

Board of Trustees

Sixty-Third Session

UNITAR/BT/63/FC/15/4/COR

Finance Committee

Fifteenth Session

2 November 2022

REPORT OF THE FIFTEENTH SESSION OF THE FINANCE COMMITTEE OF THE BOARD OF TRUSTEES

1. The Finance Committee convened on 31 October 2022.
2. The following members of the Committee and observers were present at the session:

Committee members:

Ms. Diana Chavez (Chair)
Mr. Nikolaj Gilbert
Ms. Mathu Joyini
Ms. Patti Phillips
Ms. Akiko Yuge

Ex Officio:

Mr. Nikhil Seth, Executive Director, UNITAR

Secretary of the Committee:

Mr. Brook Boyer, Secretary of the Board

Observers:

Mr. Luis Gallegos, Chair, Board of Trustees
Ms. Marina I. Dinca Vasilescu, Director, Division for Operations, UNITAR
Mr. Joel Thalla, Chief, Finance and Budget Unit, UNITAR
Mr. Jonas Haertle, Chief, Office of the Executive Director, UNITAR

3. The Chair called the meeting to order and welcomed Committee members including the two in-coming Trustees, Ambassador Mathu Joyini and Professor Akiko Yuge, who the Secretary-General appointed recently to the Board of Trustees, as well as the Executive Director as ex

officio, the Secretary of the Board and observers. The Chair then introduced the provisional agenda as circulated by the secretariat covering the items under partnerships ([item 9](#)) and finance and budget ([item 10](#)) of the provisional agenda of the Sixty-Third Session of the Board of Trustees, in addition to an item on elections to the Finance Committee. **The Committee adopted the agenda as proposed.**

4. Under [item 9a](#), “Update on the European Union pillar assessment of UNITAR”, the Chair recalled Management’s update at the Sixty-Second Session of the Board and the delay that was caused in undertaking the pillar assessment primarily due to differences between the European Commission and the United Nations on the matter of who pays for the pillar assessment exercise. She informed the Committee that she was pleased that the differences were resolved and that the exercise could move forward in 2022 and that a draft report was produced. The Executive Director informed the Committee that the exercise was required for UNITAR to be eligible to access funding from the European Union under the indirect modality of its financial regulations. He indicated that the audit firm conducted the exercise during the second and early third quarters and that the draft report was at present under review by the European Commission. The report contained 11 non-critical recommendations falling under the following pillars: internal control systems, grants, exclusion from access to funding, publication of information on recipients and data protection. The Executive Director reviewed the recommendations and said that Management had accepted all but those related to procurement under the pillars of exclusion from access to funding, publication of information on recipients and data protection, indicating that acceptance would be inconsistent with provisions in the UN procurement manual which UNITAR is required to follow. He said that work was underway on implementing a number of other recommendations, including the policy for electronic signatures under [annex 6](#), which responded to one of the recommendations under internal control and which the Board was asked to approve. Management confirmed that DocuSign was one of the policy’s platforms; however, given cost considerations, Management would need to determine which documents would be required to be signed by DocuSign and which could be signed through other electronic signature platforms, such as Adobe Acrobat digital sign.
5. The Committee congratulated UNITAR on seeing the pillar assessment through to finalization, and recognized that it was an important step to making the Institute eligible for European Union funding. In response to a question on audit requirements, Management indicated that the EU-UN relationship is governed by the Financial and Administrative Framework Agreement (FAFA), which recognizes the United Nations single audit principle. UNITAR has recently encountered challenges with research grants administered by the European Union, however. While such grant agreements contained special conditions for international organizations exempting them from audit requirements, the agreements contained provisions for final reports to be subject to certification of financial statements by independent auditors. Management was currently working through these challenges. It was also noted that what constitutes EU verification missions continues to be subject to discussion and concern, as there can be a fine line between such missions and audit undertakings. Management also confirmed that the electronic signature of agreements on the EU tenders portal was not based on DocuSign but rather the EU’s own e-signature electronic platform. **The Committee took note of Management’s update and the observations made, and recommended that the Board take note and approve the policy on electronic signatures, as proposed.**
6. Under [item 9b](#), “Due diligence requirements”, the Chair recalled that the Board approved the revisions to the policy guidelines for grants to implementing partners at its Sixty-Second Session and recommended that Management review due diligence requirements. It was also urged that Management further strengthen the guidelines by looking at requirements for direct awards under \$100,000 and allocating additional financial resources to the budget to strengthen due diligence and compliance of grants. The Chair mentioned that Management further reviewed the guidelines over the course of 2022 in conjunction with the EU pillar assessment exercise and that the proposed revisions to the guidelines were attached under [annex 5](#). She also mentioned that in conjunction with the proposed revision to the programme budget, Management also proposed to restructure the Partnership and Resource Mobilization Unit as the Partnership and Grant Oversight Unit, with two new posts budgeted pending availability of funding.

