



**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the
United Nations Office for
Project Services**

Distr.: General
24 June 2025

Original: English

Second regular session 2025
25 to 28 August 2025, New York
Item 5 of the provisional agenda
Structured funding dialogue

**Annual review of the financial situation of the United Nations
Capital Development Fund, 2024**

Report of the Managing Director*

Summary

This report provides an overview of the financial position of the United Nations Capital Development Fund (UNCDF) at the end of 2024, and of its financial performance in 2024. In 2024, UNCDF maintained an overall positive financial position and liquidity, despite a 39 per cent decrease in revenue and 16 per cent decrease in expenses. The decrease in revenue is due to the cyclical nature of revenue recognition while the decrease in expenses is mainly the result of a \$15.5 million decrease in grants and other transfers in 2024.

Contents

| | <i>Page</i> |
|---|-------------|
| I. Introduction and overview | 2 |
| II. Financial highlights for 2024 | 2 |
| A. Summary of the UNCDF financial situation | 2 |
| B. Revenue | 2 |
| C. Expenses | 3 |
| D. Others | 4 |
| III. Partnerships | 5 |

* As stated in General Assembly resolution 2321 (XXII), the UNDP Administrator performs the functions of the Managing Director of UNCDF.



I. Introduction and overview

1. This report provides an overview of the financial position of the United Nations Capital Development Fund (UNCDF) at the end of 2024 and of its financial performance for the year. In 2024, UNCDF maintained an overall positive financial position and liquidity, despite a 39 per cent decrease in revenue and 16 per cent decrease in expenses. The decrease in revenue is due to the cyclical nature of revenue recognition while the decrease in expenses is mainly the result of a \$15.5 million decrease in grants and other transfers in 2024.

2. In 2024, UNCDF implemented programmes in 43 least developed countries, leveraging its capital mandate to help them pursue inclusive growth. With its capital mandate and instruments, UNCDF offers “last-mile” finance models through financial inclusion and localized investments that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

II. Financial highlights for 2024

A. Summary of the UNCDF financial situation

Table 1. UNCDF financial situation, 2023-2024

(In millions of United States dollars)

| | 2024 | 2023 | Increase/ (decrease) | % change |
|---------------------|------|------|-------------------------|----------|
| Revenue | 103 | 168 | (65) | (39)% |
| Expense | 85 | 101 | (16) | (16)% |
| Surplus | 18 | 67 | (49) | (73)% |
| Assets | 506 | 485 | 21 | 4% |
| Liabilities | 25 | 24 | 1 | 4% |
| Net assets | 481 | 461 | 20 | 4% |
| <u>Composed of:</u> | | | | |
| Accumulated surplus | 473 | 453 | 20 | 4% |
| Reserves | 8 | 8 | - | 0% |
| | 481 | 461 | 20 | 4% |

B. Revenue

3. Total revenue decreased by 39 per cent to \$103 million (2023: \$168 million). This decrease is the result of the cyclical nature of revenue that is recorded at the time an agreement is signed, provided certain revenue recognition criteria are met. Contributions of \$91 million (2023: \$158 million) represent 89 per cent of the total revenue, with the remaining 11 per cent consisting of investment revenue and other miscellaneous revenue.

4. While the accounting policy allows UNCDF to recognize revenue for the full value of contribution agreements (including multi-year agreements) in the year an agreement is signed, under UNCDF Financial Regulations and Rules, the organization is permitted to spend only up to the amount of cash received. In the following sections of this document, where applicable, “annual contributions” are presented to align to the past revenue recognition policies for contributions, i.e., cash received in a reporting year, plus receivables due in a reporting year.

Table 2. UNCDF revenue, 2023-2024
(In millions of United States dollars)

| Resources | 2024 | 2023 | Increase/ (decrease) | Percentage change |
|---|------|------|-------------------------|----------------------|
| Revenue | | | | |
| Voluntary contributions | | | | |
| Annual contributions | 123 | 78 | 45 | 58% |
| Net movement of future due contributions | (32) | 80 | (112) | >(100)% |
| Voluntary contributions, net | 91 | 158 | (67) | (42)% |
| Investment revenue | 10 | 8 | 2 | 25% |
| Other revenue | 7 | 9 | (2) | (22)% |
| Total revenue before elimination | 108 | 175 | (67) | (38)% |
| Elimination – internal UNCDF cost recovery | (5) | (7) | 2 | (29)% |
| Total revenue after elimination | 103 | 168 | (65) | (39)% |

5. Contributions to UNCDF are either regular (core) resources and other (non-core) resources. In 2024, annual contributions to regular resources increased to \$6.7 million (2023: \$6.3 million). Annual contributions to other resources increased to \$115.8 million (2023: \$71.3 million), demonstrating the positive trend in liquidity. The ratios between regular and other resources as a percentage of total annual contributions in 2024 were 5 per cent and 95 per cent.

