IDB.41/3-PBC.29/3

United Nations Industrial Development Organization

Distr.: General
10 April 2013

Original: English

Industrial Development Board
Forty-first session
Vienna, 24-27 June 2013
Item 4 (a) of the provisional agenda
Report of the External Auditor for 2012

Programme and Budget Committee
Twenty-ninth session
Vienna, 22-24 May 2013
Item 3 of the provisional agenda
Report of the External Auditor for 2012

Report of the External Auditor on the accounts of the United Nations Industrial Development Organization for the financial year 1 January to 31 December 2012*

Contents

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Office of the
Auditor-General of Pakistan
Constitution Avenue
Islamabad

No. 49-IR/UNIDO/C-XXI

Dated: 25 April, 2013

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 41st session of the Industrial Development Board, through the 29th session of the Programme and Budget Committee, my report and opinion on the Financial Statements of the United Nations Industrial Development Organization for the year ended 31 December 2012.

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*]
(Muhammad Akhtar Buland Rana)

ACRONYMS/ABBREVIATIONS

AG	Advisory Group
AMC	Programme Approval and Monitoring Committee
ASP	Austria Security Plan
BCP	Business Continuity Planning
BMS	Buildings Management Services
BPR	Business Process Re-engineering
CMI	Change Management Initiative
CMP	Crisis Management Plan
COG	Culture Operational Group
DG	Director General
DI	Declaration of Interest
ECM	Enterprise Content Management
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
EVA	Evaluation Group
FD	Financial Disclosure
FPCS	Financial Performance Control System
GC	General Conference
GEF	Global Environment Facility
HRM	Human Resource Management
HRMF	Human Resource Management Framework
IAEA	International Atomic Energy Agency
IAG	Internal Audit Group
IAS	International Accounting Standard
ICM	Information and Communications Management
ICT	Information and Communications Technology
IDB	Industrial Development Board
IIA	Institute of Internal Auditors
ILOAT	Administrative Tribunal of International Labour Organization
INTOSAI	International Organization of Supreme Audit Institutions
IOS	Office of Internal Oversight Services
IPPF	International Professional Practices Framework
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISMS	Information Security Management System
ISSAI	International Standards for Supreme Audit Institutions
JAB	Joint Appeals Board
JIU	Joint Inspection Unit

KMC	Knowledge Management and Collaboration
LDC	Least Developed Countries
MD	Managing Director
MRRF	Common Funds for Major Repairs and Replacements
MTPF	Medium-Term Programme Framework
MRS	Management Response Sheet
NBRP	New Business Review Panel
OCOR	Office for Change and Organizational Renewal
OMD	Office of the Managing Director
OSL	Bureau for Organizational Strategy and Learning
OSS	Operational Support Services
PAC	Programme Appraisal Committee
PAD	Project Allotment Document
PCOR	Programme for Change and Organizational Renewal
PMICS	Performance Management and Inventory Control System
PPE	Property, Plant and Equipment
PPM	Portfolio and Project Management
PSM	Programme Support and General Management
RBM	Results-Based Management
RFO	Regional and Field Operations Branch
SOP	Statement of Position
STC	Screening and Technical Review Committee
TC	Technical Cooperation
ULO	Un-liquidated Obligation
UNGM	United Nations Global Marketplace
UNODC	United Nations Office on Drugs and Crime
UNIDO	United Nations Industrial Development Organization
UNOV	United Nations Office in Vienna
UNSAS	United Nations System Accounting Standards
UNSSS	United Nations Security and Safety Section
UR	UNIDO Representative
VBO	Vienna-Based Organisations
VIC	Vienna International Centre
VPN	Virtual Private Network

I. INTRODUCTION

Scope of the Audit

1. The Financial Statements of the United Nations Industrial Development Organization (hereinafter UNIDO) for the year ended 31 December 2012 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 1: Statement of Financial Position as at 31 December 2012
- Statement 2: Statement of Financial Performance for year ended 31 December 2012
- Statement 3: Statement of Changes in Net Assets for year ended 31 December 2012
- Statement 4: Cash Flow Statement for year ended 31 December 2012
- Statement 5: Statement of Comparison of Budget and Actual Amounts for year ended 31 December 2012
- 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 the year 2012 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 2012. The correctness of year-end balances of all UNIDO Funds was also ascertained. The UNIDO management had adopted the IPSAS as the basis of accounting from the financial year 2010 and had applied transitional provisions available under IPSAS 17 and 23. Therefore, another audit objective was to review progress towards full implementation of the aforesaid Standards.

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 the year 2012 was conducted in accordance with the International Standards on Auditing (ISA) and where applicable, according to the International Standards for Supreme Audit Institutions (ISSAIs) which are the INTOSAI prescribed auditing standards for Supreme Audit Institutions.

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 2012
- 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. My audit included a substantive examination of the year-end balances in UNIDO Funds.

7. The audit was conducted by various audit teams including the teams that carried out compliance with authority audits of UNIDO field offices.

Reporting

8. My audit teams held discussions with the relevant UNIDO staff in the Headquarters and field offices. The audit teams interacted with the staff nominated as focal persons for audit and issued queries to the concerned branches. The audit findings take into account the management's viewpoint as communicated to the audit teams. In accordance with the normal practice, my audit teams also provided UNIDO with a Management Letter, setting out the detailed findings arising from their examination at the UNIDO Headquarters and the field offices. UNIDO's response to the Management Letter has been appropriately reflected in my report. I have noted UNIDO's response to the audit findings regarding the operations in the field offices of UNIDO for subsequent monitoring.

9. Observations on matters, which in my opinion, should be brought to the attention of the Member States, are set out in the following paragraphs of this report.

Overall Results

10. My report includes a number of observations and recommendations. My audit teams recorded additional findings in the Management Letter 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 2012.

II. AUDIT FINDINGS AND RECOMMENDATIONS

Internal Controls

11. 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 year 2012.

Presentation of Financial Statements

12. The year 2012 was the third year after the implementation of International Public Sector Accounting Standards (IPSAS) in 2010. Accordingly, the Financial Statements for 2012 were also presented on the IPSAS format and provided comparative figures for the two years. The working results for UNIDO are given in the following table:

Table 1
€ in 000

Description	31 December	Percentage	31 December
Income/Revenue	**2012**	**Increase/(decrease)**	**2011**
Assessed contribution	76,577.5	(2.21)	78,304.6
Voluntary contribution	142,924.7	(25.96)	193,048.3
Investment revenue	775.6	(8.38)	846.5
Other items of revenue	665.9	(52.71)	1,408.2
Total Revenue	**220,943.7**	**(19.25)**	**273,607.6**
Expenditure			
Salaries & employee benefits	115,006.0	4.98	109,551.7
Operational costs	23,273.8	(7.8)	25,242.2
Contractual Services	55,671.1	65.39	33,660.3
TC equipment expensed	21,368.8	15.42	18,513.5
Currency translation differences	7,814.4	–	(12,473.0)
Other items of expenditure	14.635.6	(6.17)	15,597.9
Total Expenditure	**237,769.7**	**25.08**	**190,092.6**
Surplus/(Deficit)	**(16,826.0)**	–	**83,515.0**

13. An analysis of key financial and operational performance indicators is given in the following paragraphs:

14. In 2012, the statement of financial performance showed an operating deficit. The deficit is attributable to a considerable shortfall in the total revenues of 19.3 per cent followed by a substantial increase in the total expenditure of 25.1 per cent. The management informed that the deficit of the 2012 was covered by TC funds that had been collected in previous periods for the ongoing projects.

15. The major factor in bringing a sharp decline in total revenue was an abrupt 25.9 per cent decrease in voluntary contributions. The management informed that this decrease was associated with the cyclic approval process of both GEF and MLF projects resulting in lesser allocation during 2012 as compared with 2011. Voluntary contributions remained the main source of revenues with 64.7 per cent and 70.5 per cent shares in the total revenues in 2012 and 2011 respectively. In the case of total expenditure, main item that contributed towards significant increase was Contractual Services (65.4 per cent). Other factors included Salaries and Employee Benefits (5 per cent) and the TC Equipment Expensed (15.4 per cent).

Fund Balances

16. Fund Balances represent the unexpended portion of contributions that are intended to be used for future operational needs of UNIDO, except operations for which conditions apply (Technical Cooperation fund). The Fund Balances reflect UNIDO's residual interest in the assets after subtracting all its liabilities. The organization's Fund Balances stood at €254,577.3 thousand as at 31 December 2012 as compared to €303,835.0 thousand as at 31 December 2011 registering a decrease of 16.2 per cent over the previous year.

17. UNIDO's total commitments (note 20) which included purchase orders and contracts, contracted but not delivered at year-end, were €132,688.8 thousand as at 31 December 2012 as compared to €109,184.9 thousand as at 31 December 2011 showing an increase of 21.5 per cent over the previous year. Although commitments are not recognized as expense in IPSAS compliant financial statements yet they reflect potential claims on the resources of the organization. The above figures show that commitments went up to almost half of the Fund Balances in 2012 whereas these were quite less than one-third of the Fund Balances in 2011. Almost two-third (62.2 per cent) of the commitments relates to the Montreal Protocol Projects and Global Environment Facility, positively reflecting an increase in project related activities.

Cash and Cash Equivalents

18. The total Cash and Cash Equivalents went down (8.7 per cent) to €414,513.7 thousand as at 31 December 2012 from €454,437.0 thousand as at 31 December 2011. Term deposits shrank to €349,044.8 thousand at 31 December 2012 from €418,462.2 thousand at 31 December 2011, a decrease of 16.6 per cent. Interest bearing accounts and term deposits yielded interest at an annual average rate of 0.32 per cent and 0.35 per cent for euro and US$ respectively (2011: 1.17 per cent and 0.33 per cent). The sharp decline in the rate of interest brought the interest revenue down to €775.6 thousand in 2012 from €846.5 thousand in 2011 i.e. a decrease of 8.4 per cent.

19. The management informed that the decline was a consequence of the prevailing conditions on the financial market, over which UNIDO had no influence.

Accounts Receivables from non-exchange transactions

20. Accounts Receivables (current) from non-exchange transactions, before allowance for doubtful debts, rose to €216,506.1 thousand as at 31 December 2012 from €212,998.1 thousand as at 31 December 2011, recording an increase of 1.64 per cent.

21. Assessed Contributions Receivable (current) due from the Member States came down by 6.7 per cent to €92,537.8 thousand in 2012 from €99,278.4 thousand in 2011 while the non-current portion of the outstanding contributions also went down to €6,553.9 thousand as at 31 December, 2012 from €10,200.4 thousand as at 31 December, 2011. This shows the efforts being made by the Member States in servicing their financial obligations.

22. Voluntary Contributions Receivable from the Member States, however, witnessed an upward trend increasing by 8 per cent to €119,868.2 thousand as at 31 December 2012 from €110,981.3 thousand as at 31 December 2011. The management intimated that the outstanding receipt of voluntary contributions were no delays but rather the consequence of agreed upon cash transfer schedules.

Overall Comment on the Financial Statements

23. Figures in the first draft Financial Statements, provided to the External Auditor as scheduled on 15 March 2013, were generally accurate except that the financial impact of a member state leaving UNIDO was not reflected in the Note 16.1 – Assessed Contributions to the Financial Statements. The management has made necessary correction in the final Financial Statements.

Employee Benefits Liabilities

24. The long-term employee benefits liabilities went up to €182,860.9 thousand as at 31 December 2012 from €137,171.5 thousand as at 31 December 2011, registering an increase of 33.3 per cent. Consequently, the negative Regular Budget general fund balance stood at €123,761.6 thousand as at 31 December 2012 as compared to negative balance of €106,551.9 thousand as at 31 December 2011, showing a further decline of general fund balance by 16.1 per cent.

25. ***The management clarified*** *that the reason for the increase was the result of the actuarial study, which had to apply less favourable parameters in the light of the performance of the financial markets.*

26. As a result of the recommendation of the External Audit in its report in 2010, the 39th session of Industrial Development Board (IDB) vide its decision IDB.39/Dec.2, requiring UNIDO "to study the feasibility of appropriate financing of a liability system to be addressed in a comprehensive manner by the informal working group that would provide guidance on the future liabilities of the organization". The External Audit considers that the results of this activity should have been finalized by now and shared with audit. The management responded that the guidance from the Working Group was still awaited.

IPSAS Implementation

Transitional Provisions under IPSAS 17 and 23

27. UNIDO had invoked the following transitional provisions in 2010, permitted on first time adopting IPSAS:

- Five-year transitional period, allowed under IPSAS 17 Property, Plant and Equipment (PPE) for recognizing the PPE class "Buildings" and for TC PPE;
- Three-year transitional provision, allowed under IPSAS 23 Revenue from non-exchange transactions for measuring revenue for pre-2010 voluntary contributions.

The management was asked to provide an update on progress made in respect of the above-mentioned items.

28. ***The management replied*** *that as regards IPSAS17, all PPE (incl. TC) were recognized in SAP system since 1.1.2013 and as regards IPSAS 23, all agreements (grants) had been migrated in SAP since 1.1.2013 and revenue was being recognized accordingly, based on the total value of agreement and conditionality (if any).*

29. The subsequent audit teams shall review the progress in this regard.

IPSAS 24: Presentation of Budget Information in Financial Statements

30. IPSAS 24 requires that when the Financial Statements and the budget are not prepared on a comparable basis, a statement comparing budget and actual amounts be prepared. The Statement 5 of the Financial Statements of UNIDO compares budget and actual amounts of the financial period under report. In the Statement 5, the actual amounts are presented on a comparable basis to the budget and are reconciled to the actual amounts presented in the main Financial Statements, separately identifying any accounting basis, timing and entity differences as explained in note 18 to the Financial Statements. As recommended by the previous External Audit team, the management has revised the format of Statement 5 accordingly.

Status of Budget Utilization

31. The External Audit carried out an analysis of the budget utilization by the organization. Transition to the IPSAS basis of accounting required annual preparation of accounts, while the budget of UNIDO was authorized for a biennium. UNIDO divides its budget in almost equal parts for each year of the biennium.

32. The status of budget utilization for the year 2012 as compared to 2011 was as under:

Table 2
€ in 000

	2012			2011		
	Gross Budget	**Total Expenditure**	**Unutilized amount** (Per cent)	**Gross Budget**	**Total Expenditure**	**Unutilized amount** (Per cent)
Staff costs	65,171.4	59,902.2	5,269.2 (8.09)	71,074.1	61,182.1	9,892.9 (13.92)
Office travel	2,412.5	1,405.9	1,006.6 (41.72)	2,097.1	1,813.7	283.4 (13.51)
Operating costs	14,541.0	12,014.1	2526.9 (17.38)	16,888.9	14,976.2	1,912.7 (11.33)
Information and communication technology	2,838.4	1,564.7	1,273.7 (44.87)	3,227.8	2,587.4	640.4 (19.84)
Regular program of TC and special resources of Africa	7,002.7	6,166.7	836 (11.94)	9,215.0	8,915.4	299.7 (3.25)
Total	91,966.0	81,053.6	10,912.4 (11.9)	102,502.9	89,474.8	13,028.1 (12.71)

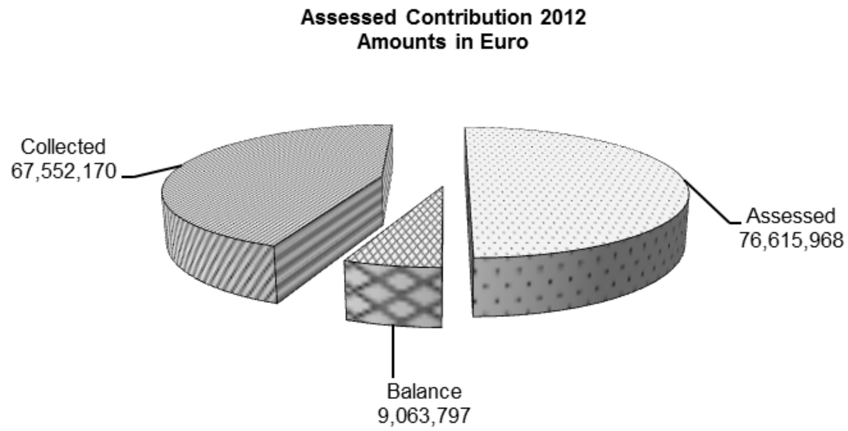
33. Figures of the above table indicate in keeping with the trend, the overall budget utilization further improved as compared to 2011. During 2012, the amount of unutilized budget came down from €13,028.1 thousand in 2011 to €10,912.4 in 2012. As usual, the staff costs remained the major cost component of the budgets in both the years (70.87 per cent in 2012 and 71.12 per cent in 2011).

Contributions from the Member States

34. The annual contributions from the Member States for 2012 were assessed at €76,616.0 thousands against which €67,552.2 thousands were collected leaving a shortfall of €9,063.8 thousands. The following table and pie chart indicate the assessed and collected contributions during the years 2012 and 2011:

Table 3
€ in 000

	Year 2012	**Year 2011**
Contributions assessed	76,616.0	78,304.6
Contributions collected	67,552.2	71,069.3
Balance	9,063.8	7,235.3



35. The contributions outstanding at the end of the year 2012 were €99,091.7 thousands. This figure was €109,478.9 thousands at the end of the biennium 2010-2011.

36. Contributions amounting to €99,091.7 thousands outstanding at the end of the year 2012 were due from 96 Member States. The amount due from two former Member States was €71,150 thousands which was 72 per cent of the total outstanding amount. Thirty-three Member States owed more than €100.0 thousands each to UNIDO and the total outstanding amount against these Member States was €26,735.0 thousands, which was 27 per cent of the total outstanding contributions. Leaving aside the static outstanding contributions against the two former Member States, collection of the remaining outstanding contributions improved during the year 2012. The collection rate of the remaining outstanding contributions was 50.7 per cent during the year 2012 whereas this rate was 25.9 per cent during 2011. However, the rate of collection of assessed contributions for the current year declined as compared with previous year. This rate was 88.2 per cent during 2012 whereas it was 89.3 per cent for the year 2011.

Verification of Amounts Due to the Member States

37. 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 the Financial Regulations 4.2 (c) and 5.2 (d)".

38. The surplus available for distribution representing the unspent balances of collections, the assessed collections received for the prior biennia together with the receipts from the new Member States are set aside in the "Accounts Payable", pending receipt of instructions from the Member States. The unencumbered balance due to the Member States as at 31 December 2011 was €26,783.1 thousand. The External Audit verified the balance due to the Member States as at 31 December 2012 as follows:

	€ in 000
Unencumbered balance brought forward 01 January 2012	26,783.1
Add:	
Collection of contributions from previous period	8,581.5
Less:	
Applied to assessments, retained for TC activities or refunded to Member States	(25,014.0)
Balance due to Member States as at 31 December 2012	**10,350.6**

HRM Function

Training and Impact Analysis

39. The organization's most important resource is the knowledge and skills of its staff. UNIDO had been organizing trainings for staff to prepare them for implementing the Program for Change and Organizational Renewal (PCOR) and change management initiatives. The External Audit noted that impact of these trainings was not being properly assessed. In the absence of this, the effectiveness of training could not be adequately gauged based on which the quality of training interventions be improved. The management informed that the process of impact analysis was in progress.

40. The External Audit recommends that the impact assessment may be made a continuous process.

41. **The management accepted the recommendation. The subsequent audit teams shall review the compliance**.

Internal control in HRM

42. According to Staff Rule 106.19 (c), staff members in receipt of a language allowance may be required to undergo further tests at intervals of not less than five years in order to demonstrate their continued proficiency in the use of two or more official languages. In response to External Audit's enquiry, a list of staff drawing language allowances was provided. It was requested to confirm whether necessary tests required under Staff Rule 106.19(c) were conducted or not. The management intimated that there were no cases to report under Rule 106.19 (c).

43. ***The management replied that*** *the audit recommendation would entail financial and administrative implications. The proficiency examinations were being administered by the UN for which UNIDO was required to pay registration and other administrative fees for each UNIDO participant in the exams (in 2012 the total fee was EUR 210 per person per exam). As stipulated in the staff rule, we need to limit such re-testing.*

44. **The external Audit maintains that either Staff Rule 106.19(c) be complied with or the said Staff Rule be get deleted from competent authority**.

SAP Implementation

45. Introduction of SAP as an ERP system is an essential element of the PCOR and is considered to be the major enabler in achieving the management objectives under PCOR. The ERP was implemented in four releases, as follows: Release 1: Portfolio and Project Management (PPM) from January 2012; Release 2: Human Capital Management (HCM) from January 2012; Release 3: Finance, Procurement, Travel Management and Logistics: gradually being rolled out from January 2013; Release 4: Knowledge Management and Collaboration (KMC), in conjunction with the above releases.

46. The SAP PPM module is to cater for UNIDO's Core Business/TC activities. This release was envisaged to lay the foundation for effective monitoring and results-based reporting. The module had a first go-live in July 2011. The system was finalized by the end of the year 2011 and was rolled out to all staff in January 2012.

The External Audit reviewed the Knowledge Management and Collaboration (KMC) aspects and project monitoring and evaluation associated with PPM. The observations are given in the following paragraphs.

Result Based Management and Reporting in the PPM module of SAP

47. In 'ERP Implementation for UNIDO' (Appendix 2 – Terms of Reference) under the sub-process "Outputs" for PPM, it was provided that, "this sub-process includes the setting-up of the project infrastructure and managing delivery of the inputs and activities in line with the approved detailed work-plan. The progress will be reported along with outputs against the budget and work-plan … This includes monitoring and evaluating the outputs to achieve the overall project or service outcome." To facilitate achieving this objective, the PPM module in SAP was provided with a structure in which outputs and outcome for projects could be recorded for using them to monitor, evaluate and report the progress of the project against the planned outputs and outcomes.

48. The External Audit selected a sample of seven ongoing and six recently completed projects to review the implementation of this feature of the PPM module and observed the following:

- The output and outcome fields for the selected projects were found blank. In the absence of such information, it was not possible to ascertain from the SAP system whether various qualitative and quantitative objectives of the projects had been achieved or not.
- The administrative directives for carrying out independent evaluation of the projects through SAP were issued in December 2012, that is, almost twelve months after the full roll out of the PPM module.

49. The External Audit is of the view that UNIDO has been pursuing the concept of Result Based Management (RBM) since 2008 as one of the major objectives of PCOR. In this regard, the project information captured in the PPM module is the major enabler for result based monitoring and reporting of the projects. As such delays in full utilization of the functionalities provided by PPM would result in delayed realization of the full benefits of result based monitoring and reporting. Such delays would also hamper timely removal of shortcomings in the modules that can only be identified when the system is in use for a reasonable period of time.

50. ***The management replied that*** *conversion of all ongoing projects to the new logframe structure started in late 2011 to ensure that information on all ongoing projects was adequately captured in the PPM module following the RBM principles. In this connection, a major challenge had been to convert the legacy project information from the input-based budgeting i.e. budget lines structure into the RBM output-based structure. As this complex exercise also required consultation with donors and recipient countries, it was taking longer than anticipated to fully complete. In addition, new dashboard reporting tools were rolled-out to staff at large in October 2012. The tools, which retrieve substantive information on UNIDO's Core Business/TC activities from the PPM module, were made available internally, and staff was advised to complete and/or correct the project-related information in the system on a regular basis. Their supervisors had also been encouraged to follow-up on this exercise*.

51. **The subsequent audit teams shall continue to review the progress in this regard**.

Underutilization of Collaboration Functionality of KMC

52. In 'ERP Implementation for UNIDO' (Appendix 2 – Terms of Reference) under 'Release 4: Knowledge Management and Collaboration', the ERP implementation was supposed to provide a generic online collaboration module that would support teams of UNIDO staff together with external stakeholders to jointly create and edit documents, hold online discussions and submit documents to other processes. To serve this purpose, the Collaboration Rooms (cRooms) were to be provided in the system. The cRooms were supposed to act as "virtual project rooms" for groups or teams where the working environment is extended to meet the needs of any distributed project team. The introduction of the online collaboration rooms was intended to facilitate cross-organizational teamwork and communication and improve knowledge and information sharing.

53. In this context, a dedicated cRoom was automatically created for every project in the Project and Portfolio Management (PPM) module to store project related documents with folders on the respective stages of the project cycle (identify, design, implement and assess). Bodies involved in the project approval process (e.g. the New Business Review Panel (NBRP), Screening and Technical Review Committee (STC), Advisory Group (AG) and Programme Approval and Monitoring Committee (AMC) were also supposed to move from their traditional procedures to the cRooms.

54. The External Audit examined the utilization of cRooms for sampled projects and observed that the functionality of cRooms had not been properly utilized. Upon enquiry, the management informed that, "The system has not reached to this level of cRoom utilization yet. Although UNIDO installed cRoom facility along with PPM during the Release 1 last year, functionalities available from cRoom are largely awaiting proper introduction, needing a focused approach and assignment of responsibility for implementation on the UNIDO side. SAP's support in this area has been very limited as well. Therefore, while the facility is there, we have so far been unable to explore the full potentials of the system in the past year or so. In the meantime, negotiation between UNIDO and SAP on the new facility, Open Text, is ongoing, which in essence suspended the efforts on cRoom development."

55. The External Audit reviewed the documentation relating to using Open Text in place of cRooms. In the documents, the management identified following issues for the underutilization of cRooms;

- Process Issues
    - i. Lack of Training
    - ii. Naming Convention
- Technical Issues
    - i. Search
    - ii. PPM, missing linkage
    - iii. External access to cRooms
    - iv. ERP-Connection, missing object links
    - v. Document Management and collaboration support for decision and approval process.