7. The Executive Director noted the increase in volumes of donor contributions and grants to implementing partners, as well as the requirements to put in place adequate controls to ensure compliance. Consequently, Management reviewed the policy guidelines and has proposed additional changes. The Director of the Division for Strategic Planning and Performance reviewed the changes as contained in the item's annotation, indicating that some of the changes resulted from UNITAR's own review e.g. requiring that declaration on honour to be signed by all implementing partners and formalizing the process for direct grant awards. Other changes were proposed to respond to the recommendations of the pillar assessment e.g. formalizing and elaborating on the process of competitive selection, extending due diligence requirements to non-governmental organizations (for grants above \$30,000), and including conditions and criteria for eligible and ineligible costs, a requirement for financial verification and a revised clause on financial reporting. He noted that by approving the proposed changes, UNITAR would be implementing three pillar assessment recommendations. **The Committee recommended that the Board take note of the observations made and approve the revisions to the policy guidelines on grants to implementing partners, as proposed.**
8. Under item 9c, "Partnership and Resource Mobilization Strategy," the Chair recalled that the Board welcomed the 2022-2027 Partnership and Resource Mobilization Strategy at its Sixty-Second Session and requested Management to report to the Board on its implementation at its Sixty-Third Session. The Executive Director made reference to the projected growth of 15 per cent with the proposed revision to the programme budget. While this reflected an optimistic scenario, he acknowledged that the strategy covered six years and that the growth could be matched with a dramatic decline in resources with the financial uncertainties and general climate to which UNITAR is exposed. He also noted that the projected growth was largely from three divisions, viz, peace, people and multilateral diplomacy. The Executive Director mentioned that UNITAR had secured an increase in cooperation with the business and private sectors from both donation and broader partnership perspective, with some 6 per cent of resources from these sectors. He acknowledged that UNITAR needed to do more to leverage the presence of agencies at the country level, noting the decentralized decision-making on activities that is done at that level for both the UN and the EU. On pooled funding, the Executive Director recognized the challenges in mobilizing interest and support with the Strategic Framework Fund, and that while the partnership with the Swedish International Development Agency (Sida) was beneficial and greatly appreciated, he recognized the trend of most donors orienting development cooperation with earmarked funding. He drew parallels to the challenges for UNITAR working in the countries in special situations – the least developed countries (LDCs), the landlocked developing countries (LLDCs), the small island developing States (SIDS) and the countries in Africa and those in and emerging from conflict – for which it was not easy to mobilize support. He looked forward to hearing from the Committee on ways in which UNITAR could become more stable, despite the favorable growth path that it was presently experiencing with the proposed revision to budget.
9. The Committee congratulated the Executive Director on the projected growth and put forward a number of questions and observations, including the notions of growth predictability and consistency; the importance of working at the country level and with country teams where budget decisions are taken, where capacity needs are discussed and cooperative frameworks are established, possibly joining online; the importance of successful implementation and establishing credibility and trust in countries where UNITAR has worked; and showcasing impact and successes and soliciting feedback through surveys to donors and beneficiary countries. On cooperation with the business and private sectors, while acknowledging that the level of cooperation looked good, it was suggested that there was more potential and that UNITAR may wish to develop a specific sector strategy, focus on creating shared value, ESG (environmental, social and governance), etc. In conjunction with the Strategic Framework Fund, it was suggested that Nordic countries have traditionally supported more flexible forms of assistance and that it would be important to showcase results, despite the instrument being relatively young.
10. The Executive Director appreciated the questions and comments put forth by the Committee. He acknowledged that most of UNITAR's funding was characterized projects with a relatively short duration and that it was the hope that UNITAR could move into more multi-year funding arrangements, which is a better indicator of stability than the large number of short-term, one-off pledges. However, he noted that cooperation with the business sector was marked by multi-

