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Report of the External Auditor, financial performance report and programme performance report for the biennium 2008-2009

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Vienna, 7-8 September 2010
Item 3 of the provisional agenda
Report of the External Auditor, financial performance report and programme performance report for the biennium 2008-2009

Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial period 1 January 2008 to 31 December 2009[1]

Contents

[1] The present document has not been edited.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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Office of the
Auditor-General of Pakistan
Constitution Avenue
Islamabad.

No /49-IR/UNIDO/C-VIII

Islamabad, 1 June 2010

The President of the Industrial Development Board
United Nations Industrial Development Organization
Vienna International Centre
P.O. Box 300
A-1400 Vienna
Austria

Excellency,

I have the honour to present to the thirty-eighth session of the Industrial Development Board, through the twenty-sixth session of the Programme and Budget Committee, my report and opinion on the financial statements of the United Nations Industrial Development Organization for the biennium ended 31 December 2009.

In transmitting my report I wish to advise that, in accordance with the United Nations Industrial Development Organization's Financial Regulations, I have given the Director-General the opportunity to comment on my report. The response of the Director-General has appropriately been reflected in my report.

Yours sincerely,

[*Signed*]

(**Tanwir Ali Agha)**

ACRONYMS/ABBREVIATIONS

BMS	Building Management Services
BPR	Business Process Reengineering
CCOR	Committee for Change and Organizational Renewal
COMFAR	Computer Model for Feasibility Analysis and Reporting
CTBTO	The Preparatory Commission for the Comprehensive Nuclear Test-Ban Treaty Organization
CWT	Carlson Wagonlit Travel
DG	Director-General
ERP	Enterprise Resource Planning
FPCS	Financial Performance Control System
FIN/FSB	Financial Services Branch
GES	General Support Services
HRM	Human Resource Management
ICM	Information and Communication Management
IIA	Institute of Internal Auditors
IOS	Internal Oversight Services
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
MD	Managing Director
MTPF	Medium Term Programme Framework
NEP	Non Expendable Property
OSS	Operations Support Services
PCOR	Programme for Change and Organizational Renewal
PSM	Programme Support and General Management Division
PTC	Programme Development and Technical Cooperation Division
RBM	Results Based Management
RPTC	Regular Programme of Technical Cooperation
RSF	Regional Strategies and Field Operations Division
SPT	Strategic Planning Team
SRA	Special Resources for Africa
TOR	Terms of Reference
ULO	Un-liquidated Obligation
UNGM	United Nations Global Market

UNIDO	United Nations Industrial Development Organization
UNOV	United Nations Offices in Vienna
UR	UNIDO Representative
VBO	Vienna Based Organizations
VIC	Vienna International Centre
WP	Work Packages

I. INTRODUCTION

Scope of the Audit

1. The Financial Statements of the United Nations Industrial Development Organization (hereinafter UNIDO) for the period ended 31 December 2009 were examined in accordance with Article XI of UNIDO's Financial Regulations and Rules and the Additional Terms of Reference Governing External Audit (Annexed to UNIDO's Financial Regulations and Rules). The Financial Statements included the following:

- Statement I – Statement of Income and Expenditure and Changes in Reserves and Fund Balances
- Statement II – Statement of Assets, Liabilities, Reserves and Fund Balances
- Statement III – Consolidated Statement of Cash Flow
- Statement IV – General Fund, Status of Appropriations by Major Programme
- Schedules 1 to 4
- Notes to the Financial Statements

Audit Objectives

2. The main objectives of the audit were to enable me to form an opinion as to whether the expenditure recorded in 2008-2009 had been incurred for the purposes approved by the General Conference (GC); whether income and expenditure were properly classified and recorded in accordance with UNIDO's Financial Regulations and Rules; and whether the Financial Statements presented fairly the financial position as at 31 December 2009. I ascertained the correctness of year-end balances of all UNIDO Funds.

3. My report also includes specific observations and recommendations directed at improving UNIDO's financial management and control, in accordance with the Additional Terms of Reference governing External Audit annexed to the Financial Regulations and Rules.

Auditing Standards

4. The External Audit of the UNIDO Financial Statements for 2008-2009 was carried out in accordance with the International Standards on Auditing.

Audit Methodology

5. For achieving the audit objectives, the External Audit adopted the system based approach to auditing under which the audit teams:

- examined the financial and accounting procedures followed in UNIDO, in the light of their Financial Regulations and Rules and other relevant documentation;
- assessed the internal control system regulating the financial operations of UNIDO and carried out compliance testing for determining the extent of control operation during 2008-2009;
- conducted substantive testing of selected transactions;
- matched the receipts with bank statements and conducted an analysis of assessed contributions, and
- carried out the analytical review of a number of contracts and substantial transactions related to creation of assets and liabilities.

6. The audit was conducted from September 2008 to April 2010 by various audit teams including the teams that carried out the strategic planning for the External Audit and compliance with authority audits of UNIDO field offices.

7. My audit included a substantive examination of year-end balances in UNIDO Funds.

Reporting

8. The External Audit held meetings with the Managing Directors of Programme Support and General Management Division (PSM), Programme Development and Technical Cooperation Division (PTC) and Regional Strategies and Field Operations Divisions (RSF), and the relevant officers of the Human Resource, Financial Services, Operational Support Services and Information and Communication Management Branches. Meetings were also held with the Head Internal Oversight Services.

9. The External Audit teams interacted with the staff nominated as focal person for audit, and issued queries to the concerned Branches. The audit findings take into account the management's viewpoint as communicated to the audit team. In accordance with normal practice, my audit teams also provided UNIDO with Management Letters setting out the detailed findings arising from their examination. UNIDO's response to the management letters has been appropriately reflected in my report. My observations on matters, which in my opinion should be brought to the attention of the Member States, are set out in the paragraphs below.

10. The External Audit also issued an Interim Audit Report in 2009. Compliance of Management to the issues raised in the Interim Audit Report is given at Annex A.

Overall Results

11. My report includes a number of observations and recommendations. My audit teams recorded additional findings in the Management Letters to the Management. None of these matters materially affected my audit opinion on the UNIDO's Financial Statements; and, notwithstanding the observations in this report, my audit revealed no weaknesses or errors that I considered material to the accuracy, completeness and validity of the Financial Statements as a whole. Accordingly I have placed an unqualified opinion on UNIDO's Financial Statements for the period ended 31 December 2009.

II. AUDIT FINDINGS AND RECOMMENDATIONS

Presentation of Financial Statements

12. The Financial Statements of UNIDO for the biennium 2008-2009 were presented on the format consistent with the previous financial period. Figures in the Financial Statements were generally accurate except for one instance in which the amount of Operating Costs and Fellowships under Technical Cooperation in Statement 1 of the Financial Statement were different from the amounts recorded in the computer database. Management has made the required correction in the Financial Statements.

Internal Controls

13. As a result of the compliance testing of the internal controls, the External Audit concluded that a reasonably designed internal control system was in place in UNIDO to ensure completeness, occurrence, measurement, regularity and disclosure in the Financial Statements for the biennium 2008-2009.

Status of Appropriation and Expenditure

General Fund and Working Capital Fund

14. The appropriation for the General Fund and Working Capital Fund for the biennium 2008-2009 was €154,623 thousands while for the biennium 2006-2007 it was €150,785.6 thousands. Thus there was an increase of 2.5 per cent in the appropriation as compared with the previous biennium. An expenditure of €144,429.7 thousands was incurred under the General Fund and Working Capital Fund during the biennium 2008-2009 as compared with the expenditure of €139,439.2 during the biennium 2006-2007. There was an increase of 3.6 per cent in the expenditure for 2008-2009 as compared with the expenditure for 2006-2007. Table 1 shows a comparison of expenditure by major objects. In the biennium 2008-2009, there was no major change in the composition of expenditure as compared with the biennium 2006-2007.

Table 1

Expenditure Breakdown in the General Fund & Working Capital Fund

in thousands of €

Object	2006-2007		2008-2009		Variance	
	Amount	%age	Amount	%age	Amount	%age
Salaries and Common Staff Costs	97,683.4	70.1	99,117.1	68.6	1,433.7	1.5
Operating Costs and Contractual Services	27,327.8	19.6	30,985.9	21.4	3,658.1	13.4
RPTC and SRA Activities	14,428.0	10.3	14,326.7	10	(101.3)	(0.7)
Total	**139,439.2**	**100**	**144,429.7**	**100**	**4,990.5**	**3.6**

Source: Financial Statements of UNIDO for the biennium 2006-2007 and 2008-2009.

15. The expenditure for the biennium 2008-2009 under the General Fund & Working Capital Fund included Un-liquidated Obligations amounting to €7,383 thousands[2] which comes to 5.1 per cent of the expenditure; whereas, in the biennium 2006-2007, the Un-liquidated Obligations were €9,518.4 thousands, i.e. 6.8 per cent of the expenditure.

16. The excess of income over expenditure amounted to €12,375.1 thousands, equal to 8 per cent of the net appropriation for the biennium 2008-2009.

Other Headquarters Funds

17. An expenditure of €61,145.3 thousands was incurred under the Other Headquarters Funds during the biennium 2008-2009 as against the expenditure of €55,550.1 thousands during the biennium 2006-2007. There was an increase of 10.1 per cent in the expenditure under the Other Headquarters Funds as compared with the expenditure during the biennium 2006-2007. Table 2 shows a comparison of expenditure by various categories under Other Headquarters Funds. There was no major change in the composition of expenditure as compared with the biennium 2006-2007.

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[2] These figures are taken from the Financial Statement IV and represent the Un-liquidated Obligations of the Regular Budget only. The total Un-liquidated Obligations, as per the Financial Statement II, are €9.8 million, representing €7.4 million for the Regular Budget, €1.1 million for SRA and €1.3 million for RPTC.

Table 2

Expenditure Breakdown in Other Headquarters Funds *in thousands of €*						
Object	**2006-2007**		**2008-2009**		**Variance**	
	Amount	%age	Amount	%age	Amount	%age
Salaries and Common Staff Costs	28,491.2	51.3	31,722.5	51.9	3,231.3	11.3
Operating Costs and Contractual Services	27,036.8	48.7	29,373.4	48.0	2,336.6	8.6
RPTC and SRA Activities	22.1	0.04	49.4	0.1	27.3	123.5
Total	**55,550.1**	100	**61,145.3**	**100**	**5,595.2**	**10.1**

Source: Financial Statements of UNIDO for the biennium 2006-2007 and 2008-2009.

18. The expenditure under Other Headquarters Funds included Un-liquidated Obligations amounting to €7,017.3 thousands which came to 11.4 per cent of the expenditure for the biennium 2008-2009; whereas, in the biennium 2006-2007 the Un-liquidated Obligations were €6,883.1 thousands, which was 12.4 per cent of the expenditure.

19. There was an excess of income over expenditure by €4,990 thousands, which came to 7.5 per cent of the total income during the biennium.

Technical Cooperation

20. An expenditure of €190,826.9 thousands was incurred during the biennium 2008-2009 under Technical Cooperation, while during the biennium 2006-2007, this expenditure was €184,654 thousands. There was an increase of 3.3 per cent in the expenditure under Technical Cooperation as compared with the expenditure during the biennium 2006-2007. Table 3 shows a comparison of expenditure by various categories. In the biennium 2008-2009, the expenditure on Salaries and Common Staff Costs was 37.3 per cent of the total expenditure as against 31.2 per cent of the total expenditure in the biennium 2006-2007. The expenditure on Operating Costs and Contractual Services was 25.9 per cent of the total expenditure as against 30.1 per cent of the total expenditure in the biennium 2006-2007. In the case of Acquisitions, the expenditure was 19.8 per cent of the total expenditure as against 22.3 per cent of the total expenditure in the biennium 2006-2007. There was no major change in the expenditure on Fellowships and Programme Support Costs as compared with the biennium 2006-2007.

Table 3

Expenditure Breakdown in Technical Cooperation *in thousands of €*						
Object	**2006-2007**		**2008-2009**		**Variance**	
	Amount	%age	Amount	%age	Amount	%age
Salaries and Common Staff Costs	57,593.0	31.2	71,208.1	37.3	13,615.1	23.6
Operating Costs and Contractual Services	55,679.8	30.1	49,455.6	25.9	(6,224.2)	(11.2)
Acquisitions	41,112.7	22.3	37,773.1	19.8	(3,339.6)	(8.1)
Fellowships	12,270.5	6.6	14,263.9	7.5	1,993.4	16.2
Programme Support Costs	17,998.0	9.8	18,126.2	9.5	128.2	0.7
Total	**184,654.0**	**100.0**	**190,826.9**	**100.0**	**6,172.9**	**3.3**

Source: Financial Statements of UNIDO for the biennium 2006-2007 and 2008-2009.

21. The expenditure included Un-liquidated Obligations to the tune of €33,284.4 thousands which was 17.4 per cent of the Technical Cooperation expenditure for the biennium 2008-2009; whereas in the biennium 2006-2007, the Un-liquidated Obligations were €33,212.2 thousands, equal to 18 per cent of the Technical Cooperation expenditure.

22. There was an excess of income over expenditure amounting to €15,632.5 thousands, which came to 7.5 per cent of the total income during the biennium.

Contributions from the Member States

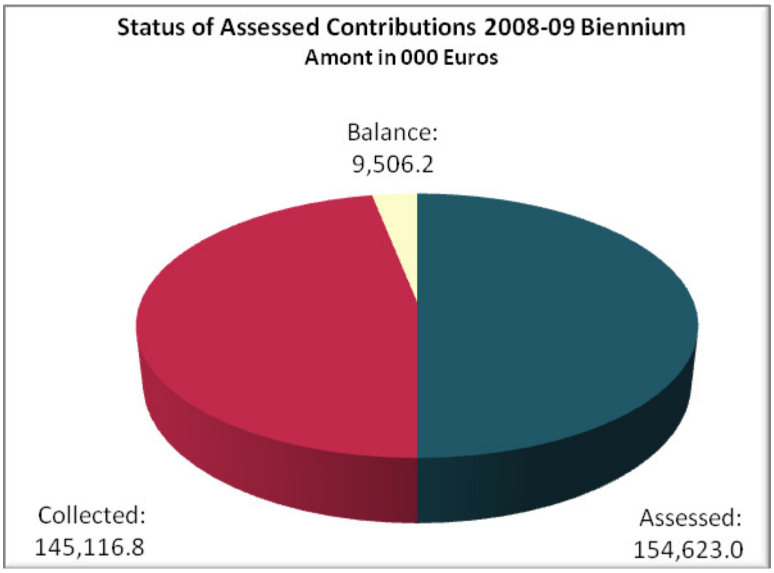
23. The annual contributions from the Member States for 2008-2009 were assessed at €154,623 thousands against which €145,116.8 thousands were collected, leaving a balance of €9,506.2 thousands. The following table gives a comparison of the assessed and collected contributions during the biennium 2008-2009 and the biennium 2006-2007.

Table 4

In thousands of €

Comparison of the Current Biennium Contributions Assessed and Collected with the Previous Biennium		
	Biennium 2006-2007	Biennium 2008-2009
Contributions Assessed	150,785.6	154,623
Contributions Collected	141,147.6	145,116.8
Balance	9,638	9,506.2

24. The following graph depicts the position of contributions assessed, collected and outstanding:



25. The contributions outstanding at the end of the biennium 2008-2009 decreased to €115,783 thousands as compared with the end of biennium 2006-2007 figure of €119,614 thousands, registering a decrease of €3,831 thousands (3.2 per cent).

26. Contributions amounting to €115,783 thousands outstanding at the end of the biennium 2008-2009 were due from 81 Member States, which included one new Member State and two former Member States. The amount due from the two former Member States was €71,150 thousands which came to 61 per cent of the total outstanding amount. Thirty four Member States owed more than €100,000 each to UNIDO and the total outstanding amount against these Member States was €114,618 thousands, which was 99 per cent of the total outstanding contributions. Leaving aside the static outstanding contributions against the two former Member States, recovery against the remaining outstanding contributions has improved during the current biennium.

Un-liquidated Obligations

27. The External Audit carried out a review of the Un-liquidated Obligations, which amounted to €50,149.7 thousands at the end of the biennium 2008-2009, out of which ULOs of €9,848 pertained to the General Fund and Working Capital Fund, €33,284.4 thousands to the Technical Cooperation and €7,017.3 thousands to the Other Headquarters Funds. As explained in Note 2.33 to the Financial Statements, "savings on or cancellation of obligations relating to regular budget's Un-liquidated Obligations for the prior fiscal period are credited to Member States in the current fiscal period in accordance with financial regulation 4.2(c)".

28. Relevant data regarding the Un-liquidated Obligations relating to the Regular Budget for the biennia 2004-2005, 2006-2007 and 2008-2009 and subsequent savings on prior years' obligations is given in the following table:

Table 5

Amounts in thousands of €

Biennium	Un-liquidated Obligations relating to General Fund	Savings on cancellation of prior biennium Un-liquidated Obligations	% Savings
2004-2005	11,239.1	3,524.4	28.9
2006-2007	11,774	3,818	33.9
2008-2009	9,848	To be reported in the next year's Financial Statements	

Source: Financial Statements of UNIDO for the biennia 2004-05, 2006-2007 & 2008-2009.

29. Savings on cancellation of prior biennium obligations for the biennium 2004-2005 were 28.9 per cent of the Un-liquidated Obligations relating to regular budget while for the biennium 2006-2007, savings were 33.9 per cent of the Un-liquidated Obligations relating to regular budget.

30. The External Audit observed that a field office recorded an obligation for a service agreement in 2009 without any supporting documentation. On pointing out by the External Audit, Management cancelled the ULO and informed that the contract could not materialize as the expert was no longer interested in continuing with the assignment. Management also decided to call attention of the Allotment Holders in field offices who issue contracts locally that they must strictly adhere to the relevant financial rules.

Management's Response

31. *Due to the lack of proper system support, which is to be addressed in a new ERP system, such situations can only be avoided by proper attention of allotment holders*.

32. **Next Audit will review the position**.

Verification of Credits to the Member States

33. According to the Financial Regulation 4.2, "the unencumbered balance of the appropriations at the end of a fiscal period shall be surrendered to the Members at the end of the first calendar year following the fiscal period after deducting there from any contributions from Members relating to that fiscal period which remain unpaid, and shall be credited to the Members in proportion to their assessed contributions in accordance with the provisions of financial regulations 4.2 (c) and 5.2 (d)".

34. Credits to the Member States for the biennium 2006-2007 were €9,057 thousands as given in the Financial Statements (Statement 1- Statement of Income and Expenditure and Changes in Reserves and Fund Balances). As per Note 3.15 to the Financial Statements, the surpluses available for distribution representing unspent balances of collections, assessed contributions received for prior biennia together with receipts from the new Member States are set aside in "accounts payable-other", pending receipt of the Member States' instructions. In line with the Financial Regulation 4.2(b), the figures of the unencumbered balance brought forward from the previous biennium, collections of assessed contributions from previous periods and adjustments made during the biennium 2008-09 were verified as given in the Financial Statements. In the light of the Financial Regulation 4.2 (c), Audit ascertained the Credits to the Member States for the biennium 2008-09 amounting to €18,798.6 thousands.

Results-Based Management (RBM)

35. Within the UN System, UNIDO was among the pioneers to adopt the concept and practice of Results Based Management. In May 2008, the Executive Board approved an RBM implementation plan which was based on the RBM self-assessment performed during 2007. The plan was structured into nine Work Packages (WP). The Work

Packages related to the following themes and addressed the benchmarks developed by the Joint Implementation Unit of UN. Each Work Package was further broken down into activities.

Table 6

Details of Activities in Each Work Package

	Work Package	No. of activities planned to be undertaken
1	RBM Coordination and cross-cutting issues	5
2	Strategy Development	4
3	TC quality assurance system	2
4	Internalization of RBM in PTC	6
5	Internalization of RBM in PCF	4
6	Evaluation and RBM	4
7	Budget and Finance	2
8	Training and staff appraisal	3
9	Information Systems	3
	Total Activities	33

Source: RBM Implementation Plan.

RBM Steering Committee

36. In order to provide overall guidance for the formulation of an RBM strategy, its coordinated implementation and continuous improvement, an RBM Steering Committee comprising ten members was formed in 2008. Each Work Package was to be facilitated by one or two members. The last meeting of the Steering Committee was held in July 2009.

Status of Implementation of RBM Plan

37. The implementation of the RBM initiatives continued during 2008, the first year of the biennium. It, however, lost its momentum during 2009 apparently due to the pre occupation of Management with Agresso update, preparation for IPSAS implementation and the developments associated with the Change Management and Organizational Renewal Initiative.

38. A summary status of the activities outlined in the RBM Implementation Plan 2008 is given below:

Table 7

Implementation Status of RBM Activities as of April 2009

	Work Package	Activities planned	Stages of Implementation[3]						
			a	**b**	**c**	**d**	**E**	**f**	**G**
1	RBM Coordination and cross-cutting issues	5	1	1	1	2	-	-	-
2	Strategy Development	4	2	1				1	

[3] a: Fully Implemented; b: Partly Implemented; c: Well Advanced; d: Need Fresh Start; e: Delayed; f: Abandoned; g: No Information Available.

	Work Package	Activities planned	Stages of Implementation[3]						
			a	b	c	d	E	f	G
3	TC quality assurance system	2	-	1	-	-	1	-	-
4	Internalization of RBM in PTC	6		1	2	2	1		
5	Internalization of RBM in PCF	4		2		2			
6	Evaluation and RBM	4		4					
7	Budget and Finance	2		1				1	
8	Training and staff appraisal	3		1			1		1
9	Information Systems	3		1	2				
	Total Activities	33	3	13	5	6	3	2	1

Source: Progress Report - UNIDO RBM Implementation Plan – Status 30 April 2009.

39. The figures given in the above table indicate the degree of completion of 33 activities originally planned. Three activities were fully implemented, while 18 activities were either partly implemented or were at advanced stages of implementation. However, the extent of their completion could not be ascertained.

40. As mentioned above, during the year 2009 UNIDO was in the process of developing the Change Management and Organizational Restructuring Initiative. According to Management, the RBM initiatives had been overtaken by the Change Management Initiative. Management expects that all the achievements of the RBM Plan 2008 would be assimilated and dovetailed with the Change Management Initiative and the RBM as an exclusive initiative would not be pursued any further.

41. **The External Audit recommends that Management may like to determine the extent and efficacy of the financial and human resources committed for the RBM initiatives**.

Management's Response

42. *Change of the Chairmanship of the RBM Steering Committee in September 2009 and some preparatory work needed for its renewed activities, were also reasons for the slowed momentum.*

43. *The preparation of a feasibility study by Deloitte started in September 2009, which required full cooperation from various parts of the Organization, leaving little or no time to pursue the work-plan on RBM.*

44. *The Programme for Change and Organizational Renewal will continue the realization of RBM objectives and consolidate the financial and human resources committed for the purpose.*

45. **The External Audit will continue to review progress in this regard.**

Decentralization

46. The process of decentralization started in 1997 with the adoption of the business plan on the future role and functions of UNIDO by the IDB (Decision of IDB.17/Dec.2) which was endorsed by the GC (Resolution GC.7/Res.1). The Business Plan aimed at:

- redeployment of resources and professional staff with the required level of expertise from the HQ to the field;
- appropriate delegation of authority; and
- formulation of key functions and responsibilities of the field offices.

47. As part of decentralization initiative, Management delegated financial authority to UNIDO field offices[4] in the following areas:

- Field procurement below $20,000;
- Recruitment of local General Service staff;
- Approval of travel of the UNIDO Representative; to any of his/her countries of coverage;
- Local procurement of TC goods and services within the limits of decentralized procurement;
- Local subcontracting;
- Sanction of imprest money;
- Training activities; and
- Workshops.

48. The decentralization initiative continued till 2009. The External Audit observed that while the objectives of decentralization were gradually being achieved, there was a paradigm shift under the umbrella of Change Management Initiative. The Management has assured the External Audit that *the decentralisation programme would be made part of the Change Management Initiative*.

Thematic Programmes

49. In terms of the Strategic Long Term Vision Statement 2005-15, approved vide Resolution GC.11/Res.4 at the 11th session of the General Conference in 2005, UNIDO adopted the strategy of focusing its programmatic activities on three areas:

- Poverty Reduction through Productive Activities,
- Trade Capacity Building, and
- Environment and Energy.

50. The objectives were to profile UNIDO as a competent, effective, efficient and professional organization, contributing to relevant international development objectives and assisting in sustainable industrial development. The Medium Term Programme Framework (MTPF) of 2008-2011 incorporated a number of measures aimed at enhancing the programmatic content of UNIDO's services.

51. The External Audit conducted a review of the thematic areas in terms of budgetary trends, growth/reduction in expenditures and measurement of output against targets. The following table indicates budget and expenditure of the programmes by themes for the biennia 2006-2007 and 2008-2009:

Table 8

(Amount in Euros)

	2006-2007		2008-2009	
Major Programme	**Budget**	**Expenditure**	**Budget**	**Expenditure**
C-Poverty Reduction through Productive Activities	41,260,515	31,378,000	74,661,368	64,238,731
D- Trade Capacity Building	65,185,793	26,110,000	59,190,348	42,625,701
E- Environment and Energy	135,765,463	57,211,000	137,415,827	73,408,386

[4] UNIDO field offices comprise Country Offices, Regional Offices, National Focal Points and UNIDO Desks.

52. As per the Programme and Budget document 2008-2009, realisation of the objectives of the three programmes was dependent on specific outcomes to be measured through identified indicators for each sub-programme. Theme-wise break-up of outcomes and indicators is given below:

Table 9

Theme / Programme	Total Outcomes	Total Indicators
C-Poverty reduction through productive activities	38	66
D-Trade Capacity Building	29	62
E-Environment and Energy	24	41

53. The concept of outcomes and indicators might be understood from the following table given in the Programme and Budget Document in respect of Programme C:

Table 10

<table>
<tr><th>Outcomes</th><th>Performance indicators</th><th>Sources of verification</th></tr>
<tr><td>Major Programme C is continuously monitored and adjusted in line with thematic trends within UNIDO’s mandate</td><td>• Consolidated project-based bottom-up monitoring and reporting scheme in place
• New themes identified and existing themes updated with a pro-poor perspective on a regular basis</td><td rowspan="4">• Major Programme C monitoring reports
• Thematic trend reports
• Strategic documents
• Programme and project documents</td></tr>
<tr><td>Stakeholders are informed about Major Programme C priorities, implementation status and results on a regular basis</td><td>• Parties concerned informed on regular basis using appropriate communication tools</td></tr>
<tr><td>UNIDO staff adheres to clearly defined and agreed upon quality standards regarding project identification, formulation and implementation (based on RBM)</td><td>• Quality of project and programme documents
• Positive response from stakeholders on UNIDO programmes and projects
• Positive staff feedback concerning clear understanding of quality standards
• Learning from evaluations institutionalized
• Systematic training to keep staff up-to-date with state of the art methodologies</td></tr>
<tr><td>UNIDO internal cooperation (HQ and field structure) and external cooperation with other UN-organizations, donors, etc. is efficiently and effectively organized.</td><td>• In-house information exchange institutionalized
• Lessons learned communicated</td></tr>
</table>

54. Regarding status of the outputs/outcomes against the targets, the External Audit observed that while the financial information had been structured to capture budget and expenditure, there was no mechanism to capture the implementation status and outcome of the projects.

55. During discussions with UNIDO Management, it transpired that *the system of reporting was not being implemented fully. Reports were received in case of 40 per cent projects, but remained with the line managers without any further action. A system was being conceived to ensure that the reports were consolidated and submitted to higher management.*

56. **The next audit will review the progress regarding consolidation and submission of reports to higher management.**

Project Portfolio Management

57. The External Audit also conducted a review of project portfolio management. Project implementation was being financed primarily by voluntary contributions of the Member States and the multilateral funds under Technical Cooperation (TC). Six percent of the Regular Budget was also used in project portfolio, mostly for planning and management purposes.

58. The Programme Development and Technical Cooperation Division (PTC) and the Regional Strategies and Field Operations Division (RSF) managed the project portfolio of UNIDO. The PTC was responsible for providing all technical cooperation services on technological, policy and economic issues in the industrial sectors concerned. The RSF provided programmatic guidance and substantive support to the work of the Organization as well as alignment with its quality assurance framework. It was also responsible for identification and coordination of regional and country programmes besides managing the field structure of UNIDO.

59. The approving authority in most cases was the Programme Approval Committee (PAC) whereas the implementation was done by the PTC Division through project managers. The progress of the project portfolio was reported to the Member States in the form of End of the Year TC Delivery Report. This report only contained data regarding the TC expenditure and did not include any information on physical progress of programmes and projects.

60. In terms of the accounting policy of UNIDO, expenditure for a year means disbursements during the year plus the un-liquidated obligations at the end of the year. However, information of the total delivery in the TC Delivery Report did not specify the amount of the un-liquidated obligations. The External Audit obtained the data pertaining to disbursement and balance of the un-liquidated obligations from the computer system as shown in the following table:

Table 11

US$ in Million

End of Year Delivery	2006	2007	2008	2009
Disbursements/ Expenditures (A)	76.4	67.5	76.6	90.3
Balance of Un-liquidated Obligations/ Commitments (B)	37.2	49.8	46.9	49.4
Total end of year delivery (A + B)	113.6	117.3	123.5	139.7

Source: UNIDO Infobase.

61. As on 31 December 2009, UNIDO was implementing 843 projects on which included 686 Technical Cooperation Projects, 92 Preparatory Assistance Projects and 65 Non Technical Cooperation Projects. The total project portfolio was US$ 676,555,394 (approximately €469,830,134). In this portfolio, projects exceeding

US$ one million amounted to US$ 501,135,924 (approximately €348,011,058) i.e. 74 per cent of the total portfolio.

62. Project portfolio information was available at the following four levels/areas:

i. Regional focus: Focuses on the regional distribution of TC activity.

ii. Thematic focus: Shows break-up of the expenditure as per the three primary themes.

iii. Integrated programmes and projects: Identify the projects that are implemented as standalone activities or as a part of Integrated Programme.

iv. Fund source: Identifies the donors.

