

Board of Trustees

Sixty-Sixth Session

UNITAR/BT/66/FC/18/3/Corr.1

Finance Committee
Eighteenth Session

28 December 2025

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

1. The Finance Committee convened on 18 November 2025.
2. The following Committee members and observers were present at the session:

Committee members:

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

Ex Officio:

Ms. Michelle Gyles-McDonnough, Executive Director, UNITAR

Secretary of the Committee:

Mr. Brook Boyer, Secretary of the Board

Observers:

Ms. Marina I. Dinca Vasilescu, Director, Division for Operations
Mr. Jao Ratsifandrihamanana, Chief, Finance and Budget Unit
Mr. Jonas Haertle, Chief, Office of the Executive Director, Deputy Secretary, Board of Trustees

3. The Chair called the meeting to order and welcomed Committee members, as well as the Executive Director as *ex officio*, the Secretary of the Board of Trustees and observers. The Chair then introduced the provisional agenda as contained in the corrigendum

(UNITAR/BT/66/FC/18/1/Corr.1), covering the following three items of the provisional agenda of the Sixty-Sixth Session of the Board of Trustees: Offices away from UNITAR Headquarters (item 7), partnerships (item 9) and finance and budget (item 11). **The Committee adopted the agenda as proposed.**

4. Under item 7a, “General Guidelines on UNITAR’s Physical Presence Away from UNITAR Headquarters”, the Chair recalled that the Board approved general guidelines on offices at its Sixty-Fifth Session, pursuant to a request from the Board at its Sixty-Fourth Session for Management to develop such guidelines. The Executive Director indicated that Management revised the guidelines to include specific criteria, including types of physical presences away from UNITAR Headquarters. She also indicated that the revision sets clear objective criteria and strengthens alignment with the Strategic Framework and the operating model, ensuring that any presence demonstrably advances programme delivery, is integrated with corporate oversight, and applies consistent standards for governance and risk.
5. The Committee made several observations on the document, noting its detail and links to UN reform, the importance of clear criteria, corporate oversight, and consistent institutional standards for governance and risk. On the structure of the document, it was suggested to move the text on the types of offices upfront, followed by the specific criteria. An observation was also made that the document should specify that UNITAR should not aspire to open many offices, aligning with UN reforms. The Committee agreed on the importance of ensuring that any decision on physical presence is guided by demonstrable value, cost-effectiveness and contribution to institutional positioning. **The Committee recommended that the Board take note of the Committee’s observations and the Criteria for UNITAR Physical Presence Away from Geneva Headquarters, replacing the general guidelines approved in 2024.**
6. Under item 7b, “UNITAR Physical Presence in the MENA Region”, the Chair recalled that the Board took note of the Executive Director’s update at its Sixty-Fifth Session on consultations with the Government of the State of Qatar on the planned opening of an office in Doha. She noted from the item’s annotation that Management has also had discussions with the Government of the Kingdom of Saudi Arabia, and that a decision on the offices was put on hold pending the Board’s consideration of the revised guidelines on UNITAR’s presence away from headquarters and on further clarity on the UN80 Initiative. The Executive Director briefed the Committee that consultations with the governments’ counterparts has been ongoing at the highest levels, noting that discussions with Saudi Arabia and Qatar dated back to 2021 and 2023, respectively. She said that the end of the process was imminent, with all necessary actions now taken on the side of both governments. She emphasized that considerations were guided by the revised criteria and met criteria of strategic relevance, adequate risk assessment and financial sustainability. She confirmed that the two offices were project and operational in nature, and that she planned to move forward with their establishment. The Chair noted that what was proposed was prudent and appropriate. The Committee supported the establishment of these offices. **The Committee recommended that the Board take note of the Committee’s observations and the Executive Director’s update.**
7. Under item 9a, “Implementation of the Partnership and Resource Mobilisation Strategy”, the Chair recalled the Committee’s earlier discussions on partnership trends and their implications for institutional sustainability. The Executive Director provided an update on the implementation of the strategy, highlighting that it is focused on deepening collaboration with Member States and system partners and repositioning UNITAR within the broader UN learning and capacity ecosystem. She reported that over the past year, UNITAR expanded engagement with regional and thematic networks, such as the CIFAL centers, UN country teams and regional organizations, and had begun to shift from fragmented, project-based cooperation to multi-year partnerships. The Executive Director also reported that UNITAR is consolidating private-sector and foundation partnerships under a clearer value proposition around sustainability learning, leadership and digital innovation, with a focus on building strategic alliances rather than one-off contributions, linking learning services to global agendas such as the Sustainable Development Goals, climate resilience, digital transformation and the future of education and learning. She said that future iterations of the strategy would further strengthen partner segmentation, pipeline management and accountability for results, aligning UNITAR’s partnership model with the expectations of Member States and the UN80 vision of a coherent, learning-driven UN system. Finally, the Executive Director noted the Institute’s relationship with the UN system, with the aim to be the UN’s learning engine, integrating more

