

**Cash and Investments Held disclosed under Regular Resources in UNDP's DP/2009/28
– Annual Review of the Financial Situation, 2008**

Responding to a request from the Executive Board, this paper explains the accounting treatment of investments disclosed under Regular Resources in UNDP's Annual review of the financial situation (DP/2009/28). The 2008 investment performance (YTD Yield) is also attached as Annex A.

In DP/2009/28 UNDP reported cash and investments under regular resources is detailed below. All amounts are in thousands.

Cash	\$ 850,822
Investments Held For:	
Operational reserve	208,000
Regular Resources	1,306,331
Other (breakdown below)	4,601,286
Sub-Total Investments	\$ 6,115,617
Total Cash and Investments	\$ 6,966,439

Investments held for (on behalf of) "Other" are comprised of investments held for the following:

After Service Health Insurance (ASHI)	320,191
Cost-Sharing	2,286,941
Government Cash Counterpart Contributions (GCCC)	16,196
Funds and Trust Funds	1,045,482
Reimbursable Support Services & Miscellaneous Activities	892,658
Medical Insurance Plan	39,818
Total	\$ 4,601,286

In order to maximize efficiencies and economies of scale, UNDP combines different sources of funds in its investment portfolio. In its audited biennial financial statements and in the Annual Review of the Financial Situation presented each year to the Executive Board, UNDP discloses this portfolio and also accounts for the resulting liability under regular resources to the other Sources of Funds. These are reflected under Liabilities in Annex 1 B of DP/2009/28 (net of amounts due to Regular Resources from those other sources of funds shown under Assets) as shown below. Income and Expenditure relating to different sources of funds is accounted for separately and accordingly reflected in the audited financial statements.

**Amounts due to and from UNDP resources, other than Regular Resources and reconciliation to
Annex 1B of DP/2009/28 – Assets, liabilities and reserves and fund balances as at 31 Dec 2008**

Liabilities

<u>Included in Other Liabilities (\$2,185,795)</u>			
After Service health insurance			320,191
Medical Insurance Plan			39,818
<u>Included in Due to Other Resources (\$4,300,914) a/</u>			
Due to Cost-Sharing		2,286,941	
Due to GCCC		16,196	
Due to Reimbursable Support and Miscellaneous Activities		895,355	b/
Due to Trust Funds & Funds			
Trust Funds	1,089,937		
Funds	<u>12,485</u>	<u>1,102,422</u>	c/
		4,300,914	

Less:

Assets

<u>Included in Accounts Receivable and Deferred Charges</u>			
<u>(\$339,628)</u>			
Due from Trust Funds	40,670	c/	
Due from Funds	16,270	c/	
Due from UNV	<u>2,697</u>	b/	59,637
			<u>4,241,277</u>
Net Liabilities Related to Investments Held on Behalf of Other Resources			<u>\$ 4,601,286</u>

Notes

- | | | |
|----|--|-----------|
| a/ | Comprises MSA, JPO, XB, Special Activities | |
| b/ | Net amount for Reimbursable Support and Miscellaneous Activities (see investments) | 892,658 |
| c/ | Net amount for Trust Funds and Funds (see investments) | 1,045,482 |

ANNEX A

Breakdown between Core and Non-Core of UNDP Cash, Government Letters of Credit & Promissory Notes and Investments for the Fiscal Years 2002 to 2008 (Ended Dec 31)
(Thousands of United States Dollars)

	2008 Investment Performance - YTD Yield	Extract of Unaudited Financial Statements	Extract of Audited Financial Statements						
			2008	2007	2006	2005	2004	2003	2002
CASH									
Core	N/A	36,743	(5,152)	34,266	111,077	1,138	-	32,791	
Non-Core									
Other source									
Total Cash		36,743	(5,152)	34,266	111,077	1,138	-	32,791	
Funds Held in Trust									
Core									
Non-Core									
Other source (See Note 1)	3.45%	814,079	1,124,698	-	-	-	-	-	
Total Funds Held in Trust		814,079	1,124,698	-	-	-	-	-	
Government Letters of Credit & Promissory Notes									
Core				1,348					
Non-Core									
Other source									
Total Government Letters of Credit & Promissory Notes				1,348					
INVESTMENTS									
Operational Reserve									
Core	3.97%	208,000	192,000	181,000	169,000	130,000	142,000	146,960	
Non-Core									
Other source									
Regular resources									
Core	3.65%	1,306,331	668,404	317,233	217,023	271,754	281,817	117,031	
Non-Core									
Other source									
After Service Health Insurance									
Core	3.67%	320,191	267,937	177,448	170,853	139,764	-	-	
Non-Core									
Other source									
Cost-sharing									
Core									
Non-Core	3.65%	2,266,941	2,000,461	1,710,989	1,415,662	1,121,390	829,054	830,852	
Other source									
Government Cash Counterpart Contributions									
Core									
Non-Core	3.65%	16,196	15,630	14,849	13,532	13,079	19,302	19,827	
Other source									
Funds and Trust Funds									
Core									
Non-Core	3.65%	1,045,482	1,031,703	828,595	766,624	655,061	383,650	341,861	
Other source									
Reimbursable support services									
Core									
Non-Core	3.65%	892,658	663,135	516,590	449,057	311,005	344,857	332,524	
Other source									
Medical Insurance Plan									
Core	3.65%	39,818	36,099	46,389	38,765	31,893	24,657	22,548	
Non-Core									
Other source									
Total Investments		6,115,617	4,895,459	3,793,093	3,240,516	2,673,946	2,025,337	1,811,603	
Total Cash, Government Letters of Credit & Promissory Notes and investments		6,966,439	6,015,005	3,828,787	3,351,593	2,675,084	2,025,337	1,844,394	

UNDP holds funds in trust through its role as Administrative Agent (AA) for joint programming activities. Since the inception of joint programming in 2004, UNDP, acting as AA, has received donor contributions towards the execution of projects implemented by UNDP and other agencies that are joint or single partners. The significant increase in funds held in trust in 2007 is due primarily to the establishment of the MDG Achievement Fund with a Euro 528 million contribution from the Government of Spain.