United Nations

Report of the United Nations Board of Auditors on the financial statements of the United Nations Framework Convention on Climate Change

for the year ended 31 December 2024

Note

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

Chapter III
Certification of the Financial Statements

The financial statements of the United Nations Framework Convention on Climate Change (UNFCCC) for the year ending 31 December 2024 have been prepared in accordance with financial rule 106.1. They include all trust funds and special accounts operated by UNFCCC.

A summary of significant accounting policies applied in the preparation of these statements is included as a note to the financial statements. The notes to the financial statements provide additional information and clarification on the financial activities undertaken by UNFCCC during the period covered by the statements, for which the Executive Secretary had administrative responsibility.

I certify that the appended financial statements of the United Nations Framework Convention on Climate Change for the year ended 31 December 2024 are correct.

(Signed) Simon Stiell
Executive Secretary
XX June 2025

Chapter IV
Financial report for the year ended 31 December 2024

A. Introduction

1. The permanent secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) was established in January 1996 for the following purposes to (a) arrange for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention, the Kyoto Protocol and the Paris Agreement and to provide them with services as required; (b) compile and transmit reports submitted to it; (c) facilitate assistance to Parties particularly developing country Parties on request in the compilation and communication of information required in accordance with the provisions of the Convention, the Kyoto Protocol and the Paris Agreement; (d) prepare reports on its activities and present them to the Conference of the Parties; (e) ensure the necessary coordination with the secretariats of other relevant international bodies; (f) enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions; (g) perform other secretariat functions specified in the Convention and in any of its protocols; and (h) undertake any other functions as may be determined by the Conference of the Parties.

2. The financial statements of the United Nations Framework Convention on Climate Change (UNFCCC) are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and are submitted to the Conference of Parties (COP) in accordance with the finance and budget policies. The financial statements include all operations under the direct authority of the Executive Secretary including the core budget, extra-budgetary financed activities, and activities under the Clean Development Mechanism (CDM).

3. This financial report should be read in conjunction with the UNFCCC audited financial statements for 2024, but they do not form part of the statements. The financial report is intended to provide readers of the financial results with a more holistic understanding of the meaning of the numbers and inform stakeholders about how financial resources are being managed.

B. 2024 Financial highlights

Total revenue

4. Revenue in 2024 totalled $130.5 million mainly consisting of:

(a) The indicative contributions to the core budget of $40.8 million.

(b) Voluntary contributions from donors totalled $74.5 million.

(c) Fees for the CDM and Joint Implementation mechanisms $3.4 million.

(d) Interest earned during the period amounted to $11.5 million.

(e) Other/miscellaneous revenue of $0.2 million.

Total expenses

5. Expenditure in 2024 totalled $122.4 million and mainly consisted of:

(a) Personnel expenses amounting to $69.3 million.

(b) Contractual services expenses of $30.6 million.

(c) Travel related expenses totalling $13.8 million.

(d) Operating, other and miscellaneous expenses for $8.7 million.

Combined revenue

6. Indicative contributions revenue increased by $8.0 million to $40.8 million ($32.8 million in 2023) due to the Conference of Parties approving a higher assessed contribution based on the approval of a higher budget in 2024. Voluntary contributions increased by $19.2 million (including $7.2 million funds channelled through the secretariat for the Santiago network for loss and damage) from $55.2 million in 2023 to $74.5 million in 2024. The increase in voluntary contribution is driven by enhanced fund-raising efforts. Besides, following a reassessment of multi-year grants initiated in 2022, an additional cumulative amount of USD 6.5 million was recognized as revenue from conditional voluntary contributions. This amount represents a correction of prior-year contributions as of 31 December 2024.

7. There was also a significant decrease in the fees for the Clean Development Mechanism (CDM) and the Joint Implementation (JI) by about $10.5 million from $13.9 million in 2023 to $3.4 million in 2024. This is attributable to the discontinuation of JI during the year and reduced volumes of Certified Emission Reduction issuances for emission reduction projects and programs of activities in 2024 compared to 2023, which is consistent with the transitioning of CDM projects to Article 6.4. The decrease in other revenue by $3.6 million is due to fewer external ICT projects undertaken during the year compared to prior years.

Total expenses

8. With a $1.9 million reduction, representing 1.6 per cent of total expenditure, the current year’s total expenditure was consistent with expenditure in the prior year. The overall spending dropped to $122.4 million in 2024 ($124.3 million in 2023) mostly due to the net effect of an $8 million decrease in travel-related costs following the government of Azerbaijan’s coverage of hotel accommodations for Conference of Parties attendees in Baku and cross cutting measures taken by management of UNFCCC that reduced staff travel. The reduction in travel-related expenses was offset by a $6.5 million increase in personnel expenditures, which reached $69.3 million ($62.8 million in 2023), as a result of the filling of long-standing empty positions, including the Deputy Executive Secretary role during the year. Furthermore, contractual service costs, equipment depreciation, and intangible asset amortization were all in line with the previous year.

Operating results

9. In 2024, there was an excess of revenue over expenditure of $8.08 million (compared to a deficit of $8.6 million in 2023). The total surplus is mainly driven by an increase in revenue of $19.2 million, while total expenditure remained relatively consistent with levels in the prior year. The Trust Fund for participation in the UNFCCC process, the Trust Fund for Supplementary Activities, and the Trust Fund for UNFCCC employee liabilities had surplus balances during the year, while the Trust Fund for the Clean Development Mechanism, the Trust Fund for the Core Budget of UNFCCC, the Trust Fund for the International Transaction Log, the Trust Fund for the Special Annual Contribution from the Government of Germany, the Special Account for Conferences and Other Recoverable Costs and the Special Account for UNFCCC Programme Support Costs and Cost Recovery had deficits during the year.

Assets

10. Total assets as at 31 December 2024 increased by $6.2 million to $280.1 million compared to total assets as at 31 December 2023 of $273.9 million. The major components of UNFCCC’s assets are as follows:

Table 1
Summary of assets as at 31 December 2024
(Thousands of United States dollars)

	2024	*2023*
Cash and cash equivalents	26 267	29 711
Investments	215 501	201 209
Indicative contributions receivable	3 458	8 650
Voluntary contributions receivable	10 360	13 694
Other receivables	1 197	2 656
Other current assets	23 231	17 621
Property, plant, and equipment	113	214
Intangible assets	-	152

	2024	2023
Total assets	**280 127**	**273 907**

11. The major assets as at 31 December 2024 are cash, cash equivalents and investments totalling $241.8 million, representing 86.3 per cent of the total assets, voluntary contributions receivable of $10.4 million representing 3.7 per cent, other current assets (primarily interfund transfer and advances) of $23.2 million, representing 8.3 per cent, and outstanding indicative contributions receivable from Parties of $3.5 million, representing 1.2 per cent of the total assets. The remaining assets consist of other receivables of $1.2 million, property and plant and equipment of $0.1 million.

Cash, cash equivalents and investments

12. Cash and cash equivalents as well as investments of $241.8 million, are held in the UN Treasury main cash pool. The overall levels of these assets increased by $10.8 million compared to 31 December 2023. Following the implementation of IPSAS 41 in 2023, fair value adjustment of $0.3 million ($0.7 million in 2023) has been recognised for investments.

Accounts receivable

13. Similar to 2023, there continues to be improvement in the payment of outstanding contributions to the UNFCCC Secretariat by the Parties. In 2024, indicative contributions receivable reduced by $5.2 million or 60.0 per cent compared to amounts outstanding as at 31 December 2023. Similarly, voluntary contributions receivable reduced by $3.3 million or 24.3 per cent compared to amounts outstanding as at 31 December 2023.This affirms strides made by the parties to ensure payment of amounts due in addition to concerted effort by UNFCCC Secretariat to follow up on outstanding contributions with the Parties.

Other current assets

14. Other current assets amounted to a total of $23.2 million and mainly consisted of prepayments of $12.1 million, interfund advances of $8.9 million and education grant advances of $1.3 million.

Liabilities

15. Liabilities as at 31 December 2024, totalled $225.4 million ($195.5 million as at 31 December 2023) and were as follows:

Table 2

Summary of liabilities as at 31 December 2024
(Thousands of United States dollars)

	2024	2023
Employee benefit liabilities	182 058	147 750
Accounts payable and accruals	5 702	14 567
Advance receipts	22 339	24 733
Other liabilities	8 756	8 481
Total liabilities	**218 855**	**195 531**

Employee benefit liabilities

16. Employee benefit liabilities accounts for 80.8 per cent of total liabilities for UNFCCC. As at 31 December 2024, the liability to fund employee end of-service benefits liability, after-service health insurance, repatriation grant for qualifying staff members stood at $181.0 million with the remainder of $1.1 million being made up of home leave travel, tax reimbursement and other employee benefit liabilities. The actuarial liability was independently estimated by an

actuarial firm. The details of the calculations are contained in Note 14. While this amount represents the best estimate of the liability of UNFCCC, it remains subject to a degree of uncertainty, which is reported in the sensitivity analysis. In recognition of this uncertainty, the actuarial assumptions will be kept under review and the estimate of the liability will be updated on an annual basis. As at 31 December 2024, the employee benefit liability is funded by cash and investments of $14.6 million. This represents a funding ratio of 8.2 per cent.

17. The remaining liabilities relate to Accounts payable and accruals of $5.7 million, advance receipts of $22.3 million and other current liabilities of $ 8.8 million. Advance receipts mainly comprise of indicative contributions received in advance of the start of the year to which they are relating to, voluntary contribution provided by donors that contain conditions requiring the return of funds (if not spent in accordance with the terms of the agreement), and CDM fees received in advance but not yet earned by UNFCCC. The balance represents the portion of the contributions as at 31 December 2024 that have not been recognized as revenue as they are not yet earned by UNFCCC by performing the services covered by the respective agreements.

Net assets

18. As at 31 December 2024, after an allowance had been made for all known liabilities, the net assets held by UNFCCC stood at $61.3 million. The net assets include accumulated surplus of $16.1 million, and programme and staff related reserves of $49.5 million. These reserves are offset by an actuarial loss pertaining to the valuation of employee benefits at year-end of $4.1 million and a fair value reserve loss on financial instruments held at fair value through net assets of $0.3 million.

Comparison of budgets to actual amounts

19. The Conference of the Parties (COP) approved a Core expenditure budget, assessed in Euro for 2024-25 biennium, amounting to €74.6 million. The 2024 - 2025 approved biennium budget for the International transaction log amounted to €3.3 million.

20. Actual expenditure was in line with approved core budget for the year. Actual expenditure on the budget basis of €36.1 million for the year ended 31 December 2024 under the core budget, represented 96.3 per cent of the approved core budget. Expenditure trends in 2024 are consistent with the approved budget.

21. The overall expenditure rate under the Trust Fund for the International Transaction Log (ITL) was 80.2 per cent for the year 2024. This is due to a decrease in operational activities and the prior period restructuring of the secretariat.

22. The core budget, as well as the budget for the international transaction log continues to be prepared on a modified cash basis in accordance with the UN Financial Regulations. The overall budgetary results of the 2024-year financial period are summarized in Statement V-A to V-B. The differences between the net results on the IPSAS (full accrual) basis and those in accordance with the adopted budget are explained in the respective note to the financial statements.

Managing financial risk and uncertainties

23. The secretariat's main income sources are the indicative contributions from Parties, voluntary contributions from donors as well as fee-based income from the mechanisms supported by the secretariat, mainly the Clean Development Mechanism (CDM).

24. Indicative contributions have been steadily received in past years, and the secretariat has actively followed up on outstanding amounts to maintain a high collection rate. However, looking ahead to 2025, there is increased uncertainty around the level of contributions, particularly in light of geopolitical developments, including the recent withdrawal of the United States from the Paris Agreement. While this presents a potential risk to the overall level of indicative contributions, the secretariat is closely monitoring the situation and engaging with Parties to encourage continued financial support. Expenditure under the core budget continues to be strictly controlled within appropriations approved at the entity level, in line with the

financial regulations, and risk mitigation measures include prioritization of essential activities, flexible resource planning, and continuous engagement with key donors.

25. While fluctuating over time, voluntary contributions have been received at insufficient levels to cover the budgeted requirements for supplementary activities in line with the mandates given by the different bodies of the Conference of the Parties. Similar to the core budget, expenditure is limited to funding received, and budgets are developed and implemented to ensure full cost recovery, taking into consideration all direct and indirect costs.

26. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) decided at COP 26 to support the development of new mechanisms under Article 6 of the Paris Agreement. The secretariat is foreseen as the supporting entity to the new mechanism (similar to the CDM process). While the respective budgets to support the CDM mechanism have been adjusted to the necessary resource levels in biennium 2024–2025 to reflect the transition to Article 6, sufficient reserves in the CDM trust fund are available to cover the needs for the remaining service period and the CMP has allocated significant resources to the development of the new mechanisms under Article 6. This is consistent with the reduction in CDM revenue during the year.

27. In 2017, the Secretariat introduced a surcharge on the salary costs to set aside funds to cover the respective liabilities under non-core activities following the UN secretariat approach. Under the core budget, these liabilities are currently unfunded and covered under a pay-as-you-go arrangement financed from the current core budget. The secretariat continues to monitor the level of the liabilities and is considering additional financing measures to manage the liabilities.

28. The secretariat manages strategic, financial, operational and program delivery risks at the level of risk owners where risks are escalated to the Management Team. The Organizational Development and Oversight Unit acts as the second line of defence and is responsible for ensuring a sound framework for Enterprise Risk Management and related risk identification, assessment, and reporting.