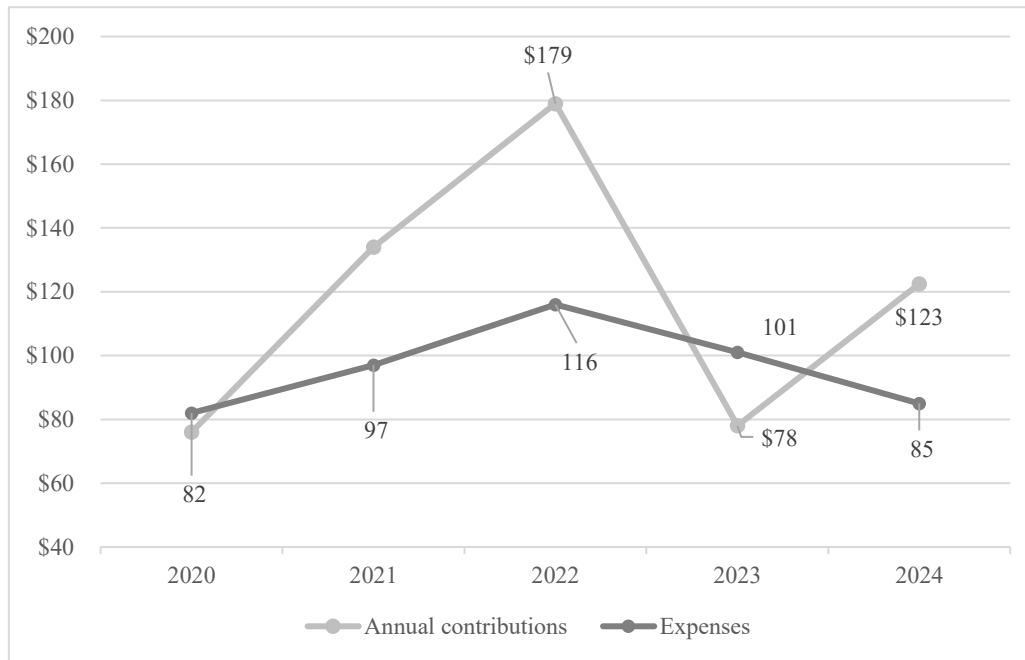
C. Expenses

6. Total expenses decreased by \$16 million, to \$85 million (2023: \$101 million). The decrease in expenses is mainly due to a decrease in grants and other transfers of \$15.5 million in 2024.

7. Included in total expenses is the “other capital investment” portion of programme delivery comprising grants and other transfers, amounting to \$14.7 million (2023: \$30.2 million).

8. In 2024, of the \$90.1 million (before the elimination of internal cost recovery) in total expenses, \$80.0 million (89 per cent) was spent on programme activities, \$5.4 million (6 per cent) on development effectiveness and \$4.7 million (5 per cent) on management activities.

Figure I. Trends in total annual contributions and expenses, 2020-2024^a
(In millions of United States dollars)



^a The in-year deficit for 2020 and 2023 was funded from the drawdown on surplus accumulated from previous years.

D. Others

9. In addition, UNCDF received \$2.8 million (2023: \$2.7 million) from the United Nations Development Programme (UNDP) towards the UNCDF institutional budget that funded management expenditures, including rent; and \$1.2 million (2023: \$1.2 million) towards the UNCDF programme budget that funded technical expenditures.

10. At the end of 2024, UNCDF held assets of \$506 million (2023: \$485 million). This increase was driven largely by the \$42.7 million (21.9 per cent) increase in investments and \$8.6 million (32.2 per cent) increase in receivables (other) and was offset by a decrease in receivables (non-exchange transactions) of \$32.1 million (13.6 per cent).

