 68 per cent of the total. Write-offs of property fixed assets from the strategic deployment stocks increased in 2022/23 by $1.4 million as a result of one-off sales of stock surplus to external agencies to respond to emergency situations. As set out in note 10 to the financial statements, $4.4 million in inventory was written-off but not included in the write-off statement transmitted in accordance with regulation 6.5 of the Financial Regulations and Rules. Therefore, an additional $4.4 million should be considered, bringing the total amount of write-offs to $14.2 million.

2. Ex gratia payments

558. The Administration reported to the Board that four ex gratia payments, amounting to $15,401.94, had been made.

3. Cases of fraud and presumptive fraud

559. In accordance with ISA 240, the Board plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatements, including those resulting from fraud. Its financial audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

560. During the period under review, the Office of the Controller reported 10 cases of fraud to the Board, involving an amount of $7,157, of which $5,692 had been recovered, as well as 113 cases of presumptive fraud, involving an amount of $7.19 million. The Administration improved its report by indicating whether there was a financial impact on the United Nations financial statements in each of the 10 cases of fraud. The previous years' figures are shown in table II.18. Comparing those figures is challenging, as they depend on fraud detection, and the amount involved is often reported as unknown. In accordance with the Financial Regulations and Rules, the Board includes a list of cases of fraud and presumptive fraud in its report, as provided by the Administration.

Table II.18
Transmission of cases of fraud and presumptive fraud in peacekeeping operations

	Fraud		*Presumptive fraud*	
Period ended	*Number of cases*	*Amount (millions of United States dollars)*	*Number of cases*	*Amount (millions of United States dollars)*
30 June 2023	10	0.01	113	7.19
30 June 2022	8	0.14	119	0.93
30 June 2021	13	0.24	111	0.76
30 June 2020	23	0.08	100	2.86
30 June 2019	26	0.08	102	12.74

Source: Information provided by management.

G. Acknowledgement

561. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretaries-General for Management Strategy, Policy and Compliance, Peace Operations, Operational Support and Internal Oversight Services and the Controller and members of their staffs, as well as the staff at the missions.

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

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

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

31 January 2024

Annex I

Missions audited

Active peacekeeping operations

1. United Nations Mission for the Referendum in Western Sahara (MINURSO)
2. United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)
3. United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)
4. United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO)
5. United Nations Disengagement Observer Force (UNDOF)
6. United Nations Peacekeeping Force in Cyprus (UNFICYP)
7. United Nations Interim Force in Lebanon (UNIFIL)
8. United Nations Interim Security Force for Abyei (UNISFA)
9. United Nations Interim Administration Mission in Kosovo (UNMIK)
10. United Nations Mission in South Sudan (UNMISS)
11. United Nations Support Office in Somalia (UNSOS)

Special-purpose accounts

1. Peacekeeping Reserve Fund
2. United Nations Logistics Base at Brindisi, Italy (UNLB)
3. Regional Service Centre in Entebbe, Uganda (RSCE)
4. Support account for peacekeeping operations
5. Employee benefits funds
6. Peacekeeping cost-recovery fund

Closed peacekeeping operations

1. United Nations Operation in Burundi (ONUB), closed on 31 December 2006
2. United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL), closed on 31 December 2005
3. United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISET), closed on 20 May 2005
4. United Nations Iraq-Kuwait Observation Mission (UNIKOM), closed on 6 October 2003
5. United Nations Mission in Bosnia and Herzegovina (UNMIBH), closed on 30 June 2003
6. United Nations Mission of Observers in Tajikistan (UNMOT), closed on 15 May 2000
7. United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH), closed on 15 March 2000

8. United Nations Mission in the Central African Republic (MINURCA), closed on 15 February 2000

9. United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM), closed on 26 February 1999

10. United Nations Preventive Deployment Force (UNPREDEP), closed on 28 February 1999

11. United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirius (UNTAES) and United Nations Civilian Police Support Group (UNPSG), closed on 15 October and 30 November 1998

12. United Nations Observer Mission in Liberia (UNOMIL), closed on 30 September 1997

13. United Nations Peace Forces (UNPF), closed on 30 June 1997

14. Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA), closed on 31 May 1997

15. United Nations Mission in Haiti (UNMIH), closed on 30 June 1996

16. United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR), closed on 19 April 1996

17. United Nations Observer Mission in El Salvador (ONUSAL), closed on 31 May 1995

18. United Nations Operation in Mozambique (ONUMOZ), closed on 31 March 1995

19. United Nations Operation in Somalia (UNOSOM), closed on 3 March 1995

20. United Nations Military Liaison Team in Cambodia (UNMLT), closed on 15 November 1994

21. United Nations Transitional Authority in Cambodia (UNTAC), closed on 5 May 1994

22. United Nations Transition Assistance Group (UNTAG), closed on 21 March 1990

23. United Nations Iran-Iraq Military Observer Group (UNIIMOG), closed on 31 March 1991

24. Special Account for the United Nations Emergency Force (UNEF), closed on 30 June 1967

25. Ad Hoc Account for the United Nations Operation in the Congo (ONUC), closed on 30 June 1964

26. United Nations Mission in Ethiopia and Eritrea (UNMEE), closed on 31 July 2008

27. United Nations Observer Mission in Georgia (UNOMIG), closed on 5 June 2009

28. United Nations Mission in the Central African Republic and Chad (MINURCAT), closed on 31 December 2010

29. United Nations Mission in the Sudan (UNMIS), closed on 9 July 2011

30. United Nations Supervision Mission in the Syrian Arab Republic (UNSMIS), closed on 19 August 2012

31. United Nations Integrated Mission in Timor-Leste (UNMIT), closed on 31 December 2012

32. United Nations Operation in Côte d’Ivoire (UNOCI), closed on 30 June 2017

33. United Nations Mission in Liberia (UNMIL), closed on 30 March 2018

34. United Nations Mission for Justice Support in Haiti (MINUJUSTH)/United Nations Stabilization Mission in Haiti (MINUSTAH), closed on 15 October 2019[1]

35. African Union-United Nations Hybrid Operation in Darfur (UNAMID), closed on 31 December 2020

[1] MINUSTAH transformed into MINUJUSTH on 16 October 2017.

Annex II

Status of implementation of recommendations up to the financial year ended 30 June 2023 (volume II)

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2016	A/71/5 (Vol. II), chap. II, para. 40	The Board reiterates its recommendation that the Administration review the useful lives of fully depreciated assets that are still in use.	The Administration has completed its review of the fixed asset data in Umoja, using post-Galileo conversion data, which included all active assets, disposed assets, equipment records and asset quantities. The updated IPSAS useful lives are active in Umoja effective 1 January 2023. The Administration requests closure of this recommendation.	The updated useful lives have been implemented from 1 January 2023. The Board considers the recommendation implemented.	X			
2	2017	A/72/5 (Vol. II), chap. II, para. 464	The Board recommends that the Administration consider keeping staff members available until after the liquidation date to finalize outstanding tasks.	The Administration stated that it has established and maintained a standby pool of highly skilled and trained civilian personnel ready to be deployed at short notice anywhere to meet surge demands in special situations, including establishment of a new office, closure of an existing office, start-ups, transitions, downsizing/ liquidation and crisis situations for the global Secretariat. The surge capacity framework document has been approved.	The Administration has provided a standing surge capacity framework. The standing surge capacity allows for the finalization of outstanding tasks until after a mission's liquidation date by deploying temporary staff. The Board considers the recommendation implemented.	X			
3	2018	A/73/5 (Vol. II), chap. II, para. 153	The Board recommends that the Administration implement the force generation process in Umoja.	The Administration stated that, after further review, the Department of Peace Operations considered that it was not advisable to implement the recommendation as formulated, as the enterprise resource planning platform was not suited to the business processes entailed in force generation. Since the time the recommendation was issued, the Department of Peace Operations has addressed the issues identified in the related findings of the Board, as outlined in a further update that was shared with the Board.	The Administration provided a detailed note on the matter. It showed that the integration of the force generation process into Umoja could be costly. The Board also noted that there was already a system to manage the force generation (the Peacekeeping Capability Readiness System) and an Umoja module (the Uniformed Capabilities Management System) to ensure an integrated administration of force and reimbursement management. Therefore, the Board considers the recommendation as having been overtaken by events.				X

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4	2018	A/73/5 (Vol. II), chap. II, para. 183	The Board recommends that the Administration review the objectives, processes and staff requirements of integrated operational teams, considering the upcoming new peace and security structure.	The Administration stated that a departmental management review of the objectives, processes and staff requirements of integrated operational teams was completed in January 2023.	The January 2023 review was provided. The Board notes that the Department of Peace Operations, in cooperation with all relevant stakeholders, will develop guidance detailing the objectives, roles and responsibilities of integrated operational teams and the core processes and tasks expected of those teams, including the functions of the support officers – in cooperation with the Department – and the functions of the embedded integrated operational team personnel from other specialist services. The Board considers the recommendation implemented.	X			
5	2018	A/73/5 (Vol. II), chap. II, para. 185	The Board further recommends updating the integrated operational teams policy based on this review.	The Administration stated that the integrated operational team guidance was under development, under the leadership of a regional director at the D-2 level. Following extensive consultations conducted earlier this year with stakeholders across United Nations Headquarters and field missions, the Department of Peace Operations developed a draft policy on the integrated operational teams and the integrated support they provide to peacekeeping operations. The draft is currently undergoing revisions to key elements based on feedback received.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
6	2018	A/73/5 (Vol. II), chap. II, para. 209	The Board recommends that the Administration analyse the direct and indirect costs associated with the disposal of unserviceable and expired ammunition from troop- and/or police-contributing countries and inform Member States accordingly.	The Administration stated that the recommendation was under implementation. A working group has been established and is working on the study.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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7	2018	A/73/5 (Vol. II), chap. II, para. 375	The Board recommends that the Administration consider publishing tenders for goods and services instead of solely publishing the request for expression of interest.	The Administration stated that, following the completion of phase 1 (the development of the United Nations Global Marketplace Ariba interface), phase 2, which synchronized vendors based on the submission of the expression of interest by vendors, was completed in June 2023. Phase 3, on feasibility, is currently being re-evaluated from a technical and operational point of view. The target implementation date has been revised to December 2024.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
8	2018	A/73/5 (Vol. II), chap. II, para. 407	The Board recommends that the Administration amend the policy for rosters with the objective to facilitate roster-building, management and data cleansing.	The Administration stated that decisions of the Secretary-General on roster management were made following discussions at the Staff-Management Committee meeting in April 2023. These decisions are being incorporated into a revision of the administrative instruction on the staff selection system.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
9	2018	A/73/5 (Vol. II), chap. II, para. 417	The Board recommends that the Administration review the recruitment process to increase transparency and simplify and shorten the procedure.	The Administration stated that to address the recommendation, the Office of Human Resources was developing a change programme: Staff Selection 2.0. The objective of the programme is to deliver processes, policies, tools and technologies for an effective staff selection system that ensures accuracy, fairness and efficiency. Staff Selection 2.0 will cover three components: recruitment, outreach and the Young Professionals Programme. The recruitment component is composed of three workstreams with multiple projects within and across them: (a) comprehensive job analysis and skill identification; (b) assessment methods and tools for now and the future; and (c) ensuring accountability and agility in staff selection. Subject to the	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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				availability of resources, the programme is due to be implemented by 2026. The end result of Staff Selection 2.0 is to enable the Organization to have a diverse and inclusive workforce that delivers on its evolving mandates. The new, streamlined staff selection system will also fulfil the letter and spirit of Article 101 of the Charter of the United Nations in recruiting staff on as a wide a geographical basis as possible.					
10	2019	A/74/5 (Vol. II), chap. II, para. 202	The Board recommends that the Administration extend the delegation of authority portals' functionalities to specify and limit subdelegations to ensure that the staff member who receives subdelegations is aware of the scope.	The Administration stated that the enhanced delegation of authority portal would offer new functionalities to "itemize" the authorities that are subdelegated and limit subdelegations when necessary through precise and detailed "scope lines". The enhanced portal will be released to issue the revised delegation of authority instrument, which is currently under final review and expected to be published by the end of the first half of 2024. Considering that the enhanced delegation of authority portal is currently in the final testing phase, and based on the video demonstration of the enhancements, including the new scope line functionality, the Administration would like to request the closure of this recommendation. The Administration is available to provide the audit team with a live demonstration of the tool upon request.	The Board considers the recommendation to be under implementation, as the portal is not fully rolled out.		X		
11	2020	A/75/5 (Vol. II), chap. II, para. 68	The Boards recommends that the Administration determine the support account share of after-service health insurance expenditure on the basis of the actual costs incurred within peacekeeping operations.	The Administration stated that the analysis of new apportionment ratios was ongoing, with consideration being given to the potential impact the ongoing downsizing of peacekeeping operations may have on the ratios.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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12	2020	A/75/5 (Vol. II), chap. II, para. 175	The Board recommends that the Administration, together with the missions, obtain an independent analysis by a group of experts of whether the current exclusive partnership of having the Mine Action Service with UNOPS is cost-effective and delivering on the missions' mandates and evaluate the benefits of the Mine Action Service implementing a certain share of mine action activities itself, for example, by directly administering third-party agreements through Mine Action Service programme managers in the field.	The Administration stated that the report of the Secretary-General reflecting the findings of the independent review (and transmitted separately), was presented to the General Assembly at the second resumed part of its seventy-seventh session in May 2023. The Assembly deferred its consideration of the report to the seventy-eighth session.	The Board verified that the independent analysis was carried out and noted that: (a) Three delivery models were presented; (b) The Mine Action Service followed the recommended model (the Service fully assumed programme design, monitoring and reporting functions and, on a case-by-case basis, determined the most effective and cost-efficient implementing modality for a particular setting); (c) The implementation of the new mine action programme delivery at UNIFIL and UNISFA would generate cost savings through greater integration with existing mission support capabilities and the absence of UNOPS fees (14 per cent at UNIFIL and 10 per cent at UNISFA). The Board is of the view that the Administration is moving in the right direction. The Board considers the recommendation implemented.	X			
13	2020	A/75/5 (Vol. II), chap. II, para. 176	The Board recommends that the Administration include in the new memorandum of understanding with UNOPS clear stipulations on transparency and the provision of supporting documents, on the utilization of existing United Nations contracts and structures, on the consequences of non-compliance and on the UNOPS fee structure.	The Administration has made substantial progress towards the finalization of a new memorandum of understanding. The draft memorandum is under legal review and also undergoing negotiations with UNOPS on the new fee structure and rebate.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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14	2020	A/75/5 (Vol. II), chap. II, para. 309	The Board recommends that the Administration establish a United Nations occupational safety and health management system that also includes coronavirus disease (COVID-19) measures.	The Administration stated that the occupational health and safety management system had seven key components and was under progressive implementation at United Nations Headquarters and those locations with a professional safety officer, and that the Administration was also developing measures to support duty stations that do not have an occupational health and safety capability. Two components (the risk register and corresponding risk management plans) are in development pending an increase in incident data. The incident reporting technological solution has been revised and upgraded to include COVID-19 reporting.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
15	2021	A/76/5 (Vol. II), chap. II, para. 41	The Board recommends that the Administration perform cross-cutting analyses and workshops with missions to enhance feedback to missions and exchanges between missions, review the number of key controls in risk control matrices, calculate the overall average maturity scale on the basis of the weighted maturity scale of each entity (e.g. budget volume) in order to determine opportunities for improvement in the statement on internal control, and assess the introduction of an electronic platform.	Cross-cutting analysis and workshops with missions continued in 2023. Key controls reflected in the 2021 risk control matrices were reviewed in an effort to simplify the framework and reduce the number of controls, and were reissued. The roll-out of the Umoja process control module, including for peacekeeping operations, will continue in 2024.	All appropriate supporting documents, especially with regard to providing feedback to missions, were provided. The Board considers the recommendation implemented.	X			
16	2021	A/76/5 (Vol. II), chap. II, para. 51	The Board recommends that the Administration define, in the financial agreements with UNOPS, the hierarchies and reporting lines between UNOPS and the Chiefs of the	The following documents have been shared to demonstrate implementation: the 2022/23 financial agreements between the Mine Action Service and UNOPS for the delivery of mine action service for peacekeeping operations in	The Board noted that the 2022/23 financial agreements between the Mine Action Service and UNOPS for the delivery of mine action services for peacekeeping operations included the requested	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
			Mine Action Programme at the missions and expand the Secretariat's internal responsibilities matrix to cover cases in which the Mine Action Service implements mine action activities without UNOPS.	2022/23, which include provisions on the roles and responsibilities of the Chief of the Mine Action Programme. The Mine Action Service-UNOPS responsibilities matrix was annexed to the financial agreements. The Administration established a matrix on the delineation of roles and responsibilities in mine action programmes in mission settings.	provisions. The responsibilities matrix was also provided. The Board considers the recommendation implemented.				
17	2021	A/76/5 (Vol. II), chap. II, para. 57	The Board recommends that the Administration determine which categories of assets the missions shall provide to UNOPS for mine action projects and exclude them from financial agreements with UNOPS, include provisions on periodic asset reporting by UNOPS that facilitate IPSAS financial reporting in the new memorandum of understanding, and integrate the Chiefs of the Mine Action Programme into the oversight and management of project assets.	The Administration stated that the first part of this recommendation, under Mine Action Service control, was completed. The Mine Action Service abides by the stipulations in annex 2 of the memorandum of understanding between the Secretariat and UNOPS regarding the categories of assets to be provided by missions. In cases where the assets listed in annex 2 are provided by the mission, they are excluded from the financial agreements between the Mine Action Service and UNOPS, and the mission's decision to proceed in this way is documented. The second part of this recommendation is contingent upon the revision of the memorandum of understanding between the Secretariat and UNOPS, which is ongoing and for which the Department of Management Strategy, Policy and Compliance has the lead. The Department has confirmed the inclusion of a provision on periodic asset reporting in the draft of the new memorandum, as recommended by the Board. The Department of Peace Operations therefore defers to the Department of Management Strategy, Policy and Compliance on the revision of the target date based on the	The memorandum of understanding has not yet been finalized. The Board considers the recommendation to be under implementation.		X		

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				anticipated finalization of the revision of the memorandum of understanding between the Secretariat and UNOPS.					
18	2021	A/76/5 (Vol. II), chap. II, para. 61	The Board recommends that the Administration specify in one central catalogue document which activities fall under the scope of the Mine Action Service.	The Administration stated that the catalogue was posted on the Mine Action Service website and was transmitted to the Board separately.	The Administration has provided the relevant supporting document. The Board considers the recommendation implemented.	X			
19	2021	A/76/5 (Vol. II), chap. II, para. 74	The Board recommends that the Administration ensure that the delegation of authority to any Officers-in-Charge is visible in the delegation of authority portal, and define and codify the delegation of authority for administrative decisions regarding the management of resources, including human resources, for all drawdown and liquidation activities after the Security Council mandate of a mission has ended.	The Administration stated that the revised version of the delegation of authority policy (ST/SGB/2019/2/Rev.1), which was in the final review stage and was expected to be published in the first half of 2024, would address this recommendation by: (a) including a new disposition stating that in the case that an officer-in-charge arrangement was put in place to assume the function held by an official whose post had become vacant, the authorities would be delegated to the officer-in-charge in the online portal until the successor or the acting officer was appointed; and (b) including a new section that would clarify the exercise of temporary delegated authority at the closing of operations of an entity.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
20	2021	A/76/5 (Vol. II), chap. II, para. 95	The Board recommends that the Administration promulgate a human resources downsizing policy for drawdown and liquidation.	The Administration stated that the downsizing policy (ST/AI/2023/1) has been issued.	The appropriate document has been provided. The Board considers the recommendation implemented.	X			
21	2021	A/76/5 (Vol. II), chap. II, para. 134	The Board recommends that the Administration establish a centralized analysing and enforcing function to perform cross-cutting analyses of missions' and services centres' property, plant and equipment and inventory holdings, to achieve economies of scale; to	The Administration stated that the Global Material Lifecycle Management Team had developed an equipment and inventory visibility and analysis dashboard which has been fully operational since March 2023. The dashboard is used by UNLB to perform its clearing-house role and by the field entities to explore global holdings at	All the relevant documentation has been provided and reviewed. The Board considers the recommendation implemented.	X			

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			identify potential surplus holdings and initiate corrective actions; to ensure continuing management of asset disposal; and to eliminate disadvantages for missions and services centres, such as having to bear transport costs when sharing surplus assets.	other entity locations for potential transfer requests to satisfy local demand. UNLB continuously seeks feedback from users for further process improvements and global analysis, including through integrated business planning meetings.					
22	2022	A/77/5 (Vol. II), chap. II, para. 50	The Board recommends that the Administration organize an annual "peacekeeping risk management day", in order to raise awareness and develop, including through proper brainstorming and training sessions, a more risk-aware culture in the peacekeeping missions.	The Administration stated that it had already started to explore how to implement this new initiative. Similarly themed celebrations have already been established. The draft plan that will be discussed in consultation with relevant entities, in particular the Department of Peace Operations, will take into consideration the experiences gained from these events. The field missions will also be included in the discussions during the enterprise risk management workshop in March 2024 in order to obtain better a perspective on implementation.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
23	2022	A/77/5 (Vol. II), chap. II, para. 75	The Board recommends that the Administration provide, with a view to building a more consensual, sound and practical basis for risk-taking in peacekeeping operations, the appropriate elements to fuel a strategic discussion at the level of the legislative bodies, not excluding the issuance of a peacekeeping risk appetite statement and the revision of the 2011 risk management policy.	The Administration stated that the General Assembly, in its resolutions 66/257 and, very recently, 77/253 B, had established that the determination of the risk tolerance of the Organization was the responsibility of the Assembly. The Administration believes that the level of risk-taking in peacekeeping operations involves strategic decisions of the governing bodies, which includes defining mission mandates and taking into consideration the risk tolerance of the Organization, as well as tactical decisions at the mission level, which depend on changing circumstances, guided by extant doctrine, policies and processes, as currently established.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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				As a starting point, consultations will be held to develop a more systematic analysis of strategic-level risks and their implications for mandate implementation, which could be brought to the attention of the Security Council in the reports of the Secretary-General on peacekeeping operations to support the Council's deliberations. This type of strengthened analysis of strategic risks, which is relevant to the allocation and management of resources for mandate implementation, could also be provided to the General Assembly in the budget proposals of the Secretary-General.					
24	2022	A/77/5 (Vol. II), chap. II, para. 76	The Board also recommends that the Administration progressively develop mechanisms to define acceptable risk-taking at the level of peacekeeping missions and experiment with ways to better incentivize and reward it.	The Administration stated that, in the context of the Secretariat, and in particular regarding peacekeeping operations, the development of rules and mechanisms to identify acceptable risk-taking and experiment with ways to better incentivize and reward it remained extremely complex. All heads of entities are responsible for the development and regular update of their entity-specific risk registers and for implementing their response plans. In this regard, all peacekeeping missions have identified, assessed and prioritized the most critical risks, and have adopted an enterprise risk management process that includes the establishment of an appropriate governance structure, the assignment of risk management focal points and responsibilities, and the operationalization of a dedicated risk management committee tasked with providing strategic guidance on the enterprise risk management implementation process.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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25	2022	A/77/5 (Vol. II), chap. II, para. 116	The Board recommends that the Administration better promote risk-based approaches to peacekeeping through annual bottom-up feedback sessions on key risk and crisis management cases.	The Administration stated that it would continue to work closely with the peacekeeping missions on the key risks and crisis management cases in regular bottom-up feedback sessions. The three-day session on enterprise risk management that took place in February 2023 in Brindisi was successfully completed. Similar workshops are intended to take place on an annual basis, with a focus on field operations.	All the appropriate supporting documents have been provided. The Board considers the recommendation implemented.	X			
26	2022	A/77/5 (Vol. II), chap. II, para. 139	The Board recommends that the Administration clarify the roles of the first and second lines of defence in the management of risks in peacekeeping operations, taking concrete steps to increase their empowerment, involvement and accountability, and formalizing in particular the participation of the Department of Peace Operations to the second line of defence.	The Administration stated that the responsibility of ensuring an effective risk and control environment within each mission rested with the individual heads of the missions. The Department of Management Strategy, Policy and Compliance would retain its overarching responsibility for the development of methodological guidance and for the coordination and support of the implementation of enterprise risk management across the Organization. The Department would review and update the enterprise risk management and internal control policy document to provide clearer guidelines on the roles of the first and second lines of defence. The Department will also review and update the terms of reference for various roles associated with enterprise risk management in line with the updated policy guidelines. Coordination work with the Department of Peace Operations on developing an updated governance structure will start soon. It should be noted that related activities of the Department of Peace Operations will be prioritized based on available resources.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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27	2022	A/77/5 (Vol. II), chap. II, para. 168	The Board recommends that the Administration assign the responsibility of Chief Risk Officer to an existing senior executive in each entity, at the department, missions and service centres levels.	The Administration stated that it would continue to engage with responsible stakeholders (the Department of Peace Operations, the Department of Operational Support and the Office of Human Resources) to conduct a comprehensive review of enterprise risk management roles and functions, aimed at developing the role of Chief Risk Officer, which is to be assigned to an existing senior official in each peacekeeping operation within existing resources. The responsibilities of the Chief Risk Officer will be clearly defined and delineated during discussions held during the first quarter of 2024.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
28	2022	A/77/5 (Vol. II), chap. II, para. 171	The Board also recommends that the Administration review in the coming months, through a process including all stakeholders, the quality of the existing "risk registers" and "risk treatment and response plans".	The Administration stated that it would continue to engage with the relevant stakeholders, the Department of Peace Operations, the Department of Operational Support and all the peacekeeping missions in efforts to improve the quality of risk registers. The Department of Management Strategy, Policy and Compliance will continue to liaise with peacekeeping missions and provide advice and ongoing support in the preparation of their entity risk registers, including the migration into the Umoja enterprise risk management module. The gradual adoption of the module itself across all peacekeeping operations will enhance alignment with the policy and methodology and consistency and quality of the registers. Furthermore, outreach efforts and briefings to enterprise risk management focal points were to continue during the fourth quarter of 2023.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

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29	2022	A/77/5 (Vol. II), chap. II, para. 204	The Board recommends that the Administration conduct a thorough review of all the existing accountability requirements on peacekeeping operations, in order to streamline and reduce the burden on managers ("simplification shock"), as well as to better articulate risk management with key internal control, strategic programming, budgeting and performance frameworks and ensure data-sharing and interconnected information systems.	The Administration stated that it would continue to review the current policies and methodology in place with a view towards creating a more appropriate methodology that better suited the general peacekeeping operations risk environment. In addition, the Business Transformation and Accountability Division would continue to work with all the other components of the accountability system to streamline the enterprise risk management process and develop risk-based approaches to strengthen the resilience, effectiveness and efficiency of peacekeeping operations. Further strengthening of the coordination efforts between the Office of Programme Planning, Finance and Budget and the Business Transformation and Accountability Division in the ongoing deployment of the Umoja enterprise risk management module within the internal control framework would also contribute towards the simplification of the overall accountability requirements for peacekeeping operations. The integration of the internal control framework with enterprise risk management processes would continue through the standardization of the internal controls included in the risk registers for peacekeeping operations.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
30	2022	A/77/5 (Vol. II), chap. II, para. 222	The Board recommends that the Administration issue a standard operating procedure for cross-borrowing starting with the cash shortfall identification and ending with the loan movement in Umoja. This standard	The draft standard operating procedure was undergoing levels of review and redrafting, as it also required alignment with guidance on liquidity management for the regular budget.	Memorandums from the Field Operations Finance Division and the Finance Division have been provided, but a standard operating procedure has not. The Board considers the recommendation to be under implementation.		X		