63. The External Audit observed that:

i. The Project portfolio management efforts were limited to consolidation of projects' financial information.

ii. Projects proposals initiated at the regional/project manager level, went through the approval process outlined in the TC Guidelines. Availability of donors to fund a project seemed to be the overriding factor in approving of projects and developing the portfolio of projects to be implemented in a year.

iii. Inadequate funding of programmes and projects was a major risk for projects. But this was not indicated as a risk in project documents. Management responded that *according to the TC Guidelines (PR.02.03.02), a note on the funding strategy is to be attached to project documents submitted for approval when financing is not yet available. Possible difficulties and potential risks relating to funds mobilization, including actions to minimize them, are highlighted in this note, rather than in the Risk Section which forms part of the project document*.

iv. Review of projects data for the biennium 2008-2009 showed that on an average 20 projects were initiated on a monthly basis. It seemed that elaborate scrutiny of the project portfolio was not possible in such a short time. Besides, it made the monitoring process more difficult. However, during discussion and in response to the External Audit's observation, *Management informed that from January 2010 a very elaborate system was being followed in which a project was analysed thoroughly and it was ensured that logical framework was included in the project documents. Since February 2010, a regular seminar has been established, where all project concepts are scrutinized by Directors of PTC Division against various elements of the RBM framework before their submission to a project approval mechanism*.

v. As per the TC Guidelines, evaluation was mandatory for projects with UNIDO inputs exceeding €1 million and those being considered for extension in excess of €0.7 million. During the biennium 2008-2009, 97 projects exceeded the €1 million mark, while five projects in excess of €0.7 million, were considered for extension. During discussion, Management informed *that they conduct evaluation of the projects exceeding €1 million and projects in excess of €0.7 million, being considered for extension on yearly basis as per the annual evaluation programme. Evaluation reports are printed and provided to stakeholders*. During the biennium 2008-2009, the Evaluation Group of UNIDO carried out evaluations of ten Integrated Programs (IPs)/ Country Service Frameworks (CSFs) and thirty six projects. Management informed during discussion that *the purpose of the evaluations was to assess outputs produced and outcomes achieved as compared to the planned ones and, inter alia, to draw lessons of wider application in other programs/projects.*

Subsequent audit teams will revisit the evaluation process with a view to ascertaining its effectiveness.

vi. Monitoring appeared to be the weakest link in the project management cycle. As per the TC Guidelines, six-monthly progress reports were to be submitted at the end of June and December. There was not a single progress report available on the Infobase for the projects reviewed. During discussion and in response to the External Audit's observation, Management informed that *in case of about 40 per cent projects, reports were received but remained with the line managers and were not placed on the intranet. Some times reports are delayed but now it was planned to link release of funds with submission of reports in the overall Change Management context. Monitoring has been identified as a key area of the project cycle that requires strengthening. As part of the Change Management initiative, a special Task Force was set up in February 2010 to elaborate a detailed proposal and workplan for upgrading the Organization's monitoring and reporting system. The proposal, to be implemented in 4 stages (i.e. quick fixes, finalizing the system's architecture, going on-line and preparing for kick-off), was endorsed by the Executive Board in April 2010. The 1st stage (quick fixes) is going to be implemented as of 1 June 2010*.

The External Audit will continue to review progress in this regard.

vii. The Programme and Budget document 2008-2009 followed the RBM framework with specific outcomes and indicators for each programme component. For the RBM implementation, log frames and results chains were to be developed as part of the project designs. The logical framework or log frame is an analytical tool used to plan, monitor, and evaluate projects. During implementation of projects and programmes, the log frame serves as a useful tool to review progress and take corrective action. However, review of some of the projects showed that their documents did not include logical frameworks for the RBM reporting. Even when the projects had logical frameworks, linkages between the result chains were weak. Generally reports on the RBM were not available and Management informed during discussion that *the RBM had been overtaken by the Change Management Initiative followed by the reorganization of UNIDO as of February 2010. All the achievements of the RBM Plan 2008 would be assimilated and towed with the change management deliverables".*

64. **External Audit recommends that:**

i. Management may consider adding information regarding achievements against planned performance indicators and outcomes, in the End of the Year TC Delivery Report.

ii. Till the implementation of the Change Management Initiative, effective monitoring of programme results may be ensured.

iii. Risk management including risk mitigations may be made an essential part of the project documentation.

Change Management Initiative

65. The Director-General UNIDO made a proposal to the Member States in the 36th meeting of the Industrial Development Board in June 2009 with the request to renounce the unutilised balances of appropriations to the tune of €16.8 million to finance the implementation of a comprehensive change management process including the reengineering of the business processes supported by an integrated Enterprise Resource Planning (ERP) system for UNIDO and the development and implementation of priority technical cooperation programmes in response to the evolving global environment and critical developmental needs and priorities of the Member States.

66. The Board requested the Director-General, to conduct a feasibility study to consider the expected impact of the Change Management Initiative on the overall cost efficiency of UNIDO. Accordingly, UNIDO engaged the

services of Deloitte Consulting to conduct an independent feasibility study of the comprehensive Change Management Initiative proposed by the Secretariat.

67. The report of the feasibility study, submitted in October 2009, recommended a number of change scenarios which included Incremental Improvement, Holistic Change and Fundamental Rebuilding at various costs and with varying timeframes for implementation. Cost scenarios ranged from €9 to 20 million whereas the timeframes spanned three to eight years. In December 2009, the General Conference approved funding of €9.114 million from the unutilized balances of appropriations and requested the Director-General to select the most suitable and sustainable technical solution that was feasible considering the above financial resources, augmented by any budgetary savings from the Major Programmes other than C, D, E and F that might become available during the implementation of the Change Management Initiative. UNIDO opted for a single ERP System, with a modular implementation approach.

68. Objectives of the Change Management Initiative are:

- Achieving a quantum leap in capacity to deliver the TC services
- Increasing the number of countries served
- Increasing the quality of project implementation
- Complying with donor requirements
- Increasing the focus on results and impacts (RBM)
- Improved linking of the Headquarters and the field
- Contributing to the UN-system wide harmonization of business practices

69. In order to achieve these objectives, UNIDO plans:

- Realigning UNIDO’s Business Concept
- Reengineering business processes
- Implementing an ERP system
- Decentralizing tasks to the field
- Changing the working culture
- Embedding Knowledge and Risk Management
- Involving all stakeholders

70. For achieving the objectives, a distinct Governance Structure was established under the Executive Board. The overall oversight under this Structure is the responsibility of the Committee for Change and Organizational Renewal (CCOR). For the delivery of quick win solutions, redefining business concepts and transition to new software, a Task Force on Operational Efficiency and Effectiveness has been formed. Another Task Force on Management and Working Culture has been set up for improvement in communication, values and norms, knowledge management and performance management for results and teamwork. As per the given timeframe, the Change Management Initiative started in February 2010 and would end in December 2013.

71. As mentioned above, Management opted for a single ERP System, with a modular implementation approach. The External Audit observed that although the one time capital costs of the initiative were given in the feasibility report, the additional internal costs of the initiative had not been quantified, and were only declared as ‘medium’. Without ascertaining the value of the additional internal costs, it was difficult to establish the overall cost impact of the initiative.

72. The External Audit was of the view that Management needed to reassure itself that cost estimates of the consultants were realistic and did not include hidden costs likely to surface during or after the implementation of the initiative.

73. The External Audit also noted that using an ERP entailed significant recurring costs in addition to the one time investment as the upgrades of ERPs would require significant recurring expenditures.

74. Given the scope and spread of the Change Management Initiative, the External Audit was of the view that the business concept realignment and Business Process Reengineering (BPR) should be carried out keeping in view the experience of other UN Organisations while not losing sight of the mandate and needs of UNIDO.

75. The External Audit was also of the view that Change Management Initiative needed to be carefully implemented, involving all stakeholders and going for comprehensive solutions to avoid any risks of failure. The External Audit would review the Change Management Initiative in subsequent audits.

76. **At this stage of the implementation of the Change Management Initiative, the External Audit recommends that:**

- **i. It may be advisable at this stage to revaluate the cost estimates of the selected option for the Change Management Initiative.**
- **ii. Since ERP is by definition a centrally led solution, it should be ensured that the key personnel responsible for the ERP implementation are in place and properly trained.**
- **iii. Since various activities relating to RBM and Decentralization are foreseen to be carried out within the overall framework of the Change Management Initiative, it should be ensured that the achievement of the objectives of RBM and Decentralization is supported.**

Management's Response

77. *Preparation of updated cost and cash flow requirements will be done once the bidding exercise for the selection of software and implementation partner has been concluded.*

78. **The External Audit will continue to review progress in this regard.**

Greening the VIC

79. In February 2009, UNIDO suggested to the other Vienna Based UN Organizations a comprehensive energy saving plan for the whole Vienna International Centre (VIC). As per the plan, three main measures were:

- Increasing by 2 degrees the temperature in the VIC buildings in summer and reducing by 2 degrees in winter.
- Replacing the lighting systems with modern and state-of-the-art technology, whereby 2/3 of the office lights are turned off automatically when there is sufficient day light.
- Installing motion lights in WC's and other side rooms starting in two buildings of VIC to save energy, mainly after working hours.

80. As intimated by Management, *the 2 degrees increase/reduction in cooling and heating resulted in about 16 per cent of savings for the entire VIC both in terms of Euros and emission of carbon (CO_2). The new lighting system led to calculated savings of 62 per cent both for Euros and emission of carbon CO_2.*

81. The External Audit appreciates UNIDO initiative of the comprehensive energy saving plan for the whole VIC, which has helped in reducing the consumption of energy and saving in monetary terms as well as CO_2.

Investment Portfolio Management

82. The Financial Regulation 8.1, Rule 108.1.1 and the Inter Office Memorandum on “Investment of Surplus Funds of UNIDO” (TRS/98/92) dated 22nd May 1998, provide the policies and procedures for investment of moneys not needed for immediate requirement on long term as well as short term basis. Noting the interest of the Member states in this area of UNIDO’s operations, the External Audit carried out a review of the investment policies and practices in UNIDO.

83. UNIDO’s investment decisions are governed by the following main considerations listed in the IOM on ‘Investment of Surplus Funds of UNIDO’ in their order of importance:

a. **Security of funds** (preservation of capital by placing funds only with those financial institutions that carry the highest credit quality and strongest capacity for timely payment of financial commitments)

b. **Liquidity** (flexibility to meet cash requirements through structuring maturities to meet liquidity requirements)

c. **Optimal Return** (maximization of investment income within the above security and liquidity parameters)

84. UNIDO’s policy dictates that maximum investment with each bank should not exceed 15 per cent of the total investment portfolio and the number of banks used for investment should not be more than 10 to increase possibilities for obtaining better returns with smaller number of larger investments. At the end of the biennium 2008-2009, the total investment portfolio amounted to €164.5 million, US$216.67 million and Japanese yen one million. During the biennium 2008-2009, interest income was €6.57 million.

85. UNIDO followed a uniform investment policy for reserve funds like Working Capital Fund (WCF), Operational Reserve, Indemnity Reserve, Exchange Rate Reserve, and other such reserves that were not day to day expense accounts but were being maintained to meet contingencies; vis-à-vis operational funds like Trust Funds and Special Accounts where flexibility to manage cash requirement is necessary. The financial instruments being used for investment purposes were short-term time-deposits ranging from one to three months.

86. The Financial Rule 108 prescribes that for making long term investments, the Director General shall receive and consider the advice of the Investment Committee, chaired by the Director, Financial Services, and comprising the Deputy to the Director, Financial Services and the Chief of the Accounts, Payments and Treasury. In response to a query from the External Audit regarding meetings of the Investment Committee, Management responded that *formal meetings of the Investment Committee are not held as the investment instruments in use are limited to non-sophisticated short-term time deposits (1-3 Months). However, frequent discussions/meetings are being held by the Director, Financial Services with the Treasury Staff on issues related to treasury and in particular investment banks, based on which the submissions are made to the Director-General for appraisal and approval.*

Operations in the Field

87. With a view to reviewing the working of the UNIDO Field Offices, the External Audit teams visited selected Regional and Country Offices of UNIDO in Asia and Africa. Main audit findings of the External Audit are summarized below:

i. Duties and functions of the staff dealing with financial matters were not segregated. In a Regional Office, a list of Certifying and Authorised officers issued by the MD/PSM was not available and other staff like the Senior Industrial Development Officer (SIDO), were approving payments on behalf of the UNIDO Representative.

ii. In a Regional Office, the External Audit observed that in eight cases of payment in December, 2008 the supporting documents were not attached with the vouchers.

iii. In a Regional Office, the permanent file of the Petty Cash Fund, required under Section III (5) of Imprest Account Instructions was not being maintained. An advance payment was made in 2006 to a Ministry of the host country to cover the cost for a national inter-ministerial meeting remained outstanding. In another case, an advance payment was made for the repair of a UNIDO vehicle without either recording the reasons for the advance payment or seeking bank guarantee for performance.

iv. The UNIDO Representative in a Regional Office raised a Miscellaneous Obligation Document (MOD) in 2008 without authorization by the Financial Services Branch of UNIDO. Another Miscellaneous Obligation was not certified by the Allotment Holder or the Alternate Allotment Holder. Instead it was signed ‘for’ the Allotment Holder.

v. Three Regional Offices were not maintaining any roster of local suppliers as might be required for their procurement activities in accordance with Section 7.3 of Chapter I of the Procurement Manual.

vi. In a Regional and a Country Office, the RBM based Master Work Plans for 2008 were available, but the field offices did not send any report to the Headquarters. In a Regional Office, the Quarterly Reports were submitted in a narrative form and did not have any linkage with the RBM log-frame. In another Regional Office, the follow up showing execution of the planned activities could not be linked to compare the degree of compliance with the corrective action. In another Regional Office neither the copies of the plans were supplied to the External Audit nor could they link the follow-up showing execution of the planned activities.

vii. Chapter 11 of the Operational Manual for UNIDO Field Offices prescribes the format for an annual report, but no such report was submitted by three Regional Offices and one Country Office.

viii. In a Regional Office, the UR was not intimating the progression of expenditure in summarized form for each project.

ix. In some Regional and Country Offices, the External Audit observed lack of coordination between the Regional/Country Office, the Project Managers and the Project Teams. Job description of the UR mentioned effective monitoring of the projects as one of the major duties, however, URs were not aware of the progress reports/monitoring, as they were not involved in project execution.

x. In a Regional Office, the host country was required to maintain all the records both in local language and English. But the External Audit could not get the record in English.

xi. In some Regional and Country Offices, staff was not able to use Agresso due to limited training. In a Regional Office, due to limited use of Agresso, key personnel sent requests for raising MODs through plain text emails to Head Office who in return conveyed the MODs to the UR office.

xii. Phase 2 of the Integrated Programme in a Regional Office, was started in 2005 to be completed in 2007, which was still in the implementation stage with no prospects of completion in the near future. The project steering committees were not meeting regularly. Progress reports were not prepared according to the format prescribed in the TC Guidelines.

xiii. In a Regional Office, a multi dimensional integrated development programme phase 2 was launched in 2005 for completion in 2007. The scheme continued till December, 2009 when it was recommended for closure, but Completion Date Alert was not issued.

xiv. In a Regional Office, a project showed slow progress, while in the case of another project the product did not correspond to the contract signed by the producing cooperatives and the project suffered losses.

88. **In view of the above listed systemic weaknesses, the External Audit recommends that:**

i. The Internal controls in the field offices may be strengthened and segregation of duties of staff be ensured.

ii. The URs may be given greater role in project monitoring.

iii. The field offices may be asked to send the required reports for effective Monitoring and Evaluation.

iv. Management may ensure that only authorized persons use the authority to incur expenditure.

Management's Response

89. *Whilst taking note of these recommendations, due consideration to the budgetary and staffing constraints faced by the Organization must be borne in mind. The new internal control framework, currently being prepared by PCOR and others, combined with the new monitoring and appraisal tool, will adequately address these concerns*.

90. **The External Audit will continue to review progress in this regard**.

Internal Oversight Services (IOS)

91. The External Audit reviewed the working of the Internal Oversight Services (IOS).

92. UNIDO has an allegation reporting mechanism through hotline email, dedicated telephone and fax lines, an anonymous web-based reporting tool accessible from the UNIDO website, post mail and in person. The table below indicates the number of complaints received and disposed of between 2003-2009.

Table 12

Complaints Received and Disposed of between 2003-2009							
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
a. Complaints Outstanding from Prior Period	3	3	7	5	13	14	22
b. New Complaints Received in the period	5	10	6	12	11	13	51
c Total Outstanding (a+b)	8	13	13	17	24	27	73
d. Complaint Closed after Preliminary Review/ Investigation	5	6	8	4	10	5	40
e. Balance Outstanding (c-d)	**3**	**7**	**5**	**13**	**14**	**22**	**33**

93. Number of complaints received during 2009 was 51 as compared to 13 complaints received during the preceding year. The External Audit was informed that number of complaints had increased due to additional reporting mechanism introduced during 2009 and enhanced awareness among staff members and other

stakeholders. IOS disposed of 40 complaints during 2009 and five complaints during the previous year through preliminary review as well as through investigation.

94. Review of the investigative reports prepared and complaints disposed by IOS indicated the need for strengthening the existing control framework for prevention of fraud, wrong-doings, conflict of interest, particularly for project activities like procurement of goods and services, recruitment and project execution.

Management's Response

95. *Management has already put in place certain measures to strengthen its internal control framework and is in the process of reinforcing it through additional ones.*

96. **The External Audit will continue to review progress in this regard.**

IPSAS Implementation

97. In line with the External Audit recommendation in the interim report, UNIDO continued to give priority to IPSAS implementation and the External Audit appreciates the efforts made by UNIDO on this count.

98. UNIDO has issued a Policy Manual for IPSAS. Before issuing the Manual, UNIDO sought guidance of the External Audit on its policies related to implementation of:

i. IPSAS 17 (Property, Plant and Equipment)

ii. IPSAS 18 (Segment Reporting),

iii. IPSAS 20 (Related Party Disclosures) and

iv. IPSAS 23 (Revenue from Non-Exchange Transactions)

99. The External Audit advice has been duly reflected in the UNIDO Policy Manual.

100. On the basis of the policy changes resulting from the implementation of IPSAS, Management has also effected interim changes in the Financial Regulations of UNIDO. The External Audit understands that additional changes in Financial Regulations will also be initiated once further impact of IPSAS implementation on these regulations has been identified. It is also expected that regulations for inventory management will also be amended in accordance with the requirements of IPSAS. These changes will remain under scrutiny of the External Audit till the full implementation of IPSAS and certification of IPSAS compliant Financial Statements of UNIDO.

101. In the document containing initial amendments to UNIDO's Financial Regulations in light of the adoption of IPSAS (IDB .36/11-PBC .25/11), Management partially incorporated the recommendation of the United Nations Task Force on IPSAS that when the UN organizations begin presenting IPSAS compliant Financial Statements, their annual Financial Statements be audited each year. Accordingly, the Industrial Development Board, in its 36th session, held in Vienna in June 2009, requested the External Auditor to conduct the annual financial audit for the year 2010 within the approved budgetary provisions for the external audit fees.

102. The External Audit understands that frequency of the external audit viz a viz annual and biennial audit will be finally determined through modifications to the Financial Regulation 10.7.

103. During interaction with Management, it was agreed that IPSAS compliant Financial Statements will be generated for the month ending 30 September 2010, on trial basis. The External Audit plans to monitor the progress in this regard with a view to ensuring that the year-end Financial Statements are fully compliant to IPSAS requirements.

104. UNIDO has forwarded to the External Audit the Moore Stephen Report on "IPSAS Accounting Principles and Associated Guidance to the VIC Transaction", for seeking guidance. The External Audit is of the view that in

this regard, UNIDO may adopt the common treatment of joint premises which the majority of the UN organizations will adopt after due consideration. In this regard, the External Audit has sought the views of the experts of the UN Task Force on IPSAS and audit advice will be provided accordingly.

Financial Performance Control System (FPCS)

105. The External Audit continued to review the FPCS, with special reference to the upgrade of Agresso to version 5.5.3 during 2008-2009. Additional software Web, FA SP3 and Inventory Management Modules were also acquired for eventual Citrix replacement and IPSAS accounting. The testing tasks were performed from 19 February 2009 to 22 May 2009. However, an independent and objective assurance on “System Integrity” had not been obtained.

106. In the Headquarters, the number of Agresso users was 606 and in the field offices there were 108 users.

107. As regards use of Agresso by the field offices, the External Audit noted that out of 51 UNIDO field offices, only 21 were using AGRESSO for recording of transactions directly in the FPCS, while the remaining sent scanned copies of documents through email to the branch concerned. Out of 30 Imprest Account Holders, only one Imprest Account Holder was entering data directly into FPCS while the remaining 29 were sending information through Email. Similarly, most of Management reports were prepared in Excel and the FPCS was not being used for generating Financial Statements.

108. The External Audit was informed that some of the Field Offices did not have the staff and where the staff was available, they did not have the capacity and skills to use the FPCS. The RSF Division initiated training programme for the staff in the FOs. Two trainings had been conducted for the staff in the Africa region.

109. UNIDO has notified an information policy. The objectives of the policy are introducing necessary control mechanisms to ensure the integrity of the systems and databases, setting standards, policies and procedures relating to the development and application of information systems and tools.

110. The Interim External Audit Report issued in 2009 had pointed out that the system administrator was placed in the Financial Services Branch whereas the overall responsibility of maintenance of the IT systems rested with ICM branch. The External Audit appreciates that UNIDO has now set the anomaly right and the system administrator has been placed in the ICM branch. In order to ascertain the effectiveness of upgraded version, the External Audit circulated two questionnaires for system administrators and general users respectively. In its response the ICM informed that Agresso 5.5.3 had enabled better support for IPSAS compliance by introducing electronic workflows for requisitioning and obligation process.

111. The External Audit will review the setting up of the upgraded version of Agresso in the light of additional requirements emanating from the adoption of IPSAS.

112. **The External Audit recommends that:**

- **i. Management may undertake a comprehensive programme for training of personnel in Field Offices.**
- **ii. The IT systems need to be dovetailed with the Change Management Initiative.**
- **iii. Management may arrange an independent assessment of the system integrity.**

Fraud and Cash Write-Offs

113. Management reported to the External Audit cases of cash write off amounting to €38,036 and US$ 14,681.64 during the biennium 2008-2009.

Ex-Gratia Payments

114. In terms of UNIDO Financial Regulation 9.3, the Director-General may make such ex gratia payments as he deems to be necessary in the interest of the Organization. A statement of such payments shall be submitted with the final and interim accounts.

115. Ex-gratia payments amounting to €24,148 were made during the biennium 2008-2009. The break up was as follows:

- Ex gratia payments amounting to €2,818 were made as reimbursement of expenses for a high-level speaker from a non-member state of UNIDO, at the thirteenth session of the General Conference out of the General Fund and Working Capital Fund.
- From Other Headquarters Funds, an ex gratia payment of $30,000 (€21,330) was made to the family of a UNIDO employee who lost his life in the bomb attack of UN offices in Algeria.

Compliance of the External Audit Report for the Biennium 2006-2007

116. Our review of the compliance of the External Audit Report for the biennium 2006-2007 is at Annex B.

Acknowledgement

117. The External Audit is thankful to Management and staff of UNIDO for their cooperation and assistance during the course of audit.

[*Signed*]
(Tanwir Ali Agha)
Auditor General of Pakistan
External Auditor

1 June 2010

ANNEX I

MANAGEMENT RESPONSE TO THE RECOMMENDATIONS OF THE INTERIM AUDIT REPORT

The following is the latest implementation status of Recommendations of Interim Audit Report for the year ending December 2008:

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
1	2.9(i)	An audit committee may be formed to examine the internal audit and investigative reports and monitor the implementation of recommendations of the IOS.	Member States indicated during the 25th PBC that the decision on the creation and mandate of an Audit Committee is their prerogative. There are no financial resources foreseen for that purpose in the 2010-2011 budgets. The document on generally accepted audit committee principles and some identified good practices (endorsed by the Representatives of Internal Audit Services of the UN system organizations, multilateral financial institutions and other associated organizations –RIAS- in September 2008 and presented to the HLCM) was noted by Management.	The External Audit still maintains that incidences of control failures reported by IOS and slow pace of implementation of IOS recommendations make it imperative for setting up an audit committee. UNIDO may align itself with UNGA Resolution 60/248 of 1 Feb 2006 and set up an Independent Audit Committee.[5]
2	2.9(ii)	Adequate resources may be provided, consistent with the Charter and workplan of IOS.	Budget: The UNIDO budget to which IOS is a part as a separate programme (and as described here), was formally approved by the General Conference in December 2009, is based on zero-growth. Compared to 2008-2009, the 2010-2011 IOS budgets are marginally increased. There is no change in staffing level and number of posts; an additional EUR 20 K is foreseen for IOS official travel and experts/ consultants (to approx. EUR 61 K and EUR 41 K respectively for the 2010-2011 biennium). Activity Report: An update as of 31 August 2009 was provided in September 2009 and shared with the External Auditor in September 2009. IOS is currently working on a	No further comments.

[5] 4.3.1.3 Recommendation No 3 (page 11) of A/60/883/Add.2

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
			consolidated and updated year 2009 document, which will be provided to the EA once completed and issued to the Director-General. Catering: IOS maintains its explanations and position.	
3	2.9(iii)	Internal Oversight Manual of UNIDO may be developed in the light of international best practices.	No major progress made in view of available resources in IOS and new high priority and risk investigative work, which emerged since the last External Auditor visit. IOS maintains its position regarding the different needs and professional requirements of its internal audit and investigative activities, and hence different reference documents for each of these activities. Internal Audit: IOS is with its current 'generally compliant' with the particular standard regarding policies and procedures (# 2040) – IOS will additionally write a narrative taking into account the newer IIA standards and its new administrative software – resources and work priorities permitting. [It should be noted that the rating on standard #2040 differs from the overall rating given by the IIA regarding conformance of IOS with all IIA standards (report IOS 08/03 and IIA opinion refers)]. Investigative work: The internal SOP document is in final draft review; The detailed procedures for enhanced compliance with GEF standards is in development.	The External Audit feels that manual as an institutional guide may add value to IOS work.
4	3.7(i)	Annual Procurement Plan may be prepared and approved within the time limit stipulated in the Procurement Manual	The audit findings and recommendations are agreed to.	Subsequent External Audit teams will follow up progress.
5	3.7(ii)	Procurement function may be computerized with a centralized database for all procurement activities. It may also be linked with Agresso throughout the	Requisitioning and goods receipting workflows have been introduced in Agresso 5.5. Complete computerization is one of the priorities in implementation	Subsequent External Audit teams will follow up progress

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
		process. System of electronic approvals during the procurement process also needs to be institutionalized.	of the Change Management Initiative and implementation of a new ERP.	
6	3.7(iii)	Process of recruitment for the position of Chief of Procurement, vacant since November 2007, may be completed expeditiously.	Recruitment completed in June 2009. The Chief of Procurement reported for duty on 23 September 2009	Compliance noted.
7	3.7(iv)	Repeated waivers on the grounds of proprietary and standardization may be discouraged.	Waivers are not encouraged. Waivers constituted only around 6.8% of all 475 contract awards in 2008 Each request for waiver is thoroughly reviewed by the Procurement Services Unit in line with the provisions of the Financial rules & Procurement manual Only properly justified requests are submitted by the Procurement Services Unit for approval by the Procurement Committee and MD/PSM The number of waivers on the basis of proprietary and standardization in 2008 was only 7 out of a total 36 waivers. 5 of them were for HQ, where the new requirements are built up to supplement existing systems Standardization of requirements is an important element of the procurement policy which, results in reduced procurement costs, time and increased efficiency It is acknowledged that granting a waiver is an exception and hence the due process through the Procurement Committee. UNIDO however maintains that not the contract values, but the merits/grounds of the waivers shall provide a basis for determining how soundly the provisions of the Financial Regulations & Rules have been applied.	The External Audit still maintains that waiver is always an exception to general principle of Procurement through competitive bidding. Although Management has indicated that waivers constituted only around 6.8% of all 475 contracts awards in 2008, the External Audit has observed that: Total waivers during 2008-2009 amounted to €26,295 thousands. Total Acquisitions and Operating Costs and Contractual Services during 2008-2009 amounted to €147,745 thousands. Waivers as Percentage of total Acquisitions and Operating Costs and Contractual Services comes to 18%. It appears that in terms of overall value of procurement, waivers were given in one sixth of the cases.
8	3.7(v)	Market research/surveys may be conducted to identify competent and technically qualified bidders to ensure that enough bidders participate in the competitive process. At the time of identifying	Procurement Services Unit applies open international solicitation as preferred solicitation method. In this method solicitation documents are placed on various internet sites and are open to all qualified	No further comments.

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
		suppliers from the Suppliers' Roster of UNGM, efforts may be made to shortlist vendors with a reliable track record in terms of responding to the bids and actual delivery of supplies.	suppliers Limited solicitation based on the short lists of suppliers may be only used in cases when open solicitation is not possible UNIDO has its vendor roster in UNGM. Only the vendors meeting general qualification requirements are registered. Currently UNIDO has in excess of 2,100 vendors registered in its roster in UNGM UNGM automatically notifies subscribed registered vendors by e-mail of new solicitations published by UNIDO In addition to UNGM registration market surveys are carried out in cooperation with substantive office when required, subject to time and resources constraints As explained in the earlier Management's response, the Financial Regulations & Rules consider open solicitation as the preferred method of acquisition of goods and services. Thus, OSS is of the considered opinion that, creating a shortlist of vendors will not only counter the intent and purpose of the Financial Regulations, but it will also create uneven playing field to the disadvantage of new and capable vendors.	
9	3.7(vi)	Procedures in the Procurement Manual need to be geared to limit the discretion of Procurement Officers in defining the number of suppliers for Request for Quotation, and for the finalization of the list of suppliers, in case of limited solicitation.	Procurement officers are sufficiently qualified to establish, depending on the type of requirement, the number of suppliers to be invited for low cost procurement. The Procurement Services Unit endeavours to maximize competition by inviting as many companies as feasible, in light of the nature and type of the relevant procurement. Thus, the number of invitee companies is sought maximized, and takes into account suggestions made by the substantive office. For decentralized procurement, the	Subsequent External Audit teams will follow up progress.

