



United Nations Industrial Development Organization

Distr.: General
17 October 2007

Original: English

General Conference

Twelfth session

Vienna, 3-7 December 2007

Provisional agenda item 10 (b)

Financial Situation of UNIDO

Report by the Director-General

Provides information on the financial situation of the Organization as at 30 September 2007.

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V.07-87558 (E)



I. Overview

1. The financial situation as at 30 September 2007 can be summarized in the following major points:

(a) The overall implementation rate of 75.8 per cent of the regular budget reflects a higher level than that of the previous biennium (75 per cent). The rate is expected to increase to about 91 to 93 per cent by the end of the biennium;

(b) The operational budget recorded a surplus of €2.1 million. This was achieved through a higher-than-budgeted vacancy rate and savings from prior biennium's obligations. The reserve level thus increased from €5.1 million on 1 January 2006 to €7.2 million on 30 September 2007;

(c) The expenditure level for Buildings Management amounted to €31.9 million, compared to €33.3 million for the same period of the previous biennium;

(d) The level of regular budget cash resources (including the Working Capital Fund) was €49.3 million. In comparison, the cash balance as at 30 September 2006 and 2005 was €54.6 million and €41.3 million, respectively;

(e) The collection rate of 2007 assessed contributions was 69.1 per cent, compared to the 2006 and 2005 rates of 87.1 and 85.9 per cent, respectively. However, on 5 October 2007 the current year's collection rate moved up to 90.7 per cent upon contribution of a major donor;

(f) The collection rate of prior years' arrears, as compared to the current year's assessment, was 6.6 per cent, compared to 2006 and 2005 rates of 6.7 per cent and 4.7 per cent, respectively.

(g) Outstanding contributions amounted to €137.3 million, as shown in the annex to the present document (including arrears of €69.2 million by the United States of America, and €2.1 million by the former Yugoslavia). However, as mentioned under (e) above, on 5 October 2007, the amount was reduced to €120.9 million. The outstanding amounts as at 30 September 2006 and 2005 were €124.8 million and €124.1 million, respectively;

(h) The Working Capital Fund was at the level of €7,423,030. However, an amount of €6,206 was outstanding as at 30 September 2007;

(i) A provisional amount of €6,987,212 from the unencumbered balances of appropriations was received during the period 1 November 2006 to 30 September 2007, and interest income in excess of budgetary estimates of € 345,330, totalling €7,332,542, will be due for distribution in January 2008, unless otherwise decided by the Member States;

(j) A conference room paper will provide information on the current status of assessed contributions and voting rights, updated to 27 November 2007.

II. Regular and operational budgets (January 2006 to September 2007)

2. The regular budget status shows an overall implementation rate of 75.8 per cent of gross budgeted expenditures and reflects a higher level than that of the same period of the preceding biennium (75 per cent). The rate of implementation is expected to increase to about 91 to 93 per cent during the final quarter of the biennium due to accelerated implementation of programmes and is expected to match the collection rate of assessed contributions during the biennium. Further payments and other budgetary expenditures relating to Conference Services and Common Services will be incurred before the end of the year in connection with the convening of the twelfth session of the General Conference.

3. Operational budget expenditures were maintained through a higher-than-budgeted vacancy factor. The reserve level thus increased from €5.1 million on 1 January 2006 to €7.2 million as of 30 September 2007. The level of the reserve at the end of the biennium will depend upon the actual income and expenditure in the final months of the year.

4. The Buildings Management Service budget has been implemented according to the workplan. Expenditures for 2006-2007 as at 30 September 2007 amounted to €31.9 million, compared to €33.3 million for the same period of the previous biennium.

III. Assessed contributions

A. Collections

5. A total of 78 Member States, including fourteen least developed countries (LDCs), have made full payments and 28 Member States, six of which are LDCs, have made partial payments and/or their adjustments have been credited towards their assessed contributions for 2007. Collections in the current year, up to 30 September 2007, broken down by List of States, are shown in table 1.

