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Financial situation of UNIDO

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Item 4 of the provisional agenda

Financial situation of UNIDO

Financial situation of UNIDO

Report by the Director-General

Provides information on the financial situation of the Organization as at 30 June 2008.

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I. Overview

1. The financial situation as at 30 June 2008 can be summarized in the following major points:

(a) Regular budget net expenditure for the first six months of the biennium 2008-2009 amounted to €34 million, or 43.4 per cent of the approved 2008 gross expenditure budget;

(b) The operational budget expenditure amounted to €4.5 million in the reporting period. Support cost and other income amounted to €5 million, resulting in an increase in the level of the operational budget reserves from €6.5 million as at 1 January 2008 to €7 million;

(c) The expenditure level for buildings management amounted to €13.1 million in accordance with the prevailing workplan;

(d) The level of regular budget cash resources (including the Working Capital Fund) was €61.2 million. In comparison, the cash balance as at 30 June 2007 and 2006 was €59.2 million and €45.1 million, respectively;

(e) The collection rate of 2008 assessed contributions was 62.2 per cent, compared to the 2007 and 2006 rates of 58.8 and 54.9 per cent, respectively;

(f) The collection rate of prior years' arrears, as compared to the current year's assessments, was 1.8 per cent. The rates as at 30 June 2007 and 2006, as compared to the assessments of those years, were 4.1 and 5.1 per cent, respectively;

(g) Outstanding assessed contributions amounted to €146.8 million, as shown in the annex to the present document (including arrears of €69.1 million by the United States of America, and €2.1 million by the former Yugoslavia). The outstanding amounts as at 30 June 2007 and 2006 were €146.8 million and €150.2 million, respectively;

(h) The Working Capital Fund was at the level of €7,423,030. However, an amount of €34,206 was outstanding as at 30 June 2008;

(i) Unencumbered balances of appropriations and interest income in excess of budgetary estimates amounted to €7,390,354 and was applied in accordance with decision GC.12/Dec.10;

(j) Document PBC.24/CRP.3 will provide information on the status of assessed contributions and voting rights, updated to 30 August 2008.

II. Regular and operational budgets, 2008-2009

Regular budget

2. The implementation of the biennial regular budget started as planned. Mindful of an expected collection rate of assessed contribution of 92 per cent, allotments have been issued early in the year in the amount of €68.8 million, consisting of €41.2 million for staff on established posts and €27.6 million for all other expenditure categories. While allotments for the Regular Programme of Technical

Cooperation and Special Resources for Africa have been issued in full, some non-staff allotments have been issued at lower levels to allow for adjustments in the course of the year.

3. Allotments by 30 June 2008 increased to the level of €71.0 million, including €41.2 million for staff on established posts and €29.8 million for all other expenditures.

4. As at 30 June 2008, regular budget expenditures amounted to €34 million, i.e. 43.4 per cent of the gross expenditure budget for 2008. The same indicators at 30 June 2006, i.e. at the same time in the previous biennium, were €32.3 million or 43 per cent of the gross expenditure budget.

Operational budget

5. Allotments under the operational budget as at 30 June 2008 amounted to €8.8 million or 79 per cent of the 2008 estimates included in the approved programme and budgets. Since the operational budget mostly finances established posts, this allotment level corresponds to the financial requirements of the utilized posts.

6. Operational budget expenditures amounted to €4.5 million. The same indicator on 30 June 2006 was €3.4 million.

7. Resulting from a \$61.7 million delivery of technical cooperation activities (delivery as at end June 2007 was \$51.6 million), income for the first six months amounted to €5 million with €4.8 million from support cost reimbursement and €0.2 million from interest earned on deposits, leading to a surplus of €0.5 million during these months in 2008. Therefore, the level of the operational budget reserve increased from €6.5 million as at 1 January 2008 to €7 million as at 30 June 2008.

Buildings management

8. The buildings management budget is being implemented in accordance with the prevailing workplan. Expenditures as at 30 June 2008 amounted to €13.1 million, which compares to €13 million in 2006 at the same reporting date.