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
			number of invitees should normally be in the range from 3 to 6 (Chapter III, para. 6.4 of UNIDO Procurement Manual). Notwithstanding the above, as part of the ongoing Change Management Initiative, relevant provisions of the UNIDO Procurement Manual are likely to be refined, including provisions in respect to decentralized procurement.	
10	3.7(vii)	If a contract is to be awarded that involves future phases as well, this fact should be clearly mentioned in the solicitation documents to ensure equal opportunity and level playing field for all bidders.	EA's observation noted	The External Audit would continue to watch the implementation of this recommendation
11	3.7(viii)	UNIDO has started procurement training for staff in 2008 followed by an on line test. It is recommended that only those officers be allowed to undertake procurement activities who qualify the test.	Delegation of procurement authority is issued only to those staff who passed the test 278 (HQ and Field) staff members have passed the test already	No further comments.
12	3.7(ix)	For all acquisitions, neutral, clear and preferably performance oriented specifications should be determined, in line with the provisions of Paragraph 3.1, Chapter 2 of the Procurement Manual, so that the goods and services procured match the actual requirements of the organisation. Due care should be exercised in defining the deliverables of contracts so that all the requirements are converted into measurable outputs.	Covered under response to Interim Report (2008) (Audit recommendation noted for compliance.)	The External Audit would continue to watch the process of procurement.
13	3.7(x)	Financial evaluation should be carried out by the authorised officials only.	In line with the UNIDO Procurement Manual, all financial evaluations are carried out by procurement officers who are authorized officials In case of complex requirements substantive officers are contacted to provide inputs EA's observation noted	The next audit would verify such assertions on test check basis while looking into the procurement.

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
14	3.7(xi)	In case of advance payments appropriate guarantees must be obtained	UNIDO Financial rules do not exclude advance payments without bank guarantees. the rules stipulate that bank guarantees should be obtained ‘to the extent possible’ It is normal commercial practice that in contracts for services, an advance payment is made to the contractor, to release funds for mobilization activities The risks related to such payments are limited since the Procurement Services Unit verifies references, financial status and strength of the contractor before contract award. It should be mentioned that there have been no cases in UNIDO practice when advanced funds were lost due to contractors’ default. For large complex contracts the Procurement Services Unit always obtains performance bank guarantees covering the advance payment	Advance payment without security could entail a risk. Such risk should be mitigated in procurement of goods and services. Subsequent audits would continue to follow up progress.
15 16 17	4.4(i) 4.4(ii) 4.4(iii)	The accounting records provide adequate classified information on all acquisitions. The accounting information on physical assets is used for developing inventories of physical assets. There is no periodic reconciliation between the financial record of assets and the physical inventories.	IPSAS compliant systems introduced in January 2010 provides for periodic reconciliation between the financial records and the fixed assets register	Next Audit would verify such Management assertions after implementation of IPSAS
18	4.4(iv)	Physical verification of the NEP is conducted with reference to the central accounting record maintained by the Finance Branch.	A comprehensive reconciliation of UNIDO HQ and Field Office inventories was conducted in 2009 in line with the established procedures. All cases were submitted to the Property Survey Board and after thorough review approved by Management	No further comments.
19	5.11(i)	In the Travel Unit, a performance measurement system may be instituted to regularly and effectively evaluate the performance of CWT.	Customer Satisfaction Survey produced positive results. The results of the Survey were reviewed and discussed with the Travel Agent. Survey is available with OSS/GES. The Service Level Agreement is being discussed by the VBOs with the Travel Agent and will become part of the Travel	No further comments.

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
			contract which was extended in April 2010.	
20	5.11(ii)	Travel Unit needs to ensure that all refunds/rebates, credits and reports are received within the time limits specified in the contract.	The Lead Organization for the joint travel contract, CTBTO, has officially confirmed to the Travel Agent extension of the contract. All issues concerning receipt of refunds/rebates, credits and reports were agreed by CTBTO, UNOV, UNIDO and the Travel agent. CTBTO is issuing text of the amendment in May 2010.	Next audit team will verify
21	5.11(iii)	As provided in the TOR of the contract, a third party Point-of-Sale audit of airfares may be carried out. The receipt of refunds, the amendments in the contract, and the improvements to the monitoring of travel operations in UNIDO.	Final Third Party Audit Report submitted in the end of March 2010 and is being reviewed by OSS/GES. The Report is available with OSS/GES	No further comments.
22	6.7(i)	While resorting to short term appointments, care should be taken that practice does not contraindicate policy on the subject, and the commitment, responsibility and accountability that come with longer fixed term appointments may not be compromised.	UNIDO continues to monitor the utilization of short-term appointments in 2009 against fixed-term posts. During the period from 1 January to 31 December 2009, there were **78** individuals recruited on short term appointments. Out of these, **40** individuals were employed against **38** established posts, including **5** individuals against established posts in UNIDO field offices, **28** individuals against established posts at HQs (excluding BMS), and **7** individuals against established posts in Building Management Services (BMS). In this regard, it shall be noted that in the case of **32** established posts used for short-term appointments in 2009, short-term contracts were used to bridge the gap while regular (long-term) recruitment was in progress, which is in line with the UNIDO policy and 300-series staff rules governing short-term appointments. For **25** (20 HQs, **5** Field) of such posts recruitment has been completed	No further comments.

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			and they have been filled with fixed-term staff and 7 posts at Headquarters (5 of them in BMS) are still under recruitment as of 07 April 2010. Out of the **6** remaining established posts used for short-term contracts, 2 have been abolished at the end of 2009, one is budgeted at 50% only. The remaining 3 were not approved for recruitment and are at Headquarters (2 of them in BMS and 1 in RSF).	
23	6.7(ii)	Appropriate timelines for finalization and submission of Annual Training Plan may be incorporated in the proposed Learning Policy.	The Proposed Learning policy has been amended to indicate that HRM will initiate the process of a divisional learning needs assessment in the third quarter of the year preceding the calendar year to which it is applicable. Each Branch Director will assess the learning needs of their staff and submit their requirements through the relevant Managing Directors within a four week timeframe. The resulting plan will be prepared by HRM and presented to the Director-General for approval in the last quarter of the year. The Process described above was applied for the preparation of the 2010 Plan which had been approved by the Director-General for implementation.	No further comments.
24	6.7(iii)	Adjustments in the Annual Training Plan may be provided for in the proposed policy so that the flexibility available in the existing policy is retained.	The following clause to accommodate the Ref.6.7(iii) is included in the proposed learning policy: “The responsibility for administering the learning budget is centralized in HRM. HRM will use the allocated learning budget for implementing the annual learning plan and other learning activities as approved by Management. It is also recognized that it is not always possible to identify all training needs in advance; where the need arises, HRM will accept requests unforeseen at the time of preparing the plan or make adjustments in the	No further comments.

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			implementation of the plan after discussions with the relevant managers, providing the adjustments are within the limits of allocated financial resources and are consistent with the provisions of the learning policy".	
25	6.7(iv)	On-line courses be developed and delivered for the field office staff.	A provider has been identified for the development and production of computer-based training courses on a number of subjects such as procurement procedures, Results-Based Management, technical cooperation procedures, and financial rules and regulations. The needs of field staff and the way in which the on-line course will be delivered to them were taken into account in the preparation of the terms of reference and will be taken into consideration in the instructional design and production. A presentation recording software has been purchased and used to produce e-learning on International Public Sector Accounting Standards, transactions in the Financial Performance Control System and orientation to UNIDO. The resulting products have been made accessible to all staff at Headquarters and in the Field.	Compliance noted.
26	7.8(i)	While implementing the decentralization initiative the operational requirements of the field offices may be kept in view so that speedy and effective implementation of projects and programmes is ensured.	Making more use of the increasing capacity of field offices in TC delivery is progressing and UNIDO has in 2009, through DGB 108, ensured that international staff of field offices are engaged in the PTC unit/branch compacts to increase delivery by field based staff on one hand, and to increase efficiency of TC delivery of UNIDO on the other hand. In view of the above this item is still pending finalization	Subsequent audits will continue to review the progress.
27	7.8(ii)	For implementing such projects in future, it may be advisable to consider deployment of some resources as well as expertise, both indigenous and international, for identifying workable Human resource Development Strategy	The operation of established UNIDO Desks is continuing and new field units of this nature are being established as a means of a cost effective field presence of the Organization. While the agreement	Subsequent audits will continue to follow up progress.

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		which is likely to be successful in the cultural and political milieu of the target country.	between UNIDO and UNDP establishing these units ended in 2009, and has also been subjected to a joint evaluation, the increased integration of these units at the level of TC formulation and delivery is an area where UNIDO is making progress. In view of the recent restructuring also the field office coverage are being reviewed to ensure that all field units, including Desks, operate optimally. Required adjustments are still being considered and related decisions implemented and therefore this item is pending finalization.	
28	8.7(i)	Ceiling of WCF may be fixed at a level that late receipt of contributions may be accommodated.	The rules governing the use of the WCF are seen by Management as appropriate. Management certainly would make use of the WCF to finance approved budgetary activities in case of a critical cash shortfall. However, any such withdrawal should be done under the condition that there is a sufficiently high likelihood of the replenishment of the fund within the stipulated timeframe. It is against this consideration that bridge-financing late collections are only an option if the lateness is not more than a few months and that there exists an assurance that the late payment will indeed come. The bridge-financing cannot be applied to those contributions that are eventually paid a few years after the due date (on average 7 per cent of the appropriation). If used for substituting for such contributions there is a risk of a similar delay in the replenishment of the WCF, which would then gradually diminish and could no longer fulfil its purpose. In respect of the appropriate ceiling of the WCF the ultimate decision is made by Member States on a biennial cycle. Member States have not changed the limit for there was no credible case that would have substantiated a	No further comments.

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
			requirement for higher levels.	
29	8.7(ii)	Suitable amendment may be made in the Financial Regulations to allow the UNIDO Management the flexibility to replenish the withdrawals from the WCF in the 12 months period following the fiscal period in which the withdrawal was made.	Same as at Serial No. 28 above	No further comments.
30	8.7(iii)	Management may like to consider the option of utilizing the WCF to bridge finance late collection of assessed contributions.	Same as at Serial No. 28 above	No further comments.
31	10.5(i)	IPSAS implementation may be accorded priority. Management needs to ensure that resource constraints do not hamper IPSAS implementation.	IPSAS ready processes were rolled-out in FPCS from 1 January 2010 with the opening of financial periods for 2010	The External Audit appreciates Management efforts in this regards
32	10.5(ii)	Specialists be hired and dedicated to undertake the task of IPSAS implementation on a full time basis, to streamline and facilitate the implementation process.	Additional dedicated resources are on board in both FIN and ICM to carry-out IPSAS implementation tasks, in particular in the areas of policies, systems, processes, instructions and training for IPSAS readiness by 1 January 2010.	The External Audit appreciates Management efforts in this regards
33	11.8(i)	Before migrating to the new version of the FPCS, the business processes and the system requirements under IPSAS may be carefully defined to avoid the risks identified in para. 11.7.	Though the upgrade of the AGRESSO was not tantamount to a full implementation of an ERP (as described in the Interim Audit Report for the Year 2008* Para. 11.7), great care was taken in the upgrade of the AGRESSO from v5.4.3 to v5.5.3, also in light of known IPSAS business and systems requirements, with the initial stages of the upgrade beginning in the Fall of 2007 and culminating in the successful upgrade to the new version on 1 July 2009.	No further comments.
34	11.8(ii)	Improved coordination between the ICM and the FIN Branches may be ensured for successful transition to new systems.	Coordination between ICM and FIN has been demonstrated, inter alia, by the team work for the successful upgrade of the AGRESSO from v5.4.3 to v5.5.3 and the ongoing definition of requirements for IPSAS.	No further comments.

Sr No	Ref	Interim Audit Report (2008) Recommendations	Status as of 1 April 2010	Further Audit Comments
35	11.8(iii)	The roles and functions of ICM and substantive branches with regard to system design, development, operations, and maintenance may be defined clearly for optimal utilization of the IT systems.	The roles and functions of ICM are defined in the document UNIDO DGB/(0).95/Add.4 dated 29 February 2008. Additionally, the ICT Policy is written with due regard to these defined roles and functions of ICM.	No further comments.
36	12.7(i)	Overall cost–benefit analysis covering all the cost elements including the one time and recurrent costs may be carried out.	EA's observation noted.	No further comments
37	12.7(ii)	(ii) The key elements of UN outsourcing policy as well as a workable formula to distribute the service provider's charges among the beneficiaries (VBOs) may be kept in view for moving towards outsourcing the BMS.	VBOs through CCS continue review of this complex subject	No further comments

ANNEX II

FOLLOW-UP OF THE RECOMMENDATIONS MADE IN THE PREVIOUS EXTERNAL AUDIT REPORT (External Audit Report for the Fiscal Period 2006-2007)

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
1	**Internal Control Framework:** Management committed to examine the Internal Control Framework during 2008-2009 within the ambit of enterprise risk management.	9	ODG/COR – Early 2009, a comprehensive Change Management Initiative encompassing the entire Organization, was launched and various documents were prepared on the initiative which provided information among others, on the need for comprehensive change. A Feasibility Study was also carried out which provided various recommendations to improve efficiency and effectiveness of the Organization. The General Conference in December 2009 noted the unique situation faced by Organization and approved resources to take the process forward. Early 2010, the Programme for Change and Organizational Renewal (PCOR) along with a governance structure was launched to address all issues/challenges in a holistic and systematic manner. Various actions are currently underway to address issues relating to People and Culture, Operational Improvements and ERP Implementation, as well as Knowledge and Risk Management. During 2009, a comprehensive document on UNIDO's Internal Control Framework, which is currently in the final stages of issuance, was also prepared.	As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further pursued under that report.
2	**Internal Control Framework:** Requirements of the Global Environment Facility fiduciary standards on monitoring of projects-at- risk had been reviewed, with the gap analysis for the monitoring of projects during the project cycle already executed. Further work to carry this	9(c)	ODG/COR – Towards the end of 2009, detailed information on the actions taken by the Secretariat to comply with the GEF fiduciary standards as well as an action plan was submitted to the GEF Council. This was accepted and UNIDO was requested to provide to the Council, annually, information on progress made towards fulfilling their action plan based upon the	As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further pursued under that report.

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	initiative forward was expected in 2008, with reference to enterprise risk management.		timeframes and details outlined. The requirements of the GEF fiduciary are now being addressed under the Programme for Change and Organizational Renewal. Also during 2009, measures were taken to introduce Enterprise Risk Management in the Organization. The first phase comprising identification and assessment of risks and opportunities, as well as preparation of an action plan to institutionalize risk management was concluded in December 2009. The roll-out phase will be conducted over the next few years.	
3	**Internal Control Framework:** The programme development and technical cooperation division was in the process of further clarifying the managerial and administrative responsibilities of its middle management, such as directors and unit chiefs, so that the necessary accountability could be established at an appropriate level within the division.	9(c)	PTC/OMD PTC Unit Compact, a web-based activity planning database system, was developed during 2009, which led to a development of the Division's annual workplan for the year. The same system, with some modifications, is to be used for the Division's 2010 annual workplan development. However, due to the organizational restructuring as well as various activities related to the Change Management Initiative, the envisaged planning exercise has been delayed till April 2010. Separately from the above, the Division initiated PTC Directors' TC Review Seminars as of Feb. 2010 (taking place every other week), where all project concept proposals are reviewed and discussed among PTC Directors for proposals to be cleared for further approval processes. Although formal review of it to be conducted in the coming months, this new initiative seems to be positively contributing to increasing Directors' involvement & responsibility in project formulation and better quality of project proposals/concepts.	Compliance status noted. As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further pursued under that report.

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4	**Internal Control Framework:** The terms of reference for unit chiefs were about to be issued by the human resource management branch, which should also assist in defining clear responsibilities of unit chiefs in the future.	9(c)	PSM/HRM: The terms of reference for unit chiefs in former PCF, currently named RSF, were finalized and posted on the intranet in March 2009.	Compliance Verified
5	**Internal Control Framework:** The possibility to implement e-filing for expenditure incurred through imprest accounts would be explored first for imprest accounts and later extended to field inter-office vouchers, if possible.	9(d)	PSM/ICM: Training plans for AGRESSO v553 (all levels) and IPSAS were extensive in late 2009 with a plethora of HQ and FO staff trained. These efforts continue in 2010. The Organizational general Learning Plans can be found on http://intranet.unido.org/intra/Organizational_Learning The continuing AGRESSO v553 (all levels) and IPSAS ongoing training plans can be found on http://intranet.unido.org/intra/Room_Reservation/D1070 Training material for on-line training of staff at Head Quarters and field offices was developed in November and December 2009 and can be found on http://intranet.unido.org/intra/IPSAS/Training/IPSAS_eLearning http://intranet.unido.org/intra/E-learning	No further comments.
6	**Internal Control Framework:** As regards performance assessments at the level of projects, management concurred that managerial and administrative matter could be treated in some more depth when performing project reviews and undertook to assign it increased significance.	9(g)	IOS: It should be noted that IOS does not receive any funding from projects for any review, managerial, financial, operational, compliance or else. IOS nevertheless conducted administrative and managerial reviews of projects for some projects considered 'high risk' and when IOS had available resources, e.g. for ITPO Italy, ITPO Greece or projects funded by the Iraq Multi-Donor Trust Fund. EVA: In line with the ODG/EVA Work Programme 2010/2011 it has been decided that Country Evaluations will in addition to evaluating projects and programmes implemented in the	As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further pursued under that report.

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
			country also cover an assessment of the Field Office or other form of field representation and efficacy of various management functions/tools such as Imprest Accounts. The external Peer Review of the evaluation function of UNIDO is now finalized (copy of the final report attached). A key finding of the Peer Review panel was that UNIDO's evaluation function generally meets the UN/DAC standards of independence, credibility and utility	
7	**Internal Control Framework:** Management also drew attention to the recent establishment of a working group by the UNIDO joint advisory committee that would align the existing individual performance appraisal system to reflect better RBM principles and would harmonize practices in the divisions so that individual performance objectives were clearly formulated based on divisional and branch performance objectives. Team work would also be addressed in this context.	9(g)	PSM/HRM: The working group has completed its deliberations and has submitted a proposal for a new Staff Performance Appraisal System for UNIDO to the JAC for discussion and subsequent recommendation to the Director-General. The proposed system will be considered in the context of the programme for change and organizational renewal. One prerequisite for its implementation is appropriate IT facilities.	As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further perused under that report.
8	**NON-EXPENDABLE PROPERTY:** Inventory records are still not systematically reconciled to the accounting system to ensure its completeness and accuracy.	16	PSM/OSS: IPSAS compliant systems introduced in January 2010 provide for periodic reconciliation between the financial records and the fixed assets register. On line training material prepared and the HQ and Field staff trained.	Since the current biennium report contains similar observation, the matter would be further pursued under that report.
9	**NON-EXPENDABLE PROPERTY:** Operational Support Services Branch, in cooperation with the Financial Services Branch and the Information & Communication Management Services Branch, would continue its work on systematic reconciliation of	17	Same as above.	Since the current biennium report contains similar observation, the matter would be further pursued under that report.

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
	the inventory records to the accounting system through further integration of the AGRESSO accounts and fixed asset modules.			
10	**RBM data collection system:** A methodology for impact evaluation that was tailored towards UNIDO themes and delivery modes was under development.	28	EVA: In 2009 the Executive Board endorsed an action plan to meet GEF requirements in the context of results-based management improvements to the UNIDO TC cycle. Taking stock, inter alia, of the experience made with the RRS, this action plan includes 27 action points, of which 15 are dealing with programme/project and portfolio monitoring. Moreover, the need for improvement of UNIDO's monitoring system has become a top priority under the UNIDO Change Management Initiative. In March 2010 the DG created an inter-organizational working group that develops concrete proposals for an improved results monitoring and reporting system. The Evaluation Group presented the results of the two impact evaluations conducted in 2009 (SKIPI Uganda and standardization Sri Lanka) at a special technical seminar organized by the MD/PTC in March 2010 for the entire PTC Division. Evaluation results are currently being mainstreamed by the respective PTC branches. Based on the experience made, EVA is further developing its methodologies for impact evaluation and will host a special event on impact evaluation at the forthcoming Annual Meeting of the UN Evaluation Group.	As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further pursued under that report.

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
11	**RBM at field offices:** Baseline information has yet to be determined to be able to rank field offices' performance according to the categories of those achieving baseline results and those exceeding it or coming in below target.	30	RSF: Following the previous initiatives of RSF/RFO in relation to RBM, the branch, including the Regional Programmes and all UNIDO field offices and desks, have continued to ensure annual country specific workplans, based on RBM principles, for all countries of coverage. The current exercise in 2010 has already resulted in some 127 submissions. Moreover, during the latest Global Meeting of the UNIDO Representatives, held in December 2009 in Vienna, a special one-day programme was scheduled focusing on RBM and its applicability and functionality from the field perspective. The basis for the discussions was the completed yearly workplans for the past two years. While some adjustment to the form and content may be envisioned, the functionality of the workplan was in fact once again confirmed in principle by the external expert facilitating the training session for the URs. As part of the next steps, attempts will be made to ensure continuous monitoring of the achievements while also a uniform reporting process will be focused on to ensure, among others, that submitted reporting can be digested and information provided reused as part of proper management of the field based activities.	As the External Audit report for the biennium 2008-2009 contains comments on Change Management Initiative, the matter would be further pursued under that report.
12	**Internal Oversight Services:** The hotline and reporting tool now require Institutionalization towards achieving effective whistle blowing.	Annex 1	IOS: The comprehensive reporting mechanism has been in place since February 2009 on the Infobase and since March 2009 on the UNIDO website. The mechanism encompasses elements which have already been in place for many years, i.e. by physical mail, through the dedicated Hotline email address, personal visits to IOS offices, and by fax. It has been expanded with new elements: a dedicated telephone number to leave voice messages, a web-based anonymous	Compliance verified

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
			reporting facility, and devoting the available IOS fax solely to the matter. The mechanism is documented and accessible through dedicated web-pages, accessible from the Infobase and from the UNIDO website (front page, as well as menu on each webpage). Additionally, IOS also introduced a fraud alert page (in English and French) warning about the misuse of UNIDO's name in advanced fee scams. IOS regularly updates the page with the latest schemes observed. This page is accessible on the IOS page in the intranet, as well as on the UNIDO website: front menu and bottom of each. All staff of the Organization, whichever their status and location, has been informed in an email which included the links to the corresponding web-pages. Resources permitting, IOS will work on improving the languages offered by the reporting mechanism further.	
13	**Internal Oversight Services:** In compliance with the Institute of Internal Auditors (IIA) standards, an independent external quality assessment of the IOS is required at least once every five years. The external quality assessment now being overdue remains cause for concern.	Annex 1	IOS' investigation activities follow the Uniform Principles and Guidelines for Investigations (UPG) (and not the internal audit standards). The newer version was endorsed in June 2009 at the 10th Conference of International Investigators (CII) and "acknowledges the need for Investigative Offices to periodically undergo an external quality assessment (…)". In light of the June 2009 UPG and learning from the recent peer review experience of several CII members, IOS considered a similar peer-review process. In view of unforeseen high risk allegations received in late 2009 and subsequent necessary and on-going fact-finding (at the time this answer is provided), IOS had to postpone it; assuming that no new high risk situation will emerge, it is	Compliance verified

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
			foreseen that this peer-review will be completed by end 2010, and related costs (travel, DSA) will be covered from IOS' consultancy funds.	
14	**Non-expendable property:** Management of non-expendable property at the field offices is in need of some improvement. The effect of the manual in improving property management at the field offices is yet to be assessed.	Annex 1	PSM/OSS: Overall verification of UNIDO assets was completed in June 2009 within the framework of IPSAS implementation. Based on the verification reconciliation of the fixed assets register was done in accordance with the existing rules	Compliance verified.
15	**Procurement:** Procurement plans were incomplete and the organization could enhance their use as management and monitoring tools. Procurement plans were finalized. However, difficulty was still experienced in collecting the necessary inputs from all users in order to use these plans effectively as a management and monitoring tool. The benefits from effective management and monitoring of procurement are yet to be realized	Annex 1	PSM/OSS: A complete procurement management tool is being considered within the framework of the Change Management Initiative (CMI). However, given the importance of procurement, and as part of the Quick-Win efforts initiated by the Organization, PTC in collaboration with PSM is carrying out enhancements on the PTC Unit Compact to include a platform for capturing divisional procurement planning data as an interim measure. The enhanced functionality is near completion and it is expected to be rolled-out by end of May 2010. This functionality will be integrated into the procurement management tool being considered within the CMI.	Subsequent External Audit teams will follow up progress
16	**Environmental Policy and Management Strategy** UNIDO has not developed and implemented a formal environmental policy and management strategy The matter remains under review until such time as the organization formally develops and implements a comprehensive environmental policy and management strategy	Annex 1	PSM/OSS: The implementation of this environmental initiative remains in Management's focus. UNIDO is working closely with the Issue Management Group (IMG) on Sustainable Management in the UN System and intends to prepare a comprehensive Emissions Reduction Plan/Policy for review by Senior Management by the end of 2010. In terms of implementing a Sustainable Management System, the UNIDO Climate Team is awaiting the results from the working group on this issue,	Management to report results of the new initiative to the External Audit.

Sr No	Recommendation	PBC.24/3 reference	Updated compliance status as of April 2010	Further Audit Comments
			constituted as part of the IMG on Sustainable Management in the UN System and will look to incorporate any feasible suggestions	
17	**End-of-service and after-service health insurance liabilities:** Budgetary provision has not been made to cover the estimated costs of contingent liabilities for end-of-service payments to staff. Similarly, liabilities in respect of after-service health insurance have not been fully funded. The matter remains under review. No progress has been made.	Annex 1	PSM/FIN: The ASHI liabilities together with repatriation benefits and accrued annual leave were actuarially valued as of 31 December 2009 for disclosure in the 2008-2009 biennium Financial Statements (ASHI only). With the adoption of IPSAS as of 1 January 2010, the total liabilities will be brought to account when establishing IPSAS compliant opening balances.	Subsequent audit would verify the treatment of these items under IPSAS.

ANNEX III

OPINION OF THE EXTERNAL AUDITOR ON THE FINANCIAL STATEMENTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION FOR THE BIENNIUM ENDED 31 DECEMBER 2009

To: The President of the Industrial Development Board

I have audited the appended Financial Statements comprising Statements I to IV, Schedule 1 to 4 and the supporting notes, of the United Nations Industrial Development Organization (hereinafter, "UNIDO") for the financial period ended 31 December 2009.

The Director-General, in accordance with UNIDO's Financial Regulations, is responsible for preparing the Financial Statements. Under Article XI of the Financial Regulations, the External Auditor is required to express an opinion on these Financial Statements based on his audit.

I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of UNIDO as of 31 December 2009 and its financial performance, cash flows and status of appropriations for the biennium then ended in accordance with UNIDO's Financial Regulations and Legislative Authority.

In accordance with Article XI of the UNIDO's Financial Regulations, I have also issued a long-form report.

[*Signed*]
(Tanwir Ali Agha)
Auditor General of Pakistan
External Auditor

Date: 01 June, 2010
Islamabad, Pakistan

ANNEX IV

FINANCIAL STATEMENTS FOR THE BIENNIUM 2008-2009 ENDED 31 DECEMBER 2009

Report by the Director-General

The financial report for the biennium 2008-2009 is prepared and submitted in accordance with Article X of the financial regulations. The present report is based on the programme and budgets 2008-2009, as adopted by the General Conference at its twelfth session (decision GC.12/Dec.16), consisting of gross expenditures of €159,638,038, to be financed from assessed contributions in the amount of €154,623,038 and other income of €5,015,000.

The financial implementation of the approved programme and budgets is dependent on the actual level of cash resources available during the biennium, including the timing of payment of assessed contributions. Actual assessed contributions received and the amounts assessed in accordance with General Conference decisions with comparative figures for the previous biennium are shown below in millions of euros.

	2008-2009		***2006-2007***	
Assessed contributions receivable	154.6	100.0%	*150.8*	*100.0%*
Assessed contributions received	145.1	93.9%	*141.1*	*93.6%*
Shortfall in collections	9.5	6.1%	*9.7*	*6.4%*

Following the trend in recent years, I am pleased to report that the rate of collection of assessed contributions for the biennium 2008-2009 was 93.9 per cent, an increase of 0.3 per cent over the biennium 2006-2007. The accumulated outstanding assessed contribution at period end was €44.6 million, excluding an amount of €71.2 million due from former Member States, leading to a decrease from the previous biennium amount of €48.4 million. So far 11 Member States have entered into payment plan agreements to steadily reduce their arrears totalling €13.8 million of which six have successfully completed their obligations. As a result of the above, the number of Member States without voting rights remained unchanged at 36 in December 2009 from previous biennium end. This is the lowest number recorded in UNIDO since 1992. I would strongly encourage those Member States having difficulties in meeting their obligations to contact the Secretariat to enter into payment plan negotiations.

The regular budget expenditures during the biennium 2008-2009 amounted to €144.4 million or 90.5 per cent utilization of the €159.6 million gross approved expenditure budget. Actual collection of budgeted income amounted to €0.5 million government contribution to the cost of the field office network and €3.1 million under miscellaneous income against a budgeted amount of €1.9 million and €3.1 million, respectively. After taking into account the miscellaneous income not estimated in decision GC.12/Dec.16, the total net expenditures of €142.2 million represent 92.0 per cent of the net regular budget appropriations of €154.6 million. The resulting balance of net appropriations at 31 December 2009 amounted to €12.4 million (refer to Statement IV).