Table 1
Collections: January-September 2007
(In millions of euros)

<i>List of States*</i>	<i>Current year</i>	<i>Prior years</i>	<i>Total</i>
A	7.82	3.30	11.12
B	41.55	0.00	41.55
C	0.30	0.25	0.55
D	2.39	1.43	3.82
Others	0.00	0.01	0.01
USA	0.00	0.03	0.03
Yugoslavia (former)	0.00	0.00	0.00
Total	52.06	5.02	57.08

* As contained in document GC.12/5.

B. Outstanding contributions

6. The detailed status of assessed contributions outstanding as at 30 September 2007 is contained in the annex to the present document. The scale of assessment and outstanding contributions, broken down by List of States, are shown in table 2.

Table 2

Scale of assessment and outstanding contributions, as at 30 September 2007

<i>List of States*</i>	<i>Scale of assessment (%)</i>	<i>Millions of euros</i>		
		<i>Current year</i>	<i>Prior years</i>	<i>Total</i>
A	11.611	0.93	2.83	3.76
B	77.360	16.77	0.00	16.77
C	7.770	5.56	32.69	38.25
D	3.251	0.06	6.80	6.86
Others	0.008	0.01	0.37	0.38
Subtotal	100.000	23.33	42.69	66.02
USA		0.00	69.16	69.16
Yugoslavia (former)		0.00	2.08	2.08
Total	100%	23.33	113.93	137.26

* As contained in document GC.12/5.

IV. Voting rights

7. As indicated in the annex to the present document, the voting rights of 39 Member States had been suspended as at 30 September 2007 in accordance with Article 5.2 of the Constitution and financial regulation 5.5 (b), as shown in table 3.

Table 3

Suspension of voting rights, as at 30 September 2007

<i>Members of</i>	<i>Number of members suspended:</i>		
	<i>2007</i>	<i>2006</i>	<i>2005</i>
General Conference	39	41	46
Industrial Development Board	1	2	3
Programme and Budget Committee	0	1	1

8. In order to restore their voting rights for the remainder of 2007, these Member States must pay their full contributions for 2004 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2005. The minimum total amount that would have to be paid by these Member States is €31,709,250.

V. Multi-year payment plans

9. Table 4 shows, in summary form, the current status of those Member States that have entered into payment plan arrangements to settle their respective outstanding assessed contributions. The Secretariat noted with appreciation that, since the issuance of document GC.11/13, the following Member States have successfully completed payments under their respective payment plans: Kazakhstan, Lithuania and Slovenia. The Secretariat has further noted with appreciation that all other Member States listed below have fully met their obligations as stipulated in their multi-year payment plans. The Secretariat recognizes the considerable efforts made by those Member States to honour the commitments that they had made when they submitted their plans. Negotiations for payment plans are currently ongoing with a number of other Member States.

10. The Secretariat concludes that the system of multi-year payment plans, as introduced and recommended by the Open-ended discussion group on timely payment of assessed contributions in 1998 (IDB.19/12 and IDB.19/Dec.5), has made a positive contribution in encouraging and assisting Member States to reduce their unpaid assessed contributions and in providing a way for them to demonstrate their commitment to meeting their financial obligations to UNIDO. Other Member States in arrears are encouraged to consider submitting payment plans to steadily reduce their outstanding assessed contributions.

Table 4
Payment plans – status as at 30 September 2007
(Amounts in euros)

<i>Member State</i>	<i>Total amount of arrears covered by the plan*</i>	<i>Amounts received/due in 2007</i>	<i>Outstanding amount 30/9/07</i>	<i>Duration/ years</i>	<i>Instalment due in 2007</i>	<i>Instalment due</i>	<i>Payment made/due in 2007</i>
Afghanistan	90,615	19,799	17,980	Five	February	Fourth	February
Azerbaijan	1,269,247	132,024	634,622	Ten	May	Fifth	February
Burundi	68,561	15,840	62,760	Five	December	Second	December
Equatorial Guinea**	136,070	68,035	4,699	Three	December	Third	February
Lithuania	434,241	110,266	110,266	Five	December	Fifth/last	August
Ukraine	9,711,236	1,013,695	3,929,752	Ten	October	Seventh	August
Total	11,709,970	1,359,659	4,760,079				

* Total amount of arrears at time of signing the plan.

