United Nations

Fund of the United Nations Environment Programme

Financial report and audited financial statements

for the year ended 31 December 2025

and

Report of the Board of Auditors

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

General Assembly
Official Records
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A/81/5 /Add.7

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United Nations • New York, 2026

Note

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

[22 July 2026]

Contents

Abbreviations

BE fund	Special Voluntary Trust Fund for Additional Voluntary Contributions in Support of Approved Activities
IPSAS	International Public Sector Accounting Standards
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

Letters of transmittal

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

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

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

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

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

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

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

Chapter I

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

Opinion

We have audited the financial statements of the Fund of the United Nations Environment Programme (UNEP), which comprise the statement of financial position (statement I) as at 31 December 2025, and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the period then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNEP as at 31 December 2025 and their financial performance and cash flows for the period then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

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

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

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

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

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

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

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

(d) Draw conclusions on the appropriateness of management’s use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNEP to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause UNEP to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

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

Hou Kai
Auditor General of the People’s Republic of China
(Lead Auditor)

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

22 July 2026

Chapter II
Long-form report of the Board of Auditors

Summary

Scope of the report

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Environment Programme (UNEP) for the year ended 31 December 2025. The interim audit was conducted in Nairobi at UNEP headquarters, in Montreal at the secretariat of the Convention on Biological Diversity between October and November 2025. The final audit was carried out on site at headquarters in Nairobi between April 2026 and May 2026.

In addition to the audit of the financial statements the Board focused on budget preparation, strategy implementation, performance management, programme and project management. Finally, the Board followed up on the recommendations set out in its previous reports to assess how they had been implemented.

Audit opinion

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

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

Overall conclusion

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

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

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

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

Key findings

Financial overview

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

it amounted to $1,101.84 million.

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

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

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

Management of strategy

Inaccuracies in performance target setting and data reporting

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

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

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

Management of programme and project

Ineffective project performance and fund underutilization

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

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

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

Main recommendations

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

Management of strategy

(a) **Strengthen data management for all performance measures by undertaking an exercise to publish accurate baseline data, targets and accomplishments, thereby ensuring the consistency of performance information;**

(b) **Increase awareness among its senior management team about the proposed programme budget formulation and its linkage with the programme of work, and submit new planned results (Result 3) for the proposed programme budget for 2028 are more closely aligned with the subprogramme indicators of the programme of work for the 2026–2029 strategic cycle**;

Management of programme and project

(c) Integrate into the quarterly review mechanism an analysis of the underlying causes of poor project performance, based on data provided by project managers, together with targeted measures to address identified project challenges and measure project results;

(d) Update the Programme Manual to mandate that all project indicators be updated in the Integrated Planning, Management and Reporting system before any project progress or completion report is prepared, thereby ensuring consistency between reported information and system records;

(e) Conduct a one-time review of existing projects in the Integrated Planning, Management and Reporting system to identify and update missing data and documentation, with particular attention to ensuring timely monitoring and the upload of required documentation for active ongoing projects as of 31 March 2026.

Follow-up on previous recommendations

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

Key facts	
$1,154.64 million	Total revenue
$829.27 million	Total expenses
$325.37 million	Surplus
$4,096.76 million	Assets
$547.73 million	Liabilities
$3,549.03 million	Total net assets
3011	staff and non-staff

A. Mandate, scope and methodology

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

2. The Board of Auditors audited the financial statements and reviewed the operations of UNEP for the year ended 31 December 2025 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UNEP as at 31 December 2025 and the results and cash flows for the accounting period in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

4. The Board also reviewed the operations of UNEP under regulation 7.5 of the Financial Regulations and Rules of the United Nations. This entitles the Board to make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls and, in general, the

administration and management of UNEP operations. During the present audit, the Board focused on budget preparation, strategy implementation, performance management, programme and project management. The General Assembly has also requested the Board to follow up on previous recommendations and to report thereon accordingly. Those matters are addressed in the relevant sections of the present report, and the details of the results are included in the annex to the present chapter.

5. The interim audit was conducted in Nairobi at UNEP headquarters, in Montreal at the secretariat of the Convention on Biological Diversity between October and November 2025. The final audit was carried out on site at headquarters in Nairobi between April 2026 and May 2026.

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

B. Findings and recommendations

1. Follow-up on previous recommendations

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

8. Of the 27 outstanding recommendations, 17 were issued in the previous report (A/80/5/Add.7) and endorsed by the General Assembly. Of those 27 recommendations, 18 (67 per cent) have been implemented and eight (30 per cent) remain under implementation and one is considered overtaken by events (three percent).

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

Table II.1
Status of implementation of recommendations

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

10. Of the eight pending recommendations, one (13 per cent) for three years, and six (74 per cent) for one year. The Board noted that certain recommendations were under implementation due to the time required for their full implementation. Detailed follow-up to the recommendations issued during the previous years is shown in annex I.