III. Assessed contributions

A. Collections

9. A total of 67 Member States, including ten least developed countries (LDCs), have made full payments and 32 Member States, six of which are LDCs, have made partial payments and/or their adjustments have been credited towards their assessed contributions for the year 2008. The collections in the period from January to June 2008, broken down by List of States, are shown in table 1.

Table 1
Collections, January-June 2008
(In millions of euros)

<i>List of States*</i>	<i>Current year</i>	<i>Prior years</i>	<i>Total</i>
A	8.63	0.51	9.14
B	36.45	0.00	36.45
C	0.23	1.41	1.64
D	2.76	0.23	2.99
Others	0.00	0.00	0.00
USA	0.00	0.08	0.08
Yugoslavia (former)	0.00	0.00	0.00
Total	48.07	2.23	50.30

* As contained in document IDB.34/3.

B. Outstanding contributions

10. The detailed status of assessed contributions outstanding as at 30 June 2008 is contained in the annex to the present document. The scale of assessment and outstanding contributions as of the same period, broken down by List of States, are shown in table 2.

Table 2
Scale of assessment and outstanding contributions as at 30 June 2008

<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	12.464	1.00	3.08	4.08
B	77.814	23.71	0.00	23.71
C	6.009	4.42	36.28	40.70
D	3.704	0.10	6.64	6.74
Others	0.009	0.01	0.37	0.38
Subtotal	100.000	29.25	46.37	75.61
USA		0.00	69.07	69.07
Yugoslavia (former)		0.00	2.08	2.08
Total	100	29.25	117.52	146.76

* As contained in document IDB.34/3.

IV. Voting rights

11. As indicated in the annex to the present document, the voting rights of 37 Member States had been suspended as at 30 June 2008, 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 June 2008

<i>Members of</i>	<i>Number of members</i>		
	<i>2008</i>	<i>2007</i>	<i>2006</i>
General Conference	37	40	42
Industrial Development Board	1	2	2
Programme and Budget Committee	0	0	1

12. In order to restore their voting rights for 2008, these Member States must pay their full contributions for 2005 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2006. The minimum total amount that would have to be paid by these Member States is €33,213,470.

V. Multi-year payment plans

13. Table 4 shows, in summary form, the current status of those Member States that have entered into payment plan arrangements to settle outstanding assessed contributions. The Secretariat notes with appreciation that Afghanistan has successfully completed payments under its plan and has settled all its outstanding assessed contributions, and thus no longer falls under decision GC.11/Dec.11.

14. Other Member States in arrears are encouraged to consider submitting payment plans to steadily reduce their outstanding assessed contributions. The Secretariat notes with appreciation and recognizes the considerable efforts made by all those Member States that have honoured their commitments and obligations as stipulated in their respective payment plans.

Table 4
Payment plans – status as at 30 June 2008
(Amounts in euros)

<i>Member State</i>	<i>Total amount of arrears covered by the plan*</i>	<i>Outstanding amounts 30/6/08</i>	<i>Amounts received/due in 2008</i>	<i>Duration/ years</i>	<i>Instalment due in 2008 (month)</i>	<i>Instalment due (#)</i>	<i>Payment made in 2008</i>
Afghanistan	90,615	0	18,235	5	February	Fifth/last	April
Azerbaijan	1,269,247	506,973	132,337	10	May	Sixth	February
Costa Rica	189,915	212,357	79,267	5	October	Second	Scheduled
Moldova	878,231	701,981	87,419	10	June	Second	June
Ukraine	9,711,236	2,961,358	1,017,320	10	October	Eighth	Scheduled
Total	12,139,244	4,382,669	1,334,578				

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

Arrears by former Member States

15. The amounts owed to UNIDO by the United States of America are as follows:

Assessed contributions (1994-1996)	€69,072,988
Income tax (under the Tax Reimbursement Agreement)	€955,784
Total	<u>€70,028,772</u>

Payment of these arrears is being pursued by the Secretariat.

16. Arrears of the former Yugoslavia amount to €2,081,599 (1990-2001). As stated in previous documentation to the governing bodies, the issue as to resolving this case on a system-wide basis is still pending a decision of the General Assembly.