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			operating procedure shall also include a template note with all relevant information for the approval. Finally, the standard operating procedure should provide that the heads of missions affected are informed.						
31	2022	A/77/5 (Vol. II), chap. II, para. 246	The Board recommends the Administration provide additional disclosure in the notes to the volume II financial statements to outline the reasons the historic balances regarding ONUC and UNEF are still being reported more than 50 years after their completion.	The disclosure of the old balances was supplemented in the notes to the volume II financial statements for the period ended 30 June 2022.	The updated disclosures in the financial statements for 2022/23 provide the appropriate clarifications. The Board considers the recommendation implemented.	X			
32	2022	A/77/5 (Vol. II), chap. II, para. 262	The Board recommends the Administration revise the supplemental instruction regarding inventory in order to make it fully compliant with IPSAS 12, especially on the valuation methodology, and ensure that it is implemented in all missions.	The Administration has incorporated into the supplemental closing instructions for the financial year 2022/23 a provision for the peacekeeping missions to measure the fuel reserves at the lower of the periodic weighted average price or current replacement cost. Annex B (the fuel price tracker) will be enhanced to support such a valuation. The supplemental instructions were to be promulgated before the end of March 2023. The requirement to comply with the periodic weighted average price methodology and capture all incoming fuel transactions has been further strengthened through the financial year-end engagement with the missions during the period from April to June 2023. The valuation of the fuel reserves will be finalized along with the validation of the missions' submissions by August 2023.	All actions to implement the recommendation have been taken and verified. The Board considers the recommendation implemented.	X			

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33	2022	A/77/5 (Vol. II), chap. II, para. 274	The Board recommends that the Administration formalize a policy document for the actuarial valuation of employee benefits that gives an overview of the process and related internal controls. In particular, the policy should describe and document the significant decisions and assumptions to be included in the employee benefits valuation.	The Administration is working on preparing a formal policy document on the actuarial valuation process.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
34	2022	A/77/5 (Vol. II), chap. II, para. 285	The Board recommends that the Administration systematically document the review and the update of volume II employee benefits actuarial assumptions, providing appropriate evidence as necessary, to ensure their reasonableness before using them in the valuation.	The Administration is reviewing all assumptions with a goal to further analysing the significance, as defined by the IPSAS 39. The resulting document is expected to cover the source, nature and applicability of assumptions and set out the frequency of their review and alignment with the existing actuarial process and timeline.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
35	2022	A/77/5 (Vol. II), chap. II, para. 293	The Board recommends that the Administration complete further the information disclosed in the notes to the financial statements, as prescribed in paragraphs 141 to 149 of IPSAS 39: Employee benefits.	The Administration further discussed this topic with Board during the audit of volume II statements for the year ended 30 June 2023 and agreed to supplement the notes to the financial statements by disclosing the maturity profile of annual leave and repatriation benefits liabilities. The Administration disclosed all significant assumptions and included a sensitivity analysis in the notes, ensuring compliance with the disclosure requirements of IPSAS 39.	The Administration disclosed the durations/maturities of repatriation grants and accrued annual leave plans. However, the Administration has not disclosed the expected contributions for the 2023/24 financial year in note 16 to the financial statements for the present year, as required by paragraph 149 (b) of IPSAS 39. Those contributions shall be determined on the basis of expected benefit payments for 2023/24. Their disclosure is not conditional on the existence of a funding mechanism. The Board considers the recommendation to be under implementation.		X		

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36	2022	A/77/5 (Vol. II), chap. II, para. 298	The Board recommends that the Administration further disclose, in the notes to the financial statements, the results of the sensitivity analyses for benefits plans for each significant actuarial assumption.	The Administration supplemented the volume II post-audit financial statements to add a sensitivity analysis for all significant assumptions, as outlined by IPSAS 39.	If assumptions for defined employee benefits plans are not significant, they do not need to be disclosed under IPSAS 1 and IPSAS 39. The closure of the recommendation requires either that they not be disclosed, if they are considered to be immaterial, or that they be disclosed together with the sensitivity analysis. The following sensitivity analyses are missing: (a) the withdrawal and retirement rates; (b) the inflation in travel costs; (c) the United States inflation rate; and (d) the salary increase rate. The disclosure of the results of the sensitivity analysis is mandatory, as the Administration has considered them significant in accordance with paragraphs 146 and 147 of IPSAS 39. The Board considers the recommendation to be under implementation.		X		
37	2022	A/77/5 (Vol. II), chap. II, para. 311	The Board recommends that the Administration conduct at least annually a qualitative review of all Umoja user accounts and roles granted in the Department of Management Strategy, Policy and Compliance. This review should include making the necessary modifications and deprovisioning user accounts to avoid having any active accounts with legacy privileges.	The Administration stated that the new user access functional subgroup was reviewing the process and scope for a regular review of Umoja access and role provisioning. The outcome of this review will be preparation of a procedural framework to govern such reviews.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
38	2022	A/77/5 (Vol. II), chap. II, para. 324	The Board recommends that the Administration strengthen the quality check of the data entered into the digital supply chain planning tool, including by alerting missions to potential data quality issues and collaborating to resolve them, especially regarding product information descriptions and stocks.	The Office of Supply Chain Management strengthened data quality checks by implementing a monthly data quality check report. This report, which has been produced since 2021, plays a crucial role in monitoring the quality of data in both supply chain and property management transactions. By providing entities with valuable insights on open pending transactions, it enables them to promptly identify and address any potential issues or discrepancies. The improvement in data quality within the transaction system consequently enhances the data quality in the supply chain planning tool, which relies on transaction systems for its data. Following the monthly data quality check report, the Office of Supply Chain Management actively engages with entities on a regular basis to collect feedback, address concerns and prioritize data quality and supply chain performance. Since 2021, the Department of Operational Support has conducted quarterly outreach involving 28 entities. These entities have participated in multiple meetings, organized by the Enabling and Outreach Service, both individually and jointly with other entities, to discuss common issues. In consideration of the above steps, the Department of Operational Support requests that this audit recommendation be closed.	The Board acknowledges the Administration's efforts to address the recommendation. The Board was able: (a) To attest to the actions taken to make employees aware of the importance of having reliable data through various organized meetings (including the presentation of control points and the information required to have reliable data), to implement data quality checks through a monthly data quality check report and to communicate the benefits brought by this qualitative data; (b) To appreciate the existence of a tool-based solution (the business intelligence dashboard) that allows for an overview (at the entity level) of an organization's assets, equipment and inventory throughout their life cycle, such as their operational use, maintenance and management. The Board considers the recommendation implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
39	2022	A/77/5 (Vol. II), chap. II, para. 325	The Board also recommends the Administration rework key performance indicators for demand planning, set targets to be reached and ensure a follow-up of the results.	The Administration stated that the Enabling and Outreach Service had been tasked to analyse and define key performance indicators for the supply chain planning process considering both global key performance indicators, which will provide an overview of overall supply chain planning performance, as well as entity-level indicators that focus on specific areas such as demand, sourcing and execution. In September 2023, a revised set of key performance indicators had been identified and were in the process of being evaluated, reviewed and approved. In addition, the Enabling and Outreach Service developed an interim dashboard that provides: (a) visibility on entities' execution of their acquisition plans; (b) historical gross demand analysis to support future planning cycles; and (c) goods and services consumption analysis.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
40	2022	A/77/5 (Vol. II), chap. II, para. 349	The Board recommends that the Administration complete the strategies for the nine remaining procurement categories.	The Administration stated that the recommendation was under implementation. The Secretariat was currently evaluating how best to focus its resources across all the categories, with the aim of identifying the "core categories" where proactive end-to-end solutions for clients were sought, as opposed to "bespoke" categories where the Office of Supply Chain Management assisted clients with either guidance for local sourcing or assistance with implementing supply chain solutions tailored to a specific need. As such, a new schedule of strategy reviews for updates will be created in the coming months, which will also determine how and if the remaining four category strategies should be developed.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
41	2022	A/77/5 (Vol. II), chap. II, para. 350	The Board also recommends the Administration set, for each strategy, appropriate implementation milestones and performance indicators in order to monitor results and take the actions necessary at the level of the Department of Operational Support and after close consultations with the peacekeeping missions.	The Administration stated that the Enabling and Outreach Service of the Office of Supply Chain Management, which includes the section responsible for the supply chain management performance management framework, has been meeting regularly with category teams to establish appropriate performance indicators specific to each category. That work is ongoing and scheduled to be completed by the previously communicated deadline of June 2024.	Work is still ongoing. The Board considers the recommendation to be under implementation.		X		
	Total number of recommendations				**41**	**13**	**27**	**0**	**1**
	Percentage of the total number of recommendations				**100**	**32**	**66**	**0**	**2**

Chapter III
Certification of the financial statements

Letter dated 28 September 2023 from the Controller addressed to the Chair of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2022 to 30 June 2023 have been prepared in accordance with financial regulation 6.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to V, are correct in all material respects.

(*Signed*) Chandramouli **Ramanathan**
Assistant Secretary-General, Controller

Chapter IV
Financial report on the United Nations peacekeeping operations for the period from 1 July 2022 to 30 June 2023

A. Introduction

1. The Secretary-General has the honour to submit the financial report on the United Nations peacekeeping operations for the financial year ended 30 June 2023.

2. The accounts of the United Nations peacekeeping operations are presented in five financial statements and the accompanying notes that provide a summary of significant accounting policies, as well as explanations of the amounts presented in the financial statements.

3. The present financial report is designed to be read in conjunction with the financial statements of the United Nations peacekeeping operations, as described in paragraph 2 above. The financial report presents an overview of the consolidated position and performance of the peacekeeping operations, highlighting trends and significant movements.

B. Governance

4. The United Nations peacekeeping operations are established by the Security Council, which has primary responsibility for the maintenance of international peace and security pursuant to Article 24 of the Charter of the United Nations. Once they are established, the Council monitors missions through periodic reviews, adjusting, amending or terminating mandates, as appropriate. Heads of peacekeeping missions are appointed by the Secretary-General: a civilian Special Representative of the Secretary-General, in the case of a multidimensional mission, or a military Force Commander, where the military is the primary component of a mission. Currently, peacekeeping missions are routinely mandated to, inter alia, facilitate the implementation of a peace agreement or support a peace process, protect civilians, promote human rights and the rule of law and enhance the participation of women and youth in political processes.

5. The General Assembly plays a key role in the financing of peacekeeping operations. The Assembly approves budget appropriations, which are apportioned on all Member States on the basis of a special scale of assessments for peacekeeping operations. The Assembly, through its Administrative and Budgetary Committee (Fifth Committee), approves and oversees the budget for peacekeeping operations on the basis of detailed budget proposals, submitted annually (for the following year, 1 July to 30 June) by the Secretary-General.

C. Overview of the financial statements

6. The statements present the financial results of peacekeeping operations, comprising 11 active peacekeeping operations, 35 closed missions and 6 groups of support activities, and the financial position as at 30 June 2023. For the year ended 30 June 2023, UNAMID was reported as a closed mission, as its Security Council mandate was terminated, and it was no longer active. Two active peacekeeping missions, the United Nations Military Observer Group in India and Pakistan (UNMOGIP) and the United Nations Truce Supervision Organization (UNTSO), funded through the regular budget, are reported in the financial statements of the United Nations, volume I.

Liquidity

7. The liquidity assessment reviews the adequacy of cash assets at a mission's disposal to settle its short-term obligations. Cash assets comprise cash, cash equivalents and cash pool investments, both current and long-term. For comparison purposes, UNAMID has been excluded from this liquidity ratio analysis as its status changed to a closed mission in 2023.

8. Table IV.1 summarizes the ratio of cash assets to current liabilities for active peacekeeping missions as a measure of liquidity. There was a significant decrease in the liquidity of active missions, compared with the previous year. The decreased liquidity ratio is attributable to lower cash assets (lower by $351.4 million, or 44.5 per cent), offset in part by fewer current liabilities (lower by $73.3 million, or 3.4 per cent). Low cash assets mainly reflect that Member States paid less in assessed contributions for the year (an increase in assessed contributions receivable by $188.0 million) and made fewer advance payments (lower by $269.9 million) to the Organization; whereas the Organization paid more of its dues to Member States than it did in 2022, thus reducing payables to Member States by $180.1 million.

9. For the purposes of liquidity management, the General Assembly decided, in accordance with its resolution 73/307, that peacekeeping operations could manage the cash resources of active peacekeeping missions as a pool for a trial period of three years. This was extended for a further five years pursuant to Assembly resolution 76/272, adopted in June 2022, in which the Assembly noted the positive impact that pooling had on the timeliness of the settlement of payments to troop- and police-contributing countries. In addition, the Assembly approved the use of the Peacekeeping Reserve Fund as a liquidity mechanism for up to $110 million, retaining at least $40 million in the Fund for the start-up or expansion of mandated peacekeeping operations.

10. In 2022/23, the total cash balance of all active peacekeeping operations reached historically low levels, which led to the full utilization of the allowable reserve under the Peacekeeping Reserve Fund, and cross-borrowing between active missions reached its highest level (since the mechanism was put in place) of $221 million by June 2023. Without such cross-borrowing, peacekeeping operations might have been seriously affected.

11. As noted above, during the 2022/23 period, there was a deterioration in the availability of cash for active peacekeeping operations. MINURSO and UNMIK continued to face regular cash crises, and three other missions, UNSOS, UNISFA and UNMISS, faced serious liquidity issues. The loans payable as at 30 June 2023 in MINURSO, UNMIK, UNSOS, UNISFA and UNMISS were $14.4 million, $31.0 million, $78.2 million, $63.3 million and $132.0 million respectively (2021/22: $15.0 million, $32.5 million, $25.0 million, $40.0 million and $80.0 million), bringing the total outstanding cross-borrowing as at 30 June 2023 to $318.9 million (2021/22: $192.5 million), including $97.9 million in loans from the Peacekeeping Reserve Fund.

Table IV.1

Ratio of liquid assets to current liabilities as at 30 June 2023: active missions

(Millions of United States dollars)

			Ratio of liquid assets to current liabilities	
	Cash assets	*Current liabilities*	*30 June 2023*	*30 June 2022*
UNFICYP	9.6	10.7	0.90	0.94
UNDOF	15.0	15.6	0.96	1.06
UNIFIL	51.8	180.1	0.29	0.49
MINURSO	7.2	27.4	0.26	0.26
UNMIK	1.2	37.3	0.03	0.11
MONUSCO	104.8	352.8	0.30	0.38
UNSOS	22.0	213.4	0.10	0.20
UNISFA	13.0	130.4	0.10	0.18
UNMISS	42.5	368.2	0.12	0.22
MINUSMA	80.3	456.2	0.18	0.43
MINUSCA	90.7	306.8	0.30	0.50
Total	**438.1**	**2 098.9**	**0.21**	**0.36**

12. With respect to the support activities segment,[1] the ratio of cash assets to current liabilities increased from 2.95 as at 30 June 2022 to 3.45 as at 30 June 2023. While cash assets remained relatively constant ($287.8 million in 2021/22 and $286.3 million in 2022/23), current liabilities decreased from $97.2 million in 2021/22 to $83.0 million in 2022/23.

Net assets

13. Net assets of $512.4 million as at 30 June 2023 consisted of an accumulated surplus of $251.0 million, a restricted accumulated surplus of $111.4 million and reserves of $150.0 million. Net assets decreased in 2022/23 by $213.2 million (29.4 per cent decrease), from $725.5 million as at 30 June 2022. The decrease was due to a deficit in operations of $237.0 million for the period, offset in part by an actuarial gain of $23.8 million on employee benefits liabilities.

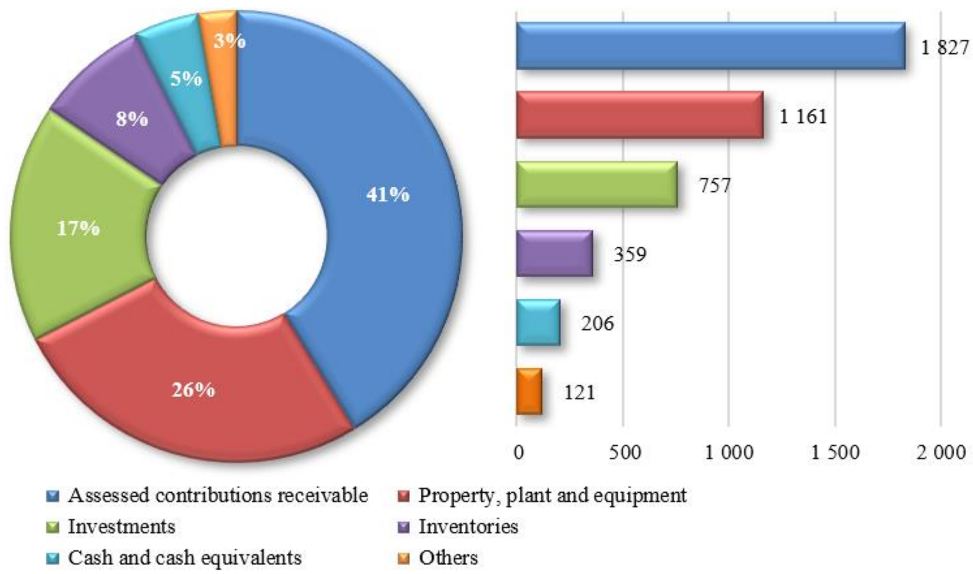
Assets

14. The total assets of peacekeeping operations decreased in 2022/23 by $310.3 million (6.5 per cent decrease), from $4,740.2 million to $4,429.9 million. Investments decreased by $471.5 million (38.4 per cent decrease), from $1,228.7 million to $757.2 million; cash and cash equivalents decreased by $67.1 million (24.6 per cent decrease), from $272.8 million to $205.7 million; and property, plant and equipment decreased by $5.4 million (0.5 per cent decrease), from $1,166.4 million to $1,161.0 million. The decrease was offset in part by an increase in assessed contributions receivable of $175.6 million (10.6 per cent increase), from $1,651.0 million to $1,826.6 million; an increase in inventories of $28.8 million (8.8 per cent increase); and an increase in other assets of $24.5 million (56.6 per cent increase).

[1] The following funds are included in the calculation: the support account for peacekeeping operations, UNLB – strategic deployment stocks, RSCE, employee benefits funds and the peacekeeping cost-recovery fund.

15. Figure IV.I presents the structure of the assets of peacekeeping operations totalling $4,429.9 million as at 30 June 2023. The assets mainly comprised assessed contributions receivable of $1,826.6 million (41.2 per cent); property, plant and equipment of $1,161.0 million (26.2 per cent); and investments of $757.2 million (17.1 per cent).

Figure IV.I
Assets of peacekeeping operations as at 30 June 2023
(Millions of United States dollars and percentage)



Property, plant and equipment

16. Figure IV.II presents the composition of peacekeeping operations' property, plant and equipment by asset class and figure IV.III presents the composition by mission.

Figure IV.II
Property, plant and equipment
(Millions of United States dollars and percentage)

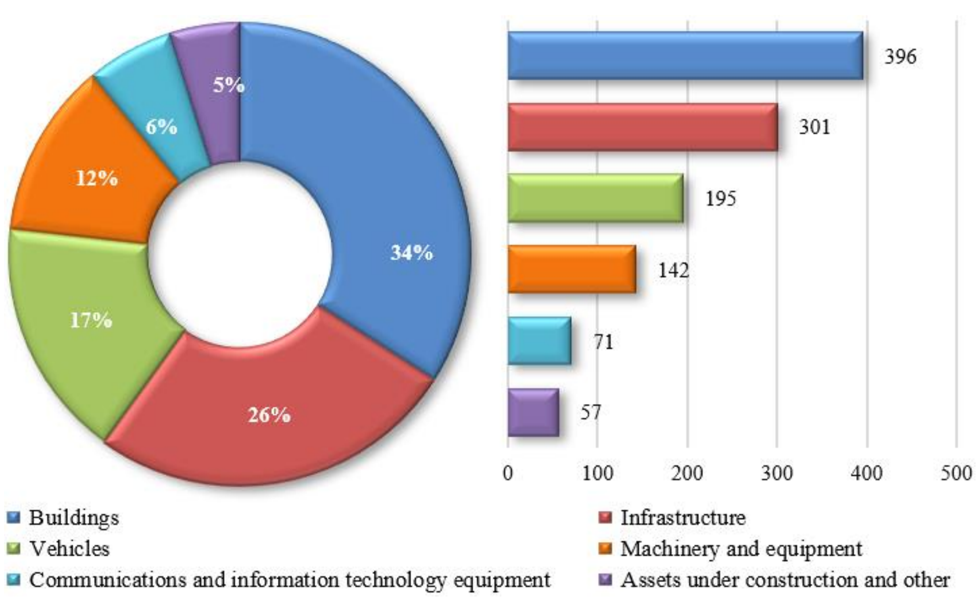
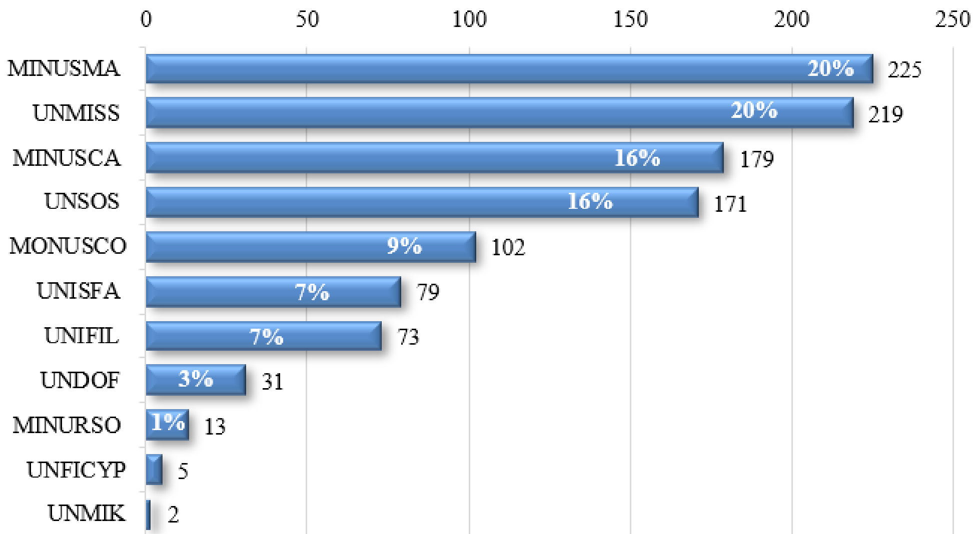
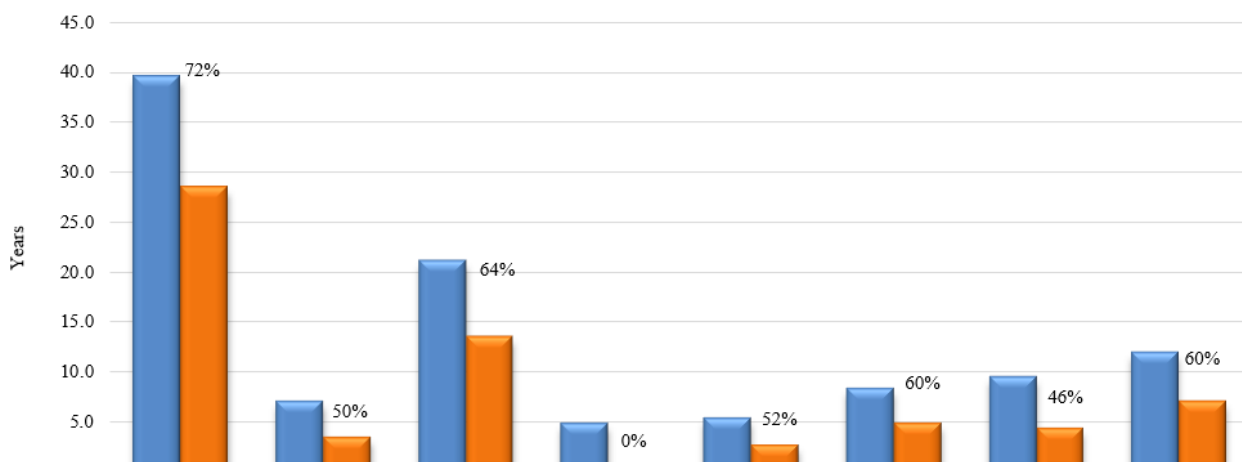


Figure IV.III
Property, plant and equipment by active mission
(Millions of United States dollars and percentage)



17. The remaining years of useful life as a percentage of the standard useful life of asset classes are shown in figure IV.IV. While there have been increases in the remaining average useful life of some classes of assets, namely communications and information technology and vehicles, owing to a higher number of acquisitions, other classes such as machinery and equipment continued to have a low average remaining useful life, indicating an ageing asset population for this class.

Figure IV.IV
Average remaining useful life of property, plant and equipment
(Years and percentage)



	Buildings – fixed	Buildings – temporary and mobile	Infrastructure	Leasehold improvement	Communications and information technology equipment	Furniture and fixtures	Machinery and equipment	Vehicles
Standard	39.7	7.2	21.3	5.0	5.6	8.5	9.7	12.1
Remaining	28.6	3.6	13.7	0.0	2.9	5.1	4.5	7.3
Remaining/standard	72%	50%	64%	0%	52%	60%	46%	60%

Inventory

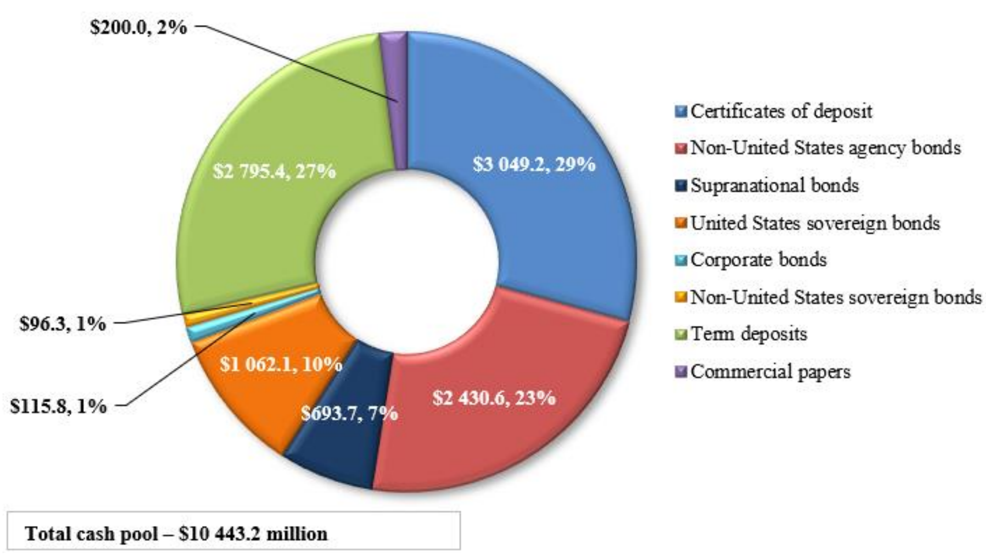
18. Peacekeeping operations have continued to make progress in inventory management activities, such as improvements in inventory valuation and the reduction in the use of generic product codes in the procurement process. Increased accuracy in inventory records continues to lead to improvements in the management and financial reporting of inventory. Inventory holding levels increased in 2022/23 by $28.8 million (8.8 per cent increase) to $358.5 million because of lower inventory turnover during 2022/23 from MINUSMA, UNISFA, MONUSCO and MINUSCA.

Cash, cash equivalents and investments

19. As at 30 June 2023, peacekeeping operations held cash, cash equivalents and investments of $962.8 million, which was $538.7 million less (35.9 per cent decrease) than the balance held at the end of the 2021/22 period.