closely with the UN system and complementing their efforts, and highlighted as an example the Institute's membership in the Inter-Organizational Programme for the Sound Management of Chemicals (IOMC), an intra-UN partnership programme, and recent assumption of the role of Administering Organisation.

8. The Committee stressed the importance of monitoring global donor behaviour, ensuring that partnership terms safeguard the Institute's financial sustainability, and maintaining agility in adapting to emerging opportunities. Members also emphasized the value of cultivating multi-year partnerships that contribute to predictable planning and financing, and reduce the administrative burden associated with small-scale engagements. The Committee observed that the planned merger under the UN80 reform initiative would help resource mobilisation with bilateral and private sector donors and encourage other UN entities to pivot UNITAR and better leverage the Institute's role as the learning engine of the system. The broader UN80 reform discussions and the potential of a merged entity might affect the partnership landscape. The Executive Director briefed members on discussions concerning potential consolidation of UN learning and training entities, including the planned merger of the United Nations System Staff College (UNSSC) into UNITAR, as well as on related discussions regarding establishment of global knowledge hubs and concentrating knowledge and technical capacities in regional platforms. In response to the Committee's question regarding the financial health of the UNSSC, the Executive Director informed the Committee that the programme budget of the UNSSC would be considered at the upcoming UNSSC Board meeting in early December, which she will attend as an ex officio member, and would provide a clearer understanding of the financial situation of the college. The Committee underscored the need for rigorous due diligence, clarity on liabilities and governance implications in preparing for the merger and requested relevant updates to enable the Committee to provide informed advice.
9. The Committee also observed that the successful delivery of the proposed Strategic Framework and its four objectives would depend on UNITAR becoming a credible and capable partner of choice across the UN system and beyond. To achieve this, internal capabilities needed to be sharpened to match the ambition of the strategy and to attract partnerships that go beyond funding. The Committee congratulated UNITAR on the increase in its income, with an annual growth rate of more than 10 per cent, since it embarked on the Partnership and Resource Mobilisation Strategy. The Committee acknowledged the increase in contributions from the private sector, from 11 per cent in 2021 to 18 per cent in 2025, despite the challenging funding landscape, and emphasised the importance of engaging the private sector not just as donors, but also as strategic enablers. The Committee also discussed how engagement with UN country teams can be strengthened, and how multi-year and more flexible financing can be expanded despite the present context. The Executive Director confirmed that the draft Strategic Framework aims to position UNITAR as the learning engine of the UN system, that outreach with UN Resident Coordinators and UN entities is already intensifying across UNITAR's programmatic landscape and that the Institute is starting to see progress in multi-year funding commitments, for example in the MENA region with the projects planned for Qatar and Saudi Arabia. The Executive Director noted the importance of this shift in bringing better balance in the project portfolio and improved financial predictability. The Committee anticipated that there would be further reflection and guidance from the Board, particularly in light of the proposed merger of UNSSC into UNITAR and the opportunities this proposal presents to make learning and training more efficient systemwide. **The Committee recommended that the Board take note of the Committee's observations and requested Management to submit an updated Partnership and Resource Mobilisation Strategy at the Board's Sixty-Seventh Session to serve the Institute's mission until decisions are taken regarding UN80 proposals relating to UNITAR.**
10. Under item 11, "Finance and budget", the Chair noted that the item contained nine sub-items. Under item 11a, "Audited financial statements for the year-ended 2024 and Report of the Board of Auditors", the Executive Director reported that UNITAR closed 2024 with a strong financial position and a consolidated net surplus of \$7.9 million, reversing the 2023 deficit of \$4.6 million and bringing total net assets to \$51.3 million (increase of \$5.3 million compared to 2023) showing a healthy financial foundation. Total revenue grew by 46 per cent to \$65.3 million, driven mainly by higher voluntary contributions from Member States (\$32.6 million) and other donors (\$21.7 million). Revenue from services rose to \$8.9 million, reflecting greater uptake of fee-based training and learning platforms. Investment income also increased to \$2.1 million. Total expenses were \$57.4 million, 8 per cent above 2023, largely owing to growth in programme delivery, higher non-staff costs and increased in-kind inputs. Cash and investments reached \$57.0 million, while voluntary-