56. Regarding technical issues, the management was of the view that, although these could be addressed by the standard solution, this option would require extensive customization and that fulfilling the requirements, with a major part delivered by Custom Development, would increase the risk for instability and follow up efforts. Therefore, new architecture, i.e., KMC (Portal) replacement with extended ECM by Open Text, had been considered as the solution. This solution entailed revision of landscape of KM and setting up a new KM project.

57. The External Audit, given the nature of the technical issues identified by the management, is of the view that these issues should have been identified during the architecture planning of the original KMC concept. A realization of needs at such a later stage required a complete overhaul of the original KMC landscape. This, in turn, would increase cost of the solution and delay the implementation of the KMC concept. It was further observed that the issue of lack of training would need management's attention even after the technical issues have been resolved.

58. ***The management replied that*** *after the blueprinting exercise and initial implementation, it was realized that the solution would not fully meet UNIDO's requirements. For instance, as part of the blueprinting exercise, the need to automatically extract metadata from PPM for documents attached to a project was documented and specified. However, this then was not implemented due to "high cost". Similarly, a user-level integration of documents attached in the back-end system, e.g. contracts, was blueprinted but SAP could not propose a technical solution. Furthermore, SAP was unable to provide a practical solution for granting access to selected*

documents for external parties such as Permanent Missions. Because of the multiple shortcomings of the implementation, Release 4 could not attain the status of being fully in production, and consequently UNIDO did not roll out a full documentation and training programme.

59. *During 2011 and 2012, SAP conducted a detailed analysis on the strategic and operational levels to ensure the KMC solution would satisfy UNIDO's requirements for Releases 1, 2 and 3. Following this analysis and intensive negotiations, SAP and UNIDO had agreed on a new landscape based on Open Text, expected to be fully delivered by September 2013. This solution would meet UNIDO's requirements for the years to come, including for communities of practice and other types of collaboration forums.*

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

I. **In order to realize the concept of RBM, the management may like to develop strategy to fill in all project related information in the PPM module before making the new projects operational. Timelines may also be defined to enter the related information for all ongoing projects**.

II. **The management may like to carry out a study as to why realistic need assessment could not be made at the conception stage of KMC. This would help in making use of lessons learnt in future handling of such comprehensive projects like ERP implementation under PCOR**.

III. **Trainings and user manuals may be given due attention if the extended ECM by Open Text is implemented**.

Management's Response

61. *All new projects since early 2012 were following the RBM principles. For the ongoing projects, an exercise started in late 2011 to convert old projects into new RBM-based projects, including the logframe structure, outcomes, outputs, key performance indicators, risks and mitigating measures, etc.*

62. **During audit the external audit observed that related information was not being captured in the PPM. Subsequent External Audit teams will continue to review progress in this regard**.

UNIDO Emergency Preparedness

63. Emergency preparedness refers to business continuity planning and contingency planning which are elements of a system of internal controls that is established to manage availability of critical processes in the event of interruption. The ultimate goal of the process is to be able to respond to incidents that may impact people, operations and ability to deliver mission critical business activities.

64. The Crisis Management Plan of UNIDO states, 'For a crisis management plan to be effective, safeguard the staff and preserve the organization's mission critical functions, it must be comprehensive, up-to-date and well-rehearsed.' The External Audit reviewed the Crisis Management Plan of UNIDO, Programme Support and General Management (PSM) Divisional Business Continuity Plan and Information and Communication Management (ICM) Business Continuity Plan.

Crisis Management Plan of UNIDO

65. The UNIDO Crisis Management Plan (CMP) was derived from the United Nations Security Plan for Austria and the United Nations Office in Vienna (UNOV)/United Nations Office on Drugs and Crime (UNODC) CMP and was implemented in 2007. It sets out the policies and organizational arrangements for managing a crisis at the Vienna International Centre. It identifies preventative measures that have to be in place prior to a crisis as well as effective responses to be taken in the event of a crisis at varying levels of severity. The External Audit observed the following:

- Report regarding periodic review of CMP was not available whereas the plan required the Managing Director PSM Division to continuously assess and, as necessary, revise the CMP so as to ensure that it remained relevant, up-to-date and compatible with the UN Security Plan for Austria.
- The digitalization of all essential information relating to active staff members and operations of UNIDO had not been done. This was required by the Plan as the immediate preventive measure.

66. In this regard, the management informed that UNIDO CMP was an integrated part of the Austria Security Plan (ASP) and that United Nations Security and Safety Section (UNSSS) had been conducting annual security risk assessment to decide whether any change was warranted in the ASP. Since the security situation in Austria had been stable, there was no need to make changes in ASP and UNIDO CMP and prepare the review report. The last update was done in 2011 by reviewing the list of staff involved in the implementation of UNIDO CMP.

67. The External Audit is of the view that the stable security situation may not warrant changes in the structure of the CMP, however, the effectiveness of this plan could only be established through repeated rehearsals of procedures. The lessons learnt from the rehearsals may result in identifying areas of improvement in the CMP.

68. ***The management replied that*** *while it was clear that the effectiveness of the plan could only be tested through rehearsals, however, live rehearsal of the entire plan would imply a shut-down of the organization, which would not be affordable. An alternative could be to undertake theoretical rehearsals periodically, especially at times of massive restructuring implying movements of a lot of staff.*

69. **The External Audit is of the view that the rehearsals may be carried out to the extent envisaged in the UNIDO CMP and, if required, necessary revisions be made in the CMP in the light of experience of the rehearsals**.

Programme Support and General Management Divisional Business Continuity Plan (BCP)

70. The External Audit reviewed the BCP of the Programme Support and General Management Division and noted the following:

- The BCP was being updated once in two years with last update in 2011. Under “Identification of key personnel and contact information”, 45 per cent data cells (277 out of 620) regarding Mobile and Home phone numbers were blank. Moreover, two employees (ID Number 558075 on page 29 and ID Number 8132497 on page 40) had inactive status in the HR database of UNIDO. These shortcomings would adversely affect the effective emergency response. The management agreed to make the corrections in the updated BCP.
- The BCP prescribed certain training requirements including simulation exercises for off-site operations in the form of dry-run workshops that were not conducted. Such shortcomings may negatively impact the preparedness for disaster.
- The PSM/OMD had not conducted a scanning of historic documents in line with the Business Continuity Plan. The management informed that the PSM/OMD had introduced an electronic archiving system. The office also sorted out all the old archives in order to enable scanning of the documents in the future but due to resource constraints, the scanning job was not executed. Such a compromise increases the risk of UNIDO losing institutional memory in case of disaster.

71. ***The management replied that*** *the cost implication of the simulation exercise would have to be carefully studied before embarking upon an exercise that could reveal itself beyond the financial capacity of the organization. However, the management would take steps to implement to the extent feasible and within available resources.*

72. **The External Audit is of the view that simulation exercise needs to be carried out to the extent planned in the BCP otherwise the BCP be amended accordingly**.

Information and Communication Management (ICM) Business Continuity Plan

73. To enable UNIDO to continue its mission critical activities in the event of a disaster, UNIDO needs all financial, personnel, contractual and project data to be stored in a secure offsite location outside Vienna International Centre (VIC) (a temporary computing venue for operations). Hence the Business Continuity Plan of ICM defines the mission-critical IT functions of UNIDO that should continue in an emergency or crisis situation and the means by which these functionalities and data are to be preserved. The ICM Business Continuity Plan was adopted on 20th November 2007. After reviewing the Plan, the External Auditors observed the following:

- The description of the existing IT infrastructure of the UNIDO was outdated;
- Backup and restore procedures plus off-site storage procedures were not reviewed by the Chief and Operations Group Leader on yearly basis as required by the plan;
- BCP required that the testing of the Plan be carried out as agreed by the Chief and Operations Group Leader but the same had not been done since 2007.

74. Upon enquiry, the management agreed that the IT infrastructure given in the UNIDO ICM Business Continuity Plan was outdated. The management also informed that formal reports had not been created as a result of the review of backup and restore procedures plus off-site storage procedures. However, as a consequence of the reviews, acquisition(s) to update the ICT offsite infrastructure were in progress. New Virtual Private Network (VPN) appliances had been acquired to match the upgraded line speeds and, as part of the PCOR project, a server compatible with HQ SAP infrastructure was being acquired. Regarding testing of the Plan, the management deemed it judicious to defer the new BCP Plan until the establishment of the ERP environment at the offsite facility.

75. The External Audit is of the view that emergency situations arise without warning and only adequate preparedness can mitigate the damage caused due to an untoward event. In the light of aforementioned shortcomings, the UNIDO is carrying on with an untested BCP based on outdated information. This, in turn, means that the ICM function is not adequately prepared to deal with an emergency. Should an occasion arise, the outdated ICM Business Continuity Plan would not be able to handle the situation as the new BCP is yet to be finalized, adopted, tested and implemented for which the management has not drawn any timelines for this purpose.

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

I. **Management may like to consider identifying areas requiring improvement in the UNIDO CMP in the light of the experience of rehearsals carried out on the security procedures**.

II. **The Management may like to take necessary and timely measures to complete the key personnel related data and update the PSM Divisional BCP as and when status of any of the key personnel changes. Moreover, the requirements of simulation exercises and scanning may be fulfilled**.

III. **The management may like to fix the timelines for new ICM BCP implementation at the earliest. Meanwhile it is essential that the existing ICM BCP may be updated and kept operational to cater for any untoward event**.

Management's Response

77. *The management disagreed with the recommendation to update and keep operational the ICM BCP of 2007 in the interim.*

78. **The External Audit is of the view that the management has not yet decided about the timelines for preparing a new ICM BCP. As such by not agreeing to update and keep operational the ICM BCP of 2007 in the interim, the management has opted to remain without adequate emergency preparedness during this**

period. The audit again recommends that a minimum level of emergency preparedness needs to be maintained during this undefined interim period.

Project and Portfolio Management

Terminal Reporting

79. According to Director General's administrative instruction DG AI.9, the project managers will prepare Terminal Reports on completion of projects for submission to the final tripartite review meetings.

80. The External Audit observed from a sample of eight projects completed in 2012 that the Terminal Reports were not prepared.

81. The management responded in four cases that these were preparatory assistance projects which do not require terminal reports while, in case of one project, a completion date alert prepared in June 2011 was provided, a summary of activities prepared in November 2012 was submitted in another case, a brief terminal report was provided in another case and in one case, a project document and execution report were provided (details are at Annex A). This shows that terminal reports were either not prepared or prepared on improper format.

82. **The External Audit recommends that the instructions of the TC Guidelines be observed and proper terminal reports be drawn so that the achievement of the project's objectives is assessed against project activities, outputs and outcomes. This would also facilitate informed decision making for the future**.

Project Extensions/Revisions

83. PR 06.04.01(a) 3 of TC Guidelines requires preparation of progress as well as evaluation reports for the projects which need extensions. For all projects with budgets exceeding €1 million, independent evaluations would also be conducted.

84. External Auditors observed from a sample of 15 revisions made in 2012 that the revisions in projects included changes in duration, budget/cost and scope of the projects (details at Annex B). In only three of these cases, progress reports were prepared before the revision of projects, while management did not provide any information in the case of three projects which were revised. The information provided for the remaining nine cases showed that the progress reports were prepared after revisions were approved in projects.

85. During audit, the management informed that self-evaluations were not conducted in relation to these revisions and that none of the revisions was made in relation to a new project phase or concerning a budget increase that made the total project budget exceed €1 million.

86. The External Audit is of the view that in the aforementioned cases, as projects were being extended or entering a new phase, there was a need for progress reports and evaluation summary notes as per PR 06.04.01(a) 3 of TC Guidelines irrespective of the fact that total project budget may or may not exceed €1 million.

87. ***The management replied that*** *EVA never received any self-evaluation reports and the office had no capacity to review them*.

88. The External Audit emphasises that the provisions of the TC guidelines be complied with.

Monitoring System of Project Implementation

89. According to PR 06.00.00 of TC Guidelines, project monitoring and self-evaluation was necessary to provide progress towards the achievement of project outcomes, outputs and objectives and to highlight any problem areas to the main stakeholders and the UNIDO management.

90. The External Audit reviewed the project monitoring system on a sample of ongoing projects both at headquarters and field offices in Bangladesh and Lebanon. The management was asked to provide information regarding implementation status of these projects showing physical progress vis-à-vis the stated expenditure.

91. The management stated that the project implementation data was not available in the Financial Performance Control System (FPCS)/Agresso and that only the Allotment Holder/Project Manager would be in the position to provide such information. However in the future, once the project portfolio was managed via SAP, access to such information would be available.

92. The External Audit observed that the present portfolio management system does not allow an arrangement to watch expenditure matching with activities at any point in time which is very important for proper monitoring of the ongoing projects.

93. ***The management responded that*** *the new PPM dashboard reporting tools introduced in 2012 allow for such monitoring.*

94. **The subsequent audit team shall review the effectiveness of the new PPM dashboard in this regard**.

Procurement

95. The External Audit reviewed and analysed the procurement function on the basis of a sample of transactions. The significant audit findings in this area were as under:

96. A UNDP Suspended/Removed/Reinstated Vendor Report – 21 September 2012 revealed that a total of 187 vendors of different countries were barred from participating in UN related procurements. It was learnt that Procurement Services Unit did not have any explicit procedures for reviewing prohibited vendors. As a precaution, the list of barred vendors was uploaded on UNIDO Intranet.

97. The External Audit recommends need for including sufficient checks in the ERP to prevent the prohibited vendors from taking part in UNIDO procurements.

98. ***The management replied that*** *as part of the SRM roll-out, the list would be subject to review against the vendor data contained in the vendor master data.*

99. **The subsequent audit teams shall review the progress in this regard**.

100. The breakdown of complaints received in IOS during the years 2011 and 2012 revealed that a number of complaints pertaining to corruption (including procurement frauds) were not being disposed of. The percentage of cases pending disposal at the end of 2011 and 2012 was 75 per cent and 69 per cent of the cases received in the period, respectively. The maximum date of pendency was 2007 and 2008 at the end of 2011 and 2012 respectively, which still needs improvement.

101. The External Audit recommends review of the Policy on Fraud Awareness and Prevention issued in 2005 to incorporate procedures for speedy disposal of complaints.

102. ***The management replied that*** *the revised Policy on Fraud Awareness and Prevention was published on 21 February 2013. The Paragraph 54 of the Investigation Guidelines provided a mechanism in the form of Advisory Report (including recommendations and recommendation follow-up). IOS issued one such Advisory Report in 2012, with recommendations linking lessons learnt in a fraud case to controls in decentralized procurement.*

103. **The subsequent audit teams shall review the progress in this regard**.

104. The procurement checklist available on the UNIDO Intranet makes it binding on the authorized official to complete and submit this checklist with the Statement of Award. Review of sampled Statement of Awards showed that procurement checklist was not attached with half of the sampled awards, increasing risk of miss-procurement.

105. The External Audit recommends that submission of the said checklist be ensured and this may be made part of the revised Procurement Manual.

106. ***The management agreed with the recommendation of the External Audit****. However, the management informed that many of the steps/tasks contained in the original checklist document had become redundant as they had been replaced with SRM-supported functionalities*.

107. **The subsequent audit teams shall review the progress regarding SRM-supported functionalities**.

108. Article 9.7, Chapter II, of the Procurement Manual states that the Procurement Official concerned shall in all cases document the award in the Statement of Award indicating that it has been made in accordance with the applicable Financial Rules.

109. During scrutiny of a sample of decentralized procurements, it was observed with regard to a sub contract in UNIDO project number FMEGY09006-2101-2012 with M/s Growing Green SLU that the Statement of Award was without any documentary evidence that could justify that there was a genuine exigency of the activity and time constraint for the issuance of invitations.

110. When enquired, the management explained that the company was the only available provider of the technical consultancy and there was time constraint as the project could not be postponed for the next year 2013. Nevertheless, the management failed to provide any documentary evidence in support of their clarification. The External Audit is of the view that Statement of Award was issued without carefully scrutinizing the mandatory documents.

111. The External Audit recommends that the Statement of Award may be issued after meeting all the requirements of Article 9.7, Chapter II, of the Procurement Manual.

112. Rule 14.3 of the Procurement Manual states that the write-off or disposal of all property which is either surplus to the needs of UNIDO or unserviceable due to obsolescence, normal wear and tear or loss, shall be processed in line with the provisions of Financial Rule 109.1.10 and the UNIDO Property Management Manual. While the Property Survey Board (PSB) is responsible for notifying to the MD/PSM any shortages and damages to supplies, equipment or other property that come to light as a result of stock-taking or an inventory check.

113. The External Audit reviewed the list of 50 assets written off by the Property Survey Board (PSB) during 2012. The management informed that the instructions issued by the PSB in various cases were sent to respective officials in Headquarters and Field/Regional Offices of UNIDO after conclusion of the PSB meetings. The External Audit observed that such mechanism was not adequate.

114. The External Audit recommends devising and implementing a monitoring mechanism to ensure compliance of the recommendations and instructions issued by the PSB.

115. ***The management replied that*** *the monitoring and control undertaken by GES comprised of bi-annual email follow up with the project managers/field offices in order to verify the physical inventory, as well as ensure that the items written off had taken place. However, in certain cases, particularly field offices, answers were not received in a timely manner. The Secretary of the PSB shared the results of the Board, after the approval of the MD/PSM, with the respective staff of PSM/OSS/GES for follow up, which they did. In future, PSM/OSS/GES would introduce an automatic quarterly reminder system to follow up on the cases - rather than twice a year. These reminders might also be copied automatically to the Director of Regional Offices as well as the Chief of the respective country programmes. This would facilitate better monitoring and control. As for assets written off at H.Q., since these were easier to monitor and control, they had been attended to in a timely manner by PSM/OSS/GES*.

116. **The subsequent audit teams shall review the progress in this regard**.

117. In Para 3.7 (i) of the External Audit Report, 2008, it was observed that procurement in UNIDO was being made without any procurement plan. Since then, the issue is being raised but the customary stance taken by the

management is that since they are moving on to SAP, it will be catered for in SAP. As the procurement module of SAP is operational, the External Audit recommends that the Procurement Manual be revised to ensure procurement planning.

118. In response to the query of the External Audit, the management informed that Procurement Services Unit/OSS would make the required amendments in the Manual by December 2012. The External Audit sought the response of management on the following points:

- When was the testing phase of the Procurement Module of SAP completed?
- Whether the Procurement Module of SAP is fully operational now?
- Whether the Procurement Manual has been amended to incorporate all the features of the Procurement Module of SAP?

119. The management's reply was, "The procurement module of SAP, Supplier Relationship Management (SRM), was subject to a limited roll-out on 21 January 2013. UAT1 test phase was conducted in October 2012. UAT2 in November 2012. UAT3 is ongoing, due to the fact that not all functionalities have yet been handed over by SAP Austria to UNIDO and the tests continue to be performed at this stage prior to handing over new solutions to the production system. Significant efforts were made to incorporate the new Procurement processes and setup during the revision exercise of the new draft procurement manual. Kindly note that the manual will be supported by a SRM/MM portal which is a living document, ranked between the SRM/MM module and the manual, and will provide the operational guidance to users on how to operate the SRM functionalities. The draft manual was meant for an internal consultation exercise. All feedback received is currently in the process of being reviewed with the expectation that the manual will be finalized soon." The management also informed that the procurement plan functionality was not part of the limited roll-out in January 2013 but would be handed over shortly.

120. The External Audit recommends expediting the finalization of the procurement manual in line with the SRM/MM portal of SAP.

121. ***The management replied that*** *an implementation plan had been agreed with SAP for all the remaining items to be implemented by June 2013*.

122. **The subsequent audit teams shall review the progress in this regard**.

Operations in the Field

123. To review the working of the UNIDO Field Offices, the External Audit teams visited two selected Offices of UNIDO viz. UNIDO Desk Office Dhaka, Bangladesh and Regional Office, Beirut, Lebanon. The following are the observations noticed in the field offices during audit which require attention of the management:

124. The financial matters of the Desk Office (DO) are being handled by the Regional Office India while the operational activities of projects are also being monitored by RO India. The Country Head is not involved in the operational implementation of the projects.

125. The External Audit recommends that there should be a clear description of functions and responsibilities of the Desk Office. Adequate financial powers may be delegated and proper role in operational activities be given. The status of the Desk Office may be upgraded so that it can play a proactive role in identifying new areas of activities for UNIDO in Bangladesh.

126. ***The management replied that*** *the Head of UNIDO Operations (HUO) was very much involved in the monitoring on site in the country of TC projects. The office plays a proactive role in identifying new areas. Increasing the financial, implementation and status would require increasing the resources of the HUO*.

127. **The External Audit recommends that the management may like to consider necessary decentralization of administrative/financial powers to the DO**.

128. According to Rule 109.1.6 of Financial Rules and Regulations, complete and accurate record of supplies, equipment and other property purchased, received, issued, transferred, sold or otherwise disposed of and remaining on hand shall be maintained. While under Rule 109.1.9, physical inventories shall be taken of such assets at least once during a fiscal period.

129. During review of assets available at the Project Office of Better Works and Standards Programme (BEST), the External Audit observed that coding of the assets was not carried out at all. Physical inventories were also not taken on yearly basis.

130. The External Audit recommends that the assets may be coded according to the assets codes issued by the HQ and physical stock taking of inventories be taken regularly on yearly basis.

131. ***The management replied that*** *the monitoring and control undertaken by GES comprised of bi-annual e-mail follow up with the project managers/field offices in order to verify the physical inventory in the field. Currently, physical inventory exercise in the field was dependent on written responses received. It was envisaged that with the introduction of the new ERP system, barcode readers would be procured for the field offices as well as H.Q., in order to ensure uniform codification, and facilitate physical stock inventories, by the respective staff in the field offices as well.*

132. **The subsequent audit teams shall review the progress in this regard**.

133. During review of the Re-tie Bangladesh project, it was observed that the completion date of Re-tie Bangladesh was 4th February, 2012 whereas it was operationally closed on 4th November, 2012 with an overall delay of nine months. The project has yet to be financially closed. In the case of the BEST project, the mid-term evaluation was not carried out as required under the Rules.

134. ***The management replied that*** *EU was the decision maker of Mid Term evaluation. However, Mid Term evaluation for BEST project was conducted for three weeks started from February 24, 2013.*

135. **The subsequent audit teams shall review the progress in this regard**.

Internal Oversight Services (IOS)

136. The overview of reports and recommendations issued by IOS during last three years depicts that number of recommendations issued has increased during the year 2012 as compared with previous years. This is shown in the table below:

Table: 4

	2010		**2011**		**2012**	
	Total Reports Issued	**No. of Rec. Issued**	**Total Reports Issued**	**No. of Rec. Issued**	**Total Reports Issued**	**No. of Rec. Issued**
Internal Audit	2	9	3	15	3	60
Investigative (incl. systematic issues)	2	32	2	5	5	23
Other (JIU, IOS)	1	n/a	1	n/a	1	n/a

(*Source*: *Activity Report 2012*)

137. IOS reviewed the implementation of all the recommendations as at 31 December 2011. The detail is given in table 5 below:

Table: 5

Year	**Closed — Management Accepts Risk**	**Closed — No Longer Applicable**	**Closed — Verified**	**Pending**	**Pending — Started**	**Total**
2004	4		1	–		5
2005	7	6	8	–	1	22
2006	2	3	13	–	28	46
2007	1			–		1
2008	7	3	40	–	31	81
2010	5	10	13	3	10	41
2011		1	4	9	6	20
2012			13	69	1	83

(*Source*: *Activity Report 2012*)

138. IOS issued a total of 83 new recommendations in 2012. The review of recommendations issued since 2004 (Table 6 above) shows that 141 or 47 per cent of all recommendations issued were closed whereas 158 or 53 per cent are pending.

139. The External Audit recommends that efforts should be made to timely implement the recommendations of IOS.

140. ***The management replied that*** *whereas UNIDO aimed at the timely implementation of the recommendations, it should be highlighted that 32 out of 60 recommendations issued prior to 2010 were Change Management-related. Apart from that, IOS assures that it will offer support to management to implement the pending recommendations.*

141. **The subsequent audit teams shall review the implementation process**.

142. The External Audit has continued to emphasise on the establishment of Audit Advisory Committee in the past. Although the draft Terms of Reference for an Audit Committee were prepared and presented to the Executive Board for consideration in 2012, the Audit Advisory Committee has not yet been established. In the absence of this, IOS cannot perform its functions with complete autonomy. The establishment of the Committee would enable IOS to comply with international best practices and further enhance independence.

143. IOS uses audit/oversight administrative software namely TeamMate. It was upgraded to a newer release (version 10.1) including provision of basic training for IOS staff in 2011. The roll-out of the web based recommendation follow-up functionality of TeamMate did not take place as intended due to some technical difficulties and focus on SAP implementation. IOS intends to test the system during 2013. During 2012, IOS procured a 2 year license for CaseMap software to enhance the analysis capacity of documents related to investigation.

144. The External Audit recommends that the roll-out of web based recommendation follow-up functionality of TeamMate may be expedited.

145. **The management accepted the recommendation. The subsequent audit teams shall review the progress with reference to the constitution of Audit Advisory Committee and implementation status of TeamMate**.

Verification of Physical Assets

146. The management had carried out physical verification of assets during 2012 as required vide paragraph 4.9.1 of the UNIDO Property Management Manual. The External Audit conducted a sample based physical verification of PPE and found the assets in their respective places.

