



Distr.
GENERAL
GC.11/17
7 November 2005

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

GENERAL CONFERENCE

Eleventh session
Vienna, 28 November-2 December 2005
Item 10 (b) of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Request from Kazakhstan for restoration of voting rights based on payment plan

Note by the Director-General

Draws the attention of the Conference to a request from Kazakhstan for restoration of voting rights based on a payment plan agreement and provides information on the status of payments.

Introduction

1. A letter dated 28 October 2005 from the Permanent Representative (designate) of Kazakhstan requesting a decision by the General Conference on the restoration of voting rights is shown in the annex to the present document. The letter was also circulated to permanent missions with an information note on 31 October 2005.

I. PAYMENT PLAN AND STATUS OF PAYMENTS

2. Since joining UNIDO in 1997, Kazakhstan had made payments in 2001 and 2003 amounting to €214,451. On 1 January 2004, the outstanding assessed contributions of Kazakhstan amounted to €524,106, for which Kazakhstan signed a payment plan agreement of five years' duration on 25 November 2004. It has since then met its financial obligations stipulated therein. Payments of the first and second instalments of €122,158 and €127,328 respectively have been received, thereby reducing the arrears to the current status of €302,878. The agreement is in accordance with the terms for payment plans outlined in the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), adopted

by the Industrial Development Board in decision IDB.19/Dec.5.

II. VOTING RIGHTS

3. Article 5.2 of the UNIDO Constitution stipulates that any organ may permit a Member in arrears to vote in that organ if it is satisfied that the failure to pay is due to conditions beyond the control of the Member. Voting rights are governed by the respective rules of procedure of the governing bodies (rule 91 of the General Conference, rule 50 of the Industrial Development Board and rule 42 of the Programme and Budget Committee). In its report to the Board, the open-ended discussion group on timely payment of assessed contributions states: "When considering applications for the restoration of voting rights, the competent body should regularly take into account the state of payments made under an agreed payment plan" (IDB.19/12 and Corr.1, para. 14).

III. ACTION REQUIRED OF THE CONFERENCE

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

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The General Conference:

(a) Recalls the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1), in particular paragraphs 13 and 14;

(b) Also recalls Board decision IDB.19/Dec.5 and General Conference decisions GC.9/Dec.12, GC.10/Dec. 12 and GC.10/Dec.14;

(c) Welcomes the commitment of Kazakhstan to settle its arrears, as reported in document GC.11/17;

(d) Gives satisfaction to the request by Kazakhstan for the restoration of its voting rights in accordance with Article 5.2 of the UNIDO Constitution;

(e) Takes note of the signature of a payment plan agreement and encourages Kazakhstan to pay regularly its instalments in line with the conditions therein.

Annex

**LETTER FROM THE PERMANENT REPRESENTATIVE (DESIGNATE)
OF KAZAKHSTAN TO UNIDO****PERMANENT REPRESENTATIVE OF THE REPUBLIC OF KAZAKHSTAN TO
THE INTERNATIONAL ORGANIZATIONS IN VIENNA**Vienna,
October 28, 2005

Excellency,

I have the honour to inform you that the Government of the Republic of Kazakhstan would like to request to restore the voting rights of Kazakhstan in the United Nations Industrial Development Organization (UNIDO), as substantial efforts have been made to reduce the arrears as well as to settle the outstanding amounts to the UNIDO budget under a payment plan.

The arrears accumulated by Kazakhstan are the result of the outdated system of apportionment of the expenditures in the organizations of the UN system, which over many years was unable to adequately take into account the Member states' capacity to pay, as well as timely reflect the changes in their economic and financial potential.

Being committed to the objectives of the UNIDO activities and wishing to strengthen and continue fruitful cooperation with the Organization, the Government of the Republic of Kazakhstan is ready to settle its outstanding contributions, which have emerged due to the conditions beyond its control, and has signed a payment plan agreement with UNIDO on 25 November 2004, amounting to Euro 524,106 over a period of five years. As stipulated in the agreement the first instalment of Euro 122,158 was paid on 2 December 2004 and second instalment of Euro 127,328 was paid on 17 February 2005.

In view of this, I would like to ask the General Conference of the UNIDO to take a positive decision on restoring the voting rights of Kazakhstan, commencing with the 11th session of the General Conference, based on the provisions of Article 5 of the UNIDO Constitution.

I should be grateful if this letter could be made available to the Member States of the Organization.

Please accept, Excellency, the assurance of my highest consideration.

[Signed] **Doulat Kuanyshev**

**His Excellency
Mr. Carlos Magariños
Director General of the
United Nations Industrial Development Organization**