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

2. Financial overview

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

2.1. Revenue and expenses

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

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

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

2.2. Assets and liabilities

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

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

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

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

2.3. Ratio analysis

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

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

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

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

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

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

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

Table II.2
Ratios analysis

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

Source: Analysis by the Board of Auditors of the UNEP financial statements.
[a] A high ratio (generally at least 1) indicates an entity's ability to meet its overall obligations.
[b] A high ratio (generally at least 1) indicates an entity's ability to pay off its current liabilities.
[c] The cash ratio indicates an entity's liquidity. It measures the coverage of liabilities by cash, cash equivalents and invested funds available.
[d] The quick ratio indicates the potential ability to convert quickly assets into liquidities to face its current commitments. The higher is the ratio, the higher is the liquid current position.

3. Management of budget and finance

3.1. Budget management

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

27. The Secretary-General, in his proposal on results-based budgeting (A/54/456) and his proposal on administrative reform (A/72/492), emphasized that accomplishments would be specific and measurable with quantitative or qualitative

indicators to demonstrate a clearer link between resources and results, ensuring transparency and accountability.

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

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

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

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

32. UNEP accepted the recommendation.

3.2. Financial management

Prolonged retention of significant advance balances and low utilization of advances

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

34. As at 31 December 2025, the UNEP financial statements reflected advance balances of $499 million (12 per cent of total assets). The audit team conducted an aging analysis which indicated that $70.4 million (14 per cent) of advances had remained outstanding for more than one year. In accordance with the UNEP Guidance Note on the Systematic Monitoring and Implementing Partner Risk Flagging Framework, such aged advances represent a high to critical level of risk, with $57.03 million outstanding for one to two years, $10.57 million for two to four years, and $2.8 million for more than four years, indicating that a portion of advanced funds has not been timely converted into actual expenditures.

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

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

37. The Board further noted that similar issues were raised in prior audits (2021 and 2024). UNEP has since strengthened controls through the issuance of the Guidance Note on the Systematic Monitoring and Implementing Partner Risk Flagging Framework in February 2026, introducing post-facto measures such as risk categorization, suspension of new agreements, and payment holds. UNEP attributed some long-outstanding balances to legacy cases and external factors, including the implementing partners' reporting timelines beyond UNEP's direct oversight.

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

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

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

41. UNEP accepted the recommendation.

Delays in financial closure and prolonged retention of unspent balances

42. The Standard Operating Procedure on Financial Closure of Projects and Grants (BFMS SOP 114, Rev. December 2023) (SOP) sets out the procedures for the financial closure of UNEP projects and grants in compliance with the United Nations Financial Regulations and Rules, stipulating that unspent funds must be transferred to the relevant unearmarked account, and the closing period shall be completed in line with donor requirements for certified final reporting, normally within six to twelve months after the operational end date.

43. The Board noted that unspent balances of $14.87 million from 235 financially closed earmarked grants had been transferred to unearmarked accounts for the period

1 January 2025 to 31 December 2025. Of this amount, $1.28 million (8.6 per cent) remain pending donor confirmation and $1.28 million (8.6 per cent) were awaiting updates from the Financial Management Officers (FMO).

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

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

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

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

48. UNEP accepted the recommendation.

Deficiencies in resource mobilization strategy implementation

(a) Weaknesses in resource mobilization strategy implementation

49. UNEP Resource Mobilization Strategy 2021-2025, effective since July 2021, aimed to enhance funding sustainability and flexibility by broadening the donor base, increasing the proportion of core funding, and optimizing the overall funding structure in support of medium-term strategy and programme of work, including Member States’ commitment to raise the core share of funding for development-related activities (Environment Fund and UN Regular Budget) from 20 per cent to 30 per cent by 2023 as per the UN Funding Compact.

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

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

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

53. The Board further noted that the client relationship management platform envisaged in the strategy had not been effectively established. Outreach for earmarked resources remained decentralized, with multiple programme managers

who may be contacting the same donor, showing a potential risk for duplication of efforts and inefficient coordination and tracking.

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

(b) Inadequacy of voluntary trust funds

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

56. The decision 16/28 of the Conference of the Parties to the Convention on Biological Diversity, "acknowledges in period 2025-2026,the funding estimates for: (a)funding requirements by thematic area and expenditure component for the Special Voluntary Trust Fund for Additional Approved Activities under the Convention and its Protocols (BE fund) is US$21.94 million; (b)funding requirements of staff for the BE fund is US$6.75 million; (c)funding requirements for the Special Voluntary Trust Fund for Facilitating the Participation of Parties in the Convention Process(BZ fund) is US$7.89 million; (d)funding requirements for the Special Voluntary Trust Fund for Facilitating the Participation of Indigenous Peoples and Local Communities(VB fund) is US$0.32 million." And "reaffirms the importance of the full and effective participation of at least two delegates from developing country parties, least developed countries, small island developing states, and parties with economies in transition."