29. Key risk factors for the secretariat include: (i) unpredictable or insufficient financial resources to finance all relevant mandates including supplementary activities, TFP and activities of the subsidiary body from parties ; (ii) unclear or incoherent approach to the development of the secretariat as an organization in support of the implementation of the Paris Agreement; and (iii) geopolitical situation and/or energy and economic crisis impinging on parties' commitment to urgently combating climate change.

30. Mitigation action to address key risk factors include strengthening the positioning and relevance of the secretariat through outreach, active engagement in high-level meetings and improving the organization's approach to strategic planning and Enterprise Risk Management (ERM). In addition, the secretariat seeks to broaden its resource base for supplementary project to non-state actors, general outreach of party and non-party stakeholders to assist with funding of critical mandates given UNFCCC's funding situation and risks, ERM, focus by management to reducing costs by management as well as conscientious efforts to cluster meetings to reduce travel costs.

Strategic plan and objectives

31. The secretariat provides the foundation for global cooperation to address climate change. It is an authoritative, recognized UN body that empowers all actors to achieve the objective of the Convention. In doing so, it puts the well-being of humanity and sustainable development at the centre of climate action in pursuing the full implementation of the Convention, the Kyoto Protocol and the Paris Agreement. To this end, the secretariat facilitates intergovernmental negotiations, provides technical and legal expertise, and supports the implementation of climate-related commitments through capacity-building, data management, and outreach activities. It also serves as a hub for collaboration among Parties, observer organizations, and non-state actors, ensuring that diverse perspectives contribute to global climate solutions. By maintaining institutional memory and operational continuity, the secretariat plays a vital role in advancing transparency, accountability, and ambition under the UN climate regime.

32. The secretariat in its 2024–2025 budget proposals presented the budgetary requirements along organization-wide strategic objectives and priorities, provided a comprehensive reference for all stakeholders. The budget was developed from the ground up through a comprehensive and participatory secretariat-wide effort. All budget proposals underwent a rigorous multistep peer review and proposals put forward by the divisions were consolidated and carefully reviewed from a secretariat-wide perspective for coherence. Adjustments were made to ensure that the proposed budget best responds to the priorities specified by Parties.

33. During the budget process, each division assessed opportunities for any further innovation and efficiency gains in terms of supporting the intergovernmental process but also internal secretariat operations.

34. In 2024–2025 budget period, the secretariat's work continued to be guided by the following overarching objectives:

(a) Facilitate intergovernmental engagement on responding to the threat of climate change by providing effective organizational, process, technical and substantive support for:

i. Ongoing intergovernmental oversight of established processes and negotiation of revised or enhanced processes, as appropriate (intergovernmental engagement).

ii. Operating established processes arising from the decisions of the COP, the CMP and the CMA (intergovernmental processes).

(b) Enable the constituted bodies to fulfil their mandates, including by providing effective organizational, process, technical and substantive support (constituted bodies).

(c) Manage a trusted repository of data and information in support of climate action and enhanced accountability of Parties and non-Party stakeholders (data and information management).

(d) Facilitate greater engagement in the UNFCCC process in order to promote action towards the achievement of the objectives and goals of the Convention, the Kyoto Protocol and the Paris Agreement (enhanced engagement).

(e) Oversee and manage the secretariat's operations effectively and efficiently and foster innovation (oversight and management).

Programme delivery highlights

35. During the reporting period, the secretariat organized SB 60 and COP 29, both of which took place in person with a robust virtual component. These sessions increased in complexity and scope compared with previous sessions. It also organized around 142 workshops, capacity-building sessions, and meetings in and outside Bonn.

36. Work under all constituted bodies, processes, and work programmes supported by the secretariat progressed in line with the respective mandates and work plans. The secretariat continued to support the intergovernmental process in relation to mitigation, adaptation, means of implementation, and transparency, as well as other cross-cutting areas such as the Global Stock take, just transition, and gender. Some of the highlights are included in the following paragraphs.

37. The secretariat facilitated intergovernmental engagement on cross-cutting areas such as the follow-up on the outcomes of the first global stocktake of the implementation of the Paris Agreement and the Just Transition work programme.

38. On mitigation, key areas the secretariat facilitated in 2024 include the Sharm el-Sheikh mitigation ambition and implementation work programme, Article 6 of the Paris Agreement, and the impact of the implementation of response measures. Facilitation for key areas related to adaptation and loss and damage includes supporting the process of the operationalization of the Fund for responding to Loss and Damage and the Santiago Network, global goal on adaptation, formulation and implementation of the National Adaptation Plans (NAPs), the Nairobi Work Programme (NWP), the Warsaw International Mechanism for loss and damage (WIM) and management of the adaptation-related data and information.

39. In relation to the means of implementation of the Paris Agreement, the secretariat facilitated Parties' engagement in areas including the new collective quantified goal on climate finance and other climate finance issues, the technology implementation programme, and related to the Paris Committee on Capacity-Building. While a series of substantial and technical support have been provided on the former Measuring Reporting Verification (MRV) arrangements and the current Enhanced Transparency Framework (ETF), including by providing technical assistance to developing countries and training to experts engaged in the reporting, review and analysis processes, especially in preparation and submission of their first Biennial Transparency Reports, is the secretariat also continued to facilitate the operationalization of the ETF and work on methodological issues, including in relation to GHG inventories, REDD+, agriculture, land use, land-use change and forestry, Intergovernmental Panel on Climate Change (IPCC) guidelines and common metrics.

40. Furthermore, the secretariat also facilitated intergovernmental engagement on and implementation of established processes relating to gender, Action for Climate Empowerment (ACE), youth engagement, observer engagement and global climate action, including by preparing reports and events under the gender action plan, organizing the ACE Dialogue, and supporting the Presidency and relevant observer constituencies in organizing Gender Day and children and youth and ACE elements of the Human Development Day at COP 29.

Chapter V

Financial statements for the year ended 31 December 2024

United Nations Framework Convention on Climate Change

I. Statement of financial position as at 31 December 2024

(Thousands of United States dollars)

	Reference	*31 December 2024*	*31 December 2023*
Assets			
Current assets			
Cash and cash equivalents	Note 6	26 267	29 711
Short-term Investments	Note 7	157 790	153 266
Indicative contributions receivable	Note 8	3 458	8 650
Voluntary contributions receivable	Note 8	3 094	12 259
Other receivables	Note 8	1 197	2 656
Other current assets	Note 9	23 231	17 621
Total current assets		**215 037**	**224 163**
Non-current assets			
Voluntary contributions receivable	Note 8	7 266	1 435
Long-term investments	Note 7	57 711	47 943
Property, plant and equipment	Note 10	113	214
Intangible assets	Note 11	-	152
Total non-current assets		**65 090**	**49 744**
Total assets		**280 127**	**273 907**
Liabilities			
Current liabilities			
Accounts payables and accruals	Note 12	5 702	14 567
Advance receipts	Note 13	22 339	24 733
Employee benefits	Note 14	2 986	3 055
Other current liabilities	Note 15	8 756	8 481
Total current liabilities		**39 782**	**50 836**
Non-current liabilities			
Employee benefits	Note 14	179 072	144 695
Total non-current liabilities		**179 072**	**144 695**
Total liabilities		**218 855**	**195 531**
Net of total assets and total liabilities		**61 272**	**78 376**
Net assets			
Accumulated surpluses	Note 19	16 084	8 011
Reserves	Note 19	45 189	70 365
Total net assets		**61 272**	**78 376**

The accompanying notes form an integral part of these financial statements.

United Nations Framework Convention on Climate Change

II. Statement of financial performance for the year ended 31 December 2024

(Thousands of United States dollars)

	Reference	*2024*	*2023*
REVENUE	Note 17		
Indicative contributions		40 800	32 842
Voluntary contributions		74 523	55 245
CDM and JI service fees		3 424	13 857
Interest revenue		11 474	9 894
Other/miscellaneous revenue		242	3 850
TOTAL REVENUE		**130 464**	**115 688**
EXPENSES	Note 18		
Personnel expenditure		69 343	62 810
Travel		13 832	21 872
Contractual services		30 587	30 527
Operating expenses		3 834	2 731
Other expenses		3 665	2 729
Depreciation of property, plant and equipment		101	96
Amortization of intangible assets		152	171
Return/transfer of donor/CDM Trust Fund Transfer		412	449
Losses on foreign exchange and investments		454	2 926
TOTAL EXPENSES		**122 380**	**124 311**
SURPLUS/(DEFICIT) FOR THE PERIOD		**8 083**	**(8 623)**

The accompanying notes form an integral part of these financial statements.

United Nations Framework Convention on Climate Change

III. Statement of changes in net assets for the year ended 31 December 2024

(Thousands of United States dollars)

	Reference	*Accumulated Surplus*	*Reserves*	*Total Net Assets*
Opening balance as at 01 January 2023		**16 757**	**77 534**	**94 291**
Surplus/(deficit) for the period		(8 623)	-	(8 623)
Actuarial gains/(losses) on employee benefits liabilities	Note 14	-	(9 102)	(9 102)
Adjustment to operating reserve amounts against accumulated surplus		(123)	123	-
Fair value gains/(losses) on investments held at Fair value through net assets/equity		-	1 810	1 810
Opening balance as at 01 January 2024		**8 011**	**70 365**	**78 376**
Surplus/(deficit) for the period		8 083	-	8 083
Actuarial gains/(losses) on employee benefits liabilities	Note 14	-	(25 615)	(25 615)
Adjustment to operating reserve amounts against accumulated surplus		(11)	11	-
Fair value gains/(losses) on investments held at Fair value through net assets/equity	Note 7	-	428	428
Balance as at 31 December 2024		**16 084**	**45 189**	**61 272**

The accompanying notes form an integral part of these financial statements.

United Nations Framework Convention on Climate Change

IV. Statement of cash flows for the year ended 31 December 2024

(Thousands of United States dollars)

	Reference	*31 December 2024*	*31 December 2023*
Cash flows from operating activities			
Surplus/(deficit) for the year		8 083	(8 623)
Non-cash movements			
Depreciation of property, plant and equipment	Note 10	101	96
Amortization of intangible assets	Note 11	152	171
Net surplus/(surplus) before changes in working capital		**1 811**	**(8 356)**
(Increase)/decrease in indicative contributions receivable	Note 8	5 192	2 774
(Increase)/decrease in voluntary contributions receivable	Note 8	3 334	(1 965)
(Increase)/decrease in other receivables	Note 8	1 459	(433)
(Increase)/decrease in other current assets	Note 9	(5 610)	(12 044)
Increase/(decrease) in accounts payables and accruals	Note 12	(8 865)	6 742
Increase/(decrease) in advance receipts	Note 13	2 393	(5 034)
Increase/(decrease) in employee benefit net of actuarial gains/(losses)	Note 14	8 693	7 733
Increase in other current liabilities	Note 15	275	6 603
Net cash flow generated from/(used in) operating activities		**10 420**	**(3 980)**
Cash flows from investing activities			
Net proceeds from (purchase)/sale of investments	Note 7	(13 864)	176
Net cash flow (used in)/generated from investing activities		**(13 864)**	**176**
Net cash flow generated from/ (used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalent		**(3 444)**	**(3 804)**
Cash and cash equivalents at the beginning of the year		**29 711**	**33 515**
Cash and cash equivalents at the end of the year	**Note 6**	**26 267**	**29 711**

The accompanying notes form an integral part of these financial statements.

United Nations Framework Convention on Climate Change

V.A. Statement of comparison of the core budget and actual amounts for the year ended 31 December 2024

2024	Original and final Budget (EUR) ‘000’	Actual (EUR) ‘000’	Difference (EUR) ‘000’	Original and final Budget (USD) ‘000’	Actual (USD) ‘000’	Difference (USD) ‘000’
Executive	2 268	2 113	155	2 517	2 288	229
Programmes Coordination	355	355	-	394	385	9
Adaptation	3 819	3 846	(27)	4 239	4 158	81
Mitigation	2 195	2 131	64	2 437	2 306	131
Means of Implementation	3 629	2 879	750	4 028	3 122	906
Transparency	7 582	8 555	(973)	8 415	9 238	(823)
Operation Coordination	789	704	85	876	762	114
Secretariat-wide costs	1 794	2 080	(286)	1 991	2 204	(213)
AS/HR/ICT	2 228	2 123	105	2 472	2 297	175
Conference Affairs	1 526	1 383	143	1 694	1 496	198
Legal Affairs	1 455	1 172	283	1 615	1 261	354
Intergovernmental Support and Collective Progress	2 479	2 405	74	2 751	2 598	153
Communications and Engagement	2 415	1 951	464	2 680	2 112	566
IPCC	245	245	-	272	265	7
Sub total	**32 779**	**31 942**	**837**	**36 381**	**34 492**	**1 887**
Programme support costs	4 262	4 202	60	4 730	4 471	259
Adjustment to working capital reserve	487	-	487	541	-	541
Grand total	**37 528**	**36 144**	**1 384**	**41 652**	**38 963**	**2 687**
Contribution from the Host Government	767	767		851	851	
Income from Indicative Contributions	36 761	34 055		40 800	37 797	
Net result (budgetary)		**(1 322)**			**(315)**	

The accompanying notes form an integral part of these financial statements.

United Nations Framework Convention on Climate Change

V. B. Statement of comparison of the International Transaction Log budget and actual for the year ended 31 December 2024.