contribution receivables totaled \$20.7 million. Liabilities stood at \$69.9 million, including \$35.1 million in conditional arrangements and \$27.0 million in employee-benefit obligations. She also indicated that UNITAR's funded position and liquidity remain sound, and that the operational reserve (General Fund balance) continued to exceed prudential benchmarks. Employee-benefit liabilities are 38.6 per cent funded, with After Service Health Insurance (ASHI) funding coverage rising to 31.6 per cent. Overall, the Executive Director said that the financial statements confirm UNITAR's continued financial stability, improved surplus performance and capacity to manage its operational and long-term obligations prudently. The Committee congratulated the Executive Director and Management on the Institute's financial performance, including the increase in revenue and the sound liquidity position.

11. On the Report of the Board of Auditors (BOA), the Executive Director highlighted the unqualified audit opinion on the 2024 financial statements. She noted that the BOA issued ten recommendations, six of which were implemented and pending confirmation from BOA and four under implementation. Of the outstanding recommendations from previous years, she noted that 67 per cent were reported as having been implemented, with seven recommendations outstanding, of which two were under implementation and five implemented with closure requested. She confirmed that UNITAR was fully committed to the complete implementation of all recommendations.
12. The Committee congratulated UNITAR on the unqualified audit opinion on the 2024 financial statements. The Committee also commended the Executive Director and Management for the significant reduction in open recommendations—from 100 to 26—and recognized this as evidence of strengthened internal controls and responsible financial stewardship. The Committee raised observations on some of the recommendations, including the importance of monitoring cash flow, managing receivables, assessing exposure related to third-party entities such as UNDP, and the need for strengthened oversight of the CIFAL Global Network. While noting that most recommendations can be addressed with strong management action, there was concern on the outstanding recommendation from 2021 on mandatory staff training, despite noting a marked improvement reported in the completion rate. The Executive Director acknowledged the gaps and the work that needed to be undertaken, including strengthening internal controls, systems and infrastructure, and performance management. In response to a question related to procedures to address allegations of wrongdoing and strengthen internal audit, she confirmed that UNITAR is audited by the Office of Internal Oversight Services (OIOS) and relies on the UN Ethics Office regarding disciplinary matters. She drew the Committee's attention to the administrative circulars issued since the 2024 session, including the circular on addressing discrimination, harassment, including sexual harassment, and abuse of authority, which would be taken up by the Board under another agenda item. **The Committee recommended that the Board take note of the Committee's observations and the Financial report and audited financial statements for the year-ended 31 December 2024 and the Report of the Board of Auditors.**
13. Under item 11b, "Report on the 2024 internal audit", the Chair recalled that OIOS conducted an internal audit of UNITAR in 2024 and that at its Sixty-Fifth Session, the Board took note of the report and Management's response. The Executive Director said that the audit covered the period from 2021 to 2023 and focused on human-resources governance and the management of implementing partners. While the audit confirmed that UNITAR had key policies in place and regularly updated operational guidelines, it identified six important recommendations, including the need to strengthen ethics and integrity policies, formalize delegations of authority, improve compliance with mandatory training and enhance partner oversight and budget review mechanisms. She noted that UNITAR accepted all recommendations, four of which have been implemented and formally confirmed by OIOS and two also implemented and awaiting OIOS confirmation. She also said that the audit's findings are an opportunity to accelerate wider institutional strengthening, and that follow-up actions are embedded in the broader reform of UNITAR's operating model, cost-recovery system and internal-control environment. She stressed that she would ensure that the lessons of the audit not only close past recommendations, but also translate into stronger, transparent and accountable practices across the Institute. The Committee noted the status of implementation of the recommendations. In response to an observation on ongoing review of questions and procedures related to ethics and integrity in the High Level Committee on Management (HLCM) of the Chief Executive's Board, and the importance of UNITAR having the same standards as other entities in the United Nations, the Executive Director agreed and commented that she wanted to see UNITAR more closely integrated into the HLCM as it presently sits outside this framework. **The Committee**