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

58. The Board also noted that the lack of predictable and sustainable funding affected the participation of developing country parties, indigenous and local communities in the meetings held under the convention and its protocols. The secretariat could fund only one delegate each from 92 parties for the two subsidiary body meetings in Panama in October 2025, leading to dissatisfaction among the parties.

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

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

61. **The Board recommends that the Secretariat of the Convention on Biological Diversity, in consultation with the Bureau, submit a proposal to revise the structure and rules of the Special Voluntary Trust Fund for facilitating the participation of parties in the convention process, enhance transparency by providing comprehensive cost estimates and the expected amount of voluntary contributions to the BE fund.**

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

4. Management of strategy

Inaccuracies in performance target setting and data processing

63. The UNEP Medium-Term Strategy for 2022-2025 stated that UNEP recognizes that the continuing transition to results-based management is as much a transformation of the institution’s internal culture as it is a management issue. The use of data, monitoring and evaluation is a critical tool for decision-making. UNEP will enhance its internal capacity to deliver results and will develop indicators that are aligned with organizational objectives to reflect true transformational change.

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

(a) Incorrect performance target setting

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

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

(b) Incorrect baseline data

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

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

(c) Inconsistencies in performance data

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

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

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

72. UNEP accepted the recommendation.

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

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

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

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

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

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

76. The Board noted that, although both documents covered the same seven subprogrammes, they used different information reporting modalities, leading to differences in the presentation of planned activities. The proposed programme budget set out 63 deliverables, of which 31 were not reflected in the programme of work, while the "programme management and support" pillar established under the programme of work was absent from the proposed programme budget. UNEP explained that these differences were associated with the distinct focus of the two documents, with the proposed programme budget focusing on regular budget delivery with the audience being the Advisory Committee on Administrative and Budgetary, the Committee for Programme and Coordination, the Fifth Committee and the General Assembly, while the programmes of work is designed to be discussed by the committee of permanent representatives and for the Environment Fund portion approved by UNEA and covering full funding scope for context. And UNEP received a small proportion of Regular Budget resources compared to other funding sources.

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

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

78. UNEP explained that the differences arose because the proposed programme budget results had been developed before the approval of the programme of work as UNEP elevated the topic in their focus by first bringing it into the proposed programme budget reporting and second into the Medium-Term Strategy and the programmes of work. However, the proposed programme budge "result" focused on country reports and the programmes of work indicator covered more widely, thus having different formulation, baselines, and starting years. Since there is a strict guidance from UN Secretariat, the management has not been allowed to change the result area in the proposed budget report to retrospectively match the programmes of work indicator and thus there has not been any effort to try to reconcile the differentiated reporting between country and other reports.

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

80. **The Board recommends that UNEP increase awareness among its senior management team about the proposed programme budget formulation and its linkage with the programme of work, and submit new planned results (Result 3) of the proposed programme budget for 2028 in closer alignment with the programme of work subprogramme indicators during the strategic cycle of 2026-2029.**

81. UNEP accepted the recommendation.

Deficiencies in the monitoring and reporting of the United Nations Environment Assembly 6 resolutions

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

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

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

(a) Incomplete six-monthly reports

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

(b) Insufficient updating and measurability of implementation plans

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

(c) Inaccurate setting of milestones

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

88. UNEP explained that the June 2024 report was the first report for all resolutions adopted at the sixth session and was used to identify key milestone activities to be undertaken during the implementation of the resolutions. The "Not Attained" status was revised in subsequent reporting periods. UNEP further indicated that the implementation of the mandates under these resolutions was subject to the availability of funds, in accordance with the wording of the resolutions. Given this provision, the submission of the Executive Directors' report to UNEA-7 was the main activity undertaken and reported on for resolution 6 in the two reporting periods of 2024. In 2025, more activities were reported on, following the merger of this resolution with UNEA6/RES4.

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

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

91. UNEP accepted the recommendation.

Limited implementation of the digital transformation strategy

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

93. According to the Data and Digital Governance Framework, senior management team provides top-tier strategic oversight of all data and digital activities while

delegating technical decisions to the Data and Product Group and Information Communication and Technology Solutions Group. The Data and Product Group and Information Communication and Technology Solutions Group are required to submit biannual reports to the senior management team covering updates, new policy approvals and high-level challenges, along with their terms of reference that become an integral part of the framework once adopted.

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

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

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

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

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

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

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

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

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

101. **The Board also recommends UNEP review and update the Data and Digital**

Governance Framework to establish clear, organization-wide data standards, and institute bi-annual reporting of the framework to the senior management team on its implementation and compliance.