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

17. Detailed information on the unencumbered balances of appropriations was provided in documents GC.12/6 and GC.12/CRP.1 as well as IDB.34/CRP.2. The unencumbered balances of appropriations relating to the bienniums 1992-1993 and from 1996 to 2005, and the interest income in excess of budgetary estimates amounted to €7,390,354 and the respective share was distributed to eligible Member States in 2008 (i.e. those that had fully paid their assessed contributions for the respective biennium) in accordance with financial regulations 4.2 (b) and (c). As of 30 June 2008, the amount of €757,247 was renounced by Member States.

VII. Action required of the Committee

18. The Committee may wish to consider recommending to the Board the adoption of the following draft decision:

“The Industrial Development Board:

“(a) Takes note of the information provided in document IDB.35/5-PBC.24/5;

“(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 delay;

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

Annex

Status of assessed contributions to the regular budget (in euros)

Status as at 30 June 2008

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF 2008 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Afghanistan	0	0	-	-	Yes	
Albania	5,832	0	5,832	2008P	Yes	
Algeria	82,356	0	82,356	2008P	Yes	
Angola	0	0	-	-	Yes	
Argentina	8,964,791	0	8,964,791	1999P-2008	No	6,518,070
Armenia	913,268	0	913,268	1992P-2008	No	906,580
Austria	856,116	0	856,116	2008P	Yes	
Azerbaijan	506,973	0	506,973	1996P-2008	Yes	Payment Plan ^b
Bahamas	0	0	-	-	Yes	
Bahrain	99,881	0	99,881	2006P-2008	Yes	
Bangladesh	7,019	0	7,019	2008P	Yes	
Barbados	0	0	-	-	Yes	
Belarus	12,176	0	12,176	2008P	Yes	
Belgium	1,069,379	0	1,069,379	2008P	Yes	
Belize	1,751	0	1,751	2006P-2008	Yes	
Benin	2,002	0	2,002	2007P-2008	Yes	
Bhutan	0	0	-	-	Yes	
Bolivia	32,803	0	32,803	2005P-2008	No	7,170
Bosnia and Herzegovina	0	0	-	-	Yes	
Botswana	0	0	-	-	Yes	
Brazil	24,650,234	0	24,650,234	1995P-2008	No	20,367,320
Bulgaria	0	0	-	-	Yes	
Burkina Faso	0	0	-	-	Yes	
Burundi	63,500	0	63,500	1994P-2008	No	61,370
Cambodia	293	0	293	2008P	Yes	
Cameroon	0	0	-	-	Yes	
Cape Verde	99,835	0	99,835	1991P-2008	No	97,700
Central African Republic	115,198	0	115,198	1989P-2008	No	113,070
Chad	98,305	0	98,305	1991P-2008	No	96,170
Chile	537,034	0	537,034	2006P-2008	Yes	
China	0	0	-	-	Yes	
Colombia	0	0	-	-	Yes	
Comoros	138,377	0	138,377	1986P-2008	No	136,250
Congo	0	0	-	-	Yes	
Costa Rica	212,357	0	212,357	1999P-2008	Yes	Payment Plan ^b
Côte d'Ivoire	6,831	0	6,831	2008P	Yes	
Croatia	0	0	-	-	Yes	
Cuba	152,198	0	152,198	2006P-2008	Yes	