20. The cash pool consisted of investments in certificates of deposit, liquid bonds (issued by Governments and government agencies), commercial papers and term deposits (see figure IV.V). The investments were presented at fair value with the relevant gains or losses recorded in the statement of financial performance. In 2022/23, peacekeeping operations' share of investment revenue was $68.2 million (2021/22: $5.1 million share of losses). As at 30 June 2023, total cash pool investments amounted to $10,443.3 million, of which the share of peacekeeping operations was 9.0 per cent.

Figure IV.V
Main cash pool investments by instrument type
(Millions of United States dollars and percentage)



21. The Organization's exposure to credit risks, liquidity risks and market risks with respect to its investment portfolios is considered low.

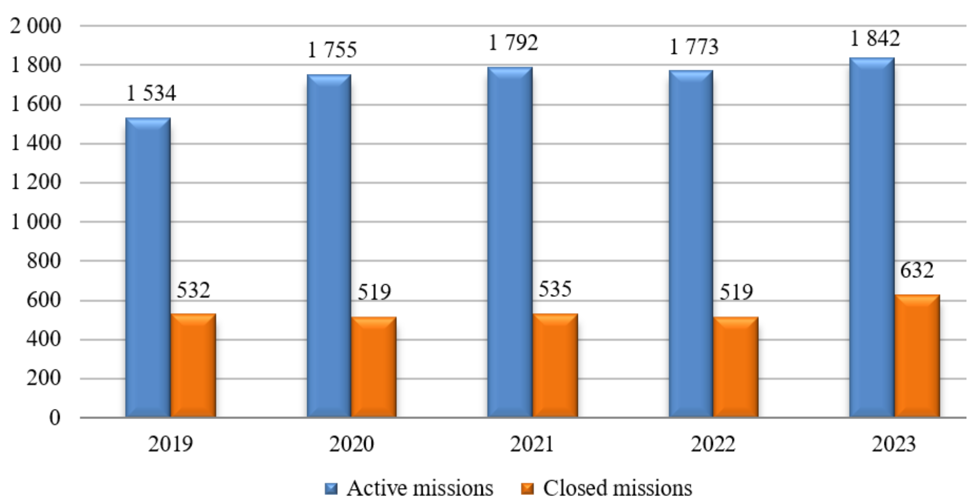
Status of assessed contributions receivable

22. Assessed contributions receivable increased by $175.6 million (10.6 per cent increase), from $1,651.0 million as at 30 June 2022 to $1,826.6 million as at 30 June 2023. Table IV.2 illustrates the status of unpaid assessments and figure IV.VI shows the trend in unpaid assessments.

Table IV.2
Assessed contributions receivable
(Millions of United States dollars and percentage)

	30 June 2023	*30 June 2022*	*Percentage increase/(decrease)*
Active missions			
Assessed contributions receivable	1 842.2	1 773.3	3.9
Allowance for doubtful receivables	(123.4)	(122.3)	0.9
Closed missions			
Assessed contributions receivable	631.8	518.5	21.9
Allowance for doubtful receivables	(524.0)	(518.5)	1.1
Total	**1 826.6**	**1 651.0**	**10.6**

Figure IV.VI
Trend in assessed contributions receivable for missions, before allowance for doubtful accounts
(Millions of United States dollars, at 30 June each year)

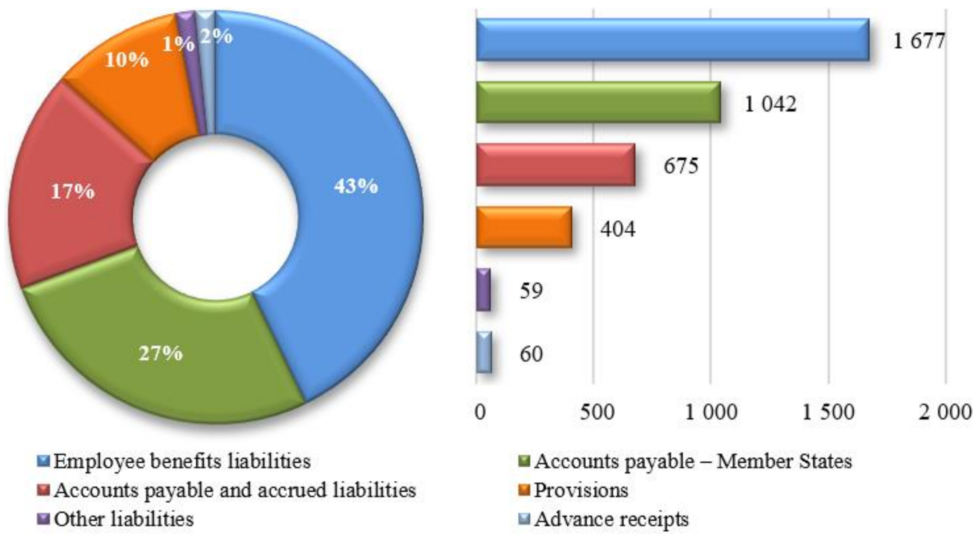


Liabilities

23. The total liabilities of peacekeeping operations decreased by $97.2 million (2.4 per cent decrease), from $4,014.7 million to $3,917.5 million. The most notable changes were a decrease in advance receipts by $282.9 million (82.4 per cent decrease), from $343.2 million to $60.3 million, and a decrease in accounts payable to Member States by $109.5 million (9.5 per cent decrease), from $1,151.1 million to $1,041.6 million. This was offset in part by increases in provisions of $124.2 million (44.4 per cent increase) from $280.1 million to $404.3 million, and accounts payable and accrued liabilities by $123.9 million (22.5 per cent increase), from $551.3 million to $675.2 million.

24. Figure IV.VII presents the structure of peacekeeping operations' liabilities as at 30 June 2023. The liabilities largely comprised employee benefits liabilities of $1,676.7 million, accounts payable to Member States of $1,041.6 million, accounts payable and accrued liabilities of $675.2 million, and provisions, other liabilities and advance receipts of $524.0 million.

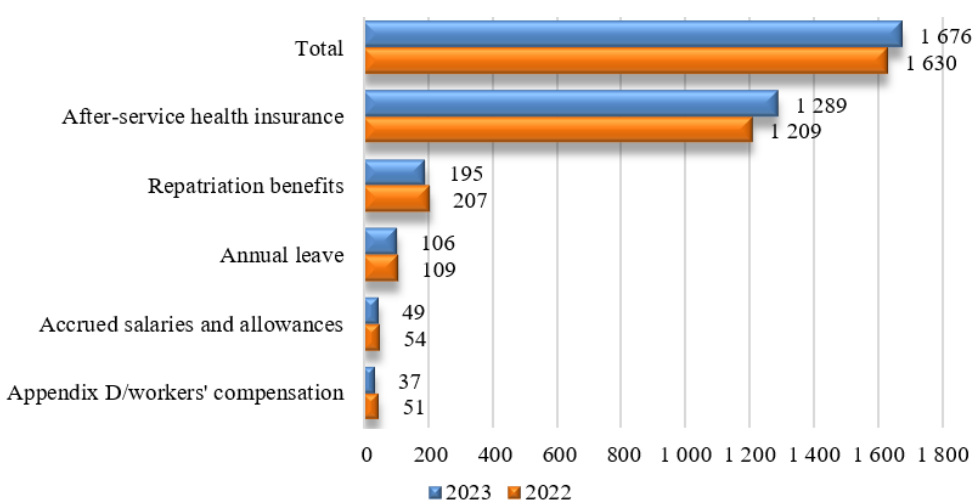
Figure IV.VII
Liabilities as at 30 June 2023
(Millions of United States dollars and percentage)



Employee benefits liabilities

25. Employee benefits liabilities, as depicted in figure IV.VIII, consisted largely of liabilities related to after-service health insurance of $1,289.1 million (76.9 per cent), repatriation benefits of $195.4 million (11.6 per cent) and annual leave benefits of $105.8 million (6.3 per cent). Those liabilities were valued by independent actuaries. The increase in liabilities from the prior year is attributed mainly to an increase in the health care cost trend rates, which was offset in part by increases in the discount rates.

Figure IV.VIII
Employee benefits liabilities
(Millions of United States dollars)



26. Employee benefits for after-service health insurance, annual leave and repatriation benefits continue to be on the pay-as-you-go basis for the present time pursuant to General Assembly resolution 73/279 B. The Organization continues to explore options to fund the liabilities.

Accounts payable and accrued liabilities

27. Accounts payable to Member States decreased by $109.5 million (9.5 per cent decrease), from $1,151.1 million to $1,041.6 million, owing mainly to a reduction in payables for closed peacekeeping missions, and more accounts payable to Member States categorized as accrued liabilities as at 30 June. Accounts payable and accrued liabilities increased by $123.9 million (22.5 per cent increase), from $551.3 million to $675.2 million. Those liabilities consisted mainly of accruals for goods and services of $482.9 million (2021/22: $339.3 million) and vendor payables of $161.8 million (2021/22: $192.3 million).

28. Figure IV.IX presents the structure of peacekeeping operations accounts by current and non-current assets and liabilities as at 30 June 2023 and 30 June 2022.

Figure IV.IX
Assets and liabilities: current and non-current
(Millions of United States dollars)

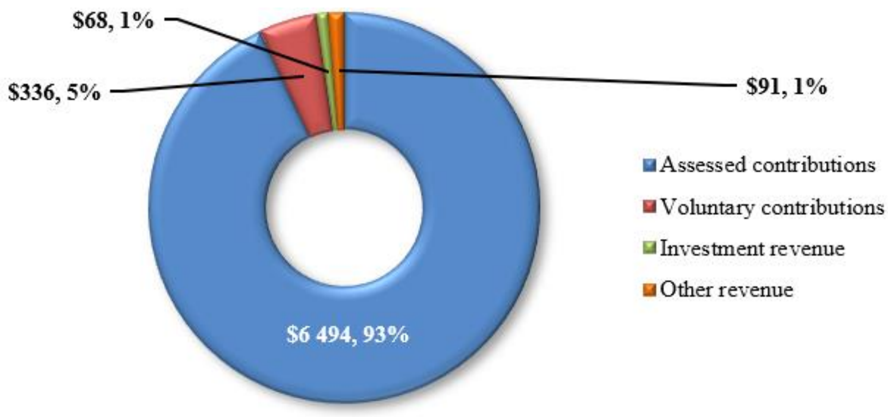
	Assets		Liabilities	
	2022/23	2021/22	2022/23	2021/22
Non-current	1 442	1 484	1 598	1 544
Current	2 988	3 256	2 320	2 470

Financial performance

Revenue analysis

29. The total revenue of peacekeeping operations for the 2022/23 period was $6,989.7 million (2021/22: $6,768.9 million), compared with total expenses of $7,226.7 million, resulting in an excess of total expenses over total revenue of $237.0 million. The net increase in revenue of $220.8 million was attributable mainly to an increase in assessed contributions of $150.4 million (2.4 per cent increase) and an increase in investment revenue of $68.2 million. Figure IV.X provides an analysis of revenue by nature.

Figure IV.X
Revenue by nature
(Millions of United States dollars and percentage)



Assessed contributions revenue

30. Assessed contributions of $6,493.9 million accounted for 92.9 per cent of the total revenue for peacekeeping operations for the 2022/23 period (2021/22: 93.7 per cent). Assessed contributions are based on a scale of assessments applicable to peacekeeping operations, which is approved by the General Assembly.

31. Assessed contributions increased by $150.4 million (2.4 per cent increase), from $6,343.5 million in 2021/22 to $6,493.9 million in 2022/23. The increase is attributable mainly to UNIFIL, UNISFA, MINUSMA and MINUSCA, for which assessed contributions increased by $29.0 million, $70.5 million, $81.9 million and $43.2 million, respectively. The increase in assessed revenue was offset in part by a decrease in assessed revenue for UNAMID (owing to the closure of the mission) of $85.0 million. Table IV.3 presents the status of assessments for active missions.

Table IV.3
Assessments
(Millions of United States dollars and percentage)

	2022/23	*2021/22*	*Percentage increase/(decrease)*
UNFICYP	33.1	32.9	0.6
UNDOF	70.2	65.5	7.2
UNIFIL	539.2	510.2	5.7
MINURSO	65.4	60.9	7.4
UNMIK	45.0	44.2	1.8
MONUSCO	1 112.2	1 123.3	(1.0)
UNAMID	–	85.0	(100.0)
UNSOS	563.2	560.1	0.6
UNISFA	351.1	280.6	25.1
UNMISS	1 210.5	1 201.9	0.7
MINUSMA	1 344.1	1 262.2	6.5
MINUSCA	1 159.9	1 116.7	3.9
Total	**6 493.9**	**6 343.5**	**2.4**

Voluntary contributions

32. Voluntary contributions, as shown in table IV.4, decreased slightly by $2.0 million (0.6 per cent decrease), owing mainly to a decrease in amounts recognized under landing rights (decrease of $1.2 million from the 2021/22 period) and others (decrease of $1.2 million from the 2021/22 period).

Table IV.4
Voluntary contributions
(Millions of United States dollars and percentage)

	2022/23	*2021/22*	*Percentage increase/(decrease)*
Monetary	24.8	24.7	0.5
Goods and rights-to-use			
Facilities	295.8	295.5	0.1
Landing rights	15.2	16.4	(6.9)
Others	0.5	1.7	(71.6)
Total	**336.3**	**338.3**	**(0.6)**

Other revenue

33. The increase of $3.9 million in other revenue was attributable mainly to an increase in cost-recovery revenue of $13.9 million (20.9 per cent increase, from $66.8 million in 2021/22 to $80.7 million in 2022/23), offset in part by the decrease in net foreign exchange gains of $7.1 million (77.5 per cent decrease, from $9.2 million in 2021/22 to $2.1 million in 2022/23).

Expense analysis

34. Total expenses increased by $135.4 million (1.9 per cent increase), from $7,091.3 million in 2021/22 to $7,226.7 million in 2022/23. The increase in expenses was attributable to credits to Member States (increase of $251.3 million) following the increase in credits declared on closed peacekeeping missions in 2023, pursuant to General Assembly resolution 76/280; supplies and consumables (increase of $27.0 million); and contingent contracted services (increase of $19.2 million). The increase in expenses was offset in part by decreases under other operating expenses (decrease of $151.0 million) mainly due to a decrease in allowances for doubtful debts in 2023 ($68.2 million) and a decrease in the write-off of property, plant and equipment in 2023 ($68.0 million) and other expenses (decrease of $8.0 million).

35. Figures IV.XI and IV.XII highlight expenses by nature, indicating that there was little change in the composition of expenses. Contingent contracted services accounted for 32 per cent (32 per cent in 2021/22) of total expenses, followed by employee salaries, allowances and benefits of 24 per cent (24 per cent in 2021/22) and other operating expenses of 21 per cent (23 per cent in 2021/22).

Figure IV.XI
Expenses by nature
(Millions of United States dollars and percentage)

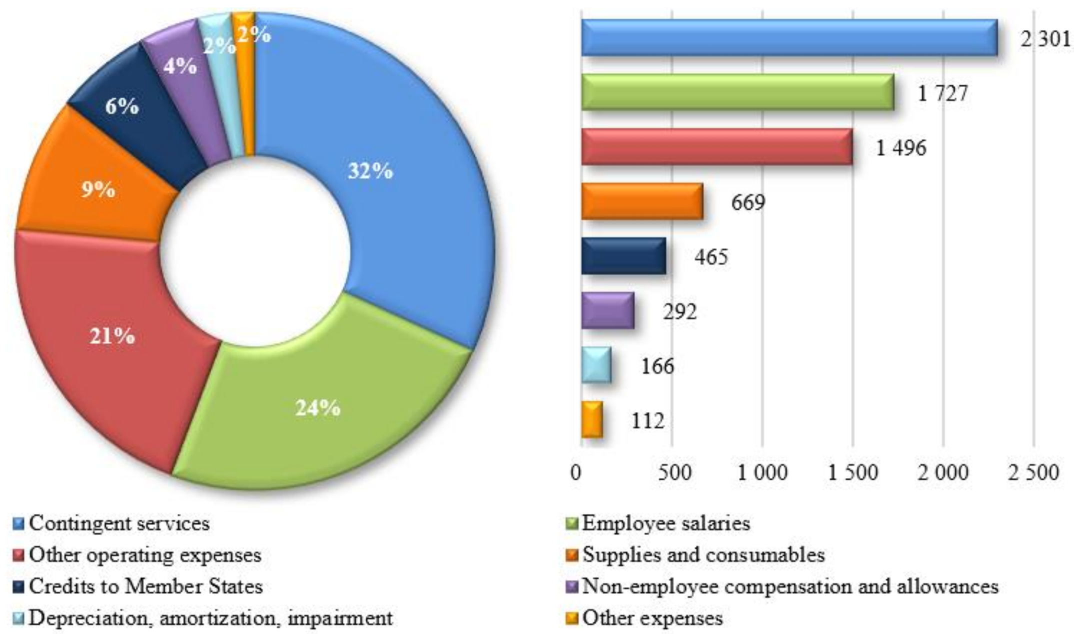
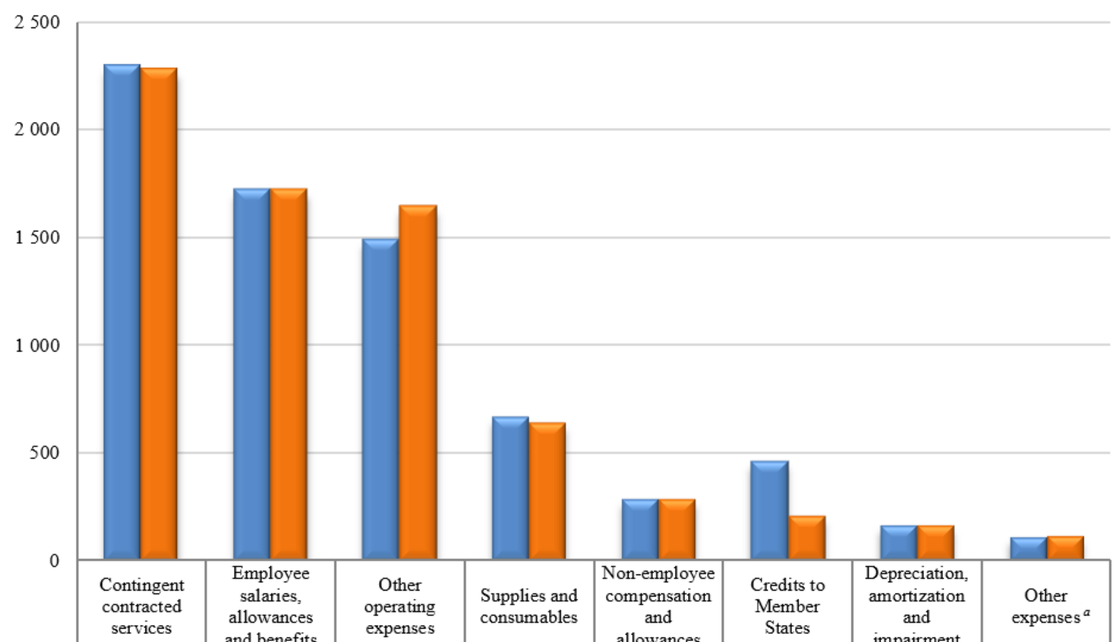


Figure IV.XII
Changes in expenses by nature
(Millions of United States dollars)

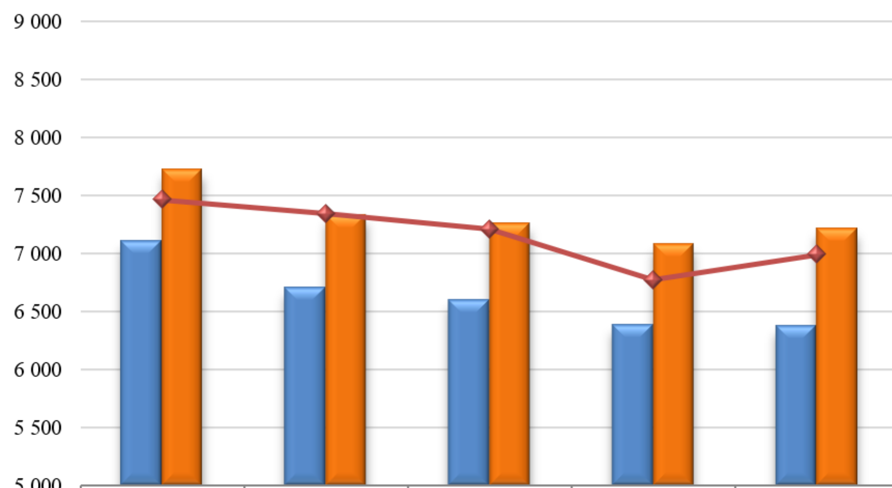


	Contingent contracted services	Employee salaries, allowances and benefits	Other operating expenses	Supplies and consumables	Non-employee compensation and allowances	Credits to Member States	Depreciation, amortization and impairment	Other expenses [a]
2022/23	2 301	1 727	1 496	669	292	465	166	112
2021/22	2 282	1 726	1 647	642	292	214	169	120

[a] For the purposes of this figure, the category includes grants and other transfers (2022/23: $82.5 million and 2021/22: $88.6 million); travel (2022/23: $26.8 million and 2021/22: $22.8 million); investment loss (2022/23: nil and 2021/22: $5.1 million); self-insurance claims and expenses (2022/23: $2.3 million and 2021/22: $2.4 million); and other expenses (2022/23: $0.3 million and 2021/22: $1.1 million).

36. Figure IV.XIII illustrates the trend in expenses of peacekeeping operations (on an IPSAS basis) for the fiscal period 2022/23 and four preceding periods, including in comparison with expenditure (on a modified cash basis/budget basis), as well as total revenue over the same period.

Figure IV.XIII
Trend of expenses
(Millions of United States dollars)



	2018/19	2019/20	2020/21	2021/22	2022/23
Budget-based expenditure	7 118	6 712	6 611	6 394	6 383
IPSAS expense	7 733	7 337	7 265	7 091	7 227
Total revenue	7 463	7 340	7 210	6 769	6 990

D. Peacekeeping operations budgets

37. Peacekeeping operations budgets continue to be prepared on a modified cash basis and are presented in statement V. Approved budgets are those that authorize expenditure to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized under Assembly resolutions and the commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions. The Assembly resolutions are shown in note 5. Annex II to the peacekeeping operations financial statements further provides the comparison of budget and actual amounts on the budget basis for each peacekeeping operation.

E. Closure of the United Nations Multidimensional Integrated Stabilization Mission in Mali

38. In its resolution 2690 (2023), dated 30 June 2023, the Security Council decided to terminate the mandate of MINUSMA and requested the Mission to immediately start, on 1 July 2023, the cessation of its operations.

39. The security situation on the ground remains complex and highly volatile, with asymmetric threats and attacks continuing against the Mission, the Malian Defence and Security Forces and civilians. Moreover, the withdrawal of the Mission may result in shifting security dynamics and deteriorating security conditions in some areas. With the security situation constantly evolving, the drawdown plan remains in a state of flux.

40. MINUSMA, the largest peacekeeping operation in recent years, has operated for over 10 years. The closure and liquidation of a multidimensional mission of this size and capacity is a complex and ambitious task. This complexity is heightened by the lack of a preceding drawdown period, which would normally give the Organization the scope to plan activities for an orderly and optimal closure. The liquidation operations continue to encounter restrictions related to the Mission's movements and air operations in certain zones, affecting the ability of the Mission to withdraw its personnel and assets safely.

41. The Mission, supported by RSCE, UNLB and Headquarters, is working on:

(a) Physically closing and conducting the environmental remediation of 9 of the 12 established camps and 1 temporary operating base;

(b) Repatriating the majority of its uniformed capabilities and their contingent-owned equipment;

(c) Separating all civilian personnel, except for those staff who will be responsible for the administrative liquidation;

(d) Disposing of assets (property, plant and equipment, as well as inventory) in accordance with the provisions of the Financial Regulations and Rules of the United Nations, including through a request to the General Assembly for prior approval to contribute, free of charge, infrastructure assets that have been installed in the country and which, if dismantled, would set back the rehabilitation of Mali.

42. At the time of the finalization of the present report, based on the best available information, a provision (payable) of $17.0 million was recorded for the 2022/23 period, representing the agreed termination package for some international and national staff.

F. Closed peacekeeping missions

43. Pursuant to General Assembly resolution 76/280, the Organization initiated the return of cash assets in closed peacekeeping missions to Member States during the fiscal year 2022/23. From the 24 closed peacekeeping missions with net cash surpluses, a total of $134.9 million in new credits was declared to Member States that had paid their assessed contributions in full as at 31 December 2022. New credits of $61.4 million were also declared and withheld for Member States that had unpaid assessments as at that date.

44. Of the $134.9 million in new credits, a total of $54.4 million had been returned to Member States by 30 June 2023, and an additional $19.6 million was returned between 1 July and 30 September 2023. The Organization will continue to communicate with the Member States that have not yet provided their instructions on how to utilize the credits (total of $60.9 million in declared credits).

45. The Organization also settled payments of outstanding claims to troop- and police-contributing countries in closed peacekeeping missions in accordance with the instructions received from the contributors. Of the $81.4 million in related liabilities, a total of $43.1 million had been paid to troop- and police-contributing countries by 30 June 2023, and an additional $8.3 million was paid between 1 July and 30 September 2023. The report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2023 (A/78/689) will be submitted to the General Assembly in the months to come.

Chapter V

Financial statements for the year ended 30 June 2023

I. Statement of financial position as at 30 June 2023

(Thousands of United States dollars)

	Note	*30 June 2023*	*30 June 2022*
Assets			
Current assets			
Cash and cash equivalents	6	205 672	272 824
Investments	22	478 702	913 754
Assessed contributions receivable	7	1 826 575	1 650 998
Other receivables	9	50 814	45 784
Inventories	10	358 503	329 657
Other assets	11	67 863	43 335
Total current assets		**2 988 129**	**3 256 352**
Non-current assets			
Investments	22	278 458	314 980
Property, plant and equipment	12	1 160 982	1 166 354
Intangible assets	13	2 312	2 532
Total non-current assets		**1 441 752**	**1 483 866**
Total assets		**4 429 881**	**4 740 218**
Current liabilities			
Accounts payable – Member States	14	1 041 618	1 151 126
Accounts payable and accrued liabilities	14	675 224	551 300
Advance receipts	15	60 312	343 200
Employee benefits liabilities	16	78 903	85 403
Provisions	17	404 347	280 098
Other liabilities	18	59 309	59 242
Current liabilities		**2 319 713**	**2 470 369**
Non-current liabilities			
Employee benefits liabilities	16	1 597 811	1 544 310
Non-current liabilities		**1 597 811**	**1 544 310**
Total liabilities		**3 917 524**	**4 014 679**
Net of total assets and total liabilities		**512 357**	**725 539**
Net assets			
Accumulated surpluses – unrestricted	19	250 984	464 166
Accumulated surpluses – restricted	19	111 373	111 373
Reserves	20	150 000	150 000
Total net assets		**512 357**	**725 539**

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

II. Statement of financial performance for the year ended 30 June 2023

(Thousands of United States dollars)

	Note	*2022/23*	*2021/22*
Revenue			
Assessed contributions	21	6 493 937	6 343 524
Voluntary contributions	21	336 258	338 261
Investment revenue	22	68 194	–
Other transfers and allocations	21	2 141	1 820
Other revenue	21	89 146	85 258
Total revenue		**6 989 676**	**6 768 863**
Expenses			
Employee salaries, allowances and benefits	23	1 726 770	1 726 293
Contingent contracted services	23	2 300 707	2 281 536
Non-employee compensation and allowances	23	291 545	291 634
Grants and other transfers	23	82 501	88 634
Supplies and consumables	23	669 079	642 120
Depreciation	12	165 260	168 590
Amortization	13	460	472
Impairment	12	–	129
Travel	23	26 801	22 782
Self-insurance claims and expenses	23	2 311	2 410
Other operating expenses	23	1 495 509	1 646 516
Other expenses	23	343	1 070
Investment loss	22	–	5 056
Credits to Member States	24	465 378	214 065
Total expenses		**7 226 664**	**7 091 307**
Deficit for the year		**(236 988)**	**(322 444)**

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

III. Statement of changes in net assets for the year ended 30 June 2023

(Thousands of United States dollars)

	Accumulated surpluses/(deficits) – unrestricted	*Accumulated surpluses – restricted*	*Reserves*	*Total*
Net assets as at 1 July 2021	**131 913**	**111 373**	**150 000**	**393 286**
Changes in net assets				
Actuarial gain on employee benefits liabilities	654 697	–	–	654 697
Deficit for the year ended 30 June 2022	(322 444)	–	–	(322 444)
Net assets as at 30 June 2022	**464 166**	**111 373**	**150 000**	**725 539**
Changes in net assets				
Actuarial gain on employee benefits liabilities[a]	23 806	–	–	23 806
Deficit for the year ended 30 June 2023	(236 988)	–	–	(236 988)
Net assets as at 30 June 2023	**250 984**	**111 373**	**150 000**	**512 357**

[a] Actuarial gain of $10.435 million for defined-benefit liabilities (see note 16), and actuarial gain of $13.371 million for workers' compensation.

