United Nations Institute for Training and Research

Board of Trustees

2026 Special Session UNITAR/BTSS/2026/FC/19/2

Finance Committee
Nineteenth Session

3 June 2026

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

1. The Finance Committee convened on 2 June 2026.

2. The following Committee members and observers were present at the session:

   Committee members:

   Ms. Akiko Yuge (Chair)
   Mr. Nikolaj Gilbert
   Ms. Mathu Joyini

   Ex Officio:

   Ms. Michelle Gyles-McDonnough, Executive Director, UNITAR

   Secretary of the Committee:

   Mr. Brook Boyer, Secretary of the Board
   Mr. Jonas Haertle, Deputy Secretary, Board of Trustees

3. The Chair called the meeting to order and welcomed Committee members, the Executive Director as *ex officio* and the Secretary and Deputy Secretary of the Board of Trustees.

4. Under item 2, adoption of the agenda, the Chair referenced the Executive Director's request to convene the Finance Committee to review the financial elements contained in the Deloitte report, "Merger Design Proposal: Turning Knowledge into Capability. Turning Capability into Results" and the draft Report of the Secretary-General on the Merger of the United Nations System Staff College into the United Nations Institute for Training and Research, which the Board would consider at its 2026 Special Session. **The Committee adopted the agenda as proposed.**

5. Under item 3, “UN80 Initiative 68: Proposed merger of the United Nations System Staff College (UNSSC) into the United Nations Institute for Training and Research (UNITAR)”, the Chair recalled that at its Sixty-Sixth Session, the Board took note of the update on the Secretary-General’s UN80 Initiative and in particular the Secretary-General’s plan to merge UNSSC into UNITAR as contained in his UN80 Initiative Workstream 3 Report, *Shifting Paradigms: United to Deliver* and the observations made, and requested the Executive Director to take the necessary actions to prepare UNITAR for any merger. The Chair mentioned that the Executive Director has over the past several months kept the Board apprised of these steps, including the engagement of Deloitte to provide technical and analytical support for the merger preparation process. She said the Executive Director indicated that Deloitte would support: technical, functional, financial and operating model assessments; workforce and organizational integration analysis; governance and transition planning; risk assessment and due diligence; and benefits and efficiency analysis. In mid-May, Deloitte submitted its report, entitled “Merger Design Proposal: Turning Knowledge into Capability. Turning Capability into Results”. The Chair indicated that the Deloitte report, together with the draft Report of the Secretary-General on the Merger of UNSSC into UNITAR, have been submitted to the Board for its consideration.

6. The Executive Director recalled the rationale of the proposed merger, stating that the merger proposal is not primarily a financial exercise, but strategic. She said the objective was to create a stronger, more coherent institutional platform for learning, capability development and institutional transformation, serving both Member States and the United Nations system, with the business case centered on strategic value creation: greater coherence, a stronger and more visible institutional offer, improved quality and reach, enhanced learning capabilities, and a more integrated response to the evolving capability needs of Member States and the United Nations system. She said the proposal would bring together UNITAR's strengths in Member State capacity development, diplomatic training, sustainable development and field engagement in conflict, peacebuilding and humanitarian settings with UNSSC's expertise in leadership development, system-wide learning, organizational transformation and learning technologies. The objective is to create a single capability architecture that is greater than the sum of its parts.

7. The Executive Director said that any proposal of this magnitude must also demonstrate financial sustainability and responsible stewardship of resources. She referenced Deloitte’s estimates that once the merger is substantially implemented and the new operating model is fully operational, the merged entity could realize a sustained annual cost-base reduction in the range of $5.5 million to $7.0 million. These efficiencies would be achieved progressively over an estimated period of 16 to 24 months and stem primarily from workforce optimization, consolidation of support functions, integration of learning development capabilities and a leaner operating model. However, she emphasised that these savings would not be automatic; they would depend on disciplined implementation of the future operating model and careful tracking of benefits throughout the transition process. The Executive Director also said it was equally important to distinguish between different types of efficiencies, with some representing direct, cashable savings that reduce the actual budgetary requirements, such as the elimination of duplicate posts, platforms or service contracts; others representing avoided future costs that the two organizations might otherwise have incurred separately; and still others representing redeployed capacity. She indicated that Deloitte had identified approximately 30 full-time equivalent positions of potential freed-up capacity, particularly through the pooling of learning development functions, and that if some of that capacity is reinvested to strengthen programmatic delivery, innovation or client services, the resulting financial savings would be lower, but the institutional value created could be higher.