recommended that the Board take note of the Committee's observations and Management's report on the 2024 internal audit.

14. Under item 11c, "Report on the application of the cost recovery approach, update on the General Fund and update on the ongoing review of cost recovery and the operational reserve", the Chair recalled the Board's decisions from its Sixty-Fifth Session and the 2025 Special Session, and the request for Management to report to the Board at the present session. The Executive Director reported that UNITAR continues to apply a full cost-recovery system that safeguards institutional sustainability. She recalled that the Board approved the Institute's present cost-recovery formula in 2013, and that the formula distinguishes between Programme Support Costs (PSC), set at 7 per cent, and Direct Service Costs (DSC), at 6 per cent for pass-through funds and 11 per cent for projects managed entirely by UNITAR. There are specific exceptions to the DSC rate for Global Environment Facility-funded projects.
15. For 2026–2027, The Executive Director confirmed that UNITAR would be maintaining the current formula with some transitional measures, with PSC at 7 per cent of programme expenditure and DSC at 11 per cent of programme contributions, complemented by a flat \$5,000 fee for smaller contributions below \$100,000 as a transitional measure. The Executive Director said the approach aims to incentivize larger, more strategic projects, reduce fragmentation, and strengthen the Institute's institutional sustainability. She also said that it would ensure that both direct and indirect costs are adequately covered while avoiding an excessive administrative burden on partners. The Executive Director also said that internal transfers through these mechanisms would finance the management units, totaling \$21.3 million over the biennium, in line with the request from the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for transparency and alignment between support-cost income and actual delivery needs.
16. The Executive Director said that she was introducing gradual refinements rather than sweeping changes at this time, as the UN80 Initiative is reshaping the broader UN learning and training architecture, and any major adjustment to cost-recovery structures or to the operating model would need to be sequenced carefully, with clear change-management processes and consultation of partners. She cautioned that too many changes in rapid succession would risk confusion and undermine confidence in UNITAR's financial and operational stability. She noted that the current review, led by an external consultant, will define the next-generation framework for cost recovery and the operational reserve, but its implementation will proceed in light of decisions under UN80. She indicated that this deliberate pace is possible because UNITAR's financial position remains robust. The 2024 Financial Statements show a net surplus of \$ 7.9 million and reserves, well above the prudential benchmark—equivalent to 26.5 months of operating costs at the end of 2024 and 19.4 months projected at the end of 2025. In short, UNITAR can afford to move prudently, sustaining a healthy balance sheet while steadily aligning its cost-recovery architecture with a maturing operating model and an evolving UN-system context.
17. The Committee made various observations, noting the current trend toward more restrictive funding, the likely continuation of smaller and more targeted output-specific projects, and the resulting need for a prudent approach with agile budgeting. The importance of understanding how staffing commitments within the budget align with the present crisis in development financing was underscored, and caution was advised against assuming fixed staff-cost commitments that may not be sustainable in the current climate of uncertainty. The Committee also noted the interim nature of the proposed model and the logic of the proposed flat fee of \$5,000 for smaller-scale engagements. While acknowledging the need for prudent measures to reduce high-cost transactions, the Committee stressed the need to track implementation. In anticipation of the proposed merger of UNSSC into UNITAR, the Committee further observed that any such model would need to function effectively within the merged structure. The Committee raised some additional questions and observations, including the planned harmonization of cost recovery across the United Nations, as contained in the Report of the Secretary-General on Workstream 3, the importance of assessing the financial health of UNSSC and the likely reduction in the UNSSC programme budget for 2026-2027 as necessary due diligence in any merger, noting that the College would likely suffer the impact from the changed UN environment.
18. The Executive Director confirmed the transitional nature of the measures, emphasizing that they are intended to reposition the Institute for the changed environment. The Institute will track and monitor the impact of the change. The threshold of \$100,000 was considered reasonable, given that