(Thousands of United States dollars)

2024	Original and Final Budget (EUR) ‘000’	Actual (EUR) ‘000’	Difference (EUR) ‘000’	Original and Final Budget (USD) ‘000’	Actual (USD) ‘000’	Difference (USD) ‘000’
Staff costs	604	596	8	671	645	26
Consultants	27	-	27	30	-	30
Travel of staff	22	4	18	25	4	21
Experts and expert groups	-	-	-	-	-	-
Training	9	3	6	10	3	7
General operating expenses	753	530	223	836	571	265
Contributions to common services	64	57	7	71	61	10
Sub total	**1 479**	**1 190**	**289**	**1 643**	**1 284**	**359**
Programme support costs (overheads)	192	154	38	213	164	49
Adjustment to working capital reserve	(22)	(22)	-	(25)	(25)	-
Grand total	**1 649**	**1 322**	**327**	**1 831**	**1 423**	**408**
Income from indicative contributions		-			-	
Net result (budgetary)		**(1 322)**			**(1 423)**	

* Further information is contained in notes 21 and 22.

The accompanying notes form an integral part of these financial statements.

United Nations Framework Convention on Climate Change

Notes to the financial statements

Note 1
Reporting entity

1. The permanent secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) was established in January 1996 for the following purposes:

(a) To arrange for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention, the Kyoto Protocol and the Paris Agreement and to provide them with services as required.

(b) To compile and transmit reports submitted to it.

(c) To facilitate assistance to Parties particularly developing country Parties on request in the compilation and communication of information required in accordance with the provisions of the Convention, the Kyoto Protocol and the Paris Agreement.

(d) To prepare reports on its activities and present them to the Conference of the Parties.

(e) To ensure the necessary coordination with the secretariats of other relevant international bodies.

(f) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions.

(g) To perform other secretariat functions specified in the Convention and in any of its protocols; and

(h) To undertake any other functions as may be determined by the Conference of the Parties.

2. UNFCCC is governed by the following constituent bodies:

(a) **The Conference of the Parties (COP)** is the supreme decision-making body of the Convention. All States that are Parties to the Convention are represented at the COP, at which they review the implementation of the Convention and any other legal instruments that the COP adopts and take decisions necessary to promote the effective implementation of the Convention, including institutional and administrative arrangements.

(b) **The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP)**: All States that are Parties to the Kyoto Protocol are represented at the CMP, while States that are not Parties participate as observers. The CMP reviews the implementation of the Kyoto Protocol and takes decisions to promote its effective implementation.

(c) **The Subsidiary Body for Implementation (SBI)** is one of two permanent subsidiary bodies to the Convention established by the COP/CMP. It supports the work of the COP and the CMP through the assessment and review of the effective implementation of the Convention and its Kyoto Protocol. A particularly important task in this respect is to examine the information in the national communications and emission inventories submitted by Parties in order to assess the Convention's overall effectiveness. The SBI reviews the financial assistance given to non-Annex I Parties to help them implement their Convention commitments and provides advice to the COP on guidance to the financial mechanism (operated by the Global Environment Facility - GEF). The SBI also advises the COP on budgetary and administrative matters.

(d) The Conference of the Parties, the supreme body of the Convention, shall serve as **the meeting of the Parties to the Paris Agreement (CMA)**. All States that are Parties to the

Paris Agreement are represented at the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), while States that are not Parties participate as observers. The CMA oversees the implementation of the Paris Agreement and takes decisions to promote its effective implementation.

(e) **The Bureau of the COP and CMP** supports the COP, CMP and the CMA through the provision of advice and guidance regarding the on-going work under the Convention and its Kyoto Protocol, the organization of their sessions and the operation of the secretariat, especially at times when the COP and the CMP are not in session. The Bureau is elected from representatives of Parties nominated by each of the five United Nations regional groups and small island developing States. The Bureau is mainly responsible for questions of process management. It assists the President in the performance of his or her duties by providing advice and by helping with various tasks (e.g., members undertake consultations on behalf of the President). The Bureau is responsible for examining the credentials of Parties, reviewing the list of intergovernmental and non-governmental organizations, seeking accreditation and submitting a report thereon to the Conference.

(f) In addition to these principal bodies, a number of constituted bodies such as the Clean Development Mechanism (CDM) Executive Board operate under the authority and guidance of the COP, CMP, or CMA, and are supported by the secretariat in the fulfilment of their mandates.

3. UNFCCC is financed by indicative contributions paid by Parties to the Convention, fees derived from services provided by the organization and voluntary contributions from Parties to the Convention and the Kyoto Protocol and other donors, and interest from investments.

4. The Organization enjoys privileges and immunities as granted under the 1947 Convention on Privileges and immunities of the United Nations and the 1996 Headquarters agreement with the Federal Government of Germany, notably being exempt from most forms of direct and indirect taxation.

Note 2

Basis of preparation

5. The financial statements of the UNFCCC have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS), using the historic cost convention except for investments held in the cash pool recorded at fair value through net asset. The financial statements cover the period from 1 January to 31 December 2024.The financial statements comply with IPSAS as issued by the International Public Sector Accounting Standards Board (IPSASB). Where IPSAS does not address a particular issue, the appropriate International Financial Reporting Standard is adopted. The accounting policies have been applied consistently in the preparation and presentation of these financial statements.

6. These financial statements are prepared on the basis that UNFCCC will continue in operation and meet its mandate for at least a 12-month period after the financial statements have been approved. The going concern basis is based on the approval by the Conference of Parties of the programme budget appropriations for the biennium 2024-2025, the historical trend of collection of indicative and voluntary contributions over the past years and that the Conference of Parties has not made any decision to cease the operations of UNFCCC.

7. Materiality is central to the preparation and presentation of the Organization’s financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

8. Preparing financial statements in accordance with IPSAS requires use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

9. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; fair value measurements; and inflation and discount rates used in the calculation of the present value for employee liabilities.

Changes in accounting policies and disclosures

New standards, amendments and interpretation issued but not yet effective and not early adopted by the organisation

10. IPSAS 3: Accounting policies, changes in accounting estimates and errors requires disclosure of new IPSAS standards that have been issued but not yet effective. The following standards have been issued by the IPSAS Board. UNFCCC is in the process of assessing the impact of these new standards on its financial statements.

Table IV.1
IPSAS standards issued but not yet effective

Standard	*Anticipated impact in the year of adoption*
IPSAS 43	IPSAS 43: Leases, replaced IPSAS 13: Leases aligning guidance with International Financial Reporting Standard (IFRS) 16. The newly issued standard introduces new contract and leases definitions and prescribes a right-of-use recognition and measurement model for all leases apart from those meeting short-term and low-value exemption categories. IPSAS 43 also provides additional guidance on the application of the risks and rewards model for lessor accounting. Adoption of the standard is mandatory for UNFCCC for the year ending 31 December 2025. The broadened leases definition is estimated to result in the recognition of more binding arrangements as leases, with a corresponding increase in lease liabilities and right-of-use assets.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5. Adoption of the standard is mandatory for the UNFCCC financial year ending 31 December 2025. This standard is not expected to have a material impact on the organization in the current or future reporting periods and on foreseeable future transactions.
IPSAS 45	IPSAS 45: *Property, plant, and equipment* replaces IPSAS 17: Property, plant and equipment (PP&E). IPSAS 45 removes the scope exclusion for heritage PP&E, provides application and implementation guidance on infrastructure assets and captures PP&E-related measurement impacts from IPSAS 46. The effective date of the standard is 30 June 2026. This standard is not expected to have a material impact on the organization in the current or future reporting periods and on foreseeable future transactions.
IPSAS 46	IPSAS 46: *Measurement* is the IPSASB's first measurement-dedicated standard which draws upon IFRS 13 Fair Value Measurement with the addition of public sector specific elements, including the current operational value measurement basis. Adoption of the standard is mandatory for UNFCCC financial year ending 30 June 2026. The adoption of IPSAS 46 is not expected to change the Organization's accounting policy choice applying the historical cost model to tangible and intangible assets.
IPSAS 47	IPSAS 47: Revenue replaces the three existing revenue standards: (a) IPSAS 9: Revenue from Exchange Transactions. (b) IPSAS 11: Construction Contracts; and (c) IPSAS 23: Revenue from Non-Exchange Transactions (Taxes and Transfers). IPSAS 47 aligns to the IPSASB's Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework) and presents two accounting models based on the existence of a binding arrangement. Where a binding arrangement exists, revenue accounting is aligned with IFRS 15: Revenue from Contracts with Customers. Otherwise, the accounting model is consistent with the core principles of IPSAS 23.

Standard	Anticipated impact in the year of adoption
	Adoption of the standard is mandatory for the financial reporting for the year ending 31 December 2026. The impact of IPSAS 47 will be assessed prior to the 1 January 2026 effective date of the Standard.
IPSAS 48	IPSAS 48: Transfer Expenses provides guidance on accounting for transfer expenses. The transfer expense model aligns with the Conceptual Framework and presents two accounting models based on the existence of a binding arrangement. Adoption of the standard is mandatory for the UNFCCC financial year ending 31 December 2026. The impact of IPSAS 48 will be assessed prior to its effective date.
IPSAS 49	IPSAS 49: Retirement Benefit Plans aligns to International Accounting Standards ("IAS") 26: Accounting and Reporting by Retirement Benefit Plans and prescribes the accounting and reporting requirements for public sector retirement benefit plans, which primarily provide benefits to retired public sector employees. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The Standard does not deal with other forms of employment benefits such as employment termination benefit or health and welfare plans. Adoption of the standard is mandatory for the UNFCCC financial year ending 31 December 2026. The detailed impact of IPSAS 49 will be assessed prior to the 1 January 2026 effective date of the Standard.
IPSAS 50	IPSAS 50 provides guidance related to the costs incurred for exploration for, and evaluation of, mineral resources (for example, minerals, oil, natural gas and similar non-regenerative resources), as well as the costs of determining the technical feasibility and commercial viability of extracting the mineral resources. Adoption of the standard is mandatory for the UNFCCC financial year ending 31 December 2027. The impact of IPSAS 50 will be assessed prior to its effective date.

Note 3

Summary of significant accounting policies

11. The principal accounting policies applied in the preparation of these financial statements are set out below.

Functional and presentation currency

12. The United States dollar is the functional currency of UNFCCC and is the currency of these financial statements. The amounts in the financial statements, schedules and notes are rounded to the nearest thousand United States dollars, unless otherwise stated. Transactions, including non-monetary items, in currencies other than dollars are translated into dollars at the United Nations operational rate of exchange on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and unrealized exchange differences (gains and losses) from the translation at period end are recognized in the statement of financial performance and as current in the statement of financial position.

13. The Core budget and the budget for the International Transaction Log are approved and assessed in Euros. The contingency budget for conference services of UNFCCC is approved by the COP. However, funds are not accessed unless required. Information on the Statements of Budget to Actual Comparisons for each budget are presented on both Euros and United States dollars.

14. For statements V, Euro amounts from the approved budgets for the original and final budget are converted to United States dollars using the UNORE as at 1 January 2024 while the Euro amounts for the actuals are converted to United States dollars using the average applicable monthly UNORE rate at the time of the transaction.

Financial instruments

Financial assets

15. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The Organization classifies its financial assets in one of the

categories shown subsequently at initial recognition and re-evaluates the classification at each reporting date.

Table IV.2
Classification of financial assets

Classification	*Financial assets*
Fair value through net assets / equity (FVNAE)	Investments in cash pools
Amortized cost (AC)	Cash and cash equivalents and receivables. Accruals from investments are classified at amortized cost.

16. All financial assets are initially measured at fair value. The Organization initially recognizes financial assets classified as amortized cost on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the Organization becomes party to the contractual provisions of the instrument.

17. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

18. Financial assets at fair value through surplus or deficit are those that have been designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. With the adoption of IPSAS 41, such financial assets have been reclassified to fair value through net asset after an assessment of their contractual cash flows characteristics as well as the determination of the Organisation’s management model of such financial assets, which is to both collect contractual cash flows and sell the financial assets. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of net assets in the year in which they arise. UNFCCC does not have any financial assets designated at fair value through surplus/deficit.

19. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

20. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

21. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Organization has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Investment in cash pools

22. UNFCCC participates in a cash pooling system where The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in the cash pool implies sharing the risk and returns on investments amongst participants. Given that the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

23. The Organization’s investments in the cash pools are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity period of the investment.

24. The investment pools are subject to an Expected Credit Loss (ECL) for the reporting period. The ECL on investments is calculated using a reference default rating by rating agencies. Due to the conservative and risk averse investment strategy/model, the UN does not invest in risky low-grade instruments. As a result, most of the investments carry a zero-default rating and there has not been any history of non-collection in the past. Based on assessment by UNFCCC at the end of the year, the ECL on investment and cash is not material.

Cash and cash equivalents

25. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Receivables and non-exchange revenue

26. Indicative contributions to the Core budget and to the Trust Fund for the International transaction log from Parties to the Convention are recognised at the beginning of the year to which the assessment relates. The revenue amount is determined based on the approved budgets and the scale of assessment approved by the General Assembly as adopted by the Conference of the Parties.

27. Voluntary contributions are recognised upon the signing of a binding agreement with the donor. Revenue is recognised immediately if no condition is attached. If conditions are attached, including a requirement that funds not utilized in accordance with the agreement must be returned to the contributing entity, revenue is recognised only upon satisfying the conditions. Until such conditions are met, a liability (deferred revenue) is recognised. Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are considered contingent assets and are recognised as revenue when received and disclosed in the Notes to the financial statements if receipt is considered probable.

28. Multi-year voluntary conditional contributions due in future financial periods are recognized as receivables on the signing of the agreement along with a liability (deferred revenue) until the conditions are met.