Expenditures under the regular budget were lower than the cash resources available, largely due to an underspending of staff costs both because of a higher than budgeted vacancy level that prevailed during the biennium and lower-than-anticipated common staff cost ratios. Total recorded operating costs were also lower than anticipated, mostly on account of lower personnel costs in the Buildings Management Service.

In the operational budget, reimbursement for programme support costs amounted to €18.74 million during the reporting period. Expenditures were recorded in the amount of €19.07 million, resulting in an excess of expenditure over income in the amount of €0.33 million. Consequently, the closing balance of the special account for programme support costs, i.e. the level of the operating reserve, including savings on cancellation of prior year obligations of €0.31 million, was €6.51 million as compared to the opening balance of €6.53 million.

The technical cooperation delivery continued to record another increased performance during the biennium with an amount of US$ 263.3 million expenditure. This represents an increase of US$ 32.3 million, or 14 per cent over the previous biennium 2006-2007.

The Organization continues to show healthy financial results, as evidenced by the increase in the overall cash balance at 31 December 2009 to €334.3 million from €286.5 million at previous biennium end. This, in combination with increased technical cooperation delivery, higher utilization of regular budget appropriations and increased collection rate of assessed contributions, augurs well for the Organization's financial stability and its future programmes.

Results-based management

As prescribed in the Constitution, UNIDO has three policymaking organs, namely the General Conference, the Industrial Development Board and the Programme and Budget Committee. The Member States of UNIDO meet once every two years at the General Conference, the supreme policymaking organ of the Organization. The Conference determines the guiding principles and policies, approves the budget and work programme of UNIDO. As the chief administrative officer of the Organization, I have the overall responsibility and authority to direct the work of the Organization. The ever-increasing level of the application of results-based management (RBM) as a management tool has enabled the Organization to ensure that all its activities contribute towards the achievement of its strategic objectives and that results of activities are systematically assessed against objectives by performance indicators. The RBM principles were applied comprehensively while preparing the 2008-2009 programme and budgets approved by the Member States in decision GC.12/Dec.16. The continuous operation of a cross-organizational steering committee for RBM has enabled the implementation of the action plan for mainstreaming of RBM in UNIDO.

International Public Sector Accounting Standards

The General Conference, at its twelfth session, approved the adoption of the International Public Sector Accounting Standards (IPSAS) by UNIDO effective 1 January 2010, as part of the United Nations system-wide adoption of these Standards (GC.12/Dec.14 refers). Accordingly, UNIDO adopted all essential IPSAS system changes in January 2010, and is fully geared towards producing its first set of IPSAS-compliant financial statements for the year 2010. Under the technical guidance of the IPSAS Working Group and general monitoring by the IPSAS Implementation Task Force, cross-organizational sub-working groups were engaged throughout the period of IPSAS-implementation, in a number of parallel activities leading towards UNIDO's transition to IPSAS. The IPSAS-compliant policies and processes on property, plant and equipment, employee benefits, revenue recognition, intangible assets and inventories, which have operational implications across the entire Organization, have been completed. Adoption of IPSAS is a major change in UNIDO's financial accounting and reporting that will enhance the transparency, accountability, consistency and comparability of the Organization's financial statements.

Global Environment Facility — fiduciary standards

As a recipient of direct funding from the Global Environment Facility (GEF), UNIDO is required by the GEF Council to implement a set of recommended minimum fiduciary standards or equivalent relevant procedures or policies. UNIDO's efforts to attain full compliance with those standards are continuing. In its final summary report on the Fiduciary Standards Review in May 2009 PricewaterhouseCoopers (PWC), appointed by GEF to conduct a comparative analysis of the initial assessment submitted by the GEF agencies, rated UNIDO as fully compliant on the standards of Internal Audit, Procurement, Evaluation Function and Investigation Function. In three other standards, UNIDO was found to significantly meet the requirements (60-70 per cent). A reputable consultancy agency has been engaged to institutionalize an enterprise risk management system. With regard to the standard on Financial Management and Control Frameworks, a document is being finalized. Further actions for the control framework will be carried out in integrating it into the ongoing Programme for Change and Organizational Renewal. Regarding the External Financial Audit, with the introduction of IPSAS as of 1 January 2010, UNIDO is in a position to prepare annual financial statements and thereby to carry out annual audits. UNIDO's governing bodies have already approved annual audits for 2010–2011. The Joint Advisory Committee finalized the Code of Ethics, the policy on protection against retaliation and the financial disclosure policy, to bring UNIDO into full compliance with these three standards. Full project appraisal and monitoring mechanisms, including projects at risk, are also being prepared to enable the Organization to fully meet the remaining two respective standards.

Change management

Strengthening UNIDO's strategic response capacity requires that the Organization broaden the range of services it provides while enhancing the quality and impact of those services, within the constraints imposed by a limited regular budget. With this in mind, towards the end of 2008, UNIDO embarked on a change management programme that involves a comprehensive review and overhaul of its organizational, management and operating systems and processes to enhance its efficiency and effectiveness.

UNIDO began to formulate a coherent strategy for achieving the objective of Growth with Quality in late 2008 and early 2009. The strategic approach adopted was twofold. At one level, the Organization sought to build on, and develop further, the wide range of measures that had already been taken in previous years to improve the allocation of available resources and the efficiency of UNIDO's business processes. At another level, and more importantly, the strategy also aimed to promote the increased internal coordination and teamwork needed to generate the desired growth in the volume and developmental impact of UNIDO's services. Borrowing from the United Nations system's Delivering as One concept, the Organization adopted the maxim of Delivering as One UNIDO as its guiding principle.

Efforts to sensitize UNIDO staff to the imperatives for change were accompanied by similar measures to raise awareness among Member States. While the scope of these consultations covered all aspects of the change management agenda, the main focus was on the business process component. During the second half of 2009, a number of documents providing detailed information on the change management strategy, its benefits and expected results were submitted to the policymaking organs, together with a road map and a financial plan. As mandated by Member States (decision IDB.36/Dec.12 refers), UNIDO commissioned a feasibility study on the expected impact of the initiative on the overall efficiency of the Organization, with particular emphasis on the various cost elements involved in the implementation of an enterprise resource planning system. A schedule was drawn up for the implementation of the initiative over the period 2010-2013.

The General Conference through decision GC.13/Dec.15 decided that from the amount of unutilized balances of appropriations due to Member States in 2010 remaining on 31 December 2009, up to €9,113,949 shall be utilized for financing the change management initiative, and up to €3 million shall be utilized for special accounts for technical cooperation activities during the biennium 2010-2011.

Following the above General Conference decision, a total amount of €6,798,386 became available for the two purposes of funding the change management initiative (€5,281,960) and for special accounts for technical cooperation activities (€1,516,426).

Ethics and accountability

Ethics and accountability are vital to UNIDO credibility as an impartial United Nations organization with the highest standards of integrity; they are yet another key dimension of the coherence of the entire United Nations system. Ethics and accountability are not optional; they are the overarching principles governing the way we act, wherever we operate. They demand that we perform our duties in a transparent and fair manner, observing the

Organization’s rules and regulations. UNIDO is committed to the highest standards of integrity and conduct of its staff, which are regulated by the provisions of the Standards of Conduct for the International Civil Service promulgated by the International Civil Service Commission. During 2009, the Organization reviewed developments in the United Nations common system on financial disclosure and declaration of interest statements, and developed a similar policy for the Organization, which was near to completion by the end of 2009.

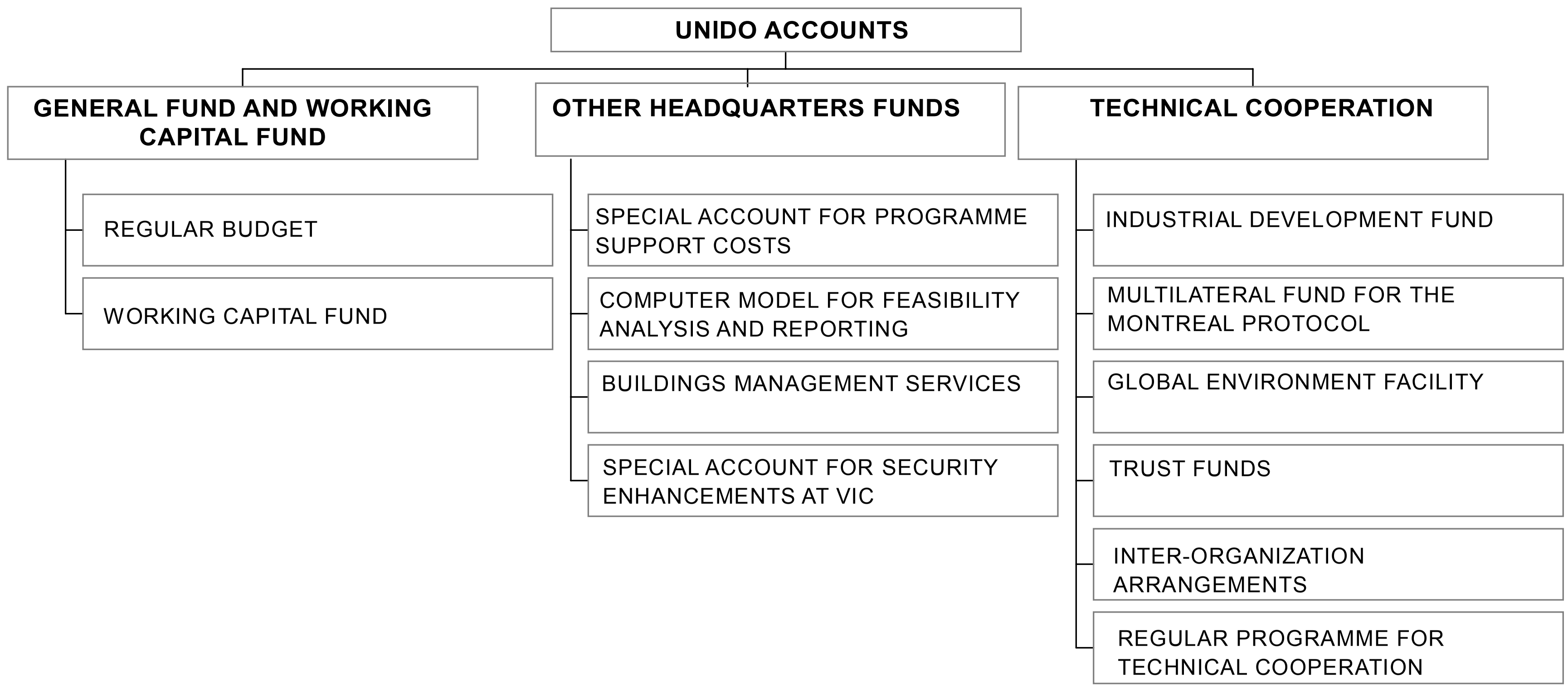
I wish to take this opportunity to express my appreciation to Member States and to donors for their financial support, and to all UNIDO staff for their contribution to the work of the Organization.

[*Signed*]

Kandeh K. Yumkella
Director-General

CONSOLIDATED ACCOUNTS FOR THE BIENNIUM

2008-2009



FINANCIAL STATEMENTS FOR THE BIENNIUM 2008-2009 ENDED 31 DECEMBER 2009

Certification of financial statements

Director General's responsibility

The Director-General of the United Nations Industrial Development Organization is responsible for the preparation and integrity of the financial statements and the External Auditor's responsibility is to express an opinion on the statements.

The financial statements have been prepared in accordance with the United Nations System Accounting Standards and Article X of the Financial Regulations of UNIDO and have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and management's best estimates.

The Organization maintains systems of internal accounting controls, policies and procedures to manage risks and ensure the reliability of financial information, the safeguarding of assets and to identify possible irregularities.

The internal control systems and financial records are subject to reviews by the Office of Internal Oversight Services and the External Auditor during their respective audits and the management objectively reviews the recommendations made by them for further improving the internal control framework of the Organization.

All material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements I to IV. The statements disclose with reasonable accuracy the financial position of the Organization and of funds held in trust by it, the results of their operations and the changes in their financial position.

[*Signed*]

Peter Ulbrich
Officer-in-Charge, Financial Services Branch

[*Signed*]

Kandeh K. Yumkella
Director-General

Date: 24 March 2010

Statement I

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the biennium 2008-2009
(in thousands of euros)

Heading	General Fund and Working Capital Fund	Note	Other Headquarters funds	Note	Technical cooperation	Note	Eliminations *Note 3.16*	Total 2008-2009	Total 2006-2007
INCOME									
Assessed contributions	154,623.0	*3.1*						154,623.0	150,785.6
Voluntary contributions	487.6	*3.2*			202,578.8			203,066.4	174,107.4
OTHER INCOME									
Revenue-producing activities	73.0	*3.3*	18,990.5					19,063.5	18,808.5
Funds under inter-organizational arrangements					1,904.6			1,904.6	13,076.4
Jointly-financed activities			44,173.5				(6,038.7)	38,134.8	34,179.0
Income for services rendered			1,250.3				(281.1)	969.2	825.8
Interest income	3,036.3	*3.4*	1,484.1		2,050.0			6,570.4	8,795.6
Currency exchange adjustments	(2,347.9)	*3.5*	193.5	*4.5*	(73.1)	*5.3*	(24.5)	(2,252.0)	(2,724.5)
Miscellaneous income	932.8	*3.6*	43.4		(0.9)		(4.4)	970.9	651.3
TOTAL INCOME	156,804.8		66,135.3	*4.4*	206,459.4		(6,348.7)	423,050.8	398,505.1
EXPENDITURE									
Salaries and common staff costs	99,117.1		31,722.5		71,208.1		9,847.7	211,895.4	191,918.0
Operating costs and contractual services	30,985.9		29,373.4		49,455.6		(4,080.6)	105,734.3	106,059.7
Acquisitions					37,773.1		787.0	38,560.1	41,685.7
Fellowships					14,263.9		2,750.8	17,014.7	13,955.2
RPTC and SRA activities	14,326.7						(15,653.6)	(1,326.9)	2,216.7
Programme support costs			49.4		18,126.2			18,175.6	18,020.1
TOTAL EXPENDITURE	144,429.7		61,145.3	*4.4*	190,826.9		(6,348.7)	390,053.2	373,855.4
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	12,375.1		4,990.0		15,632.5			32,997.6	24,649.7
Prior biennium adjustments	(114.2)	*3.7*	(23.3)					(137.5)	(410.2)
Savings on cancellation of obligations from prior biennium	3,418.3	*3.8*	399.7					3,818.0	3,524.4
Provision for delays in the collection of contributions	3,700.5							3,700.5	(1,910.1)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	19,379.7		5,366.4	*4.4*	15,632.5			40,378.6	25,853.8
Transfers to reserves	1,641.9	*3.13*			325.3	*5.4*		1,967.2	5,536.8
Transfers from reserves									(1,798.9)
Transfers to donor accounts					74.6			74.6	(274.7)
Credits to Member States	(18,798.6)	*3.15*						(18,798.6)	(9,057.0)

Heading	General Fund and Working Capital Fund	Note	Other Headquarters funds	Note	Technical cooperation	Note	Eliminations Note 3.16	Total 2008-2009	Total 2006-2007
Transfers to and from other funds									
Currency translation					(905.0)	*5.5*		(905.0)	(22,604.4)
Other adjustments to reserves and fund balances									(107.2)
Reserves and fund balances, beginning of year	34,063.4		28,847.4		158,926.1			221,836.9	224,288.5
RESERVES AND FUND BALANCES, END OF YEAR	36,286.4		34,213.8		174,053.5			244,553.7	221,836.9

Statement II

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES
as at 31 December 2009
(in thousands of euros)

Heading	General Fund and Working Capital Fund	Note	Other Headquarters funds	Note	Technical cooperation	Note	Total 2008-2009	Total 2006-2007
ASSETS								
Cash and term deposits	61,933.5		33,497.0		238,843.7	*5.12*	334,274.2	286,511.8
Accounts receivable								
Assessed contributions receivable from Member States	115,874.7	*Sch. 1*					115,874.7	119,743.2
Provision for delays in the collection of contributions	(106,275.7)	*Sch. 1*					(106,275.7)	(109,976.2)
Net assessed contributions receivable	9,599.0						9,599.0	9,767.0
Voluntary contributions receivable								
Other contributions receivable	16.4	*Sch. 2*			2,431.8		2,448.2	5,919.7
Interfund balances	1,190.1		1,269.4				2,459.5	2,780.6
Other	4,170.0	*3.9*	9,738.0	*4.6*	810.9	*5.6*	14,718.9	17,417.1
Other assets	1,317.5	*3.10*	15.2		4,363.1	*5.7*	5,695.8	4,534.1
TOTAL ASSETS	78,226.5		44,519.6		246,449.5		369,195.6	326,930.3
LIABILITIES								
Payments or contributions received in advance	6,862.2	*3.11*	84.7		2,138.1	*5.8*	9,085.0	6,204.4
Un-liquidated obligations	9,848.0		7,017.3		33,284.4		50,149.7	51,869.3
Accounts payable – interfund					2,459.5		2,459.5	2,780.6
Accounts payable – other	25,229.9	*3.12*	3,203.8		34,514.0	*5.9*	62,947.7	44,239.1
TOTAL LIABILITIES	41,940.1		10,305.8		72,396.0		124,641.9	105,093.4
RESERVES AND FUND BALANCES								
Operating reserves			3,030.0	*4.7*	381.2	*5.10*	3,411.2	3,407.3
Other reserves	21,430.1	*3.13*			2,458.8	*5.4*	23,888.9	21,902.7
Balances relating to projects funded by donors					228,969.5		228,969.5	213,563.9
Balances on currency translation					(63,368.1)	*5.5*	(63,368.1)	(62,449.4)
Working capital fund	7,423.1	*3.14*					7,423.1	7,423.1
Surplus (deficit)	7,433.2	*3.15*	31,183.8		5,612.1	*5.11*	44,229.1	37,989.3
TOTAL RESERVES AND FUND BALANCES	36,286.4		34,213.8		174,053.5		244,553.7	221,836.9
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	78,226.5		44,519.6		246,449.5		369,195.6	326,930.3

Statement III

CONSOLIDATED
Statement of cash flow for the biennium 2008-2009 as of 31 December 2009
(in thousands of euros)

		Total 2008-2009	Total 2006-2007
Cash flows from operating activities			
Excess (shortfall) of income over expenditure (Statement I)		32,997.6	24,649.7
(Increase) decrease in contributions receivable		3,868.5	191.9
(Increase) decrease in voluntary contributions receivable		0.0	15,868.9
(Increase) decrease in other contributions receivable		3,471.5	(5,567.6)
(Increase) decrease other accounts receivable		2,698.2	231.6
(Increase) decrease other assets		(1,161.7)	3,292.5
Increase (decrease) in contributions or payments received in advance		2,880.6	(3,141.1)
Increase (decrease) in un-liquidated obligations		(1,719.6)	(3,543.4)
Increase (decrease) in accounts payable		18,708.6	14,743.3
Less: Interest income	6,570.4		
Currency exchange adjustments	(2,252.0)	4,318.4	6,071.1
Net cash from operating activities		57,425.3	40,654.7
Cash flows from investing and financing activities			
Plus: Interest income	6,570.4		
Currency exchange adjustments	(2,252.0)	4,318.4	6,071.1
Net cash from investing and financing activities		4,318.4	6,071.1
Cash flows from other sources			
Savings on or cancellation of prior period's obligations		3,818.0	3,524.4
Transfers to (from) reserves and other adjustments		1,136.8	(19,248.4)
Credits to Member States and prior bienniums adjustments		(18,936.1)	(9,467.2)
Net cash from other sources		(13,981.3)	(25,191.2)
Net increase (decrease) in cash		47,762.4	21,534.6
Cash at beginning of period		286,511.8	264,977.2
Cash at end of period (Statement II)		334,274.2	286,511.8

Statement IV

GENERAL FUND

Status of appropriations by major programme for the biennium 2008-2009 as at 31 December 2009

(in thousands of euros)

Major Programme	Original appropriation	Disbursements during 2008-2009	Un-liquidated obligations as at 31/12/09	Total expenditure	Balance of appropriations
Policymaking Organs	4,963.9	4,271.2	394.1	4,665.3	298.6
Executive Direction and Strategic Management	13,859.9	12,976.4	878.0	13,854.4	5.5
Environment and Energy	21,890.6	18,265.0	457.5	18,722.5	3,168.1
Trade Capacity-building	17,343.7	15,782.2	387.4	16,169.6	1,174.1
Poverty Reduction through Productive Activities	24,727.1	20,710.5	614.3	21,324.8	3,402.3
Cross-cutting Programmes and Country-Level Coherence	28,584.0	23,182.3	2,333.7	25,516.0	3,068.0
Support Services and General Management	28,076.8	23,793.3	2,022.5	25,815.8	2,261.0
Indirect Costs	20,192.0	18,065.8	295.5	18,361.3	1,830.7
TOTAL A	**159,638.0**	**137,046.7**	**7,383.0**	**144,429.7**	**15,208.3**
Income		**Actual Income**	**Accrued Income**	**Total Income**	**Shortfall**
Regional Programme	1,904.9	487.6		487.6	1,417.3
Miscellaneous Income					
1. Estimated in decision GC.12/Dec.16	3,110.1	3,109.3		3,109.3	0.8
2. Not estimated in decision GC.12/Dec.16		(1,415.1)		(1,415.1)	1,415.1
TOTAL B	**5,015.0**	**2,181.8**		**2,181.8**	**2,833.2**
TOTAL A - B	**154,623.0**	**134,864.9**	**7,383.0**	**142,247.9**	**12,375.1**

Schedule 1

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET (in euros)
for the biennium 2008-2009 as at 31 December 2009

Member States	Scale %	Contributions payable		Credits and collections in 2008-2009						Contributions outstanding		Total outstanding
				Prior biennium			Current biennium					
		Prior biennium	Current biennium	2008	2009	Total	2008	2009	Total	Prior biennium	Current biennium	
Afghanistan	0.001	17,980	1,546	17,980		17,980	773	773	1,546	-	-	-
Albania	0.008	-	12,370			-	353	12,017	12,370	-	-	-
Algeria	0.118	-	182,456			-	8,872	173,584	182,456	-	-	-
Angola	0.004	-	6,184			-	3,092	527	3,619	-	2,565	2,565
Argentina	0.452	8,660,579	698,896	6,387,854	1,406,386	7,794,240			-	866,339	698,896	1,565,235
Armenia	0.003	913,195	4,638	2,319	2,319	4,638			-	908,557	4,638	913,195
Austria	1.233	-	1,906,504			-	953,252	953,252	1,906,504	-	-	-
Azerbaijan	0.007	634,622	10,824	133,061	132,373	265,434			-	369,188	10,824	380,012
Bahamas	0.022	10,928	34,018	10,928		10,928	17,009	17,009	34,018	-	-	-
Bahrain	0.046	101,821	71,126	37,503	64,318	101,821		71,126	71,126	-	-	-
Bangladesh	0.010	-	15,462			-	712	14,750	15,462	-	-	-
Barbados	0.013	10,713	20,100	10,713		10,713	10,050	10,050	20,100	-	-	-
Belarus	0.028	-	43,294			-	21,647	21,647	43,294	-	-	-
Belgium	1.532	-	2,368,826			-	1,184,413	1,184,413	2,368,826	-	-	-
Belize	0.001	1,247	1,546	269	374	643			-	604	1,546	2,150
Benin	0.001	1,735	1,546	506	129	635			-	1,100	1,546	2,646
Bhutan	0.001	-	1,546			-	773	773	1,546	-	-	-
Bolivia (Plurinational State of)	0.008	27,268	12,370	650	16,963	17,613			-	9,655	12,370	22,025
Bosnia and Herzegovina	0.008	-	12,370			-	6,185	6,185	12,370	-	-	-
Botswana	0.019	-	29,378			-	14,689	14,689	29,378	-	-	-
Brazil	1.218	24,709,168	1,883,308	1,088,421	968,254	2,056,675			-	22,652,493	1,883,308	24,535,801
Bulgaria	0.028	-	43,294			-	21,647	21,647	43,294	-	-	-
Burkina Faso	0.003	-	4,638			-	2,319	2,319	4,638	-	-	-
Burundi	0.001	62,734	1,546	33	10,002	10,035			-	52,699	1,546	54,245
Cambodia	0.001	-	1,546			-	773	127	900	-	646	646
Cameroon	0.013	-	20,100			-	10,050	2,266	12,316	-	7,784	7,784
Cape Verde	0.001	99,036	1,546			-			-	99,036	1,546	100,582
Central African Republic	0.001	114,399	1,546			-			-	114,399	1,546	115,945
Chad	0.001	97,506	1,546			-			-	97,506	1,546	99,052
Chile	0.224	447,786	346,356	83,930	348,008	431,938			-	15,848	346,356	362,204
China	3.707	-	5,731,876			-	2,865,938	2,865,938	5,731,876	-	-	-
Colombia	0.146	-	225,750			-	112,875	112,875	225,750	-	-	-
Comoros	0.001	137,578	1,546			-			-	137,578	1,546	139,124

Member States	Scale %	Contributions payable		Credits and collections in 2008-2009						Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium			Current biennium			Prior biennium	Current biennium	
				2008	2009	Total	2008	2009	Total			
Congo	0.001	-	1,546			-	773	773	1,546	-	-	-
Costa Rica	0.044	181,618	68,034	4,013	19	4,032			-	177,586	68,034	245,620
Côte d'Ivoire	0.013	-	20,100			-	3,219	16,881	20,100	-	-	-
Croatia	0.069	-	106,690			-	53,345	53,345	106,690	-	-	-
Cuba	0.075	113,458	115,968	19,244	47,784	67,028			-	46,430	115,968	162,398
Cyprus	0.061	-	94,320			-	47,160	47,160	94,320	-	-	-
Czech Republic	0.391	-	604,578			-	302,289	302,289	604,578	-	-	-
Democratic People's Republic of Korea	0.010	-	15,462			-	2,466	12,996	15,462	-	-	-
Democratic Republic of the Congo	0.004	135,815	6,184			-			-	135,815	6,184	141,999
Denmark	1.027	-	1,587,980			-	793,990	793,990	1,587,980	-	-	-
Djibouti	0.001	96,484	1,546			-			-	96,484	1,546	98,030
Dominica	0.001	3,094	1,546	221	148	369			-	2,725	1,546	4,271
Dominican Republic	0.033	473,869	51,026			-			-	473,869	51,026	524,895
Ecuador	0.029	14,417	44,840	2,275	461	2,736			-	11,681	44,840	56,521
Egypt	0.122	-	188,640			-	17,031	171,609	188,640	-	-	-
El Salvador	0.028	260,298	43,294			-			-	260,298	43,294	303,592
Equatorial Guinea	0.003	4,699	4,638	767	124	891			-	3,808	4,638	8,446
Eritrea	0.001	-	1,546			-	356	1,190	1,546	-	-	-
Ethiopia	0.004	-	6,184			-	3,092	3,092	6,184	-	-	-
Fiji	0.004	8,576	6,184	7,130	1,446	8,576		1,139	1,139	-	5,045	5,045
Finland	0.784	-	1,212,246			-	606,123	606,123	1,212,246	-	-	-
France	8.758	-	13,541,886			-	6,770,943	6,770,943	13,541,886	-	-	-
Gabon	0.011	38,735	17,008	15,722	124	15,846			-	22,889	17,008	39,897
Gambia	0.001	77,005	1,546	12,527	3,092	15,619			-	61,386	1,546	62,932
Georgia	0.004	1,598,959	6,184			-			-	1,598,959	6,184	1,605,143
Germany	11.922	-	18,434,160			-	9,217,080	9,217,080	18,434,160	-	-	-
Ghana	0.006	4,361	9,278	4,361		4,361	4,639	4,639	9,278	-	-	-
Greece	0.828	-	1,280,280			-	640,140	640,140	1,280,280	-	-	-
Grenada	0.001	67,191	1,546	20,773	75	20,848			-	46,343	1,546	47,889
Guatemala	0.044	374	68,034	374		374	33,340	34,694	68,034	-	-	-
Guinea	0.001	-	1,546			-	773	773	1,546	-	-	-
Guinea-Bissau	0.001	119,709	1,546			-			-	119,709	1,546	121,255
Guyana	0.001	-	1,546			-	773	773	1,546	-	-	-
Haiti	0.003	-	4,638			-	2,319	2,319	4,638	-	-	-
Honduras	0.007	-	10,824			-	4,550	5,729	10,279	-	545	545
Hungary	0.339	-	524,172			-	262,086	262,086	524,172	-	-	-

