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Financial situation of UNIDO

Unutilized balances of appropriations

Report by the Director General

The present document updates the information on unutilized balances of appropriations, as provided in documents GC.14/18, IDB.40/8 and IDB.41/12, and reports on the amount of unutilized balances of appropriations becoming available for distribution on 1 January 2014. The present report also updates the areas where voluntarily renounced shares of unutilized balances could be used.

I. Background

1. A report presented by the Director General to the General Conference at its fourteenth session (GC.14/18) described the regulatory framework, history and past practice in the distribution of unutilized balances and suggested some areas where unutilized balances could be used to strengthen UNIDO programmes.

2. At its fourteenth session in December 2011 the General Conference "encouraged Member States to consider voluntarily renouncing their shares of the unutilized balances of appropriations to strengthen the programmes of UNIDO" (decision GC.14/Dec.14). In line with the same decision, the Director General informed the Industrial Development Board at its fortieth and forty-first sessions, on the amounts of unutilized balances of appropriations that were renounced by Member States and how these funds were being used (documents IDB.40/8 and IDB.41/12).

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3. The present document reports on the amount of unutilized balances of appropriations becoming available for distribution on 1 January 2014 and updates the areas of potential use of voluntarily renounced shares thereof.

II. Estimated balances becoming available for distribution

4. As per the cut-off date of 21 November 2013 a total sum of €18,612,866 becomes available for distribution to eligible Member States on 1 January 2014. The entire sum is the result of repayments by Member States of arrears in assessed contributions. These repayments are normally based on payment plans.

5. The annex of the present document provides a breakdown of the total sum by eligible Member States.

III. Possible use of unutilized balances to strengthen UNIDO programmes

6. General Conference document GC.14/18 described a variety of thematic programmes that would greatly benefit from voluntary contributions. These were: (a) strengthening food security in least developed countries (LDCs) through the implementation of initiatives in agro-industry development; (b) securing access to energy for productive uses, with particular emphasis on access to energy by women; (c) supporting economic diversification to create employment in the productive sectors, particularly targeting vulnerable groups, including youth, in countries emerging from crisis; and (d) increasing the competitiveness of industries in developing countries through compliance with standards and demands concerning, inter alia, sustainable industrial development, green industry and energy efficiency. In addition, as reported in document IDB.40/8, a trust fund for Latin America and the Caribbean was established.

7. All of the above programmatic areas are still in need of funding and hence would offer themselves as a continued area of preference for the use of unutilized balances to strengthen UNIDO programmes.

IV. Possible use of unutilized balances to strengthen operations

8. Recent developments in the reduced funding of UNIDO's regular budget highlighted the need to seek temporary funding sources that could support strengthening the operations of the Organization.

9. A similar spirit is captured in the outcome document of the informal working group on the future, including programmes and resources, of UNIDO.

10. Article 16 of the Constitution prescribes that "subject to the financial regulations of the Organization, the Director General, on behalf of the Organization, may accept voluntary contributions to the Organization, including gifts, bequests and subventions, made to the Organization by governments, intergovernmental or non-governmental organizations or other non-governmental sources, provided that

the conditions attached to such voluntary contributions are consistent with the objectives and policies of the Organization."

11. Such an approach was already adopted, for example in 2009 by the General Conference at its thirteenth session, when it decided that, for lack of budgetary resources, a certain amount of voluntarily renounced unutilized balances of appropriations should fund the Programme for Change and Organizational Renewal (decision GC.13/Dec.15).

12. Recent developments in the membership of UNIDO and the resulting reductions in the net regular budget created a gap between the funding required for operations to fulfil the growing need for UNIDO's services and the funds available through assessed contributions and other traditional sources of income. While this gap will be narrowed by further cost saving measures, it cannot be closed entirely. Therefore, voluntary contributions towards the operations of the Organization might be required.

13. For example, the programme and budgets, 2014-2015 included a plan to release office space in order to reduce operating costs (IDB.41/5/Add.1, para. 10). During the preparations for the execution of this plan it became apparent that such a drastic, irreversible measure would be in conflict with the long-term growth objectives of the Organization and would entail significant costs. Voluntary contributions could be utilized as a means of retaining the required office space during the 2014-2015 biennium, pending the formulation of a long-term solution in the framework of the programme and budgets submission for 2016-2017 in early 2015.

14. Depending on the availability of assessed contributions in 2014-2015 other operations might also benefit from financing through voluntary contributions as an exceptional measure.

15. Against this background, the voluntary renunciation of unutilized balances to strengthen the operations of UNIDO in certain areas that are temporarily subject to a funding shortfall would allow Member States to maximize the Organization's impact in difficult times without imposing additional costs.

16. It is therefore proposed that in addition to the option of strengthening UNIDO programmes, strengthening operations should also become a possible option for Member States to voluntarily allocate their shares of unutilized balances in full or in part.

17. Contributions for operations, if provided, will be administered through a special account in accordance with the provisions of the UNIDO Financial Regulations 6.3 and 6.4 and regularly reported to the Board through the Programme and Budget Committee during the biennium.