11. At the end of 2024, UNCDF held liabilities of \$25 million (2023: \$24 million), including \$13.9 million (2023: \$14.2 million) in after-service health insurance liabilities. Liabilities continue to be fully funded.

12. Net assets/equity of \$481 million in 2024 included \$473 million in accumulated surplus and \$8 million for operational reserve. Of the \$473 million in accumulated surplus, \$203 million represents contributions yet to be received from donors as of 31 December 2024; \$151 million represents contributions to other resources received but earmarked for multi-year activities; \$51 million represents contributions to other resources received in the last quarter of the year and only budgeted for in 2025, and \$68 million represents general accumulated balances.

13. UNCDF continued to apply the UNDP cost-recovery policy. Only one new waiver in the general management support fee was granted in 2024. The financial impact of this waiver was minimal and estimated to cost \$0.1 million.

14. As of the end of 2024, UNCDF had 19 concessional loans with a total fair value of \$6.1 million, and nine portfolio guarantees outstanding with a total ceiling of \$3.1 million, which represents the maximum value of any potential liability generated from these operations. Outstanding investments were made in the areas of agribusiness, clean energy, financial inclusion and women's economic empowerment in over a dozen least developed countries: Afghanistan,

Benin, Burkina Faso, the

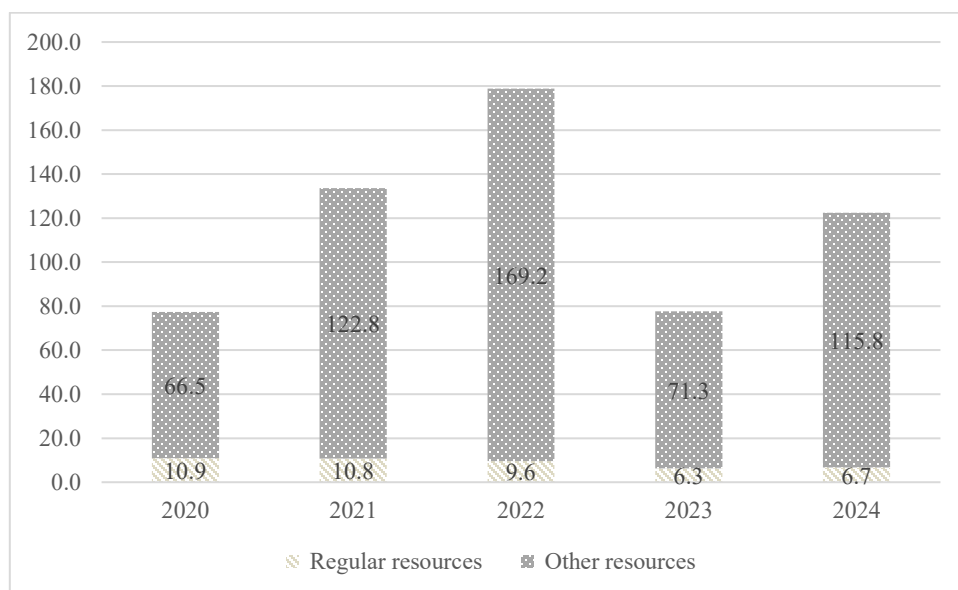
Democratic Republic of the Congo, Ethiopia, Kenya, Myanmar, Papua New Guinea, Rwanda, Sierra Leone, Uganda, the United Republic of Tanzania, and Zambia.

15. The UNCDF last-mile finance trust fund provides loosely earmarked funding for innovative finance and business models to promote sustainable development in the “last mile” area of least developed countries. As of 31 December 2024, the last-mile finance trust fund had a resource balance of \$41.2 million that has been earmarked for future-year programme activities.