Member States	Scale %	Contributions payable		Credits and collections in 2008-2009						Contributions outstanding		Total outstanding
				Prior biennium			Current biennium					
		Prior biennium	Current biennium	2008	2009	Total	2008	2009	Total	Prior biennium	Current biennium	
India	0.625	200	966,394	200		200	483,197	483,197	966,394	-	-	-
Indonesia	0.224	-	346,356			-	173,178	173,178	346,356	-	-	-
Iran (Islamic Republic of)	0.250	192,649	386,558	30,651	161,998	192,649		385,080	385,080	-	1,478	1,478
Iraq	0.021	-	32,470			-	16,235	16,235	32,470	-	-	-
Ireland	0.619	-	957,118			-	478,559	478,559	957,118	-	-	-
Israel	0.582	-	899,908			-	449,954	449,954	899,908	-	-	-
Italy	7.060	-	10,916,388			-	5,458,194	5,458,194	10,916,388	-	-	-
Jamaica	0.014	12,902	21,648	373	12,529	12,902		21,648	21,648	-	-	-
Japan	22.000	-	34,017,068			-	17,008,534	17,008,534	34,017,068	-	-	-
Jordan	0.017	-	26,286			-	13,143	13,143	26,286	-	-	-
Kazakhstan	0.040	-	61,850			-	30,925	30,925	61,850	-	-	-
Kenya	0.014	263	21,648	263		263	481	156	637	-	21,011	21,011
Kuwait	0.253	174,124	391,196	174,124		174,124	195,598	195,598	391,196	-	-	-
Kyrgyzstan	0.001	378,650	1,546		639	639			-	378,011	1,546	379,557
Lao People's Democratic Republic	0.001	-	1,546			-	275	1,271	1,546	-	-	-
Lebanon	0.047	27,950	72,672	26,552	1,398	27,950		36,508	36,508	-	36,164	36,164
Lesotho	0.001	620	1,546	277	343	620		1,014	1,014	-	532	532
Liberia	0.001	108,899	1,546			-			-	108,899	1,546	110,445
Libyan Arab Jamahiriya	0.086	144,754	132,976	18,461	126,293	144,754		132,976	132,976	-	-	-
Lithuania	0.043	-	66,488			-	33,244	33,244	66,488	-	-	-
Luxembourg	0.118	-	182,456			-	91,228	91,228	182,456	-	-	-
Madagascar	0.003	-	4,638			-	2,319	2,139	4,458	-	180	180
Malawi	0.001	-	1,546			-	773	773	1,546	-	-	-
Malaysia	0.264	-	408,204			-	204,102	204,102	408,204	-	-	-
Maldives	0.001	-	1,546			-	773	392	1,165	-	381	381
Mali	0.001	4,270	1,546	507	129	636			-	3,634	1,546	5,180
Malta	0.024	-	37,110			-	18,555	18,555	37,110	-	-	-
Mauritania	0.001	79,708	1,546			-			-	79,708	1,546	81,254
Mauritius	0.015	-	23,194			-	11,597	11,597	23,194	-	-	-
Mexico	3.137	2,047,055	4,850,524			-			-	2,047,055	4,850,524	6,897,579
Monaco	0.004	-	6,184			-	3,092	3,092	6,184	-	-	-
Mongolia	0.001	463	1,546	463		463	773	773	1,546	-	-	-
Montenegro	0.001		1,546			-	773	773	1,546	-	-	-
Morocco	0.058	-	89,682			-	44,841	4,736	49,577	-	40,105	40,105
Mozambique	0.001	467	1,546	268	199	467		1,546	1,546	-	-	-
Myanmar	0.007	21,850	10,824	502	123	625			-	21,225	10,824	32,049
Namibia	0.008	-	12,370			-	6,185	6,185	12,370	-	-	-

Member States	Scale %	Contributions payable: Prior biennium	Contributions payable: Current biennium	Credits and collections in 2008-2009: Prior biennium 2008	Prior biennium 2009	Prior biennium Total	Current biennium 2008	Current biennium 2009	Current biennium Total	Contributions outstanding: Prior biennium	Contributions outstanding: Current biennium	Total outstanding
Nepal	0.004	16,368	6,184	400	121	521			-	15,847	6,184	22,031
Netherlands	2.603	-	4,024,838			-	2,012,419	2,012,419	4,024,838	-	-	-
New Zealand	0.356	-	550,460			-	275,230	275,230	550,460	-	-	-
Nicaragua	0.003	137,564	4,638			-			-	137,564	4,638	142,202
Niger	0.001	99,071	1,546			-			-	99,071	1,546	100,617
Nigeria	0.067	88,671	103,598	7,533	35,299	42,832			-	45,839	103,598	149,437
Norway	1.087	-	1,680,754			-	840,377	840,377	1,680,754	-	-	-
Oman	0.101	-	156,170			-	78,085	78,085	156,170	-	-	-
Pakistan	0.082	58,322	126,790	58,263	59	58,322		52,769	52,769	-	74,021	74,021
Panama	0.032	34,935	49,480	17,841	17,094	4,935		32,620	32,620	-	16,860	16,860
Papua New Guinea	0.003	22,030	4,638	310	121	431			-	21,599	4,638	26,237
Paraguay	0.007	24,641	10,824	24,641		24,641	5,412	5,412	10,824	-	-	-
Peru	0.108	108,867	166,992	29,755	79,112	108,867		83,501	83,501	-	83,491	83,491
Philippines	0.108	43,059	166,992	43,059		43,059	83,496	83,496	166,992	-	-	-
Poland	0.696	-	1,076,178			-	538,089	538,089	1,076,178	-	-	-
Portugal	0.732	-	1,131,842			-	565,921	6,660	572,581	-	559,261	559,261
Qatar	0.118	-	182,456			-	91,228	91,228	182,456	-	-	-
Republic of Korea	3.020	-	4,669,616			-	2,334,808	2,334,808	4,669,616	-	-	-
Republic of Moldova	0.001	789,656	1,546	88,521	88,521	177,042			-	612,614	1,546	614,160
Romania	0.097	-	149,984			-	74,992	74,992	149,984	-	-	-
Russian Federation	1.668	-	2,579,114			-	1,289,557	1,289,557	2,579,114	-	-	-
Rwanda	0.001	-	1,546			-	268	124	392	-	1,154	1,154
Saint Kitts and Nevis	0.001	467	1,546	268	124	392			-	75	1,546	1,621
Saint Lucia	0.001	-	1,546			-	505	129	634	-	912	912
Saint Vincent and the Grenadines	0.001	113,869	1,546			-			-	113,869	1,546	115,415
Sao Tome and Principe	0.001	137,578	1,546			-			-	137,578	1,546	139,124
Saudi Arabia	1.040	100	1,608,080	100		100	804,040	804,040	1,608,080	-	-	-
Senegal	0.006	4,830	9,278	664	142	806			-	4,024	9,278	13,302
Serbia	0.029	-	44,840			-	22,420	22,420	44,840	-	-	-
Seychelles	0.003	54,350	4,638	33	54,317	54,350		4,638	4,638	-	-	-
Sierra Leone	0.001	622	1,546	268	124	392			-	230	1,546	1,776
Slovakia	0.088	-	136,068			-	68,034	68,034	136,068	-	-	-
Slovenia	0.133	-	205,648			-	102,824	102,824	205,648	-	-	-
Somalia	0.001	137,577	1,546			-			-	137,577	1,546	139,123
South Africa	0.403	-	623,130			-	311,565	311,565	623,130	-	-	-
Spain	4.125	-	6,378,200			-	3,189,100	3,189,100	6,378,200	-	-	-
Sri Lanka	0.022	-	34,018			-	17,009	17,009	34,018	-	-	-

Member States	Scale %	Contributions payable		Credits and collections in 2008-2009						Contributions outstanding		Total outstanding
				Prior biennium			Current biennium					
		Prior biennium	Current biennium	2008	2009	Total	2008	2009	Total	Prior biennium	Current biennium	
Sudan	0.010	20,907	15,462	20,907		20,907	7,731	788	8,519	-	6,943	6,943
Suriname	0.001	46,879	1,546	46,587	292	46,879		1,546	1,546	-	-	-
Swaziland	0.003	-	4,638			-	2,319	2,319	4,638	-	-	-
Sweden	1.489	-	2,302,338			-	1,151,169	1,151,169	2,302,338	-	-	-
Switzerland	1.690	-	2,613,130			-	1,306,565	1,306,565	2,613,130	-	-	-
Syrian Arab Republic	0.022	-	34,018			-	17,009	17,009	34,018	-	-	-
Tajikistan	0.001	147,233	1,546	865	781	1,646			-	145,587	1,546	147,133
Thailand	0.259	-	400,474			-	200,237	200,237	400,474	-	-	-
The former Yugoslav Republic of Macedonia	0.007	-	10,824			-	5,412	809	6,221	-	4,603	4,603
Timor-Leste	0.001	-	1,546			-	49	3	52	-	1,494	1,494
Togo	0.001	57,959	,546	806	775	1,581			-	56,378	1,546	57,924
Tonga	0.001	70	1,546	70		70	773	374	1,147	-	399	399
Trinidad and Tobago	0.038	-	58,756			-	29,378	29,378	58,756	-	-	-
Tunisia	0.043	7,409	66,488	7,409		7,409	32,694	33,794	66,488	-	-	-
Turkey	0.530	-	819,502			-	409,751	409,751	819,502	-	-	-
Turkmenistan	0.008	224,244	12,370			-			-	224,244	12,370	236,614
Uganda	0.004	-	6,184			-	932	142	1,074	-	5,110	5,110
Ukraine	0.063	2,916,057	97,412	1,020,725	86,292	1,107,017			-	1,809,040	97,412	1,906,452
United Arab Emirates	0.420	-	649,416			-	324,708	324,708	649,416	-	-	-
United Kingdom	9.232	-	14,274,800			-	7,137,400	7,137,400	14,274,800	-	-	-
United Republic of Tanzania	0.008	5,959	12,370	572	5,387	5,959		8,342	8,342	-	4,028	4,028
Uruguay	0.038	52,620	58,756	52,620		52,620	29,378	10,210	39,588	-	19,168	19,168
Uzbekistan	0.011	478,996	17,008	9,172	8,504	17,676			-	461,320	17,008	478,328
Vanuatu	0.001	81,265	1,546			-			-	81,265	1,546	82,811
Venezuela (Bolivarian Republic of)	0.278	5,802	429,852	5,802		5,802	214,926	79,931	294,857	-	134,995	134,995
Viet Nam	0.033	-	51,026			-	25,513	25,513	51,026	-	-	-
Yemen	0.010	6,279	15,462	6,279		6,279	7,731	651	8,382	-	7,080	7,080
Zambia	0.001	4,369	1,546	4,369		4,369	773	773	1,546	-	-	-
Zimbabwe	0.011	6,988	17,008	695	6,293	6,988		17,008	17,008	-	-	-
Subtotal:	100	48,377,394	154,623,038	9,562,749	3,689,408	13,252,157	72,338,264	72,778,581	145,116,845	35,125,237	9,506,193	44,631,430
FORMER MEMBER STATES:												
USA		69,155,281	-	82,293	4,101	86,394	-	-	-	69,068,887	-	69,068,887
Yugoslavia (former)		2,081,599	-	-	-	-	-	-	-	2,081,599	-	2,081,599
Subtotal:		71,236,880	-	82,293	4,101	86,394	-	-	-	71,150,486	-	71,150,486

Member States	Scale %	Contributions payable: Prior biennium	Contributions payable: Current biennium	Credits and collections in 2008-2009: Prior biennium 2008	Prior biennium 2009	Prior biennium Total	Current biennium 2008	Current biennium 2009	Current biennium Total	Contributions outstanding: Prior biennium	Contributions outstanding: Current biennium	Total outstanding
NEW MEMBER STATE												
Samoa	0.001	-	1,546			-		773	773	-	773	773
Subtotal:			1,546	-			-	773	773	0	773	773
TOTAL		119,614,274	154,624,584	9,645,042	3,693,509	13,338,551	72,338,264	72,779,354	145,117,618	106,275,723	9,506,966	115,782,689
1986		44,138		-		-				44,138		44,138
1987		46,734		-		-				46,734		46,734
1988		72,721		-		-				72,721		72,721
1989		91,479		-		-				91,479		91,479
1990		496,067		-		-				496,067		496,067
1991		625,832		-		-				625,832		625,832
1992		727,324		2,945	2,319	5,264				722,060		722,060
1993		828,341		13,462	639	14,101				814,240		814,240
1994		7,505,222		185,312	106,375	291,687				7,213,535		7,213,535
1995		36,182,163		1,156,578	973,771	2,130,349				34,051,814		34,051,814
1996		33,290,836		77,214	95,162	172,376				33,118,460		33,118,460
1997		3,278,850		108,597	64,931	173,528				3,105,322		3,105,322
1998		3,523,598		938,742	93,351	1,032,093				2,491,505		2,491,505
1999		3,929,794		410,209	7,078	417,287				3,512,507		3,512,507
2000		2,799,730		1,054,980	1,936	1,056,916				1,742,814		1,742,814
2001		2,799,730		1,054,980	1,936	1,056,916				1,742,814		1,742,814
2002		3,120,982		1,066,514	2,005	1,068,519				2,052,463	-	2,052,463
2003		3,387,061		1,054,953	2,126	1,057,079				2,329,982	-	2,329,982
2004		3,588,190		1,003,729	2,285	1,006,014				2,582,176	-	2,582,176
2005		3,637,446		859,776	184,576	1,044,352				2,593,094		2,593,094
2006		3,352,847		168,532	1,296,575	1,465,107			-	1,887,740	-	1,887,740
2007		6,285,189		488,519	858,444	1,346,963			-	4,938,226	-	4,938,226
2008			77,312,292			-	72,338,264	712,884	73,051,148	-	4,261,144	4,261,144
2009			77,312,292					72,066,470	72,066,470	-	5,245,822	5,245,822
TOTAL		**119,614,274**	**154,624,584**	**9,645,042**	**3,693,509**	**13,338,551**	**72,338,264**	**72,779,354**	**145,117,618**	**106,275,723**	**9,506,966**	**115,782,689**
Supplementary estimates for the biennium 2004-2005 for security enhancements (GC. 11/Dec. 15) – refer Schedule 1.1 for details		128,913		36,860	73	36,933				91,980		91,980
GRAND TOTAL		**119,743,187**	**154,624,584**	**9,681,902**	**3,693,582**	**13,375,484**	**72,338,264**	**72,779,354**	**145,117,618**	**106,367,703**	**9,506,966**	**115,874,669**

Schedule 1.1

SUPPLEMENTARY ESTIMATES FOR THE BIENNIUM 2004-2005 FOR SECURITY ENHANCEMENTS (decision GC.11/Dec.15)

Status as of 31 December 2009 (in euros)

Scale 2004/ per cent	Member State	Contributions due	Amount credited	Amount outstanding
0.00100	Afghanistan	26	26	-
0.00426	Albania	110	110	-
0.09951	Algeria	2,572	2,572	-
0.00284	Angola	73	73	-
1.37752	Argentina	35,611	35,611	-
0.00284	Armenia	73		73
1.34625	Austria	34,802	34,802	-
0.00569	Azerbaijan	147	147	-
0.01706	Bahamas	441	441	-
0.02559	Bahrain	662	662	-
0.01000	Bangladesh	259	259	-
0.01279	Barbados	331	331	-
0.02701	Belarus	698	698	-
1.60498	Belgium	41,491	41,491	-
0.00100	Belize	26	26	-
0.00284	Benin	73	73	-
0.00100	Bhutan	26	26	-
0.01137	Bolivia (Plurinational State of)	294	294	-
0.00569	Bosnia and Herzegovina	147	147	-
0.01422	Botswana	368	368	-
3.39761	Brazil	87,833		87,833
0.01848	Bulgaria	478	478	-
0.00284	Burkina Faso	73	73	-
0.00100	Burundi	26		26
0.00284	Cambodia	73	73	-
0.01279	Cameroon	331	331	-
0.00100	Cape Verde	26		26
0.00100	Central African Republic	26		26
0.00100	Chad	26		26
0.30138	Chile	7,791	7,791	-
2.17788	China	56,301	56,301	-
0.28574	Colombia	7,387	7,387	-
0.00100	Comoros	26		26
0.00100	Congo	26	26	-
0.02843	Costa Rica	735		735
0.01279	Côte d'Ivoire	331	331	-
0.05544	Croatia	1,433	1,433	-
0.04265	Cuba	1,103	1,103	-
0.05402	Cyprus	1,397	1,397	-
0.28858	Czech Republic	7,460	7,460	-

Scale 2004/ per cent	Member State	Contributions due	Amount credited	Amount outstanding
0.01279	Democratic People's Republic of Korea	331	331	-
0.00569	Democratic Republic of the Congo	147		147
1.06477	Denmark	27,526	27,526	-
0.00100	Djibouti	26		26
0.00100	Dominica	26		26
0.03270	Dominican Republic	845		845
0.03554	Ecuador	919	919	-
0.11515	Egypt	2,977	2,977	-
0.02559	El Salvador	662		662
0.00100	Equatorial Guinea	26	26	-
0.00100	Eritrea	26	26	-
0.00569	Ethiopia	147	147	-
0.00569	Fiji	147	147	-
0.74207	Finland	19,184	19,184	-
9.19202	France	237,628	237,628	-
0.01990	Gabon	514	514	-
0.00100	Gambia	26		26
0.00711	Georgia	184		184
13.88754	Germany	359,015	359,015	-
0.00711	Ghana	184	184	-
0.76624	Greece	19,809	19,809	-
0.00100	Grenada	26		26
0.03838	Guatemala	992	992	-
0.00426	Guinea	110	110	-
0.00100	Guinea-Bissau	26		26
0.00100	Guyana	26	26	-
0.00284	Haiti	73	73	-
0.00711	Honduras	184	184	-
0.17059	Hungary	4,410	4,410	-
0.48476	India	12,532	12,532	-
0.28432	Indonesia	7,350	7,350	-
0.38667	Iran (Islamic Republic of)	9,996	9,996	-
0.19334	Iraq	4,998	4,998	-
0.41795	Ireland	10,805	10,805	-
0.58996	Israel	15,251	15,251	-
7.20001	Italy	186,131	186,131	-
0.00569	Jamaica	147	147	-
22.00000	Japan	568,735	568,735	-
0.01137	Jordan	294	294	-
0.03980	Kazakhstan	1,029	1,029	-
0.01137	Kenya	294	294	-
0.20897	Kuwait	5,402	5,402	-
0.00100	Kyrgyzstan	26		26
0.00100	Lao People's Democratic Republic	26	26	-
0.01706	Lebanon	441	441	-
0.00100	Lesotho	26	26	-
0.00100	Liberia	26		26
0.09525	Libyan Arab Jamahiriya	2,462	2,462	-

Scale 2004/ per cent	Member State	Contributions due	Amount credited	Amount outstanding
0.02417	Lithuania	625	625	-
0.11373	Luxembourg	2,940	2,940	-
0.00426	Madagascar	110	110	-
0.00284	Malawi	73	73	-
0.33407	Malaysia	8,636	8,636	-
0.00100	Maldives	26	26	-
0.00284	Mali	73	73	-
0.02132	Malta	551	551	-
0.00100	Mauritania	26		26
0.01564	Mauritius	404	404	-
1.54385	Mexico	39,911	39,911	-
0.00569	Monaco	147	147	-
0.00100	Mongolia	26	26	-
0.06255	Morocco	1,617	1,617	-
0.00100	Mozambique	26	26	-
0.01000	Myanmar	259	259	-
0.00995	Namibia	257	257	-
0.00569	Nepal	147		147
2.47073	Netherlands	63,872	63,872	-
0.34260	New Zealand	8,857	8,857	-
0.00100	Nicaragua	26		26
0.00100	Niger	26		26
0.09667	Nigeria	2,499	2,499	-
0.91835	Norway	23,741	23,741	-
0.08672	Oman	2,242	2,242	-
0.08672	Pakistan	2,242	2,242	-
0.02559	Panama	662	662	-
0.00853	Papua New Guinea	221		221
0.02275	Paraguay	588	588	-
0.16775	Peru	4,337	4,337	-
0.14216	Philippines	3,675	3,675	-
0.53736	Poland	13,892	13,892	-
0.65678	Portugal	16,979	16,979	-
0.04833	Qatar	1,249	1,249	-
2.63137	Republic of Korea	68,025	68,025	-
0.00284	Republic of Moldova	73	-	73
0.08245	Romania	2,131	2,131	-
1.70591	Russian Federation	44,100	44,100	-
0.00100	Rwanda	26	26	-
0.00100	Saint Kitts and Nevis	26	26	-
0.00284	Saint Lucia	73	73	-
0.00100	Saint Vincent and the Grenadines	26		26
0.00100	Sao Tome and Principe	26		26
0.78756	Saudi Arabia	20,360	20,360	-
0.00711	Senegal	184	184	-
0.02843	Serbia	735	735	-
0.00284	Seychelles	73	73	-
0.00100	Sierra Leone	26	26	-

Scale 2004/ per cent	Member State	Contributions due	Amount credited	Amount outstanding
0.06113	Slovakia	1,580	1,580	-
0.11515	Slovenia	2,977	2,977	-
0.00100	Somalia	26		26
0.58001	South Africa	14,994	14,994	-
3.58064	Spain	92,565	92,565	-
0.02275	Sri Lanka	588	588	-
0.00853	Sudan	221	221	-
0.00284	Suriname	73	73	-
0.00284	Swaziland	73	73	-
1.45962	Sweden	37,734	37,734	-
1.81111	Switzerland	46,820	46,820	-
0.11373	Syrian Arab Republic	2,940	2,940	-
0.00100	Tajikistan	26		26
0.41795	Thailand	10,805	10,805	-
0.00853	The former Yugoslav Rep. of Macedonia	221	221	-
0.00100	Timor-Leste	26	26	-
0.00100	Togo	26		26
0.00100	Tonga	26	26	-
0.02275	Trinidad and Tobago	588	588	-
0.04265	Tunisia	1,103	1,103	-
0.62550	Turkey	16,170	16,170	-
0.00426	Turkmenistan	110		110
0.00711	Uganda	184	184	-
0.07534	Ukraine	1,948	1,948	-
0.28716	United Arab Emirates	7,424	7,424	-
7.86994	United Kingdom	203,450	203,450	-
0.00569	United Republic of Tanzania	147	147	-
0.11373	Uruguay	2,940	2,940	-
0.01564	Uzbekistan	404		404
0.00100	Vanuatu	26		26
0.29569	Venezuela (Bolivarian Republic of)	7,644	7,644	-
0.02275	Viet Nam	588	588	-
0.00853	Yemen	221	221	-
0.00284	Zambia	73	73	-
0.01137	Zimbabwe	294	294	-
100.00000	**TOTAL**	**2,585,160**	**2,493,180**	**91,980**

Schedule 2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND
as at 31 December 2009
(in euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2008	Adjustments 2009	Collections 2009	Amount outstanding
Afghanistan	0.001	74	74	-	-	-
Albania	0.008	594	594	-	-	-
Algeria	0.118	8,759	8,759	-	-	-
Angola	0.004	297	297	-	-	-
Argentina	0.452	33,552	33,552	-	-	-
Armenia	0.003	223	223	-	-	-
Austria	1.233	91,526	91,526	-	-	-
Azerbaijan	0.007	520	520	-	-	-
Bahamas	0.022	1,633	1,633	-	-	-
Bahrain	0.046	3,415	3,415	-	-	-
Bangladesh	0.010	742	742	-	-	-
Barbados	0.013	965	965	-	-	-
Belarus	0.028	2,078	2,078	-	-	-
Belgium	1.532	113,721	113,721	-	-	-
Belize	0.001	74	74	-	-	-
Benin	0.001	74	74	-	-	-
Bhutan	0.001	74	74	-	-	-
Bolivia (Plurinational State of)	0.008	594	594	-	-	-
Bosnia and Herzegovina	0.008	594	594	-	-	-
Botswana	0.019	1,410	1,410	-	-	-
Brazil	1.218	90,413	90,413	-	-	-
Bulgaria	0.028	2,078	2,078	-	-	-
Burkina Faso	0.003	223	223	-	-	-
Burundi	0.001	74	74	-	-	-
Cambodia	0.001	74	74	-	-	-
Cameroon	0.013	965	965	-	-	-
Cape Verde	0.001	74	74	-	-	-
Central African Republic	0.001	74	74	-	-	-
Chad	0.001	74	74	-	-	-
Chile	0.224	16,628	16,628	-	-	-
China	3.707	275,172	275,172	-	-	-
Colombia	0.146	10,838	10,838	-	-	-
Comoros	0.001	74	74	-	-	-
Congo	0.001	74	74	-	-	-
Costa Rica	0.044	3,266	3,266	-	-	-
Côte d’Ivoire	0.013	965	965	-	-	-
Croatia	0.069	5,122	5,122	-	-	-
Cuba	0.075	5,567	5,567	-	-	-
Cyprus	0.061	4,528	4,528	-	-	-
Czech Republic	0.391	29,024	29,024	-	-	-
Democratic People’s Republic of Korea	0.010	742	742	-	-	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2008	Adjustments 2009	Collections 2009	Amount outstanding
Democratic Republic of the Congo	0.004	297	297	-	-	-
Denmark	1.027	76,235	76,235	-	-	-
Djibouti	0.001	74	74	-	-	-
Dominica	0.001	74	74	-	-	-
Dominican Republic	0.033	2,450	325	-	-	2,125
Ecuador	0.029	2,153	2,153	-	-	-
Egypt	0.122	9,056	9,056	-	-	-
El Salvador	0.028	2,078	153	-	-	1,925
Equatorial Guinea	0.003	223	223	-	-	-
Eritrea	0.001	74	74	-	-	-
Ethiopia	0.004	297	297	-	-	-
Fiji	0.004	297	297	-	-	-
Finland	0.784	58,197	58,197	-	-	-
France	8.758	650,109	650,109	-	-	-
Gabon	0.011	817	817	-	-	-
Gambia	0.001	74	74	-	-	-
Georgia	0.004	297	297	-	-	-
Germany	11.922	884,974	884,974	-	-	-
Ghana	0.006	445	445	-	-	-
Greece	0.828	61,463	61,463	-	-	-
Grenada	0.001	74	74	-	-	-
Guatemala	0.044	3,266	3,266	-	-	-
Guinea	0.001	74	74	-	-	-
Guinea-Bissau	0.001	74	74	-	-	-
Guyana	0.001	74	74	-	-	-
Haiti	0.003	223	223	-	-	-
Honduras	0.007	520	520	-	-	-
Hungary	0.339	25,164	25,164	-	-	-
India	0.625	46,394	46,394	-	-	-
Indonesia	0.224	16,628	16,628	-	-	-
Iran (Islamic Republic of)	0.250	18,558	18,558	-	-	-
Iraq	0.021	1,559	1,559	-	-	-
Ireland	0.619	45,949	45,949	-	-	-
Israel	0.582	43,202	43,202	-	-	-
Italy	7.060	524,066	524,066	-	-	-
Jamaica	0.014	1,039	1,039	-	-	-
Japan	22.000	1,633,067	1,633,067	-	-	-
Jordan	0.017	1,262	1,262	-	-	-
Kazakhstan	0.040	2,969	2,969	-	-	-
Kenya	0.014	1,039	1,039	-	-	-
Kuwait	0.253	18,780	18,780	-	-	-
Kyrgyzstan	0.001	74	74	-	-	-
Lao People’s Democratic Republic	0.001	74	74	-	-	-
Lebanon	0.047	3,489	3,489	-	-	-
Lesotho	0.001	74	74	-	-	-
Liberia	0.001	74	74	-	-	-
Libyan Arab Jamahiriya	0.086	6,384	6,384	-	-	-
Lithuania	0.043	3,192	3,192	-	-	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2008	Adjustments 2009	Collections 2009	Amount outstanding
Luxembourg	0.118	8,759	8,759	-	-	-
Madagascar	0.003	223	223	-	-	-
Malawi	0.001	74	74	-	-	-
Malaysia	0.264	19,597	19,597	-	-	-
Maldives	0.001	74	74	-	-	-
Mali	0.001	74	74	-	-	-
Malta	0.024	1,782	1,782	-	-	-
Mauritania	0.001	74	74	-	-	-
Mauritius	0.015	1,113	1,113	-	-	-
Mexico	3.137	232,860	203,391	17,832	-	11,637
Monaco	0.004	297	297	-	-	-
Mongolia	0.001	74	74	-	-	-
Morocco	0.058	4,305	4,305	-	-	-
Montenegro	0.001	74	74	-	-	-
Mozambique	0.001	74	74	-	-	-
Myanmar	0.007	520	520	-	-	-
Namibia	0.008	594	594	-	-	-
Nepal	0.004	297	297	-	-	-
Netherlands	2.603	193,221	193,221	-	-	-
New Zealand	0.356	26,426	26,426	-	-	-
Nicaragua	0.003	223	74	-	-	149
Niger	0.001	74	74	-	-	-
Nigeria	0.067	4,973	4,973	-	-	-
Norway	1.087	80,688	80,688	-	-	-
Oman	0.101	7,497	7,497	-	-	-
Pakistan	0.082	6,087	6,087	-	-	-
Panama	0.032	2,375	2,375	-	-	-
Papua New Guinea	0.003	223	223	-	-	-
Paraguay	0.007	520	520	-	-	-
Peru	0.108	8,017	8,017	-	-	-
Philippines	0.108	8,017	8,017	-	-	-
Poland	0.696	51,664	51,664	-	-	-
Portugal	0.732	54,337	54,337	-	-	-
Qatar	0.118	8,759	8,759	-	-	-
Republic of Korea	3.020	224,176	224,176	-	-	-
Republic of Moldova	0.001	74	74	-	-	-
Romania	0.097	7,200	7,200	-	-	-
Russian Federation	1.668	123,816	123,816	-	-	-
Rwanda	0.001	74	74	-	-	-
Saint Kitts and Nevis	0.001	74	74	-	-	-
Saint Lucia	0.001	74	74	-	-	-
Saint Vincent and the Grenadines	0.001	74	74	-	-	-
Sao Tome and Principe	0.001	74	74	-	-	-
Saudi Arabia	1.040	77,201	77,201	-	-	-
Senegal	0.006	445	445	-	-	-
Serbia	0.029	2,153	2,153	-	-	-
Seychelles	0.003	223	223	-	-	-
Sierra Leone	0.001	74	74	-	-	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2008	Adjustments 2009	Collections 2009	Amount outstanding
Slovakia	0.088	6,532	6,532	-	-	-
Slovenia	0.133	9,873	9,873	-	-	-
Somalia	0.001	74	74	-	-	-
South Africa	0.403	29,915	29,915	-	-	-
Spain	4.125	306,200	306,200	-	-	-
Sri Lanka	0.022	1,633	1,633	-	-	-
Sudan	0.010	742	742	-	-	-
Suriname	0.001	74	74	-	-	-
Swaziland	0.003	223	223	-	-	-
Sweden	1.489	110,529	110,529	-	-	-
Switzerland	1.690	125,449	125,449	-	-	-
Syrian Arab Republic	0.022	1,633	1,633	-	-	-
Tajikistan	0.001	74	74	-	-	-
Thailand	0.259	19,226	19,226	-	-	-
The former Yugoslav Rep. of Macedonia	0.007	520	520	-	-	-
Timor-Leste	0.001	74	74	-	-	-
Togo	0.001	74	74	-	-	-
Tonga	0.001	74	74	-	-	-
Trinidad and Tobago	0.038	2,821	2,821	-	-	-
Tunisia	0.043	3,192	3,192	-	-	-
Turkey	0.530	39,342	39,342	-	-	-
Turkmenistan	0.008	594	56	-	-	538
Uganda	0.004	297	297	-	-	-
Ukraine	0.063	4,677	4,677	-	-	-
United Arab Emirates	0.420	31,177	31,177	-	-	-
United Kingdom	9.232	685,294	685,294	-	-	-
United Republic of Tanzania	0.008	594	594	-	-	-
Uruguay	0.038	2,821	2,821	-	-	-
Uzbekistan	0.011	817	817	-	-	-
Vanuatu	0.001	74	74	-	-	-
Venezuela (Bolivarian Republic of)	0.278	20,636	20,636	-	-	-
Viet Nam	0.033	2,450	2,450	-	-	-
Yemen	0.010	742	742	-	-	-
Zambia	0.001	74	74	-	-	-
Zimbabwe	0.011	817	817	-	-	-
Subtotal	**100.000**	**7,423,030**	**7,388,824**	**17,832**	**-**	**16,374**
New Member State						
Samoa	0.001	74			-	74
TOTAL	**100.001**	**7,423,104**	**7,388,824**	**17,832**	**-**	**16,448**