year, as well as the cooperation with Sida and earlier with Qatar on the SFF, for example. While noting that feedback from countries has been generally positive and that requests for continued cooperation or similar types of activities was an indication of success, the Executive Director acknowledged that much more could be done in communicating success and that this would be discussed in conjunction with the proposed communications strategy. He also noted that a clearer policy of engagement with the business and private sectors was needed, and ESG may be an entry point. The Executive Director also acknowledged that more could still be done to mobilize donor support for the SFF, noting that he would be making a strong pitch to the developing/emerging countries on the occasion of the Friends of UNITAR meeting scheduled for early December, that closer support was required with UN country teams and the resident coordinator system, and that engagement with partners needed to be considered not just on a donation or grant basis, but also on a more strategic, long-term basis (referencing the extensive network of the affiliated CIFAL training centres). **The Committee recommended that the Board take note of the observations made and Management's report on the Partnership and Resource Mobilization Strategy.**

11. Under item 10a, "Audited financial statements for the year-ended 2021 and Report of the Board of Auditors", the Chair referred to the item's annotation, the Financial Report and Audited Financial Statements for the year ended 31 December 2021 under Annex 7 of the Board's documents, and the list of voluntary contributions from donors in 2021 under Annex 8. The Executive Director drew the Committee's attention to the unqualified opinion for the financial statements. He noted that the statements show an increase in net assets of \$16.105 million from a net assets balance of \$30.831 million as at 31 December 2020 to \$46.936 million as of 31 December 2021. The net surplus in revenue over expenses in 2021 was \$16.684 million (in contrast to a deficit of \$0.683 million in 2020). He noted that under IPSAS, revenue from non-exchange transactions can be recognized in one financial year and the related expenses recorded in another, in particular, where agreements are signed late in the financial year and span over a multi-year period. He also mentioned that during 2021, the impact of COVID-19 triggered accounting adjustments to contribution revenues in the amount of \$0.395 million (with a corresponding adjustment to voluntary contribution receivables, and that as of 31 December 2021 the liquidity position of UNITAR remained stable and the Institute had enough liquid assets to settle its obligations. The key liquidity indicators showed a decrease of \$3.920 million from the level of \$46.908 million as reported as at 31 December 2020 to \$42.908 million as of 31 December 2021. The Executive Director referenced the opinion of the Board of Auditors that the financial statements present fairly, in all material aspects, the financial position of UNITAR as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards.
12. On the 2021 external audit, the Executive Director reviewed the recommendations issued by the Board of Auditors and indicated that the recommendations were either implemented or under implementation. Of the recommendations issued from previous years, he said that two were under implementation and expected to be implemented by the end of the first quarter of 2023, and that one was overtaken by events.
13. The Committee congratulated the Executive Director on the unqualified audit. The Committee sought some elaboration on the recommendations related to the previous years' recommendations yet to be fully implemented, including the roster of consultants and the agreement review tool. Management informed the Committee that the consultants roster would be addressed in conjunction with the migration to the new Enterprise Resource Planning (ERP) system and that a new IT-based solution was underdevelopment to phase out present agreement review tool system based on SharePoint which was not fit for purpose. In response to a question on the compliance of mandatory training for UNITAR staff, the Executive Director while noting the challenges on the time requirements, indicated that Management was exploring options to link the mandatory training to incentives and disincentives and would report on the recommendation's implementation at its 2023 session. **The Committee took note and recommended that the Board take note of the observations made and the audited financial statements for the year-ended 2020 and the Report of the Board of Auditors.**
14. Under item 10b, "Report on the application of the cost recovery approach and update on the General Fund", the Chair recalled that the Board approved the Institute's current cost recovery formula at its Fifty-Third Session (2013) and that the formula distinguishes between programme

support costs (PSC), at 7 per cent, and direct service costs (DSC), which would vary between 6 per cent for pass through funds and 11 per cent for projects managed entirely by UNITAR. She noted that Management reports to the Board on cost recovery yearly.