** Equatorial Guinea: Lump sum payment of €68,035 was made this year, reducing the outstanding amount to €4,699.

Incentives and disincentives

11. Since reporting in document GC.11/13, there has been no further development on this topic. The United Nations Committee on Contributions is still awaiting guidance thereon from the General Assembly (i.e. the Committee on Contributions noted that the only measure on which action had so far been taken was multi-year payment plans. Action on other conclusions and recommendations was pending. The Committee decided not to consider further the question of measures to encourage

the payment of arrears unless it receives any guidance thereon from the General Assembly (A/60/11).

Arrears by former Member States

12. The amounts owed to UNIDO by the United States are as follows:

Assessed contributions (1994-1996)	€69,155,281
Income tax (under the Tax Reimbursement Agreement)	€ 955,784
Total	€70,111,065

Payment of these arrears is being followed-up by the Secretariat with the Permanent Representative of the United States of America to the United Nations in Vienna.

13. Arrears of the former Yugoslavia amount to €2,081,599 (1994-2001). As stated in previous documentation to the governing bodies, particularly GC.11/13, para.11, the issue as to resolving this case on a system-wide basis is still pending a decision of the General Assembly. It is currently on the agenda for the sixty-second session, which convened in September 2007.

VI. Unencumbered balances of appropriations and interest income in excess of budgetary estimates

14. Detailed information on the unencumbered balances of appropriations regarding the 2007 distribution (€1,719,678) was provided in IDB.33/10, para.17 and the respective amounts were distributed to Member States on 1 January 2007.

Provisional unencumbered balances and interest income due for distribution in January 2008

15. As at 30 September 2007, the unutilized/unencumbered balances of appropriations relating to the bienniums 1992-1993 and from 1996 to 2005, provisionally amount to €6,987,212 and interest income in excess of budgetary estimates amount to €345,330, totalling €7,332,542. This amount will be due for distribution in January 2008 to eligible Member States, in accordance with financial regulations 4.2 (b) and (c), to those Member States that have fully paid their assessed contributions for the above bienniums in accordance with the respective scale of assessment for those bienniums, as well as in accordance with the "S" curve formula as an incentive for prompt payment of assessed contributions, details of which have been provided in document IDB.32/3. The respective amounts due will be duly reflected in the 2008 assessment letters. However, Member States are invited to renounce voluntarily their respective share for either thematic priority programmes and/or for any other special purpose of their choice.

VII. Action required of the Conference

16. 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.12/6;

“(b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years’ arrears, to do so without further delay;

“(c) Requests the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears.”

Annex

Status of assessed contributions to the regular budget
(In euros)
Status as at 30 September 2007