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

IV. Statement of cash flows for the year ended 30 June 2023

(Thousands of United States dollars)

	Note	*2022/23*	*2021/22*
Cash flows from operating activities			
(Deficit) for the year		**(236 988)**	**(322 444)**
Non-cash movements			
Depreciation and amortization	12, 13	165 720	169 062
Impairment of property, plant and equipment	12	–	129
Actuarial gain on employee benefits liabilities		23 806	654 697
Net loss on disposal of property, plant and equipment	12, 13	18 517	79 647
Transfers, donations of assets and other additions	12, 13	(5 805)	(7 460)
Changes in assets			
(Increase)/decrease in assessed contributions receivable	7	(175 577)	109 403
(Increase)/decrease in other receivables	9	(5 030)	3 387
(Increase)/decrease in inventories	10	(28 846)	16 998
(Increase) in other assets	11	(24 528)	(8 291)
Changes in liabilities			
(Decrease) in accounts payable – Member States	14	(109 508)	(49 476)
Increase/(decrease) in accounts payable – other	14	123 924	(66 530)
(Decrease)/increase in advance receipts	15	(282 888)	329 352
Increase/(decrease) in employee benefits liabilities	16	47 001	(559 637)
Increase/(decrease) in provisions	17	124 249	(142 366)
Increase/(decrease) in other liabilities	18	67	(550)
Investment (revenue)/loss presented as investing activities	22	(68 194)	5 056
Net cash flows (to)/from operating activities		**(434 080)**	**210 977**
Cash flows from investing activities			
Net contribution from cash pool investments		471 574	97 055
Investment revenue/(loss) presented as investing activities	22	68 194	(5 056)
Acquisition of property, plant and equipment	12	(173 696)	(161 436)
Proceeds from disposal of property, plant and equipment		1 096	1 770
Investment in intangible assets	13	(240)	(157)
Net cash flows from/(to) investing activities		**366 928**	**(67 824)**
Net (decrease)/increase in cash and cash equivalents		**(67 152)**	**143 153**
Cash and cash equivalents – beginning of year		272 824	129 671
Cash and cash equivalents – end of year	**6**	**205 672**	**272 824**

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

V. Statement of comparison of budget and actual amounts for the year ended 30 June 2023

(Thousands of United States dollars)

Appropriated activities	*Budget* *Original*	*Budget* *Final*	*Actual revenue/ expenditure budget basis*	*Difference – original and final budget (percentage)*	*Difference – final budget and actual*[a] *(percentage)*
Revenue					
Assessed contributions	6 493 937	6 493 937	6 493 937	–	–
Voluntary contributions, budgeted	25 618	25 618	25 365	–	(0.99)
Allocations from other funds	2 141	2 141	2 141	–	–
Total revenue	**6 521 696**	**6 521 696**	**6 521 443**	**–**	**–**
Expenditure					
Active missions[b]					
UNFICYP	58 222	58 222	57 125	–	(1.88)
UNDOF	69 197	70 231[c]	69 641	1.49	(0.84)
UNIFIL	539 176	539 176	539 174	–	–
MINURSO	65 933	65 933	63 057	–	(4.36)
UNMIK	44 971	44 971	43 690	–	(2.85)
MONUSCO	1 112 242	1 112 242	1 097 808	–	(1.30)
UNSOS	563 205	563 205	558 792	–	(0.78)
UNISFA	280 323	288 830[c]	288 436	3.03	(0.14)
UNMISS	1 205 451	1 210 501[c]	1 210 500	0.42	–
MINUSMA	1 344 106	1 344 106	1 291 353	–	(3.92)
MINUSCA	1 159 870	1 159 870	1 159 384	–	(0.04)
Total active missions	**6 442 696**	**6 457 287**	**6 378 960**	**0.23**	**(1.21)**
Less: prorated costs of support account	(364 812)	(364 812)	(364 812)	–	–
Less: prorated costs of UNLB – other activities	(65 681)	(65 681)	(65 681)	–	–
Less: prorated costs of RSCE	(39 679)	(39 679)	(39 679)	–	–
Total active missions, excluding prorated costs	**5 972 524**	**5 987 115**	**5 908 788**	**0.24**	**(1.31)**
Support activities					
Support account	371 787	371 787	368 553	–	(0.87)
UNLB – other activities	65 959	65 959	64 296	–	(2.52)
RSCE	43 122	43 122	41 734	–	(3.22)
Total support activities	**480 868**	**480 868**	**474 583**	**–**	**(1.31)**
Total expenditure, in accordance with 2022/23 budget-based active missions and support activities	**6 453 392**	**6 467 983**	**6 383 371**	**0.23**	**(1.31)**
Net total	**68 304**	**53 713**	**138 072**		

Non-appropriated activities	*Funding*	*Expenditure*
UNLB – strategic deployment stock activities[d]	110 787	36 915
Reserve fund for workers' compensation[e]	2 384	2 334
Peacekeeping Reserve Fund	–	3
Peacekeeping cost recovery[f]	132 789	126 086
Total non-appropriated activities	**245 960**	**165 338**

[a] Actual expenditure (budget basis) less final budget.
[b] Budget and actual expenditure of active missions include prorated costs for the support account, UNLB – other activities and RSCE.
[c] Additional appropriations to the original appropriations for the period 1 July 2022 to 30 June 2023 were approved by the General Assembly in the amount of $1.034 million for UNDOF (resolution 77/291 A), $8.507 million for UNISFA (resolution 77/290 A) and $5.050 million for UNMISS (resolution 77/292 A).
[d] Funding for strategic deployment stocks is based on current-period transfers to peacekeeping and special political missions and other offices and fund balances brought forward from the prior period.
[e] Funding for workers' compensation is allocated from active missions.
[f] Funding for cost recovery is allocated from the revenue of the peacekeeping cost-recovery fund.

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

United Nations peacekeeping operations as reported in volume II Notes to the 2022/23 financial statements

Note 1 Reporting entity

United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations was signed on 26 June 1945 and became effective on 24 October 1945. The primary objectives of the United Nations are:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

2. These objectives are implemented through the major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as the financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(e) The Secretariat is organized along departmental lines, with each department or office having a distinct area of action and responsibility. Offices and departments coordinate with each other to ensure cohesion as they carry out the day-to-day work of the Organization in offices and duty stations around the world. At the head of the United Nations Secretariat is the Secretary-General.

3. The United Nations has its headquarters in New York and has major offices in Geneva, Vienna and Nairobi. It also has peacekeeping and political missions, economic commissions, tribunals, training institutes, information centres and other offices around the world.

United Nations peacekeeping operations

4. These financial statements relate to the United Nations peacekeeping operations, a separate financial reporting entity of the United Nations for the purposes of IPSAS-compliant reporting.

5. United Nations peacekeeping, with a mandate to help countries affected by conflict to create conditions for lasting peace, began operations in 1948 with the creation of the first peacekeeping mission. Since then, 69 peacekeeping missions (2021/22: 69 missions) have been deployed by the United Nations, 56 of them since 1988.

6. United Nations peacekeeping operates under the direction of the Security Council; as deemed appropriate by vote of the Council, peacekeeping missions are established, extended, amended or ended. Under Article 25 of the Charter, all States Members of the United Nations agree to accept and carry out the decisions of the Council; while other organs make recommendations to Member States, the Council alone has the power to take decisions that Member States are obligated to follow. United Nations peacekeeping has unique strengths, including legitimacy, burden-sharing and an ability to deploy and sustain troops and police from around the world, integrating them with civilian peacekeepers to advance multidimensional mandates. As at 30 June 2023, there were 11 active United Nations peacekeeping missions (30 June 2022: 12 active missions) deployed across four continents.

7. Peacekeeping operations are regarded as an autonomous reporting entity, which, owing to the uniqueness of the governance and budgetary process of each of the reporting entities of the United Nations, neither controls nor is controlled by any other United Nations financial reporting entity, and which has no interests in associates, joint ventures or joint arrangements. Therefore, consolidation is not deemed applicable to the reporting entity, and these financial statements include only the activities of the United Nations peacekeeping operations.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with IPSAS. The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently in the preparation and presentation of these financial statements. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the United Nations peacekeeping operations, 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) A summary of significant accounting policies and other explanatory notes.

Going concern

9. The going-concern assertion is based on the approval by the General Assembly of the budget appropriations for peacekeeping operations for the 2023/24 financial year, the positive historical trend of collection of assessed contributions over the past years and the fact that the Assembly and the Security Council have not made any decisions to cease peacekeeping operations as a whole.

Authorization for issue

10. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2, the Secretary-General transmits these financial statements as at 30 June 2023 to the Board of Auditors by 30 September 2023. In accordance with financial regulation 7.12, the reports of the Board of Auditors are transmitted to the General Assembly through

the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

11. The financial statements are prepared using the historic cost convention except for financial assets, which are recorded at fair value.

Functional and presentation currency

12. The functional currency of peacekeeping operations is the United States dollar; currencies other than the functional currency are considered foreign currencies for the purpose of financial accounting and reporting. The presentation currency of peacekeeping operations is also the United States dollar; these financial statements are expressed in thousands of United States dollars unless otherwise stated.

13. Foreign currency transactions are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The operational rate of exchange approximates the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the fiscal-year-end operational rate of exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the operational rate of exchange prevailing at the date of the transaction or when the fair value was determined.

14. 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 fiscal-year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimates

15. Materiality is central to the preparation and presentation of the financial statements of peacekeeping operations and the 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.

16. 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.

17. 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 and amortization methods for property, plant and equipment and 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 and liabilities.

Future accounting pronouncements

18. The progress and impact of the following significant future accounting pronouncements by the IPSAS Board on the financial statements of peacekeeping operations continue to be monitored:

(a) "Other lease-type arrangements" is phase two of the IPSAS Board's lease project and is aimed at developing additional guidance on accounting for concessionary leases and donated right-to-use arrangements. The exposure draft was published for comment in January 2023 and contained proposed amendments to IPSAS 43: Leases, and IPSAS 47: Revenue;

(b) "Application of current operational value" is the second phase of the IPSAS Board's measurement project. Its objective is to evaluate the applicability of current operational values in IPSAS that permit the use of current value at initial recognition and subsequent measurement. The IPSAS Board proposed to present its exposure draft at its December 2023 meeting;

(c) In March 2023, the IPSAS Board clarified the development of its project on climate-related disclosures. The objective is to develop a standard that provides guidance specific to the public sector that draws upon International Financial Reporting Standards on sustainability and the Global Reporting Initiative standards;

(d) The IPSAS Board issued a consultation paper on natural resources with the goal of developing an exposure draft to propose accounting requirements for natural resources, including an approach to describing and identifying natural resources. A separate exposure draft is expected to be developed drawing on International Financial Reporting Standard 6: Exploration for and evaluation of mineral resources.

Recent and future requirements of International Public Sector Accounting Standards

19. The IPSAS Board issued the following standards:

(a) IPSAS 41: Financial instruments, issued in August 2018 and effective 1 January 2023;

(b) IPSAS 42: Social benefits, issued in January 2019 and effective 1 January 2023;

(c) IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025;

(d) IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025;

(e) IPSAS 45: Property, plant and equipment, issued in May 2023 and effective 1 January 2025;

(f) IPSAS 46: Measurement, issued in May 2023 and effective 1 January 2025;

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

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

(i) IPSAS 49: Retirement benefit plans, approved in September 2023 and effective 1 January 2026.

20. The impact of these standards on the financial statements of the United Nations peacekeeping operations has been evaluated as follows:

Standard	*Anticipated impact in the year of adoption*
IPSAS 41	IPSAS 41: Financial instruments, will replace IPSAS 29: Financial instruments – recognition and measurements, and improve the relevance of information for financial assets and financial liabilities by introducing: (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model.

Standard	*Anticipated impact in the year of adoption*
	IPSAS 41 became effective on 1 January 2023 and will be applied to the financial reporting of peacekeeping operations starting the year ending 30 June 2024. The Organization is in the process of assessing the new requirements for recording, valuation and reporting of the investment cash pools in line with IPSAS 41. The assessment results will be used to develop an accounting policy document and update corporate guidance.
IPSAS 42	IPSAS 42: Social benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. There are no such social benefits applicable to the Organization, hence there is no impact on financial reporting.
IPSAS 43	IPSAS 43: Leases, replaces IPSAS 13: Leases, and aligns lease accounting with International Financial Reporting Standard 16. IPSAS 43 introduces new contract and lease definitions and prescribes a right-of-use recognition and measurement model for all leases apart from those meeting short-term and low-value exemption categories. The standard also provides additional guidance on the application of the risks and rewards model for lessor accounting. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2026. The impact of IPSAS 43 is being assessed prior to the 1 January 2025 effective date. The broadened leases definition is estimated to result in the recognition of a greater number of binding arrangements as leases, with a corresponding increase in lease liabilities and right-of-use assets.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, outlines accounting for assets held for sale and the presentation and disclosure of discontinued operations, in alignment with International Financial Reporting Standard 5. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2026. The impact of IPSAS 44 will be assessed prior to the 1 January 2025 effective date. Given the definitions and scope of non-current assets held for sale, the impacts on recognition and measurement are preliminarily estimated as being not significant to the Organization. The impact of the IPSAS 44 requirement to present discontinued operations in the statement of financial position, and the results of discontinued operations in the statement of financial performance, will depend on the identification and timing of discontinued operations, if any, in future years.
IPSAS 45	IPSAS 45: Property, plant and equipment, replaces IPSAS 17: Property, plant and equipment. IPSAS 45 removes the scope exclusion for heritage property, plant and equipment, provides application and implementation guidance on infrastructure assets and captures property, plant and equipment-related measurement impacts from IPSAS 46. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2026. The impact of IPSAS 45 will be assessed prior to the 1 January 2025 effective date.
IPSAS 46	IPSAS 46: Measurement, is the IPSAS Board’s first measurement-dedicated standard and draws upon International Financial Reporting Standard 13: Fair value measurement, with the addition of elements specific to the public sector, including the current

Standard	*Anticipated impact in the year of adoption*
	operational value measurement basis. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2026. The impact of IPSAS 46 will be assessed prior to the 1 January 2025 effective date. The adoption of IPSAS 46 is not expected to change the Organization's accounting policy choice to apply the historical cost model to tangible and intangible assets.
IPSAS 47	IPSAS 47: Revenue, replaces the three existing revenue standards: IPSAS 9: Revenue from exchange transactions; IPSAS 11: Construction contracts; IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). IPSAS 47 aligns with the IPSAS Board's Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and presents two accounting models based on the existence of a binding arrangement. Where a binding arrangement exists, revenue accounting is aligned with International Financial Reporting Standard 15: Revenue from contracts with customers. Otherwise, the accounting model is consistent with the core principles of IPSAS 23. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2027. The impact of IPSAS 47 will be assessed prior to the 1 January 2026 effective date of the standard.
IPSAS 48	IPSAS 48: Transfer expenses, provides guidance on accounting for transfer expenses. The transfer expense model aligns with the Conceptual Framework and presents two accounting models based on the existence of a binding arrangement. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2027. The impact of IPSAS 48 will be assessed prior to the 1 January 2026 effective date of the standard.
IPSAS 49	IPSAS 49: Retirement benefit plans, aligns with International Accounting Standard 26: Accounting and reporting by retirement benefit plans, and prescribes the accounting and reporting requirements for public sector retirement benefit plans, which primarily provide benefits to retired public sector employees. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The standard does not deal with other forms of employment benefits such as employment termination benefits or health and welfare plans. Adoption of the standard is mandatory for the financial reporting of peacekeeping operations for the year ending 30 June 2027. The preliminary assessment is that IPSAS 49 will have no impact on the financial reporting of peacekeeping operations. The detailed impact of IPSAS 49 will be assessed prior to the 1 January 2026 effective date of the standard.

Note 3
Significant accounting policies

Financial assets: classification

21. Classification of financial assets depends primarily on the purpose for which the financial assets are acquired. Peacekeeping operations classify financial assets in one of the categories shown below at initial recognition and re-evaluate the classifications at each reporting date.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in cash pools
Loans and receivables	Cash and cash equivalents and receivables

22. All financial assets are initially measured at fair value. Peacekeeping operations initially recognize financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the peacekeeping operation becomes party to the contractual provisions of the instrument.

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

24. Financial assets at fair value through surplus or deficit are those that have either been designated in this category at initial recognition or are held for trading or are acquired principally for the purpose of sale in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are recognized in the statement of financial performance in the period in which they arise.

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

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

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

Financial assets: investment in cash pools

28. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risks and returns on investments among all pool participants. Given that the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

29. The investments of peacekeeping operations in the main pool 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.

Financial assets: cash and cash equivalents

30. 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

31. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to peacekeeping operations by Member States, non-member States and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, less allowance for doubtful receivables reflecting impairment for estimated irrecoverable amounts. Voluntary contributions receivable are subject to an allowance for doubtful receivables on the same basis as other receivables. For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables from Member States that are subject to Article 19 of the Charter on voting right restrictions in the General Assembly owing to arrears equalling or exceeding the amount of the contributions due for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the General Assembly has granted special treatment with regard to payment: UNEF, ONUC, unpaid assessed contributions that were transferred to a special account pursuant to Assembly resolution 36/116 A and unpaid assessed contributions of the former Yugoslavia: 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance. Any contested amount outstanding for fewer than two years will be disclosed in the notes to the financial statements;

(d) Assessed contributions receivable that are past due in excess of two years related to missions that have been closed for more than two years: 100 per cent allowance;

(e) For receivables with approved payment plans, no allowance for doubtful debt will be established; however, disclosures will be made in the notes to the financial statements.

Financial assets: receivables from exchange transactions – other receivables

32. Other receivables include primarily amounts receivable for goods or services provided to other entities and amounts receivable for operating lease arrangements. Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables and voluntary contributions receivable are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing accordingly.

Other assets

33. Other assets include prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Inventories

34. Inventory balances are recognized as current assets and include the categories set out below.

Categories	*Subcategories*
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 and supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves, strategic deployment stocks, United Nations reserves
Consumables and supplies	Material holdings of consumables and supplies, spare parts, medicine

35. The cost of inventory in stock is determined using the moving average price cost basis. The cost of inventories includes the cost of purchase plus other costs incurred in bringing the items to the destination and condition for use. Standard rates ranging from 7 to 28 per cent of the cost of purchase, depending on the location of each office and mission, are used in place of actual associated costs. Inventory acquired through non-exchange transactions (i.e., donated goods) are measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

36. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the United Nations peacekeeping operations. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

37. Holdings of consumables and supplies for internal consumption are capitalized in the statement of financial position when material. Such inventories are valued by the moving average method based on records available in Umoja. Valuations are subject to impairment review, which takes into consideration the variances between moving average price valuation and current replacement cost, as well as slow-moving and obsolete items.

38. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost or net realizable value, which are recognized in the statement of financial performance.

Heritage assets

39. Heritage assets are not recognized in the financial statements, but transactions related to significant heritage assets are disclosed in the notes to the financial statements.

Property, plant and equipment

40. Property, plant and equipment are classified into different groups of items of a similar nature and with similar functions, useful lives and valuation methodologies, such as vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of $20,000 or $100,000 for leasehold improvements and self-constructed assets. A lower threshold of $5,000 applies to five commodity groups: vehicles; prefabricated buildings; satellite communication systems; generators; and network equipment;

(b) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any associated costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs. Standard rates ranging from 2 to 18 per cent of the cost of purchase, depending on the location of each office and mission, are used in place of actual associated costs;

(c) For property, plant and equipment acquired at nil or nominal cost, such as donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

41. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Given that not all components of a building have the same useful life or have the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the components approach. Depreciation commences in the month when the United Nations peacekeeping operation gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of the retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless the residual value is likely to be significant.

42. As indicated in paragraph 17 (note 2), as with other accounting estimates and underlying assumptions, estimated useful life assumptions are reviewed on an ongoing basis. Changes in accounting estimates result from new information, new developments or more experience – for example, an adjustment to the periodic consumption of an asset as a result of an assessment of the present status of, and expected future benefits associated with, that asset. Such changes are accounted for as a change in the accounting estimate. A change in the accounting estimate is recognized prospectively by recording it as a surplus or deficit during the period of the change and is recorded as either a surplus or deficit in future periods. Such prospective recognition is applied to transactions, other events and conditions from the date of the change in estimate.

43. The 2022 review of estimated useful lives had the objective of determining whether, based on Umoja data and experience to date, revising useful life assumptions for future asset acquisitions would provide more relevant and reliable information. The review concluded that 13 of the 25 asset subclasses in the table below should have revised estimated useful lives. The estimated useful lives of property, plant and equipment classes are set out below.

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4–5 years[a]
	Communications	7–8 years[a]
	Audiovisual equipment	7–10 years[a]
Vehicles	Light-wheeled vehicles	6–7 years[a]
	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[a]
	Medical equipment	5–6 years[a]
	Security and safety equipment	5–6 years[a]
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7–10 years[a]
	Ground transportation equipment	7–10 years[a]
	Heavy engineering and construction equipment	10–12 years[a]
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4–5 years[a]
	Fixtures and fittings	7–10 years[a]
	Furniture	10 years
Buildings	Temporary and mobile buildings	7–10 years[a]
	Fixed buildings	Up to 50 years
	Major building components	Up to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
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

[a] In 2023, following the review of the estimates of the periods over which asset subclasses are expected to be available for use, estimated useful lives for 12 subclasses were increased by between one and three years and 1 subclass, heavy engineering and construction equipment, was reduced by two years. These changes are applicable to acquisitions on or after 1 January 2023.

44. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation and property, plant and equipment are incorporated into the financial statements to reflect a residual value of 10 per cent of

historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

45. Peacekeeping operations selected the cost model, instead of the revaluation model, for the measurement of property, plant and equipment after initial recognition. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to peacekeeping operations and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

46. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from the carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

47. Impairment assessments are conducted during the annual physical verification process and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value greater than $500,000 are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000.

Intangible assets[1]

48. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are $100,000 per unit for internally generated intangible assets and $20,000 per unit for externally acquired intangible assets.

49. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by peacekeeping operations are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

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

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

[1] No intangible assets with an indefinite useful life were recorded in 2022/23.

Financial liabilities: classification

51. Financial liabilities are classified as other financial liabilities. They include accounts payable, unspent funds held for future refund and other liabilities such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with durations of fewer than 12 months are recognized at their nominal value. Peacekeeping operations re-evaluate the classification of financial liabilities at each reporting date and derecognize financial liabilities when contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued expenses

52. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. Payables are measured at their nominal value if classified as current liabilities, or at the fair value, if classified as non-current liabilities.

Advance receipts and other liabilities

53. Advance receipts are contributions received for future periods. Other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the peacekeeping operations as lessee[2]

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

55. Leases in which all of the risks and rewards of ownership are not substantially transferred to a peacekeeping operation are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Leases: the peacekeeping operations as lessor

56. Peacekeeping operations lease out (act as a lessor) certain assets under operating leases. Assets subject to operating leases are reported under property, plant and equipment. Lease revenue from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

Donated rights to use

57. The right to use land, buildings, infrastructure assets, machinery and equipment is frequently granted to peacekeeping operations, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an

[2] No finance lease contracts were recorded in 2022/23.

assessment of the agreement indicates that control of the underlying asset is transferred to the peacekeeping operation.

58. When a donated right-to-use arrangement is classified as an operating lease, an expense and corresponding revenue equal to the annual market rent of a similar property are recognized in the financial statements. Where a donated right-to-use arrangement is classified as a finance lease (principally with a lease term of more than 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the term of the arrangement or the useful life of the property. In addition, a liability for the same amount is recorded and progressively recognized as revenue over the lease term.

59. Donated right-to-use land arrangements are accounted for as operating leases where the peacekeeping operation does not have exclusive control and title to the land is not transferred under restricted deeds. Where title to land is transferred to the peacekeeping operation without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

60. The thresholds for the recognition of revenue and expenses are yearly rental value equivalent of $20,000 for each donated right-to-use arrangement for land, buildings or infrastructure assets and $5,000 per item for machinery and equipment assets.

Employee benefits

61. Employees are staff members, as described under Article 97 of the Charter, whose employment and contractual relationship with a peacekeeping operation are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

62. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily, weekly or monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid as at the reporting date are recognized as current liabilities within the statement of financial position.

63. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. Given that home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

64. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension provided through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

65. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the Organization (other long-term benefit). Defined-benefit plans are those where peacekeeping operations have an obligation to provide agreed benefits and therefore bear the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. Peacekeeping operations have elected to recognize changes in the liability valuation from actuarial gains and losses directly through the statement of changes in net assets. As at the reporting date, peacekeeping operations did not hold any plan assets as defined under IPSAS 39: Employee benefits.

66. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

67. **After-service health insurance**. Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of peacekeeping operations of medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the residual liability of peacekeeping operations. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the residual liability of peacekeeping operations in accordance with the cost-sharing ratios authorized by the General Assembly.

68. **Repatriation benefits**. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation benefits, comprising a repatriation grant based upon length of service and travel and removal expenses. A liability is recognized from when the staff member joins a peacekeeping operation and is measured as the present value of the estimated liability for settling these entitlements.

69. **Annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the Organization. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members gain access to current period leave entitlements before they gain access to accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Organization.

The accumulated annual leave benefit reflecting the outflow of economic resources from the Organization at end of service is therefore classified as "other long-term benefit", noting that the portion of the accumulated annual leave benefit that is expected to be settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly as post-employment benefits; therefore, the peacekeeping operation values its accumulated annual leave benefit liability as a defined post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

70. Peacekeeping operations constitute 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 Pension Fund is a funded, multi-employer defined-benefit plan. As specified under article 3 (b) of the Regulations of the Pension 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. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the plan. Peacekeeping operations and the Pension Fund, in line with other participating organizations in the Fund, are not in a position to identify their proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, peacekeeping operations have treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 39: Employee benefits. Contributions by peacekeeping operations to the plan during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

71. Termination benefits are recognized as an expense only when the peacekeeping operation is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits will 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

72. 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 a long-term employee benefit.

73. Appendix D to the Staff Regulations and Rules 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 or losses in the liability are recognized in the statement of changes in net assets.

Provisions

74. Provisions are liabilities recognized for future expenditure of an uncertain amount or timing. A provision is recognized if, as a result of a past event, the peacekeeping operation 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 provision is measured as the best estimate of the amount required to settle the present obligation as at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

75. Uncommitted balances of the current-year appropriations and expired balances of the appropriations retained from prior years are required to be surrendered to the Member States. Investment income and other income are also returned to the Member States, together with the surrendered appropriations. At the reporting date, provisions are made for the surplus balances to be returned to the Member States with an adjustment to net assets. The surplus balances remain as provisions until the General Assembly decides the manner of their disposal.