approximately 30 per cent of projects fall below this amount yet contribute less than 10 per cent of total revenue, underscoring the need for a more intentional approach in determining which small projects to pursue. The model is not intended to eliminate small projects, but rather to incentivize strategic choices and reduce transaction burdens, recognizing that many small activities are more appropriately treated as services than as full projects. She reported that the adjustment also aligns the Institute more closely with UNSSC, which operates largely on a fee-for-service basis, and supports harmonization in the context of the potential merger. Management expected to improve cost recovery by eliminating the practice of managing very small projects in the same way as large ones, encourage the bundling of related activities under a single umbrella, and reorient efforts to more impactful projects. On the question related to harmonization, the Executive Director said UNITAR was attentive to the ongoing system-wide discussion on harmonized PSC rates. The Executive Director said that change to be introduced in the interim is designed to reinforce the financial health and long-term sustainability of the Institute, and will be closely monitored to ensure it delivers on this objective. **The Committee recommended that the Board take note of the Committee's observations and Management's report on the application of cost recovery, the update on the General Fund and the update on the ongoing review of cost recovery and the operational reserve.**

19. Under item 11d, "Report of the Advisory Committee on Administrative and Budgetary Questions", the Chair indicated that proposed revision to the programme budget for the biennium 2024-2025 was presented to the ACABQ on 1 October. The Chair suggested that the Committee address this item and item 11e ("Proposed programme budget for the biennium 2026-2027") in tandem. The Executive Director welcomed the ACABQ's constructive review and its acknowledgment of UNITAR's important contribution to knowledge generation and capacity development across the UN system and Member States. She said that the ACABQ noted the measured 5.1 per cent increase of the proposed budget of \$103.8 million over 2024–2025, driven primarily by one-time transitional investments under the new operating model rather than expansion for its own sake. She also said that the ACABQ recognized the efficiency logic behind consolidating fragmented, project-based activities into bundled and service-based engagements, as well as the emphasis on digital learning platforms and scalable delivery systems that expand reach without proportionate cost increases. The ACABQ also took note of the continuing prudence of UNITAR's self-financing model, full cost recovery and the absence of reliance on the UN regular budget.
20. The Executive Director said the ACABQ raised several areas requiring closer attention, including the need to strengthen the accuracy of income assumptions and improve the explanation of expenditure variances compared with approved budgets. She said that the ACABQ's observation that the rising proportion of senior-level positions may not always be justified in a project-funded institution and the need to provide fuller operational justifications for new and upgraded posts, clearer delineation of functions and assurances that management-unit costs remain proportionate and tied to programmatic delivery. She also noted that the ACABQ asked that UNITAR provide additional information on how transitional costs linked to the operating-model reform will taper off as efficiencies are realized. The Executive Director said that she had taken the recommendations as part of an ongoing strengthening process and noted that future budget submissions would include clearer staffing justifications, transparent cost-allocation methodologies and detailed variance analyses. She also said she would ensure that the review of cost recovery and reserves, and the completion of the operating-model reform, directly address ACABQ's observations. She summarized the report as a constructive roadmap for improving the precision, transparency and accountability of UNITAR's budget management while preserving the strategic coherence of our reforms.
21. The Committee echoed the points raised by the ACABQ. The Committee expected the points raised in the ACABQ report to resurface—especially the question on whether the proposed organizational structure risks becoming too top-heavy and what signal it sends at a moment when the Institute is on the verge of a potential merger. The Committee encouraged Management to exercise caution when making major new financial or staffing commitments too close to the merger, since UNITAR could inherit a similarly top-heavy structure from UNSSC, together with financial obligations and expectations for savings that could require streamlining or reductions soon after integration. At the same time, the Committee observed that UNITAR needed to retain sufficient autonomy to make the required strategic investments and address organizational gaps. With the uncertainties surrounding the merger, it was suggested that these issues should be revisited mid-year in 2026 to determine

whether adjustments in the programme budget are needed. The need for UNITAR to address the continuing imbalance in geographical representation was also mentioned.