Fraud and Cash Write-Offs

147. Management reported to the External Audit cases of assets write-off amounting to €18,492 during the year 2012.

Ex-Gratia Payments

148. In terms of UNIDO Financial Regulations 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.

149. The management reported that during 2012 no ex-gratia payment was made.

Compliance of the External Audit Report for the Year 2011

150. Our review of the compliance of the External Audit Report for the year 2011 is at Annex C.

Acknowledgement

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

[*Signed*]

(Muhammad Akhtar Buland Rana)
Auditor-General of Pakistan
External Auditor

April 25, 2013

Annex A

Details of Projects without Terminal Reports

Sr. No	Project ID	Management's response or documents provided
1	SFIRA09005	No terminal report required since it was a funding to co finance preparatory assistance phase of a GEF project
2	TFSRL11001	A completion date alert was provided which had been prepared in Jan 2011
3	SFARG04001	A summary of activities prepared on 16th November 2012 was provided to EA
4	UESEN07004	Project document prepared in July 2010 &execution report prepared in June 2012 was provided
5	MPSUD09006	It was a preparatory assistance project, Montreal Protocol does not require any terminal report for such projects
6	MPECU11002	It was a preparatory assistance project, Montreal Protocol does not require any terminal report for such projects
7	GFECU10002	A brief terminal report was prepared and submitted after EA's enquiry
8	MPVEN10001	It was a preparatory assistance project, Montreal Protocol does not require any terminal report for such projects

Annex B

Details of Project Revisions without Progress Reports

Sl. No.	Project name	Date of revision	Nature of revision	Progress Reports (PR) date	PR period
1	TF/KEN/11/001-G SAP: 101101	5 January 2012	BLs 15, 43, 45, 51 reduced and transferred to BL 11-00 increased by $ 35,000. Other BLs also reduced/increased. Total PAD (US$ 1,327,434) remains unchanged. Estimated completion date is extended from Feb 2012 to Mar 2012	Response awaited	–
2	TE/RAF/11/016 SAP ID: 106076	29 February 2012	Approval of additional funding: €25,000 from Trade Trust Fund Extension of PAD from March 2012 to July 2012	Nov 2012	Briefing note dated Nov 2012
3	US/SIL/10/002 1 SAP ID : 101141	29 February 2012	For approval of increase in the overall budget: Total PAD is increased to allocate additional funds US$ 650,000 incl. psc from donor (Russian Federation)	Nov 2012	Jan-Oct 2012
4	XP/GLO/11/033 - C SAP ID: 109029	29 February 2012	Approval of additional funding: €10,000 for a new output (TOR included for this) under the framework of the project	1st Nov 2012	Nov 2011-Oct 2012
5	TE/ETH/08/008 SAP ID : 101072	9 May 2012	Total PAD is increased to allocate additional funds €94,265 including psc from donor (Italy) The completion of the project has been extended to December 2012 as approved by donor	Not mentioned	Jan-June 2012
6	SE/DRK/07/001 SAP ID: 107132	23 May 2012	Total PAD increased by €81,416 to allocate additional funds (€92,000 incl. 13 per cent psc) received in order to cover extension of the international consultant (total PAD increased from €419,291 to €500,707 excl. psc) Extension of operational completion date from May 2012 to May 2013: 1st PAD was issued in March 2007	Feb 2012	Period not mentioned
7	UE/GLO/11/035 SAP ID: 100050	23 May 2012	Total budget increased	28th Sep 2012	Jan-Jun 2012
8	XP/GLO/11/033-D SAP ID: 109029	8, 11 June 2012	Additional funding/increase in the overall budget: Additional amount of €47,000 to cover a new output	1st Nov 2012	Nov 2011-Oct 2012
9	TE/RAF/11/016 SAP ID: 106076	20 June 2012	Additional funding/increase in the overall budget: Additional amount of €10,000 to cover BL 16-00 (staff travel);Extension of operational completion date from July 2012 to December 2012	1st Nov 2012	Nov 2011-Oct 2012
10	TE/VIE/08/003 SAP ID: 102078	4 July 2012	Increase in the overall budget: Additional amount of €37,175 (excl psc) available from accrued interest till end 2011 Extension of operational completion date from June 2012 to December 2012	6th Nov 2012	Jul-Oct 2012
11	TF/CMB/12/001 SAP ID: 120011	1 August 2012	Project Revision for approval: For additional contribution of US$ 300,000 from Samsung	Response awaited	–

Sl. No.	Project name	Date of revision	Nature of revision	Progress Reports (PR) date	PR period
12	TE/RAS/07/001 SAP ID: 106034	22 August 2012	Increase in the overall budget: Additional funding of €88,495 excl. psc (€100,000 incl psc) available from accrued interest till end 2011, Extension of operational completion date from 30 June 2012 to 31 December 2012	31st Oct 2012	Nov 2007-Oct 2012
13	UE/TUN/09/004 SAP ID: 104107	22 August 2012	Project revision as Phase II, for approval €840,708 excl. psc On-going €1,516,114 excl. psc Additional fund for Phase II	10th Feb 2012	Jan-Dec 2011
14	TE/SEN/10/003 SAP ID: 104082	5 September 2012	Extension of TESEN10003, which expired at end Dec 2011; Revised budget (utilization of balance from TESEN03001 for TESEN10003 has been approved by the donor, accordingly the budget has been increased.)	30th Jan 2012	Jan-Dec 2011
15	FM/TUN/09/002 SAP ID: 102032	17 October 2012	Total budget remains unchanged**,** the 3rd fund instalment (US$ 272,850 incl. 7 per cent psc) received in Sep 2012 will be allocated as follows according to the revised LogFrame: FMTUN09002: US$ 119,000 FMTUN09A02: US$ 25,000 FMTUN09B02: US$ 111,000 Total: US$ 255,000 (excl. psc)	July 2012	Jan-July 2012

Annex C

Follow-Up of the Recommendations Made in the Previous External Audit Reports

S. No.	Recommendation	Reference	UNIDO response regarding compliance as of 25 March 2013	Further Audit Comments
External Audit Report for the 2010				
1	The management may ensure that the IT risk management is implemented as part of the PCOR.	85 (I)	In addition to the risk management fully embedded in the PPM module, risk management is currently being implemented in the operational areas, such as finance, human resource management and procurement. Efforts are also underway to develop an Enterprise Risk Management (ERM) Policy for the Organization. A new management structure for Business and Systems Improvement is also being introduced which will, inter alia, ensure that ERP- and IT-related risks and issues are managed efficiently and effectively in the short-, medium- and long-term.	The Subsequent Audit Teams shall review the steps taken by the management
2	The IT strategy document may be updated and approved as IT is playing a major role in achieving the objectives of UNIDO.	85 (VI)	Noted.	The management is advised to update the IT Strategy document in the light of the requirements of the new ERP.
3	Pending finalization of the new ERP, the procurement planning system for TC projects available on the intranet may be utilized to prepare procurement plans.	142 (I)	The requirement is currently being developed in collaboration with ICM.	The Subsequent Audit Teams shall review the steps taken by the management
4	Information on signed contracts of €70,000 or more may be placed on the UNIDO website in accordance with the Procurement Manual.	142 (IV)	Due to on-going changes on the website, revision of the Procurement Manual, increasing of the thresholds, etc., it has been decided to postpone this functionality until the new system is up and running.	The Subsequent Audit Teams shall review the steps taken by the management

S. No.	Recommendation	Reference	UNIDO response regarding compliance as of 25 March 2013	Further Audit Comments
5	The new ERP may be configured in such a manner that the information on all the vital statistics of contracts, including information on advance payments, is easily available from the system.	142 (V)	The requirement has been captured in the reporting functionalities of the system and the report is currently being developed	The Subsequent Audit Teams shall review the steps taken by the management
External Audit Report for the 2011				
6	The management completes the review of firewall policies, firewall audits and penetration tests at the earliest.	71(iii)	In progress. No further action. An external company has been engaged and is optimizing the Firewall environment. Penetration testing has been budgeted for 2013.	The Subsequent Audit Teams shall review the steps taken by the management
7	‘Scheduled’ data restoration exercises and not ‘need basis’ restoration of partial data may be undertaken till capacity issues are resolved.	71(iv)	Completed. No further action. Sufficient capacity has been installed for restoration of entire backed up data.	The Subsequent Audit Teams shall review the results of data restoration exercise.
8	The management may poll all the production servers on regular intervals to ensure that all production servers receive latest updates. Subsequent audit teams shall monitor progress.	71(v)	Completed. No further action. Production servers are standardized on RedHat Enterprise Linux.	The Subsequent Audit Teams shall review the steps taken by the management
9	The minimum log review requirements may be identified after risk analysis and bare minimum log management may be initiated till the capacity constraints are addressed.	71(vi)	Completed. No further action. Necessary log management is being performed.	The Subsequent Audit Teams shall review the steps taken by the management
10	The management may make an in-depth review of the entire evaluation process to ascertain the reasons for declining rates of acceptance and implementation of recommendations by the project management.	105(iv)	**RECOMMENDATION IMPLEMENTED** (to the extend it was accepted by UNIDO management) UNIDO response to issues raised by External Auditor: - Director General called for a meeting and invited ODG/EVA to give a presentation to UNIDO management on issues raised by External Auditor (June 2012);	The Subsequent Audit Teams shall review the steps taken by the management

S. No.	Recommendation	Reference	UNIDO response regarding compliance as of 25 March 2013	Further Audit Comments
			- When circulating evaluation reports, EVA draws increasing attention to follow-up obligations; - EVA works closely with UNIDO/SAP team to ensure that evaluation process is SAPed - PTC/OMD issued an interoffice memorandum to staff responsible for follow-up stressing importance of adhering to response deadlines; - EVA will also undertake a review of the follow-up on completed evaluations for the period 2008 to 2011, i.e., beyond the one year response period, and report on it in the ODG/EVA annual report 2013, which will normally be issued in the first quarter of 2013. This review will take into consideration responses to recommendations that have been received by EVA after the actual reporting period of one year. An analysis of this data should provide a more complete picture of the response to and the implementation of recommendations that stem from completed evaluations.	
11	Workable delivery dates may be indicated in the purchase order/contract.	137(i)	As a mandatory functionality, delivery dates will be indicated in the purchase order/contract as part of LOG going live in 2013.	The Subsequent Audit Teams shall review the steps taken by the management
12	Consignment clearance, specially custom handling may be streamlined.	137(ii)	PRS plans to solicit freight forwarding services for this purpose.	The Subsequent Audit Teams shall review the steps taken by the management

ANNEX I

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Report by the Director General

1. I am pleased to present the financial statements prepared under IPSAS and in accordance with Article X of the financial regulations, for the year 2012.

2. 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) and since then, UNIDO's financial statement are in compliance with IPSAS.

3. As permitted when IPSAS was first adopted, two transitional provisions allowed under IPSAS for (i) recognizing property, plant and equipment (IPSAS 17) for project PPE (technical cooperation PPE) and for the PPE class "buildings" and (ii) measuring revenue from non-exchange transactions for pre-2010 voluntary contributions (IPSAS 23), were used. They are expiring in 2014 and 2012, respectively.

Assessed contributions

4. The financial implementation of the approved programme and budgets is dependent on the actual level of cash resources available during the year, 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 years are shown below in millions of euros.

	2012		2011		2010		2009	
	€	%	€	%	€	%	€	%
Assessed contributions receivable	76.6	100.0	78.3	100.0	78.3	100.0	77.3	100.0
Assessed contributions received	67.5	88.2	69.9	89.3	74.2	94.7	73.4	94.9
Shortfall in collections	9.1	11.8	8.4	10.7	4.1	5.3	3.9	5.1

5. The rate of collection of assessed contributions for the year 2012 was 88.2 per cent, which is lower than for the year 2011 (89.3 per cent). The accumulated outstanding assessed contributions at year-end was €27.9 million, excluding an amount of €71.2 million due from former Member States, leading to a decrease from 2011 (€38.3 million). Annex I (e) provides details of status of assessed contributions. Four Member States are making payments under payment plan agreements. Brazil paid three instalments under the five-year payment plan, reducing the amount of its outstanding contributions from €16.4 million to €9.8 million. Ukraine already made two instalments and Costa Rica, one full and one partial. Moldova paid six out of ten instalments. Without a payment plan, Mexico fully paid its outstanding contributions in the amount of €11.7 million and its 2012 assessed contribution. The number of Member States without voting rights was 37 in December 2012 whereas in December 2011 it was 36. I would strongly encourage those Member States having difficulties in meeting their obligations to consider the option of a payment plan.

Performance based on budget basis

6. The adoption of IPSAS has changed the basis of preparing the Organization's financial statements to full accrual; however, in the United Nations system as a whole there has been no change to the programme and budget preparation methodology. Consequently, IPSAS 24, Presentation of Budget Information, requires that a Statement of Comparison of Budget and Actual amounts (Statement 5) is included in the financial statements, based on budget basis.

7. Further, to provide the readers of financial statements information on budget basis, a separate section has been included and the following paragraphs describe the financial highlights for the year 2012.

8. The comparison is based on the programme and budgets 2012-2013, as adopted by the General Conference at its fourteenth session (decision GC.14/Dec.19), consisting of biennial gross expenditures of €157,875,336 to be financed from assessed contributions in the amount of €153,231,936 and other income of €4,643,400.

9. On budget basis the actual regular budget expenditures during the year 2012 amounted to €68.1 million (€72.7 million for the year 2010) or 87.6 per cent (91.4 per cent for the year 2010) relative utilization of the €77.7 million (€79.5 million for 2010) gross approved expenditure budget.

10. Actual collection of budgeted income for 2012 amounted to €0.6 million from government contribution to the cost of the field office network and €0.4 million under miscellaneous income against a budgeted amount of €1.2 million and €0.8 million, respectively. After taking into account the miscellaneous income not estimated in decision GC.14/Dec.19, the total net expenditures of €66.4 million represent 87.8 per cent of the net regular budget appropriations of €75.7 million. The resulting balance of net appropriations at 31 December 2012 amounted to €9.2 million (refer to Annex I (a) and I (b)).

11. In the operational budget, in the year 2012, reimbursement for programme support costs amounted to €14.8 million during the year. Expenditures were recorded in the amount of €14.1 million, resulting in an excess of income over expenditure in the amount of €0.7 million. Consequently, the closing balance of the special account for programme support costs, i.e. the level of the operating reserve, including reserve for unfunded post-employment benefits of €15.5 million, was (€2.7) million as compared to the opening balance of €5.1 million.

12. Technical cooperation delivery at the end of 2012 recorded the highest ever level with an amount of US$ 189.2 million expenditure, since UNIDO became a specialized agency in 1986. This represents an increase of US$ 22.6 million, or 13.4 per cent over the previous year ($166.7 million).

13. The Organization continues to show a healthy financial situation, as evidenced by a stable cash balance at 31 December 2012 of €414.5 million. This, in combination with increased technical cooperation delivery, higher utilization of regular budget appropriations and high collection rate of assessed contributions, augurs well for the Organization’s financial stability and its future programmes.

Results-based management

14. 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. Results-based management (RBM) as a management tool enables 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 2012-2013 programme and budgets approved by the Member States in decision GC.14/Dec.19. RBM is a key principle of UNIDO’s business model and is being fully operationalized during the implementation of the enterprise resource planning (ERP) system under the Programme for Change and Organizational Renewal (PCOR).

Programme for Change and Organizational Renewal (PCOR)

15. The Programme for Change and Organizational Renewal (PCOR) is an organization-wide initiative launched in 2010 to reinforce UNIDO’s role as a partner for prosperity. PCOR is making fundamental adjustments to the Organization’s operations in order to further increase its efficiency and effectiveness, thus

making UNIDO "fit for the future" to achieve its mission of Growth with Quality and Delivering as One UNIDO. This is achieved through, among others, the reengineering of business processes, the implementation of an enterprise resource planning (ERP) system, as well as staff development and changes in the working culture. Due to major efforts by all staff involved and the ongoing support from all stakeholders, including Member States, the Programme has remained on track and all major milestones have been achieved. This represents a significant achievement taking into consideration the holistic management of all UNIDO operations within a single integrated system. It shall also be seen in light of the Joint Inspection Unit's review of ERP systems in the United Nations system, a report which is to be published soon, in which it was found that 67 per cent of ERP systems were implemented over schedule and 33 per cent over budget.

16. The Programme is expected to be completed by June 2013 within the approved funds and timeframe. The major milestones achieved under PCOR since January 2012 include:

- The roll-out of portfolio and project management (PPM): This module supports all stages of UNIDO's core business/TC activities (i.e. from identifying a request to designing, implementing, assessing and reporting). This new systematic and holistic approach to portfolio and project management at UNIDO contributes to measuring development impacts based on RBM principles, systematic management of project risks, increased geographical coverage and organizational effectiveness. The approach also allows for better management and monitoring of UNIDO activities as well as quality reporting on results and outcomes to Member States and external stakeholders. The PPM module further contributes to improved transparency, knowledge-sharing and collaboration by making project information and related documents available to all staff, both at Headquarters and in the field.
- The gradual roll-out of Human Capital Management (HCM) modules: These modules support the processes of payroll for staff and consultants/experts, e-recruitment, employee and manager self-service, organization management, staff administration, 360 degree performance appraisal, recruitment and management of international and national consultants/experts as well as the travel management module. These processes have been streamlined following the four-eyes principle and can now be carried out in the online system by both Headquarters and field staff. These changes enable better reporting to internal and external stakeholders, decentralization, empowerment of staff, proactive knowledge-sharing, and the reduction of administrative work.
- The gradual roll-out of Finance, Procurement and Logistics modules: These modules were rolled out after extensive work during 2012, which included preparing business blueprints, developing and testing the system, migrating data from the legacy systems, training, etc. For UNIDO's financial services, this brings about new approaches to financial management, funds management, controlling, grants management, treasury, assets and inventory management. For procurement, a number of modules/functionalities such as global e-procurement, supplier relationship management, material management, long-term agreements, a global vendor database, increases in procurement thresholds as well as structural adjustments, are being introduced. Throughout the implementation, it has been ensured that best practices are followed and that financial processes remain compliant with International Public Sector Accounting Standards (IPSAS). The new streamlined processes are significantly contributing to, among others, greater accountability and transparency, and increased organizational efficiency.
- The gradual roll-out of Knowledge Management and Collaboration (KMC) modules/functionalities: These functionalities are being implemented in conjunction with the above three releases. The global online accessibility of the ERP system and its contents contribute to organization-wide knowledge sharing and better collaboration between various organizational units, at Headquarters and in the field, leading to increased organizational effectiveness as well as better reporting to internal and external stakeholders.

17. Intensive and targeted training continued to be held throughout 2012 to ensure that staff were well equipped to make best use of the new processes and systems. The variety of training methodologies applied included

classroom trainings, guided sessions, support centres, the help function in the system, UNIDO-specific e-learning material, as well as online webinars. A number of cultural changes have also been taking place since the launch of PCOR, such as a cultural diagnostic survey and the development of a plan of action. The high level of cross-organizational teamwork, knowledge-sharing, effective communication and commitment to achieve excellent results serves as a positive example of UNIDO's desired working culture. The performance appraisal cycle in the new 360 degree performance management system shall also contribute to more effective human resource and talent management.

18. Throughout the year, all internal and external stakeholders continued to be well informed about this important Programme through numerous briefings, meetings, town hall meetings, regular newsletters, intranet and extranet pages, and other media. Positive comments were received from representatives of Permanent Missions who noted with satisfaction the achievements made and highly appreciated PCOR's transparent approach of keeping Member States informed on all developments.

Ethics and accountability

19. As reported previously (see IDB.40/3-PBC.28/3, paras. 25 and 26) the UNIDO Code of Ethical Conduct, the policy to ensure Protection from Retaliation for Reporting Misconduct or Cooperating with Audits or Investigations, and the Policy for Financial Disclosure and Declaration of Interests continued to be applied.

20. The Focal Point for Ethics and Accountability remained active through a series of ethics awareness messages to all staff and through training of newly appointed staff. The Declaration of Interests and Financial Disclosure exercise for 2011 was successfully completed.

Conclusion

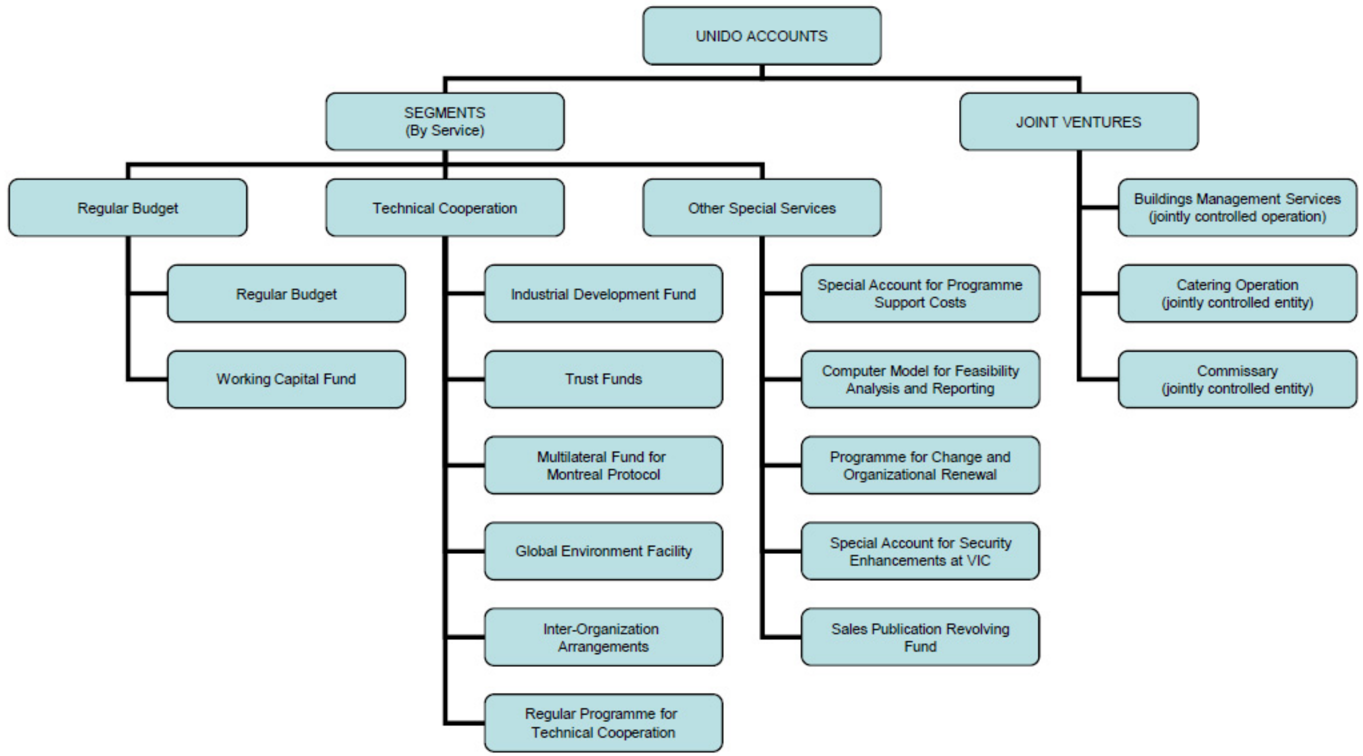
21. In every aspect, 2012 was again a successful year for UNIDO. Despite continuous financial turbulences in the world, I am confident that the Organization is looking at a bright future. In this spirit, I wish to take this opportunity to express my appreciation to Member States and to donors for their financial support, and to all UNIDO staff for their contribution to the work of the Organization.