29. Goods in kind are recognised at their fair value, measured as of the date the donated assets are received or acquired. Services in kind are not recognized on the face of the financial statements but instead the nature and type of services in-kind are disclosed in the notes.

Other assets

30. Other assets include education grant, advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

31. Receivables are initially measured at fair value and subsequently at amortized cost less allowances for expected credit losses. For receivables, the loss allowance is calculated using objective historical evidence of collections of the portfolio of receivables.

32. Prepayments are not impaired as they do not qualify as financial assets.

Property, plant and equipment

33. UNFCCC recognizes property, plant and equipment at their historical cost less depreciation and impairment losses in line with IPSAS 17: Property, plant and equipment. For any item of property, plant and equipment received as a contribution in kind, the fair value at the date of acquisition is deemed to be its cost, in line with IPSAS 23: Revenue from non-exchange transactions.

34. UNFCC depreciates its property, plant, and equipment on a straight-line basis over their estimated useful life. Property, plant, and equipment are also subject to a systematic annual review to confirm the remaining useful life and to identify any impairment.

35. Individual items of property, plant and equipment are capitalized when their original acquisition value is equal to or greater than the threshold of $5,000 UNFCCC is deemed to

control equipment if it can use or otherwise benefit from the asset in the pursuit of its objectives and if UNFCCC can exclude or regulate the access of third parties to the asset.

36. UNFCCC performs an annual review of the useful economic lives of material property, plant, and equipment in line with the requirements of IPSAS 17. There were no extensions to useful economic lives during the year under review. The estimated useful life ranges and capitalization thresholds for the various classes of property, plant and equipment are as follows:

Table IV.3
The estimated useful life for equipment classes

Class of equipment	*Estimated useful life (in years)*
Computer equipment	5
Communication and audio equipment	5
Furniture and fittings	10
Vehicles	6-7
Leasehold improvements	10 (or lease term, whichever is shorter)

37. Property, plant and equipment are reviewed for impairment at each reporting date if material, taking into consideration various impairment indicators. Any impairment loss is recognized in other expenses within the statement of financial performance when the carrying amount of an asset exceeds its recoverable service amount.

Intangible assets

38. UNFCCC's intangible assets comprise purchased software packages and internally developed software. Intangible assets are recognized at cost less accumulated amortization and impairment losses in line with IPSAS 31: Intangible assets. Annual software licences are expensed and adjusted as necessary for any element of prepayment.

39. Intangible assets acquired externally are capitalised if their costs exceed the threshold of $5,000. Internally developed software is capitalized if its cost exceeded a threshold of $100,000 excluding research and maintenance costs and including directly attributable costs such as staff assigned full time to a development projects, sub-contractors, and consultants.

40. Amortization is provided over the estimated useful life of the intangible asset using the straight-line method.

Table IV.4
The estimated useful lives for intangible asset classes

Class of intangible assets	*Estimated useful life (in years)*
Software acquired externally	3 – 10
Internally developed software	3 – 10
Copyrights	Set 8 years or period of copyright, whichever is shorter

41. Impairment is assessed at each reporting date for all intangible assets based on indications that an asset may be impaired, and any impairment losses are recognized in the Statement of Financial Performance.

Leases

42. UNFCCC has reviewed the property and equipment that it leases, and in no instance does it have a significant portion of the risks and rewards of ownership. Accordingly, all leases are recognized as operating leases.

43. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. A provision is established to

cover the cost of making good dilapidations on leasehold properties where required to do so under the terms of the lease.

Payables, advance receipts, and accruals

44. Accounts payable are financial liabilities in respect of either goods or services that have been acquired and received by UNFCCC and for which the invoices have been received from the suppliers. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As the accounts payable of UNFCCC generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement.

45. Accruals are liabilities for goods and services that have been received or provided to UNFCCC during the year and have not been invoiced by suppliers as at the reporting date.

46. Advance receipts are prepayments from customers, parties, or donors for subsequent periods.

Employee benefits

47. UNFCCC provides the following employee benefits:

(a) Short-term employee benefits.

(b) Post-employment benefits.

(c) Other long-term employee benefits; and

(d) Termination indemnity.

Short- term employee benefits

48. Short-term employee benefits comprise salaries, and those elements of other employee benefits (including home leave, assignment grant, education grant, tax reimbursements and rental subsidy) payable within one year of period end and measured at their nominal values. Short-term employee benefits are due to be settled within 12 months after the end of the accounting period in which employees render the related service.

Post-employment benefits

49. The liability recognized for post-employment benefits is the present value of the defined benefit obligations at the reporting date. An independent actuary using the projected unit credit method calculates the defined benefit obligations. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-grade corporate bonds with maturity dates approximating those of the individual plans. The portion of the repatriation benefit and accumulated annual leave benefit that is expected to be settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability.

50. Employee benefits including payments to staff members on separation from service such as repatriation grant, accrued annual leave, repatriation travel and removal on repatriation are expensed on an accrual basis.

51. Actuarial gains and losses related to post-employment benefits for after service health insurance are recognised in the period in which they occur on the statement of changes in net assets as a separate item in net assets/equity.

52. UNFCCC is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF, the Fund), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of

salaries, allowances, and other conditions of service of the United Nations and the specialized agencies.

53. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the Fund. UNFCCC and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify UNFCCC's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence UNFCCC has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee Benefits. UNFCCC's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

54. UNFCCC contribution to the plan during the financial period are recognised as an expense in the statement of financial performance.

Other long-term employee benefits

55. Other long-term employee benefits comprise the non-current portion of home leave entitlements.

Termination indemnity

56. Termination indemnity is recognized as an expense only when UNFCCC is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted.

Provisions

57. Provision is made for future liabilities and charges where UNFCCC has a present legal or constructive obligation as a result of past events and is probable that UNFCCC will be required to settle the obligation, and the value can be reliably measured.

Contingent liabilities and contingent assets

58. Contingent liabilities where their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UNFCCC or where the value cannot be reliably estimated are disclosed in the Notes to the financial statements. Contingent liabilities are assessed continually to determine whether an outflow of resources has become probable. If an outflow becomes probable, a provision is recognized in the financial statements in the period in which probability occurs. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Exchange revenue

59. Revenue from the fees charged in connection with the Clean Development Mechanism (CDM) and the Joint Implementation Determination (JI) is recognized upon completion of the underlying service for which the fee has been charged. A liability is established covering the estimated amount of fees reimbursable to the applicant. Interest income is recognized on a time proportion basis as it accrues, considering the effective yield.

60. Investment revenue includes the Organization's share of net cash pool revenue and other interest revenue. The net cash pool revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against revenue and the net revenue is distributed proportionately to all cash pool participants on the

basis of their average daily balances. The cash pool revenue also includes unrealized market gains and losses on securities, which are distributed proportionately to all participants on the basis of year-end balances.

Expenses

61. Expenses arising from the purchase of goods and services are recognized when the services or goods have been received and accepted by UNFCCC. Service is considered received on the date when the service is certified as rendered. For some service contracts, this process may occur in stages.

Taxation

62. UNFCCC enjoys privileged tax exemption, and its assets, income and other property are exempt from all direct taxation. Accordingly, no provision is made for any tax liability.

Net assets/equity

63. 'Net assets/equity' is the standard term used in IPSAS to refer to the residual financial position (assets less liabilities) at period-end, comprising contributed capital, accumulated surpluses and deficits, and reserves. Net assets/equity may be positive or negative.

64. In the absence of any capital contributions, UNFCCC net assets comprise accumulated surplus and reserves as detailed in Note 19.

Segment reporting

65. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources.

66. UNFCCC is a single purpose entity with a mandate to assist the signatories of the UN Framework Convention on Climate Change to limit average global temperature increases and the resulting climate change, and to cope with whatever impacts are inevitable in part through enforcing the legally binding emission reduction targets established in the Kyoto Protocol. Its operations, therefore, consist of a single segment. However, to provide additional information for use to senior management and Parties to the Convention and Kyoto Protocol, supplemental disclosures are prepared on a fund accounting basis, showing at the end of the period the consolidated position of all UNFCCC funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Fund balances represent the accumulated residual of revenue and expenses.

67. UNFCCC classifies all projects, operations, and activities into the following ten funds and special accounts:

(a) Trust Fund for the Core Budget of UNFCCC financed from indicative contributions (or general-purpose contributions from donors).

(b) Trust Fund for Supplementary Activities financed from voluntary contributions.

(c) Trust Fund for the Participation in the UNFCCC Process financed from voluntary contributions.

(d) Trust Fund for the Clean Development Mechanism financed from fees charged for registration of projects and issuance of certificates.

(e) Trust Fund for the International Transactions Log financed from indicative contributions (or general-purpose contributions from donors).

(f) Trust Fund for the Special Annual Contribution from the Government of Germany financed from a voluntary contribution from the government in which the UNFCCC headquarters is located.

(g) Special Account for Programme Support Costs financed from charges made to the activities financed from indicative and voluntary contributions as well as fee financed activities.

(h) Special Account for Conferences and Other Recoverable Costs financed from voluntary contributions; and

(i) Cost Recovery Fund financed from charges made to the activities financed from indicative and voluntary contributions.

(j) End of Service and Post Employee Benefits fund currently not fully funded.

68. Transactions occurring between funds are accounted for at cost.

69. UNFCCC reports on the transactions of each fund during the financial period, and the balances held at the end of the period.

Budget comparison

70. UNFCCC's budget is prepared on a modified cash basis as per the applicable financial regulations and rules whereas the financial statements are prepared on a full accrual basis. Under the modified cash basis, expenses are recognized on the obligation principle, i.e., when the organization enters into a financial commitment to obtain goods or services. Costs of equipment acquisition are expensed when the equipment has been delivered. On the other hand, the budget expenses do not include costs related to changes in provisions for employee benefits liabilities.

71. The budget is adopted on a biennial basis and presented in annual estimates in the financial statements. Unexpended balances at the end of the first year of the biennium are carried forward and added to the annual budget estimate for the second year of the biennium.

72. Statements V-A and V-B, comparison of budget and actual amounts, compare the final budget to actual amounts calculated on the same basis as the corresponding approved budget.

73. As the basis used to prepare the budget and financial statements differ, Note 21 provides a reconciliation between the actual amounts presented in statement V-A and V-B and the actual amounts presented on the Statement of Financial Performance.

74. The COP approves the biennial Core budget and the contingent budget for Conference Services. The CMP approves the budget for the International Transaction Log. Budgets may be subsequently amended by the COP or CMP, as applicable, or through the exercise of delegated authority.

Note 4

Financial risks

75. UNFCCC is exposed to a variety of financial management risks, including but not limited to market risk (currency risk, price risk and interest rate risk), credit risk and liquidity risk. UNFCCC’s approach to risk management is performed in conjunction with the United Nations Office at Geneva (UNOG).

76. The United Nations Treasury (in New York) is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

77. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market rate of return component of the objectives.

78. An investment committee that oversees the United Nations Treasury periodically evaluates investment performance, assesses compliance with the Guidelines, and makes recommendations for updates thereto.

Currency risk

79. UNFCCC operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. UNFCCC receives contributions from funding sources and clients in currencies other than the United States Dollar and is therefore

exposed to foreign currency exchange risk arising from fluctuations in currency exchange rates. UNFCCC also makes payments in currencies other than the dollar. Foreign exchange risk arises from operating revenue and expenses and recognized assets and liabilities.

80. Management requires that the Organization manage its currency risk against its functional currency by structuring contributions from its owner organizations and its technical cooperation project donors to correspond to the foreign currency needed for operational purposes.

81. The table below shows the potential impact of monetary revaluation of major currencies as at the reporting date and the increase or decrease in net assets and surplus by the amounts shown.

Table IV. 5
Currency risk sensitivity analysis as at 31 December 2024
(Thousands of United States dollars)

	EUR	*SEK*	*GBP*	*AED*	*NOK*	*PLN*	*KRW*	*CAD*	*AUD*	*PEN*
+ 10 per cent	(5 856)	902	893	701	555	270	(233)	(201)	(185)	(133)
- 10 per cent	5 856	(902)	(893)	(701)	(555)	(270)	233	201	185	133

Abbreviations: EUR, EUR, Euro; SEK, Swedish Krona; GBP, Great Britain Pound; AED, United Arab Emirates Dirham; NOK, Norwegian Krona; PLN, Poland Zloty; KRW, Korean Won; CAD, Canadian Dollar; AUD, Australian Dollar; PEN, Peru Sol.

Table IV. 6
Currency risk sensitivity analysis as at 31 December 2023
(Thousands of United States dollars)

	EUR	*SEK*	*AED*	*GBP*	*NOK*	*PLN*	*CAD*	*KRW*	*AUD*	*PEN*
+ 10 per cent	3 879	(953)	(757)	(633)	(626)	(286)	208	184	164	135
- 10 per cent	(3 879)	953	757	633	626	286	(208)	(184)	(164)	(135)

Abbreviations: EUR, Euro; SEK, Swedish Krona; AED, United Arab Emirates Dirham; GBP Great Britain Pound; NOK, Norwegian Krona; PLN, Poland Zloty; CAD, Canadian Dollar; KRW, Korean Won; AUD, Australian Dollar; PEN, Peru Sol.

82. The foregoing sensitivities are calculated with reference to a single moment in time and are subject to change owing to a number of factors, including fluctuating trade receivable and trade payable balances, and fluctuating cash and investment balances.

83. As the sensitivities are limited to period-end financial instrument balances, they do not take account of revenue and operating costs, which are highly sensitive to changes in exchange rates and commodity prices. In addition, each of the sensitivities is calculated in isolation, while, commodity prices, interest rates and foreign currencies do not move independently.