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF 2008 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Cyprus	0	0	-	-	Yes	
Czech Republic	0	0	-	-	Yes	
Democratic People's Republic of Korea	5,265	0	5,265	2008P	Yes	
Democratic Republic of the Congo	139,054	0	139,054	1989P-2008	No	130,080
Denmark	720,216	0	720,216	2008P	Yes	
Djibouti	97,283	0	97,283	1991P-2008	No	95,150
Dominica	3,672	0	3,672	2004P-2008	No	1,540
Dominican Republic	500,227	2,125	502,352	1986-2008	No	400,090
Ecuador	34,562	0	34,562	2007P-2008	Yes	
Egypt	77,289	0	77,289	2008P	Yes	
El Salvador	282,607	1,925	284,532	1988-2008	No	214,780
Equatorial Guinea	6,251	0	6,251	2006P-2008	Yes	
Eritrea	417	0	417	2008P	Yes	
Ethiopia	0	0	-	-	Yes	
Fiji	6,969	0	6,969	2007P-2008	Yes	
Finland	0	0	-	-	Yes	
France	0	0	-	-	Yes	
Gabon	31,517	0	31,517	2005P-2008	No	3,560
Gambia	65,277	0	65,277	1994P-2008	No	63,150
Georgia	1,602,235	0	1,602,235	1992P-2008	No	1,593,260
Germany	4,089,674	0	4,089,674	2008P	Yes	
Ghana	4,067	0	4,067	2008P	Yes	
Greece	0	0	-	-	Yes	
Grenada	47,217	0	47,217	1995P-2008	No	45,090
Guatemala	677	0	677	2008P	Yes	
Guinea	0	0	-	-	Yes	
Guinea-Bissau	120,508	0	120,508	1988P-2008	No	118,380
Guyana	0	0	-	-	Yes	
Haiti	1,886	0	1,886	2008P	Yes	
Honduras	862	0	862	2008P	Yes	
Hungary	0	0	-	-	Yes	
India	0	0	-	-	Yes	
Indonesia	0	0	-	-	Yes	
Iran (Islamic Republic of)	355,277	0	355,277	2007P-2008	Yes	
Iraq	0	0	-	-	Yes	
Ireland	0	0	-	-	Yes	
Israel	0	0	-	-	Yes	
Italy	0	0	-	-	Yes	
Jamaica	23,353	0	23,353	2006P-2008	Yes	
Japan	16,189,229	0	16,189,229	2008P	Yes	
Jordan	12,414	0	12,414	2008P	Yes	
Kazakhstan	0	0	-	-	Yes	
Kenya	10,343	0	10,343	2008P	Yes	
Kuwait	180,898	0	180,898	2008P	Yes	
Kyrgyzstan	379,449	0	379,449	1993P-2008	No	377,320

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF 2008 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Lao People's Democratic Republic	498	0	498	2008P	Yes	
Lebanon	37,734	0	37,734	2007P-2008	Yes	
Lesotho	1,116	0	1,116	2007P-2008	Yes	
Liberia	109,698	0	109,698	1990P-2008	No	107,570
Libyan Arab Jamahiriya	192,781	0	192,781	2007P-2008	Yes	
Lithuania	28,669	0	28,669	2008P	Yes	
Luxembourg	0	0	-	-	Yes	
Madagascar	1,669	0	1,669	2008P	Yes	
Malawi	0	0	-	-	Yes	
Malaysia	0	0	-	-	Yes	
Maldives	0	0	-	-	Yes	
Mali	4,536	0	4,536	2006P-2008	Yes	
Malta	0	0	-	-	Yes	
Mauritania	80,507	0	80,507	1992P-2008	No	78,380
Mauritius	0	0	-	-	Yes	
Mexico	4,472,317	29,469	4,501,786	2007P-2008	Yes	
Moldova	701,981	0	701,981	1994P-2008	Yes	Payment Plan ^b
Monaco	0	0	-	-	Yes	
Mongolia	965	0	965	2007P-2008	Yes	
Montenegro	0	0	-	-	Yes	
Morocco	0	0	-	-	Yes	
Mozambique	972	0	972	2007P-2008	Yes	
Myanmar	26,760	0	26,760	2005P-2008	No	6,420
Namibia	0	0	-	-	Yes	
Nepal	19,207	0	19,207	2004P-2008	No	7,220
Netherlands	0	0	-	-	Yes	
New Zealand	0	0	-	-	Yes	
Nicaragua	139,909	149	140,058	1986P-2008	No	136,380
Niger	99,870	0	99,870	1991P-2008	No	97,740
Nigeria	132,937	0	132,937	2006P-2008	Yes	
Norway	782,952	0	782,952	2008P	Yes	
Oman	0	0	-	-	Yes	
Pakistan	63,454	0	63,454	2007P-2008	Yes	
Panama	41,834	0	41,834	2007P-2008	Yes	
Papua New Guinea	24,260	0	24,260	2003P-2008	No	16,060
Paraguay	1,435	0	1,435	2008P	Yes	
Peru	162,608	0	162,608	2007P-2008	Yes	
Philippines	55,408	0	55,408	2008P	Yes	
Poland	0	0	-	-	Yes	
Portugal	0	0	-	-	Yes	
Qatar	0	0	-	-	Yes	
Republic of Korea	0	0	-	-	Yes	
Romania	0	0	-	-	Yes	
Russian Federation	0	0	-	-	Yes	
Rwanda	505	0	505	2008P	Yes	