8. On transition costs, the Executive Director noted that Deloitte estimates one-time implementation costs to be in the range of approximately $9.5 million to $13.0 million, which relate primarily to workforce transition measures, technology and systems integration, support-function alignment, governance requirements, communications, change management and post-merger integration support. She indicated that these costs should not be viewed as offsetting the annual efficiencies; rather, they represent an upfront investment required to achieve a lower recurring cost base and a stronger, more capable operating model over time. She said that the largest components relate to people and technology. Workforce-related costs include change management, relocation, settling-in, training and transition measures, while technology costs would be driven by data migration, systems harmonization, platform integration, licensing and user training. Consistent with the overall transition approach, the proposal foresees a phased implementation rather than an immediate transition, thereby reducing operational risk and protecting business continuity. She said it was

important to distinguish between two separate phases, which would unfold only following a positive intergovernmental decision. The first phase concerns limited preparatory work that may be required during 2026, such as accounting, legal and financial advice related to the potential dissolution of UNSSC, the transfer of assets and liabilities, the treatment of reserves and obligations, and other technical work necessary to ensure readiness should Member States decide to proceed. The second phase would cover the actual implementation of the merger and transition to the future operating model from 1 January 2027 onwards. The Executive Director sought guidance from the Committee on whether a limited use of the operational reserve in 2026 would be appropriate for essential, non-recurring transition costs required to protect financial, legal and operational continuity, should there be a decision by the General Assembly to move forward with the merger.

9. The Executive Director reported that based on available information and the analysis conducted by Deloitte, UNSSC appears to be in a sound financial position, and its liability profile is predominantly staff-related. She indicated that the proposal foresees that assets, liabilities and obligations would be transferred based on audited financial statements and closing accounts, supported by appropriate due diligence. Preserving UNITAR as the continuing legal entity would provide continuity and ensure that any obligations that may emerge after the legal merger can be appropriately managed and settled.

10. Finally, the Executive Director said the proposed funding framework builds on UNITAR's existing financial model, with the merged entity being predominantly voluntarily funded and operating on a self-financed, cost-recovery basis. The intention, she said, is not to replace UNITAR's financial model, but to strengthen and broaden it through a wider range of learning services, advisory offerings, platform services and cost-sharing arrangements, while maintaining the principles of full cost recovery and financial sustainability.

11. The Committee expressed support for the proposed merger, noting its strategic rationale and value, and that the exercise has advanced in a constructive and coordinated fashion and has demonstrated a higher degree of cohesion than other consolidation efforts. The Committee acknowledged the effective leadership, collaborative approach, and open communication with staff of both entities that have enabled the process to progress without the internal tensions often associated with organizational restructuring. At the same time, while recognizing the usefulness of differentiating among various types of efficiencies, the Committee sought clarification about the financial assumptions underlying the merger proposal. It observed that the projected annual cost savings may be optimistic or overestimated, particularly in programmatic areas that the merged entity aims to enhance as a central component of its value proposition. The Committee advised that a more conservative estimate may be warranted until further detail is provided, especially given the relatively modest size of the combined workforce of the two entities.

12. The Committee agreed on the importance of implementation discipline and sought clarification on the estimated transaction and integration costs, noting that severance, repatriation, and relocation costs may be overestimated. Members requested greater granularity on staffing categories where reduction was expected due to duplication, contract modalities and the methodology used to calculate the anticipated reduction of 30 full-time equivalents. The Committee emphasized the importance of understanding which functions may realistically yield efficiencies and which areas—particularly in the programmatic and learning functions—should be protected to ensure the merged entity’s long-term relevance and competitiveness.

13. The Committee made several other observations or requests for clarification, including on the staff perspective on the merger and the transition phase and what types of costs would be required, and appreciated the identification of risk areas and mitigation measures. Regarding technology integration, the Committee requested additional information on the systems currently in use, the extent to which internal IT capacity could be leveraged, and whether pro-bono or subsidized support from external technology partners could potentially reduce projected costs. The Committee also requested further explanation of the proposed post-merger advisory support budget, noting that the purpose and scope of the $2 million to $3 million allocation may require clearer justification.

14. The Committee noted the healthy, mid-2026 status of the operational reserve at 23 months and expressed support for its use to front-load merger-related costs in 2026, pending a positive intergovernmental decision. However, members requested clarification on the specific amount of

operational reserve required, the timeline for its use and the implications for UNITAR's operational reserve, including whether the proposed drawdown would maintain a 12-month minimum. Separate reporting on the one off-transition costs was also requested. The Committee also requested documentation outlining the financial position of UNSSC, including liabilities and reserve levels, to enable a comprehensive assessment of the merged entity's financial outlook. Finally, the Committee sought clarification on the status of the Turin campus, specifically whether the premises are provided rent-free by the host government or whether rental costs should be anticipated in future budgets, as well as how much of the broadening of the revenue base through platform access and learning services could be expected through the merger.

15. The Executive Director expressed her appreciation for the Committee's support, noting that the merger is expected to generate meaningful benefits for both Member States and the two entities, a perspective that she felt was shared by the Acting Director of UNSSC. She said that reaching this shared understanding resulted from sustained engagement, and as the technical teams collaborated, the proposal gained momentum and the reception became increasingly positive. Viewpoints evolved constructively over time. Noting some divergent perspectives on the pace and practical modalities of implementation, she felt that both UNITAR and UNSSC express confidence that leadership of both entities are aligned in their view that this is a strong proposal and in their commitment to proceed.