84. The following assumptions are made in calculating the sensitivity: all income statement sensitivities also affect equity; and the sensitivity analysis disclosure relates to monetary items (as defined by IPSAS 4: The effects of changes in foreign exchange rates) at year-end.

Price risk

85. The cash pools are not exposed to significant other price risks because they do not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital.

Interest rate risk

86. The organization earns interest revenue derived from surplus balances that it maintains in operational and non-operational cash holdings throughout the year. The implementation of UNFCCC’s programme and budget is not directly dependent on interest earnings.

87. The cash pools comprise the Organization’s main exposure to interest rate risk with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the cash pools had invested primarily in securities with shorter terms to maturity, with the maximum being less than five years (2023: four years). The average duration of the main pool on 31 December 2024 was 0.78 years (2023: 0.65 years), which is considered to be an indicator of low risk.

88. The analysis below shows how the fair value of the cash pools as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through net asset/equity, the change in fair value represents the increase or decrease in net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Table IV. 7
Main pool interest rate risk sensitivity analysis as at 31 December 2024

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (Millions of United States dollars)**:**									
Main pool total	180.4	135.6	90.4	45.2	0	(45.2)	(90.4)	(135.6)	(180.4)

Table IV. 8
Main pool interest rate risk sensitivity analysis as at 31 December 2023

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*+50*	*+100*	*+150*	*+200*
Increase/(decrease) in fair value (Millions of United States dollars)**:**									
Main pool total	2.9	2.2	1.4	0.7	0	(0.7)	(1.4)	(2.2)	(2.9)

Credit risk

89. Credit risk refers to the risk that a counterparty to a financial instrument will default on its contractual obligations resulting in a financial loss to the Organisation. UNFCCC applies the simplified approach to providing for expected credit losses prescribed by IPSAS 41, which permits the use of 12-month expected loss provision for all receivables.

Table IV.9
Maximum exposure to credit risk
(Thousands of United States dollars)

	2024	*2023*
Cash and cash equivalents	26 267	29 711
Investments	215 501	201 209
Indicative contributions receivable	3 458	8 650
Voluntary contributions receivable	10 360	13 694
Other accounts receivable	1 197	2 656
Other assets excluding prepayments and interfund transfers	2 277	4 304
Total assets	**259 060**	**260 224**

Credit risks associated with the cash pool

90. The Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible cash pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The cash pools do not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

91. The Guidelines require that investments are not to be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

92. The credit ratings used for the cash pools are those determined by major credit-rating agencies; Standard & Poor's and Moody's and Fitch are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year-end, the credit ratings were as shown below.

Table IV.10
Credit rating distribution for assets in the cash pool

Main pool	*Ratings in per cent as at 31 December 2024*					*Ratings in per cent as at 31 December 2023*			
Bonds (Long term ratings in per cent)					**Bonds (Long term ratings in per cent)**				
	AAA	**AA+/AA-/AA**		**NA**		**AAA**	**AA+/AA-/AA**		**NA**
S&P	22.2	77.8		-	S&P	37.1	62.9		0.3
Fitch	**AAA** 9.9	**AA+/AA/AA-** 53.3	**A+** 1.3	**NA/NR** 17.0	Fitch	**AAA** 28.4	**AA+/AA/AA-** 53.3	**A+** 1.3	**NA/NR** 17.0
	Aaa	**Aa1/Aa2/Aa3**		**NA**		**Aaa**	**Aa1/Aa2/Aa3**		**NA**
Moody's	37.7	53.6		8.7	Moody's	61.9	30.5		7.6
Commercial papers/ Certificates of Deposit (Short term ratings in per cent)					**Commercial papers/ Certificates of Deposit (Short term ratings in per cent)**				
	A-1+/A-1					**A-1+/A-1**			
S&P	100.0				S&P	100.0			
	F1+/F1			**NR**		**F1+/F1**			**NR**
Fitch	97.6			2.4	Fitch	98.8			1.2
	P-1/P2					**P-1/P2**			
Moody's	100.0				Moody's	100.0			
Term deposits/demand deposit account (Fitch viability ratings in per cent)					**Term deposits/demand deposit account (Fitch viability ratings in per cent)**				
	aa/aa-	**a+/a/a-**		**NR**		**aa/aa-**	**a+/a/a-**		
Fitch	33.7	64.9		1.4	Fitch	23.8	76.2		

93. The United Nations Treasury actively monitors credit ratings and, given that the Organization has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

94. UNFCCC assessed cash and cash equivalents and investment balances to determine their expected credit losses. Based on this assessment, the credit losses were identified to be insignificant as at 31 December 2024 (Nil for 31 December 2023).

Credit risks associated with receivables

95. Receivables consists of voluntary contributions, indicative contributions and other contributions. Strict credit control is exercised through monitoring of cash received from donors and where necessary provision is made for specific doubtful accounts.

96. The Expected loss rates for receivables are based on the payment profile of donors and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information. Due to the wide reach of donors of UNFCCC, management incorporates forward looking information into the impairment provisioning based on general economic conditions to pertains to all nations within the world.

97. On that basis, the loss allowance as at 31 December 2024 and 2023 is as follows:

Table IV.11
Impairment loss analysis as at 31 December 2024
(Thousands of United States dollars)

	Current	*1 year to 2 years*	*2 years to 3 years*	*3 years to 4 years*	*Over 4 years*	***Total***
Gross carrying amount	11 597	1 321	2 716	613	3 678	**19 925**
Expected credit loss rate (per cent)	10.20	23.56	11.95	49.54	75.80	
Loss allowance	1 183	311	325	304	2 787	**4 910**

Table IV.12
Impairment loss analysis – comparative; as at 31 December 2023
(Thousands of United States dollars)

	Current	*1 year to 2 years*	*2 years to 3 years*	*3 years to 4 years*	*Over 4 years*	***Total***
Gross carrying amount	15 945	5 978	2 618	691	3 295	**28 527**
Expected credit loss rate (per cent)	3.2	6.9	17.2	34.7	58.0	
Loss allowance	515	410	450	240	1 912	**3 527**

Liquidity risk

98. Cash flow forecasting is performed by the Organization in conjunction with the United Nations Office at Geneva (UNOG) which monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs. There are no restrictions on the amount that UNFCCC may withdraw at any time after providing the UN Treasury with several days' notice.

99. The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. United Nations Treasury maintain sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The cash pool liquidity risk is therefore considered to be low.

Fair value hierarchy

100. All investments are reported at fair value through net asset/equity. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value.

101. The levels are defined as:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (i.e., derived from prices).

(c) Level 3: Inputs for the asset or liabilities that are not based on observable market data (that is, unobservable inputs).

102. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held in the cash pools is the current bid price.

103. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximise the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2.

104. The following fair value hierarchy presents the cash pool assets that are measured at fair value at the reporting date. There were no Level 3 financial assets, nor any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Table IV.13
Fair value hierarchy as at 31 December: main pool
(Thousands of United States dollars)

	31 December 2024			*31 December 2023*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through net assets/equity						
Bonds – corporate	1 899	–	1 899	2 362	–	2 362
Bonds – non-United States agencies	52 221	–	52 221	49 362	–	49 362
Bonds – supranational	9 585	–	9 585	15 401	–	15 401
Bonds – United States treasuries	15 883	–	15 883	23 696	–	23 696
Bonds – non-United States sovereigns	1 993	–	1 993	1 956	–	1 956
Main pool – commercial papers	–	18 712	18 712	–	10 201	10 201
Main pool – certificates of deposit	–	64 976	64 976	–	59 632	59 632
Main pool – term deposits	–	76 499	76 499	–	68 310	68 310
Total	**81 581**	**160 187**	**241 768**	**92 777**	**138 143**	**230 920**

Note 5

Cash pool

105. The United Nations Framework Convention on Climate Change (“UNFCCC”) participates in the United Nations Treasury main pool. The main pool comprises of operational bank account balances in a number of currencies and investments in United States dollars.

106. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and revenue is based on each participating entity’s principal balance.

107. As at 31 December 2024, the overall cash pools managed by the United Nations Treasury had total assets of $12,076.1 million (2023: $11,548.7 million), of which $241.8 million was due UNFCCC (2023: $230.9 million), and its share of revenue from cash pools was $11.5 million (2023: $9.9 million).

Table IV.14
Summary of assets in the United Nation cash pool as at 31 December 2024
(Thousands of United States dollars)

	Total pool	*UNFCCC share*
Fair value through net assets/equity		
Short-term investments*	7 742 472	155 006
Long-term investments	2 882 612	57 711
Total fair value through net assets/equity	**10 625 084**	**212 717**
Loans and receivables		
Cash and cash equivalents in the cash pool	1 312 000	26 267
Accrued investment revenue (included to short-term investments) *	139 050	2 784
Total loans and receivables	**1 451 050**	**29 051**
Total carrying amount of Investments and cash and cash equivalents	**12 076 134**	**241 768**

* - Short-term investments and accrued investment revenue makes up total short-term investment in statement of financial position

108. The table below shows revenue earned by UNFCCC through its participation in the cash pool. Unrealised gains/(losses) are classified as fair value through net assets/equity in accordance with IPSAS41.

Table IV.15
Summary of gains/(losses) of the main pool for the year ended 31 December 2024
(Thousands of United States dollars)

	2024	*2023*
Investment revenue	11 474	9 894
Unrealized gains/(losses)	428	(709)

109. Unrealised gains of $0.4 million represents movement in unrealised gains on financial instruments recognised at fair value through net assets/equity.

Note 6

Cash and cash equivalents

110. As at 31 December 2024, UNFCCC held cash and cash equivalents totalling $26.3 million (2023: $29.7 million) within the United Nations Treasury Main pool.

111. Cash and cash equivalents comprise cash at banks, time deposits and money market instruments held within the cash pool where the initial term was less than 90 days. They are held at nominal value less an allowance for any anticipated losses if any.

Table IV.16
Cash and cash equivalents
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Cash and cash equivalents in cash pool	26 267	29 711

Note 7

Investments

112. UNFCCC investments forms part of a cash pools that are maintained and managed by the UN Treasury. The cash pools comprise UNFCCC's participating share of cash and term deposits, short-term and long-term investments, and accrual of investment income, all of which are managed in the pool.

113. UNFCCC cash and investments include $28.9 million (2023: $24.7 million) that are subject to general stipulations in the donor agreements which did not meet the requirements of conditionality under IPSAS 23. These stipulations include earmarking on the use of funding, mostly regarding their programmatic use and eligible expenditure periods. Historically, UNFCCC has had positive experiences with regard to receiving payment tranches from donors in accordance with the agreement and did not have cases where breach of stipulations prompted donors to demand refunds or reimbursement.

114. There have not been any impairments of investment assets held within the cash pool during the year.

Table IV.17
Classification of investment portfolio
(Thousands of United States dollars)

	31 December 2024	*31 December2023*
Short-term investments at fair value	155 006	151 060
Short-term investments at amortised cost	2 784	2 206
Total short-term investments	**157 790**	**153 266**
Long-term investments	57 711	47 943
Total investments	**215 501**	**201 209**

Table IV.18
Net proceeds from sale/purchase of investments
(Thousands of United States dollars)

	2024	*2023*
Total investment at the beginning of the year	201 209	199 575
Less: Total investment at the end of the year	(215 501)	(201 209)
Net investment	**(14 292)**	**(1 634)**
Movement in fair value	428	1 810
Net proceeds from the (purchase)/sale of investment	**(13 864)**	**176**

Note 8

Accounts receivable

115. Accounts receivables include indicative contribution, voluntary contribution and other receivables.

116. Indicative contributions reflect the contributions receivable from Parties to the Convention, the Kyoto Protocol and the Paris Agreement to fund the core budget and the International Transactions log in accordance with the Financial Procedures adopted by the COP.

117. Current voluntary contributions receivable are confirmed contributions that are due within twelve months from the reporting date.

118. Other receivables represent amounts invoiced to Parties, other UN agencies and individuals for services provided.

119. The full amount of voluntary contributions receivable is subject to general stipulations in donor agreements which did not meet the requirements of conditionality under IPSAS 23. These stipulations include earmarking on the use of funding, mostly regarding their programmatic use and eligible expenditure periods. Historically, UNFCCC has had positive experiences with regard to receiving payments tranches from donors in accordance with the agreement and did not have cases where breach of stipulations prompted donors to demand refunds or reimbursement.

120. Provisions for doubtful receivables have been established covering indicative contributions, voluntary and other receivables in line with IPSAS 41. Refer to Note 4 on impairment rates applied to receivables.

Table IV.19
Accounts receivable
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Indicative receivables (gross)	7 498	11 412
Less doubtful debt allowance on indicative receivables	(4 040)	(2 762)
Indicative receivables - net	**3 458**	**8 650**
Voluntary receivables (gross)	11 211	14 447
Less doubtful debt allowance on voluntary receivables	(851)	(753)
Voluntary receivables - net	**10 360**	**13 694**
Other receivables	1 216	2 668
Less doubtful debt allowance on other receivables	(19)	(12)
Other receivables - net	**1 197**	**2 656**
Total receivables	**15 015**	**25 000**

121. The table below shows the split of voluntary receivables between current and non-current.

Table IV.20
Voluntary receivables
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Current	3 094	12 259
Non-current	7 266	1 435
Total voluntary receivables	**10 360**	**13 694**

122. The table below shows the split of voluntary receivables between current and non-current.

Table IV.21
Movement in allowance for doubtful debt
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Opening balance	3 527	3 728
Net increase/(decrease) in provision for receivables	1 383	(201)
Closing balance	**4 910**	**3 527**

Note 9

Other current assets

123. Other assets consist of the following:

Table IV.22
Other assets
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Prepayments	12 068	4 836
Interfund transfer	8 886	8 481
Project clearing	711	688
Travel advances	311	2 428
Education grant advances	1 255	1 188
Total	**23 231**	**17 621**

124. Prepayments include advances to vendors and other UN agencies. Included in other current assets are interfund transfers of $8.9 million that have a corresponding entry in other current liabilities.