Schedule 3

GENERAL FUND

Status of appropriations by major object of expenditure for the biennium 2008-2009 as at 31 December 2009

(in thousands of euros)

Major object of expenditure	Original appropriation	Disbursements during 2008-2009	Un-liquidated obligations as at 31/12/09	Total expenditure	Balance of appropriations
Salaries and common staff costs	107,796.8	93,006.9	2,837.9	95,844.8	11,952.0
Official travel	3,525.9	2,956.4	315.9	3,272.3	253.6
Operating costs	27,786.3	22,417.5	3,184.4	25,601.9	2,184.4
Information and communication technology	5,719.7	4,339.2	1,044.8	5,384.0	335.7
RPTC and SRA activities	14,809.4	14,326.7	0.0	14,326.7	482.7
TOTAL A	**159,638.0**	**137,046.7**	**7,383.0**	**144,429.7**	**15,208.3**
Income		**Actual Income**	**Accrued Income**	**Total Income**	**Shortfall**
Regional programme	1,904.9	487.6		487.6	1,417.3
Miscellaneous Income					
1. Estimated in decision GC.12/Dec.16	3,110.1	3,109.3		3,109.3	0.8
2. Not estimated in decision GC.12/Dec.16	(1,415.1)			(1,415.1)	1,415.1
TOTAL B	**5,015.0**	**2,181.8**		**2,181.8**	**2,833.2**
TOTAL A - B	**154,623.0**	**134,864.9**	**7,383.0**	**142,247.9**	**12,375.1**

Schedule 4

OTHER HEADQUARTERS FUNDS
BUILDINGS MANAGEMENT SERVICES
Status of appropriations by major object of expenditure for the biennium 2008-2009
(in thousands of euros)

Major object of expenditure	Original appropriation	Disbursements during 2008-2009	Un-liquidated obligations as at 31/12/09	Total expenditure	Balance of appropriations
Staff costs	17,181.1	12,928.8	50.5	12,979.3	4,201.8
Official travel	15.7	2.8	0.1	2.9	12.8
Operating costs	39,731.1	20,361.4	7,848.1	28,209.5	11,521.6
Information and communication technology					
TOTAL A	**56,927.9**	**33,293.0**	**7,898.7**	**41,191.7**	**15,736.2**
Income	**Estimated Income**	**Actual Income**	**Accrued Income**	**Total Income**	**Shortfall/ (Excess)**
Common Buildings Management	54,879.0	43,079.0	1,094.4	44,173.4	10,705.6
Joint Building Management	2,048.9	1,250.3	-	1,250.3	798.6
TOTAL B	**56,927.9**	**44,329.3**	**1,094.4**	**45,423.7**	**11,504.2**
Miscellaneous Income					
Not estimated in decision GC.12/Dec.16	-	1,170.7	13.8	1,184.5	-1,184.5
TOTAL C	**-**	**1,170.7**	**13.8**	**1,184.5**	**-1,184.5**
TOTAL A - B - C	**-**	**-12,207.0**	**6,790.5**	**-5,416.5**	**5,416.5**

Cumulative fund balance – Special Account for BMS	
Excess of income over expenditure for 2008-2009 (as above)	5,416.5
Savings on cancellation of obligations	91.6
Prior biennium adjustment	0.0
Fund balance as at 1 January 2008	19,979.8
Cumulative fund balance as at 31 December 2009	**25,487.9**

ANNEX V

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Objectives and activities of UNIDO

1.1 The United Nations Industrial Development Organization (UNIDO) is a specialized United Nations agency dedicated to improving the living conditions of people and promoting global prosperity by offering tailor-made solutions for the sustainable industrial development in developing countries and countries with economies in transition.

1.2 UNIDO channels its technical cooperation activities into three thematic priority areas — poverty reduction through productive activities, trade capacity-building and environment and energy. In addition, it engages in a number of cross-cutting activities, especially in promoting South-South cooperation for industrial development, partnerships with international financial institutions and the private sector, special programme for the least developed countries and strategic industrial research and statistical services.

1.3 The key comparative advantage of UNIDO lies in its unique ability to provide comprehensive and integrated packages of services; combining its operational activities with its analytical, normative and convening roles. Those services include: industrial strategy and business environment; investment and technology promotion; small and medium enterprise cluster and agro-value chain development; rural, women and youth entrepreneurship development; post-crisis rehabilitation; industrial capacities for trade competitiveness; quality and compliance infrastructure; corporate social responsibility for market integration; resource efficient and low-carbon industrial production; renewable energy for productive use and capacity-building for the implementation of multilateral environmental agreements. UNIDO is committed to maintaining excellent standards in the implementation of these programmes.

Note 2: Summary of significant accounting policies

Basis of presentation

2.1 UNIDO's accounts are maintained in accordance with Article X of the Financial Regulations of UNIDO, as adopted by the General Conference, the financial rules formulated thereunder, administrative instructions and in conformity with generally accepted accounting principles. UNIDO follows the United Nations System Accounting Standards as approved by the High-level Committee on Management (HLCM) on behalf of the United Nations Chief Executives Board for Coordination (CEB) at its seventh session and requested by General Assembly resolution 48/216, and the financial statements, of which these notes form an integral part, are presented in accordance with those standards.

2.2 The UNIDO financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

2.3 In accordance with Financial Regulation 10.5, the financial statements of UNIDO are presented in euros. Accounts and accounting records may, however, be kept in such currency or currencies, as the Director-General may deem necessary. Accordingly, accounts of technical cooperation activities are maintained in euros and United States dollars, depending on the currency in which the funding from the donor was received or in certain cases, according to the currency of project implementation.

2.4 UNIDO's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Conference or the Director-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts.

2.5 The fiscal period of the Organization is a biennium and consists of two consecutive calendar years.

2.6 Income, expenditure, assets and liabilities are recognized on the accrual basis of accounting, except in instances specifically mentioned below.

Translation and conversion of currencies

2.7 Transactions in currencies other than euros are converted to euros for all funds and in addition to United States dollars for dollar-based extrabudgetary technical cooperation activities at the applicable United Nations operational rate of exchange at the deemed date of the transaction. Assets, liabilities, reserves and fund balances held in other currencies are translated at the applicable United Nations operational rate of exchange at the date of the statement.

2.8 Exchange rate gains and losses arising from transactions and the revaluation of assets and liabilities are accounted as other income in Statement I subject to 2.9 (iii) below.

2.9 In preparing the Organization’s consolidated financial statements, the accounts of technical cooperation activities maintained in United States dollars are translated to euros using generally accepted accounting principles. Namely,

(i) Non-euro income, expenditure and changes in reserves and fund balances are stated at the equivalent amount of euros applicable as at the deemed date of the transaction applying the United Nations operational rate of exchange as at that date;

(ii) Non-euro assets, liabilities, reserves and fund balances as at 31 December 2009 are converted to a euro equivalent using the United Nations operational rate of exchange as at 31 December 2009;

(iii) All resulting exchange differences are classified as a component of reserves and fund balances in Statements I and II in a separate account — “currency translations”.

Income recognition

2.10 Contributions to the regular budget are recognized as income on the basis of assessments approved by the General Conference to Member States for the fiscal period.

2.11 Voluntary contributions towards regular budget and technical cooperation activities from Governments or other donors are recognized as income upon receipt of cash or cash equivalents.

2.12 Contributions in kind received are not accounted for, but the value is disclosed in the notes to the financial statements. Where necessary, amounts are estimated locally based on a fair commercial value in an arm’s length transaction and amounts in foreign currencies are translated using an annual average United Nations operational rate of exchange.

2.13 Funds under inter-organization arrangements representing income from UNDP and UNDP trust funds are the same as reported for total expenditure in line with UNDP procedures, which require that allocations be adjusted to equal actual expenditure.

2.14 Income from revenue-producing activities, consisting of sales of publications and Computer Model for Feasibility Analysis and Reporting (COMFAR), is recognized on a cash basis. In addition, for COMFAR, income is recognized on confirmation of receipt of funds at a field location (e.g. UNDP country offices).

2.15 Income from the operation of common services under Buildings Management Services (BMS) is recognized on issuance of invoices to the Vienna International Centre (VIC)-based organizations. At year-end, income is accrued for staff costs in BMS, pending the issuance of invoices.

2.16 For the regular budget, refunds of expenditure charged to previous fiscal periods, proceeds from the sale of surplus property, commissions from travel agents, CTBTO support costs and other sundry credits are treated as miscellaneous income.

Interest income

2.17 Interest income, including accrued interest on bank deposits for regular and operational budget, special account for Buildings Management, general-purpose segment of the Industrial Development Fund and Multilateral Fund for the Montreal Protocol is recognized as income in the respective accounts and funds. Interest income arising from UNDP activities is credited to the operating fund account maintained with that organization. Pursuant to General Conference decision GC.8/Dec.10, interest income under the regular budget is limited to the budgetary estimates contained in the programme and budgets for the fiscal period, including interest earned on working capital funds.

2.18 Total interest income, including accrued interest on bank deposits for special-purpose Industrial Development Fund, direct funding under Global Environment Facility, trust funds and Global Environment Facility funds through UNEP (UNEP/GEF) relating to the technical cooperation activities is credited to accounts payable until instructions regarding its utilization are received from the donor.

Expenditure

2.19 Expenditure reported in the financial statements includes disbursements and un-liquidated obligations.

2.20 Expenditure on acquisition of furniture, equipment, other non-expendables and leasehold improvements is charged to expenditure in the year of purchase and is not included in the assets of the Organization. The inventory of such non-expendable property is maintained on historical cost basis and the value is disclosed in the notes to the financial statements.

2.21 Disbursements made in the current fiscal period, for future fiscal periods are not charged to the expenditure in the current fiscal period but are recorded as deferred charges, as referred to in Note 2.25 below.

2.22 Ex gratia payments made in accordance with financial rule 109.3.1 are reported in the notes to the financial statements of the respective fund pursuant to financial regulation 9.3.

Assets

2.23 Assessed contributions receivable represent legal obligations due from Member States. Details of the receivables are provided in a schedule to the financial statements. A full provision for outstanding assessed contributions for regular budget for the previous fiscal periods is made at the end of the current fiscal period.

2.24 Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown as cash and term deposits.

2.25 Expenditure items that are not properly chargeable in the current fiscal period and that will be charged as expenditure in a subsequent fiscal period are shown under other assets as deferred charges. For balance sheet statement purposes only, that portion of the education grant advance, which is assumed to pertain to the scholastic year completed as at the date of the financial statement is also shown under deferred charges.

Liabilities and reserves

2.26 In accordance with financial regulation 5.2(d) unencumbered balance of appropriations adjusted against future assessments as requested by certain Member States and contributions received in advance for 2010 and beyond, are held as a liability until applied against assessments for future fiscal periods.

2.27 For the regular budget, obligations made and outstanding against current fiscal period are shown as un-liquidated obligations. According to financial regulation 4.2(b) these obligations remain valid for twelve months following the end of the fiscal period to which they relate. At the end of the twelve months the remaining un-liquidated obligations are terminated.

2.28 For all technical cooperation activities, un-liquidated obligations meeting the established criteria remain valid for twelve months after the end of each calendar year. However, in accordance with established policy, these obligations may be retained beyond twelve months, when a firm liability to pay still exists and/or until the completion of activities under relevant projects.

2.29 No provision is made in the General Fund for end-of-service entitlements, after-service health insurance or meeting potential liabilities under appendix D to the Staff Rules of UNIDO, as funds are provided for in the budget appropriations to meet the obligations on a pay-as-you-go basis. However, provision is made to meet repatriation grant entitlements and potential liabilities for compensation payments under appendix D to the Staff Rules for personnel financed by technical cooperation resources other than inter-organization arrangements and certain trust funds and are calculated on the basis of eight per cent and one per cent of net base pay, respectively (Note 2.35 refers).

Financial instruments

2.30 UNIDO uses only non-derivative financial instruments as part of its normal operations. These financial instruments consist mainly of bank accounts, time deposits, call accounts, accounts receivable and accounts payable.

2.31 All financial instruments are recognized in the statement of assets, liabilities reserves and fund balances at their fair values.

Financial risks

2.32 UNIDO has instituted prudent risk management policies and procedures in accordance with its financial regulations and rules. In the normal course of business, UNIDO is exposed to a variety of financial risks, such as market risk (foreign currency exchange and interest rate), and counterparty risks as indicated below. UNIDO does not use any hedging instruments to hedge risk exposures.

(a) **Currency risk**: UNIDO receives contributions from member countries and donors in currencies other than euro and is therefore exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates.

(b) **Interest rate risk**: UNIDO deposit its funds only in short-term fixed interest accounts, and therefore has no significant interest rate risk exposure.

(c) **Credit risk**: UNIDO has no significant exposure to credit risk because its contributing member countries and donors are generally of high credit standing.

(d) **Counterparty risk**: UNIDO has its cash deposited with various banks and is therefore exposed to the risk that a bank defaults in its obligation towards the Organization.

Savings on or cancellation of prior period obligations

2.33 Savings on or cancellation of obligations relating to the regular budget's un-liquidated obligations for the prior fiscal period are credited to Member States in the current fiscal period in accordance with financial regulation 4.2(c). Savings on or the cancellation of prior year obligations in respect of all technical cooperation activities are credited to individual projects as a reduction of current year expenditure or as miscellaneous income for completed projects. For BMS special account, the savings on or the cancellation of obligations for the prior period is credited to the special account in the current period.

Commitments and contingent liabilities

2.34 Commitments approved for future fiscal periods that are necessary in the interest of UNIDO, in accordance with financial rule 109.2.2, are disclosed in the notes to the financial statements of the respective fund. Such commitments are normally restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where long lead times are required for delivery.

2.35 Contingent liabilities for end-of-service entitlements, after-service health insurance and for any pending litigations are disclosed in the notes to the financial statements (Note 2.29 refers).

Special account for RPTC

2.36 The appropriations for the regular programme of technical cooperation (RPTC) are administered in accordance with the financial regulations of UNIDO, and in accordance with the General Conference decision GC.9/Dec.14.

2.37 Miscellaneous income from refunds for completed projects and exchange differences relating to the RPTC are credited to the special account.

2.38 The criteria for recording and reporting un-liquidated obligations against the current biennium for the RPTC are the same as those for technical cooperation activities. Savings on or cancellation of obligations are credited to the relevant projects under RPTC and retained in the special account for carrying out RPTC activities.

Special account for programme support costs

2.39 Income from programme support costs, charged in respect of programme expenditure under extrabudgetary technical cooperation activities, is recognized earlier on the establishment of obligations or on disbursements and is credited to the special account for financing the operational budget.

2.40 In the financial statements of the Organization, the special account for programme support costs is shown separately from the inter-organizational funds, from which its income derives.

2.41 Un-liquidated obligations in respect of the special account for programme support costs are accounted for on the same basis as for the regular budget. Savings on or cancellation of obligations is credited to the special account for programme support costs.

Note 3: General Fund and Working Capital Fund

3.1 Assessed contributions

The General Conference approved that an amount of €154,623,038 of the regular budget for the biennium 2008-2009 (decision GC.12/Dec.16) be financed from assessed contributions by Member States. In accordance with financial regulation 5.5(c), payments made by a Member State are credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member State was assessed. Full provision of €106,275,723 is made for assessed contributions outstanding for prior bienniums as of 31 December 2009.

3.2 Voluntary contributions

This represents host-Government contributions towards the operational costs of UNIDO field offices.

3.3 Revenue-producing activities

Gross revenue from the sale of UNIDO publications was €146,039, one-half of which (€73,019) is reported under revenue producing activities and the other half was transferred to the sales publications revolving fund (Note 3.13(i) refers).

3.4 Interest income

Interest income of €3,036,300 represents the budgetary estimate contained in the programme and budgets for the biennium 2008-2009. According to decision GC.8/Dec.10, the excess interest over the budgetary estimate is set aside pending distribution to eligible Member States in accordance with the “S” curve formula, as an incentive for prompt payment of assessed contributions.

	€ ‘000	
	2008-2009	***2006-2007***
Opening balance	2,760.2	*345.3*
Less: Credited to Member States	345.3	-
Excess interest for the period	667.4	*2,414.9*
Closing balance	**3,082.3**	***2,760.2***

3.5 Currency exchange adjustments

Pursuant to General Conference decision GC.8/Dec.16 an amount of €2,907,553 has been transferred to the reserve for exchange rate fluctuations (Note 3.13(iii) refers). The amount transferred to the reserve is the difference between the euro value of actual dollars expended and the budgeted euro cost of those dollars for the biennium 2008-2009. The dollar requirements for the biennium 2008-2009 were calculated using the 2006 average United Nations euro/dollar exchange rate, i.e. €1 = $1.2484 (document GC.12/8), or $1 = €0.801. The amount reflected in the currency exchange adjustment is the transfer and the exchange gains/losses from regular budget activities for the biennium.

3.6 Miscellaneous income

	€ ‘000	
	2008-2009	***2006-2007***
Refund of prior periods expenditure	136.2	*42.1*
Commissions from travel agent	193.1	*81.7*
Support costs[a]	324.4	*305.2*
Sale of surplus property	12.3	*11.5*
Other miscellaneous	266.8	*80.0*
Total	**932.8**	***520.5***

[a] This relates to CTBTO support costs charged on BMS activities.

3.7 Prior biennium adjustments

The prior biennium adjustments comprise:

		€
(a)	A charge for the biennium 2002-2003 in respect of a payment made to a UNIDO staff member as a result of an appeal case	8,000
(b)	An additional charge for the biennium 2004-2005 in respect of a payment made to a former staff member as ruled by the International Labour Organization Administrative Tribunal (ILOAT)	23,311
(c)	A charge for the biennium 2006-2007 in respect of a payment made to a UNIDO staff member as ruled by ILOAT	30,000
(d)	Various late charges from field offices for the biennium 2006-2007	86,217
(e)	Late charges and recoveries for the biennium 2006-2007 on SRA activities	(33,329)
	Total	**114,199**

3.8 Savings on or cancellation of obligations from the prior biennium

In accordance with financial regulation 4.2(c), the savings on or cancellation of obligations relating to the regular budget un-liquidated obligations for the biennium 2006-2007 credited to Member States in the current biennium amounted to €3,418,248.

3.9 Accounts receivable — other

	€ '000	
	2008-2009	***2006-2007***
Salary advances	246.4	*83.0*
Education grant advances	801.0	*830.3*
Travel advances	336.3	*436.8*
Receivable from VIC-based organizations	829.7	*285.5*
US income tax recoverable[(a)]	955.8	*955.8*
VAT	233.2	*194.3*
Accrued interest	54.3	*464.7*
Other miscellaneous[(b)]	1,437.0	*1,493.7*
Subtotal	**4,893.7**	***4,744.1***
Less: Provision for doubtful receivables	(723.7)	*(723.7)*
Total	**4,170.0**	***4,020.4***

(a) Organization's claim submitted to the Government of the United States of America in respect of United States income tax reimbursed to UNIDO staff members during the period 1994 to 1996 under the Tax Reimbursement Agreement. The Government of the United States of America had communicated to the Organization that it acknowledges this debt; however, no payment was received during the biennium.

(b) Includes the Organization's claim to the International Atomic Energy Agency under the cost-sharing agreement for termination indemnity costs for Buildings Management staff separated during the 1995 staff reduction exercise not resolved. The amount claimed is $644,453 (€723,720 at the United Nations operational rate of exchange approved by the ninth session of the General Conference (GC.9/Dec.15)). A provision has been made for a possible write-off of this receivable.

3.10 Other assets

Other assets include:

	€ '000	
	2008-2009	***2006-2007***
Advances against future years obligations	-	*4.6*
Deferred education grant advances	534.0	*553.5*
Other[(a)]	783.5	-
Total	**1,317.5**	***558.1***

(a) Includes unprocessed imprest transactions as of 31 December 2009. With the exception of an immaterial amount of straight expenditures, related to miscellaneous charges and terminated obligations, all disbursements made through imprest accounts are covered by obligations.

3.11 Payments or contributions received in advance

This amount includes, assessed contributions of €488,957 received from Member States to be applied against the 2010 assessment and advances of €6,373,254 received from VIC-based organizations for special work programmes carried out by BMS at the VIC.

3.12 Accounts payable — other

	€ '000	
	2008-2009	***2006-2007***
Unencumbered balances due to Member States	19,341.7	*8,891.0*
Incentive scheme interest due to Member States	3,082.3	*2,760.2*
Accruals for maternity leave replacements	128.1	*171.4*
Due to United Nations	205.9	*179.9*
Prior years' obligations	201.6	*153.8*
Miscellaneous payables	1,372.0	*392.9*
Other clearing accounts	898.3	*417.3*
Total	**25,229.9**	***12,966.5***

3.13 Other reserves

Total other reserves of €21,430,061 comprise the following:

(i) Sales publication revolving fund

The sales publication revolving fund was established in biennium 1998-1999 as contained in document GC.7/21 and decision GC.7/Dec.16 to support longer range planning of publication activities, including promotion, marketing and re-printing of publications. The fund is credited with one-half of the income generated from sale of publications and charged with the full costs related to promotions, marketing and publication activities as shown below.

	€ '000	
	2008-2009	***2006-2007***
Sales	147.0	*181.2*
Less: Transfer to revenue producing activities	73.0	*90.6*
Less: Promotional and other costs	12.8	*17.0*
Surplus/(deficit) for the period	61.2	*73.6*
Opening balance	203.7	*130.1*
Closing balance	**264.9**	***203.7***

(ii) Separation indemnity reserves

Pursuant to decision GC.6/Dec.15, paragraph (e), the amount of $9,546,732 representing the balance of appropriations for the biennium 1992-1993, which was actually received by the Organization, was transferred to a separation indemnity reserve in 1995. Pursuant to General Conference decision GC.7/Dec.17, the amount of $13,900,000 was transferred from the unencumbered balance of appropriations for the biennium 1994-1995 for the funding of the separation indemnity reserve to meet the cost of staff separations resulting from the 1998-1999 programme and budgets. Unlike the previous allocation from the biennium 1992-1993, the allocation from the biennium 1994-1995 was not supported by actual cash, as large arrears for this biennium exist. The cumulative payments made during the period 1995 to 2001 from both reserves amounts to $18,546,191. The remaining balance of $4,900,541 was converted to euros on 1 January 2002 using the exchange rate approved by the General Conference (decision GC.9/Dec.15).

	€ '000	
	2008-2009	***2006-2007***
Opening balance	5,499.3	*5,499.3*
Less: Payments made during the period	-	-
Closing balance	**5,499.3**	***5,499.3***

(iii) Reserve for exchange rate fluctuations

The General Conference in decision GC.8/Dec.16 authorized the Director-General to establish a reserve, not subject to the provisions of financial regulations 4.2(b) and 4.2(c). Consequently, the reserve was established in biennium 2002-2003 in order to protect the Organization from exchange rate fluctuations resulting from the introduction of the euro as a single currency for the preparation of the programme and budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts. The amount transferred to the reserve is the difference between the euro value of actual dollars expended and the budgeted euro cost of those dollars (Note 3.5 refers).

	€ '000	
	2008-2009	***2006-2007***
Opening balance	8,971.1	*7,748.6*
Transfers during the period	2,907.6	*1,222.5*
Closing balance	**11,878.7**	***8,971.1***

(iv) Special account for RPTC

In accordance with General Conference decision GC.9/Dec.14, a special account was established for fully programmable appropriations under the RPTC, not subject to financial regulations 4.2(b) and 4.2(c). Funds from cancellation of obligations, if any, would be retained in the special account for carrying out RPTC activities (Notes 2.36 to 2.38 refer).

	€ '000	
	2008-2009	***2006-2007***
Appropriations from regular budget	9,277.4	*9,047.8*
Currency exchange adjustment/Misc. income	(28.9)	*76.7*
Total income	9,248.5	*9,124.5*
Expenditure	(10,575.4)	*(6,907.8)*
Surplus/(deficit) for the period	(1,326.9)	*2,216.7*
Opening balance	5,114.1	*2,897.4*
Closing balance	**3,787.2**	***5,114.1***

3.14 Working Capital Fund

General Conference decision GC.2/Dec.27 established the Working Capital Fund at $9 million for the purpose of financing budgetary appropriations pending the receipt of contributions and unforeseen and extraordinary expenditure. At subsequent General Conferences, the level of the Fund was progressively reduced to $6,610,000. With the introduction of euro assessment effective 1 January 2002, the amount was converted to euros in accordance with GC.9/Dec.15, resulting in a Working Capital Fund of €7,423,030. The General Conference (GC.12/Dec.13) decided to maintain the Fund at the same level for the biennium 2008-2009. The Fund is financed through assessments to Member States based on the scale of assessments approved by the General Conference.

	€ '000	
	2008-2009	***2006-2007***
Opening balance	7,423.1	*7,423.0*
Adjustments during the period	-	*0.1*
Closing balance	**7,423.1**	***7,423.1***

As of 31 December 2009 an amount of €16,448 was outstanding.

3.15 Credits/surpluses due to Member States

Surpluses due to Member States are funds available for credit to Member States arising from unencumbered balances of the appropriations and contributions from new Member States. In accordance with financial regulation 4.2(b), the unencumbered balance of the appropriations at the end of a fiscal period shall be surrendered to the Members at the end of the first calendar year following the fiscal period after deducting therefrom any contributions from Members relating to that fiscal period which remain unpaid, and shall be credited to the Members in proportion to their assessed contributions in accordance with the provisions of financial regulations 4.2(c) and 5.2(d). Financial regulation 4.2(c) requires that, before the respective share of the balance is surrendered to any Member that has outstanding regular budget obligations to the Organization, those obligations shall first be brought to account.

As at the balance sheet date, the surpluses due for distribution — representing unspent balances of collections, assessed contributions received for prior bienniums together with receipts from new Member States are set-aside in “accounts payable — other” (see Note 3.12), pending receipt of Member States’ instructions.

	€ ‘000	
	2008-2009	***2006-2007***
Unencumbered balance brought forward	8,891.0	*4,419.7*
Contributions received during the period	18,798.6	*9,057.0*
Applied to assessments, retained for technical cooperation activities or refunded to Member States	(8,347.9)	*(4,585.7)*
Unencumbered balance carried forward	**19,341.7**	***8,891.0***

The following is a cumulative analysis of the surpluses due to Member States, expressed in millions of euros.

	Surplus net of prior period adjustments	*Surpluses disposed and applied to assessments*	*Surpluses due for distribution*	*Provisions for delays in the collection of contributions*	*Surpluses due to Member States*	*Remarks*
2008-2009	12.4				12.4	Provisional
2006-2007	16.0		9.6	6.8	(0.4)	
2004-2005	13.5	4.3	2.4	5.2	1.6	
2002-2003	10.2	2.7	3.4	4.4	(0.3)	
2000-2001	10.3	4.4	2.3	3.5	0.1	
1998-1999	14.3	7.4	0.8	6.0	0.1	
1996-1997 (GC.8/Res.4)	46.9	10.3	0.8	36.3	(0.5)	
1994-1995 (GC.7/Dec.17)	35.3	15.6		41.3	(21.6)	
1992-1993 (GC.6/Dec.15) (GC.8/Dec.10) (GC.8/Res.4)	16.5	15.0		1.5	0.0	
1990-1991	9.8			1.1	8.7	Retained – GC.5/Dec.14
1988-1989	7.3			0.1	7.2	Retained – GC.4/Dec.15
1986-1987 (GC.4/Dec.15)	4.8	4.8			0.0	
Total	**197.3**	**64.5**	**19.3**	**106.2**	**7.3**	

	Surplus net of prior period adjustments	*Surpluses disposed and applied to assessments*	*Surpluses due for distribution*	*Provisions for delays in the collection of contributions*	*Surpluses due to Member States*	*Remarks*
Contributions from new Member States	1.9	1.7	0.0	0.1	0.1	
Total	**199.2**	**66.2**	**19.3**	**106.3**	**7.4**	

3.16 Eliminations

Eliminations comprise two elements as shown below:

(a) Buildings Management Service costs charged to UNIDO. An amount of €6,319,825 is eliminated from both operating costs and contractual services and income to avoid double counting of UNIDO's contribution to buildings management costs;

(b) Expenditure of €15,653,669 on RPTC and SRA activities is re-analysed into its component parts.

3.17 Contributions in kind

Contributions in kind estimated at €399,984 were received from Member States in support of UNIDO field offices during the biennium.

3.18 Ex gratia payments

Ex gratia payments amounting to €2,818 were made as reimbursement of expenses for a high-level speaker from a non-Member State of UNIDO, at the thirteenth session of the General Conference.

3.19 Non-expendable equipment

The following table shows the Headquarters non-expendable equipment, at cost, expressed in millions of euros, according to the cumulative inventory records of UNIDO as at 31 December 2009. The minimum value for recognition of non-expendable property is €1,700 per item.