15. The Executive Director indicated that in 2021 UNITAR stabilized its cost recovery rate at 17.39 per cent (2020: 16.48 per cent) and that as a result the cost recovery gap is contained. He referenced the trend over the past few years as presented in the item's annotation. He said that the General Fund from which the Institute's general expenses are met consists of cost recovery through PSC and DSC and that the costs are recovered from the amounts that are given to projects. He indicated that operational reserves have increased to 13.89 months in contrast to 7.81 months in 2020, against the norm of between 12 and 24 months maximum. He also referenced the 15.23 month operational reserve as projected in the proposed revision to the 2022-2023 programme budget. Referencing past discussions in the Finance Committee and the Board on the matter, as well as comments from the Advisory Committee for Administrative and Budgetary Questions, he mentioned that operational reserves were desirable up to a point after which he thought that they could be put to better use. Overall he assessed the cost recovery formula as working well, and that it has funded the functional enablers which include the Executive Office, the Operations Division and the Division for Strategic Planning and Performance. The Executive Director referred to discussions on the need to review the cost recovery in light of the pillar assessment and the requirement from some donors such as the European Union for transparency and traceability of direct activity and direct service costs. He indicated that the cost recovery review was postponed until after the completion of the pillar assessment and the completion of the migration to the new ERP. **The Committee recommended that the Board taken note of Management's report on the application of the cost recovery mechanism and the update on the General Fund, and request Management report to the Board on the matter at the Sixty-Fourth Session.**
16. Under item 10c, "Report of the Advisory Committee on Administrative and Budgetary Questions", the Chair announced that the consultation took place in September and that the Secretary had circulated the Advisory Committee's report of 18 October 2022 to the Board. The Executive Director reviewed the findings and recommendations in the Advisory Committee's report, commenting on beneficiaries and the importance for UNITAR to continue efforts to focus on countries in special situations; the need to provide the Advisory Committee with an update on the development of an alternative cost recovery model, as well as the need to provide an update on action taken should the level of operational reserve be realized at the project equivalent of beyond 12 months; the need to provide the Advisory Committee with an update on after-service health insurance; the Advisory Committee's recommendation that greater efforts are needed to diversify the UNITAR pool of consultants and individual contractors and for an update to be provided in the next report; that greater proactiveness is required by UNITAR to meet the training mandate to include decision-making and diplomacy programmes with a greater focus on gender; to improve the geographical distribution of its workforce and to use in future programme budget proposals the overall agreed categorization of the groups of Member States, as appropriate; and for UNITAR to provide the Advisory Committee with an update on the policy and budget formulation regarding the sale of data in its next report.
17. The Committee discussed the nationality of consultants, including a suggestion that the roster under development that links performance evaluation include information why certain consultants are hired over others, with reference made to language skills or knowledge of local contexts, for example. In making reference to a list of consultants circulated by the Executive Director for the period of 1 January to 15 August 2022, the Committee observed that the number of consultants from a handful of developed countries, including Switzerland, the United Kingdom and the United States, by far outnumbered the number of consultants from developing countries and felt that some action was required to address this unequal distribution. **The Committee recommended that the Board take note of the Report of the Advisory Committee on Administrative and Budgetary Questions.**
18. Under item 10d, "Proposed revision to the programme budget for the biennium 2022-2023", the Chair noted that the proposed budget, attached as Annex 10 of the Board's documents, amounts to \$83.311 million, representing a 15 per cent increase from the approved 2022-2023

budget of \$72.495 million. The Secretary reminded the Chair that the present item included a note circulated to the Board on Friday, 28 October on The Defeat-NCD Partnership.

19. The Executive Director indicated that the proposed revision to the programme budget is based on projections, so that it should be qualified as a prospective budget. He indicated that over the years, the estimates have been very close to those realized, within roughly 3 to 4 per cent, and that the budget continues to follow the UNITAR strategic framework and the repositioning of the Institute under the peace, people, planet and prosperity and crosscutting pillars. He said that of the total project budget of \$83.311 million, \$70.590 million corresponds to the programme areas, and \$12.722 million to the functional enablers, as well as the Institutional Operating Expenses and the General Operating Expenses. The proposed revision to the budget represents the cost recover of 18 per cent, with total indirect overhead costs at 9.97 per cent and total direct costs at 6.21 percent. Finally the Executive Director informed the Committee that while programming covers a wide spectrum of Sustainable Development Goals, 43 per cent of the areas in the budget's results framework were linked to Goal 16 on peaceful and just societies.