125. The project clearing accounts is the current account balance with the United Nations Development Programme.

Note 10

Property, plant and equipment

126. The table below shows the movement in property, plant and equipment held by UNFCCC during the period.

Table IV.23
Movement in property, plant and equipment
(Thousands of United States dollars)

	Vehicles	*Communication and IT equipment*	*Furniture and machinery*	*Total*
Cost				
Opening balance 1 January 2024	77	3 488	6	3 571
Additions	-	-	-	-
Disposal	-	-	-	-
Total as at 31 December 2024	**77**	**3 488**	**6**	**3 571**
Accumulated depreciation				
Opening balance 1 January 2024	50	3 301	6	3 357
Depreciation during the year	8	93	-	101
Disposal	-	-	-	-
Total as at 31 December 2024	**58**	**3 394**	**6**	**3 458**
Net book value				
Total as at 31 December 2024	**19**	**94**	**-**	**113**

Table IV.24
Movement in property, plant and equipment – 2023 comparative
(Thousands of United States dollars)

	Vehicles	*Communication and IT equipment*	*Furniture and machinery*	*Total*
Cost				
At 1 January 2023	77	3 488	6	3 571
Additions	-	-	-	-
Disposal	-	-	-	-
Total as at 31 December 2023	**77**	**3 488**	**6**	**3 571**
Accumulated depreciation				
At 1 January 2023	42	3 213	6	3 261
Depreciation during the year	8	88	-	96
Disposal	-	-	-	-
Total as at 31 December 2023	**50**	**3 301**	**6**	**3 357**
Net book value				
Total as at 31 December 2023	**27**	**187**	**-**	**214**

127. Assets are reviewed annually to determine if there is any indication that assets may be impaired in their value. During 2024 there was no indication for any equipment being impaired.

Note 11

Intangible assets

128. The table below shows the movement in intangible assets during the period.

Table IV.25
Intangible assets
(Thousands of United States dollars)

	Internally developed software
Opening balance 1 January 2024	837
Additions	-
Write-off	-
Total as at 31 December 2024	**837**
Accumulated amortization at 1 January 2024	685
Amortization during the year	152
Write-off	-
Total as at 31 December 2024	**837**
Net book value as at 31 December 2024	**-**

Table IV.26
Intangible assets – 2023 comparative
(Thousands of United States dollars)

	Internally developed software
Opening balance 1 January 2023	837
Additions	-
Write-off	-
Total as at 31 December 2023	**837**
Accumulated amortization at 1 Jan 2023	514
Amortization during the year	171
Write-off	-
Total as at 31 December 2023	**685**
Net book value as at 31 December 2023	**152**

Note 12

Accounts payables and accruals

129. Payables to vendors relate to amounts due for goods received and services rendered for which payment has not yet been made.

Table IV.27
Accounts payables and accruals
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Vendor payables	3 359	4 491
Other payables	10	652
Accruals for goods and services	2 333	9 424
Total accounts payables and accruals	**5 702**	**14 567**

130. Accruals are liabilities for goods and services that have been received or provided to UNFCCC during the year which have not yet been invoiced by suppliers.

Note 13

Advance receipts

131. The advance receipt balance as at 31 December 2024 are as follows:

Table IV.28
Advance receipts
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Conditional voluntary contributions	13 523	18 564
Indicative contributions received in advance	5 103	3 156
CDM fees received in advance	3 713	3 013
Total	**22 339**	**24 733**

132. UNFCCC recognizes a liability in cases where conditions are attached to voluntary contributions. Conditions are imposed by donors on the use of contributions and include both an obligation to use the donation in a specified manner and an obligation to return any amount not expended in accordance with performance specified by the donation. The amount recognized as

a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As UNFCCC satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

133. Indicative contributions received in advance include amounts received before the actual due date established by the Financial Procedures. Multi-year contributions received in advance amounted to Eur 2.2 million.

134. CDM and JI fees in advance represent unearned fees received for which UNFCCC has not completed the delivery of all the services for which fees have been charged.

Note 14

Employee benefit

135. The employee benefits liabilities of UNFCCC are composed of:

(a) current employee benefits: current portion of post-employment benefit, current portion of home leave and us tax reimbursement.

(b) non-current employee benefits: non-current portion of home leave; and non-current portion of post-employment benefit.

Table IV.29
Employee benefit liabilities
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Current employee benefit liabilities		
After service health insurance	721	586
Repatriation grant	791	947
Annual leave	434	508
Home leave travel	694	665
US tax reimbursement	130	181
Other employee benefit liabilities	216	168
Total current employee benefit liabilities	**2 986**	**3 055**
After service health insurance	166 681	133 281
Repatriation grant	8 300	7 398
Annual leave	4 047	3 983
Home leave travel	44	33
Total non-current employee benefit liabilities	**179 072**	**144 695**
Total employee benefit liabilities	**182 058**	**147 750**

136. Post-employment benefits consist of after-service health insurance, repatriation grants, annual leave and pension plans. After-service health insurance (ASHI) is a plan that allows eligible retirees and their eligible family members to participate in the full medical insurance plan. A repatriation grant is an entitlement payable to Professional staff on separation, together with related costs in travel and shipment of household effects. The actuarial valuation of liabilities regarding ASHI, repatriation grant and annual leave was undertaken by an independent professional actuary. They are established in accordance with the Staff Regulations of the United Nations and Staff Rules for staff members in the Professional and General Service categories.

After-service health insurance

137. The year-end liabilities for after-service health insurance are derived from the actuarial valuation conducted at year-end 2024. The net present value of the UNFCCC accrued liability

as at 31 December 2024, net of contributions from plan participants, was estimated by actuaries at $167.4 million ($133.9 million in 2023).

138. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements. These requirements include 10 years of participation in a United Nations health plan, for those who were recruited after 1 July 2007, and 5 years of participation, for those who were recruited prior to that date.

Repatriation grant

139. Upon end of service, staff members who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant based on length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits.

140. The net present value of the UNFCCC accrued liability as at 31 December 2024 was estimated by actuaries at $9.1 million ($8.3 million in 2023).

Death benefit

141. Death benefit is a post-employment defined-benefit plan, for which payment is made upon the death of an eligible employee who leaves behind a surviving spouse or dependent child. In line with the accounting practice of the UN secretariat, this liability is not recorded as a long-term employee benefit.

Annual leave

142. In accordance with UN Staff Rules and Staff Regulations, UNFCCC staff may accumulate annual leave of up to 60 working days which is payable on separation from service.

143. The net present value of UNFCCC's annual leave liability as at 31 December 2024 is estimated as $4.5 million ($4.5 million in 2023).

Home leave

144. Non-locally recruited UNFCCC staff are entitled to reimbursement for the costs of travel to their home country in the second year after their initial appointment and thereafter, every second year. The liability recorded has been calculated proportionately reflecting the number of months relates to the value of home leave entitlements that have been earned by officials since their last entitlement but not taken at the reporting date.

US taxes

145. American citizens that are UNFCCC staff members are reimbursed for the amount of income taxes payable on the compensation they earn from the organization.

146. An actuarial valuation as at 31 December 2024 carried out in 2025 has been utilized to determine the UNFCCC's estimated liability and expenses recognized on the Statements of Financial Performance and Financial Position for repatriation grants and travel, accumulated annual leave and after-service health insurance at the reporting date. The results of the actuarial valuation of the End-of-Service schemes are based on a full valuation conducted as at 31 December 2023.

Accounting for post-employment benefits

147. Each year, the UNFCCC reviews and selects assumptions and methods that will be used by the actuaries in the valuation to determine the expense and contribution requirements for the UNFCCC's after-service medical care plans and separation benefit plans. The discount rate is determined by calculating the expected benefit payments for each future year attributable to past service as of the valuation date and then discounting these benefit payments using spot rates for

high quality corporate bonds. A single equivalent discount rate was then determined that resulted in the same past service obligation.

Table IV.30
Post-employment benefits liabilities
(Thousands of United States dollars)

	After-service health insurance	*Repatriation*	*Annual leave*	*Total 2024*	*Total 2023*
Liability at 1 January	**133 867**	**8 345**	**4 491**	**146 703**	**129 850**
Current service cost	6 653	688	247	7 588	6 088
Interest cost	2 510	390	208	3 108	2 946
Benefits paid	(585)	(947)	(508)	(2 040)	(1 283)
Actuarial losses/(gains)	24 957	615	43	25 615	9 102
Liability at 31 December*	**167 402**	**9 091**	**4 481**	**180 974**	**146 703**

* Home leave, tax reimbursement and other employee benefit liabilities do not form part of post-employment liabilities

Table IV.31
Post-employment benefits liabilities: active and retired staff
(Thousands of United States dollars)

	After-service health insurance	*Repatriation*	*Annual leave*	*Total 2024*	*Total 2023*
Current retirees	33 065	-	-	**33 065**	24 187
Active employees - fully eligible	48 068	6 724	4 481	**59 273**	49 919
Active employees - not yet fully eligible	86 269	2 367	-	**88 636**	72 597
Liability at 31 December	**167 402**	**9 091**	**4 481**	**180 974**	**146 703**

148. The amounts recognized in the statement of financial performance are as follows:

Table IV.32
Impact of post-employment benefits on financial performance
(Thousands of United States dollars)

	After-service health insurance	*Repatriation*	*Annual leave*	*Total 2024*	*Total 2023*
Current service cost	6 653	688	247	**7 588**	6 088
Interest cost	2 510	390	208	**3 108**	2 946
Impact at 31 December	**9 163**	**1 078**	**455**	**10 696**	**9 034**

149. The total expense has been included under “salaries and employee benefits” in the statement of financial performance.

Actuarial gains/(losses)

150. Actuarial gains/(losses) are recognised directly in net assets, and reflect changes in financial and demographic assumptions and experience adjustments:

Table IV.33
Actuarial (gains)/losses
(Thousands of United States dollars)

	After-service health insurance	*Repatriation*	*Annual leave*	*Total 2024*	*Total 2023*
Changes in financial assumptions	23 312	(335)	(195)	**22 782**	9 891
Changes in demographic assumptions	-	-	-	**-**	(5 096)
Experience adjustments	1 645	950	238	**2 833**	4 307
Total actuarial (gains)/losses	**24 957**	**615**	**43**	**25 615**	**9 102**

Actuarial assumptions

151. The key actuarial assumption used by the actuary to determine defined benefit liabilities is the discount rate. For the after-service health insurance liability, this also includes the healthcare cost trend rate.

152. The principal actuarial assumptions for 2024 were as follows:

Table IV. 34
Principal actuarial assumptions

	ASHI	*Repatriation grant & travel*	*Annual leave*
Discount rate at beginning of period (per cent)	2.1	5.0	4.9
Discount rate at end of period (per cent)	1.8	5.5	5.6
Salary increases rate at beginning and end of period	Based on the age of staff member calculated separately for professional and general service staff		
Healthcare cost trend rate at beginning of period	United Nations scales		
Healthcare cost trend rate at end of period	UNJSPF scales		

Sensitivity analysis

153. Sensitivity analysis outlines the potential impact of changes in certain key assumptions used in measuring post-employment benefits. If the assumptions about the discount rate and the health-care cost trends were to change, this would impact the measurement of the post-employment benefits as shown:

Table IV. 35
Potential impact of changes in discount rates on post-employment benefits

	ASHI	*Repatriation*	*Annual Leave*
Increase of 0.5 per cent	(21 778)	(273)	(140)
Decrease of 0.5 per cent	26 027	290	149

154. Effective 1 January 2018, a monthly accrual has been implemented to start funding after-service health insurance liabilities relating to extra budgetary activities. For this purpose, an accrual rate of 6 per cent is applied on the sum of gross salary and post adjustment.

155. Short-term employee benefit liabilities for education grants and home leave are recognized at an undiscounted amount. Short-term compensated absences are recognized, as employees earn their entitlement to future compensated absences through rendering a service to the UNFCCC. For non-accumulating compensating absences, an expense is recognized when the absence occurs.

Note 15

Other current liabilities

Table IV.36
Other current liabilities
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Other current liabilities	8 756	8 481
Total	**8 756**	**8 481**

156. Included in other liabilities are interfund transfers of $8.9 million that have a corresponding entry in other assets.

Note 16

United Nations Joint Staff Pension Fund (UNJSPF)

157. UNFCCC is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

158. The Fund collectively exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNFCCC and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify UNFCCC's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNFCCC has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. UNFCCC's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

159. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has usually been to carry out an actuarial valuation every two years. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities into perpetuity. The Fund's published funding policy (available on the Fund's website) sets out the methods, processes and targets that are used to monitor the funding position and associated risks. This also includes the practice of utilizing an actuarial value of assets, which smooths short-term investment gains and losses for the purpose of reporting long-term solvency.

160. UNFCCC's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent of pensionable remuneration for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportional to the total contributions which each paid during the three years preceding the valuation date. It has never been necessary to invoke Article 26, and no deficiency payments have ever been requested.

161. The latest actuarial valuation for the Fund was completed as at 31 December 2023, and a roll forward of the participation data as at 31 December 2023 to 31 December 2024 will be used by the Fund for the purpose of reporting an actuarial present value of accumulated plan benefits in its 2024 financial statements.