102. UNEP accepted the recommendations.

5. Management of programme and project

Ineffective project performance and fund underutilization

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

(a) Project delays resulting in inefficient implementation

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

105. The Board also noted that, as of 31 December 2025, projects scheduled for closure between 2022 and 2025 exhibited persistent delays, including 38 of 161 projects (23.60 per cent) in 2025 ($78.92 million, 86.35 per cent utilized), all of 36 projects in 2024 ($161.32 million, 92.44 per cent utilized), all of 17 projects in 2023 ($29.80 million, 88.28 per cent utilized), and all of 18 projects in 2022 or earlier years ($147.09 million, 90.48 per cent utilized).

(b) Non-achievement of certain project performance indicators

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

(c) Idle and inefficient use of funds

107. The Board noted that, 445 projects remained operationally closed but pending financial closure, with $27.92 million in outstanding commitments and $134.86 million in unutilized balances. Of these, 355 projects had not been financially closed for more than one year ($15.95 million in outstanding commitments and $114.65 million in unutilized balances). Additionally, 109 delayed ongoing projects, with a combined budget of $416.43 million and an average delay of 478 days, had $50.28 million in outstanding commitments and $40.12 million in unutilized balances. The

unutilized balances, which cannot be freely disbursed, indicate low financial efficiency and prolonged idle funds that delayed resource reallocation.

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

109. UNEP accepted the recommendation.

Deficiencies in implementing the project extension policy

110. The UNEP Programme and Project Management Manual (2024) states that projects are recommended to be extended only once, with a first extension of up to nine months (not exceeding twelve months). A second extension may be granted exceptionally for up to three months (not exceeding six months) only in cases of force majeure, while third or subsequent extensions are generally not recommended. Extension requests are recommended to be submitted six months prior to the planned operational closing date; requests submitted after that date are generally not recommended for approval.

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

(a) Untimely closure of expired projects

112. As of 31 March 2026, out of 579 ongoing projects, 72 projects remained active beyond their planned completion dates without obtaining the required extensions, not in line with the 2024 PPMM stipulation that extensions require prior approval and must be requested six months in advance. With a total consumable budget of $645.44 million, these projects resulted in $155.55 million in idle funds. Despite lacking formal approval, these projects continued to be implemented without operational closure, underscoring a failure to enforce the new regulatory framework and weakening controls over progress management and extension approval.

(b) Projects approaching closure with limited extension feasibility

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

(c) Non-compliance with extension timelines and durations

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

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

115. Among 16 Green Climate Fund projects approved for extension, 10 had been extended more than once, including five with a second extension, two with a third extension, two with a fourth extension and one with a fifth extension. The Programme and Project Management Manual (2024), effective 14 April 2025, does not clearly

specify whether projects that had already been extended before that date are subject to the new limits on the frequency and duration of extensions, creating ambiguity regarding the application of the new requirements to such projects. UNEP explained that decisions on whether projects could be recommended for extension are made on a case-by-case basis, taking into account the specific context, implementation and performance of the project, as well as the broader political context. It further noted that extension requests are permitted only where the project maintains its original business case—specifically, where the theory of change remains intact—and where the rationale for extension is clearly articulated and adequately substantiated in the supporting documentation.

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

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

118. UNEP accepted the recommendation.

Weaknesses in approval of adaptive management revisions

119. The UNEP Programme and Project Management Manual states that adaptive management should aim to strengthen the delivery of results and not be used to hide poor project design or performance. It further stipulates that revision requests must be submitted to the Project Review Committee secretariat and/or the division director for approval.

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

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

122. **The Board recommends that UNEP undertake an analysis for all active projects, identify any unapproved revisions that have occurred, develop a corrective action plan and update the project revisions guidance in the Programme Manual, to ensure transparency in the revision process, Integrated Planning, Management and Reporting system is used to record all supporting**

documentation, and all revisions are properly justified and supported by appropriate evidence in accordance with established procedures.

123. UNEP accepted the recommendation.

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

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

(a) Potential Incomplete and missing mandatory project documentation

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

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

126. Among projects for which monitoring information was recorded, the Board noted significant gaps in indicator reporting. For 43 projects, including 33 projects that had already been closed, none of the 626 outcome and output indicators had been recorded as completed in the system, despite budget utilization exceeding 80 per cent. A sample review of 17 projects confirmed that indicators remained marked as "not yet started" in the system, although narrative reports indicated higher levels of implementation progress.

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

127. The Board compared data from the quarterly business review with data recorded in the Integrated Planning, Management and Reporting system and identified discrepancies in project coverage. Specifically, 81 ongoing projects recorded in the system, with start dates in 2025 or earlier and end dates in 2026 or later, were not reflected in the quarterly business review. UNEP explained that, by using Integrated Planning, Management and Reporting system data, the Quarterly Business Review(QBR) was an internal management tool to support discussion and not used for external reporting. The mismatches between the Quarterly Business Review and the Integrated Planning, Management and Reporting system were mainly due to those Strategy Management Application (SMA) IDs which do not meet the criteria for the Quarterly Business Review rating – i.e. 3-6 months past from the actual implementation date with the secured budget and expenses. This discrepancy indicates that certain ongoing projects were not captured in management reporting, limiting the completeness of project portfolio information available for oversight and performance monitoring.