Contingent liabilities

76. Contingent liabilities represent possible obligations 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 control of peacekeeping operations, or present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations or because the amount of the obligations cannot be reliably measured.

Contingent assets

77. Contingent assets represent 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 control of peacekeeping operations.

Commitments

78. Commitments are future expenses that are to be incurred on contracts entered into by the reporting date and that peacekeeping operations have minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to peacekeeping operations in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

79. Assessed contributions for peacekeeping operations are assessed and approved for a one-year budget period. Assessed contributions are recognized as revenue at the beginning of the year.

80. Assessed contributions include the amounts assessed to the Member States to finance the activities of the peacekeeping operations in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-member States is presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

81. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time the agreement becomes binding, which is the point when a peacekeeping operation is deemed to acquire control of the asset. Where cash is received subject to specific conditions, however, recognition is deferred until those conditions have been satisfied.

82. Voluntary pledges and other promised donations that are not supported by binding agreements with terms of offer and acceptance are recognized as revenue upon the receipt of cash. Unused funds returned to the donor are netted against revenue (if those funds are recognized as revenue during the year) or shown as a reduction of net assets if the funds were recognized in the previous year.

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

84. In-kind contributions of goods above the recognition threshold of $20,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to peacekeeping operations and the fair value of those assets can be measured reliably. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment, a lower threshold of $5,000 applies. Contributions in kind are initially measured at their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals. Peacekeeping operations have elected not to recognize in-kind contributions of services but to disclose in-kind contributions of services above the threshold of $20,000 in the notes to the financial statements.

Exchange revenue

85. Exchange transactions are those where peacekeeping operations sell goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed. As a practical expedient, operationally, revenues may be billed in advance, with service provision following shortly thereafter;

(b) Exchange revenue also includes income from the rental of premises, the sale of used or surplus property and income from net gains resulting from currency exchange adjustments.

Investment revenue

86. Investment revenue includes the share of peacekeeping operations of net cash pool income and other interest income. The net cash pool income includes any gains or losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are attributable directly to investment activities are netted against income and the net income is distributed proportionately to all cash pool participants on the basis of their average daily balances. The cash pool income also includes the value of unrealized market gains and losses on securities, which is distributed proportionately to all participants on the basis of year-end balances.

Expenses

87. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered, and services are rendered, regardless of the terms of payment.

88. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, including pension and insurance subsidies, staff mission subsistence, assignment, repatriation, hardship and other allowances. Expenses for contingent contracted services relate to troop costs, contingent self-sustainment costs, contingent-owned equipment and contingent operations reimbursements, and compensation for troop death and disability costs. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers, consultant fees, mission subsistence and clothing allowances, and death and disability, residential security and welfare costs for military observers and civilian police. Supplies and consumables expenses relate to spare parts and supplies for facilities, vehicles, machinery and equipment, and communications and information technology equipment, in addition to petroleum, oil and lubricant costs. This category of expenses also includes rations, medical supplies, uniforms and safety and security supplies. Grants and other transfers include outright grants and transfers to implementing agencies and partners for quick-impact projects as well as other direct support costs. Travel expenses include transportation, allowances and other related costs for staff and non-staff. Other operating expenses include maintenance, contractual services, rental of aircraft, mine action services, security services, shared services, rental of facilities, insurance, contributions-in-kind expenses, allowance for bad debt and write-off expenses. Other expenses relate to hospitality and official functions, and ex gratia and compensation claims.

Note 4
Segment reporting

89. 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.

90. United Nations peacekeeping classifies its operations into three segments:

(a) Active missions

- UNFICYP
- UNDOF
- UNIFIL
- MINUSMA
- UNMIK
- MONUSCO
- UNMISS
- MINUSCA
- UNSOS
- UNISFA
- MINURSO

(b) Closed missions

- MINUJUSTH
- UNMIL
- UNOCI
- UNSMIS
- UNMIT
- UNMIS
- MINURCAT
- UNOMIG
- UNMEE
- ONUB
- UNAMSIL/UNOMSIL
- UNMISET/UNTAET

- UNIKOM
- UNMIBH
- UNMOT
- MIPONUH/UNSMIH/UNTMIH
- MINURCA
- MONUA/UNAVEM
- UNPREDEP
- UNTAES/UNPSG
- UNOMIL
- UNPF
- MINUGUA
- UNMIH
- UNAMIR/UNOMUR
- ONUSAL
- ONUMOZ
- UNSOM
- UNMLT
- UNTAC
- UNTAG
- UNIIMOG
- UNEF (1956)
- ONUC
- UNAMID[3]

(c) Support activities

- Peacekeeping Reserve Fund
- Support account for peacekeeping operations
- UNLB/strategic deployment stocks
- RSCE
- Employee benefits funds
- Peacekeeping cost recovery

91. The segment revenue, expenses, assets and liabilities are set out below.

Segment performance and position, 30 June 2023
(Thousands of United States dollars)

Current year	*Active missions*	*Closed missions*	*Support activities*	*Eliminations*	*Total 2022/23*
Segment revenue					
Assessed contributions	6 493 937	–	–	–	6 493 937
Voluntary contributions	330 490	–	5 768	–	336 258
Transfers and allocations	–	–	472 772	(470 631)[a]	2 141
Other external sources	50 354	9 034	169 220	(71 268)[b]	157 340
Total revenue	**6 874 781**	**9 034**	**647 760**	**(541 899)**	**6 989 676**
Total segment expense	**6 873 048**	**178 549**	**716 966**	**(541 899)**	**7 226 664**
Surplus/(deficit) for the year	**1 733**	**(169 515)**	**(69 206)**	–	**(236 988)**
Segment assets	3 902 668	363 462	551 321	(387 570)[c]	4 429 881
Segment liabilities	2 099 003	525 312	1 680 779	(387 570)[c]	3 917 524
Total net assets	**1 803 665**	**(161 850)**	**(1 129 458)**	–	**512 357**
Capital expenditure	**150 985**	**–**	**28 516**	**–**	**179 501**

[a] Allocation from active missions to support activities.
[b] $59.968 million for cost recovery between missions, $8.128 million for the transfer of strategic deployment stocks to peacekeeping missions and the transfer of inventory and equipment between peacekeeping missions, and $3.172 million for the allocation from active missions to the reserve fund for workers' compensation.
[c] $387.549 million in cross-borrowings between missions and $0.021 million in receivables and payables between missions.

[3] UNAMID ended its mandate on 31 December 2020 and is currently in closing status.

Segment performance and position, 30 June 2022
(Thousands of United States dollars)

Current year	*Active missions*	*Closed missions*	*Support activities*	*Eliminations*	*Total 2021/22*
Segment revenue					
Assessed contributions	6 343 524	–	–	–	6 343 524
Voluntary contributions	333 154	–	5 107	–	338 261
Transfers and allocations	–	–	458 313	(456 493)[a]	1 820
Other external sources	23 763	2 108	158 286	(98 899)[b]	85 258
Total revenue	**6 700 441**	**2 108**	**621 706**	**(555 392)**	**6 768 863**
Total segment expense	**6 954 783**	**3 705**	**688 211**	**(555 392)**	**7 091 307**
(Deficit) for the year	**(254 342)**	**(1 597)**	**(66 505)**	**–**	**(322 444)**
Segment assets	4 116 321	282 806	557 419	(216 328)[c]	4 740 218
Segment liabilities	2 311 662	277 868	1 641 477	(216 328)[c]	4 014 679
Total net assets	**1 804 659**	**4 938**	**(1 084 058)**	**–**	**725 539**
Capital expenditure	**143 495**	**–**	**25 401**	**–**	**168 896**

[a] Allocation from active missions to support activities.
[b] $73.721 million for cost recovery between missions, $22.104 million for the transfer of strategic deployment stocks to peacekeeping missions and the transfer of inventory and equipment between peacekeeping missions, and $3.074 million for the allocation from active missions to the reserve fund for workers' compensation.
[c] Cross-borrowings between missions.

Note 5
Comparison to budget

92. Statement V, the statement of comparison of budget and actual amounts, presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

93. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each mission under Assembly resolutions.

94. Prorated costs relating to the support account for peacekeeping operations, UNLB and RSCE are calculated in accordance with the note by the Secretary-General on their financing (A/C.5/76/26).

Material differences

95. The original budget amounts are the appropriations and voluntary contributions approved on 30 June 2022 by the General Assembly for the financial year from 1 July 2022 to 30 June 2023. The final budget reflects the original budget appropriation with any amendments by the Assembly and commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions.

96. Material differences between the final budget appropriation and actual expenditure on a modified accrual basis are deemed to be those greater than 5 per cent. For the 2023 budget period, there were no such material differences, as shown below.

Mission	*General Assembly resolution*	*Note*
UNFICYP	76/283	Non-material difference
UNDOF	76/289 and 77/291 A	
UNIFIL	76/290	
MINURSO	76/292	
UNMIK	76/287	
MONUSCO	76/284	
UNSOS	76/293	
UNISFA	76/281 and 77/290 A	
UNMISS	76/291 and 77/292 A	
MINUSMA	76/288	
MINUSCA	76/282	
Support account	76/279	
UNLB – other activities	76/277	
RSCE	76/278	

97. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of cash flows (statement IV) is reflected in the table below.

Reconciliation of actual amounts on a comparable basis to statement of cash flows for the year ended 30 June 2023
(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amount on comparable basis (statement V)	**(6 383 371)**	–	–	**(6 383 371)**
Basis differences	(1 040 385)	(172 840)	–	(1 213 225)
Presentation differences	6 989 676	539 768	–	7 529 444
Actual amount in statement of cash flows (statement IV)	**(434 080)**	**366 928**	–	**(67 152)**

98. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results with the statement of cash flows, the modified cash elements, such as commitments against budget, must be eliminated. These commitments do not represent cash flows while they pertain to budgetary expenditures. Similarly, IPSAS-specific differences such as payments against prior year commitments and investing cash flows relating to acquisition of property, plant and equipment or intangible assets are included to reconcile the budgetary results to the statement of cash flows.

99. Entity differences represent cash flows of fund groups other than those of peacekeeping operations that are reported in the financial statements. The financial statements include results for all fund groups.

100. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. Given that the budget reflects the reporting period, there are no timing differences.

101. Presentation differences are differences in the format and classification approaches adopted for the presentation of the statement of cash flows and the statement of comparison of budget and actual amounts. An example of a format and classification difference would be that the amounts included in the comparison of budget and actual amounts are not separated into operating, investing and financing activities, as classified in the statement of cash flows. Generally, all expenditure included in the budgets of peacekeeping operations are considered for operating purposes and the expectation is therefore that the total for actual amounts on a comparable basis would be shown as an operating cash flow. An example of a presentation difference would include net changes in cash pool balances.

Note 6
Cash and cash equivalents

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Cash at bank and on hand	2 772	2 645
Cash pool cash and term deposits – original maturity of three months or less	202 900	270 179
Total cash and cash equivalents	**205 672**	**272 824**

Note 7
Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Assessed contributions	2 474 020	2 291 818
Allowance for doubtful receivables	(647 445)	(640 820)
Total assessed contributions receivable	**1 826 575**	**1 650 998**

Note 8
Receivables from non-exchange transactions: voluntary contributions

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Voluntary contributions	5 196	5 106
Allowance for doubtful receivables	(5 196)	(5 106)
Total voluntary contributions receivable	–	–

Note 9
Other receivables

(Thousands of United States dollars)

	30 June 2023	30 June 2022
Member States	173 676	176 570
Receivables from United Nations-related party entities	20 332	13 599
Other exchange revenue receivables	14 065	10 049
Allowance for doubtful receivables	(157 259)	(154 434)
Total other receivables	**50 814**	**45 784**

Note 10
Inventories

102. Inventory balances held as at 30 June 2023 increased by 8.8 per cent compared with the balances held the previous year. The levels of purchases and consumption decreased by 3 per cent and 14 per cent, respectively.

(Thousands of United States dollars)

	Strategic reserves	*Consumables and supplies*	*Total*
Opening inventory as at 1 July 2021	**80 824**	**265 831**	**346 655**
Purchase	56 628	328 415	385 043
Consumption	(64 897)	(331 332)	(396 229)
Impairment and write-offs	–	(5 812)	(5 812)
Total inventory as at 30 June 2022	**72 555**	**257 102**	**329 657**
Purchase	51 993	320 986	372 979
Consumption	(47 433)	(292 259)	(339 692)
Impairment and write-offs	(105)	(4 336)	(4 441)
Total inventory as at 30 June 2023	**77 010**	**281 493**	**358 503**

Note 11
Other assets

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Deferred charges	16 416	17 399
Advances to UNDP and other United Nations agencies	17 335	15 039
Advances to military and other personnel	3 473	4 006
Advances to staff	3 435	2 528
Advances to vendors	2 182	897
Advance transfers	24 343	2 716
Other	679	750
Total other assets	**67 863**	**43 335**

Note 12
Property, plant and equipment

103. The net book value of property, plant and equipment as at 30 June 2023 was $1,161.0 million (2021/22: $1,166.4 million). The total cost of acquisitions during 2023 was $179.5 million (2021/22: $168.9 million). The effect of the change in estimated useful lives in 13 asset subclasses effective January 2023 was not material.

104. During the year, peacekeeping operations disposed of property, plant and equipment in the amount of $9.5 million (2021/22: $78.8 million), at net book value. Equipment was written down by $7.0 million (2021/22: $16.5 million), owing mainly to normal wear and tear of $4.7 million (2021/22: $1.1 million) and surplus items of $1.3 million (2021/22: $10.0 million), as well as hostile actions, items reported lost and theft of $0.8 million (2021/22: $3.4 million), and damage, accidents and malfunctions of $0.2 million (2021/22: $2.0 million). Buildings and infrastructure were written down by $2.5 million (2021/22: $62.3 million), with the full loss attributable to items that were uneconomical to recover (2021/22: $42.4 million).

105. During the year, no asset was reported as impaired (2021/22: $0.1 million).

106. Peacekeeping operations had no significant heritage assets as at the reporting date (2021/22: none).

Property, plant and equipment: 2022/23

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Cost as at 1 July 2022	**923 203**	**496 561**	**422**	**3 712**	**304 379**	**649 422**	**391 645**	**57 518**	**2 826 862**
Additions	30 566	15 134	–	–	21 347	43 851	30 268	38 335	179 501
Disposals[a]	(11 653)	(8 123)	–	(86)	(21 802)	(34 335)	(15 418)	(865)	(92 282)
Completed assets under construction	6 736	32 487	–	–	–	–	–	(39 223)	–
Cost as at 30 June 2023	**948 852**	**536 059**	**422**	**3 626**	**303 924**	**658 938**	**406 495**	**55 765**	**2 914 081**
Accumulated depreciation and impairment as at 1 July 2022	**(517 911)**	**(209 298)**	**(422)**	**(2 819)**	**(228 983)**	**(455 551)**	**(245 524)**	**–**	**(1 660 508)**
Depreciation	(46 786)	(27 901)	–	(146)	(24 525)	(34 924)	(30 978)	–	(165 260)
Disposals[a]	11 509	1 647	–	86	20 324	26 671	12 432	–	72 669
Impairment	–	–	–	–	–	–	–	–	–
Accumulated depreciation and impairment as at 30 June 2023	**(553 188)**	**(235 552)**	**(422)**	**(2 879)**	**(233 184)**	**(463 804)**	**(264 070)**	**–**	**(1 753 099)**
Net carrying amount									
1 July 2022	405 292	287 263	–	893	75 396	193 871	146 121	57 518	1 166 354
Net carrying amount 30 June 2023	**395 664**	**300 507**	**–**	**747**	**70 740**	**195 134**	**142 425**	**55 765**	**1 160 982**

[a] $10.0 million in net asset transfers have been reported under disposals.

Property, plant and equipment: 2021/22

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Cost as at 1 July 2021	**943 337**	**571 722**	**422**	**3 909**	**336 937**	**734 857**	**421 729**	**44 908**	**3 057 821**
Additions	54 917	4 571	–	(11)	19 858	26 671	32 191	30 699	168 896
Disposals[a]	(79 796)	(93 076)	–	(186)	(52 416)	(112 106)	(62 275)	–	(399 855)
Completed assets under construction	4 745	13 344	–	–	–	–	–	(18 089)	–
Cost as at 30 June 2022	**923 203**	**496 561**	**422**	**3 712**	**304 379**	**649 422**	**391 645**	**57 518**	**2 826 862**
Accumulated depreciation and impairment as at 1 July 2021	**(517 902)**	**(237 957)**	**(422)**	**(2 916)**	**(259 572)**	**(522 954)**	**(268 504)**	**–**	**(1 810 227)**
Depreciation	(52 068)	(27 854)	–	(89)	(21 143)	(34 477)	(32 959)	–	(168 590)
Disposals[a]	52 188	56 513	–	186	51 732	101 880	55 939	–	318 438
Impairment	(129)	–	–	–	–	–	–	–	(129)
Accumulated depreciation and impairment as at 30 June 2022	**(517 911)**	**(209 298)**	**(422)**	**(2 819)**	**(228 983)**	**(455 551)**	**(245 524)**	**–**	**(1 660 508)**
Net carrying amount									
1 July 2021	425 435	333 765	–	993	77 365	211 903	153 225	44 908	1 247 594
Net carrying amount 30 June 2022	**405 292**	**287 263**	**–**	**893**	**75 396**	**193 871**	**146 121**	**57 518**	**1 166 354**

[a] $2.664 million in net asset transfers have been reported under disposals.

Note 13
Intangible assets

(Thousands of United States dollars)

	Software developed internally	*Licence rights*	*Assets under development*	*Total*
Opening cost 1 July 2022	**4 853**	**282**	**303**	**5 438**
Additions	–	–	240	240
Total cost 30 June 2023	**4 853**	**282**	**543**	**5 678**
Opening accumulated amortization 1 July 2022	**(2 650)**	**(256)**	**–**	**(2 906)**
Amortization	(434)	(26)	–	(460)
Closing accumulated amortization 30 June 2023	**(3 084)**	**(282)**	**–**	**(3 366)**
Net book value 1 July 2022	2 203	26	303	2 532
Net book value 30 June 2023	**1 769**	**–**	**543**	**2 312**

107. The final approved budget for the Umoja project up to 31 December 2022 was $590.8 million. During the current financial period, peacekeeping operations contributed $17.2 million (2021/22: $15.8 million) to Umoja-related expenditure, bringing the total contributions to $416.4 million as at 30 June 2023. Capitalizable expenditure related to Umoja is reported as an intangible asset in the financial statements of the United Nations, volume I, and the cost-sharing of peacekeeping operations is expensed in these financial statements.

108. The same cost-sharing arrangements that existed during the project phase, in which 62 per cent was received from the support account, were to remain in place until 2023.

Note 14
Accounts payable

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Accruals for goods and services	482 906	339 318
Vendor payables	161 831	192 341
Payables to United Nations related party entities	18 310	7 234
Transfers payable	919	390
Other	11 258	12 017
Subtotal accounts payable and accrued liabilities	**675 224**	**551 300**
Member States accounts payable	1 041 618	1 151 126
Total accounts payable	**1 716 842**	**1 702 426**

Note 15
Advance receipts

109. Advance receipts relate to contributions received that will be applied to the subsequent years’ assessment, as well as deferred income.

(Thousands of United States dollars)

	30 June 2023	30 June 2022
Advance receipts from Member States	47 503	329 877
Deferred income	12 809	13 323
Total advance receipts	**60 312**	**343 200**

Note 16
Employee benefits liabilities

(Thousands of United States dollars)

	Current	Non-current	Total
30 June 2023			
After-service health insurance	11 439	1 277 630	1 289 069
Annual leave	5 392	100 369	105 761
Repatriation benefits	11 419	183 985	195 404
Subtotal defined-benefit liabilities	**28 250**	**1 561 984**	**1 590 234**
Accrued salaries and allowances	49 066	74	49 140
Appendix D/workers' compensation	1 587	35 753	37 340
Total employee benefits liabilities	**78 903**	**1 597 811**	**1 676 714**
30 June 2022			
After-service health insurance	9 391	1 199 589	1 208 980
Annual leave	6 251	102 649	108 900
Repatriation benefits	13 181	193 371	206 552
Subtotal defined-benefit liabilities	**28 823**	**1 495 609**	**1 524 432**
Accrued salaries and allowances	54 418	–	54 418
Appendix D/workers' compensation	2 162	48 701	50 863
Total employee benefits liabilities	**85 403**	**1 544 310**	**1 629 713**

110. The liabilities arising from post-employment benefits and the workers' compensation programme under appendix D to the Staff Regulations and Rules are determined by independent actuaries. The full actuarial valuation for after-service health insurance, annual leave and repatriation benefits is usually undertaken every two years, with a rolled forward valuation performed between full valuation cycles. The most recent full actuarial valuation was conducted as at 31 December 2021, followed by the rolled forward valuation as at 31 December 2022. The balances as at 30 June 2023 represent a roll forward of the December 2022 valuation results.

111. The after-service health insurance programme provides eligible staff members with continued health insurance coverage throughout their retirement under the same health insurance schemes available to active United Nations staff. Premium rates established for all such health plans are reviewed and, where necessary, revised annually to ensure that a sufficient level of operational reserves is available to maintain each plan.

112. The General Assembly establishes ratios for the share of contributions of the Organization and the staff to the United Nations health insurance plans. Currently, contribution ratios between the Organization and active and retired staff for the health insurance plans are 2 to 1 for all United States-based plans, 1 to 1 for non-United States-based plans administered by Headquarters, and 3 to 1 for the Medical Insurance Plan.

113. The after-service health insurance programme is funded on a pay-as-you-go basis as medical benefits are accessed by retirees, with increasing costs attributable notably to changing demographics, improved life expectancy and the increased cost of health-care services. To address the growing costs of health insurance, the Organization has over the years adopted cost containment initiatives while ensuring that participants continue to have access to appropriate insurance coverage to meet their health-care needs. Health insurance costs are controlled by the manner in which the plans are structured and through ongoing reviews of plan provisions and benefits offered. To manage the inherent risks related to funding, the Organization periodically carries out a funding study of the after-service health insurance program in order to analyse and explore options for the improvement of efficiency and the containment of costs and liabilities associated with the Organization's health insurance obligations.

114. The principal actuarial assumptions used to determine the employee benefits obligations on 30 June 2023 and 30 June 2022 are shown below. Discount rates and health-care cost trend rates were updated as at 30 June 2023. Demographic and salary increase assumptions were updated as at 31 December 2021, with all other assumptions being retained from the previous full valuation. The estimated duration of the after-service health insurance liability is 20 years as at 30 June 2023.

Actuarial assumptions

(Percentage)

Assumption	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates (30 June 2023)	5.09	5.06	5.08
Discount rates (30 June 2022)	4.80	4.53	4.60

115. The updated yield curves of Aon Hewitt, a human capital and management consulting firm, were used for discount rate assumptions. The United Nations system Task Force on Accounting Standards approved the use of the United States dollar, the eurozone and the Swiss franc yield curves for the actuarial valuation. The above rates are based on the assumption that most cash flows occur in United States dollars except for: (a) the GKK (Wiener Gebietskrankenkasse), the supplemental medical insurance plan and the full medical insurance plan, which use the eurozone yield curve; and (b) the United Nations Staff Mutual Insurance Society against Sickness and Accidents plan, which uses the Swiss franc yield curve. For currencies other than the United States dollar, the euro or the Swiss franc, the United States dollar was used as a proxy for the discount rate computation.

116. Another assumption that had an impact on the actuarially valued employee benefits liabilities, in addition to the discount rates discussed above, included changes in the per capita claims cost by age. The table below shows the per capita claims cost assumption at 65 years old.

Per capita claims cost

(United States dollars)

Plan	*30 June 2023*	*30 June 2022*
United States plans		
Aetna/HIP/HMO – no Medicare	16 864	15 364
Aetna/HIP/HMO – Medicare	11 714	10 671
Blue Cross – no Medicare	13 405	12 213
Blue Cross – Medicare	11 462	10 442
Cigna Dental	1 121	1 043
Non-United States plans		
UNSMIS	7 444	6 867
Cigna WWP/FMIP/SMIP/GKK	3 942	3 622
MIP	2 215	2 036

Abbreviations: FMIP, full medical insurance plan; GKK, Wiener Gebietskrankenkasse; HIP, health insurance plan of New York; HMO, health maintenance organization; MIP, medical insurance plan; SMIP, supplemental medical insurance plan; UNSMIS, United Nations Staff Mutual Insurance Society against Sickness and Accidents; WWP, worldwide plan.

117. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care 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 were based on the Aon Hewitt long-term assumption. The age-related increases in claims used in the actuarial valuation have been maintained since 30 June 2021.

Health-care cost trend assumptions

(Percentage)

	30 June 2023			*30 June 2022*		
	Initial	*Final*	*Grade down*	*Initial*	*Final*	*Grade down*
United States non-Medicare	6.50	3.85	9 years	5.14	3.65	10 years
United States Medicare	6.50	3.85	9 years	5.00	3.65	10 years
United States dental	6.50	3.85	9 years	4.50	3.65	10 years
Non-United States, Switzerland	4.25	2.55	6 years	3.47	2.45	7 years
Non-United States, eurozone	5.20	4.15	11 years	3.95	3.95	None

118. The estimated duration of the annual leave liability was 8 years as at 30 June 2023.

119. Regarding the valuation of repatriation benefits, inflation in travel costs was assumed to be 2.5 per cent on the basis of the projected United States inflation rate over the next 20 years. The estimated duration of the repatriation grant liability was 7 years as at 30 June 2023.

120. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Pre-retirement mortality, as well as withdrawal and retirement assumptions, are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. In line with the recommendations of the United Nations system Task Force on Accounting Standards, the post-retirement mortality table applied for the December 2021 and June 2022

valuations is the weighted headcount mortality table provided by Buck, a firm that provides pensions and employee benefits consulting services.

Movement in employee benefits liabilities accounted for as defined-benefits plans

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Net defined-benefit liability at 1 July	**1 524 432**	**2 071 233**
Current service cost	60 581	98 546
Interest cost	74 872	65 585
Benefits paid	(59 216)	(52 737)
Total net costs recognized in the statement of financial performance	**76 237**	**111 394**
Actuarial gains recognized directly in the statement of changes in net assets[a]	(10 435)	(658 195)
Due to changes in financial assumptions	*(10 435)*	*(540 830)*
Due to changes in demographic assumptions	–	*3 885*
Due to experience adjustment	–	*(121 250)*
Net defined-benefit liability at 30 June	**1 590 234**	**1 524 432**

[a] Cumulative amount of actuarial gains and losses recognized in the statement of changes in net assets is a net gain of $731.637 million (2021/22: net gain of $721.202 million).

Discount rate sensitivity analysis

121. Should the discount rate assumption vary by 0.5 per cent, its impact on the obligations would be as shown below.

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
30 June 2023			
Increase of discount rate by 0.5 per cent	(115 932)	(6 549)	(3 993)
As a percentage of end-of-year liability	(9)	(3)	(4)
Decrease of discount rate by 0.5 per cent	128 025	6 809	4 170
As a percentage of end-of-year liability	10	3	4
30 June 2022			
Increase of discount rate by 0.5 per cent	(128 710)	(6 779)	(4 077)
As a percentage of end-of-year liability	(11)	(3)	(4)
Decrease of discount rate by 0.5 per cent	150 447	7 212	4 370
As a percentage of end-of-year liability	12	3	4

Medical cost sensitivity analysis

122. 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 due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. 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.