162. The actuarial valuation as at 31 December 2023 reported a funded ratio of actuarial assets to actuarial liabilities of 111.0 per cent (117.0 per cent in the 2021 valuation) when future expected pension adjustments (cost-of-living indexation on benefits) were taken into account. The reported funded ratio was 152.0 per cent (158.2 per cent in the 2021 valuation) when the current system of pension adjustments was not taken into account and would be the measure by which actuarial sufficiency is established under Article 26.

163. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2023, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. At the time of this report, the General Assembly has not invoked the provision of Article 26.

164. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2021, 2022 and 2023) amounted to $9,499.41 million, of which 0.38 per cent was contributed by UNFCCC.

165. During 2024, contributions paid to the Fund by UNFCCC amounted to $10.5 million (2023: $9.4 million). Expected contributions due in 2025 are approximately $11.6 million.

166. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

167. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund provides weekly information on its investments, and it can be viewed by visiting the Fund at www.unjspf.org.

Note 17

Revenue

168. Indicative contributions are contributions received from Parties to the Convention, the Kyoto Protocol and the Paris Agreement to fund the core budget and the International Transaction Log under the Financial Procedures, based on the United Nations scale of assessment adjusted for differences in membership. The contributions are based on a biennium budget and are recognized as of the first day of the year to which they relate. Indicative contributions are considered to be without conditions.

Table IV.37
Indicative contributions
(Thousands of United States dollars)

	2024	*2023*
Core budget to the convention	40 800	32 122
International transaction log	-	720
Total	**40 800**	**32 842**

169. The below table shows the top ten contributors to the indicative contributions including working capital adjustments requested from the parties.

Table IV.38
Top ten parties contributing to the core budget
(Thousands of United States dollars)

	2024	*Per cent*
United States of America	8 050	19.7
China	6 226	15.3
Japan	3 279	8.0
Germany	2 494	6.1
United Kingdom of Great Britain and Northern Ireland	1 786	4.4
France	1 762	4.3
Italy	1 302	3.2
Republic of Korea	1 051	2.6
European Union	1 020	2.5
Canada	962	2.4

170. Voluntary contributions are recognized as revenue at the point of signature except where such agreement contains a condition in which case recognition as revenue is deferred until the conditions specified in the donor agreement have been satisfied. As part of the preparation of the 2024 financial statements and in response to audit observations, the Secretariat reviewed the application of its revenue recognition methodology for conditional voluntary contributions, which has been consistently applied since 2022. Following a reassessment of multi-year grants initiated in 2022, an additional cumulative amount of USD 6.5 million was recognized as revenue from conditional voluntary contributions. This amount represents a correction of prior-year contributions as of 31 December 2024. A full retrospective restatement is not feasible due to technical constraints. In accordance with IPSAS 3, the entire correction has therefore been reflected in the 2024 statement of financial performance.

Table IV.39
Voluntary contributions
(Thousands of United States dollars)

	2024	*2023*
Voluntary contribution to the core budget	851	871
Participation trust fund	8 922	2 738
Trust fund for supplementary activities	56 536	41 329
Special annual contribution from the host country	1 986	1 906
Special account for activities for conferences	6 228	8 401
Total	**74 523**	**55 245**

171. Fee income includes charges for the Clean Development Mechanism (CDM) and Joint Implementation (JI).

Table IV.40
Fee Income
(Thousands of United States dollars)

	2024	*2023*
CDM fees	3 424	13 857
Total	**3 424**	**13 857**

172. Income to finance the administration of Clean Development Mechanism (CDM) processes consists of accreditation fees and fees to be charged for issuance of certified emission reductions (CERs) (share of proceeds) to cover administrative expenses as follows:

(a) The accreditation fee for the application for accreditation or reaccreditation of an entity amounting to $15,000.

(b) The share of proceeds to cover administrative expenses:

(i) $0.10 per CER issued for the first 15 000 tonnes of CO2 equivalent for which issuance is requested in a given calendar year.

(ii) $0.20 per CER issued for any amount in excess of 15 000 tonnes of CO2 equivalent for which issuance is requested in a given calendar year.

(iii) No share of proceeds shall be due for activities hosted in least developed countries.

Table IV.41
Interest revenue
(Thousands of United States dollars)

	2024	*2023*
Investment income – Interest earned	11 474	9 894
Total	**11 474**	**9 894**

173. Services in kind are not recognised in the face of the financial statements.

174. Gain/(loss) on foreign exchange represent gains realized on transactions occurring in currencies other than United States dollars and unrealized losses resulting from revaluation of monetary assets.

Table IV.42
Other/miscellaneous revenue
(Thousands of United States dollars)

	2024	*2023*
Other/miscellaneous revenue	242	3 850
Total	**242**	**3 850**

175. Other revenue consisted of FX gains realised following the closure of long outstanding projects.

Note 18

Expenses

Table IV.43
Expenses
(Thousands of United States dollars)

	2024	*2023*
Personnel expenditure	69 343	62 810
Travel	13 832	21 872
Contractual services	30 587	30 527
Operating expenses	3 834	2 731
Other expenses	3 665	2 729
Depreciation of equipment	101	96

	2024	2023
Amortization of intangible assets	152	171
Return/transfer of donor funding	412	449
Loss on foreign exchange and investments	454	2 926
Total	**122 380**	**124 311**

176. Personnel expenditure includes all international and national staff expenses such as salaries, post adjustments, entitlements, pension, and health plan contributions for professional and general service category staff. It also includes temporary staff expenses such as costs relating to the employment of temporaries and supernumeraries. Pension and insurance benefits also include the service and interest cost as per the actuarial valuation.

Table IV.44
Personnel expenditure
(Thousands of United States dollars)

	2024	2023
Salary and wages	42 858	38 804
Pension and insurance benefits	23 093	20 601
Other benefits	3 392	3 405
Total	**69 343**	**62 810**

177. Travel covers the cost of airfare and other transport cost, daily support allowances including accommodation and terminal allowances.

178. Contractual services include cost of acquiring goods and services from commercial providers, mainly for IT related and consultancy services for different service periods.

Table IV.45
Contractual services
(Thousands of United States dollars)

	2024	2023
Communication services	513	598
Consulting and individual contractual services	8 361	10 300
Facilities and equipment	1 083	414
Infrastructure Service	3 332	4 978
IT business and support	15 164	10 940
Other contractual services	2 134	3 297
Total	**30 587**	**30 527**

179. Operating expenses include cost of maintenance, rent, communications, joint activities and other operating expenses.

180. Other expenses include allowances for doubtful debts, cost for inter-agency and meeting related expenses as well as write-offs.

181. There were no write-offs processed for the year 2024.

182. Returns of donor funding includes the amounts of unspent funds returned to donors upon completion of voluntary funded projects in accordance with the respective donor agreement.

Note 19

Net assets/equity

183. UNFCCC’s reserves are as follows:

Table IV.46
Net assets/equity
(Thousands of United States dollars)

	Actuarial gains/(losses)	*Fair value reserve*	*Accumulated Surplus*	*Programme Reserves*	*Total Net Assets*
Opening balance as at 01 January 2023	**30 650**	**(2 519)**	**16 757**	**49 403**	**94 291**
Surplus/(deficit) for the period	-	-	(8 623)	-	(8 623)
Actuarial gains/(losses) on employee benefits liabilities	(9 102)	-	-	-	(9 102)
Adjustment to operating reserve amounts against accumulated surplus	-	-	(123)	123	-
Fair value gains/losses on investments held at Fair value through net assets and equity	-	1 810	-	-	1 810
Balance as at 01 January 2024	**21 548**	**(709)**	**8 011**	**49 526**	**78 376**
Surplus/(deficit) for the period	-	-	8 083	-	8 083
Actuarial gains/(losses) on employee benefits liabilities	(25 615)	-	-	-	(25 615)
Adjustment to operating reserve amounts against accumulated surplus	-	-	(11)	11	-
Fair value gains/losses on investments held at Fair value through net assets and equity	-	428	-	-	428
Balance as at 31 December 2024	**(4 067)**	**(281)**	**16 084**	**49 537**	**61 272**

Actuarial gains/(losses)

184. Actuarial gains or losses relate to the defined benefit pension plan as required by IPSAS 39. See Note 3 on accounting policies on employee benefits liabilities. The opening balance for actuarial gains/(losses) were transferred from accumulated surplus into a separate reserve as actuarial gains are not part of accumulated surplus.

Fair value of investments classified at fair value through net assets/equity

185. Fair value movements on investments classified at fair value through net assets/equity are recorded directly in net assets, in line with IPSAS 41. When a revalued investment is sold, the portion of net assets that relates to that financial asset is effectively realized and is recognized in the statement of financial performance.

Programme reserves

186. Programme reserves include reserve for core budget and ITL, CDM trust fund and Appendix D reserve.

187. A reserve is established for the core budget and the budget of the International Transaction Log as part of the adoption of the budget by the COP. For the CDM trust fund, a reserve of $45.0 million has been established. The total programme reserves at the reporting date amount to $49.5 million. The Appendix D to the Staff Rules covers staff members for work related death, injury or illness attributable to the performance of official duties on behalf of the United Nations for which UNFCCC maintains a corresponding reserve.

Table IV.47
Programme reserves as at 31 December 2024
(Thousands of United States dollars)

	31 December 2024
Reserves for core budget and ITL	3 061
CDM trust fund reserve	45 000
Reserve for Appendix D	1 476
Total reserves	**49 537**

Note 20

Fund accounting and segment reporting

188. The UNFCCC is a single purpose entity established by the Parties to the Convention and the United Nations as the joint technical cooperation agency for business aspects of trade development. The UNFCCC has one major mandate to assist the signatories of the UN Framework Convention on Climate Change to limit average global temperature increases and the resulting climate change, and to cope with whatever impacts are inevitable in part through enforcing the legally binding emission reduction targets established in the Kyoto Protocol. It, therefore, does not have segments as defined under IPSAS.

189. However, to provide essential information to senior management and owners on the utilization of resources by funding source, separate funds have been established to reflect the major funding sources of UNFCCC as follows:

(a) Trust Fund for the Core Budget of UNFCCC financed from indicative contributions (or general-purpose contributions from donors) supports the core functions of the secretariat.

(b) Trust Fund for the Participation in the UNFCCC Process financed from voluntary contributions supports participation of representatives from eligible developing country Parties and Parties with economies in transition in the sessions of the Conference of the Parties and its subsidiary bodies.

(c) Trust Fund for Supplementary Activities financed from voluntary contributions including both bilateral funds involving the UNFCCC, a donor and often a recipient government and programmes to which multiple donors make voluntary contributions supports mandated activities for which provisions are not made under the Core budget.

(d) Trust Fund for the Clean Development Mechanism financed from fees charged for registration of projects support the administration of the clean development mechanism enabling parties to meet their emission limitation and reduction commitments by using certified emission reductions (CERs) generated from CDM projects.

(e) Trust Fund for the International Transactions Log (ITL) financed from indicative contributions (or general-purpose contributions from donors). The ITL to verify the validity of transactions undertaken by national registries of Parties of Annex B of the Convention and CDM registry. The ITL takes a central role between registries and is an essential component of the settlement infrastructure for emissions trading under the Kyoto Protocol.

(f) Trust Fund for the Special Annual Contribution from the Government of Germany financed from a voluntary contribution from the government in which the UNFCCC headquarters is located. Funds are used to finance the logistical arrangements of events taking place in Germany including workshops and sessions of the subsidiary bodies.

(g) Special Account for Programme Support Costs financed from charges made to the activities under all operational funds used to manage the overhead charges payable on all trust funds to cover costs relating to administrative services.

(h) Special Account for Conferences and Other Recoverable Costs financed from voluntary contributions used to finance costs associated with the hosting of the Conference of the Parties under the host country agreement. Balances in this account are refunded to the host country.

(i) Cost Recovery Fund financed from charges made to the activities financed from indicative and voluntary contributions.

(j) End of Service and Post Employee Benefits Fund not currently financed.

190. Programme Support Revenue is charged in line with the UN financial procedures where UNFCCC charges a standard programme support cost rate of 13 per cent on expenditures incurred. For associate experts and European Commission funded projects, the rate varies from 5 per cent to 13 per cent. For pass through transfers, the rate applied is 3%.

191. All funds elimination includes revenue and expense arising from transfers between funds which are accounted for at cost and are eliminated on consolidation.