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

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

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

131. UNEP accepted the recommendations.

Evidence-rating discrepancies in the terminal evaluations

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

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

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

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

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

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

138. The Board is concerned that some TERs do not consistently ensure full traceability between evidence, identified documentation gaps, and assigned ratings,

which could constrain transparency of evaluative judgments and reduce the robustness of assurance over reported evaluation outcomes.

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

140. UNEP accepted the recommendation.

6. Management of Procurement

Repeated low-value acquisitions undermining transparency and competition

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

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

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

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

145. UNEP accepted the recommendation.

C. Transmission of information by management

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

146. In accordance with regulation 106.7 of the Financial Regulations and Rules, UNEP may, after full investigation, authorize the write-off of losses of assets, including cash, inventories and property, plant and equipment, provided that a

statement of all such amounts written off is submitted to the Board with the annual financial statements submitted as required by regulation 106.1.

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

2. Ex gratia payments

148. UNEP reported no ex gratia payments in 2025.

3. Cases of fraud and presumptive fraud

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

150. For 2025, UNEP reported 9 presumptive fraud cases[1] The previous year, the Administration reported 0 confirmed fraud cases with a financial loss of $0 and 9 presumptive fraud cases (100%).

151. The confirmed fraud cases involved implementing partners (0 cases, 0 million dollars), staff members (0 case, 0 million dollars), commercial vendors (0 cases, 0 million dollars) and beneficiaries (0 cases, 0 million dollars). As of 31 December 2025, 0 cases that were under investigation were closed[2] and 9 cases remained under investigation by the oversight office[3].

[1] These were 9 new cases received by the Administration in 2025 and different to those received in 2024

[2] UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2024, investigations into 2 cases were finalized and concluded that the reported conduct did not amount to fraud, misconduct, or any other form of unsatisfactory conduct.

[3] The figure stated herein pertains to the 9 new cases received by UNEP in 2025.

Table II.3
Transmission of cases of fraud and presumptive fraud
(Millions of United States dollars)

	Fraud		*Presumptive fraud*	
Period ended	*Number of cases*[4]	*Amount*	*Number of cases*	*Amount*[5]
31 December 2025	-	-	9	$742,472
31 December 2024[6]	-	-	9	$280,995
31 December 2023[7]	1[8]	-	11	$111,116
31 December 2022	3[9]	$245,477	-	-
31 December 2021	1[10]	$77,500	3	$222,491
31 December 2020	-	-	2	$16,177

Source: Board of Auditors.

D. Acknowledgement

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

Amélie **de Montchalin**
First President of the French Cour des Comptes
Chair of the Board of Auditors

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

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

22 July 2026

[4] Reported figures per year indicate the number of cases that were closed in that specific year and only if the case was determined to be fraud.
[5] UNEP would like to highlight that the figures reported under the presumptive cases are based on the allegations made and, in some instances, reflect the total amount of a contract rather than only the portion subject to the alleged fraud. In addition, for certain cases, UNEP is not aware of the exact figures as the cases are being handled directly by OIOS. Therefore, the amounts reported are preliminary and indicative only, and may not necessarily reflect the actual amount subject to the alleged fraud or misconduct.
[6] UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2024, investigations into 2 cases were finalized and concluded that the reported conduct did not amount to fraud, misconduct, or any other form of unsatisfactory conduct.
[7] UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2023, investigations into 3 cases were finalized and concluded that the reported conduct did not amount to fraud, misconduct, or any other form of unsatisfactory conduct. There was one additional case reported; however, it was not related to UNEP personnel and did not involve the misuse of UNEP funds.
[8] One case of determined fraud resulted in no loss to UNEP.
[9] Three cases were determined to be fraud while only two of these cases resulting in a financial loss to UNEP.
[10] UNEP highlights that, in addition to what is reflected in the table, during the reporting period of 2025, investigations into 4 cases were finalized and concluded that the reported conduct did not amount to fraud, misconduct, or any other form of unsatisfactory conduct.