22. The Executive Director explained that when the strategy and programme budget were prepared, there was no clarity on whether a merger would be proposed. Consequently, the planning followed a deliberate approach to strengthen the Institute's coherence and resilience in a way that would be required regardless of the merger decision. The proposed structure is intended to consolidate functions, reduce duplication and provide the level of accountability expected of a UN entity with UNITAR's risk profile and visibility. She stressed that the Institute has grown significantly in recent years, and that it was no longer tenable to operate with fragmented structures and project portfolios. Clarity of the services offered by the Institute and mature internal control systems will ensure that the Institute is fit-for-purpose in the coming years. In relation to ACABQ's point on the top-heavy structure, the Executive Director noted that UNITAR's business model is fundamentally different from a traditional Secretariat entity. The project-based, demand-driven nature of UNITAR requires senior-level staff who can engage credibly with governments and other partners to mobilize funding and oversee complex projects and to deliver successful results. She commented that there was a need to clarify and optimise director-level roles and reinforce operational execution and coherence across divisions. She confirmed that no position would be filled unless there is need and funding, consistent with the Institute's demand-driven model. Moreover, the Executive Director confirmed that some senior posts would be financed through specific project portfolios rather than through cost recovery. In response to the observation on geographical representation, the Executive Director noted that while the UN Secretariat staffing rules do not apply, UNITAR actively monitors and seeks to balance geographic and gender representation across regular staff and the 400 to 600 non-staff personnel engaged in projects. The Committee requested continued monitoring of geographical representation. **The Committee recommended that the Board take note of the Committee's observations and the report of the Advisory Committee on Administrative and Budgetary Questions.**
23. Turning to item 11e, "Proposed programme budget for the biennium 2026-2027", the Chair indicated that the proposed budget for \$106.055 million amounted to an overall increase in \$8.673 million against the approved, revised budget for the biennium 2024-2025 at \$97.382 million. The Executive Director said the proposed budget reflected a disciplined, forward-looking plan to consolidate UNITAR's reform momentum while preserving financial prudence, with total planned resources amounting to \$106.0 million, including \$84.7 million for programme delivery and \$21.3 million for operating costs. She indicated that the modest 5.1 per cent increase over 2024-2025 was transitional and directly linked to investments in digital learning systems, strengthened financial-management tools and the roll-out of the new operating model. She said that these front-loaded costs are expected to normalize in 2027 as process efficiencies and consolidated service platforms take hold.
24. The Executive Director said the proposed budget reflects a clearer alignment of resources to results, with the programme areas mapped against the four objectives of the draft 2026-2029 Strategic Framework, with delivery targets linked to measurable outcomes and verified beneficiary reach. She also said that special emphasis is placed on training for least-developed, landlocked and small-island developing States, where participation increased in 2024. She also made reference to the Integrated Results and Resources Framework which would be used to measure and report on results. She recognized the Advisory Committee's call for stronger documentation of assumptions, staffing justifications and cost distribution, and that they would be addressed in future presentations to the Board, ensuring that each resource request is explicitly tied to planned outputs, performance indicators and cost-efficiency gains. She emphasized that the underlying principle of the budget remained unchanged: UNITAR would live within its means, fund itself entirely from voluntary contributions and fee-for-service income and continue to direct the vast majority of its resources to learning and capacity-development delivery, while maintaining adequate investment in systems that guarantee accountability and quality.
25. The Committee observed the resurfacing of several points raised earlier, particularly regarding whether the budgeted increase represents transitional investments linked to implementation and the potential merger. Given the uncertainty about the merger timeline and its implications, a concern was raised that decisions taken now—especially on staffing—may later need to be reversed, potentially creating financial liabilities and forcing efficiency cuts once inherited structures become clearer. The Committee observed the strong alignment of the proposed budget with the draft

Strategic Framework and welcomed the clearer link between resources, delivery targets and measurable outcomes. The proposed creation of a Learning and Knowledge Unit was highlighted by a Committee member as especially valuable for fostering system-wide learning and reinforcing UNITAR's role as a global centre of excellence. The main outstanding risk remains UNITAR's ability to mobilize sufficient income in a highly competitive funding landscape, particularly given the global decline in development financing. The Committee requested additional clarity on the consultant figures planned and actual numbers of individual contractors reported in two tables that appeared inconsistent. The Committee also asked how prioritization across programme areas would be determined under a demand-driven model.