III. Partnerships

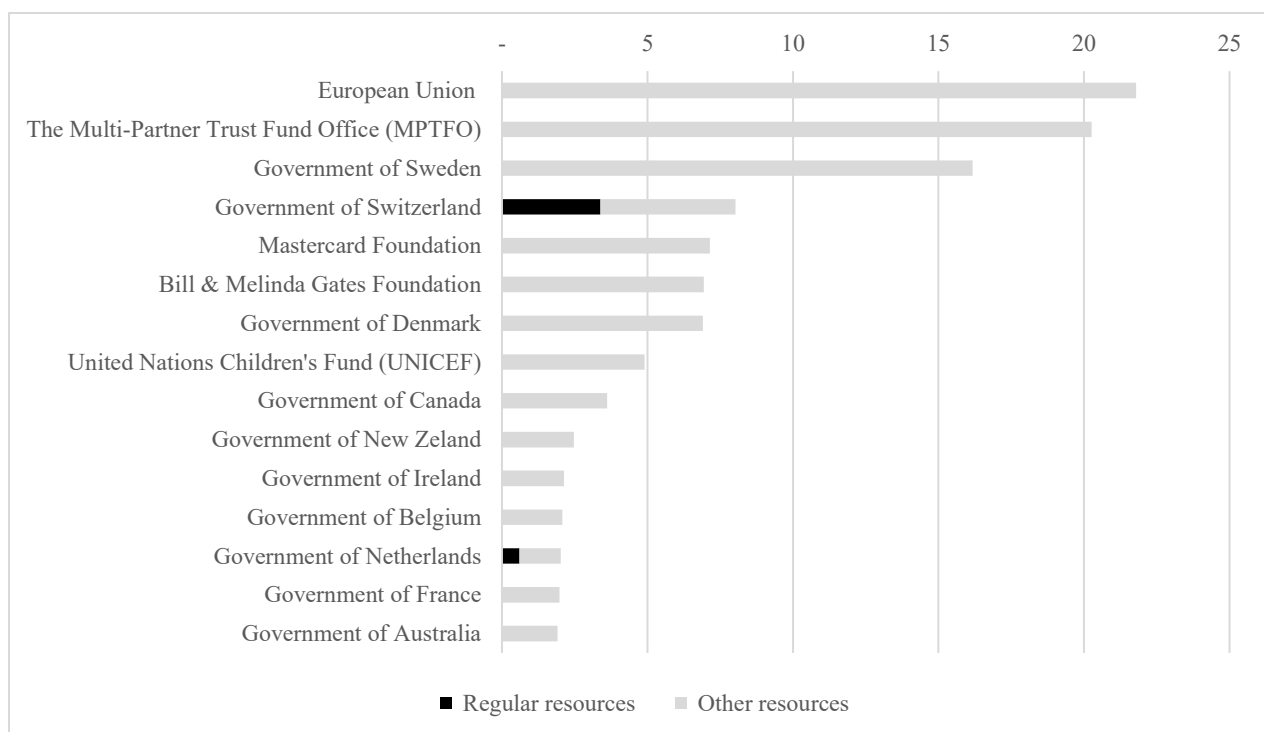
16. UNCDF continues to maintain partnerships with the governments of donor countries and multilateral partners. Figure II shows the trend in total annual contributions from 2020 to 2024 according to the type of resources.

Figure II. Total annual contributions, 2020-2024
(In millions of United States dollars)



17. UNCDF received contributions from 42 development partners in 2024 (2023: 38 partners). Figure III shows annual contributions from the top 15 funding partners to UNCDF, which totalled \$108.3 million, representing 88 per cent of total annual contributions. In 2023, the top 15 funding partners total annual contribution amounted to \$100.6 million.

Figure III. Total annual contributions, top 15 funding partners, 2024
(In millions of United States dollars)



18. Annual contributions to UNCDF regular resources from funding partners amounted to \$6.7 million (compared to \$6.3 million in 2023). The number of regular resource partners held steady at seven, the same as in 2023. UNCDF is developing new partnerships and a communications strategy to strengthen its position and engagement with key partners and stakeholders to reverse downward trends. Contributions to regular resources remain short of the \$25 million annual target required to ensure a meaningful presence in all least developed countries and provide investments to priority projects in these countries and others in special situations, as envisaged in the UNCDF Strategic Framework 2022-2025. The concerning decline in regular resources impacts the ability of UNCDF to effectively oversee and manage its diverse programme portfolio; recruit and retain crucial personnel in essential corporate oversight functions; drive innovation, and pilot critical financing solutions to address pressing development challenges that help countries adopt sustainable financing solutions that ease dependencies on official development assistance (ODA).

19. Annual contributions to other resources increased from the previous fiscal year: \$71.3 million in 2023 to \$115.8 million in 2024. UNCDF is committed to expanding collaboration with the United Nations system, providing its unique expertise and instruments to other United Nations entities. In 2024, UNCDF engaged in 22 joint initiatives with other United Nations partners and mobilized \$21 million from United Nations pooled funds and entities.