Table IV.48
Statement of financial position by fund
(Thousands of United States dollars)

	Trust fund for the clean development mechanism	*Trust fund for the core budget of UNFCCC*	*Trust fund for participation in the UNFCCC process*	*Trust fund for the Special Annual Contribution from the Government of Germany*	*Trust fund for Supplementary Activities*	*Trust fund for the International Transaction Log*	*Special account for conferences and other recoverable costs*	*Special account for UNFCCC programme support costs*	*Cost Recovery*	*UNFCCC Employee liabilities fund*	***TOTAL***
ASSETS											
Current Assets											
Cash and cash equivalents	7 789	3 256	367	43	10 249	676	346	1 278	674	1 589	**26 267**
Short-term investments	46 792	19 562	2 202	259	61 567	4 063	2 077	7 680	4 041	9 547	**157 790**
Indicative contributions receivable	-	3 458	-	-	-	-	-	-	-	-	**3 458**
Voluntary contributions receivable	-	-	166	-	2 928	-	-	-	-	-	**3 094**
Other receivables	181	204	-	36	138	38	204	9	387	-	**1 197**
Other current assets	6 528	1 694	2	17	12 525	34	202	1 335	894	-	**23 231**
Total current assets	**61 290**	**28 174**	**2 737**	**355**	**87 407**	**4 811**	**2 829**	**10 302**	**5 996**	**11 136**	**215 037**
Non-current assets											
Other receivables	-	-	-	-	7 266	-	-	-	-	-	**7 266**
Long-term investments	17 114	7 155	805	95	22 518	1 486	760	2 809	1 478	3 491	**57 711**
Property, plant and equipment	-	21	-	30	8	-	36	18	-	-	**113**
Intangible assets	-	-	-	-	-	-	-	-	-	-	**-**
Total non-current assets	**17 114**	**7 176**	**805**	**125**	**29 792**	**1 486**	**796**	**2 827**	**1 478**	**3 491**	**65 090**
TOTAL ASSETS	**78 404**	**35 350**	**3 542**	**480**	**117 199**	**6 297**	**3 625**	**13 129**	**7 474**	**14 627**	**280 127**
LIABILITIES											
Current liabilities											
Payables and accruals	367	525	493	86	1 768	85	1 409	21	948	-	**5 702**
Advance receipts	3 712	5 107	(44)	-	13 564	-	-	-	-	-	**22 339**
Employee benefits*	322	1 458	-	9	448	26	-	516	130	77	**2 986**
Other current liabilities	-	(130)	500	-	8 346	-	40	-	-	-	**8 756**
Total current liabilities	**4 401**	**6 960**	**949**	**95**	**24 126**	**111**	**1 449**	**537**	**1 078**	**77**	**39 782**
Non-current liabilities											
Employee benefits*	18 449	82 045	-	3 444	24 655	1 708	-	36 268	12 502	1	**179 072**
Total non-current liabilities	**18 449**	**82 045**	**-**	**3 444**	**24 655**	**1 708**	**-**	**36 268**	**12 502**	**1**	**179 072**
TOTAL LIABILITIES	**22 850**	**89 005**	**949**	**3 539**	**48 781**	**1 819**	**1 450**	**36 805**	**13 580**	**78**	**218 855**
TOTAL ASSETS LESS LIABILITIES	**55 554**	**(53 655)**	**2 674**	**(3 059)**	**61 809**	**4 478**	**2 179**	**(23 676)**	**(6 106)**	**14 549**	**54 747**
NET ASSETS											
Accumulated surpluses*	10 637	(58 012)	2 597	(3 059)	68 527	4 341	2 179	(23 662)	(6 100)	18 635	**16 084**
Reserves	44 917	4 357	(4)	-	(109)	137	(3)	(14)	(6)	(4 086)	**45 189**
TOTAL NET ASSETS	**55 554**	**(53 655)**	**2 594**	**(3 059)**	**68 417**	**4 478**	**2 175**	**(23 676)**	**(6 106)**	**14 551**	**61 272**

*The After-Service Health Insurance (ASHI) liability, along with its related accumulated surplus, previously recorded under the UNFCCC employee liabilities fund, has now been reallocated to the respective individual funds where the liabilities were originally incurred.

Table IV.49
Statement of financial performance by fund
(Thousands of United States dollars)

	Trust fund for the clean development mechanism	*Trust fund for the core budget of UNFCCC*	*Trust fund for participation in the UNFCCC process*	*Trust fund for the Special Annual Contribution from the Government of Germany*	*Trust fund for Supplementary Activities*	*Trust fund for the International Transaction Log*	*Special account for conferences and other recoverable costs*	*Special account for UNFCCC programme support costs*	*Cost Recovery*	*UNFCCC Employee liabilities fund*	*Elimination*	***TOTAL***
REVENUE												
Indicative contributions	-	40 800	-	-	-	-	-	-	-	-	-	**40 800**
Voluntary contributions	-	851	8 922	1 986	56 536	-	6 228	-	-	-	-	**74 523**
CDM and JI service fees	3 424	-	-	-	-	-	-	-	-	-	-	**3 424**
Interest Revenue	3 602	1 105	155	50	4 630	332	190	417	410	583	-	**11 474**
Gain on foreign exchange	-	-	-	-	-	-	-	-	-	-	-	**-**
Other/miscellaneous revenue	(3 920)	-	-	-	3 499	-	3	-	16 413	2 623	(18 392)	**226**
Programme support income	-	-	-	-	-	-	-	12 685	-	-	(12 669)	**16**
TOTAL REVENUE	**3 106**	**42 756**	**9 077**	**2 036**	**64 665**	**332**	**6 420**	**13 102**	**16 823**	**3 206**	**(31 061)**	**130 464**
EXPENSES												
Personnel expenditure	5 034	28 948	73	1 152	21 372	785	-	10 874	3 720	325	(2 940)	**69 343**
Travel	430	2 310	4 048	106	4 743	4	2 233	48	(90)	-	-	**13 832**
Contractual services	1 062	4 701	-	433	18 146	658	2 249	444	12 702	179	(9 987)	**30 587**
Operating expenses	28	553	-	27	1 694	1	362	3	1 166	-	-	**3 834**
Other expenses	615	1 317	87	284	3 005	51	1 068	2 459	243	1	(5 465)	**3 665**
Depreciation of equipment	-	10	-	32	11	-	39	9	-	-	-	**101**
Amortization of intangible assets	-	-	-	-	148	-	4	-	-	-	-	**152**
Return/transfer of donor/CDM Trust Fund	-	-	-	6	(102)	-	508	-	-	-	-	**412**
Loss on foreign exchange	(55)	1 699	(198)	67	(882)	(3)	(40)	(7)	(118)	(9)	-	**454**
Programme support	865	4 471	494	220	6 153	164	302	-	-	-	(12 669)	**-**
TOTAL EXPENSES	**7 979**	**44 009**	**4 504**	**2 327**	**54 288**	**1 660**	**6 725**	**13 830**	**17 623**	**496**	**(31 061)**	**122 380**
TOTAL SURPLUS/(DEFICIT)	**(4 873)**	**(1 253)**	**4 574**	**(291)**	**10 378**	**(1 328)**	**(305)**	**(728)**	**(800)**	**2 710**	**-**	**8 083**

Note 21

Budget comparison and reconciliation

192. UNFCCC's budget is prepared on a modified cash accounting basis and the financial statements are prepared on a full accrual basis in accordance with IPSAS. The budgets are adopted on a biennial basis and divided into annual amounts for presentation in the financial statement. Comparison of budget and actual amounts compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary appropriations. The comparison is only made in respect of budgets adopted by the COP and CMP as per IPSAS 24.

193. The actual amounts presented on a comparable basis to the budget are not prepared on a comparable basis to the Statement of Financial Performance. A reconciliation of the budgetary amounts to the amounts presented on the financial statements, identifying separately any basis and entity differences is presented in table 50. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

194. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the net results on an IPSAS basis the non-cash elements such as unliquidated obligations, payments against prior year obligations and outstanding indicative contributions are included as basis differences.

195. Presentation differences are differences in the format and classification schemes in the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts.

196. Entity differences represent funds other than Core budget, International Transactions Log and Contingent budget for conference services that are reported in the Statement of Financial Performance.

197. The reconciliation between the actual amounts presented in statements V-A and V-B and the actual amounts presented on the Statement of Financial Performance is as follows.

Table IV.50
Reconciliation of net result on budgetary and IPSAS basis
(Thousands of United States dollars)

Reconciliation of net result on budgetary and IPSAS basis	
Actual net result on the Statement of budgets to actual comparison	
Statement V-A Core Budget	(315)
Statement V-B International Transaction Log	(1 423)
Actual net result on budgetary basis	**(1 738)**
Basis differences	
Additional income components under IPSAS	1 435
Exchange gains/(losses)	(1 803)
Conversion of unliquidated obligations to delivery principle	812
Capitalization of equipment & intangible assets	(10)
Changes in provision for doubtful debts	(1 277)
Sub-total basis differences	**(843)**
Entity differences on IPSAS Basis	
Trust fund for participation in UNFCCC process	4 654
Trust fund for supplementary activities	3 768
Trust fund for the clean development mechanism	(4 873)
Trust fund for the Special Annual Contribution from the Government of Germany	(291)
Special account for conferences and other recoverable costs	(301)
Special account for UNFCCC programme support costs	(728)
Cost Recovery	(800)
UNFCCC employee liabilities fund	2 710
Sub-total entity differences	**4 139**
Actual net result on the Statement of Financial Performance	**1 558**

Note 22

Budget to Actual variance analysis

198. Explanations of material differences between the original budget and final budget and the actual amounts are presented in the budget performance report for biennium 2024–2025 by the Executive Secretary accompanying these statements. See paragraph 18-21 for further details.

Note 23

Related parties

199. UNFCCC has a range of working relationship with entities within the United Nation system as a whole. All payment for expenditure made is done through the cash pool which is managed by the United Nations Treasury. Except otherwise noted in these statements for revenue from non-exchange transactions including contributions in kind, all transactions made with 3rd parties occur within a normal supplier or client/recipient relationship or at arm's length terms and conditions.

200. The Organization reimburses the United Nations for the cost of all services provided at such rates as may from time to time be agreed upon for that purpose by both organizations.

201. The authority to establish funds is vested in the Secretary General of the United Nations with the approval of the Conference of the Parties. All such funds must be consistent with the objectives of the UN Convention on Climate Change. The termination of any existing fund by the Conference of the Parties and the distribution of any remaining fund balance is subject to consultation with the Secretary General of the United Nations.

Table IV.51
Summary of senior management and related compensation

Number of individuals	*Aggregate remuneration (In thousands of $)*	*Outstanding advances at 31 Dec 2024 (in thousands of $)*
17	3 690	95

202. The senior management personnel of UNFCCC are the Executive Secretary, Deputy Executive Secretary, Senior Directors of the departments and Directors of divisions, who have the authority and responsibility for planning, directing, and controlling the activities of UNFCCC and influencing its strategic direction.

203. Advances are those made against entitlements in accordance with the staff rules and regulations. There were no loans granted to key management personnel.

Note 24

Leases, commitments, and contingencies

204. Commitments relating to acquisition of goods and services contracted for, but not delivered as at 31 December 2024 amount to $9.7 million ($9.6 million in 2023). Details are shown in the table below.

Table IV.52
Contractual commitments by category
(Thousands of United States dollars)

	31 December 2024	*31 December 2023*
Goods and services	9 044	5 974
Travel related commitments	658	3 586
Total	**9 702**	**9 560**

205. There are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to UNFCCC.

206. There are no contingent assets of which relate to official pledges made by donors to UNFCCC for future contributions at the reporting date.

Note 25

Events after the reporting date

207. The financial statements were approved for issue on the date on which the Board of Auditors signed the audit opinion. None other than UNFCCC has the authority to amend these financial statements.

Donor funding suspension

208. On 20 January 2025, a government donor announced a temporary suspension of foreign aid to re-evaluate its international funding priorities. Management continues to closely monitor developments to mitigate any potential impact on UNFCCC's operations. At the date of authorization of these financial statements, UNFCCC is unable to make an estimate of the financial impact of the decision. In addition, no mitigations measures taken have resulted in the creation of onerous contracts, and no reliably measurable contingent liabilities have been identified as a result of these mitigation measures.

Probable CDM and TLI closure

209. While the Clean Development Mechanism (CDM) carbon market under the Trust Fund for the Clean Development Mechanism (established in 1997 and operationalised in 2006 under

the Kyoto Protocol) finished on 31 December 2020, many of the emission reduction activities that were registered to the CDM continue to operate and generate ERs. So as not to lose the benefits of these ERs, the decision passed at COP29 allows for afforestation and reforestation project activities and programmes of activities that had been registered under the CDM to transition to be registered and authorised under Article 6.4.

210. The wind-down of the CDM is the subject of larger negotiations, with some parties aiming to shut down CDM operations by 2026. All liabilities and expenses related to the fund's closure would need to be paid at the time of closure. Liabilities, including ASHI of $18.4 million and unrecoverable assets of $6.7 million, as well as fund closure activities, would need to be paid off if the closure were to take place on 31 December 2024.

211. The Trust Fund for the International Transaction Log is also going through similar wind-down talks; if the closure were to take place by 31 December 2024, a total of $1.8 million in liabilities would need to be paid.

The Trust fund Paris Agreement Credit Mechanism

212. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement in their fourth session on 19 November 2022 requested UNFCCC to take necessary steps to establish a trust fund for the receipt of the shares of proceeds to cover administrative expenses charged as fees under the Paris Agreement Credit Mechanism.

213. In line with this decision, UNFCCC submitted a proposal to the United Nations Secretariat for the creation of the trust fund in September 2024. Management of UNFCCC is still in the process of agreeing on methodologies for transferring assets and liabilities, and operationalisation of the Trust Fund is expected to commence on 01 January 2025. Expenditure recorded as part of the initial creation purposes amounts to $0.1 million, and the Trust Fund is not included in the 2024 financial statements for UNFCCC.

Note 26

In-kind contributions of services

214. The UNFCCC receives in-kind contributions from the government of the Federal Republic of Germany of the right to use land, office space and other facilities in its operations. The Organization has not received title to these properties which remain with the government. The facilities are provided to UNFCCC without charge. The agreement under which the facilities are provided does not entail formal cancellation policies or timelines. UNFCCC does not recognize the value of in-kind contributions of services including the financial value of the donated right to use the facilities provided by the Federal Republic of Germany on the financial statements. In addition, UNFCCC receives conference services (interpretation and document preparation) as in-kind contribution for the UN secretariat for meeting of the COP and the subsidiary bodies.