26. The Executive Director indicated that the proposed Learning and Knowledge Unit was a minimal, one-time transitional investment intended to unify fragmented learning functions across the Institute, with the aim to better coordinate during the interim period without over-building capacity, especially given the imminent merger and learning solutions team that exists in UNSSC from which UNITAR expects to learn. On the matter of programme prioritisation, she explained that programmes remain demand-driven, and are complemented by efforts to align with the priorities set by countries in their UN Cooperation Frameworks. The new strategy reflects these priority areas for transformation to achieve the 2030 Agenda (e.g., digital transformation; the future of education and learning; energy transition; jobs, skilling and reskilling). On the issue of the apparent deficit in the budget tables, Management emphasized that the number reflected that expenditures from the general fund in 2026 would be higher than projected income but that, (1) the income realised is likely to increase as in previous years, and (2) the difference would be covered by an accumulated balance in the General Fund. This, therefore, is not a real deficit. She reported that the front-loaded costs are expected to normalise in 2027 as process efficiencies and consolidated service platforms take hold. **The Committee recommended that the Board take note of the Committee's observations and recommended that the Board adopt the programme budget for the biennium 2026-2027, as proposed, with the expected opportunity to have an update at a possible June 2026 session of the Board.**
27. Under [item 11f](#), "Update on the status of the strategic business continuity funds," the Chair recalled that the Board took note of Management's report on the Legal Liability Fund and the Business Development and Innovation Fund at its Sixty-Fifth Session and requested Management to report to the Board at its Sixty-Sixth Session. The Chair also recalled that the terms of reference of the two funds were approved by the Board at its Sixty-Third Session, and that at the Sixty-Second Session, the Board also approved the use of the operational reserve of the General Fund to support programming in countries in special situations. She indicated that neither of the two funds or of the proposed use of the operational reserve of the General Fund to support programming in countries in special situations have been operationalized. The Executive Director proposed that given the context of change, the two funds and the proposed use of the operational reserve remain in abeyance pending the conclusion of the UN80 discussions and the ongoing review of cost recovery and the operational reserve. The Committee supported the Executive Director's proposal. **The Committee recommended that the Board take note of Management's update on the status of the strategic business continuity funds.**
28. Under [item 11g](#), "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 donor 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 as at 30 September 2025, six loans valued at \$300,000 were issued and that all loans have been repaid. **The Committee recommended that the Board take note of Management's update on the use of the revolving loan fund.**
29. Under [item 11h](#), "UNITAR Investment Management and Returns Strategy", the Executive Director noted that UNITAR's investment is outsourced to UNDP and according to the UNDP investment guidelines, the investment yield improved over the past four years, reaching 4.31 per cent in 2024 compared to 3.83 per cent in 2023. The investment returns are set aside to fund ASHI. **The Committee recommended that the Board take note of Management's update on the UNITAR Investment Management and Returns Strategy.**

30. Under item 11i, “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 liability at \$24 million, and that ASHI liabilities are assessed yearly through an independent actuarial evaluation that is currently performed by Ernst and Young. As of 2024, UNITAR has funded 31.6 per cent of its ASHI liability, equivalent to \$8 million leaving an unfunded balance of \$16 million. ASHI liabilities are funded through a 6 per cent payroll accrual, supplemented by annual returns from UNITAR investments, which are redirected to the ASHI fund. UNITAR estimates that the ASHI liability can be fully funded within 20 to 22 years. **The Committee recommended that the Board take note of Management’s update of the supplementary funding plan for the unfunded UNITAR ASHI liabilities.**
31. Under item 4, “Any other business,” there were no items raised by the Committee.
32. 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.
33. The session was adjourned.