V. Action required of the Conference

18. The General Conference may wish to consider adopting the following draft decision:

"The General Conference:

(a) Takes note of the information provided in document GC.15/14;

(b) Encourages Member States to consider voluntarily renouncing their shares of the unutilized balances of appropriations to strengthen the programmes and operations of UNIDO;

(c) Requests the Director General to report to the Board at its forty-second and forty-third sessions, through the Programme and Budget Committee, on the implementation of the present decision, including the status of the special account for voluntary contributions for operations."

Annex

Unutilized balances of appropriations — amounts due on 1 January 2014, as of 21 November 2013[1]

Member State	*Total*
Afghanistan	325
Albania	1,369
Algeria	21,898
Angola	631
Argentina	145,959
Armenia	979
Austria	232,419
Azerbaijan	2,228
Bahamas	3,897
Bahrain	7,868
Bangladesh	1,857
Barbados	2,473
Belarus	7,481
Belgium	286,647
Belize	244
Benin	368
Bhutan	244
Bolivia (Plurinational State of)	1,785
Bosnia and Herzegovina	1,279
Botswana	3,275
Brazil	326,188
Bulgaria	5,382
Burkina Faso	598
Burundi	244
Cambodia	367
Cameroon	2,350
Cabo Verde	244
Central African Republic	244
Chad	244
Chile	46,810
China	605,363
Colombia	33,704
Comoros	244
Congo	244
Costa Rica	7,578
Côte d'Ivoire	2,474

Member State	*Total*
Democratic People's Republic of Korea	2,515
Democratic Republic of the Congo	822
Denmark	192,348
Djibouti	244
Dominica	244
Dominican Republic	6,708
Ecuador	5,509
Egypt	24,579
El Salvador	5,190
Equatorial Guinea	555
Eritrea	243
Ethiopia	904
Fiji	904
Finland	144,896
France	1,640,020
Gabon	2,333
Gambia	244
Georgia	1,795
Germany	2,295,310
Ghana	1,167
Greece	148,128
Grenada	244
Guatemala	7,949
Guinea	444
Guinea-Bissau	244
Guyana	244
Haiti	638
Honduras	1,323
Hungary	51,667
India	111,041
Indonesia	42,206
Iran (Islamic Republic of)	51,360
Iraq	9,265
Ireland	103,599
Israel	110,995
Italy	1,319,055

[1] Subject to final adjustments. An amount of €1,706,215 out of the total €18,612,866 is due for distribution to departed Member States.

Member State	*Total*
Croatia	12,263
Cuba	12,637
Cyprus	10,864
Czech Republic	64,843
Kenya	2,473
Kuwait	45,351
Kyrgyzstan	434
Lao People's Democratic Republic	244
Lebanon	7,284
Lesotho	244
Liberia	244
Libya	21,772
Luxembourg	21,457
Madagascar	674
Malawi	287
Malaysia	51,564
Maldives	244
Mali	368
Malta	4,140
Mauritania	244
Mauritius	2,809
Mexico	515,228
Monaco	757
Mongolia	244
Montenegro	114
Morocco	11,175
Mozambique	244
Myanmar	1,514
Namibia	1,587
Nepal	904
Netherlands	472,183
New Zealand	64,309
Nicaragua	474
Niger	244
Nigeria	13,510
Norway	191,916
Oman	18,193
Pakistan	15,255
Panama	5,485
Papua New Guinea	775
Paraguay	2,108
Peru	22,280
Philippines	21,927
Poland	122,994

Member State	*Total*
Jamaica	2,294
Japan	4,087,187
Jordan	2,938
Kazakhstan	8,372
Romania	17,955
Russian Federation	335,598
Rwanda	244
Saint Kitts and Nevis	244
Saint Lucia	368
Saint Vincent and the Grenadines	244
Samoa	88
Sao Tome and Principe	244
Saudi Arabia	186,795
Senegal	1,208
Serbia	5,142
Seychelles	598
Sierra Leone	244
Slovakia	15,262
Slovenia	23,491
Somalia	244
South Africa	77,410
Spain	729,585
Sri Lanka	4,150
Sudan	1,821
Suriname	287
Swaziland	598
Sweden	275,966
Switzerland	319,070
Syrian Arab Republic	7,999
Tajikistan	370
Thailand	53,259
The former Yugoslav Republic of Macedonia	1,436
Timor-Leste	179
Togo	244
Tonga	244
Trinidad and Tobago	6,463
Tunisia	8,125
Turkey	101,246
Turkmenistan	1,559
Tuvalu	-
Uganda	1,060
Ukraine	21,246
United Arab Emirates	70,671
United Republic of Tanzania	1,484

Member State	*Total*
Portugal	130,062
Qatar	18,850
Republic of Korea	523,053
Republic of Moldova	922
Viet Nam	5,655
Yemen	1,780
Zambia	368

Member State	*Total*
Uruguay	10,324
Uzbekistan	3,595
Vanuatu	244
Venezuela, Bolivarian Republic of	52,125
Zimbabwe	2,005
Total	16,906,651*

* Subject to final adjustments. An amount of €1,706,215 out of the total €18,612,866 is due for distribution to departed Member States