Annex I

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

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
1	2021	A/77/5/Add.7, chap. II, para. 28	The Board recommends that UNEP develop corporate guidance in its monitoring policy on when and how to collect relevant data to establish baselines for programme of work indicators.	The newly developed Monitoring, Learning and Reporting policy provides an integrated corporate framework that ensures necessary consistency between the monitoring practices and other existing guidance documents on related subjects such as the UNEP Programme Manual and knowledge management strategy.	Given that considerable progress has been achieved, this recommendation is considered to be implemented.	X			
2	2021	A/77/5/Add.7, chap. II, para. 78	The Board recommends that the secretariat of the Convention on Biological Diversity actively communicate with donors in a timely manner and expedite the process of clearing up the outstanding balances of closed grants.	Considerable progress has been achieved since the issuance of the recommendation. To date, over 61% of grants from 2021–2024 have already been fully cleared. This demonstrates that the Secretariat has accelerated the clearance process and addressed the bulk of the legacy outstanding workload for this period.	Given that considerable progress has been achieved, this recommendation is considered to be implemented.	X			
3	2022	A/78/5/Add.7, chap. II, para. 118	The Board recommends that UNEP assess the workload of incumbent task managers of GEF projects and formulate a response plan to mitigate the potential imbalance of project allocations.	UNEP has progressed with the review of GEF operations, including the assessment of GEF Task Managers workload. This process has been taking place in 2025 following the establishment of the GEF Coordination Office, which provides a strategic, operational and programmatic overview of the GEF portfolio within UNEP.	Given that considerable progress has been achieved, this recommendation is considered to be implemented.	X			