(Thousands of United States dollars)

	30 June 2023		30 June 2022	
	Increase	*Decrease*	*Increase*	*Decrease*
0.5 per cent movement in the assumed medical cost trend rates				
Effect on the after-service health insurance defined-benefit liabilities	154 139	(133 593)	144 921	(125 507)
Effect on the aggregate of the current service cost and interest cost	17 323	(14 791)	14 448	(12 328)

123. The claims cost sensitivity analysis, at 65 years, is presented below.

(Thousands of United States dollars)

Scenario	*After-service health insurance defined-benefit liability at 30 June 2023*	*Impact*	*Impact (percentage)*
Central	1 289 069	–	–
Increase by 1 per cent	1 301 853	12 784	1.0
Decrease by 1 per cent	1 276 286	(12 783)	(1.0)

124. The sensitivity analysis for changes in life expectancy is summarized below.

(Thousands of United States dollars)

Scenario	*After-service health insurance defined-benefit liability at 30 June 2023*	*Impact*	*Impact (percentage)*
Central	1 289 069	–	–
Increase by 1 year	1 345 432	56 362	4.4
Decrease by 1 year	1 233 877	(55 193)	(4.3)

Other defined-benefit plan information

125. The benefits paid 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.

Benefits paid, net of participant contributions

(Thousands of United States dollars)

Year ended	*After-service health insurance*	*Repatriation benefits*	*Annual leave*	*Total*
30 June 2023	21 589	25 533	12 094	59 216
30 June 2022	18 920	23 704	10 113	52 737

Historical information: total after-service health insurance, annual leave and repatriation defined-benefits liability, as at 30 June

(Thousands of United States dollars)

	2022	*2021*	*2020*	*2019*	*2018*
Present value of defined-benefit obligations	1 524 432	2 071 233	1 911 640	2 013 922	1 647 923

Accrued salaries and allowances

126. Other accrued salaries liabilities as at the reporting date include accruals for home leave of $23.4 million (2021/22: $25.5 million), repatriation and resettlement allowances of $5.8 million (2021/22: $5.9 million), family visits of $1.1 million (2021/22: $0.5 million), compensatory time off of $2.1 million (2021/22: $1.9 million) and other accrued salaries and other benefits of $16.7 million (2021/22: $20.6 million).

Fund for peacekeeping compensation payments: appendix D/workers' compensation

127. The fund for compensation payments relates to death, injury or illness attributable to the performance of official duties. The rules governing the compensation payments are under appendix D to the Staff Regulations and Rules. The fund derives its revenue from a charge of 0.5 per cent of net base salary, including post adjustment, which is recorded as employee expenses against the budgets of peacekeeping missions. The fund covers appendix D claims submitted by peacekeeping personnel, covering monthly death and disability benefits and lump-sum payments for injury or illness as well as medical expenses.

128. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are adjusted for cost-of-living allowance and for mortality and then discounted to present value. Obligations as at 30 June 2023, estimated at $37.3 million, are based on a roll forward of the 31 December 2022 valuation. The cost-of-living adjustment used in the valuation on 30 June 2023 was 2.4 per cent (2021/22: 2.5 per cent). Mortality assumptions are based on WHO statistical tables. As with defined-benefit liabilities, Aon Hewitt yield curves are used in determining discount rates.

129. The sensitivity analysis looks at the change in liability resulting from changes in the cost-of-living adjustment and in the discount rates. A change of 1 per cent would have an impact on the measurement of the appendix D obligation as shown below.

(Thousands of United States dollars)

	30 June 2023	*30 June 2022*
Increase of cost-of-living adjustment by 1 per cent	4 765	8 315
As a percentage of end-of-year liability	13	16
Decrease of cost-of-living adjustment by 1 per cent	(3 822)	(6 413)
As a percentage of end-of-year liability	(10)	(13)
Increase of discount rate by 1 per cent	(3 795)	(6 542)
As a percentage of end-of-year liability	(10)	(13)
Decrease of discount rate by 1 per cent	4 106	8 300
As a percentage of end-of-year liability	11	16

United Nations Joint Staff Pension Fund

130. It is stated in the Regulations of the United Nations Joint Staff Pension Fund that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by a consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

131. The financial obligation of the United Nations peacekeeping operations to the Pension Fund consists of mandated contributions, based on rates established by the

General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Pension 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 Pension Fund as at the valuation date. Each member organization shall contribute to remedying this deficiency with an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

132. The latest actuarial valuation for the Pension Fund was completed as at 31 December 2021, and a roll forward of the participation data as at 31 December 2021 to 31 December 2022 was used by the Pension Fund for its 2022 financial statements.

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

134. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2021, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

135. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Note 17
Provisions

136. The peacekeeping missions are subject to a variety of claims that arise in the course of their operations. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, several commercial claims for non-performance or breach of contract and non-consensual use of premises were pending against several peacekeeping operations in various locations. As at 30 June 2023, the amount to settle these cases was estimated at $9.7 million (2021/22: $8.1 million), including $6.2 million (2021/22: $7.7 million) carried over from the prior year. A provision of $0.4 million (2021/22: $1.3 million) was established for administrative cases brought by current or former employees. The timing of the outflows for these commercial claims and administrative cases is estimated to be within one year.

137. The restoration provisions of $11.3 million (2021/22: $11.3 million) to return premises to their original shape and condition upon vacation of the premises includes new provisions of $0.4 million for MINUSCA. The timing of the outflows for restoration provisions cannot be reasonably estimated. The restructuring provision comprises the estimated agreed termination costs for the downsizing of MINUSMA in the amount of $17.0 million and will be disposed of in the next year.

138. Provisions have been made in the amount of $274.3 million (2021/22: $214.1 million) for credits to Member States. The credits to Member States for active missions comprise uncommitted appropriations of $78.1 million (2021/22: $48.0 million), investment revenue, other revenue and prior-period adjustment of $90.7 million (2021/22: $18.6 million) and cancellation of prior-period commitments

amounting to $105.5 million (2021/22: $147.5 million). Provisions of $91.7 million were retained for UNMIL, MINUSTAH/MINUJUSTH and UNAMID. Those provisions totalled $366.0 million (2021/22: $259.4 million). The disposal of these provisions for credits to Member States will be decided by the General Assembly in the next fiscal year.

139. Management identified a technical issue occurring in the budgetary module of Umoja that led to a double consumption of the budget in some instances during the fiscal periods 2013/14 to 2021/22. This has now been resolved and has resulted in an overstatement of budget consumption in those respective years. Management is currently undertaking a holistic and comprehensive review exercise to quantify the impact of this technical issue. As at the reporting date, the analysis was ongoing and as a result the final adjustments cannot be reliably measured and have therefore not been recognized in these financial statements. A preliminary estimate of the double consumption over the nine budget periods from 2013/14 to 2021/22 for active missions is approximately $17.0 million.

(Thousands of United States dollars)

	Credits to Member States	*Litigation and claims*	*Restoration*	*Restructuring*	*Total*
Provisions as at 1 July 2021	**393 267**	**16 226**	**12 971**	**–**	**422 464**
Additional provisions made	214 092	1 574	176	–	215 842
Unused amounts reversed	(27)	(7 507)	(1 849)	–	(9 383)
Amounts used	(347 895)	(930)	–	–	(348 825)
Provisions as at 30 June 2022	**259 437**	**9 363**	**11 298**	**–**	**280 098**
Additional provisions made	274 318	3 906	391	16 973	295 588
Unused amounts reversed	–	(2 455)	(436)	–	(2 891)
Amounts used	(167 716)	(732)	–	–	(168 448)
Provisions as at 30 June 2023	**366 039**	**10 082**	**11 253**	**16 973**	**404 347**

Note 18
Other liabilities

140. Peacekeeping operations have payables due to the United Nations Special Account and the United Nations Bond Account (reported in United Nations volume I) in the amount of $47.4 million (2021/22: $47.4 million), of which $37.4 million relates to ONUC and $10.0 million relates to UNEF. Those missions were operational before the current financing mechanism for peacekeeping operations was established, and closed on 30 June 1964 and 30 June 1967, respectively. The repayment of these payables is dependent on collections of outstanding contributions from Member States.

141. In addition to the amounts above, other payables also include a balance of $10.4 million, representing 25 per cent of the apportionment of the special assessment levied by the General Assembly on economically developed countries in order to meet reserve requirements of UNEF during the period 1965–1967, amounting to $3.5 million for 1965 pursuant to section II of Assembly resolution 2115 (XX), and $3.5 million for 1966 pursuant to section III of the same resolution; and for 1967, $3.3 million pursuant to resolution 2194 B (XXI). Such additional contributions are reimbursable on a pro rata basis when the Assembly shall determine that all or part of these additional contributions are no longer needed. The remaining balance of $1.4 million is related to staff assessment credits transferred in 1969 from the Tax Equalization Fund to ONUC ($0.9 million) and UNEF ($0.5 million), representing Member States' credits for staff assessment income not required to meet the cost of income tax refunds.

(Thousands of United States dollars)

	30 June 2023	30 June 2022
Borrowings	47 376	47 376
Other liabilities	11 933	11 866
Total other liabilities	**59 309**	**59 242**

Note 19
Accumulated surpluses/deficits

142. The unrestricted accumulated surplus includes the accumulated deficit for liabilities for after-service health insurance, repatriation benefits and annual leave. It also includes the cumulative surplus of strategic deployment stocks, which is carried over to the next financial year for the replenishment of stocks, and the cumulative surplus in the peacekeeping cost-recovery fund, which is carried over for spending.

Accumulated surplus: restricted

143. On a number of occasions, the General Assembly has authorized UNDOF and UNIFIL to retain surpluses that otherwise would have been returned to Member States. Accumulated surpluses of $36.0 million and $19.6 million in UNDOF and UNIFIL, respectively, are presented as restricted in the statement of financial position and the statement of changes in net assets. Those amounts correspond to the unpaid assessed contributions that were put on hold by the Assembly in its resolution 36/116 A.

144. In its resolution 57/323, the General Assembly decided to suspend the return of accumulated surpluses for UNSMIH, UNTMIH, MIPONUH, MINURCA, MINUGUA, UNOSOM and UNTAC in the light of the cash shortages in those missions. The accumulated surpluses of those missions are presented as restricted in the statement of financial position and the statement of changes in net assets.

Note 20
Reserves

Peacekeeping Reserve Fund

145. The Peacekeeping Reserve Fund was established as a cash flow mechanism to support the rapid response of peacekeeping operations to meet expenses and capital requirements for the start-up or expansion of peacekeeping operations. By its resolution 76/272 of 29 June 2022 (see also A/76/7/Add.29, para. 42), the General Assembly approved the use of the Peacekeeping Reserve Fund as a liquidity mechanism up to the level of $110 million for active peacekeeping operations and the retention of $40 million in reserve for the original intention of the Fund.

146. During the current financial period, the Peacekeeping Reserve Fund provided new loans to MINURSO, UNISFA, UNMIK, UNMISS and UNSOS (2021/22: none). As at the reporting date, outstanding advances to active peacekeeping operations amounted to $97.9 million ($12.0 million to MINURSO, $26.0 million to UNISFA, $20.0 million to UNMIK and $39.9 million to UNSOS).

147. In addition, outstanding advances in an amount of $12.8 million were due from MINURCA as at the reporting date (2021/22: $12.8 million), which have been outstanding since February 2000 owing to insufficient cash resources in the mission.

148. As at the reporting date, the Peacekeeping Reserve Fund had reserves of $150.0 million (2021/22: $150.0 million) and a cumulative surplus of $3.3 million (2021/22: cumulative deficit of $0.3 million), representing investment revenue of $4.1 million for the period ended 30 June 2023 and investment loss of $0.8 million

for the period ended 30 June 2022. Future treatment regarding the cumulative surplus will be decided by the General Assembly.

Note 21
Revenue from non-exchange transactions and other revenues

Assessed contributions

149. Assessed contributions of $6,493.9 million (2021/22: $6,343.5 million) have been recorded in accordance with the Financial Regulations and Rules, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the peacekeeping scale of assessment.

Voluntary contributions

150. Revenue from in-kind contributions represents confirmed contributions of goods, landing rights fees, airport fees, vehicle registration fees and permission to use facilities and premises. On the basis of fair rental value, a total of $295.8 million (2021/22: $295.5 million) representing facilities and premises was provided during the reporting period. Landing fees and other fees at airports totalling $15.2 million (2021/22: $16.4 million) and vehicle registration fees of $0.1 million (2021/22: $1.4 million) were waived. A variety of goods were provided, and fees waived amounting to $0.4 million (2021/22: $0.3 million), bringing total in-kind contributions to $311.5 million (2021/22: $313.6 million).

151. Voluntary contributions budgeted as reported in statement V represent voluntary contributions in cash and in kind that were budgeted for UNFICYP and MINURSO, as approved by the General Assembly.

(Thousands of United States dollars)

	2022/23	*2021/22*
Voluntary monetary contributions (Member States)	24 790	24 671
Voluntary in-kind contributions (Member States)	311 468	313 590
Total voluntary contributions	**336 258**	**338 261**

152. In-kind contributions of services are not recognized and are therefore not included in the in-kind contributions revenue above. These comprise various fees for services that are usually charged. Such waived fees included airport passenger taxes of $0.8 million (2021/22: $0.7 million), radio frequency fees of $4.0 million (2021/22: $4.1 million) and other services amounting to $0.2 million (2021/22: $0.2 million).

Other transfers and allocations

153. The other transfers and allocations of $2.1 million (2021/22: $1.8 million) represent the allocation from special political missions to RSCE.

Other revenue

154. The majority of other revenue was generated from the cost-recovery fund. The cost-recovery revenue of $80.7 million (2021/22: $66.8 million) comprises fuel, facilities and logistical support provided to other United Nations agencies, Member States, non-governmental organizations and international agencies, vendors and other external entities. Including the revenue of $60.0 million (2021/22: $73.7 million) for the services provided between peacekeeping missions and, accordingly, eliminated in the consolidated financial statements, the total revenue of the cost-recovery fund was $140.7 million (2021/22: $140.5 million).

(Thousands of United States dollars)

	2022/23	2021/22
Revenue generated from the cost-recovery fund	80 731	66 776
Revenue from sale of equipment and inventory	2 023	6 705
Net foreign exchange gains	2 076	9 230
Other miscellaneous revenue	4 316	2 547
Total other revenue	**89 146**	**85 258**

Note 22
Financial instruments and the cash pool

Cash pool

155. In addition to directly held cash and cash equivalents, peacekeeping operations participate in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in financial instruments. The pooling of funds has a positive effect on overall investment performance and risk, because of economies of scale and by virtue of the ability to spread yield curve exposures across a range of maturities. The allocation of main pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance.

156. As at 30 June 2023, the main pool held total assets of $10,676.6 million (2021/22: $10,468.8 million), of which $960.0 million (2021/22: $1,499.4 million) pertained to peacekeeping operations. Their share of net income from the main pool was $68.4 million (2021/22: $5.7 million net loss).

Financial instruments

(Thousands of United States dollars)

	Note	30 June 2023	30 June 2022
Financial assets			
Fair value through surplus or deficit			
Short-term investments – share of main pool[a]		478 702	913 754
Long-term investments – share of main pool[b]		278 458	314 980
Total assets at fair value through surplus or deficit		**757 160**	**1 228 734**
Loans and receivables			
Cash and cash equivalents – share of main pool	6	202 900	270 179
Cash and cash equivalents – other	6	2 772	2 645
Subtotal cash and cash equivalents		**205 672**	**272 824**
Assessed contributions	7	1 826 575	1 650 998
Other receivables	9	50 814	45 784
Other assets (excludes deferred charges)	11	51 447	25 936
Total loans and receivables		**2 134 508**	**1 995 542**
Total carrying amount of financial assets		**2 891 668**	**3 224 276**
Total financial assets relating to assets held in the main pool		**960 060**	**1 498 913**

	Note	*30 June 2023*	*30 June 2022*
Financial liabilities at amortized cost			
Accounts payable – Member States	14	1 041 618	1 151 126
Accounts payable – other	14	675 224	551 300
Other liabilities (excludes borrowings)	18	11 933	11 866
Total liabilities at amortized cost		**1 728 775**	**1 714 292**
Summary of net income from financial assets			
Net main cash pool income/(loss)		68 356	(5 661)
Other investment revenue		(162)	605
Total investment revenue/(loss)		**68 194**	**(5 056)**

[a] Carrying amount: $481.2003 million at 30 June 2023, $916.767 million at 30 June 2022.
[b] Carrying amount: $286.704 million at 30 June 2023, $324.539 million at 30 June 2022.

Revenue from financial instruments

(Thousands of United States dollars)

	2022/23	*2021/22*
Financial instruments carried at fair value		
Investment revenue – share of main pool	66 793	12 917
Unrealized gains/(losses) – share of main pool	1 563	(18 578)
Revenue/(loss) from financial assets carried at fair value	**68 356**	**(5 661)**
Financial instruments not carried at fair value		
Realized/unrealized gains/(losses)	–	–
Total revenue/(loss) from financial instruments	**68 356**	**(5 661)**

Financial risk management: overview

157. Peacekeeping operations have exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

158. The present note provides information on the exposure of peacekeeping operations to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Financial risk management: risk management framework

159. The risk management practices of peacekeeping operations are in accordance with the Financial Regulations and Rules 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.

160. 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.

161. An Investment Committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates to them. Other than those disclosed, peacekeeping operations have not identified any further risk concentrations arising from financial instruments.

162. Peacekeeping operations define the capital that they manage as the aggregate of their net assets, which comprises accumulated fund balances and reserves. The objectives are to safeguard the ability of the operations to continue as a going concern and to fulfil the mandates of peacekeeping missions. Peacekeeping operations manage their capital in the light of global economic conditions, the risk characteristics of the underlying assets and their current and future working capital requirements.

Financial risk management: credit risk

163. 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

164. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial papers, supranational securities, government agency securities and government securities with maturities of five years or fewer. The main pool does not invest in derivative instruments such as asset-backed or mortgage-backed securities or in equity products.

165. The investment management function is centralized at United Nations Headquarters, and under normal circumstances, missions are not permitted to engage in investing activities.

Credit risk: contributions receivable and other receivables

166. A large portion of contributions receivable is due from Member States and other United Nations entities that do not have significant credit risk. As at the reporting date, peacekeeping operations did not hold any collateral as security for receivables (2021/22: none).

Credit risk: allowance for doubtful receivables

167. Peacekeeping operations evaluate the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the peacekeeping operation will not collect the full amount due. Balances credited to the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received. The movement in the allowances account during the year is shown below.

(Thousands of United States dollars)

	2022/23	*2021/22*
Allowance for doubtful receivables as at 1 July	**800 359**	**719 371**
Amounts written off	(334)	(314)
Adjustments during the year	9 875	81 302
Allowance for doubtful receivables as at 30 June	**809 900**	**800 359**

168. On the basis of their monitoring of credit risk, peacekeeping operations believe that, except as indicated, no impairment allowance is necessary in respect of receivables.

Credit risk: assessed contributions

169. The ageing and associated allowance of assessed contributions receivable are shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	2022/23		*2021/22*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	1 265 708	–	1 174 339	–
One to two years	205 936	–	248 087	–
More than two years	1 002 376	647 445	869 392	640 820
Total	**2 474 020**	**647 445**	**2 291 818**	**640 820**

Credit risk: voluntary contributions and other receivables

170. The ageing and associated allowance of receivables other than assessed contributions are shown below.

Ageing of voluntary contributions and other receivables

(Thousands of United States dollars)

	2022/23		*2021/22*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	2 680	–	5 254	–
Less than one year	39 649	–	28 434	–
One to two years	7 614	1 904	12 425	3 105
Two to three years	6 937	4 162	6 940	4 164
More than three years	156 389	156 389	152 271	152 271
Total	**213 269**	**162 455**	**205 324**	**159 540**

Credit risk: cash and cash equivalents

171. Peacekeeping operations had cash and cash equivalents of $205.7 million (2021/22: $272.8 million) as at the reporting date, which is the maximum credit exposure on these assets.

Credit risk: cash pool investments

172. It is required under the Investment Management Guidelines that investments not be made in issuers whose credit ratings are below specifications and provide for maximum concentrations with given issuers. With regard to the current and prior years, those requirements were met at the time the investments were made. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor’s Financial Services, Moody’s Investors Service and Fitch Ratings are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits.

Investments of the main pool by credit ratings as at year end

Investment	*Ratings as at 30 June 2023*	*Ratings as at 30 June 2022*
Bonds (long-term ratings)	S&P: 33.6% AAA, 66.1% AA/AA+/AA- and 0.3% not rated	S&P: 42.1% AAA/AAAu, 57.5% AA+u/AA+/AA and 0.4% not rated
	Fitch: 51.6% AAA, 29.1% AA/AA+/AA-, 1.4% A+ and 17.9% not rated	Fitch: 57.4% AAA, 25.0% AA+/AA/AA- and 17.6% not rated
	Moody's: 57.2% Aaa, 37.1% Aa1/Aa2/Aa3 and 5.7% not rated	Moody's: 60.6% Aaa, 36.7% Aa1/Aa2/Aa3 and 2.7% not rated
Commercial papers (short-term ratings)	S&P: 100% A-1/A-1+/A-2	S&P: 100.0% A-1+/A-1
	Fitch: 100% F1/F1+	Fitch: 100.0% F1+/F1
	Moody's: 100% P-1/P-2	Moody's: 100.0% P-1/P-2/P-3
Term deposits (Fitch viability ratings)	Fitch: 28.6% aa- and 71.4% a+/a/a-	Fitch: 51.6% aa- and 48.4% a+/a/a-
Certificates of deposit (short-term ratings)	S&P: 100% A-1+/A-1/A-2	S&P: 100% A1+/A1
	Fitch: 100% F1+/F1	Fitch: 100% F1+/F1
	Moody's: 100% P-1/P-2	Moody's: 100% P-1

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

Financial risk management: liquidity risk

174. Liquidity risk is the risk that peacekeeping operations may not have adequate funds to meet their obligations as they fall due. The approach to managing liquidity is to ensure that an operation 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 reputation of peacekeeping operations.

175. It is required under the Financial Regulations and Rules that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to assessed contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

176. Peacekeeping operations perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure 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. Peacekeeping operations maintain a large portion of their investments in cash equivalents and short-term investments sufficient to cover their commitments as and when they fall due.

177. Peacekeeping operations were approved to manage the cash resources of active peacekeeping missions as a pool in General Assembly resolution 73/307 for a trial period of three years in the context of liquidity management. This was extended for a further five years pursuant to Assembly resolution 76/272, adopted in June 2022, in which the Assembly noted the positive impact the pooling had on the timeliness of

settlement of payments to troop- and police-contributing countries. In addition, the Assembly approved the use of the Peacekeeping Reserve Fund as a liquidity mechanism up to the level of $110 million, thereby ensuring that at least $40 million remained available in the Fund for the start-up or expansion of mandated peacekeeping operations.

178. As at 30 June 2023, borrowing across closed peacekeeping missions amounted to $68.6 million, inclusive of $44.8 million in relation to General Assembly resolution 76/280. Further information on borrowing across closed peacekeeping missions is provided in the report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2023 (A/78/689), which will be submitted to the Assembly in the months to come.

179. During 2022/23 there was a deterioration in the availability of cash for active peacekeeping operations. MINURSO and UNMIK continued to face regular cash crises, and three other missions, UNSOS, UNISFA and UNMISS, faced serious liquidity issues. The liquidity of MONUSCO also deteriorated at the end of 2023, and it borrowed $25.0 million from MINUSMA in April 2023; the amount was repaid at the end of May 2023. The total cash balance of all active peacekeeping operations reached one of its lowest levels in 2022/23. As a result, in May 2023, in order to continue to pay for staff costs and allowances and for services rendered by troops/formed police units, large payments for commercial vendors and contingent-owned equipment were paused. The loans payable by active missions as at 30 June 2023 amounted to $318.9 million (2021/22: $192.5 million), including $97.9 from the Peacekeeping Reserve Fund. The following table shows the borrowings for active missions as at 30 June 2023:

(Thousands of United States dollars)

Borrowing mission	*Funding mission*	*30 June 2023*	*30 June 2022*
MINURSO	MINUSMA	2 400	15 000
UNMIK	MINUSMA	6 900	32 500
UNSOS	MINUSMA	9 800	25 000
UNISFA	MINUSMA	21 900	40 000
UNMISS	MINUSMA	111 000	–
UNMISS	MONUSCO	–	40 000
UNMISS	UNIFIL	21 000	40 000
UNMIK	UNIFIL	4 100	–
UNSOS	UNIFIL	28 500	–
UNISFA	UNIFIL	15 400	–
MINURSO	Peacekeeping Reserve Fund	12 000	–
UNMIK	Peacekeeping Reserve Fund	20 000	–
UNSOS	Peacekeeping Reserve Fund	39 900	–
UNISFA	Peacekeeping Reserve Fund	26 000	–
Borrowing as at 30 June		**318 900**	**192 500**

Liquidity risk: cash pool investments

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

Liquidity risk: financial liabilities

181. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. As at the reporting date, peacekeeping operations had not pledged any collateral for any liabilities or contingent liabilities (2021/22: none), and during the year no accounts payable or other liabilities were forgiven by third parties (2021/22: none). Maturities for financial liabilities based on the earliest date at which peacekeeping operations can be required to settle each financial liability are shown below.

Maturities for financial liabilities, undiscounted

(Thousands of United States dollars)

	<3 months	*3 to 12 months*	*>1 year*	*Total*
As at 30 June 2023				
Accounts payable and accrued payables	1 716 842	–	–	1 716 842
Other liabilities (excludes borrowings)	11 933	–	–	11 933
Total as at 30 June 2023	**1 728 775**	**–**	**–**	**1 728 775**
As at 30 June 2022				
Accounts payable and accrued payables	1 702 426	–	–	1 702 426
Other liabilities (excludes borrowings)	11 866	–	–	11 866
Total as at 30 June 2022	**1 714 292**	–	–	**1 714 292**

Financial risk management: market risk

182. 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 revenue of peacekeeping operations or the value of their financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the fiscal position.

Market risk: 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. Peacekeeping operations have transactions, assets and liabilities in currencies other than in their functional currency and are exposed to currency risk arising from fluctuations in currency exchange rates.

184. Non-United States dollar holdings have the primary objective of supporting local operating activities in mission countries. Peacekeeping operations maintain a minimum level of assets in local currencies and, whenever possible, maintain bank accounts in United States dollars. Some cash is held in currencies that are either legally restricted or not readily convertible to United States dollars and used exclusively for local expenses in the respective countries.

185. Peacekeeping operations mitigate currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes. Given that the main pool is predominantly denominated in United States dollars, it has low currency risk and, in conjunction

with the low risk of other financial instruments, peacekeeping operations consider currency risk to be low (2021/22: currency risk considered to be low).

Market risk: interest rate risk

186. Interest rate risk is the risk of variability in fair values or future cash flows of financial instruments owing to changes in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, expressed in years. The longer the duration, the greater the interest rate risk.

187. Fixed-rate cash, cash equivalents and investments are the interest-bearing financial instruments of peacekeeping operations. The main pool comprises their main exposure to interest rate risk. As at the reporting date, the main pool was invested primarily in securities with shorter terms to maturity, with the maximum being fewer than four years (2021/22: fewer than five years). The average duration of the main pool was 0.68 years (2021/22: 0.62 years), which is considered to be an indicator of low risk.