[*Signed*]

Kandeh K. Yumkella
Director General

Major segments and joint venture consolidation chart for the year 2012

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
FINANCIAL STATEMENTS CONSOLIDATION



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Responsibility for financial statements and certification

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 International Public Sector 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 and accompanying notes. 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
Director, Financial Services Branch

[*Signed*]
Kandeh K. Yumkella
Director General

Vienna, 31 March 2013

Statement 1: Statement of financial position as at 31 December 2012
(*Thousands of euros*)

	Note	31 December 2012	31 December 2011
		€ '000	*€ '000*
ASSETS			
Current assets			
Cash and cash equivalents	*2*	414,513.7	454,437.0
Accounts receivable (non-exchange transactions)	*3*	128,145.9	120,354.2
Receivables from exchange transactions	*3*	8,280.4	9,588.4
Inventory	*4*	1,347.6	1,111.8
Other current assets	*5*	26,468.6	37,757.0
Total current assets		**578,756.2**	**623,248.4**
Non-current assets			
Accounts receivable (non-exchange transactions)	*3*	4,217.0	4,045.1
Share in net assets/equity of joint ventures accounted for using the equity method	*6*	1,151.0	1,132.9
Property, plant and equipment	*7*	2,541.0	1,920.1
Intangible assets	*8*	3,548.7	2,516.9
Other non-current assets	*9*	920.1	932.8
Total non-current assets		**12,377.8**	**10,547.8**
TOTAL ASSETS		**591,134.0**	**633,796.2**
LIABILITIES			
Current liabilities			
Accounts payable (exchange transactions)	*10*	189.0	418.8
Employee benefits	*11*	2,328.4	803.4
Transfers payable (non-exchange transactions)	*10*	22,509.0	41,438.5
Advance receipts	*12*	86,627.9	90,077.3
Other current and financial liabilities	*13*	23,542.5	41,572.7
Total current liabilities		**135,196.8**	**174,310.7**
Non-current liabilities			
Employee benefits	*11*	182,860.9	137,171.5
Other non-current liabilities	*13*	113.6	126.3
Total non-current liabilities		**182,974.5**	**137,297.8**
TOTAL LIABILITIES		**318,171.3**	**311,608.5**
NET ASSETS/EQUITY			
Accumulated surpluses/(deficits) and fund balances	*14*	254,577.3	303,835.0
Reserves	*15*	18,385.4	18,352.7
TOTAL NET ASSETS/EQUITY		**272,962.7**	**322,187.7**
TOTAL LIABILITIES AND NET ASSETS/EQUITY		**591,134.0**	**633,796.2**

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

Statement 2: Statement of financial performance for year ended 31 December 2012

(*Thousands of euros*)

	Note	31 December 2012	31 December 2011
		€ '000	*€ '000*
INCOME/REVENUE			
Assessed contributions	*16*	76,577.5	78,304.6
Voluntary contributions	*16*	142,924.7	193,048.3
Investment revenue	*16*	775.6	846.5
Revenue producing activities	*16*	176.4	205.2
Share of surplus/(deficit) of joint ventures	*16*	18.1	148.0
Others	*16*	471.4	1,055.0
TOTAL REVENUE		**220,943.7**	**273,607.6**
EXPENDITURE			
Salaries and employee benefits	*17*	115,006.0	109,551.7
Operational costs	*17*	23,273.8	25,242.2
Contractual services	*17*	55,671.1	33,660.3
Office supplies and consumables	*17*	230.0	326.9
TC equipment expensed	*17*	21,368.8	18,513.5
Depreciation and amortization	*17*	1,318.7	886.4
Currency translation differences	*17*	7,814.4	(12,473.0)
Other expenses	*17*	13,086.9	14,384.6
TOTAL EXPENDITURE		**237,769.7**	**190,092.6**
SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD		**(16,826.0)**	**83,515.0**

The accompanying notes form an integral part of these financial statements

Statement 3: Statement of changes in net assets for year ended 31 December 2012

(*Thousands of euros*)

	Note	Accumulated surplus/ (deficit)	Reserves	Total net assets/ equity
			€ '000	
Net assets/equity at the beginning of the year		**303,835.0**	**18,352.7**	**322,187.7**
Movements during the year				
Actuarial valuation gains/(losses) on employee benefit liabilities	11,14	(32,748.3)	-	(32,748.3)
Transfer from provision for delayed contribution	14	8,102.1	-	8,102.1
Transfer from reserves	15	-	(266.4)	(266.4)
Other movements recognized directly in net assets/equity	14	796.0	299.1	1,095.1
Net movements recognized directly in net assets/equity	14,15	**(23,850.2)**	**32.7**	**(23,817.5)**
Credits to Member States	14,15	(8,581.5)	-	(8,581.5)
				-
Net surplus/(deficit) for the year		(16,826.0)	-	(16,826.0)
Total movement during the year		**(49,257.7)**	**32.7**	**(49,225.0)**
Net assets/equity at the end of the year		**254,577.3**	**18,385.4**	**272,962.7**

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

Statement 4: Cash flow statement for year ended 31 December 2012
(*Thousands of euros*)

	Note	31 December 2012	31 December 2011
		€ '000	*€ '000*
Cash flows from operating activities			
Surplus/(deficit) for the period		**(16,826.0)**	**83,515.0**
Foreign-exchange holding (gains)/losses on cash and cash equivalents		6,709.4	(8,767.9)
Depreciation and amortization	7,8	1,318.7	886.4
Increase/(decrease) in provision for delay in collection of contributions	3	(8,102.1)	(4,530.7)
Valuation gains/(losses) on employee benefit liabilities	11	(32,748.3)	(8,208.5)
(Increase)/decrease in inventories	4	(235.8)	(12.5)
(Increase)/decrease in receivables	3	1,446.5	(32,884.5)
(Increase)/decrease in other assets	5	11,301.1	30,062.4
Increase/(decrease) in advance receipts	12	(3,449.4)	13,561.3
Increase/(decrease) in accounts payable	10	(19,159.3)	14,581.7
Increase/(decrease) in employee benefits	11	47,214.4	14,344.8
Increase/(decrease) in other liabilities and provisions	13	(18,042.9)	(30,249.9)
(Gains)/losses on sale of property, plant and equipment	7	115.2	232.3
(Investment/Interest income)	6,16	(793.7)	(994.5)
Movements in reserves and provisions	14,15	8,941.5	(1,269.6)
Other movements		(10.6)	(8.3)
Net cash flows from operating activities		**(22,321.3)**	**70,257.5**
Cash flows from investing activities			
Purchase of property, plant and equipment (PPE)	7	(1,359.4)	(946.7)
Purchase of intangible assets	8	(1,736.8)	(1,171.6)
Proceeds from sale of PPE	7	9.5	-
Cash flow from investments interest	16	775.6	846.4
Net cash flows from investing activities		**(2,311.1)**	**(1,271.9)**
Cash flows from financing activities			
Credits to Member States	14	(8,581.5)	(15,998.2)
Net cash flows from financing activities		**(8,581.5)**	**(15,998.2)**
Net increase/(decrease) in cash and cash equivalents		**(33,213.9)**	**52,987.4**
Cash and cash equivalents at beginning of the financial period		454,437.0	392,681.7
Foreign-exchange holding gains/(losses) on cash and cash equivalents		(6,709.4)	8,767.9
Cash and cash equivalents at the end of the financial period	2	**414,513.7**	**454,437.0**

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

Statement 5: Statement of comparison of budget and actual amounts for year ended 31 December 2012
(*Thousands of euros*)

Regular Budget	*Note*	Original budget	Final budget	Actuals on comparable basis	Difference
		€ '000			
Cost component					
Staff costs		52,342.1	52,342.1	48,268.7	4,073.3
Official travel		1,283.2	1,283.2	716.7	566.6
Operating costs		14,274.0	14,274.0	11,358.3	2,915.6
Information and communication technology		2,838.4	2,838.4	1,564.7	1,273.8
Regular programme of technical cooperation, and special resources for Africa		7,002.7	7,002.7	6,166.7	836.0
Total		**77,740.4**	**77,740.4**	**68,075.1**	**9,665.3**

Operational Budget	*Note*	Original budget	Final budget	Actuals on comparable basis	Difference
		€ '000			
Cost component					
Staff costs		12,829.3	12,829.3	11,633.5	1,195.9
Official travel		1,129.3	1,129.3	689.2	440.0
Operating costs		267.0	267.0	655.8	(388.7)
Total		**14,225.6**	**14,225.6**	**12,978.5**	**1,247.0**

Total	*Note*	Original budget	Final budget	Actuals on comparable basis	Difference
		€ '000			
Cost component					
Staff costs		65,171.4	65,171.4	59,902.2	5,269.2
Official travel		2,412.5	2,412.5	1,405.9	1,006.6
Operating costs		14,541.0	14,541.0	12,014.1	2,526.9
Information and communication technology		2,838.4	2,838.4	1,564.7	1,273.7
Regular programme of technical cooperation, and special resources for Africa		7,002.7	7,002.7	6,166.7	836.0
Total	18	**91,966.0**	**91,966.0**	**81,053.6**	**10,912.4**

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

Notes to the financial statements

Note 1: Accounting policies

Reporting entity

1.1 The United Nations Industrial Development Organization (UNIDO) was established in 1966 by United Nations General Assembly resolution 2152 (XXI) and became a specialized agency of the United Nations in 1985 with the entering into force of its Constitution. The primary objective of the Organization is the promotion of sustainable industrial development in developing countries and countries with economies in transition. The Organization currently has 172 Member States.

1.2 UNIDO has three governing bodies: the General Conference, the Industrial Development Board and the Programme and Budget Committee. All three are anchored in the Constitution of the Organization, which was adopted in 1979.

1.3 The General Conference, which comprises all Member States of UNIDO, determines the guiding principles and policies of the Organization, and approves its budget and work programme. Every four years, the General Conference appoints the Director General. The General Conference also elects the members of the Industrial Development Board and of the Programme and Budget Committee.

1.4 The Industrial Development Board, which comprises 53 members, reviews the implementation of the work programme, the regular and operational budgets, and makes recommendations on policy matters, including the appointment of the Director General. The Board meets once per year (decision IDB.39/Dec.7(f)).

1.5 The Programme and Budget Committee consisting of 27 members is a subsidiary organ of the Board, and meets once a year. The Committee assists the Board in the preparation and examination of the work programme, the budget and other financial matters.

1.6 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.

1.7 The segments sections in the notes provide further details on how these core activities are managed and financed.

Basis of preparation

1.8 The financial statements of UNIDO are maintained in accordance with Article X of the Financial Regulations of UNIDO, as adopted by the General Conference and in conformity with the International Public Sector Accounting Standards (IPSAS). Accordingly, the financial statements are prepared on the accrual basis of accounting. Where IPSAS is silent concerning any specific matter, the appropriate International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) are applied.

1.9 UNIDO senior management has made an assessment of the entity’s ability to continue as a going concern and it notes no material uncertainties related to events or conditions which may cast significant doubt. The going-concern concept in accounting is an assumption that a business will continue to exist for the foreseeable future. Therefore, these financial statements are prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the reporting period.

1.10 These consolidated financial statements include financial statements of UNIDO and joint venture entities of Catering and Commissary and joint venture operations of Building Management Services and other common services.

Measurement basis

1.11 The financial statements are prepared using the historic cost convention except for certain investments and assets, which are carried at fair value according to the requirement of the applicable IPSAS standards.

Reporting period

1.12 The financial period for the preparation of annual financial statements in accordance with IPSAS is the calendar year starting from 1 January 2012 and ending on 31 December 2012.

Currency and basis for conversion

1.13 The functional and presentation currency of UNIDO is euro. All values in the financial statements are in thousands of euro (€'000), unless stated otherwise.

Translation and conversion of currencies

1.14 Transactions, including non-monetary items, in currencies other than euro are converted to euros using the applicable United Nations Operational Rates of Exchange (UNORE) at the deemed date of the transaction.

1.15 Monetary assets and liabilities denominated in foreign currencies are converted into euro at the period end UNORE.

1.16 Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

Use of estimates

1.17 The financial statements necessarily include amounts based on estimates and assumptions by management's best knowledge of current events and actions. Estimates include, but are not limited to: fair value of donated goods, defined benefit pension and other post-employment benefit obligations, amounts for litigations, financial risk on accounts receivable, accrued charges, contingent assets and liabilities; and degree of impairment on inventories, property, plant and equipment, and intangibles. Actual results could differ from those estimates. Material changes in estimates are reflected in the period in which they become known.

Transitional provisions

1.18 As permitted on first time adoption of IPSAS, the following transitional provisions allowed under IPSAS have been applied.

(i) Five-year transitional period, allowed under IPSAS 17 for recognizing property, plant and equipment, for project PPE (Technical Cooperation PPE) and for the PPE class "Buildings";

(ii) Three-year transitional provision, allowed under IPSAS 23 for measuring revenue from non-exchange transactions for pre-2010 voluntary contributions.

1.19 UNIDO has not applied the following new IPSAS that have been issued, but are not yet effective: IPSAS 28 — Financial Instruments: Presentation, IPSAS 29 — Financial Instruments: Recognition and Measurement and IPSAS 30 — Financial Instruments: Disclosures. The Standards on Financial Instruments will replace IPSAS 15: Financial Instruments: Disclosure and Presentation; they establish principles for recognizing and measuring financial assets and financial liabilities, principles for presenting financial instruments as liabilities or net asset/equity, principles for off-setting financial assets and financial liabilities, and requirements for disclosure.

1.20 The Standards are required for application for reporting periods beginning on or after 1 January 2013. On initial application of the Standards, the expected impact on financial statements is minimal, due to limited usage of financial instruments by UNIDO.

Revenue

Exchange revenue

1.21 Revenue from the sale of goods, such as sales of publications and the Computer Model for Feasibility Analysis and Reporting (COMFAR) is recognized when the significant risks and rewards of ownership of the goods are transferred to the purchaser.

1.22 Revenue from the provision of services is recognized in the financial period, in which the service is rendered according to the estimated stage of completion of that service, provided that the outcome can be estimated reliably.

Interest revenue

1.23 Interest income is recognized on a time-proportion basis as it accrues, taking into account the effective yield on the asset.

Non-exchange revenue

Assessed contributions

1.24 Revenue from assessed contributions from Member States to the regular budget is recognized at the beginning of the year to which the assessment relates. The revenue amount is determined based on programme and budgets and billed to Member States according to scale of assessment approved by the General Conference.

Voluntary contributions

1.25 Revenue from voluntary contributions that include restrictions on their use is recognized upon the signing of a binding agreement between UNIDO and the donor providing the contribution. Revenue from voluntary contributions that include conditions on their use, including obligation to return of funds to the contributing entity if such conditions are not met, is recognized as the conditions are satisfied. Until such conditions are met, present obligation is recognized as a liability.

1.26 Voluntary contributions and other revenue, which are not supported by binding agreements, are recognized as revenue when received.

Goods-in-kind

1.27 Goods-in-kind contributions are recognized at their fair value and goods and corresponding revenue is recognized immediately if no condition is attached. If conditions are attached, a liability is recognized, until such conditions are met and present obligation is satisfied. Revenue is recognized at fair value, measured as of the date the donated assets are acquired.

Services-in-kind

1.28 Services-in-kind contributions will not be recognized in the financial statements as revenue. The nature and type of services will be disclosed in the notes to the financial statements.

Expenses

1.29 Expenses arising from the purchase of goods and services are recognized at the point that the supplier has performed its contractual obligations, which is when the goods and services are received and accepted by UNIDO. This process may occur in stages for some service contracts. Also, all other expenses resulting from a consumption of assets or incurrence of liabilities that result in decreases in net assets/equity during the reporting period are recognized.

Assets

Cash and cash equivalents

1.30 Cash and cash equivalents are held at nominal value and include cash on hand and short-term highly liquid time deposits held with financial institutions.

Receivables and advances

1.31 Receivables and advances are recognized initially at nominal value. Allowances for estimated irrecoverable amounts are recognized for receivables and advances when there is objective evidence that the asset is impaired, whereby the impairment losses are recognized in the statement of financial performance.

Financial instruments

1.32 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.

1.33 All financial instruments are recognized in the statement of financial position at their fair values. The historical cost-carrying amount of receivables and payables subject to normal trade credit terms, approximates the fair value of the transaction.

Financial risks

1.34 UNIDO has instituted prudent risk management policies and procedures in accordance with its financial regulations and rules. UNIDO may make both short- and long-term investments of moneys not needed for immediate requirements. All long-term investments must receive recommendation of an Investment Committee before such investments are made. 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. UNIDO does not use any hedging instruments to hedge risk exposures.

- **Currency risk**: UNIDO receives contributions from member countries and donors partly in currencies other than the currency of the expenditures and is therefore exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates.

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

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

- **Counter-party 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. However, UNIDO has policies that limit the amount of exposure to any one financial institution.

Inventories

1.35 Inventories are stated at cost, except where inventories are acquired through a non-exchange transaction, where their cost is measured at their fair value as at the date of acquisition. Costs are assigned using the first-in, first-out (FIFO) basis for interchangeable items of inventory, and using specific identification for non-interchangeable items of inventory. A provision for impairment is recorded in the statement of financial performance in the year in which the inventory is determined to be impaired.

1.36 As the value of office supplies, publications and reference material used are not material; they are expensed on purchase in the statement of financial performance.

Property, plant and equipment

1.37 Initial recognition of regular budget PPE, including Buildings Management and Catering Services assets, are stated at cost as at the date of acquisition for each asset class. Subsequent carrying amount of PPE is at cost less accumulated depreciation and any recognized impairment losses. A capitalization threshold of €600 has been set for PPE.

1.38 Donated assets are valued at fair value as at the date of acquisition. Heritage assets are not recognized.

1.39 Impairment reviews are undertaken for PPE on a yearly basis.

1.40 Straight-line depreciation method is applied over the asset's estimated useful life to determine the annual depreciation charge, which is recognized in the statement of financial performance.

The estimated useful lives for each class of PPE are as follows:

Class	**Estimated useful lives (years)**
Vehicles	3-10
Communications and IT equipment	3-7
Furniture and fixtures	5-12
Machinery	4-15
Buildings	5-50
Land	No depreciation
Leasehold improvements	Shorter of lease term or useful life

Intangible assets

1.41 Intangible assets are stated at cost less accumulated amortization and any impairment loss. Intangible assets in UNIDO comprise mainly of software.

1.42 Where an intangible asset is acquired at no cost (gift, donation) or for nominal cost, the fair value of the asset as of the date of acquisition is used.

1.43 The following criteria shall also be met for an item to be recognized as an intangible asset: (a) An estimated useful life of more than one year; and (b) cost of the asset exceeding €1,700, except for internally developed software where a minimum development cost is set at €25,000, excluding research and maintenance costs, which are expensed when incurred.

1.44 Amortization is provided over the estimated useful life using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

Class	Estimated useful life (years)
Software acquired externally	6
Software internally developed	6
Copyrights	3

Leases

1.45 Lease agreements entered into in field offices are classified as operating leases and the lease payments made are charged to the statement of financial performance as expense, on a straight-line basis over the period of the lease.

Interests in joint ventures

1.46 A joint venture is a contractual arrangement whereby UNIDO and one or more parties undertake an economic activity that is subject to joint control. Joint venture activities are classified into three different forms:

(i) For jointly controlled operations where UNIDO is the operator, UNIDO recognizes in its financial statements the assets it controls, the liabilities and expenses it incurs. Where another organization is the operator, the expense and liability recognition of UNIDO is limited to the agreed billing arrangements;

(ii) For jointly controlled assets, UNIDO recognizes its share of the asset and any associated depreciation;

(iii) For jointly controlled entities, UNIDO applies the equity method of accounting. The investment in the jointly controlled entity is initially recognized at cost, and the carrying amount is increased or decreased to recognize the UNIDO share of the surplus or deficit of the jointly controlled entity for each reporting period. The UNIDO share of that surplus or deficit of the jointly controlled entity is recognized in the statement of financial performance of UNIDO.

1.47 These general purpose financial statements include applicable share of the joint ventures, entities and operations established by a memorandum of understanding concerning the allocation of the common services at Vienna International Centre (VIC) entered into by the Vienna-based organizations in 1977. The common services include Catering, Buildings Management, Commissary and other services. UNIDO is party to a joint venture arrangement with the United Nations (UN), International Atomic Energy Agency (IAEA) and Preparatory Commission for the Comprehensive Nuclear Test-Ban-Treaty Organization (CTBTO) on the VIC premises and common service activities.

Liabilities

Accounts payable and other financial liabilities

1.48 Accounts payable and other financial liabilities are recognized initially at nominal value, that best estimates the amount required to settle the obligation at the reporting date.

Employee benefit liabilities

Short-term employee benefits

1.49 Short-term employee benefits comprise wages, salaries, allowances, paid sick leave and maternity leave. Short-term employee benefits are due to be settled within 12 months after the end of the period in which the employees render the related service and are measured at their nominal value based on accrued entitlements at current rates of pay.

Post-employment benefits

1.50 Post-employment benefits are employee benefits (other than termination benefits) that are payable after completion of employment.

1.51 Post-employment benefits at UNIDO comprise defined benefit plans, comprising of pension plan — United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance (ASHI), repatriation grants and end-of-service allowances, along with costs related to separation entitlements for travel and shipment of household effects.

1.52 The post-employment benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the obligation is determined by discounting the estimated future payment required to settle the obligation resulting from employee service rendered in the current and prior periods, using interest rates of high quality corporate bonds for the corresponding maturity years.

1.53 Actuarial gains and losses are recognized on the reserve method in the period in which they occur, and shown as a separate item in the statement of changes in net assets/equity.

Other long-term employee benefits

1.54 Other long-term employee benefits that are largely payable beyond 12 months, such as commutation of annual leave are calculated on the same actuarial basis as post-employment benefits and actuarial gains and losses are recognized immediately.

United Nations Joint Staff Pension Fund

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

1.56 The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. UNIDO, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. Contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

Provisions and contingent liabilities

1.57 Provisions are recognized for contingent liabilities when UNIDO has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle that obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The estimate is discounted where the effect of the time value of money is material.

1.58 Contingent liabilities for which the possible obligation is uncertain, or yet to be confirmed whether UNIDO has a present obligation that could lead to an outflow of resources, or obligations that do not meet recognition criteria of IPSAS 19 are disclosed.

Fund accounting and segment reporting

1.59 The financial statements are prepared on a "fund accounting" basis. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Fund balances represent the accumulated residual of revenue and expenses.

1.60 UNIDO sources of funds reflect distinguishable types of services that UNIDO provides to achieve its overall objective. The General Conference or the Director-General may establish separate funds for general or special purposes. Accordingly, segment reporting information is presented on the basis of source of funds and categorizes all its activities into three distinct service segments namely: (i) regular budget activities, (ii) technical cooperation activities and (iii) other activities and special services.

These three segments represent distinguishable service activities in following ways:

(a) *Regular budget activities* — provide core services, such as the Organization's governance, policy development, strategic direction, research, administration and support services (e.g., financial management, human resource management, etc.), as well as services to support Member States' decision-making and provide core support to the achievement of the primary objective of UNIDO according to its Constitution, i.e., the promotion and acceleration of industrial development in the developing countries.

(b) *Technical cooperation (TC) activities* — implement projects and deliver services directly to the beneficiaries. Those services bring direct benefit to the beneficiary in a wide range of areas, from agriculture to environment to trade, involving technology transfer, capacity-building, improvement of production processes, etc. These services are distinguishably different from those provided under regular budget financed activities, as specified above.

(c) *Other activities and special services* — are "peripheral activities" in supporting the services of (a) and (b) above. This last group of other activities and special services refer to services such as, sales publication, buildings management and COMFAR, which are supplementary to the Organization's mainstream activities, but are in line with and relevant to the general objective of the Organization.

Budget comparison

1.61 Both regular and operational biennial programme and budgets are prepared on the modified cash basis rather than on full accrual basis. Due to the different bases of preparing budgets and financial statements, statement 5: Comparison of budget and actual amounts as required under IPSAS 24 are presented on the same basis of accounting, classification and period as the approved budget.

1.62 The comparison statement includes: the original and final budget amounts; the actual amounts on the same basis as the corresponding budgetary amounts and an explanation of material differences between the budget and actual amounts.

1.63 Note 18 provides a reconciliation of actual amounts presented on the same basis to the budget with the actual amounts of net cash flows from operating activities, investing activities and financing activities presented in the financial statements, identifying separately any basis, timing and entity differences.

Related party disclosures

1.64 Related parties that have the ability to control, or exercise significant influence over UNIDO in making financial and operating decisions, as well as transactions with such parties, unless occurring within a normal relationship and on arms-length terms and conditions, or if such transactions are consistent with normal operating relationships between such entities, will be disclosed. In addition, UNIDO will disclose specific transactions with key management personnel and family members.

1.65 The key management personnel of UNIDO are the Director-General, the Deputy to the Director-General and the Managing Directors, who have the authority and responsibility for planning, directing and controlling the activities of UNIDO and influencing its strategic direction. Remuneration of key management personnel will be considered a related party transaction.

Note 2: Cash and cash equivalents

	31 December 2012	31 December 2011
	€ '000	
Cash and cash equivalents		
Cash at bank and on hand	62,390.1	32,867.5
Term deposits with original maturity of less than 3 months	349,044.8	418,462.2
Cash and cash equivalents held in field offices	3,078.8	3,107.3
Total cash and cash equivalents	**414,513.7**	**454,437.0**

2.1 Cash and cash equivalents contain restrictions on their availability for use depending upon the fund they relate to — further information on cash and cash equivalents by major activities is provided in note 19(A).

2.2 Cash and cash equivalents include cash and term deposits equivalent of €255,062,574 (2011: €283,203,025) held in currencies other than euro.

2.3 Some cash is held in currencies, which are either legally restricted or not readily convertible to euro and used exclusively for local expenses at the respective countries. At period end, the euro equivalent of these currencies is €1,706,470 (2011: €758,391) based on the respective closing United Nations Operational Rates of Exchange.

2.4 Interest bearing bank accounts and term deposits yielded interest at an annual average rate of 0.32 per cent and 0.35 per cent for euro and US$ respectively (2011: 1.17 per cent and 0.33 per cent).

2.5 Cash in field offices are held in imprest bank accounts for the purpose of meeting financial needs at field locations.

Note 3: Accounts receivable

Current	31 December 2012	31 December 2011
	€ '000	
Receivable from non-exchange transactions		
Due from Member States – assessed contribution	92,537.8	99,278.4
Due from Member States – other	98.0	96.6
Voluntary contributions receivable	119,868.2	110,981.3
VAT and other taxes recoverable	4,002.1	2,641.8
Total accounts receivable before allowance	**216,506.1**	**212,998.1**
Allowance for doubtful accounts	(88,360.2)	(92,643.9)
Net accounts receivable from non-exchange transactions	**128,145.9**	**120,354.2**
Receivable from exchange transactions		
Receivables from United Nations organizations	5,796.7	4,125.5
Receivables – other	3,207.5	6,186.7
Allowance for doubtful accounts	(723.8)	(723.8)
Net accounts receivable from exchange transactions	**8,280.4**	**9,588.4**

Non-current	31 December 2012	31 December 2011
	€ '000	
Receivable from non-exchange transactions		
Due from Member States – assessed contribution	6,553.9	10,200.4
Allowance for doubtful accounts	(2,336.9)	(6,155.3)
Total receivable from non-exchange transactions	**4,217.0**	**4,045.1**

3.1 Accounts receivable are shown net of adjustments related to doubtful accounts. Allowance for uncollected assessed contributions is based on historical experience and is estimated at the following percentages of outstanding contributions receivable. No allowance has been made for voluntary contributions receivable.