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF2007 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Afghanistan	17,980	-	17,980	2002 (p)-2007	Yes	Payment Plan ^b
Albania	-	-	-	-	Yes	
Algeria ^e	76,195	-	76,195	2007 (p)	Yes	
Angola	-	-	-	-	Yes	
Argentina	8,696,190	-	8,696,190	1999 (p)-2007	No	5,585,260
Armenia	913,268	-	913,268	1992 (p)-2007	No	906,810
Austria	-	-	-	-	Yes	
Azerbaijan	634,622	-	634,622	1995 (p)-2007	Yes	Payment Plan ^b
Bahamas	11,394	-	11,394	2007 (p)	Yes	
Bahrain	102,483	59	102,542	2004 (p)-2007	No	17,710
Bangladesh	-	-	-	-	Yes	
Barbados	10,713	-	10,713	2007 (p)	Yes	
Belarus	-	-	-	-	Yes	
Belgium	-	-	-	-	Yes	
Belize	1,247	-	1,247	2006 (p)-2007	Yes	
Benin	1,735	-	1,735	2007 (p)	Yes	
Bhutan	-	-	-	-	Yes	
Bolivia	27,268	-	27,268	2005 (p)-2007	Yes	
Bosnia and Herzegovina	-	-	-	-	Yes	
Botswana	-	-	-	-	Yes	
Brazil	24,797,001	-	24,797,001	1995 (p)-2007	No	18,955,610
Bulgaria	-	-	-	-	Yes	
Burkina Faso	-	-	-	-	Yes	
Burundi	62,760	-	62,760	1994 (p)-2007	No	60,670
Cambodia	-	-	-	-	Yes	
Cameroon	-	-	-	-	Yes	
Cape Verde	99,062	-	99,062	1991 (p)-2007	No	96,970
Central African Republic	114,425	-	114,425	1989 (p)-2007	No	112,330
Chad	97,532	-	97,532	1991 (p)-2007	No	95,440
Chile	518,060	-	518,060	2005 (p)-2007	Yes	
China	-	-	-	-	Yes	
Colombia	-	-	-	-	Yes	
Comoros	137,604	-	137,604	1986 (p)-2007	No	135,510
Congo, Republic of	-	-	-	-	Yes	
Costa Rica	184,804	-	184,804	1998 (p)-2007	No	97,690
Cote d'Ivoire	-	-	-	-	Yes	
Croatia	-	-	-	-	Yes	
Cuba	113,458	-	113,458	2005 (p)-2007	Yes	

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF2007 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Cyprus	-	-	-	-	Yes	
Czech Republic	-	-	-	-	Yes	
Democratic People's Republic of Korea	-	-	-	-	Yes	
Democratic Republic of the Congo	135,962	-	135,962	1989 (p)-2007	No	125,890
Denmark	-	-	-	-	Yes	
Djibouti	96,510	-	96,510	1991 (p)-2007	No	94,420
Dominica	3,120	-	3,120	2003 (p)-2007	No	1,030
Dominican Republic	474,714	3,461	478,175	1986-2007	No	377,360
Ecuador	14,417	-	14,417	2007 (p)	Yes	
Egypt	-	-	-	-	Yes	
El Salvador	260,960	2,222	263,182	1988-2007	No	196,250
Equatorial Guinea	4,699	-	4,699	2005 (p)-2007	Yes	
Eritrea	-	-	-	-	Yes	
Ethiopia	-	-	-	-	Yes	
Fiji	8,576	-	8,576	2006 (p)-2007	Yes	
Finland	-	-	-	-	Yes	
France	-	-	-	-	Yes	
Gabon	39,249	-	39,249	2004 (p)-2007	No	5,150
Gambia	77,031	-	77,031	1992 (p)-2007	No	74,940
Georgia	1,599,143	-	1,599,143	1992 (p)-2007	No	1,588,030
Germany	-	-	-	-	Yes	
Ghana	4,361	-	4,361	2007 (p)	Yes	
Greece	-	-	-	-	Yes	
Grenada	67,217	-	67,217	1993 (p)-2007	No	65,120
Guatemala	374	-	374	2007 (p)	Yes	
Guinea	10,697	-	10,697	2004 (p)-2007	No	1,700
Guinea-Bissau	119,735	-	119,735	1988 (p)-2007	No	117,640
Guyana	-	-	-	-	Yes	
Haiti	5,852	-	5,852	2006 (p)-2007	Yes	
Honduras	-	-	-	-	Yes	
Hungary	-	-	-	-	Yes	
India	200	-	200	2007 (p)	Yes	
Indonesia	-	-	-	-	Yes	
Iran (Islamic Republic of)	192,649	-	192,649	2006 (p)-2007	Yes	
Iraq	-	-	-	-	Yes	
Ireland	-	-	-	-	Yes	
Israel	-	-	-	-	Yes	
Italy	-	-	-	-	Yes	
Jamaica	12,902	-	12,902	2006 (p)-2007	Yes	
Japan ^e	16,256,281	-	16,256,281	2007 (p)	Yes	
Jordan	11,888	-	11,888	2007 (p)	Yes	
Kazakhstan	-	-	-	-	Yes	
Kenya	263	-	263	2007 (p)	Yes	