	2008-2009			***2006-2007***		
	HQ	Field	**Total**	*HQ*	*Field*	***Total***
Opening balance	8.3	1.9	10.2	*8.6*	*1.7*	*10.3*
Add: additions	1.1	0.6	1.7	*0.5*	*0.3*	*0.8*
Deduct: disposals/adjustments	(2.8)	(0.6)	(3.4)	*(0.8)*	*(0.1)*	*(0.9)*
Closing balance	**6.6**	**1.9**	**8.5**	***8.3***	***1.9***	***10.2***

In addition, special items with a unit value of €600 or more are maintained in inventory records for Headquarters and field offices and amounted to €2.0 million and €0.5 million respectively as at 31 December 2009.

3.20 Contingent liabilities

(i) End-of-service payment to staff

In line with United Nations accounting standards, liabilities for end-of-service payments comprise end-of-service allowance, repatriation grant and compensation for accrued annual leave. To provide a more realistic estimate, the amount required for the removal of household goods has also been included. The valuation as at 31 December 2009 is based on the United Nations salary scale and the entitlements defined in the staff regulations and rules, as well as taking into account the average of actual costs of removal expenses of staff separating during the year 2009. The amounts are estimated to be:

Regular budget	€21.3 million
Operational budget	€5.5 million

Post-retirement benefits are excluded.

No provision is made for this liability, except that in the case of the operational budget, as reflected in Statement II and Note 4.7 (operating reserve).

(ii) The United Nations Joint Staff Pension Fund

UNIDO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the United Nations Joint Staff Pension Fund consists of its mandated contribution at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the 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. At the time of this report, the United Nations General Assembly has not invoked this provision.

(iii) After-service health insurance

Staff members (their spouses, dependent children or survivors) retiring from service under the Pension Fund regulations at age 55 or later are eligible for after-service health insurance coverage after having been a participant in a contributory health insurance scheme of the common system for at least 10 years. The same applies to staff members receiving compensation for disability under Appendix D to the staff rules. Costs of participation in this scheme are borne on the basis of joint contributions by UNIDO and the participants concerned.

During the biennium, the Organization’s contribution to the scheme amounted to €4,269,755. The contributions against the Buildings Management Services amounted to €141,939, which was cost-shared with other VIC-based organizations. An actuarial valuation was conducted using the same demographic assumptions as used by the UNJSPF to determine the accrued liabilities under ASHI as at 31 December 2009. According to the valuation, the level of unfunded liabilities as at December 2009 amount to €69.4 million ($100.5 million based on the period-end exchange rate). A United Nations system-wide solution is being sought to address the issue of unfunded liabilities.

(iv) Appeal cases

The contingent liabilities on pending staff/consultant related appeals as at 31 December 2009, amounts to €3,858,977.

(v) Major repairs and replacements at the Vienna International Centre

Under a new agreement reached between the VIC-based organizations and the Republic of Austria in 2002, costs related to unexpected major repairs and replacements, which are not included in the agreed investment plan, will have to be shared equally between the Austrian Government and the VIC-based organizations. In the past, such costs were fully absorbed by the Austrian Government. No provisions have been made for such unforeseen expenditure in the financial statements.

Note 4: Other Headquarters funds

4.1 Funds reported under this heading comprise:

(i) Special Account for Programme Support Costs;

(ii) Computer Model for Feasibility Analysis and Reporting (COMFAR);

(iii) Buildings Management Services (BMS);

(iv) Special Account for Security Enhancements at the VIC.

4.2 Buildings Management Services

With effect from 1 January 2002, the General Conference approved (decision GC.9/Dec.17 refers) BMS as a separate, self-balancing major programme in the programme and budgets of UNIDO. All BMS expenditures are offset by income, i.e. contributions received from other VIC-based organizations and from UNIDO. Consequently, under the UNIDO General Fund, only UNIDO's share of the BMS costs are included (reference IDB.24/3). In view of the above, the BMS is reported under other Headquarters funds beginning with the biennium 2002-2003. The BMS operations are further split into two components:

(i) Staff costs: This continues to be subject to the provisions of financial regulations 4.2(b) and 4.2(c);

(ii) Special account for Buildings Management Services (for other than staff costs): The ninth session of the General Conference (decision GC.9/Dec.14), established with effect from January 2002, a special account for BMS (for other than staff costs), which is not subject to financial regulations 4.2 (b) and 4.2 (c). Thus the budgetary surplus, if any, will not require distribution to Member States. Each VIC-based organization (UNOV, UNIDO, IAEA and CTBTO) is required to pay its share into this account.

Additional analysis of BMS operations is provided in schedule 4 and the analysis on the special account is provided in Annex III. The surplus of €25,487,951 on the special account for BMS costs does not form part of the unencumbered balances of the appropriations due to Member States at the end of the biennium and is used for planned activities having multi-year implementation schedules. This amount includes €6,673,426 due from the International Atomic Energy Agency.

4.3 Special account for security enhancements at the VIC

The General Conference at its eleventh session established a special account with effect from 2006, for the purpose of financing UNIDO's share of the security enhancements at the VIC (decision GC.11/Dec.15). The special account is not subject to financial regulations 4.2(b) and 4.2(c). Due to the specific purpose and duration of the special account, it is classified under other Headquarters funds in the financial statements.

4.4 Income and expenditure and changes in fund balances

The following is an analysis of income and expenditure during the biennium for the funds reported under this heading:

	[a]Special account for programme support costs	Computer Model for Feasibility and Analysis	Buildings Management Services	Special account for security enhancements	Total
	(in thousands of euros)				
Income	18,739.9	787.2	46,608.2		66,135.3
Expenditure	19,069.0	429.5	41,191.7	478.4	61,168.6
Excess (shortfall) of income over expenditure	(329.1)	357.7	5,416.5	(478.4)	4,966.7
Savings on cancellation of prior biennium obligations	308.1		91.6		399.7
Net excess (shortfall) of income over expenditure	(21.0)	357.7	5,508.1	(478.4)	5,366.4
Opening balance	6,531.0	906.1	19,979.8	1,430.5	28,847.4
Closing balance	6,510.0	1,263.8	25,487.9*	952.1	34,213.8

* Relates to the special account (see annex III).

(a) Reimbursement for programme support costs is calculated as a percentage of programme resources expended. The Multilateral Fund for the Montreal Protocol makes an annual lump sum payment, as support cost for the implementation of its programme/projects; this amount is recorded as current year income. The Fund also pays a reduced support cost in respect of each of its projects, which, similar to most other technical cooperation activities, is calculated as a percentage of programme resources expended.

4.5 Currency adjustment

The €193,525 exchange difference results primarily from the revaluation of the United States dollar cash and term deposits held by the special account for programme support costs.

4.6 Accounts receivable — other

Accounts receivable — other is represented by:

	€ '000	
	2008-2009	***2006-2007***
Accrued interest	16.1	*175.3*
Receivable from VIC-based organizations to BMS	6,865.6	*9,294.3*
Accounts receivable	802.4	*410.3*
VAT Austria	576.4	*478.7*
Austrian energy tax and ELWOG[(a)]	1,143.2	*957.4*
Accrued income	673.4	*981.2*
Other	666.4	*132.1*
Subtotal	**10,743.5**	***12,429.3***

Less: Provision for doubtful receivables	(1,005.5)	*(825.3)*
Total	**9,738.0**	***11,604.0***

[(a)] In the Special Account for Buildings Management Services, accounts receivable includes an amount representing a claim for reimbursement from the Austrian authorities for stranded costs, Renewable Energy Surcharge and KWK-Zuschlag. A full provision has been made for the outstanding amount.

4.7 Operating reserve

An operating reserve, established in respect of the special account for programme support costs in accordance with the Programme and Budget Committee conclusion 1989/4 at $5,504,190, was reduced to $4,300,000 (€4,828,900) in accordance with Board decision IDB.14/Dec.12. By decision IDB.30/Dec.2, the Board reduced the level of the operating reserve to €3,030,000. The purpose of the reserve is primarily to protect against unforeseen shortfalls in delivery and support cost income, for inflation and currency adjustments and to liquidate legal obligations in the case of abrupt termination of operation budget activities.

	€ '000	
	2008-2009	***2006-2007***
Opening balance	6,531.0	*5,160.4*
Surplus/(deficit) for the period	(21.0)	*1,370.6*
Closing balance	**6,510.0**	***6,531.0***

4.8 Ex gratia payments

An ex gratia payment of $30,000 (€21,330) was made to the family of a UNIDO employee who lost his life in the bomb attack on the United Nations offices in Algeria.

Note 5: Technical cooperation

5.1 Technical cooperation activities

Technical cooperation activities reported under this heading comprise activities executed by UNIDO with funds provided through the Industrial Development Fund, trust funds, Multilateral Fund for the Montreal Protocol, Global Environment Facility and inter-organization arrangements with UNDP and UNEP. These activities are governed by various bilateral and multilateral agreements signed between donor(s) and UNIDO.

5.2 Presentation of technical cooperation activities

A majority of voluntary contributions are received in United States dollars for projects programmable almost exclusively in that currency. From the biennium 2004-2005, euro-based management of technical cooperation programmes enabled projects to be programmed in euros. Consequently, segregated accounting and reporting for US dollar-based and euro-based technical cooperation projects was introduced. Accordingly, financial statements in Annex I, Tables 1 and 2 are provided in both US dollars and euros for dollar-based projects and in euro only for euro-based projects. Therefore, from biennium 2004-2005, financial statements for euro-based projects are no longer included in the US dollar tables.

However, in order to present consolidated financial statements (Statements I and II) of UNIDO for the biennium ending 31 December 2009, all technical cooperation activities required translation to euros. The combined statements, Tables 1 and 2 presented in euros in Annex I, are prepared on the basis described in Note 2.9.

5.3 Currency exchange adjustment

(a) In Annex I, Table 1-US dollar statements represent project funds where contributions are received and programmed almost exclusively in US dollars. All exchange gains or losses arising from transactions and revaluation of non-US dollar assets and liabilities are recorded as currency exchange adjustment under other income.

(b) In Annex I, Table 1-euro statements represent the euro-based projects for which funds are received and programmed almost exclusively in euros. All exchange gains or losses arising from transactions and revaluation of non-euro assets and liabilities are recorded as currency exchange adjustment under other income.

(c) Where applicable, the resulting exchange gains or losses are transferred to the respective donor accounts.

5.4 Transfers to reserves

This represents the charge to projects in respect of the provision for compensation payments under Appendix D to the staff rules. The period end reserve comprises of the following:

	€ '000					
	Industrial Development Fund (IDF)	**Montreal Protocol (MP)**	**Global Environment Facility (GEF)**	**Trust funds (TF)**	**Total**	
					2008-2009	***2006-2007***
Opening balance	1,093.3	21.2	22.8	977.2	2,114.5	*2,317.2*
Transfers during the period	102.1	12.8	10.5	199.9	325.3	*223.4*
Revaluation adjustment	9.8	0.2	0.2	8.8	19.0	*(426.1)*
Closing balance	**1,205.2**	**34.2**	**33.5**	**1,185.9**	**2,458.8**	***2,114.5***

5.5 Currency translation

Currency translations represent exchange differences from the conversion of assets and liabilities of US dollar-based technical cooperation projects to euro at the closing rate for consolidation purposes only (Note 2.9 refers). The cumulative balance of currency translation as at 31 December 2009 is represented by:

	€ '000						
	IDF	**MP**	**GEF**	**TF**	**IOA***[*]*	**Total**	
						2008-2009	***2006-2007***
Opening balance	(21,739.0)	(18,140.5)	(3,313.6)	(19,004.3)	(252.0)	(62,449.4)	*(40,358.5)*
Adjustments during the period	208.1	(900.2)	(323.3)	127.5	(30.8)	(918.7)[(a)]	*(22,090.9)*
Closing balance	**(21,530.9)**	**(19,040.7)**	**(3,636.9)**	**(18,876.8)**	**(282.8)**	**(63,368.1)**	***(62,449.4)***

[*] Inter-organization arrangements.

[(a)] In addition, revaluation adjustment of €19,032 in Note 5.4 and €3,850 on operating reserve disclosed in Note 5.10 represent the total currency translation reported in Statement I.

5.6 Accounts receivable — other

Other accounts receivable comprise:

	€ '000						
	IDF	MP	GEF	TF	IOA	Total	
						2008-2009	*2006-2007*
Travel advances	72.1	44.2	28.6	184.9	11.0	340.8	*284.6*
Accrued interest	25.0	16.1	2.6	61.6	2.0	107.3	*1,278.9*
VAT	1.5			4.9		6.4	*16.2*
Other	131.7	1.8		151.9	71.0	356.4	*213.0*
Total	**230.3**	**62.1**	**31.2**	**403.3**	**84.0**	**810.9**	***1,792.7***

5.7 Other assets

Other assets include:

	€ '000						
	IDF	MP	GEF	TF	IOA	Total	
						2008-2009	*2006-2007*
Advances against future years obligations	2.4			26.5		28.9	*112.1*
Deferred expenditure[a]		10.5		1,396.6	101.0	1,508.1	*1,810.2*
Other[b]	310.6	0.4		813.3	1,701.8	2,826.1	*2,053.7*
Total	**313.0**	**10.9**		**2,236.4**	**1,802.8**	**4,363.1**	***3,976.0***

[a] The balance includes amounts advanced to other United Nations agencies under inter-agency agreements for project implementation.

[b] Includes the unprocessed field inter-office vouchers (IOVs) as of 31 December 2009 amounting to $2,366,276 (€1,639,829). The unprocessed IOV balance at year-end comprises an amount of $570,576 (€395,409) rejected due to insufficient information and $589,843 (€408,761) held in suspense. Also, includes unprocessed imprest transactions as of 31 December 2009. With the exception of an immaterial amount of straight expenditures, related to service charges, communications costs and terminated obligations, all disbursements made by UNDP on behalf of UNIDO and imprest accounts are covered by obligations.

5.8 Payments or contributions received in advance

The amount of $3,085,686 (€2,138,174) reflects the funds under clearing accounts for UNDP activities as illustrated in Annex II.

5.9 Accounts payable — other

As at 31 December 2009, the amounts represented in accounts payable — other were as follows:

	€ '000						
	IDF	**MP**	**GEF**	**TF**	**IOA**	**Total 2008-2009**	***Total 2006-2007***
Interest on donor funds[(a)]	5,120.7		13.3	10,784.7	450.0	16,368.7	*15,931.7*
Exchange gains[(b)]				2,213.9		2,213.9	*2,191.5*
Accruals for end-of-service payments	281.5	0.5		973.5	25.0	1,280.5	*1,150.1*
Prior years' obligations[(c)]	766.0	5,378.6	676.3	3,528.4	3,523.8	13,873.1	*9,525.8*
Other	95.0	0.1	4.9	277.2	400.6	777.8	*685.6*
Total	**6,263.2**	**5,379.2**	**694.5**	**17,777.7**	**4,399.4**	**34,514.0**	***29,484.7***

(a) The treatment of the interest income earned from the investment of funds, net of bank charges, exchange gains and losses is governed by agreements with donors. This may include the return of such funds to donors, or their transfer to other projects, in which case they will be shown as voluntary contributions.

(b) The amount of €2,213,895 ($3,194,653) as at 31 December 2009 represents the remaining balance of realized gains arising from the revaluation of euro denominated cash and term deposits held by trust funds, prior to the introduction of euro management of technical cooperation projects in the biennium 2004-2005. The balance remains undistributed pending a decision on its utilization.

(c) Prior years' obligations represent un-liquidated obligations from periods prior to 2009 as these obligations may be retained beyond twelve months, when a firm liability to pay still exists and/or until the completion of activities under relevant projects (refer to Note 2.28).

5.10 Operating reserves

The Industrial Development Board, in decision IDB.2/Dec.7, authorized the freezing of the operational reserve of the Industrial Development Fund at $550,000 (€381,150 at the United Nations rate of exchange as at 31 December 2009). The purpose of the reserve is to ensure the financial liquidity of the Fund and to compensate for uneven cash flows.

5.11 Surplus

The amount of €5,612,105 represents the accumulated surplus under the general-purpose segment of the Industrial Development Fund. This comprises of, $2,761,451 (€3,609,007) on US dollar contributions and €2,003,098 on euro contributions to the Fund.

5.12 Cash and term deposits

The equivalent of $1,386,999 (€961,190) is held in currencies classified as non-convertible, as follows:

	US$ 000's	€ 000's
Industrial Development Fund	433.2	300.2
Trust funds	953.8	661.0
	1,387.0	961.2

5.13 Commitments

Commitments, representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2009, as listed below:

	US$ 000's	€ 000's
Industrial Development Fund	2,994.6	2,016.0
Montreal Protocol	10,750.1	8,078.9
Global Environment Facility	7,707.2	5,337.5
Trust funds	10,631.3	7,219.7
Regular programme of technical cooperation	414.6	279.8
Inter-organization arrangements	65.8	44.0
	32,563.6	22,975.9

5.14 Contributions in kind

Contributions in kind estimated at $261,091 (€204,833) were received from Member States in support of UNIDO projects during the biennium.

5.15 Ex gratia payments

No ex gratia payments were made during the biennium.

5.16 Non-expendable equipment

UNIDO maintains inventory records of property related to technical cooperation activities until its transfer to the project counterpart at the completion of the project. According to the cumulative inventory records, the historical value of such non-expendable property totalled €31.7 million as at 31 December 2009. The minimum value for recognition of non-expendable property is €1,700 per item. In addition, a separate inventory is maintained for special items with a unit value of €600 or more and amounted to €2.7 million at 31 December 2009.

During the biennium, non-expendable equipment to the value of €6,978 was reported as stolen and written off in the inventory records.

Annex I

Notes to the financial statements

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO

Table 1. Combined statement of income and expenditure and changes in reserves and fund balances for the biennium 2008-2009
(in thousands of euros)

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust funds	Inter-organization arrangements	*Subtotal Extrabudgetary Funds*	Total
INCOME								
Voluntary contributions		29,131.0	39,168.5	16,712.1	115,321.5	2,245.7	*202,578.8*	202,578.8
Other income								
- Funds received under inter-organization arrangements						1,904.6	*1,904.6*	1,904.6
- Allocations from other funds	10,604.3							10,604.3
- Interest income		219.9	1,830.1				*2,050.0*	2,050.0
- Currency exchange adjustments	(24.5)	(25.9)			(47.2)		*(73.1)*	(97.6)
- Miscellaneous	(4.4)	(0.9)					*(0.9)*	(5.3)
TOTAL INCOME	10,575.4	29,324.1	40,998.6	16,712.1	115,274.3	4,150.3	*206,459.4*	217,034.8
EXPENDITURE								
Salaries and common staff costs	6,147.0	17,771.0	4,402.2	3,192.4	44,193.1	1,649.4	*71,208.1*	77,355.1
Contractual services	872.2	2,619.8	16,982.3	7,184.7	14,865.7	1,199.7	*42,852.2*	43,724.4
Operational expenses	720.3	1,223.7	680.1	127.7	4,345.4	226.5	*6,603.4*	7,323.7
Acquisitions	787.1	2,782.8	9,968.0	2,384.6	22,155.5	482.2	*37,773.1*	38,560.2
Fellowships	2,048.8	2,716.1	884.8	492.3	9,897.4	273.3	*14,263.9*	16,312.7
Programme support costs		3,244.3	5,089.9	1,264.2	8,676.6	(148.8)	*18,126.2*	18,126.2
TOTAL EXPENDITURE	10,575.4	30,357.7	38,007.3	14,645.9	104,133.7	3,682.3	*190,826.9*	201,402.3
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		(1,033.6)	2,991.3	2,066.2	11,140.6	468.0	*15,632.5*	15,632.5
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(1,033.6)	2,991.3	2,066.2	11,140.6	468.0	*15,632.5*	15,632.5
Transfers to reserves		102.1	12.8	10.5	199.9		*325.3*	325.3
Transfers from reserves								
Transfers to donor accounts		27.4			47.2		*74.6*	74.6

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust funds	Inter-organization arrangements	*Subtotal Extrabudgetary Funds*	Total
Transfers to/from other funds								
Currency translation		221.9	(909.2)	(323.1)	136.2	(30.8)	*(905.0)*	(905.0)
Other adjustments to reserves and fund balances								
Reserves and fund balances, beginning of year		47,389.7	31,439.0	2,666.8	75,811.7	1,618.9	*158,926.1*	158,926.1
RESERVES AND FUND BALANCES, END OF YEAR		46,707.5	33,533.9	4,420.4	87,335.6	2,056.1	*174,053.5*	174,053.5

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO — in US dollars
Table 1. Statement of income and expenditure and changes in reserves and fund balances for the biennium 2008-2009
(in thousands of United States dollars)

	Industrial Development Fund	Montreal Protocol	GEF	Trust funds	Inter-organization arrangements	Total
INCOME						
Voluntary contributions	18,972.1	54,332.9	23,381.4	84,353.2	3,037.5	184,077.1
Other income						
- Funds received under inter-organization arrangements					2,804.7	2,804.7
- Allocations from other funds						
- Interest income	148.1	2,629.1				2,777.2
- Currency exchange adjustments	771.4	(21.1)	20.2	(281.8)	13.0	501.7
- Miscellaneous						
TOTAL INCOME	19,891.6	56,940.9	23,401.6	84,071.4	5,855.2	190,160.7
EXPENDITURE						
Salaries and common staff costs	11,282.7	6,273.3	4,550.8	29,488.6	2,385.5	53,980.9
Contractual services	760.9	24,022.7	10,098.6	12,590.3	1,601.0	49,073.5
Operational expenses	792.9	983.1	183.3	3,783.8	326.8	6,069.9
Acquisitions	1,934.7	14,532.1	3,592.6	19,492.5	680.0	40,231.9
Fellowships	1,619.3	1,272.2	692.4	6,747.7	416.3	10,747.9
Programme support costs	1,976.8	7,316.0	1,807.9	7,060.5	(174.4)	17,986.8
TOTAL EXPENDITURE	18,367.3	54,399.4	20,925.6	79,163.4	5,235.2	178,090.9
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	1,524.3	2,541.5	2,476.0	4,908.0	620.0	12,069.8
NET EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE	1,524.3	2,541.5	2,476.0	4,908.0	620.0	12,069.8
Transfers to reserves	67.2	18.5	15.2	90.2		191.1
Transfers from reserves						
Transfers to donor accounts	(771.4)			281.8	(13.0)	(502.6)
Transfers to/from other funds						
Other adjustments to reserves and fund balances						
Reserves and fund balances, beginning of year	35,723.8	45,829.4	3,887.4	64,361.5	2,359.8	152,161.9
RESERVES AND FUND BALANCES, END OF YEAR	36,543.9	48,389.4	6,378.6	69,641.5	2,966.8	163,920.2

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO — in euros
Table 1. Statement of income and expenditure and changes in reserves and fund balances for the biennium 2008-2009
(in thousands of euros)

	Regular Programme	Industrial Development Fund	Trust funds	*Subtotal Extrabudgetary Funds*	Total
INCOME					
Voluntary contributions		15,891.2	56,103.5	*71,994.7*	71,994.7
Other income					
- Allocations from other funds	10,604.3				10,604.3
- Interest income		116.6		*116.6*	116.6
- Currency exchange adjustments	(24.5)	(25.9)	(47.2)	*(73.1)*	(97.6)
- Miscellaneous	(4.4)	(0.9)		*(0.9)*	(5.3)
TOTAL INCOME	10,575.4	15,981.0	56,056.3	*72,037.3*	82,612.7
EXPENDITURE					
Salaries and common staff costs	6,147.0	9,889.4	23,466.3	*33,355.7*	39,502.7
Contractual services	872.2	2,091.8	6,255.0	*8,346.8*	9,219.0
Operational expenses	720.3	679.3	3,467.4	*4,146.7*	4,867.0
Acquisitions	787.1	1,447.3	8,493.8	*9,941.1*	10,728.2
Fellowships	2,048.8	1,589.4	3,360.9	*4,950.3*	6,999.1
Programme support costs		1,867.1	3,783.2	*5,650.3*	5,650.3
TOTAL EXPENDITURE	10,575.4	17,564.3	48,826.6	*66,390.9*	76,966.3
EXCESS / (SHORTFALL) OF INCOME OVER EXPENDITURE		(1,583.3)	7,229.7	*5,646.4*	5,646.4
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(1,583.3)	7,229.7	*5,646.4*	5,646.4
Transfers to reserves		55.4	137.3	*192.7*	192.7
Transfers to donor accounts		27.4	47.2	*74.6*	74.6
Other adjustments to reserves and fund balances					
Reserves and fund balances, beginning of year		22,883.2	31,659.7	*54,542.9*	54,542.9
RESERVES AND FUND BALANCES, END OF YEAR		21,382.7	39,073.9	*60,456.6*	60,456.6

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO
Table 2. Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 2009
(in thousands of euros)

	Industrial Development Fund	Montreal Protocol	GEF	Trust funds	Inter-organization arrangements	Total
ASSETS						
Cash and term deposits	55,776.2	45,513.2	10,171.4	123,842.1	3,540.8	238,843.7
Accounts receivable						
Voluntary contributions receivable						
Other contributions receivable					2,431.8	2,431.8
Interfund balances		1,145.0	973.2		1,956.0	4,074.2
Other	230.3	62.1	31.2	403.3	84.0	810.9
Other assets	313.0	10.9		2,236.4	1,802.8	4,363.1
TOTAL ASSETS	56,319.5	46,731.2	11,175.8	126,481.8	9,815.4	250,523.7
LIABILITIES						
Payments or contributions received in advance					2,138.1	2,138.1
Un-liquidated obligations	2,804.9	7,818.1	6,060.9	15,378.7	1,221.8	33,284.4
Accounts payable						
Interfund balances	543.9			5,989.8		6,533.7
Other	6,263.2	5,379.2	694.5	17,777.7	4,399.4	34,514.0
TOTAL LIABILITIES	9,612.0	13,197.3	6,755.4	39,146.2	7,759.3	76,470.2
RESERVES AND FUND BALANCES						
Operating reserves	381.2					381.2
Other reserves	1,205.2	34.2	33.5	1,185.9		2,458.8
Balances relating to projects funded by donors	61,039.9	52,540.4	8,023.8	105,026.5	2,338.9	228,969.5
Balance on currency translation	(21,530.9)	(19,040.7)	(3,636.9)	(18,876.8)	(282.8)	(63,368.1)
Surplus (deficit)	5,612.1					5,612.1
TOTAL RESERVES AND FUND BALANCES	46,707.5	33,533.9	4,420.4	87,335.6	2,056.1	174,053.5
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	56,319.5	46,731.2	11,175.8	126,481.8	9,815.4	250,523.7

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO
Table 2. Statement of assets, liabilities, and reserves and fund balances as at 31 December 2009
(in thousands of United States dollars)

	Industrial Development Fund	Montreal Protocol	GEF	Trust funds	Inter-organization arrangements	Total
ASSETS						
Cash and term deposits	43,236.8	65,675.7	14,677.3	98,088.8	5,109.4	226,788.0
Accounts receivable						
Other contributions receivable					3,509.0	3,509.0
Interfund balances	1,277.0	1,652.2	1,404.3		2,822.5	7,156.0
Other	218.4	89.6	45.0	282.8	121.2	757.0
Other assets	14.8	15.7		3,070.3	2,601.7	5,702.5
TOTAL ASSETS	44,747.0	67,433.2	16,126.6	101,441.9	14,163.8	243,912.5
LIABILITIES						
Payments or contributions received in advance					3,085.7	3,085.7
Un-liquidated obligations	1,304.7	11,281.6	8,745.8	11,867.5	1,763.0	34,962.6
Accounts payable						
Interfund balances				2,393.6		2,393.6
Other	6,898.4	7,762.2	1,002.2	17,539.3	6,348.3	39,550.4
TOTAL LIABILITIES	8,203.1	19,043.8	9,748.0	31,800.4	11,197.0	79,992.3
RESERVES AND FUND BALANCES						
Operating reserves	550.0					550.0
Other reserves	1,497.9	49.4	48.3	1,356.3		2,951.9
Balances relating to projects funded by donors	31,734.5	48,340.0	6,330.3	68,285.2	2,966.8	157,656.8
Surplus (deficit)	2,761.5					2,761.5
TOTAL RESERVES AND FUND BALANCES	36,543.9	48,389.4	6,378.6	69,641.5	2,966.8	163,920.2
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	44,747.0	67,433.2	16,126.6	101,441.9	14,163.8	243,912.5

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO — in euros
Table 2. Statement of assets, liabilities, and reserves and fund balances as at 31 December 2009

(in thousands of euros)

	Industrial Development Fund	Trust funds	Total
ASSETS			
Cash and term deposits	25,813.1	55,866.6	81,679.7
Accounts receivable			
Interfund balances			
Other	78.9	207.2	286.1
Other assets	302.8	108.7	411.5
TOTAL ASSETS	26,194.8	56,182.5	82,377.3
LIABILITIES			
Un-liquidated obligations	1,900.7	7,154.5	9,055.2
Accounts payable			
Interfund balances	1,428.8	4,331.1	5,759.9
Other	1,482.6	5,623.0	7,105.6
TOTAL LIABILITIES	4,812.1	17,108.6	21,920.7
RESERVES AND FUND BALANCES			
Other reserves	167.2	246.0	413.2
Balances relating to projects funded by donors	19,212.4	38,827.9	58,040.3
Surplus (deficit)	2,003.1		2,003.1
TOTAL RESERVES AND FUND BALANCES	21,382.7	39,073.9	60,456.6
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	26,194.8	56,182.5	82,377.3

Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund for the biennium 2008-2009 as at 31 December 2009 — dollar-based
(in US dollars)