Assessed contributions outstanding for:	2012	2011
	%	%
More than 6 years	100	100
Between 4 and 6 years	80	80
Between 2 and 4 years	60	60
Between 1 and 2 years	30	30

3.2 Changes in allowance for uncollected assessed contributions were as follows:

	31 December 2012	31 December 2011
	€ '000	
Allowance for bad and doubtful account at beginning of the year	**97,640.8**	**102,171.5**
Release against Member States balances	(8,102.1)	(4,530.7)
Allowance for bad and doubtful account at the end of the year	**89,538.7**	**97,640.8**

3.3 Total allowances for bad and doubtful accounts of €91,420,875 (2011: €99,523,005), consist of €89,538,661 (2011: €97,640,791) against assessed contributions receivable and €1,882,214 against other receivables (2011: €1,882,214).

3.4 Non-current contribution receivables are for confirmed contributions from Member States due after more than one year from the reporting date in accordance with agreed payment plans amounting to €6,553,948 (2011: €10,200,443).

3.5 Annex I (e) provides details of the status of assessed contributions and the following table illustrates a summary of contributions receivable by age:

	31 December 2012		31 December 2011	
	€ '000	%	*€ '000*	%
Age				
1-2 years	10,778.9	10.9	12,518.1	11.4
3-4 years	3,012.0	3.0	5,416.3	4.9
5-6 years	4,015.2	4.1	4,544.4	4.2
7 years and more	81,285.6	82.0	87,000.1	79.5
Total contributions receivable before allowance	**99,091.7**	**100.0**	**109,478.9**	**100.0**

Note 4: Inventories

	31 December 2012	31 December 2011
	€ '000	
Supplies for maintenance of premises	1,304.4	1,074.0
Miscellaneous supplies	43.2	37.8
Total inventories	**1,347.6**	**1,111.8**

Inventory reconciliation	Supplies for maintenance of premises	Miscellaneous supplies	Total
		€ '000	
Opening inventory	1,074.0	3.2	1,111.8
Purchased during the year	461.2	38.0	499.2
Total inventory available	**1,535.2**	**75.8**	**1,611.0**
Less: Consumption	(227.6)	(32.3)	(259.9)
Less: Write-down	(3.2)	(0.3)	(3.5)
Total inventories at 31 December 2012	**1,304.4**	**43.2**	**1,347.6**

4.1 Inventories' physical quantities, derived from UNIDO's Inventory Management System are validated by physical stock counts and are valued on first-in-first-out (FIFO) basis.

4.2 Inventories are valued net of any impairments or obsolescence. During 2012, UNIDO wrote down inventories by an amount of €3,551 (2011: €6,236) on account of obsolescence and other losses.

Note 5: Other current assets

	31 December 2012	31 December 2011
	€ '000	
Advances to vendors	5,998.6	3,872.2
Advances to staff	2,353.9	2,176.7
Accrued interest	313.2	327.5
E-IOV items	4,197.7	2,759.4
Inter-fund transactions	11,364.5	28,047.9
Other current assets	2,240.7	573.3
Total other assets	**26,468.6**	**37,757.0**

5.1 Advances to vendors are payments made in advance of goods and service delivery on submission of shipping documents and initial payments released on signing of the contract documents.

5.2 Advances to staff are for education grants, rental subsidies, travel and other staff entitlements.

5.3 E-IOV items are comprised of unprocessed field inter-office vouchers for December 2012 and amounts held in suspense and rejected items due to insufficient information.

5.4 Inter-fund balances represent amounts due from other funds (see note 13 for contra liability). These balances arise from maintenance of bank accounts at specific general fund level.

Note 6: Share in net assets/equity of joint ventures accounted for using the equity method

	31 December 2012	31 December 2011
	€ '000	
Investment in Commissary	958.9	954.3
Investment in Catering services	192.1	178.6
Total share in net assets/equity in joint ventures	**1,151.0**	**1,132.9**

6.1 The United Nations Vienna-based organizations (VBOs) have an agreement that the costs, in excess of any external income, of common services rendered by each organization such as catering, commissary, security and medical services and buildings management are shared according to established cost-sharing ratios.

6.2 The ratios vary to reflect key factors such as number of employees, total space occupied. Each year ratios derived from the VBO agreed tabulation, once approved, become effective to apportion cost. These cost sharing arrangements are reviewed from time to time by management. The consolidation of all UNIDO joint ventures is based on the cost-sharing ratios applicable to the corresponding reporting periods.

Cost-sharing ratios for UNIDO were as follows:

2012	2011
15.389%	15.561%

6.3 Catering Service: The Catering Service is an entity that is jointly controlled by the VBOs. The Catering Service sells food, beverages and services to staff members of the VBOs and other specified groups of individuals, within the VIC premises through a contractor on a cost recovery basis.

6.4 On dissolution, any residual net equity will be distributed to the Staff Welfare Funds of UNIDO and other VBOs.

6.5 The Catering Service has no legal personality of its own, its assets and liabilities are held in the legal name of UNIDO. Therefore, UNIDO, along with other VBOs, is potentially exposed to any residual liabilities of the Catering Service.

Summary financial information is provided below.

The Catering Service **Summary financial information**	**31 December 2012** ***€ '000***	**31 December 2011** ***€ '000***
Revenue	6,364.7	5,934.3
Cost of sales	2,490.9	2,364.7
Net operating expense	3,531.4	3,517.4
Assets current	2,112.4	1,805.8
Assets non-current	388.2	478.7
Liabilities current	1,249.0	1,138.2
Reserves and fund balance	1,251.5	1,146.3

6.6 Commissary: The Commissary is an entity that is jointly controlled by the IAEA and other Vienna International Centre based international organizations (VBOs). The Commissary sells tax-free household items for personal consumption to staff members of (VBOs) and other specified groups of individuals on a cost recovery basis.

6.7 On dissolution, any residual net equity is distributed to the Staff Welfare Funds of the IAEA and other VBOs based on the proportion of sales to respective VBOs' staff members over the five years preceding dissolution.

6.8 The Commissary has no legal personality of its own, its assets and liabilities are held in the legal name of the IAEA. The IAEA is therefore potentially exposed to any residual liabilities of the Commissary.

Summary financial information is provided below.

The Commissary **Summary financial information**	**31 December 2012** ***€ '000***	**31 December 2011** ***€ '000***
Revenue	29,130.4	28,007.6
Cost of sales	23,902.7	23,152.9
Net operating expense	4,161.1	3,815.4
Assets current	16,404.8	14,923.8
Assets non-current	477.2	457.3
Liabilities current	2,685.2	2,227.3
Liabilities non-current	7,966.0	6,979.8
Equity	6,230.9	6,174.1

6.9 Buildings Management Services: The Buildings Management Services are responsible for the operation and management of the physical plant of the VIC premises. UNIDO is assigned to be the operating agency of the service with decision-making capacity over financial and operating policies resting with the Committee of Common Services comprising the respective representatives of the VBO's. Therefore the Service is considered as a joint operation with joint control shared among all VBOs. BMS has no legal status of its own. Its assets and liabilities are held in the name of UNIDO.

6.10 VBOs have been making annual contribution to the BMS fund according to the approved ratio as described in paragraph 6.1, with exceptions of reimbursement for ad hoc projects, which are of cost-recovery nature. While the residual interest of VBOs in BMS is not defined in any document and neither is the mode of distribution of such interest upon dissolution of the fund, since the operation is carried out in the principle of no-gain-no-loss basis, balances of VBOs' contributions net of expenses are recognized as deferral, pending release for services to be delivered in future (ref. to note 12.4).

Summary financial information is provided below.

The Buildings Management Services Summary financial information	31 December 2012 *€ '000*	31 December 2011 *€ '000*
Revenue	22,099.9	19,067.8
Expense	22,099.9	19,067.8
Assets current	61,086.9	50,374.8
Assets non-current	1,178.7	293.7
Liabilities current	40,833.2	35,865.8
Liabilities non-current	21,432.4	14,802.7
Equity	–	–

6.11 Costs related to other common services, such as security and medical services, are expensed on reimbursement basis. The amounts expensed during 2012 were €1,804,845 and €230,747 (2011: €1,247,148 and €186,937), respectively.

Note 7: Property, plant and equipment

	Capitalization in progress	Furniture and fixtures	Communications and IT equipment	Vehicles	Machinery	Total
Cost						
At 31 December 2011	–	1,634.8	4,474.1	1,654.9	1,742.5	**9,506.3**
Additions	908.6	60.5	255.6	84.5	50.2	**1,359.4**
Disposals/Transfers	(27.3)	(59.7)	(749.9)	(48.4)	(107.6)	**(992.9)**
At 31 December 2012	**881.3**	**1,635.6**	**3,979.8**	**1,691.0**	**1,685.1**	**9,872.8**
Accumulated depreciation						
	–	1,442.9	3,666.6	870.1	1,606.6	**7,586.2**
Depreciation charge during the year	–	46.9	333.1	198.3	35.5	**613.8**
Disposals	–	(22.5)	(670.8)	(73.1)	(101.8)	**(868.2)**
At 31 December 2012	**–**	**1,467.3**	**3,328.9**	**995.3**	**1,540.3**	**7,331.8**
Net book value						
At 31 December 2011	–	**191.9**	**807.5**	**784.8**	**135.9**	**1,920.1**
At 31 December 2012	**881.3**	**168.3**	**650.9**	**695.7**	**144.8**	**2,541.0**

7.1 PPE items are capitalized if their cost is greater or equal to the threshold limit set at €600. They are depreciated over the asset's estimated useful life using the straight-line method. The threshold level is reviewed periodically.

7.2 PPE items are reviewed annually to determine if there is any impairment in their value. During 2012, review of asset impairments indicated no impairments. The carrying amount of PPE retired from active use and held for disposal were as follows: (a) value at cost in the amount of €818,593 (2011: €86,008) for zero net book value PPE; and (b) value at cost in the amount of €125,234 (2011: €41,360) for PPE items with a net book value €35,893 (2011: €23,109).

7.3 The gross carrying amount (value at cost) of fully depreciated PPE still in use amounts to €6,287,336 (2011: €6,423,323) at the period-end.

Note 8: Intangible assets

	Capitalization in progress	Software externally acquired	Internally developed software	Total
		€ '000		
Cost				
At 31 December 2011	690.1	346.8	1,946.6	**2,983.5**
Additions	104.0	12.8	1,620.0	**1,736.8**
Transfers	(690.1)	–	690.1	–
At 31 December 2012	**104.0**	**359.6**	**4,256.7**	**4,720.3**
Accumulated amortization				
At 31 December 2011	–	179.9	286.8	**466.7**
Amortization charge during the year	–	53.1	651.8	**704.9**
At 31 December 2012	**–**	**233.0**	**938.6**	**1,171.6**
Net book value				
At 31 December 2011	**690.1**	**166.9**	**1,659.8**	**2,516.8**
At 31 December 2012	**104.0**	**126.6**	**3,318.1**	**3,548.7**

8.1 Intangible assets are capitalized if their cost exceeds the threshold of €1,700 except for internally developed software where the threshold is €25,000, excluding research and maintenance costs. Internally developed software represents development costs of the new enterprise resource planning (ERP) system.

8.2 Capitalization in progress includes payments for the licenses and other development costs for new ERP system that will be capitalized when the system is capable of operating in the manner intended by management.

Note 9: Non-current assets

	31 December 2012	31 December 2011
	€ '000	
Initial advance in Commissary	808.9	808.9
Rental deposits	111.2	123.9
Total non-current assets	**920.1**	**932.8**

9.1 Non-current contributions are due after more than one year in accordance with the terms of the agreements.

Note 10: Accounts payable

	31 December 2012	31 December 2011
	€ ‘000	
Due to Member States	10,350.7	26,783.1
Voluntary contribution liability – unspent balances	23.6	372.2
Interest on donor funds	12,095.2	14,234.7
Miscellaneous	228.5	467.3
Total accounts payables	**22,698.0**	**41,857.3**

	31 December 2012	31 December 2011
	€ ‘000	
Composition:		
Payables from non-exchange transactions	22,509.0	41,438.5
Payable from exchange transactions	189.0	418.8
Total accounts payables	**22,698.0**	**41,857.3**

10.1 Balances due to Member States represent unspent balance of collections, assessed contributions received for prior years and the excess interest over the budget estimate, pending distribution to eligible Member States or their instructions on its use.

10.2 Voluntary contribution liability represents balances due to donors on unspent contributions for closed projects pending refund or reprogramming.

10.3 The treatment of the interest income earned from the investment of donor funds, net of bank charges, exchange gains and losses is governed by agreements with the donors. The balance in accounts payable denotes the accumulated interest until instructions regarding its utilization are received from the donor.

Note 11: Employee benefits

	31 December 2012			Opening balance 1 January 2012
	Actuarial valuation	UNIDO valuation	Total	
		€ ‘000		
Short-term employee benefits	–	2,328.4	**2,328.4**	**803.4**
Post-employment benefits	176,774.5	–	**176,774.5**	**132,290.5**
Other long-term employee benefits	6,086.4	–	**6,086.4**	**4,881.0**
Total employee benefits liabilities	**182,860.9**	**2,328.4**	**185,189.3**	**137,974.9**

	31 December 2012	31 December 2011
	€ '000	
Composition:		
Current	2,328.4	803.4
Non-current	182,860.9	137,171.5
Total employee benefits liabilities	**185,189.3**	**137,974.9**

Valuation of employee benefit liabilities

11.1 Employee benefit liabilities are determined by professional actuaries or calculated by UNIDO based on personnel data and past payment experience. At 31 December 2012, total employee benefits liabilities amounted to €185.2 million (2011: €138.0 million), of which €182.9 million (2011: €137.2) million was calculated by the actuaries and €2.3 million (2011: €0.8 million) was calculated by UNIDO. The increase in employee benefits liabilities is mainly attributable to a reduction in the discount rate from 4.75 per cent in 2011 to 3.00 per cent in 2012 (see paragraph 11.10).

Short-term employee benefits

11.2 Short-term employee benefits relate to salaries, home leave travel and education grant.

Post-employment benefits

11.3 Post-employment benefits are defined benefit plans consisting of the After-Service Health Insurance (ASHI), repatriation grants and end-of-service allowances along with costs related to separation entitlements for travel and shipment of household effects.

11.4 After-Service Health Insurance is a plan that allows eligible retirees and their eligible family members to participate in the Full Medical Insurance Plan, supplementary medical plans or the Austrian medical insurance plan Gebietskrankenkasse (GKK).

11.5 End-of-service allowance is a benefit payable to UNIDO General Service staff at the Vienna duty station upon separation from service, which is based on length of service and final salary.

11.6 Repatriation grant is an entitlement payable to Professional staff on separation together with related costs in travel and shipment of household effects.

Other long-term employee benefits

11.7 Other long-term employee benefits consist of accrued annual leave payable when staff separate from service.

Actuarial valuations of post-employment and other long-term employee benefits

11.8 The liabilities arising from post-employment benefits and other long-term employee benefits are determined by independent actuaries, with valuation conducted as at 31 December 2012. These employee benefits are established in accordance with UNIDO Staff Regulations and Rules for staff members in Professional and General Service categories.

Actuarial assumptions

11.9 The present value of the obligation is determined by discounting the estimated future payment required to settle the obligation resulting from employee service rendered in the current and prior periods, using interest rates of high quality corporate bonds for the corresponding maturity years together with a set of assumptions and methods.

11.10 The following assumptions and methods have been used to determine the value of post-employment and other long-term employee benefits liabilities at 31 December 2012.

- Actuarial method: Employee benefits obligations are computed using the projected unit credit method.
- Attribution periods: For ASHI, the attribution period is the entry on duty date to the full eligibility date. For repatriation benefits, the attribution period is from the entry on duty date to the earlier of years of continuous service away from home country and twelve years of service. After twelve years, obligations are affected only by future salary increases. The attribution period for annual leave is from the date of hire to the separation date, subject to a maximum eligibility of 60 days. For the end-of-service allowance, the attribution period is from the date of hire, which is the beginning of the credited service period to the date the incremental benefit is earned.
- Mortality: Mortality rates for pre- and post-retirement are based on 2007 actuarial valuation of the United Nations Joint Staff Pension Fund together with rates for withdrawal and retirement.
- Discount rate: 3.00 (2011: 4.75) per cent for ASHI and 1.85 (2011: 4.75) per cent for repatriation, annual leave end-of-service allowance plan.
- Medical cost trend rates: 5.12 per cent for 2012, 5.03 per cent for 2013, 4.94 per cent for 2014 and grading down to an ultimate rate of 4.5 per cent in 2019.
- Rate of salary increase: 3.00 (2011: 3.00) per cent, but vary according to age, category and individual progression.
- Repatriation grant: It is assumed that all Professional staff are eligible for repatriation benefits and will receive them upon separation from service.
- Repatriation travel costs: Annual decrease of 2.00 per cent (2011: 2.00 per cent) in future years.
- Annual leave: It is assumed that all staff are eligible for these benefits and will receive them upon separation from service. Accumulation rates of leave balances vary with years of service.

11.11 Assumed medical cost trends have a significant effect on the amounts recognized in the statement of financial performance. A one percentage point change in assumed medical cost trend rates would have the following effects:

Effect on	**One percentage point increase**	**One percentage point decrease**
	€ ‘000	
Year-end accumulated ASHI benefit obligation	33,262.4	(25,700.1)
Combined service and interest cost	2,048.9	(1,554.1)

Reconciliation of defined benefit obligation

	After-Service Health Insurance	Repatriation benefits	Annual leave	End-of-service allowance	Total
			€ '000		
Defined benefit obligation at 31 December 2011	**111,633.2**	**11,048.1**	**4,881.0**	**9,609.2**	**137,171.5**
Service cost for 2012	3,011.7	730.3	529.0	547.5	**4,818.5**
Interest cost for 2012	5,365.9	508.3	232.3	459.1	**6,565.6**
Actual gross benefit payments in 2012	(2,529.1)	(466.7)	(450.9)	(804.7)	**(4,251.4)**
Actuarial losses	27,771.8	2,497.1	727.4	1,752.0	**32,748.3**
Actuarial losses of joint operation	4,940.8	(41.2)	167.6	741.2	**5,808.4**
Defined benefit obligation at 31 December 2012	**150,194.3**	**14,275.9**	**6,086.4**	**12,304.3**	**182,860.9**

Annual expense for year 2012

	After-Service Health Insurance	Repatriation benefits	Annual leave	End-of-service allowance	Total
			€ '000		
Service cost	3,011.7	730.3	529.0	547.5	**4,818.5**
Interest cost	5,365.9	508.3	232.3	459.1	**6,565.6**
Total expense recognized in 2012	**8,377.6**	**1,238.6**	**761.3**	**1,006.6**	**11,384.1**

United Nations Joint Staff Pension Fund

11.12 The Pension Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

11.13 The financial obligation of UNIDO to the UNJSPF consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

11.14 The latest actuarial valuation was performed as of 31 December 2011. The valuation revealed an actuarial deficit of 1.87 per cent (0.38 per cent in the 2009 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2011 was 25.57 per cent of pensionable remuneration, compared to the actual contribution rate of 23.7 per cent. The actuarial deficit was primarily attributable to the lower than expected investment experience in recent years.

11.15 At 31 December 2011, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 130 per cent (140 per cent in the 2009 valuation). The funded ratio was 86 per cent (91 per cent in the 2009 valuation) when the current system of pension adjustments was taken into account. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2011, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26. The pensionable remuneration will be reviewed at the time of the next actuarial valuation as of 31 December 2013.

11.16 In July 2012, the Pension Board noted in the report of its fifty-ninth session to the General Assembly that it was ready to decide to increase the normal age of retirement for new participants of the Fund with effect not later than from 1 January 2014. The Board expected that the suggested increase of the normal age of retirement would significantly reduce the deficit and would potentially cover half of the current deficit of 1.87 per cent.

11.17 During 2012, total contributions paid to UNJSPF amounted to €14.4 million (2011: €14.1 million). No significant variance is expected in the contributions due in 2013.

11.18 The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board on the audit every two years. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF website www.unjspf.org.

Note 12: Advance receipts

	31 December 2012	31 December 2011
	€ '000	
Assessed contributions in advance	70.8	1,397.4
Voluntary contributions in advance	28,808.0	23,068.7
Advances from VIC-based organizations	8,880.7	9,248.7
Balances with other UN agencies	1,838.7	4,877.8
BMS deferral	27,722.7	30,889.9
Performance obligation for voluntary contributions	19,307.0	20,594.8
Total advance receipts	**86,627.9**	**90,077.3**

	31 December 2012	31 December 2011
	€ '000	
Composition:		
Advances from non-exchange transactions	50,024.6	49,938.7
Advances from exchange transactions	36,603.3	40,138.6
Total advance receipts	**86,627.9**	**90,077.3**

12.1 Assessed contributions received from Member States against future year's assessment are reflected in advance receipts account. Voluntary contributions in advance represent funds received from donors awaiting programming for specific project activities.

12.2 Advance from VIC-based organizations include funds received for special work programmes carried out by BMS at the VIC.

12.3 Balances with other United Nations agencies include Service and Project Clearing Accounts held with UNDP and other United Nations related projects implemented by UNIDO.

12.4 The fund balances held in Buildings Management Services' special account, reclassified under IPSAS joint venture classification, are reflected in the BMS deferral account (ref. note 6).

12.5 Voluntary contributions received with conditions on their use are held in a liability account until the discharge of performance obligation, as stipulated in the agreements.

Note 13: Other liabilities

	31 December 2012	31 December 2011
	€ '000	
Unrealized exchange gain/loss	2,431.1	2,431.1
Accruals for goods/services received-but-not-paid	7,812.2	8,752.3
Inter-fund transactions	11,364.5	28,047.9
Other liabilities	1,934.7	2,341.4
Long-term guarantees – bank/rent deposit	113.6	126.3
Total other liabilities	**23,656.1**	**41,699.0**

	31 December 2012	31 December 2011
	€ '000	
Composition:		
Current	23,542.5	41,572.7
Non-current	113.6	126.3
Total other liabilities	**23,656.1**	**41,699.0**

13.1 Exchange gains represent 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 2004.

13.2 Accruals are liabilities for goods and services that have been received or provided to UNIDO during the period and which have not been invoiced or formally agreed with the suppliers.

13.3 Inter-fund balances represent amounts due to other funds (see note 5 for contra asset). These balances arise from maintenance of bank accounts at specific general fund level.

13.4 Other liabilities consist primarily of invoices payable to the United Nations Office in Vienna for conference, language, communication and translation services provided during 2012.

Note 14: Fund balances

	Regular budget funds			Technical cooperation funds	Other funds	Total
	General fund	RPTC	Working Capital Fund			
	€ '000					
Opening balance 1 January 2012	**(106,551.9)**	**7,338.5**	**7,423.1**	**379,218.7**	**16,406.6**	**303,835.0**
Net surplus for the year	4,902.3	(825.4)	4.5	(19,879.6)	(1,027.8)	**(16,826.0)**
Subtotal	**(101,656.5)**	**6,513.2**	**7,427.6**	**359,338.9**	**15,385.8**	**287,009.0**
Movements during year						
Credits to Member States	(8,581.5)	–	–	–	–	**(8,581.5)**
Transfer (to)/from provision for delayed contribution	8,102.1	–	–	–	–	**8,102.1**
Actuarial gains/(losses)	(21,615.1)	163.4	–	(2,778.8)	(8,517.8)	**(32,748.3)**
Other adjustments	(10.6)	–	–	805.3	1.3	**796.0**
Total movements during year	**(22,105.1)**	**163.4**	**–**	**(1,973.5)**	**(8,516.5)**	**(32,431.7)**
Closing fund balance 31 December 2012	**(123,761.6)**	**6,676.6**	**7,427.6**	**357,365.4**	**6,869.3**	**254,577.3**

Regular budget general fund

14.1 The negative regular budget general fund balance is as a consequence of unfunded employee benefits amounting to €182.7 million as at 31 December 2012 (2011: €137.2 million).

Regular Programme of Technical Cooperation

14.2 In accordance with General Conference decision GC.9/Dec.14, a special account was established for fully programmable appropriations under the Regular Programme of Technical Cooperation (RPTC), not subject to financial regulations 4.2(b) and 4.2(c).

Working Capital Fund

14.3 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 or unforeseen and extraordinary expenditure. At subsequent sessions of the General Conference, 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 decision GC.9/Dec.15, resulting in a Working Capital Fund of €7,423,104. The Fund is financed through advances paid by Member States based on the scale of assessments approved by the General Conference.

Technical cooperation

14.4 Fund balances under technical cooperation funds represent the unexpended portion of voluntary contributions that are intended to be utilized in future operational requirements of the project activities.

Other funds

Movements in other funds

	Note	1 January 2012	Other movements during 2012	Net surplus/deficit for the year	31 December 2012
				€ '000	
COMFAR funds		1,500.2	–	(31.2)	**1,469.0**
Operational budget	14.6	2,112.3	(8,534.4)	701.2	**(5,720.9)**
Fund for PCOR	14.7	9,916.8	16.5	(1,703.8)	**8,229.5**
Regular budget supplementary appropriation – VIC security	14.8	710.0	–	–	**710.0**
Sales publications revolving fund	14.9	232.4	–	(10.5)	**221.9**
Commissary	6	1,763.2	–	4.5	**1,767.7**
Catering	6	178.6	–	13.5	**192.1**
Total		**16,413.5**	**(8,517.9)**	**(1,026.3)**	**6,869.3**

14.5 Other funds primarily consist of balances under special accounts established for programme support costs, security enhancements at the VIC, the UNIDO change management initiative, which was later renamed Programme for Change and Organizational Renewal (PCOR), and technical cooperation activities earmarked for food security and renewable energy, together with Computer Model for Feasibility Analysis and Reporting (COMFAR) and sales publication revolving fund.