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

No.	Audit report year	Report reference	Recommendation of the Board	Administration response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				consultations between UNEP, UNON and UNHQ.					
7	2023	A/79/5/Add.7, chap. II,para. 65	The Board also recommends that UNEP reduce the percentage of projects pending financial closure for more than two years.	UNEP management has intensified efforts to conclude the financial closure of technically completed projects aged more than two years by simplifying approval processes, dedicating targeted financial and human resources, strengthening accountability mechanisms, enhancing coordination with implementing partners, and establishing a joint task force to drive the backlog clearance.	Given that UNEP has made commendable efforts in implementing this audit recommendation by developing a memorandum to guide financial closures and listing 140 projects, this recommendation is considered to be implemented.	X			
8	2023	A/79/5/Add.7, chap. II, para. 91	The Board recommends that UNEP specify in its Programme of Work document that the detailed evaluation plan for a subprogramme is in the form of a Term of Reference, which will be prepared annually and will cover the requirements of an evaluation plan.	The recommended specification has been incorporated as Appendix 1 in the draft POW 2026–2029. This integration was formalised at the Committee of Permanent Representatives on 16 September 2025 and subsequently submitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for review, in accordance with Rule 204.2 of the Financial Rules of the Environment Fund and Associated Trust Funds of UNEP.	Given that the recommended specification has been incorporated as Appendix 1 in the draft POW 2026–2029, this recommendation is considered to be implemented.	X			
9	2023	A/79/5/Add.7, chap. II,para. 108	The Board recommends that UNEP formulate framework to regulate its engagement with Collaborating Centers including their establishment, management, and operation issues.	UNEP has allocated additional resources to ensure the full implementation of this recommendation. Work is underway to develop a framework to regulate UNEP's engagement with Collaborating Centers.	Given that the relevant work is ongoing, this recommendation is considered 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
10	2023	A/79/5/Add.7, chap. II,para. 116	The Board recommends that UNEP prepares an update report on the implementation of the Interim Memo on the Integration of the Digital Monitoring and Reporting Mechanism in the Partners Portal for Private Sector Partnerships, including monitoring of risk elements.	UNEP integrated a digital monitoring and reporting mechanism for private sector partnerships into the UNEP Partners Portal in 2022, enabling programme managers to conduct quarterly, risk-informed reporting in line with the Interim Memorandum.	Given that the attached documents demonstrate enhanced monitoring of IP by UNEP, this recommendation is considered to be implemented.	X			
11	2024	A/80/5/Add.7 chap. II, para. 29	The Board recommends that UNEP undertake a comprehensive review on unspent balances of closed grants as of 31 December 2024 and follow up on their disposition in consultation with the relevant parties and/or donors, as appropriate, in accordance with the terms of the respective agreement/fund.	UNEP is reviewing unspent balances from grants closed as of 31 December 2024 to ensure appropriate treatment of these balances in consultation with relevant donors and parties. Internal monitoring measures have been strengthened, and progress is ongoing.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
12	2024	A/80/5/Add.7 chap. II, para. 39	The Board recommends that UNEP issue guidance to clarify the treatment of interest income at grant closure, including the procedures to follow in cases where there is a potential conflict between the provisions of donor agreements and the Terms of Reference of the trust funds.	UNEP has issued a Guidance Note to the Finance community to clarify procedures for managing interest income, resolving potential conflicts between donor agreements and trust fund Terms of Reference (TORs), and outlining key considerations when agreements are signed between the Organization and donors.	Given that UNEP has issued a Guidance Note to the Finance community to clarify procedures for managing interest income, this recommendation is considered to be implemented.	X			
13	2024	A/80/5/Add.7 chap. II, para. 46	The Board recommends that UNEP review existing performance indicators and actual performance and formulate indicators for the next Programme of Work 2026–2027 in a relevant and aligned manner.	In developing the 2026–2029 MTS and 2026–2027 POW, UNEP comprehensively reviewed previous performance indicators and implementation outcomes, assessing their feasibility and data availability while identifying design gaps. The resulting One	Given UNEP has reviewed existing performance indicators and implementation outcomes and refined indicators, the recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration response	Board's assessment	Status after verification: Implemented	Status after verification: Under implementation	Status after verification: Not implemented	Status after verification: Overtaken by events
				Impact Framework establishes a hierarchical system of Impact, Outcome, and Output indicators, enhancing cross-subprogramme consistency and measurability. Refined indicators include those on pollutant/waste reduction, climate resilience, and biodiversity integration in decision-making.					
14	2024	A/80/5/Add.7 chap. II, para. 53	The Board recommends that UNEP adjust funding strategy of Planetary Funds based on the evaluation of the past funding performance and ensuring alignment with the objectives of the Medium-Term Strategy 2026-2029.	The UNEP-wide Resource Mobilization Strategy is currently being updated to align with the Medium-Term Strategy 2026-2029. The internal review and update of the operations of the Planetary Funds is progressing in parallel. With these two processes still ongoing, it has been agreed that an evaluation of the Planetary Funds would be premature at this point. The situation will be reassessed by end of 2026.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
15	2024	A/80/5/Add.7 chap. II, para. 62	The Board recommends that UNEP reinforce the management of property by ensuring that the essential information of the properties is regularly updated to ensure the integrity and accuracy of property information.	UNEP, in close coordination with UNON Property Management Unit (PMU), continues to reinforce the management and integrity of property records. In addition to the regular year-end physical verification exercise, an additional mid-year physical verification has been instituted to further strengthen oversight and data accuracy.	Given that an additional mid-year physical verification has been instituted to further strengthen oversight and data accuracy, this recommendation is considered to be implemented.	X			
16	2024	A/80/5/Add.7 chap. II,	The Board recommends that UNEP establish a systematic monitoring mechanism within its implementation	UNEP has fully implemented the recommendation through the formal issuance and	Given that UNEP has developed operational guidelines, this	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
		para. 70	agreement management systems to identify and flag long-outstanding advances based on defined aging thresholds and assign corresponding risk ratings to inform future funding decisions and enhance oversight.	operationalization of the Guidance Note on Systematic Monitoring and Implementing Partner (IP) Risk Flagging Framework. The guidance integrates structured red-flag controls across the grantor management lifecycle, strengthening advance monitoring, IPSAS-compliant accrual management, and funding decision governance.	recommendation is considered to be implemented.				
17	2024	A/80/5/Add.7 chap. II, para. 75	The Board recommends that UNEP conduct annual reviews of purchase orders for goods and services to identify those that have exceeded latest delivery date indicated in the purchase order by at least one quarter.	In line with the recommendation, UNEP completed the 2025 annual review of purchase orders. All cases where delivery exceeded the planned deadline by one quarter or more were identified and communicated to the respective requisitioning units (FMOs) to raise awareness and ensure that any future deviations are properly justified and documented in the case file, including at SES/MIGO stage where applicable.	Given that UNEP has completed the 2025 annual review of purchase orders and ensure that any future deviations are properly justified and documented in the case file, this recommendation is considered to be implemented.	X			