Market risk: cash pool interest rate risk sensitivity analysis

188. The cash pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease of the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
Increase/(decrease) in fair value									
Main pool total: 30 June 2023	142.4	106.8	71.2	35.6	–	(35.6)	(71.2)	(106.8)	(142.4)
Main pool total: 30 June 2022	128.2	96.1	64.1	32.0	–	(32.0)	(64.1)	(96.1)	(128.2)

Market risk: other

189. The main pool is not exposed to significant other market price risk, given that it does not sell short or borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

190. All investments are reported at fair value through surplus and deficit. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Fair value hierarchy

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

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

192. The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the main pool is the current bid price.

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

194. The following fair-value hierarchy presents the main pool assets that are measured at fair value as at the reporting date. There were no level 3 financial assets or any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy

(Thousands of United States dollars)

	30 June 2023			*30 June 2022*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Main pool financial assets at fair value through surplus or deficit						
Bonds – corporate	115 835	–	115 835	29 324	–	29 324
Bonds – non-United States agencies	2 430 625	–	2 430 625	1 802 942	–	1 802 942
Bonds – non-United States sovereigns	96 286	–	96 286	99 294	–	99 294
Bonds – supranationals	693 727	–	693 727	1 095 884	–	1 095 884
Bonds – United States Treasury	1 062 125	–	1 062 125	771 507	–	771 507
Main pool – commercial papers	–	200 000	200 000	–	1 609 795	1 609 795
Main pool – certificate of deposit	–	2 549 237	2 549 237	–	1 622 149	1 622 149
Main pool – term deposits	–	1 165 000	1 165 000	–	1 525 000	1 525 000
Total	**4 398 598**	**3 914 237**	**8 312 835**	**3 798 951**	**4 756 944**	**8 555 895**

Note 23
Expenses

Employee salaries, allowances and benefits

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

(Thousands of United States dollars)

	2022/23	2021/22
Salary, wages and other entitlements	1 374 668	1 361 585
Pension and insurance benefits	307 672	335 219
After-service health insurance	11 648	11 646
Repatriation benefits	21 583	5 013
Leave benefits	11 199	12 830
Total employee salaries, allowances and benefits	**1 726 770**	**1 726 293**

Contingent contracted services

196. Expenses for contingent contracted services comprise reimbursements to troop- and formed police unit-contributing countries for personnel, equipment and self-sustainment services. The reimbursements are made at predetermined standard rates based on person/month and generic types of equipment.

(Thousands of United States dollars)

	2022/23	2021/22
Contingent troop and police costs	1 291 419	1 284 680
Contingent-owned equipment and self-sustainment	841 746	852 724
Contingent emplacement and rotation	145 676	124 336
Contingent operations	21 866	19 796
Total contingent contracted services	**2 300 707**	**2 281 536**

Non-employee compensation and allowances

197. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and benefits, military observers and United Nations police mission subsistence and other compensation and allowances and consultant and contractors' fees.

(Thousands of United States dollars)

	2022/23	2021/22
United Nations Volunteers	78 427	81 757
Military observers	61 342	61 075
United Nations police	102 554	97 422
Consultants and other contractors	38 063	40 305
Other	11 159	11 075
Total non-employee compensation and allowances	**291 545**	**291 634**

Grants and other transfers

198. Grants and other transfers include outright grants to implementing agencies, partners and other entities for quick-impact projects. The allocation to direct support costs represents contributions to the Umoja-related expense, the administration of internal justice expense and the implementation of the global service delivery model.

(Thousands of United States dollars)

	2022/23	*2021/22*
Quick-impact projects	12 094	13 534
Transfers to implementing partners	56 285	57 886
Allocation to direct support costs	14 122	17 214
Total grants and other transfers	**82 501**	**88 634**

Supplies and consumables

199. Supplies and consumables include acquisition of fuel, rations, office supplies, spare parts, medical supplies and general maintenance supplies.

(Thousands of United States dollars)

	2022/23	*2021/22*
Fuel and lubricants	301 310	288 295
Rations	285 402	238 298
Spare parts and consumables	77 926	109 715
Write-off of inventory	4 441	5 812
Total supplies and consumables	**669 079**	**642 120**

Travel

200. Travel expenses relate to travelling costs such as transportation, allowances and other related costs for staff, consultants and non-staff.

(Thousands of United States dollars)

	2022/23	*2021/22*
Staff travel	26 280	22 529
Representative travel	521	253
Total travel	**26 801**	**22 782**

Self-insurance claims and expenses

201. Self-insurance claims and expenses in the amount of $2.3 million (2021/22: $2.4 million) relate to appendix D payments.

Other operating expenses

202. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, contributions-in-kind expenses, allowance for doubtful receivables and expenses related to mine action. Contributions-in-kind expenses include host countries' contributions, such as right-to-use facilities and rent expenses, landing expenses and vehicle registration expenses.

(Thousands of United States dollars)

	2022/23	2021/22
Air transport	404 429	400 444
Contributions in kind	311 055	313 277
Communications and information technology	157 758	167 361
Other contracted services	183 771	164 331
Other	29 519	161 175
Mine action services	98 170	129 835
Acquisitions of goods	84 448	109 290
Facilities	106 846	89 595
Maintenance and repair	46 515	49 080
Rent – offices, premises and equipment	34 802	36 258
Acquisitions of intangible items	25 514	19 773
Ground transport	12 682	6 097
Total other operating expenses	**1 495 509**	**1 646 516**

Other expenses

203. Other expenses include hospitality and official functions, and ex gratia and compensation claims.

(Thousands of United States dollars)

	2022/23	2021/22
Ex gratia and compensation claims	211	948
Other	132	122
Total other expenses	**343**	**1 070**

Note 24
Credits to Member States

(Thousands of United States dollars)

	2022/23	2021/22
Provisions made for the current year	274 318	214 092
Prior-year provisions unused and reversed	–	(27)
Prior year provisions applied to assessments for commitment authorities	(5 235)	–
Declared credits with respect to General Assembly resolution 76/280 to return cash assets in closed peacekeeping missions	196 295	–
Total	**465 378**	**214 065**

Note 25
Related parties

Key management personnel

204. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of peacekeeping operations. The

key management personnel group for peacekeeping operations comprises the Secretary-General, the Deputy Secretary-General and selected officials at the levels of Under-Secretary-General, Assistant Secretary-General and heads of peacekeeping missions. These persons have the relevant authority and responsibility for planning, directing and controlling the activities of peacekeeping operations.

Key management personnel as at 30 June 2023

Name	*Position*	*Date of appointment*
António Guterres	Secretary-General of the United Nations	January 2017
Amina J. Mohammed	Deputy Secretary-General of the United Nations	February 2017
Earle Courtenay Rattray	Chef de Cabinet	January 2022
Catherine Pollard	Under-Secretary-General for Management Strategy, Policy and Compliance	September 2019
Atul Khare	Under-Secretary-General for Operational Support	January 2019
Jean-Pierre Lacroix	Under-Secretary-General for Peace Operations	February 2017
Chandramouli Ramanathan	Controller	February 2019
Colin W. Stewart	Special Representative of the Secretary-General and Head of UNFICYP	December 2021
Major-General Nirmal Kumar Thapa	Head of UNDOF and Force Commander	September 2022
Major-General Aroldo Lázaro Sáenz	Head of UNIFIL and Force Commander	February 2022
Alexander Ivanko	Special Representative of the Secretary-General and Head of MINURSO	August 2021
Caroline Ziadeh	Special Representative of the Secretary-General and Head of UNMIK	January 2022
Bintou Keita	Special Representative of the Secretary-General and Head of MONUSCO	February 2021
Aisa Kirabo Kacyira	Assistant Secretary-General and Head of UNSOS	March 2023
Major-General Benjamin Olufemi Sawyerr	Acting Head of UNISFA and Force Commander	February 2022
Nicholas R.L. Haysom	Special Representative of the Secretary-General and Head of UNMISS	April 2021
El-Ghassim Wane	Special Representative of the Secretary-General and Head of MINUSMA	May 2021
Valentine Rugwabiza	Special Representative of the Secretary-General and Head of MINUSCA	April 2022

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

(Thousands of United States dollars)

	2022/23	2021/22
Key management personnel		
Salary and post adjustment	5 555	5 392
Other monetary entitlements	1 734	2 341
Non-monetary benefits	855	754
Total key management personnel remuneration	**8 144**	**8 487**

206. A residence, with an annual rental fair value equivalent to $0.7 million (2021/22: $0.7 million), is provided to the Secretary-General free of charge. Other non-monetary benefits provided to key management personnel include free or subsidized housing and services. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations and Rules; such advances against entitlements are widely available to all staff of peacekeeping operations.

Trust fund activities related to peacekeeping operations

207. All trust funds, including those relating to peacekeeping operations, are consolidated in the financial statements of the United Nations, volume I. Financial rule 106.1 precludes peacekeeping-related trust funds from being reported in these statements. It limits these statements to peacekeeping operations with special accounts established by the Secretary-General only.

208. The following peacekeeping-related trust funds augment the activities of peacekeeping operations. The reserves and fund balances of these related trust funds as at year end are shown below.

Activities related to peacekeeping operations funded by trust funds: reserves and fund balances

(Thousands of United States dollars)

	2022/23	2021/22
Trust fund in support of the delimitation and demarcation of the Ethiopia/Eritrea border	1 561	1 561
Trust fund for Somalia – unified command	436	431
Trust fund in support of the implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	9	9
Trust fund for the police assistance programme in Bosnia and Herzegovina	343	339
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 331	2 281
Trust fund in support of the Department of Peace Operations	45 969	41 466
Trust fund to support the peace process in the Democratic Republic of the Congo	2 404	2 335
Trust fund to support the United Nations Interim Administration in Kosovo	1 172	1 158
Trust fund to support the Ituri Pacification Commission	8	8
Trust fund in support of the peace process in the Sudan	483	477
Trust fund for the African Union-United Nations joint mediation support team for Darfur	6 114	5 938
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 870	1 848
Trust fund to support lasting peace in Darfur	370	359
Trust fund in support of the African Union Mission in Somalia	4 799	6 093

	2022/23	2021/22
Trust fund in support of the African-led International Support Mission in Mali	800	777
Trust fund in support of peace and security in Mali	43 791	49 794
Trust fund for the United Nations Operation in Côte d'Ivoire	182	177
Trust fund in support of the political transition in Haiti	258	250
Trust fund in support of the elimination of Syrian chemical weapons	326	322
Trust fund in support of the African-led International Support Mission in the Central African Republic	220	213
Trust fund for the United Nations Mission in South Sudan	3 347	1 774
Trust fund to support peace and security in Cyprus	27	26
Trust fund to provide assistance to human rights victims in Kosovo	11	10
Trust fund to support the United Nations Office to the African Union pursuant to Security Council resolutions 2320 (2016), 2378 (2017) and 2457 (2019)	503	1 071
Trust fund for the United Nations Integrated Transition Assistance Mission in Sudan	4 174	5 684
Total	**121 508**	**124 401**

Peacekeeping-related operations funded by the regular budget

209. Shown below are peacekeeping-related operations that are funded by the regular budget and appear in the financial statements of the United Nations.

Peacekeeping-related operations funded by the regular budget

(Thousands of United States dollars)

	Appropriation	*Expenditure on a budget basis*	*Unencumbered balance*
Year ended 31 December 2022			
Department of Peace Operations	**5 868**	**5 489**	**379**
Peacekeeping missions funded by the regular budget			
UNTSO	38 938	38 962	(24)
UNMOGIP	9 861	9 550	311
Total	**54 667**	**54 001**	**666**
Year ended 31 December 2021			
Department of Peace Operations	**5 913**	**5 550**	**363**
Peacekeeping missions funded by the regular budget			
UNTSO	38 785	35 136	3 649
UNMOGIP	10 416	9 429	987
Total	**55 114**	**50 115**	**4 999**

Related entity transactions

210. In the ordinary course of business, in order to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and subsequently settled. No interest is levied on inter-entity balances.

Payable to the United Nations General Fund

211. Peacekeeping operations have payables due to the United Nations General Fund in the amount of $47.4 million (2021/22: $47.4 million), of which $37.4 million relates to ONUC and $10.0 million relates to UNEF, as detailed under note 18.

United Nations peacekeeping operations: balances reflected in the Tax Equalization Fund

212. The financial statements of peacekeeping operations report employee benefits expenses on a net-of-tax basis. The tax liabilities relating to peacekeeping operations are reported separately as part of the Tax Equalization Fund in the financial statements of the United Nations volume I, which has a 31 December financial reporting date.

213. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members, whatever their national tax obligations. The Fund operationally reports as income staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations and the International Residual Mechanism for Criminal Tribunals.

214. The Fund includes as expenditure the credits against the regular budget, peacekeeping and the International Residual Mechanism with respect to the assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes paid on their United Nations income. Such reimbursements for taxes paid are partially reported as expenditure by the Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Given that the Organization acts as an agent in this arrangement, the net total of the related revenue and expenses is reported as a payable in these financial statements.

215. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2022 was $190.4 million (2021: $163.2 million), consisting of amounts payable to the United States of America at year-end of $162.1 million (2021: $140.4 million) and to other Member States of $28.3 million (2021: $22.8 million). The amount payable to the United States at year-end 2022 included approximately $72.9 million (2021: $63.8 million) relating to peacekeeping operations. The overall amount payable by the Fund was $250.2 million (2021: $215.8 million), which included an estimated tax liability of $59.8 million relating to the 2022 and prior tax years (2021: $52.6 million), of which approximately $30.6 million was disbursed in January 2023, approximately $15.6 million was settled by April 2023 and the remaining $13.6 million was expected to be settled as tax returns were submitted by staff.

Note 26
Commitments

Operating lease commitments

216. Peacekeeping operations enter into operating leases for the use of land, permanent and temporary buildings and equipment. The total lease payments recognized in expenditure for the year were $32.7 million (2021/22: $32.9 million). The contingent rent payments are determined by the lease contracts. There were no purchase options, escalation clauses or restrictions imposed by the lease arrangements. Future minimum lease payments under non-cancellable arrangements are shown below.

(Thousands of United States dollars)

	30 June 2023	30 June 2022
Less than 1 year	12 866	9 780
1 to 5 years	32 642	23 837
More than 5 years	399	2 114
Total minimum lease commitments	**45 907**	**35 731**

Contractual commitments

217. As at the reporting date, commitments for goods and services contracted but not delivered amounted to $295.4 million (2021/22: $210.7 million).

(Thousands of United States dollars)

	30 June 2023	30 June 2022
Property, plant and equipment	77 219	54 445
Intangibles	1 405	209
Goods and services	216 777	156 045
Total open contractual commitments	**295 401**	**210 699**

Note 27
Contingent liabilities and contingent assets

Contingent liabilities

218. In the normal course of peacekeeping operations, the missions are involved from time to time in various arbitrations, commercial claims and litigations, and other legal or governmental actions. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss or the timing of any future outflows. Thus, accruals for legal matters are not recorded until a loss for a particular matter is considered probable and can be reasonably estimated. As at 30 June 2023, the total amount of contingent liabilities related to commercial claims and other claims of a private-law nature was $10.2 million (2021/22: $11.2 million).

219. Administrative law claims arise, for the most part, from appointment-related matters, benefits and entitlements, and separation from service. Accruals for those claims are not recorded until the outcome is probable and potential compensation can be reasonably estimated. The contingent liabilities for such claims, as at 30 June 2023, were $2.7 million (2021/22: $2.5 million), including an amount of $0.2 million (2021/22: $0.5 million) carried over from the previous year and an additional amount of $2.5 million (2021/22: $2.0 million) for cases filed during the course of the current year. These claims may be settled during 2023/24, but the uncertain outcome of these claims makes the amount and timing of the outflows unpredictable.

Contingent assets

220. 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 30 June

2023, there were $0.07 million (2021/22: $0.520 million) in contingent assets arising from the Organization's legal claims against third parties that were likely to result in an economic inflow.

Note 28
Events after the reporting date

221. In its resolution 2690 (2023), adopted on 30 June 2023, the Security Council decided to terminate the mandate of MINUSMA and requested the mission to immediately start, on 1 July 2023, the cessation of its operations. At the time of finalization of the present report, MINUSMA was in the process of reviewing the resource requirements related to this drawdown and therefore the associated potential liabilities could not be quantified except for international staff with agreed termination packages. These have been recorded as a provision and disclosed in note 17.

Annex I

Financial reporting by mission

Statement of financial position as at 30 June 2023: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNSOS*	*UNISFA*
Assets								
Cash and cash equivalents	2 045	3 192	11 114	1 543	260	22 160	4 673	2 828
Investments	7 531	11 850	40 690	5 613	927	82 602	17 308	10 184
Assessed contributions receivable	16 631	21 434	124 244	50 968	36 591	267 880	221 185	141 376
Other receivables	15	49	71 143	739	26	1 798	2 866	652
Inventories	1 735	2 517	12 704	4 572	1 005	37 891	38 731	33 267
Property, plant and equipment	5 096	31 241	73 426	12 626	1 822	101 837	171 003	79 136
Other assets	83	149	844	276	584	6 755	15 625	2 506
Total assets	**33 136**	**70 432**	**334 165**	**76 337**	**41 215**	**520 923**	**471 391**	**269 949**
Liabilities								
Accounts payable	7 770	12 566	166 949	8 062	1 229	275 575	95 265	57 208
Total employee benefits	444	332	2 074	1 149	675	6 441	3 044	2 477
Other liabilities and provisions	2 558	2 662	11 043	18 214	35 416	70 837	115 085	70 678
Total liabilities	**10 772**	**15 560**	**180 066**	**27 425**	**37 320**	**352 853**	**213 394**	**130 363**
Net of total assets and total liabilities	**22 364**	**54 872**	**154 099**	**48 912**	**3 895**	**168 070**	**257 997**	**139 586**
Net assets								
Accumulated surplus/(deficit) – unrestricted	22 364	18 885	134 534	48 912	3 895	168 070	257 997	139 586
Accumulated surplus/(deficit) – restricted	–	35 987	19 565	–	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	**22 364**	**54 872**	**154 099**	**48 912**	**3 895**	**168 070**	**257 997**	**139 586**

Statement of financial position as at 30 June 2023: active missions (concluded)

(Thousands of United States dollars)

	UNMISS	*MINUSMA*	*MINUSCA*	*Total*
Assets				
Cash and cash equivalents	10 496	17 230	19 242	94 783
Investments	31 999	63 123	71 456	343 283
Assessed contributions receivable	326 024	266 495	245 953	1 718 781
Other receivables	2 642	165 512	1 419	246 861
Inventories	57 838	104 596	45 899	340 755
Property, plant and equipment	218 923	224 592	179 053	1 098 755
Other assets	2 540	20 327	9 761	59 450
Total assets	**650 462**	**861 875**	**572 783**	**3 902 668**
Liabilities				
Accounts payable	198 295	298 244	253 534	1 374 697
Total employee benefits	8 666	5 041	7 593	37 936
Other liabilities and provisions	161 279	152 915	45 683	686 370
Total liabilities	**368 240**	**456 200**	**306 810**	**2 099 003**
Net of total assets and total liabilities	**282 222**	**405 675**	**265 973**	**1 803 665**
Net assets				
Accumulated surplus/(deficit) – unrestricted	282 222	405 675	265 973	1 748 113
Accumulated surplus/(deficit) – restricted	–	–	–	55 552
Reserves	–	–	–	–
Total net assets	**282 222**	**405 675**	**265 973**	**1 803 665**

Statement of financial performance for the year ended 30 June 2023: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNSOS*	*UNISFA*
Assessed contributions	33 123	70 231	539 175	65 414	44 971	1 112 242	563 205	351 099
Voluntary contributions/other transfers and allocations	25 676	1 025	1 234	3 826	75	14 972	117 086	747
Investment revenue	435	599	5 658	22	8	5 945	897	34
Other revenue	160	92	562	12	65	2 016	986	340
Total revenues	**59 394**	**71 947**	**546 629**	**69 274**	**45 119**	**1 135 175**	**682 174**	**352 220**
Employee salaries, allowances and benefits	15 653	15 508	119 475	22 021	30 091	232 883	88 026	49 383
Contingent contracted services	18 483	32 577	307 991	835	–	402 396	81 015	92 096
Other expenses	23 433	22 419	110 030	40 778	13 102	459 724	490 405	150 411
Credits to Member States	2 100	2 374	9 010	3 522	1 447	48 074	23 608	1 130
Total expenses	**59 669**	**72 878**	**546 506**	**67 156**	**44 640**	**1 143 077**	**683 054**	**293 020**
Surplus/(deficit) for the year	**(275)**	**(931)**	**123**	**2 118**	**479**	**(7 902)**	**(880)**	**59 200**

Statement of financial performance for the year ended 30 June 2023: active missions (concluded)

(Thousands of United States dollars)

	UNMISS	*MINUSMA*	*MINUSCA*	*Total*
Assessed contributions	1 210 501	1 344 106	1 159 870	6 493 937
Voluntary contributions/other transfers and allocations	62 493	39 616	63 740	330 490
Investment revenue	2 316	19 204	7 157	42 275
Other revenue	868	1 196	1 782	8 079
Total revenues	**1 276 178**	**1 404 122**	**1 232 549**	**6 874 781**
Employee salaries, allowances and benefits	296 486	225 650	195 903	1 291 079
Contingent contracted services	420 929	433 858	507 182	2 297 362
Other expenses	572 211	633 775	520 710	3 036 998
Credits to Member States	16 813	108 229	31 302	247 609
Total expenses	**1 306 439**	**1 401 512**	**1 255 097**	**6 873 048**
Surplus/(deficit) for the year	**(30 261)**	**2 610**	**(22 548)**	**1 733**

Statement of financial position as at 30 June 2023: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB-strategic deployment stocks*	*RSCE*	*Employee benefits funds*	*Peacekeeping cost-recovery fund*	*Total*
Assets								
Cash and cash equivalents	8 999	5 645	2 336	24 940	194	7 099	20 281	69 494
Investments	33 581	21 217	8 679	93 070	645	26 492	75 713	259 397
Assessed contributions receivable	–	–	–	–	–	–	–	–
Other receivables	110 720	237	447	–	21	–	23 224	134 649
Inventories	–	362	7 724	8 057	327	–	1 278	17 748
Property, plant and equipment	–	460	25 685	23 030	9 956	–	3 096	62 227
Other assets	–	7 070	78	–	451	–	207	7 806
Total assets	**153 300**	**34 991**	**44 949**	**149 097**	**11 594**	**33 591**	**123 799**	**551 321**
Liabilities								
Accounts payable	–	11 849	6 426	4 744	548	12	18 498	42 077
Total employee benefits	–	9 320	651	–	808	1 627 768	129	1 638 676
Other liabilities and provisions	–	–	25	–	–	–	1	26
Total liabilities	**–**	**21 169**	**7 102**	**4 744**	**1 356**	**1 627 780**	**18 628**	**1 680 779**
Net of total assets and total liabilities	**153 300**	**13 822**	**37 847**	**144 353**	**10 238**	**(1 594 189)**	**105 171**	**(1 129 458)**
Net assets								
Accumulated surplus/(deficit) – unrestricted	3 300	13 822	37 847	144 353	10 238	(1 594 189)	105 171	(1 279 458)
Accumulated surplus/(deficit) – restricted	–	–	–	–	–	–	–	–
Reserves	150 000	–	–	–	–	–	–	150 000
Total net assets	**153 300**	**13 822**	**37 847**	**144 353**	**10 238**	**(1 594 189)**	**105 171**	**(1 129 458)**

Statement of financial performance for the year ended 30 June 2023: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB-strategic deployment stocks*	*RSCE*	*Employee benefits funds*	*Peacekeeping cost-recovery fund*	*Total*
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	365 271	71 449	–	41 820	–	–	478 540
Investment revenue	4 069	3 792	845	3 435	387	949	3 970	17 447
Other revenue	3	37	1 528	6 317	16	3 173	140 699	151 773
Total revenues	**4 072**	**369 100**	**73 822**	**9 752**	**42 223**	**4 122**	**144 669**	**647 760**
Employee salaries, allowances and benefits	–	282 600	42 002	–	34 947	76 085	7 885	443 519
Contingent contracted services	–	2 171	–	–	–	–	4 648	6 819
Other expenses	462	76 914	31 612	6 156	7 266	2 327	112 694	237 431
Credits to Member States	–	–	–	–	–	–	29 197	29 197
Total expenses	**462**	**361 685**	**73 614**	**6 156**	**42 213**	**78 412**	**154 424**	**716 966**
Surplus/(deficit) for the year	**3 610**	**7 415**	**208**	**3 596**	**10**	**(74 290)**	**(9 755)**	**(69 206)**

Statement of financial position as at 30 June 2023: closed missions

(Thousands of United States dollars)

	UNAMID	*MINUJUSTH*	*UNMIL*	*UNOCI*	*UNSMIS*	*UNMIT*	*UNMIS*
Assets							
Cash and cash equivalents	3 064	2 950	2 673	5 863	26	283	1 053
Investments	11 434	11 008	9 975	21 878	97	1 056	3 927
Assessed contributions receivable	107 794	–	–	–	–	–	–
Other receivables	856	168	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	91	–	–	–	–	–	–
Total assets	**123 239**	**14 126**	**12 648**	**27 741**	**123**	**1 339**	**4 980**
Liabilities							
Accounts payable	37 202	6 159	637	21 383	111	1 307	4 964
Total employee benefits	46	77	–	–	–	–	–
Other liabilities and provisions	75 005	12 622	6 620	554	7	–	–
Total liabilities	**112 253**	**18 858**	**7 257**	**21 937**	**118**	**1 307**	**4 964**
Net of total assets and total liabilities	**10 986**	**(4 732)**	**5 391**	**5 804**	**5**	**32**	**16**
Net assets							
Accumulated surplus/(deficit) – unrestricted	10 986	(4 732)	5 391	5 804	5	32	16
Accumulated surplus/(deficit) – restricted	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**10 986**	**(4 732)**	**5 391**	**5 804**	**5**	**32**	**16**

Statement of financial position as at 30 June 2023: closed missions (continued)

(Thousands of United States dollars)

	MINURCAT	*UNOMIG*	*UNMEE*	*ONUB*	*UNAMSIL/ UNOMSIL*	*UNMISET/ UNTAET*	*UNIKOM*
Assets							
Cash and cash equivalents	456	79	346	239	268	726	93
Investments	1 703	293	1 293	894	999	2 711	348
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	**2 159**	**372**	**1 639**	**1 133**	**1 267**	**3 437**	**441**
Liabilities							
Accounts payable	2 115	374	1 614	1 115	1 256	5 222	435
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	5	–	–	1	1	–	–
Total liabilities	**2 120**	**374**	**1 614**	**1 116**	**1 257**	**5 222**	**435**
Net of total assets and total liabilities	**39**	**(2)**	**25**	**17**	**10**	**(1 785)**	**6**
Net assets							
Accumulated surplus/(deficit) – unrestricted	39	(2)	25	17	10	(1 785)	6
Accumulated surplus/(deficit) – restricted	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**39**	**(2)**	**25**	**17**	**10**	**(1 785)**	**6**

Statement of financial position as at 30 June 2023: closed missions (continued)

(Thousands of United States dollars)

	UNMIBH	*UNMOT*	*UNSMIH/ UNTMIH/ MIPONUH*	*MINURCA*	*MONUA/ UNAVEM*	*UNPREDEP*	*UNTAES*
Assets							
Cash and cash equivalents	841	20	49	–	1 862	885	890
Investments	3 139	72	185	2	6 948	3 302	3 323
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	3 630	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	**3 980**	**92**	**234**	**2**	**12 440**	**4 187**	**4 213**
Liabilities							
Accounts payable	8 321	90	115	45	17 456	4 140	8 864
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	–	–	7 366	23 765	–	–	–
Total liabilities	**8 321**	**90**	**7 481**	**23 810**	**17 456**	**4 140**	**8 864**
Net of total assets and total liabilities	**(4 341)**	**2**	**(7 247)**	**(23 808)**	**(5 016)**	**47**	**(4 651)**
Net assets							
Accumulated surplus/(deficit) – unrestricted	(4 341)	2	(18 433)	(30 044)	(5 016)	47	(4 651)
Accumulated surplus/(deficit) – restricted	–	–	11 186	6 236	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**(4 341)**	**2**	**(7 247)**	**(23 808)**	**(5 016)**	**47**	**(4 651)**