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF2007 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Kuwait	174,124	-	174,124	2007 (p)	Yes	
Kyrgyzstan	378,676	-	378,676	1993 (p)-2007	No	376,580
Lao People's Democratic Republic	-	-	-	-	Yes	
Lebanon	27,950	-	27,950	2006 (p)-2007	Yes	
Lesotho	620	-	620	2007 (p)	Yes	
Liberia	108,925	-	108,925	1990 (p)-2007	No	106,830
Libyan Arab Jamahiriya	144,754	-	144,754	2007	Yes	
Lithuania	-	-	-	-	Yes	
Luxembourg	-	-	-	-	Yes	
Madagascar	-	-	-	-	Yes	
Malawi	-	-	-	-	Yes	
Malaysia	-	-	-	-	Yes	
Maldives	-	-	-	-	Yes	
Mali	4,270	-	4,270	2006 (p)-2007	Yes	
Malta	-	-	-	-	Yes	
Mauritania	79,734	-	79,734	1992 (p)-2007	No	77,640
Mauritius	-	-	-	-	Yes	
Mexico	2,047,055	-	2,047,055	2007 (p)	Yes	
Moldova	789,729	-	789,729	1994 (p)-2007	No	786,280
Monaco	-	-	-	-	Yes	
Mongolia	463	-	463	2007 (p)	Yes	
Montenegro	-	-	-	-	Yes	
Morocco	-	-	-	-	Yes	
Mozambique	467	-	467	2007 (p)	Yes	
Myanmar	21,850	-	21,850	2005 (p)-2007	Yes	
Namibia	-	-	-	-	Yes	
Nepal	16,515	-	16,515	2004 (p)-2007	No	3,430
Netherlands	-	-	-	-	Yes	
New Zealand	-	-	-	-	Yes	
Nicaragua	137,590	-	137,590	1986 (p)-2007	No	135,500
Niger	99,097	-	99,097	1991 (p)-2007	No	97,000
Nigeria	88,671	-	88,671	2006 (p)-2007	Yes	
Norway	-	-	-	-	Yes	
Oman	-	-	-	-	Yes	
Pakistan	58,322	-	58,322	2007 (p)	Yes	
Panama	34,935	-	34,935	2006 (p)-2007	Yes	
Papua New Guinea	22,251	-	22,251	2003 (p)-2007	No	10,090
Paraguay	24,641	-	24,641	2006 (p)-2007	Yes	
Peru	320,099	-	320,099	2005 (p)-2007	Yes	
Philippines	43,059	-	43,059	2007 (p)	Yes	
Poland	-	-	-	-	Yes	
Portugal	508,704	-	508,704	2007 (p)	Yes	
Qatar	-	-	-	-	Yes	
Republic of Korea	-	-	-	-	Yes	