18	2024	A/80/5/Add.7 chap. II, para. 89	The Board recommends that UNEP update the necessary project data in Integrated Planning, Management and Reporting system and address the data gaps related to the approved budget, project indicator, and name of project manager to enhance project data quality.	UNEP is enhancing project data quality and oversight within the Integrated Planning, Management and Reporting system solution through close coordination with project managers and focal points. Actions are underway to ensure completeness and accuracy of project records and documentation.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
19	2024	A/80/5/Add.7	The Board also recommends that UNEP issue notes on semi-annual	UNEP issued the first internal guidance note in May 2025, ahead	Given that project managers have already monitored any progress	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
		chap. II, para. 90	basis to encourage project managers to capture all information approved by Project Review Committee including the approved budget and indicators in Integrated Planning, Management and Reporting system, and to report against all indicators with supervisor approval recorded in the system, and to monitor progress across all ongoing Project Review Committee-approved projects in the Integrated Planning, Management and Reporting system.	of the June reporting deadline. The second guidance note was issued in November 2025, ahead of the December reporting deadline. Both notes remind project managers of their obligation to report against all indicators in the Integrated Planning, Management and Reporting system.	across all ongoing Project Review Committee-approved projects in the Integrated Planning, Management and Reporting system, this recommendation is considered to be implemented.				
20	2024	A/80/5/Add.7 chap. II, para. 101	The Board recommends that UNEP conduct a performance analysis of Green Climate Fund readiness projects and funded activity projects currently under implementation in alignment with its annual performance reporting cycle.	UNEP has scheduled a comprehensive performance analysis of all ongoing Green Climate Fund (GCF) readiness and funded activity projects for the second quarter of 2026. This exercise is aligned with the annual performance reporting cycle, leading to a consolidated report for senior management to inform decision-making and oversight.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
21	2024	A/80/5/Add.7 chap. II, para. 108	The Board recommends that UNEP update the Programme and Project Management Manual and Integrated Project Management and Reporting step-by-step manual to clarify the definition and procedure for revising project indicators and targets during implementation to ensure that any target changes are formally approved for ongoing and future projects.	UNEP is revising both the Programme Manual and the Integrated Planning, Management and Reporting system step-by-step guide to clarify definitions and procedures for revising project indicators and targets during implementation. The updates will ensure that any changes to targets are formally approved for both ongoing and future projects.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
22	2024	A/80/5/Add.7	The Board recommends that UNEP conduct root cause analysis on the	UNEP completed a root cause analysis of uncompleted indicators	Given UNEP has finished the analysis on the uncompleted	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
		chap. II, para. 115	uncompleted indicators of all closed projects and develop targeted action plans to strengthen project design, monitoring and reporting skills in alignment with the Programme and Project Management Manual.	across closed projects through Integrated Planning, Management and Reporting system. The review confirmed design and feasibility weaknesses, partner capacity limitations, gaps in monitoring continuity, and instances of non-adherence to the 2024 Programme and Project Management Manual.	indicators, this recommendation is considered to be implemented.				
23	2024	A/80/5/Add.7 chap. II, para. 122	The Board recommends that UNEP conduct a comparative assessment of the efficacy of the current supply chain and other applicable procurement planning tools available within the United Nations Secretariat, and determine the measures needed to enhance oversight of acquisition planning and procurement activities.	UNEP has completed the required review and analysis of available UN Secretariat systems and determined measures needed to enhance oversight of acquisition planning and procurement activities.	Given that UNEP has completed the required review and analysis of available UN Secretariat systems and determined measures needed to enhance oversight of acquisition planning and procurement activities, this recommendation is considered to be implemented.	X			
24	2024	A/80/5/Add.7 chap. II, para. 130	The Board recommends that UNEP maintain sufficient documentation for the selection of pre-selected grantees, undertake a structured review of identified deficiencies in implementing partner selection process and enhance staff training, with particular focus on improving documentation, strengthening justification for non-competitive selections, and fostering compliance with established procedures.	Drawing on the results of a structured review of selection practices across comparable UN entities, UNEP has integrated key sector trends into its enhanced implementation approach. The partner selection process has been strengthened through updated procedures and thresholds, reduced and clarified documentation requirements, automation of due diligence and risk processes within the UNEP Partner Portal, integration of HACT and red flags screening into the due diligence cycle, and organization-wide training	Given that UNEP has integrated key sector trends into its enhanced implementation approach, this recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration response	Board's assessment	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				supported by a partnership champions network.					
25	2024	A/80/5/Add.7 chap. II, para. 140	The Board recommends that UNEP put in place guidance for partner leads to ensure that partnerships with private sector entities contribute to objectives and results as outlined in the 2030 Agenda for Sustainable Development and the Sustainable Development Goals.	UNEP developed a playbook for private sector engagement in 2023 to better standardize its engagement and partnerships with businesses to achieve greater impact. The playbook is being updated to refine the approach and better align UNEP's internal processes.	Given that the relevant work is ongoing, this recommendation is considered to be under implementation.		X		
26	2024	A/80/5/Add.7 chap. II, para. 147	The Board recommends that UNEP ensure all positions at D-1 and above level funded by regular budget and extrabudgetary resources, as reasonably projected at the time of preparing the proposed programme budget, are fully reflected in the proposed programme budget.	. This recommendation has been addressed in the context of the preparation of the Regular Budget for 2026. UNEP ensured all positions at D-1 level and above funded by both regular budget and extrabudgetary resources at the time of the budget proposal preparation were fully reflected in the proposed budget. This practice has now been institutionalised and will continue to be applied in future proposed programme budget preparation.	Given that UNEP has incorporated this recommendation in formulating the 2026 budget, this recommendation is considered to be implemented.	X			
27	2024	A/80/5/Add.7 chap. II, para. 154	The Board recommends that UNEP provide guidance to UNEP-administered MEAs' secretariats to comply with the United Nations Budget Guide to present the number of posts, including established and temporary posts by grade and source of funding, in their respective budgets.	. UNEP revised the Standard Operating Procedure (SOP) on Review of UNEP-administered MEA Secretariat Budget Proposals. This SOP streamlines the budget proposal review process for UNEP-administered MEA Secretariats by providing clear guidelines and responsibilities.	Given that UNEP had revised the SOP and requested the MEAs secretariats to provide a detailed staffing table in their budget proposals, this recommendation is considered to be 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
				The revised version of the SOP which has assessed the inputs from the MEAs Secretariats was approved and circulated in December 2025.					
	Total number of recommendations				**27**	**18**	**8**	**0**	**1**
	Percentage of the total number of recommendations				**100**	**67**	**30**	**0**	**3**