



Industrial Development Board
Forty-seventh session
Vienna, 1–3 July 2019

Programme and Budget Committee
Thirty-fifth session
Vienna, 14–16 May 2019
Item 9 (a) of the provisional agenda
**Proposal by the informal working group on
Programme and Budget Committee-related
issues regarding unutilized balances of
appropriations**

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Budget Committee-related issues regarding unutilized
balances of appropriations**

Report by the Co-chairs

As per decision IDB.46/Dec.8, the informal working group on Programme and Budget Committee-related issues (IWG) is requested, inter alia, to address the issue of unutilized balances of appropriations (UBs) through the informal working group and produce a proposal on PBC-related issues, in particular on the issue of UBs, for the consideration of the thirty-fifth session of the Committee and ultimate adoption by the forty-seventh session of the Industrial Development Board and by the eighteenth session of the General Conference.

I. Background

1. The informal working group on Programme and Budget Committee-related issues (IWG) has to date held 18 meetings since its inaugural meeting on 20 October 2017. The topic of unutilized balances of appropriations (UBs) was first directly discussed by the IWG on 16 February 2018, and treated explicitly by the IWG on six separate occasions since then.

II. Proposal of the IWG

2. Following intensive deliberations amongst the members of the IWG, its Co-chairs, as well as between and within regional groups, the IWG Co-chairs arrived at a proposal which reflects the need to address, over the long term, the issue of UBs at UNIDO, within the framework of the Organization's existing financial regulations.

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



3. The proposal of the IWG Co-chairs takes the form of two draft decisions: one addressing the Working Capital Fund (WCF) of UNIDO, and the other addressing the topic of UBs.

III. Working Capital Fund (WCF)

4. On the topic of the WCF, the IWG Co-chairs put forward the following proposal for a draft decision, which found the approval of Member States and would be referred directly to the Programme and Budget Committee without further amendments:

“The Programme and Budget Committee recommends to the Industrial Development Board the adoption of the following draft decision: **Regarding the Working Capital Fund**

‘The Industrial Development Board:

(a) Recalls decisions GC.1/Dec.33 and GC.2/Dec.27 regarding the establishment, purpose, and conditions of the Working Capital Fund and notes that:

(i) the sources of money for the Working Capital Fund shall be advances from Member States made in accordance with the scale of assessment as adopted by the General Conference;

(ii) the current level of the Working Capital Fund is approved at EUR7,423,030 by GC.17/Dec.16;

(iii) the General Conference authorizes the Director General to advance from the Working Capital Fund such amounts as might be necessary to finance budgetary appropriations pending the receipt of contributions; and

(iv) such advances from the Working Capital Fund should be reimbursed as soon as receipts from contributions are available for that purpose.

(b) Confirms the purpose and conditions of use of the Working Capital Fund and requests the Director General to avail of this provision prudently to decrease, and minimize unutilized balances of appropriations arising from the late payment of assessed contributions;

(c) Further requests the Secretariat to make use of the Working Capital Fund within the provisions of the existing Financial Regulations;

(d) Reaffirms that the regular review of the Working Capital Fund level on a biennial basis by the Programme and Budget Committee, the Industrial Development Board and the General Conference shall be maintained to determine the adequacy of the WCF;

(e) Requests the Director General to report annually to the Industrial Development Board through the Programme and Budget Committee on the effect of the afore-mentioned measures on the financial situation of the Organization.”

IV. Unutilized Balances (UBs)

5. On the topic of UBs, the IWG Co-chairs put forward the following proposal for a draft decision, with the understanding that it will be subject to further discussion by the Committee:

“The Programme and Budget Committee recommends to the Industrial Development Board the adoption of the following draft decision: **Regarding the Unutilized balances of appropriations (UBs)**

‘The Industrial Development Board:

(a) Recalls the decision IDB.46/Dec.8, requesting the Informal Working Group on Programme and Budget Committee-related issues to present to the thirty-fifth session of the Committee a proposal on the unutilized balances of appropriations;

(b) Recalls the measures taken by the Secretariat to enhance its financial management framework, specifically the establishment of the Major Capital Investment Fund and Special Account of Voluntary Contributions for Core Activities as per IDB.43/5-PBC.31/5 to facilitate the receipt, management and usage of voluntary contributions for core activities that cannot be fully funded from the regular budget due to funding constraints;

(c) Requests the Secretariat to continue monitoring and reporting annually on the financial situation of UNIDO and to inform annually of the amounts Member States are eligible to receive from the unencumbered balances of appropriations, if any;

(d) Requests the Secretariat to encourage Member States to consider renouncing their share of unutilized balances, on a voluntary basis;

(e) Decides that the Director General credit the unutilized balances of appropriations to the MCIF and/or Special Account of Voluntary Contributions for Core Activities, administered in compliance with IDB.43/5-PBC.31/5, unless requested by a Member State in writing by 31 January of the following year to surrender their share of unutilized balances of appropriations;

(f) Recommends that the Director General report to the Industrial Development Board, through the Programme and Budget Committee, on amounts surrendered;

(g) Commends the deliberations of the Informal Working Group on this matter.’”

V. Action required of the Committee

6. The Committee may wish to consider recommending one or both of the preceding draft decisions, regarding the WCF and regarding UBs, for ultimate adoption by the forty-seventh session of the Industrial Development Board and the eighteenth session of the General Conference.