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF2007 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Romania	-	-	-	-	Yes	
Russian Federation	-	-	-	-	Yes	
Rwanda	-	-	-	-	Yes	
Saint Kitts and Nevis	467	-	467	2007 (p)	Yes	
Saint Lucia	-	-	-	-	Yes	
Saint Vincent and the Grenadines	113,895	-	113,895	1989 (p)-2007	No	111,800
Sao Tome and Principe	137,604	-	137,604	1986 (p)-2007	No	135,510
Saudi Arabia	100	-	100	2007 (p)	Yes	
Senegal	4,830	-	4,830	2007 (p)	Yes	
Serbia (Republic of)	-	-	-	-	Yes	
Seychelles	54,423	-	54,423	1995 (p)-2007	No	47,960
Sierra Leone	622	-	622	2007 (p)	Yes	
Slovakia	-	-	-	-	Yes	
Slovenia	-	-	-	-	Yes	
Somalia	137,603	-	137,603	1986 (p)-2007	No	135,510
South Africa	-	-	-	-	Yes	
Spain	-	-	-	-	Yes	
Sri Lanka	-	-	-	-	Yes	
Sudan	20,907	-	20,907	2005 (p)-2007	Yes	
Suriname	46,952	-	46,952	1996 (p)-2007	No	43,510
Swaziland	-	-	-	-	Yes	
Sweden	4,176	-	4,176	2007 (p)	Yes	
Switzerland	-	-	-	-	Yes	
Syrian Arab Republic	-	-	-	-	Yes	
Tajikistan	147,919	-	147,919	1995 (p)-2007	No	145,830
Thailand	-	-	-	-	Yes	
The former Yugoslav Rep. of Macedonia	13,775	-	13,775	2005 (p)-2007	Yes	
Timor-Leste	-	-	-	-	Yes	
Togo	57,985	-	57,985	1994 (p)-2007	No	55,890
Tonga	70	-	70	2007 (p)	Yes	
Trinidad and Tobago	-	-	-	-	Yes	
Tunisia	7,409	-	7,409	2007 (p)	Yes	
Turkey	-	-	-	-	Yes	
Turkmenistan	224,354	464	224,818	1995-2007	No	211,280
Uganda	-	-	-	-	Yes	
Ukraine	2,916,057	-	2,916,057	1997 (p)-2007	Yes	Payment Plan ^b
United Arab Emirates	-	-	-	-	Yes	
United Kingdom	-	-	-	-	Yes	
United Republic of Tanzania	11,703	-	11,703	2006 (p)-2007	Yes	
Uruguay	176,605	-	176,605	2005 (p)-2007	Yes	
Uzbekistan	479,400	-	479,400	1997 (p)-2007	No	437,880
Vanuatu	81,291	-	81,291	1992 (p)-2007	No	79,200

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF2007 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Venezuela (Bolivarian Republic of)	153,976	-	153,976	2007 (p)	Yes	
Viet Nam	63,177	-	63,177	2005 (p)-2007	Yes	
Yemen	6,279	-	6,279	2007 (p)	Yes	
Zambia	6,459	-	6,459	2005 (p)-2007	Yes	
Zimbabwe	6,988	-	6,988	2007 (p)	Yes	
Subtotal:	66,022,128	6,206	66,028,334			31,709,250
Yugoslavia (former) ^c	2,081,599		2,081,599	1990 (p)-2001		
Non-member:						
United States of America ^d	69,155,281		69,155,281	1994 (p)-1996		
Total:	137,259,008	6,206	137,265,214			31,709,250

<i>Summary of outstanding assessed contributions by biennium / year:</i>	<i>Euros</i>
1986 / 1987	90,872
1988 / 1989	164,200
1990 / 1991	1,121,899
1992 / 1993	1,555,665
1994 / 1995	43,688,045
1996 / 1997	36,569,686
1998 / 1999	7,455,843
2000 / 2001	5,599,460
2002 / 2003	6,508,043
2004 / 2005	7,594,895
2006	3,582,157
Subtotal:	113,930,765
2007	23,328,243
Total:	137,259,008

Notes:

(p) Refers to partial payment.

^a Voting rights of 39 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

^b In General Conference decisions GC.11/Dec.11, GC.10/Dec.12 and GC.9/Dec.12, voting rights of Afghanistan, Azerbaijan and Ukraine were restored in accordance with Article 5.2 of the Constitution.

^c Outstanding contributions to be resolved.

^d Member State of UNIDO until 31 December 1996.

^e As of 5 October 2007, full payments were received by Algeria (€76,195) and Japan (€16,256,281), bringing the current year's collection rate to 90.7 per cent.