14.6 Income from programme support costs, charged in respect of programme expenditure under extrabudgetary technical cooperation activities, is recognized earlier of the establishment of obligations or on disbursements and is credited to the special account for financing the operational budget. The fund balance is as a consequence of unfunded employee benefits.

14.7 General Conference decision GC.13/Dec.15(h) established the special accounts from the unutilized balances of appropriations due to Member States in 2010 for financing the Programme for Change and Organizational Renewal.

14.8 The General Conference at its eleventh session established a special account with effect from year 2006, for the purpose of financing the UNIDO 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 of the special account, it is classified under the segment other activities in the financial statements.

14.9 The sales publication revolving fund was established in the biennium 1998-1999 as contained in document GC.7/21 and pursuant to 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.

Note 15: Reserves

	Note	1 January 2012	Movement during 2012	31 December 2012
			€ '000	
Project personnel separation reserve	15.1	1,468.5	78.8	**1,547.3**
Insurance of project equipment		72.7	2.5	**75.2**
Statutory operating reserves	15.2/3	3,448.6	–	**3,448.6**
Separation indemnity reserve	15.4	5,499.3	–	**5,499.3**
Appendix D – reserve for compensation	15.5	3,039.4	217.7	**3,257.1**
Reserve for exchange rate fluctuations	15.6	4,824.2	(266.3)	**4,557.9**
Total		**18,352.7**	**32.7**	**18,385.4**

Project personnel separation reserve

15.1 This reserve consists mainly of the provision made to meet repatriation grant entitlements 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 of net base pay.

Statutory operating reserves

15.2 An operating reserve, established in respect of the special account for programme support costs in accordance with 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 technical cooperation delivery and the related support cost income, for inflation and currency adjustments and to liquidate legal obligations in the case of abrupt termination of operation budget activities.

15.3 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 (€418,550). The purpose of the reserve is to ensure the financial liquidity of the Fund and to compensate for uneven cash flows.

Separation indemnity reserve

15.4 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 existed. 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 (GC.9/Dec.15). Accordingly, the balances attributable to the above two decisions are €1,109,698 and €4,389,609, respectively.

Reserve for compensation payments

15.5 A provision is made to meet 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 one per cent of net base pay.

Reserve for exchange rate fluctuations

15.6 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 the 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 from the reserve in 2012 of €266,351 (2011: €717,935) is the difference between the euro value of actual dollars expended and the budgeted euro cost of those dollars.

Note 16: Revenue

	Note	31 December 2012	31 December 2011
		€ '000	
Assessed contributions	**16.1**	**76,577.5**	**78,304.6**
Voluntary contribution			
For technical cooperation		140,505.2	187,846.6
For support regular activities		2,419.5	5,201.7
Subtotal voluntary contributions	**16.2**	**142,924.7**	**193,048.3**
Investment revenue	**16.3**	**775.6**	**846.5**
Revenue producing activities			
Sales publication		88.4	83.0
COMFAR		88.0	122.2
Other sales		-	
Subtotal revenue producing activities	**16.4**	**176.4**	**205.2**
Share of surplus/(deficit) of joint ventures			
Catering services		13.6	8.1
Commissary		4.5	139.9
Subtotal share of surplus/(deficit) of joint ventures	**16.5**	**18.1**	**148.0**
Miscellaneous income			
Transfer to/from reserve for exchange fluctuation	**16.6**	266.3	717.9
Others	**16.7**	205.1	337.1

	Note	31 December 2012	31 December 2011
		€ '000	
Subtotal miscellaneous income		**471.4**	**1,055.0**
TOTAL REVENUE		**220,943.7**	**273,607.6**

16.1 The General Conference approved an amount of €153,231,936 for the regular budget for the biennium 2012-2013 (decision GC.14/Dec.14), which is financed from assessed contributions by Member States. Accordingly, €76,577,468 representing one-half of the amounts was assessed, reduced by adjustment in scales for rescinding Member State of €38,500. 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.

16.2 Voluntary contributions are recognized upon the signing of a binding agreement between UNIDO and the donor, provided there are no conditions limiting the use of funds. Decrease in 2012 is mainly attributable to the reduced projects phasing in 2012 by donors.

16.3 Investment revenue represents interest earned and accrued on the short-term deposits held with financial institutions.

16.4 Income from revenue-producing activities consists of sales of publications and the Computer Model for Feasibility Analysis and Reporting (COMFAR) as well as cost recovery for technical services.

16.5 The UNIDO share of net surplus on the operations of Catering and Commissary is recognized based on the cost-sharing formula of the VBOs' for common services, as referred to in note 6.

16.6 This represents the amount transferred from the reserve for exchange rate fluctuations for 2012 due to a euro deficit on actual dollar spending against budgeted rate (see note 15.6).

16.7 Refunds of expenditure charged to previous fiscal periods, commissions from travel agents, CTBTO support costs and other sundry credits are treated as miscellaneous income.

Contributions in kind

16.8 Services in kind estimated at €1,406,191 (2011: €1,179,163) were received mainly from Member States in support of UNIDO projects and field office operations during the year. The amount is measured at fair value. They are not recognized in the face of the financial statements as UNIDO has elected as such in accordance with IPSAS 23. The nature and type of major classes of services in kind received are as follows:

	31 December 2012	31 December 2011
	€ '000	
Contribution for the use of:		
Office space	969.2	784.5
Furniture and fixtures	7.6	13.8
Communication and IT equipment	9.2	17.6
Vehicles	48.9	42.9

	31 December 2012	31 December 2011
	€ '000	
Utilities	23.4	141.7
Other services	30.0	37.0
Contribution to conferences, workshops, and training	124.1	8.9
Personnel services	193.9	132.7
Total services in kind	**1,406.2**	**1,179.2**

Note 17: Expenses

	Note	31 December 2012	31 December 2011
		€ '000	
Staff salary		36,046.8	35,495.4
Staff entitlement and allowance		28,597.4	27,754.2
Temporary assistance		1,251.0	1,518.9
Project personnel		47,008.3	41,422.1
Consultancy		2,102.5	3,361.1
Salaries and employee benefits	**17.1**	**115,006.0**	**109,551.7**
Travel		9,025.4	8,483.3
Rental, utility and maintenance		3,675.3	4,399.4
Inventory consumed/distributed		259.9	212.8
IT, communication and automation		1,346.4	2,724.0
Expendable equipment		123.7	311.9
Other operating cost		4,389.3	4,725.1
Project operating costs		4,453.8	4,385.7
Operating cost	**17.2**	**23,273.8**	**25,242.2**
Project contractual services	**17.3**	55,671.1	33,660.3
Offices supplies and consumables	**17.4**	230.0	326.9
TC equipment expensed	**17.5**	21,368.8	18,513.5
Depreciation and amortization	**7,8**	1,318.7	886.4
Currency translation differences	**17.6**	7,814.4	(12,473.0)
Other expenses	**17.7**	13,086.9	14,384.6
TOTAL EXPENDITURE		**237,769.7**	**190,092.6**

17.1 Salaries and employee benefits are for UNIDO staff, consultants and subscribers to special service agreements. Project personnel costs include experts, national consultants, administrative support personnel, and project travel.

17.2 Operating costs include travel, utilities, field office operations, United Nations system jointly financed activities, information technology and communication as well as contributions to common services at the VIC.

17.3 Project contractual services represent subcontracts entered into for project implementation activities. Increase in 2012 is mainly attributable to the implementation of projects approved in previous years.

17.4 Office supplies and consumables include cost of goods and services used exclusively by UNIDO in regular budget and technical cooperation activities.

17.5 The expenses for TC equipment are machinery and equipment purchased for technical cooperation projects during the year.

17.6 Currency translation differences, primarily from revaluation of non-euro bank balances, assets and liabilities at the end of the period and revaluation of the balance of voluntary contributions receivable, are mainly attributable to a decrease in the year-end US dollar/euro exchange rate from 0.774 in 2011 to 0.754 in 2012.

17.7 Other expenses include fellowships and training related to projects and costs related to governing body meetings for conference, language, translation, documentation, etc.

Note 18: Statement of comparison of budget and actual amounts

18.1 The budgets and accounts of UNIDO are prepared using a different basis. The statement of financial position, statement of financial performance, statement of changes in net assets and statement of cash flow are prepared on a full accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the statement of comparison of budget and actual amounts (statement 5) is prepared on a modified cash basis of accounting.

18.2 As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

18.3 Basis differences occur when the approved budget is prepared on a basis other than the accounting basis, as stated in paragraph 18.1 above.

18.4 Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for UNIDO for purposes of comparison of budget and actual amounts.

18.5 Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared.

18.6 Presentation differences are due to differences in the format and classification schemes adopted for presentation of statement of cash flow and statement of comparison of budget and actual amounts.

18.7 Reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement 5) and the actual amounts in the statement of cash flow (statement 4) for the period ended 31 December 2012 is presented below:

	Operating	Investing	Financing	Total
		€ '000		
Actual amount on comparable basis (statement 5)	(81,053.6)	-	-	**(81,053.6)**
Basis differences	(21,858.6)	(527.0)	(8,581.5)	**(30,967.1)**
Presentation differences	(11,524.9)	(1,784.1)	-	**(13,309.0)**
Entity differences	92,115.8	-	-	**92,115.8**
Actual amount in the statement of cash flow (statement 4)	**(22,321.3)**	**(2,311.1)**	**(8,581.5)**	**(33,213.9)**

18.8 Open commitments including open purchase orders and net cash flows from operating, investing and financing activities are presented as basis differences. Revenue and non-fund relevant expenses that do not form part of the statement of comparison of budget and actual amounts are reflected as presentation differences. Under entity differences, technical cooperation funds form part of UNIDO activities and are reported in the financial statements in detail, but they are included in the budgetary process at aggregate levels only.

18.9 Budget amounts have been presented on a classification based on the nature of expenses in accordance with the approved programme and budgets 2012-2013 by the General Conference at its fourteenth session (GC.14/Dec.19) for regular and operational budgets of the Organization.

Explanation of material differences on Regular Budget

Explanations of material differences between the original budget and final budget as well as between final budget and the actual amounts are presented below.

Staff costs

18.10 The underutilization of the budgeted staff costs was mainly due to the higher than budgeted vacancy factors for Professional and General Service posts. Given that the largest component of the Organization's regular budget is staff costs, it was necessary to follow a conservative implementation plan under this item in order to compensate for expected non- or late/uncertain payment of assessed contributions.

Official travel

18.11 Official travel was underutilized by €0.57 million. Official travel comprises two accounts — travel on official business that was underspent by €0.50 million and international travel of UNIDO representatives that was marginally underspent by €0.07 million.

Operating costs

18.12 Savings in operating costs in the amount of €2.92 million were mainly the result of reduced requirements for document production by €0.36 million and €0.23million in printing and binding. The final quarter expenditures for security and Conference services have not been included in the final financial report for 2012 hence a high balance of unspent appropriations in Joint Translation services of €0.38 million, €0.48 million in Security and Safety services and €0.10 million in Common interpretation services.

Information and communication technology

18.13 The marginal underutilization of €1.27 million of information and communication technology resources is due to the reduction in usage of both communication equipment by €0.55 million and the office automation budget by €0.46 million. This surplus was partially offset by increases in IT consultancy of €0.31 million and in external computer costs of €0.05 million.

Regular Programme of Technical Cooperation and Special Resources for Africa

18.14 Regular Programme of Technical Cooperation resources were administered under the special account created for the purpose to which the full appropriation has been transferred. An underutilization of €0.84 million was recognized under the Special Resources for Africa.

Note 19: Segment reporting

A: Statement of financial position by segment as at 31 December 2012

	Regular budget activities	Technical cooperation	Other activities and special services	Inter-segment transactions	Total UNIDO
			€ '000		
ASSETS					
Current assets					
Cash and cash equivalents	44,684.4	308,179.7	61,649.6	-	**414,513.7**
Accounts receivable (non-exchange transactions)	6,596.4	119,886.2	1,663.3	-	**128,145.9**
Receivables from exchange transactions	1,408.1	(111.0)	6,983.3	-	**8,280.4**
Inventories	-	-	1,347.6	-	**1,347.6**
Other current assets	8,878.7	7,559.2	10,030.7	-	**26,468.6**
Total current assets	**61,567.6**	**435,514.1**	**81,674.5**	**-**	**578,756.2**
Non-current assets					
Receivables	4,217.0	-	-	-	**4,217.0**
Share in net assets/equity of joint ventures accounted for using the equity method	-	-	1,151.0	-	**1,151.0**
Property, plant and equipment	1,182.0	-	1,359.0	-	**2,541.0**
Intangible assets	256.1	-	3,292.6	-	**3,548.7**
Other non-current assets	-	111.2	808.9	-	**920.1**
Total non-current assets	**5,655.1**	**111.2**	**6,611.5**	**-**	**12,377.8**
TOTAL ASSETS	**67,222.7**	**435,625.3**	**88,286.0**	**-**	**591,134.0**
LIABILITIES					
Current liabilities					
Accounts payable (exchange transactions)	156.3	32.7	-	-	**189.0**
Employee benefits	425.8	1,757.8	144.8	-	**2,328.4**
Transfers payable (non-exchange transactions)	10,390.1	12,116.5	2.4	-	**22,509.0**
Advance receipts	70.8	49,977.4	36,579.7	-	**86,627.9**
Other current liabilities	13,676.6	5,156.5	4,709.4	-	**23,542.5**
Total current liabilities	**24,719.6**	**69,040.9**	**41,436.3**	**-**	**135,196.8**

	Regular budget activities	Technical cooperation	Other activities and special services	Inter-segment transactions	Total UNIDO
			€ '000		
Non-current liabilities					
Employee benefits	142,094.2	3,819.0	36,947.7	-	**182,860.9**
Other non-current liabilities	-	111.2	2.4	-	**113.6**
Total non-current liabilities	**142,094.2**	**3,930.2**	**36,950.1**	**-**	**182,974.5**
TOTAL LIABILITIES	**166,813.8**	**72,971.1**	**78,386.4**	**-**	**318,171.3**
NET ASSETS/EQUITY					
Accumulated surpluses/(deficits) – fund balances	(113,738.7)	377,245.1	7,896.9	-	**271,403.3**
Current period surplus/(deficit)	4,081.3	(19,879.7)	(1,027.6)	-	**(16,826.0)**
Reserves	10,066.3	5,288.8	3,030.3	-	**18,385.4**
TOTAL NET ASSETS/EQUITY	**(99,591.1)**	**362,654.2**	**9,899.6**	**-**	**272,962.7**
TOTAL LIABILITIES AND NET ASSETS/EQUITY	**67,222.7**	**435,625.3**	**88,286.0**	**-**	**591,134.0**

B: Statement of financial performance by segment for the year ended 31 December 2012

	Regular budget activities	Technical cooperation	Other activities and special services	Inter-segment transactions	Total UNIDO
			€ '000		
INCOME/REVENUE					
Assessed contributions	76,577.5	-	-	-	**76,577.5**
Voluntary contributions	625.9	142,680.0	(381.2)	-	**142,924.7**
Investment revenue	315.1	394.0	66.5	-	**775.6**
Revenue producing activities	79.8	5,366.3	18,339.6	(23,609.3)	**176.4**
Share of surplus/(deficit) of joint ventures	-	-	18.1	-	**18.1**
Others	467.8	(1.5)	5.1	-	**471.4**
TOTAL REVENUE	**78,066.1**	**148,438.8**	**18,048.1**	**(23,609.3)**	**220,943.7**
EXPENDITURE					
Salaries and employee benefits	54,777.9	46,316.7	13,911.4	-	**115,006.0**
Operational costs	11,260.9	11,662.5	3,775.2	(3,424.8)	**23,273.8**
Contractual services	1.9	55,669.2	-	-	**55,671.1**
Office supplies and consumables	208.6	-	21.4	-	**230.0**
TC equipment expensed	2.9	21,365.9	-	-	**21,368.8**
Depreciation and amortization	551.7	-	767.0	-	**1,318.7**
Currency translation differences	(154.8)	7,370.5	598.7	-	**7,814.4**
Other expenses	7,335.7	25,933.7	2.0	(20,184.5)	**13,086.9**
TOTAL EXPENDITURE	**73,984.8**	**168,318.5**	**19,075.7**	**(23,609.3)**	**237,769.7**
SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD	**4,081.3**	**(19,879.7)**	**(1,027.6)**	**-**	**(16,826.0)**

19.1 Some internal activities lead to accounting transactions that create inter-segment revenue and expense balances in the financial statements.

19.2 During the year ended 31 December 2012, activities have created inter-segment balances in the amount of €5,366,288, €3,424,769 and €14,818,252 (2011: €3,575,688, €3,061,037; 2,555,992 and €11,956,838) in the statement of financial performance for regular programme of technical cooperation, Buildings Management Services and programme support costs, respectively. Inter-segment transfers are measured at the price at which the transactions occur.

19.3 Accumulated fund balances under technical cooperation funds and other funds represent the unexpended portion of contributions that are carried forward to be utilized in future operational requirements of the respective activities.

19.4 Cash and short-term investments contain restrictions on their availability for use depending upon the fund, which are earmarked for specific activities.

Note 20: Commitments and contingencies

20.1 Leases — Operating costs include lease payments in the amount of €1,395,122 (2011: €1,391,554) recognized as operating lease expenses during the year. The amount includes minimum lease payments. No sublease payments or contingent rent payments were made or received.

The total of future minimum lease payments under non-cancellable operating leases is as follows:

	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
	€ '000			
31 December 2011	369.0	15.3	-	384.3
31 December 2012	306.5	9.4	-	315.9

20.2 UNIDO operating lease agreements are mainly for office premises and IT related equipment in the field offices. Future minimum lease payments include payments for such rented premises and equipment that would be required until the earliest possible termination dates under the respective agreements.

20.3 Some of the operating lease agreements contain renewal clauses which enable the Organization to extend the terms of the leases at the end of the original lease terms, and escalation clauses that may increase annual rent payments based on increases in the relevant market price indexes in the respective countries where the field offices are located.

20.4 There are no agreements that contain purchase options.

20.5 Commitments — The Organizations' commitments include purchase orders and service contracts, contracted but not delivered as at year-end. A list of these commitments by major funding source is given below.

	31 December 2012	**31 December 2011**
	€ '000	
Regular budget	3,212.5	6,159.3
Trust fund	31,438.8	36,955.4
Montreal Protocol	46,439.5	25,599.8
Global Environment Facility	36,187.8	23,121.3
Industrial Development Fund	7,054.9	7,997.2

	31 December 2012	31 December 2011
	€ '000	
Inter-organization arrangements	2,613.1	4,219.9
Regular programme of technical cooperation	2,644.7	2,965.5
Special services and others	3,097.5	2,171.3
Total commitments	**132,688.8**	**109,184.9**

20.6 Contingent liabilities — The contingent liabilities of the Organizations consist of appeal cases pending at the Administrative Tribunal of International Labour Organization (ILOAT) by both current and separated staff members. The Organization is not in a position to measure probability of rulings in favour of complainants or predict exact award of damages. However, based on respective complainants' claims, the contingent liabilities at year-end amounted to €2,670,125 (2011: €2,474,134).

20.7 While contingent liabilities on pending cases under Appendix D rules for reimbursement of medical costs amounted to €424,125 (2011: €7,681), the future claims for reimbursement of medical costs on approved cases cannot be reliably estimated at 31 December 2012, as they are dependent on actual costs to be incurred in the future.

20.8 UNIDO registers one active contractor's claim of €6,032 as at 31 December 2012 (2011: €9,102), where resolution was not finalized by the date of preparation of these financial statements.

Note 21: Vienna International Centre

21.1 UNIDO headquarters are located at the Vienna International Centre (VIC) together with other VIC-based organizations under a 99-year lease with the Republic of Austria for a nominal rental of 1 Austrian schilling per year. The total area allocated to UNIDO in 2012 for occupied and common/staff services facilities were 45,618 square meters (2011: 45,618 square meters).

21.2 An agreement between the Republic of Austria and the VIC-based organizations (VBOs) is in force on a common fund established for the purpose of financing the cost of major repairs and replacement (MRRF) of VIC buildings, facilities and technical installations, which are the property of the Republic of Austria and form part of the headquarters. The Fund is administered by UNIDO through a joint committee.

21.3 Contributions to the Fund are shared equally between the Republic of Austria and the VBOs with the VBOs contributions being shared in accordance with their Buildings Management Services cost-sharing ratio. The UNIDO contribution to the Fund in 2012 was €271,200 (2011: €274,332).

Note 22: Losses, ex-gratia payments and write-offs

22.1 No ex-gratia payment was made by UNIDO during 2012 and 2011.

22.2 The value of property, plant and equipment written off during the year due to loss/theft amounts to €18,492 (2011: €3,664).

Note 23: Related party and other executive management disclosure

Key management personnel

	No. of individuals	Aggregate remuneration	Other compensations	Total remuneration 2012	Outstanding advances against entitlements 31 December 2012
			€ '000		
Director General	1	518.6	142.2	660.8	0.0
Deputy to the Director General	1	198.4	0.0	198.4	0.0
Managing Directors	3	398.8	0.0	398.8	0.0

23.1 Key management personnel are the Director General, the Deputy to the Director General and the Managing Directors, as they have the authority and responsibility for planning, directing and controlling the activities of UNIDO.

23.2 The aggregate remuneration paid to key management personnel includes net salaries, post adjustment, entitlements, assignment and other grants, rental subsidy, employer contributions to pension plan and current health insurance contributions.

23.3 The other compensations include the official car assigned to the Director General valued at the market rental cost of a similar vehicle together with the remuneration paid to the official driver.

23.4 Key management personnel are also qualified for post-employment benefits (see note 11 on employee benefits) at the same level as other employees. These benefits, which are payable on separation, cannot be reliably quantified as they depend on the years of service and actual date of separation (which could be voluntary).

23.5 Key management personnel are ordinary members of UNJSPF.

23.6 Advances are those made against entitlements in accordance with staff rules and regulations. There are no outstanding advances against entitlements of key management personnel as at 31 December 2012.

Note 24: Events after reporting date

26.1 The UNIDO reporting date is 31 December 2012. On the date of signing of these accounts, there have been no material events, favourable or unfavourable, incurred between the reporting date and the date when the financial statements have been authorized for issue, as specified in certification, that would have impacted these statements.