Statement of financial position as at 30 June 2023: closed missions (continued)

(Thousands of United States dollars)

	UNOMIL	*UNPF*	*MINUGUA*	*UNMIH*	*UNAMIR/ UNOMUR*	*ONUSAL*	*ONUMOZ*
Assets							
Cash and cash equivalents	35	10 218	–	4 064	1 129	67	1 387
Investments	132	38 130	1	15 165	4 212	252	5 176
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	34 641	–	13 858	3 700	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	**167**	**82 989**	**1**	**33 087**	**9 041**	**319**	**6 563**
Liabilities							
Accounts payable	166	94 926	–	22 234	9 071	315	6 743
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	–	130	124	–	1	–	30
Total liabilities	**166**	**95 056**	**124**	**22 234**	**9 072**	**315**	**6 773**
Net of total assets and total liabilities	**1**	**(12 067)**	**(123)**	**10 853**	**(31)**	**4**	**(210)**
Net assets							
Accumulated surplus/(deficit) – unrestricted	1	(12 067)	(141)	10 853	(31)	4	(210)
Accumulated surplus/(deficit) – restricted	–	–	18	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**1**	**(12 067)**	**(123)**	**10 853**	**(31)**	**4**	**(210)**

Statement of financial position as at 30 June 2023: closed missions (concluded)

(Thousands of United States dollars)

	UNOSOM	*UNMLT*	*UNTAC*	*UNTAG*	*UNIIMOG*	*UNEF*	*ONUC*	*Total*
Assets								
Cash and cash equivalents	11	–	1 453	87	45	19	214	41 395
Investments	41	1	5 421	326	167	71	798	154 480
Assessed contributions receivable	–	–	–	–	–	–	–	107 794
Other receivables	–	–	–	–	–	–	–	56 853
Inventories	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	876	1 973	2 940
Total assets	**52**	**1**	**6 874**	**413**	**212**	**966**	**2 985**	**363 462**
Liabilities								
Accounts payable	197	1	19 517	371	211	16 839	6 552	300 068
Total employee benefits	–	–	–	–	–	–	–	123
Other liabilities and provisions	10 950	–	26 616	39	–	21 542	39 743	225 121
Total liabilities	**11 147**	**1**	**46 133**	**410**	**211**	**38 381**	**46 295**	**525 312**
Net of total assets and total liabilities	**(11 095)**	**–**	**(39 259)**	**3**	**1**	**(37 415)**	**(43 310)**	**(161 850)**
Net assets								
Accumulated surplus/(deficit) – unrestricted	(48 658)	–	(40 077)	3	1	(37 415)	(43 310)	(217 671)
Accumulated surplus/(deficit) – restricted	37 563	–	818	–	–	–	–	55 821
Reserves	–	–	–	–	–	–	–	–
Total net assets	**(11 095)**	**–**	**(39 259)**	**3**	**1**	**(37 415)**	**(43 310)**	**(161 850)**

Statement of financial performance for the year ended 30 June 2023: closed missions

(Thousands of United States dollars)

	UNAMID	*MINUJUSTH*	*UNMIL*	*UNOCI*	*UNSMIS*	*UNMIT*	*UNMIS*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	60	307	322	787	11	89	222
Other revenue	233	1	–	–	–	–	–
Total revenues	**293**	**308**	**322**	**787**	**11**	**89**	**222**
Employee salaries, allowances and benefits	(21)	(90)	(5)	–	–	–	–
Contingent contracted services	(1 637)	(1 315)	(463)	–	–	–	–
Other expenses	1 414	(5 596)	(1 473)	(685)	–	–	(78)
Credits to Member States	(7 722)	–	–	–	164	1 902	7 217
Total expenses	**(7 966)**	**(7 001)**	**(1 941)**	**(685)**	**164**	**1 902**	**7 139**
Surplus/(deficit) for the year	**8 259**	**7 309**	**2 263**	**1 472**	**(153)**	**(1 813)**	**(6 917)**

Statement of financial performance for the year ended 30 June 2023: closed missions (continued)

(Thousands of United States dollars)

	MINURCAT	*UNOMIG*	*UNMEE*	*ONUB*	*UNAMSIL/ UNOMSIL*	*UNMISET/ UNTAET*	*UNIKOM*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	207	17	72	50	55	148	20
Other revenue	–	–	–	–	–	–	–
Total revenues	**207**	**17**	**72**	**50**	**55**	**148**	**20**
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	–	–	–	–	–	–	–
Credits to Member States	2 730	551	2 268	1 579	1 785	4 797	633
Total expenses	**2 730**	**551**	**2 268**	**1 579**	**1 785**	**4 797**	**633**
Surplus/(deficit) for the year	**(2 523)**	**(534)**	**(2 196)**	**(1 529)**	**(1 730)**	**(4 649)**	**(613)**

Statement of financial performance for the year ended 30 June 2023: closed missions (continued)

(Thousands of United States dollars)

	UNMIBH	*UNMOT*	*UNSMIH/UNTMIH/ MIPONUH*	*MINURCA*	*MONUA/ UNAVEM*	*UNPREDEP*	*UNTAES*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	174	4	7	2	529	143	177
Other revenue	–	–	–	–	–	–	–
Total revenues	**174**	**4**	**7**	**2**	**529**	**143**	**177**
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	(2)	–	–	–	(9)	–	(4)
Credits to Member States	5 640	125	–	–	16 784	2 183	5 764
Total expenses	**5 638**	**125**	**–**	**–**	**16 775**	**2 183**	**5 760**
Surplus/(deficit) for the year	**(5 464)**	**(121)**	**7**	**2**	**(16 246)**	**(2 040)**	**(5 583)**

Statement of financial performance for the year ended 30 June 2023: closed missions (continued)

(Thousands of United States dollars)

	UNOMIL	*UNPF*	*MINUGUA*	*UNMIH*	*UNAMIR/UNOMUR*	*ONUSAL*	*ONUMOZ*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	7	3 400	–	802	412	13	269
Other revenues	–	–	–	–	–	–	–
Total revenues	**7**	**3 400**	**–**	**802**	**412**	**13**	**269**
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	–	(35)	–	(1)	(4)	–	(5)
Credits to Member States	198	106 958	–	13 091	12 112	431	8 791
Total expenses	**198**	**106 923**	**–**	**13 090**	**12 108**	**431**	**8 786**
Surplus/(deficit) for the year	**(191)**	**(103 523)**	**–**	**(12 288)**	**(11 696)**	**(418)**	**(8 517)**

Statement of financial performance for the year ended 30 June 2023: closed missions (concluded)

(Thousands of United States dollars)

	UNOSOM	*UNMLT*	*UNTAC*	*UNTAG*	*UNIIMOG*	*UNEF*	*ONUC*	*Total*
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–	–
Investment revenue	151	–	(40)	15	8	3	29	8 472
Other revenue	–	–	22	–	–	254	52	562
Total revenue	**151**	**–**	**(18)**	**15**	**8**	**257**	**81**	**9 034**
Employee salaries, allowances and benefits	–	–	–	–	–	–	–	(116)
Contingent contracted services	–	–	–	–	–	–	–	(3 415)
Other expenses	1	–	(15)	–	–	–	–	(6 492)
Credits to Member States	–	1	–	393	197	–	–	188 572
Total expenses	**1**	**1**	**(15)**	**393**	**197**	**–**	**–**	**178 549**
Surplus/(deficit) for the year	**150**	**(1)**	**(3)**	**(378)**	**(189)**	**257**	**81**	**(169 515)**

Annex II

Budgetary reporting by mission

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Peacekeeping Force in Cyprus

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	23 949	–	23 949	22 702	280	22 982	967
Civilian personnel	16 106	(554)	15 552	15 551	–	15 551	1
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	38	(15)	23	23	–	23	–
Official travel	216	64	280	269	11	280	–
Facilities and infrastructure	6 721	(100)	6 621	5 505	1 116	6 621	–
Ground transportation	1 697	1 002	2 699	1 434	1 265	2 699	–
Air operations	2 335	54	2 389	2 351	38	2 389	–
Marine operations	32	(2)	30	26	–	26	4
Communications and information technology	1 706	(15)	1 691	1 523	157	1 680	11
Medical	498	(288)	210	178	24	202	8
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	721	(146)	575	531	43	574	1
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**13 964**	**554**	**14 518**	**11 840**	**2 654**	**14 494**	**24**
Subtotal	**54 019**	**–**	**54 019**	**50 093**	**2 934**	**53 027**	**992**
Prorated costs							
UNLB	594	–	594	594	–	594	–
Support account for peacekeeping operations	3 300	–	3 300	3 300	–	3 300	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**3 894**	**–**	**3 894**	**3 894**	**–**	**3 894**	**–**
Voluntary contributions in kind (budgeted)	309	–	309	204	–	204	105
Total	**58 222**	**–**	**58 222**	**54 191**	**2 934**	**57 125**	**1 097**

[a] In accordance with General Assembly resolution 76/283.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Disengagement Observer Force

(Thousands of United States dollars)

	Appropriation				*Expenditure*			
	Original distribution[a]	*Additional appropriation*	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	38 846	239	(265)	38 820	33 880	4 499	38 379	441
Civilian personnel	15 524	–	227	15 751	15 735	16	15 751	–
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants and consulting services	14	–	(10)	4	3	–	3	1
Official travel	188	–	22	210	193	17	210	–
Facilities and infrastructure	4 825	612	165	5 602	4 924	678	5 602	–
Ground transportation	1 475	183	310	1 968	1 493	475	1 968	–
Air operations	–	–	–	–	–	–	–	–
Marine operations	50	–	–	50	9	–	9	41
Communications and information technology	1 714	–	(53)	1 661	1 511	148	1 659	2
Medical	308	–	(50)	258	197	53	250	8
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	1 300	–	(346)	954	831	27	858	96
Quick-impact projects	300	–	–	300	299	–	299	1
Total operational requirements	**10 174**	**795**	**38**	**11 007**	**9 460**	**1 398**	**10 858**	**149**
Subtotal	**64 544**	**1 034**	**–**	**65 578**	**59 075**	**5 913**	**64 988**	**590**
Prorated costs								
UNLB	710	–	–	710	710	–	710	–
Support account for peacekeeping operations	3 943	–	–	3 943	3 943	–	3 943	–
RSCE	–	–	–	–	–	–	–	–
Subtotal prorated costs	**4 653**	**–**	**–**	**4 653**	**4 653**	**–**	**4 653**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	**69 197**	**1 034**	**–**	**70 231**	**63 728**	**5 913**	**69 641**	**590**

[a] In accordance with General Assembly resolutions 76/289 and 77/291 A.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Interim Force in Lebanon

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	338 206	(14 574)	323 632	258 764	64 868	323 632	–
Civilian personnel	116 416	3 012	119 428	119 360	67	119 427	1
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	85	20	105	76	29	105	–
Official travel	664	(78)	586	581	5	586	–
Facilities and infrastructure	21 337	6 079	27 416	20 673	6 743	27 416	–
Ground transportation	6 649	4 491	11 140	8 385	2 755	11 140	–
Air operations	7 007	(1 695)	5 312	4 734	577	5 311	1
Marine operations	216	(20)	196	53	143	196	–
Communications and information technology	7 452	1 588	9 040	5 772	3 268	9 040	–
Medical	1 533	(313)	1 220	1 058	162	1 220	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	2 856	1 490	4 346	3 854	492	4 346	–
Quick-impact projects	500	–	500	393	107	500	–
Total operational requirements	**48 299**	**11 562**	**59 861**	**45 579**	**14 281**	**59 860**	**1**
Subtotal	**502 921**	**–**	**502 921**	**423 703**	**79 216**	**502 919**	**2**
Prorated costs							
UNLB	5 531	–	5 531	5 531	–	5 531	–
Support account for peacekeeping operations	30 724	–	30 724	30 724	–	30 724	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**36 255**	**–**	**36 255**	**36 255**	**–**	**36 255**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**539 176**	**–**	**539 176**	**459 958**	**79 216**	**539 174**	**2**

[a] In accordance with General Assembly resolution 76/290.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Mission for the Referendum in Western Sahara

(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	8 158	–	8 158	7 785	294	8 079	79
Civilian personnel	24 428	–	24 428	22 701	190	22 891	1 537
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	14	–	14	11	2	13	1
Official travel	522	133	655	569	85	654	1
Facilities and infrastructure	5 030	31	5 061	3 319	1 742	5 061	–
Ground transportation	2 649	810	3 459	1 080	2 377	3 457	2
Air operations	11 271	(931)	10 340	8 244	1 505	9 749	591
Marine operations	65	86	151	120	31	151	–
Communications and information technology	2 841	237	3 078	2 022	1 056	3 078	–
Medical	250	–	250	66	52	118	132
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	5 365	(366)	4 999	4 075	538	4 613	386
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**28 007**	**–**	**28 007**	**19 506**	**7 388**	**26 894**	**1 113**
Subtotal	**60 593**	**–**	**60 593**	**49 992**	**7 872**	**57 864**	**2 729**
Prorated costs							
UNLB	666	–	666	666	–	666	–
Support account for peacekeeping operations	3 702	–	3 702	3 702	–	3 702	–
RSCE	453	–	453	453	–	453	–
Subtotal prorated costs	**4 821**	**–**	**4 821**	**4 821**	**–**	**4 821**	**–**
Voluntary contributions in kind (budgeted)	519	–	519	372	–	372	147
Total	**65 933**	**–**	**65 933**	**55 185**	**7 872**	**63 057**	**2 876**

[a] In accordance with General Assembly resolution 76/292.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Interim Administration Mission in Kosovo

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	735	–	735	633	4	637	98
Civilian personnel	33 275	(957)	32 318	31 113	100	31 213	1 105
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	26	23	49	49	–	49	–
Official travel	316	138	454	436	18	454	–
Facilities and infrastructure	2 686	(25)	2 661	2 265	355	2 620	41
Ground transportation	216	230	446	341	105	446	–
Air operations	–	–	–	–	–	–	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	1 717	629	2 346	1 721	625	2 346	–
Medical	110	(38)	72	35	33	68	4
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	2 866	–	2 866	2 815	18	2 833	33
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**7 937**	**957**	**8 894**	**7 662**	**1 154**	**8 816**	**78**
Subtotal	**41 947**	**–**	**41 947**	**39 408**	**1 258**	**40 666**	**1 281**
Prorated costs							
UNLB	461	–	461	461	–	461	–
Support account for peacekeeping operations	2 563	–	2 563	2 563	–	2 563	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**3 024**	**–**	**3 024**	**3 024**	**–**	**3 024**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**44 971**	**–**	**44 971**	**42 432**	**1 258**	**43 690**	**1 281**

[a] In accordance with General Assembly resolution 76/287.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	510 728	5 071	515 799	450 363	65 436	515 799	–
Civilian personnel	268 767	(4 675)	264 092	252 254	1 878	254 132	9 960
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	585	47	632	578	54	632	–
Official travel	4 558	(38)	4 520	4 180	252	4 432	88
Facilities and infrastructure	45 610	24 552	70 162	57 922	12 240	70 162	–
Ground transportation	10 580	2 254	12 834	8 150	4 684	12 834	–
Air operations	99 676	(30 591)	69 085	63 677	1 287	64 964	4 121
Marine operations	690	511	1 201	932	269	1 201	–
Communications and information technology	39 825	790	40 615	36 072	4 543	40 615	–
Medical	2 237	(207)	2 030	1 311	456	1 767	263
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	45 764	2 286	48 050	37 656	10 394	48 050	–
Quick-impact projects	1 250	–	1 250	886	362	1 248	2
Total operational requirements	**250 775**	**(396)**	**250 379**	**211 364**	**34 541**	**245 905**	**4 474**
Subtotal	**1 030 270**	**–**	**1 030 270**	**913 981**	**101 855**	**1 015 836**	**14 434**
Prorated costs							
UNLB	11 332	–	11 332	11 332	–	11 332	–
Support account for peacekeeping operations	62 939	–	62 939	62 939	–	62 939	–
RSCE	7 701	–	7 701	7 701	–	7 701	–
Subtotal prorated costs	**81 972**	**–**	**81 972**	**81 972**	**–**	**81 972**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 112 242**	**–**	**1 112 242**	**995 953**	**101 855**	**1 097 808**	**14 434**

[a] In accordance with General Assembly resolution 76/284.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Support Office in Somalia

(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	146 087	(1 093)	144 994	120 543	21 114	141 657	3 337
Civilian personnel	94 363	(3 099)	91 264	90 622	511	91 133	131
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	530	–	530	341	101	442	88
Official travel	1 172	345	1 517	1 319	137	1 456	61
Facilities and infrastructure	84 781	10 947	95 728	77 923	17 805	95 728	–
Ground transportation	14 443	(136)	14 307	10 419	3 888	14 307	–
Air operations	73 337	(12 074)	61 263	59 117	1 400	60 517	746
Marine operations	955	464	1 419	470	949	1 419	–
Communications and information technology	36 735	2 866	39 601	34 849	4 714	39 563	38
Medical	10 358	(303)	10 055	8 107	1 948	10 055	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	58 936	2 083	61 019	57 229	3 778	61 007	12
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**281 247**	**4 192**	**285 439**	**249 774**	**34 720**	**284 494**	**945**
Subtotal	**521 697**	**–**	**521 697**	**460 939**	**56 345**	**517 284**	**4 413**
Prorated costs							
UNLB	5 738	–	5 738	5 738	–	5 738	–
Support account for peacekeeping operations	31 870	–	31 870	31 870	–	31 870	–
RSCE	3 900	–	3 900	3 900	–	3 900	–
Subtotal prorated costs	**41 508**	**–**	**41 508**	**41 508**	**–**	**41 508**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**563 205**	**–**	**563 205**	**502 447**	**56 345**	**558 792**	**4 413**

[a] In accordance with General Assembly resolution 76/293.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Interim Security Force for Abyei

(Thousands of United States dollars)

	Appropriation				*Expenditure*			
	Original distribution[a]	*Additional appropriation*	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	117 385	–	(21 774)	95 611	68 967	26 350	95 317	294
Civilian personnel	51 253	–	59	51 312	51 127	185	51 312	–
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants and consulting services	615	–	697	1 312	1 311	1	1 312	–
Official travel	526	–	502	1 028	904	124	1 028	–
Facilities and infrastructure	32 469	2 697	11 426	46 592	36 713	9 879	46 592	–
Ground transportation	1 959	405	935	3 299	2 127	1 172	3 299	–
Air operations	25 412	4 420	(1 303)	28 529	27 941	488	28 429	100
Marine operations	494	–	297	791	638	153	791	–
Communications and information technology	9 324	–	2 136	11 460	9 412	2 048	11 460	–
Medical	693	–	162	855	467	388	855	–
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	19 033	985	6 895	26 913	21 617	5 296	26 913	–
Quick-impact projects	500	–	(32)	468	369	99	468	–
Total operational requirements	**91 025**	**8 507**	**21 715**	**121 247**	**101 499**	**19 648**	**121 147**	**100**
Subtotal	**259 663**	**8 507**	**–**	**268 170**	**221 593**	**46 183**	**267 776**	**394**
Prorated costs								
UNLB	2 856	–	–	2 856	2 856	–	2 856	–
Support account for peacekeeping operations	15 863	–	–	15 863	15 863	–	15 863	–
RSCE	1 941	–	–	1 941	1 941	–	1 941	–
Subtotal prorated costs	**20 660**	**–**	**–**	**20 660**	**20 660**	**–**	**20 660**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	**280 323**	**8 507**	**–**	**288 830**	**242 253**	**46 183**	**288 436**	**394**

[a] In accordance with General Assembly resolutions 76/281 and 77/290 A.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Mission in South Sudan

(Thousands of United States dollars)

	Appropriation				*Expenditure*			
	Original distribution[a]	*Additional appropriation*	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	504 992	–	(732)	504 260	416 217	88 043	504 260	–
Civilian personnel	322 417	–	2	322 419	321 441	977	322 418	1
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants and consulting services	348	–	(112)	236	132	104	236	–
Official travel	2 063	–	448	2 511	2 264	247	2 511	–
Facilities and infrastructure	85 028	3 864	5 768	94 660	71 681	22 979	94 660	–
Ground transportation	13 006	553	105	13 664	9 887	3 777	13 664	–
Air operations	100 803	633	(3 706)	97 730	96 109	1 621	97 730	–
Marine operations	2 415	–	(150)	2 265	2 108	157	2 265	–
Communications and information technology	31 470	–	268	31 738	27 847	3 891	31 738	–
Medical	1 825	–	(171)	1 654	1 237	417	1 654	–
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	49 242	–	(1 717)	47 525	34 630	12 895	47 525	–
Quick-impact projects	3 000	–	(3)	2 997	2 459	538	2 997	–
Total operational requirements	**289 200**	**5 050**	**730**	**294 980**	**248 354**	**46 626**	**294 980**	**–**
Subtotal	**1 116 609**	**5 050**	**–**	**1 121 659**	**986 012**	**135 646**	**1 121 658**	**1**
Prorated costs								
UNLB	12 281	–	–	12 281	12 281	–	12 281	–
Support account for peacekeeping operations	68 214	–	–	68 214	68 214	–	68 214	–
RSCE	8 347	–	–	8 347	8 347	–	8 347	–
Subtotal prorated costs	**88 842**	**–**	**–**	**88 842**	**88 842**	–	**88 842**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	**1 205 451**	**5 050**	–	**1 210 501**	**1 074 854**	**135 646**	**1 210 500**	**1**

[a] In accordance with General Assembly resolutions 76/291 and 77/292 A.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Multidimensional Integrated Stabilization Mission in Mali

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	499 270	924	500 194	393 260	106 934	500 194	–
Civilian personnel	235 294	–	235 294	221 320	2 119	223 439	11 855
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	489	(73)	416	233	–	233	183
Official travel	3 064	1 299	4 363	3 902	461	4 363	–
Facilities and infrastructure	114 050	3 870	117 920	87 954	29 966	117 920	–
Ground transportation	20 980	–	20 980	11 033	6 324	17 357	3 623
Air operations	191 821	(5 658)	186 163	143 678	18 371	162 049	24 114
Marine operations	1 436	147	1 583	1 256	327	1 583	–
Communications and information technology	64 740	839	65 579	44 286	21 293	65 579	–
Medical	8 822	(1 349)	7 473	4 783	802	5 585	1 888
Special equipment	–	1	1	–	1	1	–
Other supplies, services and equipment	100 279	–	100 279	70 597	18 621	89 218	11 061
Quick-impact projects	4 800	–	4 800	3 940	831	4 771	29
Total operational requirements	**510 481**	**(924)**	**509 557**	**371 662**	**96 997**	**468 659**	**40 898**
Subtotal	**1 245 045**	**–**	**1 245 045**	**986 242**	**206 050**	**1 192 292**	**52 753**
Prorated costs							
UNLB	13 694	–	13 694	13 694	–	13 694	–
Support account for peacekeeping operations	76 060	–	76 060	76 060	–	76 060	–
RSCE	9 307	–	9 307	9 307	–	9 307	–
Subtotal prorated costs	**99 061**	**–**	**99 061**	**99 061**	**–**	**99 061**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 344 106**	**–**	**1 344 106**	**1 085 303**	**206 050**	**1 291 353**	**52 753**

[a] In accordance with General Assembly resolution 76/288.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	602 015	(2 126)	599 889	523 413	76 473	599 886	3
Civilian personnel	228 597	(5 645)	222 952	221 725	1 036	222 761	191
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	971	(586)	385	344	41	385	–
Official travel	2 948	837	3 785	3 387	398	3 785	–
Facilities and infrastructure	61 557	7 160	68 717	41 099	27 358	68 457	260
Ground transportation	18 685	(200)	18 485	11 862	6 621	18 483	2
Air operations	68 206	(4 366)	63 840	52 319	11 521	63 840	–
Marine operations	500	721	1 221	271	950	1 221	–
Communications and information technology	40 236	884	41 120	30 897	10 223	41 120	–
Medical	3 067	(344)	2 723	1 510	1 213	2 723	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	44 606	3 687	48 293	33 253	15 010	48 263	30
Quick-impact projects	3 000	(22)	2 978	2 215	763	2 978	–
Total operational requirements	**243 776**	**7 771**	**251 547**	**177 157**	**74 098**	**251 255**	**292**
Subtotal	**1 074 388**	**–**	**1 074 388**	**922 295**	**151 607**	**1 073 902**	**486**
Prorated costs							
UNLB	11 817	–	11 817	11 817	–	11 817	–
Support account for peacekeeping operations	65 634	–	65 634	65 634	–	65 634	–
RSCE	8 031	–	8 031	8 031	–	8 031	–
Subtotal prorated costs	**85 482**	**–**	**85 482**	**85 482**	**–**	**85 482**	
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 159 870**	**1 159 870**	**1 159 870**	**1 007 777**	**151 607**	**1 159 384**	**486**

[a] In accordance with General Assembly resolution 76/282.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

Support account for peacekeeping operations

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	3 882	(1 710)	2 172	148	2 024	2 172	–
Civilian personnel	268 869	3 206	272 075	270 821	1 254	272 075	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	1 761	(99)	1 662	1 013	648	1 661	1
Official travel	5 964	379	6 343	5 980	363	6 343	–
Facilities and infrastructure	23 826	(179)	23 647	23 405	214	23 619	28
Ground transportation	80	8	88	81	7	88	–
Air operations	–	–	–	–	–	–	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	34 685	(1 525)	33 160	21 950	8 093	30 043	3 117
Medical	89	46	135	118	17	135	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	32 631	(126)	32 505	32 114	303	32 417	88
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**99 036**	**(1 496)**	**97 540**	**84 661**	**9 645**	**94 306**	**3 234**
Total	**371 787**	**–**	**371 787**	**355 630**	**12 923**	**368 553**	**3 234**

[a] In accordance with General Assembly resolution 76/279.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

United Nations Logistics Base at Brindisi, Italy

(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	44 940	(1 176)	43 764	41 403	755	42 158	1 606
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	144	267	411	244	167	411	–
Official travel	359	284	643	536	107	643	–
Facilities and infrastructure	5 701	1 211	6 912	4 649	2 263	6 912	–
Ground transportation	382	134	516	434	82	516	–
Air operations	3	23	26	24	2	26	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	13 346	(800)	12 546	11 384	1 108	12 492	54
Medical	69	(5)	64	30	31	61	3
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	1 015	62	1 077	867	210	1 077	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**21 019**	**1 176**	**22 195**	**18 168**	**3 970**	**22 138**	**57**
Subtotal	**65 959**	**–**	**65 959**	**59 571**	**4 725**	**64 296**	**1 663**
Strategic deployment stock activities – replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions and other entities	110 787	–	110 787	16 151	20 764	36 915	73 872
Total	**176 746**	**–**	**176 746**	**75 722**	**25 489**	**101 211**	**75 535**

[a] In accordance with General Assembly resolution 76/277.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2022 to 30 June 2023

Regional Service Centre in Entebbe, Uganda

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	36 341	–	36 341	35 107	46	35 153	1 188
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	80	–	80	–	–	–	80
Official travel	216	5	221	205	16	221	–
Facilities and infrastructure	2 249	(161)	2 088	1 816	221	2 037	51
Ground transportation	92	34	126	82	44	126	–
Air operations	–	–	–	–	–	–	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	3 605	252	3 857	3 379	478	3 857	–
Medical	107	(50)	57	–	48	48	9
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	432	(80)	352	237	55	292	60
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**6 781**	**–**	**6 781**	**5 719**	**862**	**6 581**	**200**
Total	**43 122**	**–**	**43 122**	**40 826**	**908**	**41 734**	**1 388**

[a] In accordance with General Assembly resolution 76/278.