	Fund balance at 01/01/2008	Cash received 2008-2009	Expenditures 2008-2009	Misc. income incl. General Pool interest	Fund balance as at 31/12/2009
General purpose convertible	2,399,655	211,002	-2,642	148,151	**2,761,450**
Argentina	22,285	0	22,060	0	**225**
Australia	28,321	2,650	366	0	**30,606**
Austria	562,767	-296,438	-36,276	-3,103	**299,502**
Austria – Integrated Programme	162,636	-146,346	-8,684	0	**24,974**
Austria Cleaner Production	217	2,219	-2	0	**2,438**
Bahrain	520,874	1,067,935	1,348,578	0	**240,231**
Belgium	107,629	11,990	-5,396	0	**125,015**
Brazil	29,696	0	0	0	**29,696**
Brazil – Pernambuco State Government	28,937	0	0	0	**28,937**
China	3,526,341	1,721,286	890,440	-220	**4,356,967**
Côte d'Ivoire	-108,618	0	0	0	**-108,618**
Czech Republic	337,837	65,020	119,430	0	**283,427**
Danida-Sub-Saharan Africa	1,750,478	218,827	612,750	0	**1,356,555**
Democratic People's Republic of Korea	0	1,351	0	0	**1,351**
Dutch Embassy in China	-1,585	1,585	0	0	**0**
Egypt	-101,718	0	0	0	**-101,718**
Finland	103,510	-102,339	-396	0	**1,567**
France	24,554	2,607	0	0	**27,161**
Germany	220,541	0	0	0	**220,541**
Greece	197	-197	0	0	**0**
Guatemala	177,485	11,229	-6,441	0	**195,155**
Hungary	275,275	-53,645	90,469	0	**131,161**
India	7,082,151	2,849,494	1,581,676	0	**8,349,969**
Indonesia	10,613	0	120	0	**10,493**
Ireland	37,369	-37,368	0	0	**0**
Italy	335,728	91,897	12,059	1,115	**416,681**
Japan	332,977	3,342,015	3,182,279	0	**492,712**
Japan Overseas Development Corporation Bangkok,	424	0	0	0	**424**
Kuwait	97,284	13,266	0	0	**110,550**
Luxembourg	33,132	3,519	0	16	**36,667**
Mexico	1,004,166	0	486,791	0	**517,375**
Myanmar	577	0	0	0	**577**
Netherlands	828,524	0	0	0	**828,524**
New Zealand	38,130	2,074	0	0	**40,204**
Nigeria/Ebonyi State	0	320,444	145,478	0	**174,966**

	Fund balance at 01/01/2008	Cash received 2008-2009	Expenditures 2008-2009	Misc. income incl. General Pool interest	Fund balance as at 31/12/2009
Norway	156,049	0	0	0	**156,049**
Norway – Integrated Programme	73,574	-49,940	0	0	**23,634**
Poland	40,028	75,458	5,902	0	**109,584**
Portugal	1,519,451	86,420	133,424	0	**1,472,448**
Republic of Korea	1,382,591	1,862,554	1,550,187	0	**1,694,959**
Romania	13,434	0	0	0	**13,434**
Russian Federation	9,686	2,600,000	81,844	0	**2,527,842**
Saudi Arabia	1,271,685	-145,613	0	0	**1,126,072**
Saudi Arabian General Investment Authority	306,489	0	0	0	**306,489**
Slovakia	237,756	27,264	158,115	0	**106,905**
Slovenia	-11	11	0	0	**0**
Spain	4,705	-492	0	0	**4,213**
Sweden	4,453	0	-223	0	**4,676**
Switzerland / SECO	7,244,902	4,456,511	7,308,285	-3,686	**4,389,442**
Thailand	15,710	39,025	0	0	**54,735**
Turkey	725,721	142,463	493,696	0	**374,488**
United Kingdom Integrated Programme	402,551	-111,605	151,899	-16	**139,032**
Undefined	2,037	-340	0	1	**1,698**
Various donor prog. funds	0	429,186	54,292	0	**374,894**
Total special-purpose convertible	30,879,545	18,503,976	18,372,723	-5,893	**31,004,906**
Bulgaria	28	0	0	0	**28**
China	43,956	262,969	-2,751	0	**309,676**
Cuba	433,148	0	0	0	**433,148**
Egypt	-45,546	0	0	0	**-45,546**
Egypt Iron And Steel Co.	31,942	0	0	0	**31,942**
India	0	0	0	0	**0**
Undefined	293	0	0	0	**293**
Total special-purpose non-convertible	463,821	262,969	-2,751	0	**729,541**
GRAND TOTAL	33,743,021	18,977,947	18,367,330	142,259	**34,495,898**

Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund for the biennium 2008-2009 as at 31 December 2009 — euro-based

(in euros)

	Fund balance at 01/01/2008	Cash received 2008-2009	Expenditures 2008-2009	Misc. income incl. General Pool interest	Fund balance as at 31/12/2009
General purpose convertible	1,963,872	200,000	272,103	111,328	**2,003,097**
Agence Wallonne à l'Exportation	195,909	50,000	94,787	0	**151,122**
Austria Cleaner Production	2,662,009	241,920	838,995	0	**2,064,934**
Austria	1,641,635	377,995	715,361	-4,417	**1,299,852**
Austrian Development Agency	820,838	2,500,436	844,127	0	**2,477,147**
Austrian Ministry of Agriculture, Forestry, Environment and Water Management	125,658	99,999	141,314	-5	**84,339**
Czech Republic	0	180,000	91,918	0	**88,082**
Denmark	0	276,400	269,084	0	**7,317**
Finland	0	871,817	24,151	0	**847,665**
France	168,841	1,309,989	1,376,547	0	**102,283**
France, Ministry of Agriculture	263,245	560,595	66,565	0	**757,276**
Greece	232,399	1,053,945	1,129,619	0	**156,725**
Hungary	19,893	52,805	61,123	0	**11,576**
Italy	10,799,986	902,001	6,613,827	803	**5,088,964**
Luxembourg	12,082	725,085	553,984	0	**183,183**
Namibia	348	0	0	0	**348**
Poland	100,000	125,000	222,207	0	**2,793**
Portugal	45,022	44,915	0	0	**89,937**
Slovenia	1,367,143	895,930	1,234,768	0	**1,028,306**
Spain	119,213	3,205,194	1,099,826	0	**2,224,581**
Switzerland	1,828,611	2,161,398	1,823,640	0	**2,166,369**
Unencumbered balances – Integrated programmes and country service framework activities	229,371	20,988	78,877	-83	**0** **171,399**
Unencumbered balances – Millennium Development Goals	24,444	30,646	13,206	0	**41,884**
Unencumbered balances – Post-crisis situation	150,909	13,704	-1,720	0	**166,332**
Undefined	0	0	0	-9	**-9**
Total special-purpose convertible	20,807,559	15,700,762	17,292,206	-3,712	**19,212,402**
GRAND TOTAL	22,771,431	15,900,762	17,564,309	107,616	**21,215,500**

Table 4. Summary of technical cooperation activities financed by trust funds for 2008-2009 as at 31 December 2009 — euro-based
(in euros)

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
Projects financed by recipient Governments				
Cameroon	65,983	0	0	**65,983**
Croatia	0	170,000	52,776	**117,224**
Iran (Islamic Republic of)	0	14,295	12,845	**1,450**
Kenya	63,902	0	52,996	**10,906**
Democratic Republic of the Congo	0	533,544	398,601	**134,943**
South Africa	0	2,615,154	1,288,421	**1,326,733**
Sudan	76,366	134,447	91,492	**119,321**
Subtotal	206,251	3,467,440	1,897,131	**1,776,560**
Associate Experts and JPOs				
Austria	0	160,058	114,363	**45,695**
Democratic People’s Republic of Korea	39,159	184,800	169,775	**54,184**
Germany	0	215,400	137,233	**78,167**
Subtotal	39,159	560,258	421,371	**178,046**
JPOs travel				
	0	0	0	**0**
Subtotal	0	0	0	**0**
Projects financed by donor Governments				
Australia	0	79,100	68,276	**10,824**
Belgium	0	72,000	9,912	**62,088**
European Union	12,450,437	16,479,981	20,060,363	**8,870,055**
European Union Commission	398,349	37,180	543,059	**-107,530**
Finland	142,824	40,000	118,808	**64,016**
France	3,421,172	5,749,052	5,401,098	**3,769,126**
Germany	605,616	1,542,779	712,588	**1,435,807**
Trust Fund Trade	531,493	2,132,648	641,185	**2,022,956**
Italy	11,084,737	17,126,849	13,643,572	**14,568,014**
Netherlands	84,256	10,600	89,046	**5,810**
Norway	1,072,454	3,418,851	1,350,921	**3,140,384**
Africa Region Productive Capacity Facility	52,712	4,736	0	**57,448**
Sweden	6,230	0	4,896	**1,334**

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
United Kingdom	0	869,042	55,986	**813,056**
Subtotal	29,850,280	47,562,818	42,699,710	**34,713,388**
<u>Other Trust Funds</u>				
Undefined	0	38,079	38,079	**0**
Subtotal	0	38,079	38,079	**0**
Austria	44,891	134,513	74,409	**104,995**
Hilfswerk, Austria	11,354	0	6,249	**5,105**
Flemish Government, Belgium	0	250,000	623	**249,377**
Euro-based Industrial Modernization Centre, Egypt	20,395	0	0	**20,395**
City of Marseille, France	96,708	160,000	229,365	**27,343**
Deutsche Gesellschaft für Technische Zusammenarbeit, Germany	0	143,361	143,361	**0**
Iran (Islamic Republic of)	434	0	0	**434**
Central European Initiative (CEI), Italy	29,000	35,000	60,666	**3,334**
Region of Tuscany, Italy	0	200,000	89,222	**110,778**
Microsoft Corporation, USA	0	115,540	53,764	**61,776**
Norwegian Agency for Development Cooperation (Norad), Norway	1,128,205	3,119,016	2,865,186	**1,382,035**
Renewable Energy Efficiency Partnership	122	50,000	49,813	**309**
ComMark Trust, South Africa	0	250,000	168,271	**81,729**
Spain	106,000	0	0	**106,000**
Food and Agriculture Organization of the United Nations (FAO)	0	17,470	17,072	**398**
United Nations Environment Programme (UNEP)	18,275	0	12,344	**5,931**
Subtotal	1,455,384	4,474,900	3,770,345	**2,159,939**
GRAND TOTAL	**31,551,074**	**56,103,495**	**48,826,636**	**38,827,933**

Table 4. Summary of technical cooperation activities financed by trust funds for 2008-2009 as at 31 December 2009 — dollar-based
(in US dollars)

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
Projects financed by recipient Governments				
Algeria	26,029	0	0	**26,029**
Argentina	361,894	0	0	**361,894**
Burundi	0	199,920	198,906	**1,014**
Bolivia (Plurinational State of)	12,460	0	0	**12,460**
Brazil	135,022	0	9,940	**125,082**
Bulgaria	7,104	0	0	**7,104**
Belarus	26,204	0	0	**26,204**
Belize	0	49,975	19,805	**30,170**
Chad	45,719	0	31,875	**13,844**
Chile	6,824	0	0	**6,824**
Cameroon	0	269,746	0	**269,746**
Colombia	99,112	286,610	233,360	**152,362**
China	1,087,474	1,110,702	960,426	**1,237,750**
Ecuador	17,942	0	5,008	**12,934**
Egypt	61,243	834,906	896,242	**-93**
Social Fund for Development, Egypt	80,098	0	66,586	**13,512**
Ethiopia	95,677	1,205	94,183	**2,699**
Gabon	3,604	0	0	**3,604**
Honduras	2,958	0	0	**2,958**
India	1,427,320	499,819	809,346	**1,117,793**
Indonesia	90,544	97,855	201,302	**-12,903**
Iran (Islamic Republic of)	153,426	234,942	224,671	**163,697**
Iran-Organization for Investment, Economic and Technical Assistance of Iran (Islamic Republic of)	52,112	0	0	**52,112**
Iraq	19,557	0	-81	**19,638**
Côte d'Ivoire	9,358	0	0	**9,358**
Kenya	7,994	0	0	**7,994**
Lebanon	144,133	0	25,796	**118,337**

Description	**Fund balance at 01/01/2008**	**Contributions received, interest and miscellaneous income 2008-2009**	**Expenditures 2008-2009**	**Fund balance as at 31/12/2009**
Libyan Arab Jamahiriya – Benghazi Development Centre	8,093	0	0	**8,093**
Libyan Arab Jamahiriya – General Pipe Company Benghazi	2,700	0	0	**2,700**
Libyan Arab Jamahiriya – Industrial Research Centre of Libya	10,049	0	0	**10,049**
Libyan Arab Jamahiriya – Secretariat of Strategic Industry	53,081	0	0	**53,081**
Lithuania	3,928	0	0	**3,928**
Madagascar	95,672	0	0	**95,672**
Mexico	486,060	709,486	488,915	**706,631**
Nigeria	1,478,993	4,349,837	2,651,817	**3,177,013**
Oman	11,311	0	0	**11,311**
Pakistan	77,721	0	47,535	**30,186**
Panama	10,057	0	0	**10,057**
Paraguay	17,780	0	0	**17,780**
Russian Federation	220,012	2,323,881	1,191,895	**1,351,998**
Russia – The Foundation NEM and CPCOGI	1,786	0	0	**1,786**
Rwanda	85,422	117,459	35,194	**167,687**
Saudi Arabia	32,870	0	-20,531	**53,401**
Saudi Arabian General Investment Authority	52,179	0	0	**52,179**
Saudi German Hospitals Group	59,246	0	0	**59,246**
Sudan	329	0	0	**329**
Thailand	16,173	0	0	**16,173**
Trinidad and Tobago	0	127,408	29,421	**97,987**
Turkey	17,151,036	3,188,997	9,071,254	**11,268,779**
United Republic of Tanzania	0	0	0	**0**
Yemen	30,954	0	6,361	**24,593**
Subtotal	23,879,260	14,402,748	17,279,226	**21,002,782**
<u>Associate Experts and JPOs</u>				
Austria	4,201	169,459	147,265	**26,395**
Belgium	38,736	0	0	**38,736**
Democratic People’s Republic of Korea	3,832	0	0	**3,832**
Denmark	239,766	-130,900	0	**108,866**

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
France	23,456	-2,337	0	**21,119**
Germany	234,225	457,472	473,600	**218,097**
Italy	274,689	386,935	527,034	**134,590**
Japan	320,557	794,133	821,983	**292,707**
Netherlands	21,213	-57,051	-35,838	**0**
Norway	260,778	488,334	391,307	**357,805**
Russian Federation	235	0	0	**235**
Saudi Arabia	58,821	216,976	208,849	**66,948**
Spain	25,026	0	0	**25,026**
Sweden	139,734	120,969	231,645	**29,058**
Switzerland	92,826	-92,826	0	**0**
Subtotal	1,738,095	2,351,164	2,765,845	**1,323,414**
JPOs Travel				
Austria	85,763	-48,285	26,632	**10,846**
Denmark	32,193	0	0	**32,193**
Italy	14,005	165,027	273,029	**-93,997**
Netherlands	2,506	-2,506	0	**0**
Russian Federation	52,035	208,567	211,381	**49,221**
Subtotal	186,502	322,803	511,042	**-1,737**
Projects financed by donor Governments				
Australia	23,274	-23,274	0	**0**
Austria	41,449	0	0	**41,449**
Belgium	25,048	15,773	7,744	**33,077**
Canada	-816	849,419	415,065	**433,538**
Czech Republic	-12	12	0	**0**
Denmark	4,215	-4,215	0	**0**
European Union	0	-36	0	**-36**
Finland	60,245	0	-5,581	**65,826**
France	61,841	0	10,519	**51,322**
Trust Fund Trade	40,968	7,102	-8,991	**57,061**

Description	**Fund balance at 01/01/2008**	**Contributions received, interest and miscellaneous income 2008-2009**	**Expenditures 2008-2009**	**Fund balance as at 31/12/2009**
Greece	23,524	0	0	**23,524**
Ireland	1,480	-1,420	60	**0**
Italy	1,689,143	5,169,112	5,118,668	**1,739,587**
Japan	2,428,758	4,922,351	4,153,028	**3,198,081**
Norway	2,496,845	1,852,830	2,645,366	**1,704,309**
Africa Region Productive Capacity Facility	270,967	23,612	0	**294,579**
Republic of Korea	25,460	0	-3,726	**29,186**
Republic of Korea – Korean Research Institute of Standards and Science	133,002	0	0	**133,002**
Spain	260,845	166,562	292,219	**135,188**
Sweden	2,326	0	-3,579	**5,905**
Switzerland	0	195,490	6,525	**188,965**
United Kingdom	1,054,321	999,809	1,559,754	**494,376**
United States of America	373,232	0	0	**373,232**
Subtotal	9,016,115	14,173,127	14,187,071	**9,002,171**
<u>Other Trust Funds</u>				
Cabinda Gulf Oil Co. Ltd, Angola	0	225,000	0	**225,000**
Centro de Investigaciones Textiles, Argentina	16,318	0	14,933	**1,385**
Austria Rural Energy, Austria	625,605	74,414	44,369	**655,650**
Premag HandelsGesMBH, Austria	2,595	0	0	**2,595**
Kuwait Finance House in Bahrain, Bahrain	22,040	-25,464	-3,424	**0**
Institute for Scientific and Technological Development (IDCT), Brazil	4,075	0	0	**4,075**
Serviço Nacional de Aprendizagem Industrial, Brazil	38,327	0	0	**38,327**
Pontifical Catholic University of Minas Gerais (SMC), Brazil	7,533	0	7,561	**-28**
Jiangsu Baixue Electric Appliances Co., China	407	-407	0	**0**
Instituto de Investigación de Recursos Biológicos, Colombia	-18	18	20	**-20**
Beni-Suef Cement Company, Egypt	33,822	0	0	**33,822**
Engineering for the Petroleum and Process Industry (ENPPI), Egypt	8,179	0	0	**8,179**

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
INFOCON Gesellschaft für Wirtschaftsinformationen und Beratung mbH, Germany	198,415	0	158,220	**40,195**
Oil and Natural Gas Corporation Ltd, India	30,028	0	0	**30,028**
Glucosan Factories, Iran (Islamic Republic of)	-172	0	0	**-172**
Iranian Fuel Conservation Organization (IFCO), Iran (Islamic Republic of)	35,456	0	16,191	**19,265**
Shahid Modarres Industrial Pharmaceutical Complex, Iran (Islamic Republic of)	53,878	0	0	**53,878**
Sezione Speciale per l'Assicurazione del Credito, Italy	36,448	0	0	**36,448**
New Energy and Industrial Technology Development Organization, Japan	1,404	0	0	**1,404**
Procter and Gamble Far East Inc., Japan	475	0	0	**475**
Japan Overseas Development Corporation, Bangkok	0	45,000	13,617	**31,383**
Petroliam Nasional Berhad (Petronas), Malaysia	28,179	0	0	**28,179**
Comité, Técnico Empresarial (CTE), Mexico	17,507	0	0	**17,507**
Agence de l'Oriental, Morocco	0	200,848	116,630	**84,218**
New Nigeria Development Company, Nigeria	28,325	0	0	**28,325**
Nigerian Nat.Petroleum Corporation, Nigeria	502,649	-502,649	0	**0**
Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Nigeria	0	164,316	48,448	**115,868**
Standards Organization of Nigeria (SON), Nigeria	5,867	0	0	**5,867**
Norwegian Agency for Development Cooperation (Norad), Norway	579,195	3,996,647	3,451,823	**1,124,019**
Federal Chemical and Ceramics Corporation, Pakistan	-1,677	0	0	**-1,677**
Inversiones Cofide S.A., Peru	15,405	0	0	**15,405**
Gulf Organization for Industrial Consulting, Qatar	21,725	0	12,948	**8,777**
Gulf Cooperation Council, Saudi Arabia	11,676	0	0	**11,676**
Islamic Development Bank, Saudi Arabia	110,632	457,800	155,168	**413,264**
NADSME – Slovakia	8,181	0	0	**8,181**
Ceylon Steel Corporation, Sri Lanka	5,284	0	0	**5,284**
Swedish International Enterprise Development Corporation (Swedcorp), Sweden	18,381	-24,444	-5,814	**-249**
Staudhammer Finanz AG, Switzerland	3,357	0	0	**3,357**
Turkish Electronic Industry Association (TESIDE), Turkey	1,781	0	0	**1,781**

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
Unilever Research, United Kingdom	2,497	0	0	**2,497**
Epstein Engineering Export Ltd, USA	807	0	0	**807**
The Ford Foundation, USA	12,982	0	0	**12,982**
US Agency for International Development (USAID), USA	-399	0	0	**-399**
Zonta International Foundation, Chicago, USA	54,055	62,500	40,414	**76,141**
Yemen Corporation for Cement Industry and Marketing, Yemen	15,708	0	0	**15,708**
African Development Bank	106,259	0	105,771	**488**
Arab Gulf Programme for United Nations Development Organizations	112,538	0	101,440	**11,098**
Arab Bank for Economic Development in Africa (BADEA), Sudan	2,450	-2,450	0	**0**
Common Fund for Commodities (CFC)	-626,052	1,787,841	1,199,567	**-37,778**
Economic Cooperation Organization (ECO), Iran (Islamic Republic of)	10,390	0	10,434	**-44**
Food and Agriculture Organization of the United Nations (FAO)	275	220,000	91,745	**128,530**
Hewlett-Packard Company, USA	0	294,230	244,071	**50,159**
International Development Association (IDA)	144,643	0	0	**144,643**
International Fund for Agricultural Development (IFAD)	59,860	0	0	**59,860**
International Labour Organization (ILO)	14,892	84,980	46,904	**52,968**
Multi-donor Trust Fund	0	1,786,435	481,492	**1,304,943**
Multi-donor Trust Fund for Northern Sudan	703,746	791,173	1,471,517	**23,402**
Multi-donor Trust Fund for Southern Sudan	0	2,374,728	2,176,933	**197,795**
One UN Fund	0	11,364,526	5,569,257	**5,795,269**
Organization of Petroleum Exporting Countries (OPEC)	29,908	24,621	52,255	**2,274**
RENPAP Member Countries	80,683	185,942	96,653	**169,972**
Undefined	355,863	492,280	498,621	**349,522**
UNDP Slovakia, Coca-Cola Water Partnership	8,023	-8,023	0	**0**
UNDP/United Nations Agreement for Tanzania	43,889	0	35,620	**8,269**
Millennium Development Goals Achievement Fund financed by Spain through UNDP (MDG-F)	0	9,003,415	3,175,870	**5,827,545**
MAGFA Information Technology Development Centre	0	0	0	**0**

Description	Fund balance at 01/01/2008	Contributions received, interest and miscellaneous income 2008-2009	Expenditures 2008-2009	Fund balance as at 31/12/2009
UNIDO Regional Cleaner Production Programme for Latin America and the Caribbean (RCPP-LAC)	30,174	24,779	20,164	**34,789**
United Nations Development Group Iraq Trust Fund	18,299,910	13,077,278	17,631,434	**13,745,754**
United Nations Development Programme (UNDP)	0	376,831	302,528	**74,303**
United Nations Economic and Social Commission for Western Asia	5,113	0	-809	**5,922**
United Nations Fund for International Partnerships	89,003	266,692	168,712	**186,983**
United Nations High Commissioner for Refugees	18,744	0	18,185	**559**
United Nations Joint Trust Fund for Sudan	-409	0	-3,493	**3,084**
United Nations Lebanon Recovery Fund	2,896,948	1,500,000	2,820,938	**1,576,010**
United Nations Office for Coordination of Humanitarian Affairs (UNOCHA)	25,414	-25,415	-1	**0**
United Nations Office for Project Services (UNOPS)	2,392	295,271	297,663	**0**
United Nations Trust Fund for Human Security	3,303,791	3,624,854	3,581,237	**3,347,408**
United Nations Environment Programme (UNEP)	0	889,776	154,414	**735,362**
Subtotal	28,275,379	53,103,343	44,420,226	**36,958,496**
GRAND TOTAL	63,095,351	84,353,185	79,163,410	**68,285,126**

Table 5. Summary of technical cooperation activities for the biennium 2008-2009 financed under inter-organization agreements
(in US dollars)

	Project expenditure	Programme support	Total expenditure
UNDP			
UNDP main programme	81,304	8,044	89,348
Project for which UNIDO is the associated agency	208,990	24,285	233,275
Government-executed projects for which UNIDO is the implementing agency	231,937	24,947	256,884
UNDP Trust Funds	2,552,912	-327,701	2,225,211
	3,075,143	**-270,425**	**2,804,718**
UNEP			
UNEP / GEF	2,334,513	95,979	2,430,492
	2,334,513	**95,979**	**2,430,492**
Total	**5,409,656**	**-174,446**	**5,235,210**

Annex II
Operating funds — UNDP and UNDP trust funds
UNITED NATIONS DEVELOPMENT PROGRAMME (UNIDO)
Status of funds as at 31 December 2009
(Expressed in US dollars)

Operating funds			
Operating fund (Pre-2004)			
Reconciliation difference – UNDP/UNIDO			-850,498
Service clearing account			
Opening balance at 1 January 2009		-2,916,061	
Cash drawings from UNDP	-24,500,000		
Inter-office vouchers (IOVs) 2009	26,184,312	1,684,312	
Closing balance as at 31 December 2009			-1,231,749
Project clearing account			
Opening balance at 1 January 2009		10,192,244	
Miscellaneous income and exchange adjustments	-3,885		
Miscellaneous items refunded to UNDP	3,892		
Cash repayment to UNDP	5,000,000		
Pre-2004 adjustments through PCA	-64,265		
Funds received direct from other agencies	-187,757		
Expenditure and support costs for lines implemented for self-executed projects (executing PDRs)	100,348		
Expenditure and support costs for lines implemented for projects executed by other agencies and Governments (implementing PDRs)	175,979	5,024,312	
Closing balance as at 31 December 2009			5,167,932
Balance as at 31 December 2009			**3,085,685**
Represented by:			
Cash at banks, on hand and in transit		110,246	
Accounts receivable		3,684,198	3,794,444
Less: Accounts payable		708,721	
2009 un-liquidated obligations		38	708,759
Balance as at 31 December 2009			**3,085,685**

STATEMENT I
GLOBAL ENVIRONMENT FACILITY
(UNDP administered trust fund)
(UNIDO)
Status of funds at 31 December 2009

(Expressed in US dollars)

Operating fund			
Balance at 1 January 2009			-1,009,031
Add:	Cash drawings from UNDP		
	Inter-office vouchers (IOVs)		
	Other charges/credits (net)		
	Miscellaneous income and exchange adjustments (net)	-1,369	
	Miscellaneous items charged to trust fund (net)		-1,369
			-1,010,400
Less:	Expenditure during 2009		
	For projects		
	Disbursements	590,552	
	Un-liquidated obligations	226,337	
	For administrative and operational support (AOS)	-411,291	405,598
			-1,415,998
Add/subtract:			
	Adjustments to prior years:		
	Expenditure		
	Support costs		
	AOS		
Balance at 31 December 2009			-1,415,998
Represented by:			
	Cash at banks, on hand and in transit		
	Accounts receivable	2,761,011	2,761,011
Less:	Accounts payable	3,950,672	
	Un-liquidated obligations	226,337	4,177,009
			-1,415,998

STATEMENT I
REPUBLIC OF KOREA FUND FOR THE TUMEN REGION (UNIDO)
Status of funds at 31 December 2009
(Expressed in US dollars)

Operating fund

Balance at 1 January 2009			19,708
Add:	Cash drawings from UNDP		
	Inter-office vouchers (IOVs)		
	Other charges/credits (net)		
	Miscellaneous income and exchange adjustments (net)		
	Miscellaneous items refunded to trust fund (net)		0
			19,708
Less:	Expenditure during 2009		
	For projects		
	Disbursements	0	
	Un-liquidated obligations	0	
	For administrative and operational support (AOS)	0	0
			19,708
Add/subtract:			
	Adjustments to prior years	0	
	Expenditure	0	
	Support costs	0	
	AOS	0	0
Balance at 31 December 2009			19,708
Represented by:			
	Cash at banks, on hand and in transit	0	
	Accounts receivable	19,708	19,708
Less:	Accounts payable	0	
	Un-liquidated obligations	0	0
			19,708

Annex III
SPECIAL ACCOUNT FOR BUILDINGS MANAGEMENT SERVICES

Statement of income and expenditure for the biennium 2008-2009 ended 31 December 2009
(in euros)

Income		
Contributions invoiced		
IAEA	13,915,315	
UNIDO	4,076,619	
UNOV	5,879,832	
CTBTO	2,187,554	
		26,059,320
Reimbursement for ad hoc projects		5,568,616
Interest income		1,141,094
Miscellaneous income		43,386
Total Income		**32,812,416**
Expenditure		
Rental and maintenance of premises		13,357,486
Utilities		13,669,643
Supplies and materials		107,482
Capital goods		139,017
Bank charges		3,338
Other general operating expenses		27,367
Total expenditure		**27,304,333**
Excess of income over expenditure for 2008-2009		**5,508,083**
Savings on cancellation of obligations		**0**
NET SURPLUS FOR THE YEAR		**5,508,083**

Statement of assets, liabilities, reserves and fund balances as at 31 December 2009

Assets	
Cash	26,140,352
Accounts receivable	
Taxation	714,105
VIC-based Organizations	6,694,771
Other	1,474,440
Total assets	**35,023,668**

Liabilities	
Un-liquidated obligations	6,260,643
Payments in advance	84,638
Accounts payable	3,190,436
Total liabilities	**9,535,717**
Fund balance	
Balance available 1 January 2008	19,979,868
Add: Net surplus for 2008-2009	5,508,083
Balance available 31 December 2009	**25,487,951**
TOTAL RESERVES AND FUND BALANCE	**25,487,951**
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	**35,023,668**

Analysis of fund balance:	**IAEA**	**UNIDO**	**UNOV**	**CTBTO**	**Total**
2008 opening fund balance	10,074,275	3,475,592	4,518,670	1,911,331	19,979,868
Contributions	13,915,315	4,076,619	5,879,832	2,187,554	26,059,320
Interest (net of bank charges)	274,204	293,659	350,141	219,752	1,137,756
Net expenditure	-11,587,706	-3,394,643	-4,886,047	-1,820,597	-21,688,993
	12,676,088	**4,451,227**	**5,862,596**	**2,498,040**	**25,487,951**
Contributions receivable	6,673,426		21,345		6,694,771