II. ANNEXES PRESENTED IN ACCORDANCE WITH UNITED NATIONS SYSTEM ACCOUNTING STANDARDS FOR THE YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)

Annex I (a)

General Fund: Status of appropriations by major object of expenditure for the year 2012 as at 31 December 2012

(In thousands of euros)

Major object of expenditure	Original appropriation	Disbursements during 2012	Unliquidated obligations as at 31/12/12	Total expenditure	Balance of appropriations
Salaries and common staff costs	52,342.1	47,709.4	559.4	48,268.7	4,073.3
Official travel	1,283.2	673.6	43.0	716.7	566.6
Operating costs	14,274.0	10,095.6	1,262.7	11,358.3	2,915.6
Information and communication technology	2,838.4	1,136.3	428.4	1,564.7	1,273.8
RPTC and SRA activities	7,002.7	5,813.9	352.8	6,166.7	836.0
TOTAL A	**77,740.4**	**65,428.8**	**2,646.3**	**68,075.1**	**9,665.3**
Income		**Actual income**	**Accrued income**	**Total income**	**Shortfall/ (surplus)**
Regional Programme	1,209.0	606.7		606.7	602.3
Miscellaneous Income					
1. Estimated in GC.13/Dec.14	849.2	390.4		390.4	458.8
2. Not estimated in GC.13/Dec.14		634.8		634.8	(634.8)
TOTAL B	**2,058.2**	**1,631.9**		**1,631.9**	**426.3**
TOTAL A-B	**75,682.2**	**63,796.9**	**2,646.3**	**66,443.2**	**9,239.0**

Annex I (b)

General Fund: Status of appropriations by major programme for the year 2012 as at 31 December 2012

(In thousands of euros)

Major Programme	Original appropriation	Disbursements during 2012	Unliquidated obligations as at 31/12/12	Total expenditure	Balance of appropriations
Policymaking Organs	2,200.0	1,702.5	20.7	1,723.3	476.8
Executive Direction and Strategic Management	5,987.3	6,159.0	97.7	6,256.8	(269.5)
Thematic Priorities	38,561.2	32,821.4	1,737.7	34,559.1	4,002.0
Research, Policy Advice, Portfolio Monitoring & Outreach	7,135.9	4,891.3	204.0	5,095.3	2,040.6
Programme Support Services	13,485.8	11,054.3	583.7	11,638.0	1,847.8
Indirect Costs	10,370.3	8,800.2	2.4	8,802.6	1,567.6
TOTAL A	**77,740.4**	**65,428.8**	**2,646.3**	**68,075.1**	**9,665.3**
Income		**Actual income**	**Accrued income**	**Total income**	**Shortfall/(sur plus)**
Regional Programme	1,209.0	606.7		606.7	602.3
Miscellaneous Income					
1. Estimated in GC.13/Dec.14	849.2	390.4		390.4	458.8
2. Not estimated in GC.13/Dec.14		634.8		634.8	(634.8)
TOTAL B	**2,058.2**	**1,631.9**	**0.0**	**1,631.9**	**426.3**
TOTAL A-B	**75,682.2**	**63,796.9**	**2,646.3**	**66,443.2**	**9,239.0**

Annex I (c)

Operational budget: Status of appropriations by major object of expenditure for year 2012 as at 31 December 2012

(In thousands of euros)

Major object of expenditure	Original appropriation	Disbursements during 2012	Unliquidated obligations as at 31/12/12	Total expenditure	Balance of appropriations
Salaries and common staff costs	12,829.4	11,499.9	133.5	11,633.5	1,195.9
Official Travel	1,129.3	595.2	94.1	689.3	440.0
Operating Costs	267.0	549.3	106.5	655.8	(388.8)
Field Network Operating Costs	0.0	0.0	0.0	0.0	0.0
TOTAL A	**14,225.7**	**12,644.4**	**334.1**	**12,978.5**	**1,247.2**
Income		**Actual income**	**Accrued income**	**Total income**	**Shortfall/(surplus)**
Regional Programme					
Miscellaneous Income					
1. Estimated in GC.13/Dec.14	24.6	35.0		35.0	(10.4)
2. Not estimated in GC.13/Dec.14		(598.7)		(598.7)	598.7
TOTAL B	**24.6**	**(563.7)**		**(563.7)**	**588.3**
TOTAL A-B	**14,201.1**	**13,208.1**	**334.1**	**13,542.2**	**658.9**

Annex I (d)

Operational budget: Status of appropriations by major programme for the year 2012 as at 31 December 2012

(In thousands of euros)

Major Programme	Original appropriation	Disbursements during 2012	Unliquidated obligations as at 31/12/12	Total expenditure	Balance of appropriations
Policymaking Organs	42.7	18.2	0.0	18.2	24.5
Executive Direction and Strategic Management	136.2	159.4	0.0	159.4	(23.2)
Thematic Priorities	11,353.0	10,046.2	334.1	10,380.3	972.7
Research, Policy Advice, Portfolio Monitoring & Outreach	600.9	408.4	0.0	408.4	192.5
Programme Support Services	2,092.9	2,012.3	0.0	2,012.3	80.6
TOTAL A	**14,225.7**	**12,644.4**	**334.1**	**12,978.5**	**1,247.2**
Income		**Actual income**	**Accrued income**	**Total income**	**Shortfall/(surplus)**
Regional Programme					
Miscellaneous Income					
1. Estimated in GC.13/Dec.14	24.6	35.0		35.0	(10.4)
2. Not estimated in GC.13/Dec.14		(598.7)		(598.7)	598.7
TOTAL B	**24.6**	**(563.7)**	**0.0**	**(563.7)**	**588.3**
TOTAL A-B	**14,201.1**	**13,208.1**	**334.1**	**13,542.2**	**658.9**

Annex I (e)

Status of assessed contributions to the regular budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
Afghanistan	0.006	709	4,163	709	4,163	-	-	-
Albania	0.014	-	9,714	-	1,493	-	8,221	8,221
Algeria	0.195	-	135,304	-	135,304	-	-	-
Angola	0.010	8,692	6,939	8,692	6,939	-	-	-
Argentina	0.437	2,209,628	303,221	125,059	-	2,084,569	303,221	2,387,790
Armenia	0.007	913,195	4,857	4,608	-	908,587	4,857	913,444
Austria	1.295	-	898,560	-	898,560	-	-	-
Azerbaijan	0.023	118,546	15,959	118,546	15,959	-	-	-
Bahamas	0.027	-	18,734	-	5,623	-	13,111	13,111
Bahrain	0.059	-	40,938	-	40,938	-	-	-
Bangladesh	0.010	-	6,939	-	2,550	-	4,389	4,389
Barbados	0.012	54	8,326	54	3,052	-	5,274	5,274
Belarus	0.064	-	44,408	-	44,408	-	-	-
Belgium	1.636	-	1,135,169	-	1,135,169	-	-	-
Belize	0.001	3,649	694	3,649	694	-	-	-
Benin	0.005	504	3,469	504	297	-	3,172	3,172
Bhutan	0.001	-	694	-	694	-	-	-
Bolivia (Plurinational State of)	0.011	24,829	7,633	1,331	-	23,498	7,633	31,131
Bosnia and Herzegovina	0.021	-	14,571	-	14,571	-	-	-
Botswana	0.027	-	18,734	-	18,734	-	-	-
Brazil	2.452	14,686,448	1,701,366	6,625,793	-	8,060,655	1,701,366	9,762,021
Bulgaria	0.058	-	40,244	-	40,244	-	-	-
Burkina Faso	0.004	-	2,775	-	2,775	-	-	-
Burundi	0.001	45,305	694	7	-	45,298	694	45,992
Cambodia	0.005	-	3,469	-	3,469	-	-	-
Cameroon	0.017	11,980	11,796	2,937	-	9,043	11,796	20,839
Cape Verde	0.001	52,075	694	7	-	52,068	694	52,762
Central African Republic	0.001	117,511	694	7	-	117,504	694	118,198
Chad	0.003	100,618	2,082	-	-	100,618	2,082	102,700
Chile	0.359	-	249,099	-	248,324	-	775	775
China	4.853	-	3,367,346	-	3,367,346	-	-	-
Colombia	0.219	-	151,957	-	151,957	-	-	-

Annex I (e) — cont.

Status of assessed contributions to the regular budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
Comoros	0.001	140,690	694	7	-	140,683	694	141,377
Congo	0.005	-	3,469	-	2,110	-	1,359	1,359
Costa Rica	0.052	314,461	36,081	98,313	-	216,148	36,081	252,229
Côte d'Ivoire	0.014	-	9,714	-	9,714	-	-	-
Croatia	0.148	-	102,693	-	15,626	-	87,067	87,067
Cuba	0.108	-	74,938	-	74,155	-	783	783
Cyprus	0.070	-	48,571	-	48,571	-	-	-
Czech Republic	0.531	-	368,444	-	368,444	-	-	-
Democratic People's Republic of Korea	0.011	7,317	7,633	7,317	7,633	-	-	-
Democratic Republic of the Congo	0.005	148,263	3,469	-	-	148,263	3,469	151,732
Denmark	1.120	-	777,133	-	777,133	-	-	-
Djibouti	0.001	99,596	694	21,396	-	78,200	694	78,894
Dominica	0.001	5,770	694	826	-	4,944	694	5,638
Dominican Republic	0.064	576,577	44,408	21,824	-	554,753	44,408	599,161
Ecuador	0.061	-	42,326	-	42,326	-	-	-
Egypt	0.143	-	99,223	-	99,223	-	-	-
El Salvador	0.028	347,442	19,428	-	-	347,442	19,428	366,870
Equatorial Guinea	0.010	2,273	6,939	718	-	1,555	6,939	8,494
Eritrea	0.001	-	694	-	694	-	-	-
Ethiopia	0.010	3,047	6,939	1,281	-	1,766	6,939	8,705
Fiji	0.006	2,969	4,163	1,425	-	1,544	4,163	5,707
Finland	0.861	-	597,421	-	597,421	-	-	-
France	9.318	-	6,465,470	-	6,465,470	-	-	-
Gabon	0.020	24,844	13,877	1,407	-	23,437	13,877	37,314
Gambia	0.001	64,498	694	7	-	64,491	694	65,185
Georgia	0.009	1,611,407	6,245	-	-	1,611,407	6,245	1,617,652
Germany	12.202	-	8,466,588	-	8,466,588	-	-	-
Ghana	0.009	-	6,245	-	1,722	-	4,523	4,523

Annex I (e) — cont.

Status of assessed contributions to the regular budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
Greece	1.052	648,362	729,950	648,362	-	-	729,950	729,950
Grenada	0.001	49,455	694	7	-	49,448	694	50,142
Guatemala	0.043	65,581	29,836	65,581	29,836	-	-	-
Guinea	0.003	1,980	2,082	1,013	-	967	2,082	3,049
Guinea-Bissau	0.001	122,821	694	7	-	122,814	694	123,508
Guyana	0.001	129	694	129	694	-	-	-
Haiti	0.005	-	3,469	-	1,169	-	2,300	2,300
Honduras	0.011	5,557	7,633	1,556	-	4,001	7,633	11,634
Hungary	0.443	-	307,384	-	307,384	-	-	-
India	0.813	-	564,115	-	564,115	-	-	-
Indonesia	0.362	-	251,181	-	251,181	-	-	-
Iran (Islamic Republic of)	0.355	190,812	246,323	84,164	-	106,648	246,323	352,971
Iraq	0.030	-	20,816	-	20,816	-	-	-
Ireland	0.758	-	525,953	-	525,953	-	-	-
Israel	0.584	-	405,219	-	405,219	-	-	-
Italy	7.608	308,100	5,278,954	308,100	5,278,744	-	210	210
Jamaica	0.021	10,862	14,571	10,862	2,290	-	12,281	12,281
Japan	19.068	-	13,230,690	-	13,230,690	-	-	-
Jordan	0.021	-	14,571	-	14,571	-	-	-
Kazakhstan	0.116	-	80,489	-	80,489	-	-	-
Kenya	0.017	14,801	11,796	14,801	11,796	-	-	-
Kuwait	0.400	-	277,548	-	49,548	-	228,000	228,000
Kyrgyzstan	0.001	379,574	694	7	-	379,567	694	380,261
Lao People's Democratic Republic	0.001	-	694	-	694	-	-	-
Lebanon	0.050	36,636	34,693	36,636	120	-	34,573	34,573
Lesotho	0.001	1,960	694	909	-	1,051	694	1,745
Liberia	0.001	108,240	694	7	-	108,233	694	108,927
Libya	0.196	64,914	135,998	33,565	-	31,349	135,998	167,347
Lithuania	0.099	-	68,693	-	68,693	-	-	-
Luxembourg	0.137	-	95,060	-	95,060	-	-	-
Madagascar	0.005	4,528	3,469	4,528	3,469	-	-	-

Annex I (e) — cont.

Status of assessed contributions to the Regular Budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
Malawi	0.001	81	694	81	694	-	-	-
Malaysia	0.385	-	267,140	-	267,140	-	-	-
Maldives	0.001	1,809	694	867	-	942	694	1,636
Mali	0.005	1,491	3,469	801	-	690	3,469	4,159
Malta	0.026	-	18,041		18,041	-	-	-
Mauritania	0.001	82,820	694	7	-	82,813	694	83,507
Mauritius	0.017	-	11,796	-	11,796	-	-	-
Mexico	3.585	7,337,941	2,487,520	7,337,941	2,487,520	-	-	-
Monaco	0.005	-	3,469	-	3,469	-	-	-
Mongolia	0.003	-	2,082	-	883	-	1,199	1,199
Montenegro	0.006	-	4,163	-	-	-	4,163	4,163
Morocco	0.088	-	61,060	-	11,315	-	49,745	49,745
Mozambique	0.005	-	3,469	-	3,469	-	-	-
Myanmar	0.008	42,944	5,551	1,238	-	41,706	5,551	47,257
Namibia	0.012	-	8,326	-	1,988	-	6,338	6,338
Nepal	0.009	5,528	6,245	1,223	-	4,305	6,245	10,550
Netherlands	2.823	-	1,958,792	-	1,958,792	-	-	-
New Zealand	0.415	-	287,956	-	287,956	-	-	-
Nicaragua	0.004	146,900	2,775	146,900	2,775	-	-	-
Niger	0.003	102,183	2,082	-	-	102,183	2,082	104,265
Nigeria	0.119	-	82,570	-	82,570	-	-	-
Norway	1.326	-	920,070	-	920,070	-	-	-
Oman	0.131	-	90,897	-	90,897	-	-	-
Pakistan	0.125	63,572	86,734	63,572	16,245	-	70,489	70,489
Panama	0.033	1,398	22,898		152	1,398	22,746	24,144
Papua New Guinea	0.003	30,868	2,082	1,085	-	29,783	2,082	31,865
Paraguay	0.010	190	6,939	190	2,354	-	4,585	4,585
Peru	0.137	75	95,060	75	95,060	-	-	-
Philippines	0.137	-	95,060	-	95,060	-	-	-

Annex I (e) — cont.

Status of assessed contributions to the regular budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
Poland	1.260	-	874,275	-	874,275	-	-	-
Portugal	0.778	-	539,830	-	147,820	-	392,010	392,010
Qatar	0.205	91,730	142,243	91,730	15,558	-	126,685	126,685
Republic of Korea	3.439	-	2,386,215	-	2,386,215	-	-	-
Republic of Moldova	0.003	438,596	2,082	89,634	-	348,962	2,082	351,044
Romania	0.269	-	186,651	-	20,930	-	165,721	165,721
Russian Federation	2.438	-	1,691,652	-	1,691,652	-	-	-
Rwanda	0.001	713	694	713	234	-	460	460
Saint Kitts and Nevis	0.001	3,120	694	833	-	2,287	694	2,981
Saint Lucia	0.001	2,199	694	921	-	1,278	694	1,972
Saint Vincent and the Grenadines	0.001	116,981	694	7	-	116,974	694	117,668
Samoa	0.001	-	694	-	694	-	-	-
Sao Tome and Principe	0.001	140,690	694	7	-	140,683	694	141,377
Saudi Arabia	1.263	233,577	876,356	233,577	235,251	-	641,105	641,105
Senegal	0.009	3,457	6,245	1,675	-	1,782	6,245	8,027
Serbia	0.056	-	38,857	-	38,857	-	-	-
Seychelles	0.003	3,502	2,082	1,273	-	2,229	2,082	4,311
Sierra Leone	0.001	-	694	-	694	-	-	-
Slovakia	0.216	-	149,876	-	149,876	-	-	-
Slovenia	0.157	-	108,937	-	108,937	-	-	-
Somalia	0.001	140,689	694	7	-	140,682	694	141,376
South Africa	0.586	-	406,607	-	406,607	-	-	-
Spain	4.835	2,397,716	3,354,856	2,378,146	-	19,570	3,354,856	3,374,426
Sri Lanka	0.029	-	20,122	-	20,122	-	-	-
Sudan	0.010	21,826	6,939	1,570	-	20,256	6,939	27,195
Suriname	0.005	-	3,469	-	844	-	2,625	2,625
Swaziland	0.005	4,419	3,469	1,162	-	3,257	3,469	6,726
Sweden	1.619	-	1,123,374	-	1,123,374	-	-	-
Switzerland	1.720	-	1,193,454	-	1,193,454	-	-	-
Syrian Arab Republic	0.038	-	26,367	-	-	-	26,367	26,367
Tajikistan	0.003	118,290	2,082	13,814	-	104,476	2,082	106,558
Thailand	0.318	-	220,650	-	220,650	-	-	-

Annex I (e) — cont.

Status of assessed contributions to the regular budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
The former Yugoslav Republic of Macedonia	0.011	14,858	7,633	1,112	-	13,746	7,633	21,379
Timor-Leste	0.001	-	694	-	121	-	573	573
Togo	0.001	50,025	694	37,439	-	12,586	694	13,280
Tonga	0.001	1,827	694	1,827	694	-	-	-
Trinidad and Tobago	0.067	-	46,489	-	46,489	-	-	-
Tunisia	0.046	-	31,918	-	31,918	-	-	-
Turkey	0.939	-	651,543	-	651,543	-	-	-
Turkmenistan	0.040	249,142	27,755	-	-	249,142	27,755	276,897
Tuvalu	0.001		694	-	-	-	694	694
Uganda	0.008	9,140	5,551	9,140	50	-	5,501	5,501
Ukraine	0.132	1,899,772	91,591	432,080	-	1,467,692	91,591	1,559,283
United Arab Emirates	0.595	-	412,852	-	412,852	-	-	-
United Kingdom		-	7,229,081	-	7,229,081	-	-	-
United Republic of Tanzania	0.010	24	6,939	24	1,807	-	5,132	5,132
Uruguay	0.041	29,147	28,449	28,084	-	1,063	28,449	29,512
Uzbekistan	0.014	478,438	9,714	8,488	-	469,950	9,714	479,664
Vanuatu	0.001	84,377	694	7	-	84,370	694	85,064
Venezuela (Bolivarian Republic of)	0.478	304,450	331,669	304,450	78,804	-	252,865	252,865
Viet Nam	0.050	-	34,693	-	34,693	-	-	-
Yemen	0.010	14,649	6,939	2,576	-	12,073	6,939	19,012
Zambia	0.006	-	4,163	-	4,163	-	-	-
Zimbabwe	0.005	-	3,469	-	3,042	-	427	427
Subtotal:	100.000	38,328,364	76,615,968	19,450,933	67,552,170	18,877,430	9,063,797	27,941,227
FORMER MEMBER STATES:								
USA		69,068,887	-			69,068,887	-	69,068,887
Yugoslavia (former)		2,081,599	-			2,081,599	-	2,081,599
Subtotal:		71,150,486	-			71,150,486	-	71,150,486
T O T A L		**109,478,850**	**76,615,968**	**19,450,934**	**67,552,170**	**90,027,916**	**9,063,798**	**99,091,714**

Annex I (e) — cont.

Status of assessed contributions to the regular budget (in euros) as at 31 December 2012

Member States	Scale %	Contributions payable		Credits and collections in 2012		Contributions outstanding		Total outstanding
		Prior biennium	Current biennium	Prior biennium	Current biennium	Prior biennium	Current biennium	
1986		44,138		25,284		18,854		18,854
1987		46,734		9,515		37,219		37,219
1988		72,721		8,632		64,089		64,089
1989		91,479		8,639		82,840		82,840
1990		492,296		9,835		482,461		482,461
1991		617,082		18,608		598,474		598,474
1992		706,037		27,272		678,765		678,765
1993		801,366		12,623		788,743		788,743
1994		7,195,317		13,090		7,182,227		7,182,227
1995		33,789,336		58,483		33,730,853		33,730,853
1996		30,954,979		85,310		30,869,669		30,869,669
1997		828,951		27,704		801,247		801,247
1998		691,841		14,118		677,723		677,723
1999		1,798,248		496,807		1,301,441		1,301,441
2000		340,691		26,455		314,236		314,236
2001		340,691		26,455		314,236		314,236
2002		693,187		570,201		122,986		122,986
2003		2,329,915		2,204,626		125,289		125,289
2004		2,579,350		2,437,678		141,672		141,672
2005		2,585,700		1,497,563		1,088,137		1,088,137
2006		1,870,497		6,031		1,864,466		1,864,466
2007		2,673,900		131,635		2,542,265		2,542,265
2008		1,483,534		10,608		1,472,926		1,472,926
2009		3,933,228		2,444,592		1,488,636		1,488,636
2010		4,130,525		2,607,120		1,523,405		1,523,405
2011		8,387,107		6,672,050		1,715,057		1,715,057
2012			76,615,968		67,552,170	0	9,063,798	9,063,798
T O T A L		**109,478,850**	**76,615,968**	**19,450,934**	**67,552,170**	**90,027,916**	**9,063,798**	**99,091,714**
Supplementary estimates for the biennium 2004-2005 for security enhancements (GC.11/Dec.15)		91,833		33		91,800		91,800
GRAND TOTAL		**109,570,683**	**76,615,968**	**19,450,967**	**67,552,170**	**90,119,716**	**9,063,798**	**99,183,514**

Annex I (f)

Status of advances to the Working Capital Fund as at 31 December 2012
(in euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2011	Adjustments 2012	Collections 2012	Amount outstanding
Afghanistan	0.006	404	74	330	-	-
Albania	0.014	943	594	349	-	-
Algeria	0.195	13,139	8,759	4,380	-	-
Angola	0.010	674	297	377	-	-
Argentina	0.437	29,444	33,552	-4,108	-	-
Armenia	0.007	472	223		249	-
Austria	1.295	87,254	91,526	-4,272	-	-
Azerbaijan	0.023	1,550	520	-	1,030	-
Bahamas	0.027	1,819	1,633	186	-	-
Bahrain	0.059	3,975	3,415	560	-	-
Bangladesh	0.010	674	742	-68	-	-
Barbados	0.012	809	965	-156	-	-
Belarus	0.064	4,312	2,078	2,234	-	-
Belgium	1.636	110,229	113,721	-3,492	-	-
Belize	0.001	67	74	-7	-	-
Benin	0.005	337	74	263	-	-
Bhutan	0.001	67	74	-7	-	-
Bolivia (Plurinational State of)	0.011	741	594	147	-	-
Bosnia and Herzegovina	0.021	1,415	594	821	-	-
Botswana	0.027	1,819	1,410	409	-	-
Brazil	2.452	165,209	90,413	-	74,796	-
Bulgaria	0.058	3,908	2,078	1,830	-	-
Burkina Faso	0.004	270	223	47	-	-
Burundi	0.001	67	74	-7	-	-
Cambodia	0.005	337	74	263	-	-
Cameroon	0.017	1,145	965	180	-	-
Cape Verde	0.001	67	74	-7		-
Central African Republic	0.001	67	74	-7	-	-
Chad	0.003	202	74	-	-	128
Chile	0.359	24,188	16,628	7,560	-	-
China	4.853	326,982	275,172	-	51,810	-
Colombia	0.219	14,756	10,838	1,604	2,314	-
Comoros	0.001	67	74	-7	-	-
Congo	0.005	337	74	263	-	-
Costa Rica	0.052	3,504	3,266	238	-	-
Côte d’Ivoire	0.014	943	965	-22	-	-
Croatia	0.148	9,972	5,122	4,850	-	-
Cuba	0.108	7,277	5,567	1,710		-
Cyprus	0.070	4,716	4,528	188	-	-
Czech Republic	0.531	35,777	29,024	6,753	-	-
Democratic People’s Republic of Korea	0.011	741	742	-1	-	-
Democratic Republic of the Congo	0.005	337	297	-	-	40

Annex I (f) — cont.

Status of advances to the Working Capital Fund as at 31 December 2012
(in euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2011	Adjustments 2012	Collections 2012	Amount outstanding
Denmark	1.120	75,463	76,235	-772	-	-
Djibouti	0.001	67	74	-7	-	-
Dominica	0.001	67	74	-7	-	-
Dominican Republic	0.064	4,312	325	-	3,987	-
Ecuador	0.061	4,110	2,153	-	1,957	-
Egypt	0.143	9,635	9,056	579	-	-
El Salvador	0.028	1,887	153	-	-	1,734
Equatorial Guinea	0.010	674	223	451	-	-
Eritrea	0.001	67	74	-7	-	-
Ethiopia	0.010	674	297	377	-	-
Fiji	0.006	404	297	107	-	-
Finland	0.861	58,012	58,197	-185	-	-
France	9.318	627,822	650,109	-22,287	-	-
Gabon	0.020	1,348	817	531	-	-
Gambia	0.001	67	74	-7	-	-
Georgia	0.009	606	297	-	-	309
Germany	12.202	822,139	884,974	-62,835	-	-
Ghana	0.009	606	445	161	-	-
Greece	1.052	70,881	61,463	9,418	-	-
Grenada	0.001	67	74	-7	-	-
Guatemala	0.043	2,897	3,266	-369	-	-
Guinea	0.003	202	74	128	-	-
Guinea-Bissau	0.001	67	74	-7	-	-
Guyana	0.001	67	74	-7	-	-
Haiti	0.005	337	223	114	-	-
Honduras	0.011	741	520	221	-	-
Hungary	0.443	29,848	25,164	-	4,684	-
India	0.813	54,778	46,394	-	8,384	-
Indonesia	0.362	24,391	16,628	-	7,763	-
Iran (Islamic Republic of)	0.355	23,919	18,558	5,361	-	-
Iraq	0.030	2,021	1,559	462	-	-
Ireland	0.758	51,072	45,949	5,123	-	-
Israel	0.584	39,348	43,202	-3,854	-	-
Italy	7.608	512,607	524,066	-11,459	-	-
Jamaica	0.021	1,415	1,039	376	-	-
Japan	19.068	1,284,765	1,633,067	-348,302	-	-
Jordan	0.021	1,415	1,262	153	-	-
Kazakhstan	0.116	7,816	2,969	4,847	-	-
Kenya	0.017	1,145	1,039	106	-	-
Kuwait	0.400	26,951	18,780	8,171	-	-
Kyrgyzstan	0.001	67	74	-7	-	-
Lao People’s Democratic Republic	0.001	67	74	-7	-	-
Lebanon	0.050	3,369	3,489	-120	-	-

Annex I (f) — cont.

Status of advances to the Working Capital Fund as at 31 December 2012
(in euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2011	Adjustments 2012	Collections 2012	Amount outstanding
Lesotho	0.001	67	74	-7	-	-
Liberia	0.001	67	74	-7	-	-
Libya	0.196	13,206	6,384	6,822	-	-
Lithuania	0.099	6,670	3,192	3,478	-	-
Luxembourg	0.137	9,231	8,759	472	-	-
Madagascar	0.005	337	223	114	-	-
Malawi	0.001	67	74	-7	-	-
Malaysia	0.385	25,940	19,597	6,343	-	-
Maldives	0.001	67	74	-7	-	-
Mali	0.005	337	74	263	-	-
Malta	0.026	1,752	1,782	-30	-	-
Mauritania	0.001	67	74	-7	-	-
Mauritius	0.017	1,145	1,113	-	32	-
Mexico	3.585	241,548	232,860	8,688	-	-
Monaco	0.005	337	297	40	-	-
Mongolia	0.003	202	74	128	-	-
Montenegro	0.006	404	74	110	-	220
Morocco	0.088	5,929	4,305	1,624	-	-
Mozambique	0.005	337	74	-	263	-
Myanmar	0.008	539	520	19	-	-
Namibia	0.012	809	594	215	-	-
Nepal	0.009	606	297	309	-	-
Netherlands	2.823	190,206	193,221	-3,015	-	-
New Zealand	0.415	27,962	26,426	-	1,536	-
Nicaragua	0.004	270	74	-	196	-
Niger	0.003	202	74	-	-	128
Nigeria	0.119	8,018	4,973	3,045	-	-
Norway	1.326	89,342	80,688	-	8,654	-
Oman	0.131	8,826	7,497	1,329	-	-
Pakistan	0.125	8,422	6,087	2,335	-	-
Panama	0.033	2,223	2,375	-152	-	-
Papua New Guinea	0.003	202	223	-21	-	-
Paraguay	0.010	674	520	154	-	-
Peru	0.137	9,231	8,017	1,214	-	-
Philippines	0.137	9,231	8,017	1,214	-	-
Poland	1.260	84,895	51,664	-	33,231	-
Portugal	0.778	52,420	54,337	-1,917	-	-
Qatar	0.205	13,812	8,759	5,053	-	-
Republic of Korea	3.439	231,711	224,176	-	7,535	-
Republic of Moldova	0.003	202	74	-	128	-
Romania	0.269	18,125	7,200	10,925	-	-
Russian Federation	2.438	164,266	123,816	40,450	-	-
Rwanda	0.001	67	74	-7	-	-

Annex I (f) — cont.