20. The Committee put forward several observations and/or requests for clarifications, including whether the prospective nature of the budget had an effect on staff retention, morale and stability, if the projected increase in beneficiaries was related to online delivery; and if a new division was being proposed to replace the hosted arrangement of The Defeat-NCD Partnership. The Executive Director said that staff is project-financed and that contract stability can only come from stable financing and that contracts include an escape clause which links contract duration to the availability of financing. However, he could not recall more than one or so staff members over the past six or seven years in which the staff member had to leave as a result of financing. On the trajectory of beneficiaries, the Executive Director noted the technology factor and that fact that during the COVID pandemic almost 80 per cent of beneficiaries were trained online, and that the growth rate in the number of beneficiaries was increasing more rapidly than the budget growth rate. On The Defeat-NCD Partnership, the Executive Director made reference to the note on the matter and informed the Committee that The Defeat-NCD Partnership has been undertaking important work including helping several countries in special situations establish national NCD strategies. He indicated that since the hosting arrangement was established at UNITAR, some exceptions were granted to the Secretariat of The Defeat-NCD Partnership which were not normally given to UNITAR divisions, and that the Executive Director urged The Defeat-NCD Partnership to set itself up as an autonomous legal entity. He indicated that it was in the process of registering as a legal entity under Swiss law and that the registration was expected by 31 December 2022. Consequently the hosting arrangement afforded to the Secretariat of The Partnership would cease by that date. The Executive Director mentioned that The Defeat-NCD Partnership would continue undertaking activities more closely related to the types of training and capacity building activities undertaken by UNITAR, including diversifying the activities such as in the fields of digital health and training of public servants. He referred to the fact that the health-related activities in UNITAR were scattered, and that it was the hope that the creation of a Division on NCDs, Digital Health and Capacity Building would enable UNITAR to carry on its work in the field, including with special purpose grant agreements with The Defeat-NCD Partnership. He informed the Committee that this has come after Management had submitted the proposed revision to the programme budget to the Advisory Committee, and that the imminent changes could not afford Management to wait until the Sixty-Fourth Session of the Board, which is why the submission was being made as such to the Board at the present session. He further informed the Committee that UNITAR was expecting letters from the donors contributing to The Defeat-NCD Partnership and that there was the expectation that the existing donors would continue to fund these types of activities, including those within UNITAR. He indicated that the programme budget figures would remain unchanged, as would the staffing table, that the title of The Defeat-NCD Hosted Partnership would become the Division for NCDs, Digital Health and Capacity Building, and that the expected timeframe from these traditional arrangements was for 31 December 2022 at the latest to ensure that the relevant grants and contracts can be processed as required for staff and activity continuity. The Executive Director informed the Committee that he was not comfortable with the procurement dimension of the hosted partnership, citing the intricacies of pharma procurement, and that this was the major reason for this change, in addition to the need to address other health needs apart from hypertension and diabetes. **The Committee took note of the observations made and recommended**

that the Board adopt the proposed revision to the programme budget for the 2022-2023 biennium, including with the proposed changes to The Defeat-NCD Partnership and the incorporation of the Division for NDCs, Digital Health and Capacity Building, as reflected in the note circulated to the Board.