16. The Executive Director informed the Board that largest component of projected merger-related costs are personnel-driven, including relocation, severance, training and other transition measures. She noted that underlying assumptions, including contract types and pro forma cost assumptions could be provided. She explained that staffing decisions would be guided by the future operating model, and central management functions would be lean and designed to enable programme delivery. The merged entity would retain in-house accountability and strategic finance and budgeting, procurement, human resources, general administration, ICT oversight, enterprise and strategic planning, measurement and reporting. Transactional processing, would be consolidated or outsourced through shared services. She also referenced duplications at leadership, programme and support-function levels, forming the basis for anticipated efficiencies. The Executive Director acknowledged concerns regarding potential overestimation of both costs and savings, emphasizing that current figures are high-level estimates derived from pro forma modelling and will require more granular, bottom-up validation during detailed transition planning, should a merger be approved. Clarification was provided that post-merger costs refer to expenditures incurred after a merger decision - anticipated in August 2026 - and continuing over a 16-to 24-month period. For example, in the first transition phase, it would include costs incurred to support legal, financial and administrative preparations, transfer of assets and liabilities, supplementary budgeting, change management and advisory services required to stand up the merged entity by 1 January 2027. While it is possible that some advisory and consultancy estimates may include precautionary buffers, the Executive Director underscored that significant technical, financial and change-management support will be required throughout implementation, and that these elements will be further refined during detailed planning. In response to a question about using the operational reserve and the possibility of drawing on other resources, the Executive Director explained that if the reserve proved insufficient, donor support would be sought based on, if taken, a GA decision that in essence would reflect capacity development as a strategic investment and the merged entity as integral to a more effective UN delivery architecture. She also clarified that the merger would involve a 50–50 cost-sharing arrangement between the two organizations.

17. The Executive Director clarified the distinction between the Deloitte report—representing Deloitte's independent technical assessment prepared on the basis of consultations, benchmarking, functional analysis and financial modelling across both entities—and the draft report prepared for the Secretary-General, which draws on that work, but is intended to present a clear decision framework for Member States with adequate basis for decision, without overburdening the intergovernmental process with implementation-level detail. She indicated that the Board was provided the full Deloitte report to ensure full transparency into the underlying analysis. In response to a question about the proposed 26 per cent reduction in programme-related staffing, she indicated that this level reflected both the elimination of duplicated functions arising from the merger and broader shifts and anticipated changes in the global learning industry, where artificial intelligence and other technological changes are driving leaner delivery models. She indicated that the current level is considered sufficient to ensure operational continuity and preserve the capacity needed for a scalable, client-centred operating model. With respect to ICT functions, the Executive Director said

that detailed assessments will be undertaken during transition planning, noting that UNITAR currently lacks adequate ICT capacity and relies heavily on external support, while the UNSSC has stronger internal capability, but which still required buttressing with external support. She confirmed that both entities use Quantum, though with differing levels of use of available modules and more customization on the part of UNITAR. She indicated that the merger approach will prioritize maintaining functioning systems while avoiding unnecessary customization. In response to recommendations re possible use of Salesforce, she noted UNSSC's use of Salesforce, indicating this will also require further evaluation. Management emphasized that many of these issues will be addressed through detailed, bottom-up planning following a merger decision.

18. The Committee considered it important to clearly distinguish between the Deloitte report, which provides an external analytical assessment and recommendations for a merger proposal, and the draft report of the Secretary-General, which represented the Executive Director's best advice to the Secretary-General in presenting a proposal for Member State decision, taking account of that objective, external assessment. The Committee also noted the distinction between the information required to support a decision and that required to support its implementation, observing that, in principle, only decision-related material should be submitted to Member States. In practice, however, Member States rarely confine their consideration to the decision itself and routinely seek information on implementation aspects as well. Accordingly, when preparing a report intended to inform a decision, it was advised to anticipate the implementation-related elements that Member States are likely to expect. The Committee felt it important to reiterate that Deloitte's figures are indicative, require detailed verification and should not be treated as commitments prior to transition-phase analysis. The Committee underscored that the merger's success depends on sustained demand from Member States, UN entities and donors; if programme revenues decline or UN entities or Member States shift to external providers, the financial model underpinning shared services and cost recovery would be weakened. The Committee and the Executive Director stressed that UN partners and Member States must commit to using the merged entity's learning and capability-development services for the strategic rationale of the UN's learning delivery architecture to hold. Finally, the Committee raised a concern regarding the number of physical locations, with the view that maintaining multiple sites may be excessive given the increasing shift toward virtual delivery, and that management should present a clear position on future geographic rationalization based on solid analysis. **The Committee supported the proposed merger and recommended that the Board take note of the estimated sustained annual cost-based reduction of $5.5 million to $7.0 million and one-time transition costs of $9.5 million to $13.0 million, with the understanding that these figures need to be validated; requested Management to distinguish between cashable savings, avoided costs and redeployed capacity; endorsed as appropriate the limited use of the operational reserve in 2026 for essential preparatory transition costs, including accounting advice related to dissolution and transfer of assets and liabilities; and requested Management to report back on actual transaction costs.**

19. Under item 4, **"**Any other business," there were no items raised by the Committee.

20. The Chair informed the Committee that the Secretary of the Board would prepare a report of the session for her validation, after which the report would be circulated to the Board.

21. The session was adjourned.