Status of advances to the Working Capital Fund as at 31 December 2012
(in euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2011	Adjustments 2012	Collections 2012	Amount outstanding
Saint Kitts and Nevis	0.001	67	74	-7	-	-
Saint Lucia	0.001	67	74	-7	-	-
Saint Vincent and the Grenadines	0.001	67	74	-7	-	-
Samoa	0.001	67	74	-	-	
Sao Tome and Principe	0.001	67	74	-7	-	-
Saudi Arabia	1.263	85,098	77,201	7,897	-	-
Senegal	0.009	606	445	161	-	-
Serbia	0.056	3,773	2,153	1,620	-	-
Seychelles	0.003	202	223	-21	-	-
Sierra Leone	0.001	67	74	-7	-	-
Slovakia	0.216	14,554	6,532	8,022	-	-
Slovenia	0.157	10,578	9,873	705	-	-
Somalia	0.001	67	74	-7	-	-
South Africa	0.586	39,483	29,915	9,568	-	-
Spain	4.835	325,770	306,200	19,570	-	-
Sri Lanka	0.029	1,954	1,633	321	-	-
Sudan	0.010	674	742	-68	-	-
Suriname	0.005	337	74	263	-	-
Swaziland	0.005	337	223	114	-	-
Sweden	1.619	109,084	110,529	-1,445	-	-
Switzerland	1.720	115,889	125,449	-9,560	-	-
Syrian Arab Republic	0.038	2,560	1,633	-	-	927
Tajikistan	0.003	202	74	-	128	-
Thailand	0.318	21,426	19,226	-	2,200	-
The former Yugoslav Republic of Macedonia	0.011	741	520	221	-	-
Timor-Leste	0.001	67	74	-7	-	-
Togo	0.001	67	74	-7	-	-
Tonga	0.001	67	74	-7	-	-
Trinidad and Tobago	0.067	4,514	2,821	1,693	-	-
Tunisia	0.046	3,099	3,192	-93	-	-
Turkey	0.939	63,267	39,342	23,925	-	-
Turkmenistan	0.040	2,695	56	-	-	2,639
Tuvalu	0.001	67	-	-	-	67
Uganda	0.008	539	297	242	-	-
Ukraine	0.132	8,894	4,677	4,217	-	-
United Arab Emirates	0.595	40,090	31,177	8,913	-	-
United Kingdom		685,294	685,294		-	-
United Republic of Tanzania	0.010	674	594	80	-	-
Uruguay	0.041	2,762	2,821	-59	-	-
Uzbekistan	0.014	943	817	126	-	-
Vanuatu	0.001	67	74	-7	-	-
Venezuela (Bolivarian Republic of)	0.478	32,206	20,636	11,570	-	-

Annex I (f) — cont.

Status of advances to the Working Capital Fund as at 31 December 2012

(in euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2011	Adjustments 2012	Collections 2012	Amount outstanding
Viet Nam	0.050	3,369	2,450	919	-	-
Yemen	0.010	674	742	-68	-	-
Zambia	0.006	404	74	330	-	-
Zimbabwe	0.005	337	817	-480	-	-
T O T A L	**100.000**	**7,423,030**	**7,418,367**	**-212,399**	**210,877**	**6,192**

Annex II (a)

Summary of transactions on sub-accounts of the Industrial Development Fund for the year as at 31 December 2012 — euro-based

(in euros)

	Fund balance at 01/01/2012	Cash received in 2012	Expenditures 2012	Miscellaneous income including general pool interest	Fund balance as at 31/12/2012
General-purpose convertible	1,973,600	0	0	0	**1,973,600**
Agence Wallonne à l'Exportation	105,581	0	-5	0	**105,586**
Austria Cleaner Production	1,144,326	314,847	524,359	0	**934,814**
Austria	4,641,423	800,000	1,137,088	0	**4,304,335**
Austrian Development Agency	854,292	333,076	607,213	0	**580,155**
Austrian Ministry of Agriculture, Forestry, Environment and Water Management	52,242	22,600	-1,890	0	**76,733**
Czech Republic	2,379	46,963	155	0	**49,187**
Finland	1,319,285	13,654	655,331	0	**677,609**
France	737,363	1,003,341	506,881	0	**1,233,824**
France, Ministry of Agriculture	158,838	6,015	71,683	0	**93,170**
Germany	0	2,337,586	0	0	**2,337,586**
Greece	1,886	0	0	0	**1,886**
Hungary	18,844	62,032	-11	0	**80,887**
Italy	2,859,560	1,825,360	1,181,761	336	**3,503,495**
Luxembourg	127,513	1,160	89,635	0	**39,037**
Namibia	348	0	0	0	**348**
Poland	3,185	243,745	0	0	**246,930**
Portugal	92,051	843	0	0	**92,894**
Slovenia	480,428	278,069	216,886	0	**541,610**
Spain	1,343,430	60,000	497,387	0	**906,043**
Switzerland	4,265,471	3,474,257	1,290,980	0	**6,448,748**
Unencumbered balances - Integrated programmes and country service framework activities	37,038	1,393	-12,491	0	**50,922**
Unencumbered balances - Millennium Development Goals	15,250	172	-0	0	**15,423**
Unencumbered balances - Post-crisis situation	170,242	1,560	0	0	**171,802**
Undefined	634	-982	0	0	**-348**
Total special-purpose convertible	18,431,609	10,825,692	6,764,962	336	**22,492,675**
GRAND TOTAL	20,405,209	10,825,692	6,764,962	336	**24,466,275**

Annex II (b)

Summary of transactions on sub-accounts of the Industrial Development Fund for the year as at 31 December 2012 — dollar-based

(in US dollars)

	Fund balance at 01/01/2012	Cash received in 2012	Expenditures 2012	Miscellaneous income including general pool interest	Fund balance as at 31/12/2012
General-purpose convertible	3,662,110	11,216	26,592	4,286	**3,651,020**
Argentina	225	0	0	0	**225**
Austria	360,972	0	76,332	0	**284,640**
Austria Cleaner Production	2,646	17	0	0	**2,664**
Bahrain	353,210	1,341,560	907,715	0	**787,055**
Belgium	126,854	794	0	0	**127,648**
Brazil	29,696	0	0	0	**29,696**
Brazil - Pernambuco State Government	28,937	0	0	0	**28,937**
China	4,781,339	1,562,846	536,290	0	**5,807,896**
Czech Republic	11,671	0	-452	0	**12,123**
Democratic People’s Republic of Korea	1,351	0	0	0	**1,351**
Denmark (Danida) - Sub-Saharan Africa	252,492	4,728	-15,682	0	**272,903**
Germany	220,550	0	0	0	**220,550**
Guatemala	73,853	0	185	0	**73,669**
Hungary	109,063	777	2,431	0	**107,409**
India	7,962,876	233,910	1,219,748	270	**6,977,308**
Indonesia	10,493	70,465	0	0	**80,957**
Japan	629,453	2,113,874	1,713,888	0	**1,029,439**
Japan Overseas Development Corporation Bangkok	424	0	0	0	**424**
Kuwait	65,612	469	0	0	**66,082**
Luxembourg	36,755	230	0	0	**36,986**
Mexico	41,649	-40,885	-1,732	0	**2,496**
Myanmar	577	0	0	0	**577**
Netherlands	828,524	0	0	0	**828,524**

Annex II (b) — cont.

Summary of transactions on sub-accounts of the Industrial Development Fund for the year as at 31 December 2012 — dollar-based

(in US dollars)

	Fund balance at 01/01/2012	Cash received in 2012	Expenditures 2012	Miscellaneous income including general pool interest	Fund balance as at 31/12/2012
New Zealand	17,397	0	18,802	0	**-1,405**
Nigeria - Ebonyi State	47,111	0	46,363	0	**748**
Norway	156,049	0	0	0	**156,049**
Poland	12,992	0	-65	0	**13,057**
Portugal	1,030,604	7,578	264,406	0	**773,777**
Republic of Korea	2,078,324	1,302,740	789,719	0	**2,591,344**
Romania	13,434	0	0	0	**13,434**
Russian Federation	2,885,093	2,600,000	2,032,007	0	**3,453,086**
Saudi Arabia	1,206,661	7,557	0	0	**1,214,217**
Saudi Arabian General Investment Authority	306,489	0	0	0	**306,489**
Slovakia	106,886	0	-3,360	0	**110,246**
Spain	4,213	0	0	-294	**3,919**
Sweden	4,676	-4,676	0	0	**0**
Switzerland	5,144,002	5,842,807	3,685,044	0	**7,301,765**
Thailand	54,735	78,819	0	0	**133,554**
Turkey	192,497	196,394	258,161	0	**130,730**
Undefined	3,355	-3,338	0	0	**17**
Various donor programmable funds	271,864	-283,619	2,613	286	**-14,082**
Total special-purpose convertible	**29,465,604**	**15,033,047**	**11,532,412**	**262**	**32,966,500**
Bulgaria	28	0	0	0	**28**
China	597,310	201,754	0	0	**799,064**
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**
Nigeria - Ebonyi State	0	57,179	0	0	**57,179**
Undefined	-2,881	-293	0	0	**-3,174**
Total special-purpose non-convertible	**1,014,001**	**258,640**	**0**	**0**	**1,272,641**
GRAND TOTAL	**34,141,716**	**15,302,903**	**11,559,005**	**4,547**	**37,890,161**

Annex III (a)

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — euro-based
(in euros)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 31/12/2012
Projects financed by recipient Governments				
Cameroon	65,983	0	0	**65,983**
Cape Verde	13,930	0	0	**13,930**
Croatia	7,199	0	-2,653	**9,852**
Iran (Islamic Republic of)	1,450	0	-341	**1,791**
Israel	0	127,488	0	**127,488**
Kenya	7,869	0	2,963	**4,906**
Congo	350,105	304,898	249,876	**405,127**
Democratic People’s Republic of Korea	65,544	92,000	86,883	**70,661**
South Africa	2,556,192	323,633	1,937,087	**942,738**
Sudan	118,183	0	19,854	**98,329**
Syrian Arab Republic	374,663	423,386	168,112	**629,937**
Thailand	266	0	0	**266**
Subtotal	3,561,384	1,271,405	2,461,781	**2,371,008**
Associate Experts and JPOs				
Austria	91,095	-24,034	51,372	**15,689**
Germany	198,577	203,065	196,666	**204,976**
Subtotal	289,672	179,031	248,038	**220,665**
Projects financed by donor Governments				
Australia	-1,773	0	0	**-1,773**
Belgium	227	0	0	**227**
European Union	6,158,053	10,745,603	13,537,092	**3,366,564**
European Union Commission	960	0	0	**960**
European Union Seventh Framework Programme	508,536	0	85,867	**422,669**
European Union, Côte d’Ivoire	0	1,435,321	514,922	**920,399**
European Union, Haiti	0	425,000	0	**425,000**
European Union, Mozambique	0	1,646,880	115,222	**1,531,658**
European Union, Ukraine	180,000	0	163,940	**16,060**
Finland	44,564	0	-3,620	**48,184**
France	471,802	398,579	-297,672	**1,168,053**
Germany	708,150	1,270,710	1,540,205	**438,655**
Trust fund trade	2,162,288	538,193	535,469	**2,165,012**
Trust fund for increased food security through agribusiness and agro-industry promotion	1,057,437	668,523	568,121	**1,157,839**
Trust fund for renewable energy for productive activities	395,726	547,175	210,981	**731,920**
Trust Fund for Youth Employment	0	288,136	0	**288,136**
Trust Fund for Latin America and the Caribbean	0	513,505	0	**513,505**

Annex III (a) — cont.

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — euro-based
(in euros)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 12/31/2012
Italy	12,870,017	1,728,506	8,075,606	**6,522,917**
Netherlands	4,669	0	0	**4,669**
Norway	1,898,538	645,320	1,620,769	**923,089**
Poland	55	0	0	**55**
Sweden	963,143	832,895	613,454	**1,182,584**
Spain	106,000	0	0	**106,000**
United Kingdom	2,105,350	40,621	1,510,492	**635,479**
Subtotal	29,633,742	21,724,967	28,790,848	**22,567,861**
<u>Other trust funds</u>				
Undefined	176,417	88,699	89,129	**175,987**
Subtotal	176,417	88,699	89,129	**175,987**
Global Carbon Capture and Institute, Storage (CCS) Institute, Australia	13,781	0	0	**13,781**
Korea Energy Economics Institute, Korea	0	100,000	1,237	**98,763**
Flemish Government, Belgium	525,195	250,000	314,356	**460,839**
City of Marseille, France	112,418	0	34,894	**77,524**
Agence Française de Développement (AFD), France	657,694	1,080,852	284,271	**1,454,275**
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany	41,263	-41,263	0	**0**
Iran (Islamic Republic of)	434	0	0	**434**
Region of Tuscany, Italy	11,011	0	0	**11,011**
Ipack-Ima SpA	0	46,922	26,145	**20,777**
Microsoft Corporation, USA	30,849	41,551	3,539	**68,861**
Norwegian Agency for Development Cooperation (Norad), Norway	2,573,170	2,221,148	1,662,598	**3,131,720**
Renewable Energy Efficiency Partnership	50,000	50,000	39,814	**60,186**
Global Trust Fund Evaluation Network	41,877	69,950	99,710	**12,117**
Public Authority for Industry, Kuwait	93,907	299,507	152,876	**240,538**
ComMark Trust, South Africa	34,989	0	16,700	**18,289**
Food and Agriculture Organization of the United Nations (FAO)	1,025	0	0	**1,025**
United Nations Environment Programme (UNEP)	5,931	0	0	**5,931**
Subtotal	4,193,544	4,118,667	2,636,140	**5,676,071**
	37,854,759	**27,382,769**	**34,225,936**	**31,011,592**

Annex III (b)

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — dollar-based

(in US dollars)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 12/31/2012
Projects financed by recipient Governments				
Algeria	26,029	0	0	**26,029**
Argentina	361,894	0	0	**361,894**
Armenia	0	20,000	1,348	**18,652**
Burundi	1,014	0	999	**15**
Bolivia (Plurinational State of)	12,460	0	0	**12,460**
Brazil	149,904	0	0	**149,904**
Bulgaria	7,104	0	0	**7,104**
Chad	722,656	0	647,213	**75,443**
Cameroon	282,200	239,604	278,356	**243,448**
Colombia	334,138	13,292	321,529	**25,901**
China	829,055	1,465,759	1,127,233	**1,167,581**
Ecuador	12,934	0	0	**12,934**
Egypt	-79	0	0	**-79**
Ethiopia	2,699	0	-407	**3,106**
Gabon	19,235	0	14,880	**4,355**
Guinea	0	282,092	0	**282,092**
Honduras	2,958	0	0	**2,958**
India	932,550	350,035	146,177	**1,136,408**
Indonesia	8,612	0	0	**8,612**
Iran (Islamic Republic of)	168,214	0	-4,617	**172,831**
Iran-Organization for Investment, Economic and Technical Assistance of Iran (Islamic Republic of)	52,112	0	0	**52,112**
Iraq	22,028	0	0	**22,028**
Kenya	7,994	0	0	**7,994**
Lebanon	10,574	0	-487	**11,061**
Libya - Benghazi Development Centre	8,093	0	0	**8,093**
Libya - General Pipe Company Benghazi	2,700	0	0	**2,700**
Libya - Industrial Research Centre of Libya	10,049	0	0	**10,049**
Libya - Secretariat of Strategic Industry	53,081	0	0	**53,081**
Madagascar	95,672	0	0	**95,672**
Mexico	599,471	0	4,019	**595,452**
Nigeria	951,467	5,468,685	266,589	**6,153,563**
Oman	11,311	0	0	**11,311**
Pakistan	30,186	0	0	**30,186**
Panama	10,057	0	0	**10,057**

Annex III (b) — cont.

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — dollar-based
(in US dollars)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 12/31/2012
Paraguay	17,780	0	0	**17,780**
Peru	19,929	0	15,316	**4,613**
Russian Federation	759,080	-27,536	253,227	**478,317**
Russia — The Foundation NEM and CPCOGI	1,786	-1,786	0	**0**
Rwanda	706	0	-18	**724**
South Africa	9,100	0	8,685	**415**
Saudi Arabia	77,559	0	0	**77,559**
Trinidad and Tobago	69,162	0	0	**69,162**
Turkey	3,313,011	-201	1,552,698	**1,760,112**
Uruguay	0	1,125,140	10,356	**1,114,784**
Yemen	24,593	0	0	**24,593**
Zambia	471,117	0	453,566	**17,551**
Subtotal	10,502,195	8,935,084	5,096,662	**14,340,617**
<u>Associate Experts and JPOs</u>				
Austria	99,969	-99,828	0	**141**
Belgium	38,736	0	0	**38,736**
France	23,456	0	0	**23,456**
Germany	111,537	284,024	99,728	**295,833**
Italy	309,881	279,849	278,338	**311,392**
Japan	236,328	177,356	162,868	**250,816**
Norway	252,285	0	-8,680	**260,965**
Republic of Korea	171,168	72,216	60,191	**183,193**
Saudi Arabia	-89,062	0	0	**-89,062**
Sweden	45,191	-50,574	-10,276	**4,893**
Subtotal	1,199,489	663,043	582,169	**1,280,363**
<u>Projects financed by donor Governments</u>				
Austria	16,106	0	0	**16,106**
Belgium	11,912	0	0	**11,912**
Canada	5,141,757	2,233,135	3,203,208	**4,171,684**
Denmark	99,519	0	76,211	**23,308**
Finland	65,826	0	0	**65,826**
France	54,138	0	0	**54,138**
Trust Fund Trade	15,808	8,810	0	**24,618**
Italy	1,131,758	-1	226,151	**905,606**
Japan	5,418,445	7,886,935	2,818,492	**10,486,888**
Norway	1,086,192	491,754	775,424	**802,522**
Republic of Korea	29,186	400,000	0	**429,186**

Annex III (b) — cont.

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — dollar-based
(in US dollars)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 12/31/2012
Republic of Korea — Korean Research Institute of Standards and Science	133,002	0	0	**133,002**
Spain	1,067,567	0	923,122	**144,445**
Sweden	3,639,658	4,510,275	1,889,367	**6,260,566**
Switzerland	529,161	393,536	274,801	**647,896**
United Kingdom	366,377	0	-46,540	**412,917**
United States of America	30,000	30,000	33,676	**26,324**
Subtotal	18,836,412	15,954,444	10,173,912	**24,616,944**
<u>Other Trust Funds</u>				
Cabinda Gulf Oil Co. Ltd, Angola	701,603	0	456,765	**244,838**
Centro de Investigaciones Textiles, Argentina	5,257	-1,301	3,956	**0**
Austria Rural Energy, Austria	73,002	0	-3,192	**76,194**
Afghan National Standards Authority (ANSA), Afghanistan	598,917	0	522,515	**76,402**
Beijing Zhimingde Science Co, Limited, People's Republic of China	0	6,500	0	**6,500**
Institute for Scientific and Technological Development (IDCT), Brazil	4,075	0	0	**4,075**
Corporación Autónoma Regional para el Desarrollo Sostenible del Chocó (CODECHOCO), Colombia	6,452	276,033	17,942	**264,543**
INFOCON Gesellschaft für Wirtschafts-informationen und Beratung mbH, Germany	2,088	116,223	118,318	**-7**
Oil and Natural Gas Corporation Ltd, India	54,748	0	0	**54,748**
Ministry of Chemicals and Fertilizers, India	271,114	0	88,344	**182,770**
Ministry of Micro, Small and Medium Enterprises, India	0	375,000	215,064	**159,936**
Iranian Fuel Conservation Organization (IFCO), Iran (Islamic Republic of)	25,916	203	-4,495	**30,614**
Iran Nanotechnology Initiative Council (INIC), Iran (Islamic Republic of)	500,000	0	133,343	**366,657**
New Energy and Industrial Technology Development Organization, Japan	1,404	0	0	**1,404**
Ministry for the Environment, Land and Sea, Italy	135,766	0	44,093	**91,673**
Ministry of Finance, Japan	4,215,924	7,330,561	7,291,813	**4,254,672**
Japan Peace Building, Japan	0	2,849,489	265,778	**2,583,711**

Annex III (b) — cont.

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — dollar-based
(in US dollars)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 12/31/2012
Japan Overseas Development Corporation, Bangkok	80	0	23	**57**
Korea Energy Management Corporation, Republic of Korea	0	250,000	116,465	**133,535**
Samsung Electronics, Republic of Korea	0	100,000	53,783	**46,217**
Korea International Cooperation Agency (KOICA), Republic of Korea	184,665	1,250,000	455,457	**979,208**
Agence de l'Oriental, Morocco	4,545	0	-14,335	**18,880**
Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Nigeria	88,010	0	10,281	**77,729**
Standards Organization of Nigeria (SON), Nigeria	665,475	2,108,713	0	**2,774,188**
National Agency for Science and Engineering Infrastructure (NASENI), Nigeria	687	0	0	**687**
Projects Development Institute (PRODA), Nigeria	19,573	0	20,156	**-583**
Norwegian Agency for Development Cooperation (Norad), Norway	153,785	1,095	79,227	**75,653**
Gulf Organization for Industrial Consulting, Qatar	2,451	0	0	**2,451**
Islamic Development Bank, Saudi Arabia	287,733	-158,434	58,439	**70,860**
ECOM Agroindustrial Corporation Limited, Switzerland	0	25,000	14,759	**10,241**
US Agency for International Development (USAID), USA	0	1,500,000	0	**1,500,000**
Zonta International Foundation, Chicago, USA	2,765	0	0	**2,765**
African Development Bank	991	0	0	**991**
Arab Gulf Programme for United Nations Development Organizations	102,359	0	13,176	**89,183**
Common Fund for Commodities (CFC)	109,456	516,471	495,266	**130,661**
Food and Agriculture Organization of the United Nations (FAO)	32,360	0	31,784	**576**
Hewlett-Packard Company, USA	359,869	533,244	279,319	**613,794**
International Development Association (IDA)	47,472	0	0	**47,472**
International Fund for Agricultural Development (IFAD)	293,568	0	116,187	**177,381**
International Labour Organization (ILO)	113,692	0	97,402	**16,290**
Multi-donor Trust Fund Joint Programme in Mali	27,700	300,670	318,632	**9,738**

Annex III (b) — cont.

Summary of technical cooperation activities financed by trust funds for the year as at 31 December 2012 — dollar-based
(in US dollars)

Description	Fund balance at 01/01/2012	Contributions received, interest and miscellaneous income 2012	Expenditures 2012	Fund balance as at 12/31/2012
Multi-donor Trust Fund for Kenya — JP Kenya Gender	0	42,800	40,203	**2,597**
Multi-donor Trust Fund for Sudan	7,718	0	-5,937	**13,655**
Multi-donor Trust Fund for Southern Sudan	204	0	0	**204**
Multi-donor Trust Fund for Sierra Leone	744,817	836,410	1,411,992	**169,235**
One UN Fund	3,815,410	4,021,320	4,157,608	**3,679,122**
Organization of Petroleum Exporting Countries (OPEC)	5,916	-5,916	0	**0**
RENPAP Member Countries	280,638	53,462	35,228	**298,872**
Standards and Trade Development Facility (STDF), WTO	4,319	390,600	54	**394,865**
Enhanced Integrated Framework (EIF), WTO	0	838,745	126,974	**711,771**
Undefined	365,905	320,331	304,144	**382,092**
UNDP/United Nations Agreement for Tanzania	13,797	0	-3,570	**17,367**
Millennium Development Goals Achievement Fund financed by Spain through UNDP (MDG-F)	7,108,210	2,095,452	6,286,669	**2,916,993**
UNIDO Regional Cleaner Production Programme for Latin America and the Caribbean (RCPP-LAC)	24,675	11,857	24,869	**11,663**
United Nations Development Group Iraq Trust Fund	5,454,653	-71,893	4,103,114	**1,279,646**
United Nations Development Programme (UNDP)	617	0	0	**617**
United Nations Economic and Social Commission for Western Asia	5,922	0	0	**5,922**
United Nations Fund for International Partnerships	153,122	114,043	165,120	**102,045**
United Nations High Commissioner for Refugees	2,496	0	0	**2,496**
United Nations Joint Trust Fund for Sudan	3,084	0	0	**3,084**
United Nations Lebanon Recovery Fund	137,103	0	-3,842	**140,945**
United Nations Trust Fund for Human Security	907,626	510,654	972,548	**445,732**
One UN Fund Kyrgyzstan	261,697	115,464	238,766	**138,395**
United Nations Fund for Montenegro	4,636	49,770	29,793	**24,613**
United Nations Environment Programme (UNEP)	493,783	206,600	258,035	**442,348**
United Nations Peacebuilding Fund	958,123		532,553	**425,570**
Subtotal	29,847,973	26,909,166	29,970,586	**26,786,553**
TOTAL	**60,386,069**	**52,461,737**	**45,823,329**	**67,024,477**