21. Under item 10e, “Establishment of strategic business continuity funds,” the Chair recalled the report on the cost recovery approach (item 10b) and Management’s report on overcoming the past cost recovery gaps in recent years and the proposed establishment of the strategic business continuity funds to support innovation and business development, possible legal liabilities and efforts to strengthen outreach to countries in special situations. The Executive Director indicated that he wanted to have a transparent and detailed discussion on the matter and that the proposal that he wanted to make for the use of the General Fund is complicated and could be subject to different interpretations based on the provisions in the UNITAR Statute. He referred the Committee to the provision under Article VIII, paragraph 8a for using the General Fund for activities for developing countries for multilateral diplomacy and international cooperation. He noted that the concept of international cooperation in the context of the United Nations is broad. He also referred the Committee to the report of the Advisory Committee and the need for UNITAR to increase its outreach to countries in special situations, and proposed to establish a list of 10 such countries which meet more than one of the criteria of this development country sub-grouping (e.g. Africa, LDC and emerging from or in conflict) that could benefit from the use of the General Fund. Again referencing the report of the Advisory Committee, internal discussions and the 15.23 months of project operational reserves, he proposed that one month of reserves could be used for these 10 countries that are severely distressed. He also noted the importance of giving a sense of purpose to the Divisions for providing a package resulting in more complete and comprehensive country support, as well as a sense of cooperation within UNITAR. He noted past efforts undertaken by UNITAR in this direction, but stressed that there was no operational reserves for such purposes. He noted that while operational reserves vary, one month could range from \$450,000 to \$550,000. The Executive Director also thought that donors would like to see greater efforts by UNITAR focusing on countries in special situations. He also proposed to the Committee that the Board consider establishing a legal liability fund and a business development and innovation fund, and he indicated that the Advisory Committee has taken note of this. He told the Committee that he was obligated under the Statute to obtain the approval of the Board for the use of the General Fund.
22. In response to a question on which funds were being proposed, the Executive Director confirmed that the request was related to ways of utilizing the operational reserve over 12 months by establishing three funds: legal liability, business development and innovation, and support for countries in special situations. He also confirmed that this last fund was distinct from the Strategic Framework Fund which was addressed under a separate item. The Committee raised several other points and/or questions, including distinguishing between partners and competitors, knowing UNITAR’s strengths and comparative advantages (e.g. training methodology/delivery modalities) and how the strengths can be further leveraged and better communicated and the need to draw up criteria on the selection of countries. It was found that the proposal to use the operational reserves above 12 months was good and that the proposed liability and business development and innovation funds were good initiatives. It was also acknowledged that leveraging UNITAR as a partner of choice at the level of UN country teams and in conjunction with the UN sustainable development cooperation framework was also important. The Executive Director acknowledged that many of the issues discussed were linked to the proposed communications strategy that the Board would be discussing at its session. He asked the Committee if the three uses of the operational reserve made sense. On business development and innovation, he indicated the various possibilities, such as focusing on methodology, technology, best practices or talent development within UNITAR. On criteria, the Executive Director referred to the Statute’s use of the term developing countries, but that he would focus purely on a subset of this grouping and prioritize countries that meet as many special situation country characteristics as possible. **The Committee recommended that the Board take note of the observations made and establish the requested innovation and business continuity fund and the legal liability fund, and to also approve the proposed use of the operational reserve of the General Fund to support programming in accordance with Article VIII paragraph 8a of the UNITAR Statute, subject to the operational reserves being used to respond to needs of countries in special situations**

(Africa, LDCs, LLDCs, SIDS and countries in or emerging from conflict) up to a maximum of one month of operational reserves per biennium.

23. Under item 10f, “Update on the use of the revolving fund from the General Fund”, the Chair recalled that the Board approved the establishment of a revolving loan fund of \$1 million to provide loans to programmes for cashflow support purposes to ensure programmatic activities are not interrupted by delays in done fund transfers. Further to the Board’s request, Management has been providing the Board with yearly updates on the revolving fund. The Executive Director informed the Committee that from 1 January 2021 to 30 September 2022, a total of 19 loans valued at \$1.066 million have been issued, out of which 13 loans amounting to \$0.791 million have been refunded, leaving a balance of \$0.275 million as outstanding as at 15 October 2021. **The Committee recommended that the Board take note of its observations and Management’s report on the revolving fund.**
24. Under item 10g, “Update on the Strategic Framework Fund”, the Chair recalled that the Board took note of Management’s report on the Strategic Framework Fund at its Sixty-Second Session and, echoing its call at the Sixty-First Session, the request to work with UNITAR Management to raise the visibility of the SFF and to promote it in its networks. She indicated that the Board established the SFF in 2018 as a pooled funding instrument to support the implementation of the strategic framework and to offer opportunities for UNITAR to target programmes to countries and groups most in need of support, in accordance with the 2030 Agenda’s principles of Leaving No One Behind and Reaching the Furthest Behind First. Since its establishment, the SFF has had a total of \$5,882,102 in contributions and made \$4,256,873 in expenditures. As of 7 October 2022, the fund balance was \$441,904. From the item’s annotation, I note that the SFF benefits at present from the generous support of Sida.
25. The Executive Director made reference to the earlier discussions in the Committee and confirmed that Management has reached out to donors and will continue to do so in conjunction with the Friends of UNITAR scheduled for early in December. He recalled the efforts made with Sida, the loosely tied character of the SFF and was grateful to Sida for its contribution and partnership. He indicated that in accordance with a recommendation from the independent evaluation of the SFF, Management is prioritizing allocations to cross-divisional projects. In 2022, two such allocations were made, one to the UNITAR Global Learning Lab for Women’s Leadership and a project developing data-driven solutions to support countries in avoiding medicine shortages and stockouts. The Executive Director acknowledged the difficulty in tapping into existing pooled funds and shared plans to reach out to several countries. He omitted that he did not know much more could be done to further mobilize resources for the instrument.
26. The strategic importance of and need for the SFF was acknowledged, and that UNITAR had in many respects a comparative advantage in reach this group of targeted countries and beneficiaries and providing training and broader capacity development at individual and organizational levels. The importance of communicating the SFF’s results was emphasized, and UNITAR Management may wish to consider re-branding the Fund as e.g. the Leave No One Behind Fund which may prove to be more appealing to potential donors. **The Committee recommended that the Board take note of Management’s report on the Strategic Framework Fund.**
27. Under item 10h, “UNITAR Investment Management and Returns Strategy”, the Executive Director noted that the investments are managed by UNDP and that the 2021 returns are marginally better than 2020, and that 2022 are projected to be marginally better than 2021. He noted that the earnings from the returns are placed into the After Service Health Insurance fund. **The Committee recommended that the Board take note Management’s update of the UNITAR Investment and Returns Strategy.**
28. Under item 10i, “Supplementary funding plan for the unfunded UNITAR ASHI liabilities,” the Chair recalled that UNITAR is required to set aside funds to cover ASHI liabilities of staff, and that the item has been discussed regularly by the Board. The Executive Director reported that the liabilities stood in 2021 at \$18.899 million, but that he expected the liabilities to be covered over the next 20 to 25 years through investment revenue, depending on future actuarial