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF 2008 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Saint Kitts and Nevis	972	0	972	2007P-2008	Yes	
Saint Lucia	268	0	268	2008P	Yes	
Saint Vincent and the Grenadines	114,668	0	114,668	1989P-2008	No	112,540
Sao Tome and Principe	138,377	0	138,377	1986P-2008	No	136,250
Saudi Arabia	0	0	-	-	Yes	
Senegal	8,805	0	8,805	2007P-2008	Yes	
Serbia	0	0	-	-	Yes	
Seychelles	56,709	0	56,709	1995P-2008	No	50,020
Sierra Leone	1,127	0	1,127	2007P-2008	Yes	
Slovakia	0	0	-	-	Yes	
Slovenia	0	0	-	-	Yes	
Somalia	138,376	0	138,376	1986P-2008	No	136,250
South Africa	0	0	-	-	Yes	
Spain	0	0	-	-	Yes	
Sri Lanka	15,364	0	15,364	2008P	Yes	
Sudan	0	0	-	-	Yes	
Suriname	47,692	0	47,692	1996P-2008	No	45,560
Swaziland	0	0	-	-	Yes	
Sweden	0	0	-	-	Yes	
Switzerland	0	0	-	-	Yes	
Syrian Arab Republic	7,142	0	7,142	2008P	Yes	
Tajikistan	147,867	0	147,867	1995P-2008	No	145,740
Thailand	0	0	-	-	Yes	
The former Yugoslav Republic of Macedonia	0	0	-	-	Yes	
Timor-Leste	724	0	724	2008P	Yes	
Togo	58,725	0	58,725	1994P-2008	No	56,600
Tonga	574	0	574	2008P	Yes	
Trinidad and Tobago	0	0	-	-	Yes	
Tunisia	550	0	550	2008P	Yes	
Turkey	0	0	-	-	Yes	
Turkmenistan	230,539	538	231,077	1995-2008	No	214,490
Uganda	2,160	0	2,160	2008P	Yes	
Ukraine	2,961,358	0	2,961,358	1997P-2008	Yes	Payment Plan ^b
United Arab Emirates	0	0	-	-	Yes	
United Kingdom	0	0	-	-	Yes	
United Republic of Tanzania	11,572	0	11,572	2007P-2008	Yes	
Uruguay	72,990	0	72,990	2007P-2008	Yes	
Uzbekistan	478,732	0	478,732	1997P-2008	No	440,220
Vanuatu	82,064	0	82,064	1992P-2008	No	79,930
Venezuela (Bolivarian Republic of)	198,732	0	198,732	2008P	Yes	
Viet Nam	0	0	-	-	Yes	
Yemen	7,843	0	7,843	2007P-2008	Yes	
Zambia	0	0	-	-	Yes	

<i>Member State</i>	<i>Outstanding assessed contributions</i>	<i>WCF 2008 due</i>	<i>Total due</i>	<i>Years</i>	<i>Voting rights^a</i>	<i>Minimum payment to gain voting rights</i>
Zimbabwe	14,797	0	14,797	2007P-2008	Yes	
Subtotal:	75,600,513	34,206	75,634,719			33,213,470
Yugoslavia (former) ^c	2,081,599		2,081,599	1990P-2001		
Non-Member:						
United States of America ^d	69,072,988		69,072,988	1994P-1996		
TOTAL	146,755,100	34,206	146,789,306			33,213,470

<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	1,539,258
1994/1995	42,346,968
1996/1997	36,485,721
1998/1999	7,368,532
2000/2001	5,599,460
2002/2003	6,495,531
2004/2005	7,274,681
2006/2007	9,028,548
<i>Subtotal:</i>	117,515,670
2008	29,239,430
TOTAL	146,755,100

Notes:

P refers to partial payment.

^a Voting rights of 37 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

^b In General Conference decisions GC.12/11-12, GC.10/Dec.12, and GC.9/Dec.12, voting rights of Azerbaijan, Costa Rica, Moldova 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.