variations. This timeline is somewhat longer timeline than most other United Nations agencies. **The Committee recommended that the Board take note Management’s update of the supplementary funding plan for the unfunded UNITAR ASHI liabilities.**

29. Under item 10j, “Migration to QUANTUM – the new Oracle cloud-based enterprise resource planning system,” the Executive Director informed the Committee that UNITAR along with six other partner agencies, would be migrating to this new ERP which will become the new operational backbone cutting across all processes of Operating Units (i.e., Administration, Human Resources, Finance and Budget, Communications and Information Technology) and programme units. He informed the Committee that QUANTUM’s rollout in stages was initially planned for mid-2022 and to be fully implemented by the end of 2022, but that this schedule has been delayed to early 2023. UNITAR’s share of the cost for the migration to this new ERP is expected to be in the range of \$250,000, but that every year UNITAR would save about \$50,000 in fees. In response to one question on risk related to the transition. Management replied that UNITAR needed to be prepared for uncertainty and that the present timing for the rollout was not ideal given that the period now coincides with the preparation of financial statements, year-end closure and the beginning of the 2022 external audit exercise. At present migration data are being prepared and balances and purchase orders are being converted. In summary, the biggest risk is managing the timing of the migration with other important financial processes with the end of the year period. **The Committee recommended that the Board take note of Management’s report on the migration to the new ERP and for Management to report to the Board on the completion of the migration at the Sixty-Fourth Session.**
30. Under item 10k, “Delegation of authority for financial administration and procurement,” the Chair recalled that the Executive Director briefed the Board at its Sixty-Second Session on delegation for procurement and that her understanding is that the requested delegation has been granted. The Executive Director made reference to the annexes 12 and 13, including the Administrative Circular which delegates this authority to the Director of the Division for Operations. **The Committee recommended that the Board take note Management’s report on the delegation of authority for procurement.**
31. Under “Elections,” the Chair announced that her second consecutive term of the Board would be expiring shortly and that she would not be eligible for renewal in accordance with the UNITAR Statute. As such the Committee would need to consider electing a new Chair for 2023, and the Board would need to elect additional members to the Finance Committee. She expressed her appreciation to Ambassador Mathu Joyini and Professor Akiko Yuge for having expressed interest in the work of the Committee and for having participated at the present session, and that she would propose that the Board elect Ambassador Joyini and Professor Yuge at the Sixty-Third Session. **The Committee took note.**
32. Under “Any other business,” the Chair recalled that the Office of Internal Oversight Services (OIOS) has consulted Management on risk areas that may be subject of an internal audit. This audit was initially foreseen in 2021 but was postponed until 2022. Management has been in contact with OIOS but has yet to receive the terms of reference for the audit exercise. The Chair reminded the Committee that in accordance with Rule 28bis of the Board’s Rules of Procedure, the Board through the Finance Committee shall be consulted on the terms of reference for the internal audit services provided by OIOS. **The Committee took note.**
33. The Committee closed its Fifteenth Session.